How South Africans are leveraging informal and formal financial markets

FinScope SA 2018 Fact Sheet

South African Socio-economics

SA in a technical recession in Q1 and Q2

- Overall population: 36% Formally Employed
- Youth population: 32% Youth Unemployed (6.5 million)
- Dependency rate: 42% Grant recipients/money from other (16.6 million)

Cost of living is higher – More spend on consumption, less on savings, insurance, debt

- Cost of living is higher:
  - 2017: 82% Savings, 7% Debts, 5% Insurance & Medical Aid, 6% Consumption/Living expenses
  - 2018: 85% Savings, 6% Debts, 5% Insurance & Medical Aid, 6% Consumption/Living expenses

How are people trying to make ends meet

- Borrowing for food: 23% -7%
- Saving for rainy days: Liquidity and resilience: 26% +3%
- More people are now tracking money-in and money-out: 64% +7%

Money wise behaviour – High uptake of loyalty points programs

- 30% +7%

Frugality:
- Pay TV downgrades
- Spending less on leisure

- 73% *-6%
- 5% *-1%

*Of those households with DSTV
Drivers & Usage affecting financial inclusion

Banking

Banked & informal increases

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formally served</td>
<td>89</td>
<td>90</td>
</tr>
<tr>
<td>Banked</td>
<td>77</td>
<td>80</td>
</tr>
<tr>
<td>Other formal (non-bank)</td>
<td>72</td>
<td>74</td>
</tr>
<tr>
<td>Informal</td>
<td>56</td>
<td>63</td>
</tr>
<tr>
<td>Excluded</td>
<td>8</td>
<td>7</td>
</tr>
</tbody>
</table>

More people have bank accounts, however, mailbox & inactive accounts increase

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banked &amp; informal increases</td>
<td>77</td>
<td>80</td>
</tr>
</tbody>
</table>

Remittances

More people depending on money remittances

<table>
<thead>
<tr>
<th></th>
<th>Uptake</th>
<th>Frequency</th>
<th>Cash deposits</th>
<th>Remit electronically</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37%</td>
<td>81%</td>
<td>65%</td>
<td>27%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Bank</th>
<th>Retail</th>
<th>Informal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>46%</td>
<td>42%</td>
<td>48%</td>
</tr>
<tr>
<td>2017</td>
<td>39%</td>
<td>47%</td>
<td>45%</td>
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</tbody>
</table>
Non-funeral insurance uptake static, funeral insurance continues to surge

Uptake 61% +3%
- Funeral 56% +4%
- Life 13%
- Asset 12% +3%
- Medical 8%
- Income 8%

More on funeral

Used savings and credit for funeral costs
- 2017: 13% (5 mil)
- 2018: 15% (6 mil)

Multiple policies
- 2017: 8.4 mil
- 2018: 10.0 mil

Credit

Formal credit active consumers taking more informal credit

Uptake 63% +2%
- Formal 61% +3%
- Informal 14% +7%

Banked / Formal Other
- 2018: 11%
- 2017: 9%

Formal / Informal
- 2018: 9%
- 2017: 4%
Informal savings surges

<table>
<thead>
<tr>
<th>Uptake</th>
<th>Formal</th>
<th>25%</th>
<th>+2%</th>
<th>Informal</th>
<th>18%</th>
<th>+8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>3%</td>
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