

Youth experiences using the South African financial system

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Abstract

One of the biggest challenges facing leaders and policymakers is successfully transitioning young people from education into gainful livelihoods. Reputable bodies such as the International Labour Organisation (ILO) have argued that promoting financial inclusion among young people is an important aspect of promoting their entry into the labour markets (Friedline & Rauktis, 2014).

Rather than compare the experiences of the included against those who are excluded, this research explored the experiences of young people who are already included in the financial system to understand which broader social dynamics contribute towards young people's financial and social outcomes. The research took the form of a field study based on a qualitative research approach using an contextual social constructionism lens to conduct a thematic analysis to understand the experiences of young people using the South African financial system.

The sample was drawn from the population of young people between the ages of 23 – 35, an age range that falls within the South African definition of youth. The 30 participants who volunteered for the study were from different cities within the Gauteng province.

The research results demonstrated the increasingly large role played by the financial sector in the transition from childhood to adulthood. Through the experiences of the included youths, financial outcomes were found to result from complex interconnections between the structural, social, household, and personal attributes. The study results suggest that six interrelated dynamics contribute to young people's financial system experiences. These dynamics are parents' financial capacity, education, income/cash transfers, expectations on young people, and the social policy context.

This suggests that the financial system is a social construct, impacted by public policy, global and local economic trends, and the context in which its users find themselves. Despite this, young people are not socialised within the home to deal with the realities of early and sustained usage of increasingly complex financial products.

Prevailing definitions of financial inclusion are largely confined to the functioning of financial institutions. This disconnect was found to lead to incomplete recommendations

from policy makers on what might improve the experiences and social outcomes of youth from lower income backgrounds.

The study's findings suggestions are that programs to build people's financial skills should pay attention to the whole situation in which young people learn about money. Parents should be able to teach their kids about debt and insurance, as well as other financial products. Policies for financial inclusion need to be aware of how regressive welfare policies make it so that younger people have to carry more complicated products like student loans earlier in their lives. Financial institutions are making products that are good for young people, and regulators should pay more attention to market conduct reform to strengthen the consumer protection parts of youth-specific financial sector rules.

Keywords: Youth Transitions, Financial Inclusion, Social Constructionism

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Philosophy in Inclusive Innovation at the Graduate School of Business, University of Cape Town. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Signed by candidate

Date: February 2022

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1.0 INTRODUCTION

1.1 The Case for Youth Financial Inclusion

Ensuring the successful transition of young people from education into gainful livelihoods is one of the biggest challenges facing leaders and policymakers today. Reputable bodies such as the International Labour Organisation (ILO), the World Bank, the Mastercard Foundation and others have argued that promoting financial inclusion among young people is an essential aspect of lowering the barriers to their entry into the labour markets (Banga et al., 2020; Sykes et al., 2016). Consequently, governments globally are increasingly more concerned about levels of financial inclusion amongst their citizens, particularly historically marginalised groups such as youth and women.

The Banking Association of South Africa (BASA) defines financial inclusion as “access and usage of a broad range of affordable, quality financial services and products, in a manner convenient to the financially excluded, unbanked and under-banked; in an appropriate but simple and dignified manner with the requisite consideration to client protection” (World Bank Group, 2017, p.54).

The ILO in particular has expressed great concern about youth unemployment and persistent vulnerability caused by the post-2008 economic climate. The organisation has committed itself to work with other social partners to find sustainable solutions to the challenge. In its report titled: *Exploring the linkages between youth financial inclusion and job creation: Evidence from the ILO school-to-work transition surveys*, which was developed in partnership with the Mastercard Foundation, the ILO has found some evidence of a positive link between financial inclusion and young employment outcomes, and argues that these results show, "there is a significant gap between those youth who have access to financial services and those who do not", and that, "further efforts are therefore needed to target the most disadvantaged youth" (Sykes et al., 2016, p. 42).

The possibility that financial inclusion could support inclusive development has also captured the imaginations of policymakers concerned with finding ways of addressing the challenge of unemployment (Abel et al., 2018; Chibba, 2009; Mahalika et al., 2021). This enthusiasm has given rise to the "financial inclusion movement", which *Bloomberg* describes as "a loose coalition of tech companies, banks, and governmental organisations trying to lift people out of poverty by offering them new ways to gain access to loans and other financial services" (Faux,

2020).

Financial inclusion has been pushed forward by the World Bank's 2008 Policy Research Report on Finance, which identifies financial inclusion as a critical pillar of economic growth, poverty reduction, and job creation (Manji, 2010). The report recommends the banking industry to concentrate on reforms that promote financial inclusion, poverty reduction, and economic development (Manji, 2010)

Following the current argument that access to financial services results in higher financial capacity and better economic outcomes, policymakers have responded to the problem of financial exclusion in various ways (Abel et al., 2018; Chowa et al., 2015). Over 50 countries have committed themselves to increasing their populations' share of financially included individuals (World Bank, 2014). Several countries have also committed banks to affordable accounts, while others have declared banking a universal right (Mohan, 2006). Belgium has set a cap on banking charges and has mandated a minimum number of face-to-face transactions. In Canada, all banks are required to provide accounts without minimum balances regardless of an individual's employment status or credit record. Moreover, Canada has set minimum identification requirements for consumers (Mohan, 2006). In 2006, India's central banks allowed commercial banks to partner with intermediaries such as non-profit organisations in providing financial and banking services to support the central bank's goal to open millions of new bank accounts (Mohan, 2006).

The World Bank (2014) identifies a few major areas as critical to attaining financial inclusion: financial literacy ability and training, creative technology use, business strategies, and product design. The bank's conception of financial inclusion is centred on access to service, quality of service and usage of the services. Their definition implies that services must be provided by the formal financial system (African Development Bank, 2013).

1.2 South Africa: The Financial Inclusion Early Adopter

The South African government was an early adopter of the financial inclusion agenda, committing to financial inclusion as a policy objective. The 2014 Financial Charter committed government and the financial sector to a focus on lower-income households. In response to high levels of financial exclusion, the public and private financial sectors partnered to create "Mzansi Accounts"; these basic accounts were introduced in 2004, as recommended by the Financial Sector Charter, to provide access to transactional and savings facilities. Mzansi

Accounts increased the number of adult South Africans with access to financial products from regulated institutions from 55 per cent in 2005 to 85 per cent by 2016 (National Treasury, 2017). Despite over 6 million accounts being opened, a significant number remained dormant. These poor results forced the South African government to recognise that this version of financial inclusion has not yielded the expected results for citizens (National Treasury, 2017).

Other initiatives by the government to expand financial services to specific groups have also not borne fruit. In the late 1990s, the South African government attempted to expand access to credit to public servants (de Sousa, 2015). The government had allowed for discretionary deductions from PERSAL, the government payroll system, for small unsecured loans meant to support the purchase of housing. However, this allowance had to be discontinued in 2001 due to lender abuse of the system. Halting these deductions led to increased levels of defaults and caused issues for some banking institutions (de Sousa, 2015). According to the press statement issued by the then Department of Finance (now National Treasury), "[The department] found that there has been a dramatic increase in the level of debt by public servants...some employees are so deeply in debt that they are taking home as little as R5 or R10 a month" (National Treasury, 2001, p.1).

The National Consumer Financial Education Strategy (National Treasury, 2013) focused on the skills and resources needed to navigate the financial system successfully. It positioned consumer education as a critical pillar within the broader framework of market conduct regulation and consumer protection. The objective of this strategy was to increase individuals' financial capacity, defined as "people's knowledge and skills to understand their own financial circumstances, along with the motivation to take action" (p. 3). The strategy aimed to improve financial literacy, self-awareness, and information on using finance to assist young people in using financial services to improve their lives. However, the strategy did not provide details on how to prevent a situation where the inclusion of young people into the financial system leads to adverse outcomes.

Recently, National Treasury published the draft Financial Inclusion Policy, which aims to deepen inclusion for individuals and SMMEs (National Treasury, 2020). The draft policy takes the view that financial inclusion is a pathway from a basic transactional account to "sophisticated" products which "remain out of reach because of their complexity and a lack of financial education among most people" (p. 11).

Given the increasing focus on inclusion from different and powerful stakeholders, the purpose of this study is to gain a better understanding of the different social dynamics that influence the outcome of financial inclusion among youth.

Roberts (2011) argues that although it is important to focus on socially excluded youth and young people's first experiences of employment, focusing on those who are already vulnerable creates the risk of neglecting those at risk of vulnerability. According to the author, "[ordinariness], then, has taken a back seat in the youth research agenda, seemingly deemed uninteresting. Historically, however, being ordinary and not neatly fitting into dichotomous categories has a rich, if somewhat overlooked, tradition in youth studies." (Roberts, 2011, p.25).

As a researcher, I believe that in order to understand the dynamics that influence inclusion, we must gain insights from the experiences of those who are already included. Therefore, this research focuses on the experiences of those young people who are already included in the financial system according to basic definitions of inclusion which focus on having access to a basic bank account.

1.3 Research Context

1.3.1 Youth Transitions in South Africa

The transition from adolescence into young adulthood is both a challenging and an exhilarating time for young people. During this period, young people are expected to plant themselves firmly into independence. Literature characterises that independence through factors such as sustainable livelihoods, emotional maturity, housing, starting a family, and civic engagement (Xiao, Chatterjee, & Kim, 2014). Young people across the world walk this journey in varying cultural and economic contexts, but successful transitions are highly dependent on young people securing sustained livelihoods and financial independence (Jensen & Arnett, 2012).

South Africa's National Youth Policy 2015-2020 defines youth as the population aged between 15 and 35. Global definitions for youth tend to vary between countries because of differences in culture, institutions and socio-political circumstances (Van Aardt, 2012). The South African National Youth Policy 2009-2014 contextualised the wider definition as resulting from "historical imbalances in the country that are yet to be addressed". Statistics South Africa (2021) describes the age cohort 15-35 as youth and those over 35 as "adults". It is these definitions that will be used in this dissertation.

The South African economy has made successful transitions difficult for the majority of South African youth. As labour markets have transformed, young people entering the labour market have faced more complex markets where they have struggled to settle into long-term employment (Locke & Te Lintelo, 2012; Roberts, 2011). South Africa has struggled to expand formal employment for low-skilled employees who are disproportionately young (Altman, 2006).

Low levels of education and skills drive high rates of unemployment among the youth (Jongh, 2019; Lam et al., 2008; Mlatsheni & Rospabe, 2002b). South African economists consistently find that youth unemployment is higher than adult unemployment and is spread unevenly across race, gender and geography (De Lannoy et al., 2018; Jongh, 2019; Mlatsheni & Rospabe, 2002a).

There are a number of reasons why unemployment tends to be higher amongst young people than adults. Young people tend to lack skills because of their limited work experience. They are also more likely to leave jobs than their older counterparts, and there has been a progressive increase in the number of young people entering the job market over time (De Lannoy et al., 2018; du Toit, 2003). Other reasons include lack of information and the low quality of their social networks. But it is slow economic growth that affects youth job entrants most significantly (De Lannoy et al., 2018; du Toit, 2003).

The Global Financial Crisis of 2007-2008 and its persistent economic impact have also affected young people much more deeply than their older counterparts (Choudhry et al., 2018). These effects have continued for extended periods, long after economies have recovered.

1.3.2 South Africa's Financial System

A healthy, well-functioning financial system is integral to a strong and stable economy. South Africa boasts Africa's most advanced financial system (National Treasury, 2017).

Banks, insurers, and other financial institutions' stability and institutional soundness are a feature of the South African financial system (National Treasury, 2018). In 2019, there were 34 commercial banks, five of which owned over 90% of banking assets. The banking sector's assets were equal to R5 654 billion as of the end of March 2019; this comprised mainly of deposits (the money that individuals and institutions place in banks). South African banks are well-capitalised, profitable, and they hold sufficient levels of liquidity (Prudential Authority,

2019). The insurance sector is more diverse, with 170 life insurers, non-life insurers and reinsurers (Prudential Authority, 2019).

The South African financial sector has a complex and sophisticated regulatory environment that consists of a number of financial sector regulators that oversee institutional soundness, market conduct and financial stability (National Treasury, 2018). The National Treasury is the policymaker assisted by various regulators that all account to parliament. These regulators include the South African Reserve Bank (SARB), National Credit Regulator (NCR), Financial Intelligence Centre (FIC), Prudential Authority (PA), and the Financial Sector Conduct Authority (FSCA).

A high percentage of adults in South Africa own a bank account. The 2018 FinScope Survey shows that over 80 per cent of adults in South Africa are served by formal financial institutions (FinScope, 2019). The survey further showed that nearly 80 per cent of adults are using digital channels to make payments and receive income. Although the country can be said to have high levels of financial inclusion as measured in terms of the percentage of adults who have bank accounts, only 22 per cent of adults report that they have a portfolio that suits their financial needs (FinScope, 2015). A third of adults experienced a financial loss due to an unexpected event (FinScope, 2019). These events include death, property losses, losses due to illness, education expenses, and unexpected financial losses. Less than half of adults reported being able to deal with these unexpected losses (FinScope, 2019).

Despite having a sophisticated banking system, at an average of 16 per cent of its GDP since the early 1990s (down from an average of 26 per cent in the 1980s), South Africa's national savings levels are low. Data from the Human Science Research Council (HSRC) shows that poor households have difficulty saving because they have neither enough to save nor secure places to do so (Rutherford, 1999). Added to that, South Africa has high levels of indebtedness. In 2016, the household debt-to-disposable-income ratio was 74% (National Treasury, 2017), and what is more troubling is that these debt levels are mostly seen among people who have access to financial services. Finally, South Africa has some of the highest bank fees in the world, which contributes to high levels of mistrust in banks' motives and to voluntary non-participation (Ikdal, 2017).

The South African financial system demonstrated resilience during the 2008 global financial crisis; nevertheless, the crisis came at a high cost to poorly regulated financial sectors.

Following the National Treasury review of the South African financial sector and its regulatory environment, as well as an international agenda to reform the global financial system, policy reform was undertaken, which culminated in the signing into law of the Financial Sector Regulatory Act 9 of 2017 (FSR Act). It was promulgated on 21 August 2017 and came into effect on 1 April 2018.

The FSR Act defines financial inclusion as meaning that "all persons have timely and fair access to appropriate, fair and affordable financial products and services" (National Treasury, 2018). The FSR Act allocates the responsibility to support financial inclusion to the Prudential Authority through section 34(1)(e) and the responsibility to promote financial inclusion to the Financial Sector Conduct Authority in section 58(1). The Act also establishes the Financial System Council of Regulators (FSCR) to coordinate collaboration between financial sector institutions. Through section 81(1)(f), the Act directs the FSCR to establish a working group specifically for issues relating to financial inclusion. Although this section of the Act came into effect on 1 April 2018, according to Commencement Notices (South African Government, n.d.), it was not established at the time of writing.

The Insurance Act 18 of 2017 (Insurance Act) also came into effect on 1 July 2018. It is a dedicated legislative framework for the prudential regulation and supervision of insurers and insurance groups, as part of taking forward the FRS Act and "Twin Peaks" framework. One of the Insurance Act's stated objectives is to enhance financial inclusion by introducing a dedicated microinsurance regulatory framework and introducing a principle of proportionality, which means regulations are applied in a way commensurate to the nature, scale, and complexity of the risks inherent in an insurer's activities (National Treasury, 2018).

1.4 Problem Statement

Citizens have aspirations for their lives and place their money in financial institutions with the intention of saving, growing or protecting their assets to pursue these aspirations and to deal with unplanned future events. It is often argued that the role of the financial system is to enable society to direct these monetary savings towards economic development, which (in theory) offers fair compensation for the investment and the opportunity cost inherent in waiting (Corrigan, 1990). However, this role in finance has changed. This is partly reflected in the expectation from thought leaders and policymakers that financial inclusion can play a welfare role in the individual development of youth, covering the gap where social policy fails.

Financial inclusion discourse, therefore, centres the regulated financial system as having a duty to move the "underbanked" and "underserved" to "inclusion" through formalisation. This framing of financial service for the underserved positions financial services providers within the formal system as the correct channel to solve the problem, with their main task being to extend services to more individuals. The South African experience, however, points to evidence that financial inclusion does not always lead to better social outcomes for those who are included.

Young people are generally expected to begin their transition into financial independence after secondary school. Understanding the role that finance plays in youth transitions is particularly important because unavailability and/or mismanagement of personal finances can also have long-term consequences for a young person (Xiao, Chatterjee, et al., 2014). Dolan et al. (2012) highlight that there can be significant personal costs to individuals who make bad decisions while navigating the financial system.

There are three main problems with the discourse on financial inclusion that raise questions about financial inclusion as a developmental agenda. First, most definitions of financial inclusion place a premium on having access to and using a diverse variety of low-cost, high-quality financial services but do not address *how* this access leads to improved long-term financial wellness for individuals and households. This is likely a result of the discourse on financial inclusion being driven by the financial sector (Cheston et al., 2016), leading to definitions of financial inclusion that prioritise the interests of the private financial institutions (such as product and service update and usage) before those of citizens (such as long-term financial wellbeing).

Secondly, much of the research on the topic dealing with financial inclusion compares the social outcomes of those who are completely excluded to those with access to financial services. As a result, influential organisations, such as the World Bank and African Development Bank, emphasise formality as the measure of financial inclusion, viewing the historically disadvantaged as "untapped potential" in the economy. The African Development Bank, the World Bank, and others have emphasized the need of fostering technologies that help the "unbanked" or "underbanked" enter the formal financial system.. Montgomerie (2009) argues that the common practice in financialisation literature of analysing the differences between those with access to services with those who do not have access at all does not provide the full picture of the varied experiences of those with access. These comparisons do not help

us understand the experiences of those who are included; therefore, they do not assist us in explaining why previous attempts at financial inclusion in South Africa have had such catastrophic results for individuals.

Lastly, and most troubling for this author, although financial inclusion is a policy agenda (as demonstrated in the context of this dissertation), the financial inclusion discourse frames inclusion as an individual rather than a social outcome. Although much of this research implies that increasing financial inclusion leads to more development, the details of how inclusion leads to better social outcomes for individuals is not explained. We know that personal circumstances, social relationships, and economic circumstances influence access to financial services, but there is very little research on the mechanics and their consequent financial health. With youth unemployment in South African estimated to be twice as high as adult unemployment (De Lannoy et al., 2018), understanding how financial inclusion can help improve young people's social outcomes is important. However, previous experiences from other financial inclusion initiatives in South Africa point to the importance of understanding how financial inclusion is experienced to create policies and programmes that support long-term financial wellness amongst young people and other excluded groups.

1.5 Research Objectives and Questions

The aim of this study is to explore the experiences of young people who are already included in the financial system to understand which dynamics contribute towards young people's financial outcomes and how this contribution occurs. The definition of "dynamics" used in this question is from Merriam Webster: "a pattern or process of change, growth, or activity".

This study focuses on the experiences of young urban youth living in Gauteng, South Africa, using a social constructivist lens to understand the dynamics that contribute to their access and usage and the positive social outcomes. The paper leans on the concept of youth transitions to identify critical life moments of youth for deeper exploration. Thirty (30) young people were interviewed for this research.

We must first understand the lived experiences of individuals who are participating in the financial system, I think, before we can truly comprehend how financial inclusion initiatives may achieve real inclusivity for the larger population. To understand how something works, we must understand what happens when it works and identify what is common to those shared experiences. Therefore, the approach taken in this study is to unearth and compare the lived

experiences of young people. The youth in this study have a degree of access and are using at least one financial product.

1.5.1 Research Objectives

The above aim will be accomplished by fulfilling the following research objective:

Explore the experiences of young people who are already included in the financial system to understand the dynamics that contribute towards young people's financial and social outcomes.

1.5.2 Research Questions

The main research question is:

How do youth experience South African financial services?

The secondary questions are:

- What are young people's financial aspirations and goals?
- How do young people describe financial freedom?
- What are the underlying dynamics that affect how people access finance to address their needs and to pursue their aspirations?
- What can the experiences of young people tell us about the definition of financial inclusion?

1.6 Research Assumptions

1.6.1 Assumptions

It is assumed that participants of this study answered the questions truthfully and candidly. This is a particularly strong assumption given the nature of the topic, which is personal finance. The research also assumes that participants took part in the research in good faith and did not provide any information that was intentionally incorrect. Finally, the research assumes that the participants' recollections, particularly of childhood experiences, are fairly accurate. This is another strong assumption, given the different ways in which human beings can protect their self-identity through what they remember and what they forget (Sedikides & Skowronski, 2020).

2.0 LITERATURE REVIEW

2.1 Introduction

This literature review aims to survey scholarly knowledge to identify the main attributes of definitions of financial inclusion and related concepts, explore related topics and the evolution of these concepts, and explore the financial system as a structural phenomenon.

This chapter begins with an overview of literature about youth transitions, particularly in understanding the factors that influence successful transitions. The following sections then discuss relevant literature relating to concepts of financial inclusion, financial literacy, capacity, and wellness. Finally, the chapter provides a brief discussion of financialisation and the changing role of the financial system.

2.2 Youth Transitions and Financial Independence

Youth is an important life stage during which young people move from childhood towards securing their independence in their communities and broader society. Although early work on youth transitions focused on residential, professional and relationship transitions (Molgat, 2007), youth transition is typically characterised in the literature as the transition from education into the labour market (Bhorat & Oosthuizen, 2007). Studies of youth transitions have also largely neglected financial independence despite a growing body of literature demonstrating how prolonged transitions increase the period in which parents and guardians provide monetary and other forms of support (Shim et al., 2009).

According to Molgat (2007), young people define adulthood in three dimensions – autonomy from parents, financial independence, and having responsibilities, particularly towards others. Autonomy from parents means having the power to make one's own choices. Although not as strong as the dimension of autonomy, financial independence, and the ability to be responsible for oneself attained through permanent employment is an important dimension of independence for young people. Responsibility for others was found to be a dimension that became important once young people had career stability or family responsibilities.

Speckesser et al. (2015) report that the main drivers of the significant and prolonged pathways in the transition from childhood to adulthood are the structural changes in economies due to the increased role of technology. This has shifted the demand for skills to high-skilled labour and has increased the premium on education attainment. Young people must therefore stay in

education longer; leaving education too soon compromises the labour outcomes of those who enter the job market with lower education attainment. Consequently, unlike older age cohorts in the labour force, for young people, non-participation in the labour market is often a result of underinvestment in education (Bhorat & Oosthuizen, 2008).

As labour markets have transformed, young people entering them have faced more complex job markets where they have struggled to settle into long-term employment (Furlong et al., 2006; Locke & Te Lintelo, 2012; Roberts, 2011). Bradley and Devadason (2008) describe current transitions as being longer, more “precarious and complex”, and “differentiated and individualised” than they were in the middle of the previous century.

Furlong et al. (2006) also agree with the proposal that modern transitions have become more complex (in the context of school-to-work transitions), adding that rather than providing more choices, complex transitions actually “signify a lack of choice, and vulnerability” (p. 227).

Literature on youth transitions identifies the main drivers of transitions as education, geography, family socioeconomic context, and social policy or support from the state. In a systematic review of youth transition studies done over four decades, Speckesser et al. (2015) find education attainment to be the biggest driver of long-term transitions because structural changes in the economy have placed a premium on education and skills levels. Consequently, young people who can stay in education and gain higher levels of education face better outcomes in the labour market. The authors also found that issues such as early pregnancy, parents’ educational attainment, and broader social policy also impacted transitions and the ability of young people to attain higher levels of education.

Moses, van der Berg, and Rich (2017) argue that because of the spatial nature of poverty and inequality in South Africa, there is an urban premium on salaries which demonstrates the importance of location as a factor in earning higher incomes. Those who migrate across provinces earn higher incomes than those who choose to not migrate.

Walker and Mathebula (2019) argue that in South Africa, access to higher education plays a significant role in assisting young people to transition and stay in sustainable livelihoods. Young people in rural areas are therefore often encouraged by significant persons such as teachers or family members to migrate to urban areas to obtain a higher education.

Bradley and Devadason (2008) explore the complexities in the transition to adulthood faced by

young people to develop a typology of labour market transitions. The researchers found that the degree of choice on young people's circumstances was largely driven by social background and level of education. Additionally, the experiences of unemployment hurt young people, mainly because access to income was strongly correlated with success in the labour market and with financial independence.

Xiao, Chatterjee, et al. (2014) find that financial independence is strongly associated with educational attainment: young people with university degrees attain higher levels of financial independence than their non-degreed counterparts.

Swartz (2008) shows that a young person's parents' social class is an important factor in their financial outcomes even after that young person has left their home. Molgat (2007) also finds that structural settings and social relations play a significant role in the individual pathways of young people.

Heath and Calvert's (2013) research on housing transitions of young adults aged between 25 and 34 demonstrates Swartz's (2008) concern about the significance of social class on social outcomes for youth. The researchers set out to understand the nature and support received from parents. The sample consisted of university-educated young adults. Many of the respondents reported receiving ad hoc and regular financial support from parents, including setting-up costs when young people left home and regular support to assist young people in making ends meet. The most regularly reported assistance related to living expenses, ranging from subsidised rents and rental, to and mortgage deposits. Generous legacies from grandparents assisted young people in their transition to independent housing. These included inheritance and life insurance pay-outs. According to the authors, much of this assistance was met with discomfort about self-perceptions of compromised autonomy and independence. The researchers note that even for privileged young adults, the housing transition has become less straightforward and is increasingly reliant on family financial support.

Interestingly, Xiao, Chatterjee, et al. (2014) find a negative relationship between financial assistance from parents and the financial independence of young people. According to their findings, young people from affluent backgrounds reported less financial independence than young people from poorer backgrounds. The authors conclude that economic factors are more important than other factors determining financial independence.

Johnston et al. (2000) highlight the significance of locality and the importance of young

people's location in limiting or expanding their opportunities; processes of inclusion and exclusion which are influenced by factors such as young people's level of engagement with education; the role of the family including young people's experience with loss (e.g., death, divorce). On the family issue, the researchers observed that the significance of mothers – be it positive or negative – was mentioned far more often by young people than the significance of fathers. Work and the economy were identified as significant by young people, with the majority of those interviewed in the study highlighting the importance of securing stable employment. In general, the authors found that young people's transitions, even when they come from similar socioeconomic backgrounds, are “complex, multiple, non-linear, often disorderly and sometimes unpredictable” (Johnston et al., 2000).

Prolonged youth transitions mean that young people are increasingly dependent on families for financial support for longer periods (Cobb-Clark & Ribar, 2009; Heath & Calvert, 2013). As young people become more reliant on family support, family conflicts have an adverse effect on young people's transitions as youth transition outcomes are strongly linked to family economic resources. Cobb-Clark and Ribar (2009) analyse the effects of financial stress and family conflict on youth transitions using longitudinal data for youth between the ages of 16 and 21. The researchers find that young people's likelihood of reporting financial stress increases as young people leave school, leave home, and become economically active. Moreover, the research highlights the significant role of mothers as it found that young people who report conflict with their mothers had worse overall transition outcomes.

Majamaa (2011) shows that decreasing support from the state impacts vulnerable young people who have traditionally been reliant on social support and that parental support has increased to compensate for this welfare decline in Finland. Consequently, young people who leave home cannot maintain the same living standards and are at a higher risk of poverty. Majamaa (2011) warns that this gradual decline in state support reinforces class inequalities as young people from poorer and larger families are increasingly disincentivised from pursuing higher education.

Although a significant portion of academic literature focuses on youth transitions in education and employment, the transition from childhood to adulthood refers to a complex journey encompassing various aspects of independence. Roberts (2011) argues that although it is important to focus on socially excluded youth and young people's first experiences of employment, focusing on those who are already vulnerable creates the risk of neglecting those

at risk of vulnerability. On labour experiences, the author further adds that understanding several years of youth labour participation can help researchers understand the experiences influencing the choices that young people make and the evolution of young people's aspirations. According to the author, "[ordinariness], then, has taken a back seat in the youth research agenda, seemingly deemed uninteresting. Historically, however, being ordinary and not neatly fitting into dichotomous categories has a rich, if somewhat overlooked, tradition in youth studies" (Roberts, 2011, p.25).

2.3 From Financial Exclusion to Defining Financial Inclusion

The term "financial exclusion" originates from the post-expansionary period from the 1980s to the early 1990s that saw the deregulation of the United Kingdom's financial sector and the use of technology to conduct risk assessments (Kempson & Whyley, 1999).

Following a period of increased economic pressures, banks began to use segmented risk assessment to target profitable clients at the expense of others. These exclusionary practices followed a period, starting in the mid-1970s, of market-led development through liberalisation, deregulation and introduction of technology to expedite applications (Jansen & Hannig, 2010; Kempson & Whyley, 1999). A focus on risk by financial institutions led to the exclusion of marginalised social groups thought to be too costly to service (Gloukoviezoff, 2007).

Kempson and Whyley (1999) describe financial exclusion as "those processes that serve to prevent certain social groups and individuals from gaining access to the financial system" (p. 314). This is particularly in reference to the spatial exclusion which marked the period.

Since the 1990s, the concept of financial exclusion has evolved to include a broader set of factors that impact the levels of participation by various social groups.

Financial exclusion, for example, was seen as grounding studies on informal credit markets and race-based discrimination in retail banking markets by Dymski (2005). The author defines financial exclusion via the prism of discrimination:

Failure of the formal banking system to offer a full range of depository and credit services, at competitive prices, to all households and/or businesses. The systematic exclusion of households and/or businesses from 'financial citizenship' – on the basis of race or ethnicity, geographic area, gender and so on – compromises their ability to participate fully in the economy and to accumulate wealth. (Dymski, 2005, p.440)

Definitions for financial exclusion also vary. Kablana and Chhikara (2013, p. 104) define financial exclusion as “the inability of individuals to access or effectively use, financial products which can help them to participate in the range of activities that constitute social life”, while Mohan (2006) defines financial exclusion as “the lack of access by certain segments of society to appropriate, low-cost, fair, and safe financial products and services from mainstream providers” (p. 1309), the consequences of which are irregular cash flows and the lack of financial planning and security.

Financial exclusion varies by household, according to Kablana and Chhikara (2013) with the majority being "underbanked" rather than "unbanked" due to factors such as gender, age, legal identity, financial literacy, geography, psychology, culture, the country's social security payment system, bank charges, general terms and conditions of products, and income levels. These factors have a significant impact on the level of financial inclusion in a country (Kablana & Chhikara, 2013).

Although the consequences of financial exclusion differ from country to country, Gloukoviezoff (2007) cites “social necessity” as a driver for the use of financial services and therefore argues that those who cannot adequately access or use these services experience social consequences which “are not explicitly formulated into the definition of financial exclusion” (Gloukoviezoff, 2007, p. 5). The author proposes that the definition for financial exclusion should therefore be “the processes whereby people encounter such access and/or use difficulties in their financial practices that they can no longer lead a normal life in the society in which they belong” (Gloukoviezoff, 2007, p. 6).

Despite the roots of financial exclusion, banking literature views financial exclusion as a market inefficiency problem (Aduda & Kalunda, 2012). Gloukoviezoff (2007) also points out that literature on banking is greatly concerned about risk, particularly the risk that customers pose to financial intermediaries. This literature is not adequately concerned with the risk that engaging with financial intermediaries poses to financial customers. Customers often do not have an adequate understanding of financial products and depend on the soundness of the services provided by financial intermediaries without having the adequate capability to assess the completeness and adequacy of those services. The author argues that cash management requires less knowledge than managing bank accounts (since accounts require that financial customers understand terms such as debit and credit etc.).

Moreover, those living in conditions that are constantly precarious manage their money in the short term for survival. These individuals will rely on financial products such as revolving loans. Despite the clear competency gap in managing financial products, the author contends that since the main objective of a financial institution is profit-making, the focus will remain on higher-income customers, which perpetuates information asymmetry.

Unlike financial exclusion, it is more difficult to trace the roots of the term “financial inclusion”. In defining the term, the literature makes few references to the source of the problem – the operating models of financial institutions – as described in financial exclusion literature. Therefore, most definitions of financial inclusion are based on access, cost, groups, and individual choices.

Dev (2006) defines financial inclusion as “delivery of banking services at an affordable cost to vast sections of disadvantaged and low-income groups” (p. 4310). Sharma and Kukreja (2013) define financial inclusion as “the delivery of financial services, at affordable costs, to sections of disadvantaged and low-income segments of society” (p.15). While Kim et al. (2018) define it as “the provision of financial services at affordable costs to the disadvantaged and low-income segments of society” (p. 1). Mahalika et al. (2021) define financial inclusion as “defined as an economic state from which individuals, households and firms have access to formal financial services” (p. 3).

Similarly, Diniz et al. (2012) focus on the affordability of financial products and services, defining financial inclusion as “the access to financial services at an affordable cost for all members of an economy, favouring mainly low-income groups”. Other definitions focus exclusively on access. An example is Zins and Weill (2016), who simply define the concept as meaning “a person owns an account at a formal financial institution” (p. 46).

Aduda and Kalunda (2012) provide a comprehensive definition for financial inclusion: “providing every household with access to a suite of modern and affordable financial services, including savings, credit, insurance, and payments, as well as sufficient education and support to help customers make good decisions for themselves” (p. 113).

Omar & Inaba (2020) posit that financial inclusion plays a significant role in promoting social inclusion in a country by promoting economic participation among those that are marginalised and promoting economic growth. Their study suggests a positive relationship between financial inclusion and the reduction of poverty and inequality in developing countries. A similar

assertion is made by Abel et al. (2018) who state that when most adults are included, there are positive impacts of economic growth from higher small business activity and better implementation of social policy.

In contrast to Dev (2006), who asserts that access to credit is the most important component of financial inclusion, Kablana and Chhikara (2013) categorize financial inclusion into three broad categories: (1) transmission services, which refer to the ability to send and receive money; (2) protective services, which provide protection against changes in income; and (3) spending and promotion services, which allow individuals to move forward in life.

Sharma and Kukreja (2013) identify as many as six objectives for financial inclusion, namely: (1) equitable growth, (2) mobilisation of household savings for use in aggregate investment to stimulate economic growth, (3) growth of the financial sector to serve more people, (4) poverty eradication, (5) sustainable livelihoods, and (6) to achieve the political objective of inclusion.

According to Abel et al. (2018) financial inclusion is impacted by factors such as income, education, gender, age, attitudes and perceptions about finance. The authors find that a positive relationship exists between age, education, financial literacy, trust and income.

In a review of 60 studies of youth financial inclusion, Friedline and Rauktis (2014) find that although there were high levels of reported savings account ownership in high school and even higher in post-secondary schooling, there were significant gaps when the data were disaggregated across race. Black young people, particularly from low-income families, had saved less. The authors conclude that investing in financial inclusion may be especially important for young people from minority groups and low-income households, since these groups are overrepresented in the numbers of unbanked and underbanked households (Friedline & Rauktis, 2014). The authors do not expand on why it is financial education and not access to financial resources that is the reason for the major differences in savings rates between race groups.

Zins and Weill (2016) find that the main barrier to inclusion in Africa is a lack of money. Other barriers include the cost of services, distance from services and access because of issues such as documentation. Moreover, individuals in Africa were mainly motivated to save for education, but fewer saved for retirement for economic reasons than the global average. The study observed a higher prevalence of informal savings clubs than financial institutions. The study concludes that Africans had low levels of access to formal products, and access to these

products was skewed towards privileged groups.

Aduda and Kalunda (2012) view financial inclusion as a developmental issue and support the argument that access to financial services opens opportunities for poor and marginalised households to participate in the economy. The authors suggest that financial sector policies and regulations should deter market exclusion to increase the participation of previously excluded individuals while also considering the stability of a country's financial system.

Mahalika et al. (2021) find that people residing in poorer provinces in South Africa are more likely to be financially excluded but suggest that policy interventions on financial inclusion should pay particular attention to demographic issues such as race and gender to be more impactful.

2.4 Financial Literacy and Financial Capability

A number of academics in South Africa and abroad have made an argument that financial literacy is a critical pillar for financial inclusion. But, as Nanziri and Leibbrandt (2018) point out, products innovations can often lead to increases in complexity in the usage of financial products.

Louw et al. (2013) describe a financially literate individual as one who has “a positive attitude toward his/her (personal) finances and learning, the understanding to take control of his/her finances, the ability to discern good from bad financial decisions, and the skills to make it practical” (p. 440). Tustin (2010) describes financial literacy as multidimensional and as (p. 1896).

Huston (2010) states that a definition for financial literacy should include both knowledge and ability. The author argues that the lack of precision in the construct of definitions of financial literacy has impeded the ability to assess financial literacy and its impact on financial wellbeing. The author proposes that financial literacy should be defined as “measuring how well an individual can understand and use personal finance-related information” (p. 302).

Remund (2010) makes a similar argument to Hutson's, calling for a clearer definition and arguing that divergent definitions and measures “slow down progress and hinder the ability to design meaningful and effective consumer education programmes” (p. 277). The author finds that definitions for financial literacy fall into five broad categories: (1) knowledge about financial concepts, (2) the ability to communicate about financial concepts, (3) the aptitude to

manage personal finances, (4) the skill to make appropriate financial decisions, and (5) the confidence to plan effectively for future financial needs. Based on the synthesis of the various definitions, the author's proposed conceptual definition for financial literacy is:

[A] measure of the degree to which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making and sound, long-range financial planning while mindful of life events and changing economic conditions. (p. 284)

Despite the recognised importance of financial literacy for financial wellbeing, Lusardi and Mitchell (2011) argue that making a direct link between literacy and financial decision-making is difficult.

Lusardi et al. (2010) contend that young people often have to make financial decisions about products such as student loans and credit cards – decisions which can have a major impact on their lives. The authors find that the majority of young people, especially in marginalised groups, are not equipped to make financial decisions. According to their findings, although both education and cognitive ability played a role in the quality of young people's financial literacy, financial knowledge was strongly influenced by family background. Parents play a significant role in the financial literacy of young people, with children with highly educated parents demonstrating the highest levels of financial knowledge and “financial sophistication” (acquisition of diverse products). The authors suggest that financial education is critical in improving financial knowledge; however, “it is likely to be beneficial to provide financial education before individuals engage in financial contracts and before they start making financial decisions” (Lusardi et al., 2010).

Lusardi and Mitchell (2011) provide an overview of financial literacy in a number of countries in the developed world. Using economic models of savings and portfolio choice, they identify compound interest, inflation and risk diversification as the main concepts that measure financial literacy. The authors find that low levels of financial literacy were widespread across countries. Moreover, although individuals who scored high in maths and science tested higher in numeracy, and education was strongly correlated with financial knowledge, overall financial literacy was still low amongst highly educated individuals. Interestingly, knowledge of inflation was highest in countries that had recently experienced the phenomenon, indicating that experience is a key aspect of financial literacy (see Huston, 2010).

Bernheim et al. (2001) argue that financial literacy can contribute towards alleviating the problem of poor financial decision-making, as it may “increase comfort and familiarity with financial matters, thereby removing psychological barriers that impede proper decision-making” (p. 436).

Antoni et al. (2020) find significant difference in financial knowledge between students studying commerce against students studying arts in South Africa, particularly in relation to understanding financial concepts. In a study of commerce students studying at a South African university, Mudzingiri et al. (2018) find that students with lower levels of financial literacy exhibit higher levels of overconfidence, risk-taking and impatience which could lead to bad decision-making.

In a study of financial literacy across South African races, Matemane (2018) finds that black South Africans exhibit lower levels of financial literacy compared to their counterparts even when controlling for education and work experience. Nanziri and Leibbrandt (2018) do not find differences in financial literacy scores across gender, age and geography in South Africa, but find major differences across education, income, race and marital status.

De Bassa Scheresberg (2013) examines the relationship between financial literacy and found that respondents subjective assessments of their financial knowledge were generally higher than their objective scores. There were also significant differences across racial/ethnic lines, with white respondents scoring higher on questions testing financial literacy. Age was also a significant determinant of results, with older respondents scoring higher on questions about inflation and risk diversification. Overall, the study found that financial literacy had a negative correlation with the use of expensive loans and a positive correlation with having savings and retirement planning. Positive financial behaviours were associated with higher income and education levels, although the author cautioned that the study did not control for family influence.

Chen and Volpe (1998) argue that adequate knowledge of personal finances is an important life skill. The authors surveyed 924 university students to examine their knowledge of personal finance. Overall, they find that university students did not have adequate knowledge about personal finances. The authors attribute this lack of knowledge to inadequate education at university about personal finance. Their study found that education played a strong role in

participants' financial knowledge. Students from business majors had more financial knowledge than those from non-business majors.

Additionally, the higher the level of educational attainment, the higher the participants' financial knowledge. Moreover, participants with more years of work experience demonstrated greater levels of financial knowledge. Young people demonstrated higher levels of knowledge on financial products that they were familiar with and lower levels of financial knowledge on products such as insurance and investing. From the survey, it appears participants gained knowledge about financial products through being taught and from their own experiences.

Xiao, Ahn, Serido, & Shim (2014) propose that understanding the impact of financial literacy on financial behaviour requires assessing changes of interventions over time. In their study of the impact of financial knowledge on financial behaviour, the authors treat financial literacy as both a subjective and an objective construct. In their study, the authors find that higher levels of knowledge about personal finance decreased the students' risky financial behaviour. More specifically, the authors find that as objective and subjective knowledge increased, risky credit behaviours decreased. The authors did, however, find that financial knowledge did not impact borrowing behaviours since, as the authors postulate, borrowing may be new financial behaviour that young people may not be familiar with.

Bernheim et al. (2001) find that net worth was higher for individuals exposed to consumer education than those who had not been exposed. The study also found a strong correlation between the respondents' savings behaviour and that of their parents but also found evidence to suggest that financial education at school can be a close substitute for financial education at home.

Mottola (2014) examines the financial capacity of millennials compared with that of older generations based on a conceptual framing of financial capacity as relating to financial behaviour, financial decision-making, the ability to make ends meet and financial knowledge. The author finds that despite millennials being most likely to have received financial education, they struggled to pay their bills, plan long-term, and save for retirement and asset acquisition. Millennials were more likely to have student loans than home loans and also more likely to use more costly non-bank borrowing. Within the millennials, female and minority groups were more likely to have lower levels of financial literacy, lower amounts in their rainy-day funds, no retirement funds, and unpaid medical bills. In general, the financial literacy levels of

millennials were still the lowest of the different generations, but financial literacy levels within millennials were highest amongst those with full-time employment and higher levels of education.

Loke et al. (2015) propose that although financial literacy is necessary for long-term financial stability, it is not a sufficient intervention. The authors propose that activities that focus on financial capability, described as “both financial knowledge and access to financial services” (p. 97), conducted at an earlier stage of life, are more effective in encouraging positive financial behaviours. The authors add that this approach “underscores the importance of emphasising financial capability as a developmental, rather than remedial, activity” (p. 99).

According to Loke et al. (2015), effective interventions combine financial education with “teachable moments”, or points in time when people have the need for information and thus are most receptive. The authors examined the impact of a youth capability building initiative pilot on 275 disadvantaged youth earning their first paycheque. The research found that the financial capability intervention increased financial knowledge, financial efficiency, and financial confidence amongst disadvantaged youth. The authors also found that young people from disadvantaged backgrounds could also save significantly more when they were provided with “structural support” (p. 117).

Most research on financial literacy is largely supportive of financial education, but not all authors share this view. According to Williams (2007), those in favour of financial literacy education argue that financial literacy empowers consumers while its critics accuse governments of “responsible regulation” (defined as a form of regulation by which the state holds individuals accountable for aspects of market governance and social security which it [the state] used to provide” (p. 227). Willis (2017) is particularly scathing on the financial literacy discourse, describing traditional conceptions of financial literacy as “narrow, unproductive if not downright harmful” (p. 16). The author identifies four constructs of financial literacy: money management, socialisation, resource-absent financial capacity, and financial literacy as a panacea in financial literacy discourse. According to Willis, the view of financial literacy as individualistic and autonomous ignores that financial behaviours are largely driven by circumstances such as the availability of resources and opportunities. Moreover, financial education programmes are conceptualised to socialise individuals into the status quo, essentially training individuals to accept the financial industry as it is. The author also contends that financial literacy literature does not question economic resource distribution and therefore

demands that marginalised individuals and communities learn to navigate within the system. According to the author, “the recognition of inequality by conventional financial literacy proponents has led to the conclusion that society must work harder to socialise the poor to exercise self-control, to trust the system, and to believe that by their autonomous actions they can increase their personal wealth” (p. 19).

2.5 Towards Financial Wellbeing

The financial wellbeing of young people is a complex construct because emerging adulthood is a unique life stage during which there is increased economic independence as many young people begin to move out of the home and begin managing their own finances (Jensen & Arnett, 2012). Post the 2008 financial crisis, there has been increased interest in the financial wellbeing of emerging adults. However, there has been little attempt at defining a cohort-specific definition for financial wellbeing (Sorgente & Lanz, 2017). Hence, as Muir et al. (2017) argue, “the conceptualisation of financial wellbeing should be understood within a life-course framework” (p. 13).

According to Muir et al. (2017), financial wellbeing is “when a person is able to meet expenses and has some money left over, is in control of their finances and feels financially secure, now and in the future”(p. 1). Financial wellbeing is linked to financial capability, financial inclusion, social capital, income, health (physical and mental), and other individual, family and community factors. The authors emphasise the three dimensions to the definition of financial wellbeing – the ability to meet expenses and have enough to make choices, being in control of one’s financial circumstances, and feeling secure now and in the future about finance.

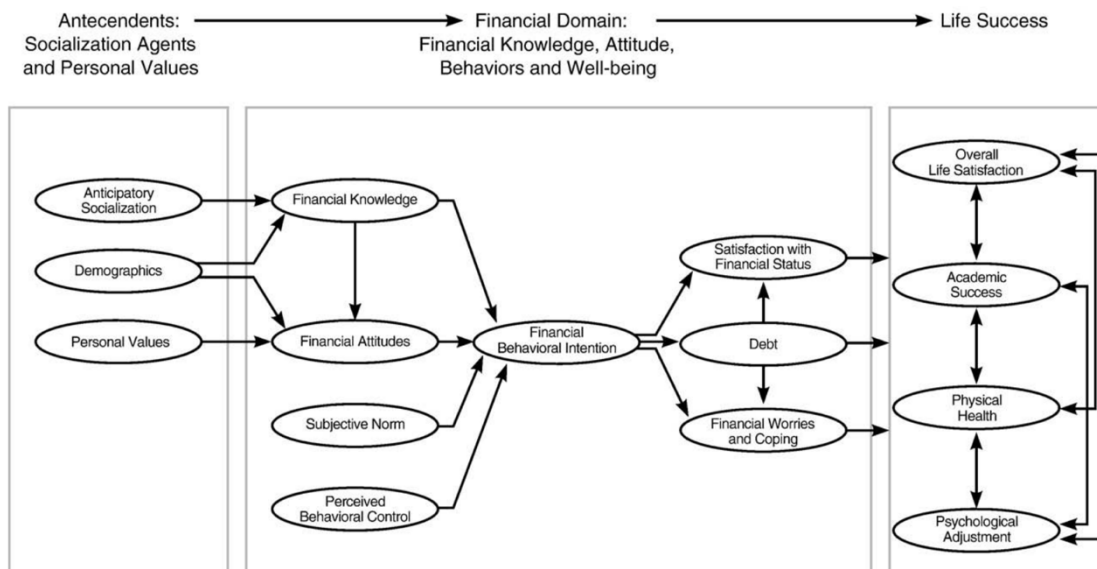
Sorgente and Lanz (2017) conduct a systematic review of literature on financial wellbeing for emerging adults. The authors find that, in general, financial wellbeing is defined as a construct consisting of objective and subjective dimensions. The objective dimension consists of material resources (income, debt and expenses, assets) while the subjective dimension is based on a person’s cognitive and emotional evaluation of their financial situation. In their systematic review, Sorgente and Lanz (2017) identify 115 different variables used by different researchers to predict financial wellbeing outcomes for emerging adults.

Shim et al. (2009) consider the following factors as predictors of financial wellness: parental socialization, education socialization, gender, class, student income, parental income, subjective norms, perceived behavioural control, financial knowledge, financial attitudes,

financial behaviour intention, satisfaction with financial status, debt, financial coping, overall life satisfaction, and health.

In their study, Shim et al. (2009) assert that as young people become increasingly more independent, financial management demands become more challenging. The authors propose a student financial wellbeing model based on the life-span development approach to describe the relationship between how socialisation and personal values impact knowledge, behaviours, and values, which in turn affects the overall financial success of young people. According to their results, parental socialisation and educational socialisation impacted financial knowledge positively, while financial knowledge, in turn, had a positive effect on overall wellbeing and life outcomes. Financial wellbeing was also related to overall life satisfaction, impacting positively on physical and psychological health. The research found that parents teaching young people about personal finance had a significant positive impact on financial wellbeing as this imparted a positive attitude towards money. Formal education in finance contributed positively towards subjective perceptions of financial knowledge. The research also found that internal factors influenced young people's financial knowledge, decision-making and risk preferences.

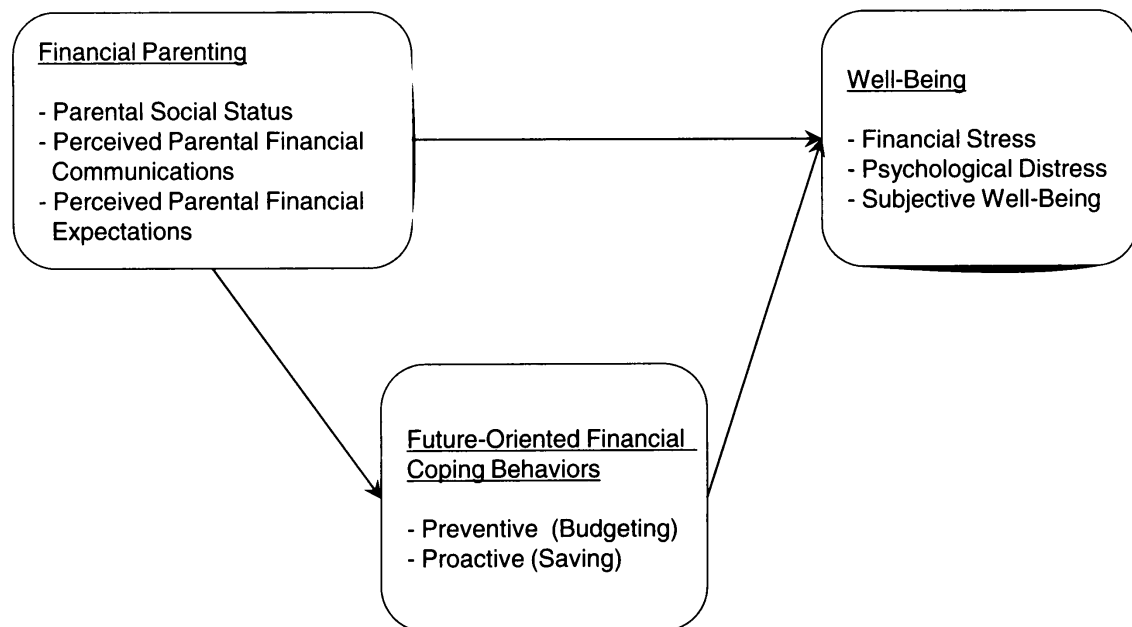
Figure 1: The student financial wellbeing conceptual model (Shim et al. 2009)



In Serido et al. (2016), financial wellbeing is predicted by financial parenting and the future-oriented financial coping behaviour of the young adult. In their study, the authors use data from over 2,000 university students to investigate how the students' perceptions of financial

parenting influence their financial, psychological, and subjective wellbeing. The research is based on the underlying assumption that, as young people approach adulthood, parents' financial socialisation role becomes increasingly important. The authors find that there is a very strong relationship between parental financial communication and financial, psychological, and subjective wellbeing. Although perceived parental financial expectations played some role in overall wellbeing, this was not as strong as the role played by communication.

Figure 2: Conceptual model of financial parenting, financial coping behaviours, and wellbeing of young adults (Serido et al., 2016)



Gutter and Copur (2011) consider financial wellbeing to be an outcome of demographic variables, financial characteristics, financial education, financial disposition, and financial behaviour. In their research, the authors use Kim et al. (2003)'s definition of financial wellbeing as determined by individual characteristics, financial behaviours, and financial stressor events. The authors found that white, male, and single respondents experienced higher levels of financial wellness than female, non-white, married/divorced/separated/widowed and cohabiting students. There were also significant differences in financial wellness based on whether students had debt, were receiving incomes and were part of a needs-based programme such as financial aid. The researchers also found that students who budgeted and saved

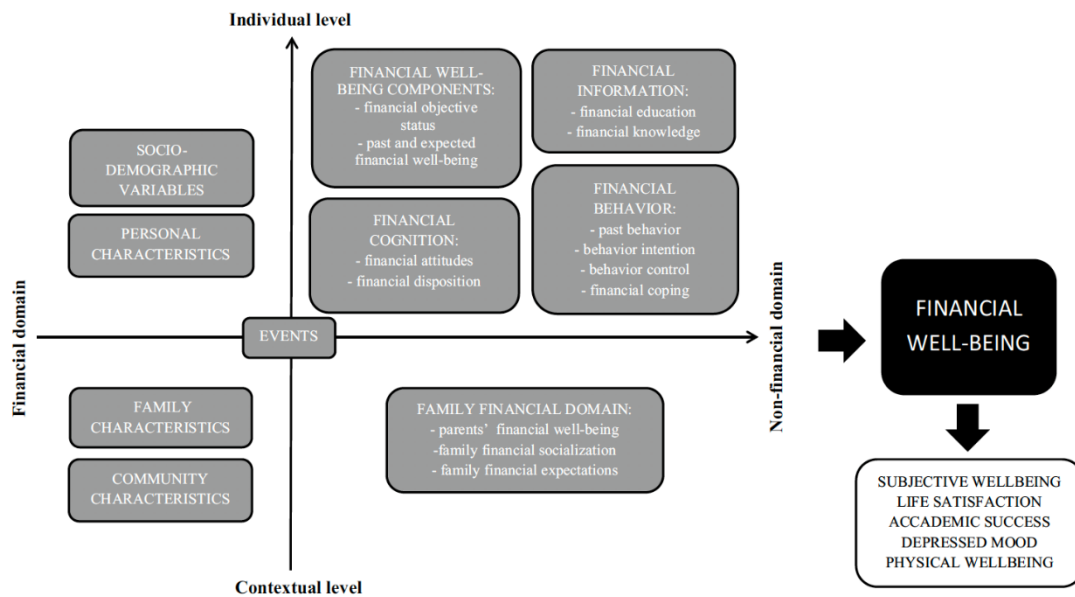
experienced higher levels of financial wellness than students who did not. Risky credit card behaviour was associated with lower levels of financial wellness. Overall, the study found a relationship between financial wellbeing and the financial behaviour of college students, leading the authors to conclude that financial education for young adults should focus on promoting positive financial practices.

Vlaev and Elliott (2014) see financial wellbeing as an outcome of financial control, debt to income, income, perceptions about debt, external pressures, and financial attitudes. Their study focuses on two population groups – young workers aged 18-29 and families with small children headed by individuals aged 25-39. They find that feeling in control of one's financial situation is the most significant predictor of financial satisfaction. The second most important determinant is the debt-to-income ratio of respondents. The components of being in control of one's financial situation include being able to meet monthly expenditure, knowing one's financial position, managing one's budget, and understanding finance in general. The study also finds that young people who believe that money is an enabler of a good life score higher on financial wellbeing than those who do not. Life events that had a significant impact on young workers include buying property or moving property, starting a family, or cohabiting. For families, the most significant life event in the last three years was having had children.

Sorgente and Lanz's, (2017) review identifies 11 categories of variables (figure 3) of financial predictors and outcomes from the systematic review. The first quadrant is socio-demographic variables (e.g., gender, race, age, education) and personal characteristics (personality and disposition). The second quadrant includes family characteristics and community characteristics. Community characteristics include non-family role models, peers, community involvement and general connectedness. The third quadrant is the individual financial domain containing the highest number of financial wellbeing predictors. The final quadrant deals with the financial context of an individual, particularly as it relates to their family.

Financial wellbeing is framed mainly as an outcome of behaviours influenced by various personal and contextual factors. Financial wellbeing is measured differently, more robustly, but mainly quantitatively. The result of this approach is that much like the other concepts (literacy, capability etc.), the socio-political and structural economic context is also not adequately addressed in analysing financial wellbeing.

Figure 3: Predictors and outcomes of financial wellbeing (Sorgente & Lanz, 2017)



Drever et al. (2015) assert that financial wellbeing is a broader concept than financial literacy and financial capacity. Therefore, a person needs more than financial knowledge to attain financial wellbeing. According to the authors, the attributes required for financial wellbeing are developed from early childhood through to early adulthood. In a review and synthesis of consumer science and development psychology literature, the authors identify executive function, financial socialisation, and financial skills-building as three developmental areas required to set young people up for financial wellness in the future.

Executive function is the ability to choose actions that keep one on the path towards achieving long-term goals. It is associated with the ability to exercise impulse control and to be future-oriented. The authors assert that executive function has three components: inhibition (staying on track despite distraction), working memory (the ability to hold on to information and process multiple pieces of information) and cognitive flexibility (the ability to solve problems by trying a number of ways of dealing with the problem). The authors state that the best time for developing executive function is in early childhood (Drever et al., 2015).

Financial socialisation is defined as “acquiring and developing values, attitudes, standards, norms, knowledge, and behaviours” (Danes 1994, p. 128). Drever et al. (2015) identify parents and primary caregivers as the main channel for socialising young people into finance. Children learn through observing behaviours, role modelling, and direct instructions from parents.

Knowledge building refers to the process of learning about financial products and information. Young people in adolescence and early adulthood are most receptive to contextually appropriate education through experience.

2.6 Money and the Financialisation of Society

This final section of the literature review moves away from the individual-centric concepts of financial literacy, financial capability, and financial wellbeing to focus on the financial system as a structural construct.

Financialisation is a catch-all term used by critical academics to describe the societal changes resulting from the growth and transformation of the financial sector of the economy largely as a consequence of capitalism (Christopherson et al., 2013; Goldstein, 2009; Mader et al., 2019; van der Zwan, 2014). The most commonly used definition for financialisation is Gerald Epstein's (2005), which states, "financialisation means the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies" (Sawyer, 2014, p. 2). The term counters the conventional argument that the role of the financial system is to enable a society to direct these monetary savings towards economic development, which (in theory) offers fair compensation for the investment (Corrigan, 1990) and the opportunity cost inherent in waiting. Lapavitsas (2009) notes that features of financialisation are different across various countries because of differences in institutional arrangements, history, and politics.

Goldstein (2009) defines financialisation as "a process that alters the fundamental aspects of capitalist micro and macro dynamics", while Lapavitsas (2009) defines it as "the rapid growth of the sphere of circulation" at the expense of real production, profitability and productivity (Lapavitsas, 2009). Finlayson (2009) argues that although financialisation directly impacts global markets and firms, it has also impacted individuals and households since individuals are employed in the real economy, which is displaced by financialisation. In addition to changes in the financial market, Prabhakar (2013) adds that some financialisation literature couches the phenomenon as "how the government seeks to shift responsibility for individual welfare from collective provision through the welfare state to individual provision in markets" (p. 662). According to Prabhakar (2013), this literature argues that government policies that move from the collective provision of social services to individual provision create "investor subjects" from citizens. The state then nudges these investor subjects to make individual investments in

themselves to improve their social outcomes. Although Prabhakar (2013) notes critiques from Finlayson (2009), Watson (2008), and others who argue that state social policies such as asset-based welfare in the UK are financialisation tactics that roll back social welfare, Prabhakar (2013) does not agree, instead asserting that such policy strategies are financial inclusion strategies that serve as innovative responses in light of austerity measures by the state.

Lapavitsas (2009) argues that changes in technology and regulations in the 1970s transformed the relationship between industry and finance as it enabled large corporates to raise capital outside the traditional banking system. Consequently, in search of profits, banks turned their attention towards individuals. Ashman et al. (2011) also agree that financialisation had led to a focus by banks on earning profit from individuals, leading to an increase in debt because of an increase in credit-based consumption. Ashman et al. (2011), therefore, assert that “financialisation is not just about capital, it is about labour” (p. 175). Christopherson et al. (2013) add that in addition to decoupling the link between the real economy and finance, financialisation has infiltrated all aspects of culture and social life, describing it as “a process of cultural and economic transformation” (p. 352).

Given the broad disciplines studying the concept, Mader et al. (2019) identify three features that the scholarship on financialisation has in common: First, financialisation scholars understand it as “an autonomous realm that increasingly influences and even dominates other realms of society” (p.6), secondly, they assess financialisation as a negative phenomenon linked to other negative developments; and, third, scholars link changes in finance with other shifts in the political economy, the economy and broader society.

Christopherson et al. (2013) consider the consequences of financialisation on individuals and propose that “the notion of an ‘owner’ society promotes the idea that one’s livelihood is rooted in finance rather than in productive work” (p. 354). A common example of this “owner” belief is the narrative that individuals must acquire assets such as houses to accumulate wealth (Watson, 2008). Lapavitsas (2009) uses the 2007 global financial crisis to demonstrate the mechanics of financialisation and their impact on individuals. According to the author, changes in banks' business models led to increases in mortgage lending, which extended to previously excluded individuals. Much like the late 1980s to early 1990s, technological advances led to the use of a risk management approach which, unlike before, led to the inclusion of more individuals into the mortgage lending market. In addition, central banks were largely following expansionary monetary policies; therefore, interest rates were also cheap. By acquiring

investment banking functions, banks were able to use “financial engineering” to turn mortgages into tradable securities.

Montgomerie (2009) demonstrates how strategies to re-capitalise consumer debt led to a practice of marketing new debt to existing clients, particularly for unsecured debt such as credit cards. These strategies included pre-approved emails and fast turnaround times for credit decisions. Therefore, the transformation of commercial banking led to a sharp increase in banks' profitability in a period when real wages were stagnant and investment in the real economy was also subdued. Following the financial crash, banks readjusted their models, leading to tighter credit controls for individuals. The South African banking system was somewhat cushioned but not entirely immune to the effects of the crisis (Maredza & Ikhide, 2013). South African banks experienced a “mild” deterioration in efficiency and productivity because of factors such as non-performing loans, lower profitability and lower non-interest income (Maredza & Ikhide, 2013).

Adamson (2009) argues that the rise in student debt for higher education, particularly in the US, is one of the main mechanisms through which financialisation has led to “the privatisation of public goods” (p. 98). The author points out how government insures student debt, with universities being mediators between creditors and students. Using household data, Montgomerie (2009) also demonstrates how middle-income households with higher amounts of unsecured debt experience both higher levels of financial inequality and more financial insecurity. This, according to Montgomerie (2009), raises questions about the common approach of comparing those who have access to products against those who do not. Montgomerie (2009) further argues that the financial crisis decreased middle-class investment portfolios and pension funds while leaving households with larger monthly debt repayments for unsecured debt and mortgages.

For example, Lusardi and Mitchell (2006) describe how longer life expectancy and lower fertility have put pressure on social security systems, leading to migration from defined benefit pensions to individual account defined contributions, thus transferring decision-making from employing institutions to individuals. Consequently, according to the authors, there has been an increased responsibility placed on individuals to make savings, investment and spending decisions and a higher consequence for bad decision-making. De Bassa Scheresberg (2013) also highlights the effect that changes in the financial system have had on the expectations on individuals, and particularly on young people.

Ashman et al. (2011) cite the growing significance of finance in South Africa as an example of the social transformation resulting from financialisation. According to the authors, the financial sector has been the fastest-growing sector since 1994, contributing 20% to the country's GDP. The authors show how over 90% of domestic credit has been used for consumption which led to a boom in some sectors of the economy. Makhulu (2012) points out that the transformation of post-industrial economies such as South Africa's is happening when social welfare is declining, leaving marginalised individuals more insecure.

In considering the relationship between the financial sector and the real sectors in South Africa, Newman (2017) supports the assertion that financialisation has had an adverse impact on society, through the rising inequality in South Africa because of increased profits while wage earnings have remained stagnant. According to Newman (2017), "[u]nemployment is a major factor for income inequality, and this has its roots in the structure of the economy and de-industrialisation associated with financialisation. Wage inequality is the main driver of inequality in South Africa. Again, its association with financialisation comes from corporate restructuring associated with financialisation" (Newman, 2017, p.11). In addition, financialisation has provided the top 25 per cent of households in terms of income the opportunity to diversify their incomes to include dividend and interest payments. In contrast, most South Africans have experienced limited access to financial assets and credit. Levels of unsecured lending have continued to increase, supporting consumption across all households.

This increase in debt without a decrease in consumption can be partly explained by Mader's (2018) assertion that proponents of financial inclusion justify their policy agenda by claiming that people who earn low and often irregular incomes often need to make purchases when they do not yet have money, and thus the role of financial inclusion is to "shift money over time" (p. 465) by allowing individuals to use credit to pay for current expenditure with future incomes. Lapavistas (2009) points out that a decrease in the provision of public goods such as housing, education and health services has shifted this expenditure to individuals, leading to a growing reliance on private debt from banking institutions.

Since financial inclusion is primarily a policy measure to increase the participation of poorer and marginalised groups in the financial system, it is surprising that so few researchers have attempted to investigate the link between structural changes brought about by financialisation and individual circumstances that necessitate the financial inclusion agenda.

2.7 Conclusion

This section reviews existing literature and research on youth transitions, financial inclusion, and its related concepts, and financialisation. From the discursive analysis of the literature, the following themes emerge:

- Youth transitions are prolonged, divergent, and non-linear; therefore, young people who do eventually find stability, take longer to settle into “adulthood”. This stability is characterised by stable livelihood and adequate incomes. Successful youth transitions depend heavily on the family a young person comes from and the socioeconomic context that they face. This is highly dependent on adequate education outcomes, particularly post-school education attainment. Other factors include location, which impacts access to opportunities, traumatic events such as death and divorce, and relationships with parents, with an emphasis on mothers. Parents play a significant role in supporting youth through this transition, and parents in better financial positions have more capacity to support youth in their transition. Consequently, this entrenches social stratification and inequality since youth from better-off backgrounds receive more support from their parents.
- Since the emergence in the mid-1990s of the concept of financial exclusion based on Kempson and Whyley (1999), the focus has shifted from financial exclusion as an outcome of social exclusion to financial inclusion, financial literacy, financial capability, and financial wellbeing. Financial exclusion initially focused on spatial exclusion within the financial system as a result of segmentation models implemented through technology. These models allowed banks to identify profitable customers and offer services to those who could afford them. Those people tended to be in more urban and more affluent areas. Therefore, financial exclusion literature focused on the systemic exclusion of individuals, households, and businesses and viewed exclusion as a result of processes and not a glitch in an otherwise effective process.
- Financial inclusion and financial literacy have gained the most currency with policymakers, possibly because their definitions lend themselves to simpler measurement and simpler resolutions. Early literature on financial inclusion emphasised access to and usage of appropriate products and services. Still, there was limited focus on determining whether access to credit, in particular, leads to long-term wellbeing. Later literature on financial literacy tries to bridge this gap by understanding how knowledge affects the usage of products and services. However, there are no agreed definitions of financial

literacy as some researchers focus on knowledge while others focus on knowledge and skills. Literature on financial capability brings together knowledge, personal traits, and environmental consideration for long-term financial outcomes. Because it is grounded in imprecise definitions of financial literacy, the literature also lacks an agreed-on definition.

- Overall, literature on financial inclusion focuses on the barriers to entry and usage of financial services. Literature on financial literacy and financial capacity focuses on the individual, assuming that there is some level of knowledge and experience that an individual must obtain to navigate the financial system with some level of success. Financial wellbeing literature starts to bring together the individual's internal world, their social context, and their behaviours in understanding the state of their finances and the individual's subjective experiences of that reality.
- The last section of the literature review moved away from the individualising concepts of financial literacy, financial capability, and financial wellbeing to focus on the structure of the financial system. In this literature, we see financialisation within the history of the role of the financial system and the decisions of powerful actors within the financial system. This literature argues that there is a systemic impact of decisions made by powerful actors such as government on individuals in a macro context.
- In terms of the broader financial system, financialisation literature argues that the financial system has undergone an immense transformation, assisted by the shift in government policies from state-centred welfare to individualised development models. This change has placed increased responsibilities on individuals to secure their financial futures by placing the responsibilities of retirement savings, education funding and housing funding on them. In addition to increased responsibilities, individuals also face greater consequences for bad decisions. While individuals have been forced to take more responsibility for securing their financial futures, real incomes have stagnated while credit has grown.
- Based on the literature review, while studies on youth transitions are focused on understanding the experiences of youth and, therefore largely qualitative, financial inclusion studies tended to be driven by pragmatism and, thus, quantitative. These studies tested the effect of factors such as income, gender, race, class, legal identity, geography, literacy, and age without explaining how these factors lead to better social outcomes. These factors are also prevalent in studies of financial inclusion, particularly in relation to financial literacy, capacity and wellbeing. While there has been extensive research to

understand the determinants of financial inclusion, there is a gap in the literature on the question of how these determinants impact the experiences of young people using the financial system. Moreover, because of the focus on quantitative research, the voices of the “included” and “excluded” were largely missing from most of the literature on financial inclusion. The purpose of this study is to explore these dynamics through the experiences of young people to understand how they shape inclusion in the financial system.

3.0 METHODOLOGY AND RESEARCH DESIGN

3.1 Introduction

This chapter provides an overview of the research methodology and design used in undertaking this research. The chapter describes the justification for the research approach by describing its epistemological and ontological underpinnings. The chapter then explains the research methodology and design, which includes the selection of research participants, research data collection and research data analysis. The chapter will also discuss the ethical considerations and issues of validity and reliability considered during this research.

To understand how financial inclusion can achieve meaningful outcomes for marginalised people, I sought to understand the lived experiences of those who are already included in the system. Therefore, the objective of this research was to explore and describe lived experiences and look for shared and contrasting understanding and experiences of youth.

This research took the form of a field study based on a qualitative research approach using an contextual social constructionism lens to conduct a thematic analysis to understand the experiences of young people using the South African financial system.

To gain generative insights into the dynamics that could positively influence financial inclusion, I initially intended to use an appreciative inquiry lens (Cooperrider & Whitney, 2001) to explore the experiences of young people using the South African financial system. Appreciative Inquiry is a method of doing research based on social constructivism which focuses on positive possibilities rather than present problems (Bushe, 2012; Finegold et al., 2002). What drew me to this methodology was the “relational constructivism” which made space for multiple realities to co-exist within one environment (van der Haar & Hosking, 2004).

However, during the initial piloting of the research, I found that participants did not often take an appreciative lens on their experiences, even those they described as positive. To accommodate this perspective, I then decided to apply a social constructionist lens to inform the thematic analysis of the participants’ experiences using the South African financial system. The specific constructionist view is objective social constructionism, as the research is still centred on understanding multiple experiences of the South African financial system (Liu & Chen, 2010).

3.2 Research Design and Approach

3.2.1 Justification for Using the Qualitative Research Approach

Creswell (2003) contends that qualitative and quantitative research represent two extreme ends of a range of research approaches. For this research, I chose to use a qualitative research design. Denzin and Lincoln (2008, p. 4) define qualitative research as “a situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that make the world visible.” Therefore, qualitative research relies on the participants' views and aims to understand participants rather than to make predictions.

According to Antwi and Hamza (2015), the main differences between quantitative and qualitative research are that quantitative research seeks to test and confirm theory, while qualitative research is primarily concerned with exploring phenomena. The differences between quantitative and qualitative research can be described in terms of ontology – the nature of being or existence, or “what is” – and epistemology – how we come to know, or “what it means to know” (Scotland, 2012, p. 9). For quantitative researchers, reality is independent and objective, and knowledge is gained through deductive logic since knowledge exists outside of people. On the other hand, qualitative researchers see reality as subjective and view knowledge as constructed (Antwi & Hamza, 2015).

As a researcher, I believe that research on financial inclusion must be undertaken through different approaches and paradigms to build different understandings of the topic. This is in line with Rathunde (2001), who contends that the focus on objectivism discounts the subjective experience, which results in a lessening of “both quality of life and quality of science”. Thomas (2008) agrees, adding that the usual method to problem-solving is to identify issues and then find the most appropriate remedy, which frequently results in opposition to the proposed change.

According to Marsh (2009), it is important to “recognise that the relationship between the material and the ideational, like that between the structure and agency, is dialectical, that is interactive and iterative” (p. 679). The qualitative research approach was judged to be the most appropriate approach to this study as I was interested in an in-depth understanding of the individual experiences of young people in the financial system (Appleton, 1995).

I took inspiration from Nilsson (2015), who introduces the argument that in aiming to understand positive phenomena (such as inclusion) as experiences, it is important to understand experiential legitimacy by not merely looking for “symbolic legitimacy”. To understand

positive phenomena such as inclusivity, Nilsson suggests that rather than focusing on observable structures and norms, it is important to surface experiences to understand whether actors within the systems experience the intended phenomena. The author argues that:

It is clear that if we evaluate social structuring only for what it apparently means (symbolic legitimacy) rather than also for how it is actually experienced (experiential legitimacy), it may be difficult to consistently reproduce positive relational patterns. It is easy to turn experiential values into abstractions: smiles mean friendliness, voting procedures mean participation, non-discrimination policies mean inclusiveness. But the actual experiences of friendliness, participation, and inclusiveness are more elusive and must be evaluated in their own right if the goal is to create and maintain robust experiential patterns. (Nilsson, 2015, p. 376)

Although Nilsson's paper largely focuses on organisational work, I was inspired by the call to focus on surfacing the experiences of young people.

3.2.2 Research Paradigm: Interpretivist and Social Constructionism

3.2.2.1 Research Paradigms

A researcher's choice of the research methodology to conduct research is based primarily on their philosophical reason for conducting the research based on their assumptions about reality, knowledge and human nature (Holden & Lynch, 2004). Moreover, according to Creswell (2003), a researcher must explicitly declare the philosophical outlooks, or "paradigm".

Kivunja et al. (2017) describe paradigm as "the perspective, or thinking, or school of thought, or set of shared beliefs that inform the meaning or interpretation of research data" (p. 26). According to Scotland (2012), each paradigm comprises distinct ontological and epistemological perspectives that are predicated on a set of assumptions about what constitutes reality and who we know. These assumption then underscore the approaches, methodologies and methods used to conduct the research.

Creswell (2003) identifies four research approaches based on knowledge claims, inquiry strategies, and collecting data methods. They are postpositivism, participatory, pragmatism and constructivism. Postpositivism is deterministic and focuses on the measurement and verification of causes and their effects. Participatory issue-oriented research is focused on collaboration and empowerment through the active participation of research participants. Pragmatism is focused on the consequences of real-life actions. Finally, constructivism is focused on meaning and sensemaking through many individual points of view of reality. It

assumes that history, social context, and norms influence how we construct meanings. This relationship between the individual and their community/society is of particular interest to me as the researcher because of my interest in the shared experiences that can offer insight into how certain factors influence positive social outcomes in the financial system.

Figure 4: Four world views (Creswell, 2003)

Creswell's Four Research Paradigms	
Postpositivism	Constructivism
<ul style="list-style-type: none"> • Determination • Reductionism • Empirical observation & measurement • Theory verification 	<ul style="list-style-type: none"> • Understanding • Multiple participant meanings • Social and historical construction • Theory generation
Participatory	Pragmatism
<ul style="list-style-type: none"> • Political • Empowerment issue oriented • Collaborative • Change-oriented 	<ul style="list-style-type: none"> • Consequence of actions • Problem-centered • Pluralistic • Real-world practice oriented

For this study, the inductive qualitative research approach was selected to surface experiences of young adults in the various financial systems to begin to understand what factors contribute to inclusion.

It is necessary to understand the lived experiences of individuals who are most touched by financial inclusion in order to understand how financial inclusion programmes might achieve genuine inclusivity.

3.2.2.2 Constructivism, Constructionism, and Social Constructionism

As stated in the previous section, Creswell (2003) identifies four paradigms: postpositivism, participatory, pragmatism and constructivism. On the other hand, Denzin and Lincoln (2008) identify four interpretive paradigms as positivist and postpositivist, constructivist-interpretivism, critical/emancipatory, and feminist post-structural.

Liu and Chen (2010) and Chen, Shek, and Bu (2014) argue that although constructivism, constructionism and interpretivism are often presented as one paradigm, they are separate, distinct paradigms. While both constructionism and constructivism see reality as socially produced, constructivism takes the view that although there may be a reality, it is interpreted by many people creating many inputs of what is. Constructionism takes the view that all

experience is socially constructed, that “knowledge is produced through daily interactions...and constructions are tied to power” (p. 130). Furthermore, while both constructivism and constructionism view reality as relative and thus subjective, constructionism emphasises the role of contexts such as history, culture, and community, while constructivism homes in on the individual’s “inner psychological space”. Constructionists are interested in the meaning and thus place emphasis on language (Chen et al., 2014). Chen et al. (2014) do, however, note that not all constructionists (Xiao, Chatterjee, et al., 2014) hold the view that no outside reality exists. From an epistemological point of view, there is also a spectrum within constructivism that consists of strict social and contextual social constructionism (Chen et al., 2014).

Social constructivism is a constructivism viewpoint on how knowledge about the world is obtained that is distinct from other constructivism perspectives (Marsh, 2009). While general constructivism is concerned with how knowledge is constructed by interactions with the environment, social constructivism is concerned with the knowledge received from those who are experienced and knowledgeable.

This is in opposition to the rationalist school of thought, which ignores the role of norms and values in sense-making and decision-making. In social constructivism, knowledge is not a set of universal truth but, rather, is situated within a social context in which the social phenomena can be understood (Marsh, 2009). Burningham and Cooper (1999) outline and address the claim that social constructionism is apolitical by focusing on epistemological issues because it refuses to recognise and thus confront institutional problems. The authors refute this claim by demonstrating that a significant proportion of empirical research papers in the field adopt a “mild approach” while theoretical work adopts an “extreme” approach. Another division the authors identify within the literature is that of contextual and strict constructionism. While strict constructionism makes no assertions about reality, contextual constructionism differentiates between the experiences of individuals and the social conditions that individuals experience. Moreover, the authors add that there is a distinction between the material/physical world and socially created institutions.

Based on this background, the social constructionist approach I took for this research was contextual constructionism, implying a subjective epistemology and the ontological belief that reality is socially constructed. My reasons are that the research question is particularly interested in the experiences of young people within a socially constructed but shared financial

system. As demonstrated in the introductory chapter, financial systems, unlike the natural world, are created through policy, regulation, financial institutions, individual endeavour and even research and its philosophical approach. The purpose of this research is to understand the experiences of youth using the financial system, with the understanding that their household and community contexts act as a mediator in their experiences of the financial system. Since part of the output of this research is to make explicit recommendations about the South African financial system, the contextual social constructionism approach appears most relevant.

3.3 Data Collection Procedures

3.3.1 Method of Data Collection: Individual Interviews

Creswell (2003) identifies four qualitative data collection methods: interviews (individual and focus groups), participant observations, open-ended surveys, and content analysis.

The main data collection technique used for this research was individual face-to-face interviews. Stokes and Bergin (2006) compare the research outcomes of focus groups and in-depth interviews and find that in-depth interviews were more likely to reveal a broader set of issues and conflicting ideas, although focus groups provide breadth and context. The authors also found that in-depth interviews were better able to reveal a broader set of attitudes, beliefs, and motivations as respondents did not feel pressure to adhere to a group consensus.

The interviews varied in the degree of structure, and the latitude respondents had in answering questions, as they were structured differently from survey interviews in order to allow for detailed probing and freer exploration of the research topic. Interviews also allow the researcher to continuously adjust interview questions as new insights arise about the research design (Creswell, 2003). According to Creswell (2003), the goal of social constructionist research is to unearth varied meanings. Therefore, questions posed to participants must be sufficiently broad and open-ended to encourage them to draw on their cultural and historical backgrounds. The interview dedicated a significant portion of each interview to discussing the participant and their biographical background.

I chose individual interviews as a method of data collection for several reasons. Firstly, finance is a very personal topic. In seeking to gain a deeper understanding of participants' experiences in the financial system, I recognised the need for participants to feel safe and comfortable enough to share personal stories. The individual interviews allowed me to seek clarity and show empathy where appropriate.

Questions took an appreciative lens; however, interviews did not focus purely on the positive. Research participants often raised negative experiences, which I probed for context and understanding (Rogers & Fraser, 2003).

I sought to collect in-depth narrative accounts of the positive experiences young people had in the financial system to enable the participants to reflect on events and processes they had experienced in the system. However, the questions in the interview protocol did not always elicit in-depth stories as hoped. Consequently, although certain questions were prepared, additional questions were asked in order to surface richer details of experiences.

3.3.2 Research Interview Type: Semi-Structured Interview

There are a number of interview types that a researcher can choose to use when conducting research. I chose the semi-structured interview type, using an interview guide (Appendix B: Interview Protocol).

According to Rabionet (2009), semi-structured interviews are the most preferred interview format since they are more flexible and simpler to conduct for novice researchers. The interview guide was created to aid in the elicitation of memories from participants' lived experiences at various points in their lives across time.

3.3.3 Role of the Researcher

Hatch (1996) argues that traditional positivist research creates participants as subjects and the researcher as an objective observer who is removed from the context of the study. In constructionist research, the role of the researcher as a subjective instrument must be made explicit, as, within this paradigm, knowledge is considered to be subjective (Hatch, 1996). The researcher, therefore, plays an important role in the construction of the reality presented in the research.

I am a black woman who has spent my formative years in Pretoria, Gauteng. At the time of the research, my age fell within the definition of youth used in this research. I was raised in a lower-middle-class household and shared many experiences with the research participants, including studying through bursaries, NSFAS, and other loans. Part of my professional experiences included working in the financial sector and in the youth development arena.

Hatch (1996) highlights the importance of reflexivity in research, which allows the researcher

to draw on their own experiences during the research process. However, Creswell (2003) advises that researchers aim to be open-minded in their approach to their investigation.

During the research, I drew on my own understanding of youth transitions, financial sectors, and my own experience in transitioning from childhood to adulthood in the South African context.

3.3.4 Sampling

The sampling strategy for qualitative research must aim to identify and recruit individuals who can provide the researcher with a rich understanding and insight into the phenomena under study (Marshall, 1996).

Although statistics and demographic representation are not taken into account, the goal of such research is to identify volunteers who have personally encountered the issue under investigation. Purposive sampling was utilized in this study, which was determined by the particular research issue and the participants' prior experiences with the South African financial system. Englander (2012) states that sampling for qualitative research should be conducted in such a way that "the actual selection of the participants does not preclude knowledge obtained from being general and critical" (p.17), which means that results should be sufficiently generalisable and the researcher should have applied themselves critically to their work. The sampling procedure was designed to guarantee that the target population was adequately represented (Silverman, 2013). The interviews were performed until saturation was reached (Marshall, 1996).

The sample was drawn from the population of young people between the ages of 23 – 35, an age range that falls within the South African definition of youth. The 30 participants who volunteered for the study were from different cities within the Gauteng province.

In order for this research to capture experiences of a diverse sample of young people in the programmes, with many of the participants having moved from more rural provinces to Gauteng (Walker & Mathebula, 2019). The sample is evenly split across reported gender, and with the main gender represented being black and coloured (Englander, 2012). There were no white participants in the sample.

I employed a snowball or chain sampling approach where a researcher identifies an initial number of individuals known to meet the participant criteria. Initial participants were asked to

nominate other potential participants for the study. All of the participants lived in Gauteng at the time of the study; the majority resided in Johannesburg.

Generalisability should not be the primary goal when researchers evaluate sampling technique and sample size (Englander, 2012).

All interviews were digitally recorded and transcribed. Interviews were carried out in various locations, including participants' homes, work premises, restaurants and cafes most convenient for the participants.

3.3.5 The Nature of the Sample

Fieldwork for the research took place between December 2017 and May 2018, and 30 participants were interviewed across a range of different settings, from their homes to offices.

The participants were requested to provide biological information on gender, age, highest qualification, and their current main economic activities.

All the research participants lived in Gauteng province at the time of the interview. Thirteen participants were born in Gauteng, four were from the Eastern Cape, two participants were from the Northern Cape, two from the Western Cape, two from Limpopo, two from Mpumalanga, one participant was from KwaZulu-Natal, and the rest of the participants were born outside South Africa (two from Nigeria, one from Zimbabwe, and one in the United Kingdom).

The sample was characterised by young people (youth) who, in South African public policy, are considered to be a marginalised group. Initially, I wanted to focus on young people from more "vulnerable" backgrounds (unemployed, township-based youth, for example). Although South Africa has high youth unemployment, the majority of the participants in the sample are young people who are in training, education, or employment. This is reflective of the nature of the research, which initially focused on positive experiences of young people in the financial system; therefore, it was important for research participants to have a bank account or use the financial system. However, as the research findings will show, this does not mean that the young people in the sample can be described as comfortable/invulnerable.

Figure 5: Research Participant Gender Representation

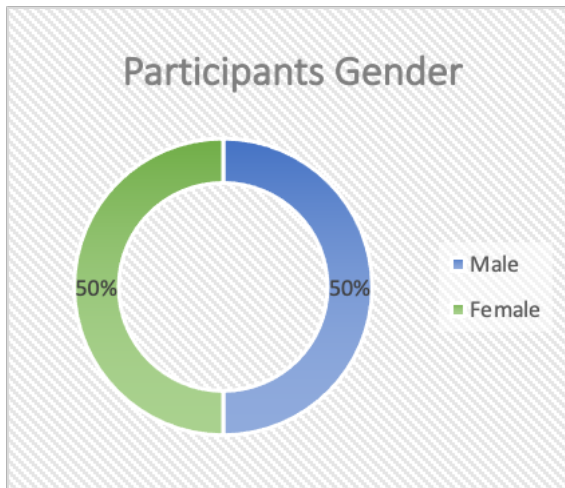


Figure 6: Participants' Race

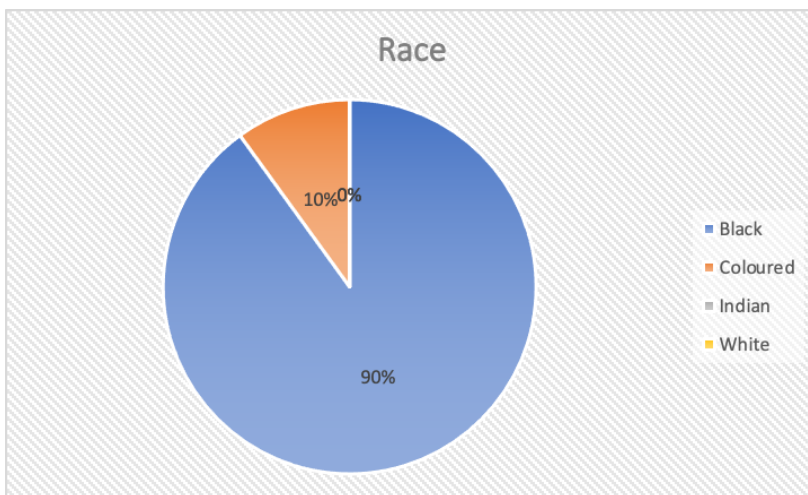
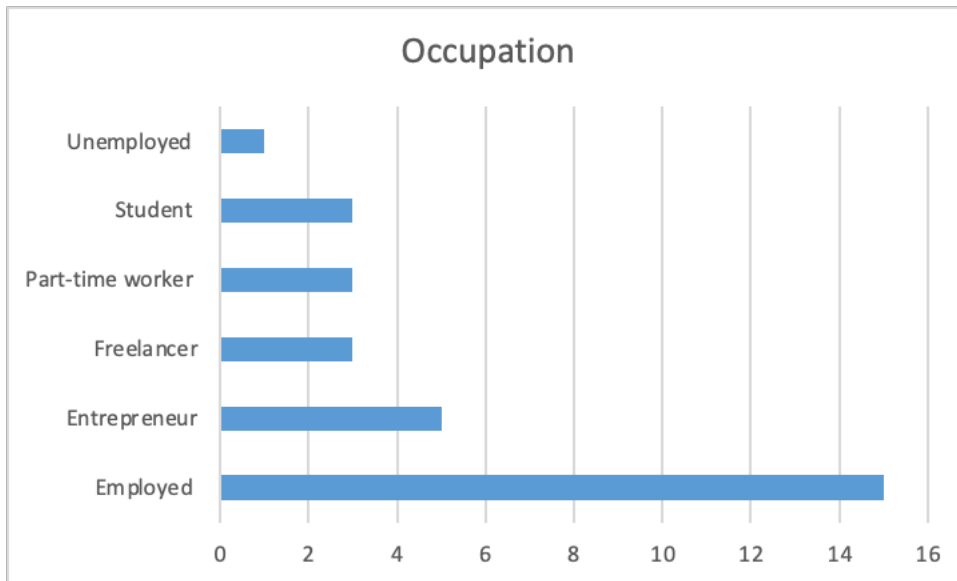
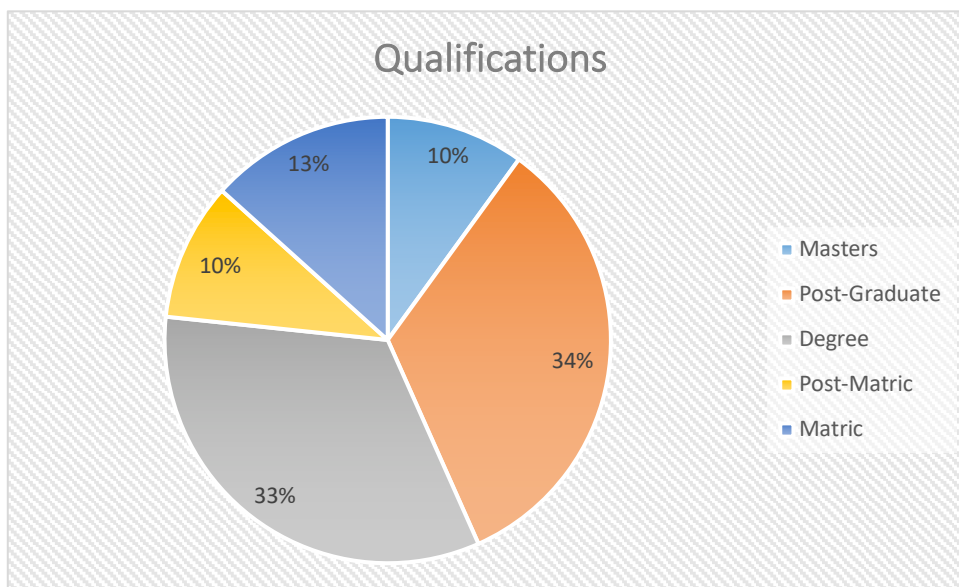


Figure 7: Research Participant Occupations



Research participants were not asked about their levels of income. This is partly because the initial conceptualisation of the research was for focus groups, but potential research participants were reluctant to discuss their financial lives in a group. As a researcher, I then revised some of the questions to ensure that participants were comfortable. This is in addition to changing the research method from focus groups to semi-structured interviews conducted privately.

Figure 8: Participants' highest qualifications¹



Post-graduate qualifications refer to Level 7 National Qualifications Framework which are Honours degree, Post Graduate diploma, and Professional Qualifications¹. Post-matric qualifications refer to Level 5 and 6 qualifications including certificates and higher certificates.

Participants reported high levels of ownership of basic banking products, with many having owned a bank account since childhood and adolescence. Most participants reported that their current primary bank account was a “Big 5” bank account (Absa, Capitec, FNB, Nedbank, Standard Bank). One participant banked with Investec but used FNB as a secondary account for day-to-day transactions. Participants also reported using formal bank accounts with one of the big five banks for stokvel savings. For savings products, more participants mentioned financial services institutions that were not part of the top 5. Some participants indicated that they used Old Mutual for savings and life insurance products and the Post Office for savings. None of the participants banked with a mutual bank or a cooperative bank.

At times as the researcher, I had to ask numerous questions of clarity because the interviews were conducted in English while the vast majority of respondents were second and third language English speakers. As far as possible, I have tried to retain the answers as told to me in the interviews; however, to keep the integrity of the young people’s experiences, I have summarised the stories told to me to present the themes within the context of young people’s background and life stories.

3.4 Data Collection Analysis Procedures

3.4.1 Developing Interview Protocols

The purpose of the study was to explore the experiences of young people using the South African financial system. To do this, I needed to ensure that the questions asked generated discussions about experiences within the financial system but also revealed other dynamics. My initial approach to the study was an appreciative inquiry approach; based on examples from Finegold et al. (2002) and Boyd and Bright (2007), I developed an interview protocol with 12 questions focusing on values and experiences.

Questions on value	Questions on experiences
1. Please tell me a bit about yourself: what do you value the most about yourself – as a human being, a friend, a parent, a citizen, and a son/daughter? 2. What type of community do you come from, and what do you value about your community?	5. What is the biggest goal you have achieved thus far, and how has the financial system contributed to that achievement? 6. Can you tell me about the first time you got a bank account? What do you treasure the most about that experience?

<p>3. What is considered valuable in your community? What is considered a “must-have” to secure your future?</p> <p>4. What are your personal aspirations?</p>	<p>7. Can you tell me about the time when having financial support – be it a product or having access to someone who could assist you financially – helped you achieve an important personal goal?</p> <p>8. Tell me about a time when you had to meet your financial needs or goals in an “unconventional way”. Who did you reach out to? What stands out about that moment?</p> <p>9. Tell me about a time when your community assisted you in meeting a financial goal. What do you value about that experience?</p> <p>10. Tell me about your most rewarding customer service experience in financial services?</p> <p>11. Think of a time when the financial services sector was most effective in responding to your individual needs. Tell me a story of what happened. What was most noteworthy?</p> <p>12. Assuming the financial system will change in the future, what are the “best qualities” that you would want to keep building upon to make the system better?</p>
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On testing the interview protocol in the field, two things happened. The first was that the questions proved too many, and the conversations were much longer than the time I had communicated to participants. The second was that the participants pushed back against an overtly appreciative view of the South African financial system. Consequently, I reduced the number of questions, focusing on aspirations, key shared events (such as first bank account, paying for education, asset acquisition) in line with key events within the transitional path. The final interview protocol is contained in Appendix B (Interview Protocol).

3.4.2 Method of Data Analysis: Thematic Analysis

This study employs a thematic analysis to identify the main themes. Thematic analysis (TA) is defined by Braun and Clarke (2012) as “a method for systematically identifying, organising,

and offering insights into the pattern of meaning (themes) across a data set. Through focusing on meaning across the data set, thematic analysis researcher allows the researcher to see and make sense of collective or shared meanings and experiences.” (p.57). Nowell et al. (2017) state that there are disagreements on whether a thematic analysis is a method or a data analysis tool. The authors assume it to be a method.

I applied this approach because it is flexible in that it allows the researcher to approach analysing the data in different ways based on the questions that the researcher intends on answering (Braun & Clarke, 2012). TA is also flexible in that it allows for researchers coming from different approaches, which is constructionist.

According to Braun and Clarke (2012), the researchers must follow steps:

1. Familiarise yourself with the data – read and reread transcripts, and make notes
2. Generate initial codes
3. Search for themes
4. Review potential themes
5. Define and name themes
6. Produce the report

3.4.3 Process of Data Analysis

- a) Phase 1: Familiarising myself with the data

Braun and Clarke (2012) suggest that the researcher familiarise themselves with the data by repeatedly immersing themselves in the research data. The recorded interviews were transcribed verbatim into written text, with participant identifiers removed to protect participant identities. This was in line with the requirements for ethical research. After each interview was transcribed, I read each interview and identified interesting emerging categories and themes. As more interviews were conducted and transcribed, I began to identify some categories, making notes and annotating the transcriptions.

- b) Phase 2: Generate initial codes

In this phase, the researcher begins the process of coding the data (Braun & Clarke, 2012). Strauss (1990) states that that good analysis cannot happen in the absence of good coding. Coding is framing data in a way that informs its analysis. It is valuable because it forces the researcher to identify certain concepts and understand their role in the research in the

development of a theory or a trend. Therefore, the coding approach creates the context for the development of a framing and one for the verification of assertions that are made in the study.

According to Strauss, the aim of coding is to help the researcher think through the process of writing. The first few coding sessions should serve a brainstorming function and should ideally open up the possibilities for more extensive research. There are two types of coding methods, axial and selective (Strauss, 1990). Axial coding is focused on singular categories to build up a density of choice and then interconnect the categories. Selective coding occurs before the researcher has chosen what their main sources of information and categorisation are. Braun and Clarke (2012) also emphasise the importance of coding that is interpretative, going beyond the participants' descriptions.

Basit (2003) states that coding is more of an inductive and creative process than it is a mechanical one. The coding process aims to unravel the assumptions that inform how the respondents see the world and their role in the research. There are no shortcuts to coding, and it can often be a very long process. The aim is to use the emerging phenomena to construct a theory. The data collected is to be subdivided because it will be assigned to specific categories and the codes used will have specific meanings. They can be words or phrases, or sentences. It is suggested that the researcher have two coding phases: one for the meanings within the research context and one for the meanings that external audiences carry or understand. This division is not to reduce the information but to act as a better categorisation tool.

It is important to note that coding does not happen at the end of the process but throughout it. The researcher needs to be thinking about words and their categorisation throughout the process. However, the aim is not just to represent qualitative data numerically, but rather to find new ways to express the “what” in the research (Basit, 2003).

c) Phase 3: Search for themes

In this phase of the data analysis phase, I began to search for common emerging themes from the different interviews. During this phase, I examined the transcripts to find commonalities and contradictions. According to Holley and Colyar (2012), certain narrative devices can improve the writing process as they help the researcher to better understand which story they hope to tell with the data they have collected. The authors advise researchers to aim to reflect various often competing stories or narratives.

d) Phase 4: Review potential themes

This phase of data analysis involves repeated checking rechecking of the categories and codes to ensure that the themes are meaningful, answer the research question, and are supported by data (Braun & Clarke, 2012).

After reviewing the transcripts, several times, I cross-analysed each to identify more generalised themes. I then began to appreciate the reinforcing lessons that also came from the negative experiences. For example, Akhona, a 30-year-old female research participant, told me about her experience of buying a car. Having banked with Standard Bank since primary school when her mother opened an account on her behalf, and because the bank that had provided her with a student loan, she was shocked when Standard Bank declined her application for a car loan. She then applied to Westbank and was approved for a car loan with a balloon payment. In my initial “appreciative” categorisation, I had treated this as a positive experience which came from young customers having options to approach different financial service providers in the system. However, based on the following reflection from Akhona, I reevaluated my initial analysis:

“It was the most amazing feeling [to get approval from Westbank] because I was so devastated after Standard Bank said – no. And I’m like – but then I bank with them, that doesn’t make sense! But actually, in hindsight ... I think Wesbank shouldn’t have given me that loan because I had a balloon payment. And Lord knows no one explains that to you when you’re 20-something. And then you realise. Actually, I could not afford that car ... People need to get educated about balloon payments. It’s a terrible, terrible thing.” – Akhona/30/F

In subsequent readings of this transcript, I began to expand my view of what insights could be gleaned from Akhona’s experience and what makes for a positive outcome in the financial system.

In my revised coding of Akhona’s experience, I had re-categorised Westbank’s actions as not providing adequate information. However, in reading more transcripts which included stories where sales personnel had taken the time to explain decisions, and rereading this particular experience, I then reflected on the complex decisions that financial sector representatives make and thus opted to hold the narrative together and code within the context of the story. Akhona herself reflected on the initial decision made by Standard Bank when she said, “but actually,

in hindsight ... I think Wesbank shouldn't have given me that loan because I had a balloon payment". In coding the data, I coded the entire narrative as a "complex transaction" and coded the depersonalisation of negative experiences and personalisation of positive experiences.

e) Phase 5: Define and name themes

Following an iterative process of reviewing the themes and categories, this phase focuses on testing whether the themes meet the following criteria: themes have a singular focus, themes do not overlap, themes answer the research question (Braun & Clarke, 2012).

Based on these recommendations, I opted to group global themes within high-level organising themes. These organising ideas reflected some of the key ideas coming from the literature in financial inclusion, financial capacity, financial wellness, and youth transition literature. Although it was not my earlier intention to follow this approach, through the iterative process, these were the organising themes that eventually emerged:

- Aspirations, goals, and identities
- Access, transitions, and incomes
- Usage and support
- Socialisation, emotions, and behaviour

Given that this research had a strong focus on biographies and narratives, within each organising theme, I identified what I termed the "global themes", meaning the main themes under each organising theme. These global teams were then supported by supporting sub-themes.

3.4.4 Research Criteria: Considerations Around Validity and Reliability

Despite the growing popularity of qualitative research, this research design is often criticised for its perceived lack of credibility and rigour compared to quantitative research (Appleton, 1995). However, while quantitative research measures studies based on the extent to which the study can be generalised to the population, qualitative research is concerned with the consistency/reliability of studies and whether the intended measurement was achieved or valid (Denzin & Lincoln, 2005).

Nowell et al. (2017) identify six critical criteria that qualitative research must meet to establish trustworthiness. These are credibility, transferability, dependability, confirmability, audit trail,

and reflexivity.

To ensure the credibility of the data, Nowell et al. (2017) recommend that the researcher adequately familiarise themselves with the data. I spent considerable time with the data from conducting the interviews, transcribing and reading and rereading them before moving on to detailed coding. Through the process of writing, I continued to reread where necessary to ensure that I continued to capture insights within their narrative context.

To support transferability, I provided descriptions of the participants and their contexts throughout Chapter 4. The descriptive Chapter 3 provides a detailed account of the process taken to collect and analyse the data. I have sought to provide extensive demonstration through direct participant quotes of the emerging themes.

3.5 Research Ethics

The University of Cape Town's Graduate Business School has a Research Ethics Committee whose aim is to ensure that all research conducted meets the minimum ethical requirements set by the university. Before interviews, ethical clearance was sought and approved by the University of Cape Town. Participants received a copy of a consent form (Appendix A: Informed Consent Form) which was explained to them before interviews commenced (Kvale, 1996).

The researcher explained the purpose of the research, provided general guidelines on the type of research questions, and provided participants an opportunity to ask questions and opt out of the research if they felt uncomfortable continuing. Participants were required to sign a consent form for record-keeping purposes. Interviews were voice recorded. As part of the onboarding of participants, their consent was requested to record the interviews. No minors were interviewed as part of this research.

The subject of personal finance and money is a loaded topic and closely linked with issues of identity and vulnerability. Sometimes, as will also be demonstrated in the findings of this research, financial choices and position are also associated with positive and negative judgements about the person who makes the choices and the consequences thereof.

Holmes (2021) advises that researchers go beyond mechanical processes and reflect on positionality as part of their considerations of research ethics when conducting contact research. This is because a researcher's identity and that of research participants shape the

"situational ethics" (p. 2) of the research context by influencing the interactions between researcher and participants.

Youth, even those who have entered the age of consent, such as the participants in this research, is still a vulnerable group. There is a degree of powerlessness and dependency on others which is particular to this life stage. In the transition to adulthood, youth become increasingly more dependent on a wider set of relationships formed outside the family. As a researcher working at the South African Reserve Bank at the time of the fieldwork, I had to be cognisant of the power dynamic created through my own institutional relationships.

It was, therefore, important to introduce as many moments of agency for participants as possible. This was done by seeking informed consent numerous times and reminding participants that they had the right to change their minds about their participation or skip questions they were uncomfortable with. I also interviewed participants at their chosen locations and at times that were most convenient for them.

While I tried to take conscious steps to recognise and respond to the power dynamics, there were times when I made mistakes. Firstly, in one interview, I was visibly shocked by a participant's decision to invest in annuities instead of signing up for medical aid. I then explained that he was at higher risk of hospitalisation at his age and as a driver. I regretted this intervention immediately, and I tried to maintain a more empathic view in the interviews that followed.

Secondly, there were interviews where the subject matter became very personal. Participants told me about deeply personal moments of loss, parental tensions, and traumas. Moments that I felt were too personal and did not assist with answering the research questions were removed from transcripts. This dissertation will demonstrate that finance is a shared journey and intrinsically linked with our family and social relationships. Where necessary, I have chosen to protect these relationships on behalf of the participants.

3.6 Conclusions

This chapter presented and described the findings from the qualitative research, including the steps taken to conduct the analysis. The research methodology used was based on the social constructionist lens, with the thematic analysis used as the method of analysis. My initial intentions as a researcher were to conduct an appreciative inquiry, however, once I was on the

field, I had to adjust the approach to reflect the conversation that the participants wanted to have, rather than the conversation I wanted to have as a researcher. As this was my first experience with qualitative research, I initially struggled with the fluid nature of qualitative research.

Having interviewed 30 participants, I found the amount of data collected overwhelming. To make participants comfortable, I let some conversations flow. Unfortunately, this resulted in me dealing with hours of transcripts in which much of the conversations were not useful for the interview. As my confidence grew as an interviewer, I was able to keep the interviews more semi-structured.

Given the amount of data collected, managing and organising the data was most challenging for me. I also found the analysis of qualitative data quite challenging for a long period of time. While the literature review was helpful, the initial set of themes were not adequate to provide a deeper analysis. While field work was concluded in 2018, analysis proved to be a very difficult process for me as I found it difficult to articulate my observations and structure chapter 4 and chapter 5 in such a way as to demonstrate these findings to readers of the dissertation.

The next chapter presents the findings from the data analysis.

4.0 FINDINGS

4.1 Introduction

This chapter presents and describes the findings from the qualitative research, including the steps taken to conduct the analysis. I conducted an inductive thematic analysis of the interview transcripts and how these answer the research objective of understanding the financial lives of young urban South Africans living in Gauteng and the positive aspects of their experiences navigating financial systems. Each theme is identified and discussed, with the relevant excerpts from the interviews as support.

The research sub-questions were:

- What are young people’s financial aspirations and goals?
- How do young people describe financial freedom?
- What are the underlying dynamics that affect how people access finance to address their needs and to pursue their aspirations?
- What can the experiences of young people tell us about the definition of financial inclusion?

In this chapter, I have analysed and provided illustrations of the participants' experiences in the financial system and present the generalised themes and sub-themes from the analysis. Although my primary goal is to focus on identifying and explaining the aspects of their experiences that lead to positive financial and social outcomes, as I have demonstrated above, I reflected on some negative experiences that also led to longer-term positive outcomes and provide evidence of the validity of the themes and sub-themes identified.

4.2 Data Analysis

Table 1: Summary of themes and subthemes

Organising themes	Themes and sub-themes
1. Aspirations and financial freedom	Theme 1: Financial freedom is freedom from thinking/worrying about money
2. Transitioning into financial system	Theme 2: Early ownership of bank accounts inadequate preparation for realities of financial participation
3. Socialisation into financial system	Theme 3: Youth socialised to be savers, but ill-prepared for debt management

4. Access and incomes	Theme 4: Adequate and frequent income increased diversification and frequency of usage of financial products
5. Usage & Financial Institution Support	Theme 5: While there are pockets of innovation, hidden costs and information asymmetries impede financial participation
6. Parental support	Theme 6: Parental support eases transitions

4.2.1 Organising Theme 1: Aspirations and Financial Freedom

This organising theme deals with key themes on participants' aspiration and their descriptions of financial freedom.

4.2.1.1 Theme 1: Financial freedom is freedom from thinking/worrying about money

- ◇ Sub-theme 1: Female respondents generally aspired to live comfortably
- ◇ Sub-theme 2: Male respondents aspired to amass wealth

The participants' narratives about their financial aspirations revealed interesting, shared perspectives on financial freedom. Although there are stark differences in financial aspirations between genders, participants shared a common financial aspiration to have peace of mind, or the freedom from thinking about money. Embedded in these narratives was a perspective that gaining financial freedom requires making and saving an amount of money that, once accumulated, would lead to personal freedom, as money was "a means to an end". Participants described this state as being able to deal with expected and unexpected expenditure without "thinking" or "worrying" about money.

Broadly, particularly as it related to short-to-medium term aspirations, male and female participants had similar aspirations. The aspirations discussed by participants broadly fell into the following categories: gaining control, taking care of self, taking care of others, self-actualising and choice. Immediate aspirations focus on gaining control. These aspirations focus on relieving feelings of anxiety about debt by paying off debt, securing sustainable incomes, and moving into their own homes.

"Well...I hope I have a stable job... I hope to have put more money away into my investment." – **Xhanti/26/M**

"My financial goal that I have maintained was being debt-free." – **Akhona/30/F**

“To purchase a house in Johannesburg. But that house, it won't just be for me. But it will be more like a base for some of the things I want to do as a family.” – Lungile/31/M

Table 2: Categories of youth aspirations

The path towards financial freedom	Markers
<ul style="list-style-type: none"> Gaining control 	Relieving feelings of anxiety Debt-free Live on my own Get a full-time job/consistent income
<ul style="list-style-type: none"> Taking care of self 	Asset accumulation Build wealth Buy assets Investing
<ul style="list-style-type: none"> Care for others 	Take care of the family (pay for education etc.) Take care of parents
<ul style="list-style-type: none"> Self-actualise/freedom/choice 	Be an entrepreneur Live my dream Do what I want to do Purpose Career advancement Study further

Both male and female participants held aspirations of owning assets such as property or cars and investing. Those participants still living at home aspired to move out of their parents' homes into their own. However, while male and female participants often reported that they aspired to financial stability, their descriptions of stability were starkly different.

4.2.1.1.1 Sub-theme 1: Female respondents generally aspired to live comfortably

Most female respondents described financial freedom as the ability to have the resources that enable one to be prepared for unexpected expenditures and to take care of their families. Taking care of their families was a stronger aspiration amongst all respondents; female respondents tended to focus on immediate family members, such as siblings, parents, and children. Interestingly, many participants repeatedly mentioned not having to think about money or not having to worry about money.

“[Financial freedom] is when you do something you don't have to worry about money. Whether money is coming or going, you just know you have to do something” – Dorothy/29/F.

A considerable majority of female participants expressed an aspiration to “live comfortably” or not to have to worry about debt more often than male respondents. These participants seemed to define financial freedom as a type of cognitive freedom from thoughts of money, a state where they did not need to think about money anymore. Being comfortable was described as the ability to afford certain necessities and luxuries such as quality education for children, travel and having the ability to buy certain assets such as houses. In addition to being able to live comfortably and afford certain goods and services, female participants tended to highlight the importance of living debt-free.

“My biggest financial goal I think is to make enough money to be comfortable to not think about money...” – Akhona/30/F

“I would like to be debt-free as quickly as possible. I'd love to be comfortable financially. I don't inspire, aspire to be rich but comfortable enough to afford the basics I need to hopefully have children and be able to afford a good enough education for them and, and not have to worry about finances when I'm retired.” – Zanele/33/F

“I just want to be debt-free, and hopefully one day I'll have kids but if I could be ready ... and have enough cash to put them through school.” – Nomzamo/30/F

“I just want to be financially OK. And not only for myself ... because I come from a family where we always helped other people.” – Nuraan/25/F

4.2.1.1.2 Sub-theme 2: Male respondents aspired to amass wealth

Financial aspirations seemed to be more shaped by societal expectations and pressures from society. This was most obvious in the narratives from male participants. When referring to future expectations, female participants mainly expected their future selves to be primarily responsible for taking care of their children and, to a lesser extent, parents. On the other hand, male participants also mentioned extended family responsibilities more frequently.

“It's more for the family, it's just this, I'm not sure where it comes from, but it's always about the people around me, my wife and my parents, parents and then my sisters. So,

I always have that thing that as long as they're sorted, one can then begin... to relax and have that financial wellbeing.” – Emmanuel/32/M

Male respondents’ narratives often revealed a tension between the reported financial aspirations, family responsibilities and expectations, as well as young people’s personal goals.

The following are some of the examples of the aspiration of comfort and freedom.

Table 3: Examples of the differences in aspirations between male and female respondents

Male respondents’ wealth aspirations
<i>“I think in the next ten years I want to be in a position where I’ve got generational wealth...it sounds very money-driven, but ... money is not the focus. I think it’s the difference that the money makes.” – Morena/25/M</i>
<i>“I want to see myself at the age of 28 being a millionaire” – Mfana/23/M</i>
<i>“To be rich, quite frankly. Like big time rich. Like unashamedly so. Because I like nice things You know like everything costs money. And the nice things cost the most.” – Pula/25/M</i>
<i>“I want to become a billionaire I want access to as many resources as I can ... to do the things that I want to do....” – Siyabonga/26/M</i>
<i>“I like money ... I like being wealthy. Being wealthy is an extension of how I define myself. So that is also an aspiration. I see wealth as a tool to be able to satisfy or to be able to satisfy what it is; I feel it will make me happy at some point So, wealth in itself is not the aspiration but the ability to use it to do things.” – Leo/35/M</i>

Most male participants reported that they expected to become very wealthy, regardless of their present circumstances. These aspirations to be multimillionaires or billionaires were expressed across the age groups, indicating that they were less rooted in the ambitions of the very young but likely remained even as young people had entered the labour market and were more familiar with how difficult it was to acquire such wealth. This could be partly explained by the belief often expressed by male participants of money being a tool.

This is not to say that every respondent who wanted to save multi-millions was unrealistic, nor those female participants did not aspire to make millions. However, from the narratives, there were some indications that female participants were more realistic in their aspirations, basing their expectations on their current context. Faith (31/F), for example, shared that her financial goal was to save between R10 million – R15 million to “then go and do things I enjoy after that”. As a highly experienced management consultant, her goal is achievable. To set this target, she approached a financial planner who helped her define a plan to reach this goal. Her

financial intentions are also demonstrated by her short-term goals, which are to save 18 months' worth of expenses and pay off her apartment.

At face value, aspirations to great wealth came across as indicative of male bravado; on closer inspection, they seemed to be an unconscious expression of the desperation to meet social expectations.

Male participants' responses indicated that once immense wealth was achieved, participants would restructure their lives to reflect a different focus on family, community responsibilities, and personal aspirations. The amassing of wealth was also not expressed by participants as an aspiration that could be pursued concurrently with the pursuit of other aspirations. Participants seemed to anticipate that once financial wealth was achieved, they would pursue balance, including starting a family, travelling more, and contributing towards their families and society. Financial achievement for male participants seemed to be the barrier that stood between them and their own aspirations. It is interesting to note that male participants rarely referred to being debt-free as an aspiration in their narratives.

Table 4: Aspirations of male participants

Other aspiration	Source
<i>"My long-term aspiration actually is to see myself closer to home [in the Eastern Cape]. I've got a passion for farming and everything to do with the land."</i>	<i>Lungile/31/Male</i>
<i>"I hope that my girlfriend and I will be married and maybe try for our third child."</i>	<i>Xhanti/26/Male</i>
<i>"My immediate goals right now are obviously fixing the family home, and I guess yeah, property."</i>	<i>Grant/30/Male</i>
<i>"So, it's like really working towards that position where you, you can afford you know to, to make that difference. Even on a personal level. Just like being able to do things for my grandmother, my grandfather. You know I've got my niece and my nephew now who are growing up. You know I'd love to be in a position where I can do things and like it doesn't have to be big things, you know."</i>	<i>Morena/25/Male</i>

Some male participants also aspired to comfort and not wealth. Keith (23), who was unemployed, said, "I can't say I want to be rich, I want to have enough money," while Ren (25), a software developer from a working-class family, said he wanted to focus on his career and hoped the money would take care of itself. Also of interest was that those who aspired to comfort tended to aspire towards educational attainment, which they felt would increase their career progression and lead to higher incomes. On the other hand, participants who aspired to wealth mentioned entrepreneurship more often.

In terms of non-financial aspirations, these were broader and more personal (see table 5). Some wanted to focus on career growth (“be at the top of my field”), on developing their skills (“learn as much as possible”), while others wanted to build something for their families or their communities (“create a website to showcase people’s talent”). Legacy, however, seemed always to be a function of financial success rather than a broader way of making a difference. What seemed to underlie these responses were common aspirations to meet their responsibilities and build a solid financial base that allows them the freedom to pursue their personal aspiration.

Table 5: Sample comparison of participant aspirations

Participant	Self-described background	Current vocation	Financial Aspiration	Occupational Aspiration
Sample Female Participant Aspirations				
Bonang (25/F)	Middle-class	Freelancer	Wealth	"I am actually currently in the process of starting a holistic wellness company."
Diane (35/F)	Rural working class	Entrepreneur	Comfort	"I want to build my business."
Faith (31/F)	Middle-class	Consultant	Comfort	"To retire with enough to support myself".
Londiwe (31/F)	Middle-class	Analyst	Comfort	"To would like to earn my CFA qualification and earn a decent salary."
Nuraan, (26/F)	Middle-class	Consultant	Comfort	"I want to put my money away and study."
Makhosi (28/F)	Rural middle class	Creative	Comfort	"I want to lecture in film only because we don't have enough Black female lecturers who are able to bring nuances to kind of, Uhm, teaching people how to film."
Otsile (23/F)	Township working class	Part-time waitress	Comfort	"I want to get a better job."
Sample Male Participant Aspirations				
Emmanuel (32/M)	Middle-class	Call-centre agent	Wealth	"Running a business that I can say belongs to me."
Keith (23/M)	Working-class, matric	Unemployed	Comfort	"I want to launch my own art gallery."
Mfana (23/M)	Township working class	Student	Wealth	"I want to establish a business based on travelling...I want to start an agency."
Lebo (29/M)	Township working class	Marketing	Comfort	"I really just want to start a publication that speaks to human rights.
Pula (25/M)	Middle-class	Student	Wealth	"I guess once I finish my degree...Masters...that would then obviously lead to a job good paying job. That good paying job would allow you to build businesses."
Siyabonga (26/M)	Middle-class	Entrepreneur	Wealth	So, I went to finance, but I think when I left, I always knew that I was going to become a successful entrepreneur; since I did business in school, I knew that was my life.
Xhanti (26/M)	Middle-class	Minister	Comfort	"I hope like I have a stable job. So, I'd be a full-time minister."

4.2.2 Organising Theme 2: Transitioning Into Financial System

This organising theme deals with key themes on how participants entered the financial system.

4.2.2.1 Theme 2: Early ownership of bank accounts inadequate preparation for realities of financial participation

- ◇ Sub-theme 1: Parents (and guardians) opened accounts for young people early
- ◇ Sub-theme 2: Without active parental guidance, and little personal agency, accounts remained dormant
- ◇ Sub-theme 3: Participation increases as youth reached late high school and early higher education

4.2.2.1.1 Sub-theme 1: Parents (and guardians) opened accounts for young people early, but participation was low

A significant majority of participants reported that their first bank accounts were opened between their primary school and high school years. A smaller number of participants opened their first account in the early stages of higher education. Participants who had bank accounts earlier reported that their parents and, to a lesser degree, guardians had played a significant role in introducing them to financial services, particularly in opening their first bank accounts. Many participants reported that their first bank account was opened by their mothers, in particular, on their behalf and some recalled accompanying their parents on that trip.

“I was a spectator more than a contributor.” – Emmanuel/32/M

Throughout the participants’ narratives, they indicated that the timing of their first entry into the financial system was mainly triggered by others and was rarely due to their initiative. Participants mentioned a wide range of decision points that led to their entries into the financial system. The reasons provided by participants for the accounts being opened included: receiving a monetary gift, receiving an allowance from a parent who did not live in the same household, and parents wanting to teach participants to save.

Table 6: Example quotes on first bank accounts

Example quotes	Source Name/Age/Gender
<i>“My first bank account was with Standard Bank. My mother opened it for me when I was 17, I think.”</i>	<i>Diane/35/Female</i>

<p><i>“I remember my first bank account! I was with my mum...it was with Standard Bank. It had cartoons on it ... I was 12 years old ... I still use Standard Bank until today”.</i></p>	<p>Keyona/26/Male</p>
<p><i>I was with my grandmother ... We went together ... I think it's just; it was just after my mum's passing that I moved back home ... I was about 13.</i></p>	<p>Morena/25/Male</p>
<p><i>“It was in primary school. And my mum made me open an account ... part of that lesson was ... to save over a period of time.”</i></p>	<p>Siyabonga/26/Male</p>

4.2.2.1.2 Sub-theme 2: Without active parental guidance, and little personal agency, accounts remained dormant

While ownership of a bank account seemed to be prevalent from a young age, participants frequently mentioned that their entry into the financial system did not consequently lead to immediate participation.

For most participants, the decision to own an account was not theirs. Still, even in cases where it was, the absence of a plan for their continued usage of the bank accounts often resulted in account inactivity.

In some cases, a bank account was opened to store large amounts of money safely, but once the initial amount was spent, the account was not maintained. Such accounts would eventually be closed by the bank automatically due to dormancy. Ren (25/M) is one such example. Ren was in Grade 7 when his mother opened a kids’ bank account for him:

Ren: *I was one of those kids that got accounts from ABSA. My grandmother had given me money for like a birthday or something. My mum was like, let’s open this little bank account. It didn't last because I just used it anyway.*

Interviewer: *And how long did you keep that bank account?*

Ren: *I think like a year. And then my money ran out, and the account just closed.*

Even when parents opened the accounts to teach young people how to save, accounts became inactive or active dormant accounts requiring very little participation. Some participants reported that when a parent or guardians opened an account on their behalf, with the expectation that the young person would use the account to save, many accounts were eventually closed because of dormancy.

Some participants reported that their parents or guardians had saved on their behalf without the participants' knowledge or involvement. The participants indicated that their impressions of bank accounts were of abstract concepts where money was growing without their participation.

“I didn't use it ... They put money in it, and I think the first time that we took money out of it was when I was in high school ... after we took the money out, we closed the account.” – Bonang/25/F

Keyona (26/M) is an example of a participant who initiated opening his account, yet he ended up a passive owner of an active account. His mother opened a bank account on his behalf when he was between 11 and 12. Keyona said his mother wanted her son to develop good financial habits. Keyona's mother opened a bank account on his behalf when he started a small business selling sweets. Keyona's venture did not last long, as he describes it:

“I wasn't active after my first business crashed. I just forgot about it. But she ended up using it. She put money in it for me. And then, I think when I was in high school, I don't remember what year it was, she gave it to me, and it had a lot of money in it.” – Keyona/26/M

As indicated in Keyona's narrative, when parents acted as gatekeepers, participants were able to accumulate some savings. Some participants reported that once they had received the money, they immediately spent those savings. These participants pointed out that although they would initially regret spending these savings so quickly, these moments served as critical teachable moments which taught them to be more careful with money in the future.

Interestingly, two participants also talked of cases where parents opened accounts in their names but used the account for themselves. These participants mentioned that they were earning money, which was spent by their parents, while another suspected that parents were using these accounts, possibly because they had cheaper bank costs. These accounts, while active, were not used by the participants. One participant, Khulu (25/M) remembered how his parents had opened an account in his name to receive income he was earning as a child actor but kept the money.

“So, my first bank account was opened by my parents... I used to be like a child model... I remember I got three gigs, and the money went into my account.... And I knew how

*money worked, it's like OK, but my parents never gave me the bank cards [laugh] ...I'm sure they polished it, bruh! ... but I remember clearly like earning it.” – **Khulu/25/M***

Low levels of agency in decision making created a disconnect between participants, the money they had earned and the accounts where the money was kept. Like Keith, Khulu did not gain much from early “ownership” of a bank account.

This idea of the importance of transacting for connection surfaced in Lungile’s (31/M) story about his first bank account. Although he shared the account with his brother while in boarding school, the routine of going to town every Wednesday allowed him to get into the habit of transacting with the card and, by extension, managing money.

*“I would use 20 or 20 or 30 bucks used to buy me quite a lot. I had to make sure I didn’t use his money, and he wasn’t using mine. This was in 1998, yah. I was 13 years old. Yah, so my brother, as much as he loved commerce, actually allowed me to keep the card. So, I kept the card for the entire year.” – **Lungile/31/M***

Very few participants reported that their parents were intentional about their financial education. Nuraan (26) was an exception. She was one of very few participants who could recall being taught about finance throughout her childhood.

*“You know, my parents were always very set in teaching us how to save. And it started with things like a money box. I think back to maybe when I was eight years old, the new R5 had just come out, so it was a coin. We would put that, you know in, in the money box when my granny would give us, like you know, once a week.” – **Nuraan/26/F***

According to Nuraan, her parents taught her about banking and investing later. Her parents also opened a unit trust account for her in high school.

4.2.2.1.3 Sub-theme 3: Participation increased as youth reached late high school and early higher education

Participants who applied for accounts when they were older (late high school, post-school) cited a desire to save, moving away from home, or the need to have an account to receive a salary as the main reasons for opening an account in early adulthood. Participants whose

parents and guardians had maintained an account for them began to take over the management of their accounts. At this stage, active participation introduced participants to new skills.

Table 7: Examples of agency in financial system participation

Example quotes	New skills	Source
<i>"I opened it because I wanted money from, my mum had to send me money ... I learnt to do research because I didn't research about all these other banks, and then I just went to a bank that my sister was using because my sister is using it, so let me use it."</i>	Learning to research	<i>Dorothy/29/Female</i>
<i>"I used to do jobs, and ... the cash I get from there I just put in my bank account. I realised I don't like to carry cash on me. Ehm, outside of the danger aspect of it, if you have cash on hand, you spend it quickly."</i>	Digital transacting Money management	<i>Lendaba/26/Male</i>
<i>"I save; the money that I save is the money that I ' don't use. So, I deposit some of it. And then I keep some of it."</i>	Future planning	<i>Keith/23/Male</i>
<i>"And yah, it's important to have a bank account due to certain things ... I want to start saving some money because I'm an artist also. So, yah I want to save up some money, open up a, a little bit of studio coz I am a producer"</i>	Future planning (around a self-defined identity)	<i>Mfana/23/Male</i>
<i>"The later years of high school when they had moved away, they had to send money just to pay this, pay that, buy groceries and for people I was living with, the help at the time. So that I guess in hindsight, probably can't, that's why they got it in the first place."</i>	Transacting Budget management	<i>Emmanuel/32/Male</i>

4.2.3 Organising Theme 3: Socialisation Into Financial System

4.2.3.1 Theme 3: Youth socialised to be savers, but ill-prepared for debt management

- ◇ Sub-theme 1: Youth are socialised to aspire to be savers and view savings as protective insurance against adverse events
- ◇ Sub-theme 2: For many young people, debt came before incomes to save
- ◇ Sub-theme 3: Youth felt deep anxiety, expressing mistrust for all debt-products

The next two sub-themes will demonstrate an interesting tension between the aspiration to be savers and the participants' lived debt reality. The analysis indicates that this tension may be rooted in the focus on saving in how participants were socialised in the home, while observing parents dealing with living with debt. Moreover, from the participants' narratives, it can be seen that debt was not typically discussed in households. This is particularly interesting because

for a significant number of participants, debt is the second financial product they acquire in their own names in the form of student loans.

4.2.3.1.1 Sub-theme 1: Youth are socialised to aspire to be savers and view savings as protective insurance against adverse events

A strong reverence for saving and having savings on hand featured strongly in participants' narratives about financial lessons learnt in their childhood households and in discussing reaching financial goals. Participants recalled hearing about the importance of saving within their childhood households frequently and spoke of how they were advised to be savers in their adulthood.

Having savings was associated with peace of mind, good financial behaviour, and good role modelling. Participants talked about their parents and guardians, emphasising the importance of learning how to save as part of their earlier financial education. Participants also mentioned admiring people in their lives who were able to become financially successful by their financial prudence, saving and buying things cash. That ability to buy things in cash was admired in others and made young people very proud of themselves if they had achieved this as part of their own financial management.

Here are some additional examples of role modelling on saving:

Table 8: Examples of quotes on saving

Example quotes	Source
<i>"My dad saved like a crazy person. He just wouldn't waste money, and he taught me to appreciate it."</i>	<i>Ren/25/Male</i>
<i>"My mum wanted us; my mum wanted all of us to have bank accounts so she could just send us money when we need money and get money and all that. She wanted us to save, to learn about saving."</i>	<i>Keith/23/Male</i>
<i>"My mum taught me that when you have got the money, it doesn't mean necessarily you have to use it now. You know you can, as I said, you can save it; you can just leave it there."</i>	<i>Dorothy/29/Female</i>
<i>"I still remember even the purple R5 note, you know from before we even had the animals on the money. So that you know the culture of saving is very much there."</i>	<i>Nuraan/25/Female</i>
<i>But then, as part of that lesson as well, we needed to save over a period of time. That's why she actually opened the account. It was because of school at the time. And then, she then started to</i>	<i>Siyabonga/26/Male</i>

<i>teach me what is meant to save and how to save and how to carry on.</i>	
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A very strong objective expressed by a significant portion of participants was that of saving, which many identified by participants as stemming from financial behaviour modelling and guidance at home. Participants spoke of how their parents had stressed the importance of saving or about watching their parents save to acquire assets or meet their objectives.

Savings as insurance against adverse events

While some participants expressed that they were saving for a specific reason, most considered having savings an important part of feeling less financially anxious and more resilient. Building up savings was a means of acquiring assets, and having savings was also considered a form of insurance against adverse events, including times when financial institutions did not pay out a claim.

Bonang (25/F) shared that having savings “makes life so much easier”. She recalled a time when she had been in a small accident, and her parents’ insurance refused to pay. She was able to use her savings to pay the other driver’s access payment for her claim.

“I feel like having access to money. It just makes your life so much easier... I had that insurance for seven years’ I’d never claimed once. So, then I just had to pay her now out of my own pocket.” – Bonang/25/F

Bonang said the experience taught her always to have sufficient savings for adverse events.

Some participants also mentioned the importance of saving for funerals as part of building resilience against adverse events. Diane (35/F) and Nomzamo (30/F) were both part of multiple stokvels and burial societies at home (their provinces of origin). They reported that they participated in group savings as a protection against negative events such as the death of family members. Nomzamo, who had lost her uncle a few months before the interview, explained how during the funeral arrangements, group savings offered a community whose members also brought knowledge of how to organise a funeral in addition to money:

“They understand what I will need the most...they know how to find my mum’s house where there are no house numbers or street names. They know how to find a way of

setting up a tent and putting in chairs where there is uneven ground. Like ... and they will get there in the rain or in the sunshine, in the whatever.” – Nomzamo/30/F

A few participants also mentioned that their mothers had opened stokvel accounts on their behalf since burial societies tended to be treated as family accounts rather than individual accounts.

“My mum is in one, you know. she’s been in that stokvel since I was young, you know. Even before I was born - and ’it’s still going - and I would say, I would put my money in there, I wouldn’t trust it if it’s like not my mum’s one.” – Sharon/30/F

Saving was also a favoured strategy for achieving personal goals

The second main reason for saving was for making large purchases such as buying cars or preparing for large events such as Christmas. Several participants indicated that they were saving or had at some point in time saved for short-term and long-term goals. This is how Dorothy (29/F) describes saving for her car:

“So, when I started saving for a car. Obviously, my shopping had to decrease; my eating out had to decrease, travelling. You know I had to cut certain things, you know...And then I managed to get a, myself a car, and it was just exciting to be able to pay a car for cash and for me, it’s an achievement.”

Lisa (27/F) also saved to buy her first car:

“I worked, and I saved up. And then I was missing the final instalment, the final amount. And I took my entire salary, and I had to pay it. I was super broke that month, but I was super proud of myself!”

Or when Ren (25/M) describes saving to move out on his own:

“I was staying with friends in Pretoria for a year. I was saving up to be able to like to pay a few months of rent to move out. An’ I’ve moved out like ... ’it’s been a month now so, and it’s good, it’s very good. I guess it was like the first step in independence or something.”

Mary (34/F) joined a stokvel in her community to save for Christmas groceries. By saving together, the women in the group are able to buy food in bulk in the December period for the home and to take goods to Zimbabwe for the holidays.

Leo (35/M) and Faith (31/F) from Nigeria pointed out how the unavailability of credit can also shape a savings culture. Leo recalled that his mother had opened an account to save towards buying a house for each of her children when he was fairly young. According to Leo, this is a common practice amongst middle-class Nigerians because there is no culture of borrowing from formal financial institutions to build homes or buy cars. Faith (31), another participant from Nigeria, reiterated this point:

“I think part of my upbringing, having grown up in communities where debt was not a real thing, so there was no real access to financing. Having debt was never considered something normal. People borrowed money from their friends if they were in a tight spot for the month. But there was never really borrowing money from the bank or having credit cards or things like that.” – Faith/31/F

The ability to save for a specific goal seemed to give participants a sense of accomplishment and satisfaction. On the other hand, not having a specific goal can lead to a young person spending that money just because it’s there to spend:

“I was just saving. It was useless because I was doing nothing with that money. But at the end of the year, I could buy myself something. Maybe a cell phone that I needed the whole year.” – Ofentse/24/F

4.2.3.1.2 Sub-theme 2: For many young people, debt came before income

Looking at the actual portfolios of participants, employed participants used vehicle and home loans extensively. While young people were largely socialised by their parents to save, debt was often the first big financial product they acquired. Tertiary education was the biggest main entry into debt products for participants, but as they left higher education, participants reported that they acquired products such as credit card and car loans.

A number of participants had to take out loans with the National Student Financial Aid Scheme (NSFAS) to attend a tertiary education institution. NSFAS provides financial aid to eligible students from poor and working-class backgrounds whose combined households’ income falls below a prescribed amount. Others took out student loans with their banks.

NSFAS debt was the only debt product spoken of positively by participants. This could be because for those participants, NSFAS was the only way they could attend or complete higher education. Moreover, NSFAS loans also reduced based on academic performance.

Table 9: Introduction to debt products in higher education

Example quotes	Participant
NSFAS	
<i>“Financial support like NSFAS was the bomb diggity cos I wouldn't be here had I not been able to go to Rhodes.... I realised you got your fees like scratched off if you passed and, and, and I did well.”</i>	Nomzamo/30/Female
<i>“I paid off a certain amount of my fees. It worked out to about like 30K that year, 32K. So, I managed to cover about 17, if not 18 or so. And then my dad covered the 12, so I could get my marks. Then the third year, I had to now take out an NSFAS loan, yah.”</i>	Lendaba/26/Male
<i>“UCT had NSFAS. I think they paid 90%. So, I had to pay 10%.”</i>	Diane/35/Female
<i>NSFAS paid for my varsity. I applied when my mom was already a pensioner ... they helped me with my studies, they paid for my books... they paid for my studies ... so they helped me to achieve</i>	Dorothy/29/Female
Bank student loans	
<i>“So, the first bit of my studies was paid for through my mum's savings. And then the second bit of it I paid from like a student loan.”</i>	Keyona/26/Male
<i>“I would never, ever, ever bank with ABSA again for that reason. Plus, in addition to that, they gave me grief when I needed a student loan.”</i>	Zanele/33/Female
<i>“You're looking for a student loan... And then it was so simple. Then they were like - OK, here's the deal. We're gonna give you R15,000. We're gonna deposit it directly into the university's account. Your mother will pay for the interest. The day you graduate, the money becomes due.”</i>	Lungile/31/Male

The transition between higher education and the labour market also pushed participants towards additional debt. Participants reported needing to sign up for car loans and credit card loans to prepare for post-education life. Emmanuel (32/M) even referred to his short-term loans as a “grudge” loan which he needed to take up after getting married to get some items for the home. Emmanuel also expressed a fear of debt, saying he preferred to “save, save, save”; however, once he got married and needed to buy furniture for the household, he acquired short-term debt. He told me he is “aggressively getting rid” of debt to regain his freedom and so that he doesn’t owe anyone.

Some participants found themselves needing to use debt to meet family obligations quite early in their transition from higher education. Diane (35/F) and Zanele (33/F) both took out loans to assist their families in paying higher education fees for their siblings.

“Yes, it, it was when I had just started working, my younger brother, one of the twins had completed his studies at University of Limpopo and he needed to release his results to get a job. I went to Standard Bank, they gave me a loan for R22,000 to pay for his fees” – Diane/35/F

More generally, participants were expected to contribute to the family as soon as they had secured any employment. This made finding stability after education harder for young people with many responsibilities.

4.2.3.1.3 Sub-theme 3: Youth felt deep anxiety, expressing mistrust for all debt products

In contrast to the messages received about saving, participants, even those from households where parents had made an effort to teach about finance, rarely mentioned being coached about debt management.

One participant mentioned being introduced to debt products by a parent as part of her socialisation into personal finance. Tebogo (26/F) recalled that her mother had encouraged her to get a credit card.

“I got my credit card because my mum told me I need to build a credit score. I got it, and I was really terrified because I was always scared of being in debt.” – Tebogo/26/F

But Tebogo’s mother did not guide her on how to manage debt. She described her mother’s general relationship with debt as not very good. “She is deeply in debt, and I don’t think realises it because she still keeps spending, spending, spending,” she lamented. While Tebogo reported that she is a saver because of her father, she mentioned that her relationship with debt could not be described as healthy.

Participants expressed feelings of anxiety for having debt and debt products, even debt typically seen as “good debt” (home loans, mainly). This mistrust for debt products seemed to come from socialisation, notably observed negative experiences in the household.

Participants described having debt as stressful, worrying and anxiety-inducing regardless of the type of debt they had and their management of that debt.

However, many participants were discouraged from taking debt, and therefore, having debt brought up feelings of guilt and anxiety. Said Makhosi:

“I got a credit card first year of working. I'm such a YOLO[You Only Live Once] person, but I'm really, really, really afraid of debt. Like I know you need debt to get more debt. But I can't sleep if I think I have debt I can't pay off in 3 months. I think my mum has done a great job of making me scared of credit cards, 'cos she's never had one. She doesn't even know that I have one; it's a secret.” – Makhosi/28/F

Other participants witnessed their parents struggling with debt and decided to avoid debt in their own lives. Zanele's mother had a bad relationship with money, and this encouraged her to avoid debt as much as possible.

“My mum's relationship with money is like an ex-addict ... who keeps falling back into the drug. She'll behave herself for months and months and months on end ... And then at some point, out of the blue, she'll just get a high, and she'll swipe, swipe, swipe, swipe.” – Zanele/33/F

The anxiety of becoming like her mother has led Zanele (33/F) to take precautionary steps to ensure that she pays off all her debt faster, particularly her home loan. Akhona (30/F) expressed similar anxieties as a result of growing up in a household where her mother was not afraid of debt. *“It was such a big part of our lives. When you go to look for a school, you know, you must just go make a loan and, and the cost of that then ..., and it never ends.”* Watching parents struggle with debt inculcated anxiety about debt in young people, even those who have loans with financial institutions.

The fear of debt was also cultivated through negative personal experiences with debt. This fear is also accompanied by feelings of shame for having missed payments or fallen behind on debt repayment. Sharon (30/F) acquired a substantial debt when she started working.

“You know when you start earning a huge sum, and you think that you know what, you can buy furniture, you can buy this and everyone, every company is calling you to take credit with them, credit card, loans and this and that and that. And I got myself into that position very fast. Like in a year I'd taken three loans, and it came the following year, and I started struggling to pay them.” – Sharon/30/F

She approached her sisters for assistance; they helped her budget to learn to live within her means. Within six months, she was out of debt. She said of the experience, *“I'm actually scared of credit now ... I don't even have, accounts like you know your clothing accounts and all that. I don't even have a credit card now.”*

Although prudence with debt can be healthy, participants did not seem to take a balanced view on the issue of debt. Participants did not consider debt products to be helpful in assisting them in meeting their obligations, even in cases where debt was useful. Some participants, such as Faith (31/F) reported that having debt brought up feelings of anxiety. Faith paid off her home loan well under the 20-year standard payment period and no longer has any debt. *“My focus was to get that debt off my books as quickly as possible and so have no debt on my books,”* she said.

A few participants also expressed a belief that financial institutions did not support them paying off their debt as soon as possible because it was bad for business, and shared experiences where banking terms made it difficult to pay back debt faster.

Leo (35/M) spoke about the difficulty he experienced when negotiating with banks about shortening the payment period for his car payment to reduce his interest payments.

“I didn't want the normal 60 months. And all the banks just kept telling me – no you have to do it in 60 ... and I told them – I want to do it this ... I don't want five years They kept telling me the same thing, and eventually, I spoke with someone at Wesbank ... so we had to make a special arrangement on how I needed to pay for the car.” – **Leo/35/M**

In general, negative experiences, both observed and experienced, deepened the mistrust of debt products. The negative emotions and secrecy also result in young people only reaching out about debt management when they are in trouble.

While participants expressed reluctance to acquire debt products, even for the acquisition of assets, participants do have debt (refer to Tables 10 and 13), particularly short-term debt such as credit card debt and store card debt. The participants' narratives show that managing debt was often learned through trial and error, mainly because participants tended to acquire loans once they had left the household. The primary debt managing strategy is “pay it off as fast as possible”. Participants even expressed concerns at how easy it was to acquire the debt from

their financial services providers as financial institutions were constantly offering it to them through marketing calls and through their internet banking profiles.

4.2.4 Organising Theme 4: Access and Incomes

4.2.4.1 Theme 4: Adequate and frequent income increased diversification and frequency of usage of financial products

A theme that emerged quite strongly during the interviews was the significance of the periodic receipt of money for increasing the frequency of the usage of a bank account. The significance of an adequate and regular income is apparent as early as in the transition from education into early adulthood. Participants reported that as adolescents, they largely received irregular allowances, which were typically small amounts. As they found part-time work to supplement their incomes, or as they began receiving more regular allowances from parents, they were able to make better use of their bank accounts.

“I was a spectator more than a contributor up until later on in high school, the later years of high school when they had moved away. They had to send money just to pay this, pay that, buy groceries for people I was living with, the help at the time; I had to facilitate those transactions” – Emmanuel/32/M

Participants who reported receiving low income or irregular income complained about the impact of high bank charges and bank penalties that were because of not having enough money in the bank at certain times. These bank charges were a significant proportion of these participants' incomes.

Participants often cited “not having enough money” as a reason they were not using certain functions of their bank accounts, particularly transactional services. Some participants mentioned that they used their bank accounts to save and used cash for day-to-day transactions to save on transaction costs in addition to managing their day-to-day budgets.

Participants who reported receiving consistent or periodic financial transfers reported their usage of the bank account increased. However, the purpose of that transfer determined the levels of engagement participants had with those accounts.

From cash transfers such as an allowance or from income, regular and adequate income meant participants used their bank accounts more frequently, allowing them to use the accounts for payments in addition to saving. Conversely, low and irregular incomes limited participants'

ability to diversify their financial products. Without this income, participants were limited mainly to payment and savings products.

Tables 10 to 13 demonstrate the immense differences in financial access based on occupation. The first table is a summary of the financial product portfolios of the employed research participants. Employed participants generally had more financial products, and these financial products were diverse, covering transactional products, savings, investment, savings, and medical aid. Only one participant in this group, Makhosi (28/F), did not have medical aid. Employed participants also had a high prevalence of other types of insurance such as life insurance and funeral policy cover. Because most of the candidates who had a car fell in this group, there was also a high prevalence of car insurance.

Although entrepreneurs also had a high prevalence of medical aid, they did not have access to as much credit as their employed counterparts. The two entrepreneurs who had car loans had applied for this credit while still in formal employment. Entrepreneurs also reported low levels of savings had been directed towards their businesses. Freelancers, part-time workers, students, and the unemployed participants reported having very few financial products, typically savings and student debt.

While all employed participants showed a high level of participation in the formal financial sector, participants who had been working for longer and were in full-time employment seemingly held a larger number of products which included medical aid, pension funds, life cover and insurance. These products typically form part of employer cost to company benefits which are compulsory.

Moreover, participants in full-time employment also reported having at some point applied for car loans and home loans. Interestingly, none of the participants who were entrepreneurs reported applying for business funding from formal financial services institutions, although some had received seed funding from corporates. A few participants who were or had at some point been in full-time employment also reported that they had financial advisors who assisted them with structuring their financial portfolios. Participants earning higher incomes reported that they had the ability to acquire more financial products as incomes increased.

Workplace as a financial products and services socialiser

The role of the workplace as a space for socialising young people can be seen in table 10. Based on this table, those participants who were in full-time employment or had been in full-time

employment before had a more diverse portfolio of financial products and services. While the last two sub-themes demonstrate how financial socialisation in the households tends to be about teaching participants about saving as a key skill to manage finance, the workplace, through standardised workplace perks such as retirement benefits, insurance; as well as in requiring assets such as cars, led to a diversity in the financial products that the participants eventually owned.

Table 10: Financial portfolios of employed participants

Participant	Age	Occupation	Current Financial Portfolio									
			Savings		Debt				Insurance		Investment	Medial Aid
			Bank	Stokvel	Student	Car	Credit	Home	Car	Other		
Dorothy	29	Employed	Yes	No	Yes	No	No	No	No	Yes	No	Yes
Faith	31	Employed	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Emmanuel	32	Employed	Yes	No	No	No	Yes	No	No	Yes	Yes	Yes
Grant	30	Employed	No	No	No	No	Yes	No	Yes	No	No	Yes
Keyona	26	Employed	Yes	No	Yes	No	Yes	No	No	Yes	Yes	Yes
Londiwe	31	Employed	Yes	No	No	No	Yes	No	Yes	Yes	Yes	Yes
Lebo	29	Employed	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Leo	35	Employed	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Lungile	31	Employed	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes
Makhosi	28	Employed	Yes	No	No	Yes	Yes	No	Yes	Yes	No	No
Nuraan	25	Employed	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Nomzamo	30	Employed	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ren	25	Employed	Yes	No	No	No	No	No	Yes	Yes	No	Yes
Sharon	30	Employed	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Zanele	33	Employed	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes

Employed

Table 11: Financial portfolios of entrepreneur participants

Participant	Age	Occupation	Current Financial Portfolio									
			Savings		Debt				Insurance		Investment	Medial Aid
			Bank	Stokvel	Student	Car	Credit	Home	Car	Other		

Entrepreneurs

Akhona	30	Entrepreneur	No	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes
Diane	35	Entrepreneur	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes
Khulu	25	Entrepreneur	No	No	No	No	No	No	Yes	No	No	Yes
Lendaba	26	Entrepreneur	No	No	Yes	No	No	No	No	No	Yes	No
Siyabonga	26	Entrepreneur	No	No	No	Yes	No	No	Yes	No	No	Yes

Table 12: Financial portfolios of freelance and part-time worker participants

Freelance and
Part-time

Participant	Age	Occupation	Current Financial Portfolio									
			Savings		Debt				Insurance		Investment	Medial Aid
			Bank	Stokvel	Student	Car	Credit	Home	Car	Other		
Bonang	25	Freelancer	Yes	Yes	No	No	Yes	No	Yes	No	No	No
Morena	25	Freelancer	No	No	No	No	No	No	No	No	No	No
Tebogo	26	Freelancer	Yes	No	Yes	No	Yes	No	No	No	Yes	No
Lisa	27	Part-time worker	No	No	No	No	Yes	No	No	No	No	No
Mary	34	Part-time worker	No	Yes	No	No	No	No	No	No	No	No

Table 13: Financial portfolios of student and unemployed participants

Student and
unemployed

Participant	Age	Occupation	Current Financial Portfolio									
			Savings		Debt				Insurance		Investment	Medial Aid
			Bank	Stokvel	Student	Car	Credit	Home	Car	Other		
Ofentse	24	Part-time worker	Yes	Yes	No	No	No	No	No	Yes	No	No
Mfana	23	Student	No	No	Yes	No	No	No	No	No	No	No
Pula	25	Student	No	No	Yes	No	No	No	No	No	No	No
Xhanti	26	Student	Yes	No	No	No	No	No	No	No	Yes	No

Keith	23	Unemployed	No	Yes	No	No	No	No	No	No	No	No
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4.2.5 Organising Theme 5: Usage and Financial Institution Support

4.2.5.1 Theme 5: While there are pockets of innovation, hidden costs and information asymmetries impede financial participation

- ◇ Sub-theme 1: Accessibility and process innovations in day-to-day transactions build confidence
- ◇ Sub-theme 2: High administrative burdens and process inconsistencies
- ◇ Sub-theme 3: Information asymmetry leads to costly choices and an erosion of trust
- ◇ Sub-theme 4: Terms and conditions of student accounts do not reflect divergent youth realities

4.2.5.1.1 Sub-theme 1: Accessibility and process innovations in day-to-day transactions build confidence

Participants who had applied for a bank account in late adolescence or as adults reported that financial institutions branches were readily available and accessible in their neighbourhoods, areas of work, institutions of higher learning and in commercial areas such as shopping malls. These participants expressed that they had found the process to be straightforward.

“It was pretty easy ... because I just walked down to the local bank. I think it must have been Standard Bank, that was the closest one. And I already had an ID, so I could just open it.” – Faith/31/F

Participants also reported that bank branches were easy to find; even those participants who applied in townships, and bank branches were fairly close to each other, allowing participants to be able to go to whichever financial institution had the best processes. This sentiment was shared by a participant who applied while under the age of 18 and had to be accompanied by a guardian during the application process. Ofentse (24/F), who was 16 years old when she decided to get a bank account said of the experience:

“I went to the Capitec bank in Temba's Complex. It's around my place. I took my mum. They needed my ID copy, a letter from the school. Our water bill, proof of [residence]. They took my fingerprints, pictures. There's a picture, always when I go to the bank ... you see that old picture.” – Ofentse/24/F

Participants mentioned how, when choosing a financial institution or applying for a product, they could make decisions based on convenience and the ease of the application process. Application processes were described as “easy and straightforward”.

One area of the financial system that received the highest praise from participants was the day-to-day transaction management functionality on digital platforms. Participants indicated having high levels of preference for digital platforms and their related process innovations to complete most transactions. Participants reported a preference for doing basic transactions and receiving information about financial products through channels that did not require interaction. The functionalities that participants used regularly included: transacting, sending money to people who did not have bank accounts, automating payments, applying for loans, and downloading statements.

“I could literally go onto my home page on my FNB banking app, click on a few things and be able to do that without someone’s intervention and to be able to do it swiftly.” – Zanele/33/F

Some participants had visited branches to conduct a range of transactions ranging from complex loan applications to simple transactions such as getting a proof of account letter from the bank. But a bank branch to conduct day-to-day banking was not preferred by most participants.

Table 14: Example of positive experiences with process innovations

Example quotes	Source
“I could freeze my account when I lose my card. And I can get it back within seven days.”	<i>Keith/23/Male</i>
“Like I hate going into banks, but on the app, I can load beneficiaries, pay easy, pay people pretty easy.”	<i>Lungile/31/Male</i>
“Then I got the app. Then it was so easy. When I get these bonuses now, I transfer them from my cheque account.”	<i>Lungile/31/Male</i>
“I do online banking mostly ... I love not having to leave my house to do stuff.”	<i>Tebogo/26/Female</i>

The positive feedback was not only reserved for newer digital platforms such as apps and internet banking. More traditional digital platforms such as ATMs and telephone banking also received some positive feedback. Dorothy (29/F) also mentioned the advanced capabilities of ATMs for times when she did not have access to a laptop or a phone; another participant talked about the ease of using telephone banking.

Overall, participants were generally positive about the digital experience for financial services institutions, particularly banks. Digital platforms offered participants different options to pay online, making transacting easier. Some revealed that the quality of the digital experience was often a key factor in deciding on a financial service provider and making switching decisions. Faith explained how she had received better rates for a home loan from Investec but had opted to keep an account with her initial bank, Standard Bank, because of its superior digital experience.

“Standard Bank has the option to create a virtual credit card. And then load money on it. And then use it for doing transactions online. Investec doesn’t have that option.” – Faith/31/F

While a digital experience was a major contributor to participants’ positive experiences when conducting day-to-day transactions, the participants felt that for more complex transactions, financial services institutions were not adequately supportive. The simplicity and ease of use associated with transactional services did not extend to complex and costly financial products such as insurance, car, and home loans.

4.2.5.1.2 Sub-theme 2: High administrative burdens and inconsistencies often mean that financial product choices are based on ease of the process rather than the value-add of the product

Despite the high levels of basic inclusion (defined here as owning a bank account), administrative costs were often raised as the main barrier to entry and switching accounts by participants. Foreign nationals and business account owners repeatedly raised administrative barriers in their narratives, while more generally, most other participants discussed at length the challenges they faced in trying to switch accounts. The result of these challenges was that participants often found themselves choosing a financial product based on the ease of the application process rather than on a comparison on cost and value-added by the product or service.

Switching is difficult once a bank account is very active

Participants were aware and appreciated the presence of alternatives in financial services. Many participants mentioned using their options wherever they were dissatisfied in the application process for a product. Participants mentioned switching accounts, particularly in the transition between education and work. Some participants switched due to unexpected increases in bank fees, which were not communicated to them.

“I did, but it's because my mum had been banking with ABSA. But I think that account only lasted maybe like two years. Charges were just nuts and ridiculous. And then I went to FNB.” – Pula/25/M

“So, I started from ABSA and yah, so I was with ABSA throughout my varsity life and like when I started working, I opened a Standard Bank account, it was a savings account. And I wasn't quite happy with Standard Bank, so I moved to FNB.” – Sharon/30/F

As mentioned in a previous theme, many participants owned bank accounts from a fairly young age. Therefore, participants typically transitioned from kids' accounts to student accounts as they moved from secondary school to higher education. Participants also reported switching bank accounts as they moved from higher education into the labour market. Within the narratives, it was very common for participants to have banked with more than one bank in their lifetimes. Participants frequently mentioned price sensitivity and reported switching accounts, particularly in the period between higher education and employment because of changes in fees. Dorothy (29/F) had an Absa student account but switched to Standard Bank because of an increase in fees.

“They didn't explain that there's a student account, there's, there are accounts. So, after I was now not working after varsity, and then I had money. But every month that money is decreasing. I went there, and they were like – oh, actually there's a monthly, yes, charge. I was like – but why was I not told?” – Dorothy/29/F

This frustration was shared by Lendaba (26/M), who migrated from Absa to Capitec when he experienced similar frustrations.

*“What happens is once I finished, or after I finished my third year... they give [the account]t to you for 3 years...the assumption is you've graduated after 3 years. So, what happened is they migrated me to another account type without informing me. My charges spiked up like crazy.” – **Lendaba/26/M***

While it was relatively easy for participants experiencing this challenge to switch accounts as students and in the early stages of their careers, participants reported that switching bank accounts became more difficult as their financial lives became more complex. Although participants with more financial products communicated an understanding of the benefits of shopping around for better-priced products, they often reported feeling “too lazy” to switch accounts because of the administrative hassle, “it’s just that admin of moving things around”, Emmanuel (32/M) explained. Nomzamo (30/F) also considered changing banks but said, “I thought about leaving them, and then I was like -oh the admin! Too much admin!”

Zanele (33/F), who also banked with Absa as a student, complained bitterly about the experience of being charged adult prices for a student account but only switched accounts when she started working at a bank.

*“I didn't move because of convenience. Eventually, because my employer was part of the First Rand Group. And one of the things, one of the benefits that they offered was an FNB bank account, with no bank charges and they moved you and debit orders without you having to.” – **Zanele/33/F***

Switching bank accounts requires that participants transfer debit orders from one account to the new account. This administrative task can be tedious as it often requires the bank account holder to call their different service providers to provide their new banking details.

As Ren (25/M) explained about his decision to stay with his current bank:

*“I thought about it a few times, but then I was thinking about the admin. I must change where my salary is being paid, and all the debit orders and all that. I don't like admin. It's got to be an easy process.” – **Ren/25/M***

Tebogo (26/F) believes that the barriers to switching accounts could be intentional on the part of the banks, as she explains:

“I guess most banks make it a little impossible or make the process a bit annoying so that you don’t move.” – Tebogo/26/F

Whatever the reason, there is a cost to not switching to a better deal, whether it is a cheaper bank account or a more favourable interest rate. Better communication on the benefits of moving on the part of the prospective banks would probably save young people significant amounts in costs of accounts and cost of debt.

Applying for business accounts also carry administrative burdens

Several participants owned business accounts. These participants expressed frustration about applying for business accounts. Participants also reported that documentation required by banks for the same account types differed, and they also ended up choosing the bank with the lowest requirements, after engaging with multiple banks. Diane (35/F), an entrepreneur, talked about her experience of applying for a business account. She tried two banks – Nedbank and Standard Bank – before settling on FNB.

“They required my ID, CIP document and the SARS ... I think Nedbank wanted a Memorandum of Incorporation. They wanted quite a few things ... And this [FNB’s requirement] was simple, so why should I bother carrying on with people who are requiring all of these documents?” – Diane/35/F

Participants who opened business accounts found the processes frustrating and cumbersome as compared to the processes of opening a personal bank account. They also mentioned that documentation requirements were inconsistent in addition to the banking processes. While some banks required applicants to go to the branch to apply, others allowed for online and telephonic applications. In the end, their decisions were mainly based on the ease of the process rather than the value of each product.

To conclude, most participants owned a bank account by the time they reached early adulthood, and some had owned more than one account. Many participants reported switching during major transitions – secondary school to higher education and higher education to work – however, once participants had more established and complex financial lives, they found it too burdensome to move.

Participants with uncomplex financial lives also found it easier to switch accounts if they were unhappy with the service. This unhappiness mainly stemmed from the cost of adult accounts.

While participants may describe themselves as price-sensitive, the narrative suggests they are in fact process-sensitive.

4.2.5.1.3 Sub-theme 3: Information asymmetry leads to costly choices and an erosion of trust

Generally, participants reported that they were price-sensitive and that, where possible, they made product decisions based on price. Based on the experiences shared by some of the participants, there was an indication that costs referred to bank fees and transaction costs, but also the opportunity costs of not being able to make better decisions that were more beneficial in the longer term.

Akhona (30/F) related her experience of buying a car. Having banked with Standard Bank since primary school when her mother opened an account on her behalf, she was upset when Standard Bank declined her application for a car loan. She then applied to Westbank and was approved for a car loan with a balloon payment. While she had initially been ecstatic to get the Westbank car loan, in retrospect, she realised that the balloon payment had been a bad financial decision.

“I think Westbank shouldn't have given me that loan because I had a balloon payment. And Lord knows no one explains that to you when you're 20-something. And then you realise I could not afford that car... People need to get educated about balloon payments. It's a terrible, terrible thing.” – Akhona/30/F

This narrative is a reminder that a positive experience in the financial system is not necessarily one in which the participant gets what they ask. However, declining Akhona's loan application without some guidance created an opportunity for her to make that mistake through a different institution. Comparing Akhona's experience to Lebo's (29/M), we see guidance that leads to a better outcome for Lebo. Lebo talked about a time when we wanted to upgrade from an affordable car to a German sedan based on a peer informing him that he could afford a much bigger car. Excited, he went to a BMW dealership to upgrade with an estimated budget of R8,000.

“[The sales consultant] explained everything, he's like - you can afford it, but you need to think about [00:38:42], he listed stuff. He was like - are you willing to part with that much? So, and I mean, at the end of the day, he was like - for you to have this car, eh, you'd have to part with R12,000 every single month. 'Cos that is the petrol that is everything. Just to have this thing is R12,000...this is the person who was gonna get a good commission if I had signed the contract. So, I appreciate it from the fact that we

were both young. He understood the pressures that I was going through at that particular time of why I wanted this car.” – Lebo/29/M

Some participants felt that the system was not on their side and was designed to give them as little information as possible so that it made the most money. This was accepted as "the business model". As Bonang (25/F) explained, “they obviously only have their best interests at heart”, she does not generally trust banks.

Many participants expressed a belief that financial institutions did not provide full information to customers, often leading to ignorant customers making decisions with long-term financial consequences. Khulu (25/M) agreed with the sentiment that financial institutions did not provide full information, arguing that this is because they are businesses.

The system itself was also punitive to those who sought to reduce fees and interest rate payments. The ability to live within one's means in a way that reduces the need for credit is punished because, without a credit history, young people struggled to get credit in times when they needed it. Moreover, when young people did obtain credit and sought to pay it off quickly, they found the system resistant to them. It was difficult to find alternative shorter payment periods, and there were charges to paying off debt faster.

Participants seemed to accept this “adversarial” relationship between the client and the financial services company, where the savviest player wins. As Lebo (29/M) simply put it, “*financial institutions are not there for us*”.

“It's not them lying...It's just the way they represent the facts...I mean, like, who wants a smart customer who's gonna question everything you give to them? I understand that completely...that's a business owner like if your objective is profit maximisation, you know you have certain moves to make.” – Khulu/25/M

To make better decisions, participants used different strategies such as researching and reaching out to their broader networks for advice.

“You know you have to shop around. They don't tell you all the information that you need to know the time you need insurance like about the access.” – Dorothy/29/F

4.2.5.1.4 *Sub-theme 4: Terms and conditions of student accounts do not reflect divergent youth realities*

All the participants of this research completed their high school education. Transition paths began to diverge in the move from high school to post-school education. In the sample group, for example, most participants transitioned directly from high school to higher education, while some participants could not immediately secure a place in higher education institutions. Dorothy (29/F) spent a year unemployed because she was initially unaware of the National Student Financial Aid Scheme (NSFAS), a government scheme that supports students from disadvantaged backgrounds to access higher education through a loan payable at the completion of their qualification. Xhanti (26/M) could not transition directly from school to higher education due to an incomplete application to his preferred university. He was able to secure employment.

Even those who moved from higher education directly to work found themselves working in low-paying internships or graduate programmes where the banking fees for an account constituted a significant proportion of their total stipend.

The divergence in the higher education to labour market transition was more pronounced in the participants' narratives. From a bank account perspective, this transition represented the phase when the student accounts that most participants owned shifted to adult bank accounts. Most participants entered the banking system through student accounts which are zero to very low fee account, and so, for most, the first time they engaged the subject of fees was not at their initial entry point but once the financial institutions migrated them to a full account. It is therefore unsurprising that it was in narratives on this transition where the cost of services became an increasingly key issue raised by participants.

Participants complained strongly about the lack of communication from the banks. According to the participants, the banks did not inform them of these changes: Dorothy (29/F) had an Absa student account but switched to Standard Bank because of an increase in fees.

“They didn’t explain that there’s a student account. So, after I was now not working after varsity, and then I had money. But every month that money is decreasing. I went there, and they were like – oh, actually, there is a monthly charge. I was like – but why was I not told?” – Dorothy/29/F

This frustration was shared by Lendaba (26/M), who migrated from Absa to Capitec when he experienced similar frustrations.

“But I think I moved from Capitec, from ABSA because I was on some...student package where you get really low bank charges and all that stuff. But what happens is once I finished, or after I finished my third year, they give it to you for 3 years, they take you then, the assumption is you've graduated after 3 years. So, what happened is they migrated me to another account type without informing me. My charges spiked up like crazy.” – Lendaba/26/M

This was when most of them started taking note of fees. The problem identified by participants was that these decisions were made without consideration for their individual circumstances. For participants such as Faith (31/F), Zanele (33/F) and Londiwe (31/F), who transitioned into well-paying graduate positions, the increase was an inconvenience but not a serious worry given that they were paid good salaries. Those who continued to study can use their statuses to retain student accounts. But for those who entered a low-paying internship, or precarious freelancing route, as Lendaba (26/M) explained, the high costs were material. “Once I finished my third year...the assumption is you've graduated after three years.”

Lendaba (26/M) spoke at length about the initial stipend he received when he entered the labour market as an intern and described the various ways he was forced to stretch his incomes which included skipping meals or walking long distances to save money on public transport.

“Of that R3,000, I also had to get a gym membership, around the corner from work. So that I could take a shower before I go to work every morning because, at work, I think I had this mentality that my situation we shared at home, but when I get to work, no one's going to know what is up...I had to buy her toiletries which now cost a lot...pay for your monthly transport fees ... And then I must still buy groceries to feed the three of us. All from that salary for a month. ... But that was basically what life looked like. After paying for all my expenses, I think I was left with maybe like R400 spending money.” – Lendaba/26/M

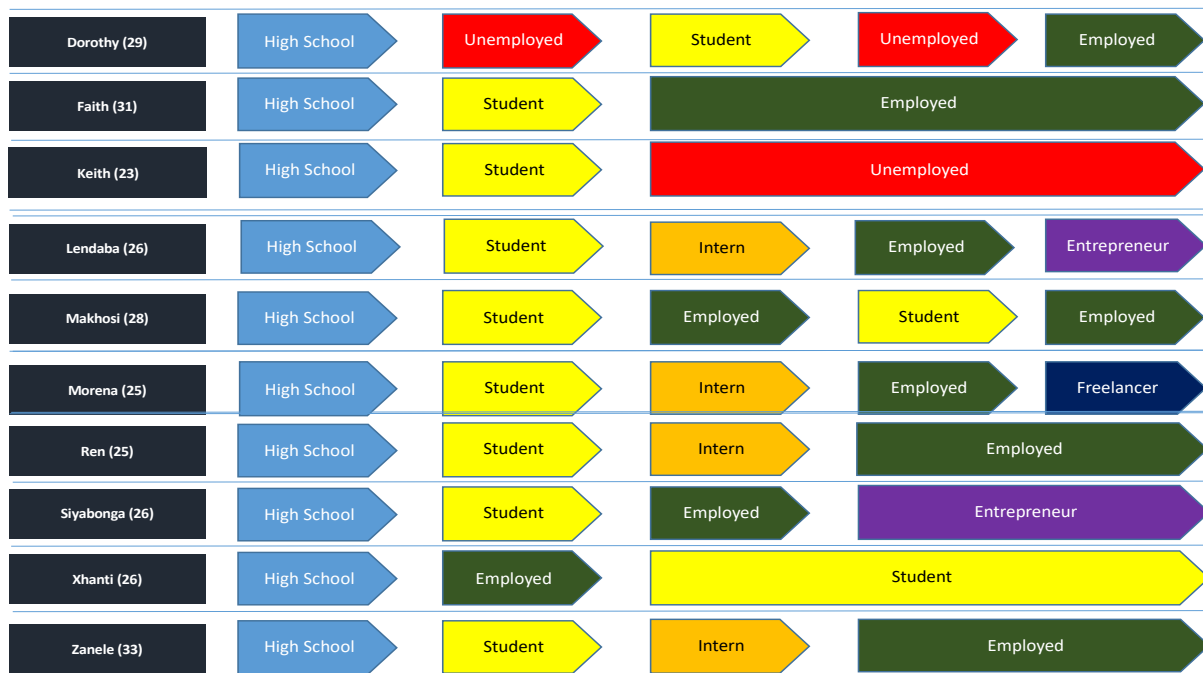
For a small internship stipend, which is a common feature in the South African labour market, the average bank fees of an entry-level adult bank account can make up a significant monthly cost. Moreover, in other cases, young people work in freelance jobs where income is not received in consistent intervals (e.g., monthly). These participants found themselves paying even higher fees and additional charges for not receiving the fees in time. The banking rules are punitive to those who don't follow a pathway that is no longer the norm, as they are based

on a monthly payment cycle associated with full-time employment. Morena (25/M), a freelancer, raised a concern about how the monthly banking cycle of charging fees worked against him financially, leading to higher bank charges and reducing his earnings:

“Sometimes my bank account is negative because... you have to have a certain minimum in your bank account to, not to get penalised, so you say you know. But for someone like me, I can go from like having R14,000 and then to R2... And because of the charges that come once a month at the end of the month or at the beginning of the next month. But because of the infrequency of my work and how money comes into my account, that cash flow or the lack of that cash flow then gets me more charges... They will send me money and also because the bank already gets to that money before it can come through to me, you know. Like if someone wants to send me a thousand, it will read as like 500 'cos that other 500 is just charges.” – Morena/25/M

Consequently, as participants entered the labour market, they reported that they became more concerned with the costs of bank accounts, particularly the adult accounts that banks were migrating them to as they were completing their studies. Figure 9 represents the transitions of some of the participants in the study.

Figure 9: Example of youth transitions of some of the research participants



Most participants moved from secondary school to higher education; however, from secondary education to the labour market, transitions diverged and were non-linear. Very few participants were able to secure long-term employment immediately.

While transitions are divergent, the current terms and conditions of bank accounts are predicated on an ideal youth transitional pathway that exists for ever fewer young people. Consequently, it is punitive towards the most vulnerable young people in the transition and is not supportive of their circumstances and needs.

4.2.6 Organising Theme 6: Parental Support

4.2.6.1 Theme 6: Parental support eases transitions

- ◇ Sub-theme 1: Parents' financial position is a major factor in easing transitions
- ◇ Sub-theme 2: Parents' coaching and modelling of financial behaviours is not typically intentional and can be contradictory
- ◇ Sub-theme 3: Quality of parental relationships as a mitigator in transitions

4.2.6.1.1 Sub-theme 1: Parents' financial position is a major factor in easing transitions

Many participants reported receiving direct and indirect financial support from parents who were in the financial position to do so. Numerous participants reported that they had received some form of financial support from parents and guardians in their transition from education to the labour market. Assistance from parents came in the form of leveraging a parent's credit score, direct cash transfers, acquisition of assets or partial support in asset acquisition, and support with living expenses.

Parents played a significant role in providing support in funding or securing funding for education in the transition from secondary school to higher education and funding the acquisition of cars to support entry into the labour market.

Parents' credit scores

Some participants from more financially secure backgrounds received funding for their education from parents, funded their education through the government payment scheme, NSFAS, or bank loans. Often, paying for post-school education required a combination of multiple sources, including bursaries, parental support and participants working to pay off some of their fees.

For participants to access bursaries, they relied on their parents having good credit scores as parents were required as surety for the loan agreements. An example is Lungile (31/M), whose studies were funded through a combination of NSFAS and a bank loan he received through one of the big five banks. His mother was surety for the bank loan, although Lungile was responsible for paying for the loan after he completed his tertiary education. Lungile's older brother struggled to get a student loan because of their mother's bad credit record, but by the time Lungile was applying, her record had improved.

"We had to struggle even to get surety because of one of my brothers. He even had to ask relatives for surety for a loan because, at that particular time, my mother was blacklisted. But then she managed to get out of the blacklisting so she could be a surety...my mother, they said because she had had a bond with FNB and she had been such a good client, it was easier for them to give, to give the loan." – **Lungile/31/M**

Parents' positive credit records were also instrumental in assisting participants who did not have good credit to make large purchases. Other ways in which good credit scores assisted participants were in acquiring debt or and lowering the cost of insurance. Zanele (33/F), for example, required a car to take up a consulting job; however, due to a bad credit record, she could not get a bank loan.

"I wasn't in a position to get financing for a vehicle. But I needed a vehicle in order to keep the job because the offer was contingent on my having my own vehicle that I needed to get around. In order to make that happen, my mother was the one who then applied for the vehicle financing. So, the car was registered to her and then I then paid her every month." – **Zanele/33/F**

Acquiring assets

Parents and guardians also supported participants to acquire assets. Grant's (30/M) grandfather used a portion of his retirement funding to pay for his first year of education and to buy him a car so he could get to work. Ren's (25/M) father used some of his retirement money to buy him a car to give him a "head start" when he moved to Johannesburg to take up an internship. The car which he owns appears to point to a middle-class lifestyle, but his income is insufficient for him to acquire other financial products. Although Grant has car insurance, he does not have medical aid as he does not earn enough to afford additional expenses. A few participants

reported that their parents had bought them cars, even if they were not comfortable calling these assets their own.

Khulu: *I got my car in 2012, that's in varsity... I don't want to call it my car. You know when it's your parent's car. But your parents like to drive the car like it's yours.*

Zama: *Why do you say it's not your car?*

Khulu: *Because if you ... look the name on there, it's not gonna be my name. But at home, it's my car. Even though it does not feel like it's my car, but ownership is definitely. I am on the insurance papers as the driver.*

To a lesser extent, parents and guardians influenced the acquisition of other financial products in addition to bank accounts. For example, Tebogo reported that her mother encouraged her to get a credit card:

"I got my first credit card because my mum told me I needed to build a credit score."
– **Tebogo/26/F**

Supplementing income

Some participants also reported that their parents had supported them to cover their expenses once they had left home and started working.

"I am on a car insurance on my parents' insurance." – **Ren/25/M**

"When I started working, I didn't have money, so my dad helped." – **Faith/31/F**

Support through difficulty

Participants also reported that parents had or were supporting them with accommodation and financially while they were underemployed or unemployed.

"So that time they gave me an allowance. It's like, it's not much to cover your things, but it's enough for you to get. You know it's enough. They made sure that I had the bare necessities like guys data is bare necessities. 'Cos that's what I used to, to find a job... They made sure that I had food in the house. Like so, my mum is remarried, but we have our house in Springs. I had to move back." – **Lebo/29/M**

4.2.6.1.2 Sub-theme 2: Parents' coaching and modelling of financial behaviours is not typically intentional and can be contradictory

In addition to supporting participants financially, participants highlighted the various ways in which their parents contributed to shaping their financial behaviours, positively and negatively.

Participants identified one or both parents as the influencer in their understanding of and relationship with money. Although a few participants mentioned both parents as key influencers, most reported that one of the parents played a more significant role in their relationship with money than the other. Most participants had vivid memories of moments where they observed behaviours or heard belief statements that were constantly repeated in their households. They also reported that these experiences had influenced their decision-making processes and their financial beliefs about money.

The common advice and behaviours centred around saving and living within one's means, as demonstrated in global theme 5. It must be noted, however, that much of these positive attitudes and behaviours were not necessarily explicitly taught to participants. Keith, for example, pointed out how he learnt from watching their parents.

Keith: *My mum did not spend money recklessly. So yah, she was very strict.*

Researcher: *And did she, did you just watch her, or did she sit down and explain stuff to you and things?*

Keith: *She talked about money when she opened an account for me. And we never sat down. I just watched how she saved money and then I learnt from her.*

In Nuraan's (25/F) case, both parents were particularly intentional in their approach. Nuraan's parents started coaching her with a money box where she saved R5 coins, then graduated her to a kid's bank account in her primary school years. Later in her high school years, her parents would include her in meetings with the family financial advisor until she was old enough to take over her financial products.

Negative financial attitudes and behaviours by parents also influenced young people to make positive resolutions about their own future behaviours. For example, Zanele (33/F) resolved to live a debt-free life after watching her mother struggle with debt and emotional spending in particular.

Lungile (31/M) also describes his parents as not very good with money. “I think [my mother] could have handled some financial decisions a bit better...My father had made disastrous financial decisions.” To compensate for this deficit in positive financial coaching that was lacking in both parents, Lungile enlisted his older brother, an accountant, and later colleagues and a financial advisor for assistance with his finances.

“My mother was bad with money...we have a lot of similar traits. But there are also things I do specifically because I don’t want to be the way she is with money. Which is why I am so obsessed with my bond and not having any more debt.” – Zanele/33/F

Some participants also reported that while their mothers spoke about money, their fathers were particularly secretive about money. Other participants reported observing both positive and negative behaviours within their households, but often a combination of both because parents did not exhibit aligned behaviours around money. However, despite the differing parental attitudes between parents, participants found a middle ground, identifying the best of the differing attitudes from their parents, to arrive at a somewhat coherent personal approach to finance.

Siyabonga (26/M), for example, spoke at length about how his mother had opened a bank account for him in primary school for a school project on entrepreneurship that included an assignment to save money over a specified time period. After the project was completed, his mother continued to coach him on saving. While he described his mother as an active financial coach, when I asked about his father, his response was simply, “my dad is actually a big believer in just enjoying life...Just don't be reckless with your money”.

In other households, however, the differences in financial behaviour between parents were in conflict, leading to young people needing to find some balance between the extreme positions and behaviours. Tebogo (26/F) described how her mother was always “deeply in debt” but kept spending while her father was a saver. She describes herself as “kinda-in-the-middle”, where she saved but also enjoys her money. Leo (25/M) echoed this sentiment of choosing a middle road. He described his father as careless with money while his mother was frugal and wise. He says both parents influenced his point of view on money.

“While I was growing up, I made a deliberate and conscious effort in my mind to not be like my dad with money. To be more like my mum. But then I, I grew up, and I

realised that you couldn't also be like my mum because what she would do is, everything was saved, you know. I think about money is it's a tool.” – Tebogo/26/F

This difference in the financial attitudes and behaviours of parents was a rather common theme. Faith (31/F) also described having parents with conflicting attitudes. While her mother was “very good with finance setting and achieving financial goals”. According to Faith, when her mother identified a financial goal, she would “adapt the food budget where you didn't feel like you were eating differently ... but yet there was extra money at the end of the year”. On the other hand, her father was financially reckless, and as a result, she and her brother have to take care of him in his retirement.

4.2.6.1.3 Sub-theme 3: Quality of parental relationships as a mitigator in transitions

The importance of present and supportive parents was made most visible by narratives of participants who either had adversarial relationships with parents or had lost one parent, particularly those who had lost their mothers. Adverse circumstances and financial mistakes were costly for young people as they could lead to punitive costs or the loss of investments already made in certain products (e.g., insurance).

A few participants spoke of losing their mothers and then relying on one parent more. Although those parents could, on paper, be considered to be financially better off, the quality of the relationship those young people had with that parent ended up playing a moderating role in the depth of the support they received. Participants who had difficult relationships with their parents often found themselves with less support.

Grant (30/M), Lendaba (26/M) and Morena (25/M) all lost their mothers between late adolescence and early adulthood. All three reported having a difficult relationship with their father or stepfathers. When Morena’s mother passed away, he and his two brothers were forced to move to Soweto from the suburbs because of a souring relationship between them and their stepfather.

“I think the living dynamics were not the same after my mum's passing. He had his own sort of motives and, you know, like strategy around just like life. So, the relationship didn't work there. He was very abusive and, and all of that. So, my little brother and I went back home to my grandparents or great grandmother's house. And then my grandmother basically took us in custody, so to say.” – Morena/25/male

Morena was lucky enough to have a supportive extended family and was able to continue with his studies and obtain a degree.

Grant (30/M) lost his mother in his matric year. Although he received a life insurance pay-out which allowed him to buy a car, when he started working, he earned just enough to support himself and his family. He complained about having a father who would borrow money and then not return it, putting him in a position where he had to borrow from an informal lender.

Another participant, Lendaba (26/M), also lost his mother in matric. Unlike Grant, he didn't receive any pay-out, but his father was financially better off. The difficult relationship he had with his father made it very hard for him to seek help for himself and for the rest of the family from whom Lendaba's father was estranged. Consequently, Lendaba refused to ask for assistance and found himself living on R3,000 from an internship stipend.

Without access to present and supportive parents, participants indicated that their lives became markedly more difficult. Bad relationships not only meant the absence of support; they often served as a stressor, forcing participants to contribute towards supporting siblings and the household. Here is an example of how that adversarial relationship can play out in a participant's life:

*"I remember my dad was like once I'm, we even fought about it. He was like - you know, White people when they stay at home, they pay rent. The issue I had was that I was earning 5,000. But what upset me was I was looking at this guy; he sees me on a daily basis. Then he goes and tells my brother to relay that message to me. So, I'm thinking - a**hole, sorry, but just a few months ago, because we had just had my mother's unveiling. And so, he obviously hit me with that Black parenting guilt-tripping, what, what." – Grant/30/male*

4.3 Conclusion

The system of presentation of findings adopted in this chapter emerged from a combination of the findings from the literature review and the emerging themes from the analysis. The respondents shared interesting narratives from their experiences within the financial system, which offer a glimpse into the experience of inclusion for young people in transition from childhood into adulthood. The next chapter discusses these findings in detail.

On financial freedom and identities, the findings show that although short term aspirations are similar, longer-term aspirations are strongly constructed along gender lines. What these aspirations have in common is that they seek to achieve a type of cognitive freedom from having to think about money constantly. Female participants tended to have more realistic financial aspirations summed up as living comfortably, while male participants far more frequently mentioned that they aspired towards attaining wealth. Whatever the aspiration, the underlying desire was to attain peace of mind.

On realities of participation, we see that participants are often not ready to participate, even when they have been included in the financial system from a young age. Early decisions to participate are rarely made by the participants, and there is rarely ever a plan for financial socialisation from parents. Moreover, to fully participate in the financial system, adequate and frequent income is key. Higher income and more reliable incomes, usually salaries, allow young people to acquire more diverse financial portfolios. Related to this, participants who earned higher incomes tended to be older and more educated.

Process experiences refer to the experiences that young people have within the financial system. Participants had positive feedback about the process innovation in the South African financial system, particularly regarding digital innovation. However, participants reported high levels of administrative burdens through the cost of services and paperwork. Participants also reported that information asymmetry was a key issue that negatively influenced levels of trust.

On socialisation and support, participants reported being socialised within the household to aspire towards saving. They reported being ill-prepared to take on debt products and having negative feelings towards all debt products, regardless of their use. Debt was not discussed in the household, but conversations about debt took place. While participants reported being supported by parents, for many, levels of obligations and expectations were already high quite early into their transition. First, many participants had to use debt to study, which is immediately due for repayment once the first job is obtained. Secondly, participants are also taking part in maintaining the home, supporting younger siblings, or paying for expenses. This creates a dynamic where one is still being supported while supporting others. This means that seeing transitions as linear oversimplifies the complexity of achieving financial independence.

Overall, this study finds that finance plays a large role in young people's lives. For those from poorer backgrounds, debt is acquired very early in the transition into adulthood. This means

that young people from poorer backgrounds start on the backfoot in terms of their finances. This debt burden continues as they move from higher education to employment. The consequence is that debt then hangs over the heads of young people. Influencing their aspirations towards being rich or debt-free. This burden is a shock to the system, since many young people are not socialised to manage debt. Although the debt is acquired as part of building a better life, this debt carries a psychological weight, and likely self-judgement. To young people, financial freedom is having money, not having financial products.

There are interconnections between the structural, social, household, and personal contexts which means that financial inclusion cannot be viewed only through the actions and capacity of individuals. The products and services that young people sign up for, particularly in the early stages of their transition, are driven more by the policy context than they are by personal choice.

It also means dropping some underlying assumptions in financial inclusion literature – inclusion is not a choice, to improve their long-term economic prospects, those you have access have no choice but to take up certain products for their survival – this is financialisation. As such, improving the social outcomes for young people who are included in the financial system requires more inclusive public policies, financial institutions, and better capacitated parents to support young people in the transition from childhood into adulthood.

5.0 DISCUSSION

5.1 Introduction

This chapter discusses the research findings, and links to the literature where most applicable. The chapter links the current research to previous research and considers the implications of the results on future research considerations and approaches to youth financial inclusion practice.

5.2 Restating the Research Question

Proponents of financial inclusion stress the importance of the objective to support young people in their transition into financial independence. They propose that early access and positive financial behaviour should lead young people to build the financial resources that improve their prospects of attaining sustainable livelihood.

The purpose of this qualitative study was to explore the experiences of young people who are already included in the financial system to understand the broader social dynamics that contribute towards young people's financial and social outcomes. The research aimed to explore youth experiences within the financial system and identify, within the participants' narratives, the social dynamics that enabled or constrained them.

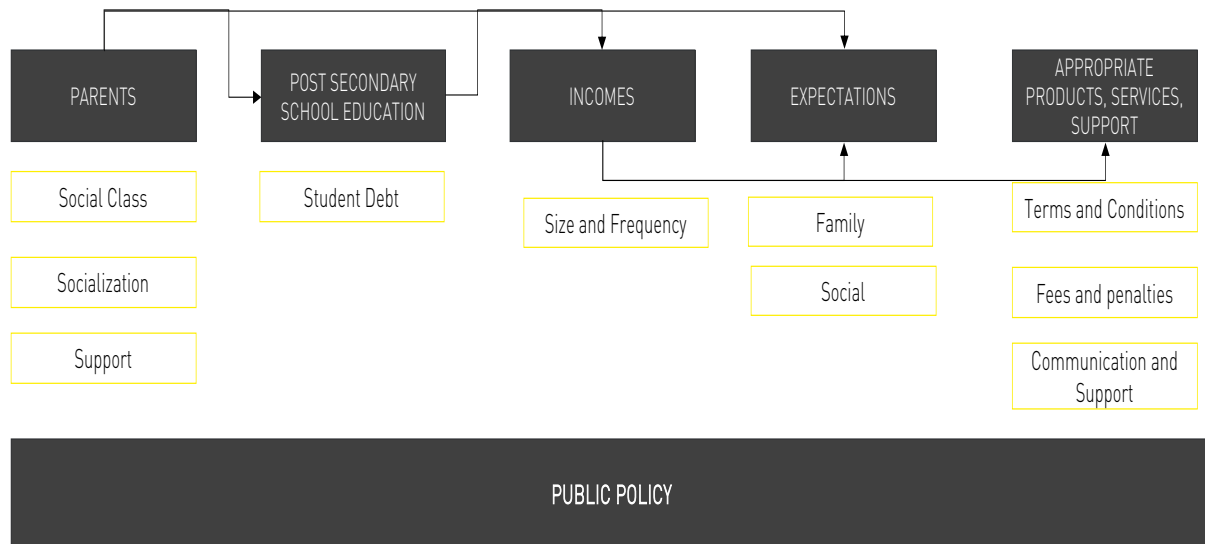
5.3 Dynamics That Support Financial Inclusion

This research was conducted to identify insights on how financial inclusion works for those who are included to identify ways in which the system can be improved for those who are excluded. The study results suggest that five interrelated dynamics contribute to young people's financial system experiences. These dynamics are parents' financial capacity, education, income/cash transfers, expectations on young people, and the social policy context.

5.4 Synthesis of Findings

5.4.1 What Are the Underlying Dynamics That Affect How People Access Finance to Address Their Needs?

Figure 10: Summary of dynamics that influence youth experiences in financial system



5.4.1.1 Parents and family background

Throughout the literature on youth transition, financial inclusion, financial literacy, financial capacity and financial wellbeing, the significance of the role of parents emerges as a strong determinant of positive financial outcomes for young people. This was also evident in the findings.

The findings from this study suggest that parents play a critical role in introducing young people to the financial system and guiding them through it. The study found that young people entered the financial system early through basic bank accounts. Young people who owned a bank account between primary school and high school were introduced to banking by a parent or a guardian. Parents, particularly mothers, were instrumental in opening bank accounts for young people.

Youth transition literature addresses the special role of parents. Cobb-Clark and Ribar (2009) and Johnston et al. (2000) highlight the role of mothers as important in youth transitions. The literature also highlights socialisation as a key factor in financial wellbeing. Shim et al. (2009) find that parental socialisation and educational socialisation contribute to financial knowledge. The authors, along with Serido et al. (2016) and Bernheim et al. (2001), emphasise the role of

parents as teachers of personal finance. This role of parents as teachers was not as prevalent in the research findings. Although parents provided advice, based on the participants' narratives, participants learnt more from observing parents rather than parents actively teaching them about finance.

Parents' Social Class

The research findings suggest that parents' social class played a significant role in supporting access, usage, and diversification of financial products. From the findings, it appears that although young people may be socialised in an environment where they can be exposed to more financial options, parents from higher-income households were themselves not investing more time in providing active financial socialisation to their children. Instead, youth from more affluent backgrounds received significantly more financial support from parents through paying for education, subsidising, or paying for assets, providing support for living expenses or using their financial standing for collateral. The result is that young people from more affluent backgrounds were in better financial positions throughout their transitions.

Youth transition literature is particularly concerned with the role of social class on the social outcomes of youth transitions. Much of the literature recognises that financial assistance from parents and grandparents has a significant impact on young people's financial positions. Swartz (2008) and Heath and Calvert (2013), for example, show that parents with financial means support their children in the early stages of moving out of home and that financial gifts can assist young people in acquiring assets that stand them in better financial stead. The role of social class was strongly evident in the participants' narratives. Several participants had received support in acquiring cars in particular, which are an important asset for work. Shim et al. (2009) demonstrate that parents and guardians often provide monetary and other forms of support as young people transition from education to the workplace.

The study found that parents pay for higher education costs, the acquisition of assets and additional support such as subsidising car insurance costs reduced the monthly living expenses for young people, enabling young people to use that money for other things such as building up a savings buffer.

While youth transition literature recognised the significance of this support, literature on financial literacy, capacity and wellness found strong correlations between socio-demographic characteristics of youth and their financial position. But it did not adequately explain how this

correlation came to be. In this literature, youth from more affluent households appear to have more financial skills, higher financial capacity, and better wellbeing. Still, the literature itself did not directly address that financial wellbeing was likely more a result of the circumstances and resources of young people than those young people's capacity to manage finance.

Serido et al. (2016) highlight that as young people approach adulthood, the financial socialisation role of parents increases. Authors such as Lusardi, Mitchell, and Curto (2010) suggest that young people from higher-income homes or with better education tended to have higher financial capacity. But based on the findings, young people from middle-class homes did not report receiving more financial education at home. Instead, they received direct financial support, which eased their transition to adulthood.

Parents communicating about personal finance

The study found that parents and guardians communicated about financial issues within the household. The study results also show that without active guidance from parents or guardians, active participation/usage was low. The study found that parents spoke about savings but did not communicate about debt management. Instead, young people observed debt being used in the home, along with parents' anxieties and mismanagement of debt. The result is that participants seemed to create and aspire to being the idealised financial person who was a saver, buying everything in cash. Unfortunately, this idealisation did not reflect the realities of early transitions, which brought a need for debt products.

The literature also does not detail other complexities of financial socialisation in the home.

Authors such as Loke et al. (2015) also emphasise that financial capability should be a developmental activity learned early in life while encouraging positive financial behaviours. Bernheim et al. (2001) add that financial literacy increases familiarity with financial decision-making. The participants' narratives showed that such familiarity with financial products and continuous use of the financial products requires the active participation of parents and guardians.

5.4.1.2 Education

Financial inclusion, literacy and capacity literature suggest that education plays a significant role in financial inclusion because better-educated people make better financial decisions. This research finds that although this is somewhat true, the prominent role of education in financial

inclusion is more complex and better explained by youth transition and financialisation literature. On the one hand, young people need to attain higher levels of education to enter sustainable livelihoods, which in turn provide them with incomes that are used to broaden their financial portfolios. On the other hand, the research found that education can only be financed through debt for many young people, making debt one of the first significant financial commitments they obtain before entering the labour market.

The research results suggest that young people are socialised with a general awareness that higher education attainment improves chances of better-quality employment, as demonstrated in research. Speckesser et al. (2015) refer to this as the premium on education attainment. Therefore, young people expect that, where possible through family or other funding, they will progress to further education.

The study found that as young people approached adulthood, they left the household to enter higher education in the same period as their financial portfolios were beginning to become more complex.

The first role mentioned extensively in the financial inclusion, literacy, and capacity literature is capacitating young people to make better financial decisions. The literature shows mixed findings on the role of education in increasing financial literacy and capacity. While Bernheim et al. (2001) suggest that financial education at school can be a strong substitute for financial education at home, Lusardi and Mitchell (2011), Chen and Volpe (1998) and Xiao, Ahn, et al. (2014) suggest that although financial education is higher amongst the more educated than those who are not educated, it is still low. For example, Mottola (2014) finds that millennials struggle with their finances even though they have received financial education.

The research findings suggest the main role of education is that, firstly, it is a significant contributor to young people's indebtedness. Still, it is one of the main factors that influence incomes which in turn impact young people's financial portfolios.

As noted in the discussion chapter, young people from less affluent backgrounds are often forced to acquire their first debt products quite early in their journey, often without adequate experience with managing a basic bank account and barely equipped to manage more complex financial products such as debt. The study found that a number of young people used NSFAS or bank loans to pay for education.

Because young people from poorer families needed the debt, the result is that in the transition from education to employment, young people from the lowest social classes were burdened with more debt. Looking at this from a financial inclusion lens, this may be seen as the financial sector doing what it's supposed to be doing. Mader (2018) states that a key justification of financial inclusion is shifting money over time to allow people to use credit to support future outcomes. The worrying aspect here is that young people from poorer backgrounds are forced to borrow against their future earnings to improve their chances of securing employment in an economy that continuously fails to absorb youth into the labour force adequately.

Lapavitsas (2009) addresses the issue of privatised public goods such as higher education, particularly how they lead to an increased reliance on private debt. Adamson (2009) is particularly concerned about this phenomenon of rising student debt, arguing that government policies have moved from the collective provision of social services to individual provision creates "investor subjects" from citizens. The state then implores these investor subjects to make individual investments in themselves to improve their individual social outcomes. Finlayson (2009) and Watson (2008) further argue that state social policies such as asset-based welfare in the UK are financialisation tactics that roll back social welfare. Although the above literature focuses on the UK, the large number of participants in this study who used either NFSAS or bank loans to pay for their studies points to strong similarities being present in the South African context.

5.4.1.3 Adequate Income

The research findings suggest that a regular income or cash transfer played a significant role in determining financial services' breadth and usage. The research found that in earlier years, not receiving an income led to the dormancy of the accounts that were opened for young people. The study found that as incomes and their frequency increased, usage of bank accounts and other products increased.

The role of adequate earnings is central in any discussion about youth transitions and financial independence. Zins and Weill (2016) find that the main barrier to inclusion in Africa is a lack of money. The findings suggest that the ability to earn enough money and take care of oneself drives faster transitions from education to adulthood and determines how early or late a young person can settle into financial independence.

The research results also showed that participants in employment had more diverse financial portfolios. In addition to having access to credit, those participants also had protective products such as medical aid and long-term savings products such as provident funds/retirement funds.

Authors such as de Bassa Scheresberg (2013) state that positive financial behaviours are associated with higher incomes, but these findings suggest that income influences financial behaviour (rather than financial behaviour influencing incomes).

It is important to note that the benefits of employment extended further than receiving an income and included the additional group benefits that come with employment, such as provident fund/pension fund, medical aid, and access to other financial products. Those with higher incomes and permanent employment were also able to access additional advisory services such as financial advisors, who further assisted them in obtaining the right financial products. This highlights how the link between financial literacy and financial inclusion is not always easily made; there is an information benefit that comes with having access to certain spaces, particularly work for young people, which can drive a young person towards better decisions – made by the environment they are in on their behalf.

The issue of the link between adequate income and an appropriate financial portfolio also speaks to broader structural challenges and the problem with the school of thought that individualises all financial life. Structural shifts in economic and social welfare policies (Prabhakar, 2013) place the burden of complex financial decision-making on young people. Young people must decide on savings for retirement, on structuring investment portfolios and other decisions that the literature also highlights young people are not equipped to manage. Young people must make these decisions within a complex socioeconomic context while dealing with complex transitions.

5.4.1.4 Expectations and Youth Responsibilities

The research findings point to there being an increase in financial activity as young people enter early adulthood mainly due to increases in debt financial products as youth move into debt-funded higher education. Young people, particularly those from less affluent backgrounds, entered the job market with debt in their portfolios.

While in their childhood and adolescent years, parents and caregivers were mainly responsible for their financial lives, participants took on more financial responsibility for their own

decision-making as they got older. In the participants' narratives' some also talked about contributing to their households before achieving complete financial independence. In their narratives, participants often mentioned the importance of taking care of their families. Examples included contributing to households quite early in the transition to employment. In some cases, young people even took out loans to support the home.

The research findings suggest that these expectations not only influenced the products that some young people needed to sign up for to support the family: they also influenced young people's ideas of what constitutes financial freedom.

In the literature on financial inclusion and financial wellbeing, this is not an area that is discussed deeply. However, in their literature review, Sorgente and Lanz (2017) find that material resources such as income, debt, expenses, and assets are objective dimensions of financial wellness. While an argument could be made that a young person's cognitive and emotional evaluation of their finances could lead them to realise that they are not in a financial position to contribute, such an assessment would ignore the importance of family and community and contributing to "home" in the identities of young people. Many young people are expected to contribute towards their households as soon as they complete their education. This means that often young people do not have the luxury of time to strengthen their own financial positions before they can also commit to taking care of others. Taken outside of their contexts, these remittances and loans taken can be thought to reflect bad financial management instead of huge responsibilities at an early age.

5.4.1.5 Appropriate products and support

Financial literacy literature takes a view that what stands in the way of successful navigation of the financial system is financial literacy. But the research results suggest that young people face enormous barriers in the financial system even when they have access to and are using financial products.

Product Accessibility and Appropriateness

The research findings suggest that young people appreciate day-to-day digital channels for being innovative and easy to use. However, the research results also indicate that while processes and innovation build confidence in institutions, other issues eroded trust. The research found that young people experienced the financial system as burdensome in terms of

administration. Young people reported that there were often costly inconsistencies in processes.

The research results also suggest that although youth transitions are divergent, youth financial bank accounts are structured with the assumption that transitions from education to employment will be smooth. The research results suggest that even for highly educated young people, few transitioned from education into employment immediately.

The biggest issue identified by participants was that financial products business rules are based on a homogenous understanding of the transition and are punitive towards young people who are not in a traditional straightforward transition route. Young people accrue costly financial fees if they do not complete higher education in three years to enter employment immediately. These costs were in increased fees and high charges for negative balances.

Financial services institutions also work on the assumption that everyone receives the same sized salary at the end of the month. The study found that freelancers were punished because their incomes were sporadic and not the same amount.

A definition of financial inclusion that emphasises usage as a function of number of transactions without considering the context does not recognise that young people often use financial products in a way that works best for their long-term financial outcomes and that there are different ways of using the same financial product.

Proactive financial education for youth

The research results also suggest that financial services institutions did not adequately communicate with young people about changes to accounts. This links strongly to a feeling expressed by participants that the financial system gains from their ignorance and that each transaction is a game where one party, usually the client, will lose. There's little mutuality experienced by young people in their relationship with financial institutions, even those who earn higher incomes and have financial advisors.

A major gap of financial inclusion literature is that it does not deal with the granular experiences of young people using the financial system. Financial inclusion and literacy literature focus on how the young person engages with the financial system but not how the financial system engages marginalised people. Louw (2013) focuses on attitude, discernment, and practical skills as indicators of literacy. Tustin (2010). Huston (2010), Remund (2010)

focus on knowledge, skill, aptitude, confidence. However, as Lusardi et al. (2010) contend, financial decisions can significantly impact young people's lives.

5.4.1.6 Socioeconomics and policy context

Broader socioeconomic and policy contexts within which young people's financial lives exist influence the financial expectations of those young people. The research findings suggest an inevitability of certain choices about financial products for young people. Moreover, because the youth transition journey is a social norm, even as transitions have become increasingly heterogeneous, there are similarities in the directional expectations of the journey.

Youth were aware that the successful transitions required the attainment of higher education qualifications. However, the higher education and fiscal policy are structured such that students have increasingly carried the burden of fees. In the South African context, funding for higher education was mainly through NSFAS or bank loans for those young people whose parents could not afford higher education. Although NSFAS is a government funding scheme, fees are charged to the scheme and therefore also charged to young people at the "market rate". According to Cloete (2016), while student fees had doubled in 13 years, government's contribution had only increased by 33%. Therefore, the responsibility for welfare services shifts from the state to the individual (Prabhakar, 2013).

Consequently, young people from less affluent backgrounds are burdened with increasingly more expensive debt.

Education is the sector where the phenomenon of financialisation and its impact on participants is most visible, particularly the role of the state as a key actor in financialisation through policy choices (Finlayson, 2009). Such debt is regressive in nature in that it places the burden of "the privatisation of public goods" on students from poor backgrounds. Montgomerie (2009) demonstrates how middle-income households that held higher amounts of unsecured debt experienced higher levels of financial inequality and experienced more financial insecurity and further argues that the financial crisis decreased middle-class investment portfolios and pension funds, while leaving households with larger monthly debt repayments for unsecured debt and mortgages. Elements of the trend observed by Montgomerie (2009) appear in the narratives of the youth participants in that while many are educated using debt, staggered youth transitions resulted in many participants finding it difficult to secure permanent employment.

A lack of public housing options close to places of employment, forced young people to move out of the home and into renting. It created a general belief evident in the aspirations of young people: that acquiring a home is an important aspect of financial wellbeing. In addition to education, debt had to be acquired by some participants to buy a car, a necessary asset to facilitate livelihoods, and housing loans, as the housing policies in South Africa are focused on a very narrow indigent population.

In the transition to employment, there are new expectations that young people must contend with, such as buying a car once it is affordable, and to secure or maintain employment. There is also an expectation that at some point young people will move out of the household and buy housing; therefore, they must build a credit record, which requires that young people obtain credit or store cards to build a credit history. These expectations are so universal within the research group's context, that they can be thought of as inevitable within context (cultural, class, location).

Lusardi and Mitchell (2006), for example, describe how longer life expectancy and lower fertility have put pressure on social security systems, leading to a migration from defined benefit pensions to individual account defined contributions, thus transferring decision-making from employing institutions to individuals. Consequently, according to the authors, there has been an increased responsibility placed on individuals to make savings, investment and spending decisions and a higher consequence for bad decision-making. De Bassa Scheresberg (2013) also highlights the effect that changes in the financial system have had on the expectations on individuals, particularly on young people.

These changes have influenced the structure of economies and the nature of public policy. The changes have, in turn, influenced the expectations on young people's personal roles in their own development and have influenced the economies which young people enter as part of their transition into financial independence.

Literature on financialisation raises a growing concern that significant changes in the role of the financial system, particularly the banking system, have created a financial system that is complex and difficult for individuals to navigate (Muir et al., 2017).

5.4.2 What Can the Experiences of Young People Tell Us About the Definition of Financial Inclusion?

Since financial inclusion is positioned as a policy measure to increase participation of poorer and marginalised groups in the financial system, the distancing of the individual from the state entrenches inequality and social exclusion. This is a point made by Finlayson (2009), van der Zwan (2014) and Christopherson et al. (2013). This transforming role of the state places an additional burden on individuals to provide public goods for themselves. To do that, individuals must earn enough, and then save enough, in the same financialised banking systems which are not geared toward growing individuals' savings into wealth.

The National Treasury's draft financial inclusion policy describes the pathway to inclusion as a journey from the most basic financial product to the most complex (National Treasury, 2020). The definition continues the trend of basing the definition and measurement of financial inclusion on what products and how many products the public owns. The findings from this research tell us that the financial system is a complex interconnection of social relationships, social and community contexts, household, and individual factors. These are factors that have a strong impact on the outcomes of a young person's transition from youth to adulthood and the financial system cannot replicate them. As such, current definitions of financial inclusion that exclusively focus on individuals interacting with financial institutions are incomplete as the social outcomes are determined by more than just the relationship between the individual and the institutions.

The definition of financial inclusion is significant because of what it problematises. This choice can lead to true transformation or a perpetuation of current issues within the financial system. Current definitions focus on access, usage, and appropriateness of products, but measurements focus mainly on access and usage. The question of appropriateness of products and services is present in the theory, but in practice the logic followed is that of National Treasury: the more financial products, the better. Young people in the study shared examples of the serious consequences of taking up inappropriate financial products because they did not fully understand the meaning of affordability and the results of bad financial decisions.

Current definitions of financial inclusion were largely confined to the functioning of financial institutions. A fundamental shift is required to address the foundational problem identified in financial exclusion literature – that the way the system works creates the exclusion of certain social groups. Any definition that does not speak to system design does not address the fundamental problem that creates financial exclusion.

5.5 Conclusion

The aim of this chapter was to provide a discussion on the research findings and links to the literature where most applicable. The research found that the interconnections between the structural, social, household, and personal contexts meant that financial inclusion could not be viewed in siloes of how financial institutions function or how individuals manage their finances.

6.0 CONCLUSION AND RECOMMENDATIONS

6.1 Overview of the Study

The main aim of the study was to explore the experiences of young people who are already included in the financial system to understand which broader social dynamic contribute towards young people's financial outcomes. The study explored the experiences of 30 young urban South Africans living in Gauteng, using a social constructivist lens to understand the dynamics that contribute to their access and usage, as well as the positive social outcomes. The paper leans on the concept of youth transitions to identify critical life moments of youth for deeper exploration. The method of analysis was thematic analysis.

The main research question was:

How do youth experience the South African financial services?

The secondary questions were:

- What are young people's aspirations and goals?
- What are the underlying dynamics that affect how people access finance to address their needs and to pursue their aspirations?
- What can the experiences of young people tell us about the definition of financial inclusion?

6.2 Main Findings of the Study

This section represents the major findings and conclusions reached based on the findings from the study represented in Chapters 4 and 5.

6.2.1 What Are Young People's Financial Aspirations?

Young people in this study aspire for financial freedom that can be defined as freedom from thinking and worrying about money. Young people in this study see this as the financial position that allows them to pursue their own personal aspirations. For the participants, reaching this point depends on the external expectations placed on them by their social circumstances.

6.2.2 What Are the Underlying Dynamics That Affect How People Access Finance to Address Their Needs?

The underlying dynamics that influence how young people in the study accessed finance to address their needs are a combination of structural, societal, institutional, household, and

personal dynamics. In terms of structural dynamics, the broader economic and social context influences the expectations on participants and the financial products that they are eventually required to take. A tough economic environment increases the likelihood of a prolonged transition and a lower income, and this in turn influences a young person's ability to diversify their financial products.

The household played the most visibly important role based on the narratives. Parental support, parental economic status and quality of relationships with parents were significant contributors towards better access to financial products, additional support in accessing and using those products and in recovery during regressions in youth transitions. Parents' past behaviours instilled certain emotional triggers, particularly anxiety about debt. The expectations from the household also influence a young person's ability to settle into financial independence. Higher expectations can often lead to young people taking on additional debt products to support the family at home, influencing the resources that young people have to build their own financial independence.

Financial institutions' processes, innovations, staff, and the confidence and trust levels that participants had in the financial system play an important role in the experience that young people have of the financial system, although from the findings it did not seem to impact on their choices to acquire certain products.

Broader society appeared to play a bigger role than financial institutions as young people received more information and support from broader society. The path of a young person's transition also influenced the type of financial products they would acquire. Young people with full-time jobs had more diverse financial portfolios because of the standardised employment perks.

Individual characteristics were also significant. Factors such as agency, aspirations and opportunities for learning impacted on the experiences that participants had. In many ways, it is difficult to separate the individual from their context. Parents were instrumental in giving young people agency at younger ages while external circumstances thrust young people into a position of decision-making in the latter part of the transition.

6.2.3 What Can the Experiences of Young People Tell us About the Definition of Financial Inclusion?

The definition of financial inclusion should consider the structural, institutional, social, household, and individual circumstances that lead to positive social outcomes for individuals who access the financial system. Individualistic conceptions of financial inclusion ignore the roots of financial exclusion as structural. This gap leads to the treatment of financial outcomes as the result of individual choices, rather than the outcomes of structural experiences as a result of policy choices and economic conditions.

It must be noted that based on the findings from the study, their own agency in financial outcomes is quite limited simply because there is almost a lack of choice in the matter of deciding whether to enter the financial system. Considerations of financial inclusion that centre fixing the young person for better outcomes, ignore the broader and more impactful sources of social outcomes.

6.3 Limitations of the Study

As part of ethical conduct in research, researchers are expected to present weaknesses in their research that could influence the research findings and conclusions (Ross & Bibler Zaidi, 2015). Limitations can be present at different stages of the research study, and they influence the interpretation of the research findings.

Affleck et al. (2013) warn researchers about the limitations of semi-structured and structured interviews, despite these methods' association with a form of equalisation of the research space and inclusion of often marginalised voices. The researchers point out that participants with limited communication skills, or those socialised to shun disempowerment and lack of control, such as men, may not be as responsive in an interview setting.

Limitations in Study Design

These limitations refer to the researcher's design choices to define the scope of the research (Ross & Bibler Zaidi, 2015).

- The first design limitation of this study design is that it was located within Gauteng, in South Africa, which is almost entirely urban. Gauteng is over 90% urban, and it is also the smallest province in South Africa according to geographical size. Consequently, findings on aspects such as geographical access would be very different for Gauteng compared to a largely rural large province such as the Northern Cape.

- The second limitation of this study's design is the choice to only include participants who are already included in the financial system. Although this choice was made to understand the experiences of those who are already included to understand the social dynamics that influence outcomes, the exclusion from the study of already financially excluded youths means that the recommendations of this study could favour already included youths and could contain gaps that perpetuate exclusion.
- The third limitation of the study's design pertains to the definition of "youth". There is no universal definition of youth, and therefore different countries and institutions use different ranges to account for socioeconomic, cultural, and historical contexts. Many of the research papers cited in this research used the 15-24 age range, while the research participants in the study were between the ages of 23-35. Given the broad definition, its reliance on youth recollections, particularly of events from their past, the weakness here is that I cannot be sure that participants presented their past experiences accurately.
- The more general challenges of qualitative research are that due to the size of the sample, the generalisability of the findings is limited.

Limitations of data collection

- The first limitation of the study's data collection is that despite falling into the definition of youth at the time of the study as the researcher, socioeconomic gaps existed between myself and most of the participants. These were visible in the car that I drove and the institution I was attending (UCT). There are risks that these visible power differentials may have inhibited participants from providing more honest answers within an interview context.
- The second limitation of data collection is that, as a female-identifying researcher, the dynamics with male participants may have influenced their responses.
- The third limitation of data collection lies in the use of the snowball sampling approach. The initial group of participants came from my network, and as new participants were selected, there was a risk of participants selecting participants who were most like themselves. This created biases in representation, despite an attempt to have equal gender representation. Potential participants who were unemployed or from poorer backgrounds also tended to decline being interviewed, further skewing the sample towards middle-class participants.

Limitations of data analysis

- My own experiences as a youth (at the time of the study) and the shared experiences with the participants may have influenced my observations and conclusions.
- second limitation of the data analysis is that that triangulation was limited as the research was conducted by one person.

Limitations of study results

- It should be borne in mind that the fieldwork took place between 2017-2018 and that many of the narratives shared were recollections from the participants' histories. Therefore, I cannot verify the accuracy of the stories recalled by the participants.

6.4 Recommendations Relating to the Study

There are three main recommendations from this study which relate to the different actions that can be taken by policymakers and advocates of financial inclusion to improve the social outcomes of young people who enter the financial system.

1) Context-inclusive capacity building

The importance of parental support in financial inclusion was evident in the findings of this research and the literature review. The first recommendation is that financial inclusion capacity building programmes should focus not only on the young person as an individual but must situate that young person within a household. Making parents and guardians aware of the importance of combining the account with specific habits for the young person to develop their financial capacity is key to their long-term financial wellness.

2) Capacitate parents to teach young people about broader financial products, particularly debt and insurance

In the research, we saw that the negative emotion and silence about debt created negative emotions in young people on debt as adults. Parents should be made aware of the impact of their own anxieties. Financial institutions can play an empowering role for parents since they are effectively the main touchpoint for early banking experiences for young people.

Parents should also be capacitated with access to information on other products such as insurance. Moreover, parents should be made more aware of the changing contexts in which young people are transitioning today. This can help mitigate some of the household expectations on how quickly young people can support the family post-education.

3) Policy must be cognisant of regressive welfare policy

Youth advocacy should focus more on highlighting how certain policies are regressive and place poorer young people on the backfoot. NSFAS must be seen within the context of the financial inclusion discourse and, therefore, payment terms and punitive measures should be tested against what is appropriate and fair.

In the longer term, youth advocates should demonstrate through projections and economic modelling that the above inflationary increase in education against the stagnant wages of younger generations make the current policy path regressive and untenable.

4) Financial institution building youth appropriate products

Most youth accounts have low or no fees, but this feature is not enough. Youth bank accounts should be built with transition-led capacity building in mind. One way to do this is by encouraging usage through reward to encourage young people to make age-appropriate transactions and build good habits. But as noted in the first point, a young person's usage of a bank account is context-specific; therefore, parents should be an integral part of building capacity through habits.

5) Market conduct reform

Policymakers must pay greater attention to issues of customer support and strengthen the consumer protection aspects of the financial sector regulations. Since the promulgation of the Financial Sector Regulation Act in South Africa, market conduct regulation is still a bill. Market conduct is an important aspect of financial inclusion and, without it, financial institutions will not be obligated by stronger laws to provide explicit information and treat consumers fairly.

6.5 Future Research

- One of the key limitations of this research was its reliance on the childhood memories of participants. The problem with this approach is that the current experiences of adolescences could be significantly different. Therefore, the first research recommendation is that of a longitudinal study using finance diaries tracking the same participants over time to understand the shifting dynamics of the experiences of young people. This approach would allow the researcher to collect the data as it happens and rely less on participant recall. A longitudinal study would also allow researchers to see the impact of the broader social context such as economic changes, as these happen.

- The second research recommendation is for future research to include both the participants who are included and those who are not included to make space for comparisons.
- Future quantitative research can compare the increases in cost of education against youth wages in order to investigate whether upcoming generations of young people will be able to afford education and student loans. A prevailing assumption of financial inclusion is that finance allows people, particularly young people, to invest in themselves today using future earnings. This assumption underpins programmes such as NFSAS. In order for young people to be able to pay back these loans, their future earnings must outpace the rise in the cost of education and the cost of education finance. Researchers, particularly those shaping public policy, should be testing whether this relationship is holding true or whether younger generations today may find themselves riddled with education loans that stunt their ability to successfully transition into adulthood.
- The final research recommendation is a qualitative exploration of parents' and guardians' attitudes towards financial socialisation and education of their children. The importance of parental socialisation was found to be important in the study, however, parents seemed to not be preparing young people adequately for personal finance management. It would be interesting to investigate whether parents are aware of the skills that young people need to navigate the financial system and the importance of their role as parents. One way to do this would be to compare how young people experience their parents' socialisation against how parents see themselves as socialising their children. `

6.6 Closing Remarks

The aim of this study is to explore the experiences of young people who are already included in the financial system to understand which dynamics contribute towards young people's financial outcomes and how this contribution occurs.

This study focused on the experiences of young urban youth living in Gauteng, South Africa, using a social constructivist lens to understand the dynamics that contribute to their access and usage, as well as the positive social outcomes. The paper leans on the concept of youth transitions to identify critical life moments of youth for deeper exploration. Thirty (30) young people were interviewed for this research.

Understanding the lived experiences of individuals who are participating in the financial system, I have argued, is necessary for us to properly comprehend how financial inclusion programs may achieve genuine inclusivity for a larger community. To understand how anything works, we must first understand what occurs when it works, and then we must determine what is common among those experiences that have been shared. Thus, the strategy chosen in this research was to unearth and compare the lived experiences of young people.

The research found that the interconnections between the structural, social, household, and personal contexts meant that financial inclusion cannot be viewed in siloes of how financial institutions function or how individuals manage their finance. As such, improving the social outcomes for young people who are included in the financial system requires more inclusive public policies, financial institutions, and better capacitated parents to support young people in the transition from childhood into adulthood.

7.0 APPENDIXES

A. Informed Consent Form



You are being asked to participate in a research study conducted by Zamandlovu Ndlovu from the University of Cape Town's Graduate School of Business. The purpose of this study is to **explore positive experiences in regulated and unregulated financial exchanges**. This study will contribute to the researcher's completion of her master's dissertation towards a Masters in Philosophy in Inclusive Innovation.

Research Procedures

This study consists of a workshop/focus group that will be administered to individual participants at a venue in Johannesburg. You will be asked to provide answers to a series of questions related to **positive experiences of value exchanges in your families, communities, or places of informal work**.

Time Required

Participation in this study will require one hour of your time. You will not be requested to supply any identifiable information, ensuring anonymity of your responses.

Risks

The investigator does not perceive more than minimal risks from your involvement in this study (that is, no risks beyond the risks associated with everyday life).

Benefits

There are no potential benefits from participation in this study include, however the study seeks to explore the potential of currently existing practices in various financial systems to reimagining the financial services sector and improve the impact of financial service products for underserved communities.

Confidentiality

The results of this research will be presented at a dissertation. While individual responses are obtained and recorded anonymously and kept in the strictest confidence, aggregate data will be

presented representing averages or generalisations about the responses. No identifiable information will be collected from the participant and no identifiable responses will be presented in the final form of this study. All data will be stored in a secure location accessible only to the researcher. At the end of the study, all records will be destroyed.

Participation & Withdrawal

Your participation in this research is voluntary. You can choose to withdraw from the research at any time. Should you choose to participate, you can withdraw at any time without consequences of any kind. However, once your responses have been submitted and anonymously recorded you will not be able to withdraw from the study.

Questions about the Study

If you have questions or concerns during the time of your participation in this study, or after its completion or you would like to receive a copy of the final aggregate results of this study, please contact:

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Giving of Consent

I have read this cover letter and I understand what is being requested of me as a participant in this study. I freely consent to participate. I have been given satisfactory answers to my questions. I certify that I am at least 18 years of age.

This research has been approved by the Commerce Faculty Ethics in Research Committee

Name of Participant (Printed)

Signature

Date

Zamandlovu Ndlovu
Name of Researcher

Signature

Date

B. Interview Protocol

Interview Protocol: Exploring positive experiences of finance of young urban South Africans.

Name _____ Title _____ Date _____ -

Interviewed by: Zamandlovu Ndlovu, UCT MPhil Candidate

Thank you very much for agreeing to be interviewed for this study. The information you provide in this interview will contribute to the completion of my master’s dissertation towards a Masters in Philosophy in Inclusive Innovation. The interview takes about one hour.

Before we start, I would like to explain a little bit about what we are going to discuss in this interview. This is going to be an “appreciative interview.” I am going to ask you questions about times when you experienced things working at their best in financial system. The idea is that the more we know about what makes things work well, the more we can improve systems – be they individual, organisations or large human systems such as financial systems.

I am trying to find out about financial systems – both regulated and unregulated - at their best so that we can find out what types of approaches work in communities such as yours and find a definition for the type of financial sector that can meet needs of people such as yourself and support diverse people in meeting their personal aspirations. I will therefore not ask about problems and how to fix them; however, you can tell any story that you want to share.

I will keep confidential the conversation and the information they provide. I will use the data, but it will be compiled into themes using data from this interview and others. No names will be associated with the overall summary or report. Stories and quotes from interviews may be used without a name associated with them. The result of the interview will help me understand these positive experiences which provide support for life in communities. Do you have any questions?

VALUE

- To begin, I'd like to learn more about you and your community
13. What type of community do you come from and what do you value about your community?
 14. What is considered valuable in your community, what is considered “must have” to secure your futures?
 15. What are your personal aspirations?

EXPERIENCES

16. What is the biggest goal you have achieved thus far and how has the financial system contributed to that achievement?
17. Can you tell me about the first time you got a bank account? What do you treasure the most about that experience?
18. Can you tell me about the time when having financial support – be it a product or having access to someone who could assist you financially- helped you achieve an important personal goal?
19. Tell me about a time when you had to meet your financial needs or goals in an “unconventional way”. Who did you reach out to? What stands out about that moment?
20. Tell me about a time when your community assisted you in meeting a financial goal. What do you value about that experience?
21. Tell me about your most rewarding customer service experience in financial services?
22. Think of a time when the financial services sector was most effective in responding to your individual needs. Tell me a story of what happened. What was most noteworthy?

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