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
DEFINITION OF SAVINGS & INVESTMENTS

Putting money away

Into savings accounts, policies & investments

Holding back on spending

And using that money to pay debt faster, like putting extra into your home loan
Low GDP growth forecasts

Unemployment 26.4%

Business confidence has also declined

Consumer Confidence Index - 15 in Q2 2015
EDUCATION – INFLATION RATE

The rising cost of education
Education CPI compared with headline CPI (annual rate of change)

Source: Consumer price index  http://www.statsa.gov.za


0% 2% 4% 6% 8% 10% 12%

10,5% 9,2% 8,6% 9,0% 9,0% 8,7% 9,3%
LOADSHEDDING AND THE EFFECTS ON HOUSEHOLDS

92% claim to have bought additional lights/torches

44% are using more gas

21% of upper income households have installed a generator

19% of upper income households have installed an alternative water heating system
Representative of Working, Metropolitan Households
DETERIORATION IN MINDSET ABOUT FINANCES

Confidence in making financial decisions (out of 10)

Satisfaction with current financial situation (out of 10)

2011 2012 2013 2014 2015

5.7 6.3 6.5 6.5 6.3

6.9 7.1 7.2 6.9 6.0
SAVING LESS THAN A YEAR AGO

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>41%</td>
</tr>
<tr>
<td>2014</td>
<td>38%</td>
</tr>
<tr>
<td>2013</td>
<td>36%</td>
</tr>
<tr>
<td>2012</td>
<td>36%</td>
</tr>
<tr>
<td>2011</td>
<td>37%</td>
</tr>
<tr>
<td>2010</td>
<td>33%</td>
</tr>
</tbody>
</table>
### % of Income Spend by Wave

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings</th>
<th>Insurance &amp; Medical Aid</th>
<th>Debt</th>
<th>Consumption / Living Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>18%</td>
<td>8%</td>
<td>17%</td>
<td>57%</td>
</tr>
<tr>
<td>2012</td>
<td>21%</td>
<td>7%</td>
<td>16%</td>
<td>55%</td>
</tr>
<tr>
<td>2013</td>
<td>20%</td>
<td>7%</td>
<td>15%</td>
<td>58%</td>
</tr>
<tr>
<td>2014</td>
<td>14%</td>
<td>6%</td>
<td>15%</td>
<td>65%</td>
</tr>
<tr>
<td>2015</td>
<td>15%</td>
<td>5%</td>
<td>12%</td>
<td>68%</td>
</tr>
</tbody>
</table>
SAVINGS OBJECTIVES
<table>
<thead>
<tr>
<th>SAVINGS OBJECTIVES</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children's education (based on parents)</td>
<td>51%</td>
<td>50%</td>
<td>33%</td>
<td>32%</td>
<td>32%</td>
</tr>
<tr>
<td>Emergency expenses</td>
<td>42%</td>
<td>39%</td>
<td>39%</td>
<td>43%</td>
<td>44%</td>
</tr>
<tr>
<td>Retirement / old age</td>
<td>41%</td>
<td>35%</td>
<td>37%</td>
<td>37%</td>
<td>42%</td>
</tr>
<tr>
<td>Funeral expenses</td>
<td>29%</td>
<td>26%</td>
<td>30%</td>
<td>37%</td>
<td>53%</td>
</tr>
<tr>
<td>Home improvements</td>
<td>21%</td>
<td>17%</td>
<td>22%</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td>Car / vehicle</td>
<td>20%</td>
<td>20%</td>
<td>27%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Deposit on a home</td>
<td>18%</td>
<td>22%</td>
<td>20%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Medical expenses</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
<td>12%</td>
<td>17%</td>
</tr>
<tr>
<td>Holiday</td>
<td>13%</td>
<td>11%</td>
<td>12%</td>
<td>10%</td>
<td>7%</td>
</tr>
</tbody>
</table>
SAVINGS & INVESTMENT

VEHICLES USED
SAVINGS & INVESTMENT VEHICLES USED

- Banked cash savings
- Funeral policies
- Life assurance / death & disability cover
- Pension / provident fund
- Education policies
- RA
- Informal savings (Black)
- Have neither pension / provident nor RA
SAVINGS & INVESTMENT VEHICLES USED (R40k + HH)

Unit Trusts

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>15%</td>
</tr>
<tr>
<td>2011</td>
<td>15%</td>
</tr>
<tr>
<td>2012</td>
<td>15%</td>
</tr>
<tr>
<td>2013</td>
<td>10%</td>
</tr>
<tr>
<td>2014</td>
<td>20%</td>
</tr>
<tr>
<td>2015</td>
<td>30%</td>
</tr>
</tbody>
</table>
DO NOT SAVE FOR CHILDREN'S EDUCATION

60%

Based on Parents
HAVE NEITHER PENSION/PROVIDENT NOR RA

2015 Household Income

- 73% < R6k pm
- 37% R6-14k pm
- 29% R14-20k pm
- 20% R20-40k pm
- 12% > R40k pm
PROPERTY AS A NEST EGG

“I will rely on my property to fund all/part of my retirement”
INFORMAL SAVINGS

88% of informal savers are black (based on black households)
MAIN REASON FOR BELONGING TO A STOKVEL

Forced saving

- “I was unable to save on my own, so I joined a stokvel.”
- “Saving with a group creates pressure.”

It’s an easy and cheap way of saving

- “I do not have to fill in a form and get credit checked.”
- “Money is readily available for unexpected expenses.”
- “There are no hidden costs.”

Belonging & Support

- “It’s like having your own standby support system – in a crisis.”
- “You meet new people and make friends and have more fun while waiting to get your investment back.”
- “It gives women empowerment.”
INCIDENCE OF BELONGING TO MORE THAN ONE STOKVEL

2015 Household Income

- <R6k pm: 19%
- R6-14k pm: 29%
- R14-20k pm: 44%
- R20-40k pm: 39%
- >R40k pm: 41%
REASONS FOR BELONGING TO MORE THAN ONE STOKVEL

- They serve different purposes (e.g., funerals, birthdays, savings, etc).
- Different social networks (e.g., work, personal friends, family, etc).
- Different payment time periods (e.g., monthly, annually, etc).
- Larger sums of money received by belonging to multiple stokvels.

(based on black households)
INFORMAL SAVINGS – STOKVELS

Contribution amounts (R)

<table>
<thead>
<tr>
<th>Category</th>
<th>July 2014</th>
<th>July 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>685</td>
<td>715</td>
</tr>
<tr>
<td>Less than R6k</td>
<td>405</td>
<td>368</td>
</tr>
<tr>
<td>R6k – R13 999</td>
<td>672</td>
<td>624</td>
</tr>
<tr>
<td>R14k – R19 999</td>
<td>612</td>
<td>891</td>
</tr>
<tr>
<td>R20k – R39 999</td>
<td></td>
<td>961</td>
</tr>
<tr>
<td>R40k+</td>
<td></td>
<td>1279</td>
</tr>
</tbody>
</table>

July 2014  July 2015

(based on black households)
DEPENDENCY
DEPENDENCY ON CHILDREN

“We’re counting on my children to look after me when I am old”
DEPENDENCY ON GOVERNMENT

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

2010 30%
2011 32%
2012 38%
2013 31%
2014 32%
2015 36%
PLANNING TO SUPPORT FAMILY/PARENTS IN FUTURE

- 2012: 50%
- 2013: 48%
- 2014: 48%
- 2015: 55%
THE OLD MUTUAL SANDWICH GENERATION INDICATOR

2011: 20%
2012: 23%
2013: 21%
2014: 23%
2015: 25%
SANDWICH GENERATION

18%  19%  22%  24%  30%  29%  18%  16%  17%

Gen Y  Gen X  Baby Boomers

2013  2014  2015
DEBT
At least one credit card
- 2012: 29%
- 2013: 29%
- 2014: 33%
- 2015: 29%

At least one store card
- 2012: 16%
- 2013: 17%
- 2014: 20%
- 2015: 16%

Personal loan from a financial institution
- 2012: 63%
- 2013: 62%
- 2014: 65%
- 2015: 63%
BUT………. BORROWING MORE FROM FAMILY / FRIENDS

And 45% repay only when they can / irregularly!

<table>
<thead>
<tr>
<th>Income Range</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than R6k</td>
<td>12%</td>
<td>13%</td>
<td>18%</td>
</tr>
<tr>
<td>R6k – R13 999</td>
<td>5%</td>
<td>9%</td>
<td>12%</td>
</tr>
<tr>
<td>R14k – R19 999</td>
<td>5%</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td>R20k – R39 999</td>
<td>3%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>R40k+</td>
<td>1%</td>
<td>0%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Age

SAVINGS & INVESTMENT MONITOR 10TH EDITION
DEBT: PERSONAL LOANS FROM A FINANCIAL INSTITUTION

<table>
<thead>
<tr>
<th>Monthly Payment Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than R6k pm</td>
<td>10%</td>
</tr>
<tr>
<td>R6k – R13 999 pm</td>
<td>20%</td>
</tr>
<tr>
<td>R14k – R19 999 pm</td>
<td>16%</td>
</tr>
<tr>
<td>R20k – R39 999 pm</td>
<td>18%</td>
</tr>
<tr>
<td>R40k+ pm</td>
<td>15%</td>
</tr>
</tbody>
</table>

July 2015
OVERDUE DEBT AND PAYMENTS
% who claim they have overdue debt
(excluding those with NO debt)

18% 19% 31% 18%

18 – 30 years 31 – 39 years 40 – 49 years 50+ years

July 2015
CREDIT CARD AND STORE CARD PAYMENTS

Monthly Household Income

<table>
<thead>
<tr>
<th>Credit Card</th>
<th>Store Card</th>
</tr>
</thead>
<tbody>
<tr>
<td>R0</td>
<td>&lt;R6k</td>
</tr>
<tr>
<td>R550</td>
<td>R323</td>
</tr>
<tr>
<td>R835</td>
<td>R526</td>
</tr>
<tr>
<td>R1261</td>
<td>R635</td>
</tr>
<tr>
<td>R1981</td>
<td>R20 – R40k</td>
</tr>
<tr>
<td></td>
<td>R972</td>
</tr>
<tr>
<td></td>
<td>&gt;R40k</td>
</tr>
<tr>
<td></td>
<td>R1538</td>
</tr>
</tbody>
</table>
### ABILITY TO HANDLE UNFORESEEN EXPENDITURE (R6k – R13 999 HH pm)

<table>
<thead>
<tr>
<th>Options</th>
<th>R1 000</th>
<th>R 5 000</th>
<th>R10 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay with a credit card</td>
<td>7%</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Take out a personal loan from an institution or micro lender</td>
<td>3%</td>
<td>26%</td>
<td>51%</td>
</tr>
<tr>
<td>Borrow from a friend / relative</td>
<td>31%</td>
<td>17%</td>
<td>2%</td>
</tr>
<tr>
<td>Borrow from my stokvel</td>
<td>8%</td>
<td>9%</td>
<td>4%</td>
</tr>
<tr>
<td>USE SAVINGS</td>
<td>50%</td>
<td>34%</td>
<td>8%</td>
</tr>
<tr>
<td>WOULD NOT BE ABLE TO HANDLE IT</td>
<td>0%</td>
<td>5%</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Will need to borrow**

<table>
<thead>
<tr>
<th></th>
<th>R1 000</th>
<th>R 5 000</th>
<th>R10 000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>42%</td>
<td>52%</td>
<td>57%</td>
</tr>
</tbody>
</table>
## ABILITY TO HANDLE UNFORESEEN EXPENDITURE (R20k – R39 999 HH pm)

<table>
<thead>
<tr>
<th>Method</th>
<th>R1 000</th>
<th>R 5 000</th>
<th>R10 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay with a credit card</td>
<td>25%</td>
<td>27%</td>
<td>13%</td>
</tr>
<tr>
<td>Take out a personal loan from an institution or micro lender</td>
<td>1%</td>
<td>11%</td>
<td>34%</td>
</tr>
<tr>
<td>Borrow from a friend / relative</td>
<td>12%</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>Borrow from my stokvel</td>
<td>5%</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>USE SAVINGS</td>
<td>51%</td>
<td>39%</td>
<td>25%</td>
</tr>
<tr>
<td>WOULD NOT BE ABLE TO HANDLE IT</td>
<td>0%</td>
<td>2%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Will need to borrow: 18% R1 000, 31% R 5 000, 46% R10 000
MAIN SOURCE OF FINANCIAL INFORMATION

- Bank Consultant: 28%
- Word of Mouth: 28%
- Financial Adviser: 18%

Main reason for not consulting a financial adviser ➔

”I don’t have enough money”

22% claim to have a relationship with a financial adviser
WHAT WOULD YOU DO WITH A WINDFALL OF A MONTHLY SALARY?

- Spend it (or part of it): 74% (2014), 67% (2015)
- Pay off short/med debt: 35% (2014), 41% (2015)
- Invest in longer term: 16% (2014), 14% (2015)
- Put into bond (have a bond): 4% (2014), 4% (2015)
Z-GENERATION
Z-GENERATION

- Focus on those aged 18 – 23 years and earning money (work full time or part time)
- 400 were interviewed

- Married/Living Together: 22%
- Dependent children: 23%
- Other dependents: 27%
- Live at home with parents: 47%
THEIR WORKING LIFE

For 50% this is their first job

48% are totally financially independent

Average income of full time employed

R8,900 pm

Base: Employed full-time
THEY ARE TECH-SAVVY AND CONNECTED

- I am very comfortable using different types of digital devices: 95%
- I like to own products that are the most technologically advanced: 84%
- I am actively involved in more than one online social network: 81%
- I frequently use the internet for entertainment purposes: 81%
- I prefer to do as many of my transactions online as possible: 72%

Base: Employed full-time
THEY ARE MATERIALISTIC

69% 57%

It is worth paying a higher price for a well known brand

57% 51%

I gain confidence in having material possessions

■ 18 – 20 yrs
■ 21 – 23 yrs

Base: Employed full-time
MANAGING FINANCES

40% believe that they are very knowledgeable about their finances

41% claim to be managing their finances well

Satisfaction with current financial situation: 3.8 (mean score out of 10)

Despite this, the vast majority 85% are optimistic about the future

Base: Employed full-time
SAVINGS VEHICLES
(full time employed Z-Gen's)

<table>
<thead>
<tr>
<th>Savings Vehicle</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension / provident fund</td>
<td>34%</td>
</tr>
<tr>
<td>Funeral policies</td>
<td>28%</td>
</tr>
<tr>
<td>Banked cash savings</td>
<td>26%</td>
</tr>
<tr>
<td>Risk Protection</td>
<td>25%</td>
</tr>
<tr>
<td>RA</td>
<td>21%</td>
</tr>
<tr>
<td>Unit trusts</td>
<td>12%</td>
</tr>
</tbody>
</table>

Why don’t they contribute towards any retirement savings?

→ “I can’t afford it”
→ “I’m too young to be thinking about the later finances of my life”
→ “I have not been introduced to this yet”

Base: Employed full-time
WHAT ARE Z-GEN’S SAVING FOR?
(full time employed)

84% electronics
43% car
63% home appliances
12% motorcycle
63% furniture
12% property

Base: Employed full-time
PARENTS TAUGHT THEM THE MOST ABOUT FINANCES…

63% say that their parents taught them the most about money and how to manage their finances.

but currently…

spouse/girlfriend/boyfriend, siblings, friends/peers…are having a major influence

Base: Employed full-time
POSITIVE SIGNS OF GOOD MONEY MANAGEMENT

“If you received a bonus of R10,000 what would you do with it?”

- Invest in short-term savings and investments: 33%
- Pay off short-/medium-term debt: 28%
- Invest in long-term or retirement savings: 16%
- Spend it: 14%
- Give to children/help out other family member: 5%
- Other: 4%

Base: Employed full-time