



10TH
EDITION

July 2015

SAVINGS &
INVESTMENT MONITOR



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

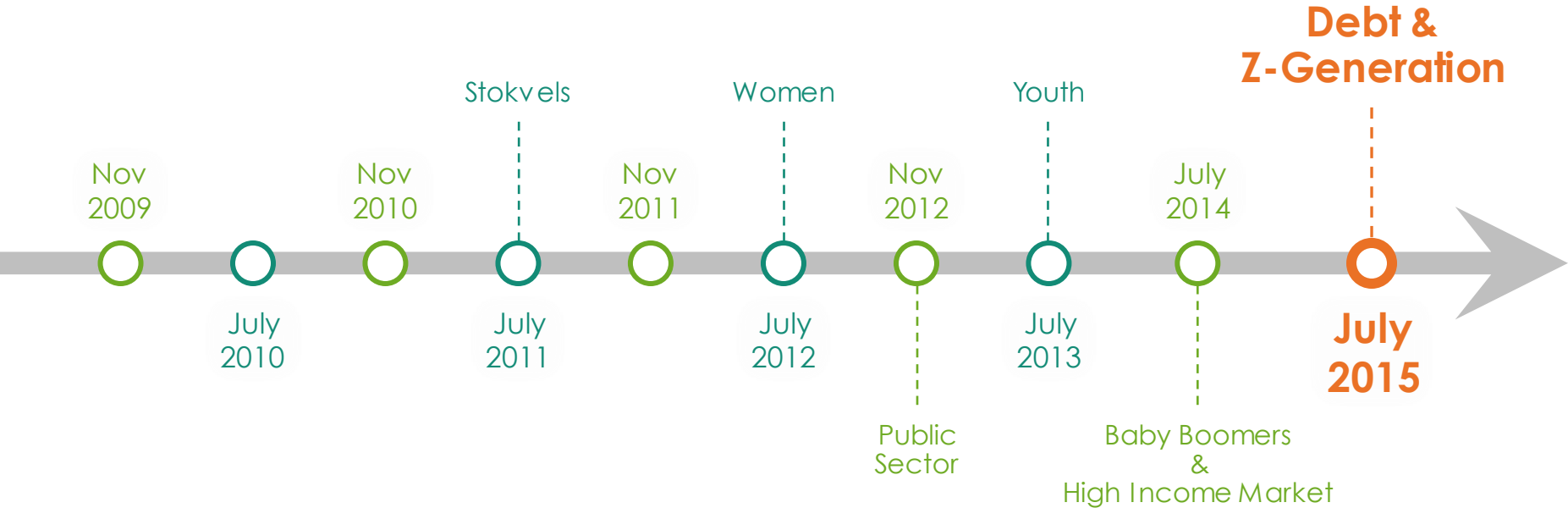


Face-to-face
interviews



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



THE CONTEXT



Unemployment
26.4%



Low GDP growth forecasts

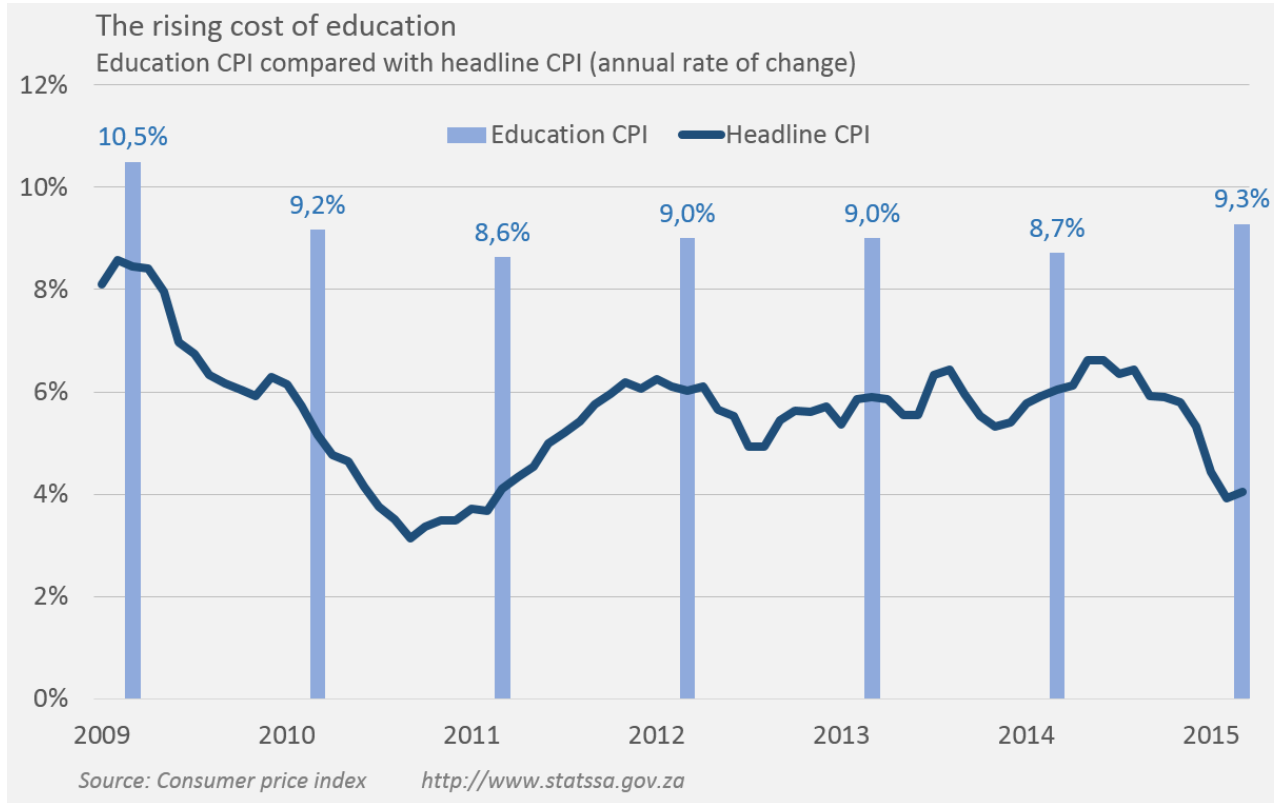
Consumer Confidence Index
- 15
in Q2 2015



Business confidence has also declined



EDUCATION – INFLATION RATE



LOADSHEDDING AND THE EFFECTS ON HOUSEHOLDS

92% claim to have bought additional lights/torches

44% are using more gas



21% of upper income households have installed a generator

19% of upper income households have installed an alternative water heating system



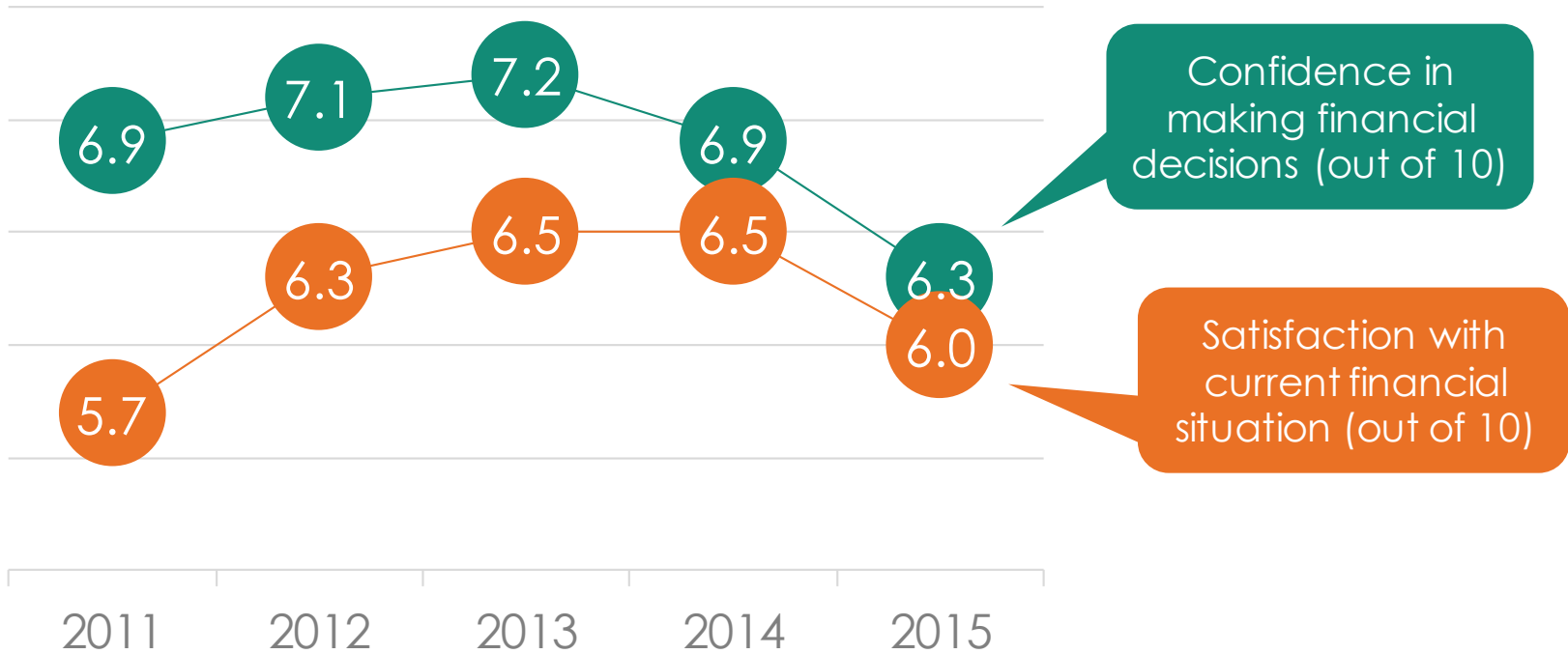
MAIN SAMPLE

Representative of Working, Metropolitan Households

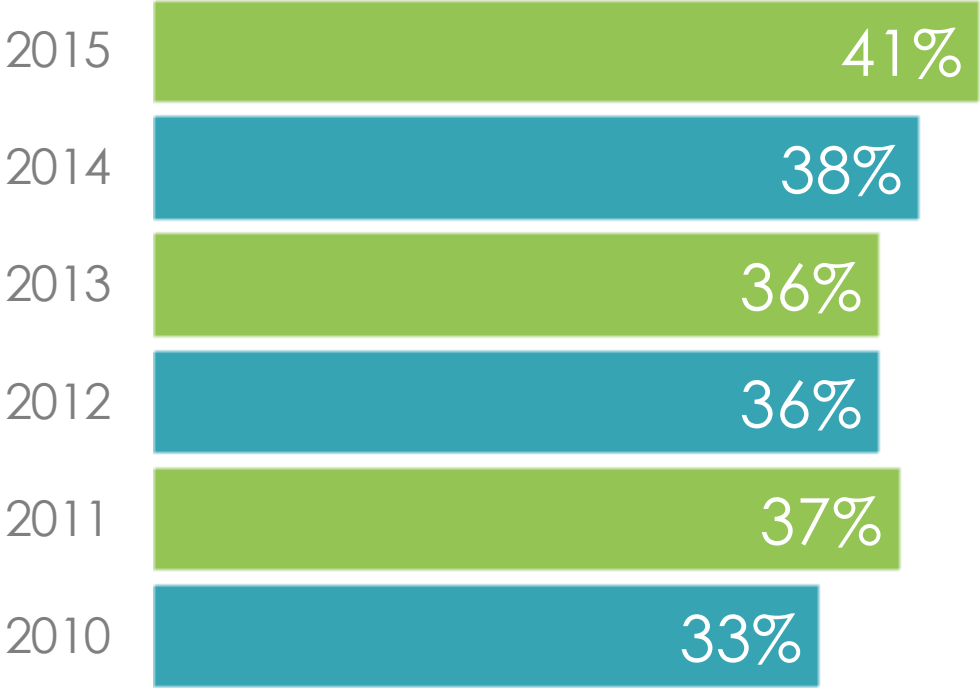
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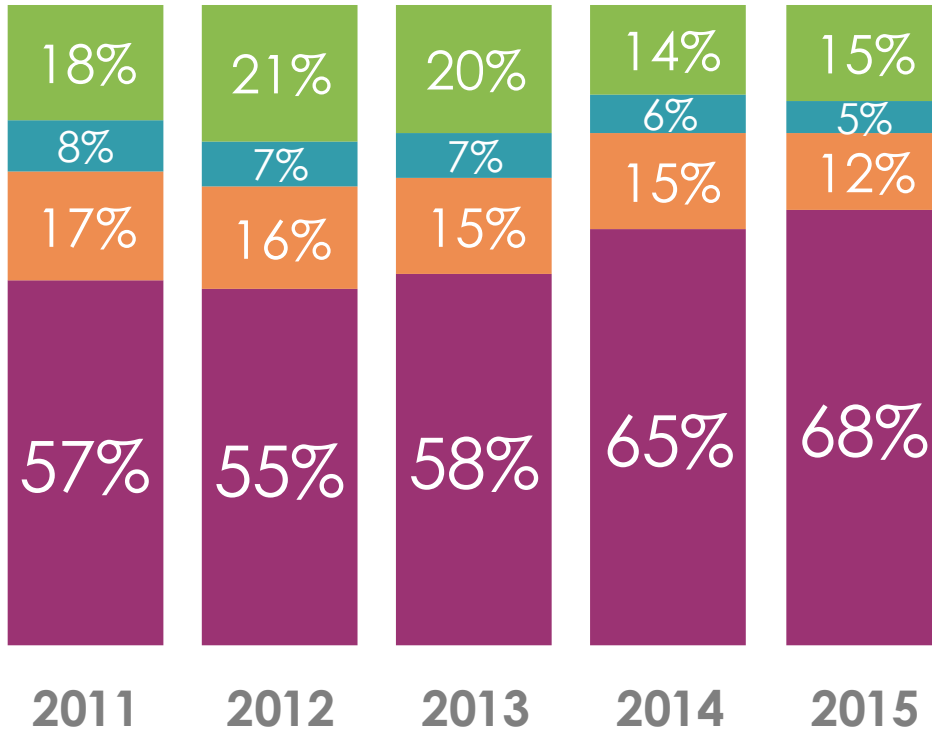
DETERIORATION IN MINDSET ABOUT FINANCES



SAVING LESS THAN A YEAR AGO



% OF INCOME SPEND BY WAVE



- Savings
- Insurance & Medical Aid
- Debt
- Consumption / Living Expenses





SAVINGS OBJECTIVES

SAVINGS OBJECTIVES

| | 2011 | 2012 | 2013 | 2014 | 2015 | |
|--|------|------|------|------|------|---|
| Children's education (based on parents) | 51% | 50% | 33% | 32% | 32% | ↓ |
| Emergency expenses | 42% | 39% | 39% | 43% | 44% | |
| Retirement / old age | 41% | 35% | 37% | 37% | 42% | |
| Funeral expenses | 29% | 26% | 30% | 37% | 53% | ↑ |
| Home improvements | 21% | 17% | 22% | 16% | 14% | ↓ |
| Car / vehicle | 20% | 20% | 27% | 13% | 13% | |
| Deposit on a home | 18% | 22% | 20% | 9% | 9% | |
| Medical expenses | 13% | 13% | 13% | 12% | 17% | ↑ |
| Holiday | 13% | 11% | 12% | 10% | 7% | ↓ |



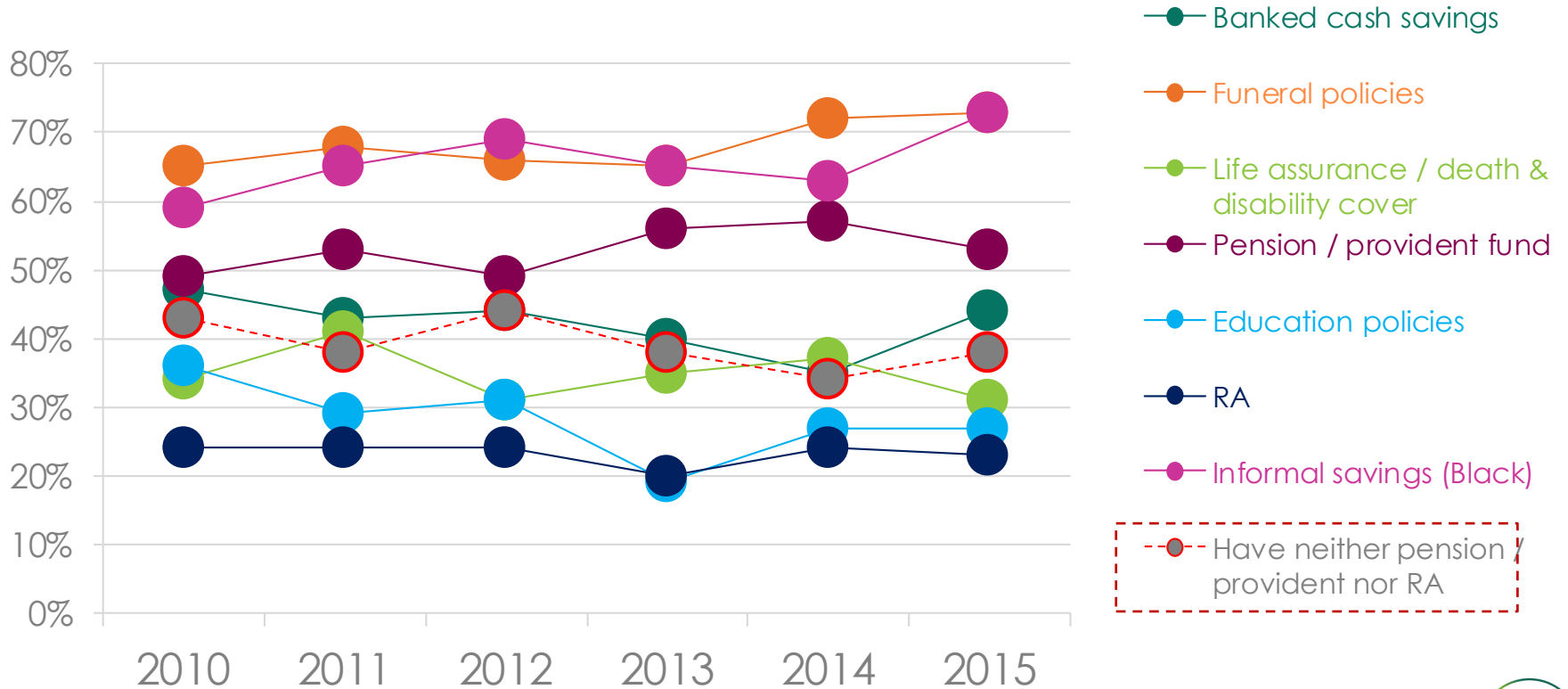
SAVINGS & INVESTMENT

VEHICLES USED

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INVESTMENT MONITOR
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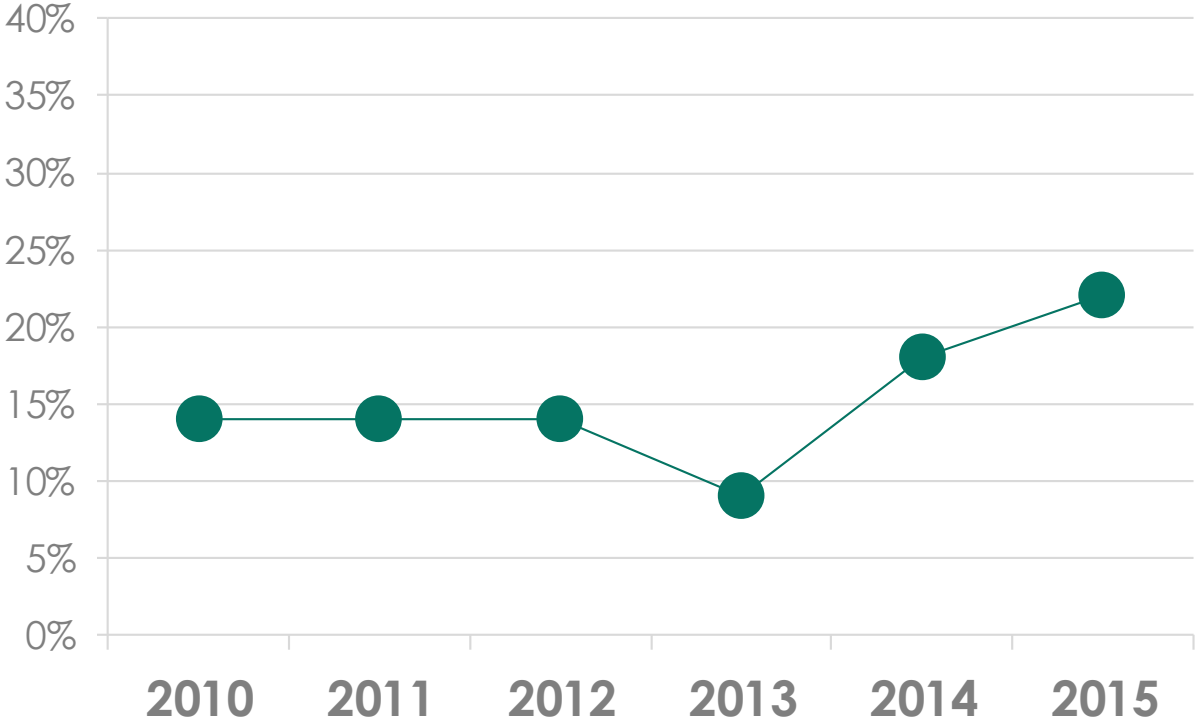
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SAVINGS & INVESTMENT VEHICLES USED



SAVINGS & INVESTMENT VEHICLES USED (R40k+ HH)

Unit Trusts



DO NOT SAVE FOR CHILDRENS EDUCATION

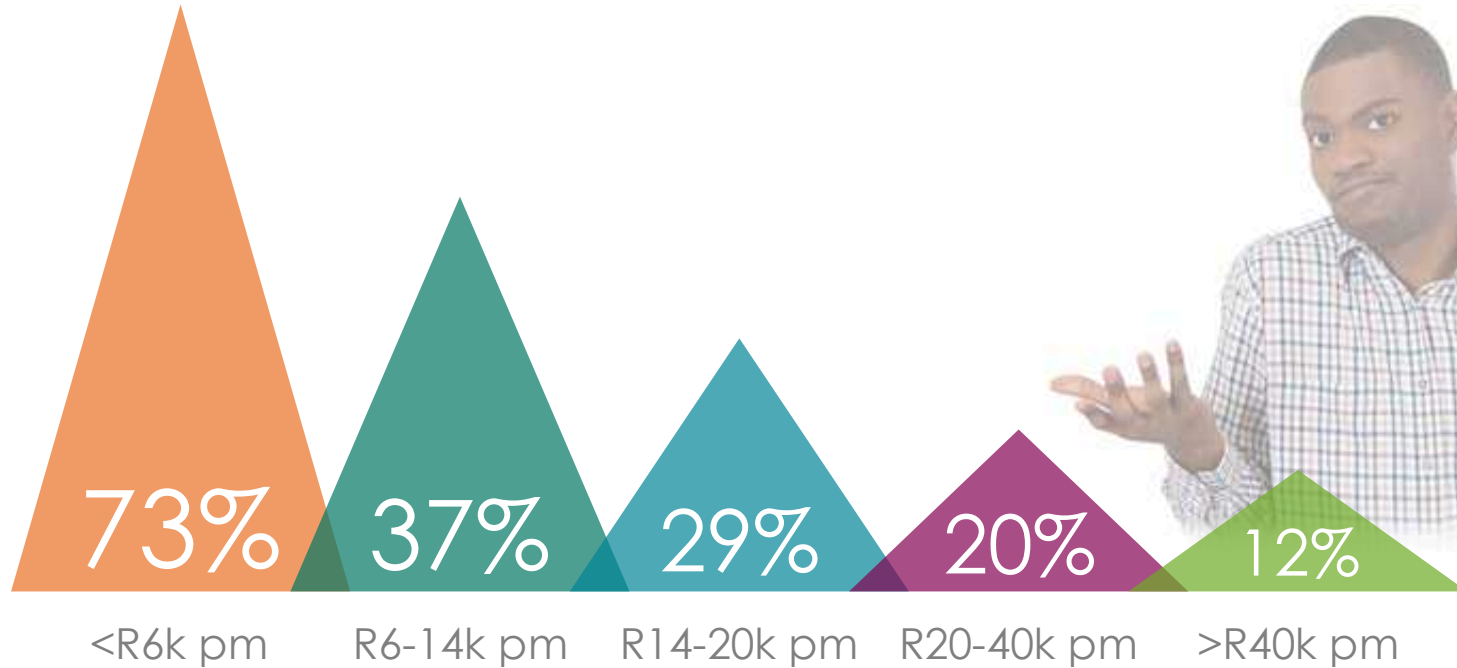


60%

Based on Parents



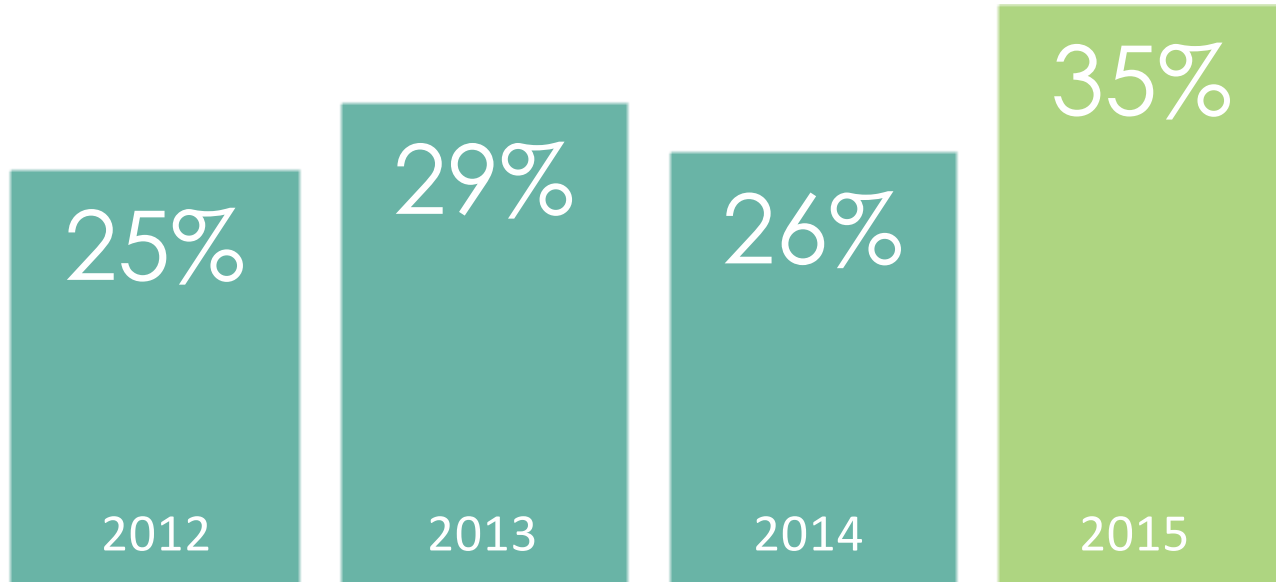
HAVE NEITHER PENSION/PROVIDENT NOR RA



2015 Household Income

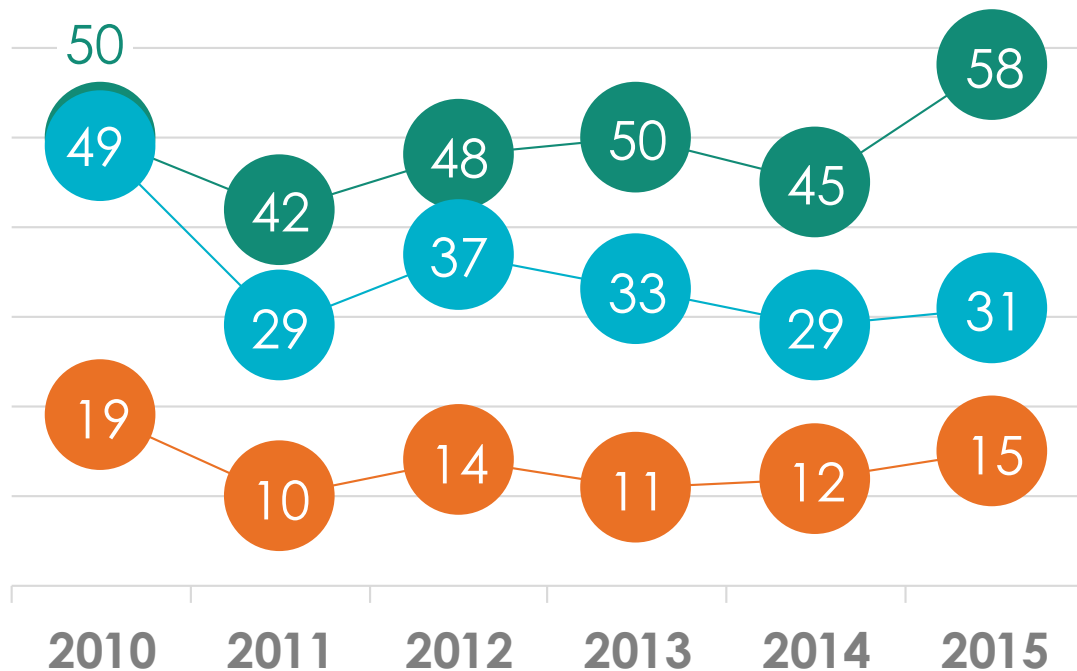


PROPERTY AS A NEST EGG



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

INFORMAL SAVINGS



(based on black households)

- Stokvels
- Burial Societies
- Grocery Schemes

88% of informal savers are black

MAIN REASON FOR BELONGING TO A STOKVEL



Forced saving

- “I was unable to save on my own, so I joined a stokvel.”
- “Saving with a group creates pressure.”



It's an easy and cheap way of saving

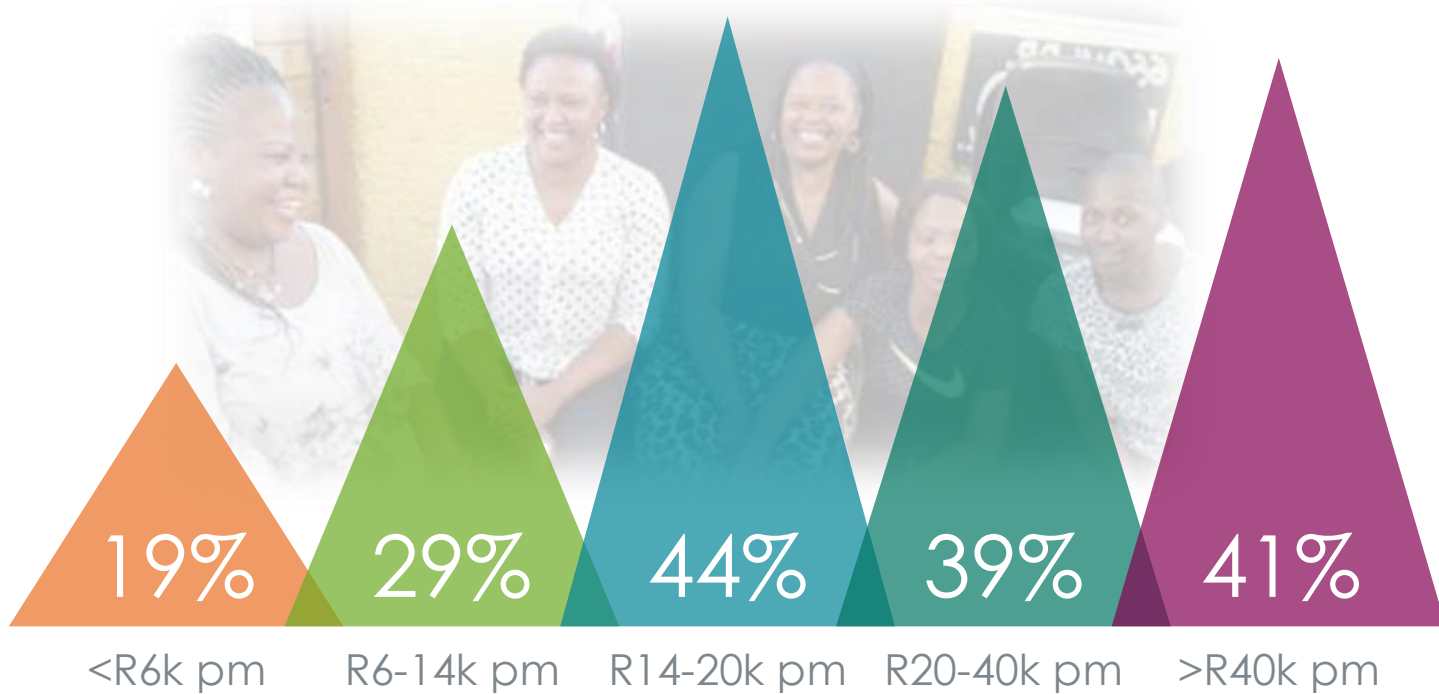
- “I do not have to fill in a form and get credit checked.”
- “Money is readily available for unexpected expenses.”
- “There are no hidden costs.”



Belonging & Support

- “It's like having your own standby support system – in a crisis.”
- “You meet new people and make friends and have more fun while waiting to get your investment back.”
- “It gives women empowerment.”

INCIDENCE OF BELONGING TO MORE THAN ONE STOKVEL



2015 Household Income

REASONS FOR BELONGING TO MORE THAN ONE STOKVEL

They serve different purposes (eg. funerals, birthdays, savings, etc)

Different social networks (eg. work, personal friends, family, etc)

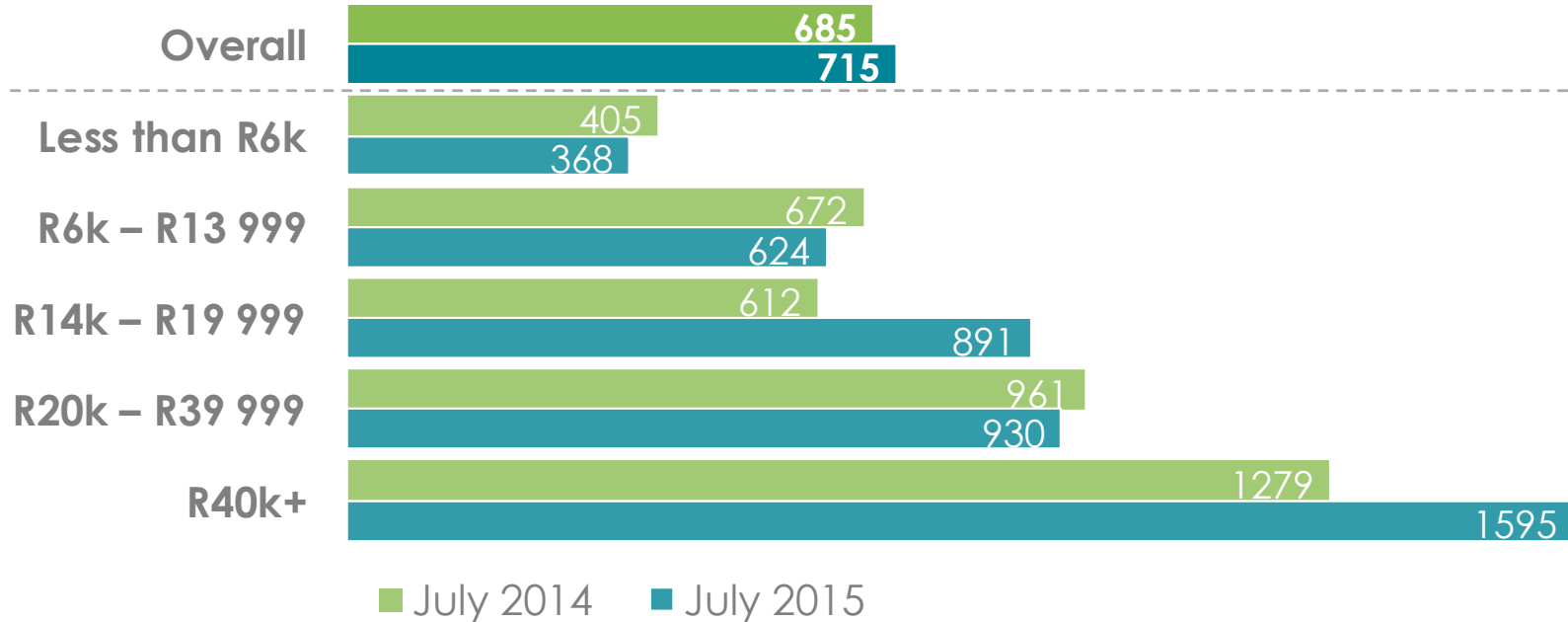
Different payment time periods (eg. monthly, annually, etc)

Larger sums of money received by belonging to multiple stokvels

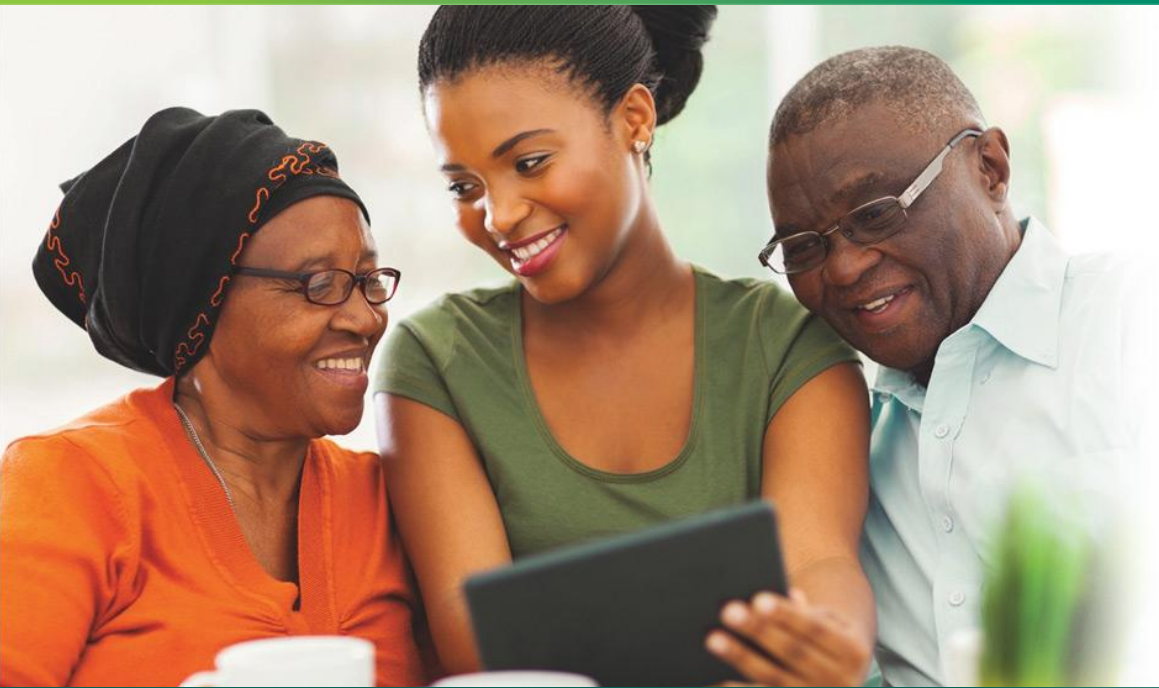
(based on black households)

INFORMAL SAVINGS – STOKVELS

Contribution amounts (R)



(based on black households)



DEPENDENCY

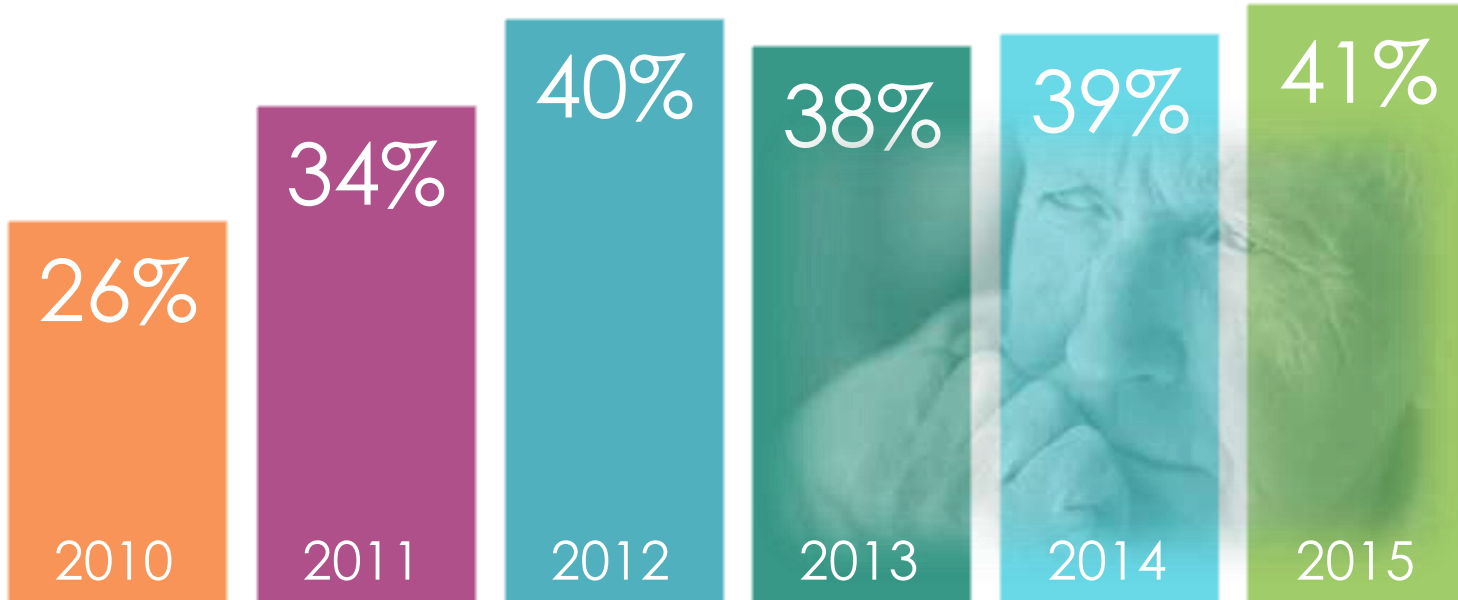
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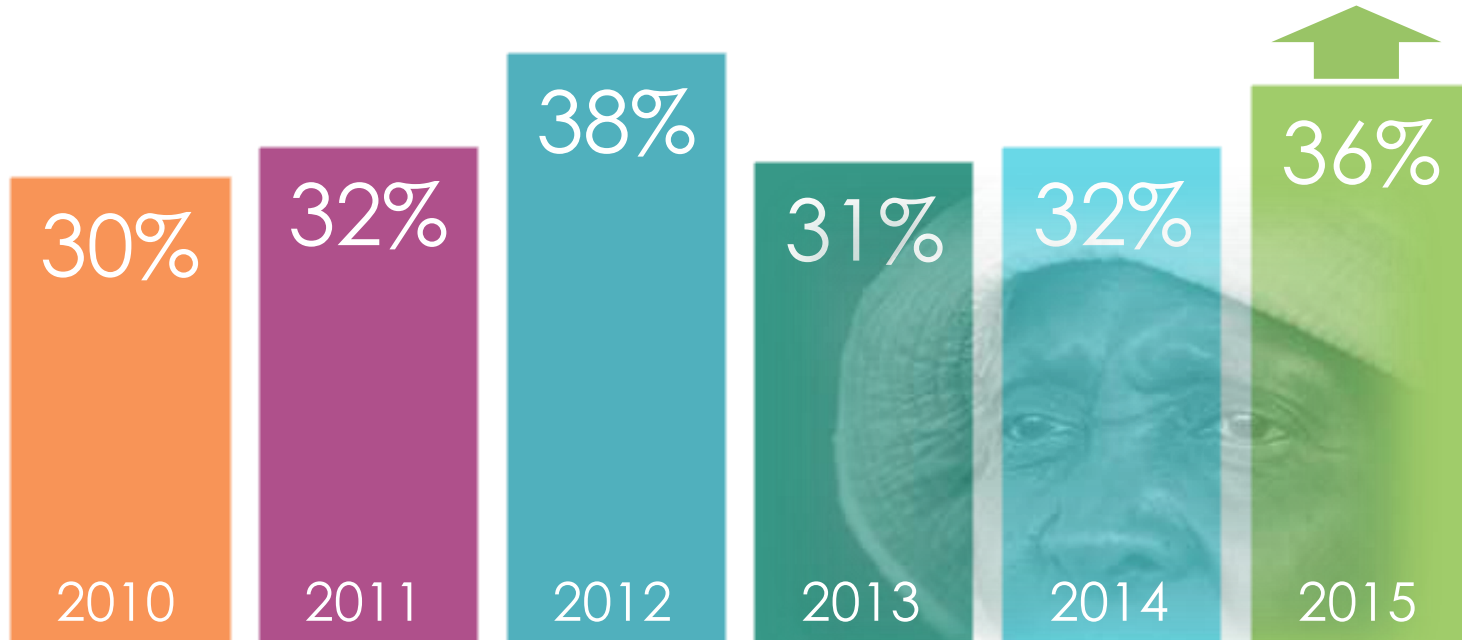
DEPENDENCY ON CHILDREN

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



DEPENDENCY ON GOVERNMENT

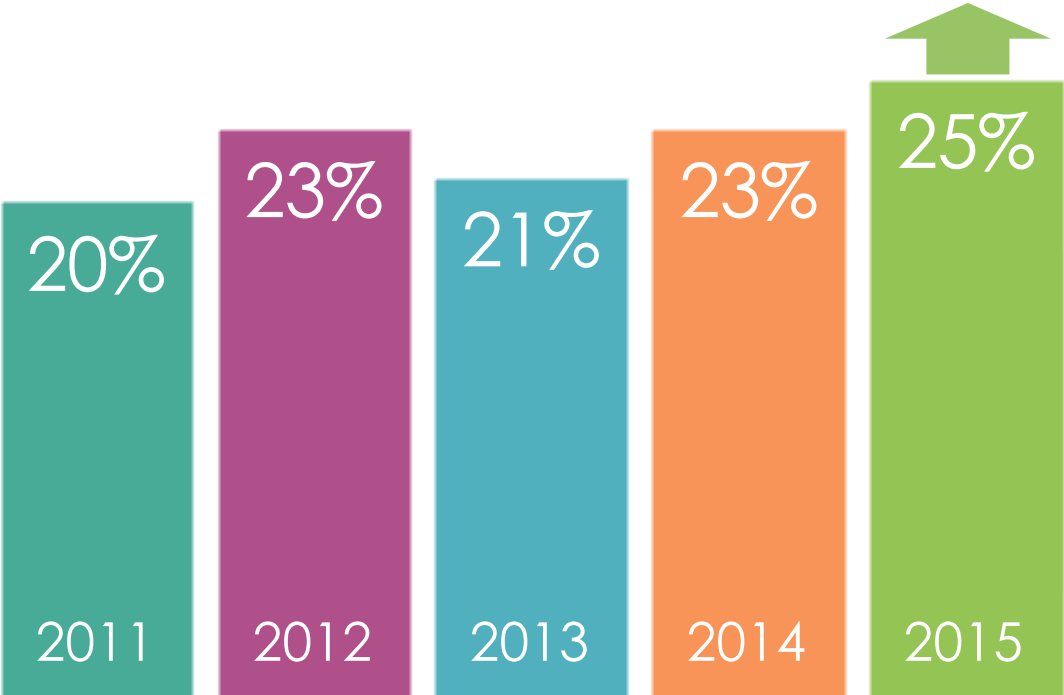
“The government will take care of me if I am unable to take care of myself”



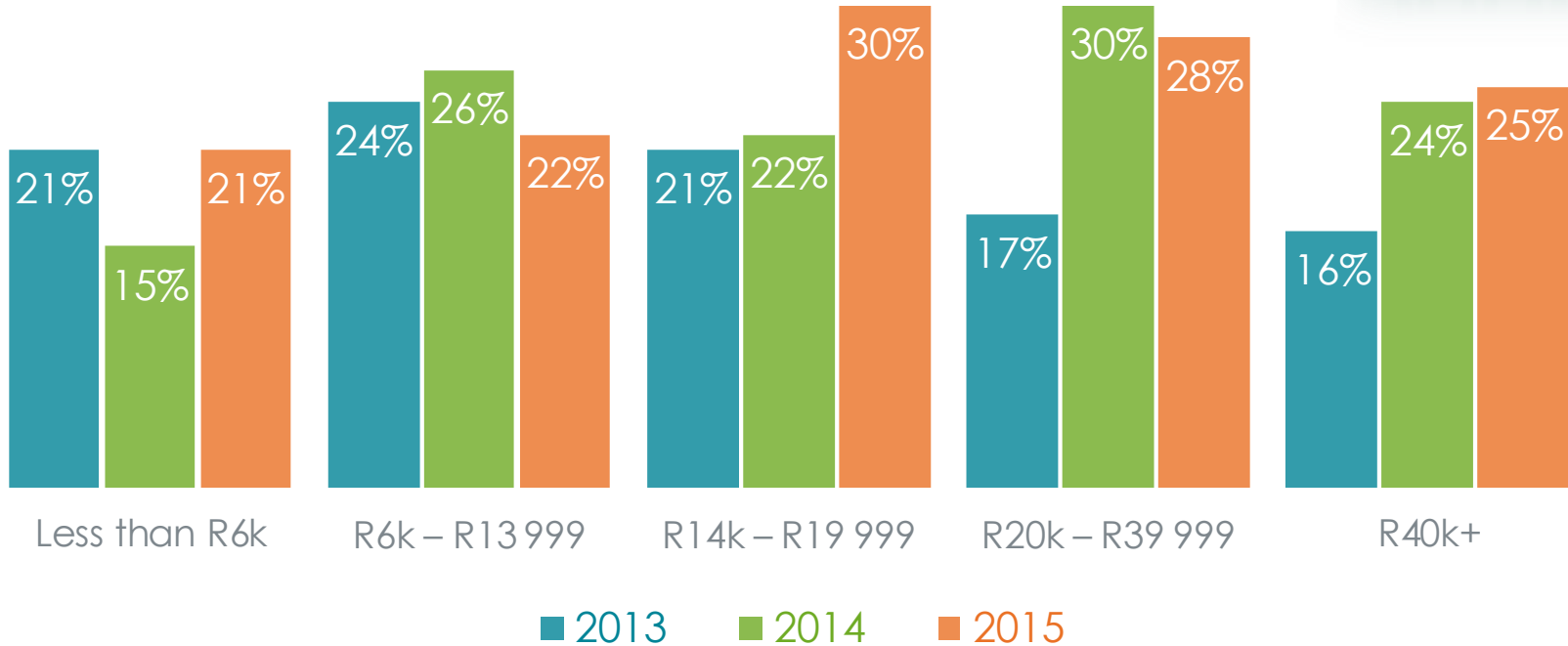
PLANNING TO SUPPORT FAMILY/PARENTS IN FUTURE



THE OLD MUTUAL SANDWICH GENERATION INDICATOR

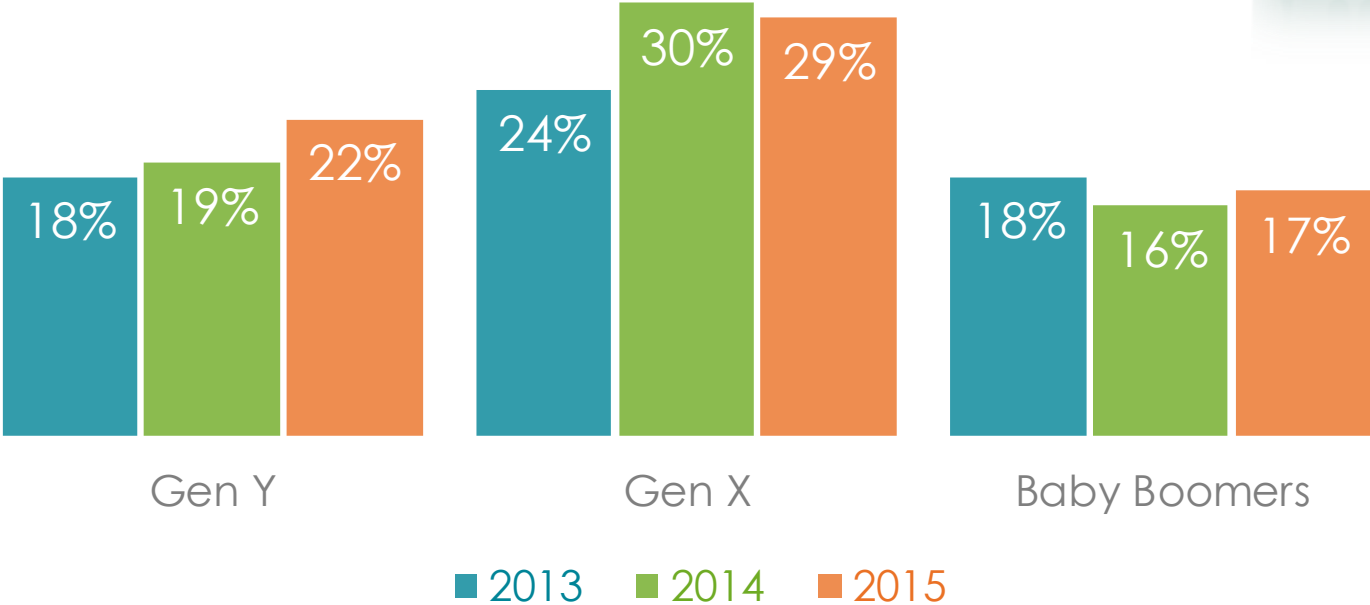


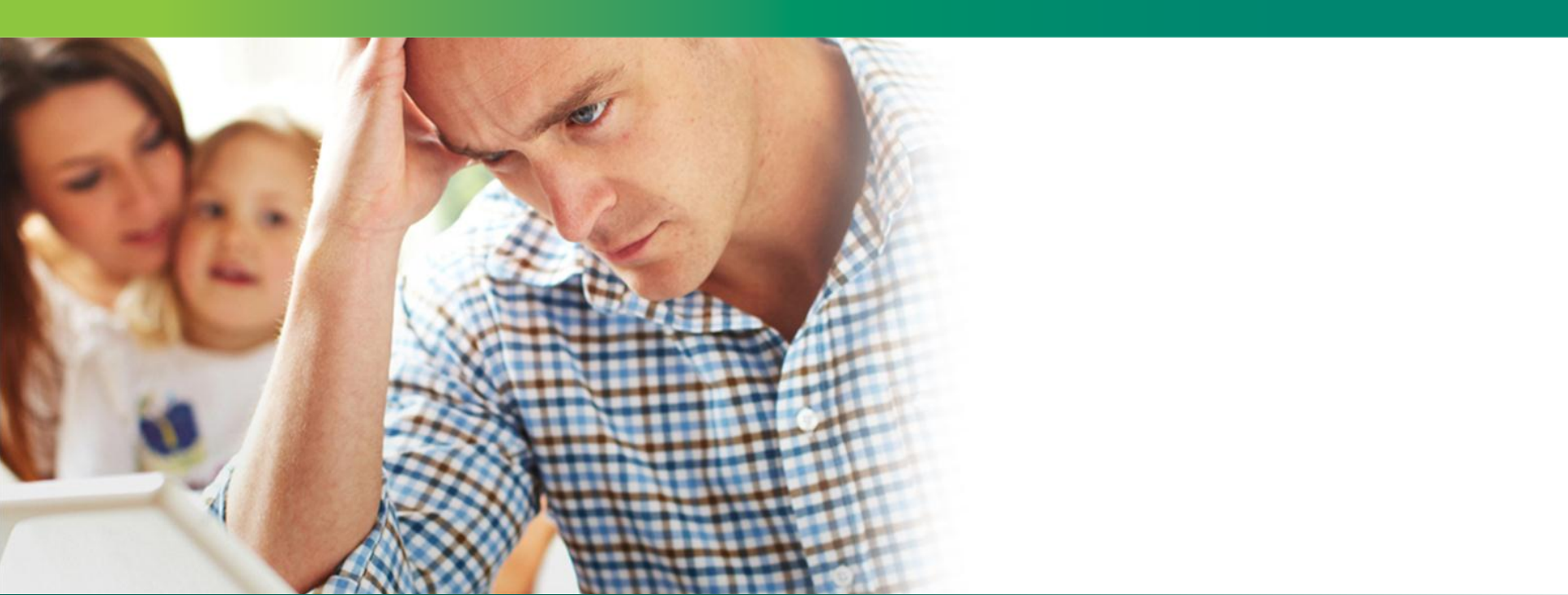
SANDWICH GENERATION



Monthly Household Income

SANDWICH GENERATION





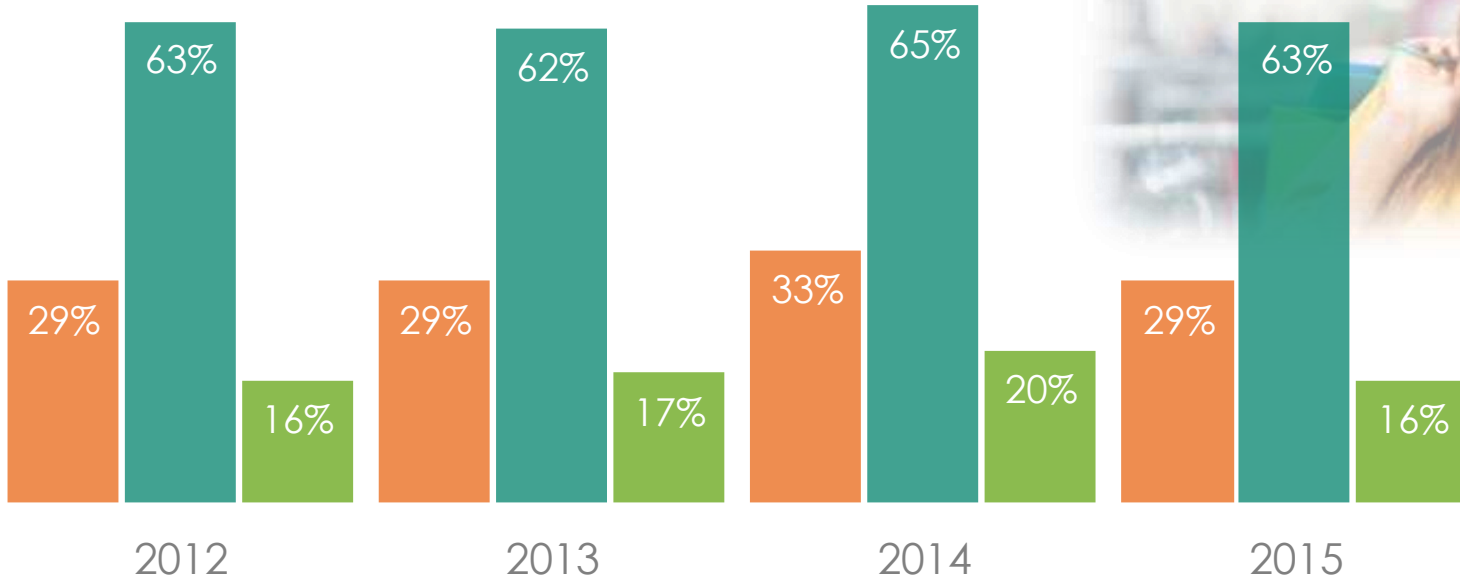
DEBT

SAVINGS &
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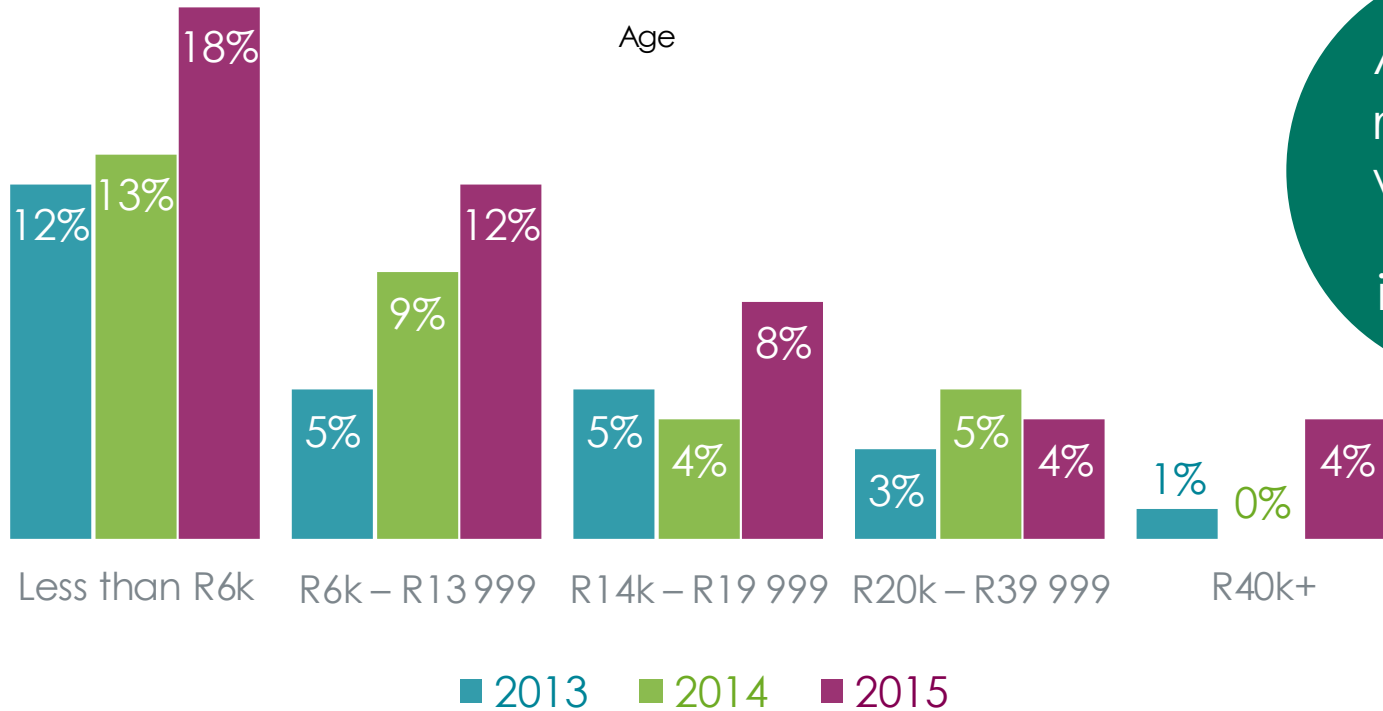
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DEBT



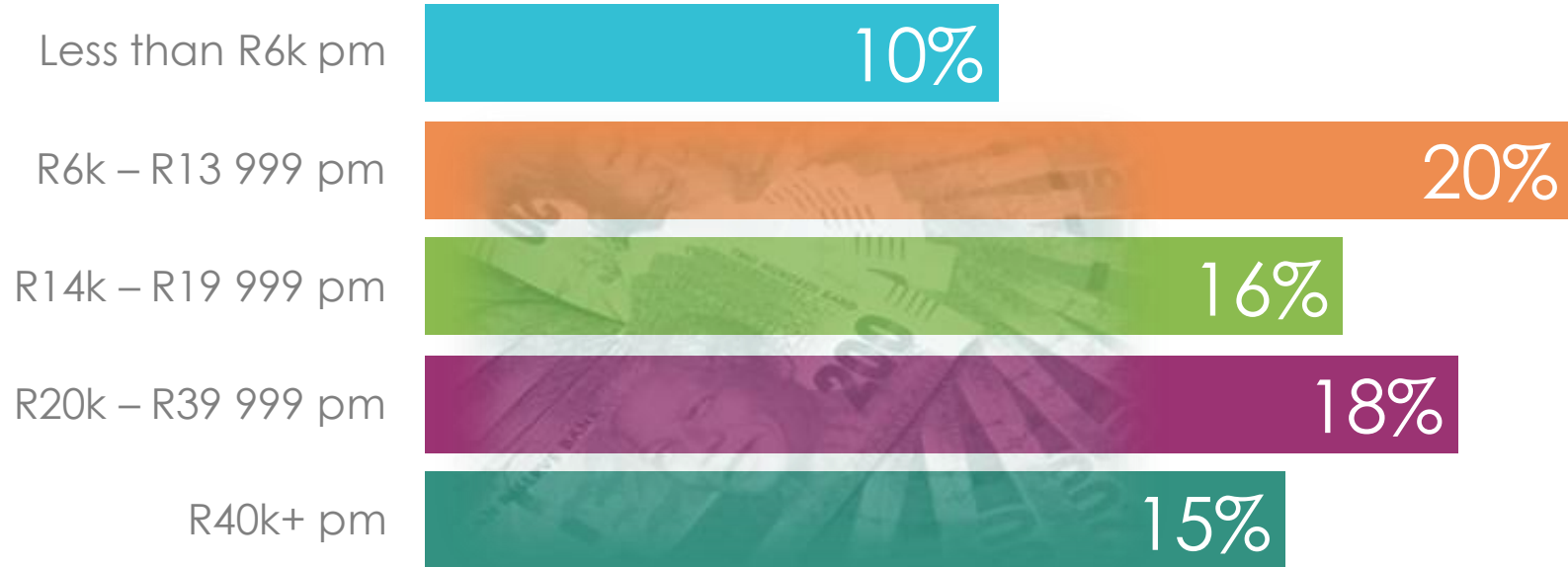
■ At least one credit card ■ At least one store card ■ Personal loan from a financial institution

BUT..... BORROWING MORE FROM FAMILY / FRIENDS



And 45%
repay only
when they
can /
irregularly!

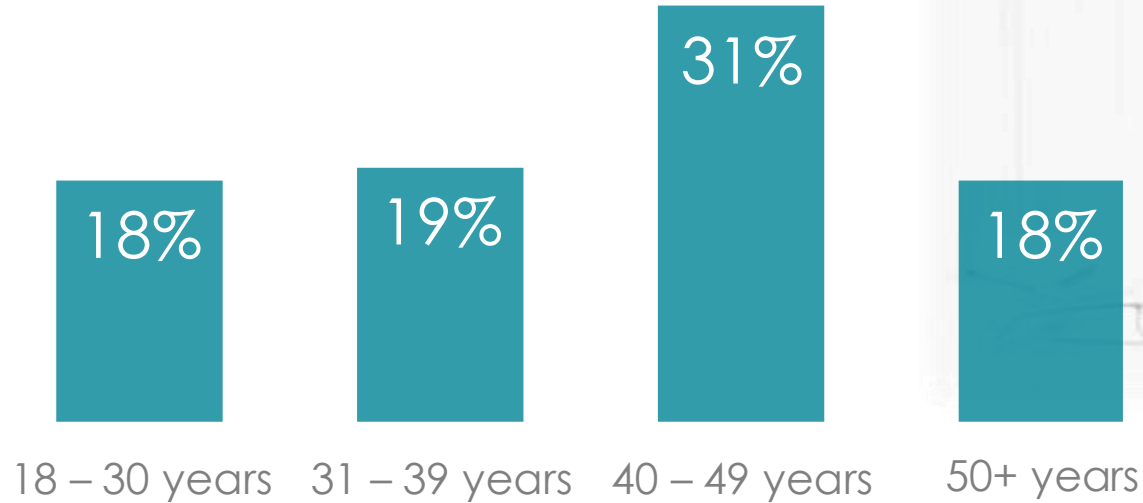
DEBT : PERSONAL LOANS FROM A FINANCIAL INSTITUTION



July 2015

OVERDUE DEBT AND PAYMENTS

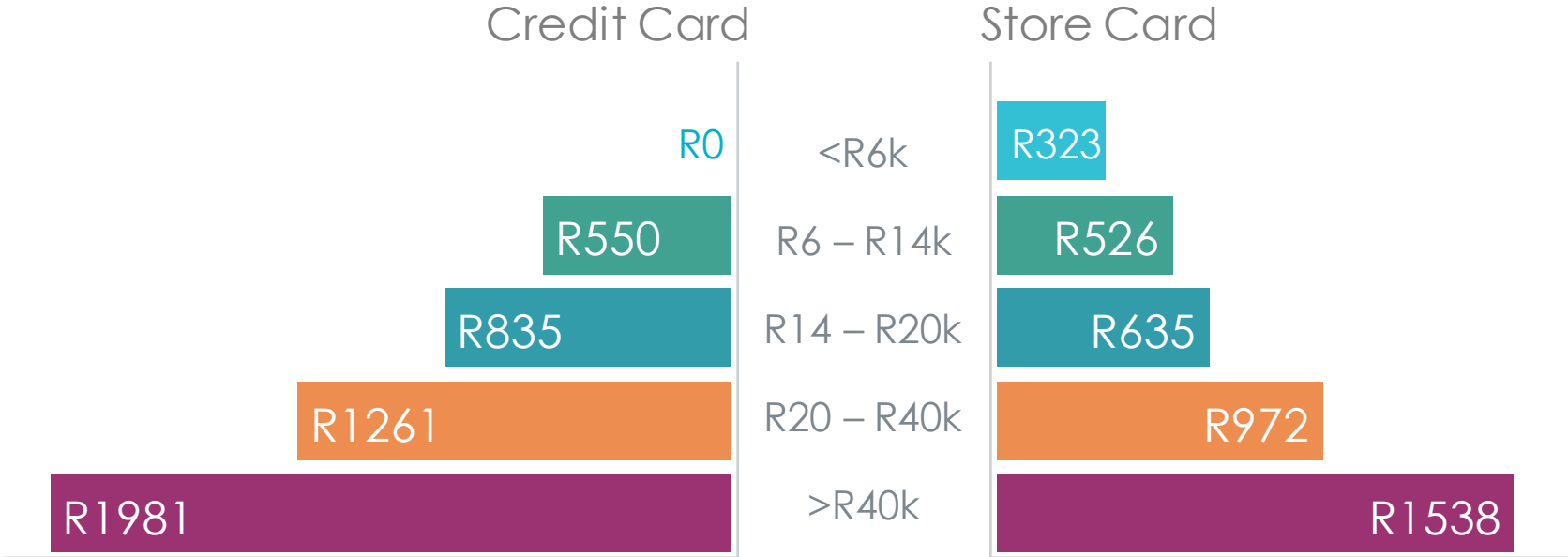
% who claim they have overdue debt
(excluding those with NO debt)



July 2015



CREDIT CARD AND STORE CARD PAYMENTS



Monthly Household Income

ABILITY TO HANDLE UNFORESEEN EXPENDITURE (R6k – R13 999 HH pm)

| | R1 000 | R 5 000 | R10 000 |
|--|--------|---------|---------|
| Pay with a credit card | 7% | 6% | 3% |
| Take out a personal loan from an institution or micro lender | 3% | 26% | 51% |
| Borrow from a friend / relative | 31% | 17% | 2% |
| Borrow from my stokvel | 8% | 9% | 4% |
| USE SAVINGS | 50% | 34% | 8% |
| WOULD NOT BE ABLE TO HANDLE IT | 0% | 5% | 30% |

Will need to borrow

42%

52%

57%

ABILITY TO HANDLE UNFORESEEN EXPENDITURE (R20k – R39 999 HH pm)

| | R1 000 | R 5 000 | R10 000 |
|--|--------|---------|---------|
| Pay with a credit card | 25% | 27% | 13% |
| Take out a personal loan from an institution or micro lender | 1% | 11% | 34% |
| Borrow from a friend / relative | 12% | 12% | 9% |
| Borrow from my stokvel | 5% | 8% | 5% |
| USE SAVINGS | 51% | 39% | 25% |
| WOULD NOT BE ABLE TO HANDLE IT | 0% | 2% | 11% |

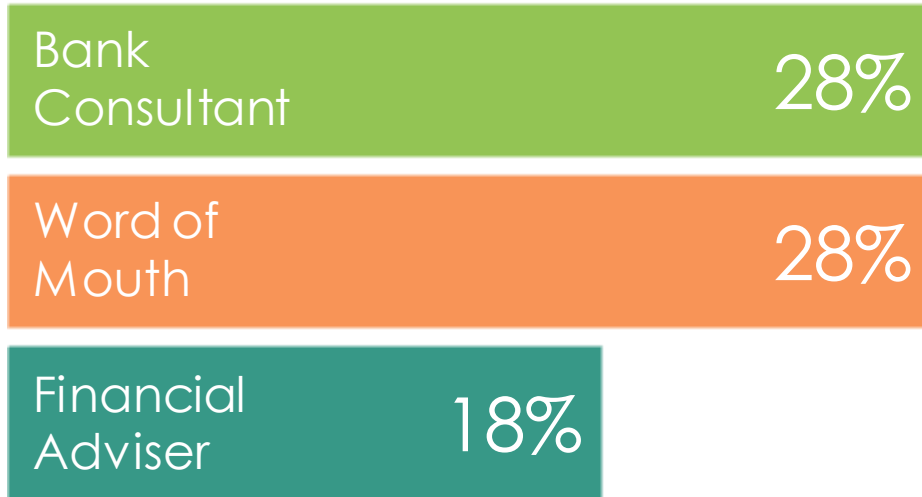
Will need to borrow

18%

31%

46%

MAIN SOURCE OF FINANCIAL INFORMATION



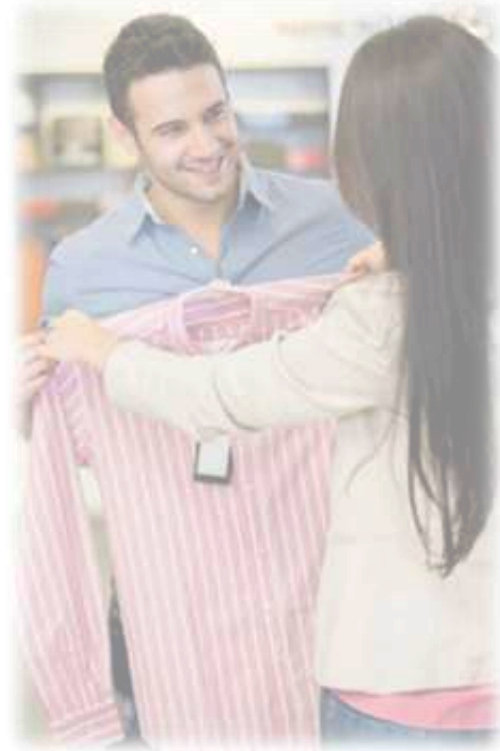
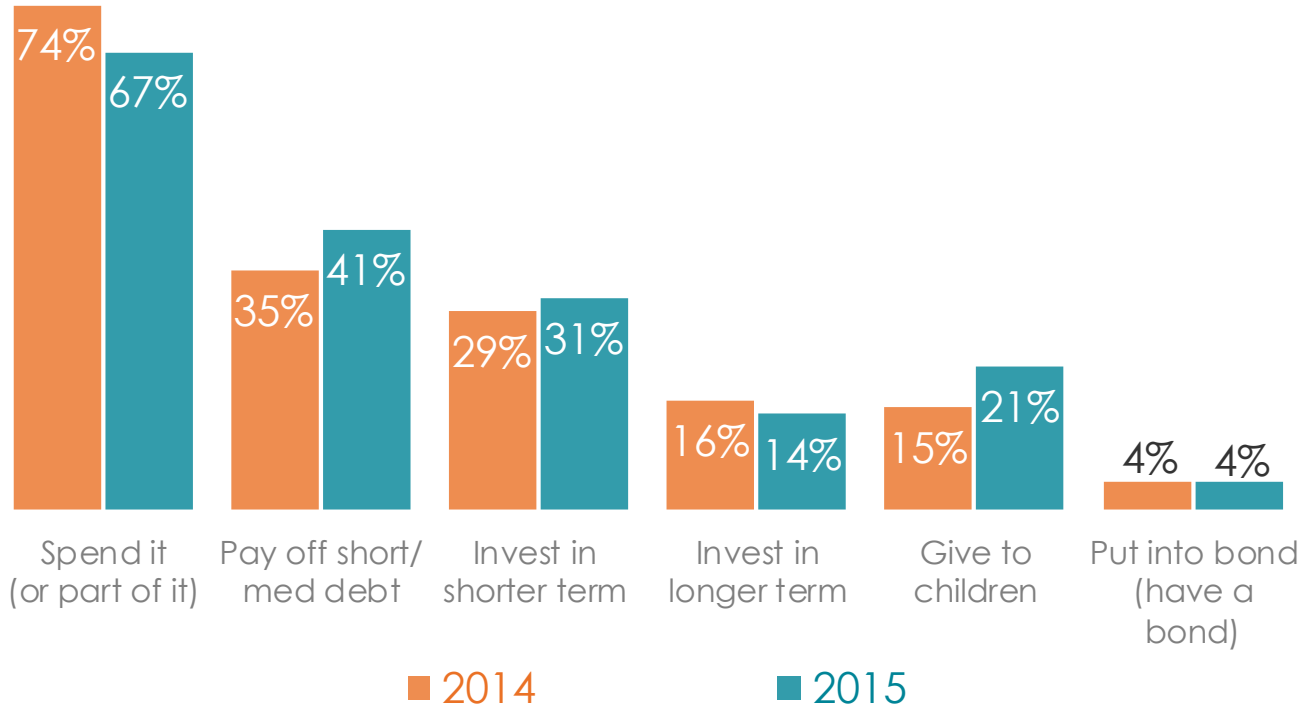
“I don’t have enough money”



Main reason for not consulting a financial adviser →

22% claim to have a relationship with a financial adviser

WHAT WOULD YOU DO WITH A WINDFALL OF A MONTHLY SALARY?





Z-GENERATION

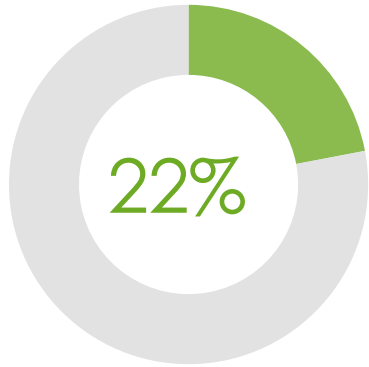
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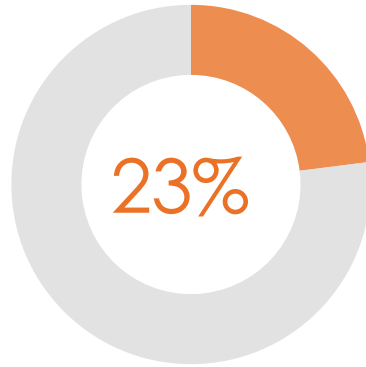
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Z-GENERATION

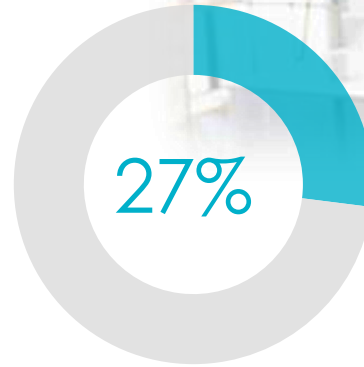
- Focus on those aged 18 – 23 years and earning money (work full time or part time)
- 400 were interviewed



Married/Living Together



Dependent children



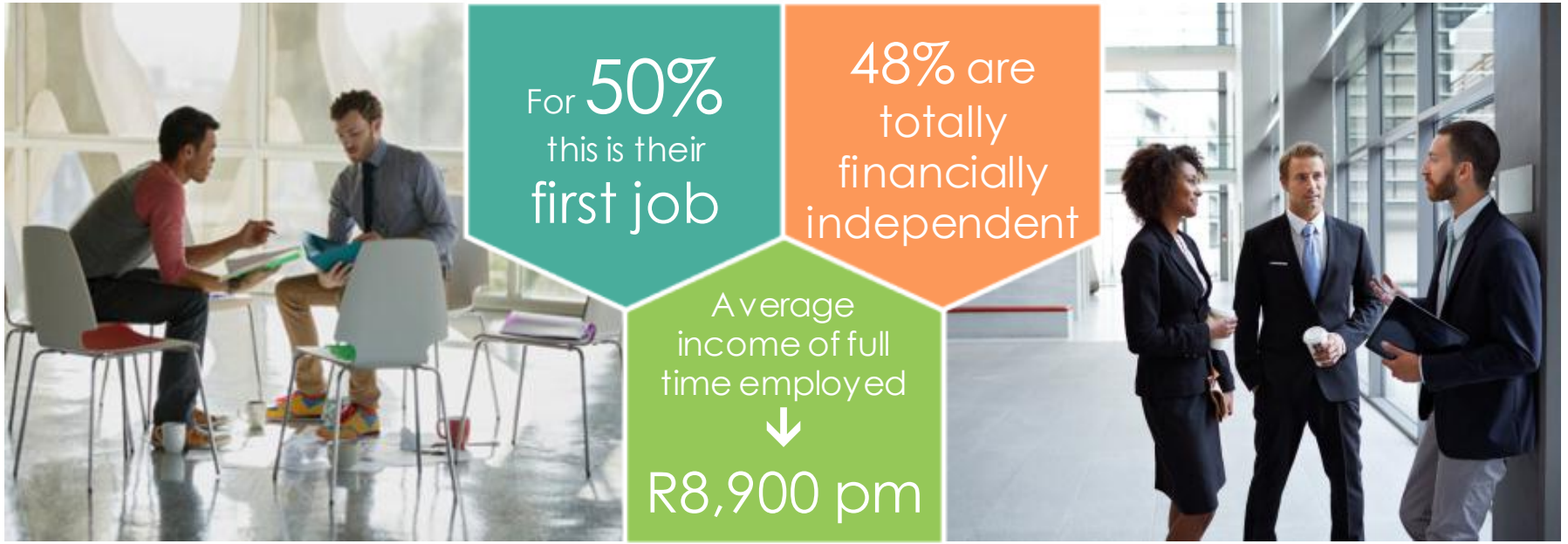
Other dependents



Live at home with parents



THEIR WORKING LIFE



Base: Employed full-time

THEY ARE TECH-SAVVY AND CONNECTED

I am very comfortable using different types of digital devices

95%

I like to own products that are the most technologically advanced

84%

I am actively involved in more than one online social network

81%

I frequently use the internet for entertainment purposes

81%

I prefer to do as many of my transactions online as possible

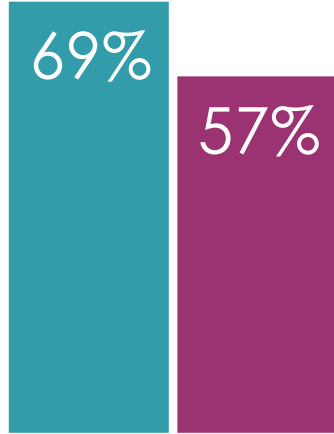
72%



Base: Employed full-time

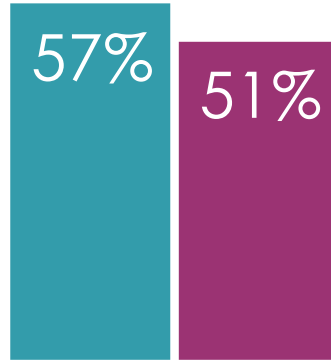


THEY ARE MATERIALISTIC



It is worth paying a higher price for a well known brand

■ 18 – 20 yrs



I gain confidence in having material possessions

■ 21 – 23 yrs

Base: Employed full-time



MANAGING FINANCES

40%

believe that they are very knowledgeable about their finances

41%

claim to be managing their finances well



Satisfaction with current financial situation:

3.8

(mean score out of 10)

Despite this, the vast majority

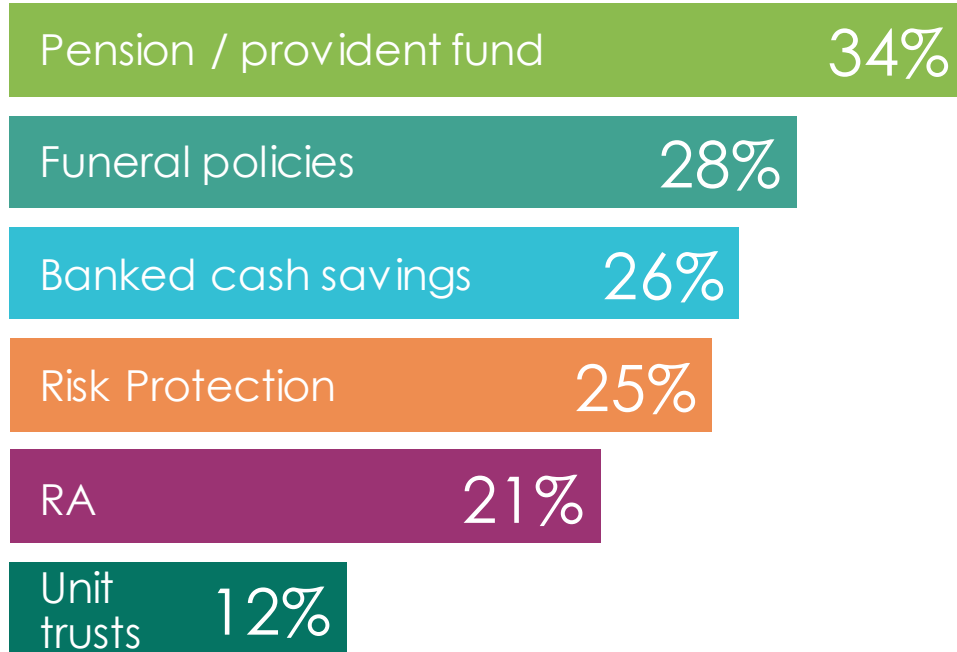
85%

are optimistic about the future

Base: Employed full-time

SAVINGS VEHICLES

(full time employed Z-Gen's)



Base: Employed full-time

Why don't they contribute towards any retirement savings?

- *"I can't afford it"*
- *"I'm too young to be thinking about the later finances of my life"*
- *"I have not been introduced to this yet"*

WHAT ARE Z-GEN'S SAVING FOR?

(full time employed)

84%
electronics



63%
home
appliances

12%
motorcycle



63%
furniture

12%
property

Base: Employed full-time

PARENTS TAUGHT THEM THE MOST ABOUT FINANCES...



63%

say that their **parents** taught them the most about money and how to manage their finances

but currently...

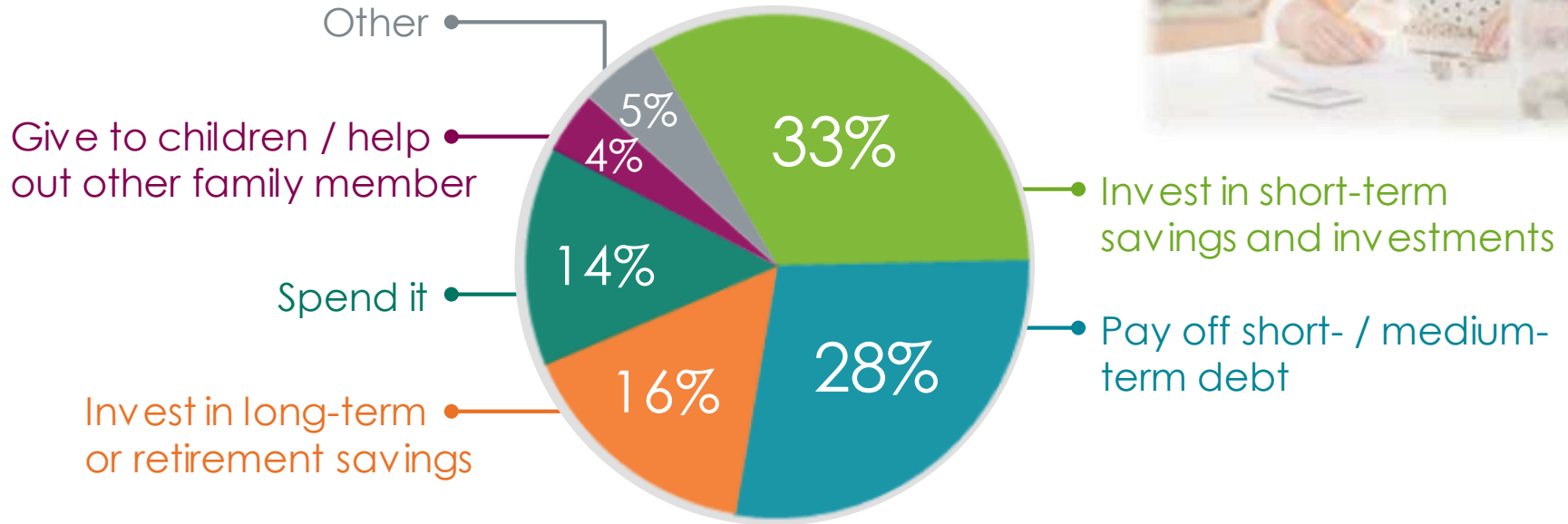
spouse/girlfriend/boyfriend, siblings, friends/peers

...are having a major influence

Base: Employed full-time

POSITIVE SIGNS OF GOOD MONEY MANAGEMENT

“If you received a bonus of R10,000 what would you do with it?”



Base: Employed full-time

