



OLDMUTUAL

SAVINGS &
INVESTMENT MONITOR

COVID-19 SPECIAL REPORT

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Old Mutual Savings & Investment Monitor Covid-19 Special report 2020

Full Research Report

Peppercorn Research

July 2020



175 YEARS OF DOING GREAT THINGS

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1. Recap of Main Findings from Measure 14 (July 2019)

The 2019 results were set against an already weakening economic backdrop.

South Africa's unemployment rate increased to 27.6 percent in the first quarter of 2019 and with further large-scale retrenchments taking place later in the year. Whilst our Saving & Investment Monitor sample focusses on working people that does not mean that they were not affected. On the contrary, breadwinners were increasingly looked to by non-working family for financial assistance, as was borne out in the increasing % supporting adult dependents with the knock-on increase of those who find themselves part of the Sandwich Generation – with 2019 recording the highest level since the inception of this study in 2009.

On the political front, much of the Ramaphoria felt in early 2018 had died down. Whilst President Ramaphosa delivered his inauguration speech to jubilant South Africans in May 2019, subsequent cabinet appointments made it clear that whilst many of those accused of maladministration and corruption were dropped, internal power plays meant that a completely clean sweep was not possible. Be that as it may, the belt tightening evident in the cabinet restructure (including cutting down the number of ministries from 36 to 28) was appreciated.

Negative public sentiment towards corruption, maladministration and sheer wastage of public funds continued to run high. As the Zondo commission of enquiry into state capture, together with evidence from the PIC inquiry reported eye-watering accounts of excess and blatant theft, so the negative sentiment continued to grow.

It was of little comfort to say that we were not alone in facing both economic and political challenges. The significant rise in trade tensions (in particular as between the Trump administration and China) did not bode well (for emerging economies in particular). Similarly, the continued uncertainty around Brexit was not conducive to growth.

The 2019 results saw continued belt-tightening and noted the extent to which some households had already cut down as much as they can. Those categories that were most sticky or resilient to change were those that are practically difficult to change (accommodation costs, cost of getting to work) or emotionally difficult to cut (education, assistance to dependents) or else deemed essentials (car insurance, security, medical aid).

In order to cope, households were increasingly looking to loans from family and friends or financial institutions to make ends meet.

Despite this trend (or in conjunction with it), we did see attempts to pay down debt quicker, especially true of higher-earning households in relation to store account debt and credit cards. However, a closer look at store cards and credit card usage patterns revealed reliance on these to fund day-to-day purchases like

groceries rather than this credit being reserved for the purchase of large ticket items or to finance emergencies.

There was a decrease in saving for emergencies with buffer savings increasingly becoming a luxury.

Confidence in financial decision-making deteriorated further with significant pockets unsure where to turn for advice.

On a positive note, claimed confidence in the South African economy improved further in 2019. We noted then that time would tell if that optimism was to be rewarded.

It seems a long time ago. Who could have imagined what lay ahead?

2. Overview of these 2020 Covid 19 Special Edition Results

These 2020 results point to a very stressed and financially pressed South African consumer.

Not only are absolute income levels under pressure as many take salary cuts, but demands on share of wallet are increasing as never before. A third of consumers find that they are having to support more people financially than they did before the pandemic. Couple that with a constant fear of retrenchment or loss of income and no wonder stress levels have skyrocketed.

Not unexpectedly, financial satisfaction levels are at an all-time low, and whilst many anticipate an improvement in the next 6 months, only time will tell as the pandemic unfolds.

Buffer savings, already under pressure in 2019, have been further eroded with the resilience of relatively higher earners now being tested.

What is worth noting though is the ability of South Africans to make a plan. Stokvels are going online and adapting to digital payments. Indebted consumers are reaching out to creditors and making use of the relief measures on offer (for home loans in particular). Loyalty program members are mining those for rewards wherever they can. All are reaching out to friends and family for help if needed, and helping out where they can.

Perhaps the idea of a greater appreciation of shared humanity is not impossible.

3. Sample and Methodology

Traditionally the Old Mutual Savings and Investment Monitor (OMSIM) fieldwork has been conducted face to face. However, with lockdown restrictions and acknowledging the need for social distancing and the responsibility to minimise risk to fieldworkers and respondents, the data collection was done via an online panel (with a small number of booster interviewers (done telephonically) to balance quotas where necessary, mainly amongst older and higher earning consumers).

The 2020 sample was screened on consumers with a minimum personal income on R5 000 per month, due primarily to the difficulty in reaching a balanced sample of those earning less than R5 000 per month online. In order to make apples with apples comparisons, the historical OMSIM measures have also been screened on R5 000+ and these 2020 results and the historical measures have been reweighted according to the income and demographic profiles of working South Africans aged 18 – 65 years as per the UNISA Bureau of Market Research.

Being online, this 2020 measure enjoys a broader geographical footprint with the core coming from 7 (as against 5) major metros.

This report compares these 2020 results to the five previous measures (2015 to 2019). The fieldwork dates and sample sizes are set out below:

- Measure 10 (July 2015): 29 April to 30 May 2015, n=735
- Measure 11 (July 2016): 26 April to 27 May 2016, n=825
- Measure 12 (July 2017): 25 April to 24 May 2017, n=811
- Measure 13 (July 2018): 26 April to 26 May 2018, n=813
- Measure 14 (July 2019): 16 May to 14 June 2019, n=826
- Measure 15 – Covid 19 Special Edition (July 2020): 29 May to 23 June 2020, n=1487

As regards fieldwork timing and the evolution of the pandemic and the various lockdown levels, the following timeline should be noted:

- 30 January 2020: WHO declares the Covid-19 outbreak, also known as the coronavirus, a 'Public Health Emergency of International Concern'
- 11 March 2020: the WHO declares a pandemic
- 15 March 2020: in response to the WHO pandemic declaration, the South African government declares a State of National Disaster
- 18 March 2020: closure of schools and borders
- 26 March 2020: lockdown begins
- 14 April 2020: SARB reduces the repo rate further (following a reduction in March) to 4.25% p.a. bringing borrowing costs to the lowest on record
- 21 April 2020, a 500 billion rand stimulus is announced in response to the pandemic

- 1 May 2020: President Ramaphosa announces that from 1 May 2020, a gradual and phased easing of the lockdown restrictions will begin, lowering the national alert level to 4.
- 1 June 2020: national restrictions were lowered to level 3.

Sample details are set out below. Note that age, personal income, gender and population group were all quota controlled.

	2015	2016	2017	2018	2019	2020
Personal Monthly Income						
R5 000 to R11 999	46%	46%	45%	44%	43%	42%
R12 000 to R19 999	21%	22%	22%	22%	22%	22%
R20 000+	33%	33%	33%	33%	35%	33%
Age						
18-29 Years	20%	20%	20%	19%	19%	18%
30-49 Years	60%	60%	61%	62%	63%	63%
50+ Years	20%	19%	19%	19%	18%	19%
Gender						
Male	63%	62%	62%	62%	63%	59%
Female	37%	38%	38%	38%	37%	41%
Population Group						
African	62%	64%	66%	67%	68%	65%
Coloured	12%	13%	12%	12%	13%	12%
Indian/Asian	5%	5%	5%	5%	5%	7%
White	20%	18%	17%	16%	15%	16%

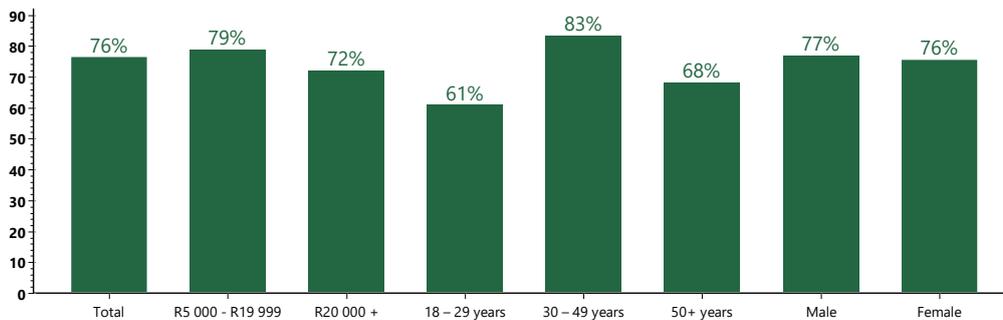
4. Sandwich Generation and Dependency Issues

Dependent Children

Incidence of dependent children is stable (largely as a result of the quota control on age), with 57% having children under 12 years in home.

	2015	2016	2017	2018	2019	2020
Dependent Children						
Yes	67%	72%	70%	67%	73%	74%
No	33%	28%	30%	33%	27%	26%
Age Groups of Children						
Younger Than 12 Years	51%	52%	51%	55%	58%	57%
Older Than 12 Years	36%	39%	36%	33%	41%	35%

19. Dependent Children by Demographics 2020



Single Motherhood and Financial Support by Fathers

The spike in single motherhood seen in 2019 has not been maintained and we are back closer to 2018 levels. This remains a significant segment however.

Base = mothers	2015	2016	2017	2018	2019	2020
Yes	43%	47%	45%	44%	52%	41%
No	57%	53%	55%	56%	48%	59%

Whilst fewer mothers define themselves as single mothers, incidence of paternal support amongst those who do is even lower.

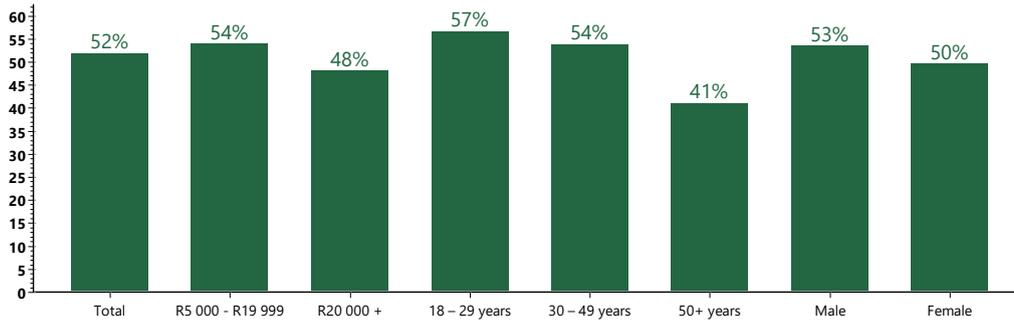
Father of Children Contribute Financially	2015	2016	2017	2018	2019	2020
Yes-Regularly	26%	10%	19%	16%	23%	17%
Yes-But Only Now and Then	25%	34%	34%	34%	29%	23%
No	49%	56%	47%	49%	47%	60%

Other Dependents (Other Than Children)

2019 saw an uptick in adult dependents and 2020 sees another, even sharper increase, with incidence being slightly higher amongst lower income earners.

	2015	2016	2017	2018	2019	2020
Have adult dependents	35%	38%	36%	39%	43%	52%

23. Adult Dependents by Demographics 2020

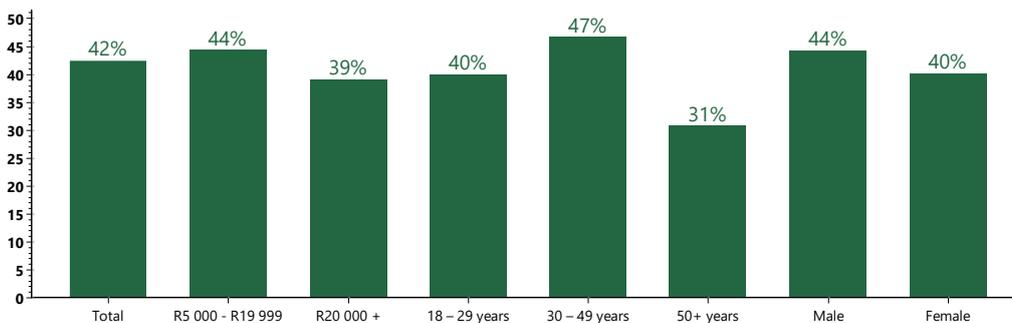


Sandwich Generation

The term 'Sandwich Generation' has been coined to describe those who are supporting not only children but also parents and / or other older dependents. 2019 saw a significant increase to 34% and 2020 this has increased again to 42%. This is the **highest level recorded since the inception of The Old Mutual Savings & Investment Monitor.**

	2015	2016	2017	2018	2019	2020
Sandwich Generation	27%	31%	28%	31%	34%	42%

Sandwich Generation by Demographics 2020



Changes in Assistance Levels since onset of the Pandemic

A third of consumers are giving financial support to more people since the start of the pandemic.

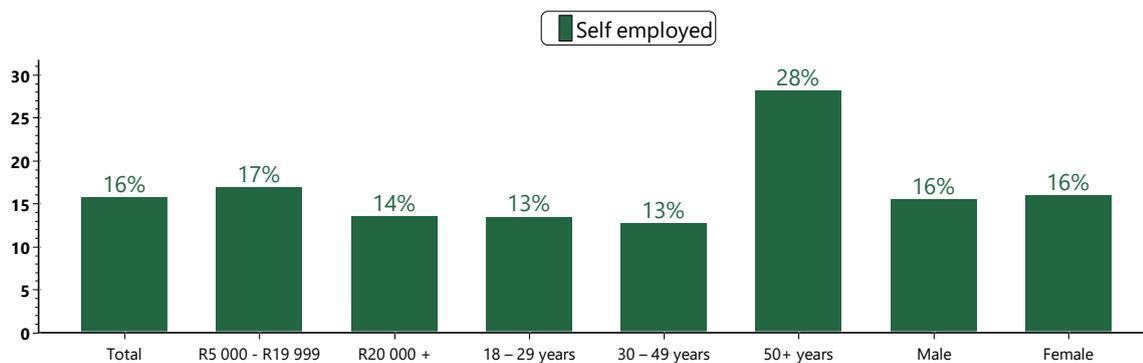
24.Changes in levels of dependent support	Total	R5 000 - R19 999	R20 000 +	18 – 29 years	30 – 49 years	50+ years	Male	Female
I am giving financial support to more people since the start of the pandemic	34%	32%	37%	38%	36%	26%	34%	34%
Unchanged - the number of people I support is the same as before	56%	57%	54%	47%	55%	68%	55%	57%
I am supporting fewer people now	10%	11%	9%	16%	10%	6%	11%	9%

5. Working Life

Self- Employment & Employment Sector

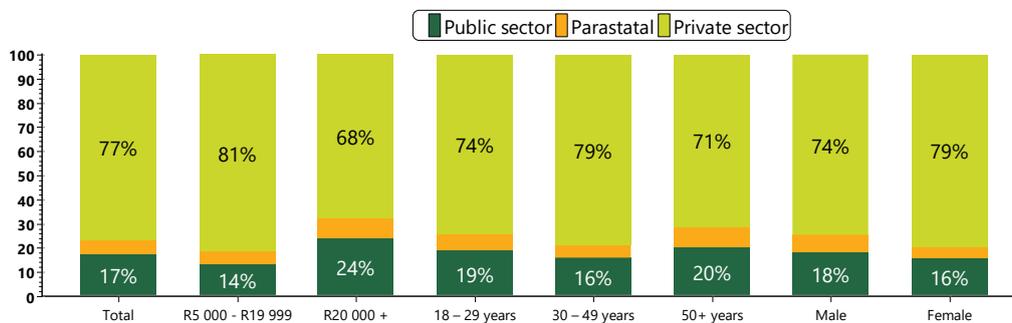
Self-employment levels are at 18%, up slightly from levels seen historically. As before, self-employment is highest amongst those in their 50's and older.

1. Work Status by Demographics 2020



The vast majority are employed in the private sector, with the incidence of public sector employment rising with income.

4. Current Work Sector (all) by Demographics 2020



Working from Home

Some 31% are now working from home (joining the 12% who worked from home even before the pandemic). As would be expected it tends to be higher earners who are able to work from home. Keep in mind that fieldwork straddled lockdown levels 4 and 3.

	Total	R5 000 - R19 999	R20 000 +	18 - 29 years	30 - 49 years	50+ years	Male	Female
I go out to work as before	35%	34%	37%	39%	36%	29%	39%	29%
I continue to work from home as I did before the Covid 19 pandemic	12%	13%	11%	15%	10%	18%	12%	12%
I am now working from home (most or all of the time)	31%	26%	41%	29%	30%	38%	30%	33%
I am still employed, but am not able to go out to work nor work from home	21%	28%	11%	17%	25%	15%	19%	25%

6. Impact of Covid 19 Pandemic on Income Levels

Over half (57%) report a negative effect on their personal income levels ranging from earning a bit less (26%) to now earning nothing at all (either because they have been retrenched, or because they are not taking an income from work). Remember that these results are being analysed by Pre-Covid income levels (earnings as at end February 2020). Some 3% of this sample lost their jobs between the beginning of March and fieldwork in May / June 2020.

Impact on personal income	Total	R5 000 - R19 999	R20 000 +	18 – 29 years	30 – 49 years	50+ years	Male	Female
Positive impact - earn more than before	5%	4%	7%	11%	5%	2%	6%	4%
No impact as yet - earn the same as before	38%	33%	47%	31%	38%	43%	39%	36%
Some negative impact - earn a bit less/small salary reduction/reduced hour	26%	27%	24%	33%	25%	24%	26%	26%
Very significant impact - earn significantly less/big salary/earnings reduction	23%	26%	17%	19%	23%	25%	23%	23%
Not earning at all	8%	10%	5%	7%	9%	6%	6%	10%

Looking at household income, the negative impact is more marked with some 68% reporting worsening household income.

Impact on household income	Total	R5 000 - R19 999	R20 000 +	18 – 29 years	30 – 49 years	50+ years	Male	Female
Positive impact - earn more as a household than before	6%	4%	8%	11%	5%	1%	5%	6%
No impact as yet - earn the same as before	26%	21%	35%	19%	26%	32%	29%	22%
Some negative impact - small reduction in household income	32%	33%	30%	41%	30%	31%	32%	33%
A very significant impact - big reduction in household income	32%	36%	25%	28%	33%	33%	30%	35%
No-one in the household is earning an income	4%	5%	2%	2%	5%	3%	4%	4%

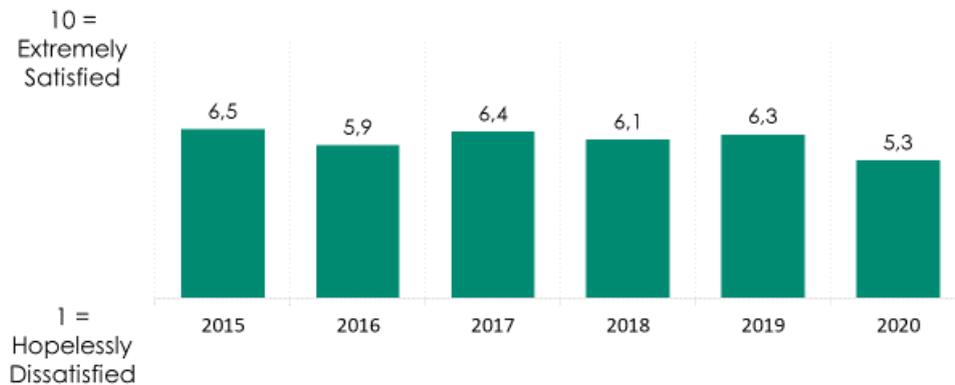
Looking at the difference in personal income levels as compared to personal incomes as at end February, we see evidence of incomes being devastated across all income groups, but in the R5 000 – R9 999 group in particular.

Compared to Current Personal Income Levels	Personal Income as at end of February 2020				
	R5,000 to R9,999	R10,000 to R19,999	R20,000 to R39,999	R40,000 to R79,999	R80,000+
75%+ less	6%	13%	4%	11%	9%
50% - 74.9% less	41%	6%	9%	9%	9%
25% - 49.9% less	9%	9%	14%	11%	7%
Up to 25% less	-	12%	11%	12%	11%
Unchanged	38%	52%	55%	47%	59%
Up to 24.9% more	1%	5%	3%	5%	3%
25% or more	5%	3%	4%	5%	2%

7. Perceptions of Current Financial Situation & Future Outlook

Satisfaction with Current Financial Situation

At a mean score of 5.3 out of 10. The satisfaction score we see on 2020 is the lowest on record for SIM.

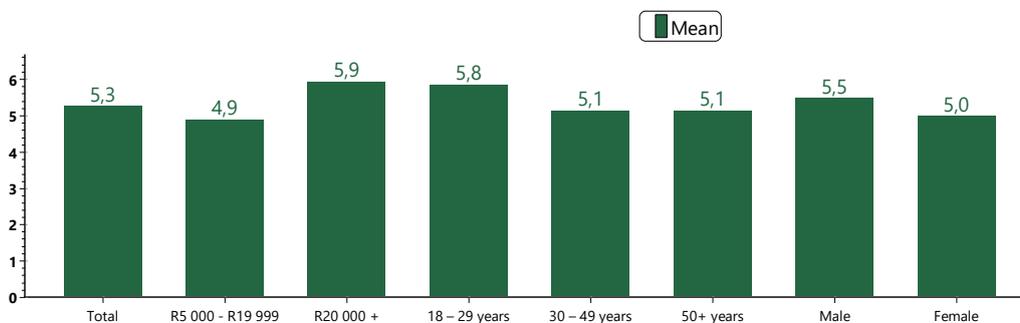


The drop in satisfaction levels is evident across all income groups

	2015	2016	2017	2018	2019	2020
R 5 000 To R 19 999	6,2	5,6	6,2	5,8	5,9	4,9
R 20 000 +	7,2	6,6	7	6,8	7,1	5,9

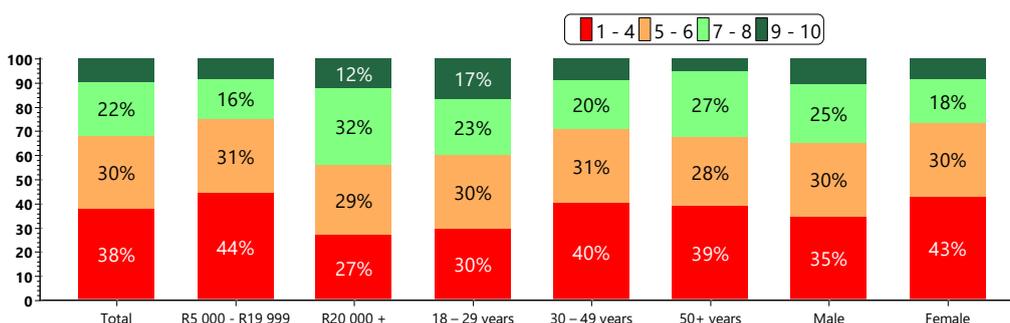
Satisfaction levels remain strongly correlated to income, with younger consumers taking a more positive view (albeit still with very mediocre scores).

42.Satisfaction With Overall Financial Situation by Demographics 2020



Looking at grouped scores rather than mean scores (which tends to flatten out the data); the significant pockets of highly dissatisfied consumers (scoring 4 or less) become evident in the lower income groups in particular.

42.Satisfaction With Overall Financial Situation-Group by Demographics 2020



Financial Situation Compared to a Year Ago

Echoing the pattern seen elsewhere in the results, a significant proportion (nearly half) feel that their financial situation is worse than it was a year ago.

	2015	2016	2017	2018	2019	2020
Better Than It Was A Year Ago	42%	30%	33%	37%	34%	23%
About the Same	32%	35%	38%	31%	35%	28%
Worse Than It Was A Year Ago	26%	36%	29%	33%	31%	48%

Looking demographically, it is striking the extent to which older (50+ years) consumers report worsening circumstances. Part of this would no doubt be due to increased anxiety as regards loss of value in retirement savings especially as they don't have the luxury of time that their younger counterparts have in terms of making up any shortfall.

	Total 2020	R5 000 - R19 999	R20 000 +	18 – 29 years	30 – 49 years	50+ years	Male	Female
Better Than It Was A Year Ago	23%	21%	28%	33%	24%	11%	25%	21%
About the Same	28%	26%	33%	29%	28%	27%	29%	27%
Worse Than It Was A Year Ago	48%	54%	39%	37%	47%	63%	46%	52%

Ability to “Get By”

Since 2014, we have asked South Africans how they feel in terms of how they are managing to get by. The question employs a 5-point scale ranging from “living comfortably” to “finding it very difficult”. At a total sample level, the results point an increasing struggle.

	2015	2016	2017	2018	2019	2020
Finding It Very Difficult	3%	8%	4%	4%	6%	8%
Finding It Quite Difficult	16%	20%	18%	18%	18%	21%
Just About Getting By	31%	36%	34%	36%	33%	36%
Doing All Right	38%	29%	32%	33%	33%	25%
Living Comfortably	12%	7%	11%	9%	10%	9%

Whilst lower earners still find it more difficult than their higher-earning counterparts, the relative deterioration in ability to get by is more marked amongst those earning R20 000+

	2015	2016	2017	2018	2019	2020
R 5 000 To R 19 999						
Finding It Very Difficult	4%	10%	5%	6%	9%	10%
Finding It Quite Difficult	21%	24%	25%	23%	23%	24%
Just About Getting By	38%	39%	37%	38%	37%	39%
Doing All Right	31%	23%	27%	28%	27%	21%
Living Comfortably	6%	4%	6%	5%	4%	6%

R 20 000 +	2015	2016	2017	2018	2019	2020
Finding It Very Difficult	1%	2%	3%	0%	2%	5%
Finding It Quite Difficult	7%	13%	5%	7%	9%	17%
Just About Getting By	15%	30%	28%	31%	25%	31%
Doing All Right	53%	42%	44%	43%	44%	32%
Living Comfortably	23%	13%	21%	18%	21%	16%

Level of Financial Stress

Respondents are asked to describe the level of financial stress that they feel today on a 4-point scale from "overwhelming stress" to "no stress at all". As with "ability to get by" there has been a deterioration in sentiment with stress levels at an all-time high with 58% reporting overwhelming or high stress levels.

	2016	2017	2018	2019	2020
I Feel Overwhelming Stress	13%	5%	4%	5%	14%
High Stress	46%	34%	31%	33%	44%
Low Stress	34%	45%	50%	50%	34%
No Stress at All	7%	16%	14%	12%	8%

Looking demographically, whilst lower earners report higher stress levels, no segment is immune.

	Total 2020	R5 000 - R19 999	R20 000 +	18 – 29 years	30 – 49 years	50+ years	Male	Female
I Feel Overwhelming Stress	14%	16%	9%	15%	13%	15%	12%	17%
High Stress	44%	47%	39%	37%	47%	43%	45%	43%
Low Stress	34%	31%	40%	40%	33%	33%	33%	35%
No Stress at All	8%	6%	11%	8%	7%	8%	10%	5%

Outlook for the Next Six Months

Generally speaking, consumers are optimistic that their financial situation will improve over the next 6 months. Whether this is true optimism or resigned acceptance that 'the only way from here is up' is debatable.

What is worth noting though is the relative pessimism of those aged 50+ years or older. Again, probably due to concerns around retirement savings as well as the prospect for finding employment at their life-stage if retrenched. It is also important to bear in mind that this 50+ years segment has a higher proportion of self-employed consumers than the younger age groups.

Outlook for Next 6 Months	2015	2016	2017	2018	2019	2020
Improve/Get Better	53%	39%	39%	45%	41%	53%
Stay the Same	43%	45%	45%	43%	47%	26%

Get Worse	5%	16%	16%	12%	12%	20%
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	Total 2020	R5 000 - R19 999	R20 000 +	18 – 29 years	30 – 49 years	50+ years	Male	Female
Improve/Get Better	53%	54%	51%	66%	55%	35%	50%	59%
Stay the Same	26%	23%	31%	23%	25%	34%	27%	25%
Get Worse	20%	22%	18%	11%	20%	32%	24%	16%

Depth of Savings Buffer

Consumers were asked to assess their available funds in the face of retrenchment or loss of income. In 2020, 40% only have enough money to last a month or less, up from 28% in 2019

Would you have enough money to last you ...	2019	2020
Less Than A Month	12%	23%
One Month	16%	15%
2 Months	17%	15%
3 Months	17%	17%
More Than 3 Months	38%	26%

The position of higher earners is more resilient, but even the majority of higher earners are in a precarious position.

Would you have enough money to last you ...	Total 2020	R5 000 - R19 999	R20 000 +	18 – 29 years	30 – 49 years	50+ years	Male	Female
Less Than A Month	24%	26%	21%	21%	27%	17%	20%	30%
One Month	16%	17%	14%	23%	15%	12%	14%	18%
2 Months	15%	16%	14%	13%	16%	14%	17%	13%
3 Months	17%	18%	17%	15%	18%	17%	18%	16%
More Than 3 Months	27%	23%	34%	28%	23%	40%	31%	23%

The deterioration in the stock of buffer savings is evident across all income groups, but is most marked amongst those earning R20 000 or more a month:

Would you have enough money to last you ...	R5 000 - R19 999		R20 000 +	
	2019	2020	2019	2020
Less Than A Month	18%	26%	3%	21%
One Month	21%	17%	7%	14%
2 Months	18%	16%	14%	14%
3 Months	15%	18%	20%	17%
More Than 3 Months	28%	23%	56%	34%

8. Informal Savings

Incidence of Informal Savings

2020 sees an increasing trend in informal savings, but with flux and movement between informal savings types (stokvels, burial societies and grocery schemes).

	2015	2016	2017	2018	2019	2020
Any Informal Saving (Stokvel or burial society or grocery scheme or unbanked cash)	54%	55%	57%	60%	61%	67%

Growth in informal savings seen across income groups.

Informal product groupings	2015	2016	2017	2018	2019	2020
R 5 000 To R 19 999						
Any Informal Saving Stokvel or burial society or grocery scheme or unbanked cash	58%	63%	63%	66%	64%	70%
R 20 000 +						
Any Informal Saving Stokvel or burial society or grocery scheme or unbanked cash	45%	39%	46%	49%	55%	62%

Looking within informal savings to the various savings forms:

	2015	2016	2017	2018	2019	2020
Savings Club/Stokvel	43%	38%	38%	44%	44%	34%
Burial Society	24%	22%	22%	19%	23%	38%
Grocery Scheme	9%	13%	10%	10%	9%	23%

	Total 2020	R5 000 - R19 999	R20 000 +	18 – 29 years	30 – 49 years	50+ years	Male	Female
Savings Club/Stokvel	34%	35%	31%	43%	33%	27%	34%	33%
Burial Society	38%	40%	33%	40%	40%	26%	41%	33%
Grocery Scheme	23%	24%	19%	28%	24%	13%	24%	21%

Running a Stokvel under Covid 19

The challenges thrown up by lockdown restrictions and in particular the restrictions on gatherings have affected the day-to-day running of stokvel groups. Use of WhatsApp groups as a communication tool is ubiquitous – it was used heavily even before Covid 19, but now more than ever it is the channel of choice.

The vast majority now meet online although some are still gathering face to face.

There appears to be a lot of interest in joining groups or forming new groups but at the same time, some are breaking up and losing members.

In line with no longer meeting face to face, contributions that usually would have been made in cash and written up in books are now being made digitally (via EFT or eWallet/cash send or by making use of cash deposits via supermarkets).

	Total	R5 000 - R19 999	R20 000 +	18 – 29 years	30 – 49 years	50+ years	Male	Female
Stokvels and savings clubs in my area are becoming more popular/more people are interested in joining	68%	67%	71%	71%	67%	65%	73%	60%
Lots of new savings groups are being formed	55%	51%	62%	62%	57%	35%	60%	47%
Stokvels are breaking up/losing members	49%	51%	45%	54%	48%	43%	48%	51%
My stokvel is allowing members to decrease contributions or take a break from contributions	56%	56%	54%	55%	54%	62%	58%	51%
We are still holding our stokvel meetings face to face	22%	22%	24%	28%	21%	21%	26%	17%
We are meeting online now	77%	75%	82%	80%	79%	69%	77%	78%
More contributions are being made via mobile/digital wallets instead of cash	77%	75%	83%	83%	79%	61%	76%	80%

Stokvel Contributions

Average monthly contribution rates are correlated to income (as would be expected).

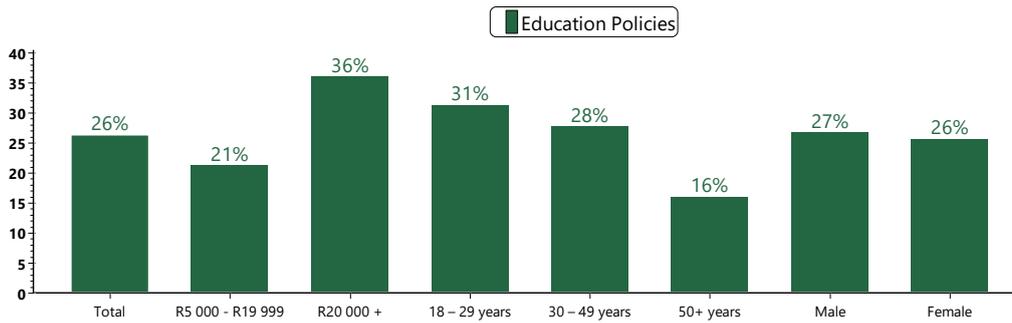
	Total	R5 000 - R19 999	R20 000 +
2020	R1 138	R893	R1 639
2019	R1 059	R823	R1 651
2018	R845	R706	R1 231
2017	R997	R787	R1 597
2016	R945	R734	R1 661
2015	R945	R757	R1 527

9. Use of Education Policies

The downward trend in the use of education policies as a vehicle for saving for children's education continues in 2020.

Base = those with dependent children	2015	2016	2017	2018	2019	2020
% have an education policy	36%	31%	32%	30%	28%	26%

25.Product repertoire by Demographics 2020



10. Debt and Credit

Loans

2020 sees an increase in all the main loan types.

Current Short/Medium Term Loans	2015	2016	2017	2018	2019	2020
Personal Loan from A Financial Institution	17%	24%	15%	15%	21%	43%
Personal Loan from A Micro Lender	3%	7%	6%	4%	5%	12%
Personal Loan from A Friend/Family Member	7%	11%	10%	9%	13%	19%

Extent to which Coping with Debt Repayments

	Meeting these repayments comfortably	Struggling to meet these but managing for now	Struggling to meet these and starting to fall behind	No longer able to meet/pay these at all
Credit card	47%	32%	15%	6%
Store credit cards/shop accounts	43%	33%	16%	8%
Personal loan from a financial institution	34%	33%	22%	10%
Personal loan from a micro lender or mashonisa	39%	27%	19%	15%
Personal loan from a friend/family member	34%	26%	26%	13%
Home loan/mortgage bond	52%	34%	10%	5%

Debt Relief

Roughly a third of all indebted consumers have explored or applied for payment holidays and / or other forms of debt relief.

Table reads: 29% of credit card holders have explored or applied for a payment holiday or other debt relief

	Total	R5 000 - R19 999	R20 000+
Credit card	29%	29%	29%
Store credit cards/shop accounts	22%	21%	24%
Personal loan from a financial institution	38%	38%	37%
Personal loan from a micro lender or mashonisa	40%	33%	51%
Personal loan from a friend/family member	41%	36%	54%
Home loan/mortgage bond	35%	42%	30%

Of those who have applied for debt relief, many have succeeded in getting the relief they need. This is particularly true on relation to home loans.

	Yes	No	Still waiting
Credit card	57%	23%	20%
Store credit cards/shop accounts	43%	29%	27%
Personal loan from a financial institution	53%	26%	21%
Personal loan from a micro lender or mashonisa	61%	26%	14%
Personal loan from a friend/family member	59%	26%	15%
Home loan/mortgage bond	63%	18%	19%

11. Coping Mechanisms

As incomes are cut and constrained, or demands on the purse increase (especially as friends and family reach out for help) so households resort to various strategies to cope. These range from cost cutting, accessing new (or existing) credit lines, dipping into savings or just not paying the bills.

The main actions taken (ranked by 2020 results) are taking advantage of rewards programs, dipping into savings, falling behind on payments (store card payments in particular) and borrowing from friends and family.

The big increases have occurred in relation to dipping into savings and falling behind on payments generally.

	2019	2020
Taken advantage of points/rewards accumulated on loyalty programs	Not measured	54%
Dipped into savings to make ends meet	23%	52%
Fallen behind on store card payments (base = store account holders)	32%	42%
Had to borrow from friends or family	38%	39%
Fallen behind on any household bills	24%	37%
Fallen behind on credit card payments (base = credit card holders)	15%	36%
Fallen behind on stokvel or savings club contributions (base = stokvel members)	Not measured	34%
Had to borrow from your savings club or stokvel (base = stokvel members)	31%	32%
Fallen behind on rent or home loan payments	7%	26%
Have cashed in a savings or investment policy	Not measured	23%
Taken out a personal loan	15%	16%
Left or resigned from a stokvel or savings club	Not measured	13%
Taken a loan from my employer	Not measured	12%
Taken out a high cost loan	5%	11%

Looking at the 2020 results demographically, it is worth noting that women are more likely to turn to accumulated rewards points, probably because they are more avid followers of rewards programs generally. Older consumers are more reluctant to dip into savings (although significant numbers do).

	Total 2020	R5 000 - R19 999	R20 000+	18 – 29 years	30 – 49 years	50+ years	Male	Female
Taken advantage of points/rewards accumulated on loyalty programs	54%	53%	56%	55%	54%	50%	49%	61%
Dipped into savings to make ends meet	52%	53%	50%	56%	53%	44%	52%	51%
Fallen behind on store card payments (base = store account holders)	42%	47%	35%	45%	44%	34%	42%	43%
Had to borrow from friends or family	39%	45%	27%	41%	40%	33%	40%	37%
Fallen behind on any household bills	37%	40%	32%	35%	38%	34%	39%	34%
Fallen behind on credit card payments (base = credit card holders)	36%	43%	28%	37%	38%	31%	39%	33%
Fallen behind on stokvel or savings club contributions (base = all stokvel members)	34%	35%	31%	30%	35%	32%	37%	29%
Had to borrow from your savings club or stokvel (base = all stokvel members)	32%	33%	32%	26%	34%	35%	36%	27%
Fallen behind on rent or home loan payments	26%	30%	20%	28%	28%	18%	28%	24%
Have cashed in a savings or investment policy	23%	21%	26%	33%	22%	18%	26%	20%
Taken out a personal loan	16%	17%	15%	21%	18%	5%	19%	12%
Left or resigned from a stokvel or savings club	13%	14%	10%	20%	13%	3%	13%	12%
Taken a loan from my employer	12%	13%	9%	16%	12%	6%	14%	8%
Taken out a high cost loan	11%	12%	11%	15%	13%	4%	14%	7%

12. Anticipated Shifts in Spending Patterns

In 2020, the following question was put to consumers:

*"Many households have changed their spending patterns over this period. Some categories you can't currently spend on due to Lockdown restrictions, other have become more important. Some of those changes may become permanent shifts. **Please say how you expect your spending to change even when the lockdown restrictions end.** Please say which you are likely to spend more or less. If it is not at expense that you generally incur, mark as not applicable."*

Here are the results, based on total sample (i.e. including both those who currently spend in a particular category and those who do not) and ranked by most likely to spend less on:

	Will spend less on than before the Covid 19 Pandemic	Will spend more on compared to before the Covid 19 Pandemic	Will be the same	Not applicable
Eating Out/Entertainment Expenses	59%	8%	19%	14%
Take-aways	57%	9%	22%	12%
Having Friends Round/Entertaining at Home	50%	10%	21%	18%
Shoes & Clothing	45%	11%	38%	6%
Hair/Beauty	41%	7%	35%	18%
Holiday and Travel	39%	8%	19%	34%
Alcoholic Beverages	38%	7%	23%	32%
Home Improvement/Maintenance	30%	10%	25%	35%
Cell phone/Airtime/Data Costs	30%	25%	43%	2%
Online Shopping for Shoes & Clothing	29%	14%	26%	30%
Online Shopping for Electronics & Appliances	28%	14%	26%	32%
E-Hailing Services	26%	8%	20%	46%
Transport/Getting to Work	26%	18%	48%	8%
Spending Patterns - DIY	25%	22%	34%	18%
Food & Groceries	25%	34%	40%	1%
Online Shopping for Groceries	20%	20%	24%	36%
Other Online TV/Movie	20%	11%	38%	31%
DSTV/MNET Subscription	20%	7%	51%	22%
Domestic Worker/Gardener	19%	5%	25%	52%
Cigarettes	19%	8%	13%	60%
Assistance/Payments to Children/Dependents	18%	14%	37%	31%
Pre-School/after care expenses	17%	7%	23%	53%
Nanny/childminder at home	16%	5%	17%	61%
Children's Schooling/Education	15%	13%	42%	30%
Accommodation	15%	9%	57%	19%
Car and/or Household Insurance	14%	5%	52%	29%
Armed Response/Alarms	13%	5%	29%	52%
Medical Aid	10%	10%	52%	28%

Re-basing the results so that we only look at those who spend in that category:

	Will spend less on than before the Covid 19 Pandemic	Will spend more on compared to before the Covid 19 Pandemic	Will be the same
Eating Out/Entertainment Expenses (re-based)	68%	9%	23%
Take-aways (re-based)	64%	10%	25%
Having Friends Round/Entertaining at Home (re-based)	62%	12%	26%
Holiday and Travel (re-based)	60%	12%	28%
Alcoholic Beverages (re-based)	56%	10%	35%
E-Hailing Services (re-based)	49%	15%	37%
Hair/Beauty (re-based)	49%	8%	43%
Cigarettes (re-based)	48%	21%	31%
Shoes & Clothing (re-based)	48%	11%	41%
Home Improvement/Maintenance (re-based)	47%	15%	38%
Online Shopping for Shoes & Clothing (re-based)	42%	21%	37%
Nanny/childminder at home (re-based)	42%	14%	44%
Online Shopping for Electronics & Appliances (re-based)	41%	21%	39%
Domestic Worker/Gardener (re-based)	40%	10%	51%
Pre-School/after care expenses (re-based)	35%	15%	49%
Online Shopping for Groceries (re-based)	32%	31%	38%
DIY (re-based)	31%	27%	42%
Other Online TV/Movie (re-based)	30%	15%	55%
Cell phone/Airtime/Data Costs (re-based)	30%	26%	44%
Transport/Getting to Work (re-based)	28%	20%	52%
Armed Response/Alarms (re-based)	27%	11%	61%
Assistance/Payments to Children/Dependents (re-based)	26%	20%	54%
Food & Groceries (re-based)	25%	34%	41%
DSTV/MNET Subscription (re-based)	25%	9%	66%
Children's Schooling/Education (re-based)	22%	19%	60%
Car and/or Household Insurance (re-based)	20%	8%	73%
Accommodation (re-based)	18%	12%	70%
Medical Aid (re-based)	14%	14%	72%

Looking specifically at those categories where will spend less (again rebased so as to only include those who spend in in the category), it is notable that younger consumers are more reluctant to spend less on entertainment, take-aways, eating out and travel, whilst 50+ year olds are less likely to cut armed response, insurance, assistance to children and medical aid.

49.Spend Less (re-based)	Total	R5 000 - R19 999	R20 000 +	18 – 29 years	30 – 49 years	50+ years	Male	Female
Eating Out/Entertainment Expenses	68%	69%	67%	59%	71%	68%	65%	73%
Take-aways	64%	66%	62%	56%	68%	63%	62%	68%
Having Friends Round/Entertaining at Home	62%	64%	58%	52%	64%	62%	61%	63%
Holiday and Travel	60%	58%	62%	49%	61%	65%	57%	64%
Alcoholic Beverages	56%	57%	53%	53%	57%	53%	53%	59%
Hair/Beauty	49%	49%	50%	47%	52%	43%	45%	54%
E-Hailing Services	49%	49%	49%	45%	48%	59%	49%	49%
Cigarettes	48%	48%	48%	52%	48%	42%	48%	48%
Shoes & Clothing	48%	48%	46%	39%	52%	43%	45%	52%
Home Improvement/Maintenance	47%	47%	46%	39%	49%	48%	46%	48%
Online Shopping for Shoes & Clothing	42%	43%	41%	38%	43%	43%	39%	46%
Nanny/childminder at home	42%	40%	45%	44%	41%	43%	42%	42%
Online Shopping for Electronics & Appliances	41%	41%	40%	36%	42%	43%	39%	43%
Domestic Worker/Gardener	40%	42%	38%	41%	40%	36%	41%	38%
Pre-School/after care expenses	35%	31%	42%	40%	35%	27%	35%	36%
Online Shopping for Groceries	32%	32%	31%	32%	31%	35%	30%	34%
DIY	31%	31%	32%	28%	31%	34%	33%	29%
Cell phone/Airtime/Data Costs	30%	32%	28%	31%	32%	25%	30%	31%
Other Online TV/Movie	30%	31%	27%	28%	31%	28%	31%	28%
Transport/Getting to Work	28%	25%	34%	30%	28%	27%	28%	28%
Armed Response/Alarms	27%	28%	27%	28%	31%	14%	28%	27%
Assistance/Payments to Children/Dependents	26%	24%	28%	30%	27%	18%	26%	26%
DSTV/MNET Subscription	25%	24%	27%	27%	25%	23%	25%	26%
Food & Groceries	25%	25%	25%	26%	25%	23%	23%	28%
Children's Schooling/Education	22%	21%	23%	30%	20%	20%	22%	21%
Car and/or Household Insurance	20%	22%	17%	23%	21%	12%	24%	14%
Accommodation	18%	18%	19%	22%	19%	11%	19%	17%
Medical Aid	14%	15%	13%	21%	15%	5%	17%	10%

How to make sense of all of this? We have applied factor analysis to the results to help us group these expenses into a more meaningful analysis. Five categories of expenses emerge as follows:

Armed response / alarms	<p style="text-align: center;">As needed</p> <p>For the most part spend remains the same, but anticipate less is spent on hair, beauty, home improvements and online shopping for shoes, clothes, electronics and appliances.</p>
Do it yourself (DIY) home improvement or maintenance	
Domestic worker / gardener	
Hair / beauty	
Home improvement or maintenance using external contractors	
Nanny / child minder at home	
Online shopping for groceries	
Online shopping for clothing, shoes	
Online shopping for electronics and appliances	
Pre-School / after care expenses	
Car and / or household insurance	<p style="text-align: center;">Essential Insurance/ accommodation</p> <p style="text-align: center;">Less likely to change</p>
Cost of accommodation (rent, home loan etc.)	
Medical aid	<p style="text-align: center;">Essential Spend</p> <p>These too will mainly stay the same, but anticipate an increase in cost of food (many would have seen this spike under lockdown), and more money being spent on food and groceries. Many have spent less money on transport (driven by the fact that some worked at home or were in (not going to work) and some expect this to continue.</p>
Assistance / payments to children / dependents	
Cellphone / airtime / data costs	
Children's schooling / education	
Food & groceries	
Transport / Getting to work	
Eating out / going out	<p style="text-align: center;">Nice to have's</p> <p>This is the category in which you decide to spend less money when finances are tight. Significant portions of the sample have reduced and anticipate continued reduction in their spending as far as eating out/going out, entertaining at home, holiday and travel and take-aways. There's a large part of the sample anticipate reduced spend on shoes and clothing and an equal large part that are spending the same as before in this category.</p>
Having friends round / entertaining at home	
Holiday and travel	
Shoes & clothing	
Take-aways	
Alcoholic beverages	<p style="text-align: center;">Priority 'luxuries'</p> <p>Priority is given to these expenses and they will only be reduced as a matter of last resort.</p>
Cigarettes	
DSTV / MNet subscriptions	
E-Hailing services such as Uber, Taxify etc.	
Other Online TV, movie and music streaming services such as Netflix, Spotify, Amazon Prime, Disney etc.	

13. Greatest Fears and Concerns around Covid 19

In order to contextualise the focus of personal finance issues, we asked consumers to rate a broad range of fears and concerns around Covid 19 in terms of how much of an issue or concern it was for them personally.

Ranking the results by highest rating of very strong concern:

	A very strong, real and immediate fear/concern	A big concern	Somewhat of a concern	I am not really worried about this at this stage
Increased corruption	46%	35%	13%	6%
Widespread deaths	45%	33%	15%	7%
Health facilities not being able to cope/being overwhelmed	45%	33%	15%	7%
Impact on the South African economy	44%	38%	14%	5%
Increase in crime and/or lawlessness	42%	37%	14%	7%
Theft or misdirection of resources meant to aid the more vulnerable	41%	38%	16%	6%
Running out of money/using up available savings	41%	32%	18%	9%
Inflation/rapid price increases	40%	38%	15%	7%
Me or members of my household being retrenched or losing earnings	39%	33%	18%	10%
Not being able to support those who rely on me	38%	34%	17%	11%
The health of my loved ones and immediate family/loved ones falling ill or worse	38%	35%	19%	8%
Education of my children	36%	32%	13%	19%
Education of my children (based on those with dependent children)	42%	35%	13%	11%
Loss in value of savings and investments	35%	35%	20%	10%
My own health/falling ill myself or worse	34%	29%	23%	14%
Having to work for longer before I can retire	28%	31%	23%	18%

As regards the demographic skews, older consumers have a wider range of concerns generally, most notably their own health which is understandable given the warnings around increased vulnerability of older people to Covid 19, as well as concerns around having to work for longer before they retire.

% Very strong and immediate concern + big concern

Pandemic Concerns - Top 2 Box	Total	R5 000 - R19 999	R20 000 +	18 – 29 years	30 – 49 years	50+ years	Male	Female
Impact on the South African economy	81%	83%	79%	75%	81%	90%	79%	85%
Increased corruption	81%	81%	80%	77%	79%	89%	80%	81%
Theft or misdirection of resources meant to aid the more vulnerable	79%	80%	76%	72%	79%	87%	78%	81%
Increase in crime and/or lawlessness	79%	80%	76%	74%	78%	87%	77%	82%
Inflation/rapid price increases	78%	81%	73%	71%	78%	87%	75%	83%
Widespread deaths	78%	82%	72%	78%	78%	80%	76%	82%
Health facilities not being able to cope/being overwhelmed	78%	80%	75%	75%	77%	84%	75%	82%
Running out of money/using up available savings	73%	79%	62%	69%	73%	76%	72%	74%
The health of my loved ones and immediate family/loved ones falling ill or worse	73%	76%	67%	73%	72%	75%	72%	73%
Not being able to support those who rely on me	72%	76%	64%	67%	73%	74%	71%	74%
Me or members of my household being retrenched or losing earnings	72%	77%	62%	72%	72%	73%	70%	74%
Loss in value of savings and investments	71%	73%	65%	63%	71%	75%	70%	72%
Education of my children	68%	73%	60%	65%	72%	60%	68%	69%
Education of my children (base = have dependent children)	77%	80%	69%	76%	78%	71%	76%	77%
My own health/falling ill myself or worse	63%	67%	56%	65%	60%	70%	63%	63%
Having to work for longer before I can retire	59%	61%	56%	56%	57%	70%	59%	60%

Asked to choose ONE biggest concern, health of loved ones followed by one's own health dominate. Thereafter the impact on the economy and what that means in terms of one's ability to earn a living and support those who rely on one are the issues that keep South Africans awake at night.

Greatest Concern	Total	R5 000 - R19 999	R20 000 +	18 – 29 years	30 – 49 years	50+ years	Male	Female
The health of my loved ones and immediate family/loved ones falling ill or worse	28%	29%	26%	25%	30%	21%	26%	30%
My own health/falling ill myself or worse	20%	20%	20%	28%	17%	22%	23%	16%
Impact on the South African economy	13%	12%	14%	13%	13%	11%	14%	11%
Me or members of my household being retrenched or losing earnings	8%	8%	10%	8%	9%	8%	6%	12%
Not being able to support those who rely on me	7%	7%	6%	6%	7%	8%	7%	7%
Running out of money/using up available savings	6%	7%	5%	6%	6%	8%	6%	6%
Education of my children	3%	4%	3%	2%	4%	3%	3%	4%
Widespread deaths	3%	3%	4%	3%	3%	4%	3%	4%
Increased corruption	3%	3%	4%	1%	4%	3%	3%	4%
Health facilities not being able to cope/being overwhelmed	3%	3%	3%	3%	3%	3%	3%	3%
Theft or misdirection of resources meant to aid the more vulnerable	2%	2%	1%	1%	2%	1%	2%	1%
Increase in crime and/or lawlessness	1%	1%	2%	1%	1%	3%	1%	1%
Inflation/rapid price increases	1%	1%	2%	2%	0%	3%	2%	0%
Loss in value of savings and investments	1%	1%	1%	1%	1%	1%	1%	0%
Having to work for longer before I can retire	1%	0%	1%	1%	1%	0%	1%	0%

14. Seeing a Silver Lining?

Consumers were presented with some possible upsides or positives that may come out of the Covid 19 Pandemic. Increased recognition of essential workers, more empathy, improved public health and a better work / life balance are the potential positives that come forward most strongly.

Unfortunately, there is some scepticism as to whether this Covid 19 will have any meaningful effect on poverty alleviation, cooperation between political parties, wildlife trade or management of SOE's

	I think this will be a big positive	I hope that this happens, I think it might	I hope that this happens, but I don't think it will	This may or may not happen, but it's not something I am particularly concerned about
Respect and appreciation of essential workers	41%	31%	20%	8%
Appreciation of shared humanity/Ubuntu/more empathy	28%	33%	29%	10%
Improved public health services	26%	29%	35%	10%
Better work/life balance	24%	33%	34%	9%
Greater focus on service delivery	23%	30%	36%	11%
Better cooperation between the private sector/business and Government	21%	32%	34%	12%
Better focus on environmental issues such as pollution	20%	29%	36%	14%
More effective poverty alleviation	18%	27%	43%	12%
Better cooperation between political politics	18%	24%	44%	14%
Decrease in demand for exotic wildlife trade	17%	25%	37%	21%
Better management of State Owned Enterprises (SOE's)	16%	27%	41%	15%

Looking demographically, there are few demographic biases, although older consumers feel particularly strongly that it will lead to greater appreciation of essential workers and possibly to a better work / life balance.

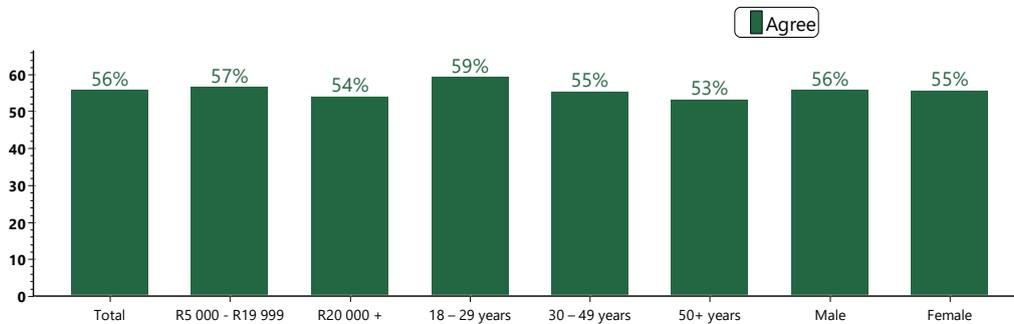
% Think this will be a big positive OR hope that this happens, think it might

	Total	R5 000 - R19 999	R20 000 +	18 – 29 years	30 – 49 years	50+ years	Male	Female
Respect and appreciation of essential workers	72%	74%	70%	71%	71%	79%	72%	73%
Appreciation of shared humanity/Ubuntu/more empathy	61%	62%	58%	61%	60%	61%	59%	62%
Better work/life balance	57%	57%	58%	51%	56%	67%	57%	57%
Improved public health services	56%	58%	50%	58%	55%	55%	54%	57%
Better cooperation between the private sector/business and Government	53%	54%	52%	56%	54%	50%	57%	49%
Greater focus on service delivery	53%	55%	50%	52%	53%	54%	53%	52%
Better focus on environmental issues such as pollution	49%	50%	48%	54%	48%	50%	50%	48%
More effective poverty alleviation	45%	46%	43%	44%	45%	45%	45%	44%
Better management of State Owned Enterprises (SOE's)	43%	44%	42%	44%	44%	42%	44%	43%
Decrease in demand for exotic wildlife trade	42%	41%	45%	42%	41%	46%	45%	39%
Better cooperation between political politics	42%	43%	40%	47%	42%	37%	44%	39%

15. Faith in Government and The South African Economy

At an overall level, the sample is split in their views on how the Government is handling the crisis with just over half saying that they are satisfied.

63_ I am satisfied with the way the Government is handling the Covid 19 crisis by Demographics 2020



However, when it comes to confidence in the South African economy, consumers are less positive with only 34% agreeing (strongly or slightly) that they have confidence in the economy. This is down significantly from the 44% seen in 2019.

	2015	2016	2017	2018	2019	2020
% Agree Have confidence in the SA economy	56%	31%	37%	43%	44%	34%

63_ I feel confident about the south african economy by Demographics 2020

