



SAVINGS &
INVESTMENT MONITOR



OLD MUTUAL SAVINGS & INVESTMENT MONITOR

RESEARCH UPDATE EDITION 9

July 2014

DO GREAT THINGS



OLDMUTUAL

WHAT IS THE SAVINGS & INVESTMENT MONITOR?

The Old Mutual Savings & Investment Monitor
is an **annual survey** 

 of metro **working South African**

saving & investment
behaviours & attitudes 

Survey is conducted bi-annually but released annually

RESEARCH METHODOLOGY

MAIN SURVEY



Tracking study to
look at trends



Face-to-face
interviews

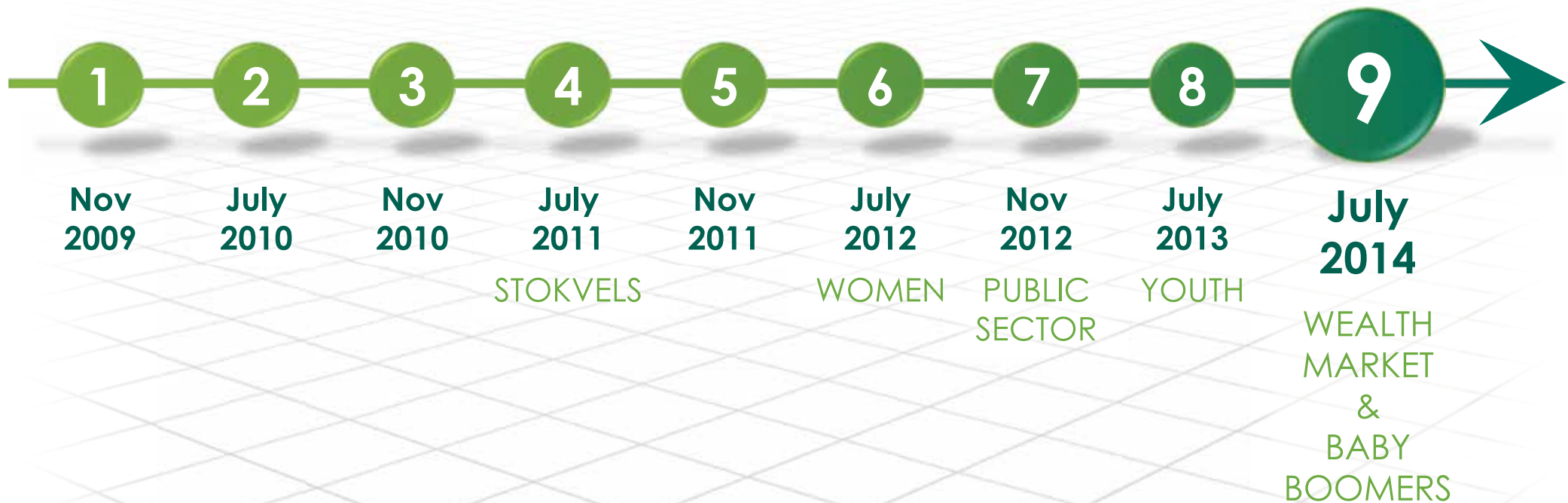


Weighted to the
SA working metro
population
(AMPS)



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



**Consumer
Confidence
Index was
- 6 in Q1 2014**



**Petrol price
highest in SA
history (5
March 2014) –
100% increase
over 5 years**

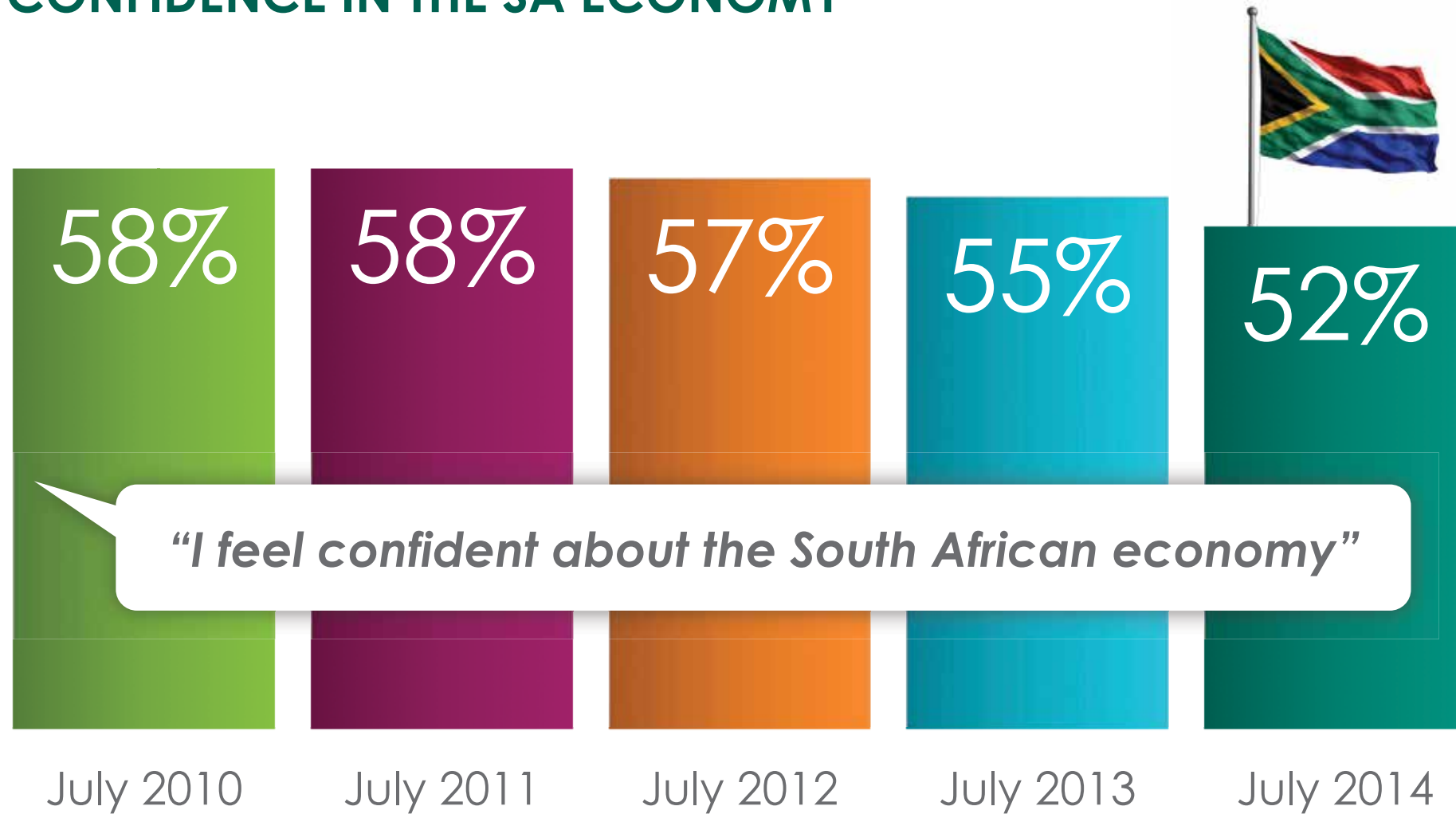


**SA CPI on the
increase –
over 6%**



**SA economy
shrunk by 0.6%
in first 3
months of 2014**

CONFIDENCE IN THE SA ECONOMY

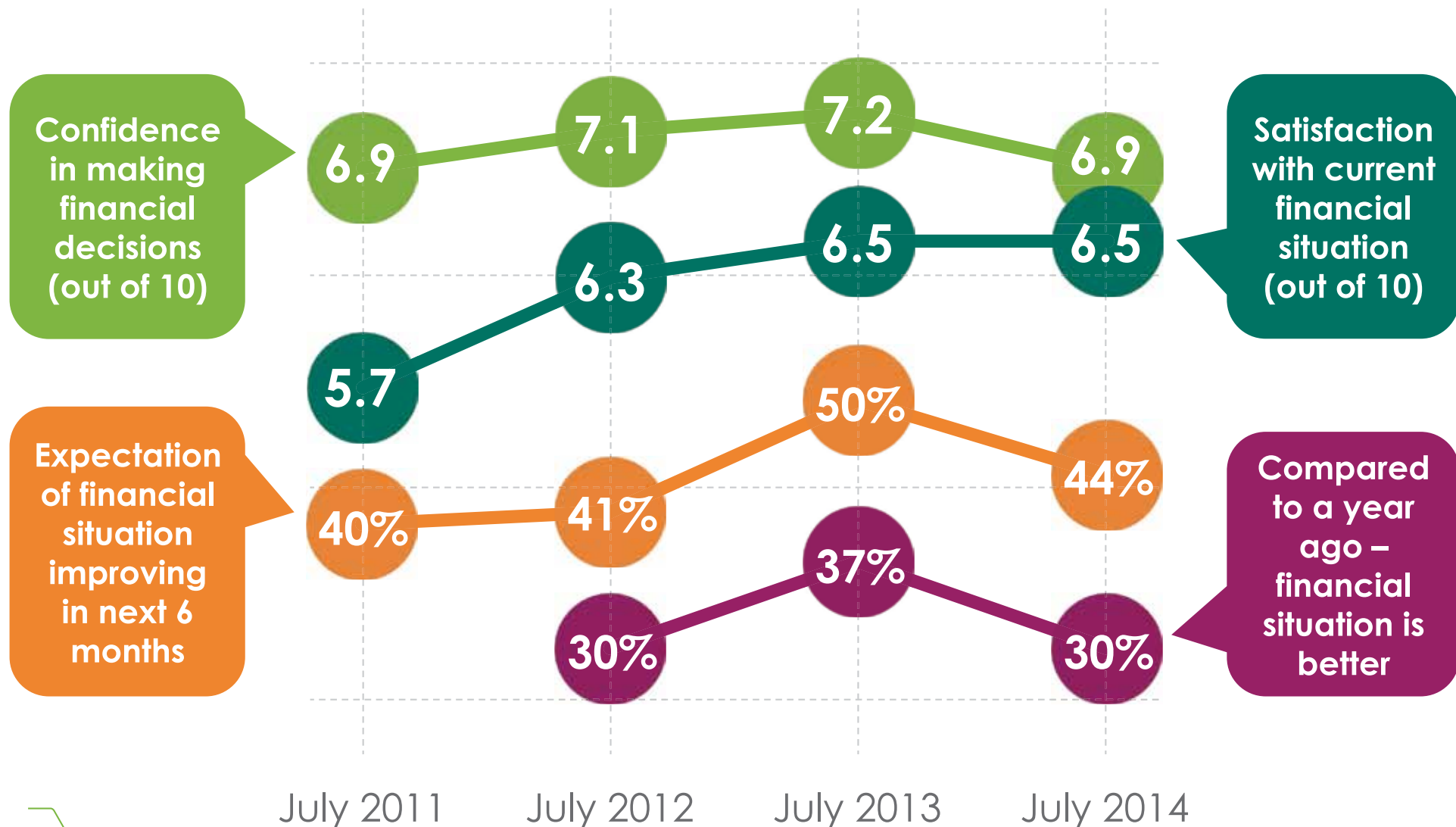


MAIN SAMPLE

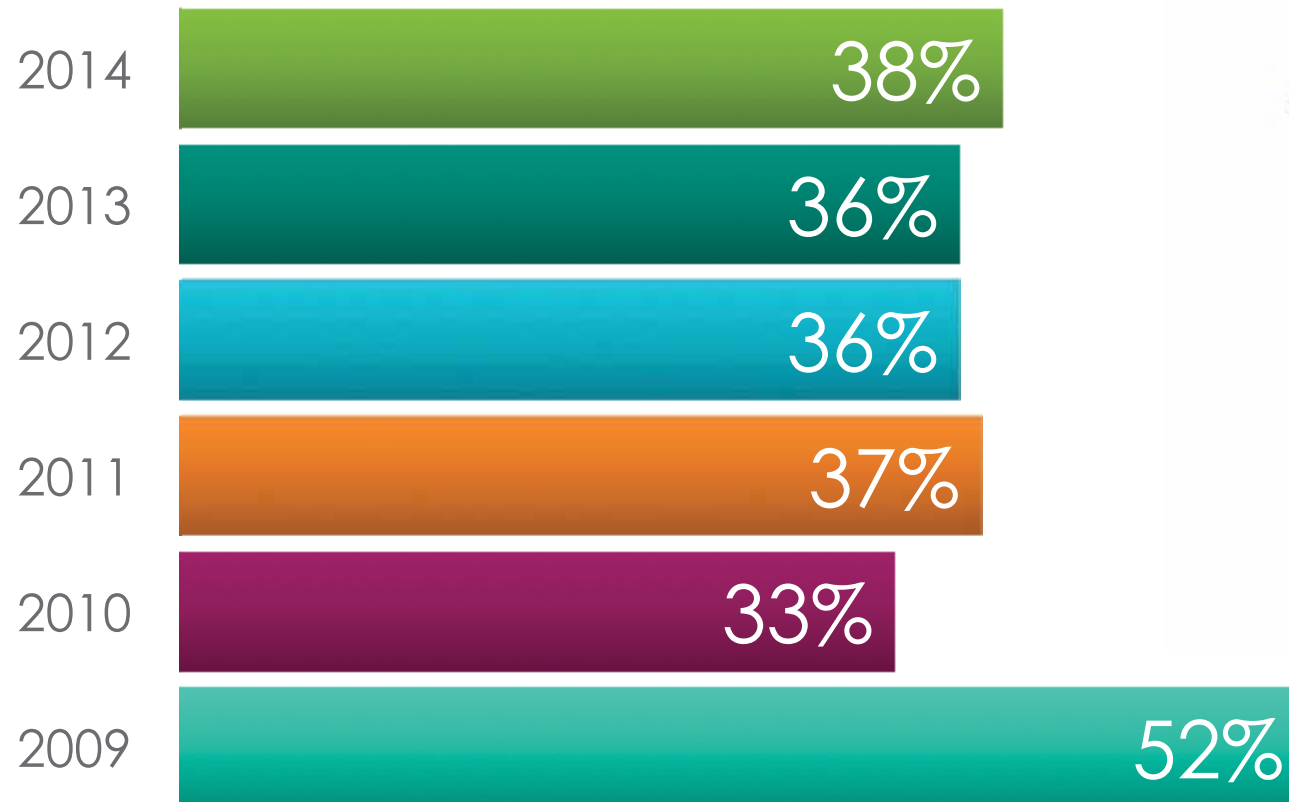
Representative of
Working, Metropolitan
Households



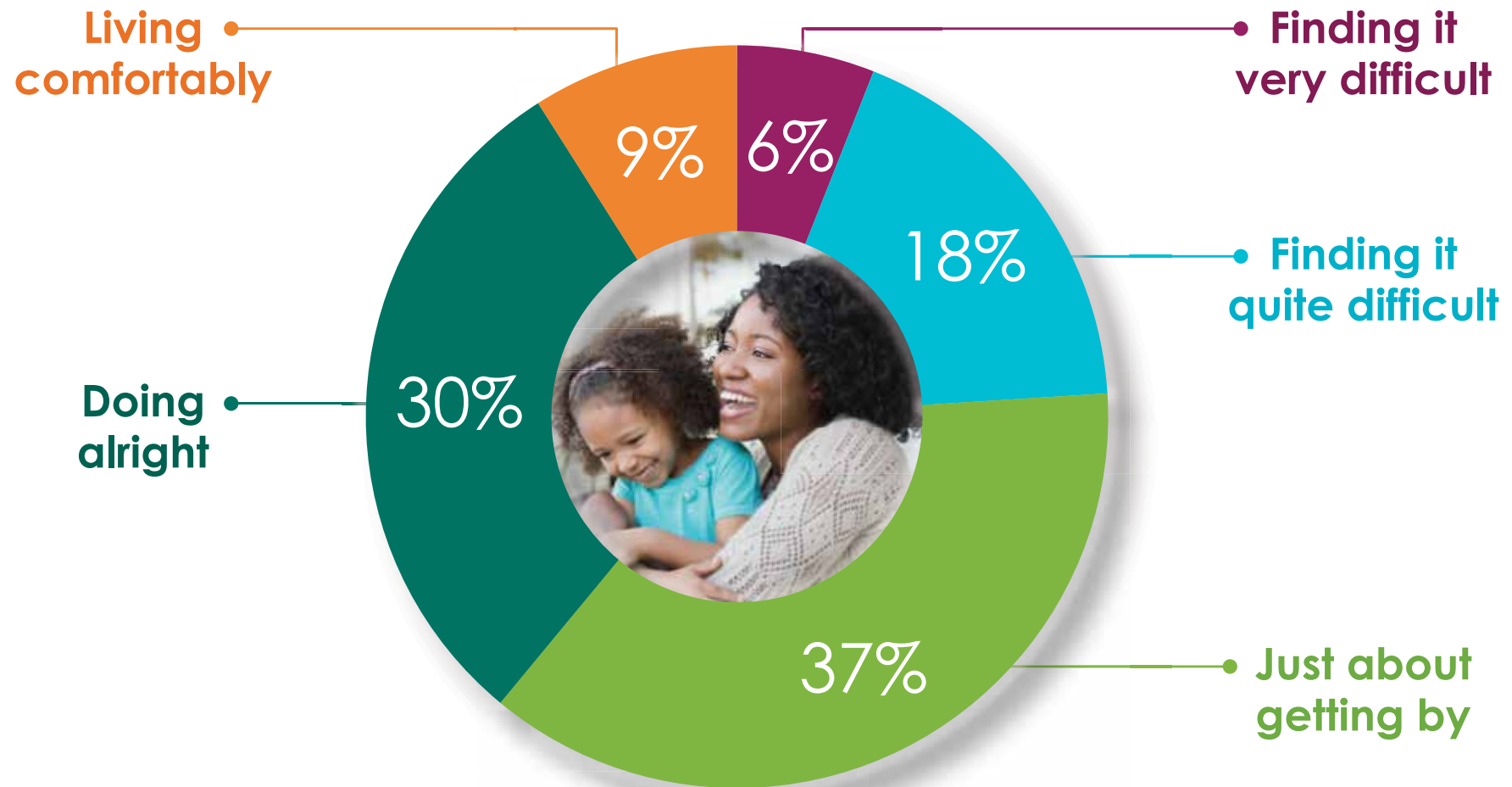
DETERIORATION IN MINDSET ABOUT FINANCES



SAVING LESS THAN A YEAR AGO

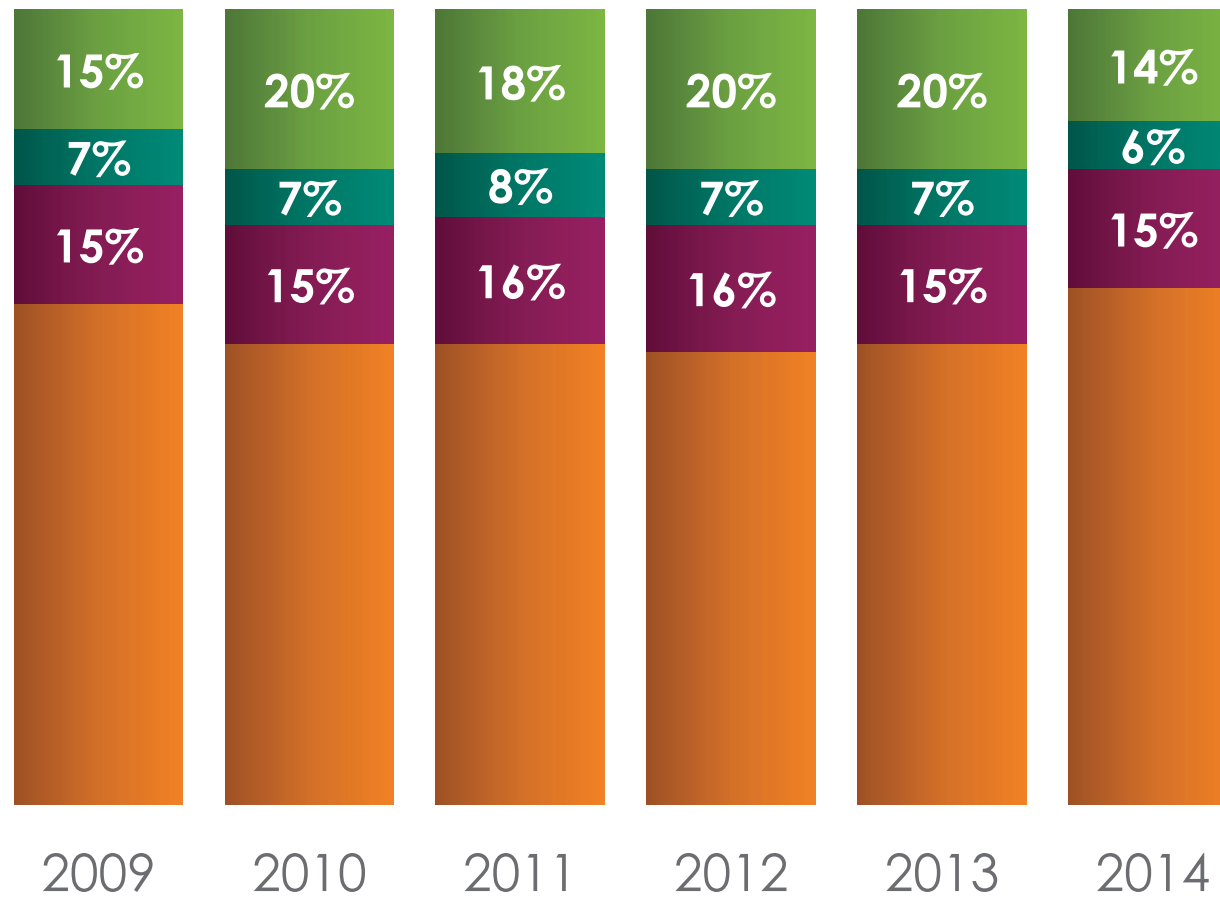


FINANCIAL HOUSEHOLD COMFORT INDICATOR

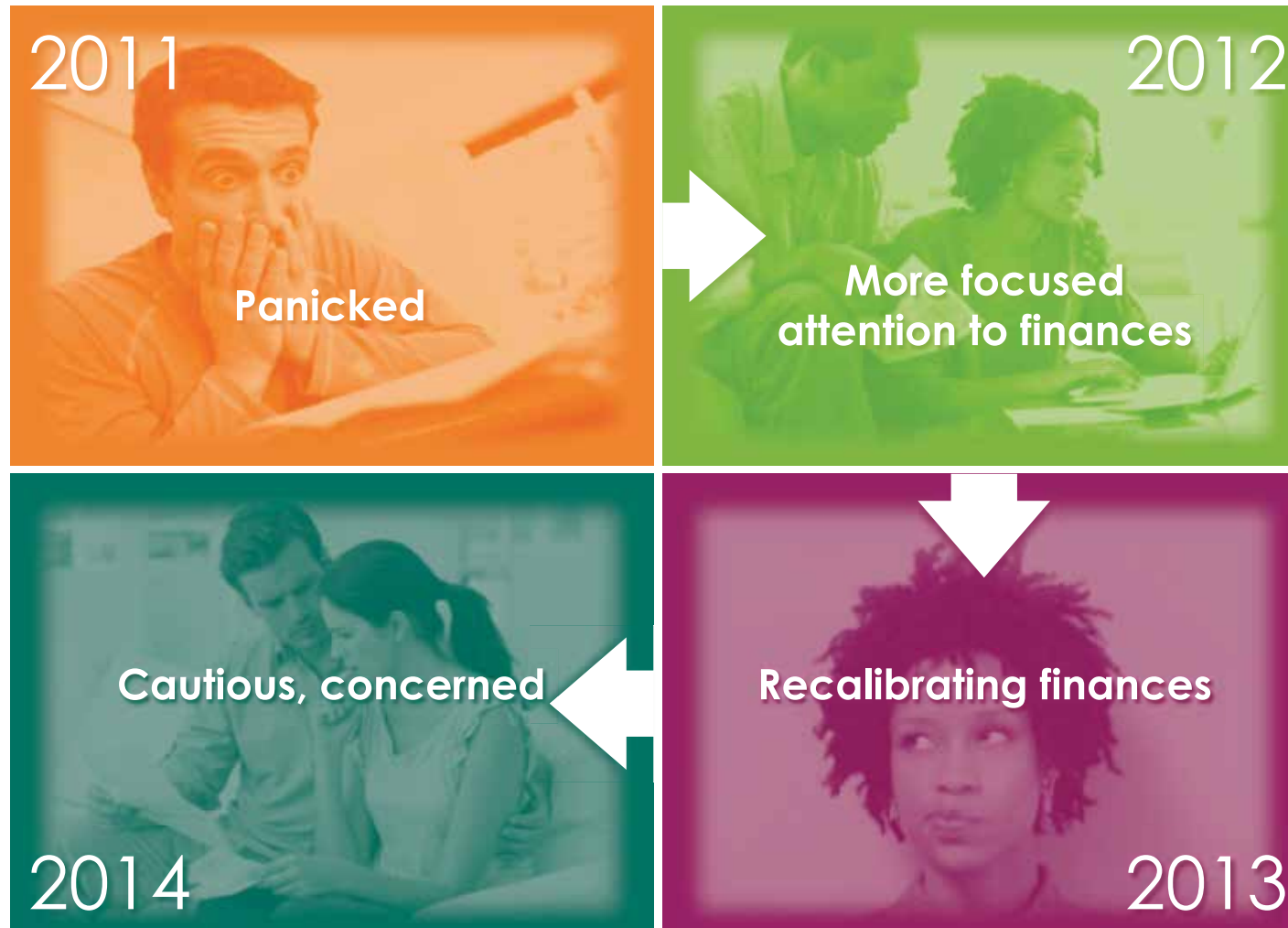


SAVINGS AS A % OF HOUSEHOLD INCOME

- Savings
- Ins. & Med. Aid
- Debt
- Consumption



FROM THERE TO HERE...

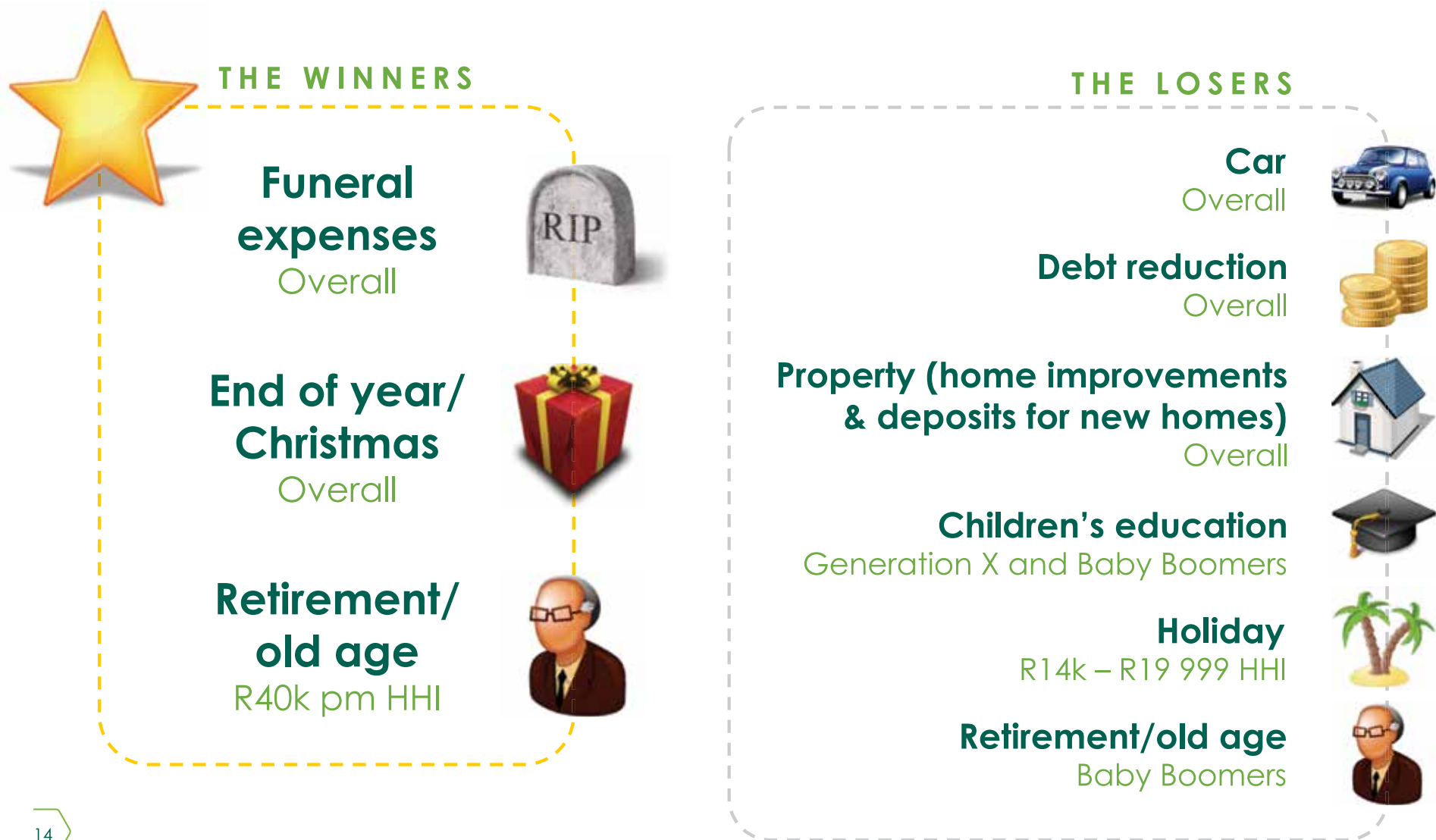




SAVINGS OBJECTIVES



SIGNIFICANT CHANGES IN SAVINGS OBJECTIVES

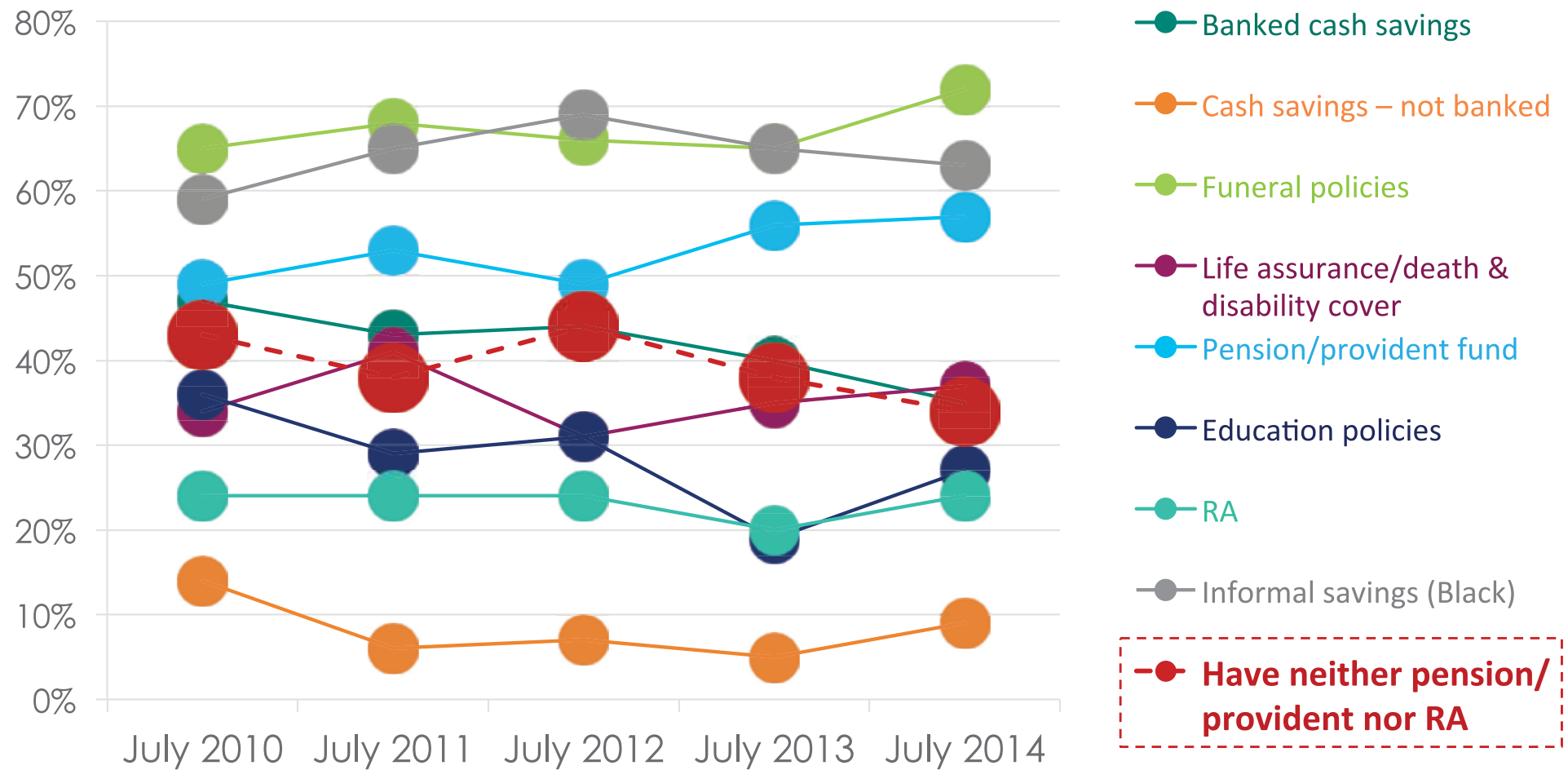


SAVINGS & INVESTMENT

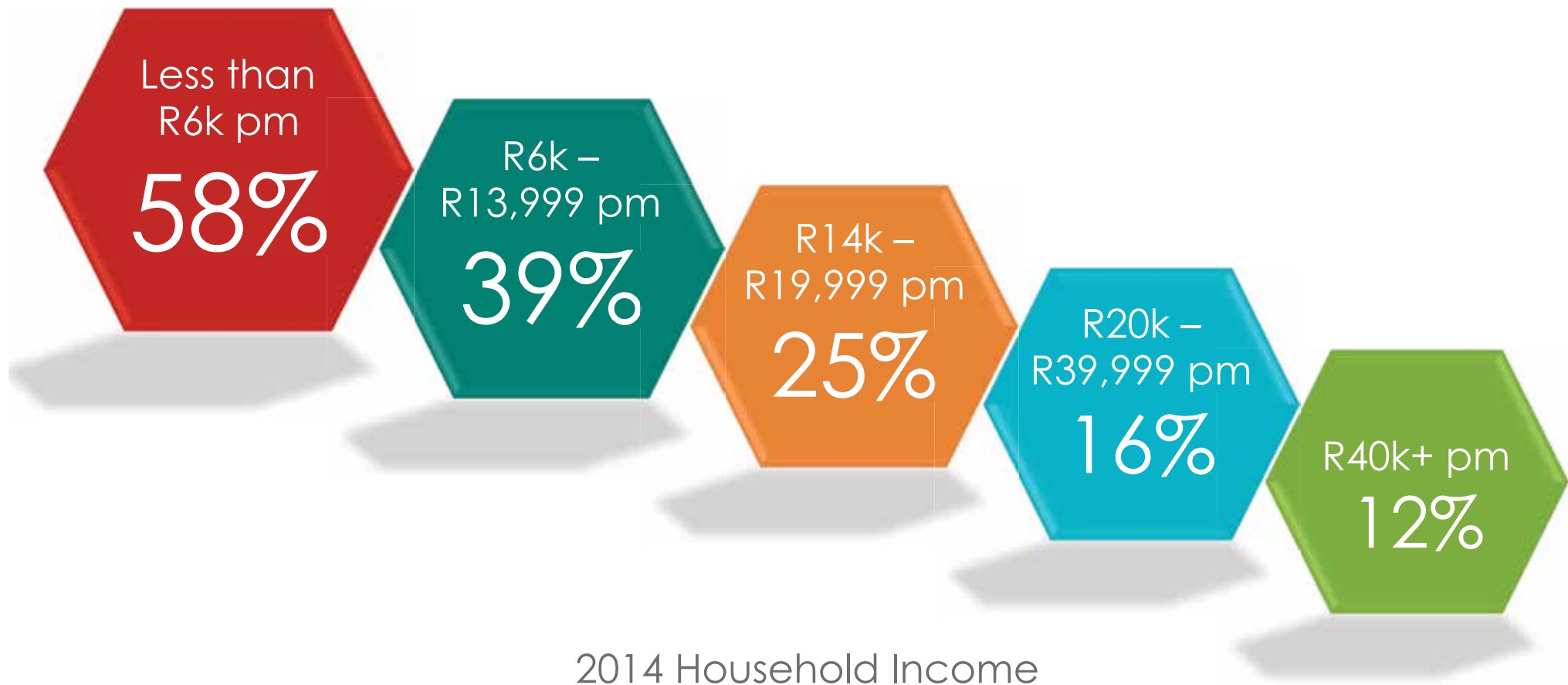
VEHICLES USED



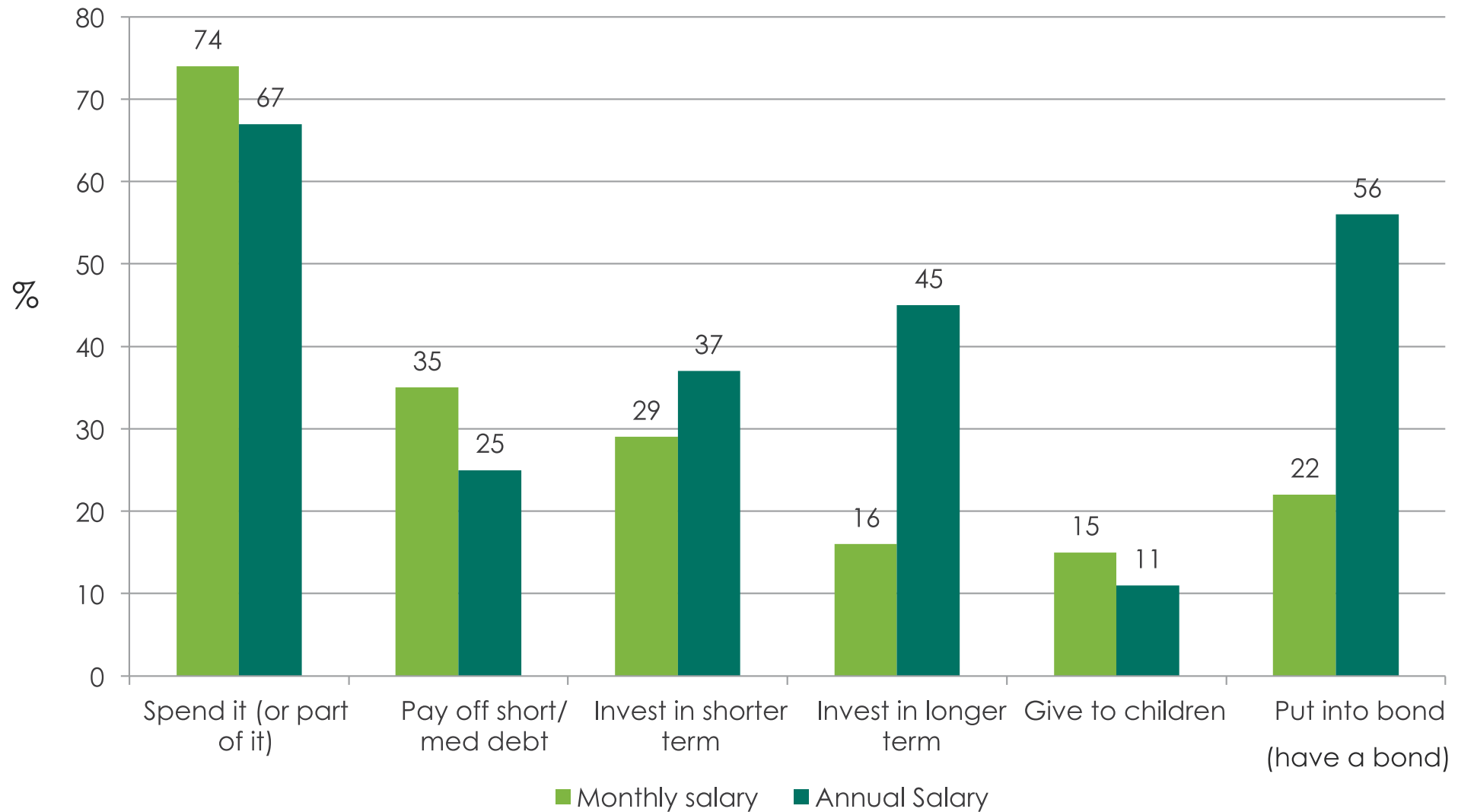
SAVINGS & INVESTMENT VEHICLES USED



HAVE NEITHER PENSION/PROVIDENT NOR RA

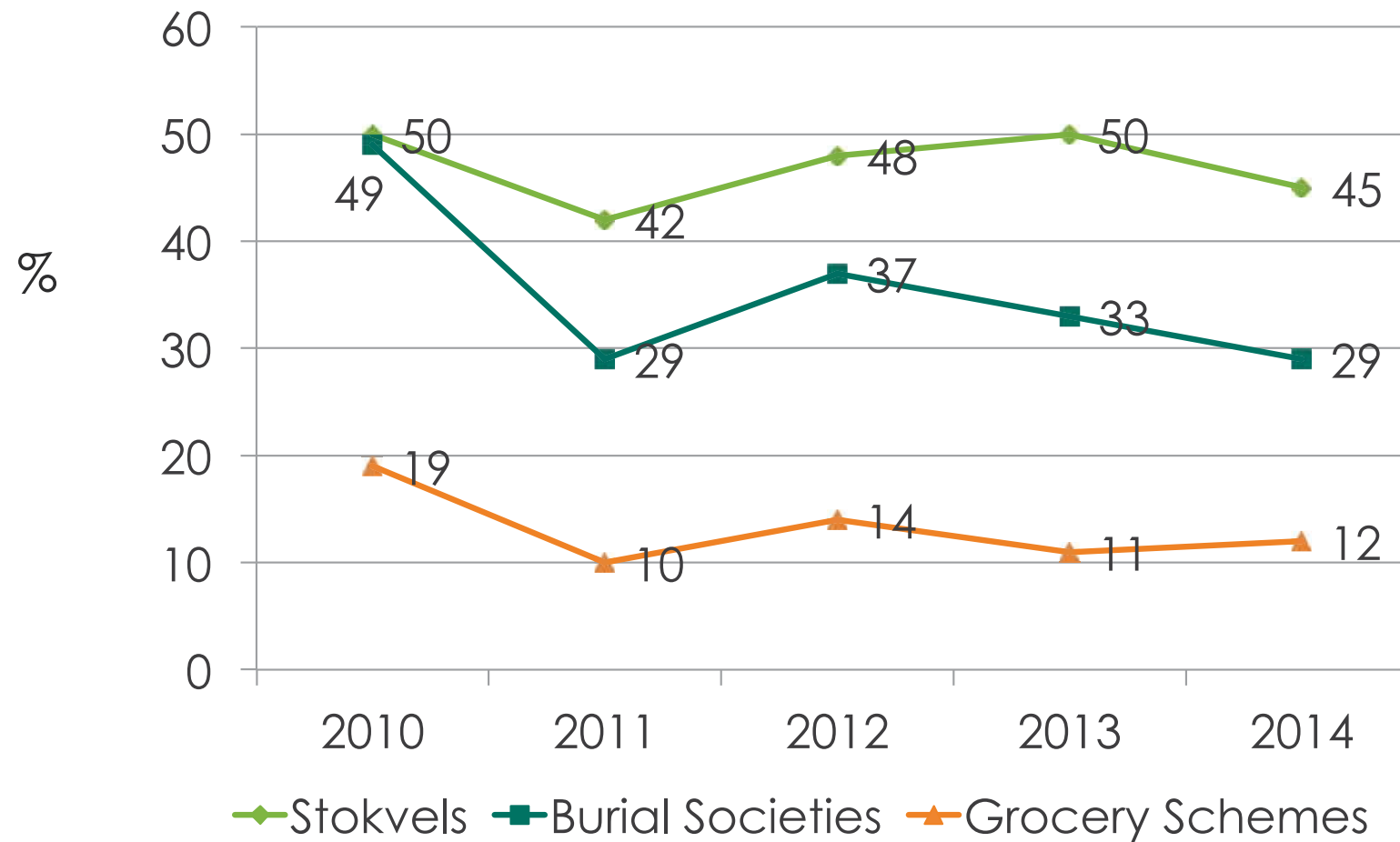


WHAT WOULD YOU DO WITH A WINDFALL?



INFORMAL SAVINGS – INCIDENCE

90% of informal savers are Black



Based on Black Households

THE SIZE OF THE STOKVEL MARKET (2013 ESTIMATION)

In 2011, Old Mutual estimated the size of the SA stokvel market to be approximately

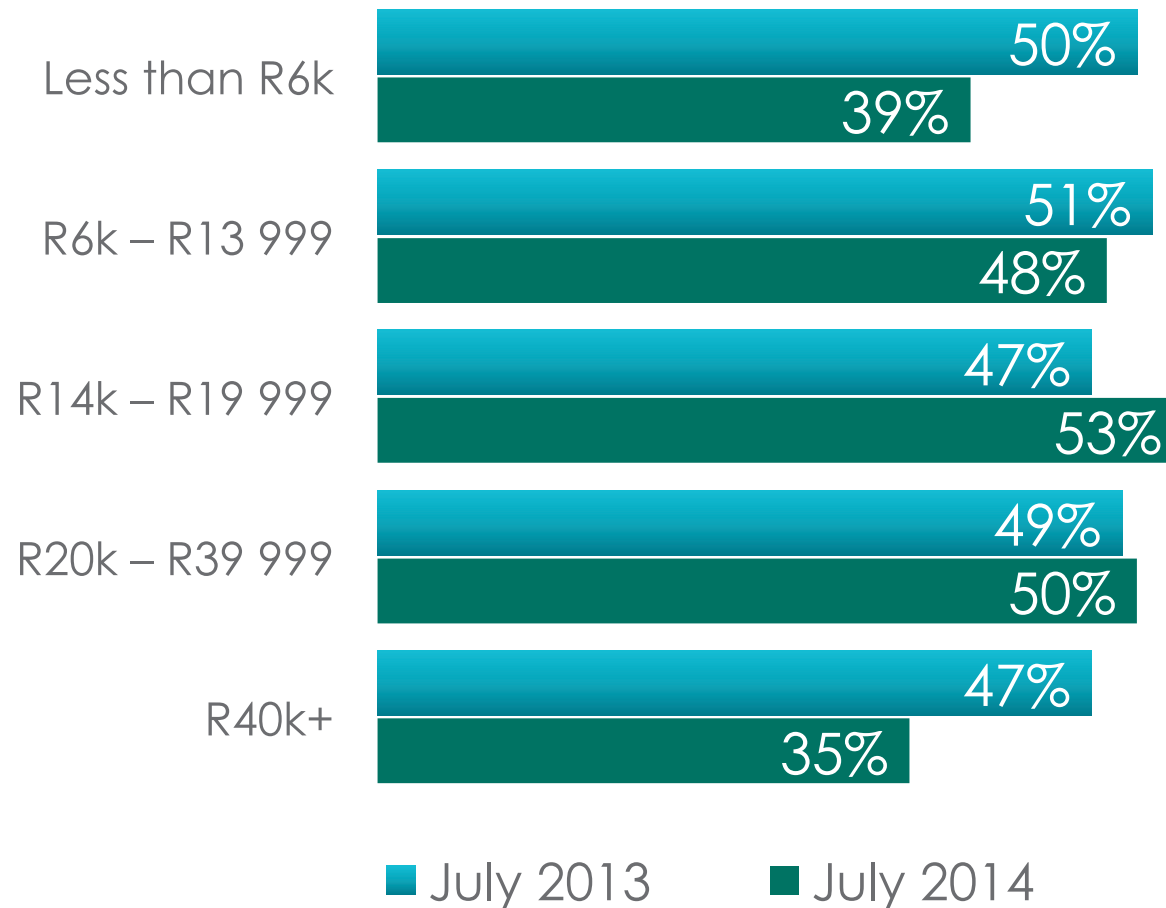
**R38.6
Billion**

The 2013 estimate was approximately

**R45.1
Billion**

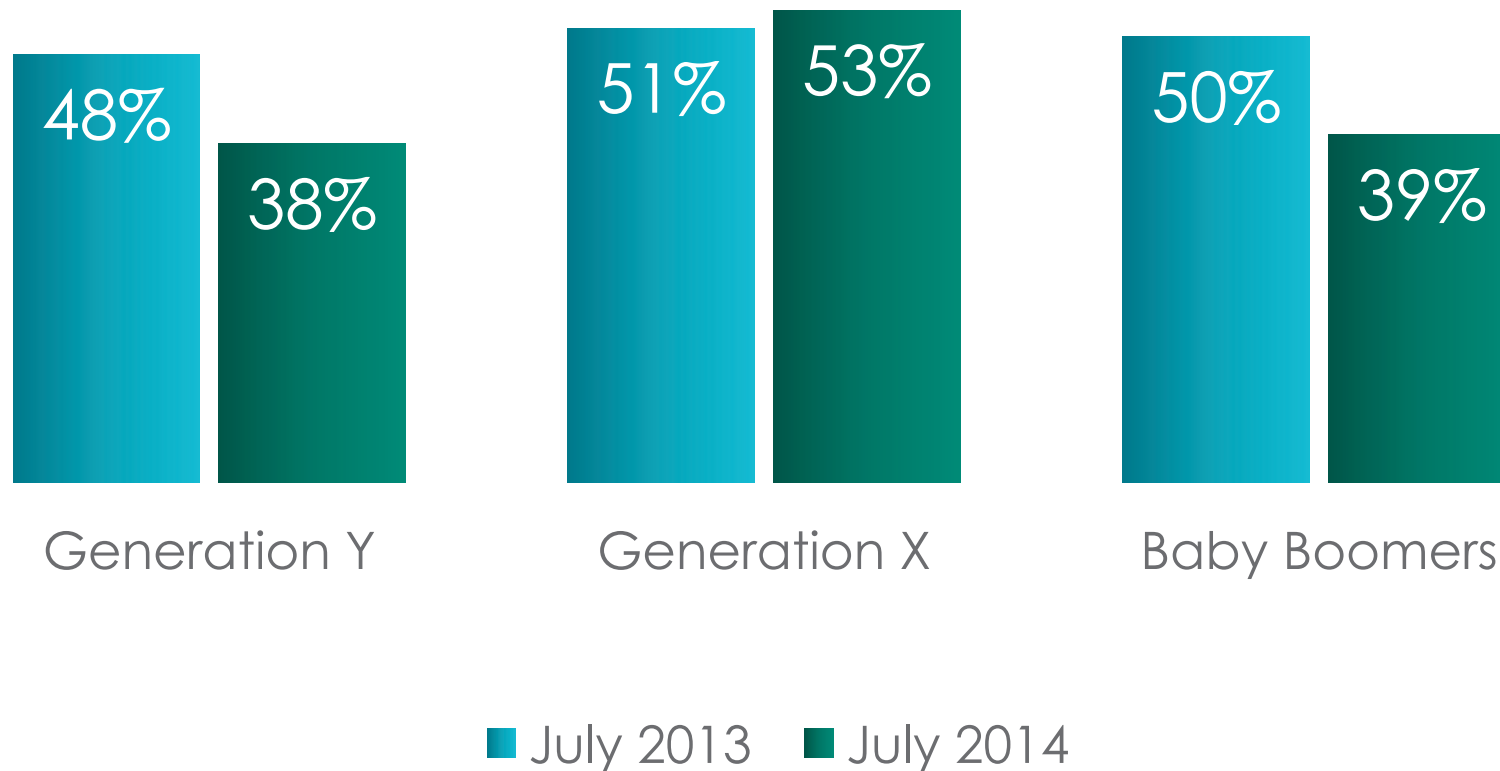
INFORMAL SAVINGS – STOKVELS

Contribute to stokvels on a monthly basis – based on Black households



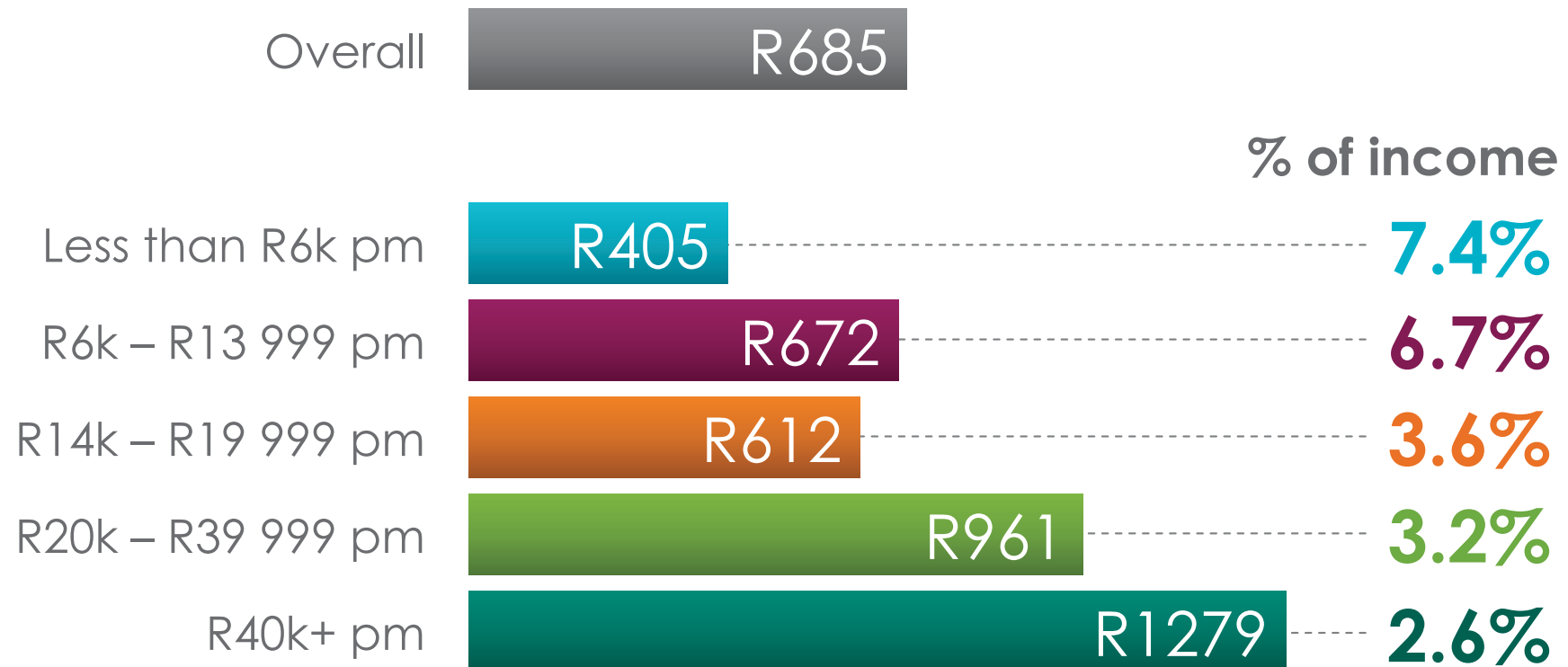
INFORMAL SAVINGS – STOKVELS

Contribute to stokvels on a monthly basis – based on Black households



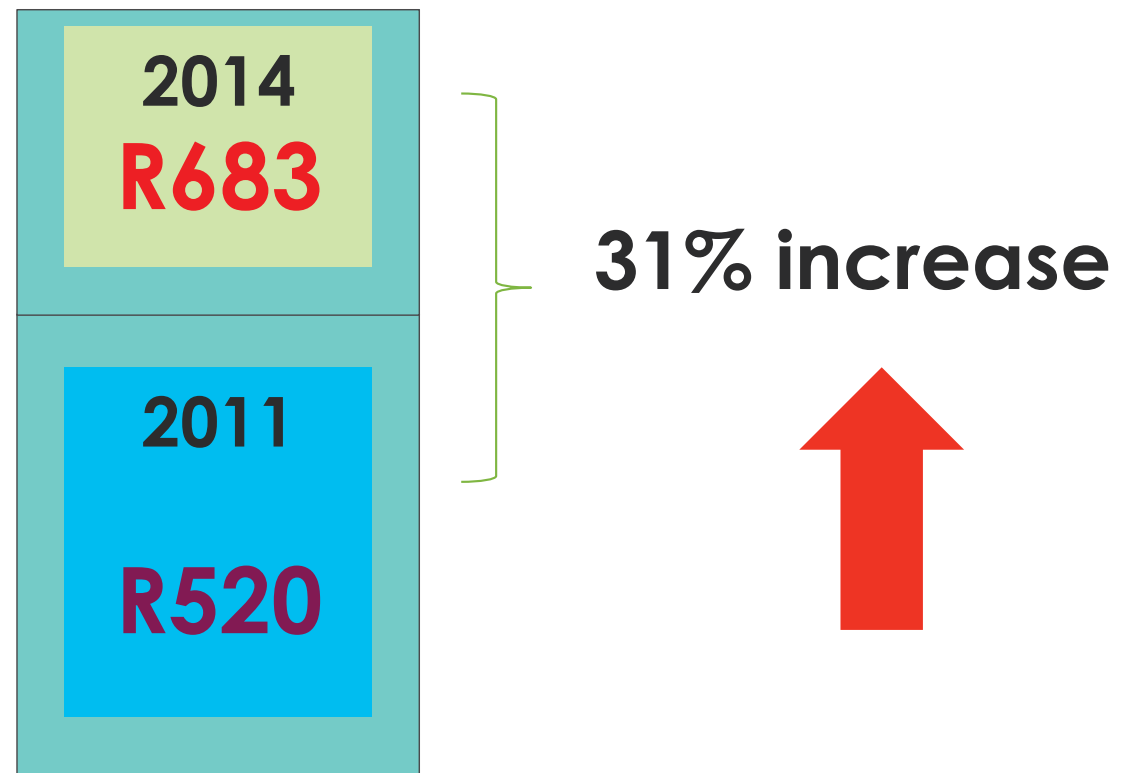
INFORMAL SAVINGS – STOKVELS

Contribution amounts



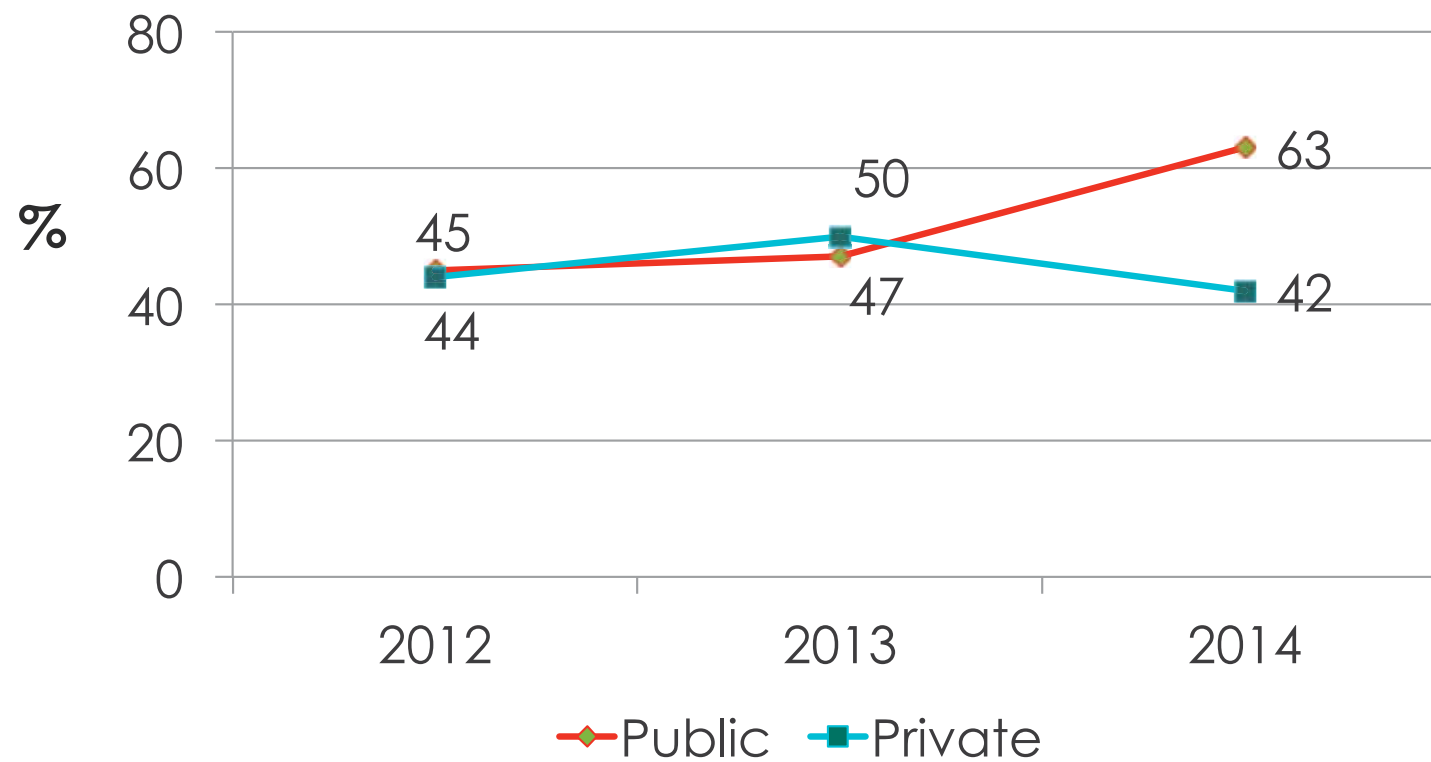
STOKVELS

Growth in contribution



STOKVELS - EMPLOYMENT SECTOR

Incidence of contributing on a monthly bases

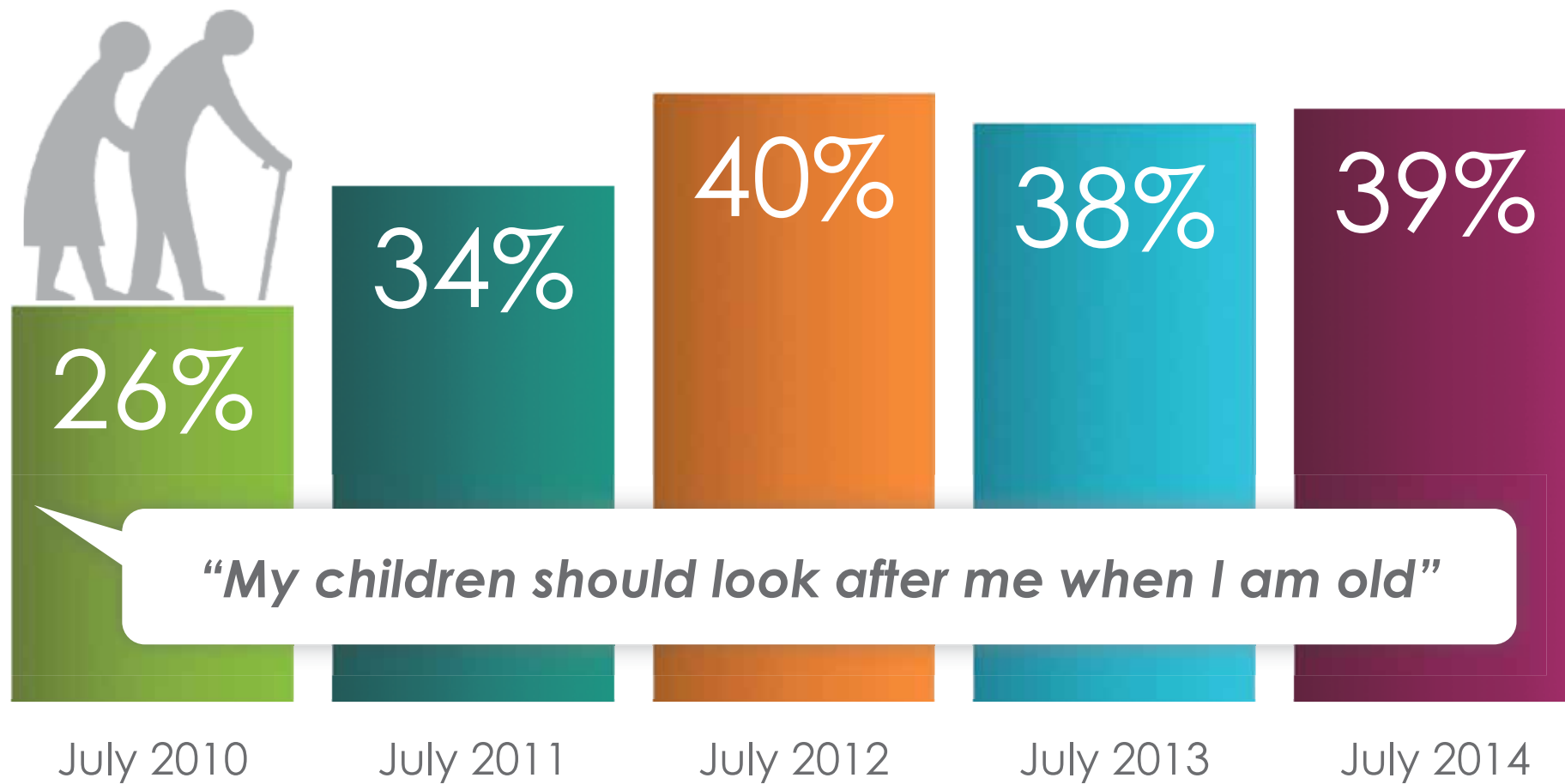


Based on Black Households



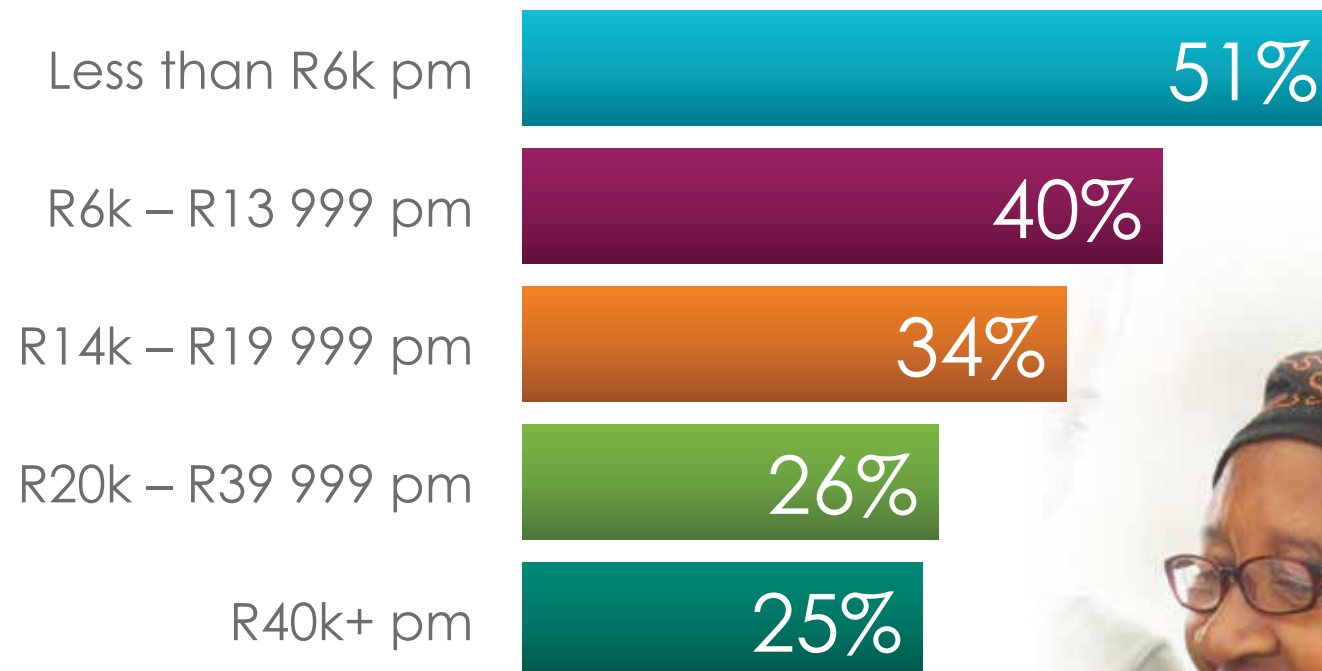
DEPENDENCY

DEPENDENCY ON CHILDREN



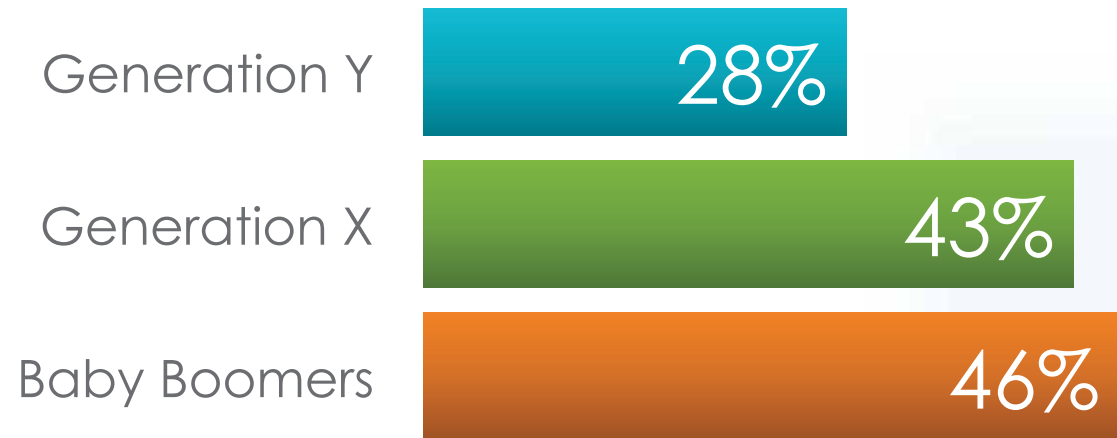
DEPENDENCY ON CHILDREN (BY INCOME)

July 2014

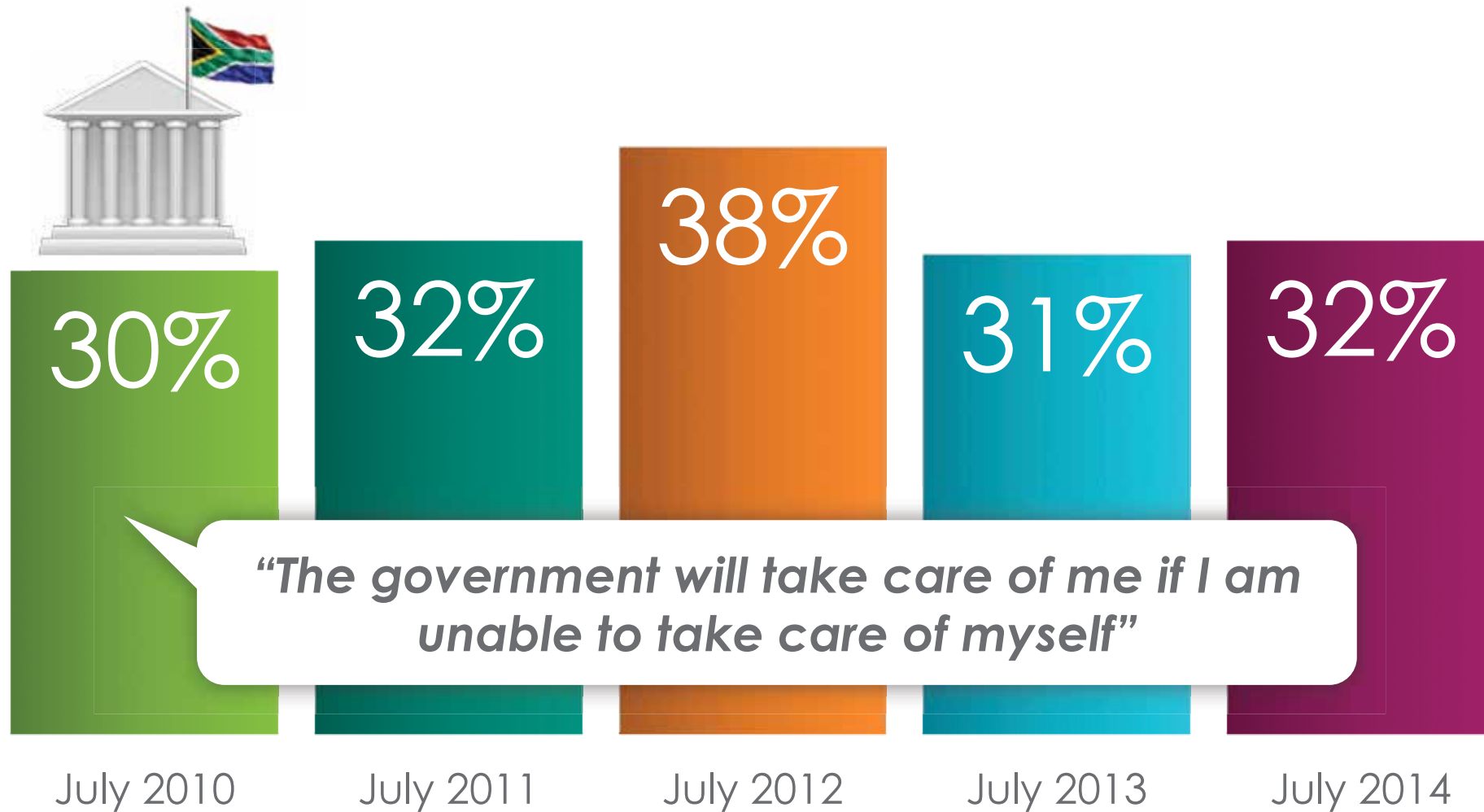


DEPENDENCY ON CHILDREN

July 2014

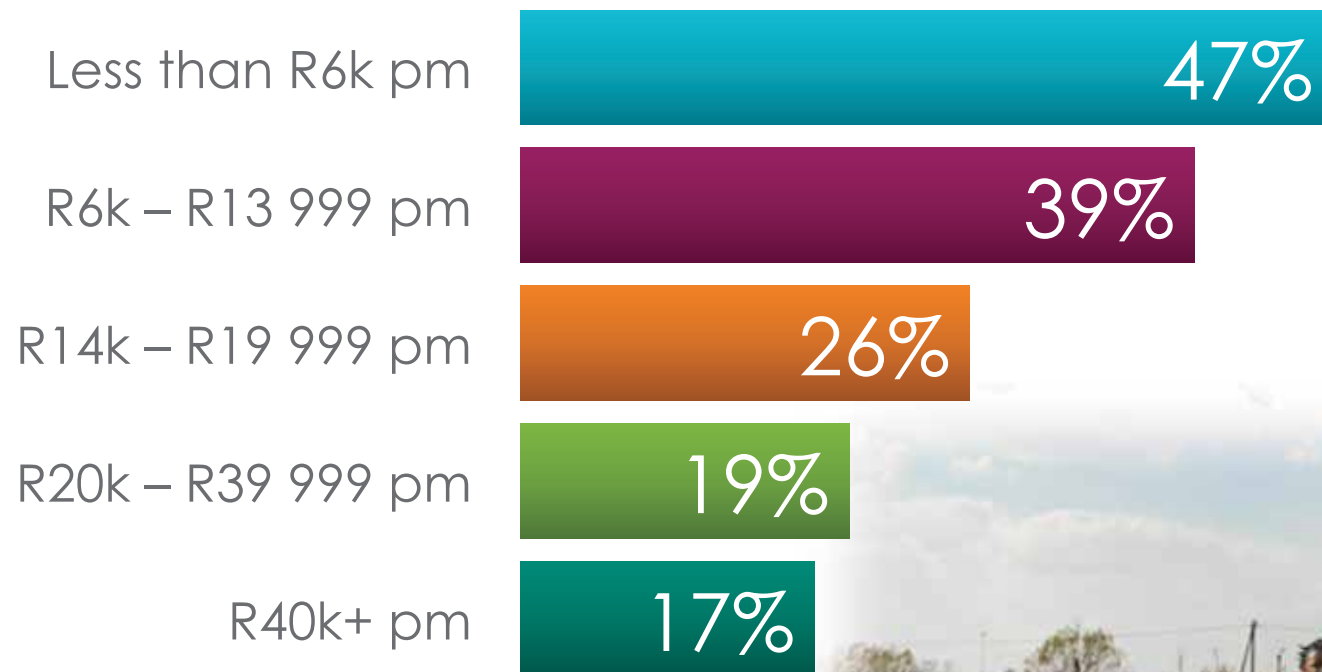


DEPENDENCY ON GOVERNMENT



DEPENDENCY ON GOVERNMENT (BY INCOME)

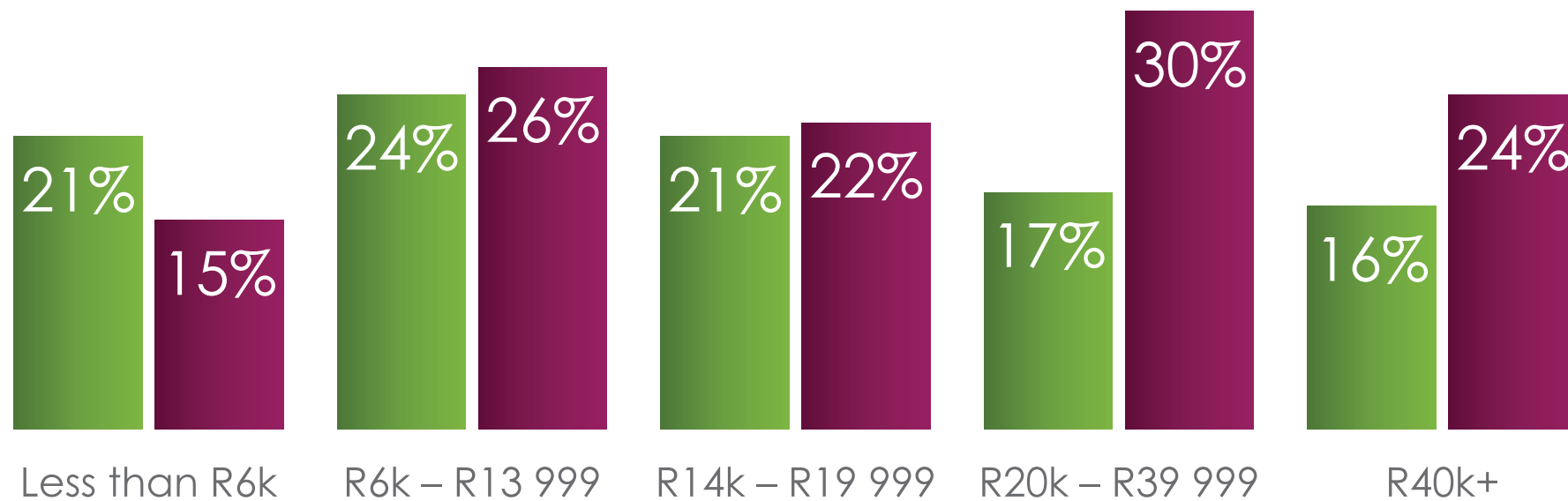
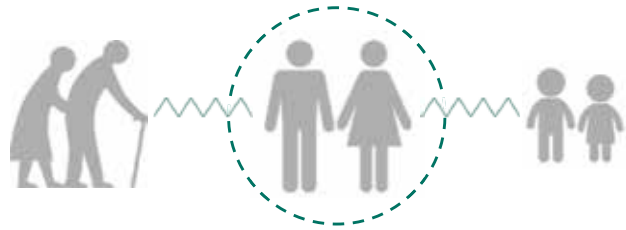
July 2014



THE OLD MUTUAL SANDWICH GENERATION INDICATOR

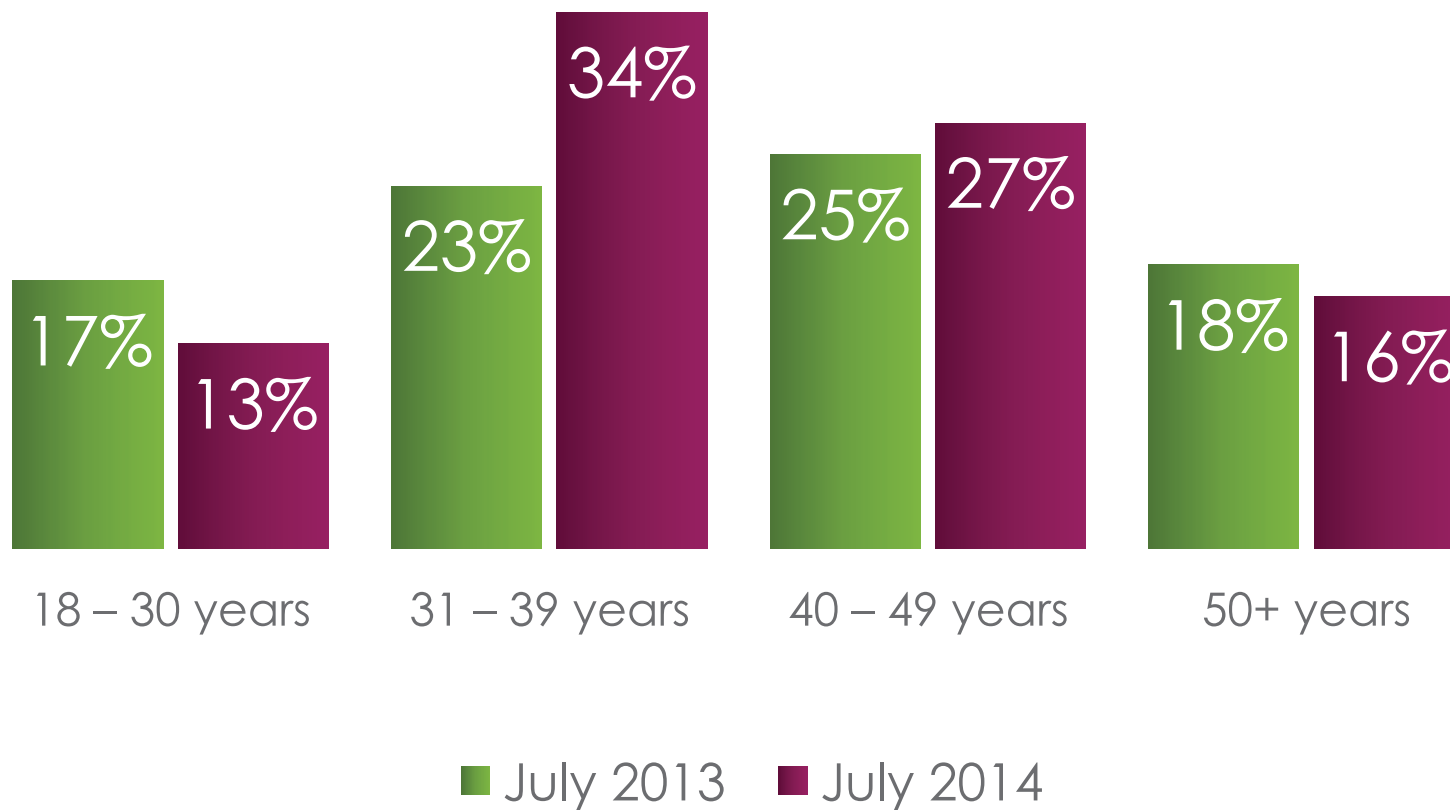
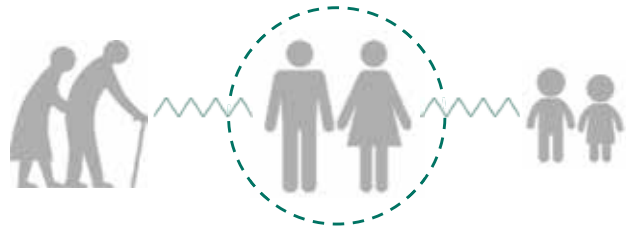


SANDWICH GENERATION (BASED ON HH INCOME)



■ July 2013 ■ July 2014

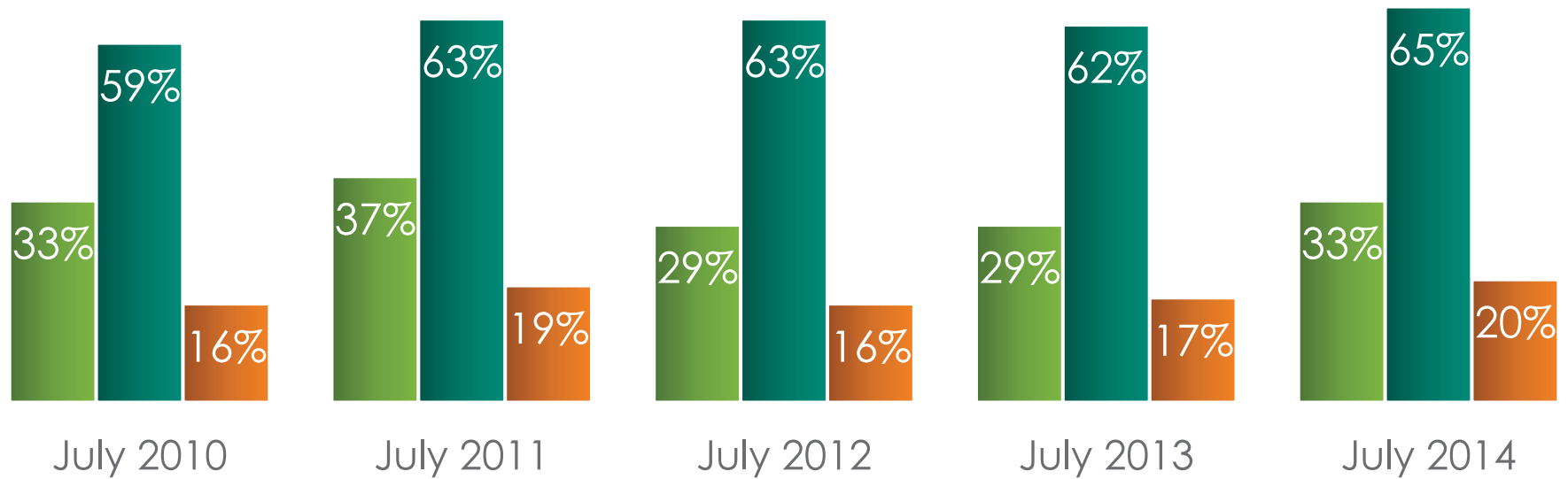
SANDWICH GENERATION (BASED ON AGE)



DEBT



DEBT



At least one
credit card



At least one
store card

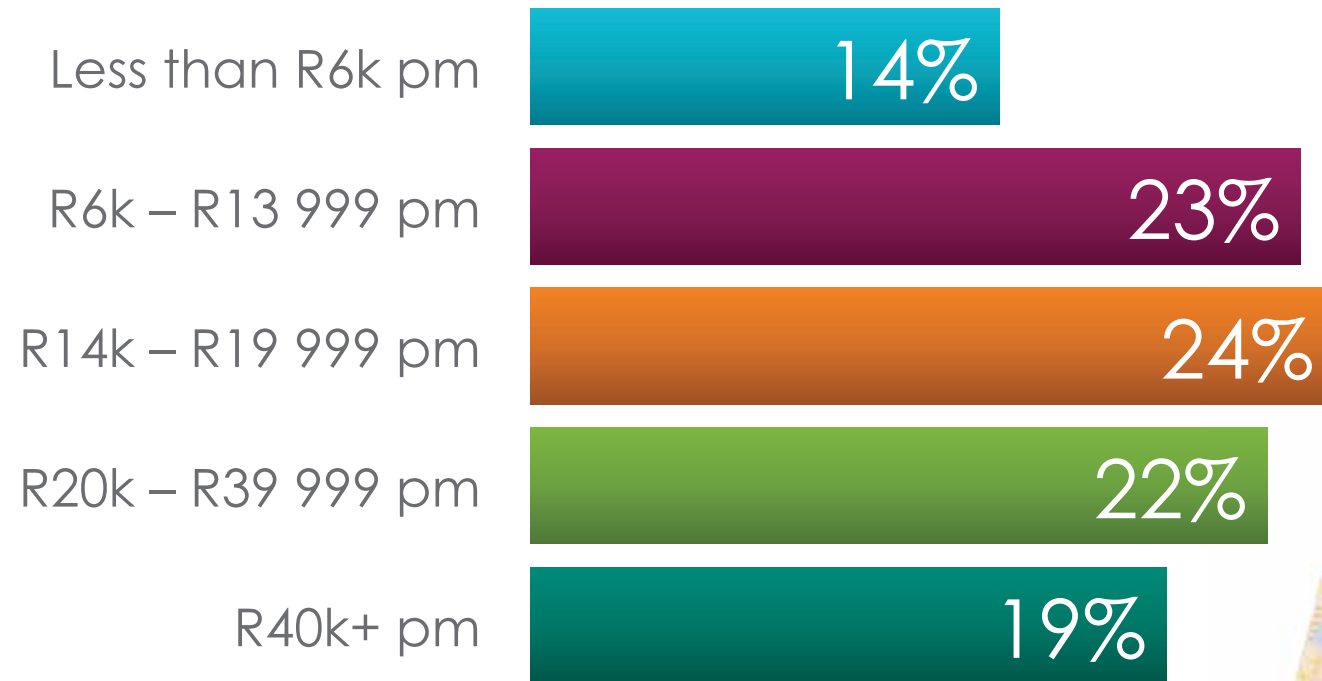


Personal loan from
a financial institution



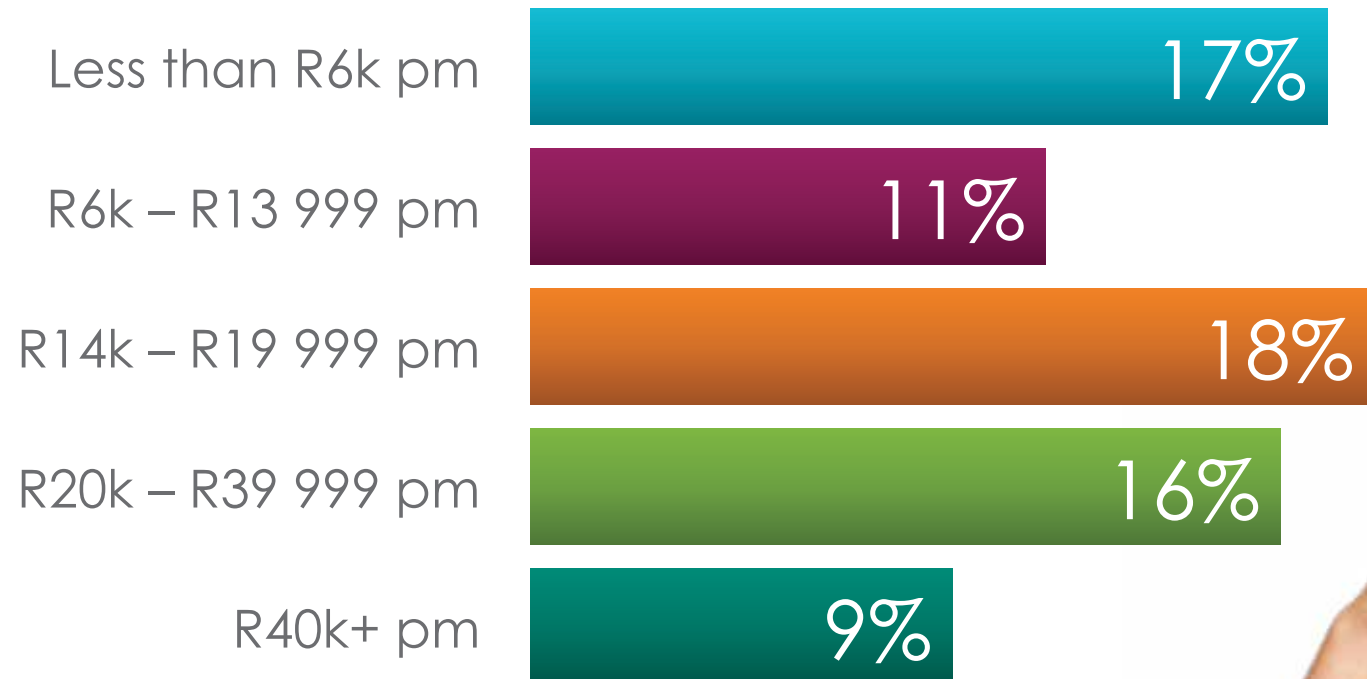
DEBT : PERSONAL LOANS FROM A FINANCIAL INSTITUTION

July 2014

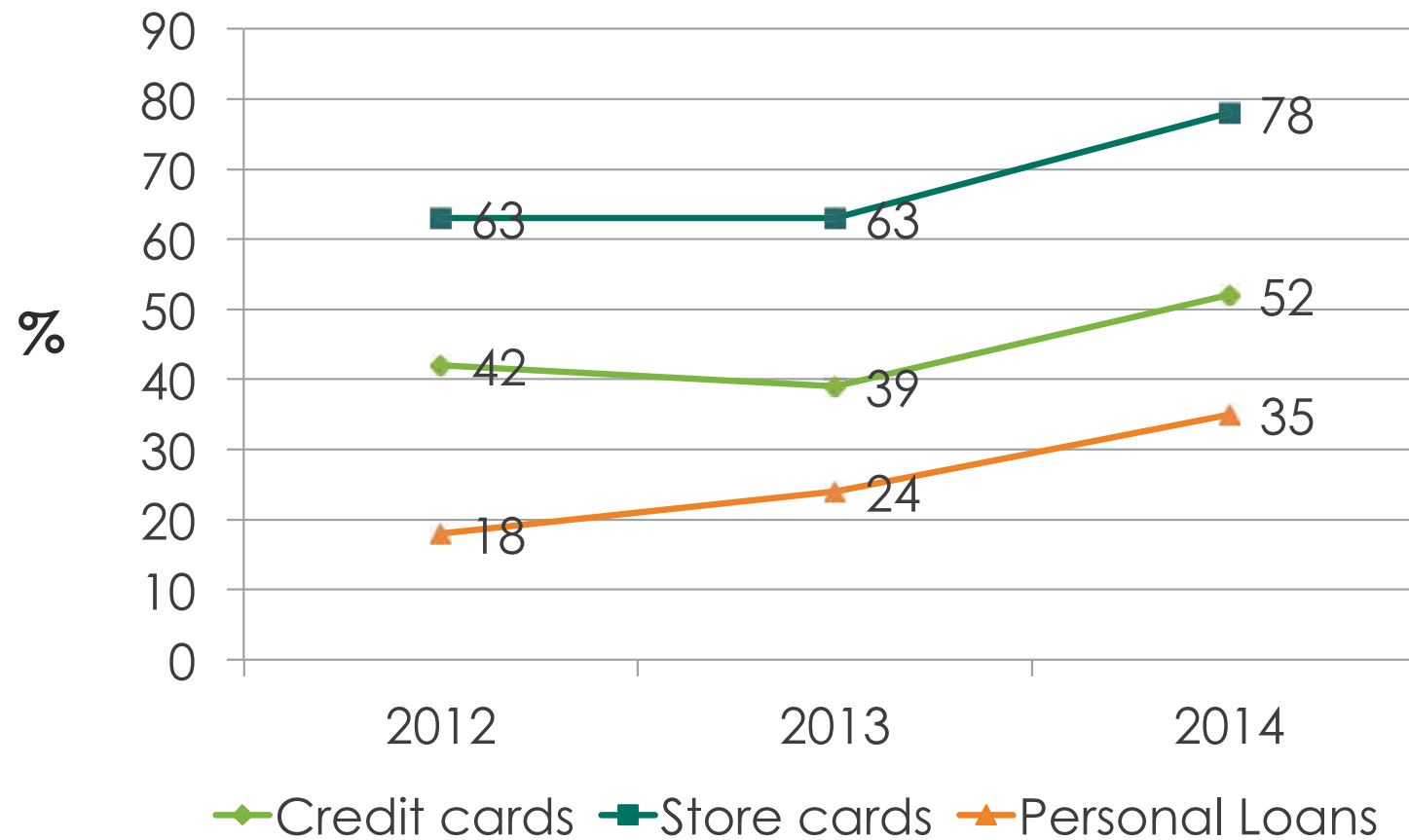


DEBT : HIRE PURCHASE/INSTALMENT SALE

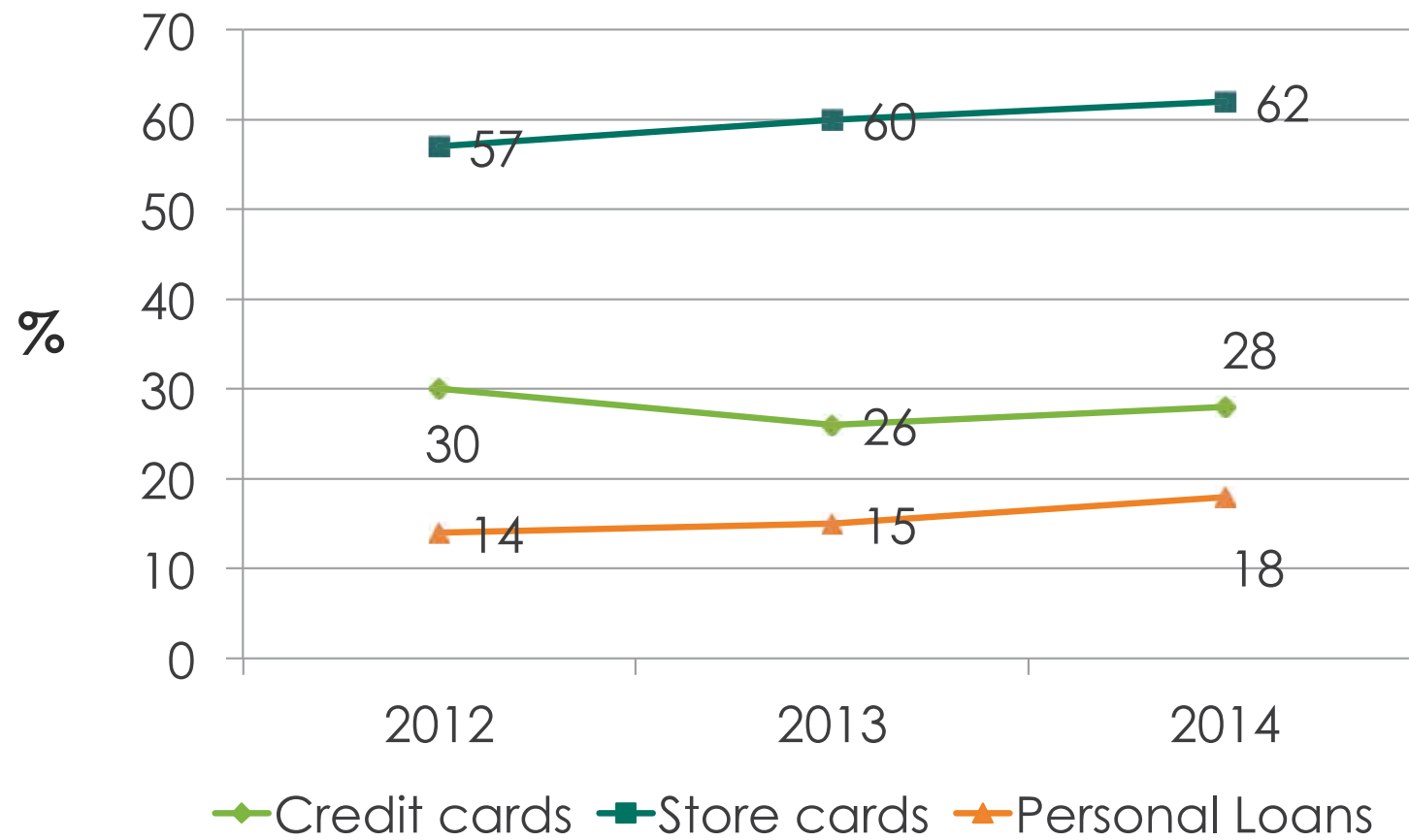
July 2014



DEBT EMPLOYMENT SECTOR: PUBLIC SECTOR



DEBT EMPLOYMENT SECTOR: PRIVATE SECTOR



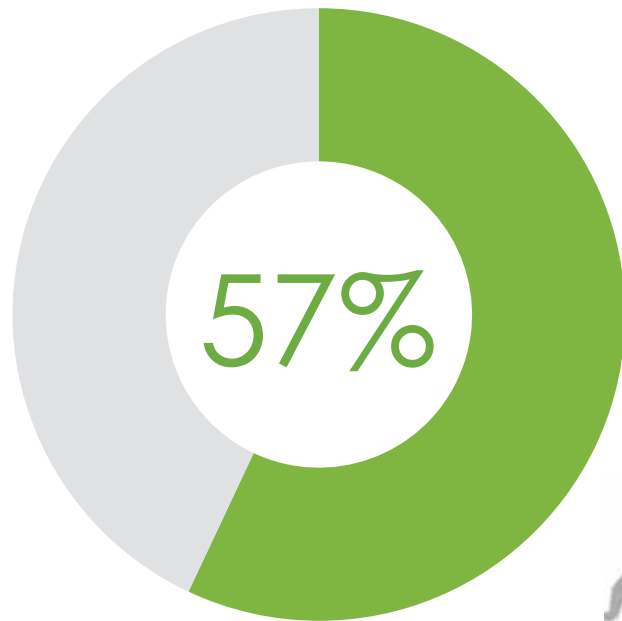


A CLOSER LOOK AT

SOUTH AFRICAN BABY BOOMERS



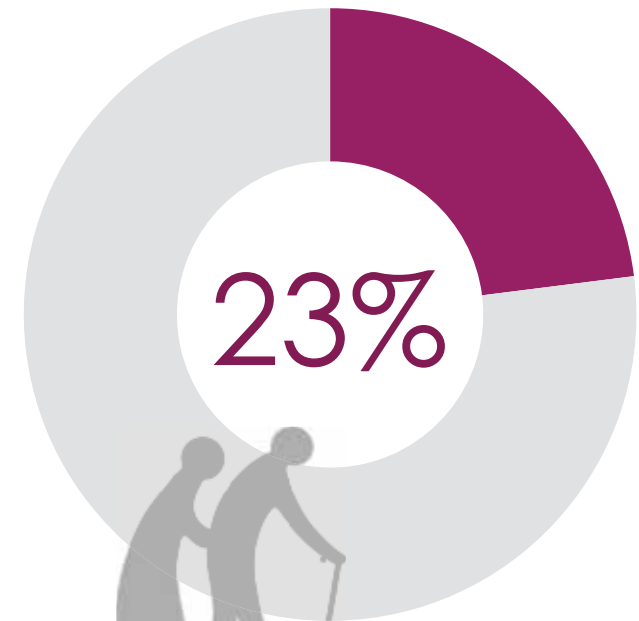
DEPENDENCY



have dependent children



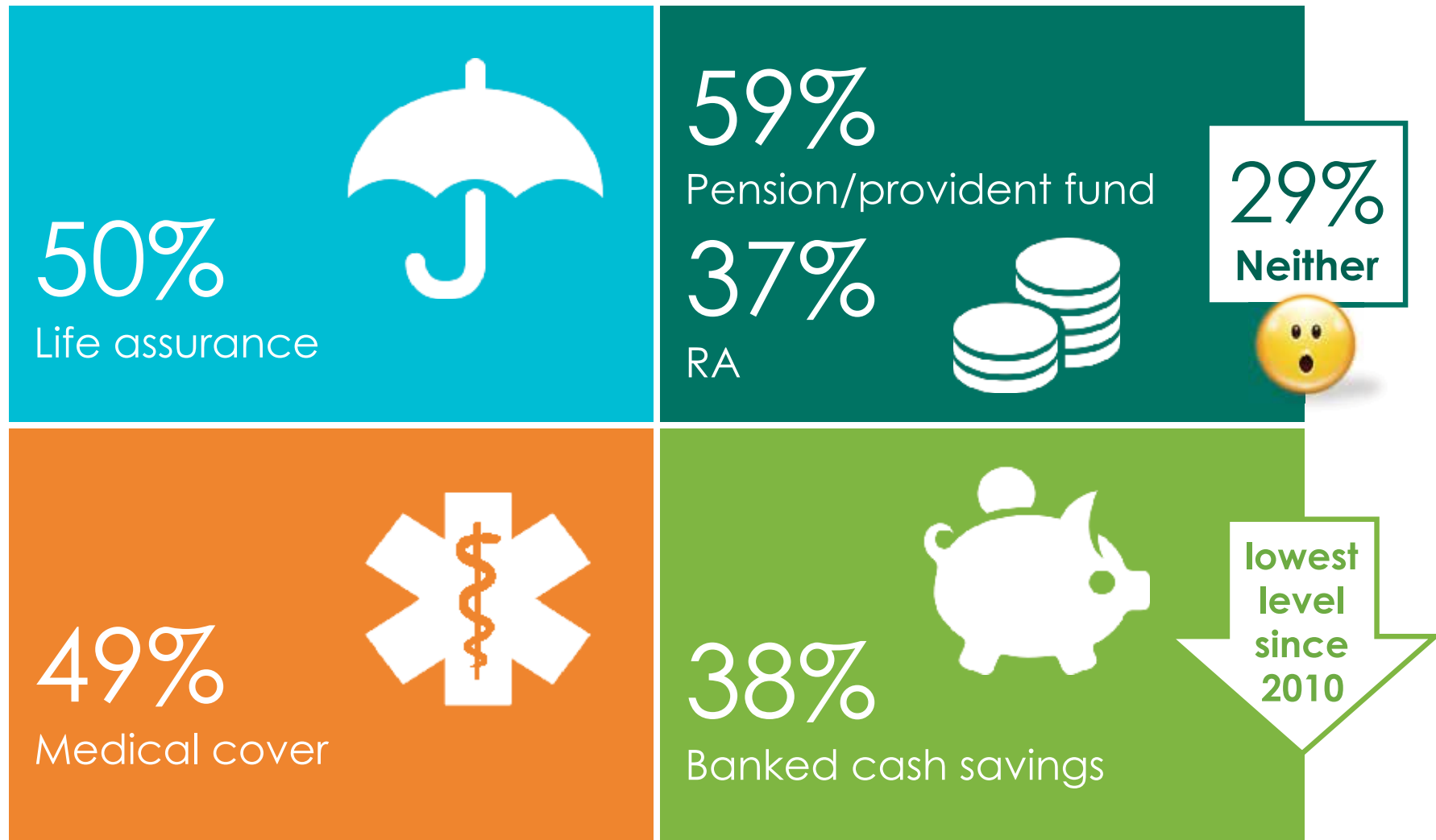
have children younger than 12 years



have dependent adults (mainly parents)



SAVINGS VEHICLES



BLACK BABY BOOMERS

39%

Contributing to a stokvel
lowest level
since 2009

Average amount
contributed per month

R670

DEBT



17%
personal
loan from
a financial
institution

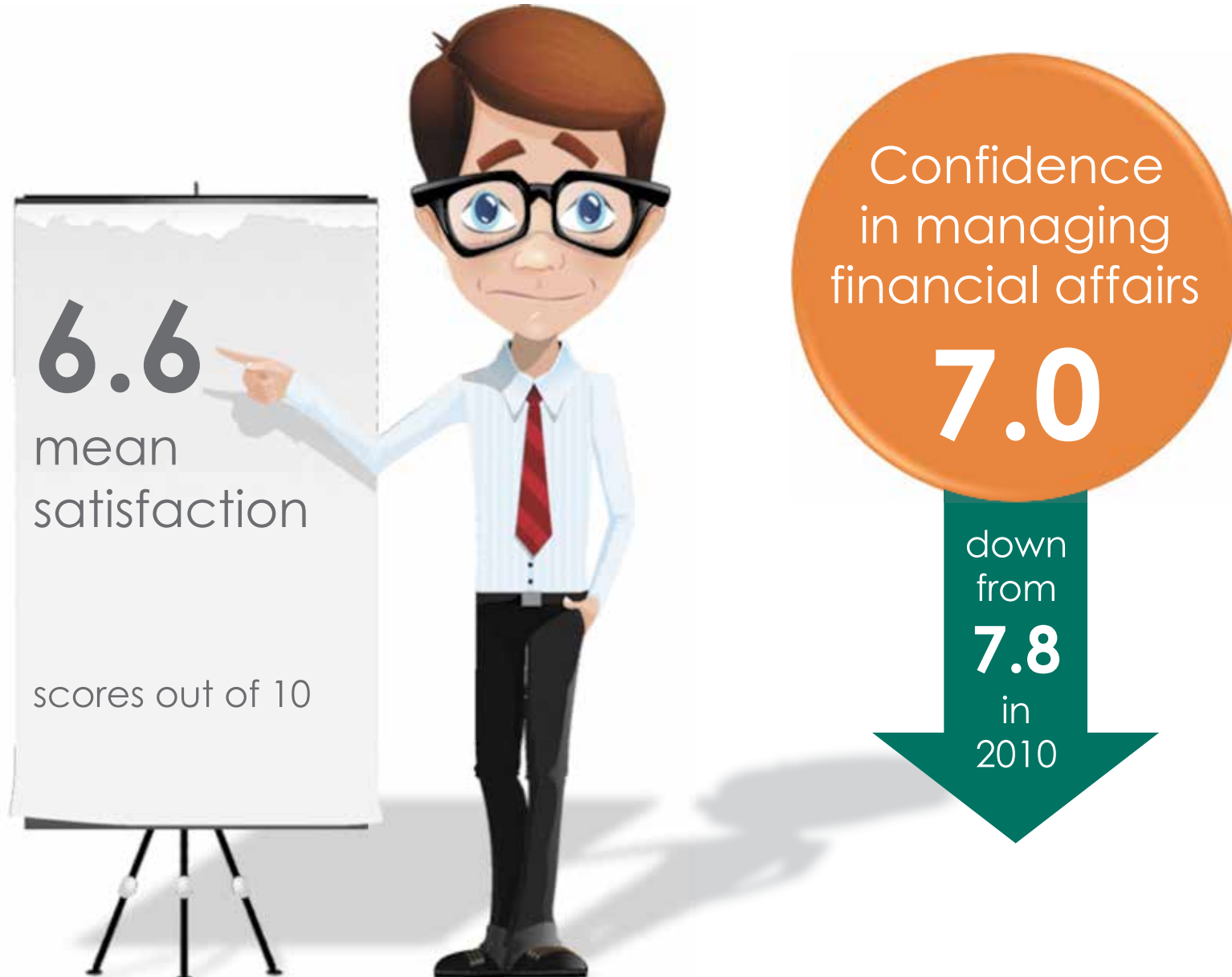


**1 in 4 who own
a home are still
paying off their
bond!**

11%
overdraft

10%
hire purchase

FINANCIAL SITUATION



FINANCIAL SITUATION

"I am saving less because last year we had a new born baby in the house (grandchild), so we have decided to cut other saving so that we can look after the baby." (Less than R6k)

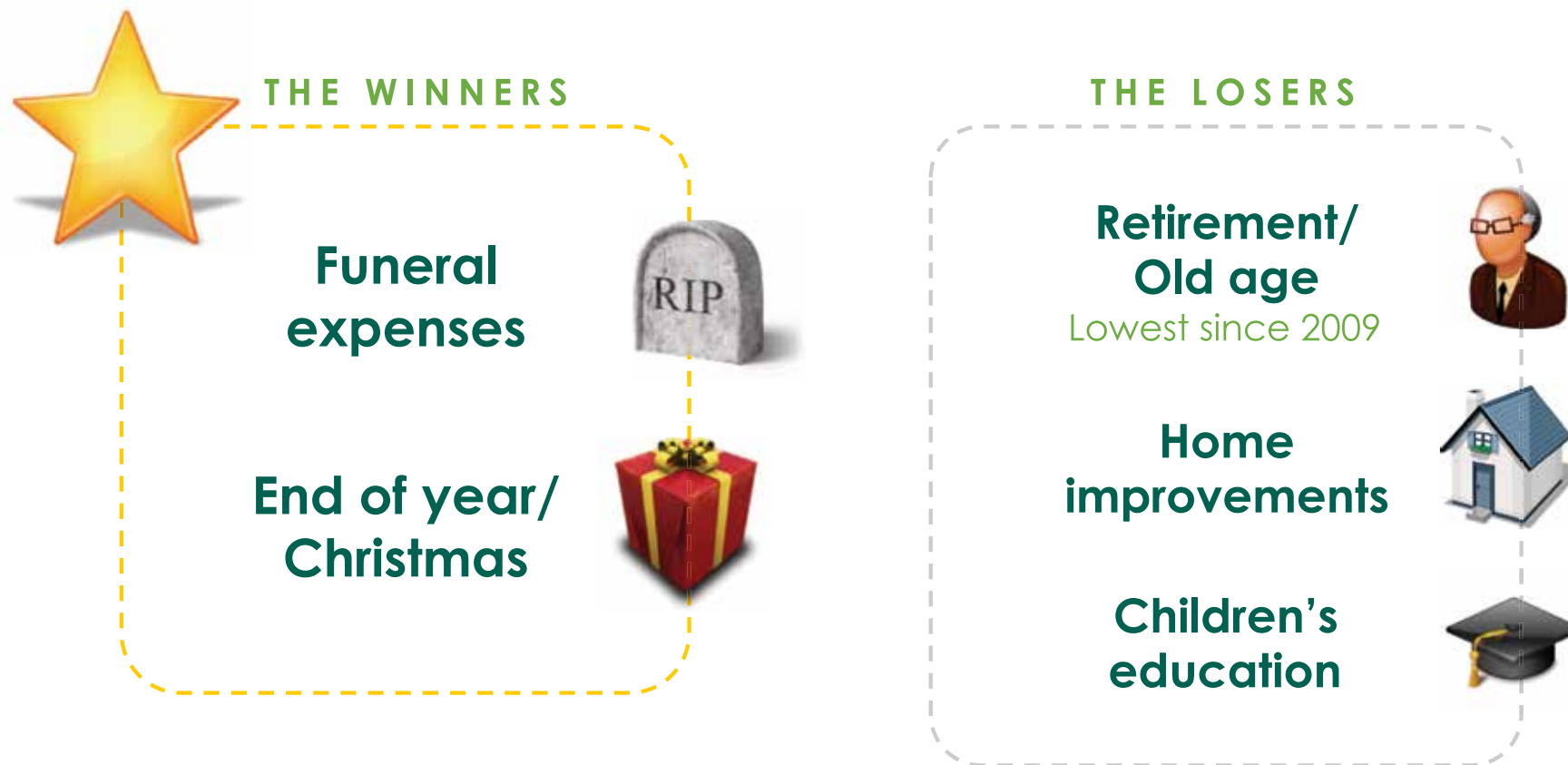
"I am saving less because I applied for a personal loan on behalf of a family member. She is unable to pay the instalments and now I am responsible for the payments. This is unforeseen expenditure." (R40k+)

"I don't spend as much on luxuries as I used to. I have had to get rid of many of my animals as the costs of food and other expenses have increased. I only buy what I need. I pay extra on my bond now too." (R20k – R40k)

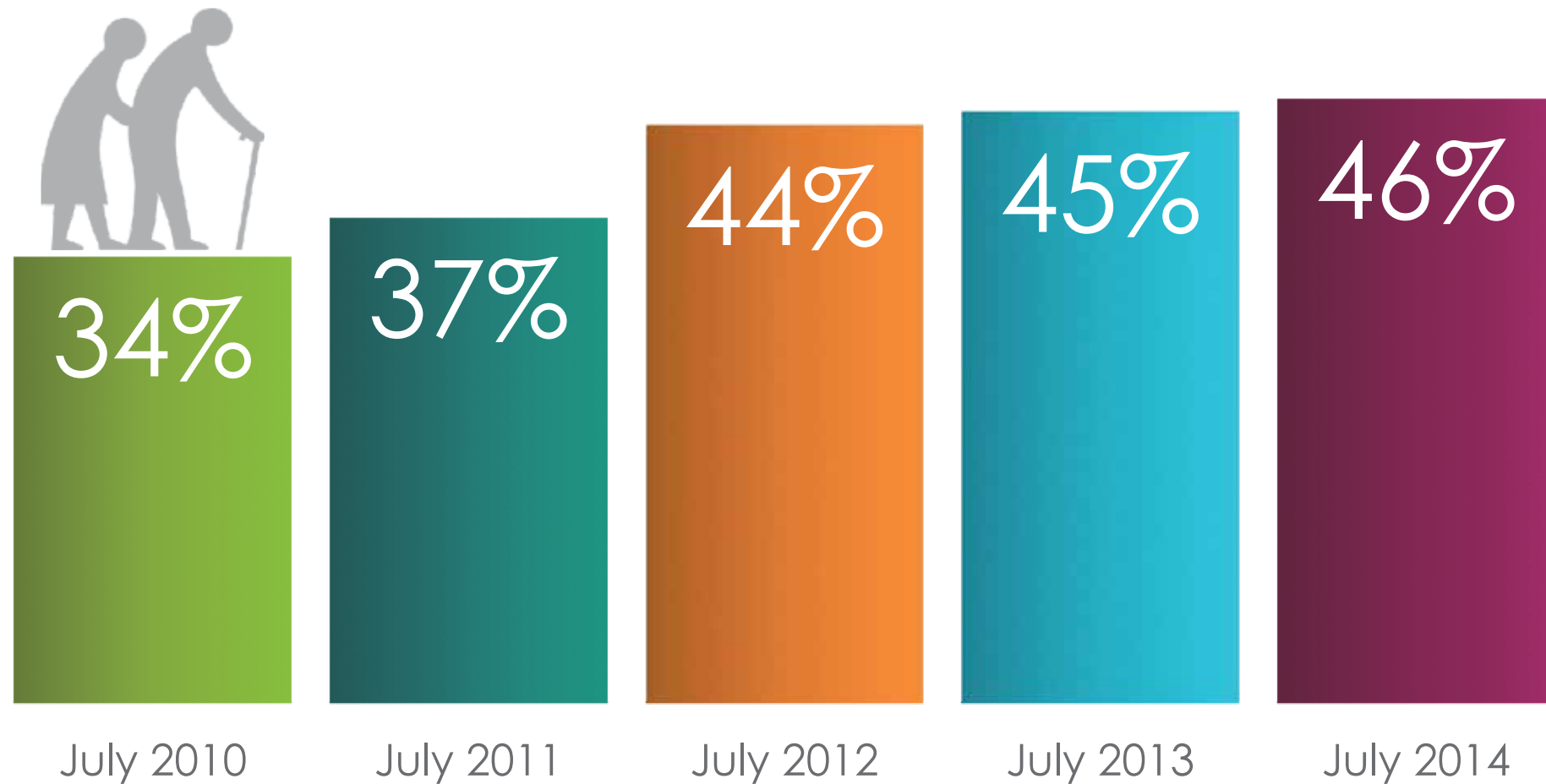
"I am saving less because I have accumulated a lot of debt, which I am struggling to pay off." (R14k – R20k)

"I'm saving less because I feel that it is a risk to save. Last year we were saving for groceries via a grocery club and come the end of the year, we didn't get anything out. So I have decided not to save too much this year." (Less than R6k)

SAVINGS OBJECTIVES



BABY BOOMERS - DEPENDENCY ON CHILDREN

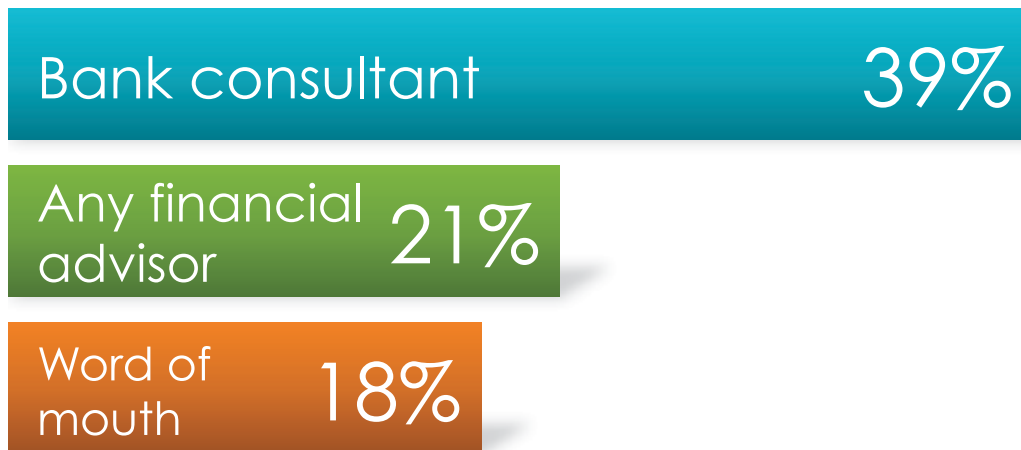


BUDGETING AND FINANCIAL INFORMATION



27%
make no
budget
at all

Main source of financial information:



Main reason for not consulting a financial adviser:



FOCUS ON THE WEALTH MARKET



WEALTH - FINANCIAL MINDSET



Confidence in making financial decisions (out of 10)

6.9

7.1

Satisfaction with current financial situation (out of 10)

6.5

6.8

Expectation of financial situation improving in next 6 months

44%

29%

Compared to a year ago – financial situation is better

30%

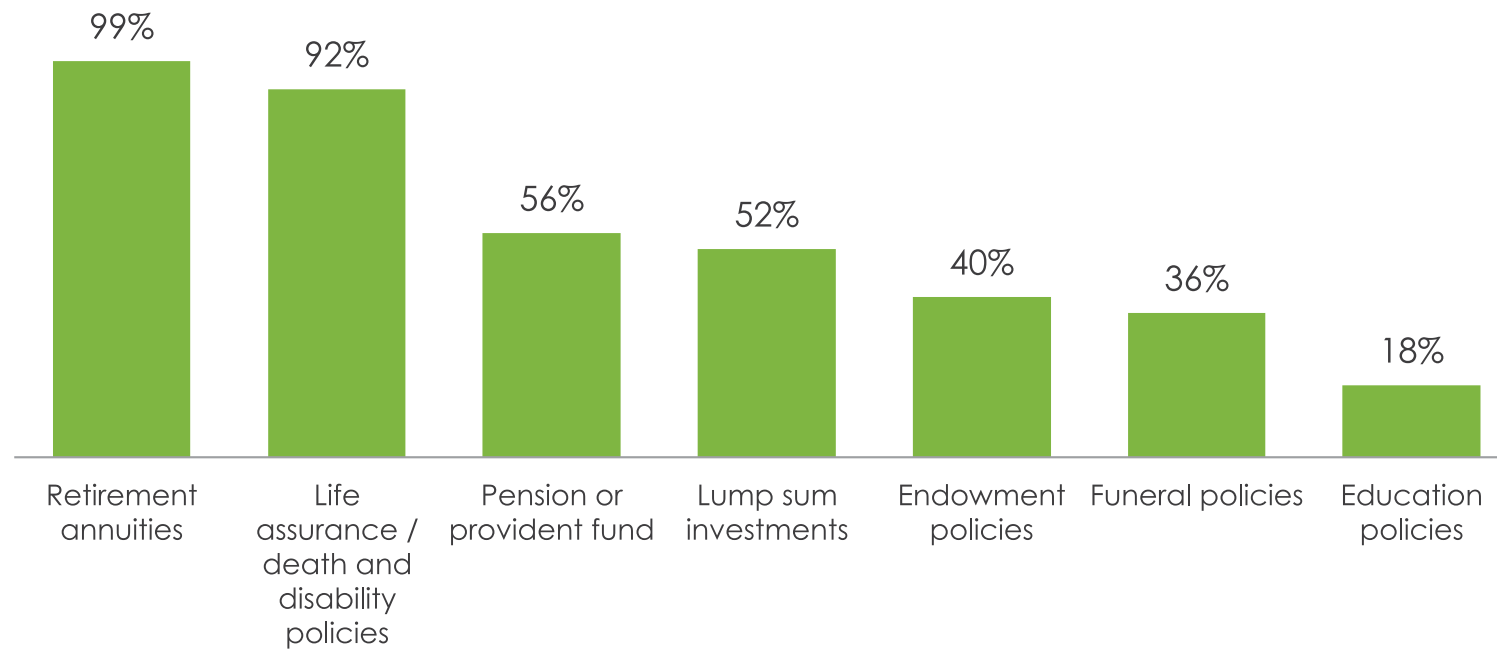
20%

July 2014
Overall

July 2014
Wealth

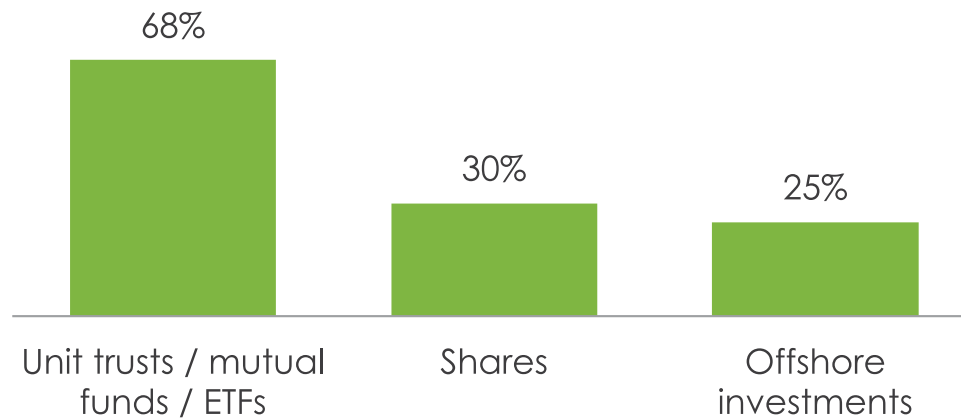
WEALTH - PRODUCT OWNERSHIP

Formal Savings

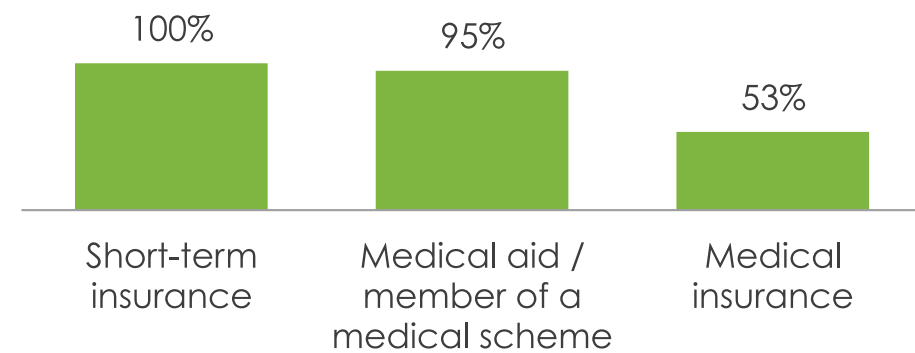


WEALTH - PRODUCT OWNERSHIP

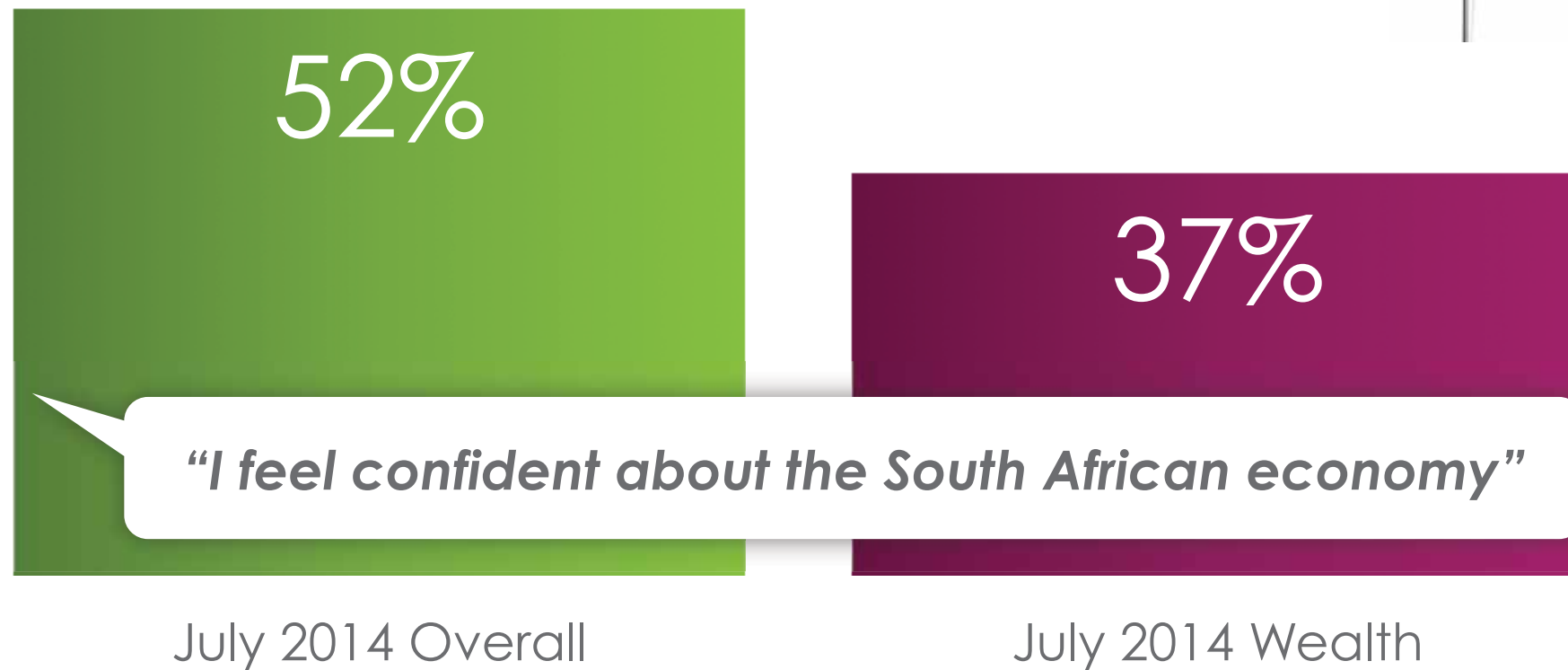
Investments



Precautionary Savings

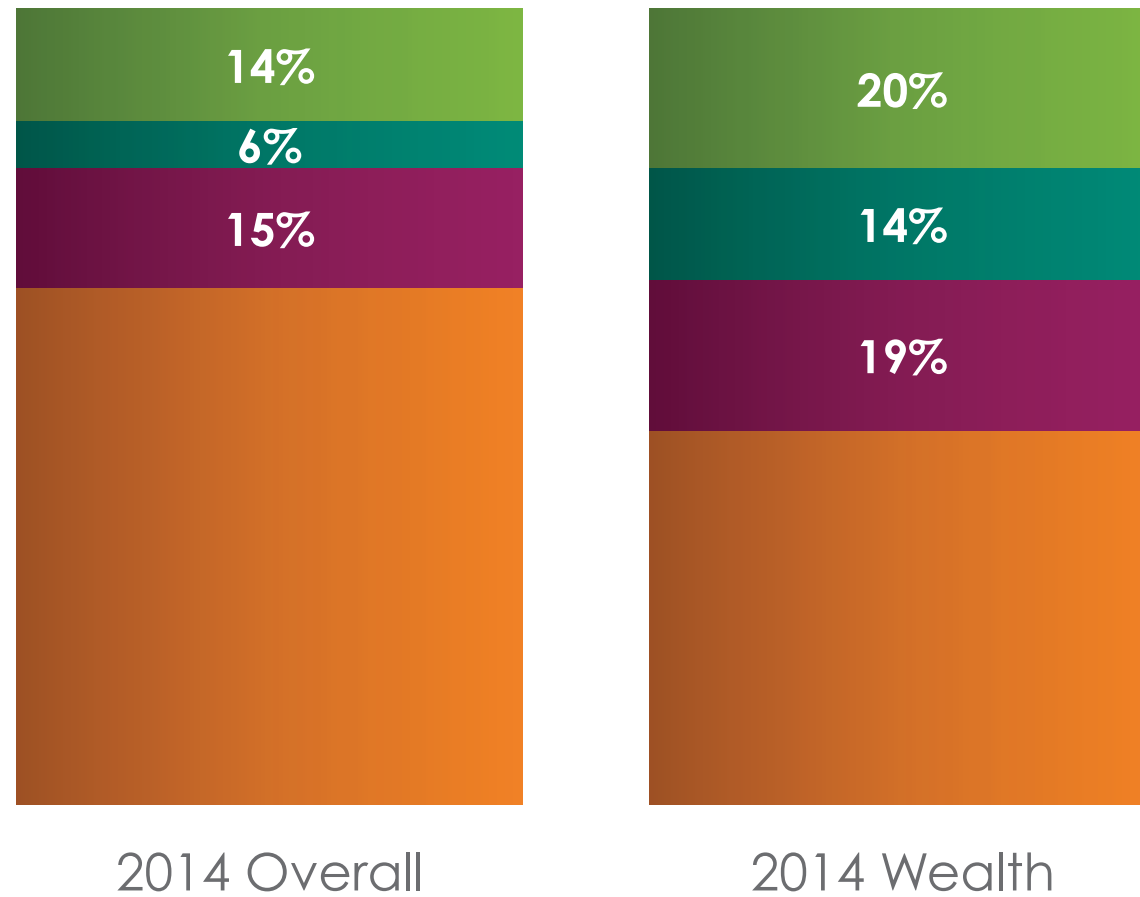


WEALTH - CONFIDENCE IN THE SA ECONOMY



WEALTH - SAVINGS AS A % OF HOUSEHOLD INCOME

- Savings
- Ins. & Med. Aid
- Debt
- Consumption



WEALTH - SAVINGS OBJECTIVES



Retirement/old age

69%



Holiday

67%



Emergencies

59%



Home improvements

34%



Christmas/end of year expenses

19%

WEALTH - DEPENDENCY ON CHILDREN



39%

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

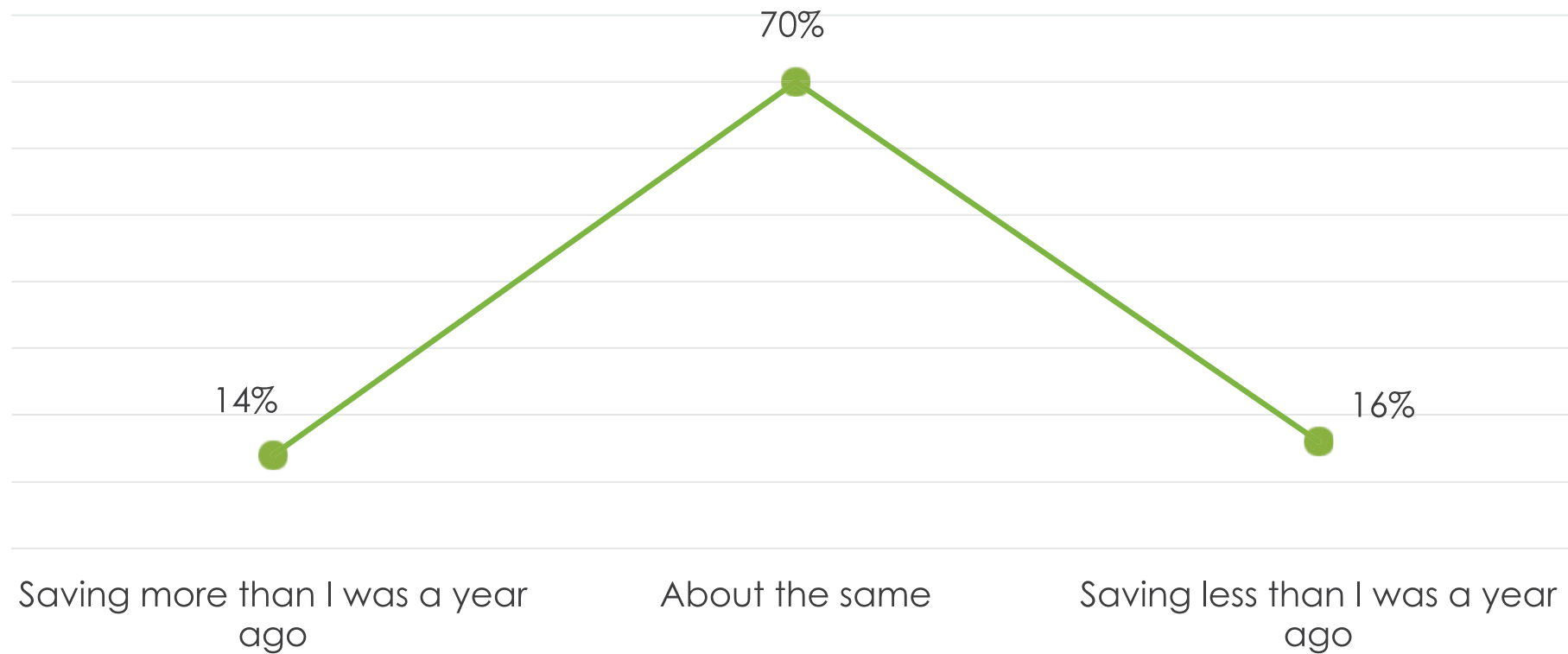
7%

July 2014 Overall

July 2014 Wealth

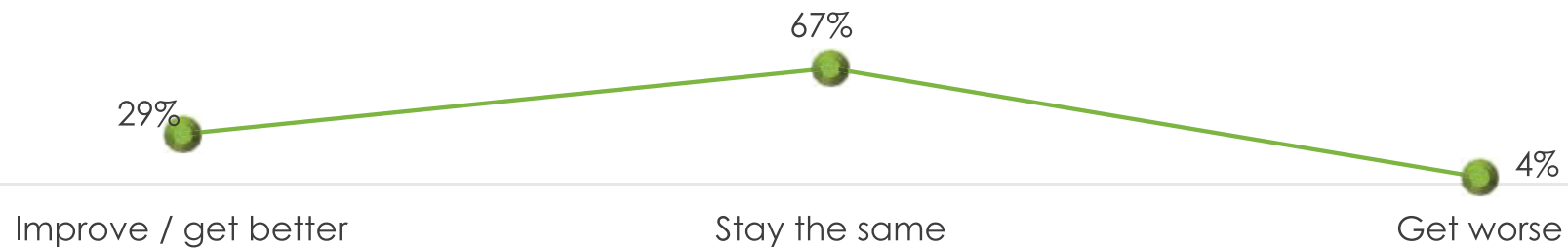
WEALTH - PERSPECTIVE ON FINANCES

Would you say that you are saving more or less these days?

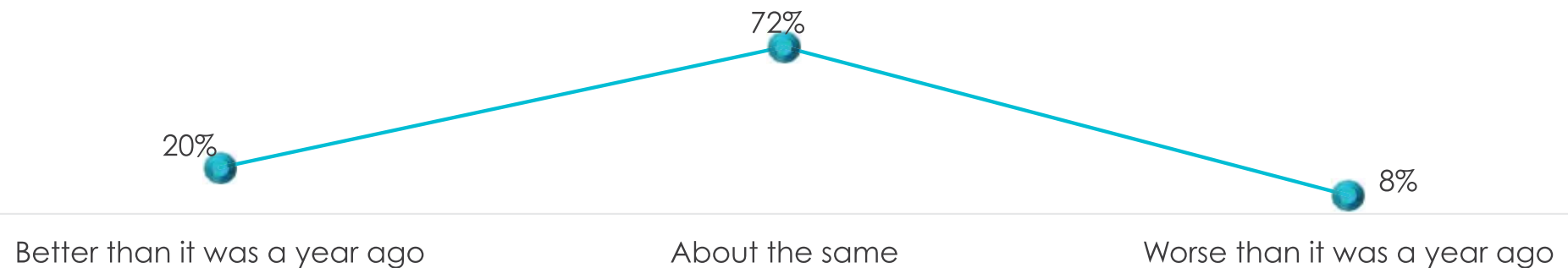


WEALTH - PERSPECTIVE ON FINANCES

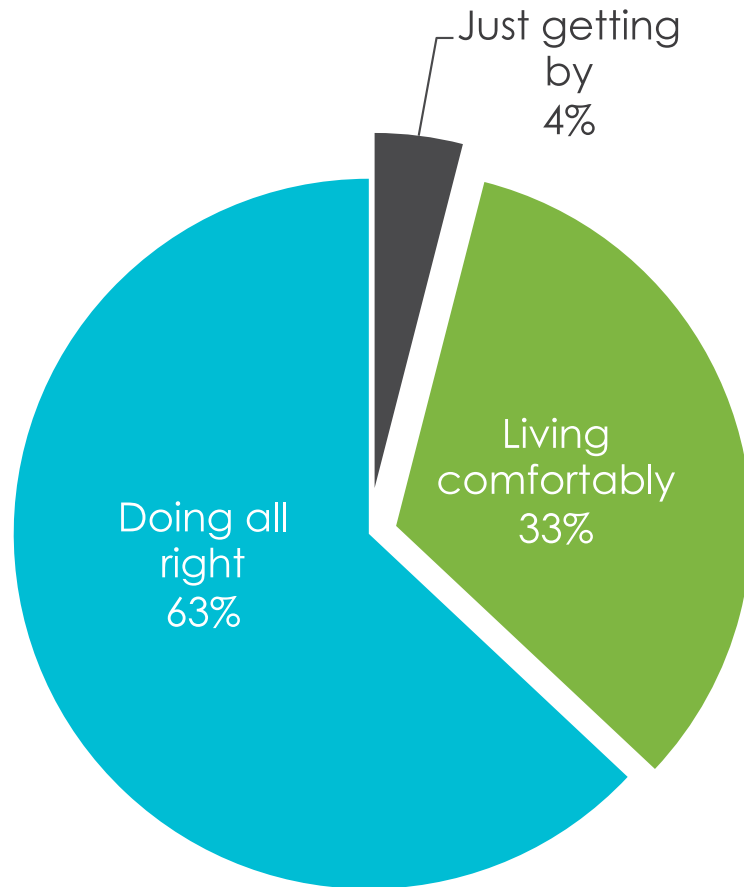
Do you expect your financial situation in the next 6 months to improve/get better, stay the same, or get worse?



Thinking back to a year ago, would you say that your financial situation is now:

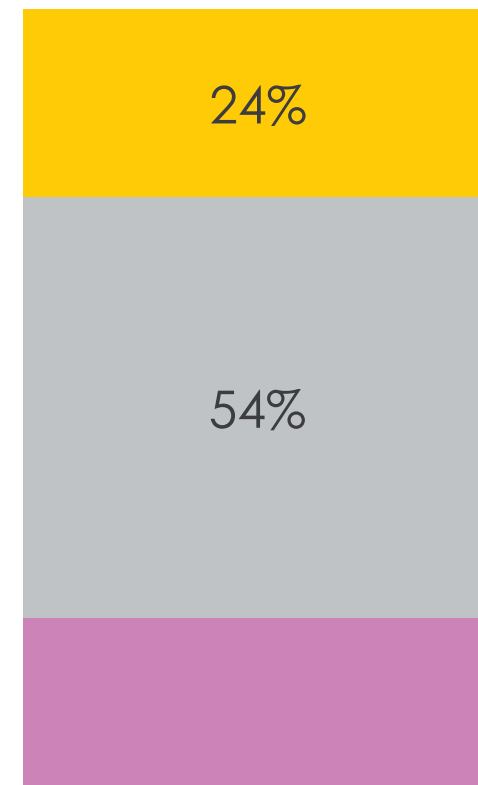


PERSPECTIVE ON FINANCES



Financial Household Comfort Indicator

Confidence in making financial decisions



- Extremely confident (9-10)
- Confident (7-8)
- Not at all confident (1-6)

OTHER FACTS ABOUT THE WEALTH MARKET

27%
have a holiday home

18%
own a rental property

71%
have consulted a
financial adviser in
the past year



Debt
Credit Card 96%
Store Cards 51%

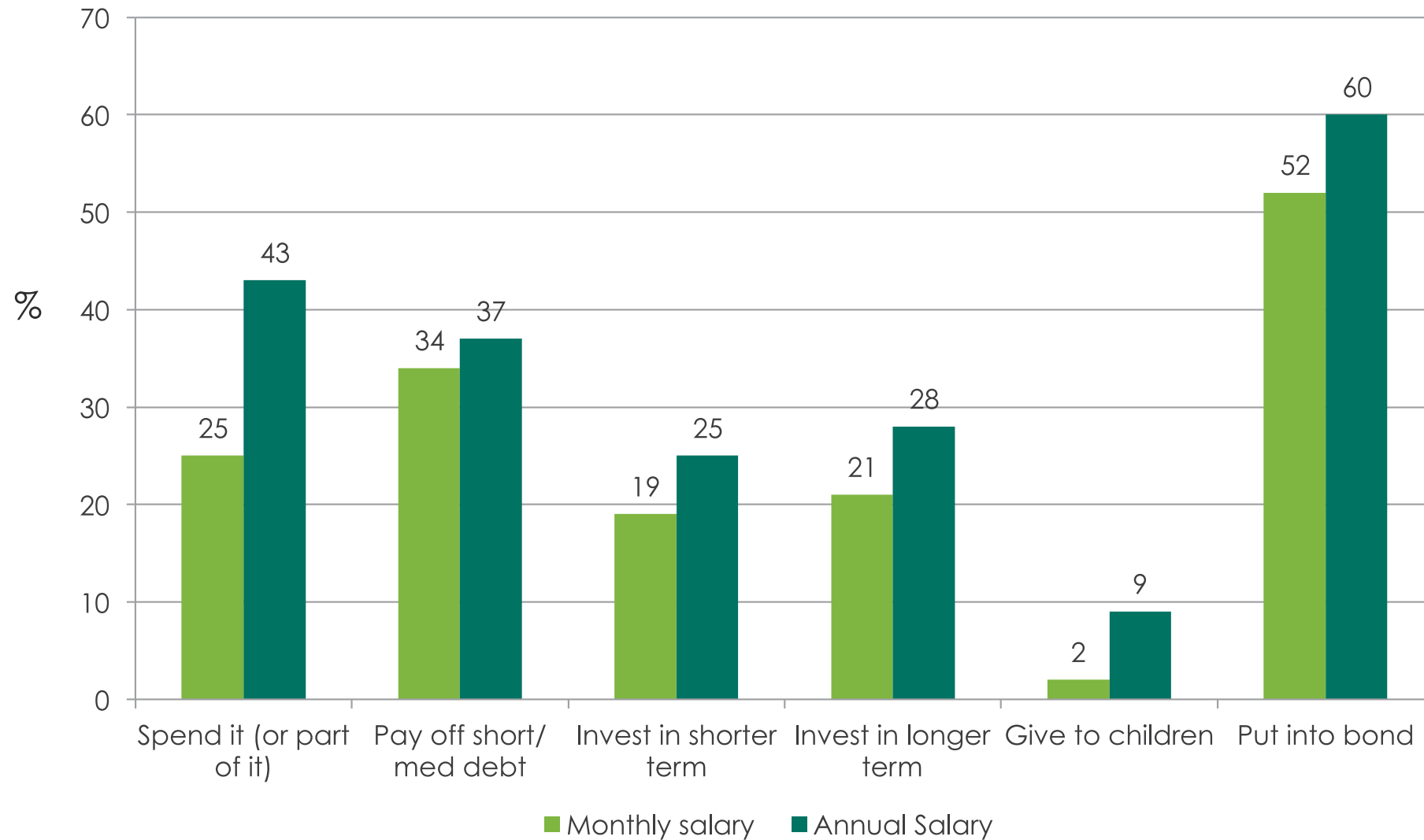
Personal Loan 11%
Overdraft 45%

12%
have dependents
(other than
children and
close family)

85%
will rely on property
to fund some/all of
retirement needs

28%
are self
employed

WEALTH - WHAT WOULD YOU DO WITH A WINDFALL?





AFRICA SAVINGS & INVESTMENT MONITORS

FEBRUARY 2014

SOME SNIPPETS

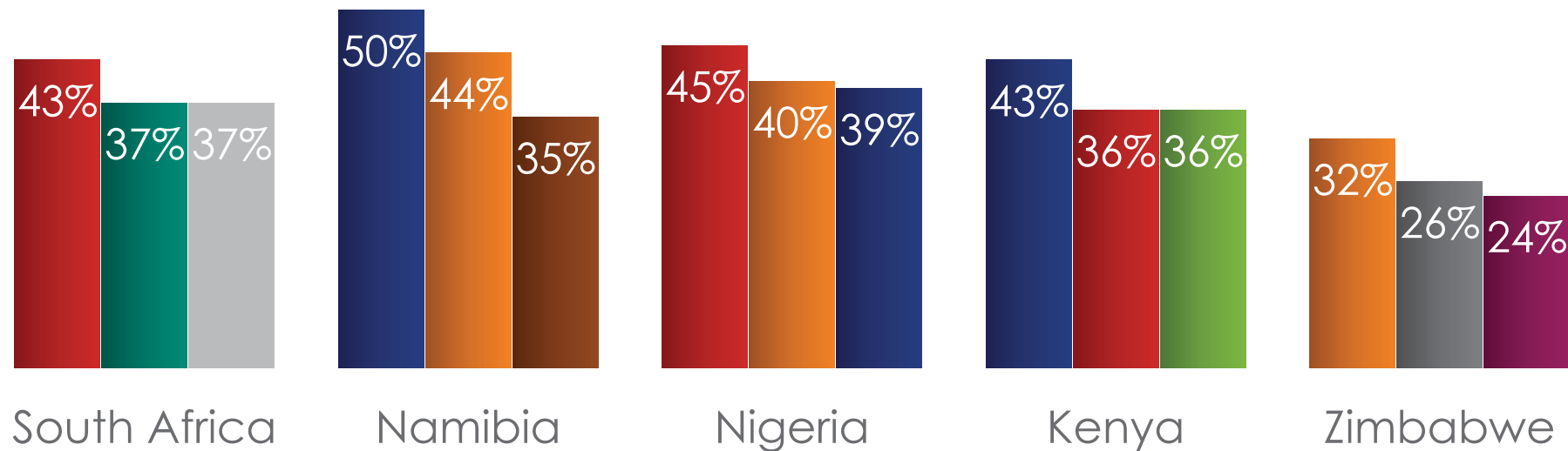


SAVINGS &
INVESTMENT MONITOR





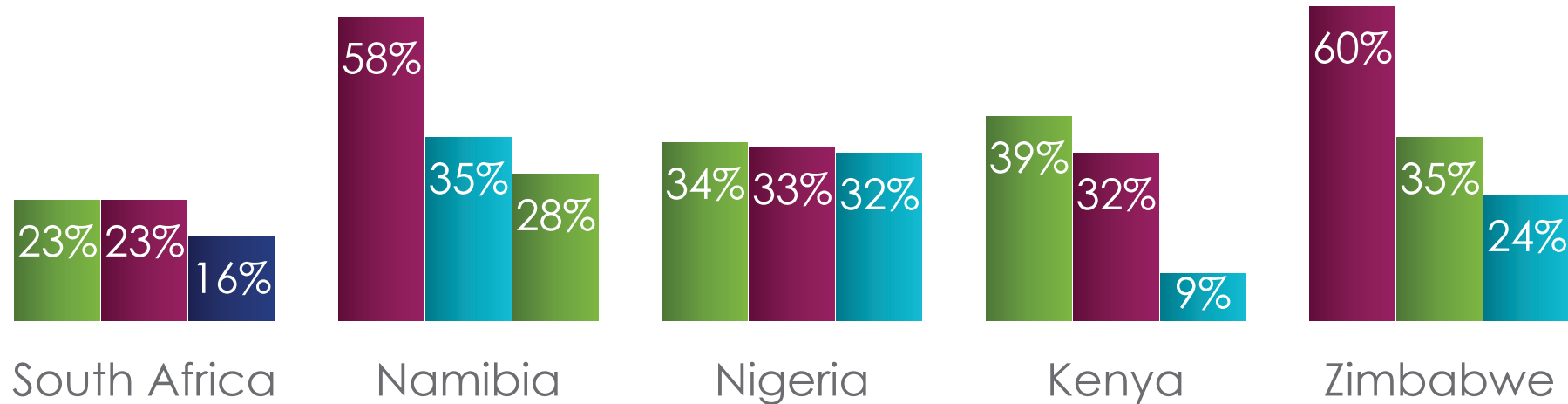
TOP 3 SAVINGS OBJECTIVES



Emergency expenses	Retirement/old age	Buy a car	Children's education	Buy food	Home improvements	Specific item	Funeral expenses	Deposit on a home



FINANCIAL GOALS FOR NEXT 5 YEARS



Invest in own business / expand business



Deposit on a new home/build a house/buy property/invest in property



Children's education

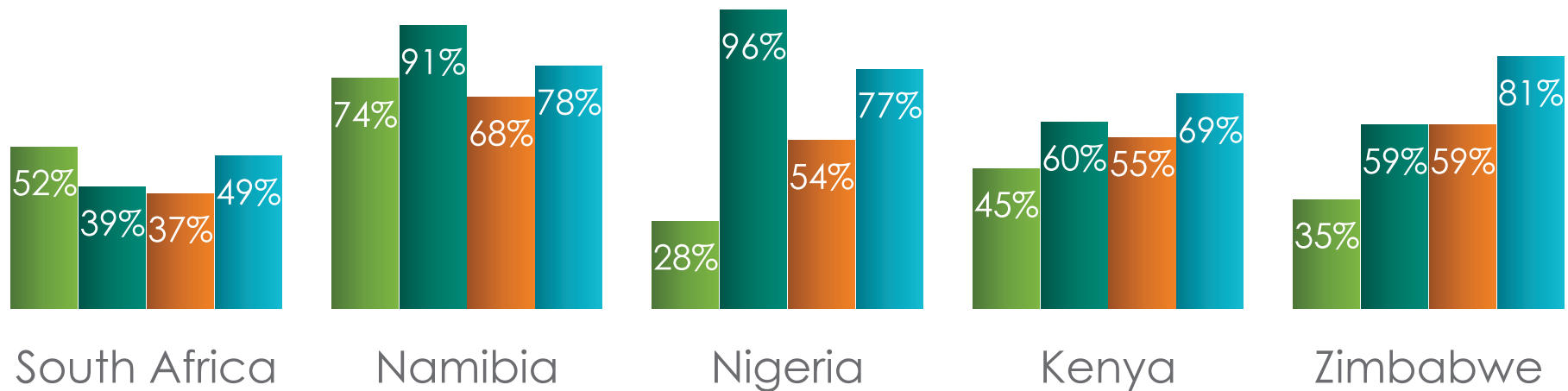


Buy a car





AGREEMENT WITH STATEMENTS



"I feel confident about the economy of my country"

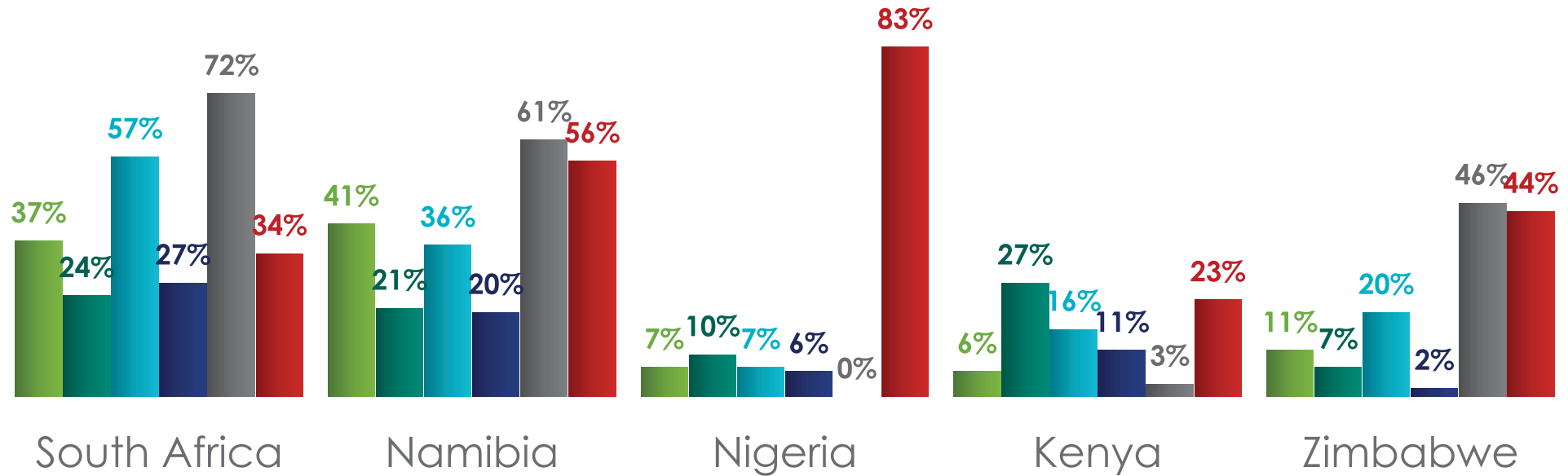
"My children should look after me when I am old"

"I would like financial advice, but it's hard to find somebody you trust to give it to you"

"Saving for education is more important to me than saving for retirement"



PRODUCTS HELD

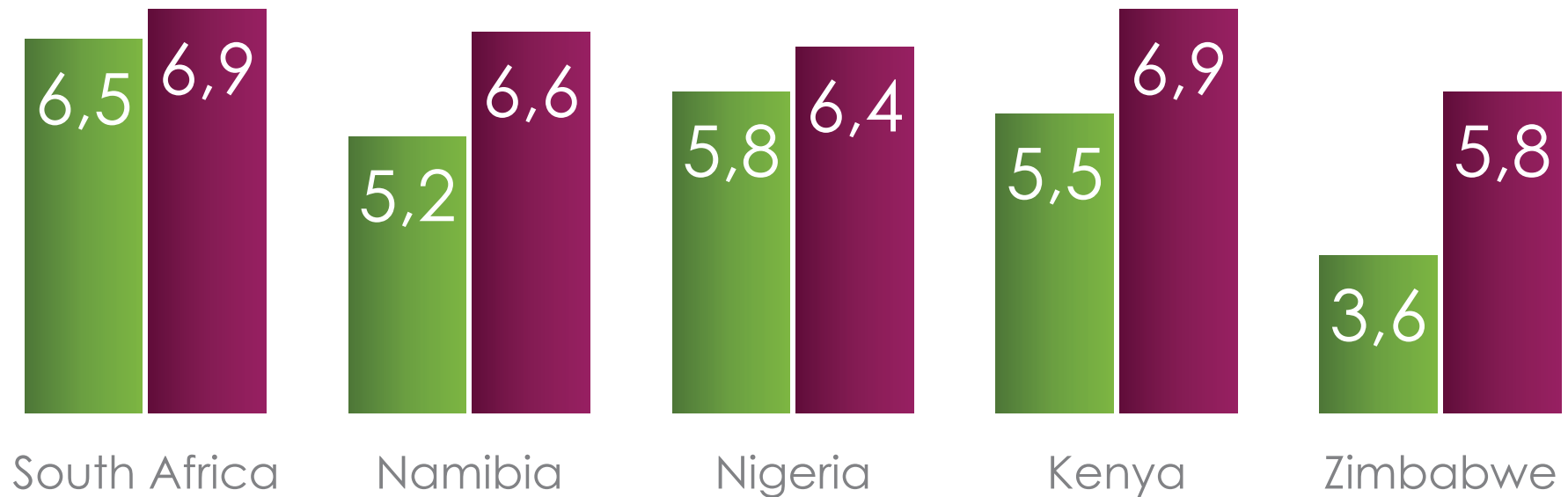


Life assurance/ death & disability cover	RA	Pension/ provident fund	Education policy/plan	Funeral policy/plan	No formal retirement savings



FINANCIAL SITUATION

MEAN OUT OF 10

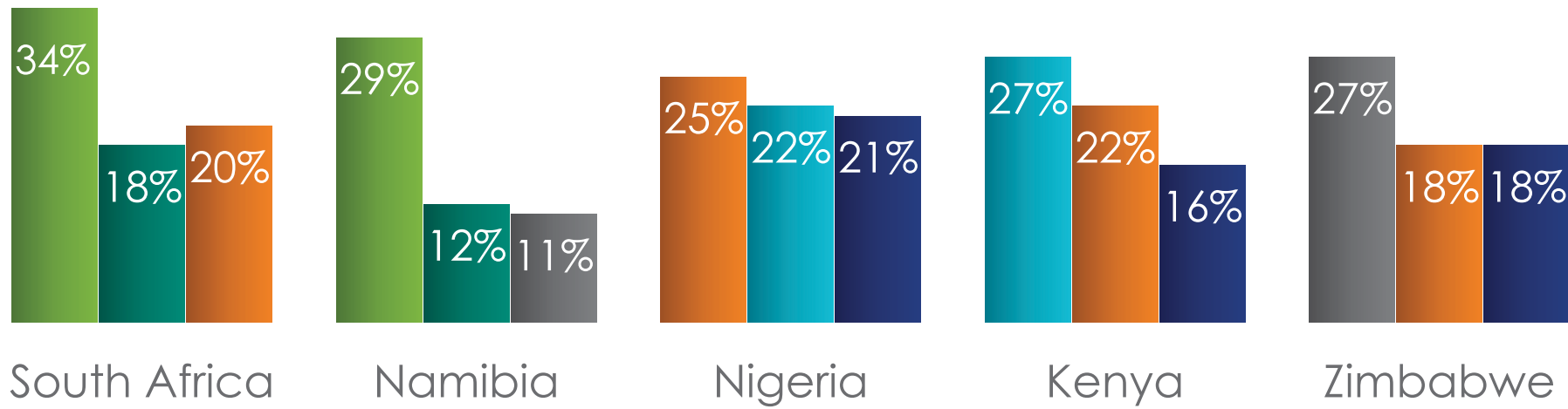


■ Satisfaction with current financial situation

■ Confidence in making good savings & investment decisions

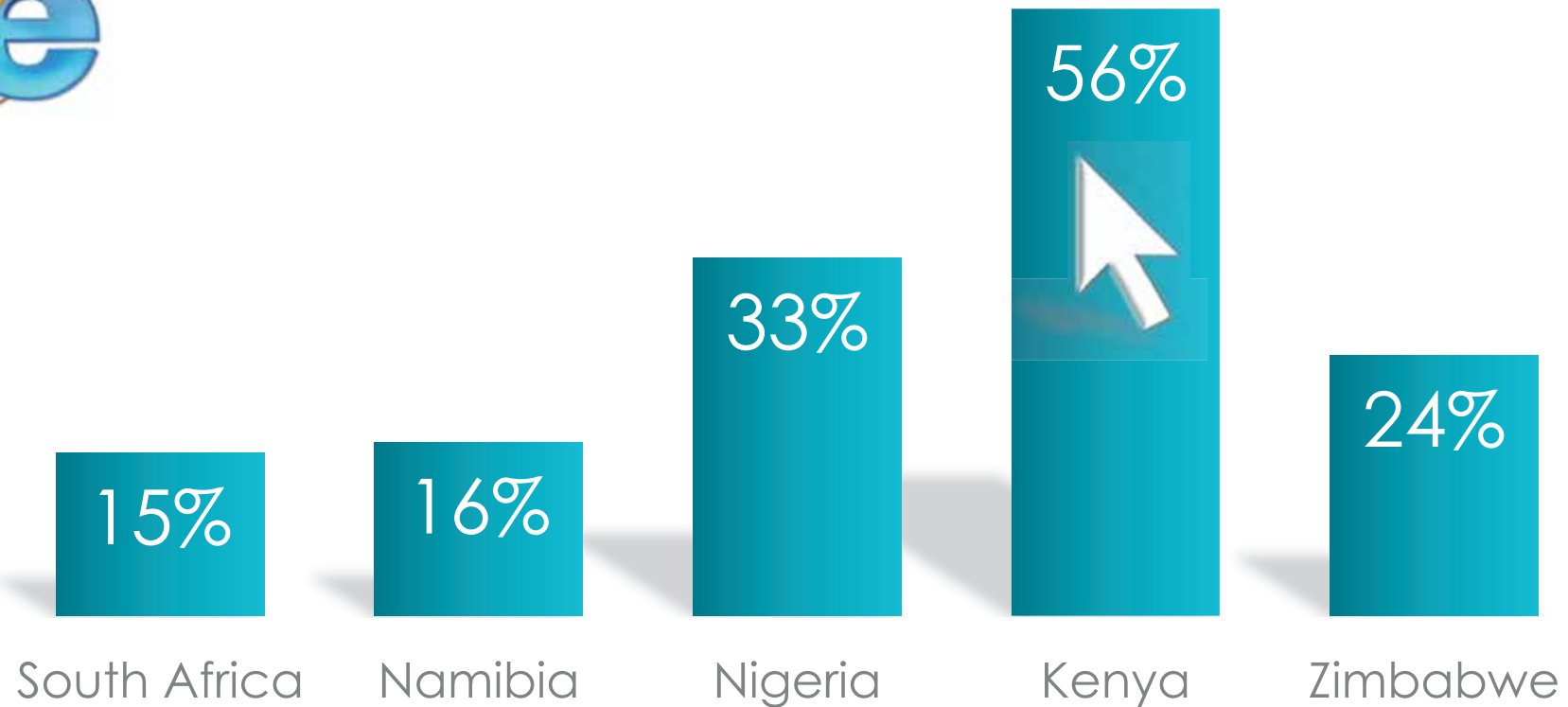


TOP 3 SOURCES FOR FINANCIAL INFORMATION



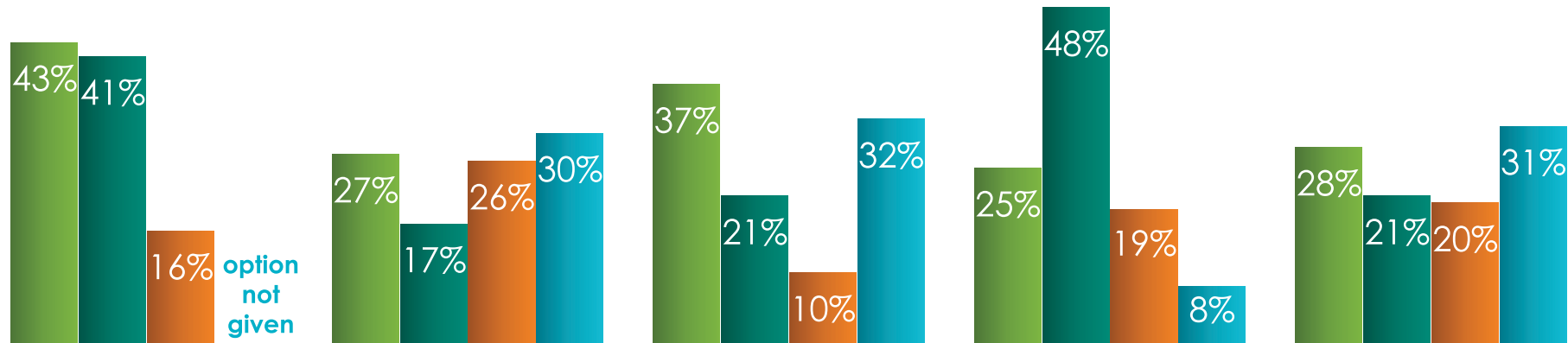


WOULD CONSIDER PURCHASING A FINANCIAL PRODUCT ONLINE





APPETITE FOR RISK



South Africa

Namibia

Nigeria

Kenya

Zimbabwe

The returns are guaranteed but are very low and may not beat inflation

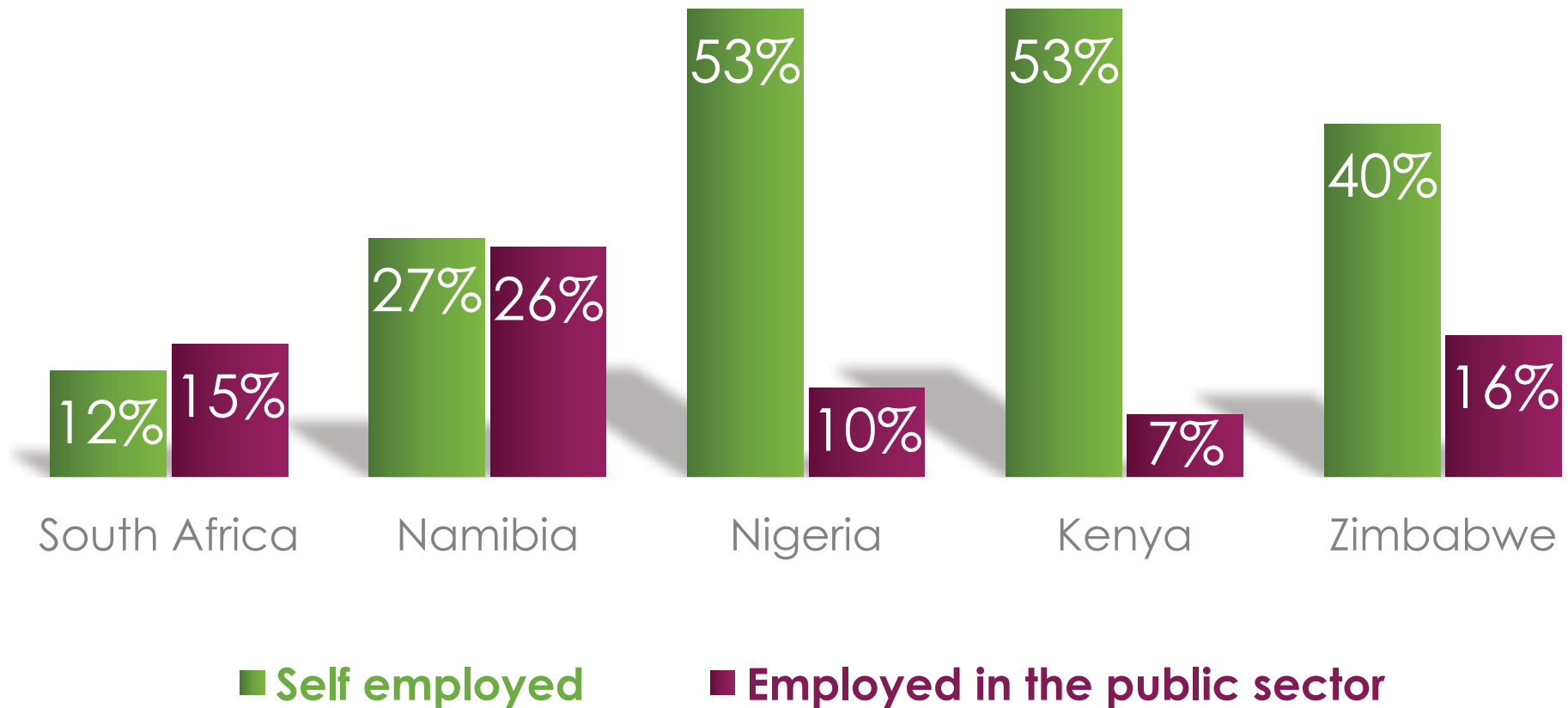
There is potential for moderate growth and interest, with some risk of losing money

There is potential for very high growth and interest, but the risk of losing money is higher

I would prefer not to invest my money



EMPLOYMENT



KNOW BETTER, DO BETTER

www.oldmutual.co.za/savingsmonitor

THANK YOU

Old Mutual is a Licensed Financial Services Provider

