



# SAVINGS & INVESTMENT MONITOR



July 2016

DO GREAT THINGS



OLDMUTUAL

# 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

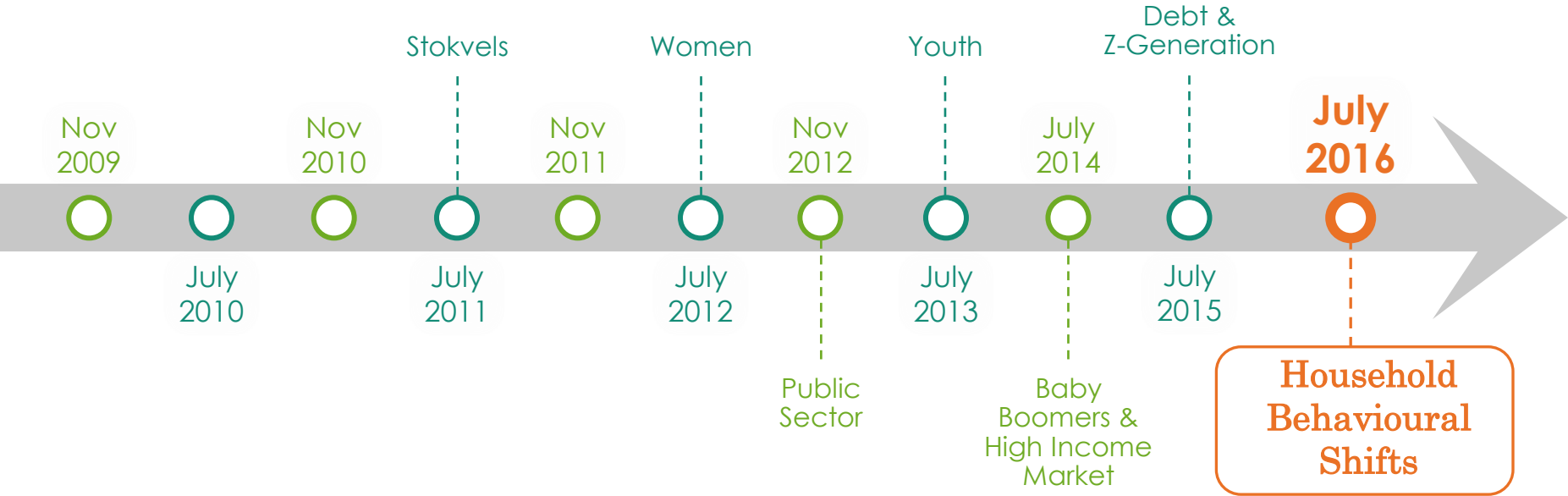


Face-to-face interviews (1 000 HH's)



Conducted by independent research house, *Peppercorn Research*

# HISTORY OF THE SAVINGS & INVESTMENT MONITOR



# 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

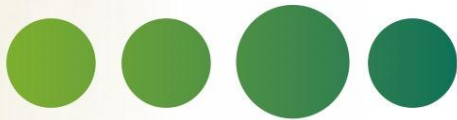




OLD MUTUAL **SAVINGS & INVESTMENT MONITOR**

# MAIN SAMPLE

Representative of Working,  
Metropolitan Households



OLD MUTUAL SAVINGS & INVESTMENT MONITOR

# The state of household finances

SAVINGS &  
INVESTMENT MONITOR  




**OLDMUTUAL**

# THE CONTEXT



Unemployment

26.7%



Low GDP growth forecasts

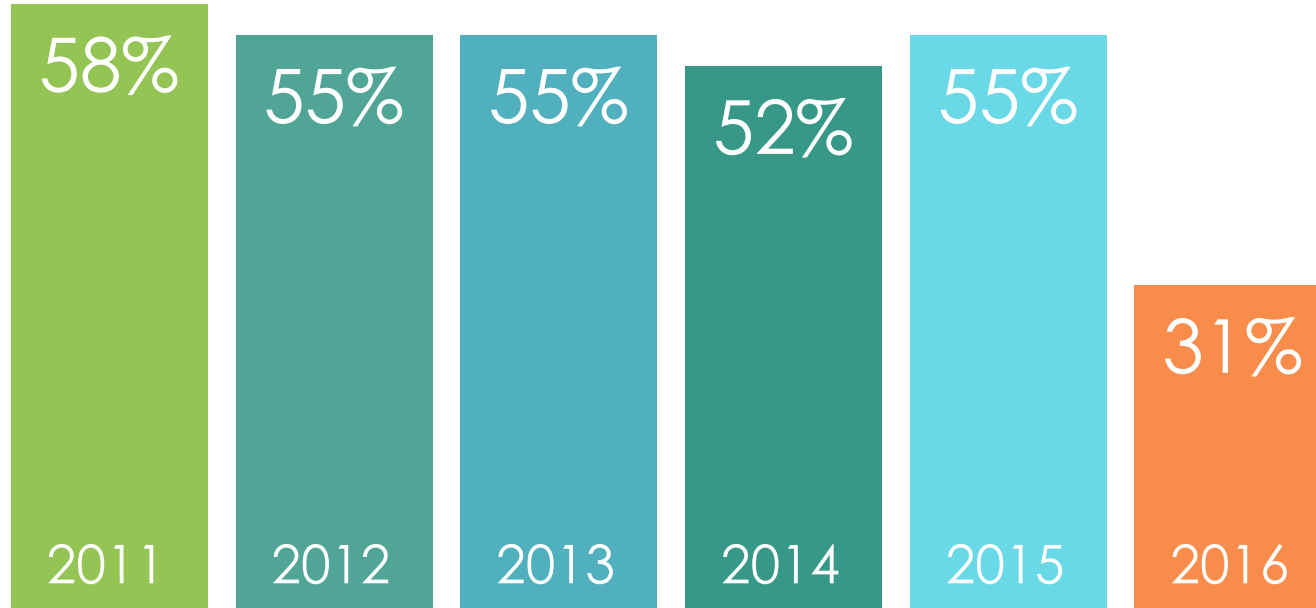
Rand Depreciation & Interest rate increase of 1.25%



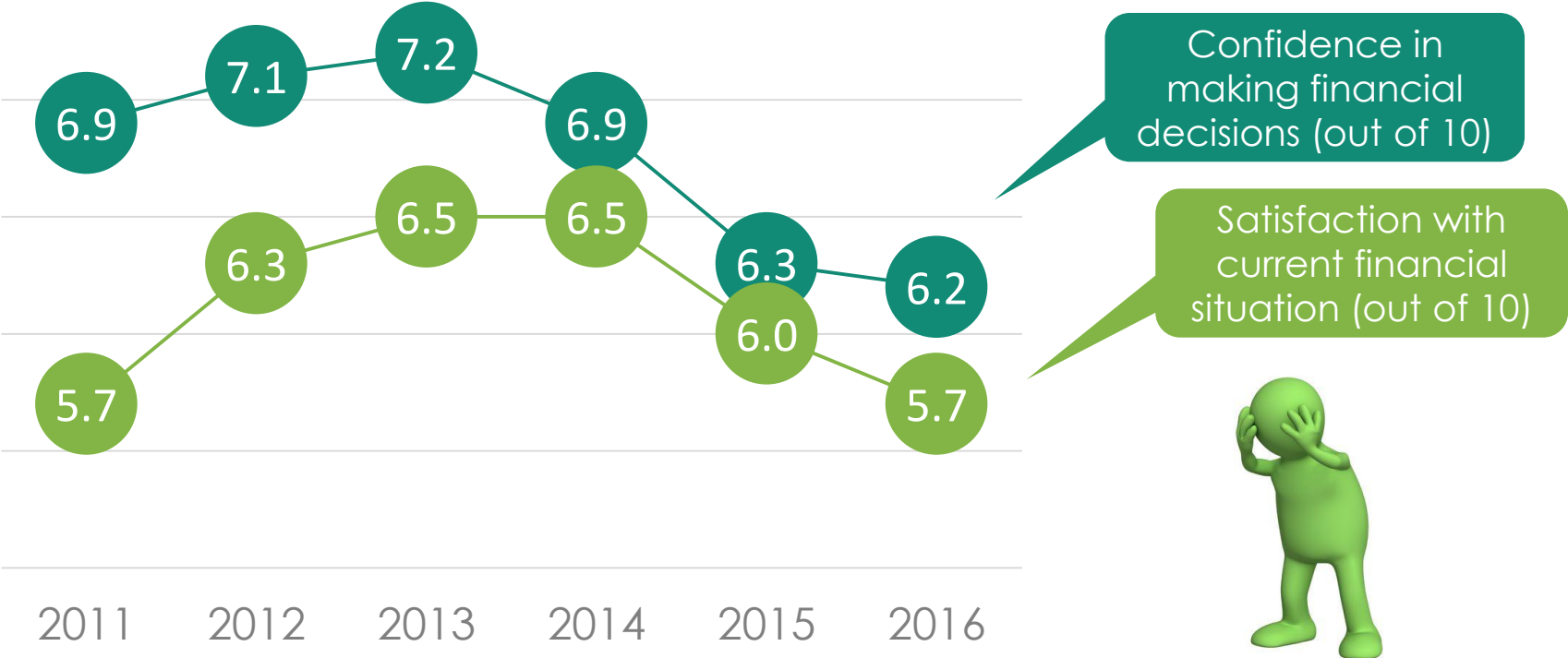
Business confidence has further declined



# CONFIDENCE IN THE SOUTH AFRICAN ECONOMY PLUMMETS



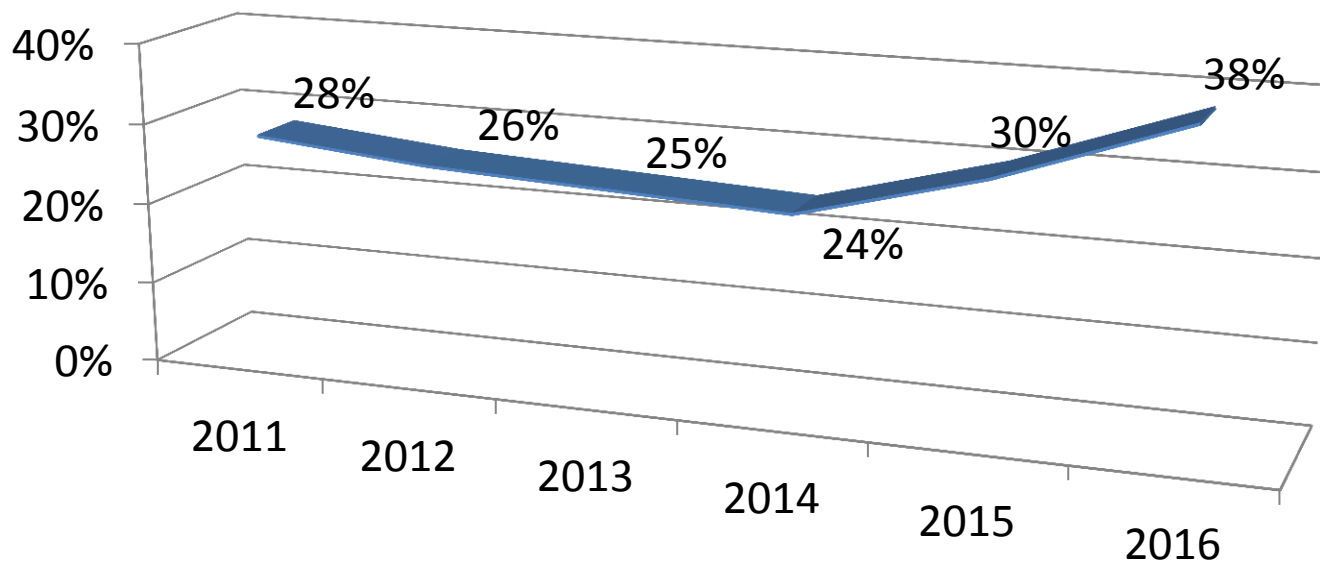
# DETERIORATION IN ATTITUDE ABOUT FINANCES



# WORST RETROSPECTIVE VIEW OF FINANCIAL SITUATION...



“Worse than it was a year ago”



# APPROXIMATELY 2 IN 3 FEELING SERIOUS FINANCIAL STRESS

## FINANCIAL STRESS INDICATOR

Overwhelming stress

High stress

Low stress

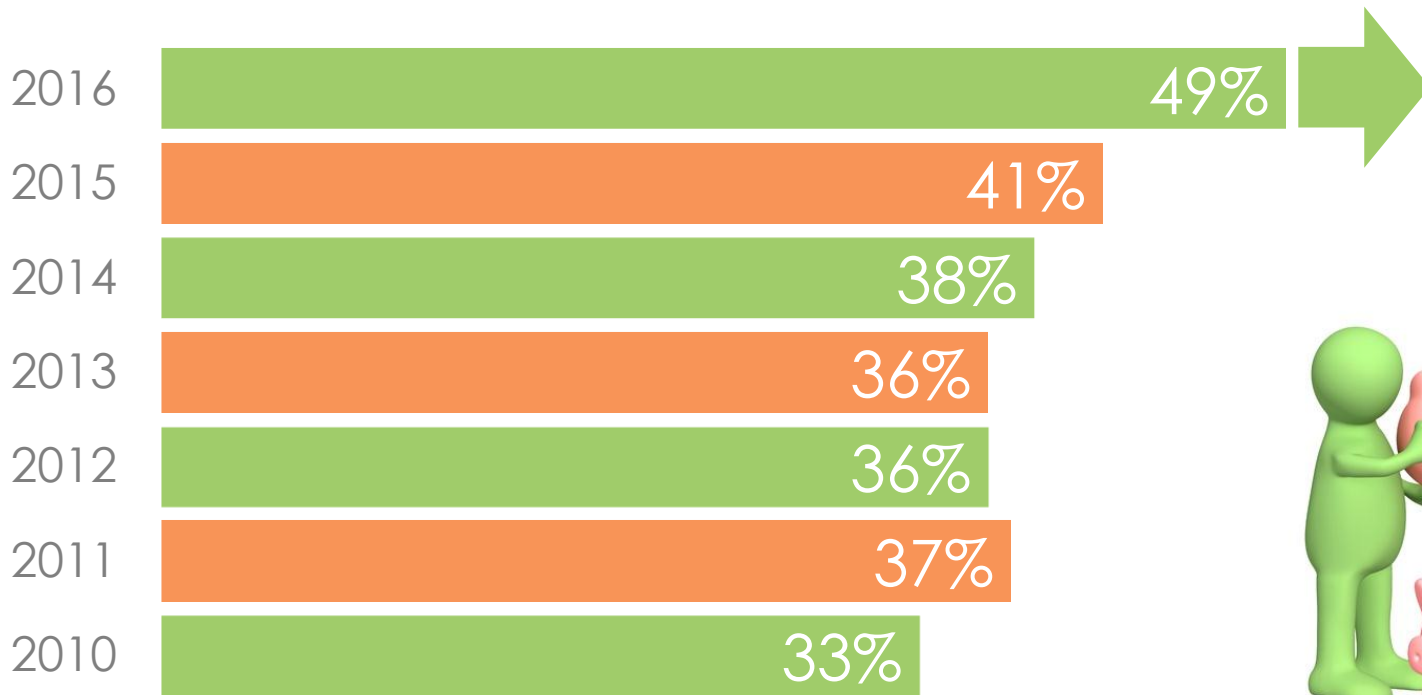
No stress at all



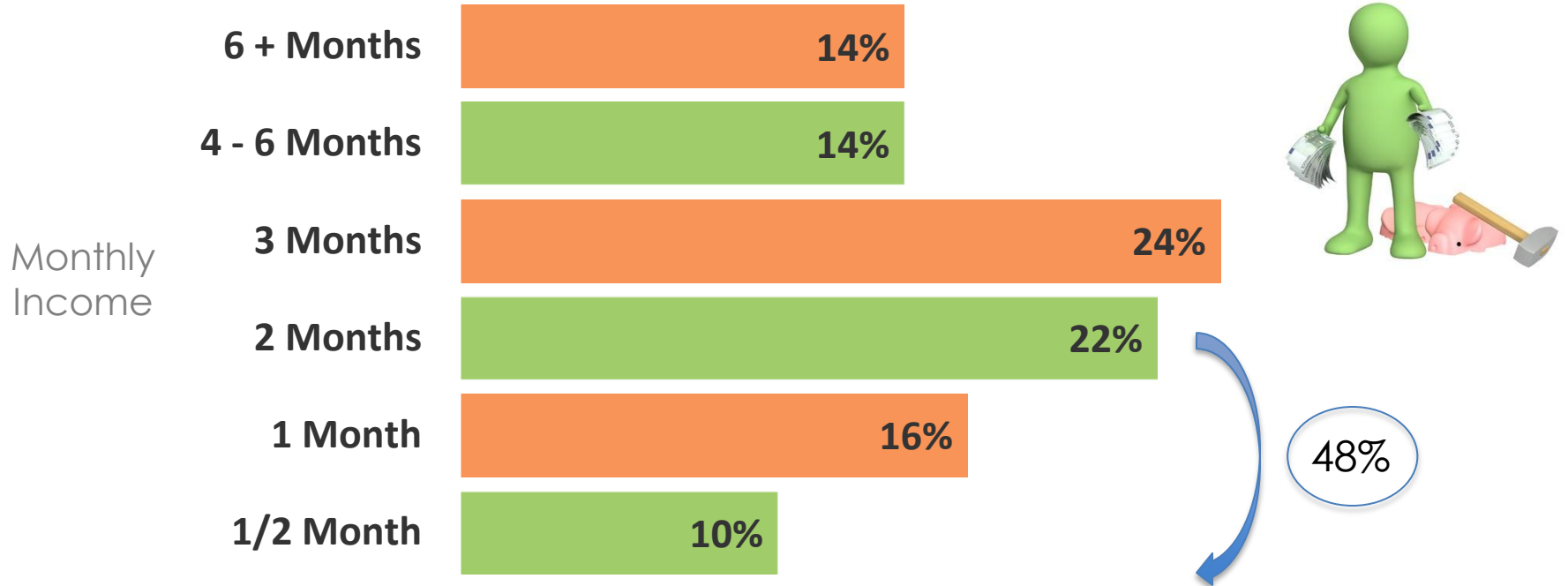
63%



# MORE SOUTH AFRICANS SAVING LESS THAN A YEAR AGO

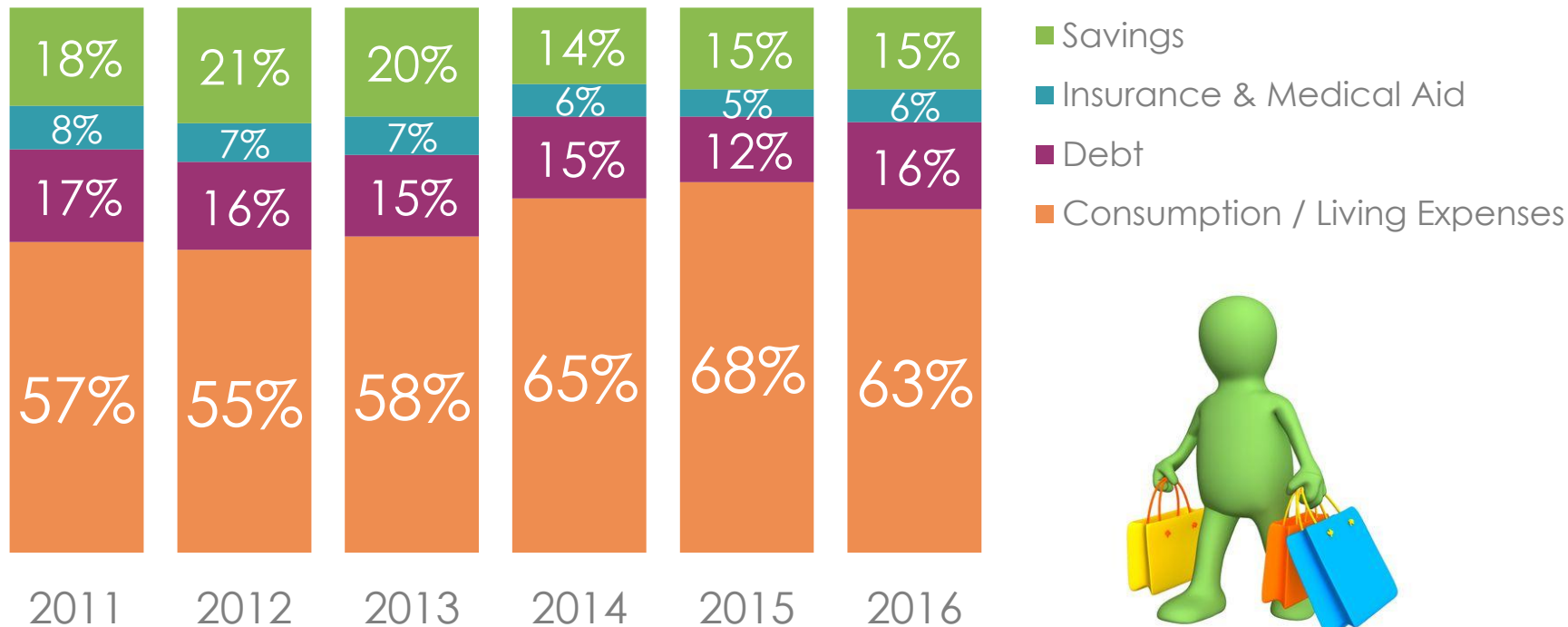


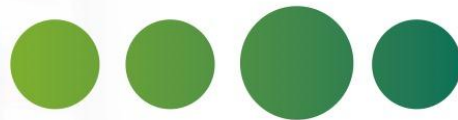
# 1 IN 2 BELIEVE A LESS THAN 3 MONTH EMERGENCY BUFFER IS ENOUGH



# DEBT LEVELS INCREASE – OUTWEIGHING LEVELS OF SAVING

## % OF INCOME SPEND





OLD MUTUAL **SAVINGS & INVESTMENT MONITOR**

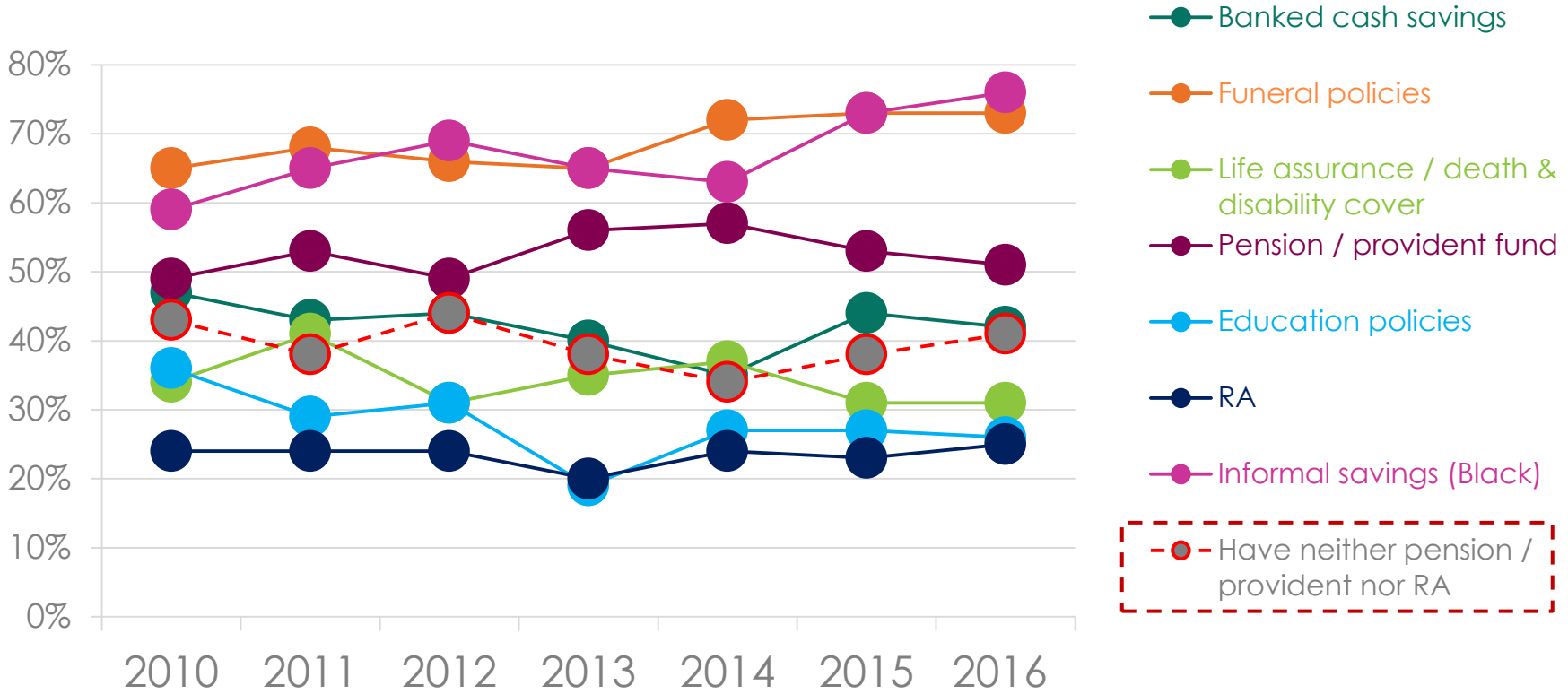
# SAVINGS VEHICLES

SAVINGS &  
INVESTMENT MONITOR  




**OLDMUTUAL**

# SAVINGS & INVESTMENT VEHICLES USED

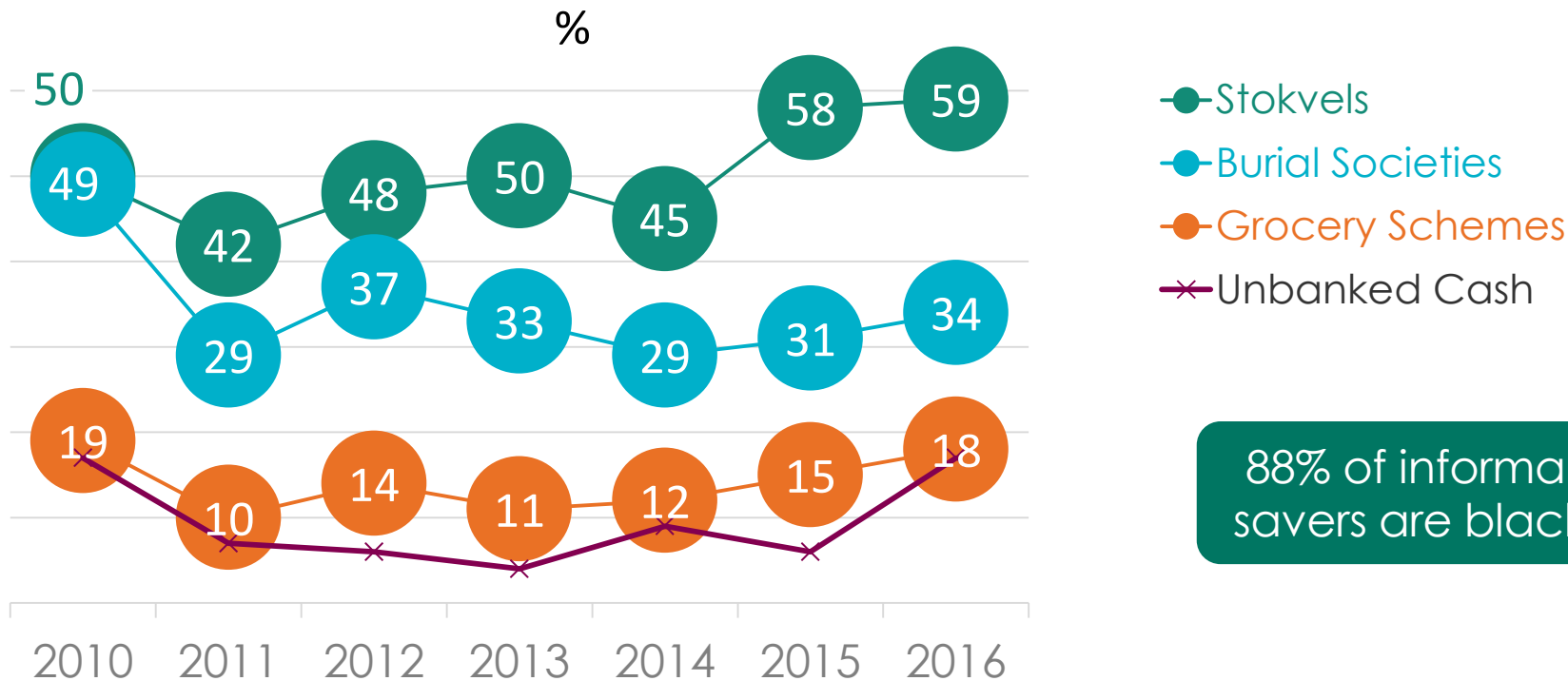


# USAGE OF INFORMAL SAVINGS VEHICLES IS NOT INCOME BASED

## SAVINGS VEHICLES (by HH monthly income)

	< R14k	R14k – R19 999	R20k – R39 999	R40k+
Banked cash savings	34%	45%	47%	58%
Funeral policies	68%	80%	74%	81%
Life Assurance / Death & disability cover	11%	40%	52%	60%
Pension or Provident fund	36%	61%	66%	65%
Education policies (based on parents)	17%	31%	31%	45%
Retirement Annuities	6%	28%	42%	58%
<b>Informal savings</b> (based on black households)	<b>77%</b>	<b>81%</b>	<b>72%</b>	<b>74%</b>
Unit trusts	1%	5%	9%	14%
Short term insurance	8%	36%	59%	76%

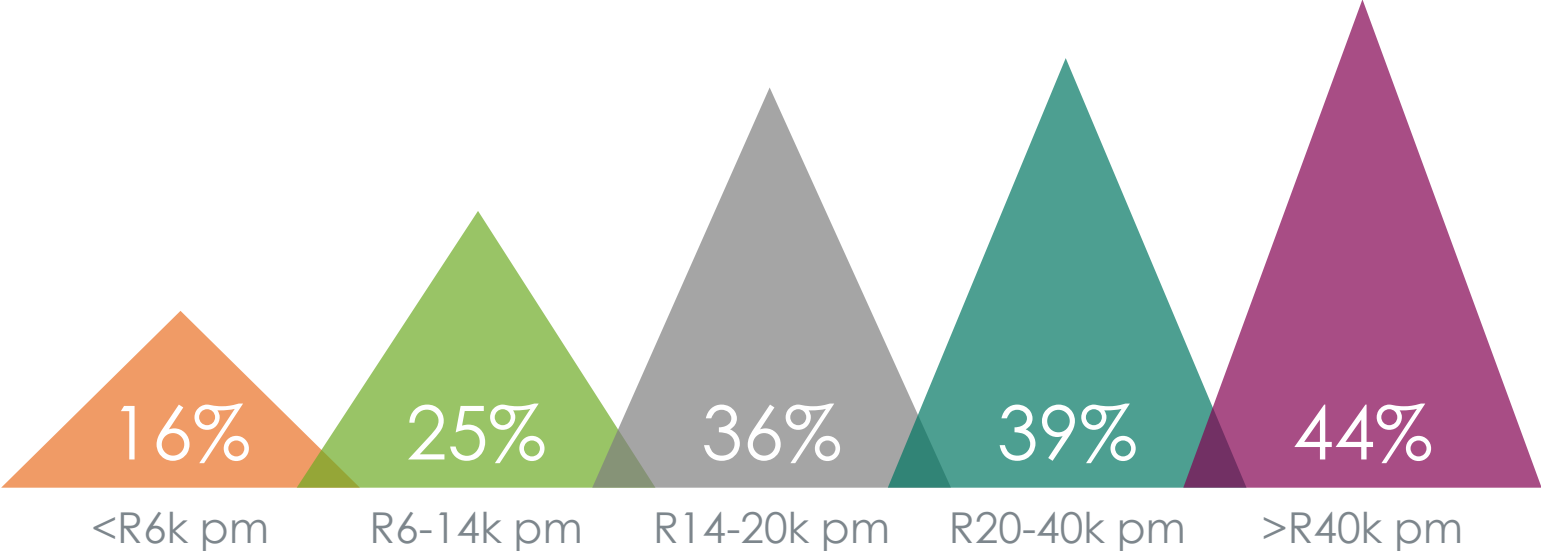
# INCREASED USAGE ACROSS ALL INFORMAL SAVINGS TYPES



(based on black households)

88% of informal savers are black

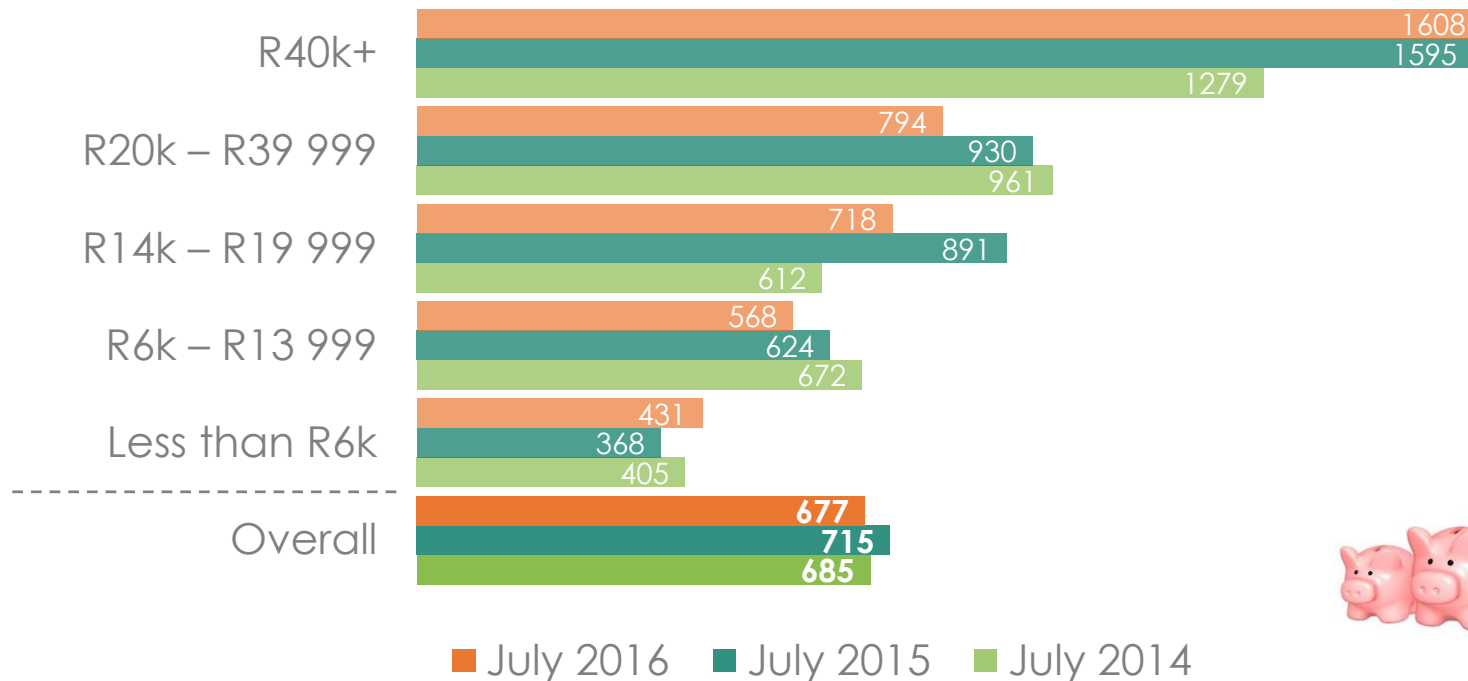
# THE HIGHER THE INCOME, THE MORE STOKVELS BELONGED TO



2016 Household Income  
(based on Black Households)

# INFORMAL SAVINGS – STOKVELS

Contribution amounts (R)



(based on black households)



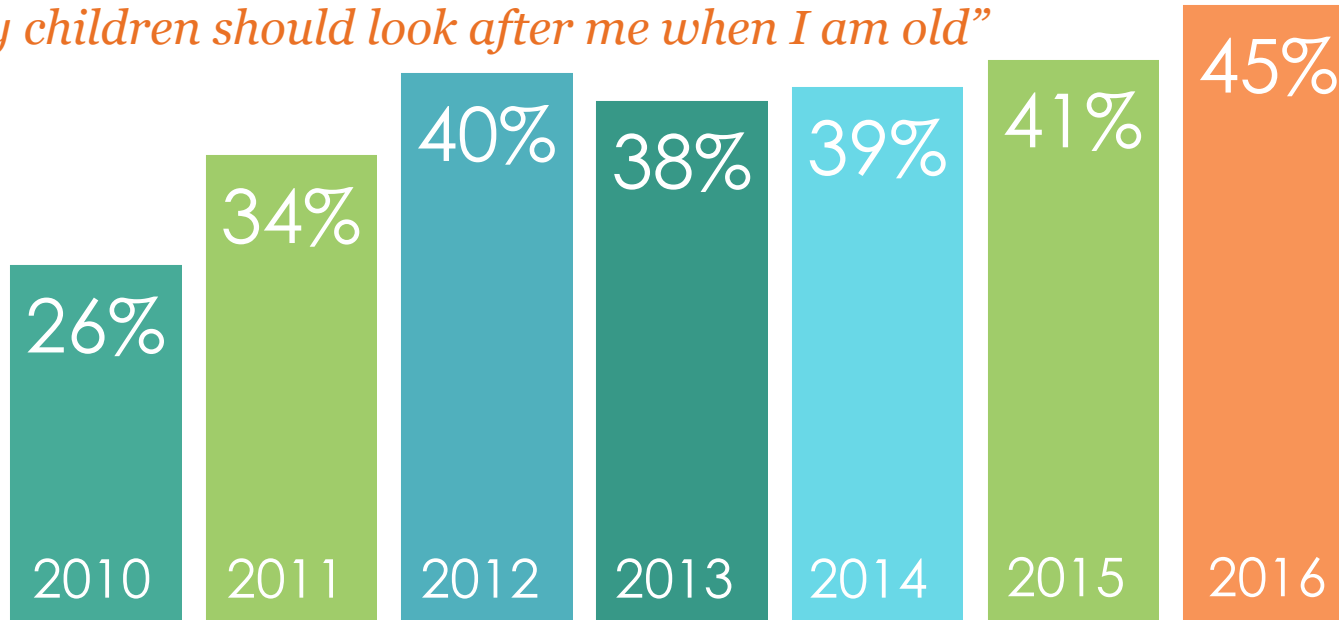
OLD MUTUAL SAVINGS & INVESTMENT MONITOR

# DEPENDENCY



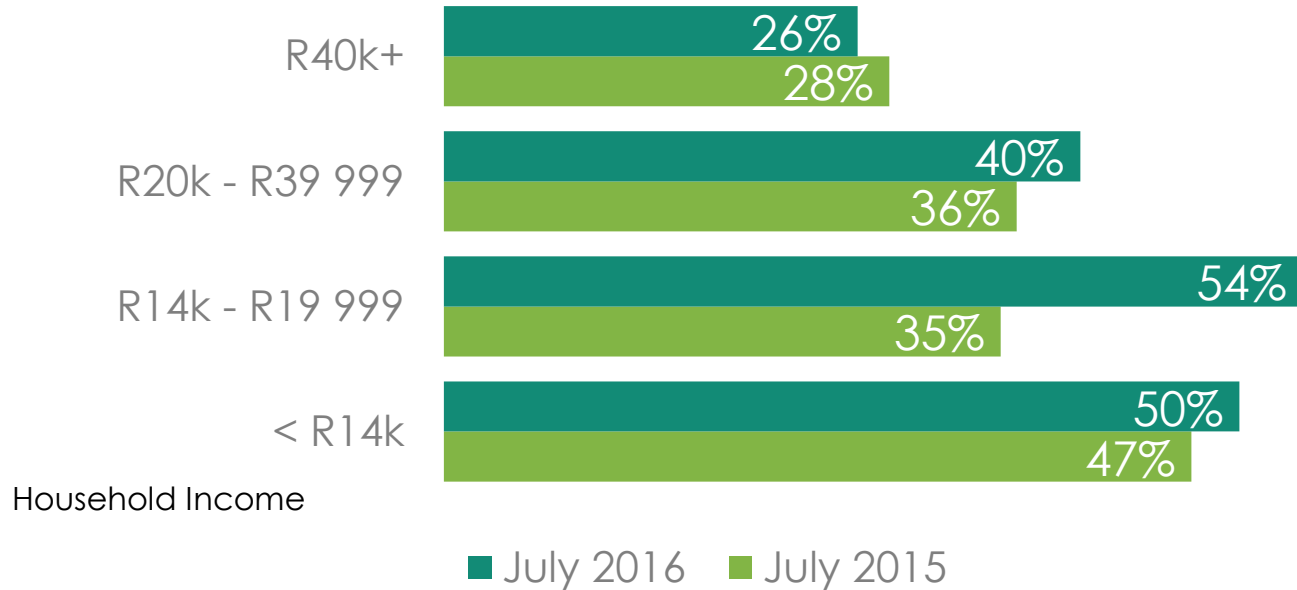
# HIGHEST EXPECTATION OF CHILDREN'S SUPPORT DEPENDENCY ON CHILDREN

*“My children should look after me when I am old”*



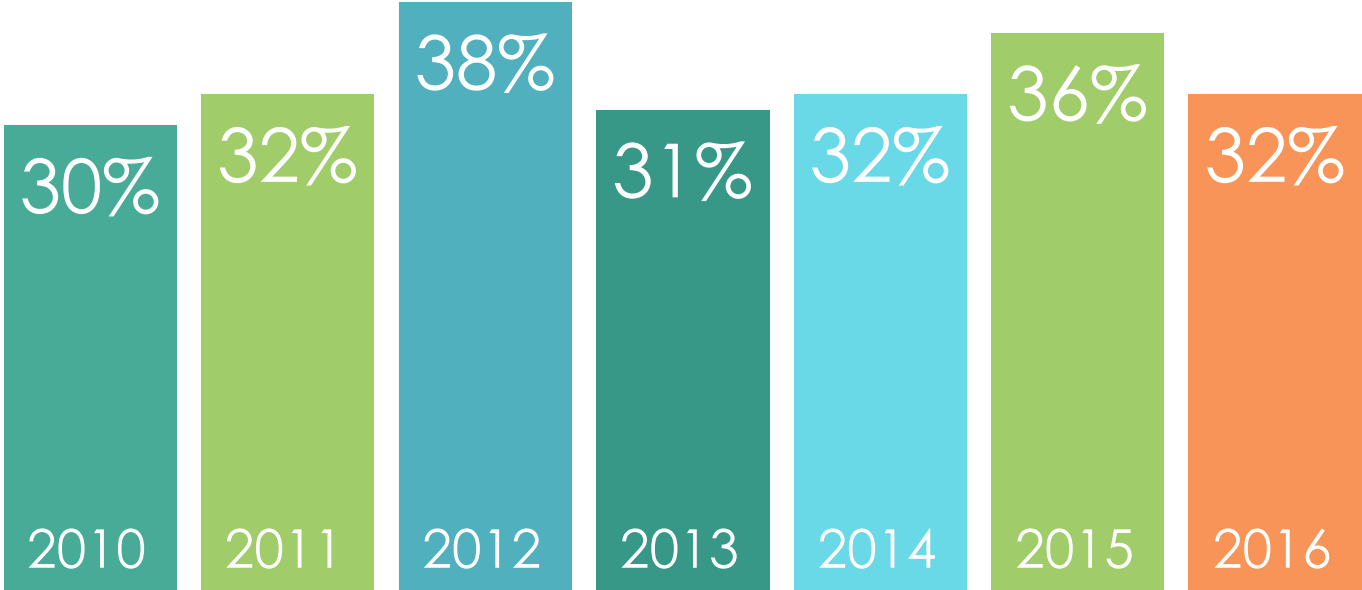
# DEPENDENCY ON CHILDREN

*“My children should look after me when I am old”*

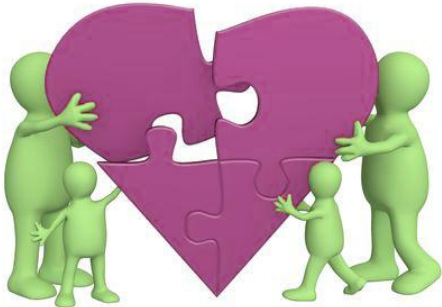
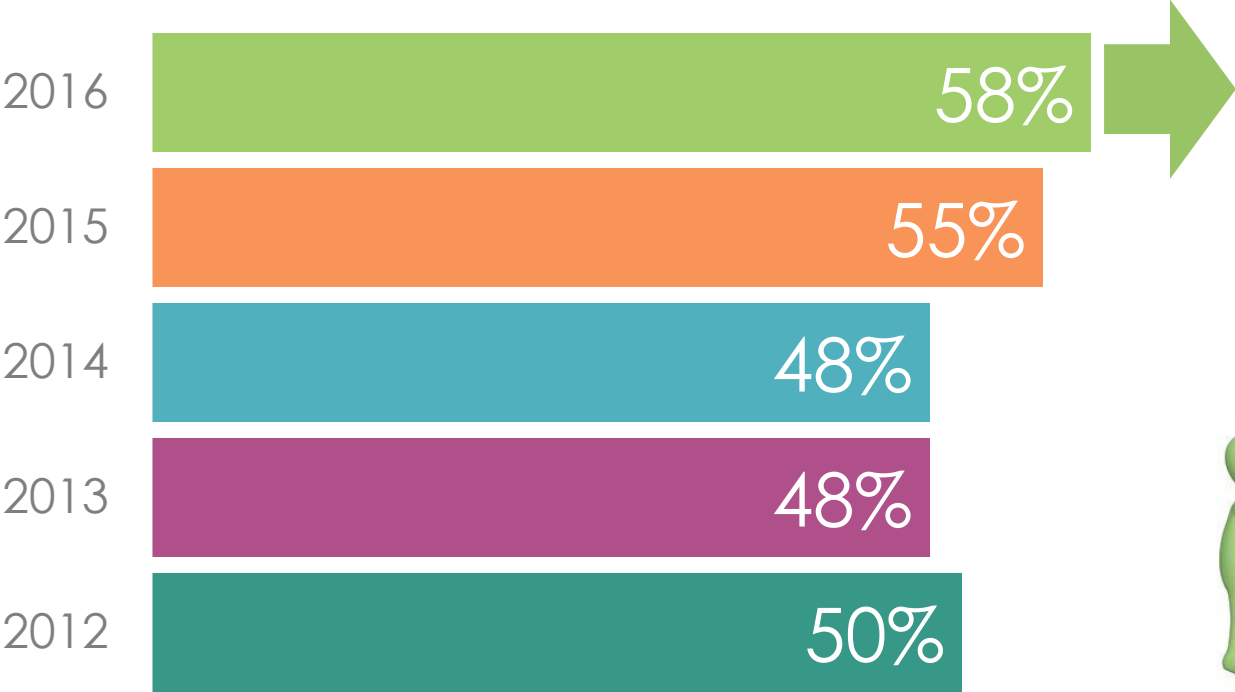


# DEPENDENCY ON GOVERNMENT

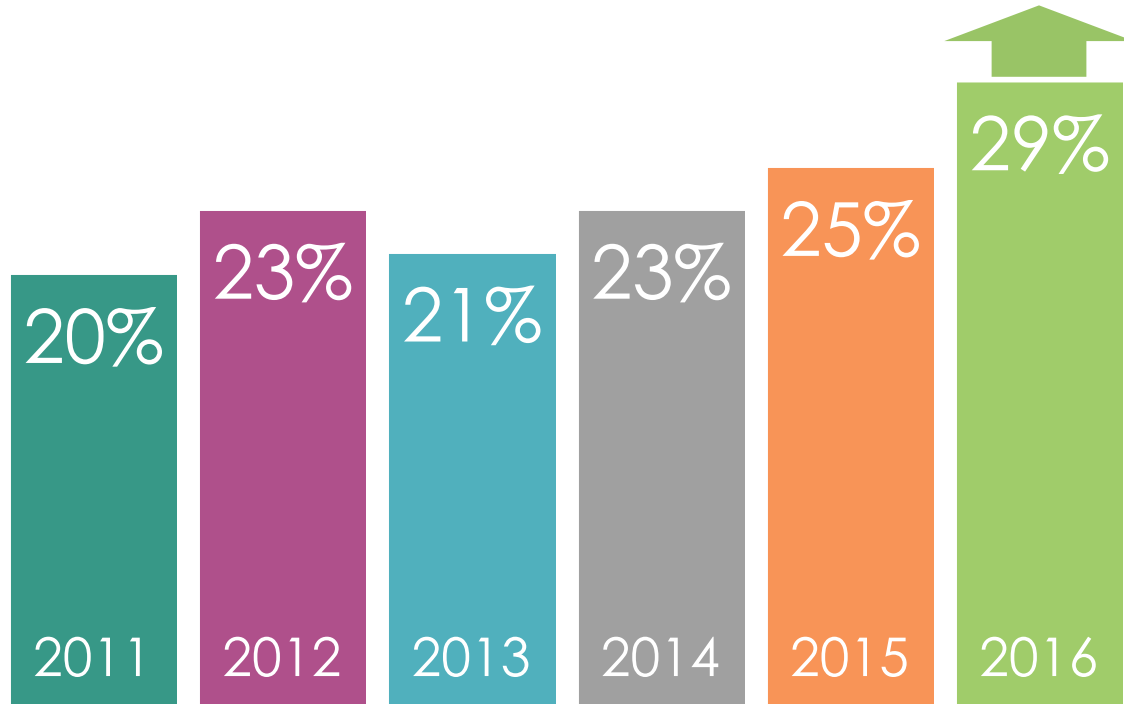
*“The government will take care of me if I am unable to take care of myself”*



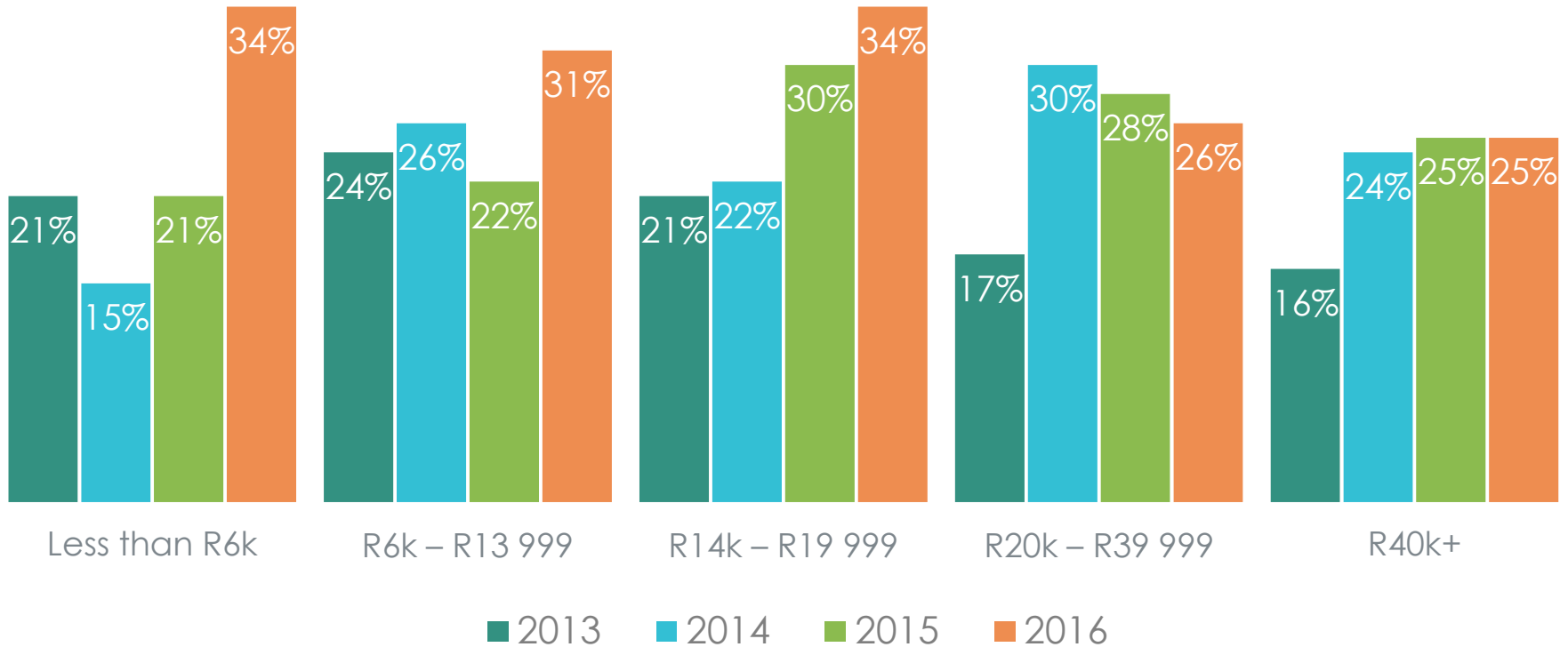
# INCREASED EXPECTATION TO SUPPORT FAMILY/PARENTS IN FUTURE



# THE OLD MUTUAL SANDWICH GENERATION INDICATOR



# SANDWICH GENERATION PEAKS IN LOWER INCOME GROUPS



Monthly Household Income



OLD MUTUAL SAVINGS & INVESTMENT MONITOR

# PROPERTY

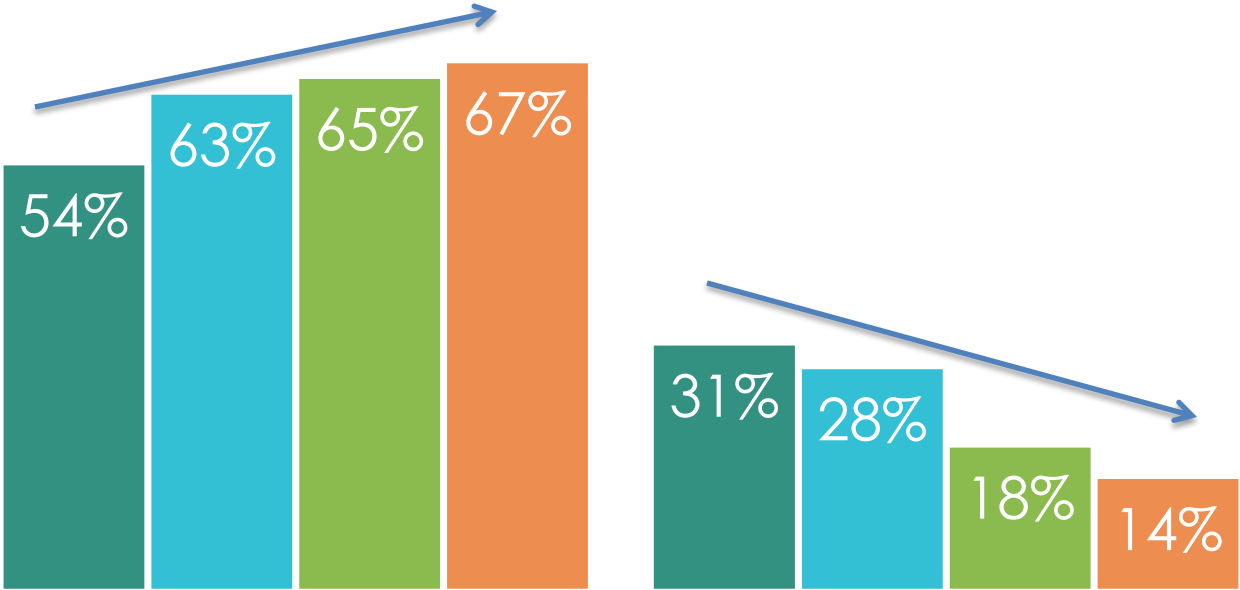


SAVINGS &  
INVESTMENT MONITOR  




**OLDMUTUAL**

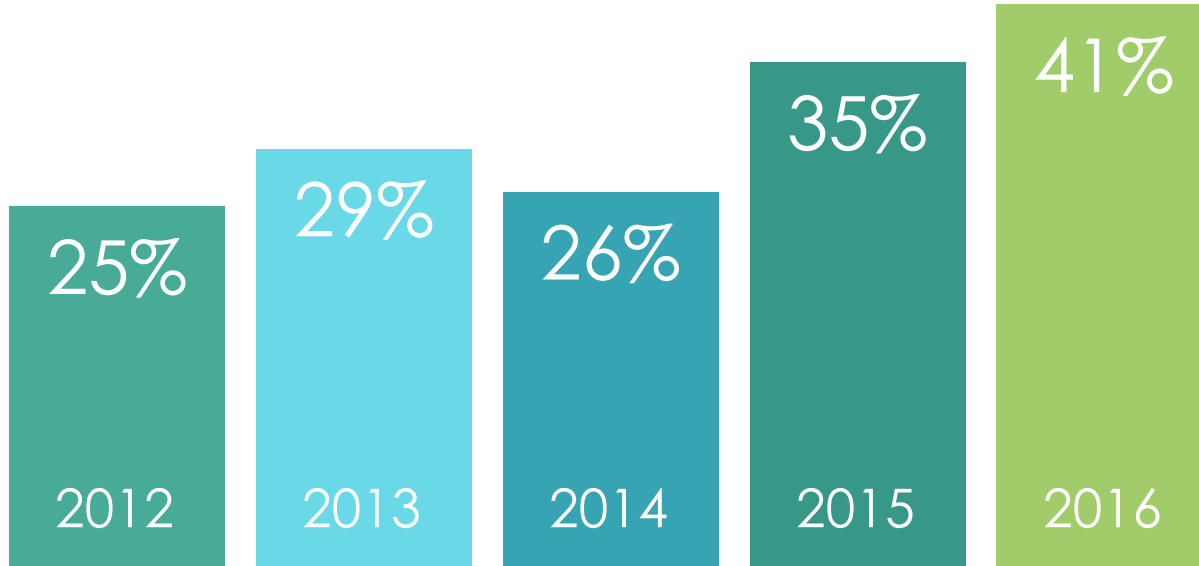
# PRIMARY RESIDENCE – BOND REPAYMENT PATTERN



■ 2013 ■ 2014 ■ 2015 ■ 2016

# PROPERTY AS A NEST EGG

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



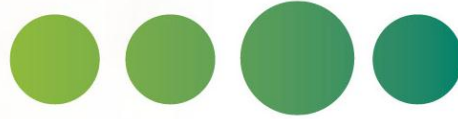
# PROPERTY AS A NEST EGG

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

Household Income pm

R6k – R13 999	<b>30%</b>
R14k – R19 999	<b>37%</b>
R20k – R39 999	<b>55%</b>
R40k +	<b>50%</b>





OLD MUTUAL SAVINGS & INVESTMENT MONITOR

DEBT

SAVINGS &  
INVESTMENT MONITOR  




# DEBT – PERSONAL LOANS ON THE INCREASE

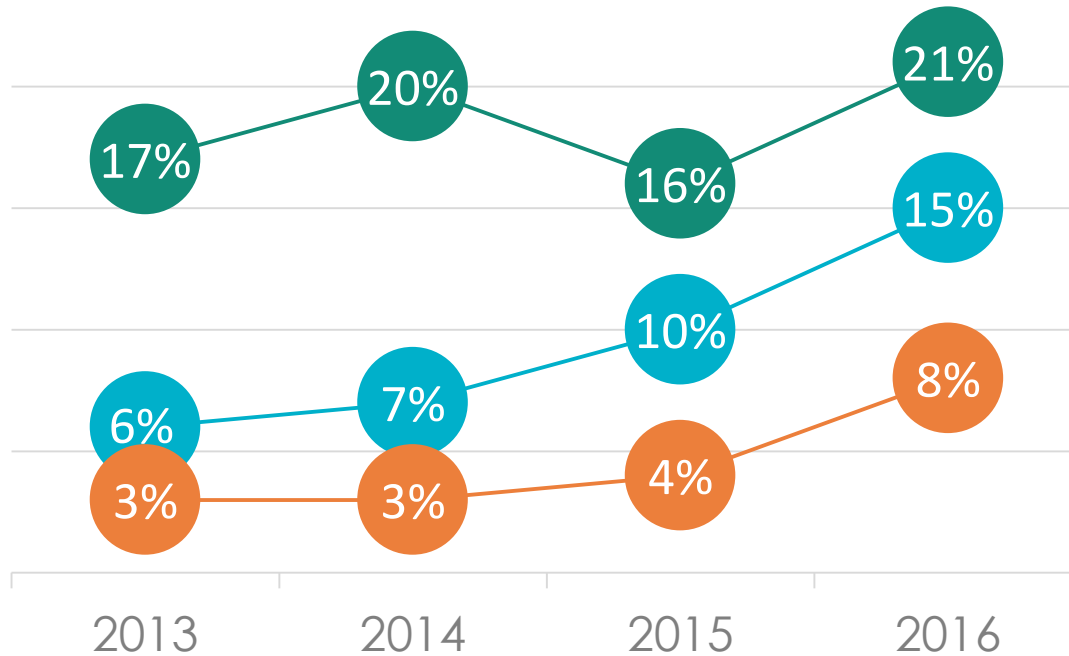
## Household Income

< R14k      R14k – R19 999      R20k – R39 999      R40k+

Credit Card	13%	32%	52%	64% ↓
Store Card (at least one)	59%	68% ↓	61%	75% ↑
Personal Loan from a financial institution	16%	30% ↑	25% ↑	24% ↑
Hire Purchase / Instalment Sale	11%	15%	15%	14%



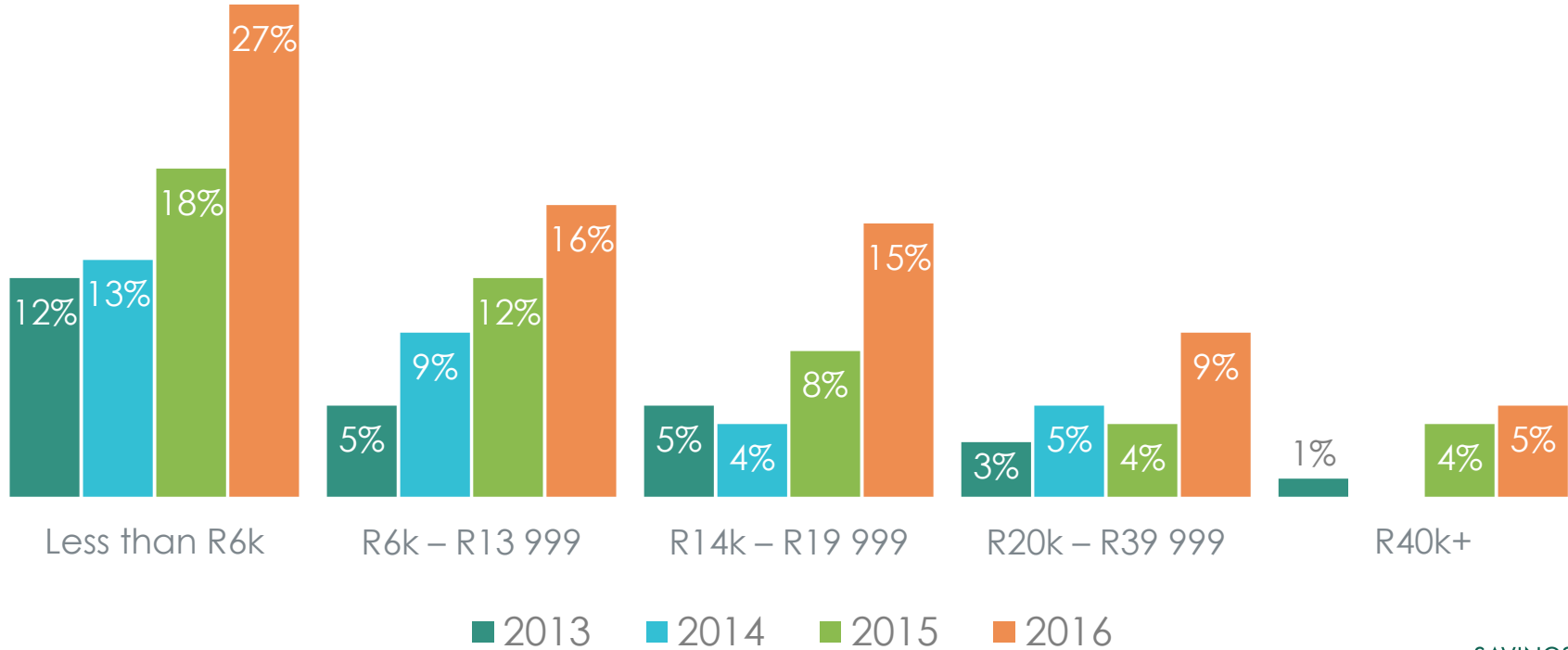
# ALL TYPES OF PERSONAL LOANS ON THE INCREASE



- A financial institution
- A friend / relative
- A micro lender



# INCIDENCE OF BORROWING FROM FAMILY/FRIENDS INCREASES





OLD MUTUAL SAVINGS & INVESTMENT MONITOR

# HOUSEHOLD BEHAVIOURAL SHIFTS

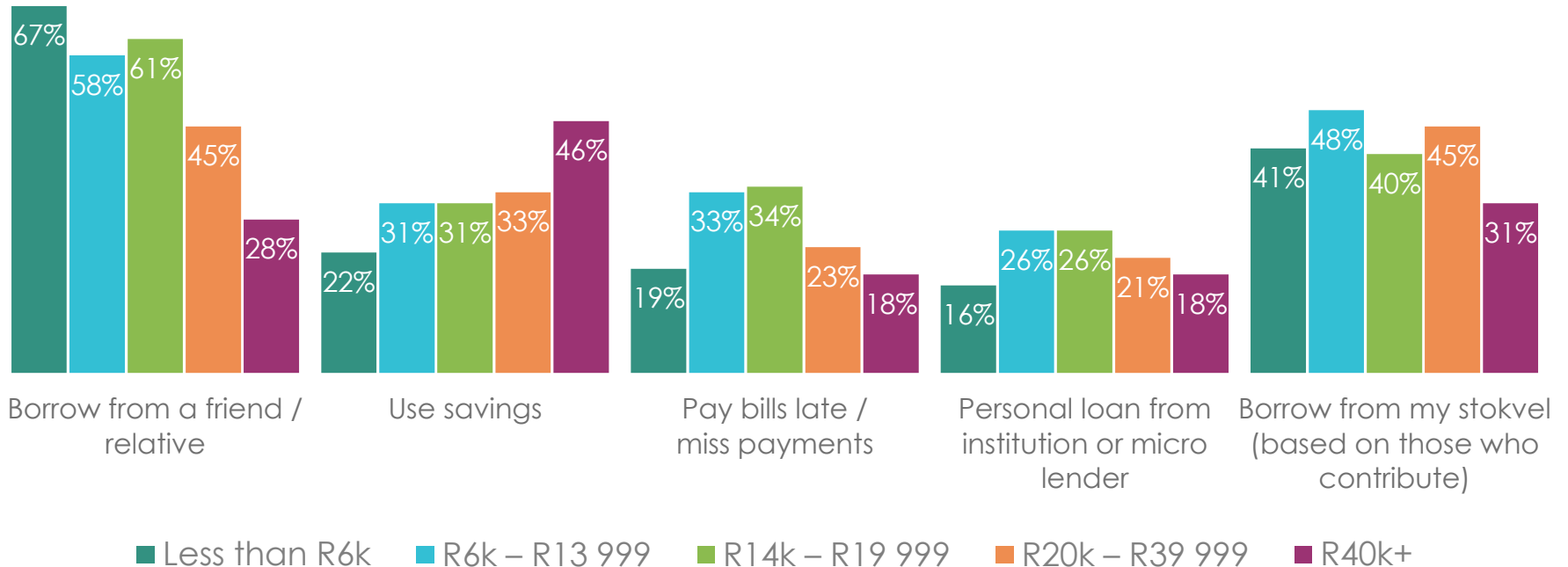
SAVINGS &  
INVESTMENT MONITOR  




**OLDMUTUAL**

# WHEN INCOME AND EXPENSES DON'T MEET...

57%..... this has happened at least once in the past year. What did you do?



# NO MORE FANCY LIVING...

Which luxuries categories are South Africans cutting back on / looking for cheaper options?

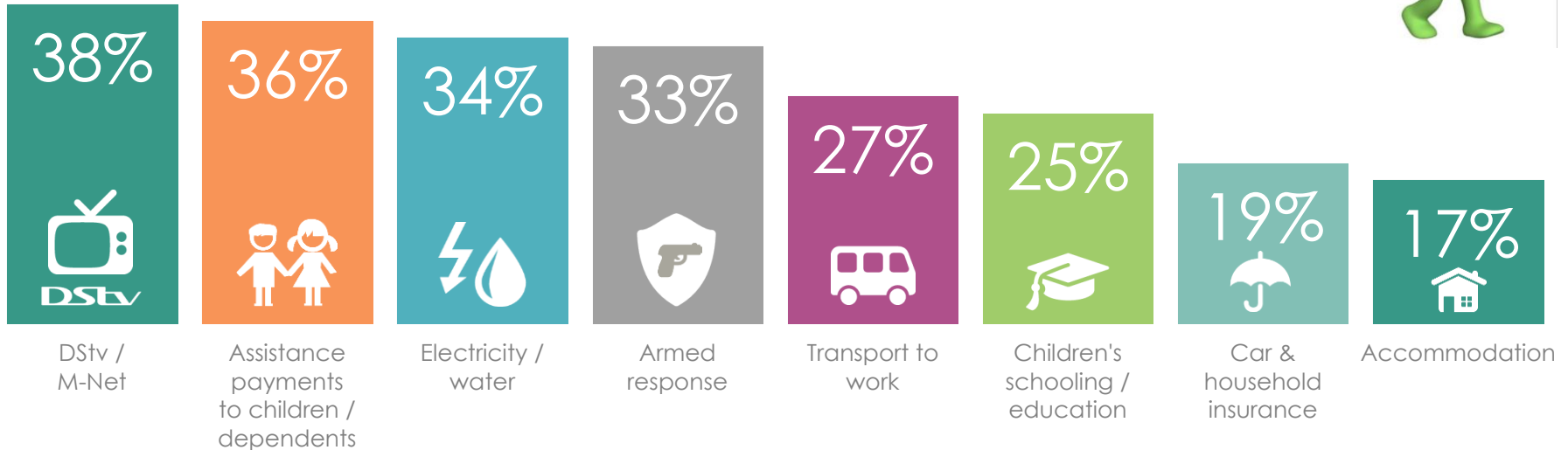
LUXURIES



# MAKING TOUGH DECISIONS...

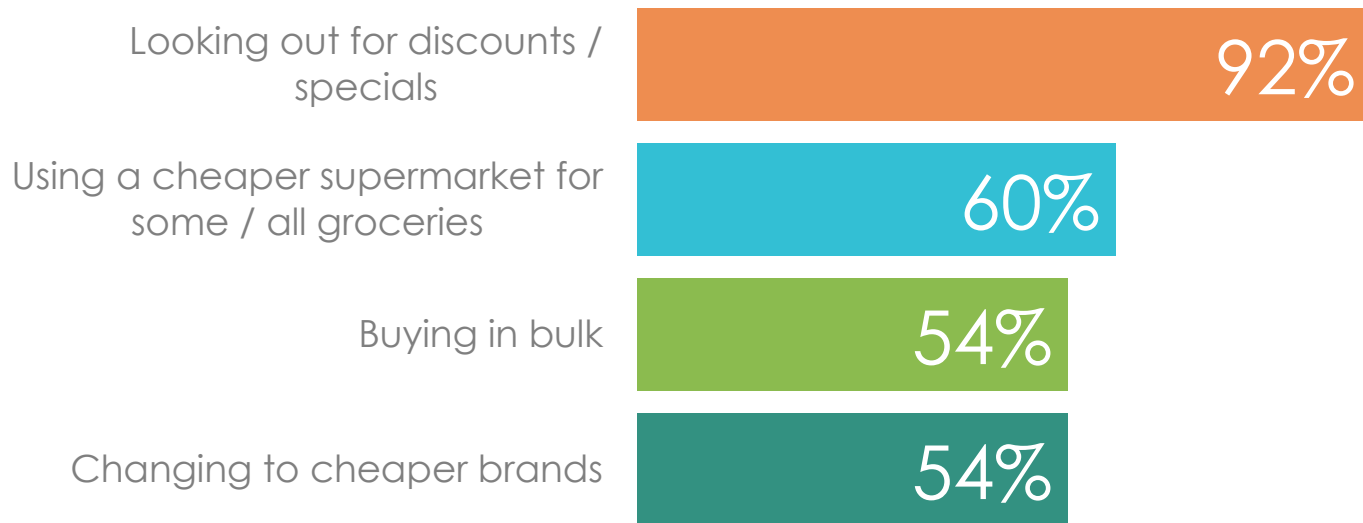
Which essential living costs are South Africans cutting back on looking for cheaper options?

ESSENTIALS



% who are cutting back / looking for cheaper options

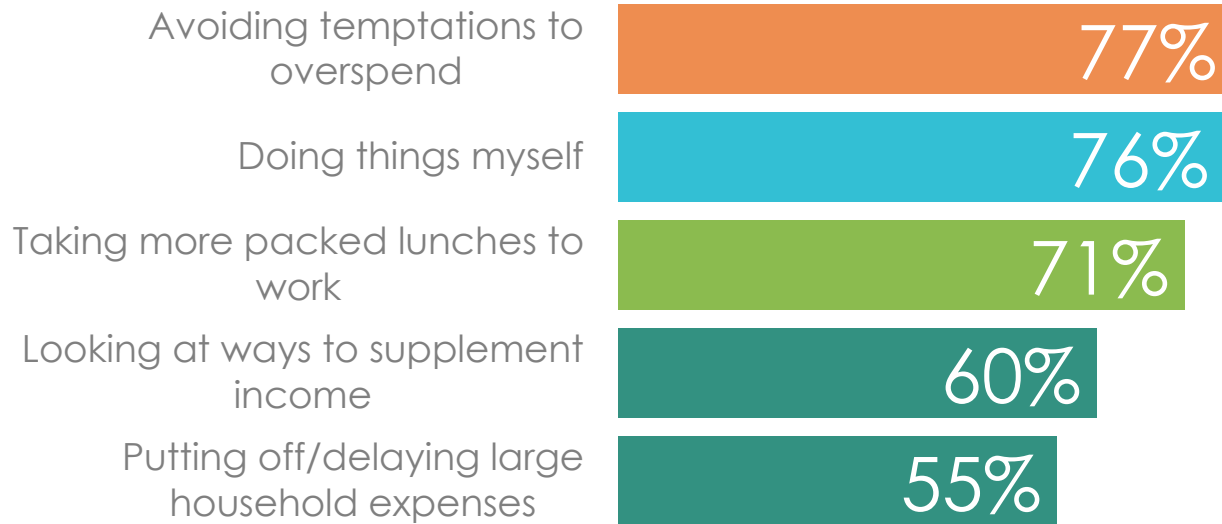
# WHAT ARE HOUSEHOLDS DOING TO STRETCH THEIR BUDGETS FOR GROCERIES?



July 2016

# SHIFTING HABITS OUT OF NECESSITY

## OTHER COPING MECHANISMS...



July 2016

# SINGLE MOMS ARE UNDER INCREASED PRESSURE

1 in 2  
moms are  
single

1 in 3  
support a  
parent/s



Only 12% of  
fathers  
contribute  
regularly

Only 20% feel  
financially  
secure



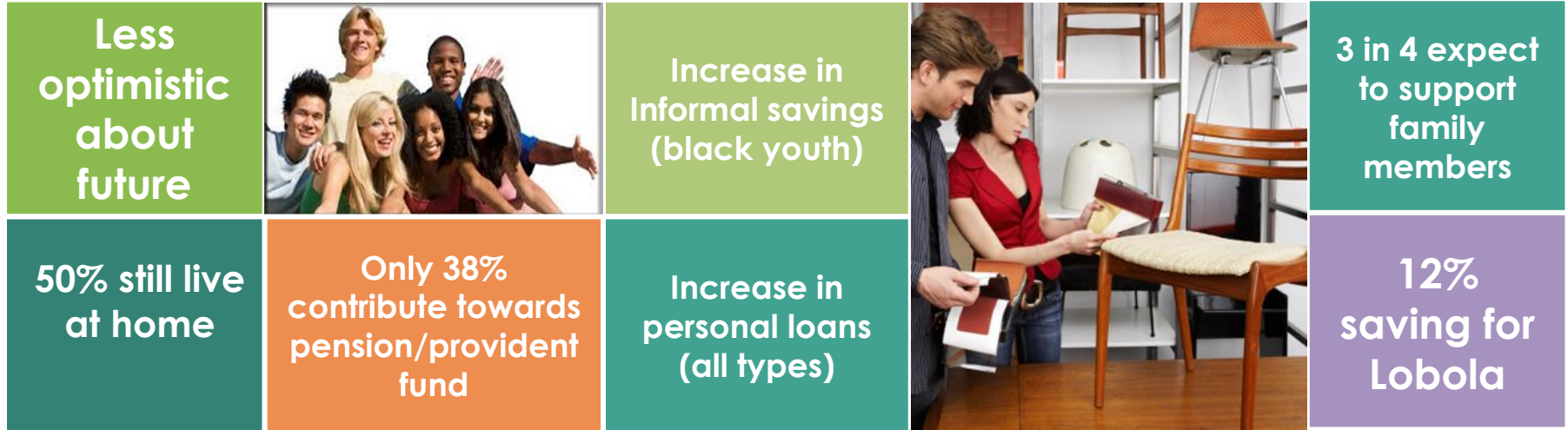
Lowest % in  
2016  
contributing to  
pension/  
provident fund

Relatively  
high levels  
of personal  
loans

## Behaviour Shifts

- Shop at cheaper stores/change to cheaper brands
- Cutting back on clothing and shoes, holidays, DSTV/MNET
- More packed lunches to work

# YOUTH



## Behaviour Shifts

- Entertainment takes the biggest knock
- Also cutting back on holidays, shoes and clothing and alcoholic beverages
- More packed lunches to work

# THANK YOU

SAVINGS &  
INVESTMENT  
MONITOR



OLDMUTUAL