WHAT IS THE SAVINGS & INVESTMENT MONITOR?

Annual Survey

Metro Working South Africans

Saving & Investment Behaviours & Attitudes
METHODOLOGY
MAIN SURVEY

Tracking study to look at trends

Weighted to the SA working metro population (AMPS)

Conducted by independent research house, Peppercorn Research

Face-to-face interviews (1 000 HH's)

Fieldwork dates: 26 April – 26 May 2018
DEFINITION OF SAVINGS & INVESTMENTS

Putting money away

Holding back on spending

Into savings accounts, policies & investments

And using that money to pay debt faster, like putting extra into your home loan
HISTORY OF THE SAVINGS & INVESTMENT MONITOR

- **November 2009**: Stokvels
- **July 2010**: Women
- **November 2011**: Public Sector
- **July 2012**: Youth
- **November 2012**: Baby Boomers & High Income Market
- **July 2013**: Debt & Z-Generation
- **November 2013**: Household, Behavioural Shifts
- **July 2014**: Entrepreneurs (Self-employed & “Slashers”)
- **July 2015**: RIFS
"Thinking about our country at the moment, what 3 words come to mind?"
"Thinking about our country at the moment, what 3 words come to mind?"
“I FEEL CONFIDENT IN THE SOUTH AFRICAN ECONOMY”

% agree

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>58%</td>
<td>55%</td>
<td>55%</td>
<td>52%</td>
<td>55%</td>
<td>31%</td>
<td>34%</td>
<td>43%</td>
</tr>
</tbody>
</table>
CONFIDENCE IN THE SOUTH AFRICAN ECONOMY – BY 3 MAIN URBAN CENTRES

2010 2012 2014 2016 2018

HH Income pm

Gauteng
Cape Town
Durban

70%
55%
40%
19%
10%
49%
38%
31%
59%
42%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%

SAVINGS & INVESTMENT MONITOR
BUSINESS CONFIDENCE INDEX

SOUTH AFRICA BUSINESS CONFIDENCE

Index Points

- Jul 2015: 38
- Jan 2016: 36
- Jul 2016: 32
- Jan 2017: 42
- Jul 2017: 38
- Jan 2018: 29
- Jul 2018: 45
- Jan 2019: 35
- Jul 2019: 34
- Jan 2020: 39

SOURCE: TRADINGECONOMICS.COM | BUREAU FOR ECONOMIC RESEARCH (BER)
HOUSEHOLDS DEBT TO INCOME RATIO DECLINES

SOUTH AFRICA HOUSEHOLDS DEBT TO INCOME

YEAR | DEBT TO INCOME RATIO
--- | ---
2008 | 86.4
2010 | 84.4
2012 | 81.9
2014 | 79.8
2016 | 78.3
2018 | 71.9

SOURCE: TRADINGECONOMICS.COM | SOUTH AFRICAN RESERVE BANK
FAIRLY STABLE SENTIMENT ABOUT FINANCES

Confidence in making financial decisions (out of 10)

Satisfaction with current financial situation (out of 10)
% OF INCOME SPEND


- Savings
- Insurance & Medical Aid
- Debt
- Consumption / Living Expenses

57%  55%  58%  65%  68%  63%  62%  67%
SAVINGS & INVESTMENT

VEHICLES USED
SAVINGS & INVESTMENT VEHICLES USED

- Banked cash savings
- Funeral policies
- Life assurance / death & disability cover
- Pension / provident fund
- Education policies (amongst those with dependent children)
- RA
- Informal savings (Black)
- Have neither pension / provident nor RA

Education Policies – based on those with dependent children
1 in 3 Baby Boomers have NO formal retirement fund provision
SAVING FOR CHILDREN’S EDUCATION STILL A CONCERN

So, in 2018, 57% are NOT saving

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>63%</td>
</tr>
<tr>
<td>2011</td>
<td>59%</td>
</tr>
<tr>
<td>2012</td>
<td>56%</td>
</tr>
<tr>
<td>2013</td>
<td>44%</td>
</tr>
<tr>
<td>2014</td>
<td>40%</td>
</tr>
<tr>
<td>2015</td>
<td>40%</td>
</tr>
<tr>
<td>2016</td>
<td>46%</td>
</tr>
<tr>
<td>2017</td>
<td>44%</td>
</tr>
<tr>
<td>2018</td>
<td>43%</td>
</tr>
</tbody>
</table>

Have Education Policy and/or say they are saving for education
SAVING FOR CHILDREN’S EDUCATION
– LOWER INCOME HOUSEHOLDS IMPACTED THE MOST

<table>
<thead>
<tr>
<th>Year</th>
<th>HH Income pm</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>&lt; R6k</td>
</tr>
<tr>
<td>2012</td>
<td>R6k - R13 999</td>
</tr>
<tr>
<td>2016</td>
<td>R14k - R19 999</td>
</tr>
<tr>
<td>2017</td>
<td>R20k - R39 999</td>
</tr>
<tr>
<td>2018</td>
<td>R40k+</td>
</tr>
</tbody>
</table>

- In 2010, 73% of households saved for children's education.
- In 2016, 58% of households saved for children's education.
- In 2017, 43% of households saved for children's education.
- In 2018, 29% of households saved for children's education.
- In 2010, 18% of households saved for children's education.
- In 2016, 58% of households saved for children's education.
- In 2017, 45% of households saved for children's education.
- In 2018, 37% of households saved for children's education.
- In 2010, 56% of households saved for children's education.
- In 2016, 56% of households saved for children's education.
- In 2017, 40% of households saved for children's education.
- In 2018, 18% of households saved for children's education.
CRYPTOCURRENCIES

Awareness of an alternative form of investment called cryptocurrencies (eg: Bitcoin)

- 60% Not aware
- 17% Yes, but only really just heard about it
- 19% Yes, I know a bit about it
- 4% Yes, I know a lot about it
CRYPTOCURRENCIES

% who agree

- You can make a lot of money with them: 71%
- I do not understand how they work: 53%
- They are bad news, like a pyramid scheme: 43%
- I wish I had invested in these before: 38%

Based on those “aware”
INFORMAL SAVINGS
INFORMAL SAVINGS

89% of informal savers are black (based on black households)

- Stokvels
- Burial Societies
- Grocery Schemes
- Unbanked Cash Savings

SAVINGS & INVESTMENT MONITOR

(based on black households)
## STOKVEL CONTRIBUTIONS

<table>
<thead>
<tr>
<th>HH Income</th>
<th>2017 Contribution</th>
<th>2018 Contribution</th>
<th>% increase/decline y-on-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than R6k</td>
<td>R339</td>
<td>R372</td>
<td>Increase of 12%</td>
</tr>
<tr>
<td>R6k – R13 999</td>
<td>R622</td>
<td>R630</td>
<td>Increase of 1%</td>
</tr>
<tr>
<td>R14k – R19 999</td>
<td>R978</td>
<td>R796</td>
<td>Decrease of 19%</td>
</tr>
<tr>
<td>R20k – R39 999</td>
<td>R1 085</td>
<td>R873</td>
<td>Decrease of 20%</td>
</tr>
<tr>
<td>R40k+</td>
<td>R1 636</td>
<td>R1 128</td>
<td>Decrease of 31%</td>
</tr>
</tbody>
</table>
### TYPE OF STOKVEL & “HOLDING / INVESTMENT” OF FUNDS

<table>
<thead>
<tr>
<th>Type of Stokvel / Savings Club</th>
<th>Short-term Rotating Stokvel / Savings Club</th>
<th>Investment Club</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held in cash</td>
<td>41%</td>
<td>18%</td>
</tr>
<tr>
<td>In a bank account in a member’s name</td>
<td>16%</td>
<td>21%</td>
</tr>
<tr>
<td>In a bank account in the name of the stokvel</td>
<td>47%</td>
<td>70%</td>
</tr>
</tbody>
</table>

**Short-term rotating stokvel / savings club:** 74%

**Investment club:** 29%
DEPENDENCY
DEPENDENCY ON CHILDREN

“My children should look after me when I am old”

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>26%</td>
</tr>
<tr>
<td>2011</td>
<td>34%</td>
</tr>
<tr>
<td>2012</td>
<td>40%</td>
</tr>
<tr>
<td>2013</td>
<td>38%</td>
</tr>
<tr>
<td>2014</td>
<td>39%</td>
</tr>
<tr>
<td>2015</td>
<td>41%</td>
</tr>
<tr>
<td>2016</td>
<td>45%</td>
</tr>
<tr>
<td>2017</td>
<td>37%</td>
</tr>
<tr>
<td>2018</td>
<td>38%</td>
</tr>
</tbody>
</table>

HH INCOME PM

< R6k 41%
> R40k 24%
DEPENDENCY ON GOVERNMENT

“The government will take care of me if I am unable to take care of myself”

HH INCOME PM

< R6k  50%
> R40k  16%

2010  30%
2011  32%
2012  38%
2013  31%
2014  32%
2015  36%
2016  32%
2017  33%
2018  32%
STILL HIGH EXPECTATION OF HAVING TO SUPPORT FAMILY/ PARENTS IN FUTURE

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>59%</td>
</tr>
<tr>
<td>2017</td>
<td>58%</td>
</tr>
<tr>
<td>2016</td>
<td>58%</td>
</tr>
<tr>
<td>2015</td>
<td>55%</td>
</tr>
<tr>
<td>2014</td>
<td>48%</td>
</tr>
<tr>
<td>2013</td>
<td>48%</td>
</tr>
<tr>
<td>2012</td>
<td>50%</td>
</tr>
</tbody>
</table>
APPROXIMATELY 1 in 2 – 18 – 34 YEAR OLDS LIVE AT HOME WITH PARENTS
SINGLE MOTHERHOOD AND PATERNAL SUPPORT

Single motherhood

Paternal support (regularly)

2012 2014 2016 2018

56% 51% 48% 46%

20% 23% 12% 14%
DEBT
PERSONAL LOANS

- A financial institution
- A friend / relative
- A micro lender

2013: 17%, 6%, 3%
2014: 20%, 7%, 3%
2015: 16%, 10%, 4%
2016: 21%, 8%, 6%
2017: 15%, 6%, 4%
2018: 14%, 10%, 4%

OUTSTANDING DEBT DUE TO PERSONAL LOANS
LESS BORROWING FROM FAMILY/FRIENDS

<table>
<thead>
<tr>
<th>Household Monthly Income</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than R6k</td>
<td>27%</td>
<td>21%</td>
<td>17%</td>
</tr>
<tr>
<td>R6k – R13 999</td>
<td>16%</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>R14k – R19 999</td>
<td>15%</td>
<td>13%</td>
<td>6%</td>
</tr>
<tr>
<td>R20k – R39 999</td>
<td>9%</td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>R40k+</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Savings & Investment Monitor
LOANS FROM FRIENDS/FAMILY – INCREASE IN PAYING IRREGULARLY

“I pay irregularly/only when I can.”

2012: 45%
2013: 47%
2014: 38%
2015: 43%
2016: 34%
2017: 26%
2018: 35%
CREDIT CARDS – JUST PAYING THE MINIMUM INSTALMENT

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>R14k – R19 999</td>
<td>50%</td>
<td>65%</td>
</tr>
<tr>
<td>R20k – R39 999</td>
<td>47%</td>
<td>55%</td>
</tr>
<tr>
<td>R40k +</td>
<td>37%</td>
<td>51%</td>
</tr>
</tbody>
</table>
LIVING EXPENSES
WHEN INCOME AND EXPENSES DO NOT MEET...WHAT DID YOU DO?

This has happened at least once in the past year.

- 57% in 2016
- 52% in 2017
- 41% in 2018
CUTTING BACK ON EXPENSES (MORE SO THAN LAST YEAR)

Mainly airtime (lower income groups)

Airtime, electricity, groceries, DStv, holidays (higher income groups)

Increase in shopping at cheaper supermarkets or changing to cheaper grocery brands
WHEN INCOME AND EXPENSES DO NOT MEET… Pay bills late/miss payments

- Less than R6k: 19% (2016), 32% (2017), 17% (2018)
- R6k - R13,999: 33% (2016), 24% (2017), 24% (2018)
- R14k - R19,999: 34% (2016), 19% (2017), 23% (2018)
- R20k+: 22% (2016), 21% (2017), 23% (2018)
WHEN INCOME AND EXPENSES DO NOT MEET…
Take out a Personal Loan

<table>
<thead>
<tr>
<th>Income Range</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than R6k</td>
<td>16%</td>
<td>17%</td>
<td>12%</td>
</tr>
<tr>
<td>R6k - R13 999</td>
<td>26%</td>
<td>22%</td>
<td>17%</td>
</tr>
<tr>
<td>R14k - R19 999</td>
<td>26%</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>R20k+</td>
<td>20%</td>
<td>17%</td>
<td>25%</td>
</tr>
</tbody>
</table>
SIGNS OF BETTER FINANCIAL BEHAVIOUR EMERGING

- I set financial goals
- I plan my finances 5 to 10 years ahead
- I consider myself a spender, not a saver
- I spend all that I earn, am not able to save anything
- Saving for the future is not a priority
“SLASHERS”

(EMPLOYED BUT WITH SIDELINE JOB/BUSINESS DISSIMILAR TO PRIMARY JOB)
SLASHERS ARE ON THE INCREASE!
Currently earn additional income, over and above your normal job?

- **YES – something similar to my current job**
  - 15% (2018)
  - 13% (2017)

- **YES – something not at all similar to my current job**
  - 28% (2018)
  - 24% (2017)

- **NO**
  - 57% (2018)
  - 63% (2017)

Separate online sample of those earning R5k+ personal income per month.
Recently
Independent
Financially
Strapped

Separate online sample of 200 RIFS (moved out of home in last 2 years)
WHO ARE THE RIFS?

Average age: 29 years

Average income per month: R19k

1 in 3 are Slashers

72% have some post matric qualification

1 in 5 live alone
APPROXIMATELY 1 IN 2 HAVE MOVED OUT OF HOME MORE THAN ONCE

- 48% Have moved out of home once
- 52% Have moved out more than once
THEIR PROPERTY AND VEHICLES

- Renting: 43%
- Own (alone): 44%
- Own (joint): 13%

Have a car:
- 69% in own name
- 19% in another name

- 51% Home Loan (with deposit from own savings)
- 24% Home Loan (no deposit)
- 16% Bought it cash
- 5% Home Loan (with deposit from parents/others)
- 3% Inherited property

88% Have a car.

SAVINGS & INVESTMENT MONITOR
SAVINGS AND INVESTMENT VEHICLES USED

- Funeral policies: 66%
- Life Cover: 65%
- Pension/provident fund: 54%
- Banked Cash Savings: 48%
- RA: 45%
- Stokvel (Black RIFS): 38%
- Shares: 19%
- Unit Trusts: 16%
SAVING IS A PRIORITY

- Saving to invest: 50%
- Saving to buy a/another home: 36%
- Saving for a rainy day: 35%
- Saving for unforseen expenses: 31%
- Furnishing my home: 21%
- Living a more comfortable lifestyle: 15%
- Saving to buy a/another car: 12%
- Gaining experiences: 9%
- Buying latest techno stuff: 5%

SAVINGS & INVESTMENT MONITOR

OLD MUTUAL
THEIR TECHNO STUFF

<table>
<thead>
<tr>
<th>Device</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laptop (personally owned)</td>
<td>79%</td>
</tr>
<tr>
<td>More than one cellphone</td>
<td>77%</td>
</tr>
<tr>
<td>Internet router</td>
<td>65%</td>
</tr>
<tr>
<td>Tablet / iPad (personally owned)</td>
<td>58%</td>
</tr>
<tr>
<td>Personal desktop computer</td>
<td>48%</td>
</tr>
<tr>
<td>Games console</td>
<td>39%</td>
</tr>
</tbody>
</table>
IT’S ALL ABOUT INDEPENDENCE, BUT ....

REASONS FOR MOVING OUT OF HOME

- To become more independent: 25%
- Need for privacy / own space: 21%
- Got married / plan to marry: 11%
- Wanted to buy property: 11%
- It was time to grow: 10%

BIGGEST CHALLENGES

- Keeping up with all the costs: 44%
- Taking responsibility for running a household: 21%
- Taking care of household chores alone: 10%
- Loneliness: 9%
TOP EXPENSES (excluding rent/home loan instalment)

- Petrol / Transport: 63%
- Groceries: 62%
- Electricity: 44%
- Medical: 37%
- Car Insurance: 27%
RIFS

43% I feel financially stable

17% I depend on my parents financially

48% Moving out of home has made me recycle more

67% Moving out of home has made me more conscious of my eating habits

63% I actively save and invest my money

43% I had a financially secure upbringing
“ARE YOU CONSIDERING MOVING BACK HOME?”

- **Yes**: 7%
- **No, never**: 33%
- **No, but things may change**: 60%
THANK YOU