



NOVEMBER 2010



Introduction

Don't waste

a good recession



Methodology

The Old Mutual Savings Monitor is a bi-annual survey of metro South African savings behaviour and attitudes

Research methodology

- Tracking study to look at trends
- 1000 working metro households
- Face-to-face interviews
- Conducted by independent research house, Peppercorn Research
- 95% confidence level with confidence interval of 3.1%



Definition of Savings

- “Savings” includes putting money away into savings accounts, policies and investments
- “Savings” also includes holding back on spending and using that money to pay debt faster, like putting extra into your home loan

Agenda

1. What has changed since last year?
2. The impact of the recession on savings
3. Are we doing enough?
4. What makes a good saver?
5. Conclusion



What has changed since last year?

- Inflation has more than halved from 6.9% to it's current 3.2%
- Consumer confidence index is up from 4 to 14
- Prime Interest Rates have had 3 cuts and are currently at 9.5%
- The stock market has recovered to it's highs before the global economic crisis

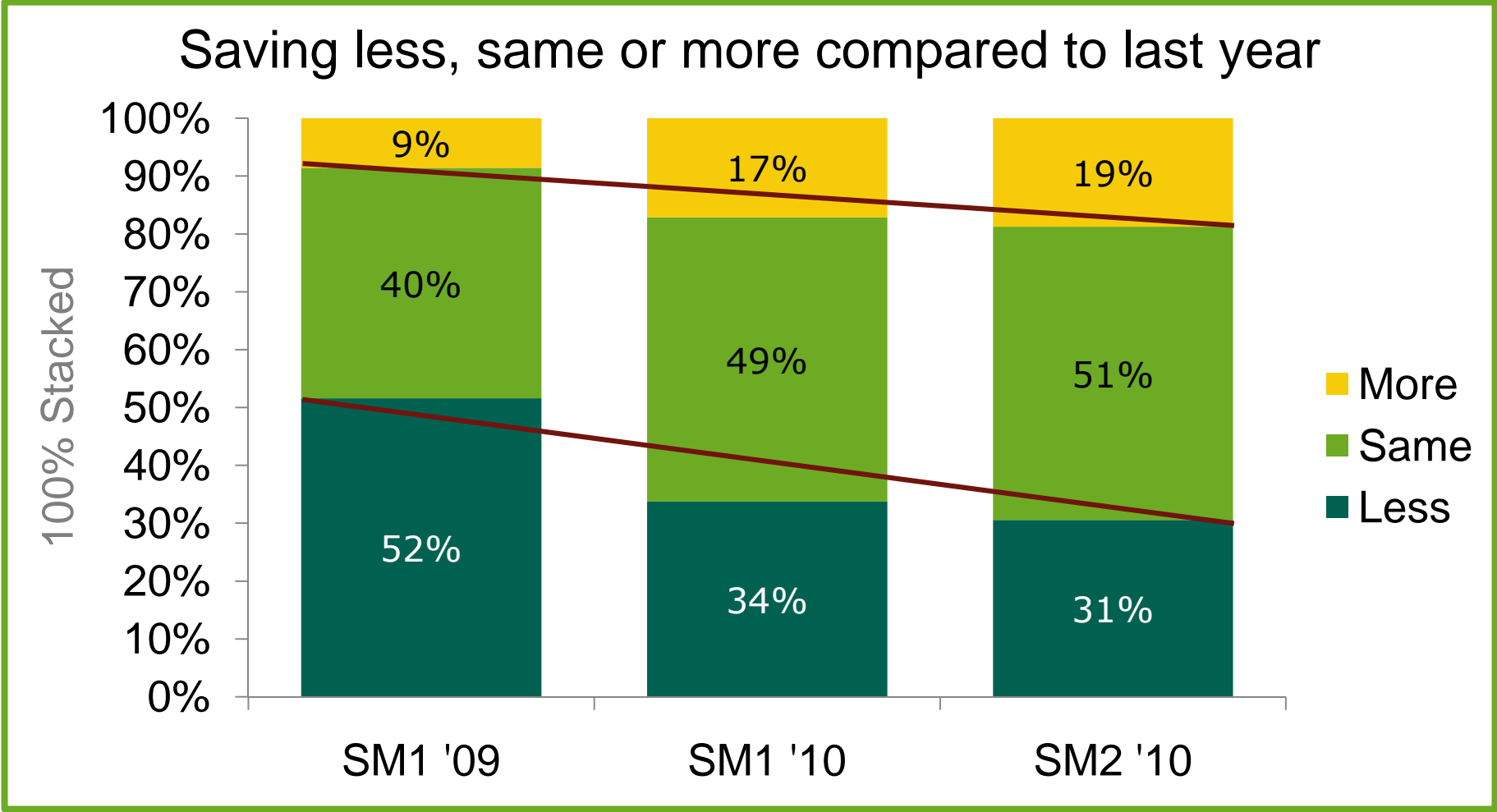


HAS THE RECESSION HAD AN IMPACT ON SAVING?

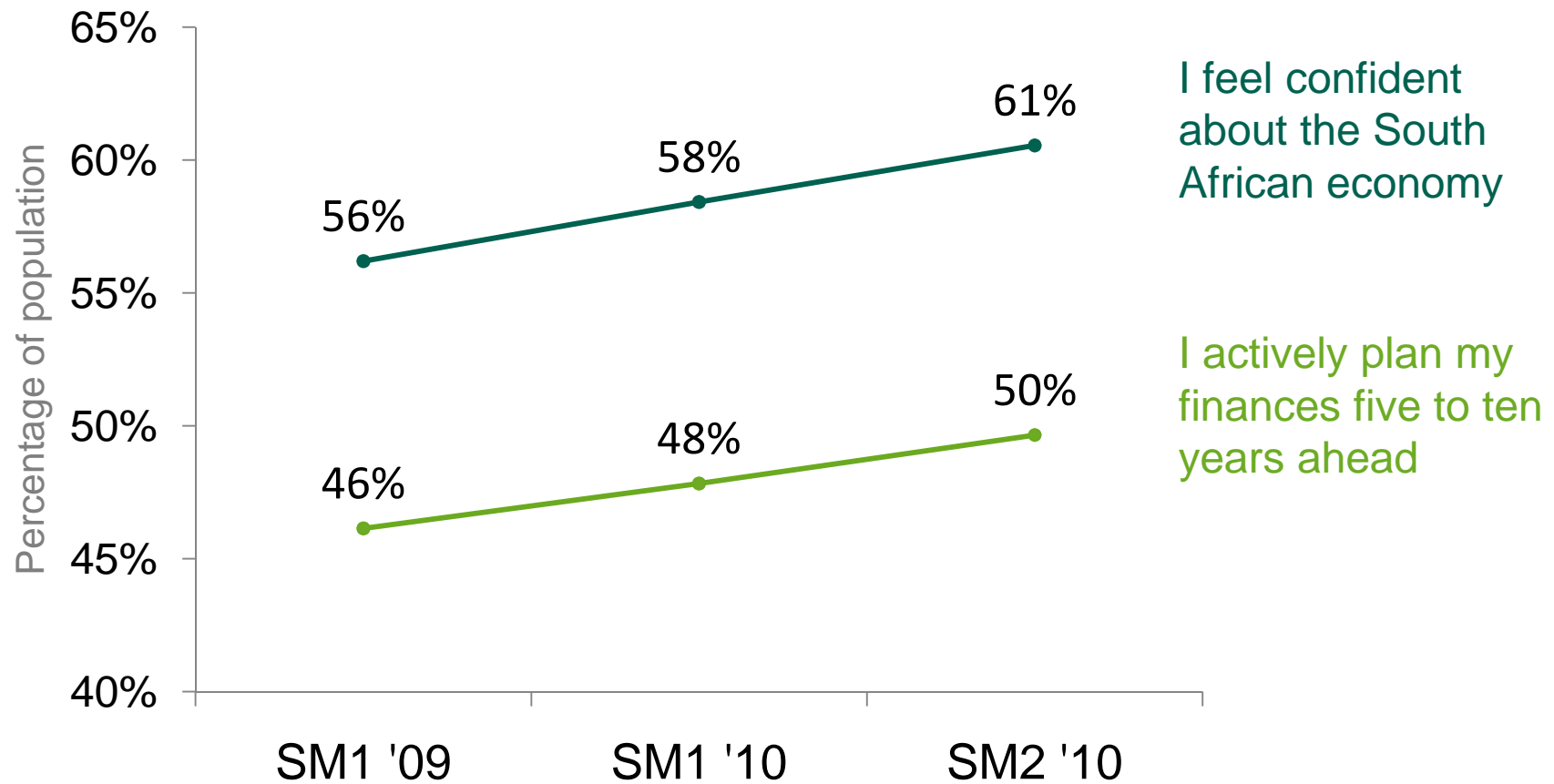
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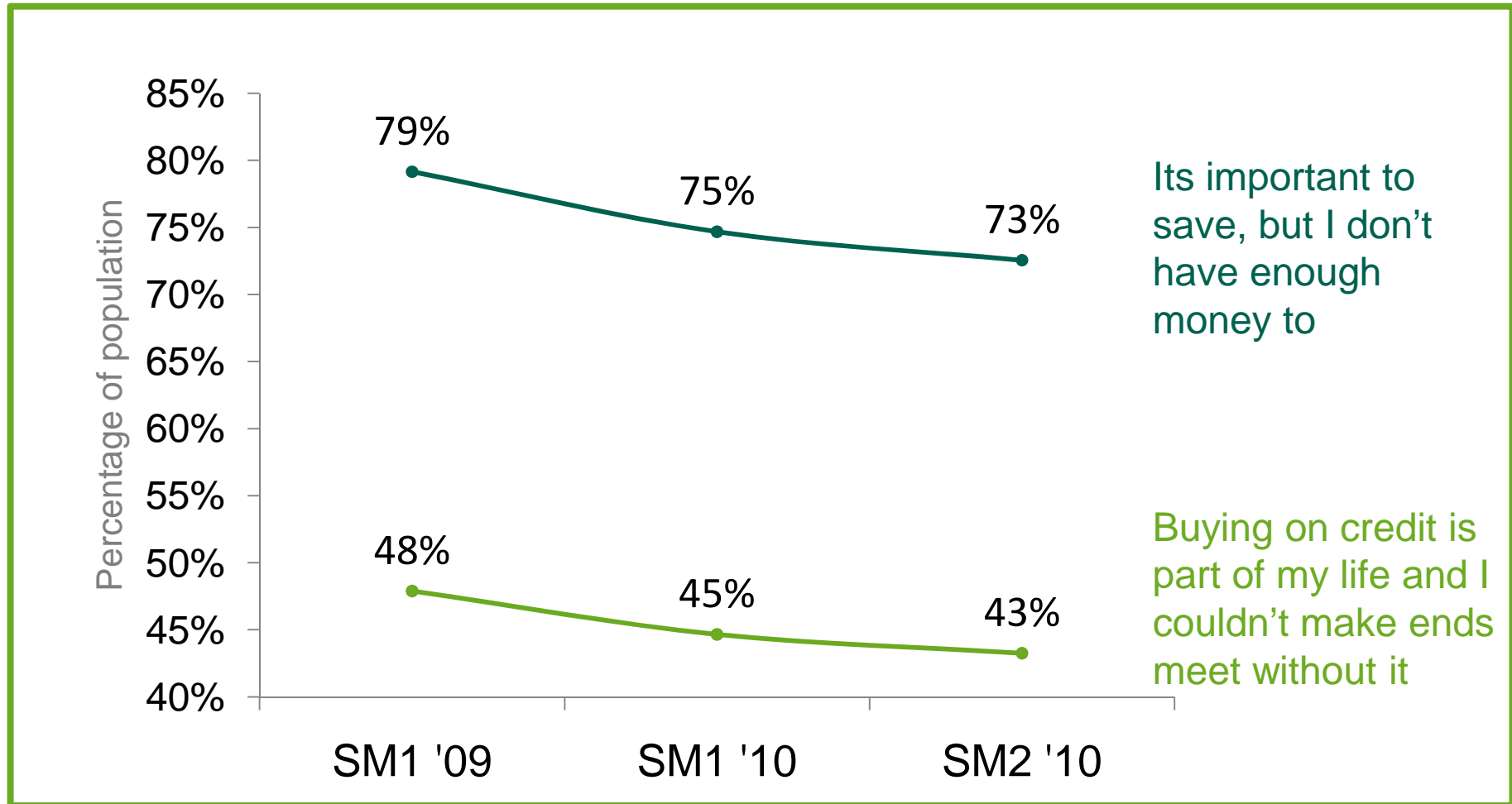
Positive Savings Trend



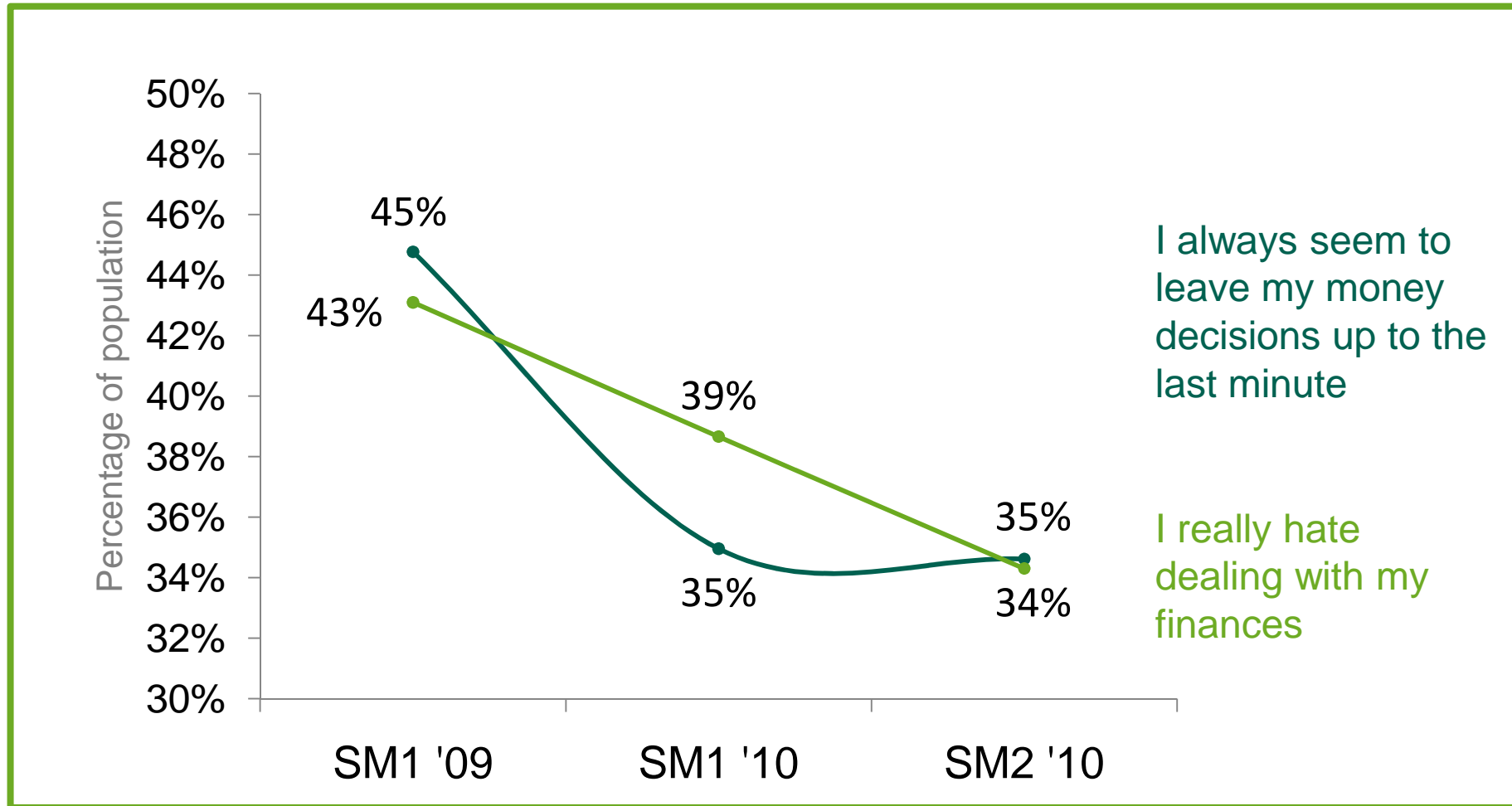
Attitudes have changed positively



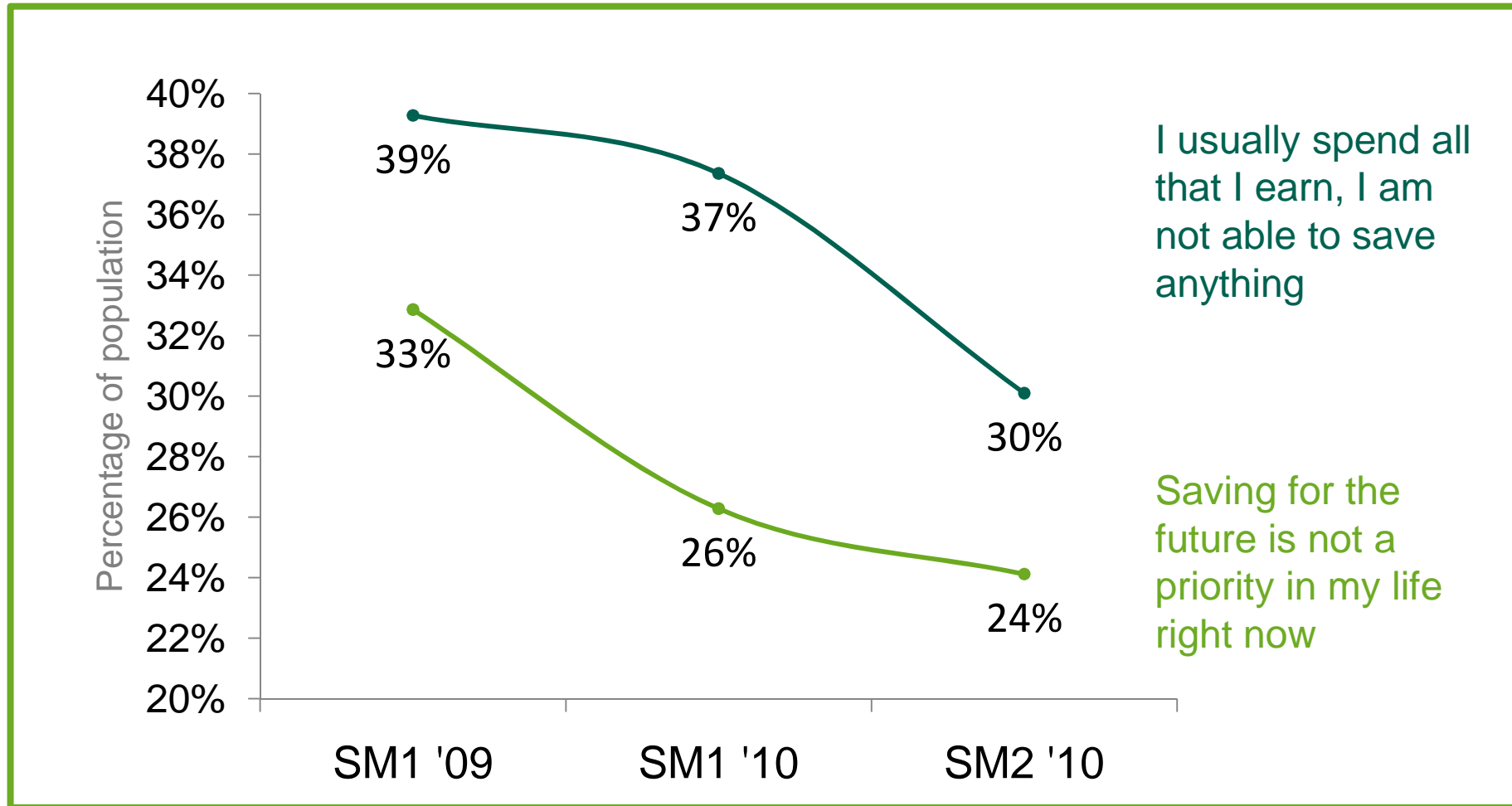
Attitudes have changed positively



Attitudes have changed positively



Attitudes have changed positively



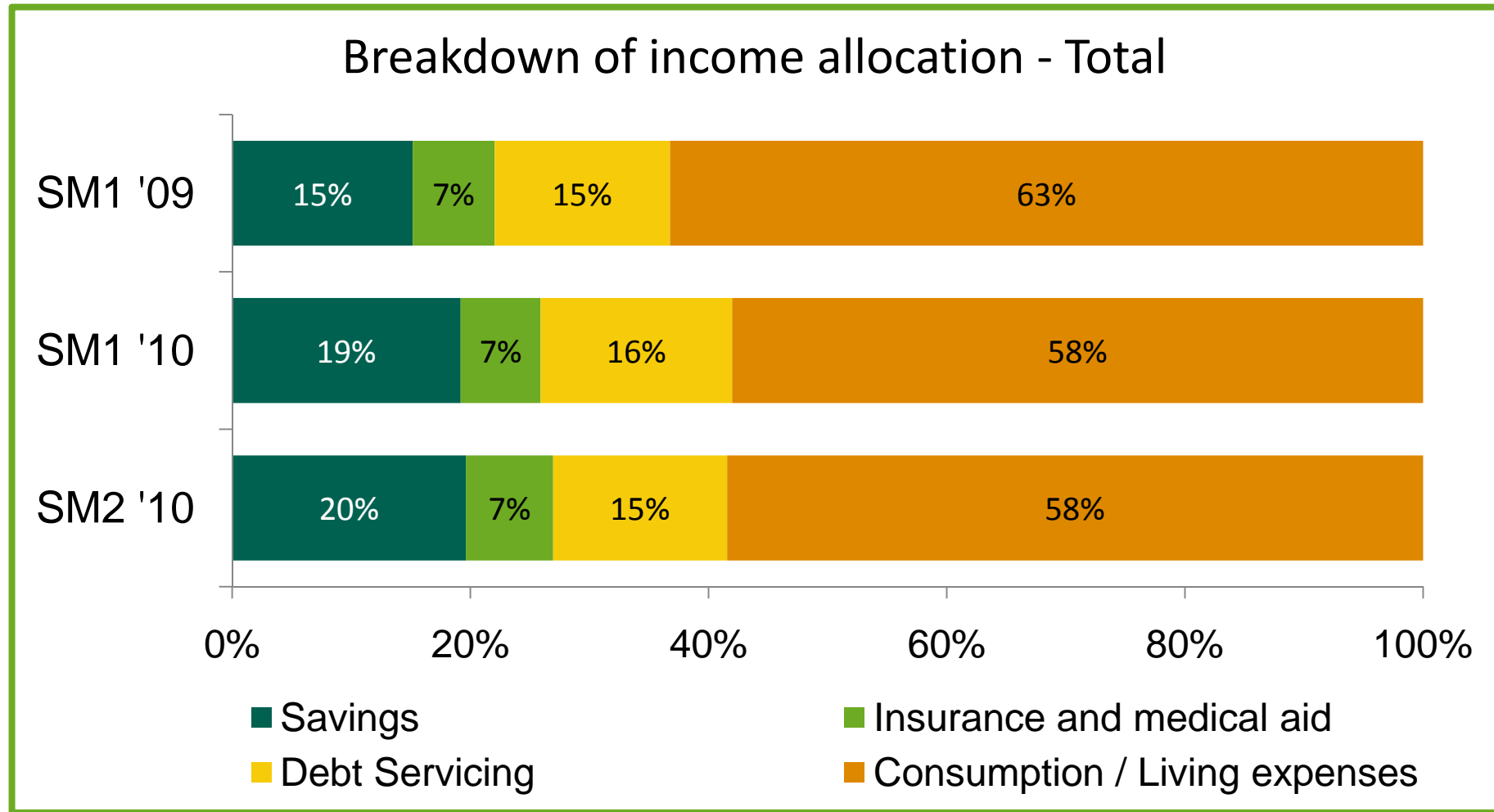


SO WHAT ARE SOUTH AFRICANS DOING ABOUT SAVING?

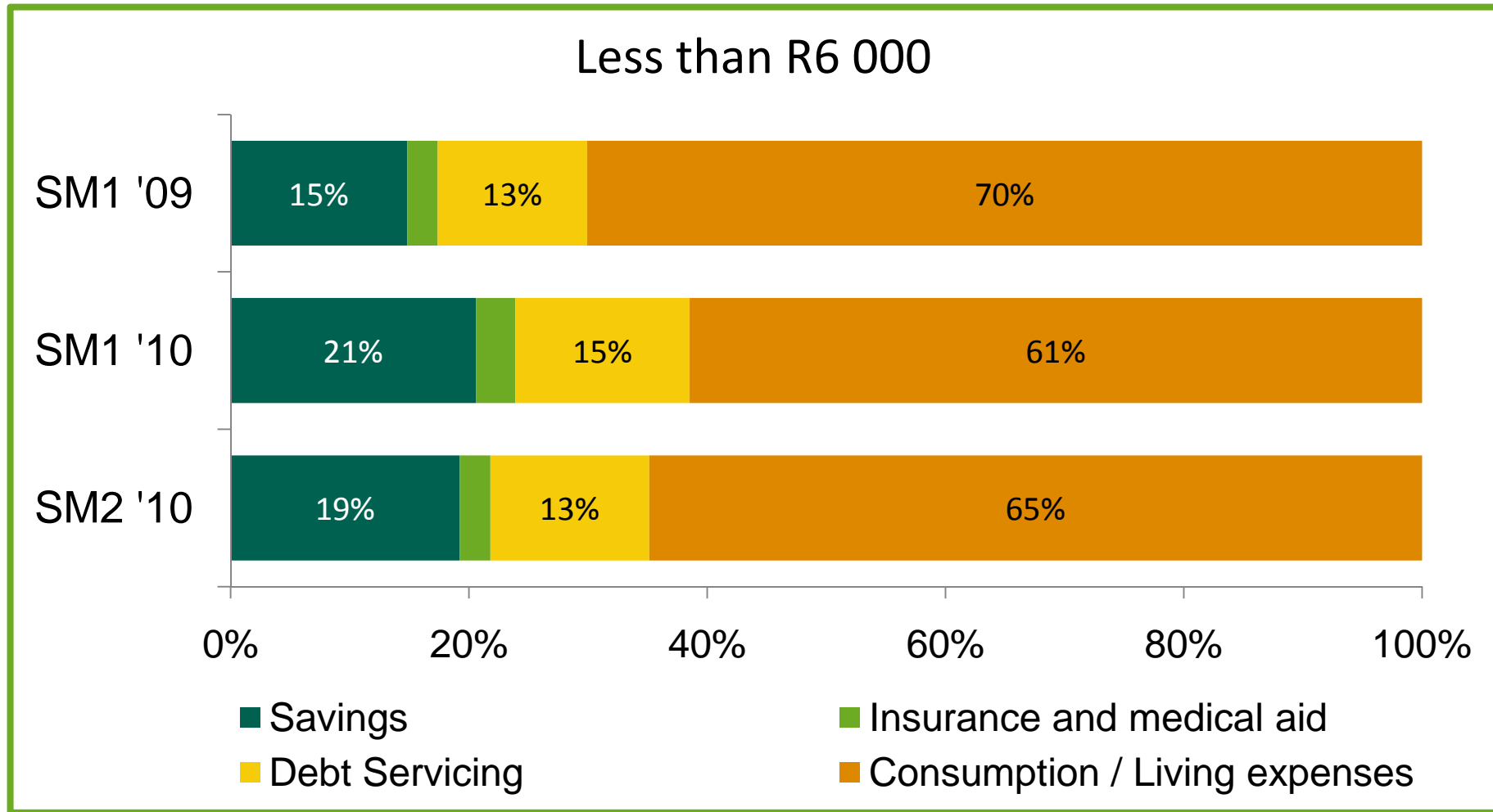
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 OLD MUTUAL

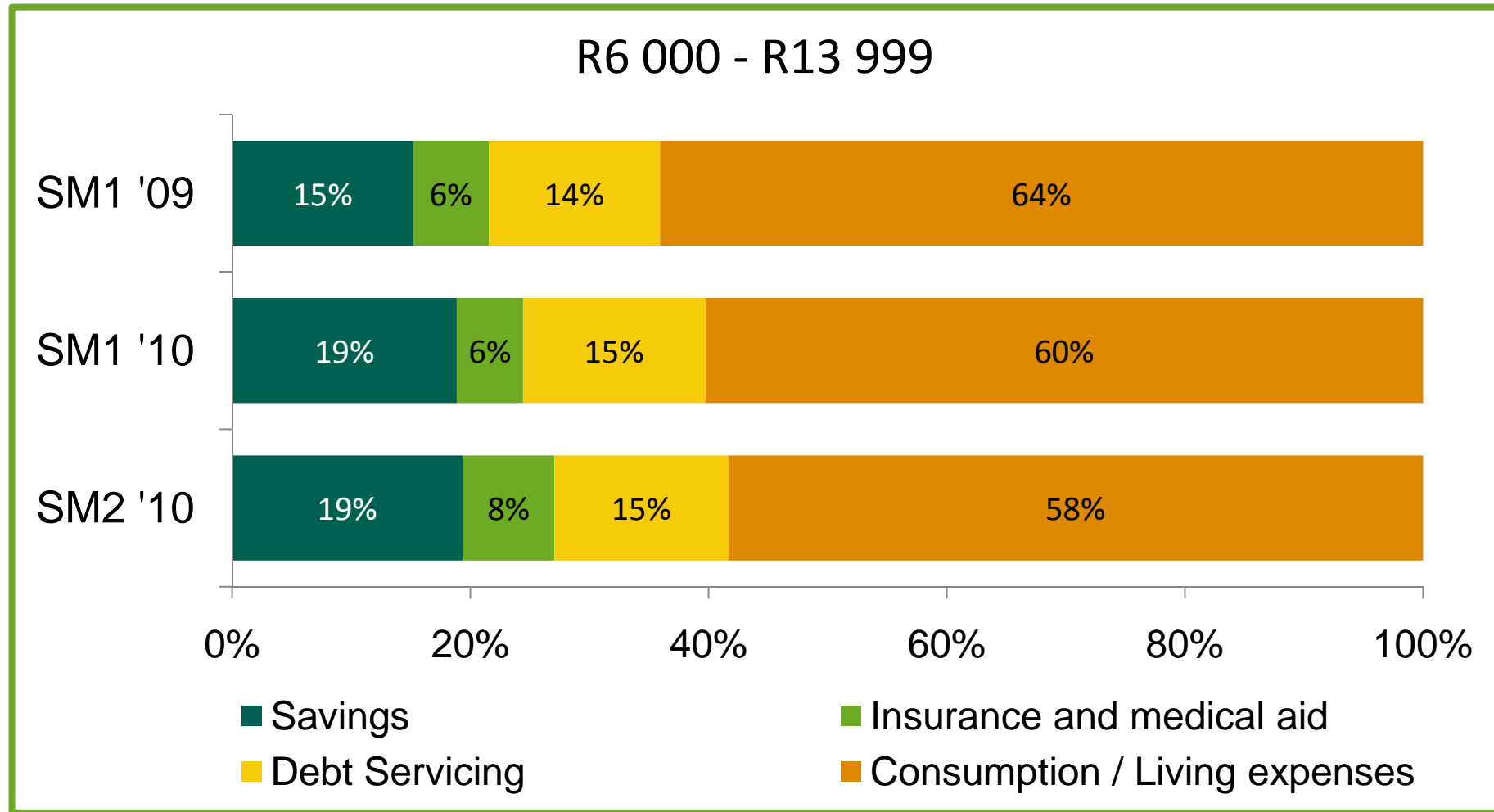
Overall, savings have increased



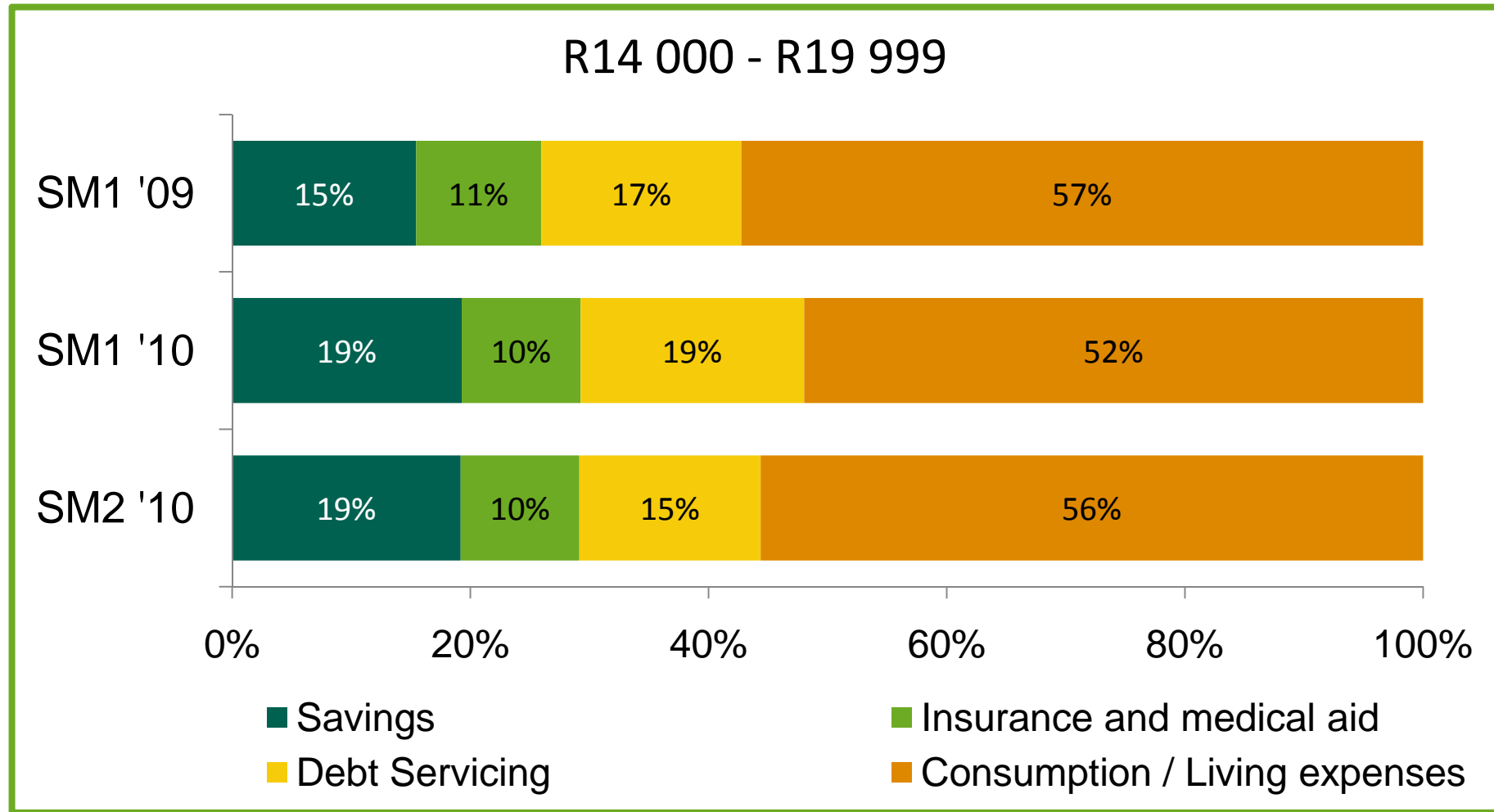
The lowest income group still finding its feet



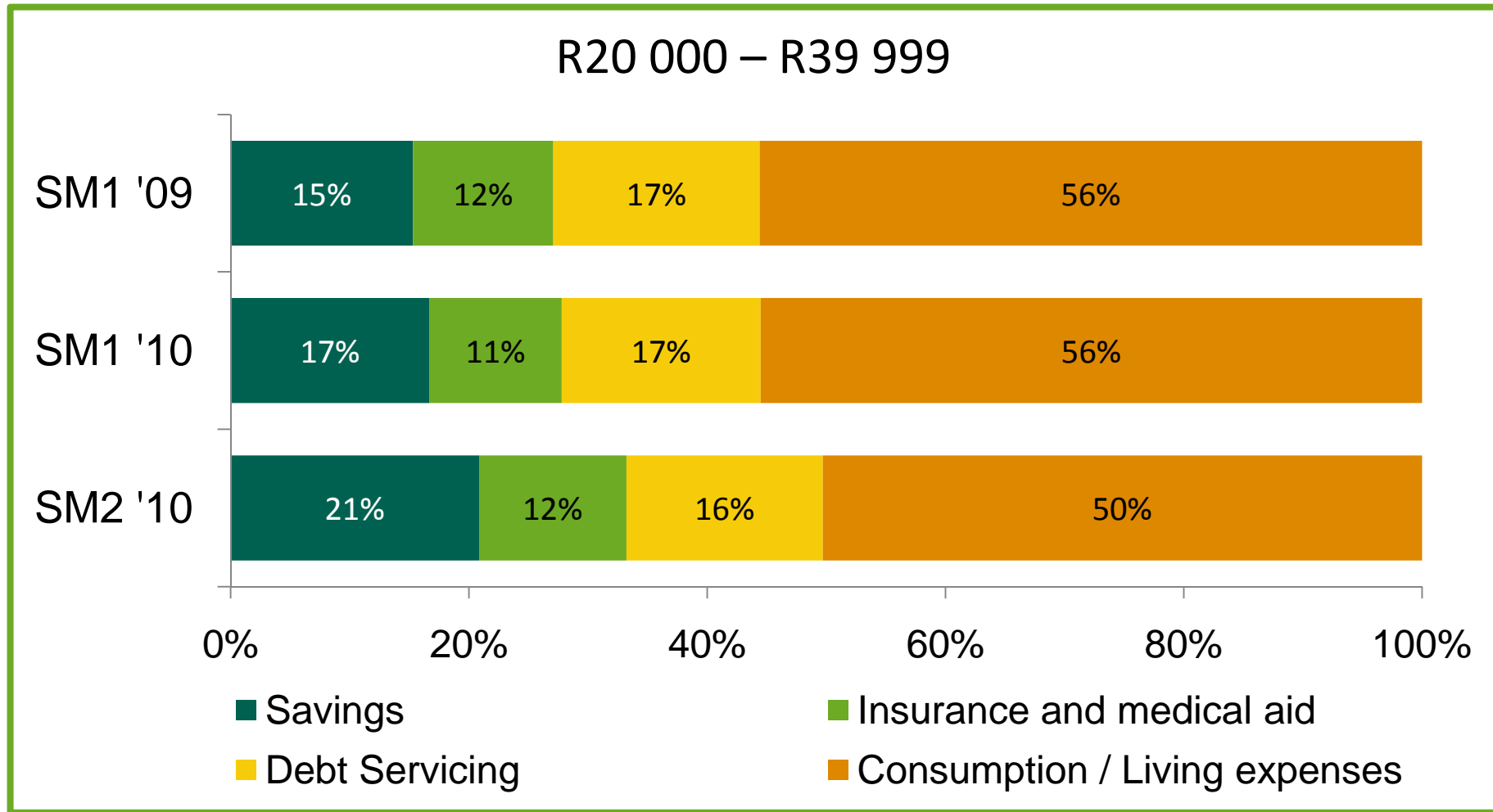
Mass market remaining steady



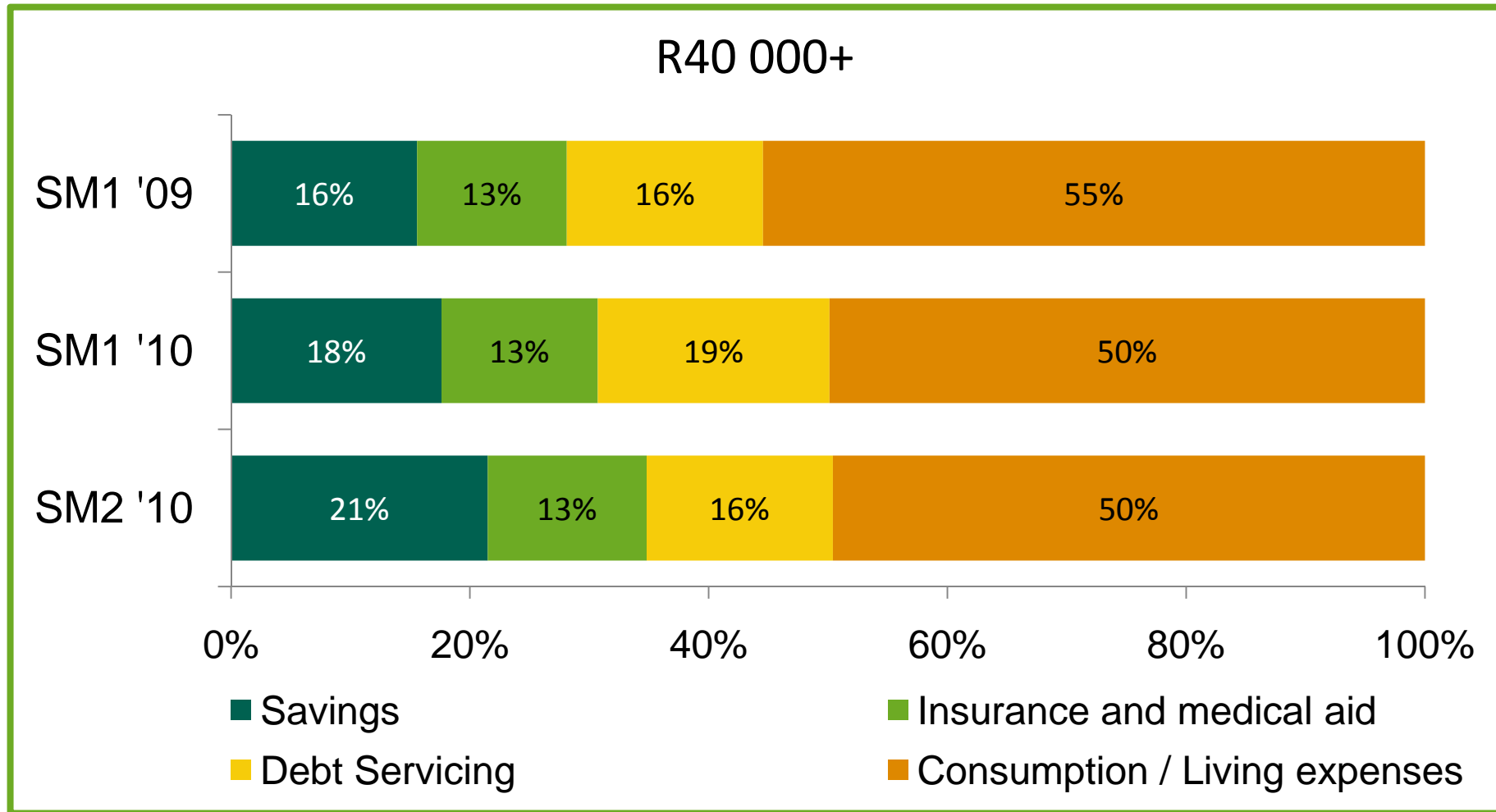
Mass market remaining steady



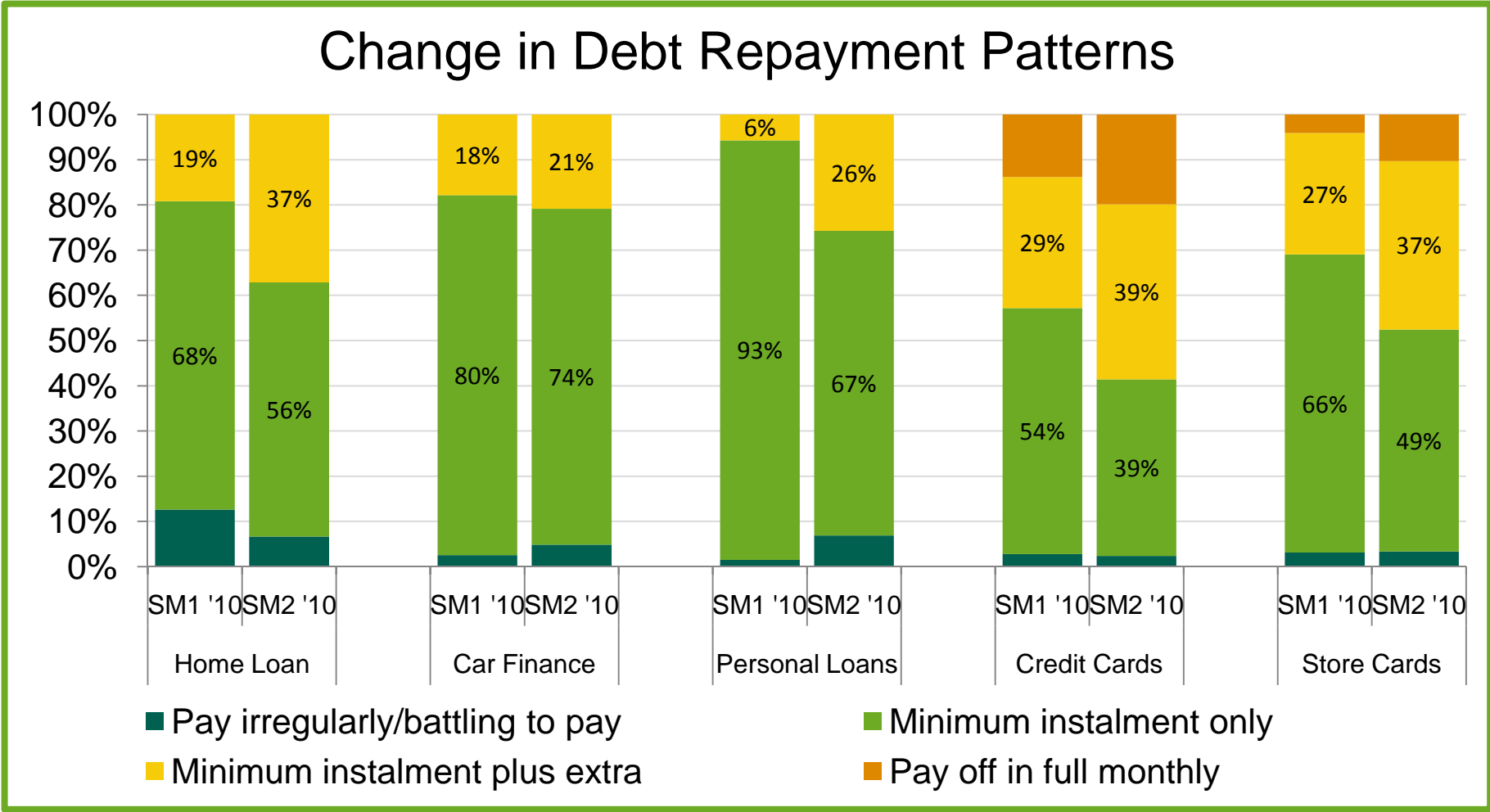
But upper income benefitting the most



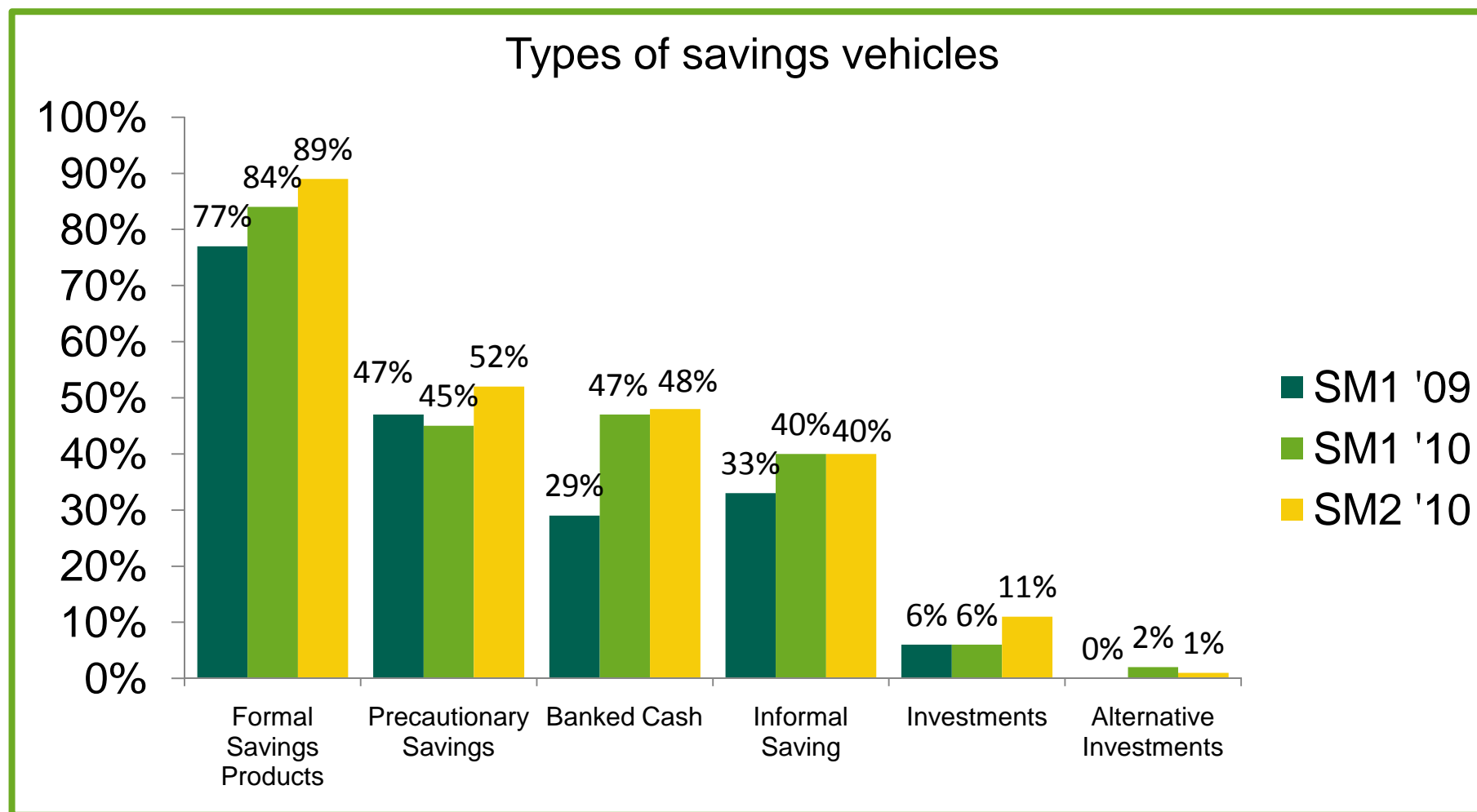
But upper income benefitting the most



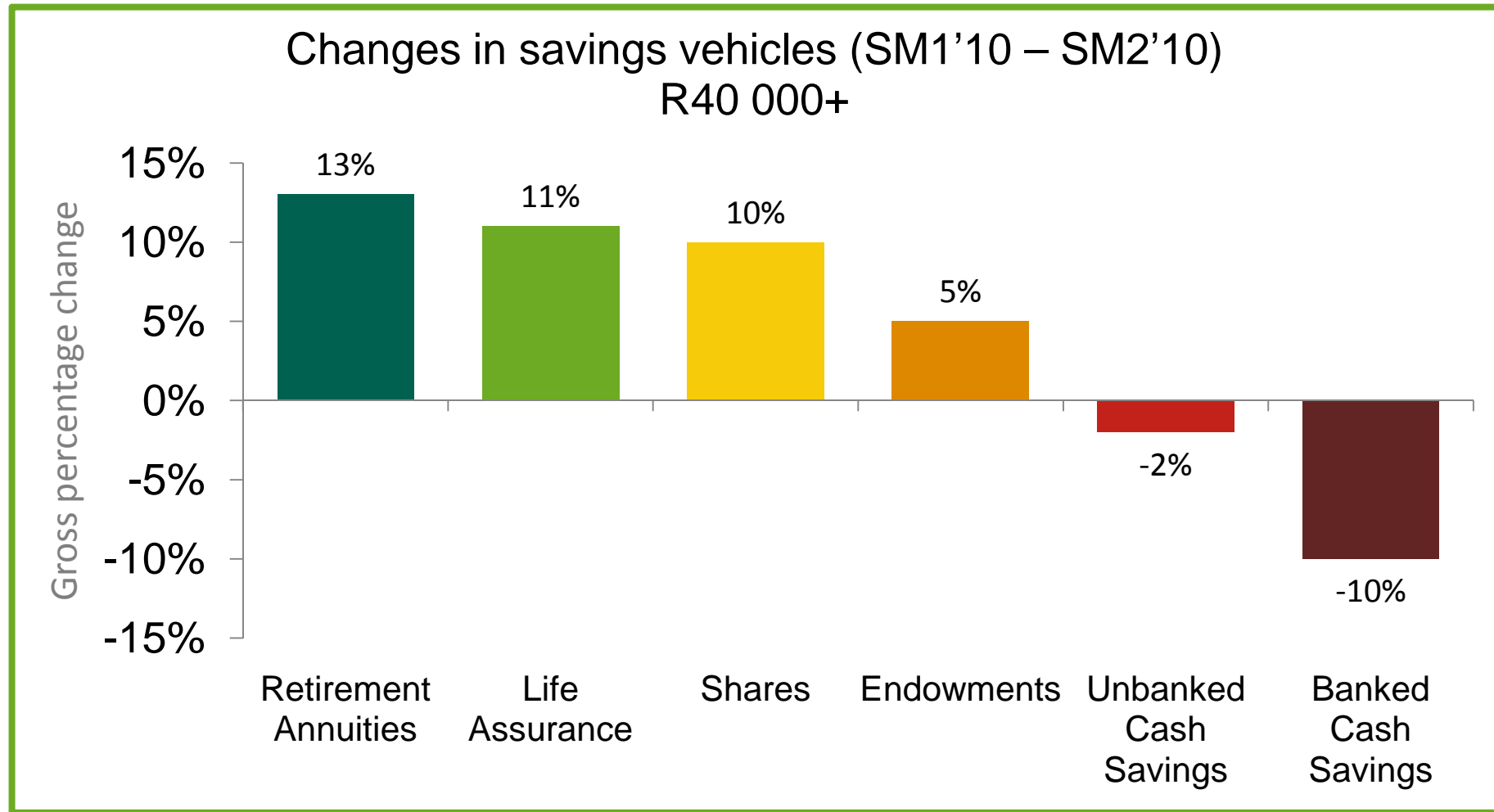
Debt is a major beneficiary...



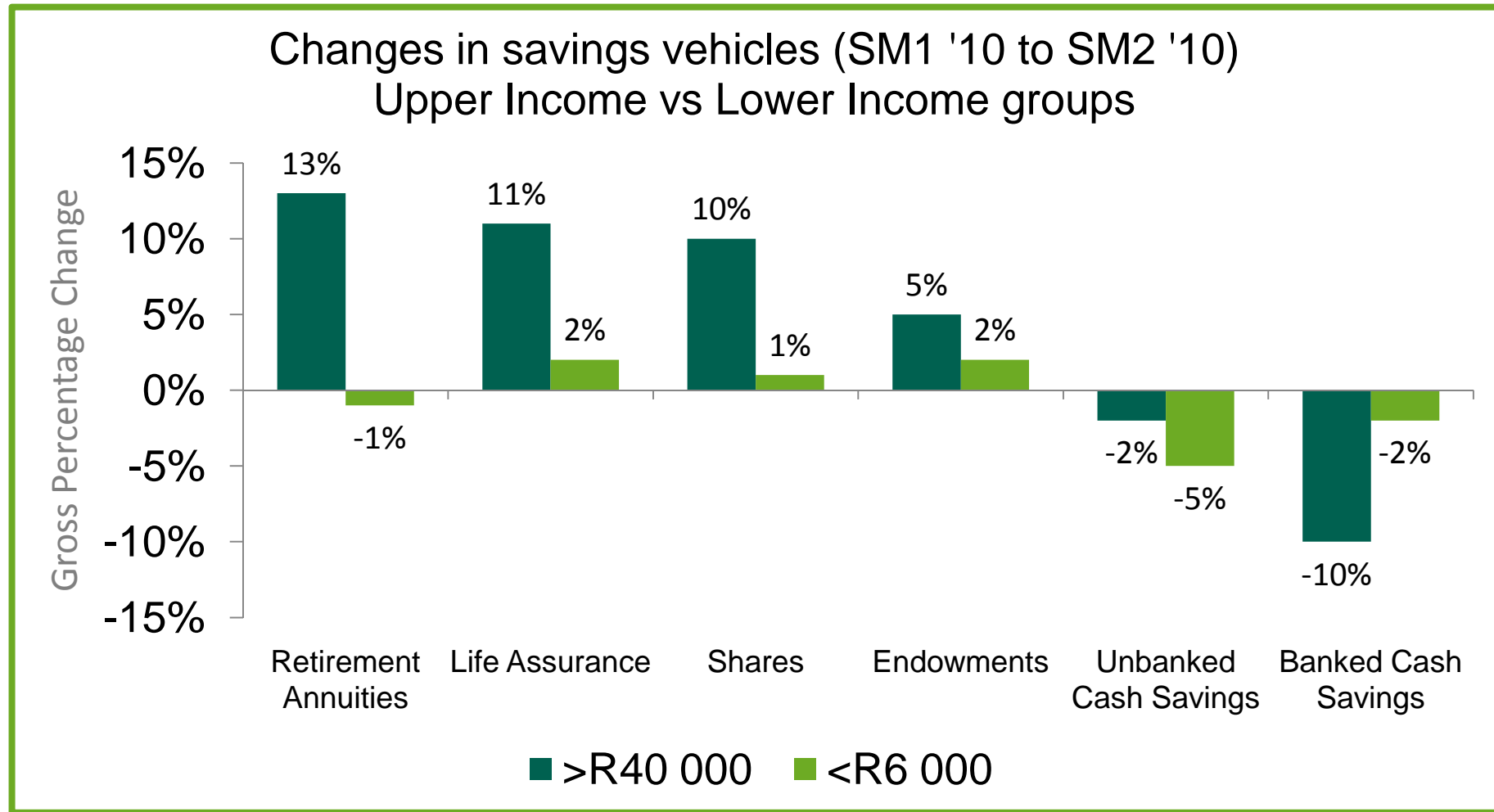
...So are formal savings products



Upper income segment actively investing



Upper income segment actively investing



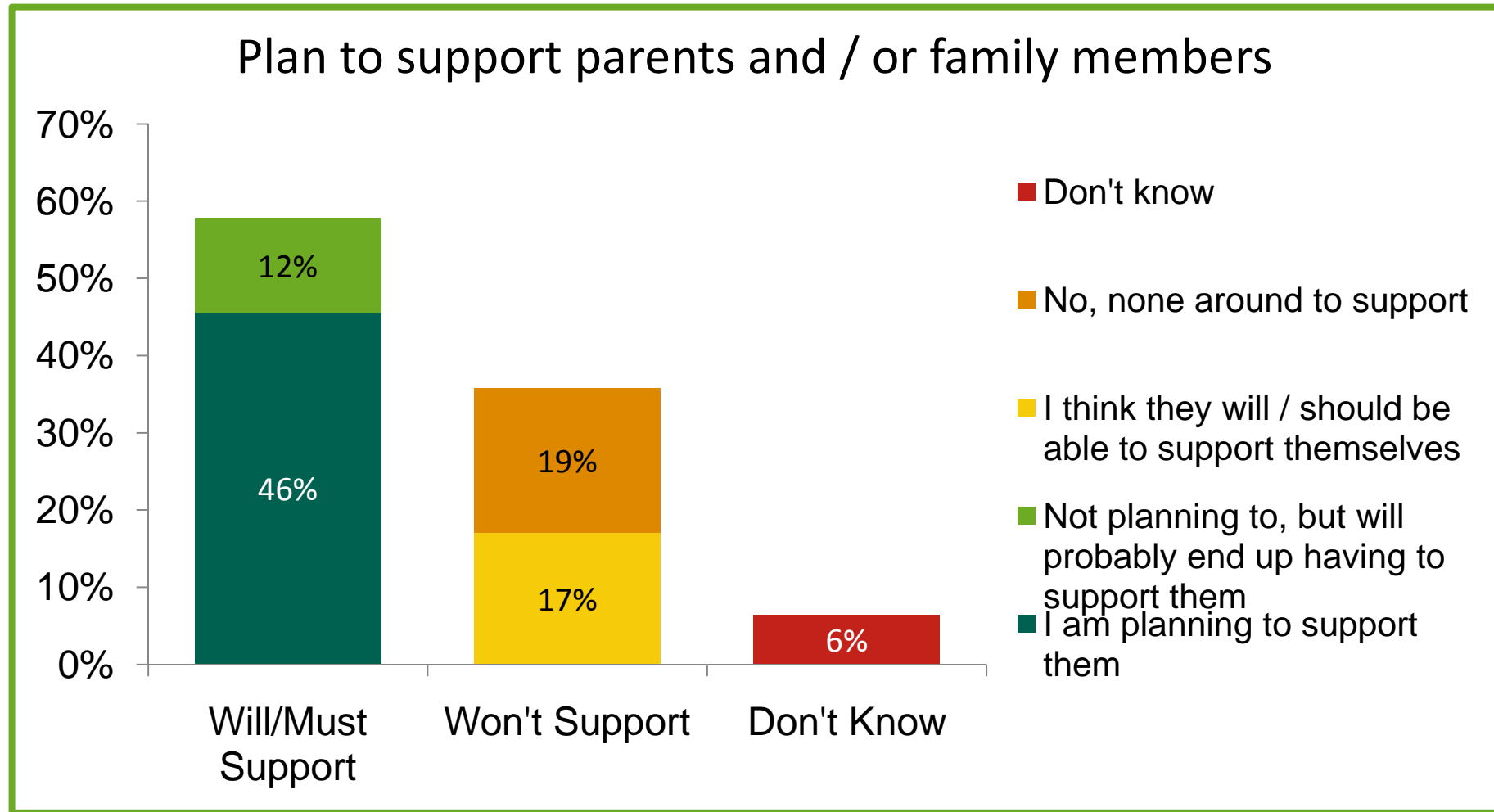


**BUT IS THIS IMPROVEMENT
ENOUGH?**

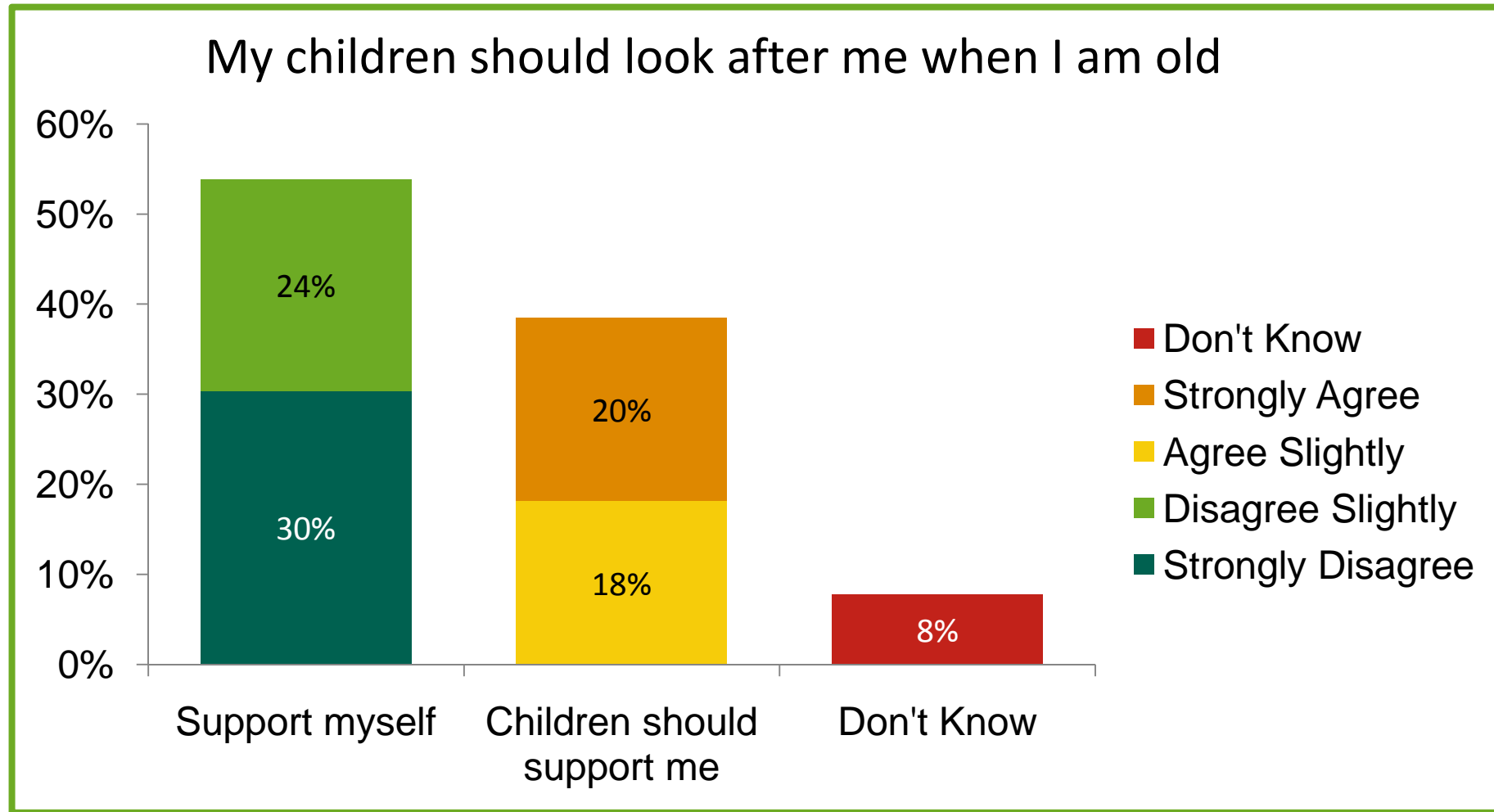
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Most of us think we will have to support our parents






We also don't believe that our children should support us



Planning doesn't mean doing - no difference in savings patterns

	Consumption/ Living expenses	Debt Servicing	Insurance and Medical Aid	Savings
Parents will/should be able to support themselves	58%	14%	8%	20%
Will need to support parents (planned / unplanned)	58%	15%	7%	20%

Planning doesn't mean doing - no difference in savings patterns

	 Saving less	 Saving same	 Saving more
Will/should be able to support themselves	32%	47%	21%
Will need to support parents (planned / unplanned)	31%	48%	21%



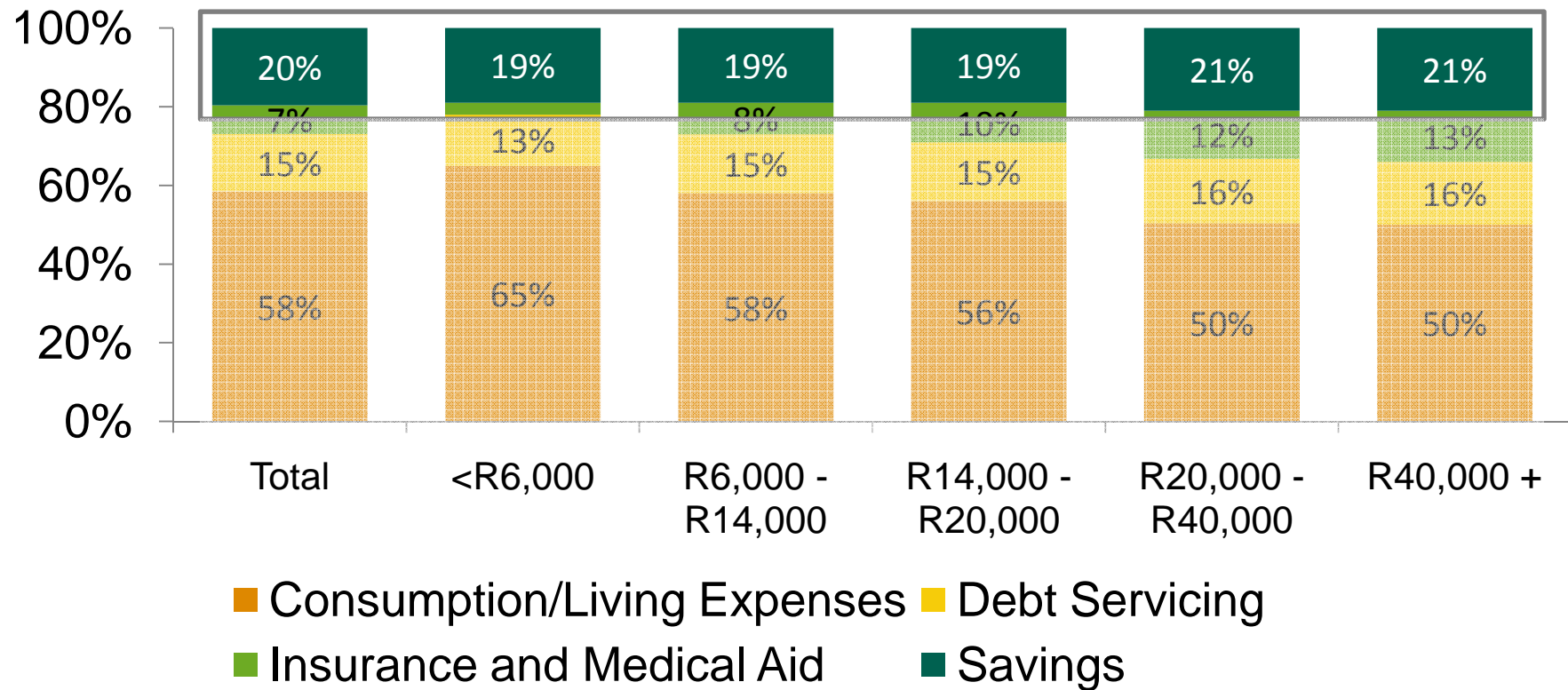
SO WHAT MAKES A GOOD SAVER?

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Income levels do not define savings

Percentage of income spent by household income group





PROFILING ORGANIZERS VS. PROCRASTINATORS

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Savings typologies

- An analysis based on attitudes and savings behaviour produced a clear savings continuum, with 3 core segments
- Our cluster analysis shows the biggest drivers of good saving behaviour are attitudes to planning

Savings continuum

Procrastinators

Organizers

SAVE LITTLE

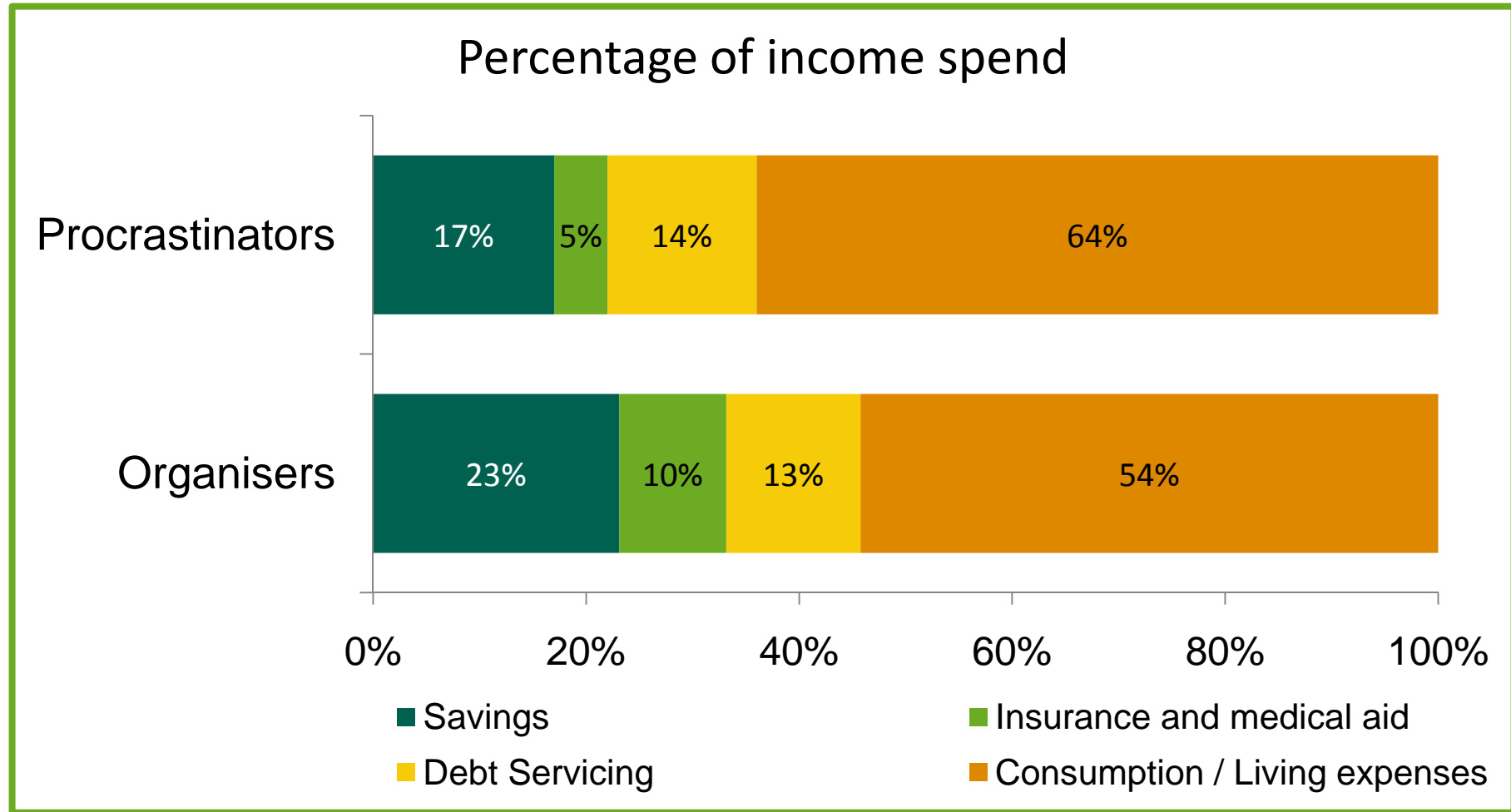
SAVE A LOT



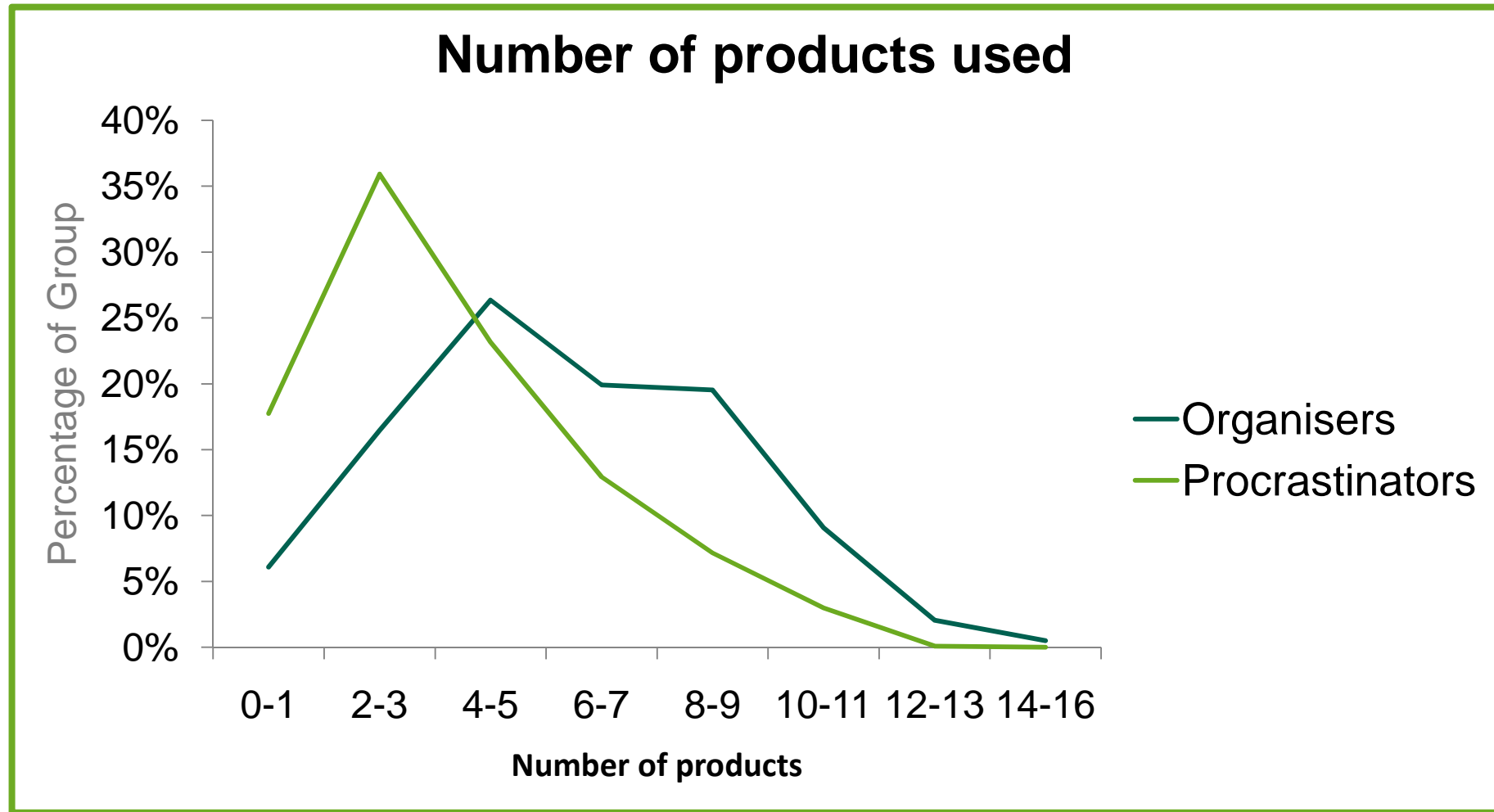
Stressed & worried
Impulsive
Materialistic / 'never enough'
Disorganized
Someone else's problem / fault

Happy & content
Cautious & controlling
Secure
Very organized
Take responsibility

Organisers save more

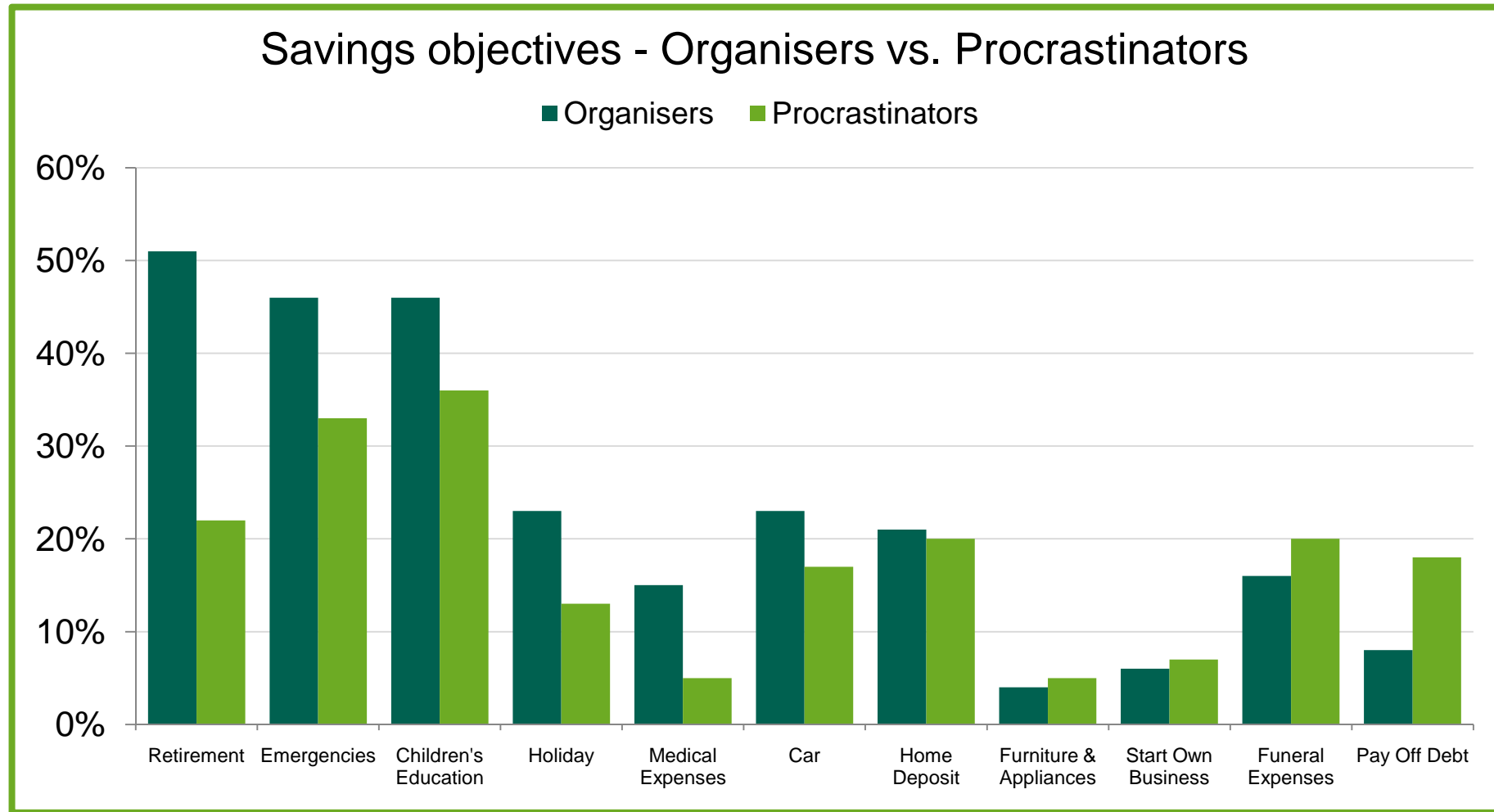


Organisers have a more holistic approach to savings

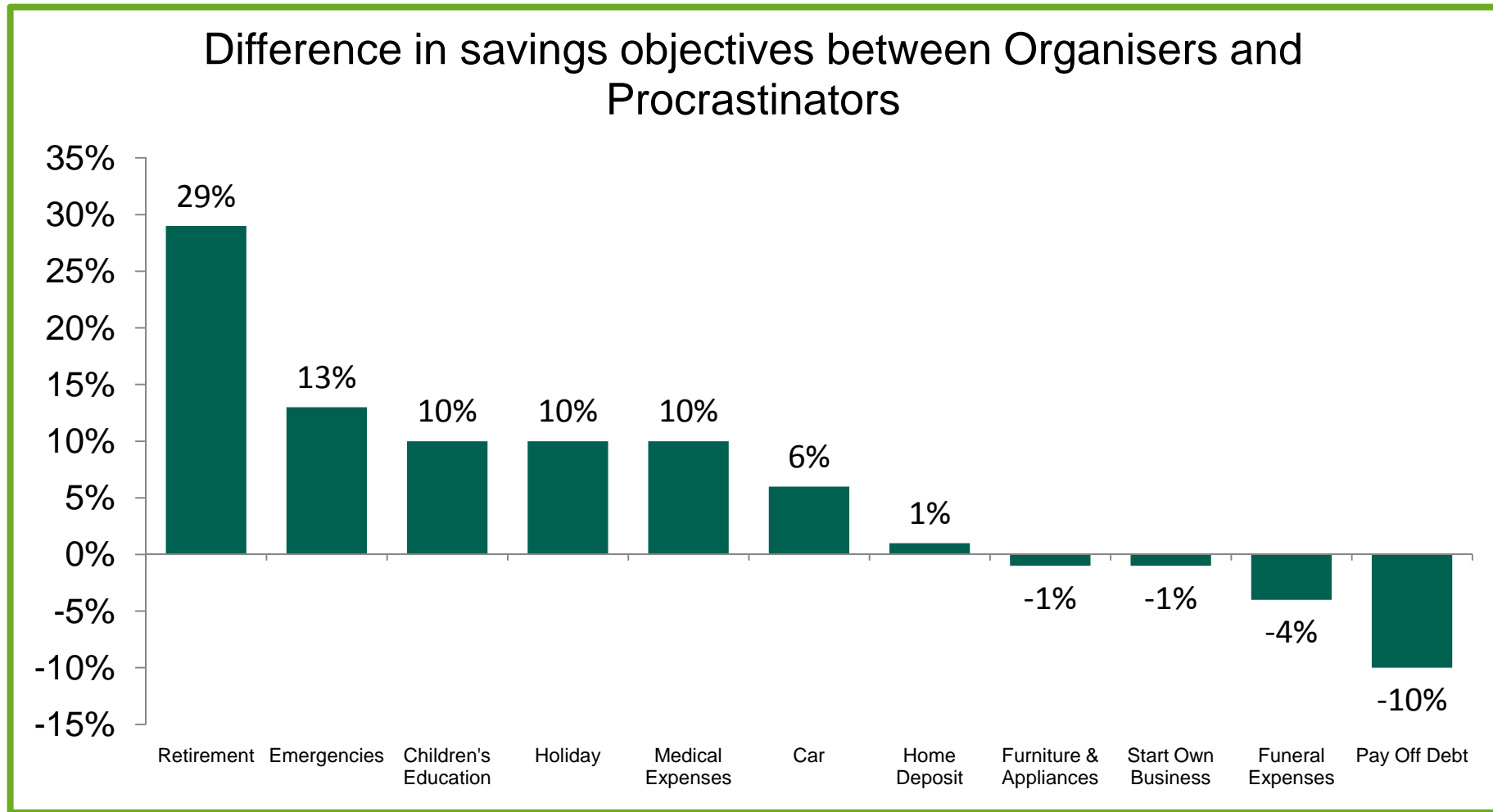


*excluding transactional bank products

Organisers are more focused on the future



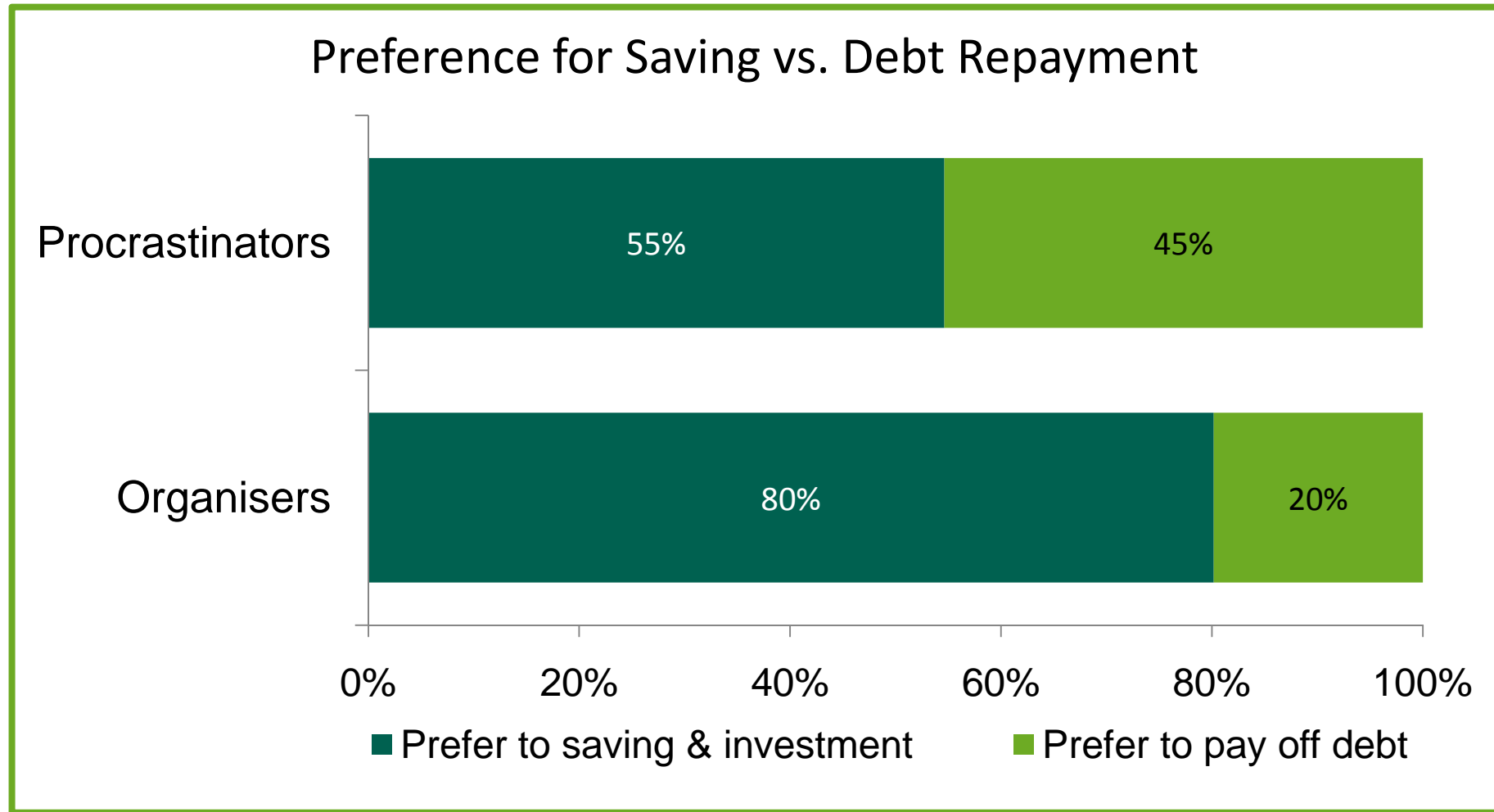
Organisers are more focused on the future



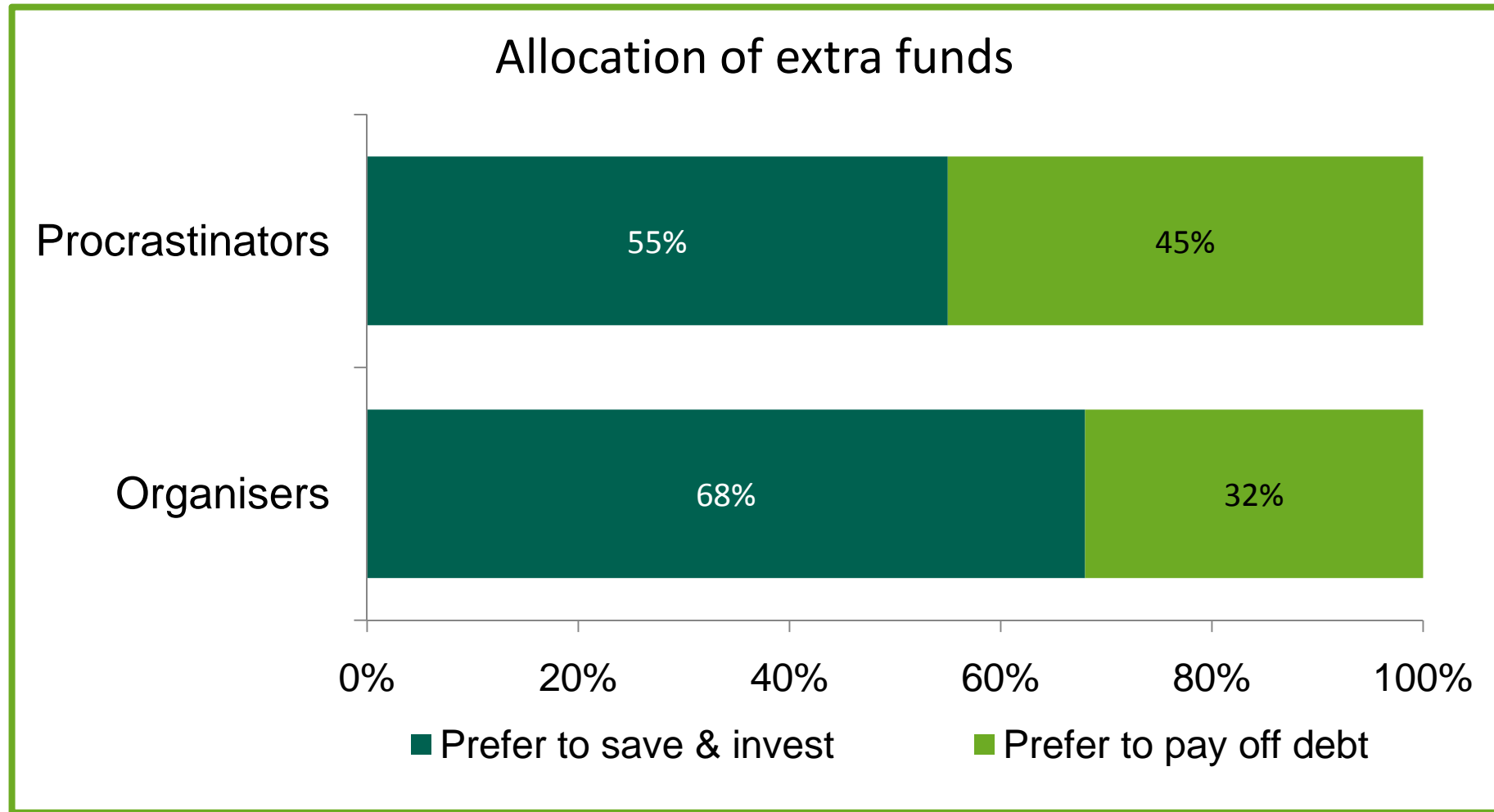
Organisers have debt too

	Organisers	Procrastinators
Any bond	20%	13%
Car finance	17%	13%
Credit Card	44%	25%
Store Cards	60%	63%
Personal loans	25%	34%

But despite this debt, Organisers still favour saving...

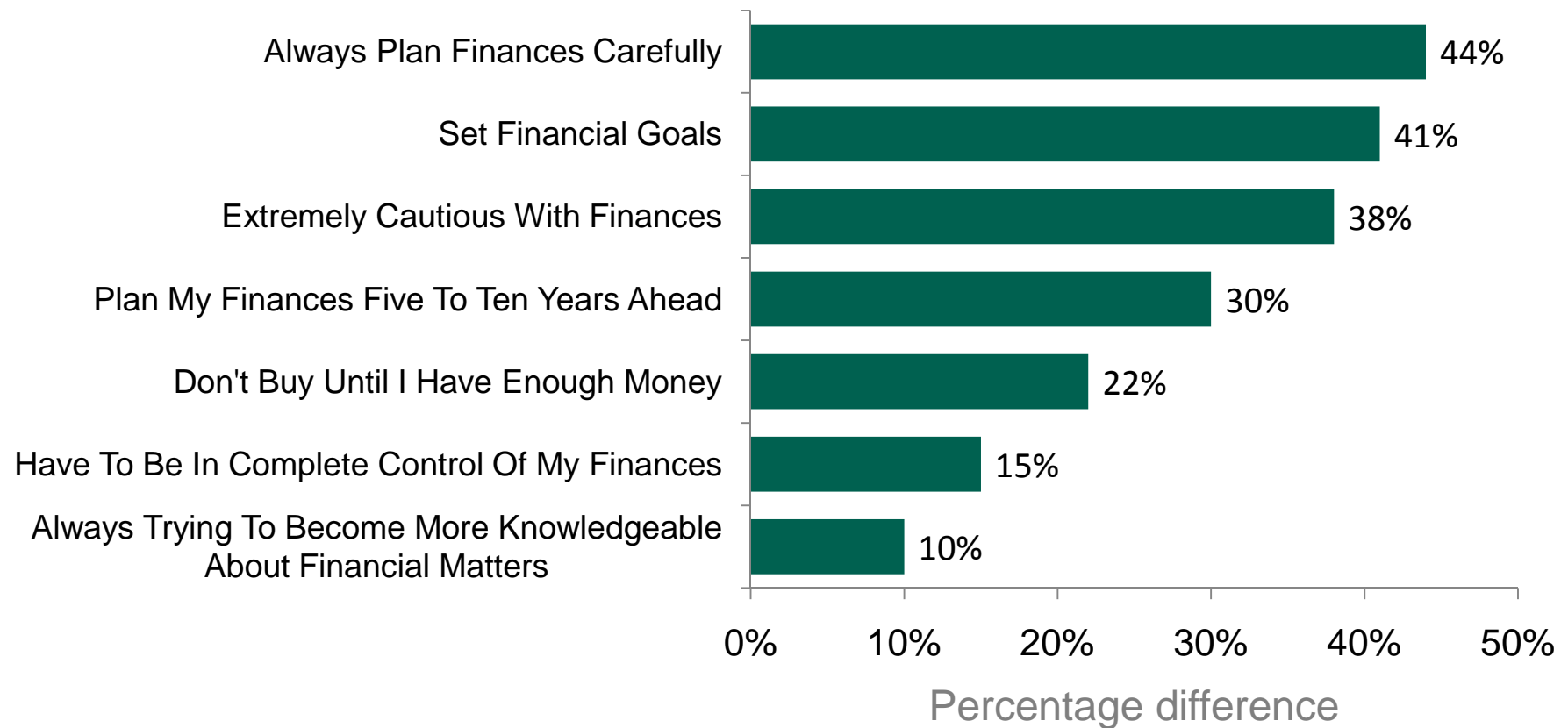


...And recognise the need for debt reduction



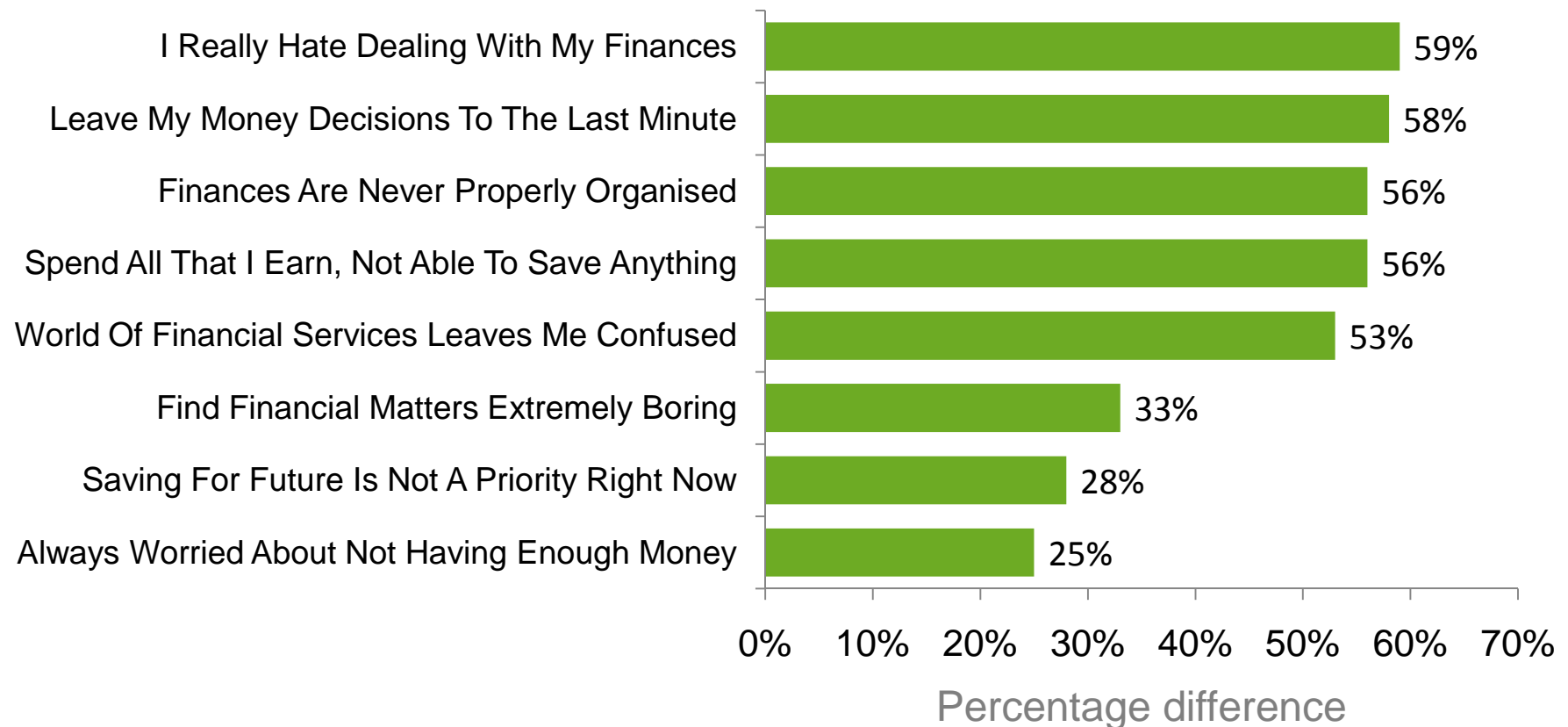
Organisers plan ahead

Percentage difference - Organisers over Procrastinators



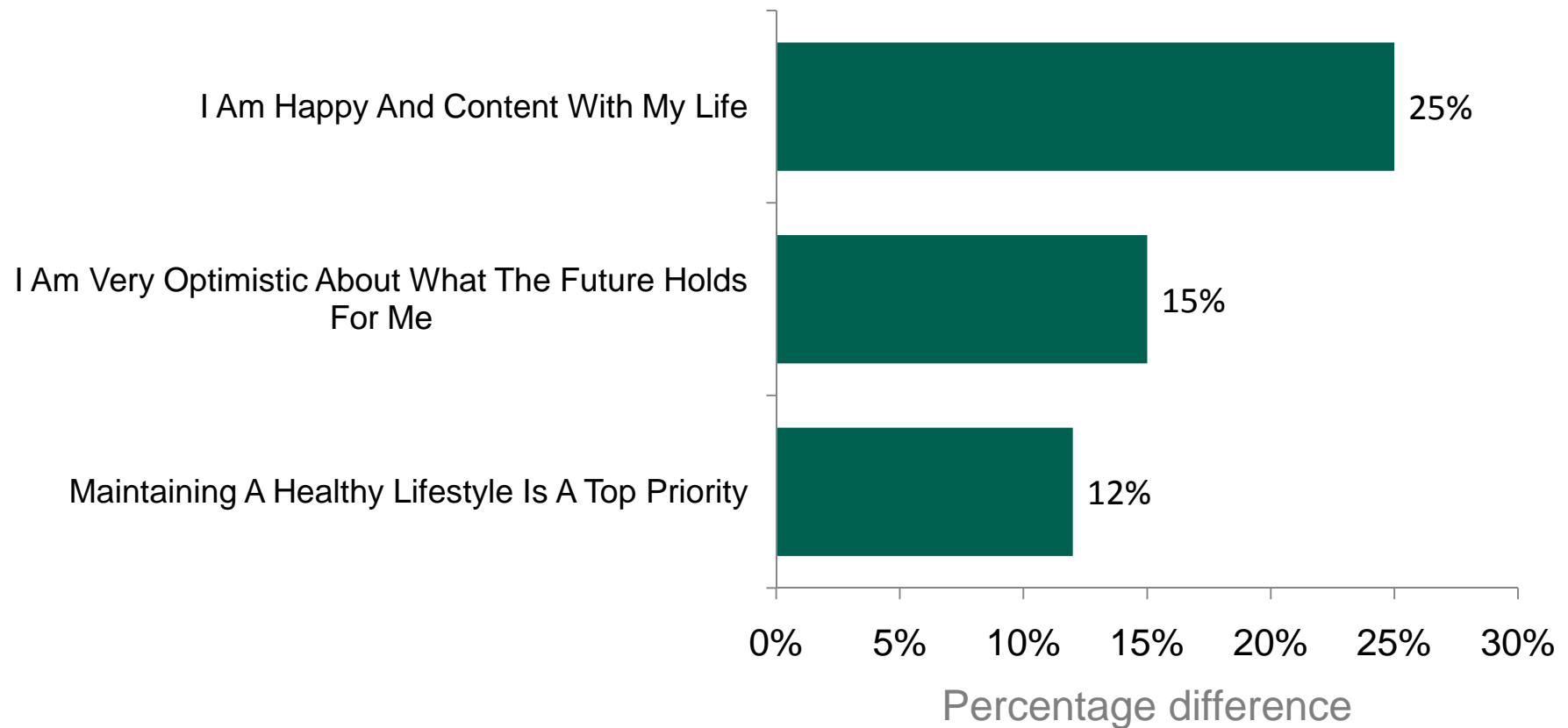
Procrastinators avoid planning

Percentage difference - Procrastinators over Organisers



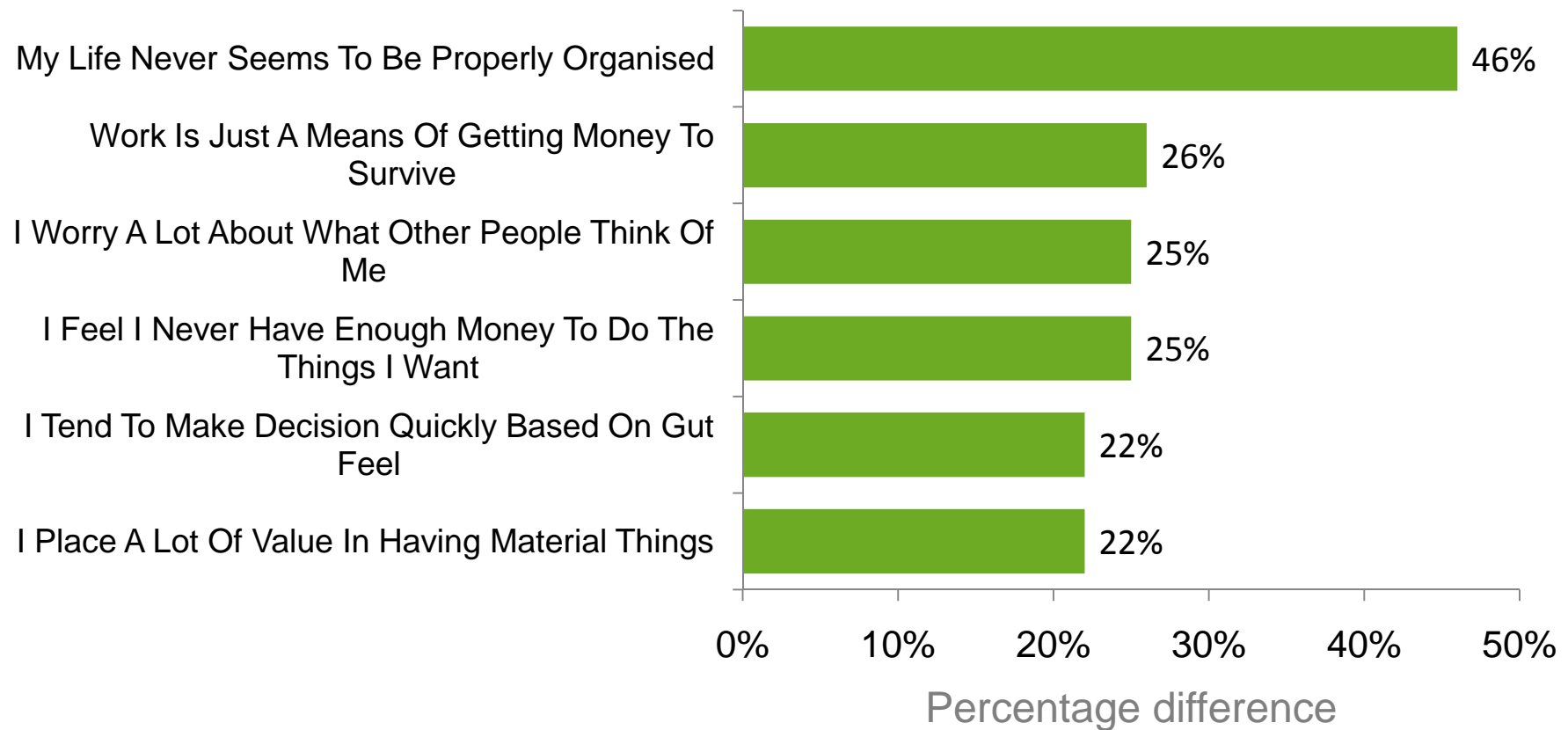
Organisers are happy

Percentage difference - Organisers over Procrastinators

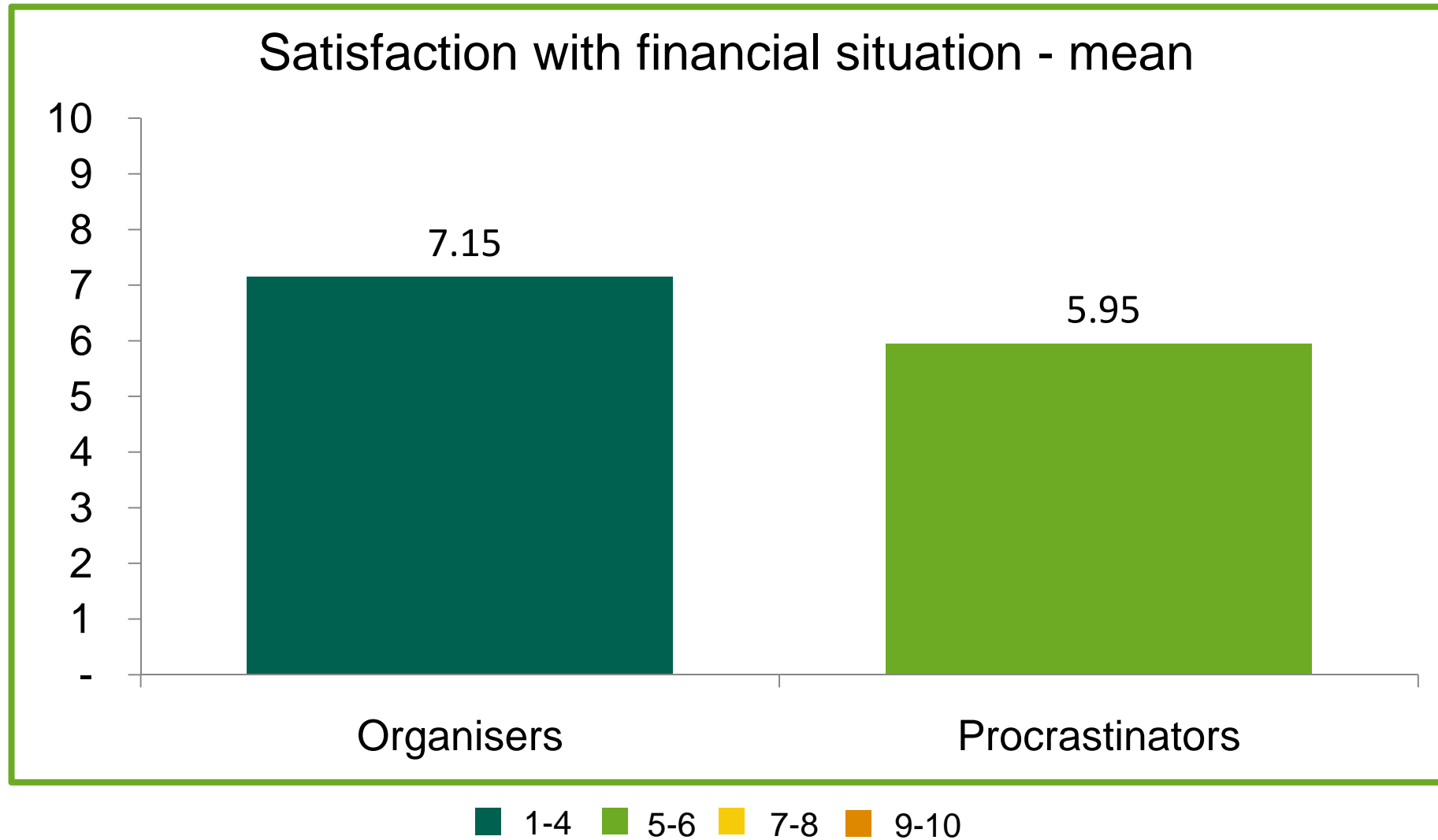


Procrastinators are frustrated

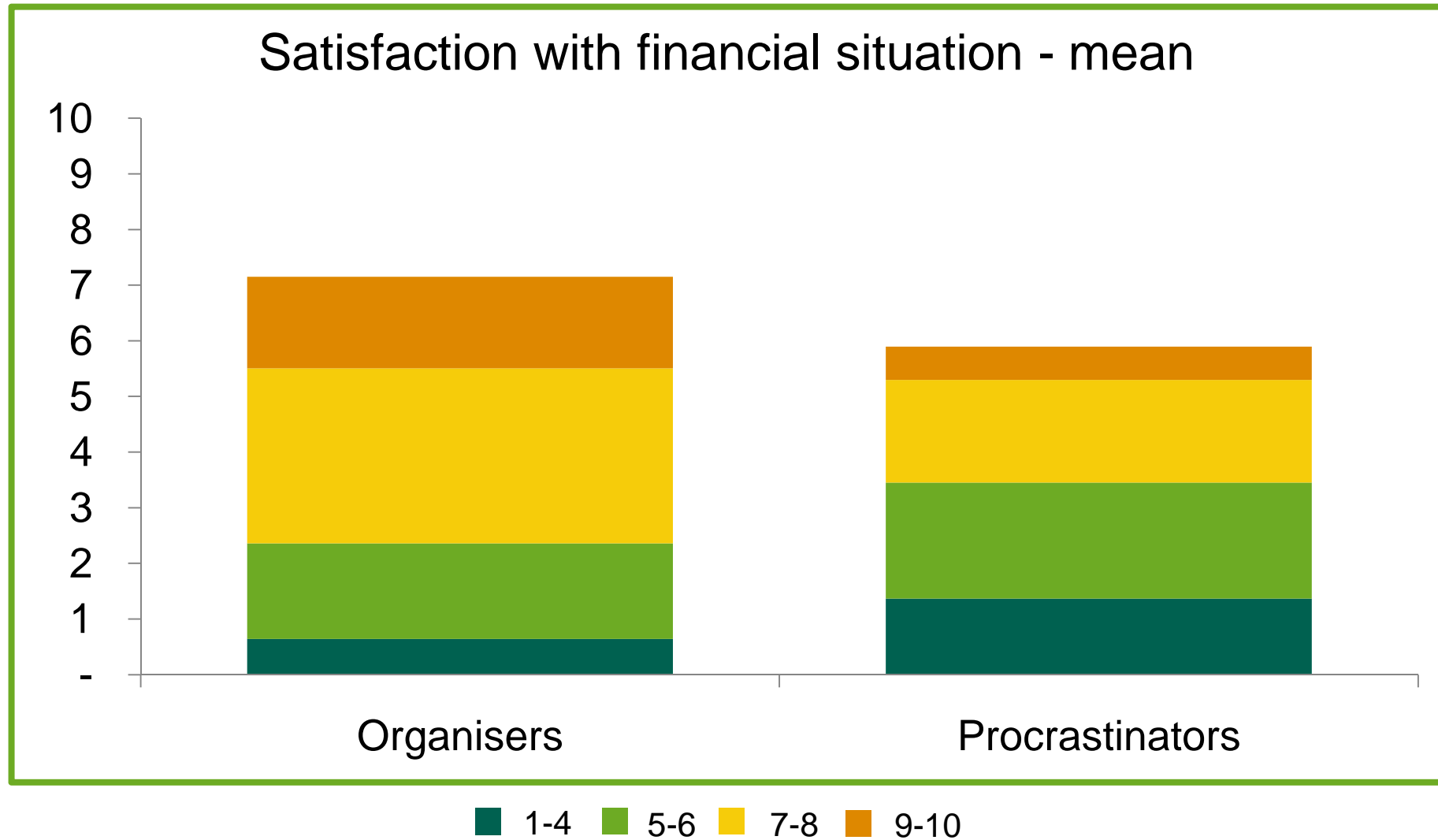
Percentage difference - Procrastinators over Organisers



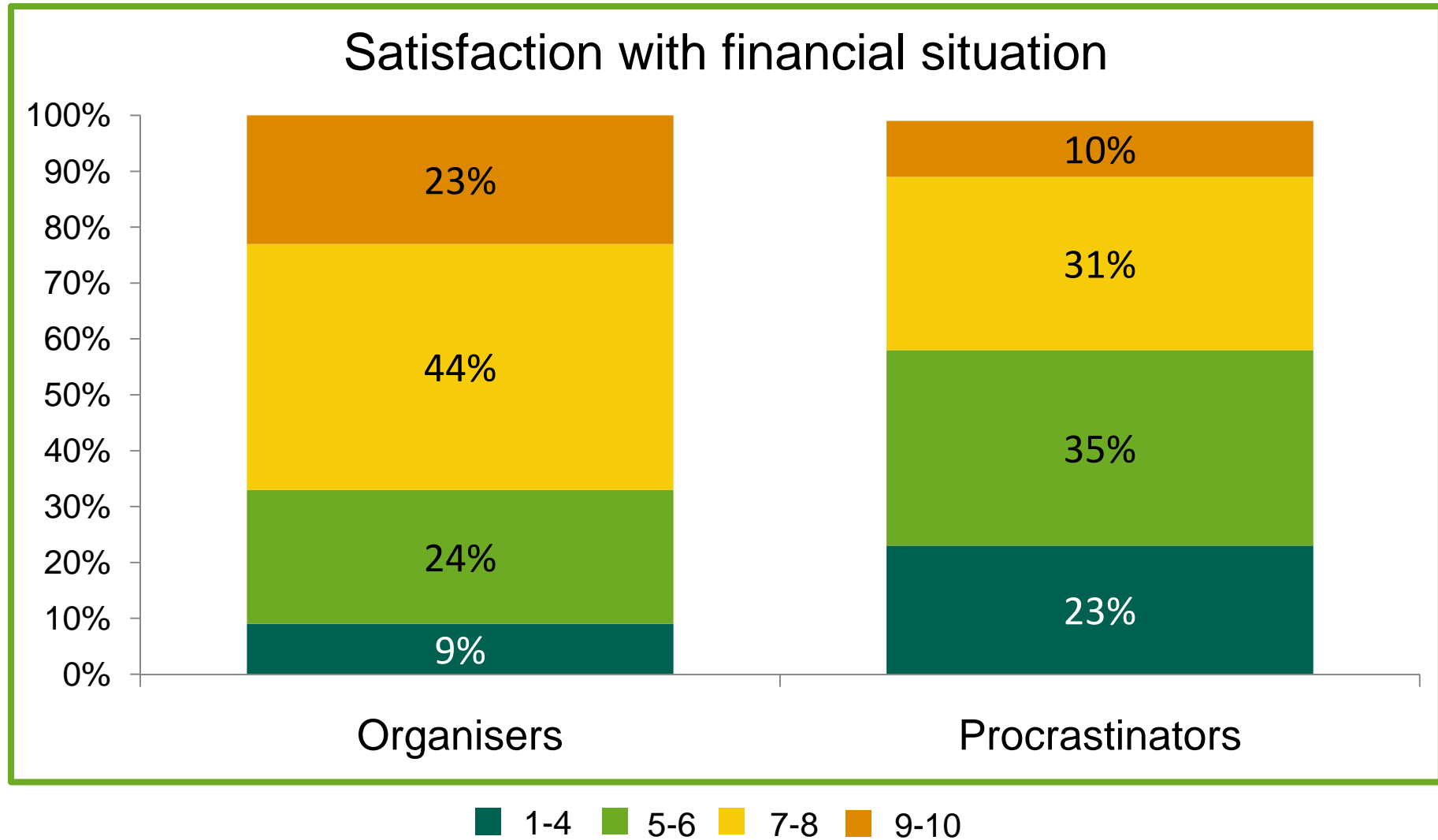
Organisers feel secure



Organisers feel secure



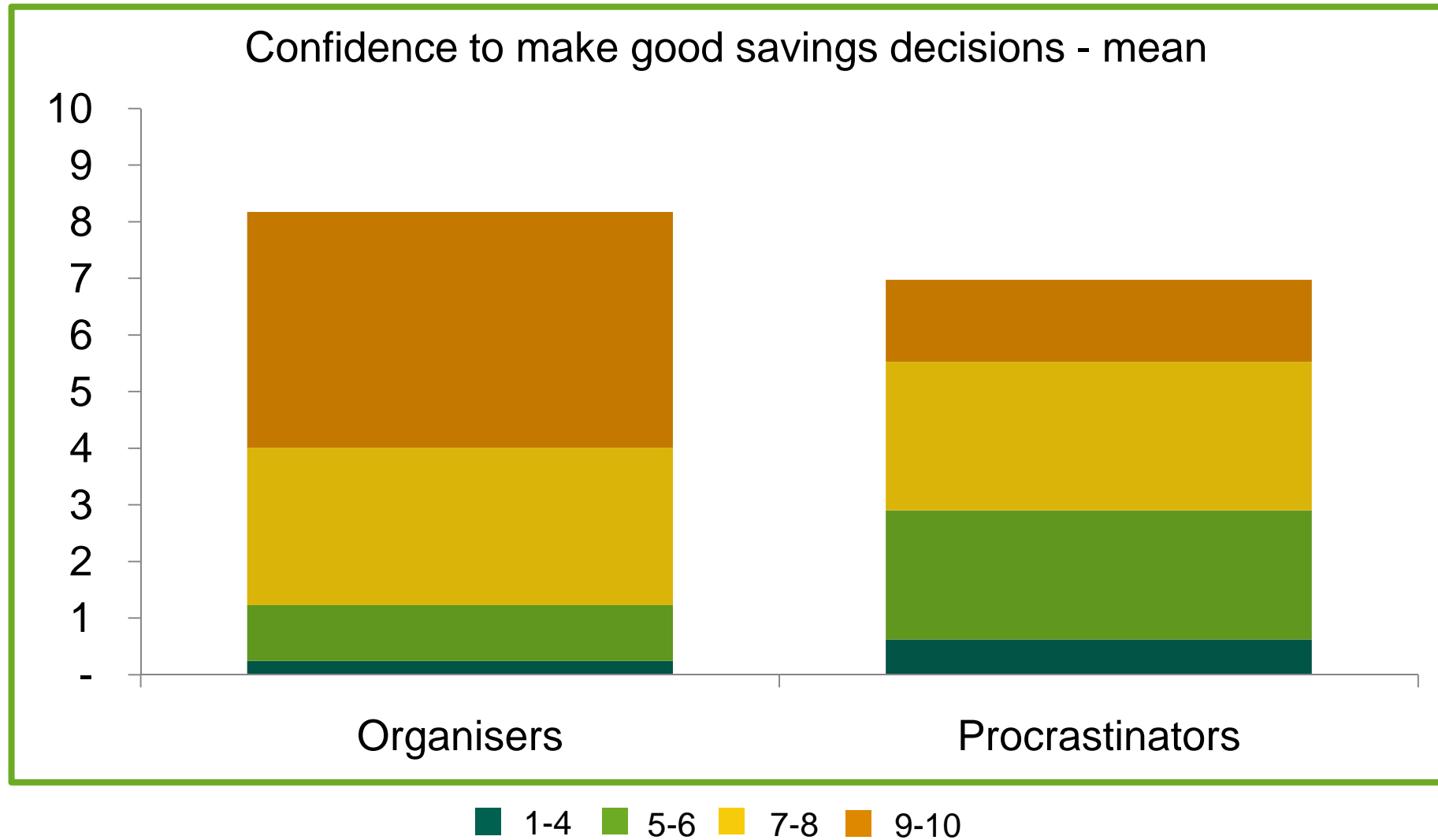
Organisers feel secure



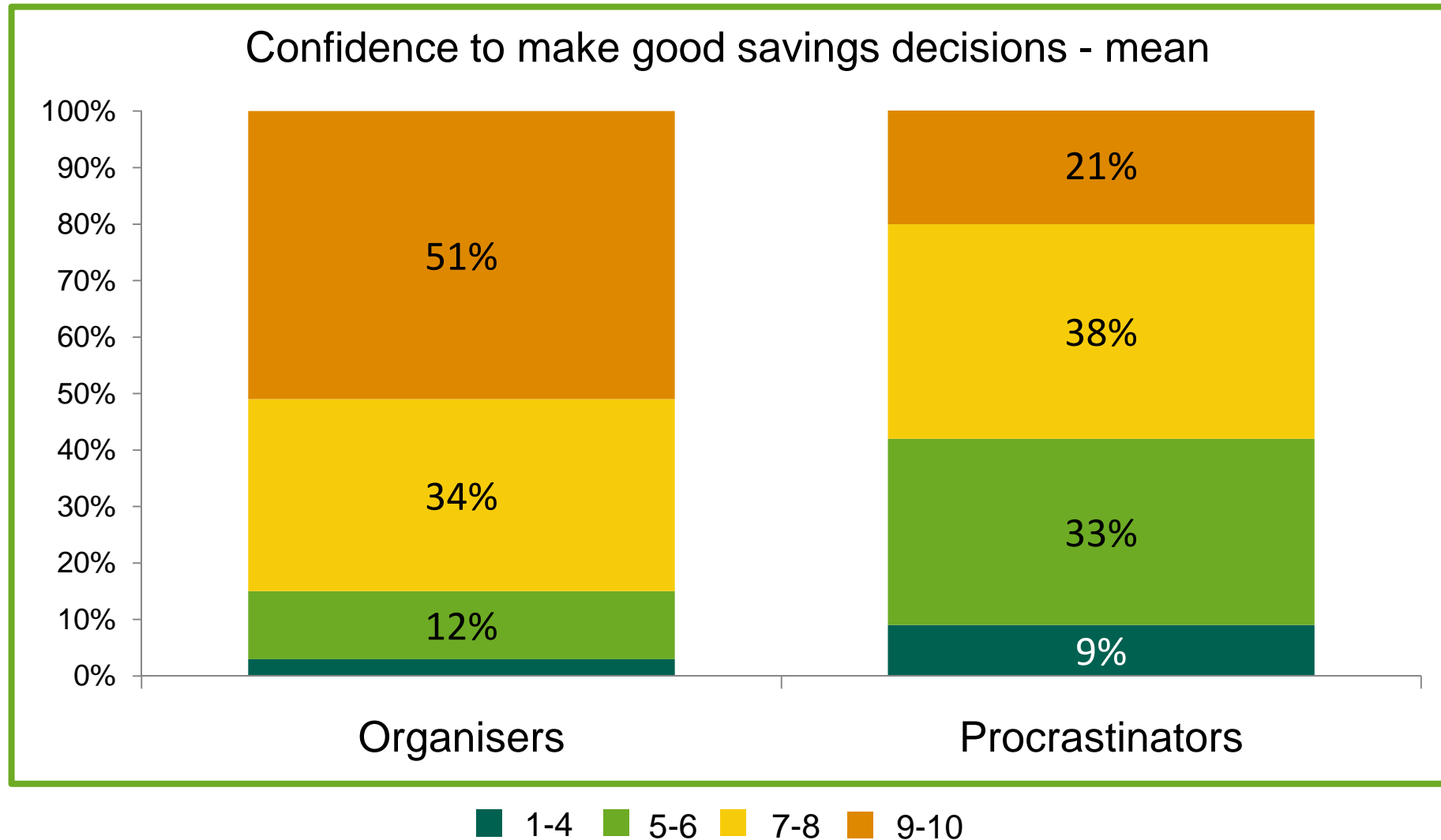
Organisers exude confidence



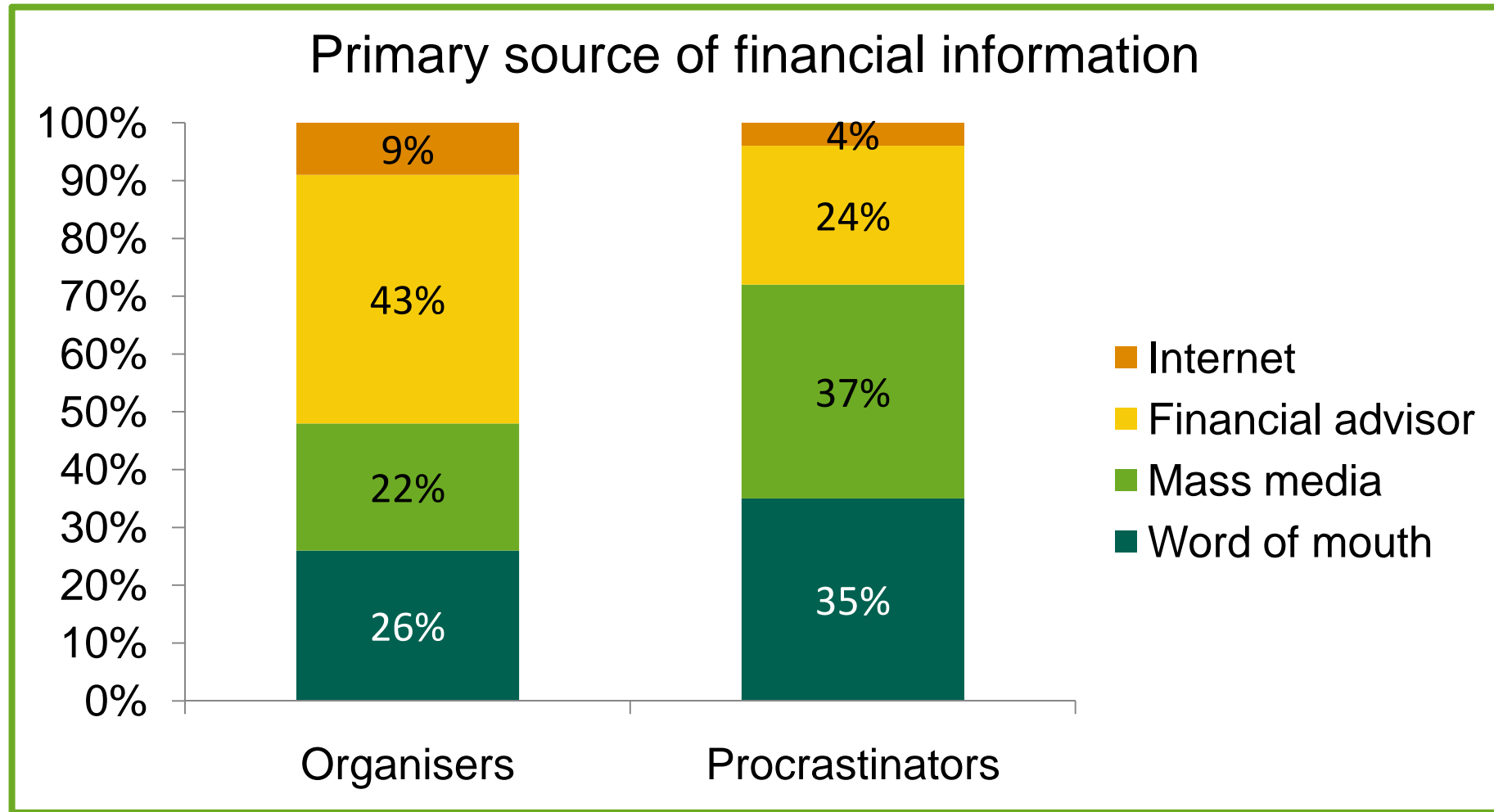
Organisers exude confidence



Organisers exude confidence



Organisers trust experts



Conclusion

1. What has changed since last year?
2. The impact of the recession on savings
3. Are we doing enough?
4. What makes a good saver?

What has changed since last year?

- Markets have generally recovered and we are experiencing low interest rates and inflation.
- This should result in more income at our disposal.

The impact of the recession on savings

- South Africans have felt the impact of the recession and are responding positively with respect to attitudes and actions towards savings.



Are we doing enough?

- There are large portions of the population that are under prepared for the future, with many of us needing to support our parents on the one hand and still save for our own retirement on the other.

What makes a good saver?

- Good savers have a holistic approach to savings, using a variety of savings vehicles.
- They are more focused on the future in respect of their financial planning and take proactive steps to address their savings needs
- They make use of experts to advise them on their best saving options

Key message

- We each need to confront our own financial reality
- We need to plan appropriately and follow up on our financial plans
- A well diversified savings portfolio is optimal
- Products that have a built in element of discipline lead to more successful savings

Key message

- Successful savers use:
 - Financial products with a fixed term or regulatory disciplines
 - Stokvels and savings clubs
 - Establishing a savings habit
 - Expense management tools such as debit and stop orders



Thank You

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