

OLDMUTUAL

KNOW BETTER  
DO BETTER

SAVINGS &  
INVESTMENT MONITOR  
2023

# LAUNCH PRESENTATION



DO GREAT THINGS EVERY DAY





# OVERVIEW & APPROACH



**Annual  
Survey**



**South Africa**



**Online  
Survey**



**N = 1518  
Fieldwork  
April – May**



**Personal  
Monthly  
Income: R8k+**



**Weighted to  
the Working  
SA Population**



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# OMSIM 2023 OVERVIEW





# CHALLENGES IMPACTING SOUTH AFRICANS IN 2023 | CONSUMER'S REALITY

Confidence in the SA economy is at the lowest it's ever been (27%)



#Natural  
Disasters



#Rolling  
Blackouts



#Rising  
Debt



#Rising  
Food Prices



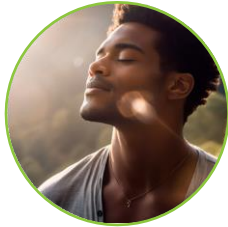
#Fuel  
Increase



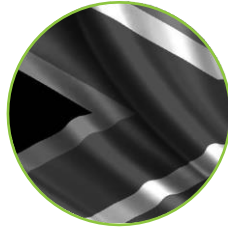
#Domestic  
Violence



#Rand  
Depreciation



#Mental  
Health



#SA  
Greylisting



#Inflation



#Unemployment



#Corruption

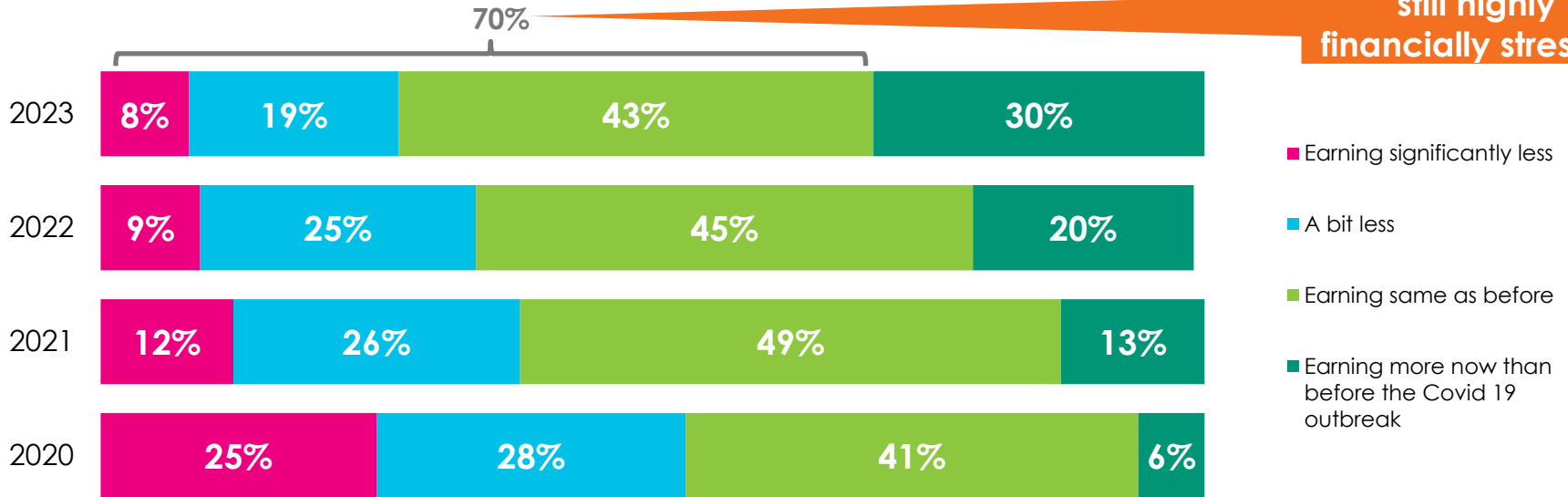




# PERSONAL EARNINGS & FINANCIAL STRESS

70% are earning the same or less than they did 3 years ago. With the inflationary environment, this means that the majority of working South Africans have less income in real terms. Positive shifts in earnings are driven by younger consumers.

45% of working South Africans are still highly financially stressed





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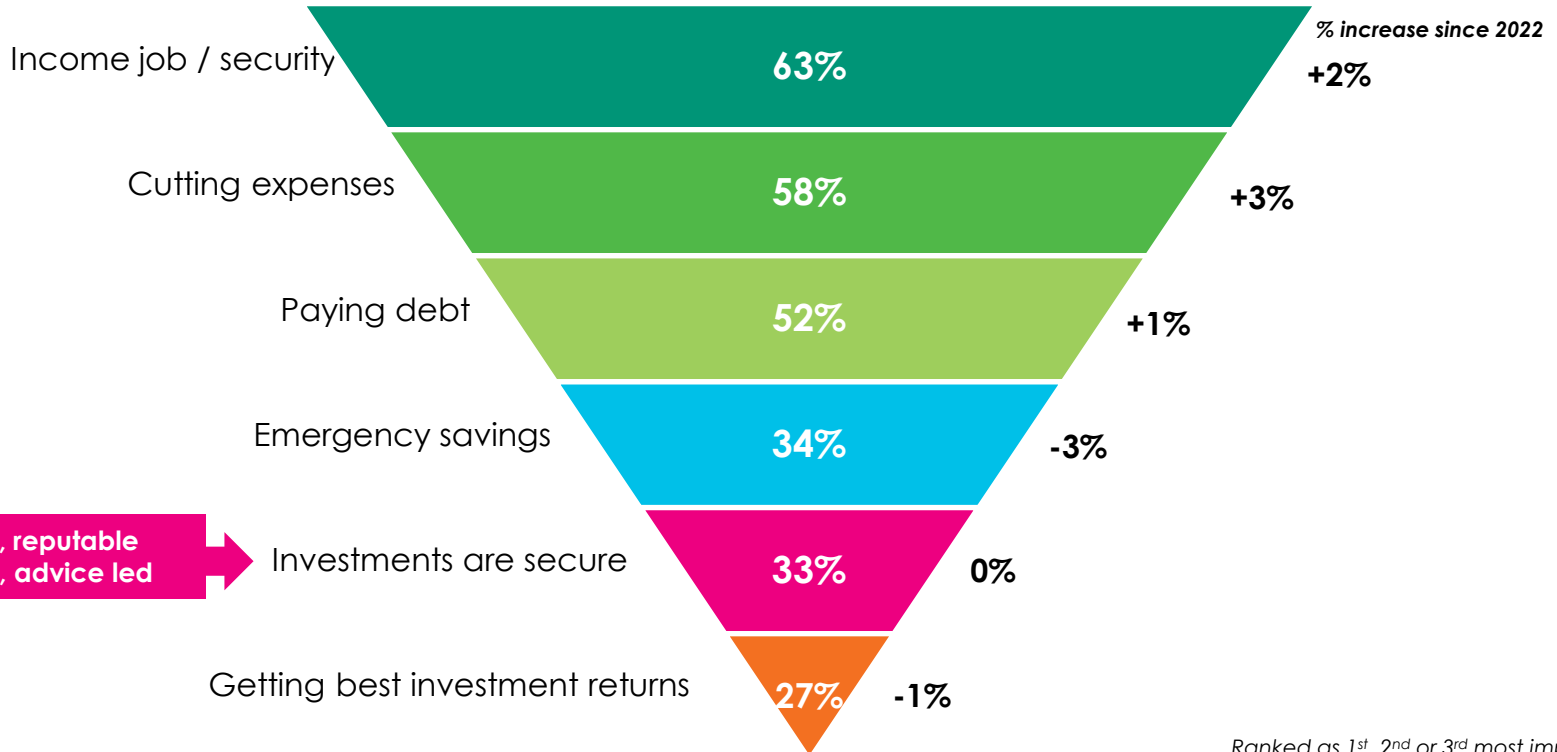
FINANCIAL PRIORITIES, SAVINGS BUFFER,  
& COPING MECHANISMS



# FINANCIAL PRIORITIES

In 2023 the pattern is largely unchanged: income security, expense and debt control are the most prioritised

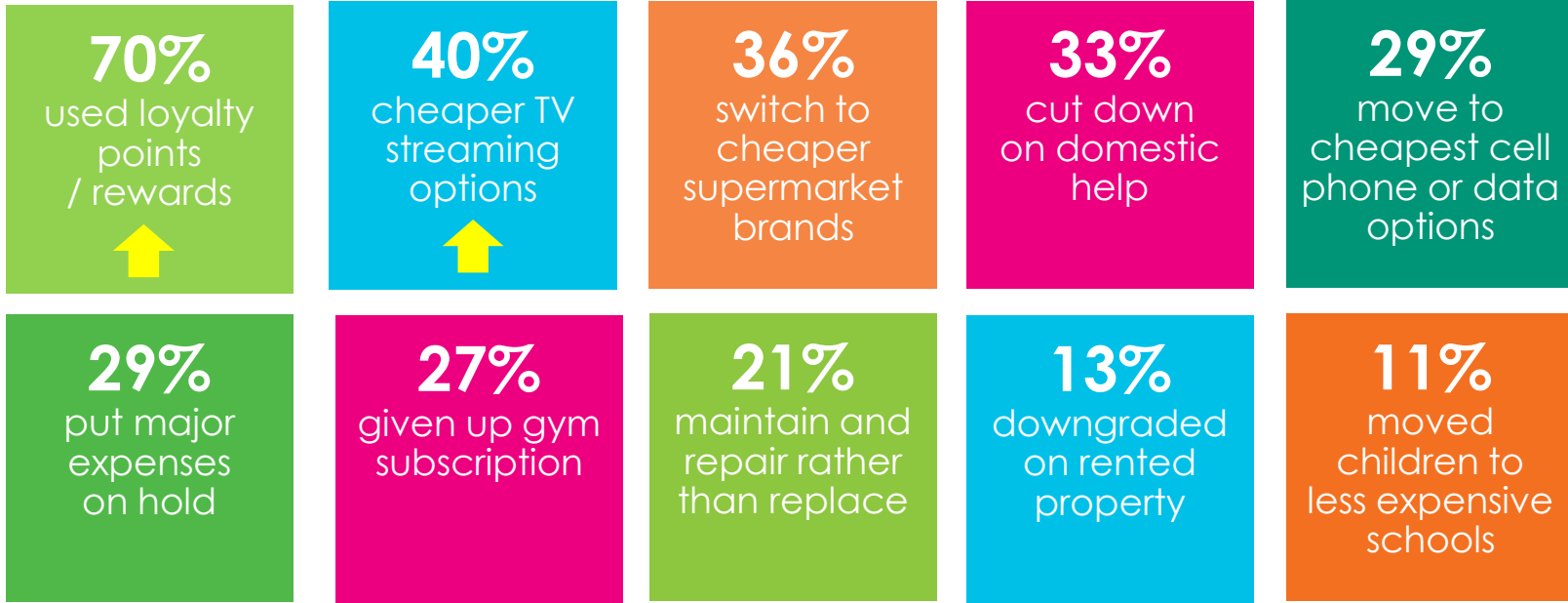
## TOP\* FINANCIAL PRIORITIES 2023





# INCOME & EXPENSE MANAGEMENT

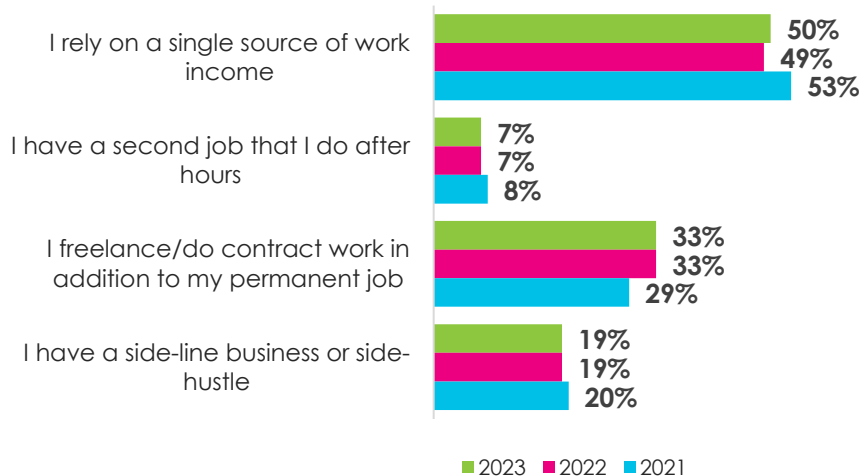
Working South Africans continue to display resilience by looking for ways to stretch their budgets. Rewards programs increasingly a means to provide consumers with discounts



↙ Major holiday, vehicle purchase, large appliances, moving house



# POLYJOBBERS HOLDING STEADY



**Incidence of those with multiple income holding steady at 50%, and again the highest incidence is seen among 18 – 29 year olds, where we see an increase from 60% to 70%**



## PolyJobbers

2022

2023

Total

51%

50%

18 to 29  
years

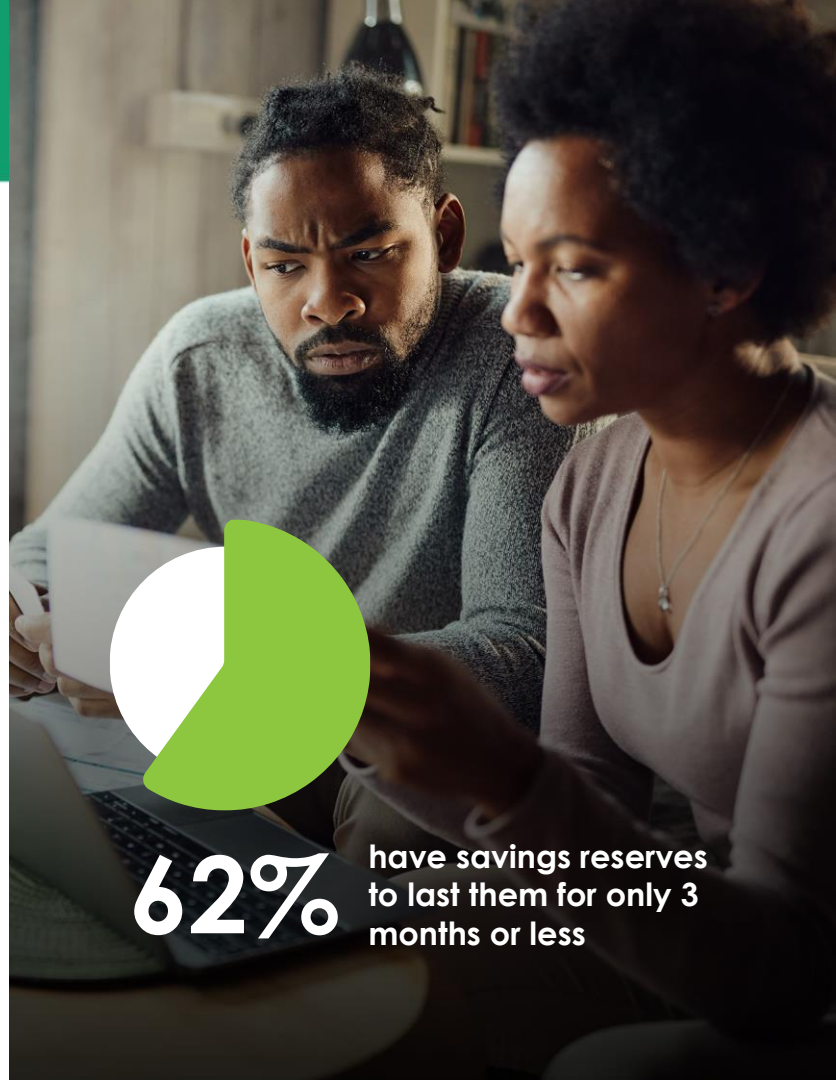
60%

70%



## SAVINGS BUFFER

The period immediately post Covid, saw people increasingly prioritising emergency savings. Despite this, majority of South Africans have not been able to build up their reserves.



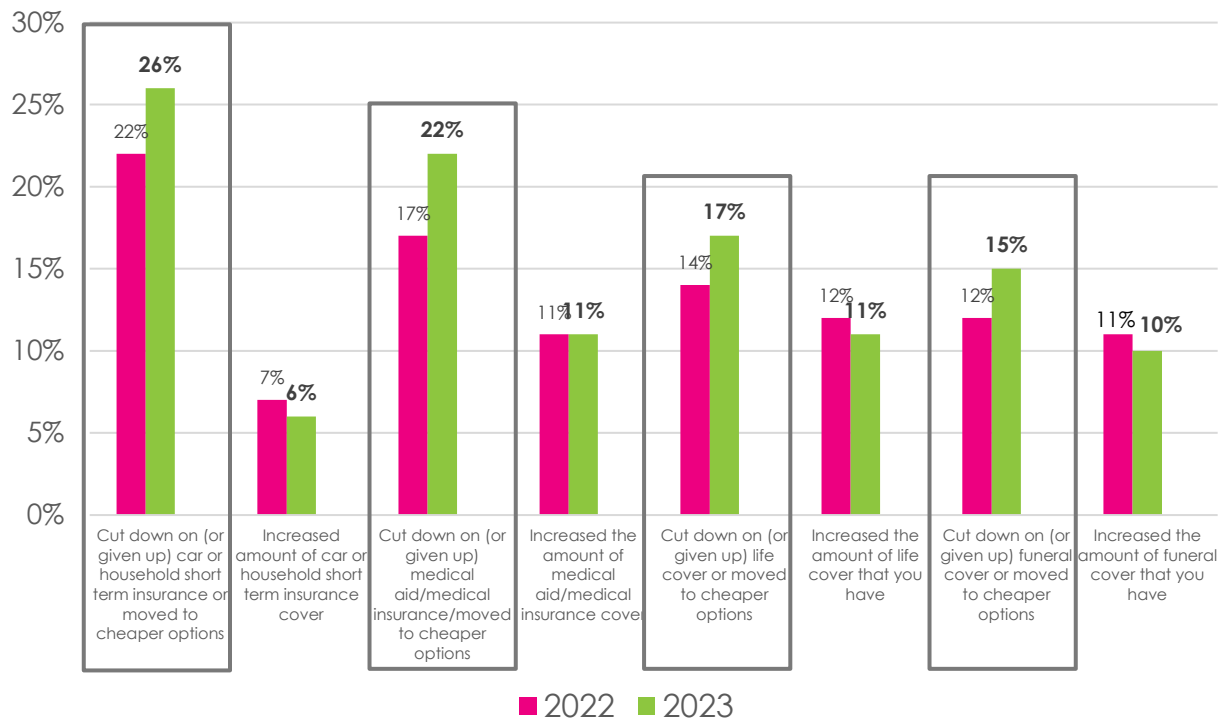
62%

have savings reserves to last them for only 3 months or less



# CHANGES TO RISK & PROTECTION COVER

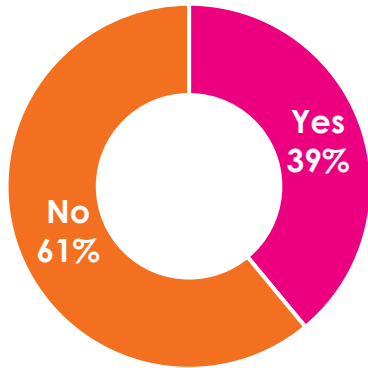
The more prevalent trend on risk and protection cover is to move to cheaper options. Penetration levels though are stable, suggesting consumers are trimming and reorganising cover, rather than giving it up entirely.





# FINANCIAL ADVISERS

DO YOU USE A FINANCIAL ADVISER?



36% in 2022 (was 40% in 2021)



**6 in 10** working South Africans are **Do not use a financial adviser**

Particularly high among lower income South Africans



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**DEBT**



# COPING MECHANISMS: LOANS

Latest results show that borrowing is increasing – 34% of working South Africans have taken out a personal loan in the past year. This is double the incidence in 2020 (16%).

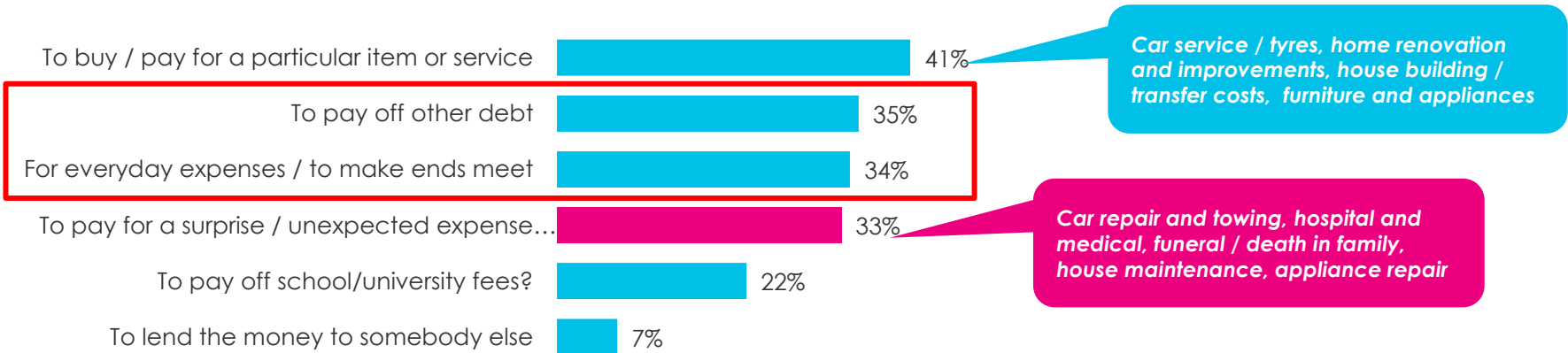
HOUSEHOLD FINANCES PAST YEAR	2020	2021	2022	2023
Dipped Into Savings To Make Ends Meet	52%	54%	52%	<b>54%</b>
Had To Borrow From Friends Or Family	39%	44%	40%	<b>43%</b>
Taken Out A Personal Loan	16%	28%	27%	<b>34%</b>
Had To Borrow From Your Savings Club Or Stokvel	16%	19%	15%	<b>20%</b>





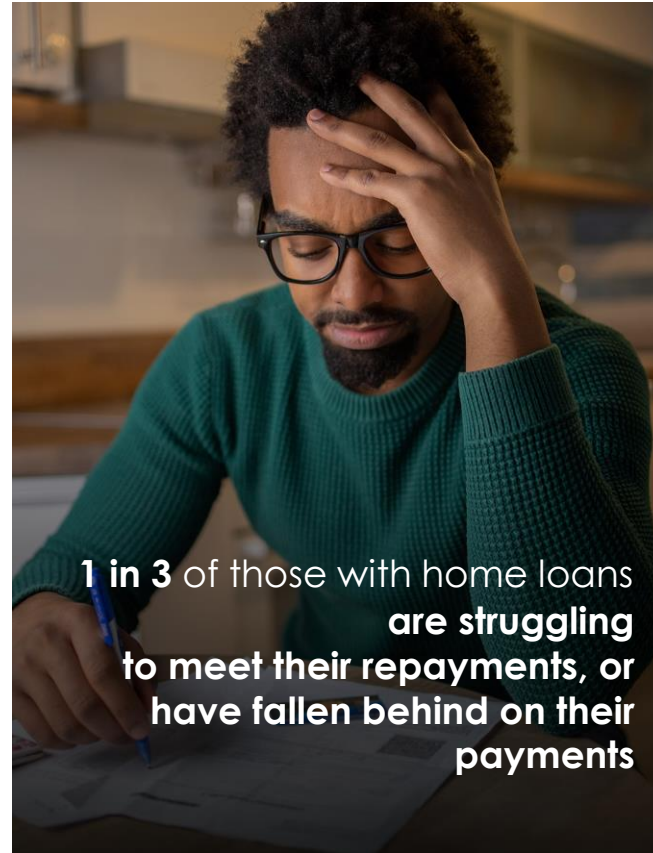
# PERSONAL LOANS UNPACKED:

## What was the main reason for this loan?





# LOAN REPAYMENT





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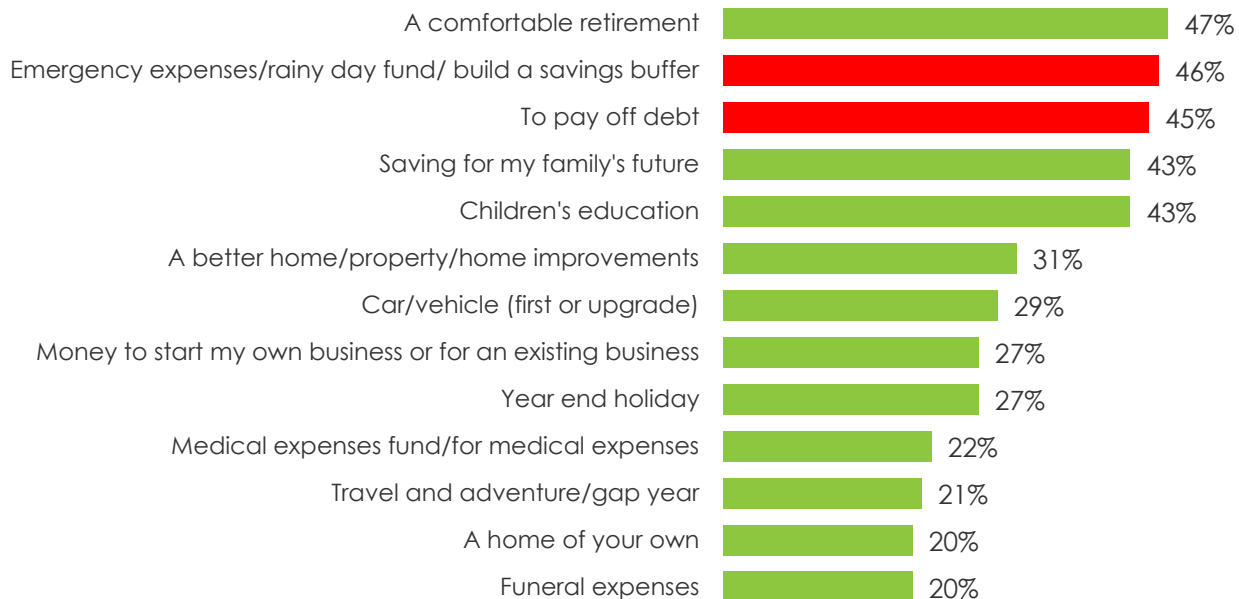
# SAVINGS GOALS AND FORMAL SAVINGS





# KEY SAVINGS GOALS 2023

**2 of the top 3 noted savings goals do not speak to longer term savings...  
rather, Debt repayment and emergency expenses**





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## RETIREMENT REFORM & PRESERVATION BEHAVIOUR





# PAST PRESERVATION BEHAVIOR



Of those who left or changed jobs in the past 2 years, 59% belonged to a pension or provident fund. Only 29% preserved all their retirement savings – majority took a cash component vs fully reinvesting the funds

## What did you do with the money in that pension or provident fund?

	2022 (n=181)	2023 (n=201)
Reinvested/preserved all the money for my future retirement	31%	<b>29%</b>
Reinvested most of the money, and took the smaller balance in cash	28%	<b>24%</b>
Reinvested some of the money, and took about half the balance in cash	10%	<b>14%</b>
Reinvested a small portion of the money, and took the bigger balance in cash	6%	<b>4%</b>
Took all the money in cash	26%	<b>30%</b>



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KEY INSIGHTS





# KEY INSIGHTS

1

Working South Africans continue to seek ways to further stretch their budget and income. They remain focused on **expense control, maximizing discounts offered by loyalty programs**, and maintaining high value items rather than replacing them.

2

Multiple income streams are the norm with PolyJobbers holding steady at 50%. We see an increase in PolyJobbers among younger South Africans relative to 2022 (from 60% to 70%).

3

In an effort to **make ends meet**, working South Africans are tapping into lending vehicles. **34% have taken out a personal loan in the past year - doubled since 2020 (16%)**. With debts significantly more expensive to service, **1 in 3 of those with home loans are struggling to meet their monthly repayments**.

4

Consumers **struggle to build savings buffers**, with **30% claiming to have savings that would last them for only 1 month or less**.

5

Only **4 in 10** working South Africans have a financial adviser

6

**7 out of 10** South Africans are not seeing any improvement in their income since 2020, and **45% remain considerably financially stressed**.

7

**Single mothers**, who make up 15% of working South Africans are the most vulnerable. They **have higher levels of financial stress** (61% vs. 45% overall), and display increasing borrowing behaviour

8

**Emergency Expenses and Paying off Debt emerge as top savings priorities**. Retirement Savings and Childrens' Education remain in the top 5 savings goals, the latter falling behind more urgent, day to day needs.

9

Consumers are **reducing their protection cover or moving to cheaper options**, though penetration levels remain steady for now

10

Reactions to the proposed pension remain mostly positive or mixed. **Of those who left work or changed jobs in the last 2 years, 72% took a cash component and reinvested a portion of the money**.



# THANK YOU

