

UNDERSTANDING AND ENHANCING FINANCIAL LITERACY OF LOW-INCOME HOUSEHOLDS IN SINGAPORE

Background

FSCs in Singapore serve the important purpose of supporting vulnerable families. Rotary FSC clients are mainly from low-income families with long-term financial difficulties. One common way of helping them achieve financial stability is through financial literacy programmes, which usually include education on basic financial knowledge and skills. This approach assumes that low-income families have insufficient financial literacy. As few local studies have been published on the topic, Rotary FSC decided to conduct an exploratory study on the financial literacy of its clients. This study was a collaboration between Rotary FSC and TRANS FSC (Bedok).

Research Method

A mixed method design to collect both qualitative and quantitative data on various aspects of financial literacy was adopted. The respondents were all clients of FSCs, who were eligible for financial assistance and had school-going children. Interviews started in October 2017 at both FSCs. A target of 40 respondents was set. All 40 completed a questionnaire. 10 of them then proceeded for an in-depth interview.

Summary of Findings

The preliminary results showed that most of the respondents used the concepts of saving and budgeting without plans and goals. They were not familiar with concepts of financial planning and goal-setting. Without planning, however, saving becomes a short-term coping strategy, and budgeting has a negative connotation – that of deprivation.

Follow Up

Findings from the exploratory study went towards the design of a financial literacy board game for the local poor. The game requires players to make use of their knowledge of local financial resources and budgeting concepts. It is hoped that the game can address players' misconceptions of financial planning and goal-setting, provide them with locally relevant financial information, and allow them to practise their skills in a fun and rewarding way.

These findings have significant implications for Rotary FSC's daily work with low-income families. They will be discussed when Rotary FSC plans future programmes.

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