


OLD MUTUAL

Savings & Investment Monitor

Summary

July 2012




CONTENTS

1. RECAP OF MAIN FINDINGS FROM MEASURE 5 (November 2011)

The November 2011 results indicated that South Africans were starting to come to grips with their finances. Rather than simply panicking about the recession and throwing their arms up in dismay at affordability and inflationary pressures, these working metro dwellers were making a conscious effort to curb spending and rein in their short term debt.

The November 2011 measure took a closer look at two specific issues:

- Use of informal savings vehicles such as stokvels and burial societies.
- Education funding and attitudes towards education specific saving.

The results highlighted the power of stokvels which are favoured for their simplicity, flexibility, trustworthiness and inbuilt discipline mechanism – lessons indeed for the formal sector.

In regards to education funding, the relative importance placed on this by parents was marked, with the majority prioritising this over retirement savings.

2. MACRO ISSUES
Putting the measure 6 results in context

Recessionary pressures continue to be felt across South Africa and at a global level uncertainty prevails. Markets and economies in Europe continue to falter amidst concerns around the Euro. Greece's departure from the eurozone is on hold (for now).

The Arab Spring has caused uncertainty in the Middle East (and elsewhere) and conflict in Syria continues to have a destabilising effect.

Closer to home, we continue to see the effects of sharp increases in energy costs (both petrol and electricity) as well as in the cost of food. These are largely necessity items (especially in winter) and households continue to feel the pinch. Gauteng consumers have had some respite as the e-tolling saga is on hold (for now), but worries about the inevitable future impact loom large.

Interest rates have remained unchanged with the prime lending rate steady at 9%, but each MPC announcement is accompanied by words of caution, urging consumers to think carefully before taking on new debt and warning that an increase in rates may be on the cards if inflation continues to push through.

Retrenchments and restructuring continue, with the mining sector being hard hit.

3. MAIN FINDINGS FROM MEASURE 6
(July 2012)

Satisfaction levels have consolidated but the recessionary effects continue to be felt across the board.

The shift from panic ("I can't afford the cost of living!") to action (actually cutting back on spending and paying down or avoiding debt) is again evident in this measure, and there are early indications that this is enabling some (not all) metro dwellers to save (be it more, again, or for the first time.)

Savings as a percentage of household income has increased, with this increase being most evident amongst lower income earners (albeit off a low base).

The percentage of those claiming to be saving more than they were a year ago is at its highest level recorded to date which is encouraging. That said, this proportion of metro households who are saving more (31%) is still out-weighed by those who claim that they are saving less (37%).

The dip in informal savings vehicles seen in November 2011 has reversed, but apart from this move, there is little in the results to indicate a swing in favour of a particular type of saving. (NB that we record incidence (i.e. penetration) of savings vehicles and not the volume or amount of savings in each vehicle.)

The drop off in credit card penetration seen in November 2011 has been maintained in this measure. There is however little change in repayment patterns of either credit card users or store card holders. The default position remains payment of the minimum required, with the proportion of consumers who settle in full or try to pay extra holding relatively steady.

The drop off in other (non-card) short to medium term credit that we saw in November 2011 has by and large reversed in this measure. Higher income consumers have increased take up of car finance and overdraft facilities whilst credit extension in the form of personal loans and HP has grown in the middle and lower income brackets respectively. Whether this is a positive or a negative is one for the economists. Increased credit take up can be an indication of growing consumer confidence.

Whilst these July 2012 results appear to reflect a mood of consolidation and firming confidence (albeit still fragile), the increasing levels of agreement with certain dependency statements (in particular as regards reliance on government) are a concern.

The focus on women in this measure has exposed the vulnerable position of single mothers in particular. It has also highlighted the attention (and funds) lavished by mothers on their homes and children, often at the expense of long term savings for themselves.

4. SAMPLING AND METHODOLOGY

The Old Mutual Savings Monitor is conducted twice a year, with the inaugural measure having taken place in 2009.

Each wave comprises of 1 000 interviews amongst working South Africans living in major metropolitan areas, and examines levels of savings and investment as well as their attitude to finances in general and savings in particular.

Quotas are imposed on household income to ensure that sub-sample sizes are sufficiently robust to allow for analyses by income bracket.

In all instances, in order to allow for analysis at a total market level, the data is re-weighted to reflect the household income profile as per AMPS proportions for employed Metropolitan Dwellers.

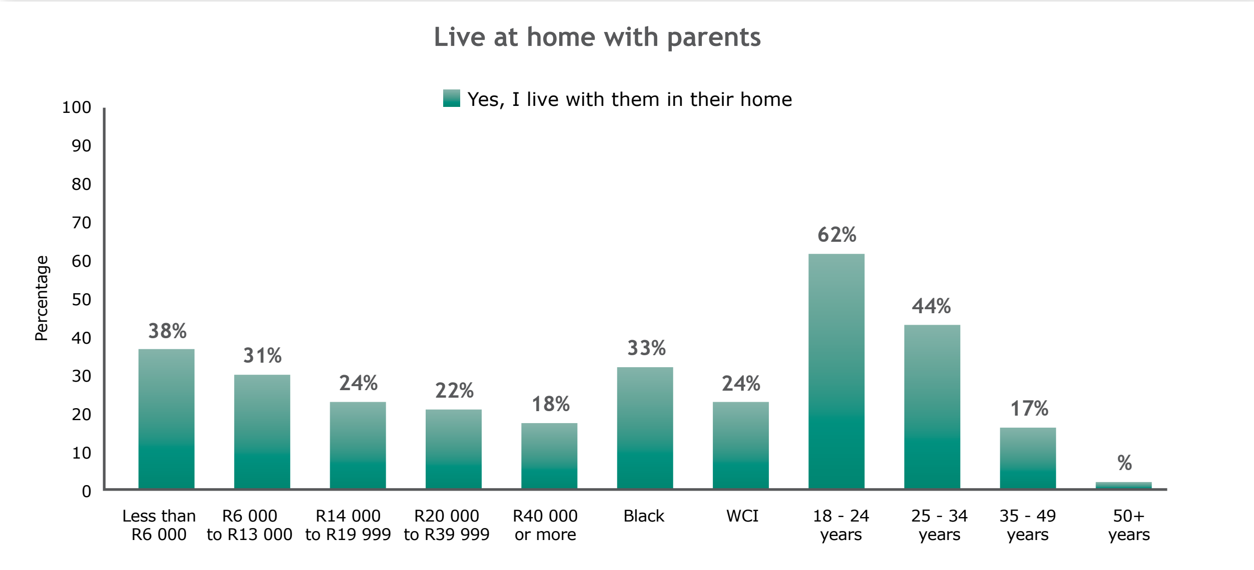
In terms of income, the primary quota is household income, and the weighted proportions are:

	Nov 2009	July 2010	Nov 2010	July 2011	Nov 2011	July 2012
Less than R6 000	36%	36%	33%	29%	26%	27%
R6 000 – R13 999	25%	27%	34%	33%	33%	33%
R14 000 – R19 999	20%	18%	12%	14%	14%	13%
R20 000 – R39 999	14%	14%	16%	18%	20%	20%
R40 000+	5%	5%	5%	6%	7%	7%

5. HOUSEHOLD COMPOSITION, DEPENDENTS, SANDWICH GENERATION AND QUESTIONS OF CO-DEPENDENCY

Household composition – living with parents

29% still live at home with their parents and this percentage appears to be on the increase. As would be expected incidence correlates positively with both age and income.



Dependent children

Incidence of dependent children remains steady at 65%, and is highest in Black households and amongst the 35 – 49 age bracket.

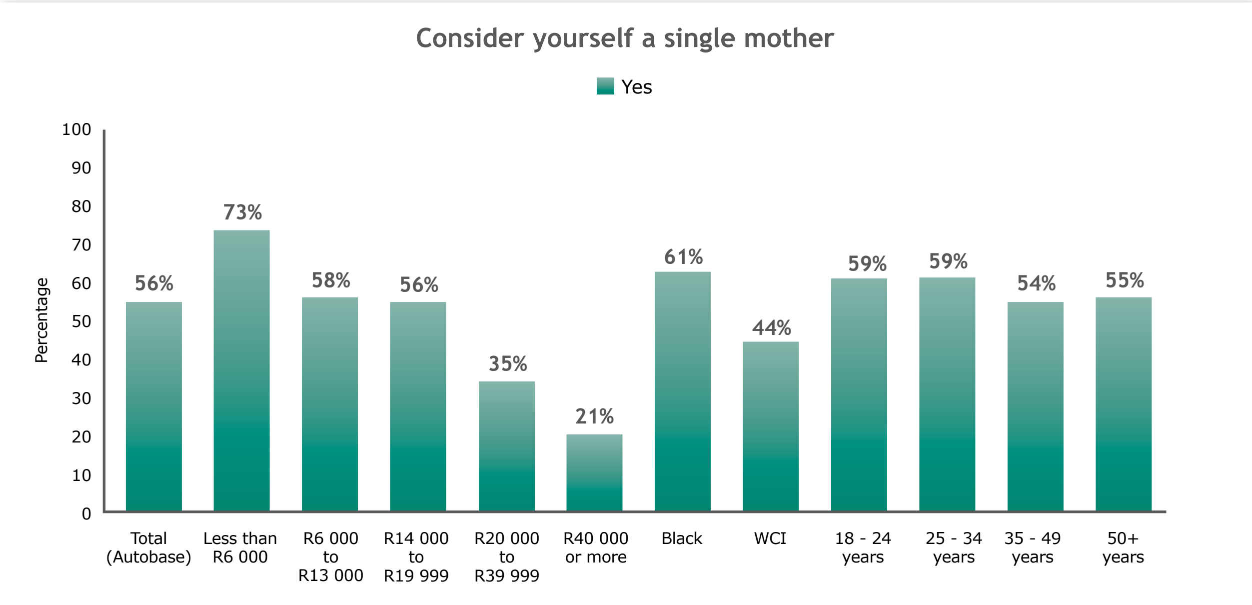
Single motherhood and financial support by fathers

In this July 2012 measure, a series of questions was added to establish the incidence of single mothers and financial support by fathers.

Female respondents with dependent children (n=276) were asked the following four questions:

- Are these dependent children your own children?
- Does the father of these children live with you in your household?
- Does the father of these children contribute financially to their maintenance?
- Do you consider yourself a single mother? (This last question was ultimately the most reliable measure of single motherhood.)

Over half of mothers consider themselves single mothers, and the incidence of single motherhood is strongly inversely correlated with income i.e. the poorer the household, the higher the incidence of 'single motherhood'. It is important to bear in mind however that single motherhood does not mean that the fathers' involvement is non-existent. On the contrary, in half these cases the father does contribute financially either regularly (21%) or only every now and then (30%).



Profile of single mothers: biased Black, lower income, live at home with parents and often the primary breadwinner.

Sandwich generation

The term 'Sandwich Generation' has been coined to describe those who are supporting not only children but also parents or other older dependents. This has been in decline over the last three measures but is back up at 23% in this measure.

Sandwich generation	Nov-10	Jul-11	Nov-11	Jul-12
Yes %	23%	20%	17%	23%
No %	77%	80%	83%	77%

Demographically, the incidence of Sandwich Generation is fairly evenly spread across income groups but highest amongst Black households and those aged 35 – 49 years.

Expectations as regards supporting (or being supported by) family members

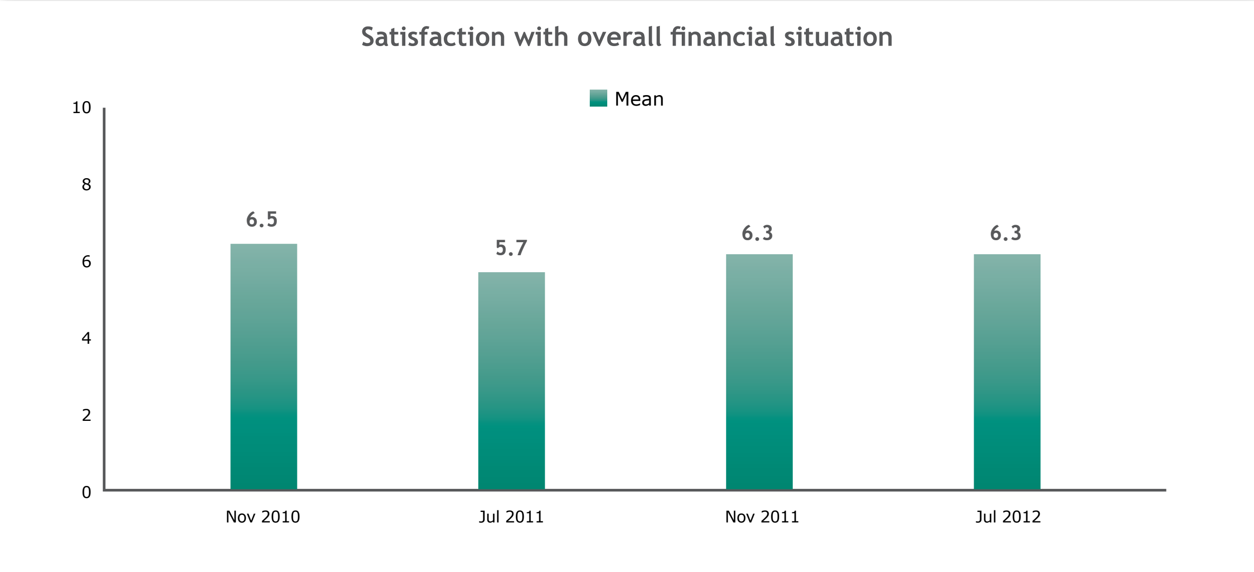
In November 2010, a question was added to investigate the extent to which consumers intend to support parents and older family members in the future and is repeated in this measure.

Support parent/family members in future	Nov-10	Jul-11	Nov-11	Jul-12
Yes, I am planning to support them	46%	39%	36%	40%
No, I am not planning to, but will end up supporting them	12%	11%	14%	12%
No, I am not planning to, they should support themselves	17%	24%	22%	24%
No, none around to support	19%	23%	23%	20%
Don't know	6%	4%	5%	4%

Re-based to exclude those who have "none around to support". 65% foresee that they will have to support older family members (either on a planned basis or conceding that they will probably end up having to). Once again it is amongst Black consumers that this expectation is highest.

6. SATISFACTION WITH CURRENT FINANCIAL SITUATION

At a total sample level; satisfaction with financial situation is holding steady at 6.3 indicating that improvement seen in the last measure has consolidated. Whilst this is encouraging, a satisfaction score of 6.3 remains mediocre and it is only really in the R40 000+ bracket that better scores (of 7+) are seen.

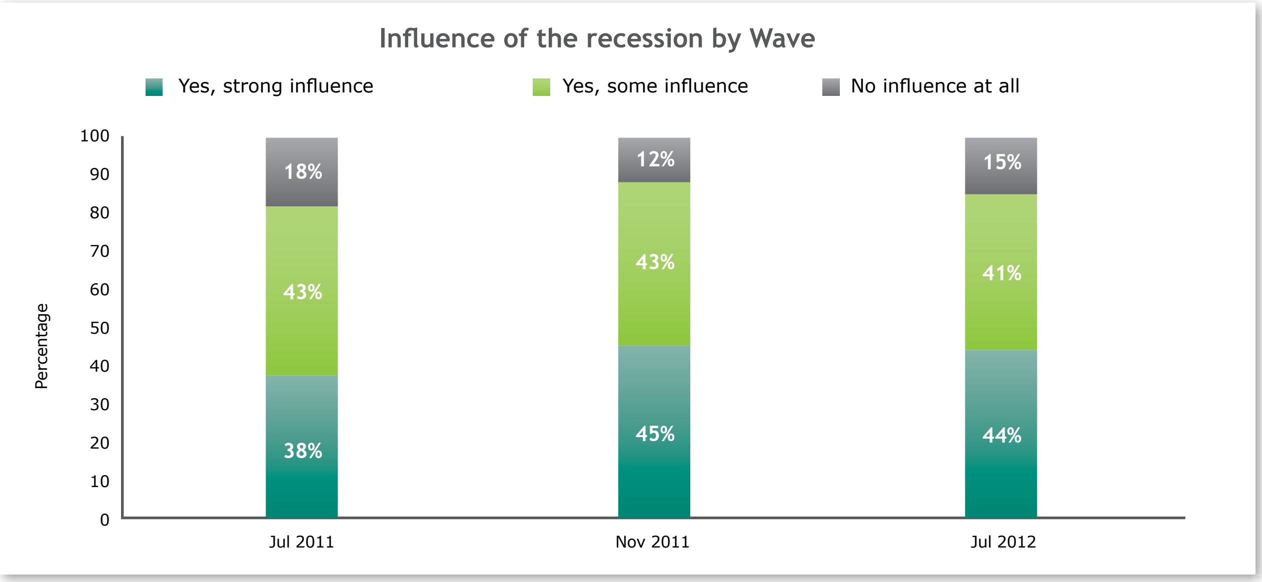


7. INFLUENCE OF THE RECESSION

Question added in July 2011:

"Finally, in recent years South Africa and the rest of the world have experienced a recession / downturn in the economy. Has this in any way influenced how you feel about and approach financial matters and your finances? Even if it has not actually changed your behaviour?"

The recession continues to be felt across the board.



Respondents are asked (open-ended questions) to describe the way(s) in which the recession has affected them and / or influenced how they approach their finances. Their spontaneous responses are then categorised.

Reasons for influence of the recession - NETT	Jul-11	Nov-11	Jul-12
Limited effect	18%	13%	14%
Cutting down/cost reduction/expense control	38%	59%	62%
Affordability pressure/struggling	48%	36%	19%
Savings & investment mindset	22%	28%	25%
Other	2%	1%	2%

In the last measure we saw a swing away from simply protesting about the cost of living and affordability issues in favour of actually doing something about it, e.g. cutting back and avoiding debt. This attitude (and action) persists in this measure.

8. SHIFT IN SAVINGS LEVEL AND VALUE

8.1. Savings as a percentage of household income

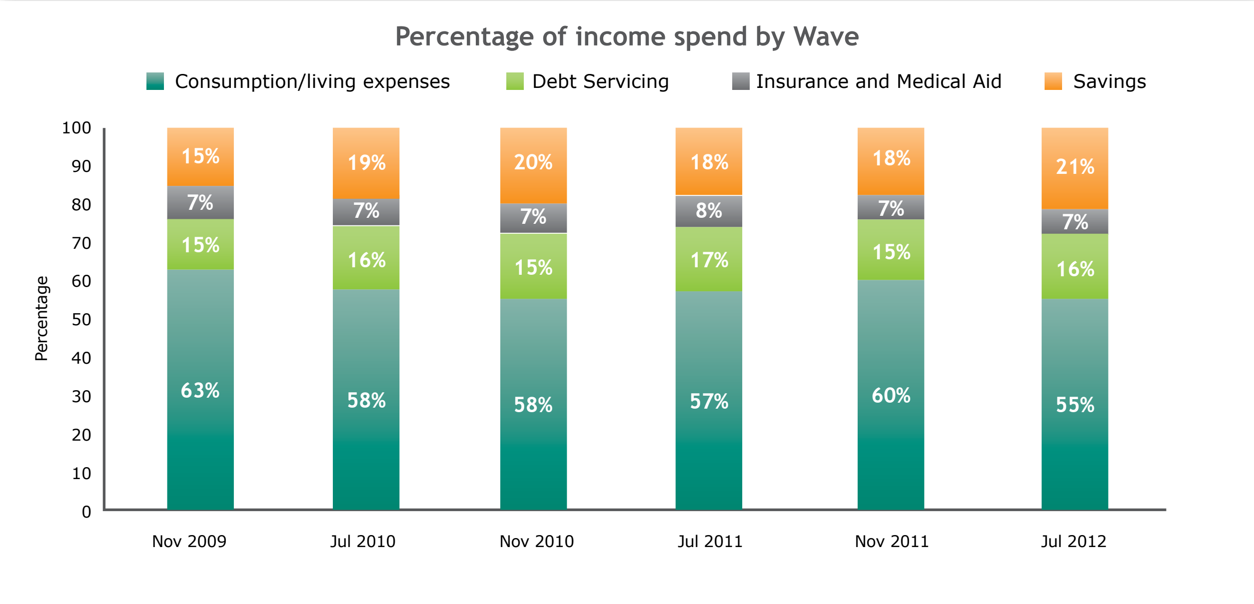
Respondents were asked to allocate household expenditure as follows and using this definition of savings:

"Savings includes putting money away into savings accounts, policies and investments. It also includes holding back on spending and using that money to pay off debt faster, in particular putting extra into your home loan if you have one."

Consumption / Living expenses (e.g. groceries, rates, phone, transport, clothing, education, entertainment, rent, money paid to support other family members, electricity and water etc. This EXCLUDES contributions to policies, savings, insurance etc.)
Debt Servicing (e.g. paying off debt e.g. personal loans, store accounts and credit cards, home loan / other bonds and debt etc.)
Insurance and medical aid (i.e. short term insurance (car / household) as well as medical aid contributions. NOT other policies)
Savings (includes monthly contributions / premiums to savings, stokvels and savings clubs, investment and assurance policies)

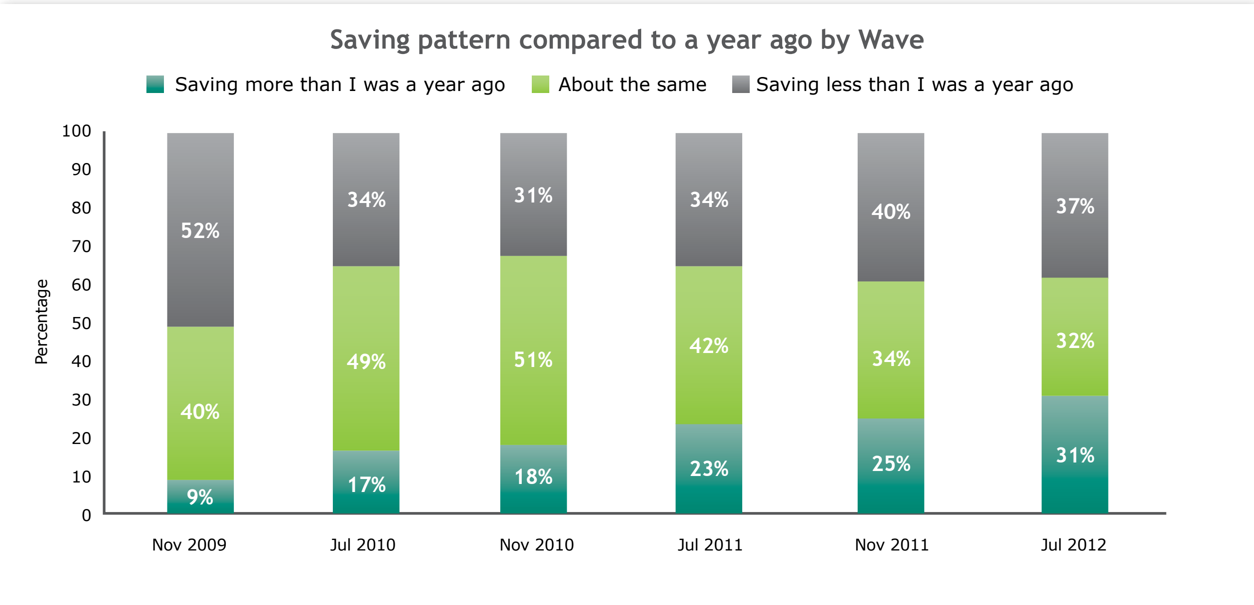
	Nov-09	Jul-10	Nov-10	Jul-11	Nov-11	Jul-12
Less than R6 000						
Consumption	70%	61%	65%	66%	69%	61%
Debt Servicing	13%	15%	13%	15%	12%	14%
Insurance and Medical Aid	3%	3%	3%	3%	2%	2%
Savings	15%	21%	19%	17%	17%	23%
R6 000 to R13 999						
Consumption	64%	60%	58%	57%	61%	57%
Debt Servicing	14%	15%	15%	16%	15%	16%
Insurance and Medical Aid	6%	6%	8%	8%	6%	6%
Savings	15%	19%	19%	19%	18%	20%
R14 000 to R19 999						
Consumption	57%	52%	56%	53%	57%	52%
Debt Servicing	17%	19%	15%	18%	15%	18%
Insurance and Medical Aid	11%	10%	10%	10%	10%	11%
Savings	15%	19%	19%	19%	19%	19%
R20 000 to R39 999						
Consumption	56%	56%	50%	51%	53%	50%
Debt Servicing	17%	17%	16%	19%	16%	17%
Insurance and Medical Aid	12%	11%	12%	13%	12%	13%
Savings	15%	17%	21%	17%	20%	20%
R40 000 or more						
Consumption	55%	50%	50%	49%	51%	49%
Debt Servicing	16%	19%	16%	18%	17%	17%
Insurance and Medical Aid	13%	13%	13%	14%	13%	14%
Savings	16%	18%	21%	19%	19%	19%

At a total market level, savings as a percentage of household income have increased, driven by increased saving by lower income households.



Consumer perceptions as to whether they are saving more / less / the same as a year ago.

Whilst a significant proportion (37%) of households still claim to be saving less than they were a year ago, the steady and increasing trend of those who are saving more is encouraging. At 31% this is the highest percentage to date.



Looking at income groups, in this measure there is a positive correlation with income, with a higher percentage of wealthy households claiming to be saving more.

Looking at those who are saving more, whilst the majority say this is due to more funds being available (improved income), the increase in change in headspace and the effect of debt management in this measure is notable.

Reasons given by those saving more:	Jul-11	Nov-11	Jul-12
Unweighted numbers	252	263	324
Improved income	41%	55%	45%
Effect of debt/debt management	22%	23%	34%
Shift in headspace	29%	27%	32%
Item/cause specific savings	21%	13%	10%
Decreased demands	6%	6%	7%
Increased demands on income	1%	2%	1%
Other	2%	1%	0%

9. SAVINGS OBJECTIVES
What are South Africans saving for?

Respondents are asked what it is that they are saving for. The prompted responses are tabulated below. Age continues to be one of the primary determinants of what people are saving for, in particular, retirement savings.

Prompted savings objective	Nov-09	Jul-10	Nov-10	Jul-11	Nov-11	Jul-12
Deposit on a home/immovable property	19%	23%	20%	18%	17%	22%
Car/vehicle	22%	29%	21%	20%	18%	20%
To buy a specific item	4%	3%	4%	13%	14%	14%
Retirement/old age	27%	31%	35%	41%	33%	35%
Emergency expenses/rainy day fund	45%	43%	43%	42%	41%	39%
Children's education	31%	30%	40%	34%	25%	33%
Children's education (rebased on those who have dependent children)	*54%*	*55%*	*55%*	*51%*	*40%*	*50%*
Funeral expenses	21%	23%	21%	29%	25%	26%
Money to start my own business	7%	5%	7%	7%	6%	6%
Home improvement	18%	18%	18%	21%	19%	17%
Furniture/home appliances	7%	6%	7%	8%	7%	6%
Holiday	18%	17%	17%	13%	11%	11%
Medical expenses fund	9%	7%	10%	13%	10%	13%
To pay off debt	15%	13%	17%	19%	14%	17%
No specific reason	7%	5%	5%	6%	6%	2%
To get married/lobola	Not asked	Not asked	Not asked	Not asked	5%	6%
For my studies/own education/further my studies	Not asked	Not asked	Not asked	Not asked	5%	7%

10. SAVINGS AND INVESTMENT VEHICLES USED

The decline in informal savings has reversed and is back at November 2010 levels. Informal savings include stokvels and savings clubs, burial societies, grocery schemes and unbanked savings.

Bank Accounts/Savings/Investments-NETT	Nov-09	Jul-10	Nov-10	Jul-11	Nov-11	Jul-12
Banked cash savings	29%	47%	48%	43%	41%	44%
Informal saving	33%	40%	54%	44%	36%	51%
Formal savings products and policies	77%	84%	82%	85%	80%	83%
Investments	6%	6%	11%	7%	5%	6%
Alternative investments	0%	2%	1%	1%	1%	1%
Insurance and precautionary savings	47%	45%	52%	54%	49%	50%
Bonds	Not Measured		5%	4%	3%	2%

Formal savings products

	Nov-09	Jul-10	Nov-10	Jul-11	Nov-11	Jul-12
Endowment policies	15%	12%	18%	13%	12%	11%
Retirement annuities	26%	24%	33%	24%	27%	24%
Pension or provident fund	41%	49%	47%	53%	46%	49%
Education policies	14%	20%	23%	19%	19%	21%
Education policies (rebased on those who have dependent children)	*27%*	*36%*	*32%*	*29%*	*30%*	*31%*
Funeral policies	61%	65%	64%	68%	62%	66%
Life assurance/death and disability policies	33%	34%	40%	41%	33%	31%

Looking at retirement specific savings, unduplicated incidence levels are set out below and climb with both income and age.

Retirement Products	Total	Less than R6 000	R6 000 to R13 999	R14 000 to R19 999	R20 000 to R39 999	R40 000 or more
Have pension or prov fund	49%	27%	51%	63%	64%	54%
Have RA	24%	7%	20%	27%	39%	54%
Have fund and RA	17%	5%	15%	21%	26%	31%
Have neither	44%	71%	44%	31%	23%	22%
Have either fund OR RA	56%	29%	56%	69%	77%	78%

Looking over time at penetration of formal retirement products, these remain relatively stable (notwithstanding the small peak in July 2011). The fact remains that 44% of metro dwellers have **no** formal retirement provision.

Informal savings

The drop in stokvel contributions seen in November 2011 has reversed and we are back at historical levels. Given that these informal savings vehicles are generally the ambit of Black households, we have filtered the results so as to look at the results within Black households.

Base: July 2012 (Wave) and Black (Race)	Total	Less than R6 000	R6 000 to R13 999	R14 000 to R19 999	R20 000 to R39 999	R40 000 or more*
Savings club or stokvel	51%	50%	54%	52%	43%	50%
Burial society	38%	38%	41%	36%	33%	24%
Grocery scheme	15%	17%	14%	16%	13%	17%
Cash savings - not banked	4%	3%	3%	5%	8%	20%

*Caution small base

	Nov-09	Jul-10	Nov-10	Jul-11	Nov-11	Jul-12
Savings club or stokvel	43%	53%	47%	48%	36%	51%
Burial society	Not measured		49%	31%	26%	38%
Grocery scheme	Not measured		19%	11%	9%	15%
Cash savings - not banked	11%	17%	15%	8%	5%	4%

Precautionary savings

Incidence of medical aid and short term insurance remains relatively stable despite cost pressures.

	Nov-09	Jul-10	Nov-10	Jul-11	Nov-11	Jul-12
Total – short term insurance	32%	30%	33%	31%	28%	33%
Total – medical aid/insurance	40%	38%	44%	48%	42%	42%
Less than R6 000 – short term insurance	6%	8%	6%	4%	2%	6%
Less than R6 000 – medical aid/ insurance	12%	15%	15%	17%	13%	12%
R6 000 – R13 999 – short term insurance	24%	20%	31%	23%	18%	22%
R6 000 – R13 999 – medical aid/ insurance	36%	32%	44%	48%	38%	35%
R14 000 – R19 999 – short term insurance	55%	52%	45%	42%	41%	47%
R4 000 – R19 999 – medical aid/ insurance	65%	60%	62%	59%	58%	58%
R20 000 – R39 999 – short term insurance	60%	56%	68%	67%	56%	62%
R20 000 – R39 999 – medical aid/ insurance	66%	63%	76%	76%	65%	72%
More than R40 000 – short term insurance	83%	82%	81%	79%	73%	81%
More than R40 000 – medical aid/ insurance	81%	81%	83%	83%	80%	78%

Equity based investments

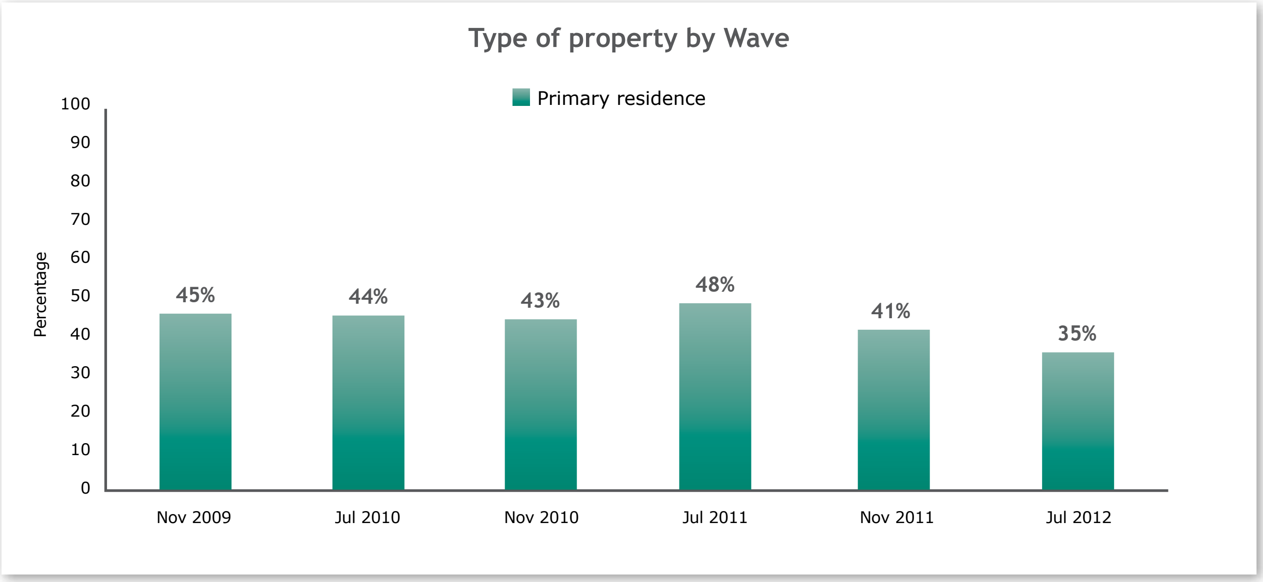
Equity based investments (such as shares, unit trust and exchange traded funds) remain relatively stable and remain the realm of upper income groups.

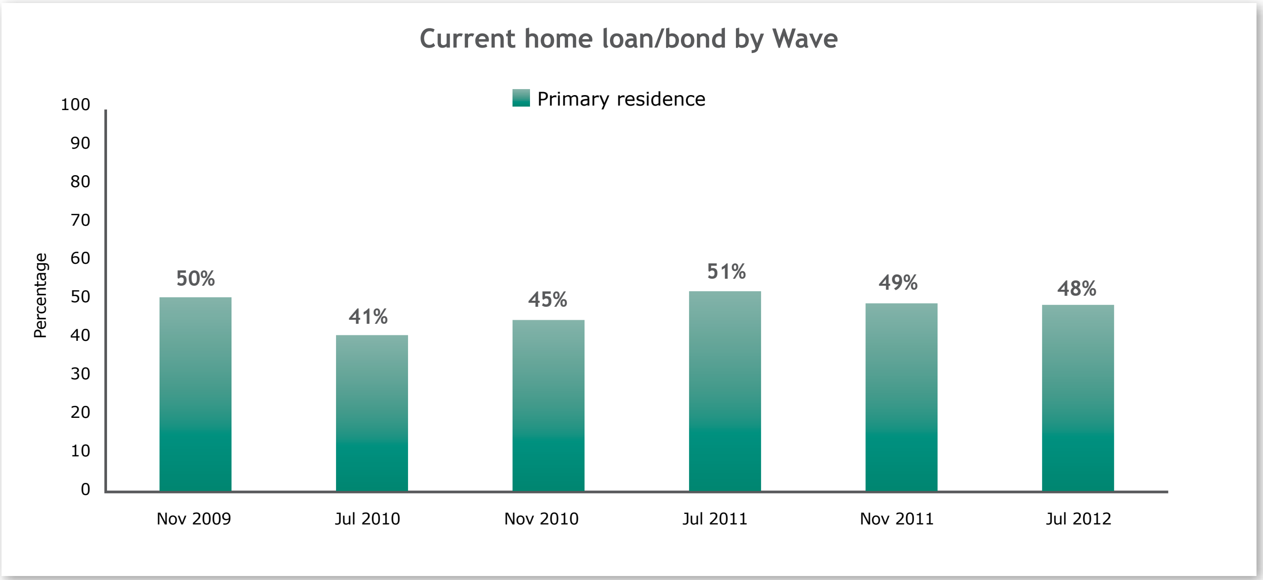
	Nov-09	Jul-10	Nov-10	Jul-11	Nov-11	Jul-12
Less than R6 000						
Unit Trusts/Mutual funds/ETF's	1%	1%	1%	0%	0%	0%
Listed shares	1%	1%	2%	1%	1%	1%
R6 000 to R13 999						
Unit Trusts/Mutual funds/ETF's	0%	6%	5%	2%	2%	2%
Listed shares	2%	2%	8%	3%	2%	1%
R14 000 to R19 999						
Unit Trusts/Mutual funds/ETF's	8%	7%	7%	3%	3%	3%
Listed shares	4%	3%	10%	4%	4%	2%
R20 000 to R39 999						
Unit Trusts/Mutual funds/ETF's	5%	5%	8%	8%	3%	5%
Listed shares	4%	2%	11%	11%	2%	5%
R40 000 or more						
Unit Trusts/Mutual funds/ETF's	10%	14%	17%	14%	7%	14%
Listed shares	10%	7%	17%	16%	11%	14%

11. CREDIT AND DEBT: THE OTHER SIDE OF THE SAVINGS COIN

Property ownership and home loan repayment patterns

Incidence of homeownership has gradually declined over the past three measures, whilst within home owners the incidence of home loans has remained relatively steady.





The incidence of home loans has increased with both age and income, peaking at 35 – 49 years and in the R20 000 – R39 999 income bracket.

Repayment patterns show that whilst there are attempts to pay off long term debt faster, the majority only pay the minimum bond instalment required. The exception being the R40 000+ home owners where 51% try and pay extra. Looking at the results over time, there is some indication that the financial stress experienced by mortgagees is easing slightly (at least amongst those who have retained their properties).

Home Loan Repayment Patterns: July 2012 by Household Income

Primary residence	Less than R6 000*	R6 000 to R13 999	R14 000 to R19 999	R20 000 to R39 999	R40 000 or more
Evidence of financial stress					
Struggle to meet payments		5%	4%	2%	1%
Can no longer afford to pay extra		5%	4%	2%	2%
Re-negotiated due to financial pressure		-	4%	0%	1%
Recent re-advance		-	2%	2%	0%
Minimum only					
Pay minimum only		74%	69%	62%	44%
Pay extra					
Pay extra every month		16%	17%	25%	36%
Extra lump sums		5%	2%	9%	15%

**Base size too small to reflect*

Credit cards and store cards

The decline in credit cards seen in November 2011 has been maintained in this measure whilst store card incidence remains steady. Incidence of credit cards remains strongly positively correlated with income, whilst store cards have broader appeal.

Looking at repayment patterns, only 16% pay their credit card off in full at the end of the month (although this does climb to 24% in the R40 000+ bracket). With store cards the incidence of clearing these accounts in full is even poorer than for credit cards.

Other medium to short term debt

The drop in other short to medium term credit, seen in November 2011 has largely been reversed in this measure, with take up of overdrafts and car finance in higher income brackets, personal loans in middle income and hire purchase / instalment sale amongst lower income groups.

Current short/medium term loans	Nov-09	Jul-10	Nov-10	Jul-11	Nov-11	Jul-12
Any personal loan	18%	27%	30%	28%	19%	25%
Personal loan from a financial institution	Not measured	16%	17%	19%	11%	16%
Personal loan from a micro lender	Not measured	3%	3%	3%	1%	2%
Personal loan from a friend/family member	Not measured	14%	15%	10%	8%	8%
Car finance	18%	14%	17%	17%	13%	20%
Hire purchase/instalment sale	Not measured	15%	16%	12%	8%	16%
Revolving credit facility	11%	8%	6%	9%	5%	6%
Overdraft	Not measured	7%	8%	9%	7%	8%

12. ATTITUDINAL DYNAMICS

Respondents are asked to rate their level of agreement with a series of statements about their attitude to finances and life in general. A four-point agreement scale is used. For analysis purposes we have combined the top 2 rated scores to give us a percentage Agree = Strongly Agree and Agree Slightly.

	Nov-09	Jul-10	Nov-10	Jul-11	Nov-11	Jul-12
Don't buy until I have enough money	70%	66%	72%	67%	75%	67%
Finances are never properly organised	52%	46%	51%	53%	49%	48%
Plan my finances five to ten years ahead	46%	48%	50%	47%	47%	51%
No alternative but to get into debt	66%	68%	61%	66%	63%	68%
Important to save, but do not have enough money	79%	75%	73%	69%	Not measured	63%
I wonder if I have done enough to secure my retirement	74%	76%	77%	75%	75%	74%
I really hate dealing with my finances	43%	39%	34%	42%	41%	40%
I consider myself a spender, not a saver	39%	34%	36%	35%	35%	34%
Always trying to become more knowledgeable about financial matters	77%	77%	82%	74%	77%	81%
Seem to leave my money decisions to the last minute	45%	35%	35%	33%	39%	37%
Credit is part of my life, can't make ends meet without it	48%	45%	43%	47%	41%	43%
Would organise finances better if had more time	52%	55%	51%	51%	Not measured	
World of financial services leaves me confused	46%	39%	46%	44%	44%	41%
Go to loan shark rather than borrow from a neighbour	24%	26%	21%	24%	28%	26%
Anything to do with financial matters extremely boring	34%	31%	32%	32%	33%	29%
I want to learn more about how to save	Not measured	82%	82%	82%	81%	85%
Is important to save money for a rainy day	95%	97%	94%	95%	95%	95%
Always plan finances carefully	75%	80%	76%	80%	81%	79%
Avoid debt wherever I can	80%	81%	80%	77%	84%	81%
Always worried about not having enough money	82%	79%	77%	80%	80%	75%

	Nov-09	Jul-10	Nov-10	Jul-11	Nov-11	Jul-12
Extremely cautious with finances	81%	83%	79%	78%	83%	79%
Set financial goals	79%	79%	78%	76%	77%	81%
Financial security means having enough money	90%	91%	90%	89%	88%	90%
Have to be in complete control of my finances	88%	90%	88%	86%	Not measured	
Saving for future is not a priority right now	33%	26%	24%	26%	35%	26%
We don't talk about money in our family	24%	23%	24%	25%	27%	25%
Only way to improve financial position is to take risks	71%	61%	66%	61%	62%	70%
Spend all that I earn, not able to save anything	39%	37%	30%	37%	38%	33%
I need more education on how to handle my finances	Not measured	73%	66%	70%	68%	69%
Death, funeral and disability cover are more important	Not measured			45%	54%	50%
Savings for education is more important than retirement	Not measured				54%	51%
Most months I struggle to make ends meet	Not measured					46%
Not always sure who to turn to regarding finances	Not measured					37%
As long as I can afford necessities, I don't worry	Not measured					25%
I know a lot about financial products	Not measured					52%
Satisfied that my family is well provided for	Not measured					66%
You need to spend money to enjoy life	Not measured					63%
Seek financial advice from family and friends	Not measured					60%
Always looking out for latest financial services products	Not measured					46%
Happy to buy financial products in internet	Not measured					22%

One of the most significant definers of differences in attitude and behaviour remains income. There are also differences along racial lines but largely, these stem from differences in economic status and level of education more than anything else.

In addition to finance specific statements, respondents are asked the extent to which they do (or don't) agree with some more general attitudes.

It is worth noting the increased levels of agreement with two "dependency" statements, as well as the inverse relationship with income.

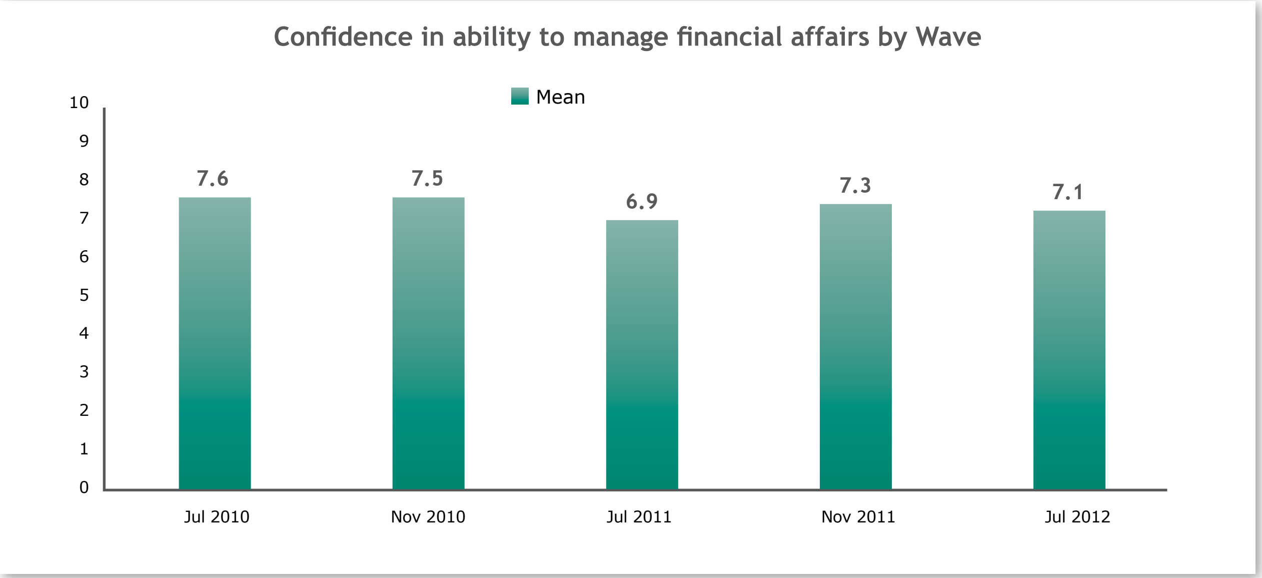
- "My children should look after me when I am old".
- "The government will look after me if I am unable to look after myself".

	Nov-09	Jul-10	Nov-10	Jul-11	Nov-11	Jul-12
My children should look after me when I am old	30%	26%	38%	34%	35%	40%
The government will look after me if I am not able to look after myself	29%	30%	30%	32%	29%	38%

July 2012	Less than R6 000	R6 000 to R13 999	R14 000 to R19 999	R20 000 to R39 999	R40 000 or more
My children should look after me when I am old	52%	43%	36%	28%	24%
The government will look after me if I am not able to look after myself	52%	40%	32%	25%	19%

13. CONFIDENCE IN FINANCIAL DECISION MAKING

July 2011 saw a sharp drop in confidence levels with regard to financial decision making, amongst lower income groups in particular. The take out at that stage was that consumers were "rattled". Confidence levels improved in November 2011 and although now marginally down are still above the low recorded in July last year.



Confidence levels continue to correlate positively with income.

14. SOURCES OF FINANCIAL INFORMATION

South Africans continue to look to multiple sources for financial information and advice. The most pervasive sources of information are word of mouth (speaking to friends and colleagues) and financial advisers. As has been the case historically, reliance on financial advisers increases with income.

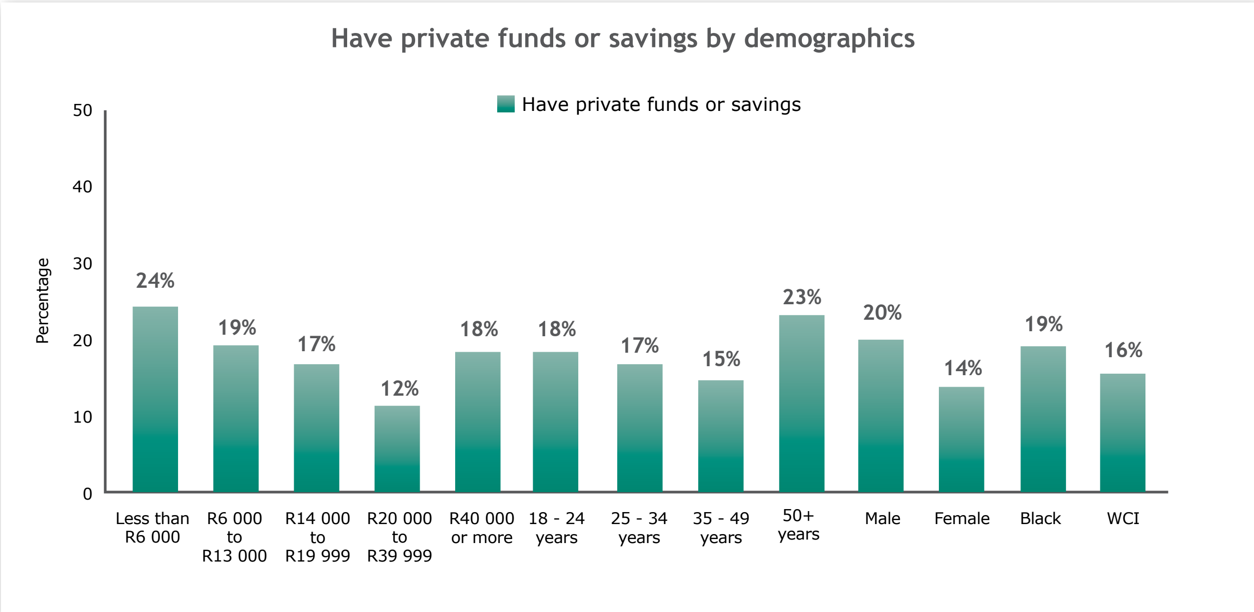
Primary source of personal financial information and advice:

	Nov-09	Jul-10	Nov-10	Jul-11	Nov-11	Jul-12
Financial adviser	15%	28%	29%	41%	36%	41%
Word of mouth	30%	33%	30%	18%	35%	23%
Television	16%	14%	15%	10%	10%	10%
Newspapers	11%	11%	9%	8%	7%	6%
Radio	8%	6%	5%	7%	4%	4%
General magazines	3%	1%	2%	7%	1%	1%
Internet	7%	5%	5%	6%	5%	8%
Business magazines	1%	1%	2%	1%	0%	1%

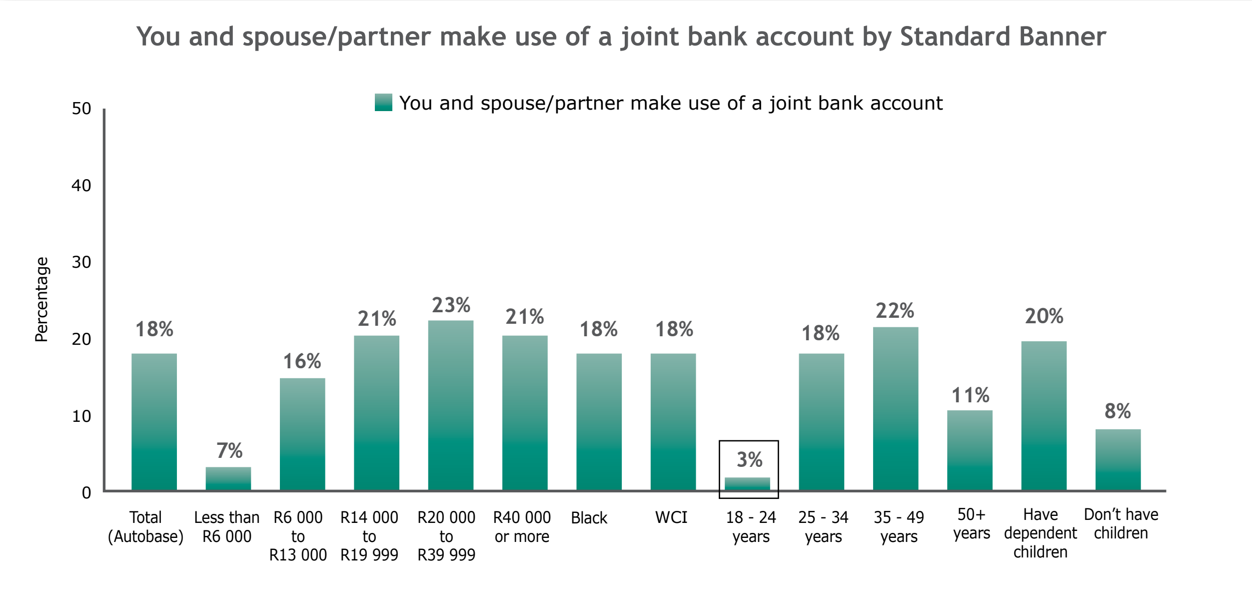
In this July 2012 measure a series of questions were added to explore recency of contact with a financial adviser and reasons for contact. 37% of metro working South Africans have never consulted a financial adviser. Of the 65% who have, for 19% of them it was a once off.

15. A CLOSER LOOK AT COUPLES

18% (i.e. just under one in 5) admit that they have a private store of funds that their partner is not aware of. Incidence is highest amongst lower income couples, and it is men rather than women who are more likely to hold private reserves.



18% of partnered respondents make use of a joint bank account, and this rises to 23% amongst couples where both partners are working.



16. A CLOSER LOOK AT WOMEN

A note on differences in sample profile

In analysing the results with a view to finding a female perspective we have compared men and women, moms and dads, moms and dads in partnership and single women. In defining "moms" and "dads" we have included all who have children who are dependent on them (these need not be their own children nor do they need to live in the same household.)

It is however important to bear in mind the profiles of these segments. Single mothers in particular are biased Black and lower income and in many instances it will be the lower income profile rather than "single motherhood" that drives her usage and attitude.

In interpreting these results the following should be borne in mind:

- Men and women are on equal footing as regards household income but women have lower personal incomes.
- Single mothers: bias black, lower income, still live at home with parents.
- Moms and Dads generally are older (bias 35 – 49 years).
- Women are more likely than men to work part time as against full time.
- All mom's (single or otherwise) bias Black.

Savings and investment vehicles used

Moms (partnered and single) are greater users of informal savings vehicles and the incidence of precautionary savings (insurance and medical aid) is highest amongst partnered parents and lowest in the most vulnerable segment (single moms).

July 2012	Total	Male	Female	Dads	Moms	Single mom	Dads in partnership	Moms in partnership
Banked cash savings	44%	44%	42%	45%	42%	41%	46%	46%
Informal saving	51%	48%	55%	52%	63%	62%	48%	60%
Formal savings products and policies	83%	83%	82%	90%	88%	88%	93%	89%
Investments	6%	6%	6%	7%	6%	4%	10%	8%
Alternative investments	1%	1%	0%	1%	0%	0%	2%	0%
Insurance and precautionary savings	50%	48%	52%	55%	48%	34%	64%	69%
Bonds	2%	2%	2%	3%	4%	1%	4%	7%

Looking at informal savings vehicles filtered by Black respondents. Note the generally higher incidence amongst Black women as against Black men, with regards to grocery schemes in particular.

Black, July 2012	Total	Male	Female	Dads	Moms	Single mom	Dads in partnership	Moms in partnership
Savings club/friends/ stokvel	51%	46%	58%	49%	57%	53%	51%	61%
Burial society	38%	34%	44%	35%	45%	37%	38%	59%
Grocery scheme	15%	5%	31%	6%	35%	33%	9%	31%
Cash savings - not banked	4%	5%	4%	5%	4%	1%	5%	9%

Looking at formal savings policies and precautionary savings the following is worth noting:

- Highest incidence of "protective" policies amongst Dads and Dads in partnership in particular: life cover, short term insurance and medical aid.
- All parents bias on education policies with the exception of single moms – this may be due to affordability and / or the failure of formal institutions to offer a product that suits the needs of single mothers.
- Lack of insurance and medical cover for single moms.

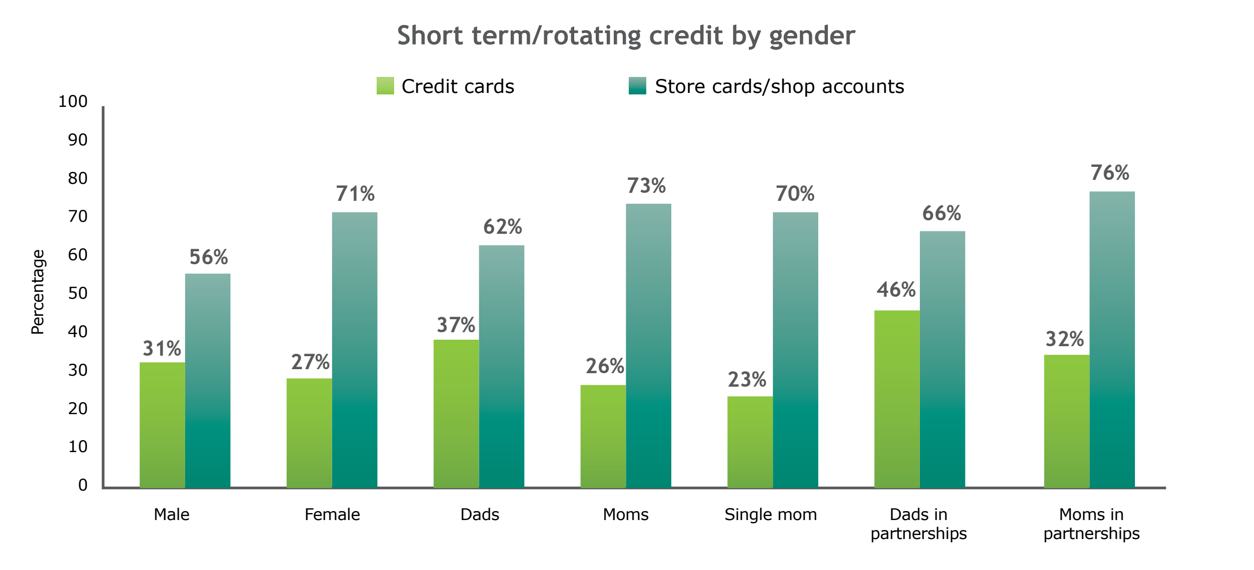
July 2012	Total	Male	Female	Dads	Moms	Single mom	Dads in partnership	Moms in partnership
Endowment policies	11%	12%	9%	14%	10%	7%	17%	13%
Retirement annuities	24%	24%	23%	28%	22%	17%	31%	31%
Pension or provident fund	49%	52%	44%	61%	49%	42%	66%	61%
Education policies	21%	22%	21%	32%	30%	25%	36%	39%
Funeral policies	66%	65%	66%	75%	76%	78%	75%	72%
Life assurance/death and disability policies	31%	33%	28%	40%	30%	21%	51%	43%
Unit trusts	3%	3%	4%	3%	3%	2%	5%	6%
Listed shares	3%	3%	2%	4%	3%	1%	6%	5%
Short term insurance	33%	32%	34%	38%	28%	18%	50%	44%
Medical insurance/ medical aid	42%	42%	43%	50%	42%	28%	58%	61%

Looking at formal retirement products, penetration is highest amongst Dads.

	Total	Male	Female	Dads	Moms	Single mom	Dads in partnership	Moms in partnership
Have pension or prov fund	49%	52%	44%	61%	49%	42%	66%	61%
Have RA	24%	24%	23%	28%	22%	17%	31%	31%
Have fund and RA	17%	18%	15%	21%	17%	12%	23%	25%
Have neither	44%	41%	47%	33%	46%	53%	27%	33%
Have either fund or RA	56%	59%	53%	67%	54%	47%	73%	67%

Incidence of store cards / credit cards

Female preference for store cards is notable.



Incidence of short / medium term loans

	Total	Male	Female	Dads	Moms	Single mom	Dads in partnership	Moms in partnership
Any personal loan	25%	27%	23%	31%	26%	27%	27%	23%
Personal loan from a financial institution	16%	18%	15%	22%	16%	15%	22%	16%
Personal loan from a micro lender	2%	2%	1%	2%	2%	2%	1%	1%
Personal loan from a friend/family member	8%	8%	8%	8%	9%	10%	6%	6%
Car finance	20%	21%	19%	25%	20%	12%	31%	33%
Hire purchase	16%	17%	15%	21%	15%	14%	21%	16%
Revolving credit facility	6%	8%	4%	9%	5%	3%	11%	7%
Overdraft	8%	9%	7%	11%	7%	4%	13%	11%

Savings objectives

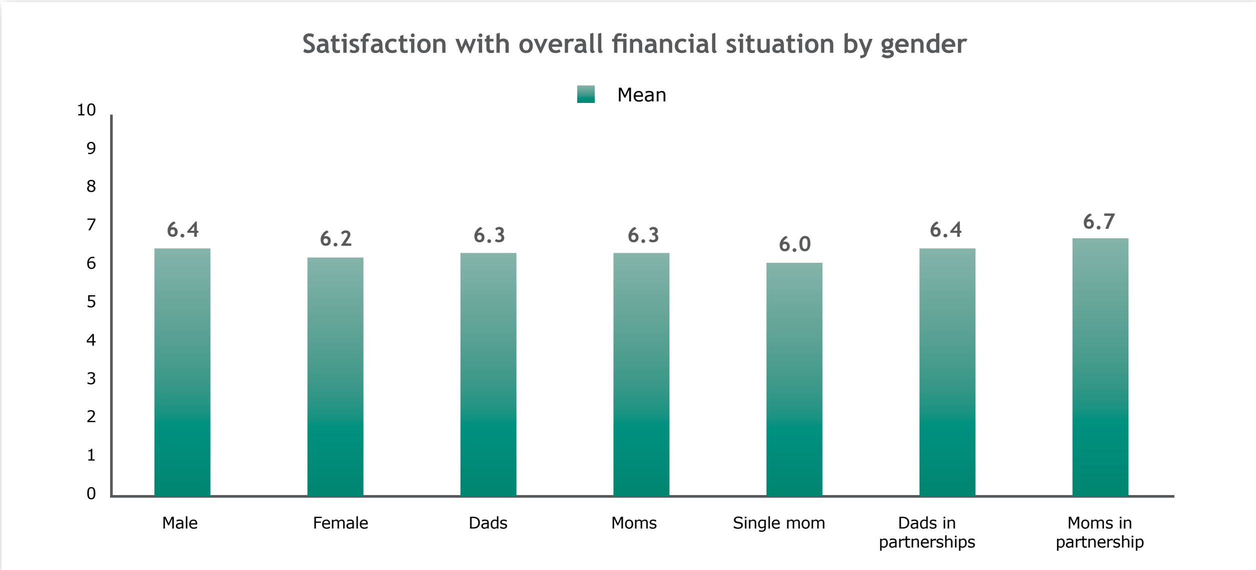
There is little difference in savings objective by gender (remember that the question is asked with reference to a household view, so amongst couples the gender effect will be muted). Age, income and parenthood are stronger determinants of savings objective.

Note the bias in favour of saving for a deposit on property amongst single moms (understandable given the high percentage of single moms that still live at home with their parents), and the bias in favour of home improvement amongst Moms in partnership. All parents are bias on saving for their children's education.

Prompted Savings Objective	Total	Male	Female	Dads	Moms	Single mom	Dads in partnership	Moms in partnership
Deposit on a home/ immovable property	22%	22%	21%	22%	22%	30%	23%	13%
Car/vehicle	20%	23%	16%	19%	11%	10%	18%	13%
To buy a specific item	14%	13%	16%	14%	18%	18%	11%	20%
Retirement/old age	35%	35%	36%	39%	35%	28%	45%	46%
Emergency expenses/ rainy day fund	39%	37%	41%	39%	43%	43%	37%	44%
Children's education	33%	31%	36%	47%	54%	55%	49%	54%
Funeral expenses	26%	24%	29%	29%	36%	40%	26%	30%
Money to start my own business	6%	8%	4%	9%	4%	6%	10%	1%
Home improvement	17%	17%	17%	21%	20%	14%	21%	27%
Furniture/home appliances	6%	7%	6%	7%	6%	7%	6%	4%
Holiday	11%	11%	13%	9%	9%	7%	11%	12%
Medical expenses	13%	13%	13%	16%	15%	14%	17%	18%
To pay off debt	17%	17%	17%	18%	20%	19%	16%	21%
No specific reason	2%	2%	3%	2%	2%	1%	1%	3%
To get married/lobola	6%	9%	2%	9%	1%	0%	5%	0%
For my studies/own education	7%	6%	7%	3%	6%	8%	3%	2%

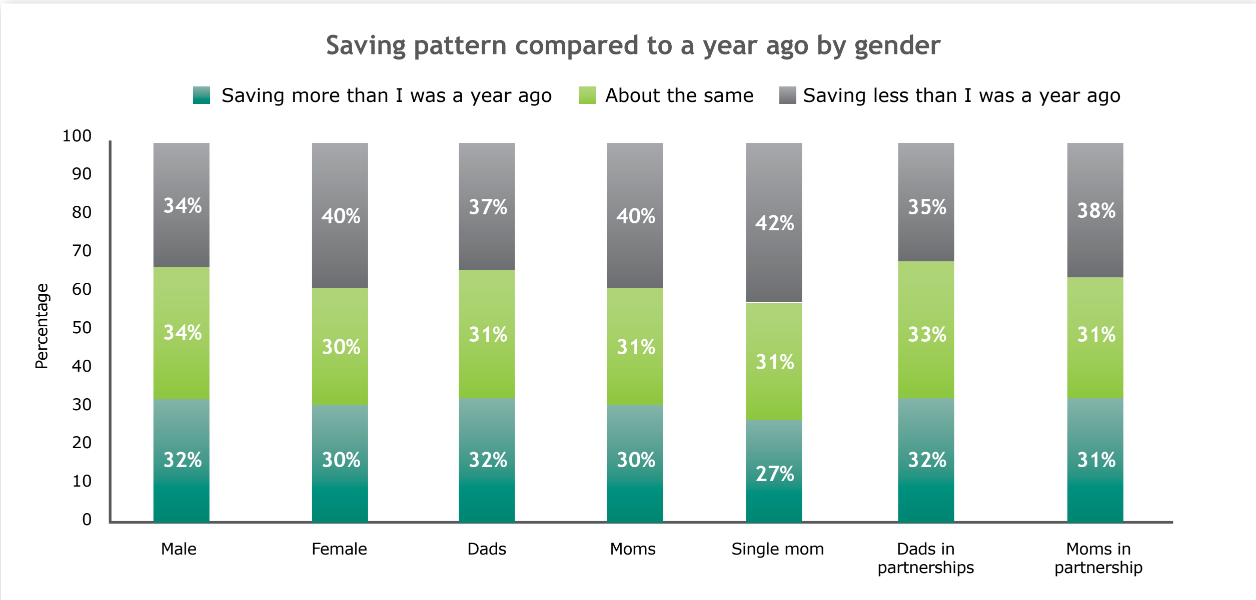
Overall satisfaction with financial position

Satisfaction levels are lowest amongst single moms (because of their lower income profile).



Savings pattern compared to a year ago

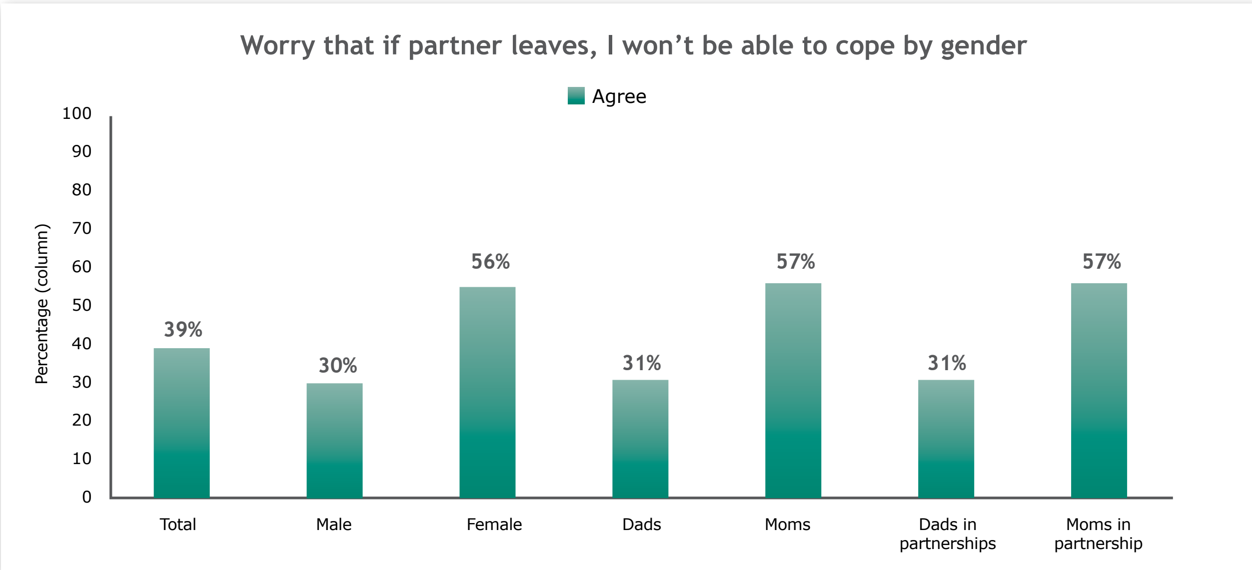
Similar pattern emerges as for current satisfaction level with those saving less biasing on single moms, because of the increased demands on income that single motherhood brings.



Attitudinal dynamics

There is little significant differences in attitude based on gender. Again the results appear to indicate that age, income, parenthood and in some instances race are stronger determinants of attitude than gender.

An aspect where the differences in attitude by gender is marked is in regard to financial vulnerability in partnerships. 39% of partnered respondents agree that they fear not being able to cope financially if their partner leaves them. And it is women in particular who feel vulnerable.



Moms (single or otherwise) bias on government reliance although this is probably due to Black and lower income segment biases. Moms are also more likely to look to their children for support later on in life.

	Total	Male	Female	Dads	Moms	Single mom	Dads in partnership	Moms in partnership
My children should look after me when I am old	40%	39%	42%	43%	52%	58%	38%	42%
The government will look after me if I am not able to look after myself	38%	36%	40%	35%	46%	50%	27%	36%

Additionally single moms are more likely to feel that:

- Their lives are not properly organised.
- They have to keep putting off plans to improve their lives.

Single moms are also more willing to sacrifice family time to get ahead in life.

Sources of personal finance / savings and investment information

No significant gender biases in relation to sources of information - income and education level is the stronger definer. Dads in partnership are the most likely to have ever consulted a financial adviser.

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