



## **Old Mutual Savings and Investment Monitor research reveals that most South Africans are actively managing their money & starting to save more**

**July 2022;** Resilient South Africans are still recovering from two years of COVID-19-induced financial strain. Although many report that they are earning and saving more, some are still struggling financially, resorting to riskier investments, and even gambling in a desperate attempt to make ends meet. This is according to the latest Old Mutual Savings and Investment Monitor (OMSIM) research findings released this morning.

“Following the damage brought on by Covid-19, almost 9 in 10 (86%) of working South Africans have changed how they manage their money. It is noteworthy that they continue to display optimism regarding their future personal financial prospects and show a healthy dose of financial resilience,” says Vuyokazi Mabude, Head of Knowledge & Insights at Old Mutual.

“However, the annual OMSIM research which provides unique insights into how South African consumers think about their money, how they are spending and saving, as well as their priorities regarding their finances, has also shown another side. A desire for higher returns is driving people to consider riskier investments and even resort to using gambling to make ends meet.”

### **Key Findings**

#### **People are confident about their personal futures:**

- 72% are expecting their personal financial outlook to improve in the next six months
- Those expecting their financial outlook to worsen have reduced significantly, from 21% in 2020 to 5% in 2022
- 20% of respondents indicated that they are now earning more than they did before COVID-19 - an increase of 13% since 2021
- 34% of younger respondents (aged between 18 and 29) reported higher levels of income
- People saying they are suffering from financial stress dropping from 56% in 2021 to 50% in 2022.



Against this more positive outlook on personal financial matters, those interviewed were not as positive about South Africa's economic outlook. This pessimism could be attributed to slow economic growth, unemployment, load shedding and a general lack of opportunities.

**Respondents reported changed positive financial behaviours:**

- 39% (2021: 36%) now have more than three months' savings in place to act as a buffer in the event of retrenchment or job losses
- 63% of black South Africans who are employed said they belong to more than one stokvel. This is up from 56% in 2021
- 51% are focusing on paying debts
- 37% are developing emergency savings funds

**Not all respondents have emerged from the 'financial wilderness' brought on by COVID-19 and other factors. This is illustrated by:**

- 52% dipping into savings to make ends meet
- 40% of respondents indicating they have had to borrow from friends or family to make ends meet – this has, however, dropped from 44% in 2021
- 35% are falling behind on paying household bills
- 26% are behind on credit card payments
- 25% are behind schedule with store card payments

**To cope with what is still a demanding economic environment, respondents revealed that:**

- 66% are taking advantage of points and rewards on loyalty programmes
- 33% are looking for cheaper streaming options
- 28% have moved to cheaper mobile subscription packages
- 30% have cut back on domestic help

Although higher levels of personal financial responsibility have increased, OMSIM results have also revealed that many are not averse to taking on risky investments to try and earn higher returns.



“Risky behaviour is highest among young Gen-Z investors. Age modifies this approach, with only 33% of people aged 50 and above saying they would choose risky investments. However, many high-income earners, including older earners, exhibit risky investment behaviour, probably because they have the means to do so”, says Mabude.

**OMSIM responses also show that gambling is becoming a way of meeting financial challenges. The research shows that:**

- 44% of working South Africans have gambled online
- 76% of 18 to 29-year-olds have gambled online

Most concerning is that of the people who currently gamble online, 37% revealed that they do so to try and make ends meet, a behaviour which is even more prevalent in lower-income brackets. This approach to gambling is worrying, says Mabude, as it places people who are already financially vulnerable at increased risk.

To many, being resilient and clawing back lost ground has meant finding more work to bring home extra cash. In 2022, 33% (2021: 29%) indicated that they now hold a contract position or freelance jobs in addition to their primary, permanent employment.

“Overall, the 2022 OMSIM research has shown that South Africans have learned from some of the harsh lessons of the Covid-19 period.”

“The shock of losing or facing reduced income caused many to relook and re-evaluate their finances. Positive changes were made and have impacted the attitudes towards savings - something that will stand them in good stead while they face the new challenges presented by 2022,” says Mabude.

**ENDS**