



July 2011

4th Edition of the  
Old Mutual Savings Monitor

The Old Mutual Savings Monitor  
is a **bi-annual survey** of  
metro working South African  
**savings behaviour & attitudes**

- Tracking study to look at trends
- 1000 working metro households
- Face-to-face interviews
- Conducted by independent research house, Peppercorn Research
- 95% confidence level with confidence interval of 3.1%

## Savings

Putting money  
away into savings  
accounts, policies  
and investments

Holding back on  
spending and using  
that money to pay  
debt faster, like  
putting extra into  
your home loan



- How are South Africans feeling about their current financial situation?
- How are savings being affected?
- Changes in consumer psyche
- A financial month in the life of of a “much better off than average” SA consumer
- Update on the Old Mutual Sandwich Generation Indicator
- What vehicles are being used to save and invest
- Influence of Recession
- Savings Typologies
- What about the Youth?
- Conclusion

Soccer  
World Cup



Decreasing  
interest rates

Inflation within  
target range



Negotiated  
wage increases

**SA bucks global recession trend.**

**South African banks have been largely cushioned against the negative effects of the crisis.**

**As South Africa emerges from recession . . . . .**

The economy of the country as a whole is fairly stable and has even emerged largely unscathed from recent global recession due to its conservative exchange control and carefully regulated financial sector.



General  
cost of living



Consumer Confidence Index  
declined in first Q of 2010



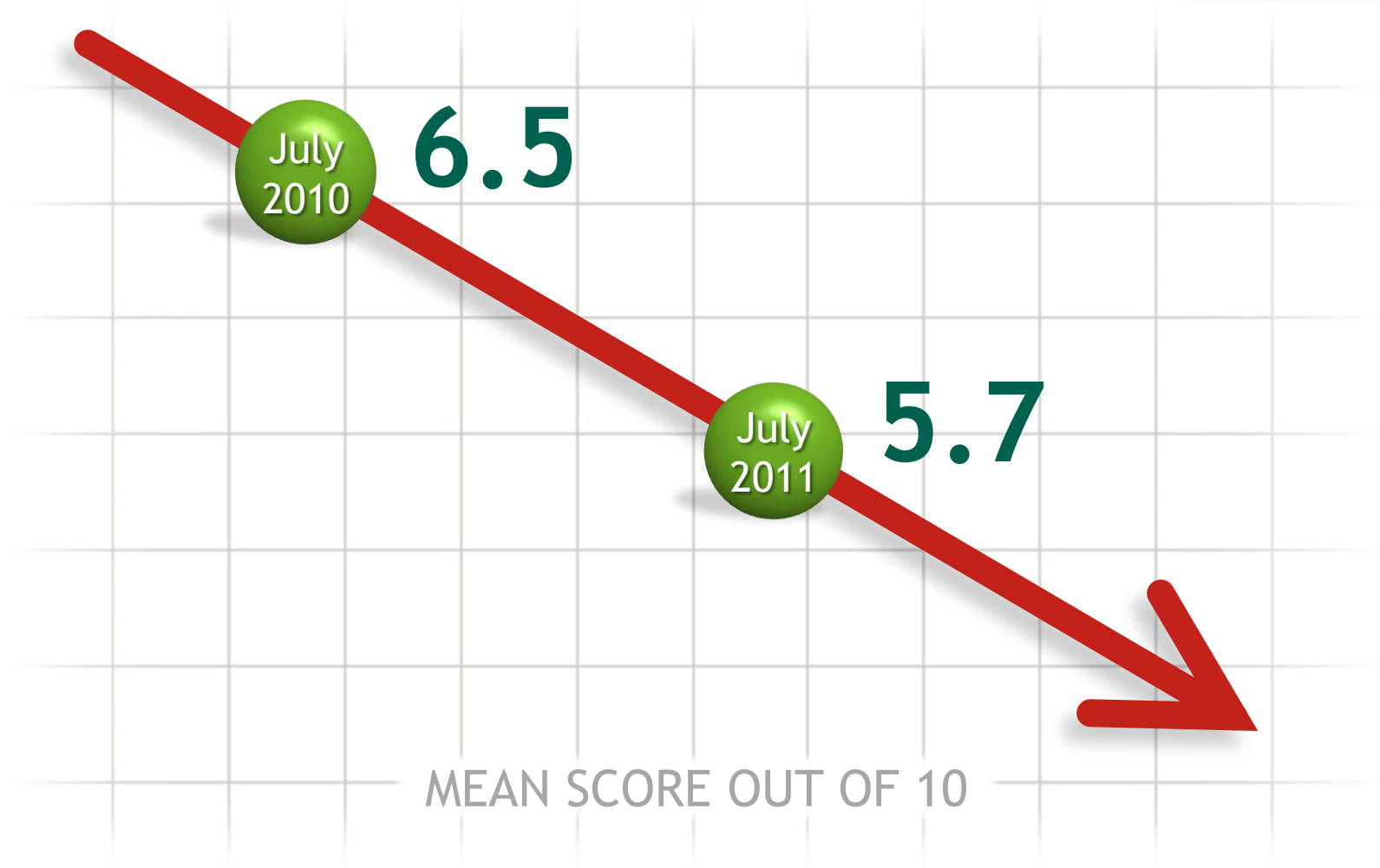
Demand for residential  
property is down



Electricity



SA consumer inflation rate  
climbs to 12-month high  
of 4.6% in May 2011



MEAN SCORE OUT OF 10

# Satisfaction with current financial situation



— RATING OUT OF 10 —

1-4

5-6

7-8

9-10



Nov 2010

15%

32%

38%

14%



July 2011

27%

37%

28%

8%

Are savings more, less or the same as a year ago?



SAVINGS LESS THAN A YEAR AGO



# Why are savings less than a year ago?



53%

Increased cost of living /  
everything is more expensive /  
inflationary pressure

22%

Retrenchment / less  
commission / unemployed  
member(s) of household

# What are people saving for?



Children's  
education



Emergency  
expenses



Retirement /  
old age



People saving for funeral expenses has increased



Saving for holidays has decreased



Saving to “To pay off debt” has increased

Saving for home improvements has increased in the R20k+ HH income category – may be a sign of the weak property market, with people looking to improve their homes rather than selling at an unsatisfactory price

Nov 2010



**61%**

% AGREE

There is no alternative  
but to get into debt

July 2011



**66%**

**34%**

I really hate dealing  
with my finances

**42%**

**66%**

The only way to improve  
your financial position  
is to take risks

**61%**

Nov 2010



**86%**

% AGREE

I am very optimistic about  
what the future holds for me

July 2011



**81%**

**57%**

I tend to make decisions  
quickly based on gut feel

**48%**

**39%**

My life never seems to  
be properly organised

**44%**

# 35% of South Africans consider themselves **spenders, not savers**



**33%** of South Africans believe that their children will take care of them when they are old





1 in 3 South Africans believe that the  
**government will take care of them**  
if they are unable to take care of themselves!!



A financial month in the life of  
a “better off than average”  
South African consumer...

# Monthly budget

**R 30 000** Gross income for 2 adults earning R15k each

**R 22 700** Take home pay (after tax, pensions & medical aid paid)



# Monthly budget does NOT include...



Gym fees



Holidays



Clothing, make-up, hair



Extra medical expenses



Aftercare



Contributions to parents / family



Garden service

This leaves me feeling...



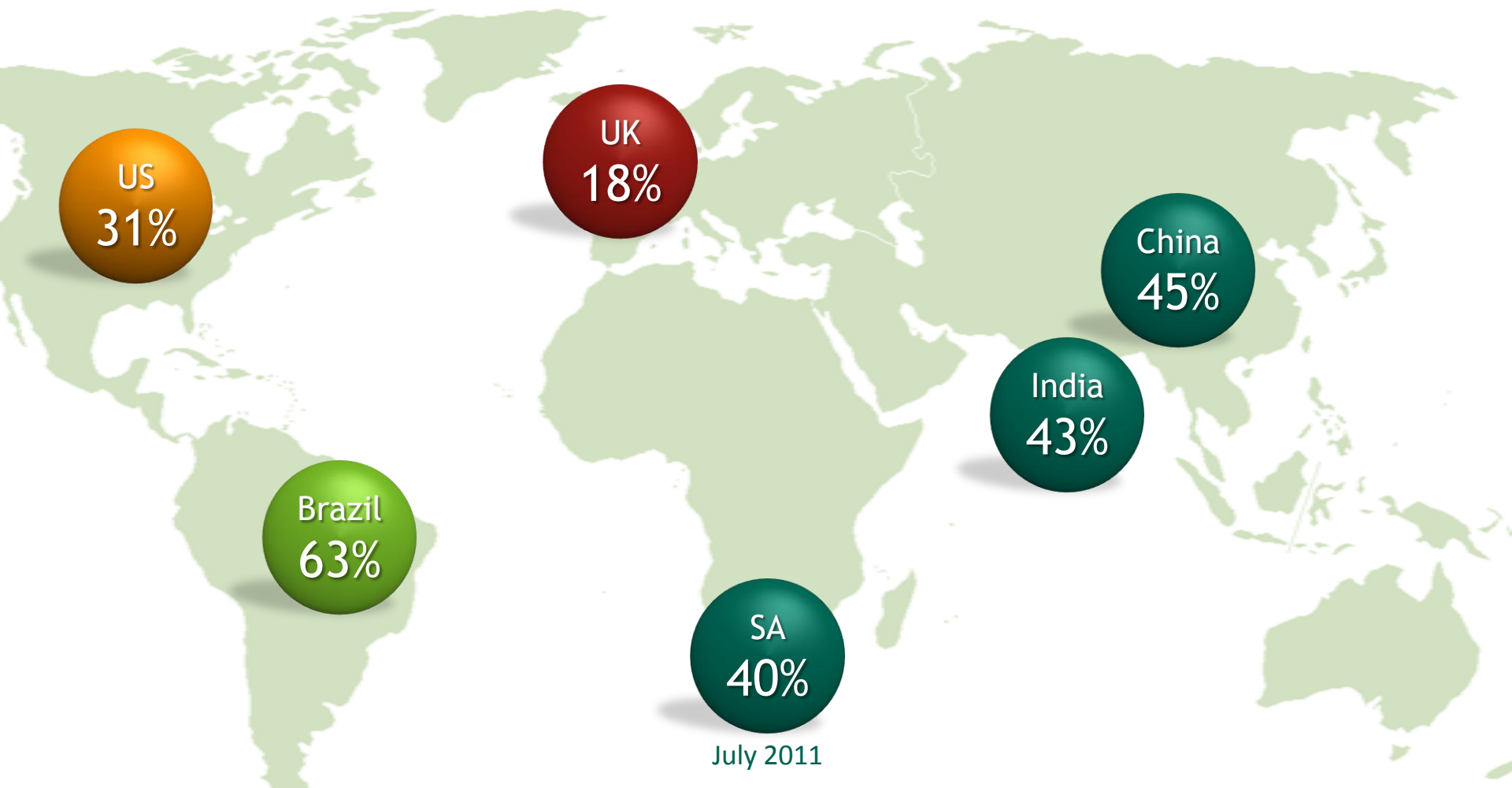
**Life is spinning out of control . . .**



# Expected financial situation in next 6 months



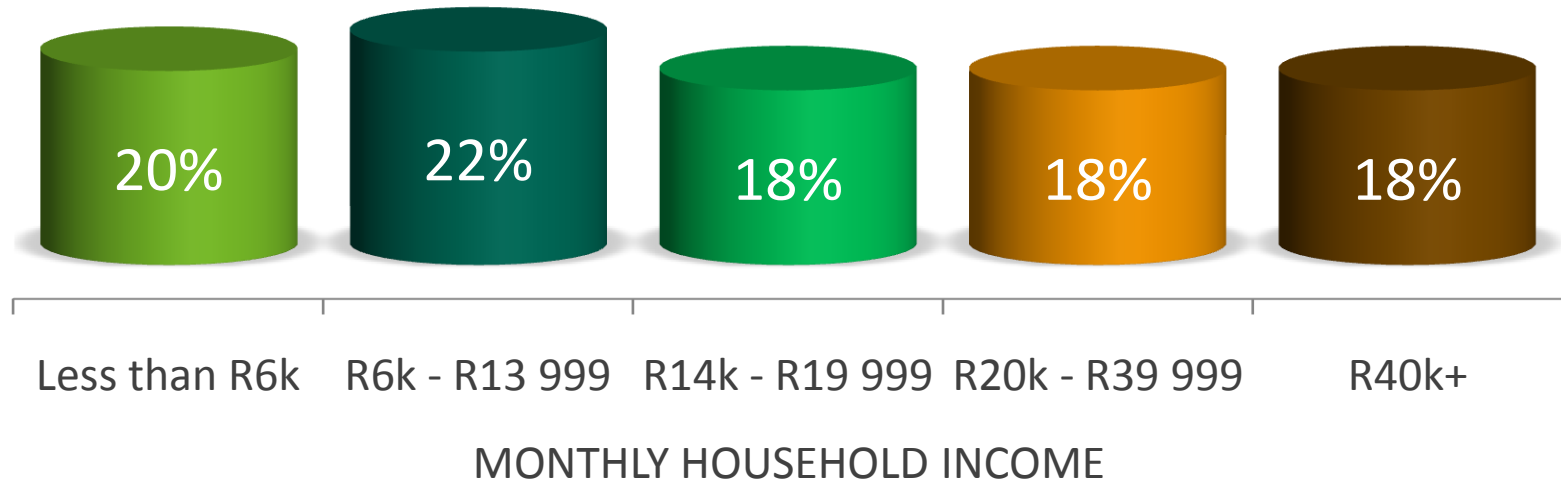
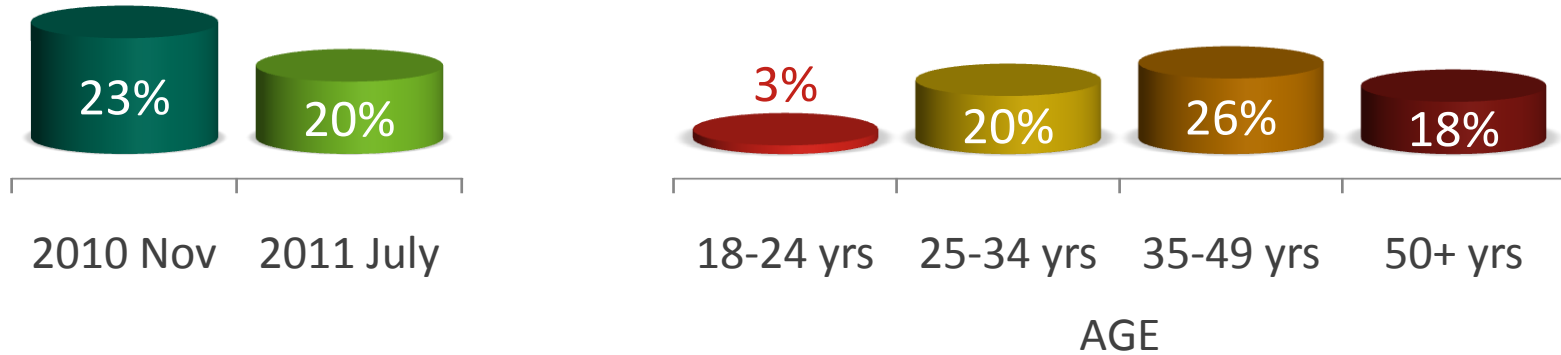
## IMPROVE



July 2011



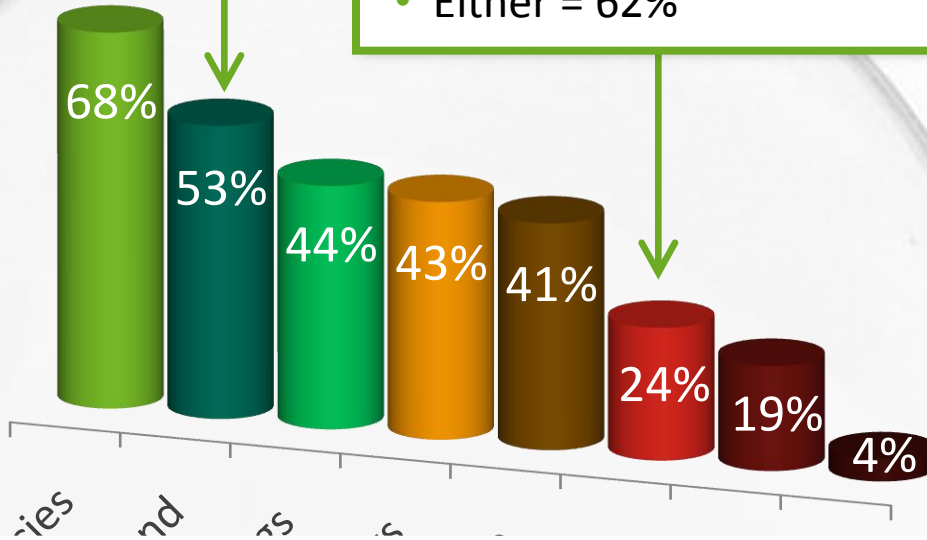
# Sandwich generation



# Vehicles used for saving & investing (SA)

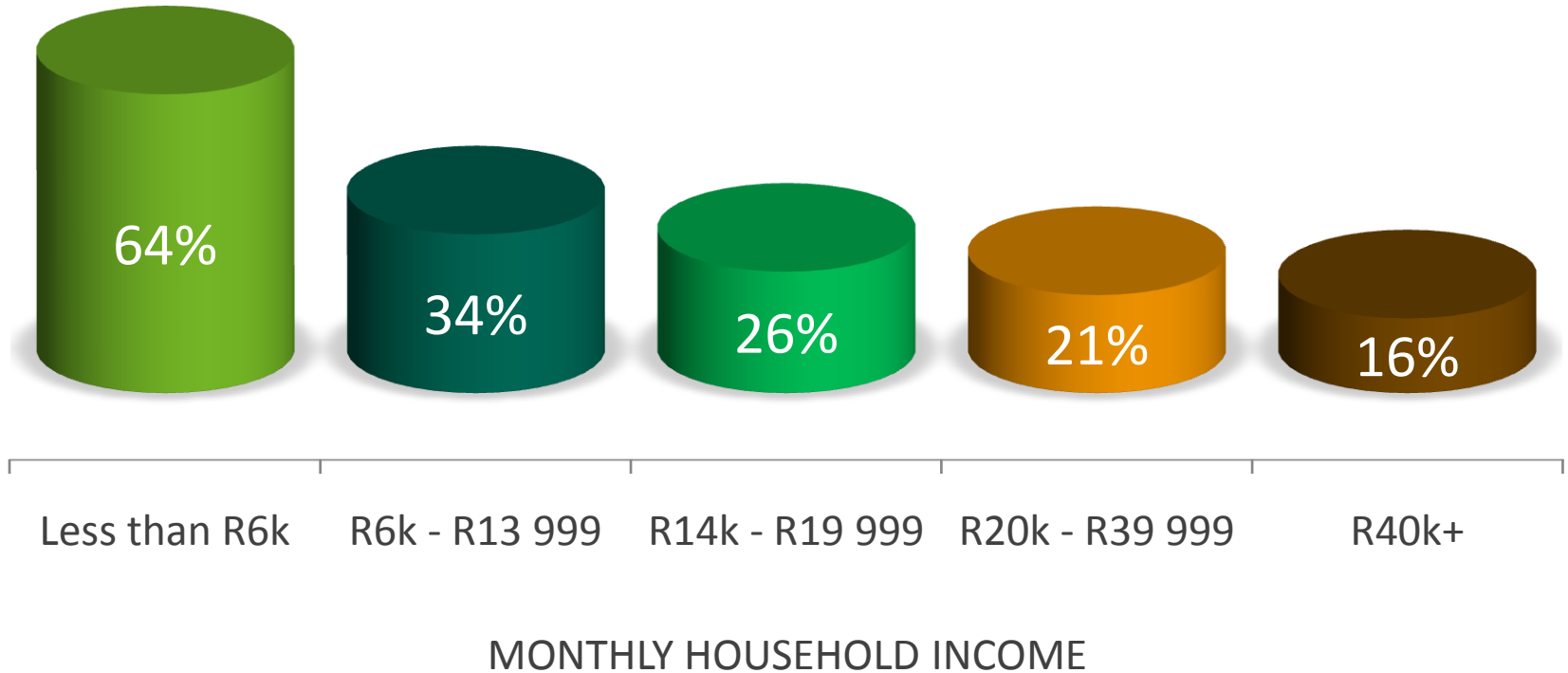
## Pension/Provident and RA

- Both = 15%
- Either = 62%



**38% have neither**

CONTRIBUTE TO NEITHER A PENSION/PROVIDENT FUND NOR AN RA...



**1 in 3 South Africans** contribute to a Stokvel / Savings & Investment Club on a monthly basis – this has remained stable over the 4 measures

**1 in 2 Black South Africans contribute monthly**



## HOUSEHOLD INCOME:

Less than R6k	48%
R6k – R13 999	49%
R14k – R19 999	62%
R20k – R39 999	37%
R40k+	29%



**25% of Black households** claim they are contributing more to Stokvels / Savings Clubs than they were a year ago

What influence has the recent recession had on how South Africans feel about and approach financial matters?

**82% say that it has  
had some influence!!  
(irrespective of income levels)**

# What influence?



## Cutting Costs

Less entertaining/eating out, shopping around, buying in bulk, cutting down on luxuries, lift clubs to work...



## Reducing Debt



## Saving



Incidence of having  
a **credit card**  
has **RISEN** from  
32% in 2009 to  
37% in 2011



Incidence of having  
at least one  
**store card** has  
**REMAINED  
CONSISTENT**  
at about 63%



Home owners  
**paying minimum  
monthly bond  
instalment**  
has **RISEN** from  
53% in 2009 to  
59% in 2011

# Savings typologies



July 2010

July 2011

Contented Organisers



20%

24%

In-betweens



50%

36%

Panicked Procrastinators



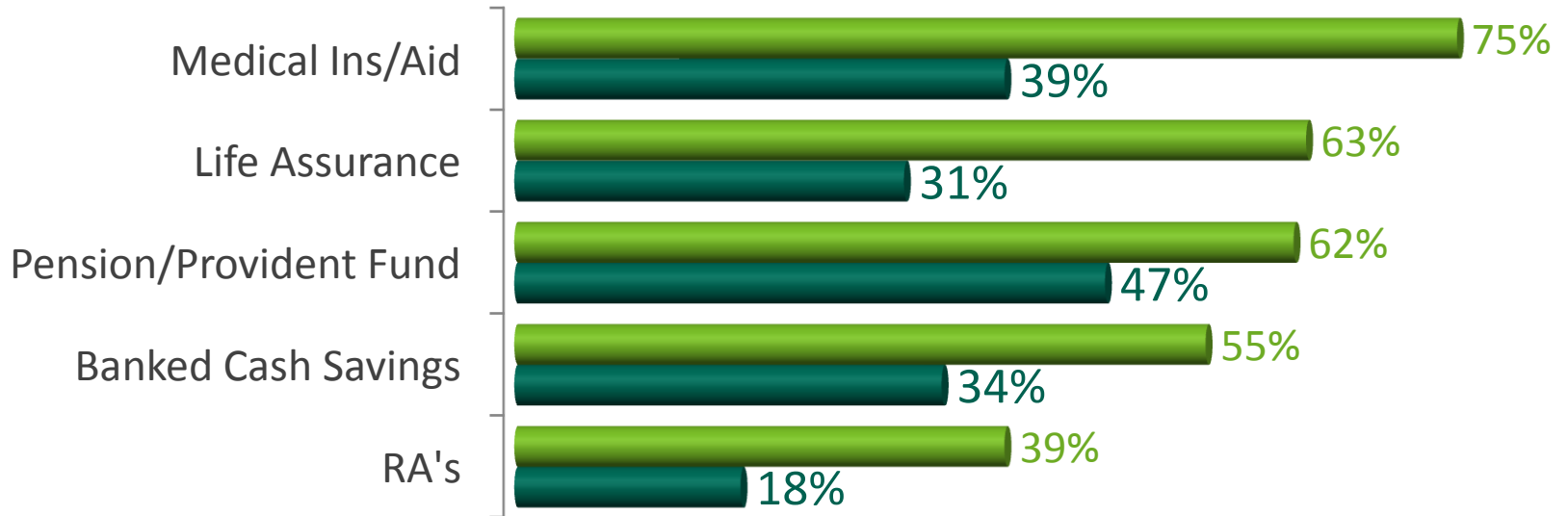
30%

40%

# Vehicles used for saving & investing



- Contented Organisers
- Panicked Procrastinators



Contented Organisers



% AGREE

Panicked Procrastinators



**17%**

**My finances are never properly organised**

**78%**

**64%**

**I plan my finances 5 to 10 years ahead**

**41%**

**7%**

**I really hate dealing with my finances**

**72%**

**4%**

**I consider myself a spender, not a saver**

**58%**

**5%**

**I leave money decisions to the last minute**

**53%**

**12%**

**The world of financial services leaves me confused**

**67%**

Contented Organisers



Panicked Procrastinators



% AGREE

**87%**

I want to learn more about how to save

**80%**

**33%**

My children should look after me when I am old

**41%**

**15%**

The government will look after me if I am  
unable to look after myself

**46%**

**60%**

I feel confident about the SA economy

**59%**

**93%**

I am happy and content with my life

**59%**

**30%**

I tend to make decisions quickly based on gut feel

**57%**

# The Youth Market (18-30 years old)



do great things



# The Youth are the eternal optimists...



**47%**

expect their financial situation to improve in the next 6 months

**84%**

are very optimistic about what the future holds for them

**63%**

claim that being rich is a priority in their lives

**61%**

feel confident about the SA economy



But...



**1 in 2**

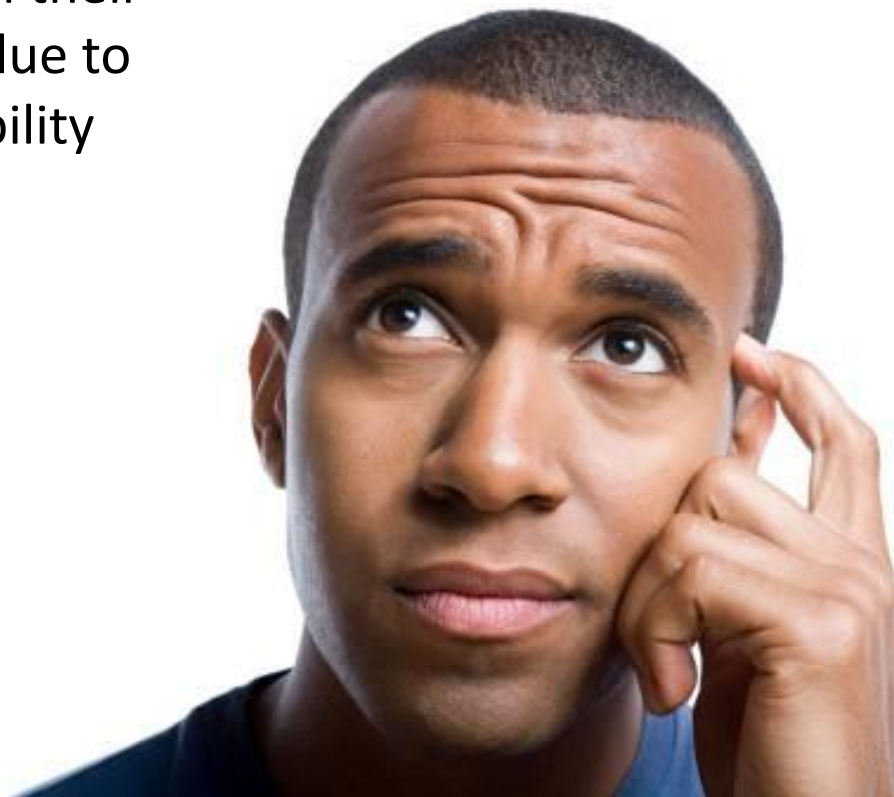
are already /  
planning to  
support their  
parents in future

**1 in 2**

still live at  
home with their  
parents, due to  
affordability

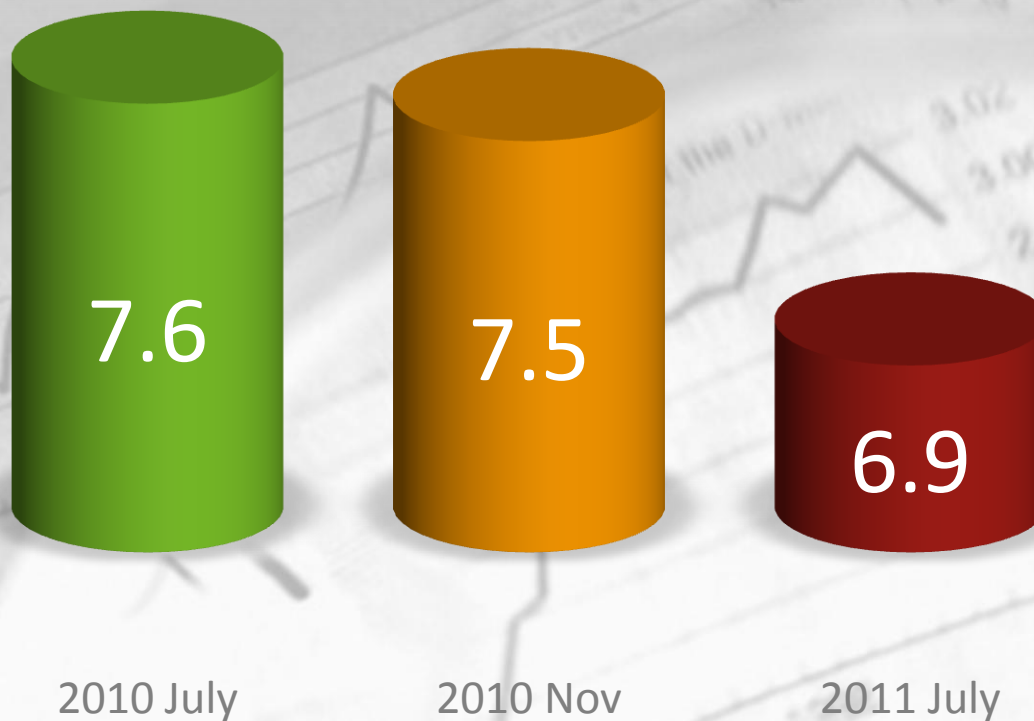
**75%**

claim that the recession  
has influenced them in  
some way with regard to  
their financial situation



# The resounding message

# Financial knowledge or confidence

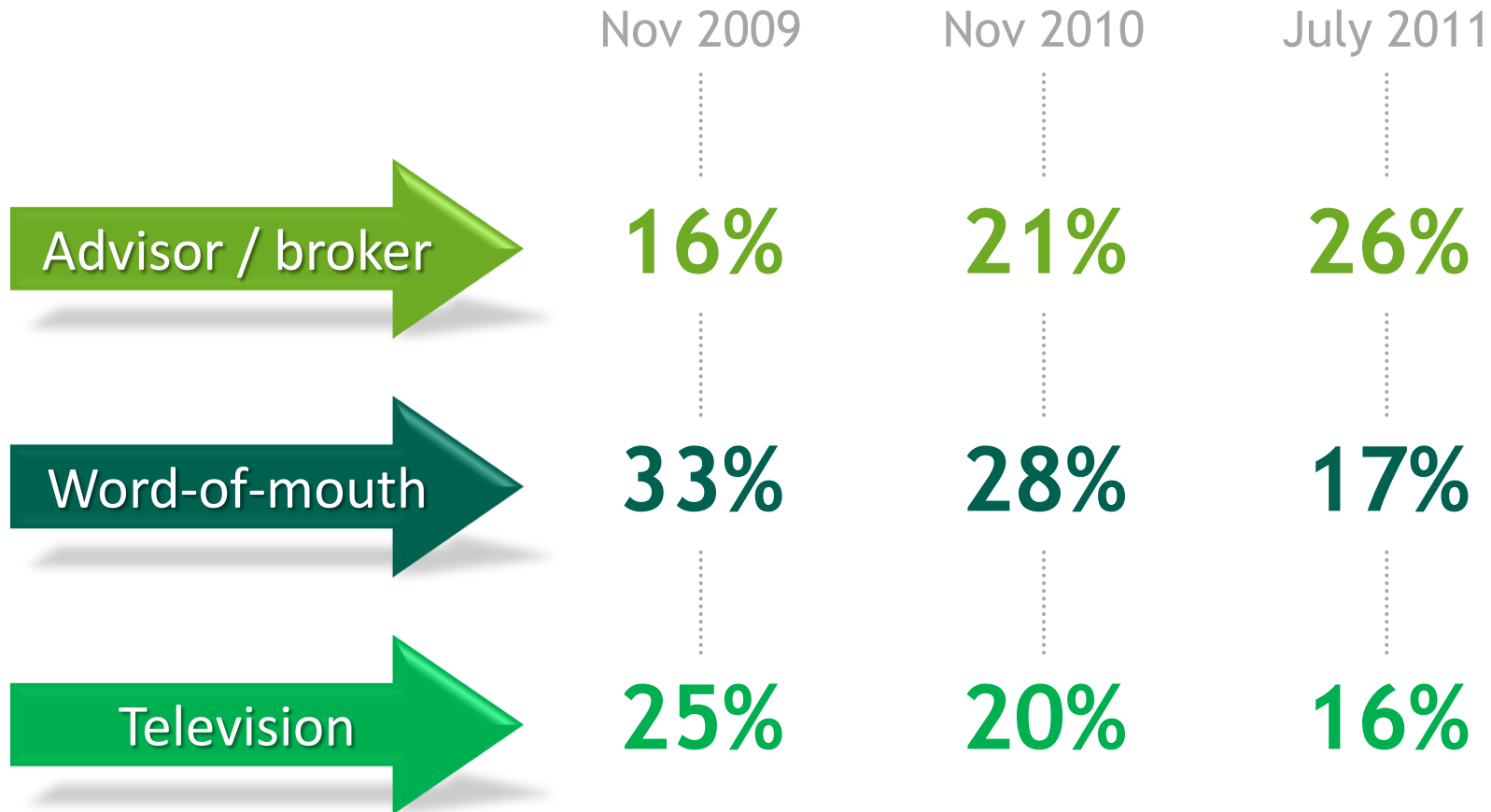


MEAN SCORE OUT OF 10

**82%** of South Africans  
**want to learn more** about how to save



# Sources for financial information (regularly)





Thank You!