SAVINGS & INVESTMENT MONITOR

July 2018

SAVINGS & INVESTMENT MONITOR

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WHAT IS THE SAVINGS & INVESTMENT MONITOR?

Annual Survey

Metro Working South Africans

Saving & Investment Behaviours & Attitudes

METHODOLOGY
MAIN SURVEY

Weighted to the SA working metro population (AMPS)

Tracking study to look at trends

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

Conducted by independent research house,

Peppercorn Research

<u>Fieldwork dates</u>: 26 April – 26 May 2018

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DEFINITION OF SAVINGS & INVESTMENTS

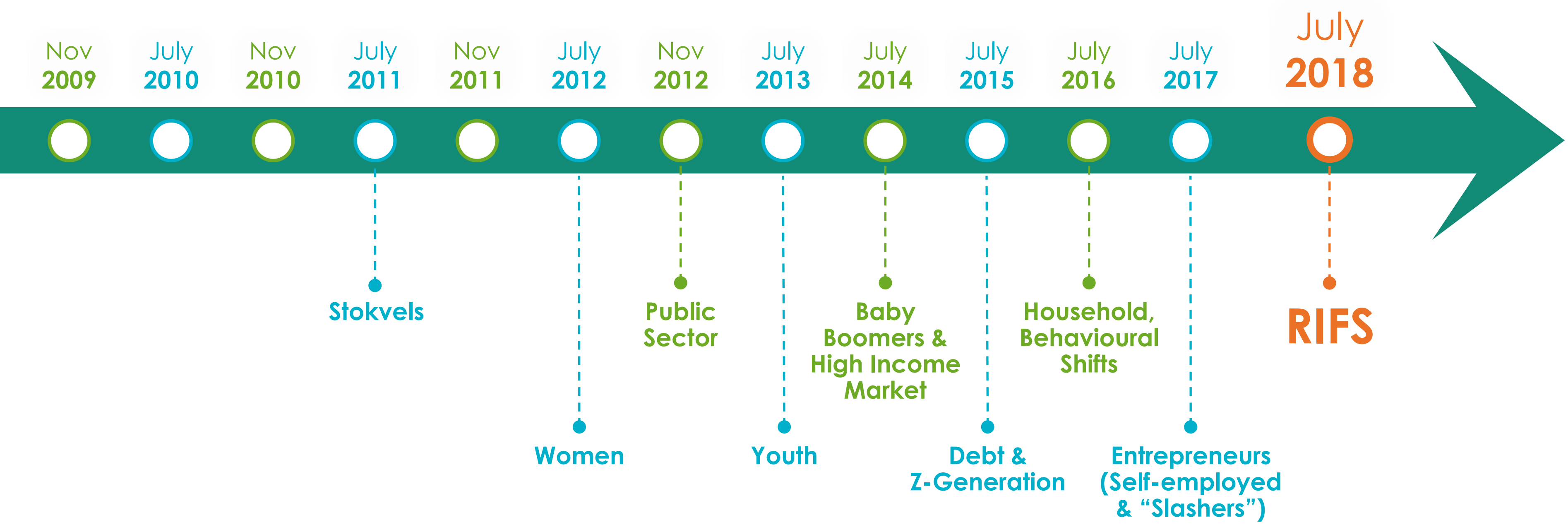
Putting money away

Holding back on spending

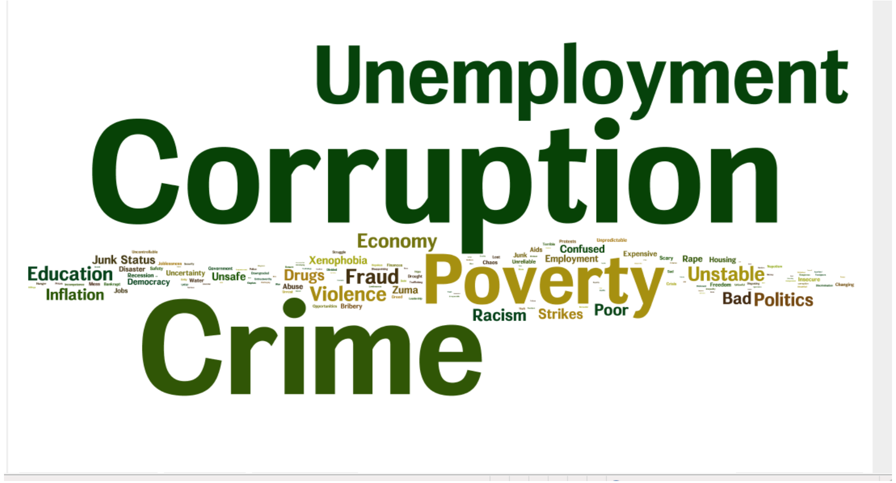
Into savings accounts, policies & investments

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

HISTORY OF THE SAVINGS & INVESTMENT MONITOR



IMPRESSIONS ABOUT OUR COUNTRY…



2017

2018

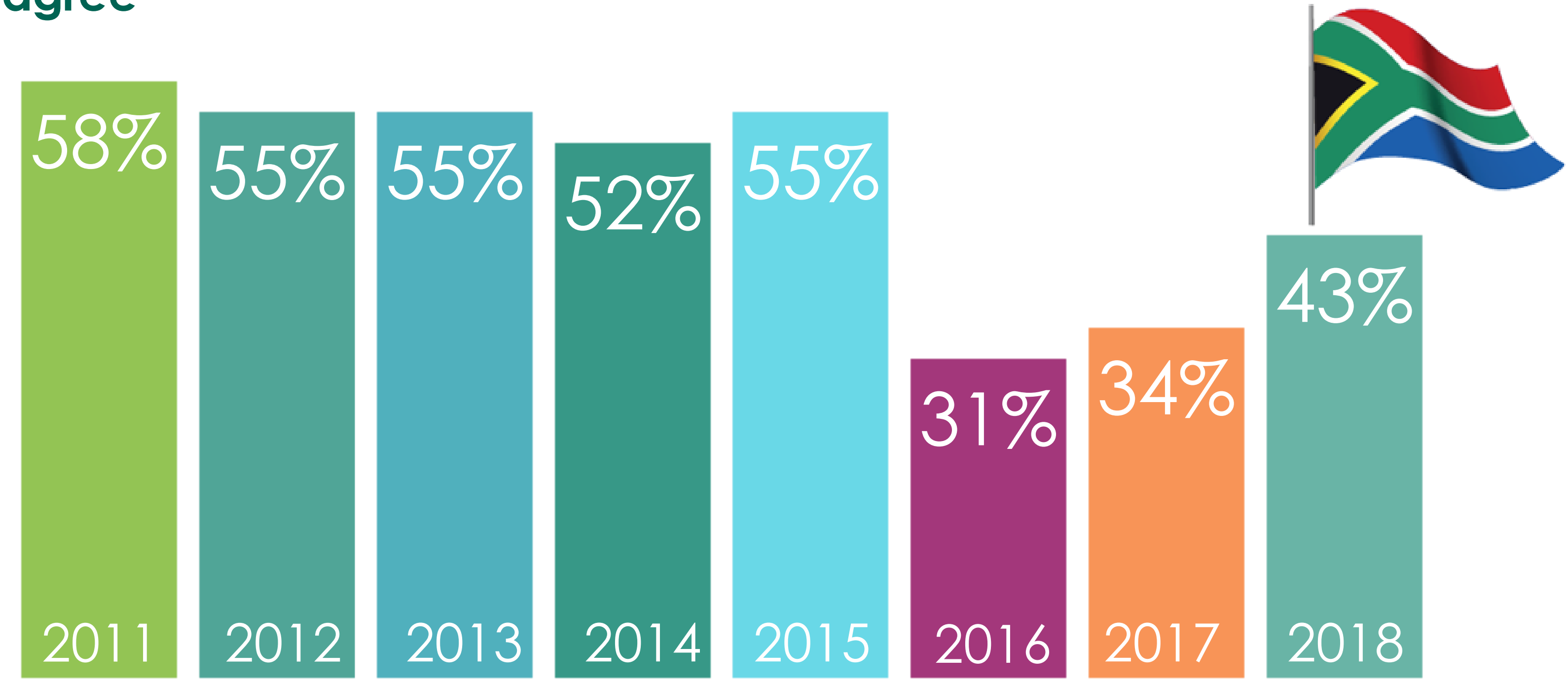
"Thinking about our country at the moment, what 3 words come to mind?"

BUT THERE ARE SOME GREEN SHOOTS….

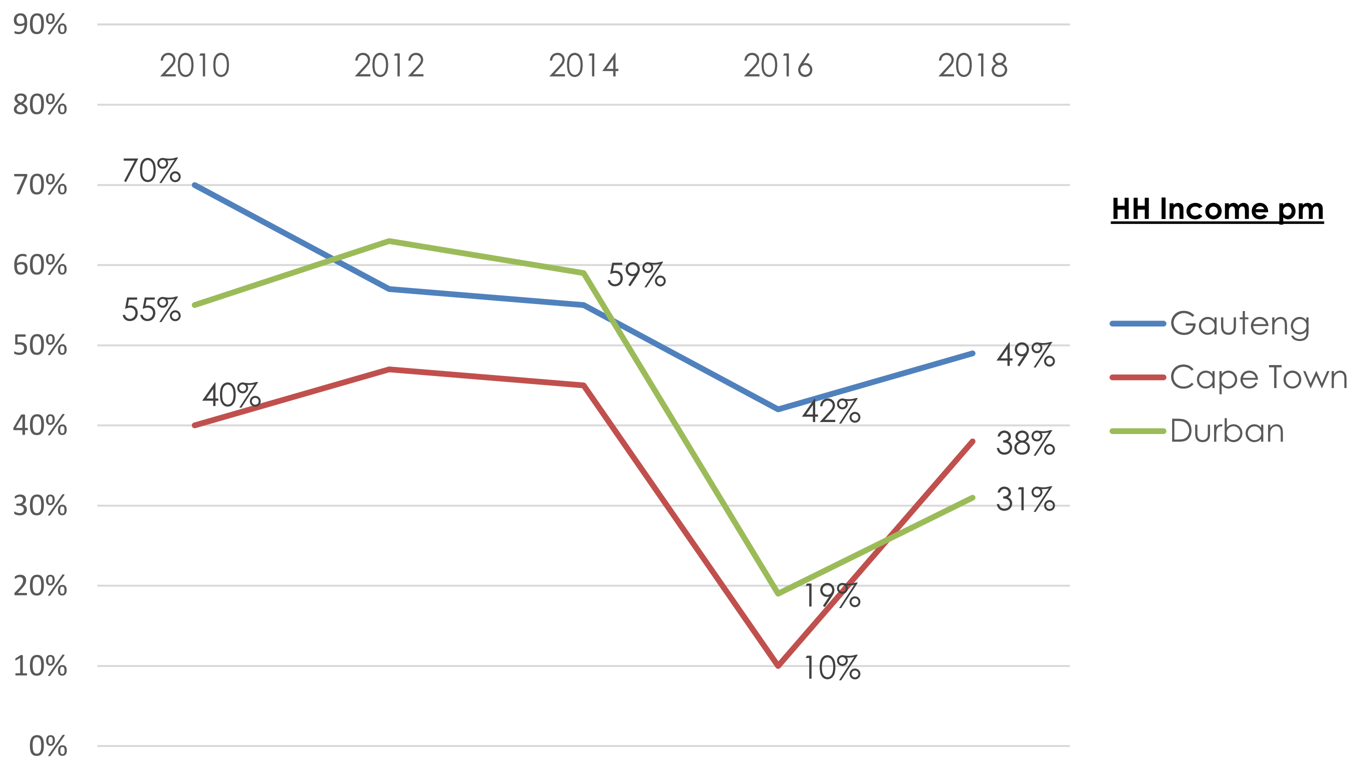
"Thinking about our country at the moment, what 3 words come to mind?"

"I FEEL CONFIDENT IN THE SOUTH AFRICAN ECONOMY"

% agree



CONFIDENCE IN THE SOUTH AFRICAN ECONOMY – BY 3 MAIN URBAN CENTRES



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BUSINESS CONFIDENCE INDEX

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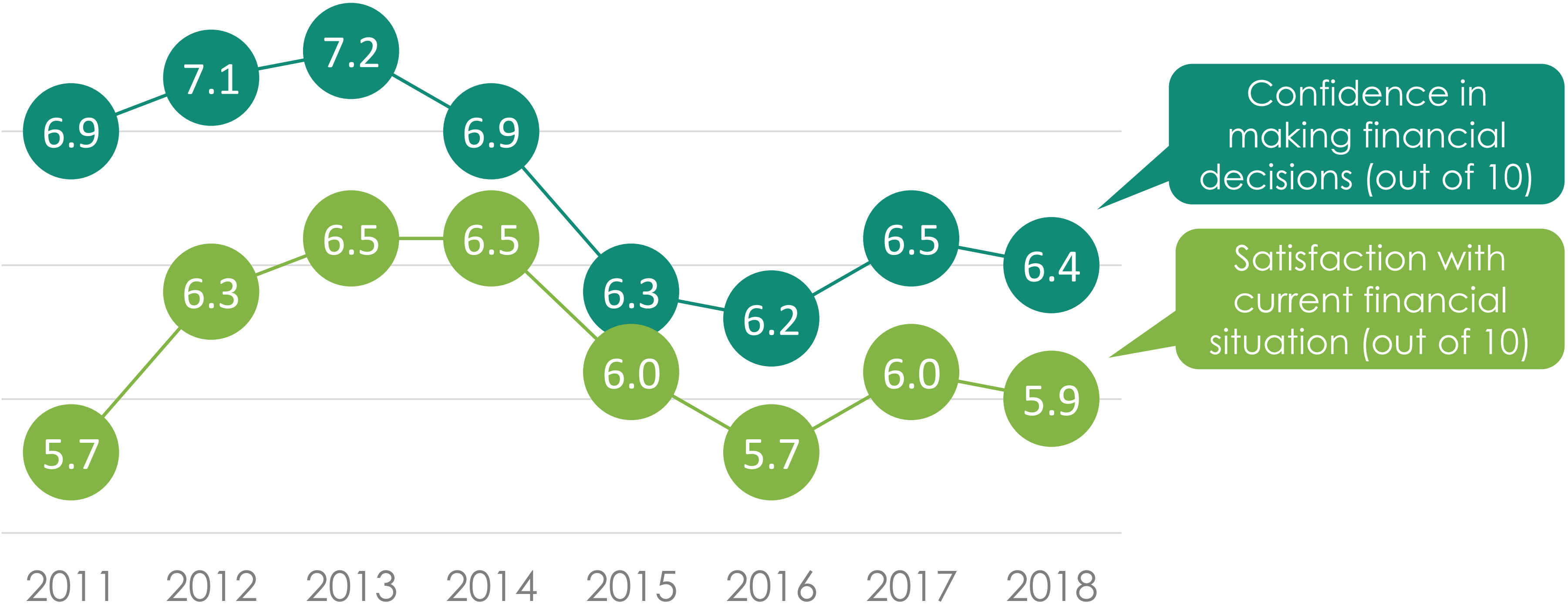
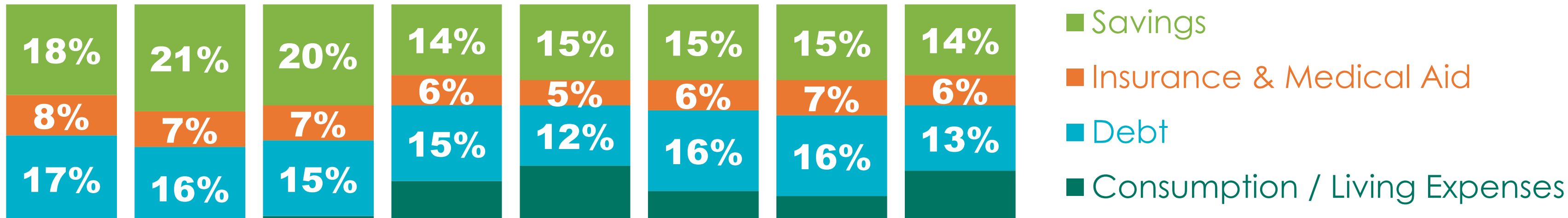
HOUSEHOLDS DEBT TO INCOME RATIO DECLINES

FAIRLY STABLE SENTIMENT ABOUT FINANCES

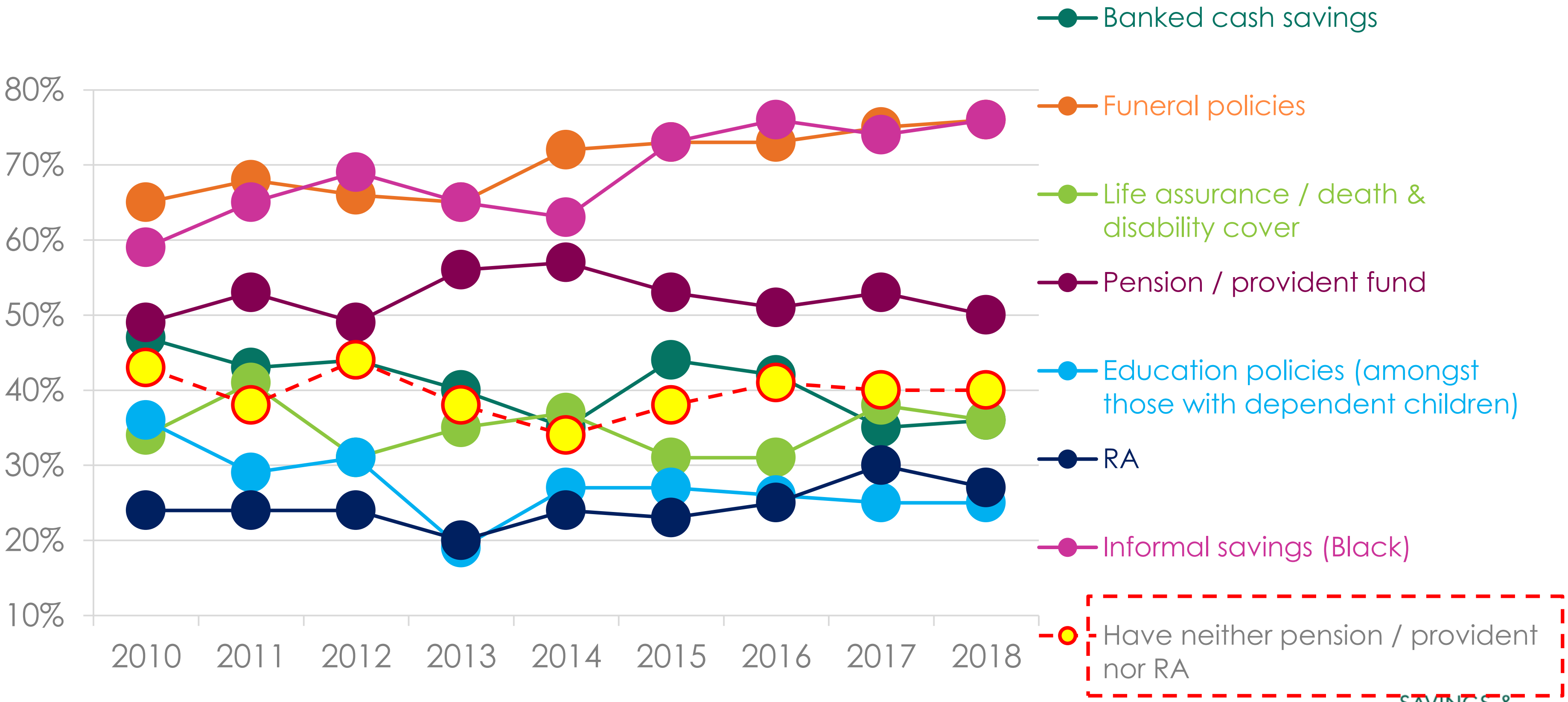


% OF INCOME SPEND



SAVINGS & INVESTMENT VEHICLES USED

SAVINGS & INVESTMENT VEHICLES USED

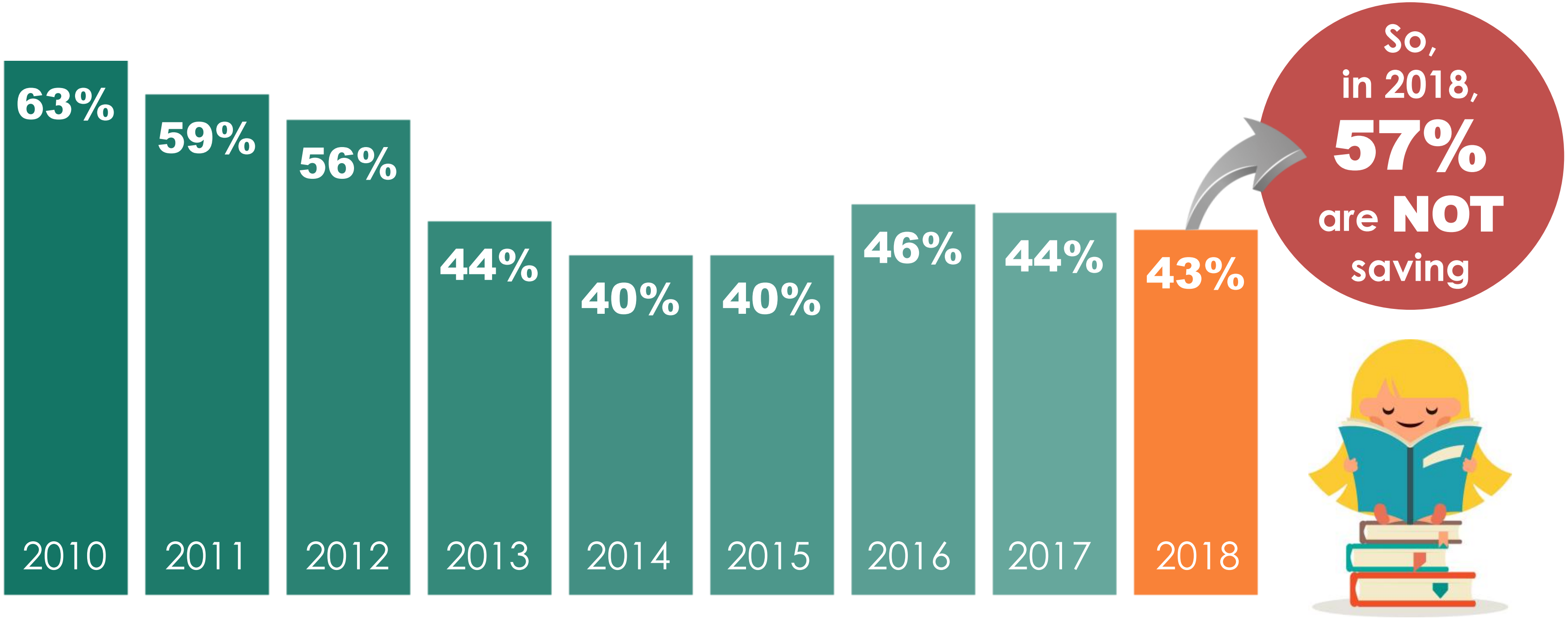


Education Policies – based on those with dependent children

1 in 3
Baby Boomers

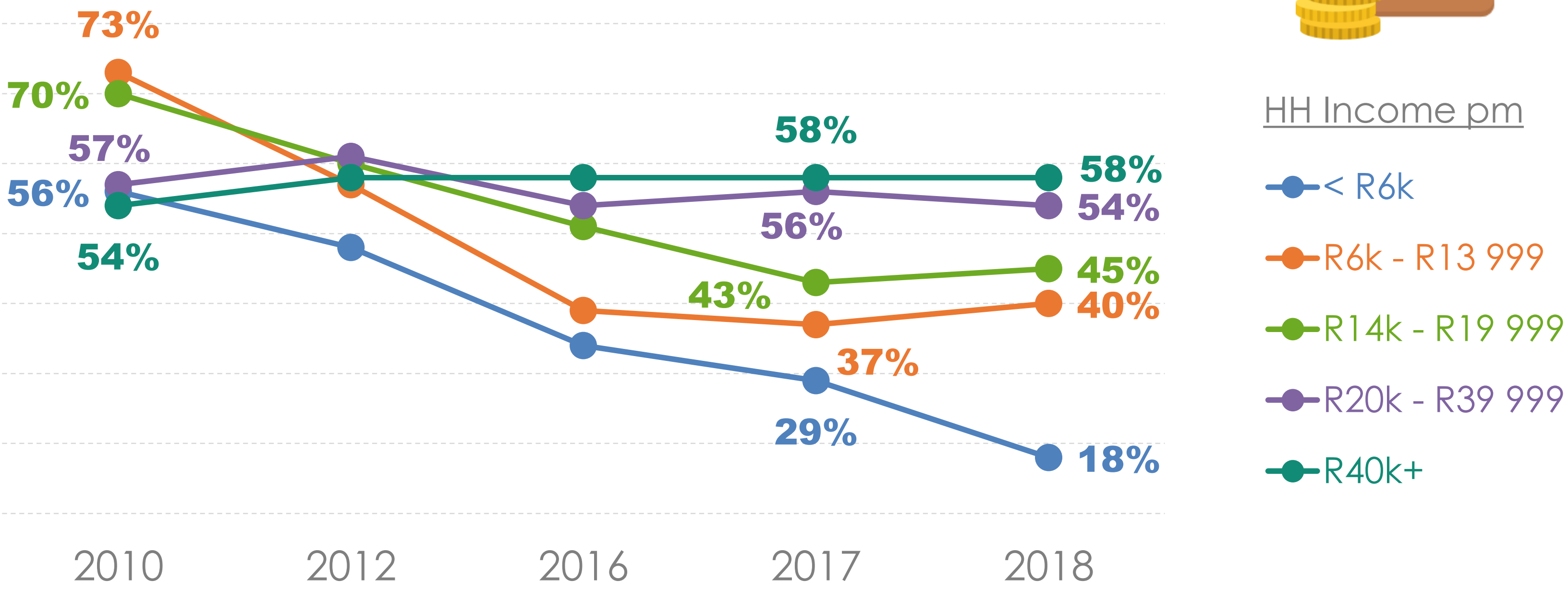
have **NO** formal **retirement fund** provision

SAVING FOR CHILDREN'S EDUCATION STILL A CONCERN



Have Education Policy and/or say they are saving for education

SAVING FOR CHILDREN'S EDUCATION
– LOWER INCOME HOUSEHOLDS IMPACTED THE MOST



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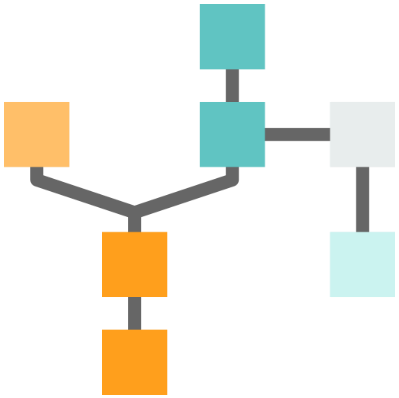
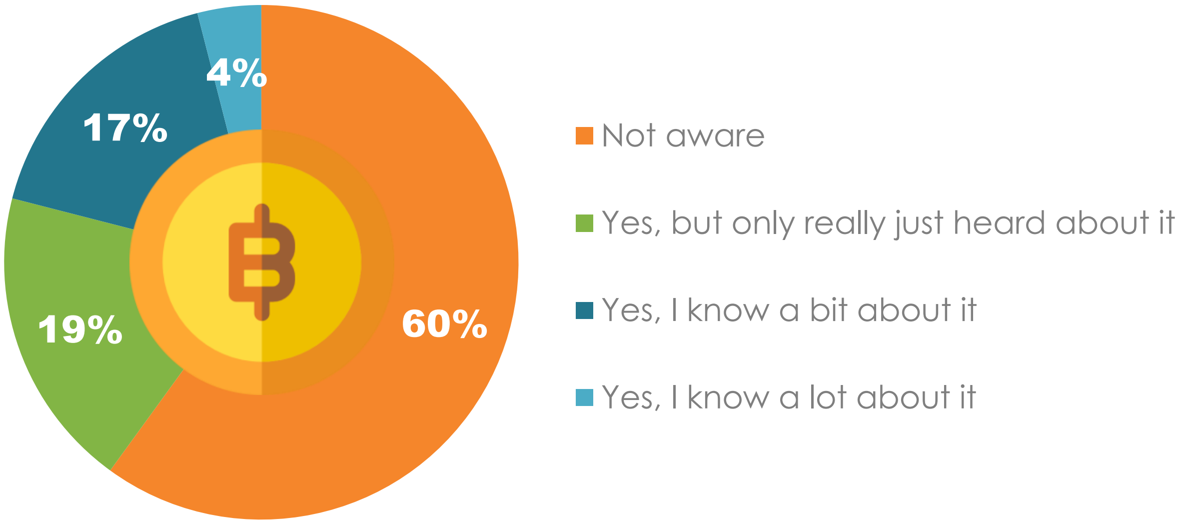
CRYPTOCURRENCIES

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





CRYPTOCURRENCIES

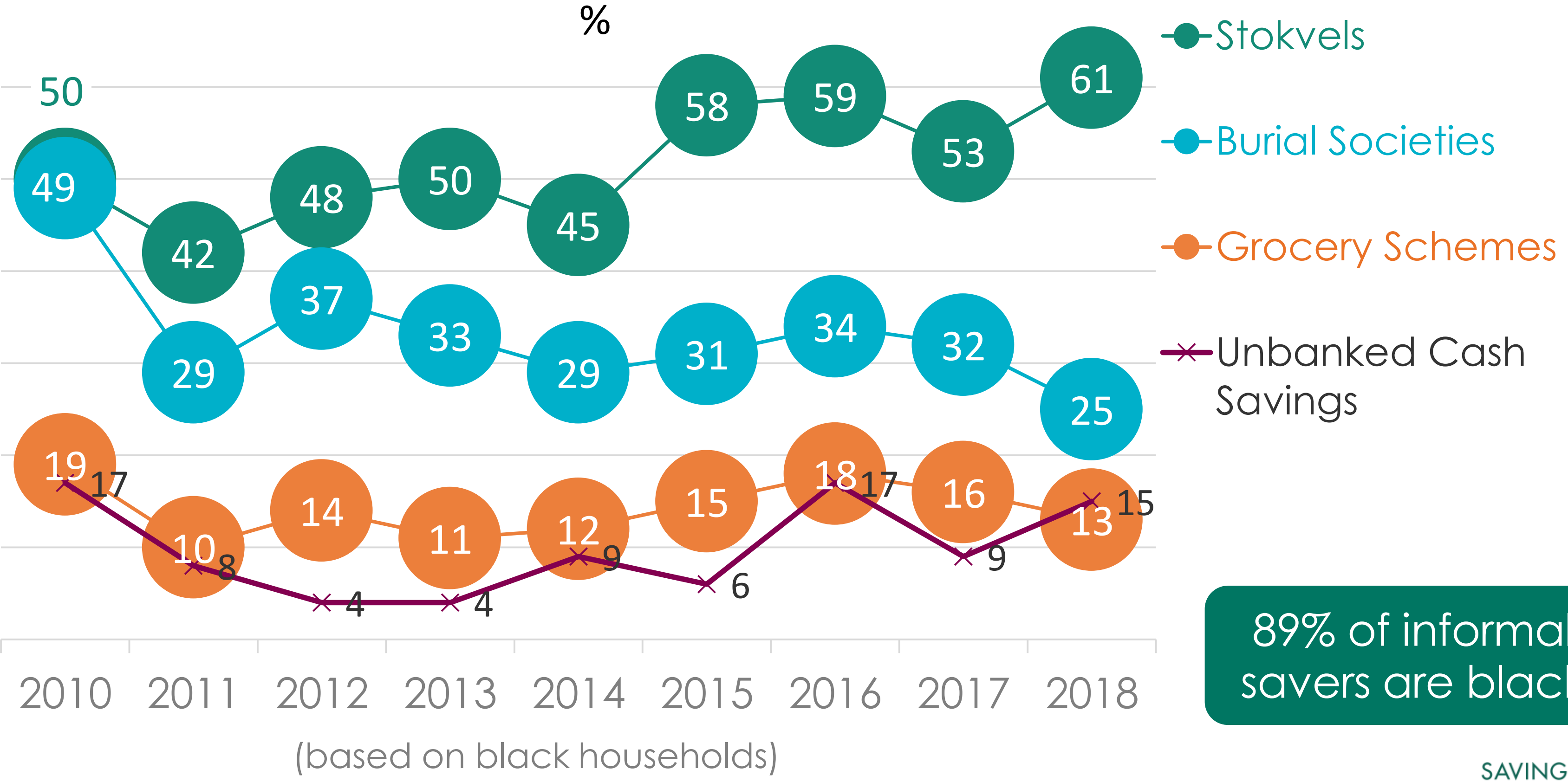
% who agree

- 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"

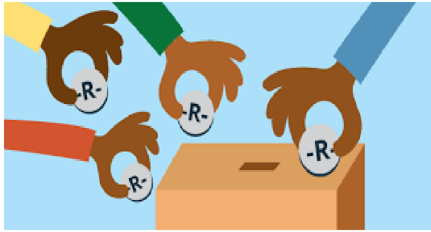
INFORMAL SAVINGS

INFORMAL SAVINGS



89% of informal savers are black

STOKVEL CONTRIBUTIONS



HH Income	2017 Contribution	2018 Contribution	% increase/ decline y-on-y
Less than R6k	R339	R372	Increase of **12%**
R6k – R13 999	R622	R630	Increase of **1%**
R14k – R19 999	R978	R796	Decrease of **19%**
R20k – R39 999	R1 085	R873	Decrease of **20%**
R40k+	R1 636	R1 128	Decrease of **31%**

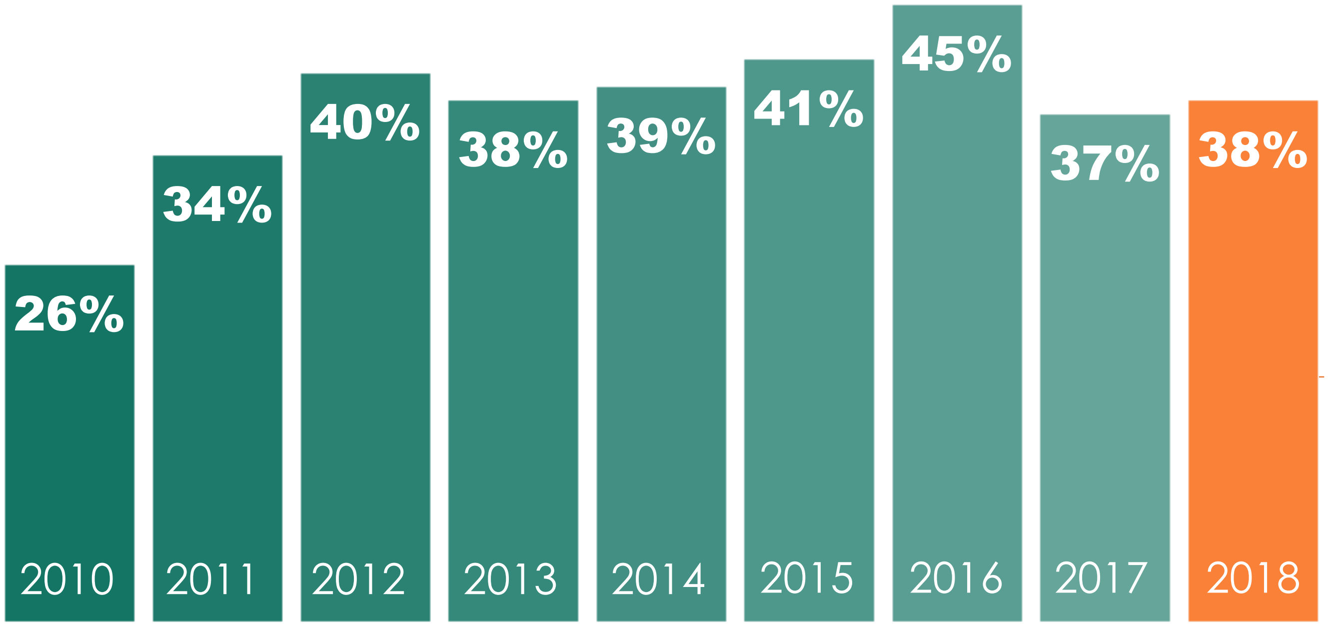
TYPE OF STOKVEL & “HOLDING / INVESTMENT” OF FUNDS

Where held / invested	Short-term rotating stokvel	Investment club
Held in **cash**	41%	18%
In a **bank account** in a **member**'s name	16%	21%
In a **bank account** in the name of the **stokvel**	47%	70%

DEPENDENCY

DEPENDENCY ON CHILDREN

"My children should look after me when I am old"

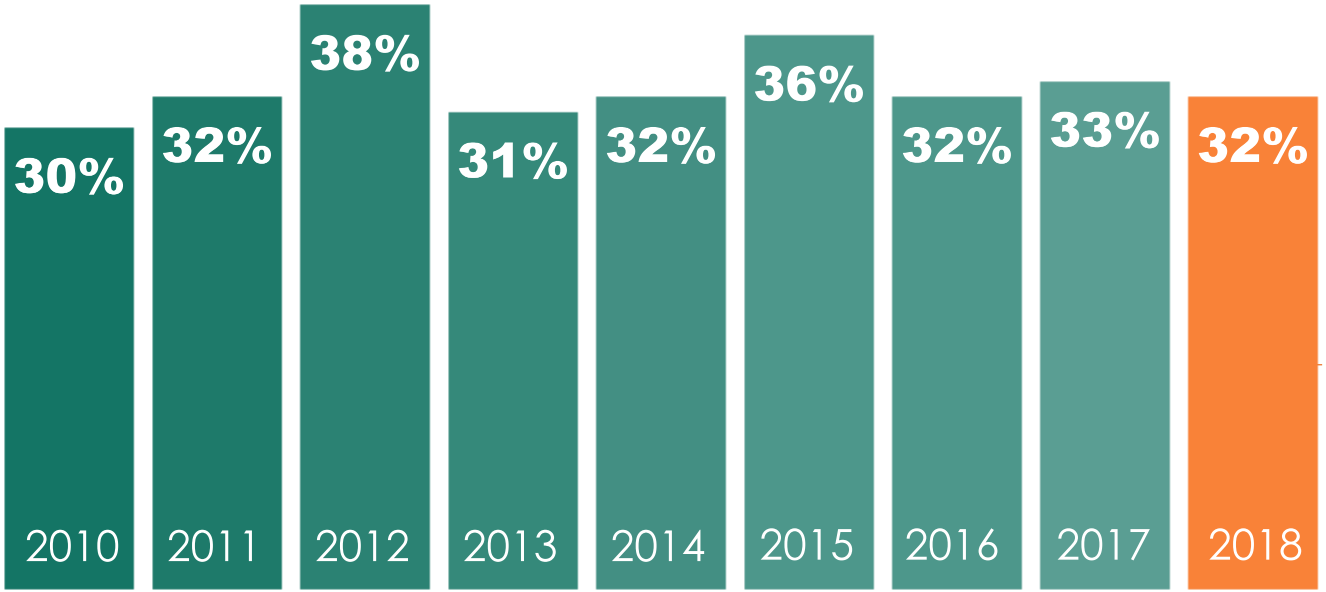


HH INCOME PM

< R6k	41%
> R40k	24%

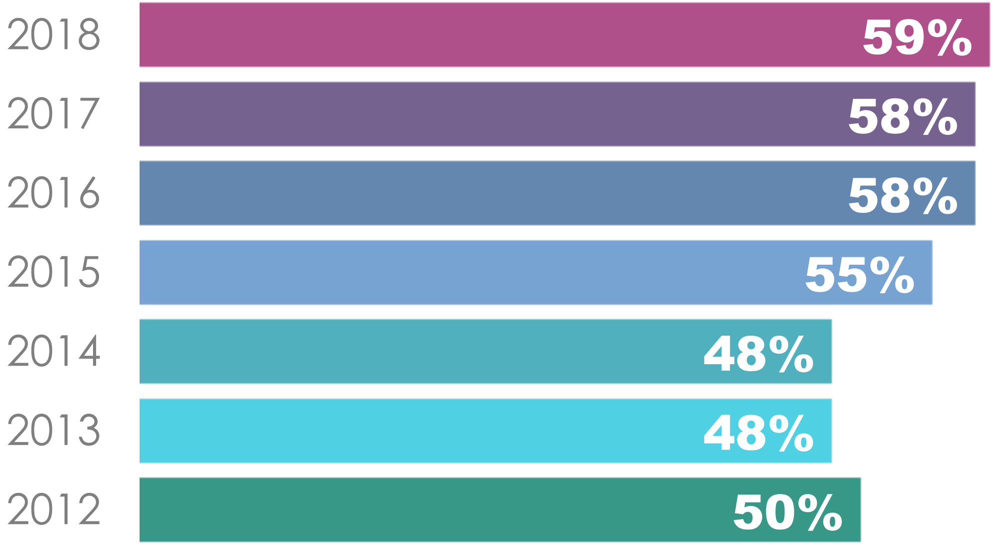
DEPENDENCY ON GOVERNMENT

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

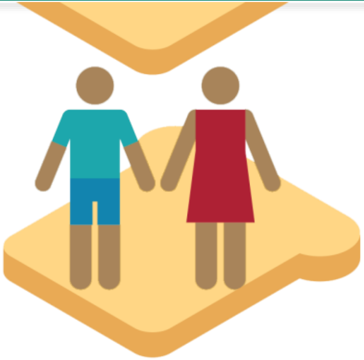


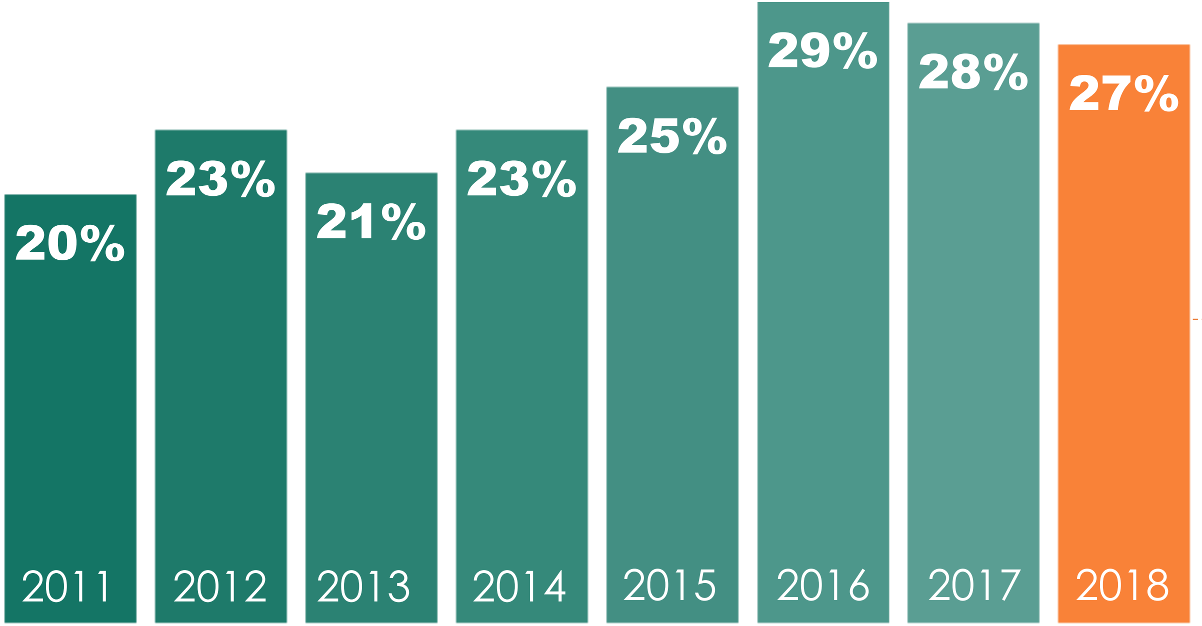
HH INCOME PM	
< R6k	50%
> R40k	16%

STILL HIGH EXPECTATION OF HAVING TO SUPPORT FAMILY/ PARENTS IN FUTURE



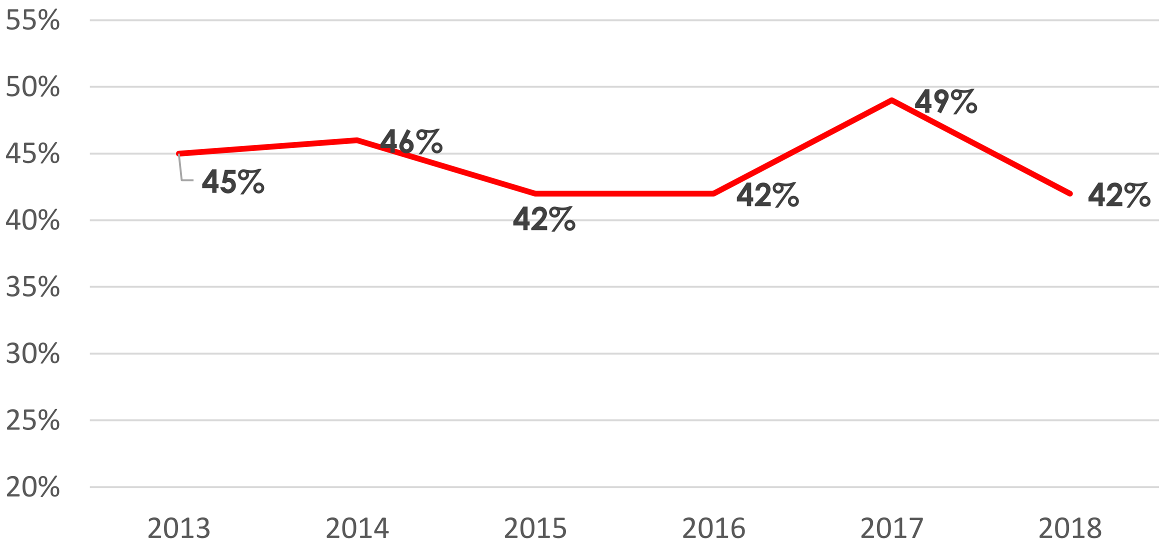
THE OLD MUTUAL SANDWICH GENERATION INDICATOR





Black Households	36%
R6k – R13 999 HH	31%
R14k – R19 999 HH	31%
31 – 39 years	30%
40 – 49 years	32%

APPROXIMATELY 1 in 2……18 – 34 YEAR OLDS LIVE AT HOME WITH PARENTS



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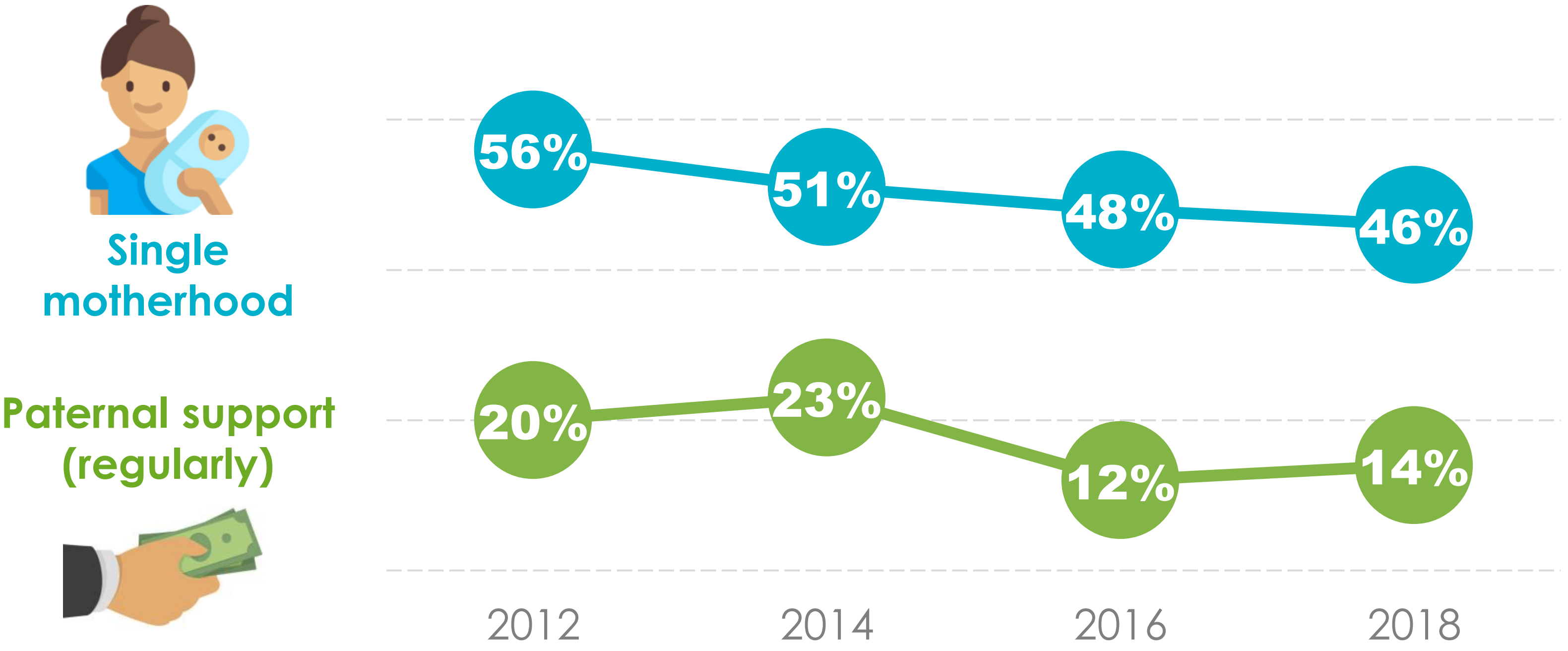
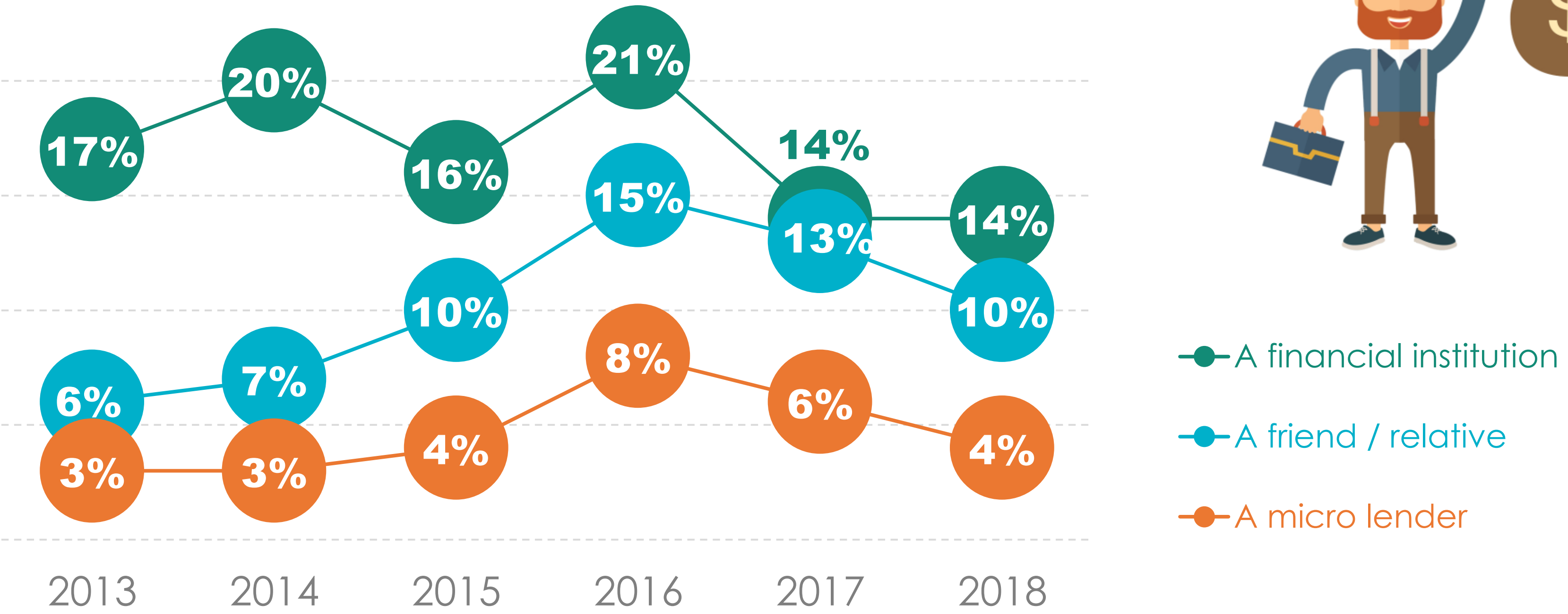
SINGLE MOTHERHOOD AND PATERNAL SUPPORT

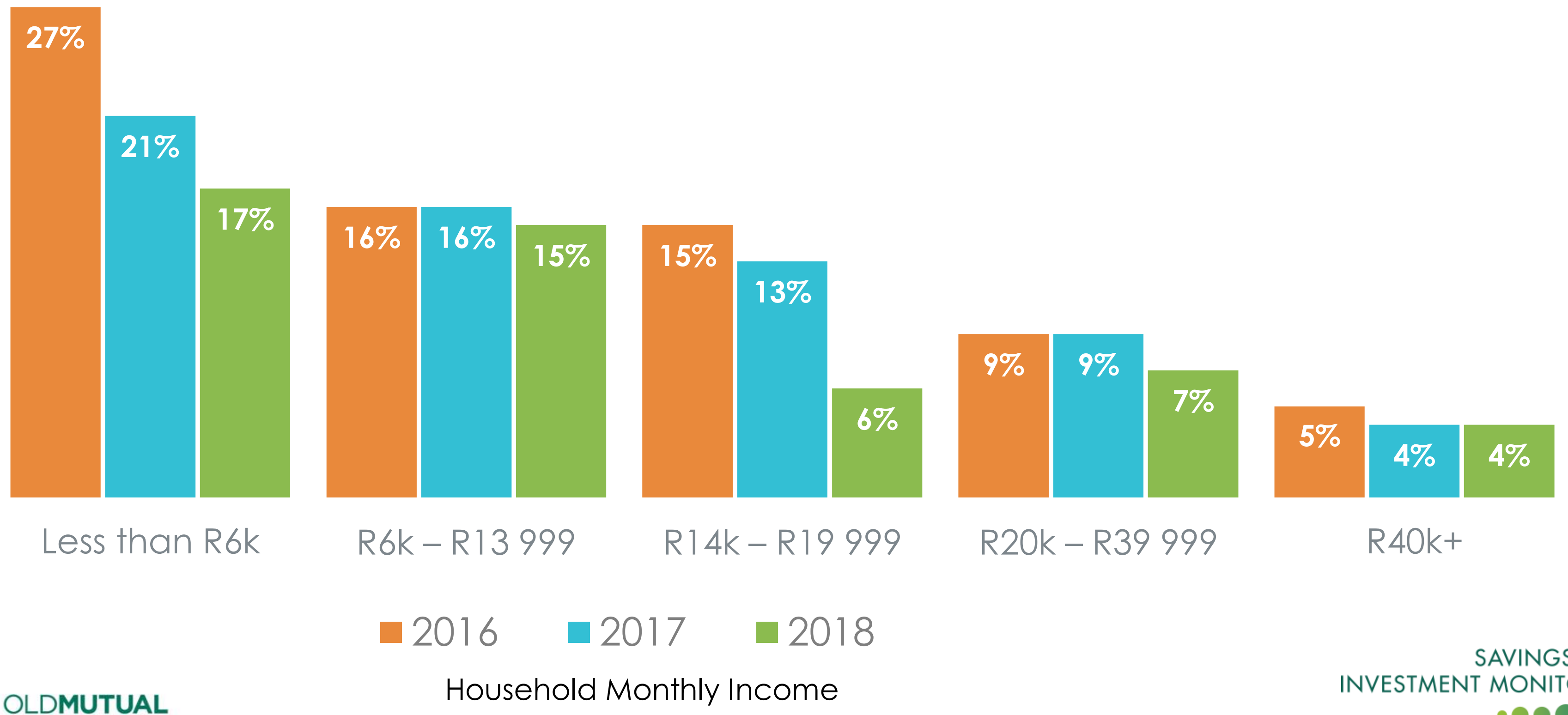


DEBT

PERSONAL LOANS



LESS BORROWING FROM FAMILY/ FRIENDS



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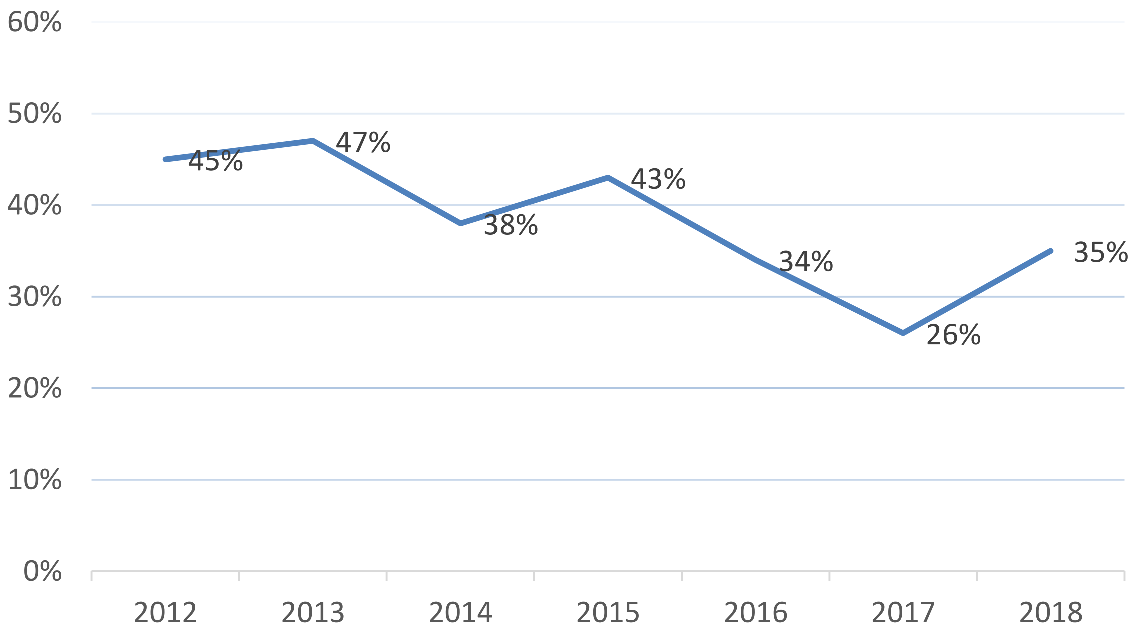
LOANS FROM FRIENDS/FAMILY – INCREASE IN PAYING IRREGULARLY

“I pay irregularly/only when I can.”



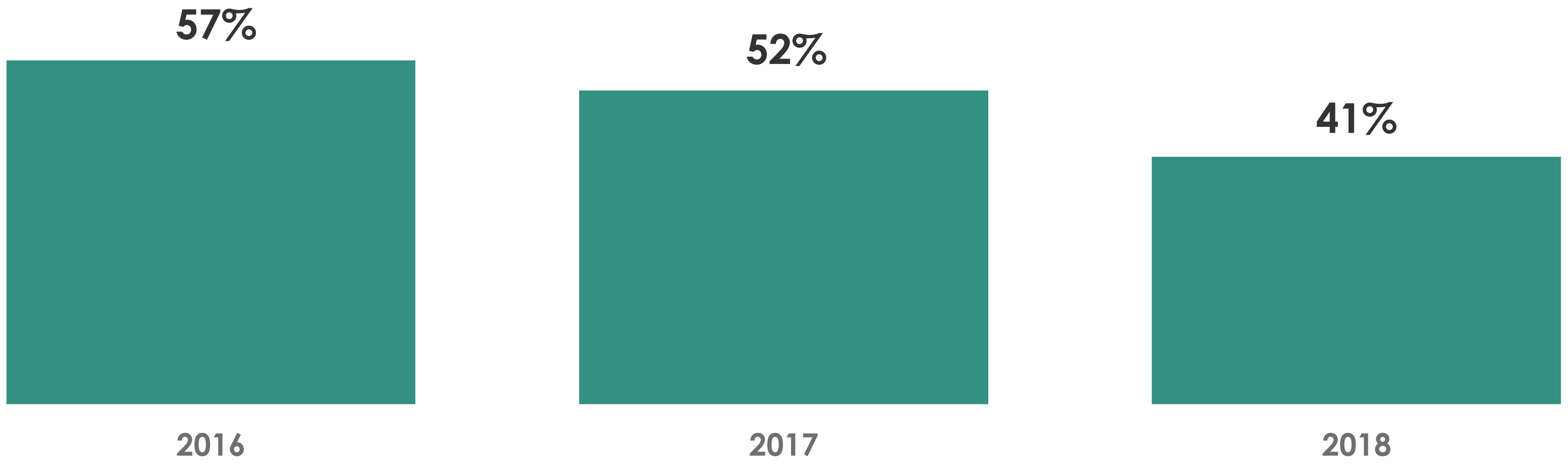
CREDIT CARDS – JUST PAYING THE MINIMUM INSTALMENT

2017		2018
50%	R14k – R19 999	65%
47%	R20k – R39 999	55%
37%	R40k +	51%

LIVING EXPENSES

WHEN INCOME AND EXPENSES DO NOT MEET…WHAT DID YOU DO?

This has happened at least once in the past year.



CUTTING BACK ON EXPENSES (MORE SO THAN LAST YEAR)

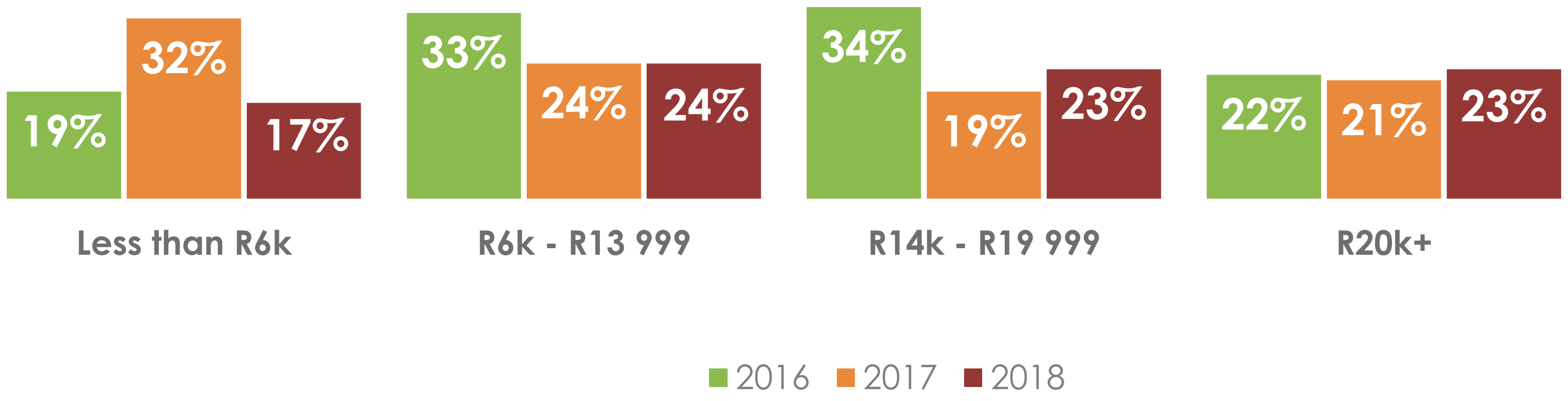
Mainly airtime (lower income groups)

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

Increase in shopping at **cheaper supermarkets** or changing to cheaper grocery brands

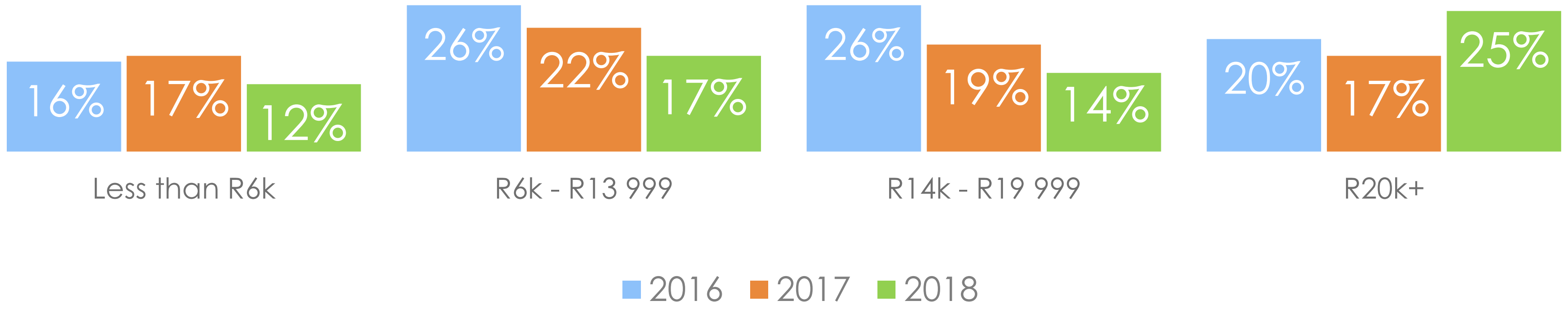
WHEN INCOME AND EXPENSES DO NOT MEET…

Pay bills late/miss payments

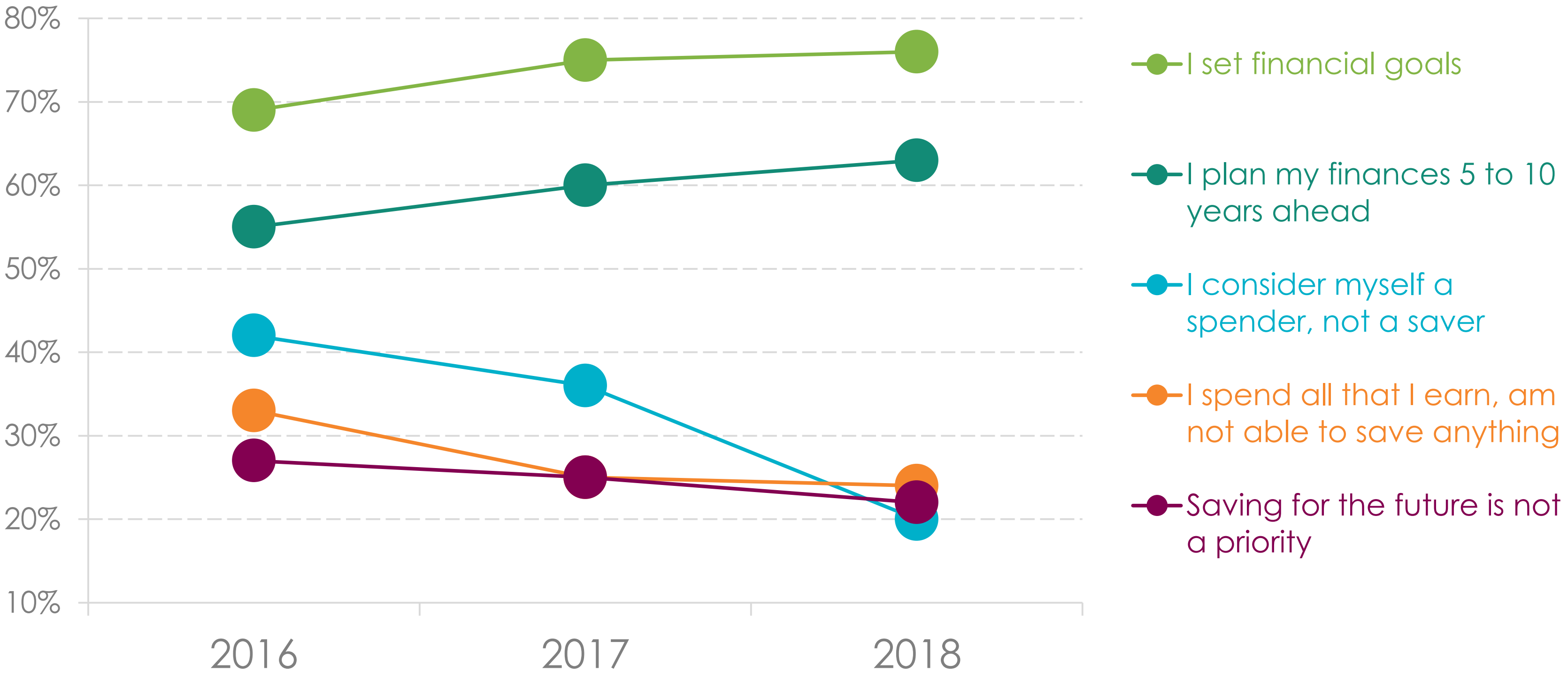


WHEN INCOME AND EXPENSES DO NOT MEET…

Take out a Personal Loan



SIGNS OF BETTER FINANCIAL BEHAVIOUR EMERGING

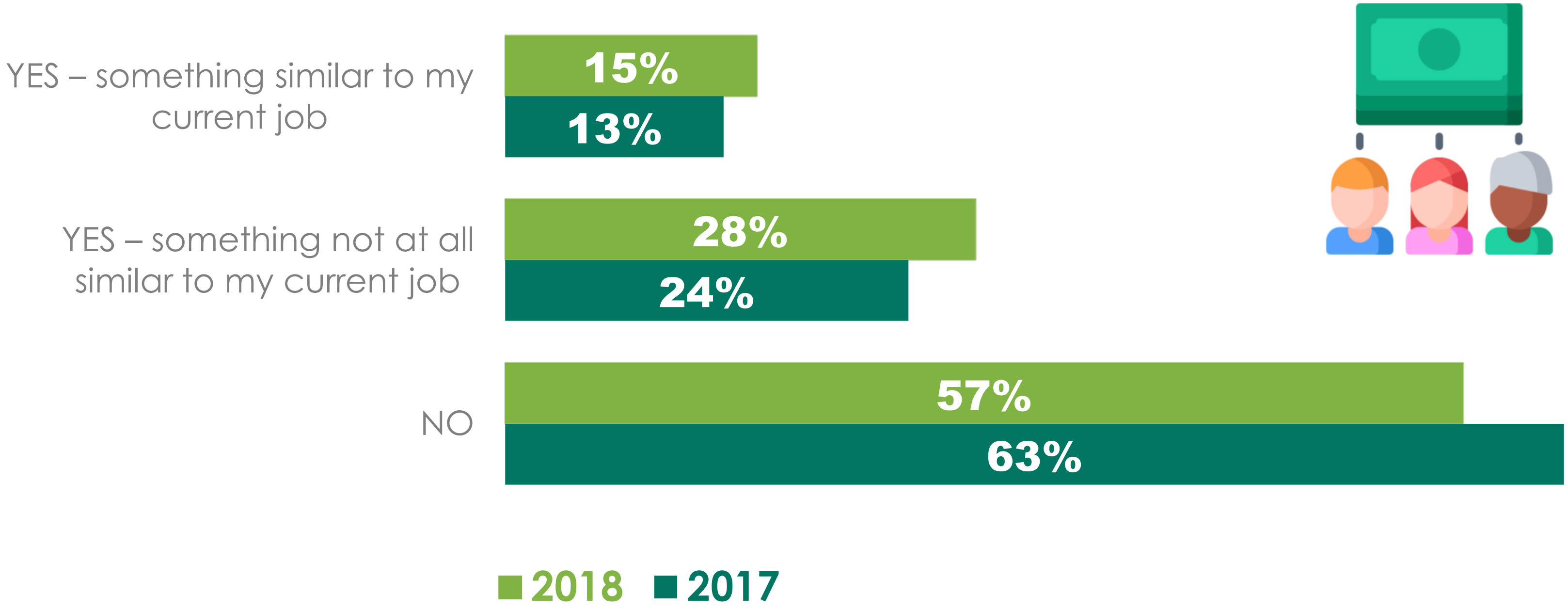


“SLASHERS”

(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?



Separate online sample of those earning R5k+ personal income per month

RIFS

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R Recently

I Independent

F Financially

S Strapped

Separate online sample of 200 RIFS (moved out of home in last 2 years)

WHO ARE THE RIFS?

Average age: 29 years

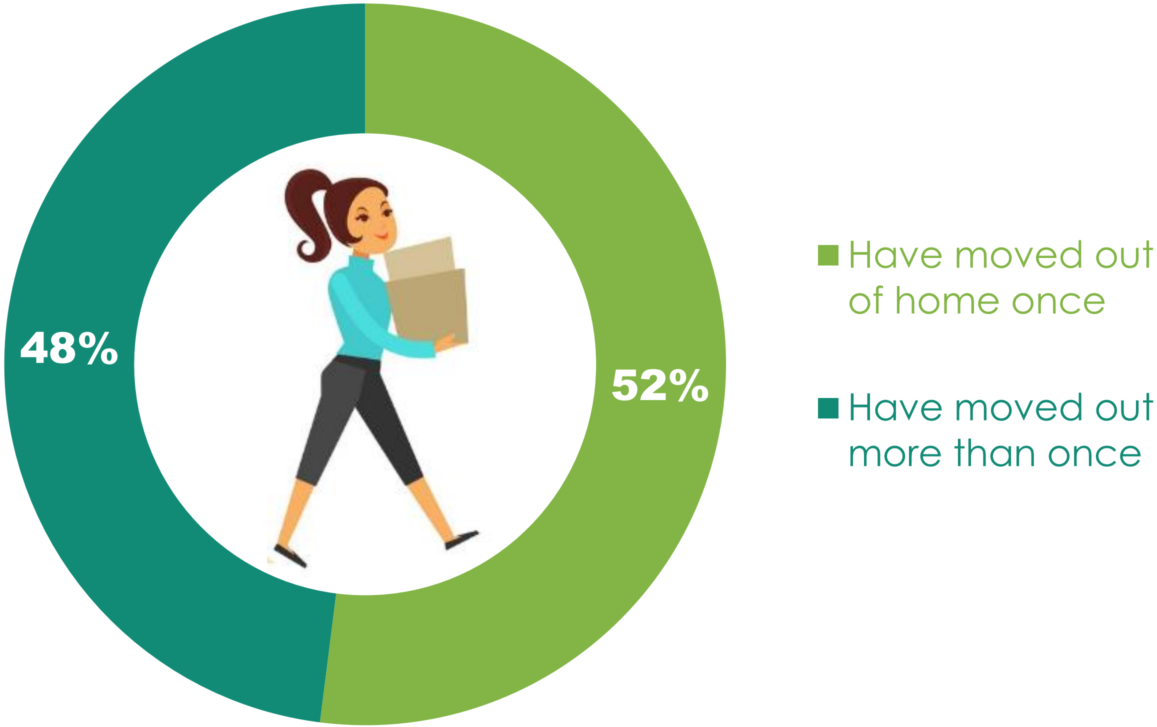
1 in 3 are Slashers

Average income per month: R19k

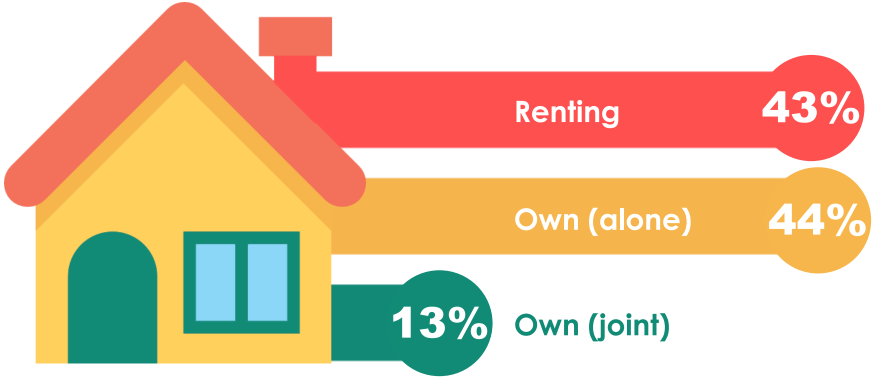
72% have some post matric qualification

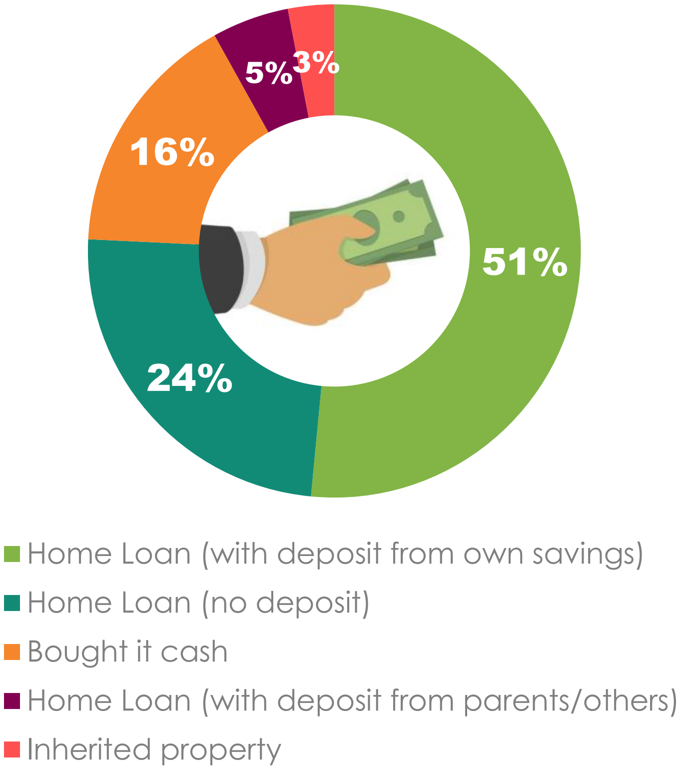
1 in 5 live alone

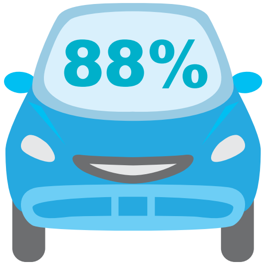
APPROXIMATELY 1 IN 2 HAVE MOVED OUT OF HOME MORE THAN ONCE



THEIR PROPERTY AND VEHICLES





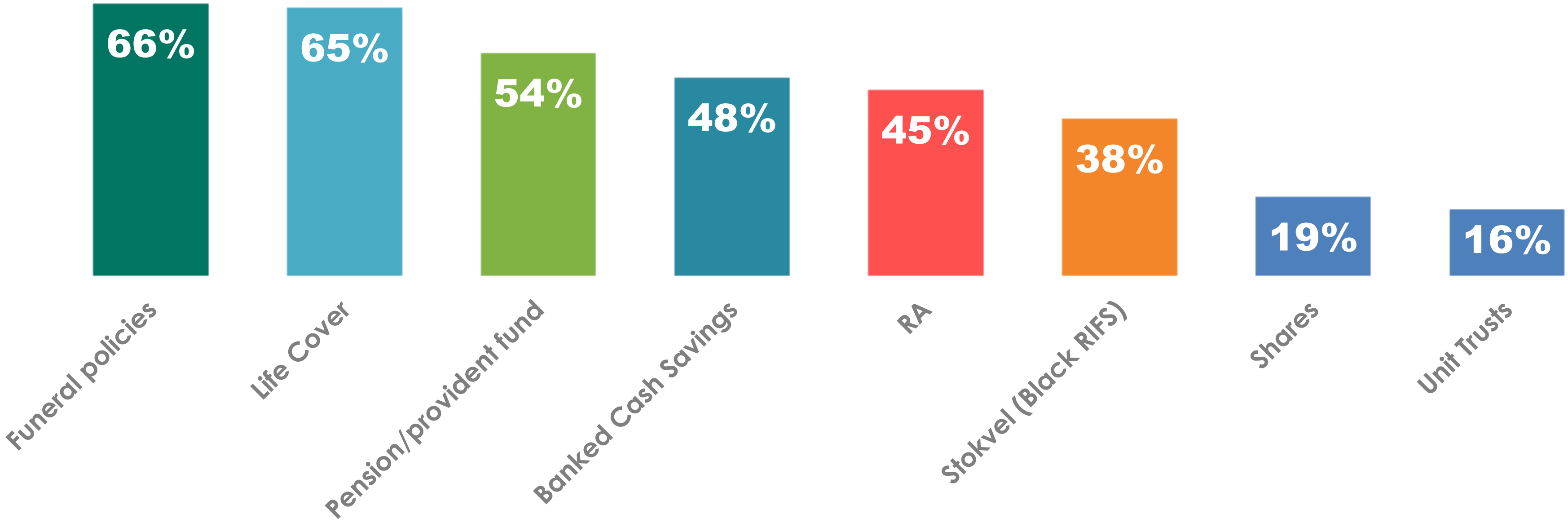


Have a car

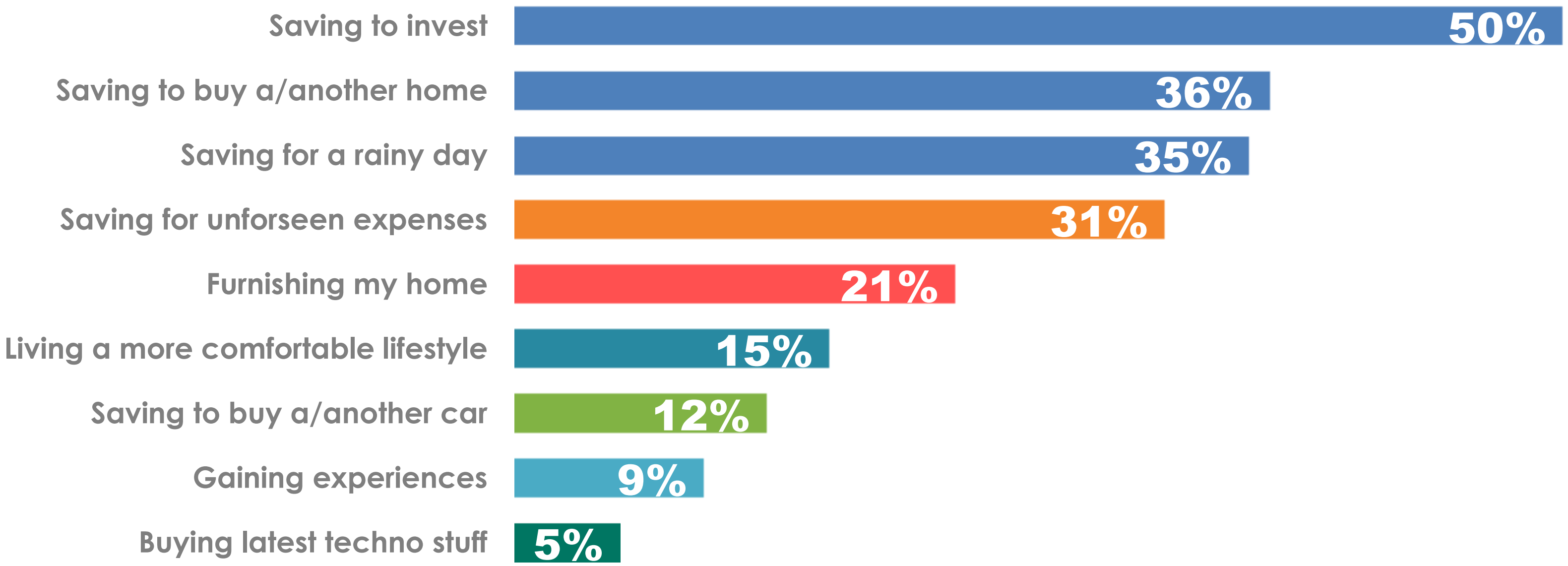
69% in own name

19% in another name

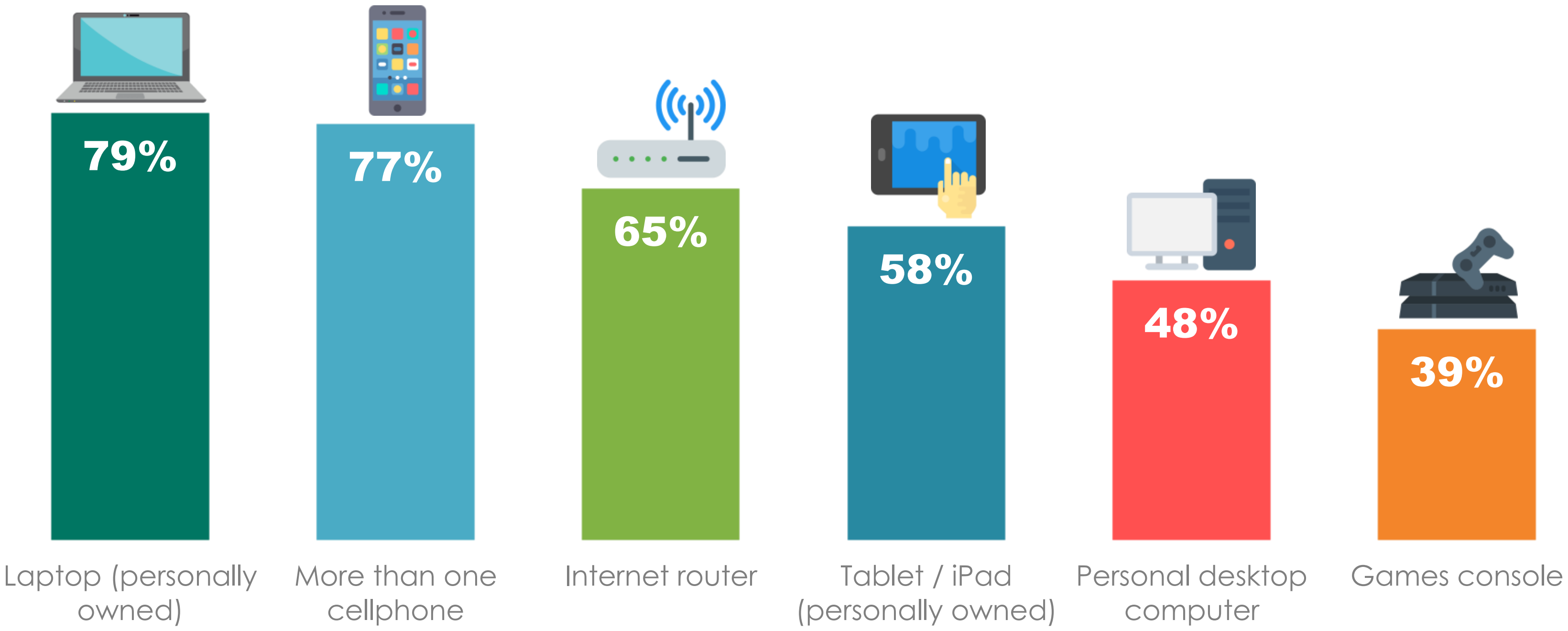
SAVINGS AND INVESTMENT VEHICLES USED



SAVING IS A PRIORITY

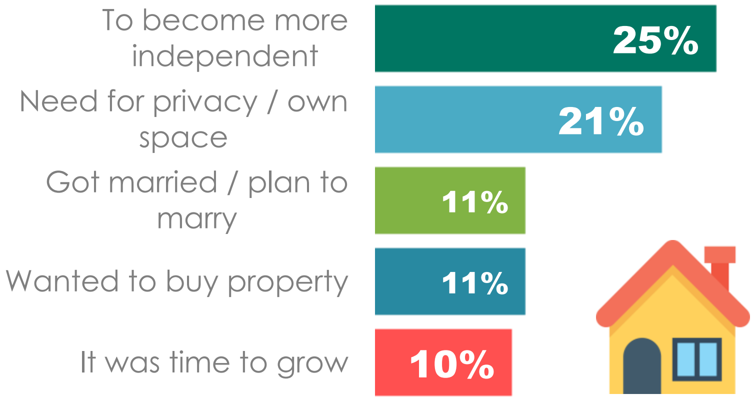


THEIR TECHNO STUFF

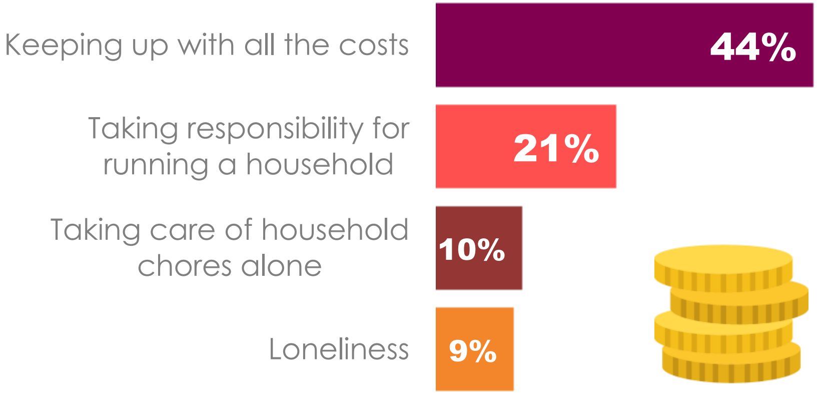


IT'S ALL ABOUT INDEPENDENCE, BUT ....

REASONS FOR MOVING OUT OF HOME



BIGGEST CHALLENGES



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

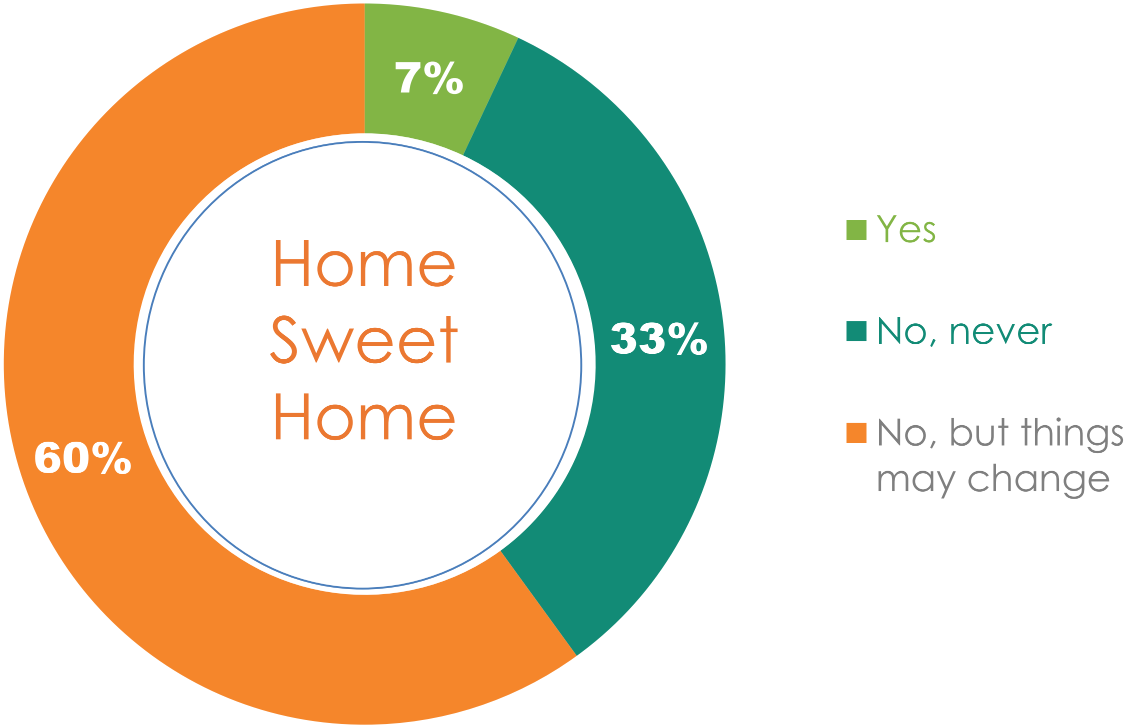
48%
Moving out of home has made me recycle more

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?"



THANK YOU