

Analysing the herding behaviour in purchasing mortality-related insurance policies among lower-income households in South Africa

V Guvuriro



orcid.org/0000-0001-7263-3809

Mini-dissertation accepted in partial fulfilment of the requirements for the degree [Master of Commerce](#) in [Management Accountancy](#) at the North-West University

Supervisor: Prof J Fouché

Graduation: June 2022

Student number: 37036939

DECLARATION

I, **Vivian Guvuro**, declare that the mini-dissertation “**Analysing the herding behaviour in purchasing mortality-related insurance policies among lower-income households in South Africa**” is my own work, that all the sources used or quoted have been identified and acknowledged by means of complete references, and that this mini-dissertation has not previously been submitted by me for a degree at any other university.



SIGNATURE

24 November 2021

DATE

ETHICS CLEARANCE



NORTH-WEST UNIVERSITY
YUNIBESITHI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT

Private Bag X6001, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222
Web: <http://www.nwu.ac.za>

Economic and Management Sciences Research
Ethics Committee (EMS-REC)

29 March 2021

Prof J Fouche
Per e-mail
Dear Prof Fouche,

EMS-REC FEEDBACK: 26032021

Student: Guvuriro, V (37036939)(NWU-00037-21-A4)

Applicant: Prof J Fouche – MCom in Management Accountancy

Your ethics application on, *Analysing the herding behaviour in purchasing mortality-related insurance policies among lower-income households in South Africa*, which served on the EMS-REC meeting of 26 March 2021, refers.

Outcome:

Approved as a minimal risk study. A number **NWU-00037-21-A4** is given for one year of ethics clearance.

Due to the Covid-19 lock down ethics clearance for applications that involve data collection or any form of contact with participants are subject to the restrictions imposed by the South African government.

Kind regards,

**Mark
Rathbone**

Digitally signed by Mark Rathbone
DN: cn=Mark Rathbone, o=North-
West University, ou=Business
management,
email=mark.rathbone@nwu.ac.za,
c=ZA
Date: 2021.03.30 08:00:38 +02'00'

Prof Mark Rathbone

**Chairperson: Economic and Management Sciences Research Ethics Committee
(EMS-REC)**

LANGUAGE EDITING DECLARATION

Declaration

This is to declare that I, Dr. L Combrink

Language editor and translator

have language edited the study

with the title

**Analysing the herding behaviour in purchasing
mortality-related insurance policies among
lower-income households in South Africa**

By

V Guvuriro



Done November 2021

ACKNOWLEDGEMENTS

I would like to express my appreciation and thanks to the following people and institutions who made this study possible:

- My supervisor, Prof Jaco Fouche, for his advice, patience and professional academic guidance.
- My late parents: I am forever grateful for loving me and instilling in me the spirit of never giving up no matter what.
- To my supportive husband (Sevias), for believing in me and encouraging me throughout the end.
- My two gorgeous boys (Tavonga and Akudzwe) for their understanding throughout the study.
- The Human Science Research Council (HSRC) for allowing me to adopt their questions.
- Ramavhea Gumani for allowing me to adopt some of his questions.

DISSERTATION ABSTRACT

The dawn of democracy in South Africa led to financial reforms that provided access to many financial products to the wider community. Among these financial products are funeral insurance policies and life insurance policies, known as mortality-related policies. However, little is known about the level of uptake and reasons behind the purchase of these mortality-related policies among the lower-income households in South Africa. Understanding the lower-income households' mortality-related policies choices is important for two reasons. Firstly, the households have discernible financial constraints. Secondly, life insurance policy benefits the dependents left behind by the deceased policy holder whereas the funeral insurance policy covers funeral costs. Thus, the former protects the dependents' livelihoods, whereas the latter caters for the one-time funeral event. Assuming rational beings therefore, life insurance policies should be preferred to funeral insurance policies. Drawing from behavioural finance theories, particularly the herding behaviour theory, and using survey primary data from a South African township, this study explores financial decision-makers behaviour from lower-income households on the mortality-related policies market. A mixed-method approach is used and descriptive and bivariate statistical analyses for quantitative data and thematic analysis for qualitative data, employed. The study finds that funeral insurance policy is preferred to life insurance policy. In fact, the whole sample had a funeral insurance policy and yet slightly over 12% of the sample had a life insurance policy. While financial knowledge plays a role in explaining these lower-income households' mortality-related policy choices, societal culture and social pressure were also identified as key drivers of herding behaviour. A funeral is culturally regarded as very important and drawing a great number of attendees leading to high costs. Thus, households opt for funeral insurance policy to cater for these costs, and this is considered common practice in this community. Also, funeral processes are conducted at certain expected level plays, due to social pressure. There is thus herd mentality in mortality-related policies choices. In addition, funeral insurance policy is used as savings commitment and gives financial protection; makes the funeral process hassle-free and is regarded as smart planning. Thus, educating the lower-income people about mortality-related policies is of essence.

KEY WORDS: Mortality-related insurance policies, herding behaviour, financial knowledge, lower-income households, financial decision-making

TABLE OF CONTENTS

DECLARATION	I
ETHICS CLEARANCE	II
LANGUAGE EDITING DECLARATION.....	III
ACKNOWLEDGEMENTS	IV
DISSERTATION ABSTRACT	V
TABLE OF CONTENTS.....	VI
LIST OF TABLES	XII
LIST OF FIGURES.....	XIII
CHAPTER 1: INTRODUCTION.....	1
1.1 INTRODUCTION AND BACKGROUND	1
1.2 STATEMENT OF THE RESEARCH PROBLEM	5
1.3 RESEARCH OBJECTIVES.....	6
1.3.1 Primary objective	6
1.3.2 Secondary objectives	6
Theoretical objectives:.....	6
Empirical objectives:.....	6
1.4 METHODOLOGY	6

1.5 CHAPTER OVERVIEW	7
1.5.1 Chapter one: Introduction	8
1.5.2 Chapter two: Literature review	8
1.5.3 Chapter three: Data and methodology	8
1.5.4 Chapter four: Presentation and discussion of results	8
1.5.5 Chapter five: Conclusions and recommendations	8
 CHAPTER 2: THEORETICAL AND EMPIRICAL FRAMEWORK	9
 2.1 INTRODUCTION	9
 2.2 THEORIES OF BEHAVIOURAL FINANCE	9
2.2.1 Herding behaviour theory	10
2.2.2 Anchoring theory	12
2.2.3 Cognitive dissonance theory	13
2.2.4 Prospect theory	14
 2.3 SOUTH AFRICAN FUNERALS AND INCOME SITUATIONAL ANALYSIS	15
2.3.1 Funerals and funeral service providers in South Africa	15
2.3.2 Funeral costs in South Africa	17
2.3.3 Lower-income group in South Africa	17
 2.4. PREVIOUS RESEARCH	18
 2.5 FINANCIAL LITERACY AND KNOWLEDGE	22
 2.5 SUMMARY	23

CHAPTER 3: RESEARCH METHODOLOGY	25
3.1 INTRODUCTION	25
3.2 RESEARCH APPROACH	25
3.2.1 Quantitative research approach	26
3.2.2 Qualitative research approach	26
3.2.3 Mixed-method research approach	27
3.3 RESEARCH DESIGN	27
3.3.1 Experimental research design	28
3.3.2 Non-experimental research design	28
3.3.3 Quasi- or semi-experimental research design	29
3.4 SAMPLING PROCEDURE	29
3.4.1 Study population	29
3.4.2 Sampling	30
3.4.2.1 Simple random sampling	30
3.4.2.2 Stratified random sampling	31
3.4.2.3 Cluster random sampling	31
3.4.2.4 Systematic random sampling	31
3.4.3 Sample size	32
3.5 DATA COLLECTION METHOD	32
3.5.1 SURVEY	33
3.5.2 Questionnaire	33

3.5.4 Reliability and validity of the questionnaire	37
3.5.4.1 Reliability of the questionnaire	37
3.5.4.2 Validity of the questionnaire	38
3.6 STATISTICAL ANALYSIS	38
3.6.1 Descriptive statistics	39
3.6.2 Correlation coefficients	39
3.6.3 Cohen's d	39
3.7 ETHICAL CONSIDERATIONS.....	40
3.8 SUMMARY.....	40
CHAPTER 4: PRESENTATION AND DISCUSSION OF RESULTS	42
4.1 INTRODUCTION.....	42
4.2 RESPONDENTS' SOCIO-DEMOGRAPHIC CHARACTERISTICS.....	42
4.3 MORTALITY-RELATED POLICIES UPTAKE.....	45
4.4 FINANCIAL KNOWLEDGE ASSESSMENT	47
4.4.1 General financial knowledge.....	48
4.4.2 Knowledge of current inflation and interest rates	49
4.4.3 Savings, interest and Value Added Tax (VAT) knowledge	50
4.4.4 Banking products, SARS tax year and investment knowledge	52
4.4.5 Gauging level of prudence with finance	53
4.4.6 Respondents' freedom with finance	55

4.4.7 How respondents are satisfied with their spending	57
4.4.8 Budgeting and financial planning	59
4.5 SUMMARY OF THE COMPONENTS OF FINANCIAL KNOWLEDGE	61
4.6 CORRELATIONS OF THE COMPONENTS OF FINANCIAL KNOWLEDGE	62
4.7 COHEN'S D FOR COMPONENTS OF FINANCIAL KNOWLEDGE	65
4.7.1 Cohen's d, by gender	65
4.7.2 Cohen's d, by government grant reception	66
4.8 MOTIVES OF HOLDING FUNERAL INSURANCE POLICY	67
4.8.1 Savings commitment	67
4.8.2 Smart planning	67
4.8.3 Hassle-free	68
4.8.4 Societal Culture	68
4.8.5 Financial protection	70
4.8.6 Social pressure.....	71
4.9 HANDLING PRESSURE FROM SOCIETY AND FAMILY ON CONDUCTING FUNERALS.....	73
4.9.1 Community and family as sources of support	73
4.9.2 Financial independence and prudence.	74
4.9.3 Avoidance and/or acceptance.....	76
4.9.4 Aspiring to meet community standard.....	76
4.9.5 Funeral as an inner-circle responsibility.....	77

4.9.6 Reciprocation	77
4.10 REASONS FOR HAVING OR NOT HAVING A LIFE INSURANCE POLICY.....	78
4.11 SUMMARY.....	83
CHAPTER 5: KEY FINDINGS, CONTRIBUTIONS, RECOMMENDATIONS AND CONCLUSIONS.....	85
5.1 INTRODUCTION.....	85
5.2 SUMMARY OF KEY FINDINGS.....	85
5.2.1 Key findings on theoretical objective 1.....	85
5.2.2 Key findings on theoretical objective 2.....	86
5.2.3 Key findings on empirical objective 1.....	86
5.2.4 Key findings on empirical objective 2.....	87
5.2.5 Key findings on empirical objective 3.....	88
5.3 CONTRIBUTION.....	89
5.4 RECOMMENDATIONS.....	90
5.5 LIMITATIONS AND FURTHER STUDIES.....	91
5.6 CONCLUSION.....	91
REFERENCES.....	92
ANNEXURE A: DATA COLLECTION TOOL.....	103
ANNEXURE B: INFORMATION SHEET AND INFORMED CONSENT FORM.....	124

LIST OF TABLES

Table 3. 1: Questionnaire sections, question sources and objectives	35
Table 4.1: Respondents' socio-demographic characteristics.....	42
Table 4.2: Employment status by education level.....	45
Table 4.3: Types of funeral insurance policies held by respondents	45
Table 4.4: General financial knowledge items and responses.....	48
Table 4.5: Knowledge of current inflation and interest rates items	50
Table 4.6: Summary of savings, interest and VAT knowledge items.	51
Table 4.7: Banking products, SARS tax year and investment returns knowledge items.....	52
Table 4.8: Summary of financial prudence distributions	54
Table 4.9: Summary of financial freedom items distribution	56
Table 4.10: Summary of 'spending more satisfying than saving for long term' item	58
Table 4.11: Summary of budgeting and financial planning items.....	59
Table 4.12: Summary of the components of financial knowledge.....	61
Table 4.13: Correlation coefficients of components of financial knowledge.....	63
Table 4.14: Cohen's d for gender	65
Table 4.15: Whether respondent or any family member receives government grant....	66
Table 4.16: Respondents' reasons for and against having a life insurance policy.....	80

LIST OF FIGURES

Figure 4.1: Percentage of benefits from the funeral insurance policy.....	46
Figure 4.2: Financial prudence items	53
Figure 4.3: Freedom with finances items	55
Figure 4.4: Spending more satisfying than saving for long term.....	58

CHAPTER 1: INTRODUCTION

1.1 Introduction and background

The dawn of democracy in South Africa led to financial reforms that provided access to many financial products to the wider community, mortality-related policies included. McCracken (2014) reports that the financial service reforms in South Africa have resulted in more funeral policies taken out by even the poorest families, suggesting that more than half of South Africans have some funeral plan. However, a Sanlam report (2019) suggests that a significant portion of South Africans (about 40% of the population) does not have a formal life insurance policy, thereby creating a gap of about R30 trillion of the uninsured. The assessment by insurance experts such as Peter Castleden, who is Chief Executive of Sanlam Indie, points out that life insurance is significantly cheaper compared to a funeral policy when considering the amount of cover that a rand can purchase (Sanlam Report, 2019). Thus, a question arises as to why life insurance is less purchased compared to funeral insurance.

Financial management is crucial for every household. Włodarczyk (2017) argues that the development of economic psychology and behavioural finance can assist in understanding household financial decision-making processes. Literature in the financial management field has tended to focus on intertemporal choices; that is, choosing between current and future options. Such intertemporal choices depend on whether a person is present-oriented or future-oriented, a phenomenon called delay discounting (Lempert & Phelps, 2016). However, financial management and decision-making by households and individuals are also characterised by having to make choices between two or more current payments for services that will be enjoyed in the distant future. Examples of such future-based services (that is, services with payments made in the present but benefits enjoyed in the future), are funeral insurance policies and life insurance policies. These are called mortality-related insurance policies. A funeral insurance policy refers to a policy that is designed to pay for the policyholder's or beneficiary's funeral, burial and other financial expenses in order to be awarded a dignified funeral (Lee, 2015; Nienaber & Preiss, 2006). A life insurance policy, on the other hand, refers to a policy that affords a cash amount to the policyholder's

beneficiaries in the event that the policyholder dies (Lee, 2015; Nienaber & Preiss, 2006). Appropriate financial management within households, including appropriate decisions with respect to mortality-related policies, may prove beneficial to the welfare of household members.

Mortality-related insurance policies allow policyholders to contribute along the way (Berg, 2018) for future benefits. For persons who can afford this, such contributions can be made for both funeral insurance and life insurance policies. However, for the majority of the lower-income groups in South Africa, a difficult choice has to be made between these two options. Some may also not have either of the policies because monthly contributions could be beyond their reach. However, funeral insurance has been found to be the most common mortality-related insurance among the lower-income households (Calvin & Coetzee, 2010). Berg (2018) corroborates that in South Africa, life insurance not as highly valued as the funeral insurance, despite the fact that life insurance is flexible in the sense that there are no restrictions on how the payout should be spent. Funeral insurance is strictly linked to funeral-related goods and services, and is thus prescriptive. As a result, one would expect that applying rational thinking (Thakur, 2017), more people would opt for life insurance than funeral insurance. The current state of affairs, however, suggests that those making financial choices are influenced by cognitive biases and emotional biases that contribute to non-optimal decision-making (Thakur, 2017). The fact that the South African statistics shows that more funeral service policies are being purchased than life insurance policies point towards the important role of exploring behavioural finance theories in explaining what transpires in the life and funeral policy markets (Sanlam report, 2019).

Focusing on those households that have some mortality-related policies, the current study uses behavioural finance theories in order to explore choices made with regard to these policies (while chapter 2 discusses these theories in more detail, a brief overview of each of the theories are provided here). The first theory is herding behaviour, first defined by Leibenstein (1950:189) as the, “the extent to which the demand for a commodity is increased due to the fact that others are also consuming the same commodity”. This theory may well explain the purchase of funeral services as opposed to life insurance in South Africa. For example, Case *et al.* (2013) point out

that households in South Africa respond to social pressure to bury their dead in a style seen to be consistent with the observed social status of that specific household. Case *et al.* (2013) note that families that provide funerals which do not match their beliefs of a dignified farewell may even move down the social ladder. Paek (2020) also indicates that South Africans place great cultural significance on funerals. Social pressures and cultural importance may be the unexplored forces behind herding tendencies, rather than focusing only on a technical analysis of financial decision-making with relation to mortality-related policies (Leppinen, 2013).

Cognitive dissonance theory (Festinger, 1957) is the second relevant theory that is considered when exploring the choice between funeral service policies and life insurance policies. Hinojosa *et al.* (2017) note that the principle of cognitive dissonance remains relevant and useful in management and beyond, as the citations of Festinger's work in high-management publications are increasingly growing. Defining cognitive dissonance, Bem (1967:183) states that if, “a person holds two cognitions that are inconsistent with one another, he [*sic*] will experience the pressure of an aversive motivational state called cognitive dissonance, a pressure which he will seek to remove, among other ways, by altering one of the two dissonant cognitions”. Cognitive dissonance theory also holds that there is a, “tendency for people to search for regularity among their cognitions for example, beliefs and viewpoints” (Ricciardi & Simon 2000:32) and individuals' beliefs are altered to conform to their past actions (Goetzmann & Peles 1995). Furthermore, cognitive dissonance theory suggests that there is a desire for people to look for regularity among their feelings, including opinions and perspectives (Ricciardi & Simon 2000). Individuals' beliefs are, in this sense, adjusted to adhere to previous behaviour (Goetzmann & Peles 1995).

In the context of the present study, the choice between funeral services policy and life insurance policy could ignite dissonance among policyholders as these decisions are influenced by the individuals' beliefs and viewpoints, as well as the viewpoints of other community members. For instance, the viewpoint that funeral service benefits are immediately appreciated by the community as one gets a dignified funeral may be considered a better choice as compared with life insurance with benefits directed to beneficiaries.

Anchoring is the third theory applied to the study of lower-income South Africans' behaviour with regard to mortality-related policies. Anchoring refers to having some reference point in mind when making a decision or choice (Sinha, 2015). Tversky and Kahneman (1974) posit that the initial value or starting point (the reference point) may derive from formulation of the problem, or as a result of partial computation. When making mortality-related insurance policy choices, lower-income South Africans could be anchoring their funerals or lives to those of other community members. This anchoring effect may place greater value on what transpires on the day of the funeral and how elaborate the funeral is and place less value on the benefits that the dependents left behind may need. The anchoring effect thus has implications in these decision-making processes. It may also be that family members in the past had funeral policies, and therefore people are familiar with these and then stick to these themselves.

The prospect theory (Tversky & Kahneman, 1979), the fourth relevant theory, suggests that people process information in an illogical way by valuing gains and losses differently, even if they are of same magnitude (Illiashenko, 2017). A popular example used in this theory is that of the difference between the amount of joy felt from receiving R50 versus simultaneously gaining R100 and then losing R50. Economic experiments have shown that most people view the single game (only gaining R50) as more favourable than the gain and loss scenario (first gaining R100 and immediately losing R50), because of the pain experienced due to loss. In this sense, the prospect theory uses decision weights rather than probabilities.

In the present study, two options with two different outcomes that a person may have to make are, having a dignified funeral versus having close dependents (such as children) covered in the event of policyholder's death (life insurance). Death is certain, but one is not certain on when that will happen. It may happen when the dependents are still minor, or one may see his/her dependents growing up. The situation of dependents needing to be taken care of when one dies may seem like a probability and the significance of this may therefore be underappreciated. However, the need for a dignified funeral may seem as certain as death, not a probability. In this context, the prospect theory (Tversky & Kahneman, 1979) suggests that an event that is felt to be

a probability is given less weight, while one with certainty is given more weight. This could be the reason why South African households tend to opt for funeral service policies rather than life insurance policies.

Given the theories discussed above and considering financial reforms in a democratic South Africa, the uptake of mortality related policies is a salient issue to explore. This is particularly so given the tendency towards flamboyant and decorated funerals in South Africa as articulated by Case *et al.* (2013) and Paek (2020), as well as the constant funeral policy-related advertisements beamed by local television channels. The present study is motivated by the researcher's interest to investigate the behaviours around the purchasing tendencies of funeral plans over life insurance policies, and how applicable the theories discussed are with reference to lower-income groups in South Africa. In the present study, lower-income households refer to those residing in Reconstruction and Development Programme (RDP) houses in townships (Amoah *et al.*, 2019; Lucas, 2011; Venter *et al.*, 2007).

1.2 Statement of the research problem

Human herding behaviour has been studied substantially in realms such as investments (where so few are knowledgeable), or in realms such as fads and fashion, where logic is inappropriate and the whole point is to impress other people (Prechter, 2001; Ababio & Mwaba, 2017). Trends in such activities are steered not by the rational decisions of individual minds, but by the peculiar collective sensibilities of the herd. According to Prechter (2001:120), human herding behaviour results, "from impulsive mental activity in individuals responding to signals from the behaviour of others". In this sense, people's decisions are based on what society believes, or on peer pressure from the societal values and norms. In investment literature in general, individual investors with herding behaviour usually lack the confidence and professional competence necessary to make better investments (Lin, 2012).

The present study seeks to address a gap in the mortality-related policies literature by focusing on the choices that are made by lower-income South Africans and their possible herding behaviour in this context. This area of financial decisions by households and individuals has not received attention, despite its impact on the

livelihood of those survived by the departed loved ones. The gravity of the problem in a practical sense is demonstrated by the fact that many households would plunge themselves into debt to provide a decorated funeral day for the departed beloved one (Corden & Hirst, 2016; Laquer, 1983). If this phenomenon can be better understood, these individuals can be advised to take better decisions.

1.3 Research objectives

1.3.1 Primary objective

The present study seeks to analyse financial herding behaviour among lower-income groups in South Africa with reference to the mortality-related policies market.

1.3.2 Secondary objectives

The secondary objectives of the study are:

Theoretical objectives:

- To review the relevance of behavioural finance theories in understanding how households make decisions involving mortality-related policies (chapter 2).
- To explore different mortality-related policies in South Africa (chapter 2).

Empirical objectives:

- To assess the uptake of mortality-related policies by lower-income households in South Africa (chapters 2 and 4).
- To assess the level of financial knowledge that selected South Africans have and which could influence decisions regarding mortality-related policies (chapter 4).
- To determine the reasons behind possible herding behaviour when choosing mortality-related policies (chapter 4).

1.4 Methodology

This study follows a mixed-method research approach (Mckim, 2017; Cameron *et al.*, 2015) and therefore draws on both qualitative and quantitative data. The study

reviewed existing ethnographic studies on how funerals are conducted and perceived in South Africa. This review process informed the formulation of open-ended questions in the questionnaire that was aimed at collecting qualitative data. For the quantitative component of the study, closed-ended questions were used to collect data.

The research design therefore adopted has descriptive and exploratory components. The survey component of the current study identified the targeted population as lower-income households in Bloemfontein townships in the Free State province. A two-stage sampling approach (Anderson *et al.*, 2020) was used. Firstly, a single township was selected randomly from a sampling frame using random number tables. Secondly, a systematic sampling procedure was adopted within the identified township to select households to participate in the survey. In order to allow for quantitative analysis with appropriate degrees of freedoms, the sample size was one hundred and fifty (150) households.

The literature review regarding mortality-related policies, financial knowledge, and human herding behaviour was informed by databases such as Google Scholar and EBSCOhost. This review guided the development of the data collection instrument. Some questions were adopted from other researchers' and the research agencies' instruments after obtaining permission to do so. Analytically, univariate and bivariate analyses were conducted, together with correlation coefficients and Cohen's d parameters. Univariate analysis provided a picture of the distribution patterns for the key variables in the study. The bivariate analysis helped to establish the relationships between two variables. Qualitative data was analysed using a thematic approach. For presentation, tables and graphs are used. The study obtained ethical approval from the North-West University EMS-REC Ethics Committee (NWU-00037-21-A4).

1.5 Chapter overview

This mini-dissertation is presented in five chapters as outlined below.

1.5.1 Chapter one: Introduction

The chapter provided the introduction and background to the study. The chapter presented the research problem, the primary objective and secondary objectives, and finally a chapter overview.

1.5.2 Chapter two: Literature review

The chapter has three sections. The first section focusses on the theories that inform the study (herding, cognitive dissonance, anchoring and prospect theory) and the herding theory is the main focus in the present study. The second section presents a contextual analysis of South African funerals and an income situation analysis, and the third section focuses on the empirical literature, whereby other researchers in the field is perused.

1.5.3 Chapter three: Data and methodology

Chapter three describes the data, data collection methods, as well as the sample and sampling procedures. The chapter also provides detail on the analytical methods used in the present study.

1.5.4 Chapter four: Presentation and discussion of results

In this chapter, the results of the study are presented in form of bar charts, pie charts and tables. Correlation coefficients and Cohen's d values are interpreted. The chapter also provides a discussion of the quantitative and qualitative data results.

1.5.5 Chapter five: Conclusions and recommendations

Chapter five presents the conclusions of the study, highlighting the main findings as well as recommendations. Avenues for further studies are also noted in this concluding chapter.

CHAPTER 2: THEORETICAL AND EMPIRICAL FRAMEWORK

2.1 Introduction

This chapter provides a discussion of behavioural finance theories (herding, anchoring, cognitive dissonance and prospect theory) as well as a motivation for the theory selected as focus for the present study (herding). These theories can provide an applicable contextual picture of how households make decisions involving mortality-related policies, which is the focus of the study. The chapter also provides information relating to existing mortality-related policies in South Africa. Finally, the chapter concludes with a review of empirical literature on mortality-related policies and the significance of financial knowledge in the uptake of mortality-related policies.

2.2 Theories of behavioural finance

Behavioural finance is a subfield of finance studies that focuses on the influence of psychology and biases in financial decision-making processes by different economic agents (Ababio, 2018; Zahera & Bansal, 2018; Shiller, 2003). Kahneman and Tversky (1972) note that behavioural finance was introduced into the field of finance in order to address the weaknesses of traditional finance theories. Traditional finance theories are criticised for not taking cognisance of the fact that investors or financial decision-makers in general are not always rational; they have limits to their self-control, and are influenced by their own biases. In behavioural finance, a synthesis of psychology and finance elements are used to model financial decision-making processes. According to Thakur (2017), behavioural finance studies aim to integrate behavioural and cognitive psychological theories with traditional economic and financial theories to explore reasons why individuals at times make irrational financial choices.

DeBondt *et al.* (2011) provide three main insights on behavioural finance, focusing on human intuition fragility, decision processes and personal beliefs. Human intuition fragility entails that not everybody who invests, studied investments concepts, and as such, their investment behaviour could be driven by heuristics, can be biased, and proceed in unpredictable patterns. Regarding decision processes, DeBondt *et al.* (2011) argue that it is important to understand how financial decisions are taken, and

how these decisions come into being. Not all decision processes consider every bit of information relevant for that decision to be made; sometimes because information is limited or not well understood. The third insight emphasises the importance of personal beliefs in investment decisions, thus suggesting a shift away from traditional economics' "homo-economicus" approach. These insights speak to a modification of the stylised traits of neoclassical models such as unbounded rationality, unbounded willpower and unbounded selfishness.

Theories relevant to the present study are discussed below: the herding theory, anchoring theory, cognitive dissonance theory and prospect theory.

2.2.1 Herding behaviour theory

The herding behaviour theory can be traced back to 1936, when renowned economist J.M. Keynes published his popular General Theory of Employment, Interest and Money. Keynes's General Theory argued that long-term investors simply track the market in order to guarantee a stable investment, while experienced managers herd so that their prestige is not compromised by contrary actions (Dewan & Dharni, 2019). The herding behaviour theory was first defined by Leibenstein (1950:189) as the, "extent to which the demand for a commodity is increased due to the fact that others are also consuming the same commodity". Soofi *et al.* (2020) add that herding behaviour happens when individuals judge a certain behaviour to be positive or negative, based on the actions of others, and then imitate those actions. Virigineni and Rao (2017) and Hyland *et al.* (2021) purport that individuals who mimic the decisions of a big group, regardless of whether they can make the same decisions independently, are said to have herd bias. Virigineni and Rao (2017) also argues that herding behaviour is the opposite of overconfidence behaviour in terms of information quality. Herding behaviour is high where social expectations and peer attitudes such as those from family members, colleagues and friends have an impact on the behaviour of individuals.

There are three types of herding behaviour: rational, near-rational and irrational (Blasco *et al.*, 2012; Devenow & Welch, 1996). Lin *et al.* (2013) define rational herding in the investment domain as referring to investors who accept the investment decisions

of other investors to protect their own interests and increase their credibility among other investors. This action is rational insofar as the larger group (other investors) believe it is the right thing to do, but also right in the convention of the investor themselves. Near-rational herding occurs when decision-makers economise on information processing or information acquisition costs by using heuristics (Devenow & Welch, 1996), a practical method to solving problems (not known to be optimal, but possibly sufficient to reach approximation). The irrational herding viewpoint, finally, centres on investor psychology, in which it is held that investors act like followers, chasing others blindly and rejecting reason and logic (Dewan & Dharni, 2019).

Three common causes of rational herding are direct payoff externalities, principal-agent problems and informational learning (Devenow & Welch, 1996). Direct payoff externalities occur when an individual's decision has an impact on the outcome of a payoff and the externalities can be either adverse or favourable (Dewan & Dharni, 2019). Principal-agent problems occur when a financial decision choice made by an investor or decision maker is based on the motivation to protect their reputation in case there is a benchmark used in evaluating the performance (Dewan & Dharni, 2019). Informational learning occurs when investors or decision-makers disregard their own decisions and consider gathering information through the actions of others (Dewan & Dharni, 2019). Jurevicienė and Ivanova (2013) provide reasons for irrational herding as intuition and emotions on the side of investors as a means of survival during times of crisis.

The irrational herding behaviour theory is relevant for explaining the purchase of mortality-related policies by lower-income households, because there is a tendency in this group to follow decisions made by colleagues and neighbours blindly (Driver *et al.*, 2018). While Jurevicienė and Ivanova (2013), suggest that irrational herding can be caused by intuition and emotion, in this instance, the intuition and emotions could also be driven by social pressure and culture. Thus, social pressures and cultural importance rather than technical analysis, are hypothesised to be the forces behind herding tendencies in financial decision-making with relation to mortality-related policies among a select section of the South African population.

2.2.2 Anchoring theory

The anchoring is another relevant behavioural finance theory that can explain lower-income South Africans' behaviour in purchasing mortality-related policies. Tversky and Kahneman (1974) were the first to introduce anchoring as a decision-making process in finance. This theory entails having some reference point in mind when making a decision or a choice (Sinha, 2015). Tversky and Kahneman (1974) posit that the initial value or starting point (reference point) may emanate from formulation of the problem, or it can be the result of partial computation. According to Illiashenko (2017), people start with the anchor and adapt processes based on the information that they have gathered. Illiashenko (2017) adds that there are two kinds of heuristic issues that can occur here. The first is when people are influenced by irrelevant knowledge, and the second one is when there are issues when adjustments are normally unsatisfactory.

Human beings use anchoring in various aspects of their lives, and potentially also in the purchasing of the mortality-related insurance policies. Lower-income South Africans could be anchoring their lives or the way they conduct their funerals to those of other community members. This anchoring effect may place greater value on what transpires on the funeral day, how decorated the funeral is, and thus place less value on the financial benefits that the dependents (such as children) who are left behind may reap. The anchoring effect thus has implications in these financial decision-making processes. It may be the case that as family members in the past had funeral policies, this type of policy is familiar and thus people stick to it. This can be explained by the notion that as people make assumptions about their mortality, they tend to rely very heavily on pre-existing evidence (such as how their loved ones were buried) or the first knowledge they came across in the community to which they belong.

Anchoring in mortality-related policies may pose problems when the value of the initial anchor (for example, the cost of a funeral at a close neighbour) does not reflect its true value. Under such circumstances, the adjustments made by those who actually observed the funeral may systematically be biased towards this wrong value (the anchor). The anchor may not be a true value, because the bereaved family could be getting financial support from other sources unbeknown to observers. Thus, other

community members may believe that the funeral costs are covered by the funeral policy that they know the deceased had. Given that funeral experiences may provide information though limited, anchoring bias in these experiences can provide reasonable estimates, and thus influence decision making with insufficient information. Indeed, relying too heavily on very little information (the anchor) limits logical thinking and the consideration of other relevant aspects and may well result in major financial blunders.

2.2.3 Cognitive dissonance theory

The cognitive dissonance theory, first postulated by Leon Festinger, is the third theory relevant to the study of mortality-related policies choices (Festinger, 1957). The theory has been applied in numerous studies in the field of social psychology. It postulates the relevance or the irrelevance of pairs of cognitions or elements of, with regard to each other. Those pairs that are relevant to each other are called consonants, and those which are irrelevant to each other are called dissonants. Defining cognitive dissonance, Bem (1967:183) states that if, “a person holds two cognitions that are inconsistent with one another, he will experience the pressure of an aversive motivational state called cognitive dissonance, a pressure which he will seek to remove, among other ways, by altering one of the two dissonant cognitions”. The cognitive dissonance theory also states that there is a, “tendency for people to search for regularity among their cognitions for example, beliefs and viewpoints” (Ricciardi & Simon 2000:32) and individuals’ beliefs are altered to conform to their past actions (Goetzmann & Peles 1995). Sometimes, cognitive dissonance can also be caused by not adapting to new information and when faced with this new scenario, people may well justify their actions, or discredit or ignore fresh information (Jonas & Frey 2003).

The cognitive dissonance theory also states that people seek to look for regularity among their feelings, including their opinions and perspectives (Ricciardi & Simon 2000). Individuals’ beliefs are adjusted to adhere to previous behaviours (Goetzmann & Peles 1995). Making a choice between funeral services policy and life insurance policy could ignite dissonance among policyholders, as these decisions are influenced by the individual’s beliefs and viewpoints, as well as the viewpoints of other community

members. For instance, the viewpoint that funeral service benefits are immediately appreciated by the community because one gets a dignified funeral may result in funeral policy to be considered a better choice than life insurance with benefits directed to those left behind.

2.2.4 Prospect theory

Tversky and Kahneman introduced the prospect theory in 1979 when they criticised the expected utility theory. The expected utility theory is a normative theory of rational choice that describes how individuals should behave when faced with decision-making under uncertainty (Tversky & Kahneman, 1979). This theory only addresses risk preferences under uncertainty using probability. The expected utility theory, as a rational descriptive model in decision-making analysis, could not adequately describe how decisions are made in risky conditions; instead, it was concerned with the monetary outcomes (Tversky & Kahneman, 1979). The prospect theory, on the other hand, suggests that people process information in an illogical way by valuing gains and losses differently, even if these are of the same magnitude (Tversky & Kahneman, 1979; Illiashenko, 2017). Here one can refer back to the example of the experiment exploring the amount of joy from receiving R50 that was higher than when one gains R100 and then loses R50 because of the larger pain due to a loss (Tversky & Kahneman, 1979). Individuals who place a higher value on losses than on gains are said to have loss aversion (Eckles & Wise, 2011).

The prospect theory uses decision weights rather than probabilities. The theory's applicability for the present study stems from its formulation of two options with two different outcomes that a person may have to make; that is, having a dignified funeral versus having close dependents (such as children) covered in the event of his/her death (life insurance). Death is certain, but one is not certain on when that will happen. It may happen when the dependents are still minor or when they are grown up. While death is certain and a dignified funeral is desired, having dependents needing to be taken care of when one dies is merely probable and therefore may be underweighted. Tversky and Kahneman (1979) suggest that the event that has a mere probability is given less weight, while that with certainty is given more weight. Thus, a funeral policy

may be preferred to life insurance. Eckles and Wise (2011) propose that the prospect theory may explain decisions by households when taking out insurance policies so that they can reduce the impact of loss in the event that it occurs. Sydnor (2010) also used the prospect theory to investigate the purchasing of insurances, and argued that the fundamental difficulty is that the choice to insure is fully determined by the loss area.

This study focuses on herding and anchoring, because in the African context, a funeral is a public event that draws the attention of the entire community. How one chooses to conduct a loved one's or deceased relative's funeral is always subject to public scrutiny. A substandard funeral can, indeed, bring shame to the family. In short, there is always that comparison (anchoring) that community members do, and thus they tend to opt for the best funeral (herding).

2.3 South African funerals and income situational analysis

This section discusses the South African context in terms of how funerals are conducted, who the funeral service providers are, the costs of funerals, and those considered as lower-income group in the study.

2.3.1 Funerals and funeral service providers in South Africa

A funeral is a ceremony that honours the deceased. In South Africa, as with all countries, it is linked to religions and culture. At or during a funeral, friends and family members have the opportunity to pay their last respect to the deceased. Case *et al.* (2013) note that funerals are used by society to share values, emotions, and feelings with the bereaved family. Nienaber and Preiss (2006) characterises a funeral as a moment when social needs play a role either in the family or the society. In South Africa, there are many ethnic groups, and people from different ethnic group observes different cultures during funeral (Nkosi *et al.* 2019). The South African Law Reform Commission (2020:5) contextualises a funeral in indigenous African societies as, "a pivotal social event that reaffirms family ties and obligations, reinforce a sense of community, and confirm each attendee's place in the social fabric of faith and tradition".

Depending on how the whole funeral process is carried out (based on the willingness and ability to financially spent by the mourning family), a funeral can be regarded as either similar to that of a pauper, basic, or dignified (decent) (Berg, 2018). When faced with a funeral, the bereaved family may compromise their future financial situation by diverting their assets to the purchase of coffins, meat, and meals to carry out highly regarded funeral process (Case *et al.*, 2013). This practice is to a significant extent driven by the fact that most South Africans put great spiritual and cultural importance on funerals (Paek, 2020). Case *et al.*'s (2013) study that focuses on KwaZulu-Natal points out that when a man dies, the culture requires the killing of a cow and when a female dies, they can kill a goat/sheep to feed funeral attendees. It is the duty of the bereaved family and those close to the family to feed the mourners (Case *et al.*, 2013), and some mourners may stay on after the interment. Thus, the death of a family member has social, emotional, and financial impacts on the surviving members. Due to the fact that most South Africans put great significant cultural weight on conducting a dignified funeral, the process is often very expensive (Bahre, 2007). Paek (2020) reports that in some instances, mourners are expected to dress properly and flashily, have the service choreographed and regulated, and guests participate in grief rituals based on the host's capacity to reach a particular financial level. Failure to reach a certain level of these activities is believed to have a negative impact on the deceased's family social status in the community.

As a result of the importance attached to these funeral processes, the number of registered funeral parlours in South Africa has grown significantly and is estimated to be between 5 000 and 10 000 (South African Law Reform Commission, 2020). In terms of funeral insurance providers, the big nine in South Africa are AVBOB, Old Mutual, First National Bank (FNB), Standard Bank, Capitec Bank, Nedbank, African Bank, ABSA, and Tyme Bank (Richie, 2021). Many of these funeral cover providers have opened retail stores in low-income townships to improve sales, by hiring local agents who are fluent in the languages and cultures of the intended customers. It is clear that many banks have moved into this sector since it is so lucrative.

2.3.2 Funeral costs in South Africa

Funerals in South Africa are generally expensive, and that has necessitated the demand of funeral insurance policies. Case *et al.* (2013) report that, based on the median per capita income for black Africans, families spend the equivalent of a year's income on an adult's funeral; and Zeka (2019) notes that most black South Africans' funerals cost up to seven times an individual's monthly income. Also, Sidimbi (2014) quotes Thulani Mabuza (the South African Federation of Burial Societies national secretary) who notes that a funeral can cost up to R70 000. AVBOB (a major funeral insurance company), likewise, disclosed that a simple funeral in South Africa starts from as low as R11 800 (McCracken, 2014) but funeral cover can be as high as R100 000 (Insurance Act, 2018). With such cover, the services and products provided include caskets, flowers, catering and in some cases even clothing. The cover may further include airtime, tent hire, among other things (McCracken, 2014). In order to capture clients from all income brackets, McCracken (2014) states that funeral insurance premiums can start from as low as R35 per month. Notably, many black Africans have funeral insurance policies with banks and insurance companies rather than with funeral service societies.

2.3.3 Lower-income group in South Africa

The Government of South Africa introduced Reconstruction and Development Programme (RDP) housing programme just after 1994. This housing programme was mainly meant to provide, at no cost, houses to low-income households (Makgetla, 2020), specifically to South African citizens who earn less than R3 500 per month per household (Department of Human Settlement website). According to Makgetla (2020), households with monthly incomes of less than R3 500 are reported to be self-employed or unemployed, and their primary source of income is social grants.

Using StatsSA's three poverty lines, the lower-income group dominate among those below the food poverty line (R585 per month). This sector is unable to purchase or consume enough food to supply them with minimum per-capita-per-day energy requirement for adequate health. They also dominate among those below lower-bound poverty line of R840. These are individuals considered to not have command over

sufficient resources to either purchase or consume adequate food and non-food items and are therefore forced to sacrifice food to obtain essential non-food items. Low-income individuals also dominate among those below the upper-bound poverty line (R1 268), an amount that can only just allow individuals to purchase adequate levels of food and non-food items.

In this study, the households targeted for surveys live in RDP houses, and thus are either below or around the poverty lines noted above. These poor households are of interest in this study because, despite being financially crippled, the communities that they live in respect the funeral processes to such an extent that anchoring and herding behaviour with regards to conducting funeral processes seem viable. This may suggest that financial constraints do not play the only role in terms of limiting this poor group from having funeral insurance policies. Households that do not have financial constraints (non-poor) are not the focus of the current study because they are likely to have sufficient savings so that having funeral insurance policy may not matter.

2.4. Previous research

This review evaluates previous empirical findings relevant to this study. Mouton (2009:113) describes empirical findings as when, “you have made new factual discoveries or confirmed the existence of previously hypothesised phenomena.” The major goal of an empirical literature review is to find gaps in the literature that is not adequately explored. Thus, this section focuses on the empirical literature that assess the behaviours pertaining to the purchasing of funeral plans and life insurance policies. Specifically, the review discusses the uptake of mortality-related insurance policies, the influence of financial knowledge held by people and the reasons of having (or not having) mortality-related insurance policies.

Berg's (2018) South African study considers funeral insurance as an inter-generational commitment device. Funeral insurance policy holders incur the costs associated with their 'own' burial using this commitment device. Berg (2018) established his commitment device model on the assumption that the policyholder is more concerned about her funeral than the beneficiary. In Berg's (2018) study, life insurance and funeral insurance take-ups were plotted against household assets and income. The

funeral insurance pattern is hump-shaped, which means that it rises at first and then declines as wealth and income levels rise. The purchase of life insurance has a high positive correlation with income and assets. This is in line with the fact that purchasing life insurance entails significant transaction costs. Berg's (2018) study also found that 28% of the sample size had informal funeral insurance, and only 7% had formal funeral insurance. Berg's results were derived by using weighted least squares, weighted probit regressions as well as OLS regressions as analytical strategies.

Case *et al.* (2013) conducted their study in South Africa, focusing on how funerals put households at risk by diverting potentially valuable resources to consumption (coffins, meat, and groceries). These authors (2013) point out that households in South Africa respond to social pressure that compels them to bury their dead in a style seen to be consistent with the observed social status of that specific household. It was also discovered that families that provide funerals which do not match with their beliefs of dignified funerals tend to move down the social ladder (Case *et al.*, 2013). The authors found that families often spend a third of their annual income on funerals, with the total amount varying depending on the status of the deceased. Case *et al.* (2013) further indicate that according to household demographics and socioeconomic status, a woman's funeral and borrowings related to the funeral are less compared to a man by R600 and 2.5-3.5%, respectively. The authors also found that relatives who are more distant from the deceased person spent less and they borrow less for expenses related to the funeral. The cash transfer carried out by the funeral policy triggers significant funeral expenditure if the deceased had a policy. The study adopted the ordinary least squares (OLS) regressions in terms of analysis.

According to Zeka's (2019) South African-based study, most black South Africans prioritise their funerals and thus have funeral insurance policies, but often do not save for retirement. Funerals are regarded as emotionally and financially stressful times by black South Africans, because they constitute financial emergencies. If the deceased person was a prominent person, then has to be large in terms of cultural custom. That this group prioritises funeral policies does not mean that they are not aware of the importance of saving towards retirement.

Similarly, Paek (2020) conducted his research in South Africa, concentrating on funeral insurance policies sold to lower-income groups by funeral societies and micro-insurance companies. The author discovered that these groups' preferences for funeral insurance policies stem from the cultural importance they place on funerals and also because of societal expectations to have what they consider to be a dignified funeral.

Driver *et al.* (2018) evaluated the level of insurance literacy among Australians in order to gauge whether or not the uptake of personal insurance is informed by such knowledge. Driver *et al.*'s (2018) study is explanatory in nature; it adopted a qualitative analysis approach, and had a limited sample size. The informed participants showed consensus on the importance of insurance, but it was found that many Australians do not see value and/or have little knowledge of personal insurance products, resulting in smaller uptake of such insurance. Driver *et al.* (2018) also found that cultural background and personality characteristics play an important role in purchasing life insurance policies.

The findings from interviews further showed that behavioural biases could be influencing consumer insurance decisions, because consumers reported that they rely on information from family members, friends, and websites rather than consulting with professionals (Driver *et al.*, 2018). Customers' confirmation bias was demonstrated by their search for information from multiple settings in order to make a decision on whether to purchase insurance. This demonstrates the significance of being influenced by individuals who share one's point of view and ideas affect one's perceptions and beliefs, implying a bandwagon effect in the Australian insurance industry. Decisions that pointed towards following other people also showed a herding effect among Australians, since they depend on comments made by other customers shared in the public domain when making insurance decisions. According to the authors, the regret aversion bias may be prevalent when customers evaluate the premiums paid with the payout to be received.

Another study by Van Der Laan and Moerman (2018) in Australia pointed out that funeral insurance advertisements on television frequently warn people of the financial

burden that their death would place on their families. As a result, people may be motivated to lessen such a burden by taking out an insurance policy. Van Der Laan and Moerman (2018) argue that advertisements do not tell people that funeral insurance is also a financial product, similar to life insurance, except that the premiums for funeral insurance are generally lower. Most importantly is the fact that both of these financial products will protect the bereaved families, although in different ways. According to the Australian Securities and Investments Commission (2014), over three-quarters of a million Australians have funeral insurance (Van Der Laan & Moerman, 2018); this demonstrates a high up-take of funeral insurance by Australians. In spite of this, the authors point that as people age and reached the age of 50, their premiums will increase and the peace of mind that is sold by funeral insurance companies to their customers becomes a financial burden.

In a cross-country study comprising of 115 countries, Satrovic and Muslija (2018) used OLS regression analysis, and found that the economic component is a greater determinant for the demand for life insurance than demographic components. The authors found that Africa, Asia, Oceania and North America all indicate statistically important effects in terms of the economic component and the demand for life insurance. The demand for life insurance is, on average, lower in European countries. The authors also note that life insurance growth is directly proportional to quality of living; and thus, the amount of national income justifies the importance of the economic determinant. Citizens in high-income countries have more money to spend on life insurance, whilst those in low-income countries have a low standard of living, and therefore buying life insurance may not be an option.

A study by Dragos *et al.* (2017) focused on the relationship between the demand for life insurance and institutional factors in 32 European countries. An important result from this study is that education level increases the uptake of life insurance policies. A higher level of education may increase a financial decision-maker's risk aversion and the desire for security that is offered by life insurance products.

Kim *et al.* (2012), in their study in the USA, reported that one third of their sample size had acquired life insurance. This group is made up of households with low to moderate

incomes. The study analysed the ownership of life insurance using binary logistic regression models that assessed the influence of financial behaviours, economic factors and some demographic factors. Financial risk tolerance, financial knowledge, spending monitoring and regularly saving are examples of financial behaviours (Kim *et al.*, 2012). The study reported that financial knowledge and saving regularly variables are positively associated with having life insurance. Kim *et al.* (2012) also reported that psychological behaviours may be more important in the purchasing of life insurance rather than the demographics and financial characteristics.

The studies reviewed above set out to explain the uptake of mortality-related policies in South Africa and other countries. The usefulness of financial knowledge/literacy was also illuminated. In the current study, the relevance of behavioural finance theories and how those inform an understanding of household decision-making involving mortality-related policies, is explored. The study also contributes to extant knowledge by exploring the different mortality-related policies provided in South Africa. In addition, the uptake of mortality-related policies, the level of financial knowledge and the reasons behind the herding behaviour when choosing mortality-related policies, are assessed for a sample of lower-income households.

2.5 Financial literacy and knowledge

The concept of financial literacy is important in financial decision-making. Remund (2010:284) defines financial literacy as, “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.” Lusardi and Mitchell (2014:6) add that financial literacy entails, “the ability of an individual to comprehend economic information and make informed decisions pertaining financial planning, wealth accumulation, retirement pensions and financial commitments.”

Huston (2010) suggests that financial literacy and financial knowledge may be used interchangeably in the literature, and that the terms are often used as inputs to predict the necessity of financial education and explain diversity in financial outcomes. The

author (2010) provides four content areas of financial knowledge as basic money concepts: borrowing; saving or investment; and financial protection. Rai et al. (2019) share these sentiments and perceive financial literacy as a combination of financial knowledge, financial behaviour and financial attitude, all used to make informed financial decisions. Financial knowledge is also defined, simply, as an individual's understanding of financial concepts (Huang *et al.* 2013). Kim *et al.* (2019:199) add that, "Financial knowledge is linked to positive financial behaviours such as paying off credit cards monthly, planning for retirement, making timely mortgage payments, maintaining lower cost associated with credit cards and having precautionary savings". According to INFE (2011) as cited in Garg and Sing (2017), simple interest, compound interest, time value of money, impact of inflation on price levels and impact of inflation on investment returns are five basic concepts that are relevant to financial knowledge.

Given what financial literacy and financial knowledge entail, the lack of such can therefore be detrimental to a person's financial decision-making outcomes. Unsustainable financial commitments can result from a lack of financial knowledge and literacy, either via bad financial decisions or lack of long-term proper planning. Decisions regarding mortality-related insurance policies, as discussed in the current study, can only benefit from sound financial knowledge and literacy.

2.5 Summary

Traditional finance theories assume that investors or decision-makers are always rational beings capable of processing all available information before making a decision. However, behavioural finance criticises this notion and appreciates the influence of psychology and biases in the financial decision-making processes. In behavioural finance, financial decision-makers have limits to their self-control and their decisions are influenced by their own biases. This chapter discussed important behavioural finance theories (herding, anchoring, cognitive dissonance and prospect theory) which can be linked to the decision to purchase mortality-related policies.

The herding theory, which is defined as when financial decision-makers opt to mimic or follow others' decisions rather than making their own independent choices, can be viewed in rational, near rational and irrational terms. This study utilises irrational

herding to explain the purchase of mortality-related policies, because decisions may be influenced by intuition and emotions.

Anchoring, the second theory, entails that there is a reference point in a household finance decision-maker's mind when anchoring their mortality-related decision choices to those of other community members. The third theory is cognitive dissonance, which can be triggered when new information contradicts pre-existing understanding, causing mental discomfort. In comparison to life insurance, household financial decision makers may believe that funeral insurance provides an instant service that delivers a decent funeral that the community values. Finally, the prospect theory proposes that individuals interpret information illogically by valuing benefits and losses differently, even though they are of same size. Thus, an event with a mere likelihood (life insurance) is given less weight than the certain one (funeral insurance).

The chapter also addressed the conduct and costs of funerals in South Africa. It was indicated that a funeral can be pauper, basic or dignified; furthermore, the loss of a family member has social, emotional, and financial impacts on the surviving members. Funeral insurance premiums can start from as little as R35 per month, and the funeral costs can be as low as R11 800, with a maximum cover of R100 000.

The study's lower-income target group was defined as households that were allocated and lived in RDP houses and thus have a monthly household income of less than R3 500. The chapter also included an empirical literature review on mortality-related policies. South African and international studies were among the prior empirical studies. According to the South African studies, funerals are an intergenerational commitment device, an emotionally and financially painful period, puts cultural significance, and people respond to societal pressure to have a dignified funeral. According to international research, cultural background, psychological behaviours, behavioural biases, level of education, economic component, demographic component, and personality factors all play an important role in motivating individuals to purchase life insurance. The following chapter details the data collection methods, instruments and analytical approaches followed in the present study.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

An appropriate methodology choice is critical as it directs data collection, analysis and interpretation and thereby influencing the outcomes of the study (Mauch & Park, 2003). In the current chapter, the research approach is discussed, followed by the research design. The next sub-section provides information on the population from which the sample is drawn, and the sample and sampling procedures are discussed. Data collection methods and data analysis are the penultimate and final subsections of this chapter, respectively.

3.2 Research approach

A research approach entails the process through which researchers construct their problem and objectives, and how they deliver their findings based on the data collected during the study period (Sileyew, 2019). A research approach also refers to the methods used to address the research problem by gathering data. According to Maree (2007), the three major research approaches for doing research are quantitative, qualitative, and mixed method. These research approaches guide the researcher from the stage of data collection instruments preparation to the stage of study findings interpretation (Sileyew, 2019).

The choice of an approach depends on the researchers philosophical/paradigm orientation, type of knowledge sought, and methods and strategies used to obtain this knowledge (Maree, 2007). A research paradigm influences the research strategy and research method, with positivist and interpretivist being the two main common paradigms. On the one hand, the positivist research paradigm seeks to explain and anticipate what transpires in the social environment by looking for patterns and causal links among its constituents (Burrell & Morgan, 1979, in Bonache & Festing, 2020). A positivist researcher assumes that social events are governed by universal laws, and that discovering these laws allows researchers to explain, predict, and influence social phenomena (Tuli, 2010). On the other hand, the interpretivist research paradigm seeks to understand the world from the perspective of its participants in unexplored aspects

of phenomena (Maree, 2007). A positivist paradigm is frequently associated with a quantitative approach, whereas an interpretivist paradigm is associated with a qualitative approach.

The current study adopts a mixed-method approach. It is, however, heavily inclined towards positivism, because data pertaining to the financial knowledge of holders of mortality policies was directly collected from the sample. A brief discussion of quantitative, qualitative and mixed research approaches follows:

3.2.1 Quantitative research approach

Quantitative research aims to quantify social phenomena by collecting and analysing numerical data, with an emphasis on the relationships between a limited number of variables over a large number of cases (Maree, 2007; Tuli, 2010). Most of the time, the purpose of quantitative research is to explain trends, correlations, or other connections between data (Maree, 2007). A quantitative research approach is founded on the rationalist philosophy and uses a large sample size to obtain reliable evidence (Kumar, 2014). When analysing quantitative data, statistical techniques are utilised, which allows researchers to extrapolate findings from a sample population (Bless *et al.*, 2013). One can also argue that quantitative research is based on statistical calculations that are used in different formats.

3.2.2 Qualitative research approach

Qualitative research constitutes an inquiry process where a researcher develops a complex, holistic picture, analyses words, reports detailed views of informants, and conducts the study in a natural setting (Creswell, 2007; Mouton, 2009). Qualitative research aims to understand social phenomena to arrive at a deeper and clearer understanding about cultural behaviours as well as values and beliefs of people in general (Tuli, 2010). Therefore, qualitative data is data without numbers; it focuses on words, ideas and concepts. This is because one cannot measure this data using any statistical tools; such data is also ideal for describing the behaviour of certain groups in specific situations (Maree, 2007). There are different categories of analysing qualitative data; these include thematic/framework, grounded, content, discourse and

narrative (Nowell *et al.*, 2017). The current study has qualitative components presenting analyses of content and narratives from open-ended questions completed by the participants.

3.2.3 Mixed-method research approach

According to Tashakkori and Teddlie (1998), mixed methods combine both quantitative and qualitative research approaches in one study, so that the researcher collects both numerical and textual data at the same time. The mixed-method approach allows for contextual interpretations, the use of different techniques and flexibility in picking appropriate strategies for answering the research objectives (Maree, 2007). A typical research study may begin with a survey to first establish participants' attitudes about a topic, followed by in-depth interviews to learn about individual opinions on the issue (Maree, 2007). There is, more recently, an increase in use of the mixed-method approach in studies in the business and management disciplines (McKim, 2017; Cameron *et al.*, 2015).

As noted, the present study follows the mixed-method research approach and therefore collected both qualitative and quantitative data. The study reviewed existing ethnographic studies on how funerals are conducted and regarded in South Africa. This review process informed the formulation of open-ended questions in the questionnaire, and the answers to these questions constitute qualitative data. For the quantitative component of the research approach, closed-ended questions were used to collect data that assumes different types such as nominal, intervals and ordinal.

3.3 Research design

A research design is a plan or strategy of how one intends to carry out one's research (Mouton, 2009). Babbie (2007) also describes a research design as the researcher's plan on the process of data collection and analysis to answer research objectives. A very important decision in the research design process is the choice to be made regarding research approach since it determines how relevant information for a study will be obtained; however, the research design process involves many interrelated decisions (Sileyew, 2019).

Exploratory, explanatory and descriptive are three research design typologies (Brotherton, 2015). Exploratory research design on one hand and according to Brotherton (2015), and Thomas and Lawal (2020), aims to explore background knowledge about a topic or problem for which there is little prior knowledge and research to create a foundation of understanding for future research. On the other hand, a descriptive research design is used when the subject matter is already understood to a certain level, but the researcher is eager to understand more about the phenomenon by addressing the how, what, when, and where questions. An explanatory research design, lastly, is designed to explain cause and effect relationships between variables. The current study adopts a descriptive design to a large extent, and an exploratory design to a lesser extent.

Research designs are further classified into either quantitative or qualitative (as outlined in section 3.2.2) and a quantitative design is again further classified as experimental, non-experimental, quasi-experimental or semi-experimental (Maree, 2007).

3.3.1 Experimental research design

This design is performed to examine the cause-and-effect relationships of the independent variables and the dependent variables (Brotherton, 2015; Maree, 2007). The three features of experimental research design are that they involve manipulation, some control and treatment, and the use of randomisation to assign participants to various groups on which the manipulation is to be done (Maree, 2007). In most cases, an experimental research design takes place in a trials or tests that are conducted in a specific environment.

3.3.2 Non-experimental research design

This design is often used in descriptive studies in which the units chosen to participate in the research are evaluated on all relevant variables at a specified period, and without the researcher's manipulation or control (Maree, 2007). Surveys are the most common non-experimental research design for collecting quantitative data that can be used to explore specific research topics (Maree, 2007).

3.3.3 Quasi- or semi-experimental research design

A quasi- or semi-experimental research design is a design that combines both experimental and non-experimental designs. According to White and Sabarwal (2014), a quasi-experimental research design is similar to an experimental design in that it tests causal hypotheses but does not use random assignments. Because participants are not allocated at random, a quasi-experimental design allow for the manipulation of an independent variable before measuring a dependent variable (Jhangiani *et al.*, 2019).

The current study draws on descriptive and exploratory research designs, and thus has both quantitative and qualitative dimensions in order to explore the possible financial herding behaviour of lower-income groups in South Africa with reference to the mortality-related policies market. The quantitative portion of the research is also non-experimental in nature. Thus, the study uses a mixed-method research approach. The qualitative data focuses mainly on the reasons behind the choices between the two mortality-related insurance policies (a life insurance policy and a funeral insurance policy). Responses to these questions assist the researcher to identify key concepts on this topic and further analysis of these concepts can be carried out. The quantitative data attempts to gather the data in quantities relating to uptake of the relevant policies, as well as the measurements of financial knowledge among participants, as well as relevant socio-demographic factors.

3.4 Sampling procedure

This section describes the population where the sample is drawn, the sampling approaches and the sample itself.

3.4.1 Study population

The survey component of the current study identifies the population as lower-income households in Bloemfontein townships in the Free State province. These townships were chosen because they are in close proximity to the researcher's area of residence. Given that the project is self-funded, the researcher found it viable to work with the townships that have the features similar to other townships across the country. Lower-

income households are of interest because their income levels may force them to make hard decisions between mortality-related insurances and other basic needs. Results obtained in the current study may contribute to policy on poor households' upliftment. The identification strategy for lower-income households in the current study draws from studies such as Amoah *et al.* (2019); Lucas (2011) and Venter *et al.* (2007) and as discussed in chapter 2, residing in RDP houses in townships.

3.4.2 Sampling

Maree (2007) defines sampling as the process of selecting a subset from the whole population under study or a sampling frame. Taherdoost (2016) asserts that sampling can be used to deduce information about a population or to draw generalisations based on existing theory. Maree (2007) also notes that the researcher should be able to draw a sample from the population under study, since it is not possible to study the entire population due to time and financial constraints. Sampling methods are divided into two types, namely probability or random sampling, and non-probability or non-random sampling.

This study uses probability sampling. Examples of probability sampling include simple, stratified, cluster and systematic sampling. Probability sampling means that every item in the population has an equal chance of being included in sample (Taherdoost, 2016; Maree, 2007). Non-probability sampling denotes the absence of probability sampling mechanism (Vehovar, 2016); these include convenience, quota, snowball and purposive sampling. A brief discussion of probability sampling methods as preferred for this study are discussed below:

3.4.2.1 Simple random sampling

Simple random sampling means that each population element has an equal chance of being selected (Maree, 2007) through a sample procedure.

3.4.2.2 Stratified random sampling

In stratified sampling, the population is split into strata and then a random sample is conducted from each stratum (Maree, 2007). The advantage of stratified sampling is that it represents the population better than simple random sampling.

3.4.2.3 Cluster random sampling

A cluster random sample occurs when the population size is split into clusters (groups), such as wards, townships and schools (Maree, 2007) and then a simple or a systematic random sampling will be carried out within a given cluster.

3.4.2.4 Systematic random sampling

According to Acharya *et al.* (2013), with systematic random sampling, the initial subject is chosen at random, and the subsequent subjects are chosen in a systematic manner. Maree (2007) states that systematic random sample is one in which every k^{th} item is selected after the first item randomly. The advantages of this sampling method are its simplicity and that it can be used where the population size is unknown (Maree, 2007).

For this study, multi-stage sampling approach was employed (Anderson *et al.*, 2020), and the stages of the approach are articulated here. Firstly, a single township (known as Freedom Square) was selected randomly using random number tables (Anderson *et al.*, 2020), from a sampling frame that contained sixteen RDP-based townships in Bloemfontein. Only one out of sixteen RDP-based townships was selected. Secondly, a systematic sampling procedure (Anderson *et al.*, 2020) was adopted within the Freedom Square township to select households to participate in the interviews. Generally, living units in the South African townships are arranged in form of streets and thus one can easily identify these streets and the living units.

The researcher identified where Freedom Square township starts as one leaves Turflaagte township, and chose the first living unit in Freedom Square. Once the first point or sampling unit was chosen as stipulated by using the systematic sampling method (Anderson *et al.*, 2020), the researcher selected the next 10th living unit for the interviews, from one street to another, until the selected sample size was reached.

Systematic sampling is ideal in a setting where the prospective participants are organised in file. The household member to speak to is one who has a financial decision-making role within the household. Information about such a member is obtained from the household head, from whom the researcher sought permission to interview the relevant household member, before obtaining consent from the selected participant. If two or more household members shared such responsibilities, the researcher would use a further random selection using a coin or an appropriate die. There were very few cases (fewer than 5%) where two members in a household shared the financial decision-making responsibilities, and here a coin was used to select the participant. There were no instances where more than two members were responsible for financial decision-making.

3.4.3 Sample size

To allow for quantitative analysis with appropriate degrees of freedoms and given the budgetary constraints, the researcher surveyed one hundred and fifty (150) households. The participants who were surveyed are those who either have a funeral or life insurance policy, or both. A minimum of 100 participants is normally suggested as adequate to obtain appropriate degrees of freedom (Bujang & Baharum, 2017). The fieldwork took place over a period of about eight weeks (during April and May) in 2021.

3.5 Data collection method

There are several ways for collecting data from a sample of respondents, with certain methods being preferable in specific circumstances (Maree 2009). Data collection is the process of gathering information using a measuring instrument in an attempt to solve a research problem (Mouton, 2009). Data can be divided into secondary and primary data. Secondary data refers to when the researcher uses information which was gathered by someone else for primary reasons (Johnston, 2017). Primary data refers to data that the researcher collects; this is original data for the given research study using techniques that are best suited to the problem (Hox & Boeijs, 2005). The present study used a primary data collection method to collect both the qualitative and quantitative data in the form of a survey.

3.5.1 Survey

Check and Schutt (2012) define a survey as the collection of information from a sample of people through their answers to questions. Questionnaires are commonly used in survey research, and information can also be gathered through interviews, telephone calls, postal means and observation (Maree, 2009). When a survey design is used to study a sample of a certain population, the results are supplied to the researcher in the form of qualitative, quantitative, or numerical descriptions of patterns, attitudes, or respondents' opinions (Creswell, 2014).

A face-to-face survey was used in this study. Prior to the completion of the questionnaire, the researcher offered a brief explanation of the questionnaire's purpose in order to provide an understanding of the research to potential respondents. Well-trained interviewers, as suggested by Maree (2009), visited the respondents, ask the questions, and record the responses. A face-to-face questionnaire survey has several advantages, among these a good response rate, the possible use of long questions, questions can be clarified during the survey, and respondents need not be literate (Maree, 2009). During the survey process, the researcher allowed participants to respond to the questions about mortality-related insurance policies using a prepared questionnaire that has both closed and open-ended questions.

3.5.2 Questionnaire

A questionnaire was used as the instrument for collecting both quantitative and qualitative data. A questionnaire is, "a written list of questions with the responses to these questions being recorded by the respondent" (Kumar *et al.*, 2005:126). A questionnaire can have open- and/or closed-ended questions. Maree (2007) states that the design of this instrument is an essential component of the research process as the instrument is an integral part of data collection and generation. Hopkins (2005) also notes that different types of surveys require different types of questionnaires. The researcher, therefore, had to keep in mind what type of data would be generated by the questions, and the statistical techniques required to analyse it. Maree (2007) indicates that when the researcher designs a questionnaire, the researcher must attend to the appearance of the questionnaire, the question sequence, the wording of

questions and response categories. If the aforementioned characteristics are addressed, the questionnaire is likely to be a natural, ready-to-use tool for eliciting information.

In this study, to develop the data collection instrument, a literature review regarding mortality-related policies, financial knowledge, and human herding behaviour was conducted by employing Google Scholar and EBSCOhost. When using EBSCOhost, the databases selected were Academic Search Ultimate, Africa-Wide Information and EconLit with full text. Websites for research agencies and policy think tanks such as the Human Science Research Council (HSRC) were also consulted in search of similar questions that are applicable to this study. By adopting questions from other researchers' instruments and the research agencies after obtaining permission to do so, the questionnaire was put together.

For the data collection process, it was decided to conduct face-to-face interviews that use a questionnaire with closed and open-ended questions that gather information on financial knowledge and the reasons behind funeral and life insurance choices. In addition, data on household characteristics and socio-demographics of the interviewee was gathered. Questionnaire was piloted first by visiting few households not in the selected sample before embarking on the full project (10% of the sample size). This allowed for adjustments to the questions to improve the validity of the data. These processes commenced after obtaining ethics approval from the relevant ethics committee (also see section 3.7). The questionnaire was also checked by the North-West University Statistical consultation services for its suitability for data collection.

There are numerous distinctions between open-ended and closed-ended questions, particularly in terms of the role of respondents while answering such questions, given that the questionnaire had both open- and closed-ended questions. Open-ended questions are questions that allows the respondent to express her or his viewpoint without being influenced by the researcher (Maree, 2007; Popping, 2015) whilst closed-ended questions limit the respondent's options, because the he or she must choose from the responses provided. The major advantage of closed-ended questions is that data gathered is easier to code and analyse (Maree, 2007). However, the

advantages of open-ended questions include the ability for respondents to provide honest, in-depth answers, as well as the fact that thematic analysis of responses can yield fascinating information, categories, and subcategories (Maree, 2007; Popping, 2015). On the other hand, the main disadvantage of data obtained using open-ended questions is that it might be difficult to code.

The questionnaire used to collect data had 60 questions that were grouped into three sections as indicated in Table 3.1.

Table 3. 1: Questionnaire sections, question sources and objectives

Section	No. of questions	Source of questions	Objectives addressed / Motivation for inclusion
A. Biographical information	1-9	Own questions	Questions 1-7 addresses socio-demographics. Questions 8 and 9 measure financial dependency that may influence choice of policies; thus objective 5.
B. Mortality-related policy choices	10-19	Struwig <i>et al.</i> (2013) and own questions	Questions 10, 11, 12, 14, 16 and 17 address objective 3, regarding the uptake of mortality-related policies.
			Questions 13, 15, 18 and 19 address objective 5 on the reasons for policy uptake.
C. Financial knowledge assessment	20-60	Ramavhea <i>et al.</i> (2017) and Struwig <i>et al.</i> (2013)	Questions 20-60 address objective 4, on financial knowledge assessment when making decisions on mortality-related policies.

Section A had nine closed-ended questions. Questions 1-7 addressed the sample's socio-demographics. Question 8 and 9 assessed financial dependency that might have influenced the choice of mortality-related insurance policies. Section B (questions 10-19) had both open and closed-ended questions aimed at assessing the mortality-related policy choices. Question 10, 11, 12, 14, 16 and 17 addressed the uptake of mortality-related policies. Question 13, 15, 18 and 19 addressed the reasons for the choice of mortality-related policies.

Section C (questions 20-60) had 40 closed-ended questions aimed at assessing lower-income households' financial knowledge while having to make decisions on mortality-related policies. These questions were adapted from the research of Ramavhea *et al.* (2017) and Struwig *et al.* (2013). Question 20 and questions 51 to 60 were adapted from Struwig *et al.* (2013), and permission to use the questions was granted. Questions 21, 24 to 50 were gleaned from Ramavhea *et al.* (2017), and permission was also granted to use them.

Ramavheas *et al.*' study was based on an investigation of students' financial literacy at a University level. Struwigs *et al.*' study was based on financial literacy in South Africa results of a 2012 national survey update. Questions 20–41, 54 and 60 offered given response options of “yes,” “no,” “prefer not to answer,” and “I don't know.” Questions 42-46 tested basic arithmetic among lower-income households, and respondents were given a variety of options to select from. Questions 47-49 asked respondents if they agreed with the statements and chose from the alternatives of “true,” “false,” “do not know,” and “prefer not to answer.” Questions 50-53 were behaviour questions that tested how often respondents does these things, and respondents were asked to choose from the seven-point Likert scale, from “always”, “often”, “some of the time”, “seldom”, “never”, “prefer not to answer” and “not applicable”. In questions 55-59, respondents were asked how much they agreed or disagreed with each of the statements from a Likert scale, with options of “completely agree”, “agree”, “neither nor”, “disagree”, “completely disagree” and “prefer not to answer”. For the closed questions, participants' financial knowledge and uptake were measured using existing questions from the previous researchers matching them to

the current study's objectives. The researcher crafted her own open-ended questions to answer some of the research objectives.

3.5.4 Reliability and validity of the questionnaire

3.5.4.1 Reliability of the questionnaire

The reliability of an instrument means that the same instrument can be used at different times or administered to different subjects from the same population and yield same findings (Maree, 2007). A questionnaire is deemed reliable if it provides the same results when used several times in the same population. A discussion below indicates a number of different types of reliability (Maree, 2007; Drost, 2011; Taherdoost, 2016):

Test-retest: The reliability of an instrument is determined by administering it to the same subjects on two or more occasions. A correlation coefficient is then calculated to compare the first set of scores to the second set. If the instrument's reliability is low, this coefficient will be near to zero.

Equivalent form: A measure of this type of reliability is achieved by administering the instrument, and then administering the same instrument measuring the same construct to the same participants on a second occasion. Instrument reliability is determined by comparing the two sets of scores using a correlation coefficient.

Split-half reliability: Here, it is necessary to divide the instrument's components into two distinct instruments in order to achieve a measure of this type of reliability.

Internal reliability: When a number of items are formulated to measure a certain construct, there should be a high degree of similarity among them since they are supposed to measure one common construct. Cronbach's alpha coefficient is used to measure the inter item correlations. Reliability estimates of 0.80 are regarded as acceptable in most applications while estimates lower than 0.60 are regarded as unacceptable.

The current study used internal reliability as Cronbach's alphas were computed for a number of constructs.

3.5.4.2 Validity of the questionnaire

The validity of an instrument refers to the extent to which the questionnaire measures what it is supposed to measure. Below is a discussion of a number of different types of validity as using reliability only is not enough (Maree, 2007; Drost, 2011; Taherdoost, 2016) used in the study:

Face validity: Face validity refers to the extent to which an instrument appears to measure what it is supposed to measure.

Content validity: This refers to the extent to which the instrument covers the complete content (aims and objectives) of the particular construct that it is set out to measure.

Construct validity: This is needed for standardisation and requires an assessment of the instrument to measure the issue under the study.

Criterion validity: This type of validity is probably the ultimate test as to whether an instrument measures what it is supposed to measure. The correlation between the instrument and criterion is an indication of the criterion validity of the instrument.

The questionnaire's validity with respect to the above discussed criteria was assessed by piloting the instrument and interacting with the participants in the pilot. Face validity was also at play as the Scientific Committee, Ethics Committee and Statistical consultations services inspected the questionnaire.

3.6 Statistical analysis

The data analysis is split into three key components, namely: descriptive statistics focusing on respondents' socio-demographic characteristics and mortality-related policies held; bivariate statistics of different financial knowledge components (i.e., correlation coefficients and Cohen's d) and a thematic approach towards possible drivers of herding behaviour among the respondents. A brief overview of the various statistical approaches utilised in the study is provided in the following sub-sections. The Statistical Package for the Social Sciences (SPSS Version 27) software program was used for quantitative data analysis. In terms of the qualitative data, a thematic

approach was used to identify the possible human herding behaviours among the participants and relate these to the theories discussed. Where appropriate, tables, pie charts and bar graphs are used to present the results.

3.6.1 Descriptive statistics

Descriptive statistics used in this study includes measures of frequency, central tendency and dispersion. Descriptive statistics provides a picture of the distribution patterns for the key variables in the study.

3.6.2 Correlation coefficients

Maree (2007:234) defines a correlation coefficient as, “a measure of the strength of the relationship between two quantitative variables and establishes whether the relationship is linear, and performs an analysis which reveals the direction and strength of the relationship, and also whether it is statistically significant from zero.” Pearson and Spearman are two types of correlation coefficients, although this study adopts Spearman’s rank correlation as a coefficient. Spearman’s rank correlation is typically denoted as rho or as r and it determines the statistical dependence between independent and dependent variables (Maree, 2007). These correlations provide information about the nature of the variables' relationship. A Spearman’s correlation of close to one indicates a high positive correlation, and a value close to negative one represents a highly negative relationship. Values close to zero show low correlations.

3.6.3 Cohen’s d

Cohen’s d technique is used to compare two groups to determine practical significance as denoted by effect sizes (Lakens, 2013). These effect sizes are the most important outcome of empirical studies. Effect size is described for differences in means across groups, for the relationship in two-way frequencies (Ellis & Steyn 2003). Three reasons for using effect sizes are (1) they allow researchers to present the magnitude of the reported effects in a standardised metric that can be understood, regardless of the scale used to measure the dependent variable; (2) they allow researchers to draw meta-analytic conclusions by comparing standardized effect sizes across studies; and (3) they allow researchers to compare effect sizes from previous studies (Lakens,

2013). According to Cohen (1988), the guidelines to assist in determining what constitutes a large or small effect size are: $d = 0.2$ (small effect); $d = 0.5$ (medium effect); and $d = 0.8$ (large effect). Thus, a large effect suggests a strong practical significance of a research outcome. In this study, effect size is used to measure the strength of the relationship between components of financial knowledge by gender and by whether the participant is receiving a government grant.

3.7 Ethical considerations

Before getting into the field, the researcher applied for and was granted with the ethics approval number [NWU-00037-21-A4] from the North-West University EMS-REC Ethics committee. To ensure the safety of all participants involved during the survey, all the COVID-19 regulations required by government were followed by the researcher whilst in the field. These include practicing social distance, sanitising hands using an alcohol-based rub, and always wearing mask covering the mouth and nose. Permission was sought from the relevant community leaders before speaking to specific households. These community leaders are the ward councillors who promote the needs for the community and also integrate the community into the decision-making process (Piper & Deacon, 2009; Mbandlwa & Mishi, 2020). For each household, permission was sought from the household head and the specific respondent that was identified. All respondents were of age 18 years or older. A consent form was signed before the commencing with surveys and completion of questionnaires. The participants' personal information such as names and identity numbers were not collected, and this was to ensure that responses are treated anonymously. In other words, the questionnaire did not request any personal information other than basic demographics, thus the participants' privacy was respected. Participants were informed that participation in the study was voluntary, and they could withdraw at any stage without any consequences if they felt uncomfortable responding to any question.

3.8 Summary

This chapter explored different research designs and research approaches, and pertinent concepts such a sampling, data collection techniques, administration of the

questionnaire, data preparation, and statistical analysis used in the study were discussed. Because this study follows a mixed method research approach, the questionnaire was designed in such a way that it had both qualitative and quantitative questions. Thus, the questionnaire has closed-ended and open-ended questions. In terms of research design and sampling, the study uses descriptive and exploratory research designs as well as a systematic sampling procedure to select households to participate in the survey. The North-West University's Statistical Consultation services evaluated the questionnaire for suitability as a data gathering instrument. Before entering the field, the researcher applied for ethics approval from the North-West University Ethics Committee, and that was granted. Statistical analysis for the quantitative data includes descriptives, calculation of correlation coefficients and Cohen's *d*, while the analysis of qualitative data includes a thematic analysis. The next chapter presents the results as well as a discussion of these. Illustrative textual supplements such as bar charts, pie charts, tables are used for the quantitative component, and narratives and quotations for the qualitative component.

CHAPTER 4: PRESENTATION AND DISCUSSION OF RESULTS

4.1 Introduction

This chapter provides a presentation and discussion of the results from the statistical analysis as articulated in chapter 3. The presentation and discussion are guided by the three empirical objectives of the study. Thus, the chapter reports on the assessment of the uptake of mortality-related policies by lower-income households in South Africa. Furthermore, there is an assessment of the amount of financial knowledge that South Africans have when making decisions on mortality-related policies, and finally, the reasons behind the possible herding behaviour in choosing mortality-related policies are explored.

4.2 Respondents' socio-demographic characteristics

Table 4.1 provides a summary of socio-demographic characteristics of the respondents in the study.

Table 4.1: Respondents' socio-demographic characteristics

Item		Frequency	Percentage
Gender	Female	104.0	69.3
	Male	46.0	30.7
	<i>Total</i>	<i>150.0</i>	<i>100.0</i>
Marital status	Single	36.0	24.0
	Married	40.0	26.7
	Divorced	16.0	10.7
	Widowed	39.0	26.0
	Living together	19.0	12.7
	<i>Total</i>	<i>150.0</i>	<i>100.0</i>
Age	18-30	12.0	8.0
	31-40	30.0	20.0
	41-50	40.0	26.7
	51-60	29.0	19.3
	61-70	29.0	19.3
	70+	10.0	6.7
	<i>Total</i>	<i>150.0</i>	<i>100.0</i>
Item		Frequency	Percentage

Level of education	No formal schooling			8.0	5.3
	Incomplete primary school			22.0	14.7
	Primary			26.0	17.3
	Incomplete grade 12			56.0	37.3
	Grade 12			33.0	22.0
	Tertiary			5.0	3.3
	Total			150.0	100.0
Government grant/s recipient in family	Yes			124.0	82.7
	No			26.0	17.3
	Total			150.0	100.0
Grant/s specification	None receiving			26.0	17.3
	Child support grant			61.0	40.7
	Old age grant only			26.0	17.3
	Disability grant only			6.0	4.0
	Unemployed grant			1.0	0.7
	Child support and old age grant			29.0	19.3
	Child support and disability grant			1.0	0.7
	Total			150.0	100.0
Employment status	Student or apprenticeship			1.0	0.7
	Unemployed			92.0	61.3
	Employed			38.0	25.3
	Other			19.0	12.7
	Total			150.0	100.0
Individual monthly income	0-2500			89.0	59.3
	2501-5000			44.0	29.3
	5001-10000			13.0	8.7
	10000+			4.0	2.7
	Total			150.0	100.0
Number of dependents	n	minimum	maximum	mean	Std. dev
Dependents (<18)	150	0	5	1.733	1.072
Dependents (>18)	150	0	4	1.093	0.922

Approximately seven out of every ten respondents are females. In terms of the marital status of the respondents, the three categories of single, married, and widowed claim around a quarter each of the sample. The divorced and living together categories each claim a share of around one tenth. Concerning age, about 84% of the sample are

within the range of 31 to 70 years, of which the 41 to 50 years range contributes 26% and the other three categories, i.e., 31 to 40; 51 to 60, and 61 to 70 contribute about 20% each. Approximately 37% and 22% of the respondents reported to have incomplete grade 12 and completed grade 12 respectively. Those who indicated to have incomplete primary (14%) and complete primary (17%) education constitute almost a third of the sample. Regarding employment status, almost two thirds of the sample are unemployed, and a quarter of the sample is employed. The remaining respondents (12.7%) indicated 'other' for their employment status, which most likely represents those who are not economically active due to various reasons.

As was expected, close to 90% of the sample respondents has an individual monthly income of R5 000 or lower. In fact, 60% earns no more than R2 500 as an individual monthly income. Thus, the selected households in this sample are of a low-income sector, and 82% of them belong to a family with member (s) who is/are government grant recipient(s). Receiving a child support grant was indicated by 40% of respondents as the only grant received in the household. About 17% of the respondents indicated that old age grant is the only grant received in the household. To emphasise the aspect that these are lower-income households, about one fifth of the respondents (19.3%) are from households that receive both (a) child support grant(s) and (an) old age grant(s). Despite coming from poor households, the respondents have a number of dependents, both young and old. The average number of dependents under the age of 18 are 1.733, and average number of dependents over the age of 18 are 1.093. In total, respondents have an average number of 2.826 dependents, irrespective of the dependents' age. The individual income levels, percentages of those depending on social grant and number of dependents all suggest that these respondents have very low living standards.

A further bivariate analysis of education level and employment status (Table 4.2) shows that among those who are unemployed, close to 90% do not have grade 12 or tertiary education. However, about 55% of those who are employed have grade 12 or tertiary education. The level of education therefore statistically significantly plays an important role on the employment status of the subjects in this study.

Table 4.2: Employment status by education level

Education level	Employment status (%)					Chi2
	Student	Unemployed	Employed	Other	Total	
No formal schooling	0.00	8.70	0.00	0.00	5.33	47.32***
Incomplete primary	0.00	19.57	5.26	10.53	14.67	
Primary	100.00	27.17	0.00	5.26	17.33	
Incomplete grade 12	0.00	32.61	39.47	52.63	37.33	
Completed grade 12	0.00	9.78	47.37	31.38	22.00	
Tertiary	0.00	2.17	7.89	0.00	3.33	
<i>Total</i>	<i>100.00</i>	<i>100.00</i>	<i>100.00</i>	<i>100.00</i>	<i>100.00</i>	

Notes: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.10$

4.3 Mortality-related policies uptake

To explore the level of uptake of different mortality-related-policies, respondents were asked to select, from the given list, the policies that they hold. The question allowed for multiple selection, because it is possible for an individual to possess a variety of these policies. A further question was also posed regarding the monthly contributions or payments that respondents make for the policies selected. Since these are mortality-related-policies, the researcher also gathered information on what the respondents estimate funeral costs to be within their communities. Table 4.3 provides the different funeral insurance policy types and their frequency of being mentioned in the current study sample.

Table 4.3: Types of funeral insurance policies held by respondents

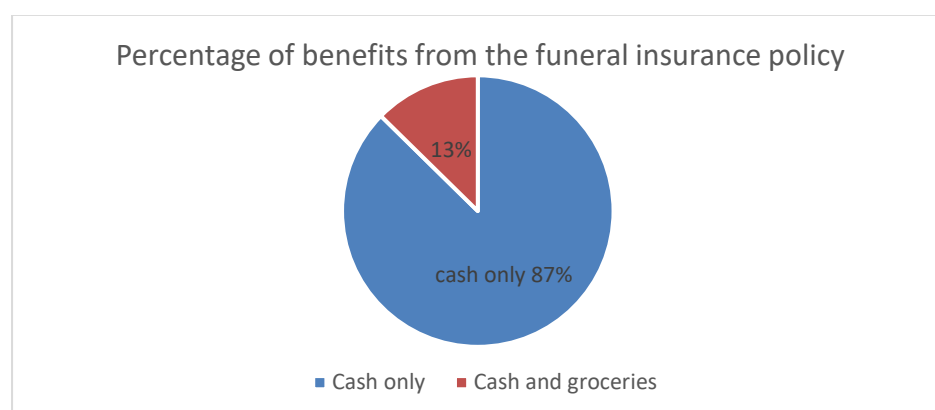
Funeral insurance policy held	Frequency	Percentage
Funeral cover with an insurance company only	56.0	37.3
Funeral cover with a bank only	23.0	15.3
Funeral cover through an undertaker or parlour only	12.0	8.0
Funeral cover through bank and insurance company	22.0	14.7
Belong to a burial society and parlour	8.0	5.3
Funeral policy with a bank (including Post Bank) and parlour	4.0	2.7
Funeral cover through burial society and bank	10.0	6.7
Funeral cover through burial society and insurance company	10.0	6.7
Funeral cover through an undertaker or funeral parlour and insurance company	4.0	2.7
Funeral policy with an insurance company, bank and parlour	1.0	0.7
Total	150	100.0

The range of funeral insurance policy providers is wide. However, as is shown in Table 4.3, the most dominant policy that the respondents have is funeral cover provided by an insurance company, reported by 37.3%. The next most common cover type is provided by the bank (15.3%), and the third most common situation is made up of respondents who hold an insurance policy from both a funeral company and the bank (14.7%). As Table 4.3 illustrates, the remaining options are very rare, with percentages ranging from 0.7% (for a combination of funeral policies with an insurance company, bank and parlour) to 8% (funeral cover through an undertaker or parlour). Nevertheless, these lower-income households all have funeral insurance policies, showing how common this service is in South African communities.

Since all the respondents have a funeral insurance policy of some sort, the question on monthly contributions made towards the funeral insurance policy was answered by the whole sample. On average, respondents make a contribution of R224 towards their policies (minimum = R60 and maximum = R622). Regarding the perceived amount spent at a funeral in community where the sample was extracted, the average is R30 431 (minimum = R6 000 and maximum = R60 000).

For lower-income households, their perceptions of funeral expenses motivate them to have a funeral policy that covers them on a relatively high level. According to the responses given by participants provided in figure 1, most replied that they would get cash only (87.3%) from their insurance policies, while 12.7% will receive both cash and groceries in the case of death.

Figure 4.1: Percentage of benefits from the funeral insurance policy



With regards to life insurance policies, only 19 out of the 150 respondents have such a policy. For these life insurance policyholders, the average amount paid towards life insurance policy is R305 (minimum = R95 and maximum = R612). In the event of the policyholder passing on, nine respondents have an idea of how much will be cashed out; the average amount is R675 333 (minimum = R50 000 and maximum = R2 000 000). This may, however, be skewed due to a small sample and large outliers.

The next section focuses on the respondents' financial knowledge. An assessment of their financial knowledge is necessary to gauge whether respondents' decisions on mortality-related policies are influenced by their financial knowledge or otherwise.

4.4 Financial knowledge assessment

The questionnaire contained a number of items that were used to measure financial knowledge. Using factor analysis, these items were put into groups of:

- those that focus on general financial knowledge;
- those that address one's understanding of current inflation and interest rates;
- those capturing savings, interest and VAT knowledge;
- items that assess banking products, South African Revenue Services (SARS) tax year and investment knowledge;
- items measuring the level of prudence with finance;
- items that capture respondents' freedom with finance;
- items on how respondents are satisfied with their spending; and
- items assessing household budget issues.

As Kline (2014) notes, factor analysis is a statistical method that is used to simplify complex sets of data, and an analysis of data was used as various financial knowledge items were captured using the questionnaire. The reliability of the subsequent grouping of items into themes was supported by the Cronbach's alpha coefficients (Maree, 2016 suggests Cronbach's alpha ranges that can be used by researchers are: 0.90 (highly reliable), 0.80 (moderately reliable) and 0.70 (low reliability)). However, Vaske *et al.* (2017) consider coefficients above 0.60 to be acceptable. Below is a presentation of results regarding these grouped items.

4.4.1 General financial knowledge

This component has 11 items speaking to the general financial knowledge as depicted in Table 4.4. The table provides a summary of the percentages of those who answered the questions correctly and those who answered the questions incorrectly.

Table 4.4: General financial knowledge items and responses

Item		Correct answers (%)	Incorrect answers/I don't know (%)
1	Compared to buying, renting a house provides more financial flexibility.	30.0	70.0
2	Inflation has an impact on savings.	53.3	46.7
3	Financial planning can be affected by inflation.	40.0	60.0
4	Long-term financial goals should be changed as new information becomes available.	36.7	63.3
5	Setting short-term goals helps me to control my living expenses.	32.0	68.0
6	Fixed expenses remain constant regardless of period of time.	30.7	69.3
7	The budget and actual expenses must align. Do you agree?	8.0	92.0
8	Imagine that five friends are given a gift of R1 000. If the friends have to share the money equally how much does each one gets?	84.7	15.3
9	Suppose you put R100 into a savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money. Will the amount in your account at the end of the year be less than, same as or more than R100?	57.3	42.7
10	If someone offers you the chance to make a lot of money, it is likely that there is also a chance that you will lose a lot of money.	51.3	48.7
11	High inflation means that the cost of living is increasing rapidly.	75.3	24.7
Average		45.4	54.6

As illustrated in Table 4.4, the highest percentage for an incorrectly answered question sits at 92% (*The budget and actual expenses must align. Do you agree?*), suggesting

that the sampled households have little to no knowledge about the fact that the budget does not really align with actual expenses because it is based on estimations. Specifically, the summary also shows that more than two-thirds (70%) of the sample do not understand that renting a house provides more financial flexibility. About seven in ten (69.3%) are not aware that fixed expenses remain constant regardless of time. Also, just over two-thirds (68%) do not agree that setting short-term goals help to control living expenses, and 63.3% show no understanding of the fact that long-term financial goals must be adjusted as new information emerges. Six in ten (60%) do not understand that financial planning can be affected by inflation. With respect to the impact of inflation on saving, just more than half (53.3%) demonstrated that knowledge.

Three quarters (75.3%) of the respondents correctly answered the fundamental maths question on interest rates; slightly over half (51.3%) correctly stated that wherever there is a chance to make a lot of money, there are some risks associated or that follow, and three quarters of the sample (75.3%) correctly noted that high inflation is associated with increased cost of living. The most correctly answered item scored 84.7% (*Imagine that five friends are given a gift of R1 000. If the friends have to share the money equally how much does each one get?*). Based on the failure rate when answering difficult items in these 11 questions capturing general financial knowledge, there is evidence to suggest that the respondents in this study have limited financial knowledge. The overall average percentage for correct answers for the 11 items stands at 45.4%, and thus also attests to that effect. The classifying of these 11 items as measures of general financial knowledge is supported by the Cronbach's alpha of 0.825.

4.4.2 Knowledge of current inflation and interest rates

Turning to current inflation and interest rates, two questions focusing on the increase in general price in percentage terms and prime lending rate were posed. These questions were separated from the general financial knowledge group of items as the questions assess the respondents' factual knowledge with respect to these two important economic indicators. Thus, respondents were tested on whether they know

these figures for South Africa. Only one in ten could confirm that the prime lending rate was 7%, and a mere 4.7% could confirm that inflation rate was between 3 and 3.5% at the time of data collection. Table 4.5 illustrates these results.

Table 4.5: Knowledge of current inflation and interest rates items

Item		Correct answers (%)	Incorrect answers/I don't know (%)
1	The current prime lending rate is 7%.	10.0	90.0
2	The current rate of increase in general price is between 3% and 3.5%.	4.7	95.3
Average		7.0	93.0

As is shown in Table 4.5, the two items scored a Cronbach's alpha of 0.769, confirming that they belong in this group. Here, the respondents have very little knowledge about these important economic variables, and yet the variables are crucial for financial decision-making. Such a result supports findings in previous sub-sections dealing with limited financial knowledge. Thus, the financial decision-making of these respondents could be informed by factors other than financial knowledge.

4.4.3 Savings, interest and Value Added Tax (VAT) knowledge

Here, seven items were used to gauge the sample's knowledge of savings, interest and VAT. When assessed whether these belong to this group, a Cronbach's alpha of 0.615, which according to Vaske et al. (2017) is still within the acceptable range, was obtained. This is the justification to include these items here. Table 4.6 provides a summary of the items.

Table 4.6: Summary of savings, interest and VAT knowledge items.

Item		Correct answers (%)	Incorrect answers/I don't know (%)
1	A statement of financial position shows what I own or possess, what I owe to other people and what I remain with if I am to pay all my debts.	74.7	25.3
2	The best way to save money is to save money in a savings account.	30.7	69.3
3	The current VAT rate is 15%.	52.7	47.3
4	Imagine five friends have to share R1 000. Suppose that the friends have to wait for one year to get their share of the R1 000 and inflation remains the same. In one year's time will they be able to buy....	55.3	44.7
5	If you put R100 into a savings account with a guaranteed interest rate of 2% per year. How much would be in the account at the end of five years? Would it be more than, exact same amount, less than, impossible to tell or you don't know?	50.0	50.0
6	You lend R25 to a friend one evening and he gives you R25 back the next day. How much interest has he paid on this loan?	90.0	10.0
7	It is less likely that you will lose all of your money if you save it in more than one place.	65.3	34.7
Average		60.0	40.0

The results for savings, interest and VAT show that more than half of the sample (60%) have knowledge of savings, interest and VAT. Only one question (the best way to save money is putting it in a savings account) scored less than 50%, i.e. 30.7%. All the other items scored 50% or above, and two of these scored as high as 75% (on the statement of financial position) and 90% (when lending money overnight and receive it the following day). This makes sense, given that most of the questions were simple arithmetic.

4.4.4 Banking products, SARS tax year and investment knowledge

Six items were used to gauge the sample's knowledge of understanding banking products, SARS tax year and investment. Table 4.7 depicts a summary of the items.

Table 4.7: Banking products, SARS tax year and investment returns knowledge items

Item		Correct answer (%)	Incorrect answers/I don't know (%)
1	All banks charge the same service fees on cheque accounts.	26.7	73.3
2	Credit cards are generally regarded as the least expensive form of credit.	24.7	75.3
3	The "tax year" normally starts from 1 January until the last day in December (the same year).	2.0	98.0
4	If I have a debit balance on my bank statement, I will have a positive balance on my account.	11.3	88.7
5	The use of credit can be helpful during periods of high inflation.	15.3	84.7
6	Return on most investments is guaranteed.	15.3	84.7
Average		16.0	84.0

As Table 4.7 illustrates with respect to understanding of banking products, SARS tax year and investment returns, the respondents demonstrated a lack awareness of these items; the average for correct answers for all items is 16%. The 'SARS tax year' item has the lowest score of 2% while the 'banks charge same fee for cheque accounts' item has the highest score of 26.7%. In these items, the respondents showed very limited knowledge of banking products and SARS issues, which is perhaps understandably so as they are from lower-income households and many of them are unemployed. They are likely among the unbanked population. The grouping of these items here is supported by an acceptable Cronbach's alpha coefficient (Vaske *et al.*, 2017) of 0.626.

4.4.5 Gauging level of prudence with finance

To gauge the level of financial prudence among respondents, four items were presented in form of a Likert scale ranging from always (=1) to never (=5). The four questions assessed whether a person carefully analyses the affordability of some products before making a purchase (Affordability); whether a person pays the bills on time (Timely bills payment); whether a person keeps a close watch on their finances (Watching financial affairs closely), and whether a person sets long-term financial goals and work towards attaining them (Long-term goals set). Figure 2 illustrates the distributions for each of the four questions, and Table 4.8 summarises the score of each of the item.

Figure 4.2: Financial prudence items

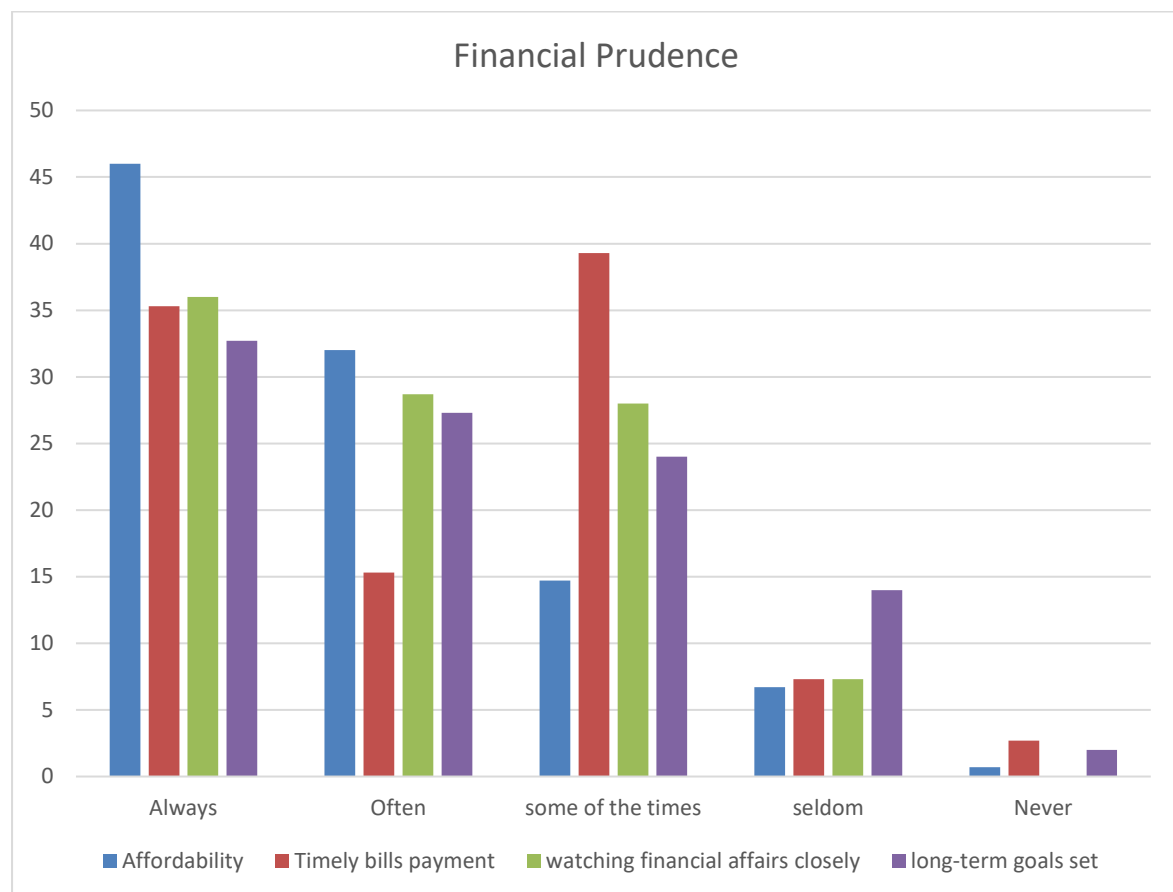


Table 4.8: Summary of financial prudence distributions

	Item	Min	Max	Mean	Std deviation
Financial prudence	Affordability	1	5	1.840	0.956
	Timely bills payment	1	5	2.270	1.103
	Watching financial affairs closely	1	4	2.070	0.967
	Long-term goals set	1	5	2.250	1.118
	Cronbach's alpha coefficient	0.763			

The four items relating to financial prudence have a Cronbach's alpha coefficient of 0.763, which is acceptable. With regards to the affordability item, many respondents (46%) always consider whether they can afford anything before making a purchase. About a third (32%) of respondents does so often. The percentages reported in the categories of 'some of the times', 'seldom' and 'never' for this affordability item are 14.7 %; 6.7 %; and 0.7%, respectively. Given that the values range from 1 to 5 as stated before, the mean value of 1.840 (and standard deviation of 0.956) show that the distribution is positively skewed. As far as assessing the affordability of some products when making a purchase is concerned, the study's respondents largely concur, and hence the positive skewed distribution. This is a sound finding since impulse buying may lead to indebtedness.

Regarding timely bills payment, the distribution shows a bimodal shape with 'Always' and 'Some of the times' having percentages of 35.3% and 39.3% respectively. Fifteen percent (15%) often pay their bills on time. The mean value within the 1 to 5 range is 2.270, below the midpoint mark of 3. The dominating 'Some of the times' is a cause of concern, because timely bills payment is crucial for financial prudence. When bills are not paid on time, that may also lead to debt accumulation. The mean value of 2.270 that is below the midpoint mark of 3 suggests that a large number of respondents do, however, attempt to make timely payments of bills.

When it comes to keeping close eye on financial affairs, the distribution is also skewed to the right with percentages given as 'always = 36%', 'often = 28.7%', 'some of the times = 28%' and lastly 'seldom = 7.3%'. The mean value for this item is 2.070 and standard deviation of 0.967. The respondents thus claimed that they keep a close eye

on their financial affairs; also a sound finding. This may suggest that financial decisions may benefit from the evaluation of financial affairs by respondents.

In terms of the long-term financial goals item, a similar trend is shown with 'always = 32.7%', 'often = 27.3%', 'some of the times = 24%', 'seldom = 14%' and lastly 'never = 2%'. The mean value for this item is 2.250 and the standard deviation is 1.118. The respondents seem to set long-term goals and try to keep them. Long-term financial goal setting is crucial so that episodes of financial inflows and outflows can be managed properly. For all the four items, the respondents largely demonstrated that they exercise financial prudence as represented by frequency of how they engage in those activities captured by the items. A possible explanation for the high prudence levels could be that the respondents are from lower income group and so having little money forces them to be prudent with their finances.

4.4.6 Respondents' freedom with finance

An assessment of whether respondents have freedom with their finances was carried out using four items focusing on 'living today and let tomorrow take care of itself', 'money is there to be spent', 'have got a clear idea of financial products I need' and 'researching choices thoroughly before making a purchase'. Figure 3 and Table 4.9 provide distributions and summaries for each item.

Figure 4.3: Freedom with finances items

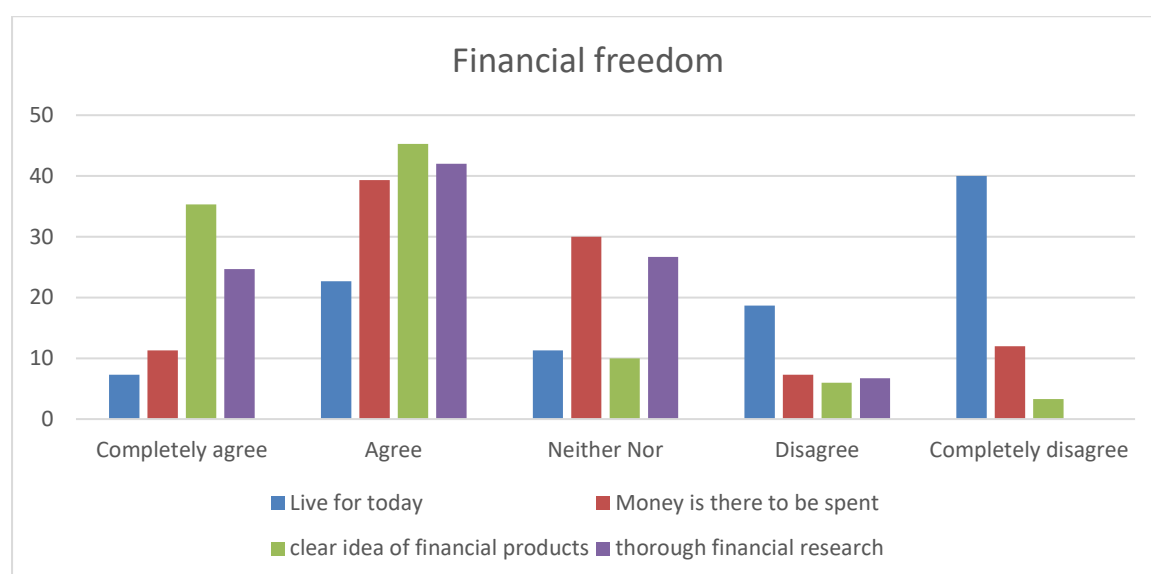


Table 4.9: Summary of financial freedom items distribution

	Item	Min	Max	Mean	Std deviation
Financial freedom	Live for today	1	5	3.610	1.394
	Money is there to be spent	1	5	2.690	1.147
	Clear idea of financial products	1	5	1.970	0.999
	Thorough financial research	1	4	2.150	0.873
	Cronbach's alpha coefficient	0.742			

As is shown in Table 4.9, the financial freedom items scored a Cronbach's alpha coefficient of 0.742, a value that is acceptable according to Vaske *et al.* (2017). More than half of the respondents (58.7%) disagreed or completely disagreed with the assertion that they prefer to live for today and let tomorrow take care of itself. Those who are undecided are 11.3%, whereas 30% agreed with this statement (completely agree 7.3% and agree 22.7%). The mean value is 3.610, and this shows that the distribution is skewed to the left. Therefore, in general, respondents are not in agreement with the notion that people need not worry about tomorrow. In other words, financial freedom should not be defined by careless spending and not worrying about the future.

Figure 4.3 and Table 4.9 also show that 50.6% of respondents believe that money is there to be spent (completely agree 11.3% and agree 39.3%), while 30% remained neutral and the 19.3% disagrees. The mean value is 2.690 with a standard deviation of 1.147. This is an indication that among the respondents, there is a tendency to spend more than saving. This is somehow in contradiction with the responses given as to whether people must live for today and need not worry about tomorrow. When respondents view money as being there to be spend, there is an element of not worrying about tomorrow, as if tomorrow will be cared for by savings.

The respondents reported that they have sufficient understanding of the kind of financial products or services they require without consulting a financial adviser, with 80.6% agreeing with this notion. Only 9.3% disagreed, while the remaining 10% remained indifferent. A mean of 1.970 and a standard deviation of 0.999 for good financial understanding were reported for this sample, suggesting a clear bias towards

being financially knowledgeable with regards to financial products. When comparing the responses to this item of 'better understanding of financial products' with the item 'whether money is there to be spend', the contradiction is clear, because savings is a financial product that is crucial for future. These respondents suggest that tomorrow must take care of itself, and yet they also suggest that they are financially knowledgeable and do not need a financial advisor. Such a revelation may be an indication that the respondents value their financial freedom, even if it means making uninformed financial decisions.

Most respondents (66.7%) agreed with the statement that they always thoroughly research their choices before making financial product or service decisions (completely agree was 24.7% and agree was 42%). About 26.7% of the respondents indicated that they were neutral, while 6.7% indicated that they disagreed with the statement. A mean value of 2.150 and a standard deviation of 0.873 for thorough research on financial products choices suggest that the respondents are not spontaneous when it comes to such financial decision-making. If, indeed, they were to conduct such research, this would be sound because it is a way to minimise impulse buying.

4.4.7 How respondents are satisfied with their spending

This sub-section focuses on whether respondents are more satisfied with spending money than saving it for the long term and Figure 4.4 and Table 4.10 provide distribution and summary for the variable.

Figure 4.4: Spending more satisfying than saving for long term

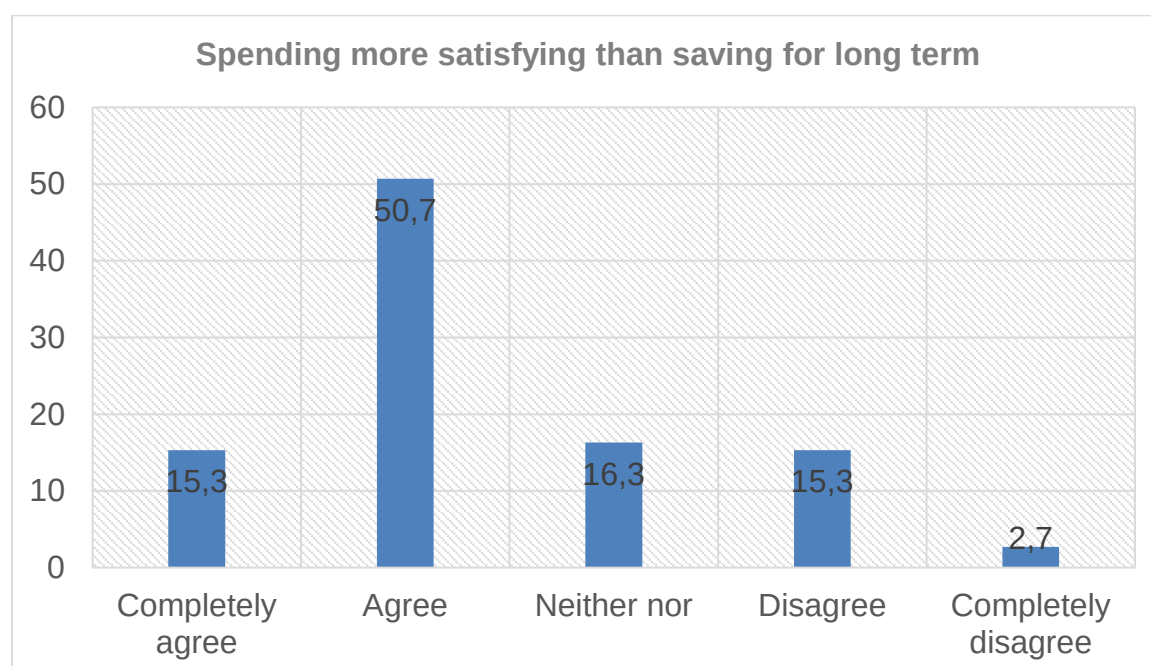


Table 4.10: Summary of 'spending more satisfying than saving for long term' item

	Frequency	Percent	Cumulative percentage
Completely agree	23.0	15.3	15.3
Agree	76.0	50.7	66.0
Neither nor	24.0	16.0	82.0
Disagree	23.0	15.3	97.3
Completely disagree	4.0	2.7	100.0
Mean		2.390	
Standard deviation		1.009	

Figure 4.4 and Table 4.10 show that (65%) of the respondents agrees that spending money is more satisfying than saving money (completely agree 15.3% and agree 50.7%). A small percentage (18%) disagreed with the statement, while a similar percentage (16%) remained neutral. The mean value is 2.390 and standard deviation is 1.009 for the statement on deriving satisfaction from spending than saving. This shows that saving is uncommon among the respondents in this study. This augurs well with the earlier result on respondents feeling that money is there to be spent.

4.4.8 Budgeting and financial planning

Still focusing on financial knowledge items, to assess whether the respondents balance their expense with the income they receive, six items were posed to them. Respondents were asked to answer the items shown in table 4.11 using "yes," or "no" options.

Table 4.11: Summary of budgeting and financial planning items

	Item	Yes	No
1	Do you have a household budget?	30.7	69.3
2	Do you keep track of your daily spending?	56.7	43.3
3	Do you change your mortality-related insurance policies decisions whenever there is new financial information available in the market?	16.7	83.3
4	Is your financial planning on mortality-related decisions affected by increasing prices?	27.3	72.7
5	Have you set aside emergency or rainy-day funds that would cover your expenses for three months, in case of sickness, job loss, economic downturn, or other emergencies?	32.7	67.3
6	Within the <u>last five years</u> , have you discovered that you had been paying for a financial product that was clearly unsuitable for your needs?	15.3	84.7

A question about household budget was asked to determine how money is spent, also in terms of payments of debts and savings. About 69.3% of the respondents indicated that their households do not have a budget, suggesting that financial budgets are uncommon among lower-income households. Even though these households do not have financial budgets, more than half (56.7%) of the respondents acknowledged that they are able to track their daily household expenditure. An overwhelming percentage 83.3% indicated that do not change their mortality-related insurance policy decisions when new market information becomes available. This is concerning, because it means that they can be stuck with an irrelevant policy because of not applying emerging information. In fact, about 73% indicated that their financial planning on mortality-related insurance policies was unaffected by inflation, and this result can be explained by the fact that a large number of participants (60% in Table 4.4) do not understand that financial planning can be affected by inflation. Respondents indicated that most of them do not have budgets (and also showed little understanding of how

the budget works, as seen in Table 4.4). This is consistent with only 32.7% of respondents who set aside money for rainy days, a rather small percentage.

Only 15.3% acknowledged that they changed paying for any financial product that was clearly unsuitable for their needs over the last five years. Their decisions to change paying for such financial products are provided in Box 2.

Box 2: Explanations for changing on payment for financial products
I changed so that I can get a policy with more additional features but for a lower price.
I could not afford the first funeral policy; I switched to a less expensive one.
I had to change my insurance after weighing the rewards I would obtain.
Following my advancement at work, I changed my insurance to improve the cover.
We cancelled one insurance and opened a new one with the bank that is cheaper and covers the extended family as well.
I took out a loan, but I do not seem to be able to pay it off.
I was paying for insurance that was inappropriate for my needs.
I was subscribing to the burial society, but I stopped, and now I pay to a funeral cover that I have with my parlour.

As summarised in Box 1, changes in terms of financial products that respondents were paying for were driven by several factors. Notable factors include seeking for financial products with more features but asking for less, looking for products that are affordable given the changes in financial status, pure re-evaluation of benefits that are provided, improving to higher levels, seeking wide coverage with respect to number of beneficiaries, moving between providers and finally, quitting due to financial constraints.

4.5 Summary of the components of financial knowledge

The components of financial knowledge from the factor analysis produced acceptable Cronbach's alpha coefficients that necessitated the calculation of the scores for each component. After recoding the items that constitute general financial knowledge; savings, interest and VAT knowledge; banking products, SARS tax year and investment knowledge, and current inflation and interest rates as 0/1 dummy variables, where 1 represent correct answer, the values for each component for a given respondent were calculated by adding up the ones and dividing that by the number of items. For example, if a respondent scored 9 out of the 11 items correct for general financial knowledge (which means 9 items have a value of 1 each and the remaining 2 have a value of 0 each), then the score for that respondent for general financial knowledge (G_F_K) is 0.818 or 81.8% (9/11). Thus, the closer the score is to 1, the higher the general financial knowledge and vice versa. Table 4.12 provides a summary of these new variables.

Table 4.12: Summary of the components of financial knowledge

Component	Minimum	Maximum	Mean	Std. Deviation	N
General financial knowledge	0.000	1.000	0.486	0.283	150
Savings, interest and VAT knowledge	0.000	1.000	0.542	0.251	150
Banking products, SARS tax year and investment knowledge	0.000	1.000	0.586	0.270	150
Current inflation and interest rates	0.000	1.000	0.073	0.234	150
Financial prudence	1.000	4.000	2.106	0.794	150
Financial freedom	1.000	4.500	2.606	0.841	150
Spending satisfaction	1.000	5.000	2.393	1.009	150

Table 4.12 also presents a summary of financial prudence, financial freedom and spending satisfaction scores ranging from 1 to 4; 1 to 4.5 and 1 to 5, respectively. The closer to 1 the scores are for these three scores, the higher the purported financial knowledge of the respondent. The mean values suggest that respondents have some financial knowledge, as the scores are all in the middle of the range.

The next step is to assess the correlation between these components in order to determine the extent to which the responses provided by the participants support each other in describing their financial knowledge.

4.6 Correlations of the components of financial knowledge

This section reports and comments on the correlations between the seven components of the financial knowledge. Spearman rank-order correlations are reported for these various components of financial knowledge.

Table 4.13: Correlation coefficients of components of financial knowledge

		Financial prudence	Financial freedom	Spending satisfaction	General financial knowledge	Savings, interest & VAT	Banking, SARS and investment	Current inflation and interest
Financial prudence	CC	1,000	.320**	0,057	-.346**	.190*	.172*	-0,117
	Sig		0,000	0,489	0,000	0,020	0,035	0,155
	N	150	150	150	150	150	150	150
Financial freedom	CC	.320**	1,000	0,122	-.162*	.551**	.531**	-0,024
	Sig	0,000		0,136	0,047	0,000	0,000	0,775
	N	150	150	150	150	150	150	150
Spending satisfaction	CC	0,057	0,122	1,000	0,131	-0,092	-0,093	.234**
	Sig	0,489	0,136		0,109	0,264	0,258	0,004
	N	150	150	150	150	150	150	150
General financial knowledge	CC	-.346**	-.162*	0,131	1,000	-0,098	-0,033	.186*
	Sig	0,000	0,047	0,109		0,231	0,689	0,023
	N	150	150	150	150	150	150	150
Savings, interest & VAT	CC	.190*	.551**	-0,092	-0,098	1,000	.968**	0,131
	Sig	0,020	0,000	0,264	0,231		0,000	0,110
	N	150	150	150	150	150	150	150
Banking, SARS and investment	CC	.172*	.531**	-0,093	-0,033	.968**	1,000	0,112
	Sig	0,035	0,000	0,258	0,689	0,000		0,172
	N	150	150	150	150	150	150	150
Current inflation and interest	CC	-0,117	-0,024	.234**	.186*	0,131	0,112	1,000
	Sig	0,155	0,775	0,004	0,023	0,110	0,172	
	N	150	150	150	150	150	150	150

Notes: CC = correlation coefficient, N = Number; Sig = Significance; * p < 0.05; ** p < 0.01

As Table 4.13 illustrates, financial prudence and financial freedom have a positive but low correlation ($r = 0.320$), and this is statistically significant at 1%. Respondents who have freedom with their finances tend to have or practice prudence with their finances as well. This is arguably the case in the sense that having the liberty to use finances in the manner one likes may assist a person to have discipline with finances. Having financial prudence is associated with higher general financial knowledge, which in this case here is represented by a negative correlation ($r = -0.346$; $p < 0.01$) due to the coding of the two variables. For values of financial prudence closer to 1 in the range of 1 to 4, it means financial prudence is high, whereas for general financial knowledge, values close to 1 in the range 0 to 1 represent a higher financial knowledge (see sub-section 4.5 for detail). In terms of financial prudence and savings, interest and VAT knowledge, the two variables reported a correlation coefficient of $r = 0.190$ that is significant at 5%. This is quite low and it is expected given that a substantial number of respondents could not correctly answer the savings, interest and VAT questions. Similarly, financial prudence and 'banking products, SARS tax year and investment knowledge' show a very low correlation ($r = 0.172$), although it is statistically significant at 5%.

The table also shows that respondents' financial freedom and general financial knowledge have a negative and very low correlation ($r = -0.162$), statistically significant at 5% while financial freedom and savings, interest and VAT knowledge have a moderate correlation ($r = 0.551$), statistically significant at 1%. This result is important and arguably true, because respondents indicated that they enjoyed substantial freedom with their money while tomorrow has to take care of itself. Regarding the correlation between respondents' satisfaction spending and understanding of current inflation and interest rates, the correlation is at $r = 0.234$ and its statistical significance is 1%. General financial knowledge and inflation and interest rates have a positive but very low correlation ($r = 0.186$), and this is statistically significant at 5%. Finally, savings, interest and VAT and banking products, SARS tax year and investment knowledge have a positive and very high correlation ($r = 0.968$; $p < 0.01$), suggesting that a better understanding of savings, interest and VAT issues is associated with a better understanding of SARS tax year and investment knowledge. This finding seems sensible in as much as gaining knowledge of one sphere (savings, interest and VAT

issues) is useful in handling the other spheres (such as the SARS tax year and investment knowledge).

Although a significant number of the respondents have minimal financial knowledge as measured by these various components, those who have some knowledge find that it helps them to have financial prudence and to practice better financial freedom.

4.7 Cohen's d for components of financial knowledge

The Cohen's d parameters were computed to assess the effect sizes of gender and receiving government grant on the components of financial knowledge. According to Cohen (1988), the following are guidelines to assist in determining what constitutes a large or small effect size: $d = 0.2$ (small effect); $d = 0.5$ (medium effect); $d = 0.8$ (large effect). In the tables to follow, p-values are reported for completeness but will not be interpreted since a convenience sample instead of a random simple sample was used.

4.7.1 Cohen's d, by gender

Table 4.14: Cohen's d for gender

		N	Mean	Standard deviation	t-test (p-value)	Effect size
Finance prudence	Female	104	2.100	0.840	0.080 (0.935)	0.010
	Male	46	2.110	0.690		
Freedom finance	Female	104	2.600	0.860	0.130 (0.898)	0.020
	Male	46	2.620	0.800		
Spending satisfaction	Female	104	2.410	1.030	0.370 (0.709)	0.060
	Male	46	2.350	0.970		
General financial knowledge	Female	104	0.470	0.280	0.870 (0.387)	0.160
	Male	46	0.520	0.300		
Savings, interest and VAT	Female	104	0.500	0.250	3.000 (0.004)	0.520
	Male	46	0.630	0.230		
Banking, SARS, and investment	Female	104	0.540	0.270	3.180 (0.002)	0.540
	Male	46	0.680	0.240		
Inflation and interest	Female	104	0.050	0.210	1.440 (0.115)	0.290
	Male	46	0.120	0.280		

Table 4.14 shows that the gender effect applies to only two components, i.e., savings, interest and VAT, and banking products, SARS and investment knowledge. Here, males are better off as their means are larger (and closer to 1) than females. In other

words, males tend to have better financial knowledge with respect to these components as compared to females. For all the other components of financial knowledge, the gender effect is not recognised (i.e., it is very small).

4.7.2 Cohen's d, by government grant reception

Table 4.15: Whether respondent or any family member receives government grant

		N	Mean	Standard deviation	t-test (p-value)	Effect size
Finance prudence	Yes	124	2.130	0.820	0.950	0.180
	No	26	1.990	0.660	(0.349)	
Freedom finance	Yes	124	2.550	0.850	2.070	0.420
	No	26	2.890	0.760	(0.045)	
Spending satisfaction	Yes	124	2.390	1.030	0.170	0.040
	No	26	2.420	0.950	(0.863)	
General financial knowledge	Yes	124	0.490	0.290	0.090	0.020
	No	26	0.480	0.250	(0.928)	
Savings, interest and VAT	Yes	124	0.510	0.250	4.280	0.810
	No	26	0.700	0.200	(0.000)	
Banking, SARS, and investment	Yes	124	0.550	0.270	4.440	0.820
	No	26	0.760	0.210	(0.000)	
Inflation and interest	Yes	124	0.060	0.230	0.930	0.220
	No	26	0.120	0.260	(0.357)	

Similar to the gender effect, the grant recipient effect can only be reported for savings, interest and VAT, and banking products, SARS and investment knowledge. As Table 4.15 shows, those who are not receiving government grants tend to have better financial knowledge as captured by these two components. This is expected, because grant recipients are poor and possibly unemployed, and tend to have low literacy levels in general.

The next sub-section focuses on the interpretation of the qualitative data collected to assess the reasons for holding mortality-related policies.

4.8 Motives of holding funeral insurance policy

In order to obtain in-depth knowledge of motives of holding funeral insurance policy by these lower-income households, particularly those motives which are not driven by levels of financial knowledge, the respondents were asked to list their reasons for having a policy. Six themes emerged from this qualitative component of the data collection instrument. These themes are savings purpose, smart planning, hassle-free, driven by culture, financial protection and social pressure. The themes will now be discussed in more detail.

4.8.1 Savings commitment

Almost all the respondents indicated that they opt to have a funeral insurance policy as it is a way of saving towards the eventuality of death. When one takes out a policy, there is a commitment because saving on one's own is reported to be difficult. This commitment enables respondents to honour their promise, i.e., contributing towards costs of their funerals or those of their loved ones. This commitment mechanism is well expressed by one respondent's answer: *"No matter how much I suffer, I always save money through funeral insurance so that I don't have to battle come the funeral."* Funeral insurance, keep one from having to borrow money to pay for a funeral. With the policy, they are assured that they will be able to pay for a funeral when it happens. This saving mechanism is also regarded as necessary because community members are reported not to generously contribute to funerals anymore. One respondent stated that *"People no longer donate to funerals, instead, you must save up funds for your own funerals."* There is, therefore, pressure to save for funerals, as it has become a norm for community members to have their funeral plans in place and not to rely on community handouts.

4.8.2 Smart planning

Some respondents view a funeral insurance policy as a proper planning tool that saves the household members from the pressure of a funeral. They consider it as a good financial decision that assures the family of funeral expenses coverage. One respondent stated that having funeral insurance policy *"is the correct thing to do since*

smart planning, like as purchasing an insurance in advance, will undoubtedly save you a lot of money". Some respondents view having funeral insurance policy as smart planning informed by learning from past experience: *"Because of previous deaths in the family, I've learned how important it is to have one. I live by myself, I don't want people to have a hard time during my funeral"* and *"When my child died and I didn't have the money to bury her, I realised how much I needed funeral insurance"*. In addition, another respondent pointed out that *"My husband's burial was tough because we did not have a policy but after his funeral, I made the decision to have one because I regarded it as a need"*. Another respondent with a positive experience noted that *"My parents had a funeral policy, and when they died, their funerals went off without a problem, and I copied from them and will have one as well"*. Such experiences are lessons to do smart planning for future and similar events by a number of respondents from these lower-income households.

4.8.3 Hassle-free

Respondents noted that, unlike other policies that are made available by financial institutions such as life insurance, taking out a funeral insurance policy is hassle-free and does not require thorough medical processes. One respondent put it as follows: *"The company just ask few questions and then the person decides to join and make the monthly contributions"*. The fact that the process of securing the funeral policy does not require the applicant to engage with a lot of information or to divulge a great deal of their personal health information acts as an incentive for people to prefer a funeral policy over life insurance or other policies.

4.8.4 Societal Culture

Culture dictates a number of burial processes and requirements. The *first* aspect for the community where the sample of the current study was extracted, which is predominantly African, is the fact that a funeral is an important event *"because family members, friends and community members will gather together during the funeral time to say their goodbyes"*. In this community, people do not attend a funeral because they have been invited to do so but because it is the right thing to do culturally. Thus, the larger the number of attendees, the bigger the budget of the funeral. Phasha *et al.*

(2020) report similar sentiments in their study on the influence of cultural practices on food waste.

The *second* aspect has to do with how the community views the funeral itself and so can talk of a dignified or undignified funeral. One respondent stated that the reason to have a funeral insurance policy is *“To have a dignified funeral when one of my family members dies because it is important in our culture”*. This dignified funeral is necessary as one respondent articulates that *“We have a funeral policy because we think that when someone dies, their soul goes to their ancestors, therefore we perform a decent burial to satisfy them”* and the other respondent says *“I am now an elderly, and culturally, the bones of an old person are very important. Therefore, my body should be treated with dignity, which is why I have a funeral policy”*. Another respondent went as far as arguing that one should have a proper burial in order to please the ancestors that one will be joining. Such cultural beliefs that can be considered myths in other societies (Manganyi & Buitendag, 2013), are very important in African communities.

The *third* aspect relates to parent-child relationships and cultural expectations thereof. Here, one respondent categorically stated that *“I want to honour my parents' desire on the manner in which they should be buried”*. This respondent is obliged to have a funeral insurance policy that will cover his/her parents in order to honour them. Without a policy, the respondent is aware that since death can happen untimely, such an honour may not be possible. However, with a funeral insurance plan in place, the honour is almost guaranteed.

The *fourth* aspect has to do with expectations at family and community level. Some respondents noted that it is their families' custom to have a funeral policy in place to ease the burden during the period of grief, while others noted that it is required by their community and families to give a proper funeral. Thus, some have made it a family culture to have policies because everyone in the family has it, and they use their funeral policies to relieve the burden of worrying about funeral costs.

The *last* aspect pertaining to culture relates to the time it takes from the day someone passes on to the day when the remains are interred. While some societies do not

waste time (e.g., Muslims have to bury on the same day as the person passes on), the African communities in South Africa may take as long as a week or more before the burial. Relatives and friends will be gathered and would need to be fed during that period. One respondent posits that *"It took over a week for someone to be buried in our area, all you need is a funeral policy to cover all of those expenditures at that period. I have it as a result of the previous deaths in our family. We had to rely on contributions from society and close family to bury those people."* Such experiences motivate people to have funeral insurance policies in order to alleviate the burden associated with funerals.

4.8.5 Financial protection

Because death is certain, a number of respondents argue that such an event must be approached such that when it happens, family members are financially protected and need not to worry about many things during the time of mourning. They added that family members must not struggle in the midst of a difficult situation. One elderly respondent indicated this financial cushioning by saying *"To keep my children and grandkids from facing financial difficulties whilst grieving as a funeral is extremely emotional, I do have a funeral insurance policy"*. Another respondent emphasised this financial protection by noting that *"Funeral insurance policy usually pays within 24 hours and thus very important because I would love to use that money as a financial back up plan during the funeral period"*. With this financial protection offered by the funeral insurance policy, respondents suggest that the funeral period may become financially stress-free. This argument of being a stress-free period is alluded to by one respondent who says *"Because during the funeral time it is time to talk about the memories left behind and not time to think about how/where we are going to get money to bury someone that is why I have funeral policy"*.

Financial protection as a concern emerged in circumstances where a respondent is the breadwinner and therefore imagines the situation the family will be in when he or she dies. One respondent stated that the decision to purchase an insurance policy was because the entire family depends on him/her, and so without a funeral insurance policy, he/she can be buried as a pauper. Similarly, another respondent reported that

he/she does not have a family member who can help, thus the need for a funeral policy. Financial protection also brings independence; one respondent stated that *“I want to be financially independent and not bother others when I have a funeral. I wish to prevent financial stress during an emotionally and difficult period”*. Related to independence is the pride held by a number of respondents, such as one who mentioned that *“I do not want to be buried with donations from my community in order to have a dignified burial”*. In short, funeral insurance provides individuals with good financial protection for funeral proceedings.

4.8.6 Social pressure

Social pressure is the sixth theme that emerged from the analysis of the reasons why the respondents have funeral insurance policies. Respondents indicated that they feel pressure from family members, relatives, friends and community members to opt for a funeral insurance policy. For some respondents, there is a feeling that the last thing that society will remember them by is how their funerals were conducted. As a result, a funeral insurance policy is an appropriate way to guarantee a dignified farewell. In the words of one respondent, *“I do not want my family to worry about how they will bury me and that is why I have a funeral plan because my burial is the last thing that my society will be able to remember me therefore it must be outstanding”*. Such kind of societal pressure of how to be remembered motivates people to take out a funeral insurance policy.

With no proper arrangements, families and relatives may be exposed financially, especially if they rely on donations from the community members. One respondent noted that *“We once struggled to bury someone in the family therefore from that incident we decided to take out the funeral plan because we did not want to be embarrassed again when we have another funeral in the family, we know that those who are left will not to struggle to bury the one who has died”*. In the case noted here, the family previously struggled during a funeral and the community assisted; however, that embarrassed the family as they felt exposed. Thus afterwards, a funeral plan became mandatory.

Funeral standards in communities are also a source of social pressure. One respondent admitted that there is quite a great deal of pressure from society regarding expected standards of how a funeral should be conducted. The respondent said *“There is a standard that my community need but my children should not be given pressure by them. My children should just use the money that I am contributing to the funeral policy, but just to relieve some of the pressure, listen to what they desire and accept their financial aid if they wish to contribute.”* It is very clear that this respondent has a funeral insurance policy partly because of the standards set by the community.

Despite being members of lower-income households, some respondents are of the opinion that an ordinary funeral will lead to society labelling them as poor. Such people have some kind of reference point on how to conduct themselves so that they are not classified as poor. One such reference point is how their funerals will be conducted. Hence, one respondent said, *“I will do one-of-a-kind funerals because I do not want people to associate my family with poverty”*. It is the fear of labelling, i.e. being labelled as poor, that drives the individual to get a funeral insurance policy. This is a clear indication of succumbing to societal pressure on how a decent or esteemed funeral should be conducted.

As a result of social pressure, some respondents admitted that they did set the bar already of how to handle their funerals and so would wish to keep up the standard. *“Our funerals are usually the best because we bury our loved ones in style, so we put ourselves to the challenge”* says one of the respondents. From this statement, the respondent’s family responds to pressure from society but are themselves also a source of pressure as they feel that their funerals should be the best.

Out of the six themes discussed here, only two i.e., culture and social pressure can qualify as potential drivers of herding behaviour in purchasing funeral insurance policy in this African community. As alluded to in chapter 2, herding behaviour is when members in a group or society disregard their own thinking and behave or follow others in a group or society (Virigineni & Rao, 2017), referred to as the ‘herding’ mentality. These identified two themes suggests that the respondents are inclined to think and act in ways that correspond to the group's norms rather than as individuals. Slavishly

following cultural beliefs observed in a community that one belongs to arguably takes away the power of one's own decision-making. Even though these respondents financially struggle to make ends meet, their culture dictates what funerals must be like. It is a culture that they respect, and therefore choose to have funeral insurance policies rather than life insurance policies.

Importantly, African communities openly conduct their funeral processes and therefore the community members at large can observe these. That poses strong social pressure. As a result, the respondents felt that they had to have a funeral insurance policy in order to avoid being shamed if they conduct a funeral process that perceived as sub-standard. In that way, there is a herding tendency being shown.

4.9 Handling pressure from society and family on conducting funerals

Leppinen (2013) suggests social pressures and cultural importance as forces behind herding tendencies. In order to assess how such factors have influence among the lower-income South Africans, respondents were asked how they deal with societal and family pressures on how to conduct funeral processes for their loved ones, if any. The opinions of the respondents are dealt with in the discussion below.

4.9.1 Community and family as sources of support

For a number of respondents, family and community are sources of support during funeral times. Community and family members support the bereaved family in a number of ways such as financial support, planning support, emotional support, and menial jobs support.

Thus, instead of viewing the community or the family as a source of pressure or negative energy, a substantial number of respondents indicated that these are sources of support mostly needed when a family needs to arrange a funeral. In order to tap into such support, some respondents suggested that there one needs to work effectively with these members, be patient and be friendly to them, and show love and respect. One respondent suggests the need for transparency and maintaining open lines of contact so that peace will prevail. Another respondent reported that one could raise funds and food from the community and family in order to hold a decent funeral.

Support from community and family could help to organise a funeral, according to a number of respondents.

The notion assistance from the community and family is echoed by some respondents with one saying, *“We once had a funeral, but we didn’t have a funeral policy, our community came in to assist us with the funeral expenses, therefore, in this situation, it was truly us who received assistance from society”*. Such confirmation demonstrates how important community and family support can be during trying times. Such depth of assistance is also reported in form of frequency of times when the community and family members make themselves available to assist. According to a certain respondent, *“Actually, the majority of the time, society helped us, although the pressure will be too high, you must learn to work with what you have. We are there for one another at this difficult time”*. This quote resonates the social fabric that defines African societies in the sense that the community comes to party without being invited, because they believe that community members must be there for each other (Phasha *et al.*, 2020). However, the quote also reminds that the bereaved family must be able to work within their abilities and should not assume that the community will do everything.

One of the respondents alluded to customary practices with respect to funeral processes in their community. The respondent said, *“It is customary in our family to talk about what you expect to happen at your own funeral and as a result, pressure from the community and family will be addressed appropriately”*. This is a suggestion that as much as pressure mounts from the community and other family members, issues are discussed so that grey areas are cleared and eventually the processes are handled accordingly. Such discussions allow for the inclusion of close family members and other community members that the family sees fit. As a result of supporting each other, possible pressures from society or family are minimised.

4.9.2 Financial independence and prudence.

A number of responses pointed towards the importance of having a funeral insurance policy in order to enjoy financial independence in the event of a funeral, or to be able to practice financial management so that unnecessary expenses are avoided. One

responded noted that, *“We had a policy in place, so it was simple for society and family to assist us. It’s a method for us to save so that if we need to pay for a funeral, we don’t have to worry about money”*. In this sense, having a funeral insurance policy helps the bereaved family so that they will not be found borrowing to cover funeral expenses. Thus, as much as the community and other family members may come to assist, the respondent quoted above reminds us that the bereaved family must be able to sustain itself financially, pointing to the importance of financial independence. Having a funeral insurance policy promotes financial independence under difficult circumstances. In order to avoid community pressure, a number of respondents suggested that having a funeral insurance policy is the way to go as *“when you do not have a funeral policy and require help from society and family that is when you begin to feel under pressure”*. With a funeral insurance policy, pressure is markedly reduced. One respondent recalled *“It was tough to plan my husband’s funeral, a person should have a funeral policy in place so that they do not experience a lot of pressure”*. Thus, having funeral insurance policy is re-emphasised by a number of respondents in the study.

Also, the importance of financial prudence was highlighted by a number of respondents. One respondent stated that one has to make certain that they only utilise the insurance policy money made available by the funeral insurance policy as an attempt to *“borrowing from loan sharks in order to impress society will result in you paying the debt for the rest of your life”*. Borrowing from so-called ‘loan sharks’ leads to indebtedness (James, 2020), and many respondents in the current study discouraged it. Indeed, ‘loan sharks’ offer loans at exorbitant interest rates, capitalising on the desperation of the borrowers (Atkinson, 2019). Financial prudence was also illustrated by financial discipline according to some respondents. One respondent pointed out that *“Every family has its own source of income; if you fail to recognize this, you will end up being broke since you will borrow money in order to impress the society”*. The message in this quote is that families are urged to work within their own budget and avoid pressure from the community.

Regarding working within a budget as a function of financial discipline, one elderly respondent pointed out that the young ones, unlike the older people, are prone to

community pressure and may not be able to stick to a budget. The respondent argued that *“pressure only occurs in young children who believe they can fulfil social standards and expectations, which are impossible to meet”*. Thus, for this elderly participant, the feeling is that one should work with what their budget allows and avoid huge debts. Here, having a funeral insurance policy and financial prudence emerged as crucial means to deal with pressures from society.

4.9.3 Avoidance and/or acceptance

Other ways to handle pressure from the family or the community point to adopting avoidance or accepting that certain levels cannot be afforded by a given family. One responded spoke of *“removing the sources of pressure around you since it allows you to stop spending”*; this can be achieved by not tolerating those family or community members that may exert pressure on how certain processes have to be carried out during a funeral. Thus, there is a situation of excluding the community members from programmes. Another respondent talked about scaring away those that may exert pressure by directly asking them for financial support when one realises that they may put pressure on the funeral processes.

The acceptance of the state that one is in comes out a number of times. One respondent stated that *“I will do with what I have got and ignore societal pressure”* and others said that *“We only work with what we have, therefore our funerals will be held with what we have”* while another bluntly stated that *“During the funeral, I do not allow myself to be consumed by stress as our neighbours who surround us are better than us financially and we have accepted this. So, we will hold our funerals with what we have”*. As a result, some respondents regard simple funerals as fair and saving money. Some respondents also noted that they do not consider what other people think, but simply do what they should do under the circumstances.

4.9.4 Aspiring to meet community standard

Some respondents pointed out that they deal with societal pressure by meeting the community's standards. The respondents mentioned that, *“This will be the last expense paid on a person, and the funeral will undoubtedly be the last memory,*

therefore it must be done in a stylish manner". Other respondents have reference points based on the previous past funerals that the family had as they mentioned that *"All I can say is that all of our previous funerals stood out, and we want to continue showing people how we bury our loved ones"*. Meeting societal standards is also illustrated by statements such as *"We want our funeral to be memorable and show everyone how much we cared"* or *"By ensuring that our funerals are of the highest quality"*. Behaviour of this nature shows that some respondents carry out their funeral processes knowing that the community has a certain expectation and aim to achieve or surpass that.

4.9.5 Funeral as an inner-circle responsibility

Another way to handle societal pressure is to get help from the inner-circle family. One respondent stated that whenever there is a bereavement in the family, there are agreed rules to be followed. In the words of the respondent, *"My family has its own set of rules that we adhere to and not of the society"*. It is those rules that guide what needs to be done and how it has to be done and not the pressure from the community members. One respondent was very specific regarding who has to put a hand in the process, saying *"To relieve the burden, everyone, (even aunts, uncles, cousins, and nephews) must contribute a certain amount to a funeral"*. Another respondent said, *"My family, including cousins and nephews, culturally will contribute during the funeral therefore it leaves room of not putting any pressure on anyone"*. The family's inner-circle is thus crucial in terms of the assistance and responsibilities whenever there is a bereavement in the family. Such social networks are important especially in lower-income households because the contributions made towards funeral insurance policies may not be enough to cover all costs associated with funerals.

4.9.6 Reciprocation

There is a statement which says that what goes around comes around (Valenzuela et al., 2018). The African community under study practices this, as illustrated by one of the respondents who said that, *"If you do not put anyone in society or your family under pressure, they will not put you under pressure during a tough moment"*. The community and family members may reciprocate how the individual handled or were

involved in the past with other families' funerals. When they do good, that will be reciprocated and sometimes when they do bad, again that will be reciprocated. The generous contributions made by the community and family members during a funeral, therefore, may be a reciprocation of the altruism that one once shared before to some other members of the community or family.

4.10 Reasons for having or not having a life insurance policy

Respondents were asked a question about the reasons that they have for contributing or not contributing towards life insurance policy. This is an important question, given that only 19 out of the 150 reported that they have life insurance policies. Yet, a life insurance policy is an equally important mortality-related policy as argued in the earlier chapters of this study. Table 4.16 provides reasons provided by those who answered the question in the affirmative and those who felt otherwise. Those who have a life insurance policy feel that they need the policy so that they are able to leave money for their families/children; it is a saving mechanism; it leaves a legacy; it helps families to maintain same lifestyle as the current one; it is a sign of gratitude to other relatives; and it serves as a guarantee of college costs for the children.

However, for those that do not have such a policy, the reasons are many. A synthesis of these reasons suggests that ignorance about what life insurance policy is about plays a significant role. Some simply stated that they have no idea what it entails, while others suggested that they need to learn more about it. In fact, some are of the opinion that a life insurance policy can only be held by those who are legally working. Next is the issue of affordability. A significant number of respondents indicated that the reason that they do not have a life insurance policy is because it is expensive. They consider it expensive because some are not employed, were laid-off due to Covid-19 pandemic, or are simply social grant recipients. Another respondent associated such a policy with those who stay in town as they are perceived to have a stable income and so can afford such amenities.

Two respondents cited fear of being killed by the same people whom the policyholder listed as beneficiaries of the policy, and this is the third main aspect. There seems to be cases where those household heads who had life insurance policies were allegedly

killed by the intended beneficiaries so that they receive the pay-outs. Such a fear is common in African communities to the extent that investments that can have intergenerational benefits are generally limited (Piraino, 2015).

The fourth aspect, which is somehow selfish, relates to respondents feeling that if it is money cashed out after their death, then they do not directly benefit from it or their beneficiaries will abuse that money. They do not see any point of having such a policy, therefore. In this case, a funeral insurance policy appears to be a better option for such people, because it provides for their burial. Life insurance, on the other hand, caters for those left behind and it is driven by altruism more than personal gain (Hong & Ríos-Rull, 2012; Inkmann & Michaelides, 2012).

The fifth point relates to medical screening and excessive documentation required when one applies for a life insurance policy. Some respondents feel that such processes are demanding and tiresome. As a result, they opt not to have such a policy at all. For other respondents, and this is the sixth factor, it is not yet time to take out a life insurance policy, presumably because they are still young. These respondents indicated that they have just started working and will do so at around the age of 40 years. The seventh factor relates to those who do not have or no longer have dependents who rely on them. Such respondents stated that they see no reason to have life insurance, since no one directly depending on them will be left behind in case of their death.

Table 4.16: Respondents' reasons for and against having a life insurance policy

Respondents' reasons for and against having a life insurance policy	
Reasons for	Reasons against
1. To leave some money • To leave money to my family/children after my death. 2. Savings • It is a savings account for my children after I die. • To make my family's life simpler. 3. Legacy • To safeguard the individuals for whom I save. • Because my beneficiaries are under the age of 18, I want to leave them a legacy. • To leave a legacy for my family. 4. Maintaining lifestyle	1. Ignorance • Because I don't understand how it works, therefore I don't want to pay things that I don't understand. • I would want to learn more about it before I commit myself. • I have never heard about it. • I don't know anything else regarding life insurance policies • In comparison to funeral policies, they do not give additional information • I don't understand the point in getting a life insurance policy. • I suppose it is for individuals who stay in town because they are financially stable to contribute to life insurance. • I am just familiar with funeral insurance. • I am jobless, and I believe that in order to qualify for life insurance, people must be legally working. • It is not necessary to have it. • I have no idea how it works. • I'm not sure what life insurance is. 2. Affordability

• So that my husband's and children's lifestyles do not change when I die. • It is for my sister and brother to have a better life once I am gone 5. Gratitude • My parents died while we were young, so our relatives had to care for us, as a sign of gratitude, I wish to leave a legacy to these relatives. 6. Education • To ensure that my daughter's college costs are secure and that she does not go hungry while I am not alive	• Life insurance is too expensive for us, we do not have enough money to pay for life insurance. • Because I was previously unemployed, I had debts to pay for now, I don't have the money for it, but I would contribute to one in future. • I will have it when I get a job. • Because I am unemployed, I cannot afford life insurance premiums. • It's pricey, but if I get a job, I might be able to afford it. 2 • I used to have life insurance but stopped paying the payments since I was laid off, but now I'm thinking about getting it again. • I can't afford life insurance since I'm a widow trying to make ends meet. • For the time being, my financial obligations prevent me from purchasing life insurance. • My life insurance policy has lapsed after I lost my job due to Covid 19, I will join life insurance after finding employment. • I can't afford it right now, so I am simply waiting for my business to develop. • I don't have money to contribute towards it, I can only manage to buy basic food stuff with the child support grant. 3. Fear of being killed • I'm still thinking about getting it because the heads of families who had this policy were killed, so that they may claim the pay-out therefore I am still hesitant • Because you are putting your life in danger by possessing it, and your family will kill in order to claim the pay-out.
--	---

	• I don't want to die young because if someone finds out you have life insurance, they will plot to kill you. 4. Selfish • Because I am not the one who will spend the money, I do not see the point in contributing to it. • I don't want it because my children will simply spend that money and it will be wasted, they must work for their own money. 5. Time consuming • During the application process for life insurance, there is excessive blood testing to screen for diseases and much documentation is needed therefore the process gets tiresome • I don't have time to go through their administrative procedures. 6. Considering themselves young • I have never considered it since I am still starting life. • When I reach the age of forty, I will consider having one. 7. No longer having dependents • I don't have any children of my own. • I no longer have any children of my own to support, my grandkids are looked after by their parents.
--	--

4.11 Summary

This chapter presented and discussed the findings related to respondents' demographics; their uptake of mortality-related insurance policies; their financial knowledge; and reasons for having or not having mortality-related insurance policies. The first section presented a profile of the respondents' socio-demographic factors comprising of gender, age, marital status, employment status, number of dependents who are either under or above the age of 18, level of education, and types of government grants received. This was followed by an evaluation of the level of uptake of mortality-related policies held by respondents from various mortality insurance providers. Regarding the uptake section, respondents' perceptions of funerals in their community was discussed as well as the benefits they will receive from the providers.

Sixty-nine percent of the sample are female. With regards to respondents' education level, about 70 percent of them have an education range of primary to complete grade 12. Respondents come from households that are predominantly social grant recipients and almost a third is unemployed. The study reported that 60% receive no more than R2 500 as individual monthly income. There is high uptake of funeral insurance policies as the study reported that all the sampled households have one, and yet only 19 out of 150 households have a life insurance policy. The range of funeral insurance policy providers is wide, and the three most dominant funeral covers are the ones provided by insurance companies, the bank and cover provided by both a funeral company and the bank.

The researcher proceeded to assess the level of financial knowledge that the sample has when making decisions on mortality-related policies. The questionnaire contained a number of items that were used to measure financial knowledge. Using factor analysis, these items were grouped of those that focus on general financial knowledge; those that address understanding of current inflation and interest rates; those capturing savings, interest and VAT knowledge; items that assess banking products, SARS tax year and investment knowledge; items measuring level of prudence with finance, items that capture respondents' freedom with finance; items on how respondents are satisfied with their spending; and items assessing household budget issues. The findings from these groups were presented in table format, including the number of respondents who answered correctly or incorrectly, the frequency and percentages, the measures of variance, and

the figures. Cronbach's alpha coefficients validated the reliability of this grouping exercise.

The main findings suggest that a significant number of the respondents in this study have minimal financial knowledge. Males tend to have better financial knowledge compared to females. Households that are not receiving governments grant tend to have more financial knowledge. Regarding current inflation and interest rates, it was clear that the respondents have very little knowledge about these important economic variables, and yet the variables are crucial in financial decision-making. The results for savings, interest and VAT showed that more than half of the sample generally has some knowledge. This is possible given that most of the questions were simple arithmetic. Having a budget is very uncommon in this sample, but the respondents acknowledged that they are able to track their daily household expenditure. Of concern is the fact that more 80% indicated that they do not change their mortality-related insurance policy decisions when new market information becomes available; an indication of rigidity, somehow linked to their lack of financial knowledge.

The last section discussed and interpreted the qualitative data collected in order to assess the reasons for holding mortality-related policies. Six themes emerged and were discussed as: savings purpose; smart planning; hustle-free; driven by culture; financial protection, and social pressure. Two of the themes, i.e., culture and social pressure, could be linked to herding behaviour. Regarding how they deal with societal pressure when burying their loved ones, respondents suggested the community as a source of support; having a funeral insurance policy to ensure financial independence; practicing prudence when funeral happens; adopting either avoidance or accepting that certain levels cannot be afforded by certain families; meeting the community standard; getting help from the inner-circle family and reciprocating to what was done in the previous funerals. In terms of why they have a life insurance policy, leaving legacy, investing for school, and maintaining a lifestyle for the family left behind, were key factors cited. For those without life insurance, various reasons such as ignorance, affordability, fear of being killed by those who would inherit the benefits, selfishness, time consumption, respondents thinking themselves to be young, and respondents no longer having dependents, were cited. The fifth chapter provides key findings, recommendations, contributions and conclusions to the study.

CHAPTER 5: KEY FINDINGS, CONTRIBUTIONS, RECOMMENDATIONS AND CONCLUSIONS

5.1 INTRODUCTION

This South African study revolves around analysing financial herding behaviour among lower-income groups in the mortality-related policies market. In the process, the study reviewed the relevance of behavioural finance theories (specifically herding) in understanding how households make decisions on mortality-related policies; explores different mortality-related policies available in South Africa; assesses the uptake of such policies; assesses financial knowledge among study participants, and in turn determines the reasons behind the possible herding behaviour when deciding on mortality-related policies. This chapter provides a summary of the key findings in this regard, as well as policy recommendations, the study's contribution and the conclusion.

5.2 SUMMARY OF KEY FINDINGS

Theoretical objectives were addressed in the literature review chapter as well as the result chapter, and a number of behavioural theories that are potentially important in explaining the behaviour of household financial decisions with regards to mortality-related policies, were identified. Empirical objectives were addressed in the methodology and results chapters. This section provides key findings for each of the objectives.

5.2.1 Key findings on theoretical objective 1

The first theoretical objective reads “*Review the relevance of behavioural finance theories in understanding how households make decisions involving the mortality-related policies*”. In-depth discussions of the herding theory, anchoring theory, prospect theory, and cognitive dissonance theory were presented in chapter 2. These discussions suggested that the selected behavioural theories have an economic, psychological and behavioural finance effect on the choices made by decision-makers in terms of mortality-related policies. Behavioural finance theories challenge and criticise traditional finance theories that assume decision-makers or investors as rational beings (homo-economicus) capable of processing all available information before making a decision. Instead, the theoretical literature review in the current study showed that behavioural finance theories appreciate

the influence of psychology and biases in financial decision-making processes; it was also found that financial decision-makers have limits to their self-control. The herding behaviour theory stood out as an important theory to explain having mortality-related policies, especially as it is influenced by cultural beliefs and social pressures.

5.2.2 Key findings on theoretical objective 2

The second theoretical objective addressed different mortality-related policies in South Africa; chapters 2 and 4 addressed this objective. Both the literature review and the data analysis carried out in the present study established that funeral insurance policies are more common than life insurance policies among the lower income households. While literature reports that funeral insurance premiums in South Africa can start from as little as R35 per month (McCracken, 2014), the current study reports the lowest contribution of R60 (and the highest contribution of R622, and a mean of R224), a difference likely to be explained by inflation. The Insurance Act of 2018 suggests that the most highly paying benefits can be as high as R100 000. Using the empirical data gathered for this study, chapter 4 reported on a range of funeral insurance policy providers with dominant policies provided by insurance companies and/or banks.

5.2.3 Key findings on empirical objective 1

The third objective of the study, and also the first empirical objective, set out to assess the uptake of mortality-related policies by lower-income households in South Africa. Funerals expenses are regarded as high by lower-income households, and this motivates them to have funeral insurance policies. The study reported that all the 150 households who participated in the study have a funeral insurance policy of some sort, whereas only 19 households have a life insurance policy. This indicates that lower income earners prioritise their funerals more than they prioritise bequest (i.e., leaving something to their dependants in the case of death). In arriving at an understanding of the high uptake of funeral insurance policies, biases explained by herding behaviour play a role when participants in this study opt to mimic or follow others within the community they belong rather than making their own independent assessment and choices. The fact that all the study participants' households have funeral insurance policies, suggests that they are indeed following "the herd" in their communities. The participants' choices as influenced by these biases can also be related to anchoring in the sense that their decisions are

influenced by the way the funerals that they attend are conducted within their community. There is a strong feeling that one must be given a dignified funeral, but there is no proper assessment of the nature of such a dignified funeral with respect to their income levels. As the study reported, 60% of participants have an individual income of R2 500 per month or less. This suggests that many of these participants are not well-off. Despite this, all of them have funeral policies, revealing that they may be anchoring their decisions related to how funerals conducted in their communities, which, is often expensive.

The other key finding regarding the uptake of policies is that life insurance is positively related to the level of income and education of the participant. This may suggest that affordability plays an important role in deciding to have mortality-related policies with those economically able having both funeral and life insurance. Those who are unable economically to afford both, only opt for funeral insurance with immediate benefits. The importance of education on having both life and funeral insurance can be explained in terms of the importance of financial knowledge, but also by the fact that the educated may earn more and are thus able to afford both life and funeral insurance policies.

5.2.4 Key findings on empirical objective 2

The fourth objective of the study (empirical objective 2) assessed the amount of financial knowledge that South Africans have and could influence decisions on mortality-related policies. Using factor analysis, financial knowledge questions were grouped into those that focus on general financial knowledge; those that address current inflation and interest rates; those that captured savings, interest and VAT knowledge; those that assessed banking products, SARS tax year and investment knowledge; those that measured level of prudence with finance; those that capture respondents' freedom with finance; items on how respondents are satisfied with their spending, and items assessing household budget issues. Cronbach alphas, correlation coefficients and Cohen's d were reported. Participants demonstrated low levels of financial knowledge, and only a few participants could fully comprehend basic financial information. If someone lacks sufficient financial knowledge, that person is likely to make financial decisions in an ignorant manner. Given that only a small percentage of the sample has completed grade 12 or higher, the targeted group is more likely to have low financial knowledge.

While the respondents suggested that they do not need the advice from a financial advisor, purporting to be financially literate and knowledgeable, the assessment of their financial knowledge using the questions in the developed instrument suggests otherwise. This conclusion encompasses their responses to such questions on whether financial planning for tomorrow's needs is necessary or not, where many stated that tomorrow "must worry for itself". This objective was addressed in chapters 2 and 4.

5.2.5 Key findings on empirical objective 3

The fifth objective of the study (empirical objective 3) focused on determining the reasons behind the possible herding behaviour in choosing mortality- related policies. As alluded to in Chapter 2, Leibenstein (1950:189) defines herding as the "the extent to which the demand for a commodity is increased due to the fact that others are also consuming the same commodity". Later, Virigineni and Rao (2017) defines herding behaviour as a situation when members in a group or society disregard their own thinking and behave or follow others in a group or society, the 'herding' mentality. The qualitative component of the study provided key reasons of having funeral insurance policy. These are that it is a saving mechanism, is regarded as smart planning, it is hassle-free in joining, driven by culture, it is a form of financial protection, and is driven by social pressure.

Two of the above reasons (i.e., culture and social pressure) suggests that the respondents are inclined to think and act in ways that correspond with the group's norms rather than as individuals, typical of what Virigineni and Rao (2017) coined the 'herding' mentality. Culture dictates that when the deceased was a prominent person then the funeral must be large and so, to afford such a funeral, there is need to have a funeral insurance policy. Social pressure is strong, as participants confirmed feeling pressure from family members, relatives, friends and community members and thus they opt for a funeral insurance policy. The feeling that the society remembers a person by how their funerals were conducted plays a significant role as a form as social pressure, and a funeral insurance policy guarantees a good send-off. Related to this is the fact that comparisons made by the funeral attendees motivate the study participants to have a funeral policy to maintain the expected level of funerary dignity within the community. Participants aspire to this, despite them acknowledging that they are poor. They do not want to be labelled as such at their funeral.

Another key finding in the current study is that the community is viewed as a source of support. When asked how they deal with societal and family pressures when conducting funeral processes for their loved ones, respondents indicated the community as a source of support mostly needed when a family must arrange a funeral. African communities view funerals as an inner-circle responsibility to the extent that a hand is always extended when there is a need. The family's inner circle is thus crucial in terms of the assistance and responsibilities whenever there is bereavement in the family. Such social networks are important, especially in lower-income households because the contributions made towards funeral insurance policy may not be enough to cover all costs associated with burial processes. Only when social ties and networks are well-functioning, households may afford not to herd.

A further key finding is that respondents categorically refuted the idea of herding behaviour when they indicated that they avoid any competition, and rather accept that certain levels funeral processes cannot be afforded. Either avoiding or accepting pressure indicates that some respondents do not mimic the behaviour of others who may exert pressure on how certain processes have to be carried out during funerals. This result may be considered contradictory to the herding theory.

5.3 CONTRIBUTION

Most extant research on human herding behaviour focuses on investments, fads and fashion and the like, and it has been found that herding behaviour is driven by the aim of impressing other people. Trends in such activities are influenced not by rational decisions made by individual minds, but by the distinctive collective perceptions of the herd. This study contributed to herding behaviour literature by focusing on the choices made by lower-income South Africans in the mortality-related policies market. This area of financial decisions by households and individuals has not received attention, despite its impact on the livelihoods of those survived by departed loved ones. The gravity of the problem in practical sense is revealed by the fact that many households sink deeper into poverty, despite wanting a decorated funeral day (Corden & Hirst, 2016; Laquer 1983). If this phenomenon can be better understood, these individuals can be better advised to take sound decisions.

Furthermore, the study has contributed to the literature by analysing behavioural finance literature in the context of mortality-related policies. This study differs from previous studies in that it focuses on South African mortality-related policies market. Previous studies focused on herding behaviour by investors in investment and fashion and fads. It is hoped that this study contributes towards an inquiry into the complexities that make up choices related to spheres such as mortality-related policies by especially poor South Africans.

5.4 RECOMMENDATIONS

The study recommends the following in order to improve financial decisions by lower-income households:

- Awareness campaign programmes promoting life insurance policies are needed to help lower-income households to make better financial decisions, rather than to be one-sided by following culture and social pressure that promote herding behaviour.
- Lower-income households should be advised that having a life insurance policy is more important, because it caters for one's loved ones when one is no longer there. A funeral is a one-time event and thus may be seen as of secondary importance after a life insurance policy. Therefore, seeking a professional advice may help participants to make more informed decisions.
- Financial decision-makers in households should be able to use all the available information when making financial decisions rather than following custom or culture. That herding mentality, when one follows others blindly, is sub-optimal.
- Financial knowledge by lower-income households is lacking and should be continuously supported by ways to improve their financial decision-making capabilities.
- Lower-income households should explore the different mortality-related insurance policies provided in the market in detail, and should explore the pros and cons of each, so that they can have sufficient knowledge to make a sound decision.
- Households should be educated about the cause-and-effect relationship between herding behaviour and poor financial choices.

5.5 LIMITATIONS AND FURTHER STUDIES

Budgetary constraints restricted the researcher from using a bigger sample. In order to further our understanding on the topic of this study, a larger sample size, which includes expanding the study to other townships outside Bloemfontein, is suggested. In addition, comparative studies, where the South African situation is compared with other African countries' situations, may enhance the knowledge in the field. Also, as many studies that explore behavioural finance theories apply experiments, one can use field experiments with these lower-income households to scrutinize other financial decisions.

5.6 CONCLUSION

The primary objective of this study was to analyse the financial herding behaviour of lower-income groups in South Africa in the mortality-related policies market. The theoretical objectives provided a framework of the relevant behavioural finance theories, including the main theory of herding behaviour. The literature review illustrated the importance of behavioural finance theories in understanding the behaviour of financial decision-makers, focusing on mortality-related policies market. The study established that funeral insurance policies are given priority over life insurance policies in the sample under study. While a range of explanations were proffered on why funeral insurance policies are preferred, two drivers of herding behaviour stood out, namely cultural beliefs and societal pressure. The low levels financial literacy and knowledge among the participants in this study reinforces the importance of culture and societal pressure as drivers of purchasing funeral insurance policies as compared to purchasing life insurance policies.

REFERENCES

- Ababio, K.A. & Mwamba, J.M. 2017. Test of herding behaviour in the Johannesburg stock exchange: application of quantile regression model. *Journal of Economic and Financial Sciences*, 10(3), pp.457-474.
- Ababio, K.A. 2018. *Investors' Trading Behaviour, Stock Selection and Portfolio Optimisation*. PhD. (Economics). University of Johannesburg (South Africa), pp.1-153.
- Acharya, A.S., Prakash, A., Saxena, P. & Nigam, A. 2013. Sampling: Why and how of it. *Indian Journal of Medical Specialties*, 4(2), pp.330-333.
- Aliyu, A.A., Bello, M.U., Kasim, R. & Martin, D. 2014. Positivist and non-positivist paradigm in social science research: Conflicting paradigms or perfect partners. *J. Mgmt. & Sustainability*, 4, p.79-95.
- Amoah, C., Kajimo-Shakantu, K. & Van Shalkwyk, T. 2019. The level of participation of the end-users in the construction of the RDP houses: the case study of Manguang municipality. *International Journal of Construction Management*, pp.1-12.
- Anderson, D.R., Sweeney, D.J., Williams, T.A., Camm, J.D. & Cochran, J.J. 2020. *Statistics for Business and Economics*. United Kingdom, Hampshire: Cengage Learning, 5th edition.
- Anderson, E. 2000. Beyond homo economicus: New developments in theories of social norms. *Philosophy & Public Affairs*, 29(2), pp.170-200.
- Atkinson, A. 2019. Rethinking credit as social provision. *Stanford. Law. Review*. 71, pp.1093-1162.
- Babbie, E.R. 2013. *The practice of social research*: Belmont, CA: Wadsworth Cengage Learning, 13th edition. International edition.
- Bem, D.J. 1967. Self-perception: An alternative interpretation of cognitive dissonance phenomena. *Psychological review*, 74(3), pp.183-200.
- Berg, E. 2018. Funeral insurance: an inter-generational commitment device? *Journal of African Economies*, 27(3), pp.321-346.

- Blasco, N., Corredor, P. & Ferreruella, S. 2012. Does herding affect volatility? Implications for the Spanish stock market. *Quantitative Finance*, 12(2), pp.311-327.
- Bless, C., Higson-Smith, C. & Sithole, S.L. 2013. Fundamentals of social research methods: An African perspective: Cape Town: Juta, 5th ed.
- Bonache, J. & Festing, M. 2020. Research paradigms in international human resource management: An epistemological systematisation of the field, 34(2), pp.99-123.
- Broadbent, J. & Laughlin, R. 2013. *Accounting control and controlling accounting: Interdisciplinary and critical perspectives*. London: Emerald Group Publishing. University of London, pp. 1-42.
- Brotherton, B. 2015. *Researching hospitality and tourism*. London. Sage. 2nd edition.
- Bujang, M.A. & Baharum, N. 2017. A simplified guide to determination of sample size requirements for estimating the value of intraclass correlation coefficient: a review. *Archives of Orofacial Science*, 12(1), pp. 1-11.
- Burrell, G. & Morgan, G. 1979. *Sociological paradigms and organisational analysis: Elements of the sociology of corporate life*. London: Routledge.
- Calvin, B. & Coetzee, G. 2010. A review of the South African Microfinance sector. Centre for Microfinance, University of Pretoria, pp. 1-11
- Cameron, R., Sankaran, S. & Scales, J. 2015. Mixed methods use in project management research. *Project Management Journal*, 46(2), pp.90-104.
- Case, A., Garrib, A., Menendez, A. & Olgiati, A. 2013. Paying the piper: The high cost of funerals in South Africa. *Economic development and cultural change*, 62(1), pp.1-20.
- Check, J. & Schutt, R. K. 2012. Research methods in education. pp. 159–185. Thousand Oaks, CA: Sage Publications.
- Chen, H.X. ed. 2012. *Approaches to quantitative research: A guide for dissertation students*. Oak Tree Press.
- Cohen, J. 1988. Statistical power analysis for the behavioural sciences. Hillsdale, NJ: Lawrence Erlbaum Associates, 2nd edition.

- Corden, P.A. & Hirst, M.A. 2016. *The meaning of funeral poverty: an exploratory study*. Research Report. Social Policy Research Unit. White Rose University, York, pp.1-37.
- Creswell, J.W. 2014. *Research design: qualitative, quantitative, and mixed methods approaches*. Thousand Oaks, Calif.: SAGE Publications, 4th edition.
- Department of Human Settlements Republic of South Africa. Available at: <http://www.dhs.gov.za/content/faqs>. Accessed on 22 May 2021.
- Devenow, A. & Welch, I. 1996. Rational herding in financial economics. *European Economic Review*, 40(3-5), pp.603-615.
- Dewan, P. & Dharni, K. 2019. Herding behaviour in investment decision making: a review. *Journal of Economics, Management and Trade*, 24(2), pp.1-12.
- Dragos, S.L., Mare, C., Dragota, I.M., Dragos, C.M. & Muresan, G.M. 2017. The nexus between the demand for life insurance and institutional factors in Europe: new evidence from a panel data approach. *Economic research-Ekonomska istraživanja*, 30(1), pp.1477-1496.
- Driver, T., Brimble, M., Freudenberg, B. & Hunt, K.H.M. 2018. Insurance literacy in Australia: Not knowing the value of personal insurance. *Financial Planning Research Journal*, 4(1), pp.53-75.
- Drost, E.A. 2011. Validity and reliability in social science research. *Education Research and Perspectives*, 38(1), pp.105-123.
- Ellis, S.M. & Steyn, H.S. 2003. Practical significance (effect sizes) versus or in combination with statistical significance (p-values). *Management Dynamics*, 12(4):51-53.
- Festinger, L. 1957. *A theory of cognitive dissonance* (Vol. 2). California: Stanford University Press.
- Garg, N. & Singh, S. 2018. Financial literacy among youth. *International Journal of Social Economics*, 45(1), pp.173-176.
- Goetzmann, W.N. & Peles, N. 1997. Cognitive dissonance and mutual fund investors. *Journal of financial Research*, 20(2), pp.145-158.

- Hinojosa, A.S., Gardner, W.L., Walker, H.J., Coglisier, C. & Gullifor, D. 2017. A review of cognitive dissonance theory in management research: Opportunities for further development. *Journal of Management*, 43(1), pp.170-199.
- Hong, J.H. & Ríos-Rull, J.V. 2012. Life insurance and household consumption. *American Economic Review*, 102(7), pp.3701-30.
- Hopkins, D. (2008). A teacher's guide to classroom research. McGraw-Hill. New York: Open University Press. 4th edition.
- Hox, J.J. & Boeijs, H.R., 2005. Data collection, primary versus secondary. Utrecht University, Utrecht: Netherlands, pp. 593-599.
- Huang, J., Nam, Y. & Sherraden, M.S. 2013. Financial knowledge and child development account policy: A test of financial capability. *Journal of Consumer Affairs*, 47(1), pp.1-26.
- Huston, S.J. 2010. Measuring financial literacy. *Journal of Consumer Affairs*, 44(2), pp.296-316.
- Hyland, L., Sebastian, A. & Seetharam, Y., 2021. An application of behavioural finance in banking: The Discovery Bank case. *Journal of Economic and Financial Sciences*, 14(1), p.10.
- Ibrahim, F. 2017. Knowledge management methodology: developing a phenomenological middle-range thinking approach for knowledge management research. *Journal of Management Research*, 9(4), p.110-122.
- Illiashenko, P. 2017. Behavioural finance: History and foundations. *Visnyk of the National Bank of Ukraine*, (239), pp.28-54.
- Inkmann, J. & Michaelides, A. 2012. Can the life insurance market provide evidence for a bequest motive? *Journal of Risk and Insurance*, 79(3), pp.671-695.
- James, D. 2020. 5. South Africa's credit crunch: narratives and neighbourhoods. In *Money from Nothing: Indebtedness and Aspiration in South Africa*. Redwood City: Stanford University Press, pp. 147-172.

- Jhangiani, R.S., Chiang, I.C.A., Cuttler, C. & Leighton, D.C. 2019. *Research methods in psychology*. British Columbia, Canada: Kwantlen Polytechnic University. 4th edition.
- Johnston, M.P. 2017. Secondary data analysis: A method of which the time has come. *Qualitative and Quantitative Methods in Libraries*, 3(3), pp.619-626.
- Jonas, E. & Frey, D. 2003. Information search and presentation in advisor–client interactions. *Organizational Behaviour and Human Decision Processes*, 91(2), pp.154-168.
- Kahneman, D. & Tversky, A. 1972. Subjective probability: A judgment of representativeness. *Cognitive Psychology*, 3(3), pp.430-454.
- Kim, H., DeVaney, S.A. & Kim, J. 2012. Which low-and moderate-income families purchase life insurance? *Family and Consumer Sciences Research Journal*, 40(3), pp.295-312.
- Kim, K.T., Anderson, S.G. & Seay, M.C. 2019. Financial knowledge and short-term and long-term financial behaviours of millennials in the United States. *Journal of Family and Economic Issues*, 40(2), pp.194-208.
- Kline, P. 2014. *An easy guide to factor analysis*. United Kingdom, Oxfordshire: Routledge, pp.1-25.
- Kumar, R. 2005. *Research methodology: a step-by-step guide for beginners*. London: Sage, 2nd edition.
- Kumar, R. 2014. *Research methodology: A step-by-step guide for beginners*: Los Angeles, CA: SAGE, 4th edition.
- Lakens, D. 2013. Calculating and reporting effect sizes to facilitate cumulative science: a practical primer for t-tests and ANOVAs. *Frontiers in Psychology*, 863(4), pp. 1-12.
- Laqueur, T. 1983. Bodies, death, and pauper funerals. *Representations*, (1), pp.109-131.
- Larson, M.G. 2008. Analysis of variance. *Circulation*, 117(1), pp.115-121.

- Laughlin, R. 1995. Empirical research in accounting: alternative approaches and a case for “middle-range’ thinking. *Accounting, Auditing & Accountability Journal*. University of Sheffield, UK, pp. 63-87.
- Lee, R. 2015. Entrepreneurship in South Africa’s emergent township funeral industry. In *Cultural Entrepreneurship in Africa*. London: Routledge, pp. 135-152.
- Leibenstein, H. 1950. Bandwagon, snob, and Veblen effects in the theory of consumers' demand. *The Quarterly Journal of Economics*, 64(2), pp.183-207.
- Lempert, K.M. & Phelps, E.A. 2016. The malleability of intertemporal choice. *Trends in Cognitive Sciences*, 20(1), pp.64-74.
- Leppinen, E. 2013. Behavioural finance theories effecting on individual investor's decision-making. United Kingdom: University of Wolverhampton, pp.1-69.
- Lin, H.W. 2012. How herding bias could be derived from individual investor types and risk tolerance? *International Journal of Economics and Management Engineering*, 6(6), pp.1395-1400.
- Lin, W.T., Tsai, S.C. & Lung, P.Y. 2013. Investors' herd behaviour: Rational or irrational? *Asia-Pacific Journal of Financial Studies*, 42(5), pp.755-776.
- Lucas, K. 2011. Making the connections between transport disadvantage and the social exclusion of low income populations in the Tshwane region of South Africa. *Journal of Transport Geography*, 19(6), pp.1320-1334.
- Lusardi, A. & Mitchell, O.S. 2014. The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), pp.5-44.
- INFE, O. 2011. Measuring Financial Literacy: Core Questionnaire in Measuring Financial Literacy: Questionnaire and Guidance Notes for Conducting an Internationally Comparable Survey of Financial Literacy. Paris: OECD Publishing.
- Makgetla, N. 2020. TIPS Inequality in South Africa: An overview –trade and industrial policy strategies. Available at: <http://www.tips.org.za> Accessed on 25 May 2021.

- Malkiel, B.G. 2003. The efficient market hypothesis and its critics. *Journal of Economic Perspectives*, 17(1), pp.59-82.
- Manganyi, J.S. & Buitendag, J. 2013. A critical analysis on African traditional religion and the Trinity. *HTS: Theological Studies*, 69(1), pp.1-13.
- Maree, K. 2007. *First steps in research*. Pretoria: Van Schaik Publishers. 1st edition.
- Mauch, J. & Park, N. 2003. *Guide to a successful thesis and dissertation: A handbook for students and faculty*. New York: CRC Press 5th edition.
- Mbandlwa, Z. & Mishi, S. 2020. Ward councillors' leadership characteristics and their impact on service delivery: The case of eThekweni Metropolitan Municipality, South Africa, in 2018. *Journal of Local Government Research and Innovation*, 1, pp. 1-153.
- McCracken, P. 2014. Funeral insurance in South Africa: counting the cost of life and death. *The Guardian*. <https://www.theguardian.com/global-development-professionals-network/2014/aug/18/south-africa-funeral-life-insurance>. Accessed on 1 March 2020.
- McKim, C.A. 2017. The value of mixed methods research: A mixed methods study. *Journal of Mixed Methods Research*, 11(2), pp.202-222.
- Mouton, J. 2009. How to succeed in your master's and doctoral studies: A South African guide and resource book. Pretoria: Van Schaik. 13th edition.
- Nienaber, P.M. & Preiss, J. 2006. Funeral insurance: a perception from the office of ombudsman for long-term insurance. *South Africa. Mercantile Law Journal*, 18, pp.291-316.
- Nkosi, L.V., Kugara, S.L. & Matshidze, P.E. 2019. An appraisal of the burial rituals and mourning practices in Mzinti area, Mpumalanga Province, South Africa. *Journal of Gender, Information and Development in Africa (JGIDA)*, 8 (Special Issue 1), pp.85-106.
- Nowell, L.S., Norris, J.M., White, D.E. & Moules, N.J. 2017. Thematic analysis: Striving to meet the trustworthiness criteria. *International Journal of Qualitative Methods*, 16(1), pp.1-13.

- Paek, C. 2020. Mediating microinsurance: the techniques of translation. *Journal of Cultural Economy*, 13(4), pp.368-386.
- Phasha, L., Molelekwa, G.F., Mokgobu, M.I., Morodi, T.J., Mokoena, M.M. & Mudau, L.S. 2020. Influence of cultural practices on food waste in South Africa—a review. *Journal of Ethnic Foods*, 7(1), pp.1-13.
- Piper, L. & Deacon, R. 2009. Too dependent to participate: Ward committees and local democratisation in South Africa. *Local Government Studies*, 35(4), pp.415-433.
- Piraino, P. 2015. Intergenerational earnings mobility and equality of opportunity in South Africa. *World Development*, 67, pp.396-405.
- Popping, R. 2015. Analyzing open-ended questions by means of text analysis procedures. *Bulletin of Sociological Methodology/Bulletin de Méthodologie Sociologique*, 128(1), pp.23-39.
- Prechter Jr, R.R. 2001. Unconscious herding behaviour as the psychological basis of financial market trends and patterns. *The Journal of Psychology and Financial Markets*, 2(3), pp.120-125.
- Rai, K., Dua, S. & Yadav, M. 2019. Association of financial attitude, financial behaviour and financial knowledge towards financial literacy: A structural equation modelling approach. *FIIB Business Review*, 8(1), pp.51-60.
- Ramavhea, G., Fouché, J. & Van Der Walt, F. 2017. *Financial Literacy of Undergraduate Students—A Case Study of a Public University in South Africa*. pp.1-189.
- Remund, D.L. 2010. Financial literacy explicated: The case for a clearer definition in an increasingly complex economy. *Journal of Consumer Affairs*, 44(2), pp.276-295.
- Ricciardi, V. & Simon, H.K. 2000. What is behavioural finance? *Business, Education & Technology Journal*, 2(2), pp.1-9.
- Richie B. 2021. 32 List of Insurance companies in South Africa. Available at: <https://insurancetoplists.com/list-of-insurance-companies-in-south-africa>. Accessed 22 May 2021.

- Roberts, B., Struwig, J. & Gordon, S. 2013. Financial literacy in South Africa: Results of a 2012 national survey update. Report prepared by the Human Sciences Research Council on behalf of the Financial Services Board. Pretoria: Financial Services Board. pp. 1-129.
- Saini, Y.K. & Mokolobate, K.N. 2011. An empirical study of market orientation in the life insurance industry in South Africa. *Journal of Business Case Studies (JBSCS)*, 7(4), pp.61-72.
- Sanlam report. 2019. Why South Africans don't have enough cover. <https://www.iol.co.za/personal-finance/insurance/why-south-africans-dont-have-enough-cover-34914952>. Date of access: 1 March 2020
- Satrovic, E. & Muslija, A. 2018. Economic and demographic determinants of the demand for life insurance: multivariate analysis. *Yönetim ve Ekonomi Araştırmaları Dergisi*, 16(1), pp.102-115.
- Shiller, R.J. 2003. From efficient markets theory to behavioral finance. *Journal of Economic Perspectives*, 17(1), pp.83-104.
- Sileyew, K.J. 2019. Research design and methodology. United Kingdom: In *Cyberspace*. IntechOpen.
- Sinha, P. 2015. Stocks' pricing dynamics and behavioural finance: A review. *Management Science Letters*, 5(9), pp.797-820.
- Soofi, M., Najafi, F. & Karami-Matin, B. 2020. Using insights from behavioral economics to mitigate the spread of COVID-19. *Applied Health Economics and Health Policy*, 18(3), pp.345-350.
- Statistics South Africa (StatsSA). 2020. National poverty lines (Online), Statistics South Africa. Available at: <http://www.statssa.gov.za>. Accessed on 9 June 2021.
- Taherdoost, H. 2016. Sampling methods in research methodology: *How to Choose a Sampling Technique for Research*. International Journal of Academic Research in Management, 5(2), pp16-27.

- Taherdoost, H. 2016. Validity and reliability of the research instrument; how to test the validation of a questionnaire/survey in a research. *International Journal of Academic Research in Management*, 5(3), pp 28-36.
- Tashakkori, A., Teddlie, C. & Teddlie, C.B. 1998. *Mixed methodology: Combining qualitative and quantitative approaches* (Vol. 46). London. Thousand Oaks, California: Sage.
- Thakur, S. 2017. The impact of behavioural finance on stock markets. *Joseph's Journal of Multidisciplinary Studies (JJMDS)*, 1(1), pp.44-49.
- The South African Law Commission. 2020. Review of Laws regulating funeral parlours and related services industry. Centurion, South Africa.
- Thomas, O.O. & Lawal, O.R. 2020. Exploratory research design in management sciences: an x-ray of literature. *Annals of the University Dunarea de Jos of Galati: Fascicle: I, Economics & Applied Informatics*, 26(2), 79-84.
- Tuli, F. 2010. The basis of distinction between qualitative and quantitative research in social science: Reflection on ontological, epistemological and methodological perspectives. *Ethiopian Journal of Education and Sciences*, 6(1), pp 97-108.
- Tversky, A. & Kahneman, D. 1974. Judgment under uncertainty: Heuristics and biases. *Science*, 185(4157), pp.1124-1131.
- Tversky, A. & Kahneman, D. 1979. Prospect theory: An analysis of decision under risk. *Econometrica*, 47(2), pp.263-291.
- Valenzuela, A., Bonezzi, A. & Szabó-Douat, T. 2018. What goes around, comes around: How beliefs in karma influence the use of word of mouth for self-enhancement. *Journal of the Association for Consumer Research*, 3(4), pp.490-502.
- Van Der Laan, S.L. & Moerman, L.C. 2018. Do we really need funeral insurance? *The Conversation*, (1), pp.1-3.
- Vaske, J.J., Beaman, J. & Sponarski, C.C. 2017. Rethinking internal consistency in Cronbach's alpha. *Leisure sciences*, 39(2), pp.163-173.

- Vehovar, V., Toepoel, V. & Steinmetz, S. 2016. Non-probability sampling. *The Sage Handbook of Survey Methods*. Thousand Oaks, California: Sage.pp.329-345.
- Venter, C., Vokolkova, V. & Michalek, J. 2007. Gender, residential location, and household travel: Empirical findings from low-income urban settlements in Durban, South Africa. *Transport Reviews*, 27(6), pp.653-677.
- Virigineni, M. & Rao, M.B. 2017. Contemporary developments in behavioural finance. *International Journal of Economics and Financial Issues*, 7(1), pp.448-459.
- Vlaev, I. & Elliott, A. 2014. Financial well-being components. *Social Indicators Research*, 118(3), pp.1103-1123.
- White, H. & Sabarwal, S. 2014. Quasi-experimental design and methods. *Methodological Briefs: Impact Evaluation*, 8, pp.1-16.
- Włodarczyk, K. 2017. November. The financial management of households—behavioural economics perspective. In *International Conference on Computational Methods in Experimental Economics*. Poland: Springer, pp. 35-45.
- Yue, P., Gizem Korkmaz, A. & Zhou, H. 2020. Household financial decision-making amidst the COVID-19 pandemic. *Emerging Markets Finance and Trade*, 56(10), pp.2363-2377.
- Zahera, S.A. & Bansal, R., 2018. Do investors exhibit behavioral biases in investment decision making? A systematic review. *Qualitative Research in Financial Markets*, 10(2), pp 210-251.
- Zaiane, S. 2015. Behavioral biases of individual investors: the effect of anchoring. *Eurasian Journal of Social Sciences*, 3(1), pp.13-19.
- Zeka, B. 2019. Most black South Africans don't save for retirement. How to change this, pp.1-4. Available at: <http://theconversation.com/most-black-south-africans-dont-save-for-retirement-how-tochange-this-111757>. Accessed 9 June 2021.

ANNEXURE A: DATA COLLECTION TOOL

Section A: BIOGRAPHICAL INFORMATION

Please circle the appropriate code or fill in the space provided.

1. With which Gender do you identify?/ <i>ke bong bofe o ikamahanyang le bona</i>	Female/ <i>Botsheadi</i>	1
	Male/ <i>Botona</i>	2
	Other/ <i>Enngwe</i>	3
	Prefer not to answer/ <i>Kgetha ho se arabe</i>	99

2. What is your marital status/ <i>Boemo ba hao ba lenyalo ke bofe?</i>	Single/ <i>Ha kena molekane</i>	1
	Married/ <i>Nyetse</i>	2
	Divorced/ <i>Hladile</i>	3
	Widowed/ <i>Mohlolohadi</i>	4
	Living together/ <i>Dula mmoho</i>	5
	Prefer not to answer/ <i>Kgetha ho se arabe</i>	99

3. Age in years/ <i>Dilemo ka dilemo</i>	18-30	1
	31-40	2
	41-50	3
	51-60	4
	61-70	5
	70+	6

	Prefer not to answer/ <i>Kgetha ho se arabe</i>	99
--	---	----

4. What is your highest completed level of education/ <i>Boemo ba hao baba thuto bo phethehileng bo hodimo ke bofe</i>	No formal schooling/ <i>Ho sa kena sekolo.</i>	1
	Incomplete primary/ <i>Mathomo a sa phethahalang</i>	2
	Primary/ <i>Sekolo sa Mathomo.</i>	3
	Incomplete Matric/ <i>Materiki asa phethahalang.</i>	4
	Matric/ <i>Materiki</i>	5
	Tertiary/ <i>Se phahameng</i>	6
	Prefer not to answer/ <i>Kgetha ho se arabe</i>	99

5. Do you or any family member receive government grant/s?/ <i>O amohela kapa emong wa lelapa o amohela tjhelete ya mmuso?</i> If yes please specify the grant/s/ <i>Ebang ke ee qaqisa dithuso tsa mmuso</i>	Yes/ <i>Ee</i>	1
	No/ <i>Tjhe</i>	2
		

6. How would you describe your current employment situation?/ <i>O ka hlalosa boemo ba hao ba ha jwale ba mosebetsi jwang?</i>	Student or Apprenticeship/ <i>Moithuti kapa hoithutela mosebetsi</i>	1
	Unemployed/ <i>Hloka mosebetsi</i>	2
	Employed/ <i>Hirilwe</i>	3
	Other (specify)/ <i>Enngwe (qaqisa)</i>	4
	Prefer not to answer/ <i>Kgetha ho se arabe</i>	99

7. How much is your personal monthly income?/ <i>Moputso wa hao wa kgwedi le kgwedi ke bokae?</i>	Between/ <i>Pakeng tsa</i> 0-R2 500	1
	R2 501- R5 000	2
	R5 001-R10 000	3
	R10 001+	4
	Prefer not to answer/ <i>Kgetha ho se arabe</i>	99

8. How many children under the age of 18 do you have that are financially depending on you?/ <i>Ona le bana ba bakae ba ka tlase ho 18</i>	Number of children under 18/ <i>Palo ya bana ba ka tlase ho 18</i>	1
	(Don't know)/ <i>(Hake tsebe)</i>	55

<i>ho dilemo tse 18 ba itshetlehileng ho wena? ka tjhelete?</i>	Prefer not to answer/ <i>Kgetha ho se arabe</i>	99
---	---	----

9. How many people aged 18 and above are financially depending on you, [including your partner]? Please do not count yourself/ <i>Ke batho ba bakae ba dilemo tse 18 ho ya hodimo ba itshetlehileng ho wena ka tjhelete [ho kenyelletsa le molekane]? Ke kopa o seke wa ipalla.</i>	Number of people 18+ years/ <i>Palo ya batho ba 18 ho ya hodimo ka dilemo</i>	1
	(Don't know)/ <i>(Ha ke tsebe)</i>	55
	Prefer not to answer/ <i>Kgetha ho se arabe</i>	99

Section B: Mortality related policies choices

(Question 10 was adapted from Struwig et al (2013) and permission to adapt the question was granted)

You have indicated that you have mortality related insurance policies./ *O bontshitse hore o na le dipholisi tsa inshoreense tsa lefu*

10. Which funeral insurance policy do you hold?/ <i>O tshwere pholisi ya inshoreense efe ya lepato?</i> [Objective 3]	Belong to a burial society/ <i>Ho ya mokgatlo wa lepato</i>	1
	Funeral policy with a bank (including Post Bank)/ <i>Pholisi ya lefu le banka (ho kenyelletsa le Banka ya Poso)</i>	2
	Funeral cover through an undertaker or funeral parlour / <i>home/ Inshoreense ya lefu le motsamaisa wa phihlo</i>	3

	Funeral policy with an insurance company/ <i>Pholisi ya lefu le khampani ya inshoreense</i>	4
	Funeral cover from a spaza shop or stokvel/ <i>Inshoreense ya lefu le lebenkele la spaza kapa setokfele.</i>	5
	Funeral cover from any other source (e.g. shop, employer) <i>Inshoreense ya lefu e tswang mohloding ofe kapa ofe (mohlala, lebenkele kapa mohiri)</i>	6
	Prefer not to answer/ <i>Kgetha ho se arabe</i>	99

11. How much is your monthly contributions towards your funeral insurance policy?/ <i>Dinyehelo tsa hao tsa kgwedi le kgwedi ke bokae ho inshoreense ya lepato la hao?</i> [Objective 3]	R.....
--	--------

12. According to the policy you have chosen, is your family going to receive a pay-out in the form of cash or groceries or both? <i>Ho latela pholisi oe kgethileng, na lelapa la hao le tla fumana tefo ka mokgwa wa tjhelete kapa ka korosari kapa di le pedi</i> [Objective 3]	Cash/ <i>Tjhelete</i>	1
	Groceries/ <i>Dikorosari</i>	2
	Both/ <i>Di le pedi</i>	3

13. What are the reasons for having a funeral insurance policy?/ <i>Mabaka a hoba le pholisi ya inshoreense ya lefu ke afe?</i> [Objective 5]

.....

.....

.....

.....

14. What do you think is the average spending at a funeral in your community?/ *O nahana hore sechabeng sa heno se sebedisa tjhelete e kae lefung?* [Objective 3]

.....

15. How do you deal with the pressure from society and family on how to conduct funeral processes of your loved one?/ *O sebitsana jwang le kgatello ya sechaba le ba lelapa, ka mokgwa wa ho tsamaisa ditshebetso tsa lepato tsa moratiwa wa hao?* [Objective 5]

.....

.....
.....

16. Which of the following insurance policies do you hold?/ <i>O tshwere dipholisi tsa inshoreense tsefe hotse latelang?</i> [Objective 3]	Life insurance or life cover/ <i>Inshoreense ya bophelo</i>	1
	Insurance that pays your loan or borrowing when you die/ <i>Inshoreense e lefang sekoloto sa hao kapa e adimang ha o hlokahala</i>	2
	More than one option/ <i>Ho feta kgetho e le nngwe</i>	3

17. How much is your monthly contributions towards your life insurance policy?/ <i>Monehelo wa hao wa kgwedi le kwedi wa pholisi ya inshoreense ke bokae?</i> [Objective 3]	
	77. Not applicable/ <i>Ha e sebetse</i>

18. According to the life insurance policy you have chosen, how much is your family going to receive as a pay-out? Give me an estimate./ <i>Ho latela pholisi ya inshoreense eo o e kgethileng, lelapa la hao le tla amohela tefo ya bokae? Mphe kgakanyo</i> [Objective 5]	
	77. Not applicable/ <i>Ha e sebetse</i>

19. What are the reasons for having a life insurance policy? <i>Mabaka a hoba le pholisi ya inshoreense ya bophelo ke afe?</i> [Objective 5]
.....
.....
.....
.....
.....

Section C: Financial knowledge assessment

(Question 20 and 51 to 60 were adapted from Struwig et al (2013) and permission to use the questions was granted and questions 24 to 50 were adapted from Ramavhea et al (2017) and the permission was also granted)

20. Do you have a household budget? [IF NECESSARY ADD: a budget is used to decide what share of your income will be used for spending, saving and paying bills] <i>O na le tekanyetso ya lelapa? [HA HO LE BOHLOKWA KOPANYA: tekanyetso e sebediswa ho etsa qeto ya ho re ke karolo efe ya mokgolo o kenang e tla sebedisetswa ditshenyehelo, ho boloka le ho patala dikoloto]</i> [Objective 4]	Yes/ <i>Ee</i>	1
	No/ <i>Tjhe</i>	2
	Prefer not to answer/ <i>Kgetha ho se arabe</i>	99

21. Do you keep track of your daily spending?/ <i>Na o boloka tlaleho ya tshebediso ya tjhelete ya letsatsi le letsatsi</i> [Objective 4]	Yes/ <i>Ee</i>	1
	No/ <i>Tjhe</i>	2
	Prefer not to answer/ <i>Kgetha ho se arabe</i>	99

22. Do you change your mortality related insurance policies decisions whenever there is new financial information available in the market? <i>Na o fetola diqeto tsa hao tsa inshoreense tse amanang le lefu nako le nako ha hona le tlhahiso-leseding le letjha la tjhelete le teng mmarakeng.</i> [Objective 4]	Yes? <i>Ee</i>	1
	No/ <i>Tjhe</i>	2
	Prefer not to answer/ <i>Kgetha ho se arabe</i>	99

23. Is your financial planning on mortality related decision affected by increasing prices?/ <i>Na merero ya hao ya tjhelete ya lefu e amanang</i>	Yes/ <i>Ee</i>	1
	No/ <i>Tjhe</i>	2

le diqeto e angwa ke ho nyoloha ha ditheko? [Objective 4]	Prefer not to answer/ <i>Kgetha ho se arabe</i>	99
--	--	----

	Answer the following questions to your best of your ability/ Araba dipotso tse latelang ka hohle kamoo o ka kgonang (Objective 4)	YES/ EE	NO/ TJHE	I DON'T KNOW/ HA KE TSEBE
24.	All banks charge the same service fees on cheque accounts./ <i>Dibanka tsohle dilefisa ditefiso tse tshwanang tsa tshebeletso ho diakhaonto tsa cheke</i>	1	2	55
25.	A statement of financial position shows what I own or possess, what I owe to other people and what I remain with if I am to pay all my debts./ <i>Setatemente sa boemo ba tjhelete se bontsha seo ke nang le sona, seo ke se kolotang batho ba bang, le seo ke dulang le sona haeba ke tlameha ho lefa dikoloto tsohle tsaka</i>	1	2	55
26.	Credit cards are generally regarded as the least expensive form of credit./ <i>Dikarete tsa mokitlane ka kakaretso di nkuwa e le mokgwa wa theko e tlase wa dikoloto.</i>	1	2	55
27.	The current prime lending rate is 7%./ <i>Sekgahla sa hajwale sa dikadimo tsa tjhelete ya mantlha ke 7%</i>	1	2	55
28.	The current rate of increase in general price is between 3% and 3.5%./ <i>Sekgahla sa hajwale sa eketseha ho ya theko e akaretsang se dipakeng tsa 3% le 3.5%</i>	1	2	55

29.	Compared to buying, renting a house provides more financial flexibility./ <i>Ha ho bapiswa le ho reka, ho hira ntlo ho fana ka maemo a ho fetoha a tjhelete</i>	1	2	55
30.	The "tax year" normally starts from 1 January until the last day in December (the same year)./ <i>"Selemo sa tax" ka tlwaelo se qala ka 1 Pherekong ho fihlela letsatsi la hoqetela la tshitwe (selemong seo)</i>	1	2	55
31.	The best way to save money is to save money in a savings account./ <i>Tsela e ntle ya ho boloka tjhelete ke ho e boloka ka hara akhaonto ya poloko.</i>	1	2	55
32.	Inflation has an impact on savings. <i>Phaello ya theko e na le tshusumetso ditjheleteng.</i>	1	2	55
33.	If I have a debit balance on my bank statement, I will have a positive balance on my account./ <i>Haeba ke na le ditefo tsa dikoloto setatementeng saka sa banka, ke tla ba le teka-tekano e ntle akhaontong ya ka.</i>	1	2	55
34.	Financial planning can be affected by inflation./ <i>Merero ya tjhelete e anngwa ke phaello.</i>	1	2	55
35.	Long-term financial goals should be changed as new information becomes available./ <i>Ditabatabelo tsa tjhelete ya nako e telele di ka fetowa ha tlhahiso-leseding e ba teng.</i>	1	2	55
36.	Setting short-term goals helps me to control my living expenses./ <i>Ho beha ditabatabelo tsa nako e kgutshwane dinthusa ho laola ditshenyehelo tsa ho phela.</i>	1	2	55

37.	Fixed expenses remain constant regardless of period of time./ <i>Ditshenyehelo tse tsitsitseng di dula di le teng ho sa tsotellehe nako.</i>	1	2	55
38.	The budget and actual expenses must align. Do you agree?/ <i>Ditekanyetso le ditshenyehelo tsa nnete di tlameha ho tsamaisana. Na wa dumela?</i>	1	2	55
39.	The use of credit can be helpful during periods of high inflation./ <i>Tshebediso ya mokitlane e ka thusa nakong ya phaello e hodimo</i>	1	2	55
40.	Return on most investments is guaranteed./ <i>Hokgutla ha bongata ba dipeeletso di netefaditswe.</i>	1	2	55
41.	The current VAT rate is 15%./ <i>Sekgahla sa VAT ha jwale ke 15%.</i>	1	2	55

The next few questions are meant to know more about your financial knowledge. The questions are not designed to trick you so if you think you have the right answer, you probably do. If you don't know the answer, just say *sol Dipotso tse latelang di etseditswe ho tseba ka tsebo ya hao ya tjhelete. Dipotso ha di a etsetswa hoo qhekanyetsa ebang onahana o na le karabo e nepahetseng, o nepile. Ha osa tsebe karabo, e re feela jwalo. (Objective 4)*

42. Imagine that five friends are given a gift of R1 000. If the friends have to share the money equally how much does each one get?/ <i>Nahana metswalle e mehlano e fuwa mpho ya R1000. Haeba metswalle e tlameha arolelana tjhelete ka ho lekana e mong le e mong o fumana bokae?</i> ...R.....	55. Don't know/ <i>Ha ke tsebe</i>
	66. Irrelevant answer/ <i>Karabo e senang taba</i>
	99. Prefer not to answer/ <i>Kgetha ho se arabe</i>

43. Now imagine that the friends have to wait for one year to get their share of the R1 000 and inflation remains the same. In one year's time will they be able to buy... (Read out)/ <i>Jwale nahana metswalle e tlameha ho emela selemo ho fumana karolo ya bona ya R1000 e be phaello e dula e sa fetohe. Ka mora selemo se le seng ba ka kgona ho reka...(Bala haholo)</i>	1. More with their share of the money than they could today/ <i>haholo ka karolo ya bona ya tjhelete ho feta kamoo ba ka khonang kajeno.</i>
	2. The same amount/ <i>Ka tjhelete e lekanang.</i>
	3. Or, less than they could buy today/ <i>Kapa, ka tlase ho moo ba neng ba ka reka kajeno</i>
	4. (It depends on the types of things that they want to buy)/ <i>(Ho tswa ho mefuta ya dintho tseo ba batlang ho direka).</i>
	55. (Don't know)(Ha ke tsebe)
	66. (Irrelevant answer)/ <i>(Karabo e senang taba)</i>
	99. (Prefer not to answer)/ <i>(Kgetha ho se arabe)</i>

44. You lend R25 to a friend one evening and he gives you R25 back the next day. How much interest has he paid on this loan?/ O kadima motswalle R25 mantsiboeng a mang e ebe o ofa R25 hape tsatsing le latelang. O lefile tswala ya bokae sekolong se? ...R.....	55. (Don't know)/ <i>(Ha ke tsebe)</i>
	66. (Irrelevant answer)/ <i>(Karabo e senang taba)</i>
	99. (Prefer not to answer) <i>(Kgetha ho se arabe)/</i>

45. Suppose you put R100 into a savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money. Will the amount in your account at the end of the year be less than, same as or more than R100?/ <i>Nahana feela o beha R100 ka hara akhaonto ya dipolokelo ka netefatso ya sekgahla sa phaello ya 2% ka selemo. O sa etse ditefo tse ding hape ka hara akhaonto hape o sa ntshe tjhelete efe kapa efe. Na tjhelete e ka akhaontong ya hao ha selemo se fela e tlabe e le tlase ho, e tshwana le kapa ka hodimo ho R100?</i> 	55. (Don't know)/ <i>(Ha ke tsebe)</i>
	66. (Irrelevant answer)/ <i>(Karabo e senang taba)</i>
	99. (Prefer not to answer)/ <i>(Kgetha ho se arabe)</i>

46. And how much would be in the account at the end of five years? Would it be:/ <i>Le hore e tlo ba bokae ka akhaontong ha dilemo tse hlano di feta? E tlaba:</i> R.....	1. More than R110/ <i>Ho feta R110</i>
	2. Exactly R110/ <i>Hantle feela R110</i>
	3. Less than R110/ <i>Ka tlase ho R110</i>
	4. It impossible to tell from the information given/ <i>Ho thata ho bolela ho tlotswa ho tlhahisoleseding e fannweng ka yona</i>
	55. (Don't know)/ <i>(Ha ke tsebe)</i>
	66. (Irrelevant answer)/ <i>(Karabo e senang taba)</i>
	99. (Prefer not to answer)/ <i>(Kgetha ho se arabe)</i>

I would like to know whether you think the following statements are true or false:/
Nka rata ho tseba hore na o nahana dipolelo tse latelang di nepahetse kappa di fosahetse:

	True/ <i>Nepahetse</i>	False/ <i>Fosahetse</i>	(Do not know)/ (Ha ke tsebe)	(Prefer not answer)/ (Kgetha ho se arabe)
47. If someone offers you the chance to make a lot of money it is likely that there is also a chance that you will lose a lot of money./ <i>Ha motho a ofa monyetla wa ho etsa tjhelete e ngata ho ka etsahala hore ho na le monyetla wa ho lahlehelwa ke tjhelete e ngata</i>	1	2	55	99
48. High inflation means that the cost of living is increasing rapidly./ <i>Phaello e hodimo e bolela ditheko tsa bophelo di nyoloha ka potlako</i>	1	2	55	99
49. It is less likely that you will lose all of your money if you save it in more than one place./ <i>Ha ho bonolo hore o tla lahlehelwa ke tjhelete ya hao ka hofela haeba o e boloka dibakeng tse fetang tse nngwe .</i>	1	2	55	99

These are behaviour questions. Indicate how often you do these things./ Tsena ke dipotso tsa boitshwaro. Bontsha ke kgafetsa hakae o etsang dintho tsena.

[Objective 4]

	Alway/ <i>Kameh la.</i>	Often <i>/ Kgafe tsa</i>	Some of the time/ <i>Tse ling tsa nako</i>	Seldom/ <i>Sewelo</i>	Never/ <i>Lekgal e</i>	Prefer not answer/ <i>Kgetha ho se arabe</i>	Not applicable/ <i>Ha e sebetse</i>
50. Before I buy something I carefully consider whether I can afford it/ <i>Pele ke reka ho itseng ke ela ka hloko hore na nka e kgona na.</i>	1	2	3	4	5	99	77
51. I pay my bills on time/ <i>Ke patala dikoloto tsaka ka nako</i>	1	2	3	4	5	99	77
52. I keep a close personal watch on my financial affairs/ <i>Ke dula ke</i>	1	2	3	4	5	99	77

<i>shebile ditaba tsaka tsa tjhelete ka hloko</i>							
53. I set long-term financial goals and work hard to achieve them/ <i>Ke beha nako e telele ho ditabatabelo tsaka tsa tjhelete mme ke sebetsa ka thata ho di finyella</i>	1	2	3	4	5	99	77

54. Have you set aside emergency or rainy day funds that would cover your expenses for 3 months, in case of sickness, job loss, economic downturn, or other emergencies? <i>O se o behile tjhelete ya tshohanyetso ka thoko e tla o kwalla ditshenyehelo tsa kgwedi tse tharo, haeba o kula, ho lahlehelwa ke mosebetsi, ho putlama ha moruo, kapa maemo a mang a tshohanyetso?</i> [Objective 4]	1. Yes/ <i>Ee</i>
	2. No/ <i>Tjhe</i>
	99. Prefer not to answer/ <i>Kgetha ho se arabe</i>

I would like to know how much you agree or disagree with each of the following statements:/ <i>Nka thabela ho tseba hore o dumela kapa o hanana le enngwe le enngwe ya dipolelo tse latelang.</i> [Objective 4]						
	Completely Agree/ <i>Dumela ka botlalo</i>	Agree/ <i>Dumela</i>	Neither Nor/ <i>Ha ho</i>	Disagree/ <i>Hanana</i>	Completely Disagree/ <i>Hanana ka botlalo</i>	Prefer not to answer/ <i>Kgetha</i>

			<i>jwalo kapa</i>			<i>ho se arabe</i>
55. I find it more satisfying to spend money than to save it for the long term/ <i>Ke fumana ho kgotsofatsa haholoanyane ho sebedisa tjhelete ho feta ho e bolokela nako e telele</i>	1	2	3	4	5	99
56. I tend to live for today and let tomorrow take care of itself/ <i>Ke tlwaetse ho phelela kajeno mme ke tlohele hosane ho itlhokomele.</i>	1	2	3	4	5	99
57. Money is there to be spent/ <i>Tjhelete e etseditswe ho e sebediswa</i>	1	2	3	4	5	99

How much do you agree or disagree with the following statements?/ O dumela kapa ho hanana ha kae le dipolelo tse latelang? [Objective4]

	Completely Agree <i>/Dumela ka botlalo</i>	Agree/ <i>Dumela</i>	Neither Nor/ Ha ho jwalo kapa	Disagree/ <i>Hanana</i>	Completely Disagree/ <i>Hanana ka botlalo</i>	Prefer not to answer/ <i>Kgetha ho se arabe</i>
58. I've got a clear idea of the sorts of financial products or services that I need without consulting a financial adviser/ <i>Ke na le mohopolo o hlakileng wa mefuta ya dihlahiswa tsa ditjhelete kapa ditshebeletso ntle le ho buisana le moeletsi wa ditjhelete.</i>	1	2	3	4	5	99
59. I always research my choices	1	2	3	4	5	99

thoroughly before making any decisions about financial products or services/ <i>Kamehla ke etsa dipatlisiso ka dikgetho tsa ka ka botlalo pele ke etsa diqeto tse mabapi le dihlahiswa tsa ditjhelete kapa ditshebeletso.</i>						
--	--	--	--	--	--	--

60. Within the last five years, have you discovered that you had been paying for a financial product that was clearly unsuitable for your needs? [This would include formal and informal products, covering savings, investments, credit or loans, as well as insurance]/ *Ka hara dilemo tse hlano tse fitileng, na o fumane hore o ne o ntse o lefa dihlahiswa tsa tjhelete tse hlakileng ho re ha di tshwanele ditlhoko tsa hao? [Sena se ka kenyelletsa dihlahiswa tsa semmuso le tse sa rerwang, dipehelo tse kwahelang, dipeeletso, mokitlane kapa dikadimo, ha mmoho le inshoreense].* [Objective 4]

1. Yes/ Ee.....

2. No/Tjhe.....

If your answer is Yes above, may you elaborate further/ *Ebang karabo ya hao e leng Ee ka hodimo, o ka qaqisa haholoanyane.*

.....

.....

.....

.....End of questionnaire/ *Qetello ya lenane la dipotso*

ANNEXURE B: INFORMATION SHEET AND INFORMED CONSENT FORM

INFORMATION SHEET

MORTALITY RELATED INSURANCE POLICIES SURVEY

I am a Masters student from North West University and I am conducting research on the mortality related insurance policies in South African households in Bloemfontein. The main objective of this study is to seek to understand decisions about mortality-related policies that lower-income groups in South Africa make. The data obtained during this study will only be used by the researcher for the main purpose of this study.

For this purpose, the researcher and the fieldworker will conduct a survey in the community identified. The survey will take approximately 40 minutes. Your responses therefore are only anonymous. This data collected will be safely and securely stored. Findings from this study may be published, but the answers will be averaged together with the responses from all other people and your responses will not be identified since your personal information is not required. You may withdraw at any stage. The study was approved by the North West University research ethics committee, number [NWU-00037-21-A4]. You can contact the following person in case you have any questions that I cannot answer:

Ke moithuti wa Masters a tswang Univesity ya North West mme ke etsa dipatlisiso tsa diphholisi tsa inshoreense tse amanang le lefu malapeng a Afrika Borwa mona Mangaung. Morero wa mantlha wa thuto ke ho batlana le ho utlwisisa diqeto ka diphoholisi tse amanang le mafu tse etswang ke batho ba mekgolo e tlase Africa Borwa. Dintlha tse ileng tsa fumaneha nakong ya diphuputso tsena etla sebediswa feela ke mofuputsi morero wa mantlha e le dipatlisiso tsena.

Bakeng sa morero ona, mofuputsi le mofuputsi wa sebakakeng batla etsa dipatlisiso sechabeng se seng se boletswe. Phuputso e etswang e tla nka hantle metsotso e 40. Dikarabo tsa hao ha di na tsejwa. Dintlha tse bokeditsweng di tla bolokwa ka polokeho e hloko. Dintho tse fumanweng thutong ena di kanna tsa hatiswa, empa dikarabo di tla hlophiswa hammoho le dikarabo tsa batho bohle mme dikarabo tsa lona di ke ke tsa tsejwa ka ha tlhahisoleseding hao ya botho e sa hlokahe. O ka tswa ka nako efe kapa efe. Dipatlisiso tsena di amohetswe ke komiti ya melao ya boitshwaro ya dipatlisiso Univesiting ya North West, nomoro [NWU-00037-21-A4]. O ka ikopanya le motho a latelang ha eba ona le dipotso tseo ke sa finyelleng ho di araba.

Information about the researcher:/ Tlhahisoleseding ka mofuputsi:

INFORMED CONSENT FORM

RESPONDENT:/ MOARABI WA DIPOTSO:

- I have understood the information above;/ *Ke utlwisisitse ditaba tse kahodimo;*
- I was given a chance to ask questions;/ *Ke ile ka fuwa monyetla wa ho botsa dipotso;*
- I have received a copy of this form; / *Ke amohetse kopi ya foromo ena;*

Yes/Ee	No/Tjhe
Yes/Ee	No/Tjhe
Yes?Ee	No/Tjhe

Respondent's signature:/ *Tshaeno ya moarabi*

Date:/ Letsatsi:

FIELDWORKER:

I

[FIELDWORKER'S FULL NAMES]

- explained the study to the respondent;
- answered all the questions of the respondent regarding the study;
- gave the respondent a copy of this form.

Yes	No
Yes	No
Yes	No

Signature of fieldworker:

Date:
