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SASAS South African Social Attitudes Survey

Financial Literacy in South Africa:
Results from the 2020 Baseline Survey

Report prepared for

FSCA Financial Sector Conduct Authority

The Financial Sector Conduct Authority (FSCA)

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April 2021

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Acknowledgments

We would like to express our appreciation to the following individuals, groups and institutions who contributed to the project and successful completion of this study on financial literacy in South Africa:

- The Financial Sector Conduct Authority (FSCA) for commissioning this in-depth baseline survey.
- Lyndwill Clarke and Caretha Laubscher from the Consumer Education Department at FSCA, for their support, guidance, advice and input throughout the study.
- Prof. Bernadene de Clercq and Prof. Carel van Aardt of Unisa for their invaluable inputs and suggestions regarding the financial literacy survey.
- The 2 693 South Africans who generously gave of their time to participate in the survey and share their views and experiences.
- The HSRC's provincial supervisors, sub-supervisors and data collectors who traversed the country - often under difficult circumstances - to ensure that high-quality information was collected from all those who were interviewed.
- Mercy Ngungu, who ran the data cleaning programmes and protocols to ensure that the data used for analysis was of high-quality, as well as Dr Khangelani Zuma for weighting the data.
- The role played by the HSRC project administrators, Koshen Govender, Busisiwe Mamba, Deshanie Reddy, who managed most of the field logistics, from training to contracts, car rentals and payments.
- The Human Sciences Research Council's (HSRC) Developmental, Capable and Ethical State (DCES) research division team for conceptualising the study design, analysing the quantitative data, drafting the report as well as managing the project.

Executive Summary

FINANCIAL CONTROL

PERSONAL INVOLVEMENT IN MONEY MANAGEMENT

In South Africa, responsibility for day-to-day money management decisions has traditionally been considered the province of the household head (often the patriarch of the family). But in our modern country, financial decisions are increasingly made jointly by the family. On financial decision-making, we found that about a third (36%) managed household finances themselves, with another third making financial decisions jointly with someone else while a third stated that they played no role in making such decisions on finances. Interestingly, more females (37%) than males (34%) were solely responsible for day-to-day money management, and females were also more likely to be involved with money management together with someone else. This might suggest a form of financial emancipation over time. Overall, financial decisions were typically made more by the employed and the educated than the unemployed and less educated.

HOUSEHOLD BUDGETS

To better understand the nature of financial control, a question was posed on whether respondents had a household budget in order to guide the allocation of funds to spending, saving and paying debts. Most adult South Africans in 2020 indicated that they had a budget that helped them make financial decisions in their daily money management. Approximately half (46 %) of South Africans aged 16 years and older said that they had a household budget. This represents a decrease in budget holding between 2017 and 2020 from 54% to 46%. Of those who had a tertiary education, 63% reported having a budget –which was significantly lower for other education groups, indicating the positive relationship between budget holding and education attainment. Economic and social class is, unsurprisingly, also a strong predictor of financial control with the poor and uneducated less likely to have a household budget. Analysis showed that having a budget was related to keeping a close eye on expenses and should therefore be encouraged.

SATISFACTION WITH PERSONAL FINANCIAL CONDITION

People were requested to provide information on how satisfied they were with their current personal financial condition with regard to assets, debts and savings. In total, in 2020, just more than a quarter indicated that they are satisfied with their financial condition (6% extremely satisfied and 21% satisfied). This is substantively lower than the 37% that was satisfied with their financial condition in 2012. In 2020 approximately a fifth (19%) of people stated that they are unhappy with their financial situation -substantively higher than the 9% in 2012. This confirms the fact that satisfaction with personal conditions has deteriorated substantively over the period under review. South Africans are also more and more struggling to pay their bills, and this is especially prevalent among lower income earners. A large share (70%) of the low LSM group find it difficult to cover their monthly expenses whilst this proportion is substantively lower among the high LSM group (28%).

MAKING ENDS MEET

There is a need to understand how ordinary South Africans manage financial vulnerability. In order to better understand financial vulnerability, we use SASAS data to examine financial resilience in the country. Since 2010 respondents had been asked whether in the year prior to being interviewed they had personally experienced a situation whereby their income did not quite cover their living costs. In 2020 almost half the adult population (46%) reported that they had experienced such a shortfall, with the remainder indicating that this had not happened to them. There was a difference in the response of the South Africans to this question in 2013 when only 41% of adult South Africans had experienced a financial shortfall. This is a worrying finding as it indicates that many South Africans still struggle to make ends meet.

Since 2010, respondents were asked a follow-up question to our financial shortfall question. Respondents who experienced a shortfall were asked how they coped with this shortfall. This helps us understand what strategies adult South Africans employ to help them get through these times of financial duress. The most common strategies were: (i) cut back on spending; and (ii) borrow food or money from family and friends and (iii) draw from own savings. In order to obtain a deeper understanding of individual responses to financial duress, these coping mechanisms were analysed by select set of socio-demographic groups. Results showed that different groups tend to use different coping mechanisms. Indian/Asian respondents and students preferred to cut back on expenses, the non-poor tended to draw from savings and pensioners and the poor tended to borrow food and money from family or friends.

CONSIDERED APPROACH TO PERSONAL FINANCES

A considerable majority of adult consumers (65%) acknowledge that, prior to making a purchase they always or at least often carefully consider whether they can afford it. This proportion has however decreased since 2017, from 80%. Only 46% of South Africans tend to always or often pay their bills on time and half indicated that they are diligent in keeping a close watch over their personal finances.

FINANCIAL PLANNING

ATTITUDES TO PLANNING AHEAD

In order to gauge South African attitudes towards long-term financial planning, respondents were asked if they agreed or disagreed with the statement: 'I set long-term financial goals and work hard to achieve them'. Roughly a fifth (19%) of all adult South Africans said that they always set long-term financial goals and work hard to achieve them in 2020. Around half (48%) of the adult population reported they set long-term goals often or some of the time and only a minority (30%) said that they set such goals infrequently or never. Self-reported financial planning has remained relatively stable over the period for which we have data. Those who occupy the upper layers of the economic pyramid were more likely to engage in financial planning. Labour market status seemed to have a strong impact on the frequency with which South Africans set long-term financial goals. Those in paid employment were considerably more likely than the unemployed or those outside the labour market to set long-term financial goals.

PRESENCE OF EMERGENCY FUNDS AND HOUSEHOLD RESILIENCE

A critical part of financial planning is the presence of emergency funds. To gauge this issue, South Africans were asked if they had set aside emergency funds which would cover their expenses for at least 3 months. The results indicate that only a quarter of adults have such funds in place and this indicator has remained stable over time, fluctuation between 25% and 30% over the decade. As could be expected, tertiary educated adults, the employed and the non-poor were most likely to report having emergency funds. Asked how long a household could maintain expenses if the main income source was lost, almost a fifth (17%) stated less than a week. A further 12% said they would not be able to survive for a month. This worrying statistic implies that almost a third (29%) of South Africans would not be able to survive for a month should they lose their main income. Only 15% said they would be able to cover expenses for more than 6 months. In the case of such an event, the majority of people would try and cope by first drawing on any personal savings (33%), asking family members for help (32%), finding a job (13%), taking an advance on a salary or borrow money from a lender (10%), selling off personal assets (8%) or relying on charity (5%).

ATTITUDES TOWARDS FINANCIAL PLANNING

Two fifths (41%) of the adult populace indicated that they always or often set long term financial goals and work hard to achieve them, with a quarter saying they do so sometimes while nearly a third (30%) reported that they seldom or never planned in this way. This suggests that South Africans are more inclined to try and plan actively for their financial future, although it is worrying that approximately a third are not engaging in such behaviour. The results show that there has been a decline in frequent financial planning in 2020/21 relative to the 2012 to 2017 period. The survey also showed that equivalent shares agreed and disagreed that they find it more satisfying to spend money than to save it for the long-term (36% versus 37%), and rather disconcerting is the fact that nearly half (46%) of adults stated that they tended to live for today rather than worry about providing for their future needs, compared to a third (32%) that disagreed with this stance.

SAVINGS BEHAVIOUR

In terms of savings behaviour, more than two-fifths (44%) of adult populace have not been saving actively. A fifth of South African have been saving by putting money in a savings account and another fifth have been building a balance of money. Approximately a third of South Africans save using informal methods for example keeping money in a wallet, using stokvels or giving money to family members.

APPROPRIATE PRODUCT CHOICE

MONITORING FINANCIAL MARKETS AND INDICATORS

In the most recent period, the COVID-19 pandemic (and the lockdowns implemented to fight the pandemic) have had a dramatic effect on a range of financial indicators. We have seen, in the two years, a dazzling array of fiscal change in South Africa. The SASAS research team wanted to track how observant people were when it came to fiscal news, and it was disturbing to note that many people did not monitor any financial markets or indicators. The most popular financial indicator that the population watched was prices of goods and services. Between 2017 and 2020 there was a general increase in how closely people monitored financial information. The largest increase in monitoring behaviour concerned government social welfare programmes, likely a response to new measure implemented in the wake of the pandemic. A greater knowledge of financial concepts made a person more inclined to monitor different fiscal markets and indicators.

PRODUCT CHOICE

Individual and household financial decision-making is an important area of study. It is essential for us to be familiar with financial product usage and how people make choices about these kinds of products. Comprehending what products an individual is using is a vital component of financial literacy. In the report, we look at product choice practices with a focus on the ownership of a diverse set of product types. As part of the SASAS questionnaire, respondents were read a list of fifty-four different product types. It seems that general recognition of these products fell by between 2015 and 2020. This may be linked to contemporary difficulties with the capacity of certain groups to save money or access credit in the present economic climate. It is reasonable to assume that people who become less able to utilise money, became less aware of the products that can help them do so. In addition, we observed an examination in ownership of many product types, it would appear that those who could afford to do so were buying more products than before.

It is important to inquire about the confidence that South Africans have in their ability to make fiscal decisions. More than two-fifths of the general public displayed high levels of confidence in being able to make these types of decisions without consulting financial advisors. A similar share of the adult population indicated that they have a clear idea of the sorts of financial products or services that they needed without consulting a financial advisor. Conducting adequate research before making a financial decision speaks to a certain level of fiscal competency. We found that a sizeable proportion (45%) of the public conducted research before making these kinds of decisions. Educational attainment seemed to have a positive association with informed decision-making. We also noted a distinct geographic effect with urban dwellers exhibiting better decision-making abilities than people living in rural areas. In addition, we discovered that labour market status was an important correlate of this type of behaviour.

Many financial advisors contend that most South Africans are not making optimal choices for their finances. But how often do ordinary people regret their financial decisions? Survey respondents were asked if they had made any financial decision in the last 12 months that they had regretted. In the period 2012-2020, the share of adult public who regretted a financial decision increased significantly between 2015 and 2020, growing from 20% at the start of the period to 30% at the end. Consumers were then asked what kinds of decision they regretted, in 2020 savings or investments decisions were the type most often regretted. A tenth of the adult populace discovered a financial product that they had been paying for, but was unsuitable for their needs, the last five years. About two-fifths (39%) of unsuitable product holders (or 4% of the adult populace) said that they had complained.

Using a variety of different data points a special index was produced to measure prudent financial product choice. The index was labelled the 'Product Choice Domain' and was scored on a 0 to 100 scale. The national mean on the domain was 44 (SE=0.595) in 2020, down from 48 (SE=0.595) in 2015. The decline in the mean Product Choice domain score was more evident for some groups than others. The largest level of decline over the period was noted for the tertiary-educated, the Coloured minority and those born before 1945. In order to identify the determinants of the Product Choice domain, we utilised a linear regression approach. Formal schooling was the strongest predictor of the Product Choice domain in both 2015 and 2020.

MONEY MANAGEMENT

For financial knowledge to be a viable component of successful consumer behaviour, it must be linked to good decision-making. In order to test the decision-making skills of respondents, they were posed four questions about different scenarios dealing with certain financial events. In each question, respondents were asked if they agreed or disagreed about the best course of action to take in a given situation (e.g., income taxation or loan taking). Responses show that the majority of the adult public understood the most prudent course of action to take in each of the four scenarios. But how well do ordinary South African understand their own financial management skills? SASAS respondents were asked a series of questions about how they would rate their financial management in different areas. It would appear that many people did not see themselves as good managers of their fiscal fortunes. This was especially true of poorly educated people and those in the working class.

CREDIT RATINGS AND DEBT BURDEN

People in South Africa were asked to rate their credit rating as either good or bad. Most of the adult population said that their credit rating was good, only 14% of the adult populace stated that their rating was bad. To better understand how indebted people feet about their debt burdens, survey respondents were asked if they had difficulty keeping up with their current credit commitments. A significant share of the adult population (24%) told fieldworkers that they were having difficulty. Finally, we looked at whether people worried about level of debt that they had. Almost a third (31%) of the general public said that they were worried about their debt right now. People who worried about their debts tended to claim to owe a lot more to creditors than those who were untroubled.

FINANCIAL SCAMS

Between a quarter and two fifths of South Africans exhibit tendencies of risky financial behaviour whilst a larger share (between two fifths and half) tends to avoid such behaviour. A clear socio-economic bias was found, with the educated, employed and the non-poor being more prone to be risk takers. Asked how often people come across financial scams in South Africa that try to cheat them out of their money, just under a tenth (9%) said that they often came across this. A further quarter (27%) stated this sometimes happens. In total 6% stated that they have previously been scammed, and 12% specifically mentioned they were scammed by a pyramid scheme. Other common scams involved sims or ATM cards (11%), airtime, phones or data (9%), scams involving promises about jobs (8%), investments (7%), insurance (6%), loans (5%), and online or internet scams (5%).

BANKING AND BANKING TRANSACTIONS

At the time of writing, however, not much is known about public preferences for banking transactions. The SASAS questionnaire instructed survey participants to think about banking transactions in general and then fieldworkers requested them to indicate their preferred method of making such transaction. Just about two-fifths (41%) reported that they preferred to use the bank ATM and 16% told fieldworkers that they favoured visiting the local branch when they want to make a transaction. A sixth stated that they favoured an online banking and a small minority (2%) claimed that they like to do banking over the phone. Formal schooling positively associated a preference for using the internet and this outcome could be due to the fact that the better-educated have better access to the internet.

Bank charges have long been a source of controversy in the South African banking sector, and the government have repeatedly called on banks to reduce their fees. SASAS respondents were asked what they thought of banking charges and fees in the country. More than half told fieldworkers that the industry's prices were much too high. Data shows that the experience of having a formal bank account increases the likelihood that an individual will have a negative view of how banking products are priced. Survey respondents were asked if they had changed banks in the last five years due to high banking charges. A quite large percentage (21%) of the adult populace, quite unexpectedly, said that they had done so. It would seem that if a person felt that their bank's prices were too excessive then they were more likely to have changed banks.

The ways in which we can conduct banking has changed dramatically since the advent of the internet and more recent proliferation of the smart phone. Approximately a third of internet users never used online platforms to manage their finances, implying that the majority of users engaged in this kind of online behaviour. Nearly a fifth (17%) of users told fieldworkers that they seldom used the internet for banking and other financial matters and 25% of users said that they did this sometimes. More than a fifth (22%) of users stated that they participated in this type of behaviour often or very often. Online money management was more common amongst active internet users. Our analysis suggests that high data prices reduce the likelihood that an internet user will practice online money management. A majority (65%) of the adult populace with internet agreed that online banking had made managing finances easier and more effective. Almost half of those adults with internet access said that online banking was cheaper than regular banking.

The FSCA had previously issued a warning to the public to be "cautious and vigilant" when dealing with cryptocurrencies. More or less half (55%) of the general populace told fieldworkers that they had not heard anything about this issue. Furthermore, more than an eighth (16%) were uncertain of how to answer the question. This suggests a basic lack of knowledge about the issue amongst the majority of consumers. A small proportion (3%) of the adult public claimed to own cryptocurrency. A much larger percentage (9%) of adult consumers in South Africa said that they would like to own cryptocurrency. Those respondents who indicated a desire to purchase cryptocurrencies were asked a follow-up question about why they desired this digital currency. Monetary gain was the most common answer, and this was followed by a desire to use it a means of payment for online purchases.

FINANCIAL KNOWLEDGE AND UNDERSTANDING

In order to understand financial literacy in South Africa, it is necessary to gauge the extent of the financial knowledge that an individual possesses. In the survey, respondents were quizzed about their awareness and comprehension of certain financial concepts (such as inflation and compound interest). This quiz is used to examine how South Africans understand the financial world and provides an assessment of individuals' familiarity and proficiency of basic financial concepts. The first item on the quiz concerned mathematical division, a core component of financial literacy. The second item on the quiz was on inflation. The other quiz items relate to interest and interest rates. Respondents were then asked to estimate the effect of interest on savings and how compound interest worked. A significant proportion of the general public was unable to correctly answer all these questions. Survey participants were also asked about their approach to risk, and we found that most people were quite risk adverse.

Using different questions on financial knowledge, a special index was constructed to assess the familiarity that an individual had acquired with fiscal concepts. The index was labelled the 'Financial Knowledge Domain' and was scored on a 0 to 100 scale; the mean score on the domain was 51 (SE=0.734) in 2020. This was a distinct decline from what was seen in SASAS 2015. One of the main reasons for this decline could be an increase in consumer stress due to the COVID-19 pandemic. The SASAS research team discovered that economic position (measured via formal schooling and asset ownership) was a strong predictor of knowledge. Further analysis revealed that the general public was aware that they did not know much about important financial concepts and issues.

About half of the adult populace wanted to learn more about financial products and services (e.g., stock markets, credit rates and insurance schemes). Approximately half of the general public (54%) said that they were definitely interested in acquiring more information. It would appear that the more knowledgeable a person is about finances, the more interested they are in learning about fiscal issues. The issue that most people wanted to learn more about was interest rates and this was followed by saving and insurance products and practices. The types of information that an individual was looking for was determined by their socio-demographic character, with different kinds of people looking for information on different issues.

INTRA-FAMILIAL FINANCIAL SUPPORT

Many South Africans feel the pressure of what some call 'Black Tax', the financial burden of supporting family and friends. We examine public participation in, and attitudes towards, 'Black Tax' in this report. A sizable share of the adult populace (42%) told us that they had lent or given money to a family member in the three months prior to the interview. A somewhat similar percentage (44%) of the public said that they had given or loaned money to family members during this period. Most of the general public had only engaged in this type of behaviour with one family member type during the period under review. The most common familial relation involved siblings, and this was followed by parents and children. Interestingly, we found all population groups engaged in this kind of intra-familial financial support behaviour.

A large minority of the adult population said that they felt pressure from their family to organise their personal life in a certain way. Approximately a third said that they felt this pressure sometimes or rarely, and about a tenth told us that it occurred frequently. A similar proportion of the general populace believed their family made too many financial demands on them. Just about a third said that it had either happened occasionally and around a tenth told fieldworkers that it occurred often. Members of the Black African and Coloured groups were more likely than others to report feeling pressured in this way. We wanted to understand how people perceive the role of intra-familial support in their life and that of their culture. We found that most of the adult populace agreed that people should help their family in times of struggle. More than three-fifths (62%) of the adult population felt that helping people financially is an important part of their culture.

FINANCIAL ADVICE-SEEKING

People need information when making financial decisions, and there are many different types of platforms where consumers can get this information. After appraising the data on public confidence in a range of different sources of information, the most trusted source of advice was a bank (or banker), and this was followed by fiscal guidance from friends and family. It was interesting to observe that most people did not trust an independent broker (or financial advisor). Patterns of typical advice-seeking behaviour were mapped using self-reported data on the common source of financial advice used by the general public. The most popular choices were friends and family, with 52% of the adult public selecting family and 25% choosing friends. Financial knowledge was most strongly linked with seeking professional financial advice. Of those who have received this kind of advice, about half (52%) of the adult population said that they were satisfied with what they received.

Survey participants were queried on whether they, in the last twelve months, had asked friends or family for financial advice on a range of important financial issues. About two-fifths (41%) of the general public had recently asked for financial guidance from such a person. A similar percentage (38%) of the populace had sought advice from an expert during this period. The most common issue that people needed advice about was savings or investments, and this was followed by funeral policy. The Financial Planning Domain was found to be a crucial determinant of recent advice-seeking behaviour. The more apt a person was to set financial goals and work hard to meet them, the more prone they were to ask for guidance on fiscal issues in the contemporary period. The two professional types that people had used most often in the recent period were independent financial advisor and manager (or advisor) at a bank or building society.

EVALUATIONS OF THE CONDUCT OF FINANCIAL INSTITUTIONS

The emphasis of financial regulatory frameworks is on maintaining and monitoring conduct within the financial sector and ensuring that at least minimum established standards of service are provided to consumers. In line with this focus on efficiency and integrity in service culture, the survey included a new set of items that aimed to capture the views of citizens on the conduct of financial institutions in practice. This provides evidence to the potential alignment or disjuncture between the spirit of the regulatory frameworks and the lived experiences of sector standards in practice. Ranked from most positive to least positive, the percentages agreeing with each statements pertaining to service standards were as follows: Financial institutions provide people with good information about services (47% agree); financial institutions are making progress in giving all South Africans equal access to services (46%); financial institutions deliver services that are of good quality (46%); financial institutions treat people with respect (45%); financial institutions respond quickly to complaints about problems with services (42%); financial institutions do a good job of following through and fixing problems (42%); financial institutions are honest when dealing with people (40%); people are getting good value for the money they are charged for financial services (39%); financial institutions do not consult people enough (18%). As was evident from the findings, on aggregate consumers were fairly happy with the conduct of these elements. The only exception is in relation to consultation with consumers, where a majority share (43%) was unhappy about the level of consultation being provided by financial institutions.

TAXATION ATTITUDES

The South African Revenue Service (SARS) is one of the most important financial institution in South Africa. The research team was interested in how financial knowledge would influence attitudes towards taxation in the country. We found that public awareness of different kinds of taxation was low. Financial Knowledge Domain was confirmed to have a significant association with awareness of different types of taxes. This indicated that the more familiar a person was about financial concepts, the more informed they were about taxation. Engagement with SARS was found to improve public knowledge of taxation, demonstrating the positive influence of the national revenue service. Almost three-fifths (56%) of recent tax filers stated that completing a SARS tax return was easy. This outcome validates concerns that filing a return is difficult for some and that the process can be improved. A majority of general public viewed SARS as an effective organisation that would punish tax evaders.

CONSUMER MATERIALISM IN SOUTH AFRICAN SOCIETY

The survey included a new set of measures to gauge the degree to which South Africans display materialistic orientations. A 9-item version of the Material Values Scale (MVS), which focuses on capturing three dimensions of materialism, namely (i) how much people think possessions reflect *success* in life, (ii) the degree of *centrality* of materialism to individual desires, and (iii) how much people believe wealth and possessions leads to *happiness*.

Approximately three-fifths (57%) of South Africans expressed admiration for people who have accumulated possessions and wealth. An equivalent share (58%) felt that possessions convey meaning about personal success and achievement in life. A more ambivalent response was provided to the statement ‘I like to own things that impress people’, with 43% opposing this view compared to 36% supporting it. In the South African context, although three-quarters (74%) of adults maintain that they strive for a simple life rather than a materialistic culture focused on the accumulation of possessions, slightly more than half (52%) the adult public admitted that purchasing goods was a source of considerable pleasure with 46% stating that they like ‘a lot of luxury’ in life. The implication seems to be that material acquisition is a core aspect of the lives of a non-negligible share of South Africans.

Youth under 35 years were more materialistic in their orientation than older age cohorts. Black African and Coloured adults displayed more materialistic values than white and Indian adults on average. Tertiary educated adults were less materialistic in orientation than those with lower education levels, especially those with an incomplete secondary education or completed matric education. As for employment status, unemployed work-seekers and students and learners were more materialistic in their values than employed adults and retirees. The self-rated poor and those just getting by were more materialistic than the non-poor. From a geographic perspective, those living in rural, traditional authority areas were more materially oriented than those in formal urban areas and living on rural farms. Adults in KwaZulu-Natal, Mpumalanga and Limpopo were more materialistic in general, especially relative to the Northern Cape and Free State, where the lowest materialism scores were recorded.

PERSONAL WELLBEING

The recent financial downturn has placed an incredible level of pressure on many ordinary South Africans. In these difficult times, financial literacy may help consumers navigate the economic pressures of the current period and improve a person's quality of life. We found that financial literacy was positively correlated with subjective wellbeing even when controlling for other socio-economic characteristics (e.g., employment and formal education). In order to conduct this test, we utilise a module on personal wellbeing that was included in both SASAS 2013 and 2020. We found that financial literacy was more strongly associated with subjective wellbeing in the last round of SASAS than in the 2013 round. The data revealed that as macro-economic conditions become more dire over the last few years, satisfaction with material wellbeing became more and more reliant on financial literacy.

FINANCIAL LITERACY INDEX

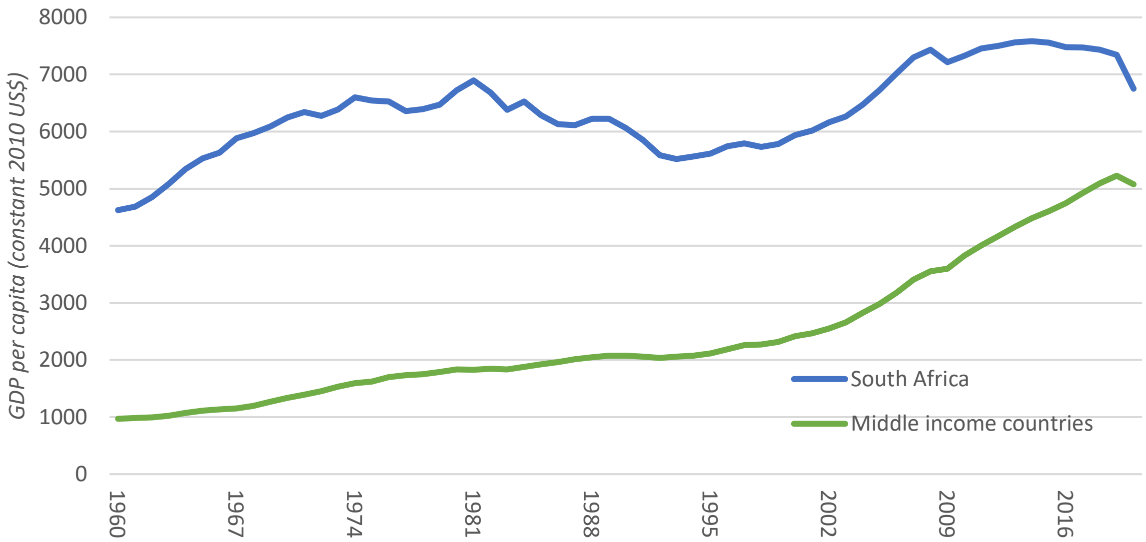
Following the 2010 Financial Pilot study conducted by the SASAS research team, there was a growing concern about the average South African's financial understanding and their fiscal capacities. In 2011, the SASAS research team was commissioned to create a single financial literacy score that would encompass all the indicators across the following four domains: (a) knowledge; (b) control; (c) planning; (d) product choice. Using the SASAS data available to us, we were able to create a composite index that measured financial literacy in South Africa for the period 2012-2020. A set of 22 core indicators spread across each of the aforementioned domains was then developed to accurately measure financial literacy. The average South African scored 51 (SE=0.537) on the Financial Literacy Index in SASAS 2020. The current overall state of financial literacy in the country is lower than what was found in SASAS 2015 (M=55; SE=0.479). The data shows that contemporary macroeconomic shifts in the last few years have impacted some groups more adversely than others. Members of the white and Indian minorities have been less effected. Young people also seem to have been negative effected.

1. Introduction

1.1. Background

The post-apartheid economy faced some difficult headwinds in the early 1990s. The prior decade was characterised by a deep economic downturn, and Gross Domestic Product (GPD) per capita (constant 2010 US$) declined from $6895 in 1981 to $5852 in 1991. But the South African government was able to manage the transition to majoritarian democracy while reviving positive GDP per capita growth. The new post-apartheid state demonstrated a commitment to fiscal sustainability. Satisfactory sovereign risk spreads, reasonable budgetary policies and revitalised investor confidence helped ensure the recovery. To a significant extent, the South African economy is dependent on commodity markets (especially in terms of platinum, iron-ore, gold, and coal). Benefiting from an upswing in community prices, the country experience significant levels of economic growth in the 2000s. China became one of South Africa's major trading partners, and the general economy profited from growing levels of foreign direct investment. As can be observed from **Figure 1**, GDP per capita in the country increased from $5,938 in 2000 to $7,432 in 2008.[1]

Figure 1: Gross Domestic Product (GDP) per capita (constant 2010 US$) over the period 1960-2020



Source: World Bank national accounts data, and OECD National Accounts data files

One of the main features of the post-apartheid economy has been persistent unemployment. Manufacturing, once the source of decent work in many parts of the country, went into decline in the 1980s.[2] During the mid-1990s, levels of unemployment grew substantially before stabilising at the end of the decade. As the general economy prospered during the mid-2000s, we witnessed a period of moderate decline in unemployment between 2002 and 2008. Unemployment amongst men, in particular, fell from 41% to 26% of the male labour force during this period (**Figure 2**). Young people also benefited from this upswing in the economy, the employment-to-population ratio amongst this group increased dramatically during this period.[3] Millions of women entered the job market during this time and female labour market participation increased dramatically. More than two-fifths (44%) of the labour force were women in 2008, up from 37% in 1990. As a result of this job creation in the

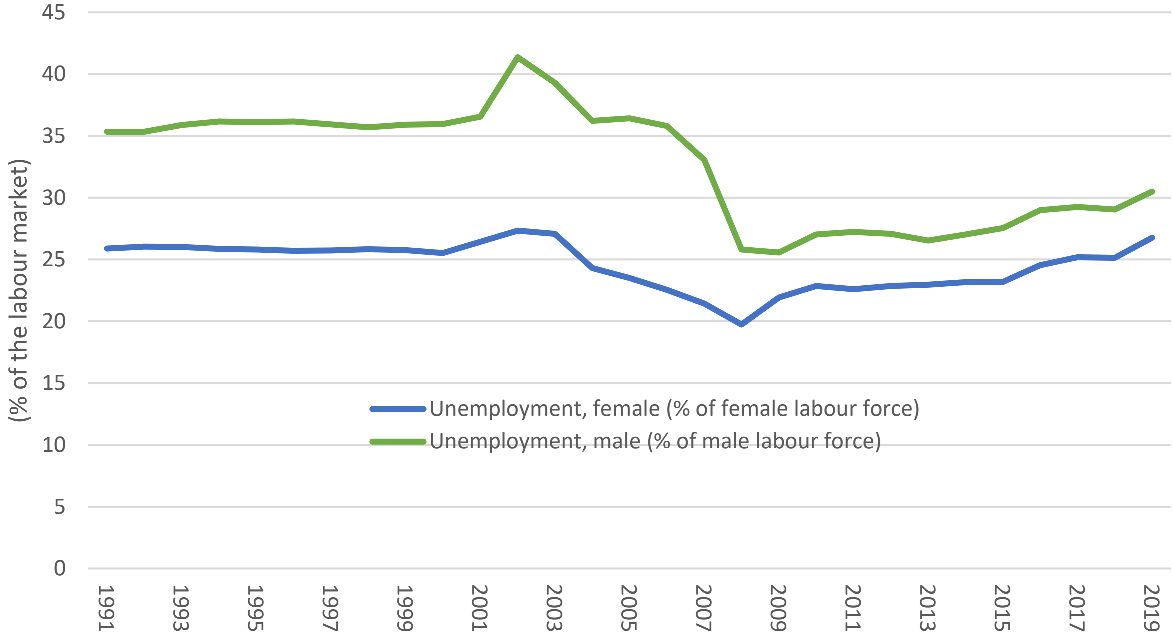
[1] This is consistent with what was observed in other middle-income country during the same period. The average middle-income country saw its GDP per capita grew from $2,116 in 1995 to $5,227 in 2019.

[2] Industry, value added (% of GDP), fell from 45% of the general economy in 1980 to 30% in 1997.

[3] The employment to population ratio amongst the youth (i.e., the 15-24 age group) improve during the 2000s. This trend was most evident amongst the male population, the ratio increased from 13 in 2002 to 20 in 2009.

2000s, we saw a significant growth in the value of disposable personal income in the country from 1996-2007. During this ten-year period total disposable income per annum grew from $270 million (constant 2010 US$).

Figure 2: Unemployment rates (% of the labour market) for men and women over the period 1991-2019



Source: International Labour Organization, ILOSTAT database

Since the end of the apartheid period, South Africa has continued to be defined by significant economic inequalities and is well-known for having one of the largest wealth disparities in the world. Evaluating the period from 1993 to 2017, Chatterjee et al. (2021a) find no sign of decreasing inequality since the end of apartheid. Corporate ownership across the economy is skewed toward a few large firms that have conglomerate-style structures. There are high barriers to entry for new competitors and, as a result, most wealth in South Africa is concentrated in a few large firms. To fight economic inequality in the country, the government introduced progressive taxes and began constructing a massive inclusive welfare state. The post-apartheid state has, in particular, implemented large-scale social grant (i.e., cash transfer) programmes. The number of grant recipients increased from three million in 1996 to thirteen million in 2008; one of the largest attempts to redistribute wealth to the poor in the country (BusinessTech, 01/01/2021).

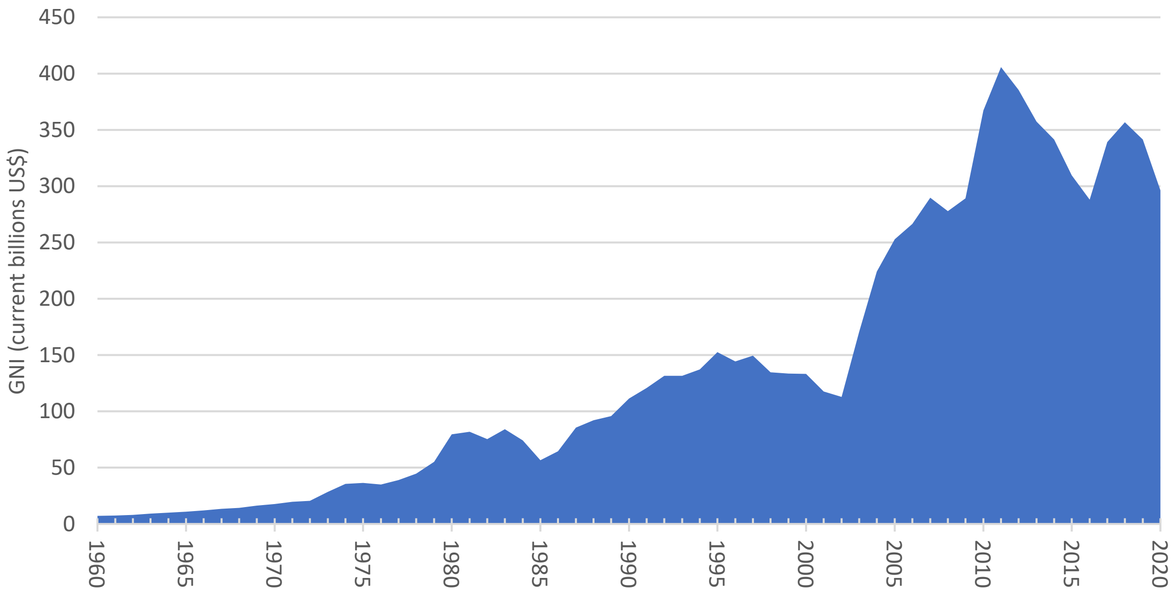
One of the hallmarks of economic inequity in South Africa is its racial nature, with largest economic disparities between white and black in the country. But a positive trend identified by the economists over the last two decades concerns the narrowing of the underlying racial income gap (Chatterjee et al. 2021b). In the 1990s whites earned about seven times more than Black African majority but by the end of the 2010s they made about four times more (also see World Bank, 2018). Labour market changes have improved availability of well-paid jobs for people of colour. This seems to be especially true of the public sector, where employees of colours have consistently won above-inflation pay rises. Government policies, especially those associated with "black economic empowerment", also steered business towards black-owned firms and enriched a small number of investors. Partly as a result of policies like these, the share of people of colour in the top 10% of earners has risen sharply.[4] As data

[4] The gross income of the top 10% of black earners has tripled between 1993 and 2019 (Chatterjee et al. 2021b). But despite this level of change, economic inequality remains as high in 2019 as it did in 1993. Between 1993 to 2019 the share of income going to the top 10% of earners grew from 57% to 66%. Even after taxes and transfers

on financial literacy is presented in this report, these interracial economic inequalities must be borne in mind.

Following the election of President Jacob Zuma in 2009, the nation entered into a period of low growth and weak consumer confidence. The 2008 Global Financial Crisis severely impacted South Africa, the country entered a recission in 2009 and lost about one million jobs. The crisis negatively affected world prices, and oversupply (as well as large inventories) slowed the recovery of the commodity markets. Poor management of the electricity supply by the Zuma Administration also weakening the economy. Growth in current Gross National Income (GNI) slowed over the period 2009-2013. The general economy went into another financial recession in 2014, and current GNI went into decline (**Figure 3**). Between 2008 and 2019, unemployment began to increase again as jobs were lost and the labour market was no longer able to accommodate new entrants (**Figure 2**). The burden of unemployment was concentrated amongst the youth, and most young people struggle in the labour market.[5] Unemployment amongst those with an advanced education became a serious problem for the first time in decades, growing from less than 4% in 2008 to 14% in 2019.[6]

Figure 3: Gross National Income (GNI) over the period 1960-2020 (current US$ billions)



Source: World Bank national accounts data, and OECD National Accounts data files

Driven by rising interest payments and political commitments to expenditure expansion, government spending under the Zuma Administration increased sharply in the 2010s. Because revenue projections and spending commitments assumed that national economic growth would improve in the period 2010-2019, the budget did not adjust to the declining fiscal space. As a result, President Jacob Zuma presided over a period of widening deficits and found it increasingly difficult to stabilize debt and improve fiscal outcomes. Between 2010 and 2019 public debt grew rapidly, increasing from 35% of

are included, the share of income going to the top 1% is roughly the same as it was at the end of apartheid—nearly one-fifth.

[5] Following the Global Financial Crisis, the level of youth involvement in work stagnated. Beginning in the 2016 the employment-to-population ratio amongst the 16-24 age group began to decline. The ratio decline was particularly evident for the male population. Male unemployment amongst the 15-24 age cohort increased, growing from 41% in 2008 to 53% in 2019.

[6] There is a distinct gender bias to unemployment amongst the educated with women less liable to find work. About a seventh of the female labour force with advanced education was looking for work in 2019. This can be compared, favourably, with 12% of the male labour force with advanced education.

GDP at the start of the period to about 63% at the end. Interest payments on public debt have risen over the last decade, growing from 2.3% to 4% of GDP. Public sector compensation has also persistently grown faster than the economy and now represents 42% of revenue. Measured as a percentage of GNI, external debt stocks in the country have grown at a much faster rate than the typical middle-income country over the period 2010-2017 (**Figure 4**). A substantial rise in corruption, associated with "state capture" under the Zuma Administration (Bhorat et al., 2018), also contributed to uncertainty about South Africa's sovereign foreign-currency debt.

Figure 4: External debt stocks (% of Gross National Income) over the period 1994-2020

Source: World Bank national accounts data, and OECD National Accounts data files

S&P Global Ratings cut the country's sovereign foreign-currency debt rating to junk status in November 2017. In its report, the agency concluded that weak economic growth had led to a deterioration in public finances beyond previous expectations. In addition, the agency noted that political corruption had played a major role in its decision although government debt was also an issue. The S&P downgrade followed a similar announcement by the major ratings agency Fitch, affirming South Africa's rating at sub-investment or junk status (News24, 24/11/2019). Upon entering office, President Cyril Ramaphosa sought to address this debt crisis and restore economic stability while regaining control of public spending. His efforts were fundamentally undermined by the COVID-19 pandemic. South Africa reported first COVID-19 cases from nine adults who returned from a holiday in Italy, where cases were rampant, on February 29, 2020. With increasing COVID-19 cases, the South African authorities implemented strict lockdown measures, issuing stay-at-home orders and requesting businesses to close.

The general economy in South Africa was severely affected by the COVID-19 pandemic. The size of the overall economy contracted by 7% in 2020 and GDP per capita (constant 2010 US$) fell from $7,346 in 2019 to $6,748 in 2020 (**Figure 1**). The strict lockdown that followed the pandemic brought domestic production to a standstill. This was compounded by a contraction in global demand as governments throughout the world also introduced some form of lockdown measures. Manufacturing, construction and transport were severely affected by the pandemic (World Bank Group, 2021). This period was characterized by net financial outflows, and the country's financial account balance was negative for the first time since 2003.[7] Faced with state ordered lockdowns and declining consumer demand, many firms took on debt, cut wages or hours and reduced staff. A large number of firms (especially micro, small, and medium enterprises) failed as result of the pandemic (Mail & Guardian, 25/01/2021). The labour market was badly affected by the pandemic, overall employment decreased by the end of 2020 with 1.4 million jobs lost.

Negative economic conditions in 2020 adversely effected many vulnerable different groups including young people. According to the first Quarterly Labour Force Survey (QLFS) 2021 the official youth (15-34 years) unemployment rate was 46.3%, almost fourteen percentage points higher than the overall national rate. According to the QLFS data the youth account for three-fifths of the total number of unemployed persons. The graduate unemployment rate amongst younger people was also alarming, 15,5% among those aged 25–34 years. According to a report published by Oxfam, the COVID-19 pandemic has worsened existing class and racial inequities in South Africa. People of colour in the country identified as more vulnerable to the socio-economic and health impacts of the pandemic.

President Cyril Ramaphosa promised to deepen government support of poor and vulnerable households as the country navigates its recovery from the Covid-19 pandemic. The social protection system was leveraged effectively to provide emergency support to the working-class. The contributory social insurance system, which includes the unemployment insurance fund, was also mobilized. COVID-19 highlighted the absence of social protection for the unemployed, and the COVID-19 social relief of distress program was launched to fill this gap. Six million people had received at least one social relief of distress grant payment by the end of 2020 (SABC News 06/08/2021). The gradual easing of lockdown restrictions from May 2020 helped GDP growth rebound and unemployment rates started to decline. For the recovery to be successful, the national authorities have prioritised COVID-19 vaccination. According to President Ramaphosa, improving vaccination rates is currently seen as essential for economic growth in South Africa (IOL, 06/12/2021). At the time of writing, the state has launched a large-scale vaccination programme.

2. Research Methodology

For this report, we used survey data commissioned by the FSCA and fielded using the Human Sciences Research Council's South African Social Attitudes Survey (SASAS) research infrastructure. Financial literacy and competency data from the following rounds of SASAS were used: 2010, 2011, 2013, 2015, and 2017 and 2020. This section presents information on the details of the survey, including questionnaire design and sampling framework. This section will outline in detail the survey methodology used to obtain this data. The first section will explain the sample design of the survey, the second will describe the data collection protocols and the final section will sketch out the capturing and weighting of the data.

Figure 5: Fieldworkers pre-COVID-19

Before discussing the specific methodology employed by the research project, it is however important to give context to the data gathering phase given the COVID-19 pandemic. Fieldwork for this SASAS round began in late February 2020 but was interrupted when the President announced the national lockdown in response to the Covid-19 pandemic, which came into effect on 27

[7] Foreign investment outflows from bond and equity markets reached US$9.7 billion in 2020. Net inflows of foreign direct investment decreased from US$5.1 billion in 2019 to US$3.1 billion.

March. At the time of survey suspension, approximately 40% of interviews had been completed (in this report these interviews will be referred to as pre-COVID-19 interviews). After approximately six months, on 21 September 2020, restrictions were lowered to alert level 1 and the HSRC deemed it safe to send fieldworkers back to the field, subject to a re-application to the HSRC's Research Ethics Committee (REC). The REC required a complete new SASAS fieldwork plan and an outline of safety protocols to safeguard survey participants and the interviewing teams. Approval to continue fieldwork was granted in October 2020 and in early November 2020 fieldwork resumed (referred to as post-COVID-19 interviews).

Figure 6: Fieldworkers post COVID-19

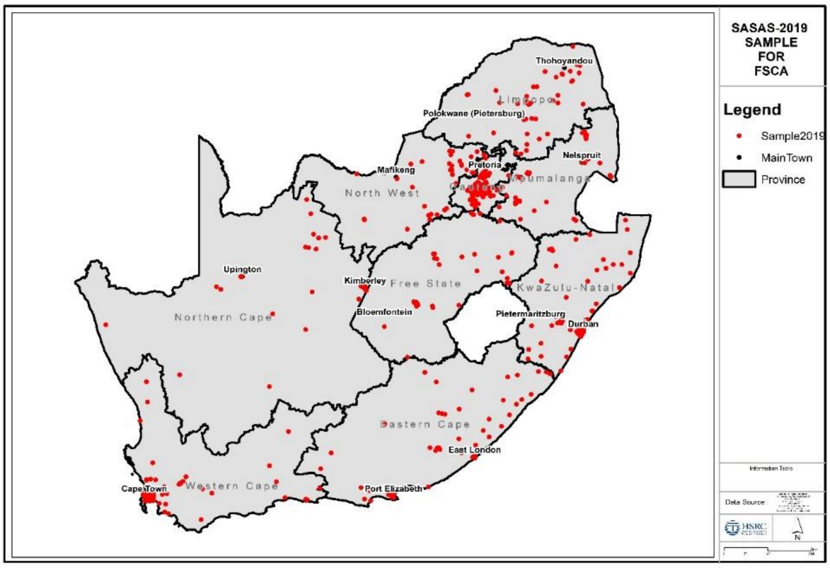
By January 2021, fieldwork was completed in seven of the nine provinces, including Northern Cape, Free State, KwaZulu-Natal, North West, Mpumalanga Limpopo and Gauteng. Fieldwork activities in the Eastern Cape and Western Cape were however more challenging. These challenges were inter alia due to the declaration of these areas as hotspots in December 2020. As a result of this announcement, some fieldworkers (despite adherence to safety protocols) refused to do interviewing and new fieldworkers had to be trained which resulted in delays. Secondly, refusal rates in these provinces were very high and certain areas had to be replaced which also caused delays. In addition to these problems, telephonic back checking revealed some anomalies in the Eastern Cape and since the HSRC was not happy with the quality of interviews in certain of these areas, fieldwork had to be redone. As a result of these delays, the SASAS fieldwork round was only completed on 15 February 2021, which is obviously a much longer period than usual.

2.1. Sample design

The survey was designed to yield a representative sample of 3,500 adults aged 16 and older living in South Africa. The sample was spread across the country's nine provinces and was designed to include only people living in private residences. This means that special institutions (such as hospitals, military camps, old age homes, schools, and university hostels) where people might reside were excluded prior to the drawing of the sample. The sample also excluded land that was recreational (e.g., parks), industrial areas and vacant land. The survey has three sampling stages. Small area layers (SALs) were the primary sampling units and in the first stage, five hundred SALs were drawn. Estimates of the population numbers for various categories of the census variables were obtained per SAL. Data for this stage was drawn from the 2011 census. Three explicit stratification variables were used to draw the SALs, namely province, geographic type and majority population group[8]. The distribution of the SALs in South Africa is represented in Figure 7.

[8] The research team uses the following terms to describe the four major population groups in South Africa: (i) Black African, (ii) Coloured, (iii) Indian/Asian and (iv) white. These common terms are utilised by demographers in the country including Statistics South Africa. Categorisation into one of these four groups is based on self-identification. The authors of this report do not support race as a biological construct.

Figure 7: A Graphical representation of the 500 sampled Small Area Layers



Dwelling units (also known as visiting points) in each SAL were taken as the secondary sampling units. In the second stage, seven dwelling units were selected per SAL. A dwelling unit is defined as “separate (non-vacant) residential stands, addresses, structures, flats, homesteads, etc.” Dwelling units were drawn with equal probability in each of the selected SALs. A dwelling unit was selected using a random starting point and counting an interval between households. The interval was calculated using the number of households in the SAL. Once the selected household had been identified, a household member had to be selected randomly as a respondent. This household member (i.e., the respondent) needed to be 16 years or older. For the purpose of this survey, the KISH grid was used to randomly select the respondent in the household. Finally, in the third sampling stage, a person was drawn with equal probability from all persons 16 years and older in the drawn dwelling unit. This resulted in a sample of 3500 individuals.

2.2. Data collection protocol

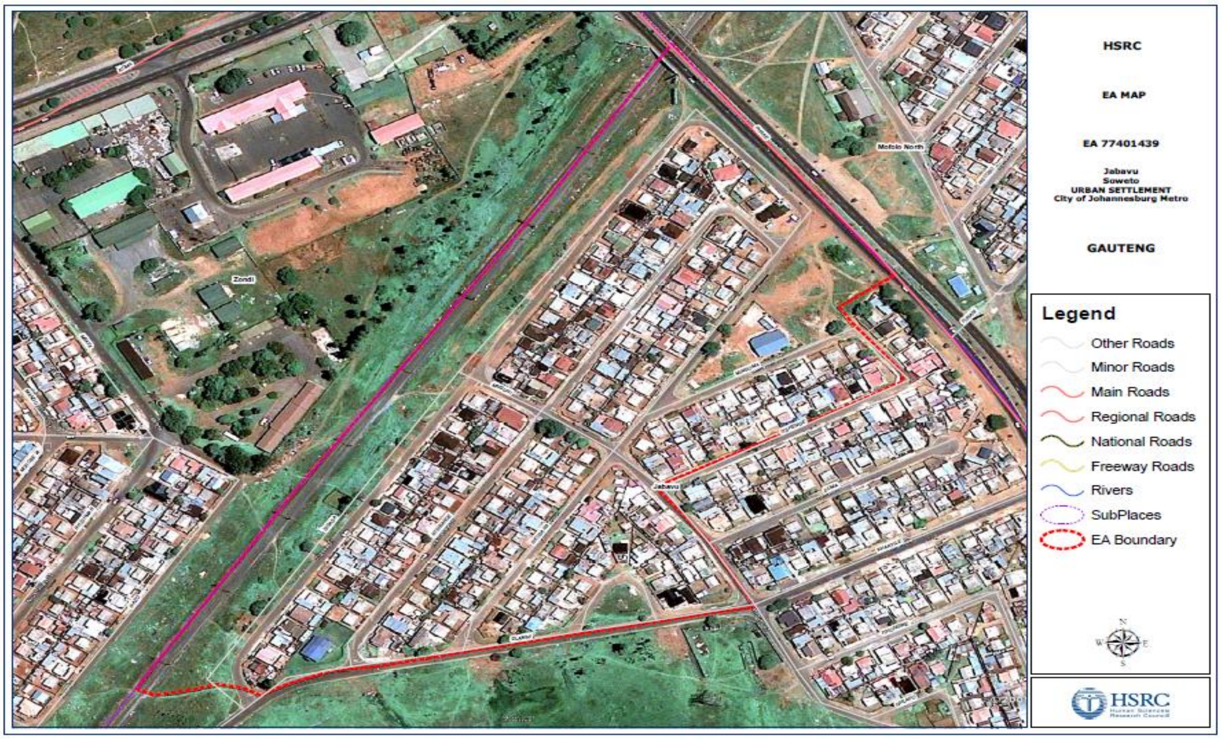
The following general protocol guidelines for data gathering were implemented:

- Fieldworkers and supervisors were required to notify the relevant local authorities that they would be working in the specific area. The purpose was twofold (a) to increase safety protocols for fieldworkers (b) and to reassure respondents, especially the elderly or suspicious, that the survey was official. Official letters describing the project and its duration and relevant ethical issues were distributed to the authorities. This was done not only as a form of research and ethical protocol but also to ensure the safety of the fieldwork teams.
- Supervisors were advised to inform the local leader (e.g., the inkosi or induna) in a traditional authority area, whilst in urban formal or urban informal areas they had to report to the local police station. In some areas, the local councillor was also met and informed of the study prior to commencing work in the area.
- They were further advised that farms should be entered with caution and that they should report to the local Agri South Africa (Agri SA) offices before doing so. Field supervisors were issued with ‘Farm letters’ which contained information on the purpose of the study and contact details in case they had queries.
- Consent forms (electronically) needed to be completed upon successfully finishing each interview. While verbal consent was to be secured from the respondent before the interview, a written consent form had to be signed afterwards.

- Fieldworkers were issued with name tags and letters of introduction to be used in the field. The introduction letter was translated from English into six other languages.
- Fieldworkers had to present their identity cards when introducing themselves.

A network of locally based fieldwork supervisors in all parts of the country assisted in data collection. Competent fieldworkers with a thorough understanding of the local areas were employed as part of this project. Two-day training sessions were held in various provinces. The main training session took place in Pretoria and covered the Northern provinces (namely, Gauteng, Limpopo, Mpumalanga and North West). Other training sessions were held in East London, Durban, Kimberley and Western Cape. The training session included lessons on selection and sampling of households; fieldwork operating procedures; research protocol and ethical considerations. The questionnaire was discussed in detail. As far as possible, the training was designed to be participatory, practical and interactive, and gave fieldworkers the opportunity to seek clarification. A training manual was also developed as part of the training toolkit. All relevant remarks and instructions discussed during the training session were included in the training manual.

Figure 8: Example of a Small Area Layer map used to assist the fieldwork teams to navigate to the correct areas



Once the training sessions were completed, a navigational toolkit was provided to fieldwork teams. These toolkits were developed to assist the field teams in finding the selected SALs. These kits assisted the supervisors and fieldworkers to locate the exact SAL where the interviews were to take place. The navigational kits included:

- Route descriptions, to assist the teams to navigate their way into the selected enumerator areas.
- Maps that, using aerial photographs as a base, identified the exact geographic location of the enumerator areas to be sampled throughout the country.
- More detailed maps that identified the exact area, pinpointing street names and places of interest such as schools, clinics, hospitals etc. These maps also included latitude-longitude, GPS coordinates indicating the centroid of the SAL.

Quality control

Due to the COVID-19 situation, HSRC researchers could not do physical back checks, but extensive telephonic back checks were undertaken in all provinces. A total of more than 15 % back checks for all provinces were undertaken.

2.3. Data capturing and weighting

The data was captured electronically by making use of tablets. The data was transmitted to a central database. Once all the data was collected, it was downloaded and converted into SAS and SPSS and a data manager embarked on a data-cleaning exercise. Data was checked and edited for logical consistency, for permitted ranges, for reliability on derived variables and for filter instructions. Data with wrong EA numbers were also cleaned.

Table 1: Sample realisation

Province	Number of replaced SALs	Ideal sample (N Households)	Realised sample (N Households)	% Realisation
Western Cape	11	455	302	66
Eastern Cape	9	455	243	53
Northern Cape	0	259	223	86
Free State	0	266	136	51
KwaZulu-Natal	6	651	576	88
North West	1	259	211	81
Gauteng	1	581	493	85
Mpumalanga	0	266	237	89
Limpopo	0	308	272	88
Total	**28**	**3500**	**2693**	**77**

The data was weighted to take account of the fact that not all units covered in the survey had the same probability of selection. The weighting reflected the relative selection probabilities of the individual at the three main stages of selection: (i) visiting point (address); (ii) household; and (iii) individual. In order to ensure representativity of smaller groups (e.g., Northern Cape residents or Indian/Asian people) weights needed to be applied. Person and household weights were benchmarked using the SAS CALMAR macro and province, population group, gender and five age groups. These benchmark variables for persons and province and population group of the respondent in the household were selected due to their reliability and validity. The marginal totals for the benchmark variables were obtained from mid-year population estimates as published by Statistics South Africa. The total number of people interviewed for the SASAS 2020 round was 2,693. When weighted, this total represents 42,326,056 South Africans of 16 years and older. The final data set (unweighted and weighted) are disaggregated by key demographic variables in **Table *2***.

Table 2: Sample characteristics (unweighted and weighted)

	Unweighted N	Percent	Weighted N	Percent
South Africa	2693	100	42 326 056	100.0
Gender				
Male	1155	42.9	20 474 955	48.1
Female	1538	57.1	22 098 128	51.9
Age				
16-24	397	14.7	9 599 310	22.5
25-34	635	23.6	11 130 274	26.1
35-49	816	30.3	11 581 659	27.2
50-64	525	19.5	6 618 927	15.5
65+	320	11.9	3 642 913	8.6
Population group				
Black African	1773	65.8	33 618 302	79.0
Coloured	398	14.8	3 827 406	9.0
Indian/Asian	336	12.5	1 234 461	2.9
White	186	6.9	3 892 914	9.1
Geotype				
Urban formal	1895	70.4	26 909 639	63.2
Urban informal	85	3.2	2 495 876	5.9
Rural trad auth areas	543	20.2	11 253 293	26.4
Rural farms	164	6.1	1 742 316	4.1
Province				
Western Cape	302	11.2	42 401 124	99.6
Northern Cape	217	8.1	5 255 244	12.3
Eastern Cape	223	8.3	4 273 106	10.0
Free State	136	5.1	906 645	2.1
KwaZulu-Natal	576	21.4	2 065 731	4.9
North West	211	7.8	7 814 501	18.4
Gauteng	493	18.3	2 879 123	6.8
Mpumalanga	235	8.7	11 874 000	27.9
Limpopo	272	10.1	3 232 838	7.6

3. Financial Control

3.1. Personal involvement in household finances

The ability to make financial decisions is an important area to cover in any study of financial literacy since prudent financial decision-making is one of the most important subjects in the analysis of financial behaviour. Consequently, household financial decision-making is a significant area of study and deserving of special attention. It is also essential to look at the financial grief and distress that can emerge from financial decisions. As such, the research team has sought to better understand personal involvement in money decision-making since the onset of the project in 2010, focusing on how those decisions are made and what the consequences of those decisions are.

Data gathered over the period 2010-2020 indicates that a majority of South African adults have been involved either directly or indirectly in the management of their household's finances (see **Figure 9**). In 2020 just more than a third (36%) of all adult South Africans made day-to-day household financial decisions themselves and another third made such decisions in collaboration with someone else. A final third played no role in such day-to-day decisions in their household. As can be observed, the distribution of responsibility for daily household management has increased since 2015.

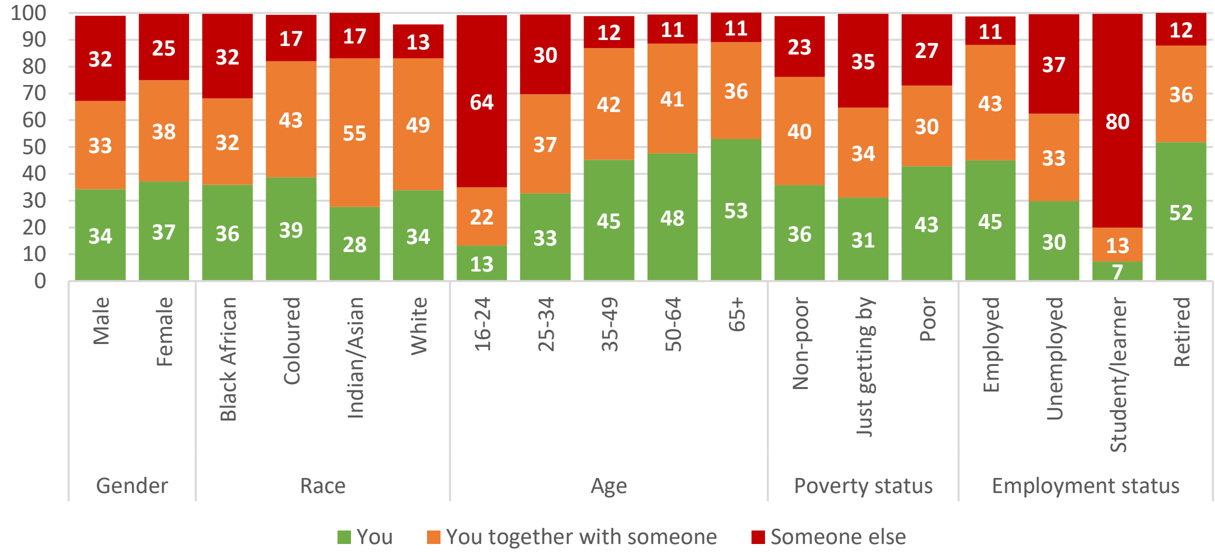
Figure 9: Responsibility for daily household money management, 2010-2020 (percentages)

Source: South African Social Attitudes *Survey* (SASAS) 2010-2013; 2015; 2017; 2020

Previous research using SASAS data suggested that certain demographic groups do not play a direct role in daily household money management. Household money management has traditionally been viewed as the prerogative of a male figure. The current thinking is that all adults, particularly women, should be involved in the management of household finances. Following the social and political emancipation of women over the last five decades more females were encouraged to become involved in the daily money management of their households. From the data it is evident that more females are becoming involved in daily money management.

Previous research showed that youngsters tend to be excluded from financial decision making. More recent data on age and responsibility for daily money management, showcased in **Figure 10**, confirms this earlier finding. Less than an eighth (13%) of the 16-24 age cohort made day-to-day financial decisions in their household themselves and only 22% shared this responsibility with someone else. This reflects, no doubt, the limited earning power of this age group in comparison to others in the household. Interestingly, among the poor, a large proportion (43%) makes financial decisions on their own-possibly putting a lot of pressure on the individual. Furthermore, it was clear that involvement in day-to-day household fiscal management differed by employment status. Of the labour market groups in **Figure 10**, the unemployed had relatively low levels of control over money management decisions in their household. Unsurprisingly, students also reported low levels of involvement in household money management. Financial dependence and age may explain why personal decision-making in household finances amongst students is so low.

Figure 10: Responsibility for daily household money management, by socio-demographic attributes, 2020 (percentages)



Source: South African Social Attitudes Survey (SASAS) 2020

Adult South Africans were also asked who is responsible for the task of paying bills in the household. Approximately a third 34% of adult consumers stated they personally were responsible for paying the bills and a fifth (32%) said it was themselves together with a partner or other household member. In 34% of the cases bills were paid by someone other than the respondent. Paying bills and being responsible for day-to-day money management was highly correlated (0.862), implying that the person responsible for the day-to-day money management was in most cases also the person responsible for paying bills.

The level of personal enjoyment when dealing with financial matters could be a motivator for acquiring financial knowledge and therefore an important factor for understanding financial control. Moreover, consumers who enjoyed dealing with financial matters may be more likely to excel and benefit from financial literacy training. The research team found that such enjoyment is correlated with financial literacy. Respondents were asked the extent to which they enjoy dealing with financial matters. In 2012, three-fifths (60%) of all the adult public indicated that they enjoy dealing with financial matters at least to some extent. More than a third (36%) of the populace indicated that they never enjoyed dealing with financial matters. In 2020, 63% indicated that they enjoy dealing with financial matters whilst a third remained negative when considering the issue of dealing with financial matters. This trend has remained fairly stable between the 2012 and 2020 data points with some increase noticeable in the level of enjoyment in dealing with financial matters over the period.

From the research it seems that gender is not an important indicator for determining people's level of enjoyment in dealing with financial matters. Age is a personal attribute which exhibits a negative relationship with the level of enjoyment in dealing with financial matters implying that youngsters least enjoy dealing with financial matters. Quite alarming is the finding that the majority (44%) of young people (between the ages of 16-24 years) never enjoy dealing with financial matters. This is significantly higher than the proportions never enjoy dealing with financial matters among other age groups.

When looking at race as an indicator for determining people's level of enjoyment in dealing with financial matters, the study indicates there is a significant gradient of difference in relation to population group. Black African and Coloured consumers (57% and 69% respectively) were significantly less likely than Indian and white adults (78% and 85% respectively) to report that they enjoy to some extent, i.e., always, usually, or sometimes, dealing with financial matters. When compared to white (15%) and Indian (21%) adult consumers, a greater proportion of Black African (36%) and Coloured (30%) consumers indicated that they never enjoy dealing with financial matters.

The study indicates that there is a relationship between educational attainment and people's levels of enjoyment in dealing with financial matters. Twenty-four per cent of tertiary-educated respondents in the study indicated that they never enjoy dealing with financial matters, while more than two fifths (43%) of those consumers with no schooling indicated that they never enjoy dealing with financial matters. Since enjoyment of dealing with financial matters are correlated with financial literacy, the youth, the poor and less educated sectors of society would benefit from financial education programmes.

Table 3: Level of enjoyment dealing with financial matters (row percentages)

	Always	Usually	Sometimes	Never	(Don't know)	(Refused)
National	19	15	29	33	5	0
Age Group						
16-24	13	8	24	44	11	1
25-34	17	14	32	31	5	1
35-49	23	19	31	26	2	0
50-64	23	20	28	28	1	1
65+	18	17	26	38	1	0
Educational Attainment						
Primary or no formal schooling	13	17	24	43	2	0
Incomplete secondary	18	14	26	36	6	1
Matric	17	15	34	29	5	0
Tertiary	28	17	29	24	2	0
Labour Market Status						
Employed	26	18	29	26	2	0
Unemployed work-seeker	16	12	31	37	3	0
Student/learner	8	8	24	38	21	0
Retired	21	20	24	34	1	0
Subjective Poverty						
Non-poor	25	19	31	22	3	0
Just getting by	15	15	30	33	6	1
Poor	15	8	24	49	4	0

Source: South African Social Attitudes Survey (SASAS) 2020

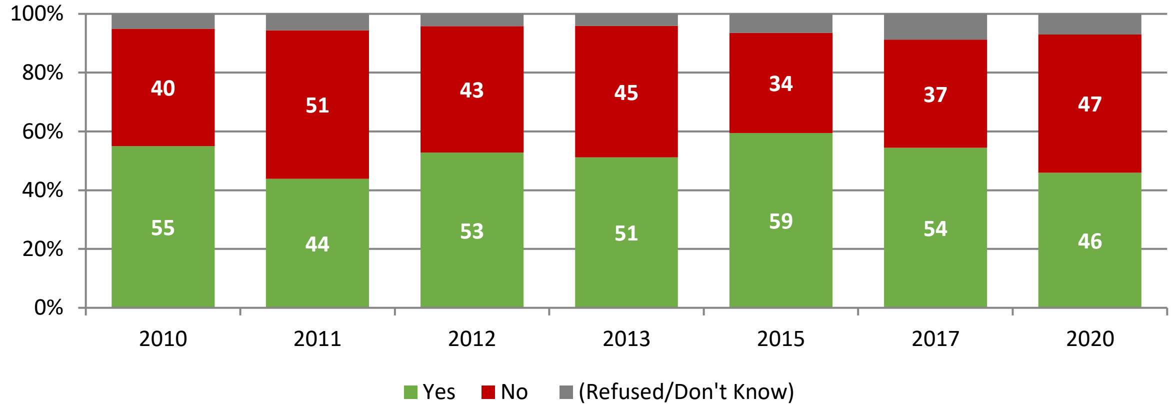
Apart from gathering information on daily money management respondents were also asked the extent to which they personally monitor their regular expenses. A question was asked about how close an eye people generally keep on their financial affairs. This question was included to get a sense of the quality of involvement in money matters to give a sense of the financial control involved. From the 2020 data it was construed that a quarter of South Africans keep a very close eye on expenses. A further two fifths (41%) stated they keep an eye on expenses but alarmingly almost a third of people stated that they don't keep an eye on expenses at all. These results were very similar to those from the 2012 survey, indicating that a third of adult South Africans remain ignorant on financial matters.

3.2. Presence of a household budget

One of the most central aspects of financial control and money management is the use of a budget. As such, the SASAS project has been tracking the presence of a budget in households since 2010 (see

Figure 11). The findings show that a budget is present in a majority of South African households although a considerable minority still do not have a household budget. In 2010 more than half (55%) of the adult population reported the presence of a household budget, and this share has remained above 50% in all subsequent years apart from 2011 and 2020. In 2020, only 46% of the population reported the presence of such a budget. It is concerning that so many do not practice this type of financial planning, especially in a time of financial difficulty. More must be done to promote sensible financial planning in South African households.

Figure 11: Share of South Africans who had a household budget (column percentages), 2010-2020

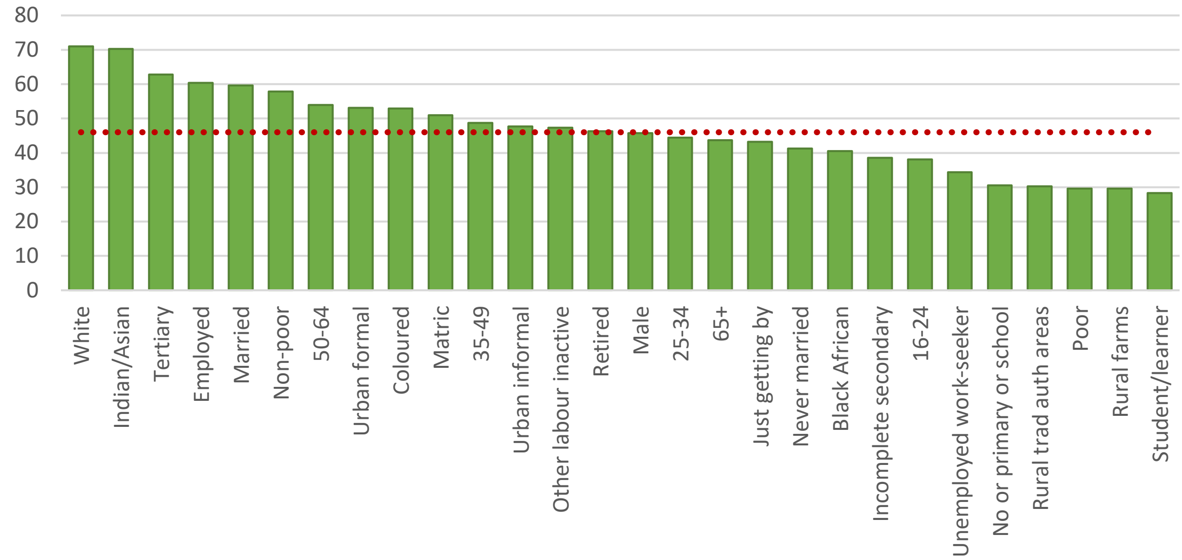


Source: South African Social Attitudes Survey (SASAS) 2010-2013; 2015; 2017; 2020

Which groups in South Africa live in a household with a budget? **Figure 12** examines the presence of a household budget by key social and demographic characteristics. As is evident from the figure, socio-economic status is a good predictor of having a budget. For example, white and Indian consumers, those with a tertiary qualification, the employed and the non-poor were much more likely to have a budget. Married people were more likely to live in a household with a budget when compared to those who had never been married. This may be because the financial pressures faced by married people are often greater than those of the unmarried. Of all marital groups, the previously married[9] were the least liable to have a household budget. Students, rural dwellers on farms, people living in rural traditional areas and the poor were least likely to have a budget. Having a budget and staying within the budget are two different concepts and respondents were asked how often they stay within their budget. Findings reveal that just more than a quarter (27%) always stay within budget, a third usually stay within budget with a another third sometimes staying within budget. Five percent of South Africans admitted never staying within a budget.

[9] A demographic term, 'previously married' refers to those consumers who had been married previously but were not married at the time of interview. This includes widows, unmarried divorcees and people who are separated from their partner.

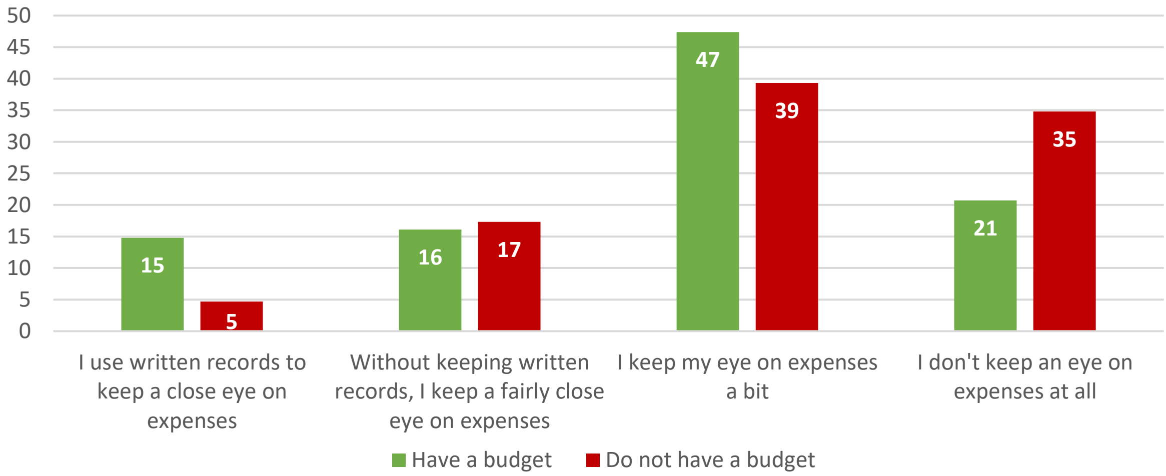
Figure 12: Share living in a household with a budget, by socio-demographic attributes (percentage)



Source: South African Social Attitudes Survey (SASAS) 2020
Note: The horizontal dotted line represents the national average (46% with a budget).

The term budget is a term that might imply different things to different people. Some people might use sophisticated electronic budgets, others might keep written records and others might have a more informal way of keeping a budget. To determine this, respondents were asked whether their household's budget is formally written down, either on paper or on electronic format. Over a quarter (29%) said they do not keep an eye on expenses at all. The majority (41%) keep an eye on expenses a bit and 16% said that without keeping written records, they keep a fairly close eye on expenses. A tenth use written records and keep a close eye on expenses. In order to determine if having a budget actually increases the ability to closely monitor financial affairs, a cross tabulation of these two variables were done which is portrayed in **Figure 13**. From this figure it is evident that having a budget impact whether you keep a close eye on financial affairs. For example, for those who have a budget, the proportion who keeps a close eye on expenses are much higher (15%) compared to those who do not have a budget (5%). Conversely, those that do not have a budget tend to have a higher proportion who does not keep an eye on expenses at all (35% compared to 21%). This finding suggest that budgeting education is critical and would ultimately lead to more prudent financial control.

Figure 13: Having a budget and keeping a close eye on financial affairs



Source: South African Social Attitudes Survey (SASAS) 2020

Factors associated with having a budget. To better understand those socio-demographic characteristics that are most associated with the presence of a budget, a multiple logistic regression analysis was conducted on the 2020 data. This analysis allows us to identify the dominant socio-demographic predictors of the existence of a budget when a set of different variables are jointly considered.

In this regression model was a significant predictor of having a budget. The main findings are as follows:

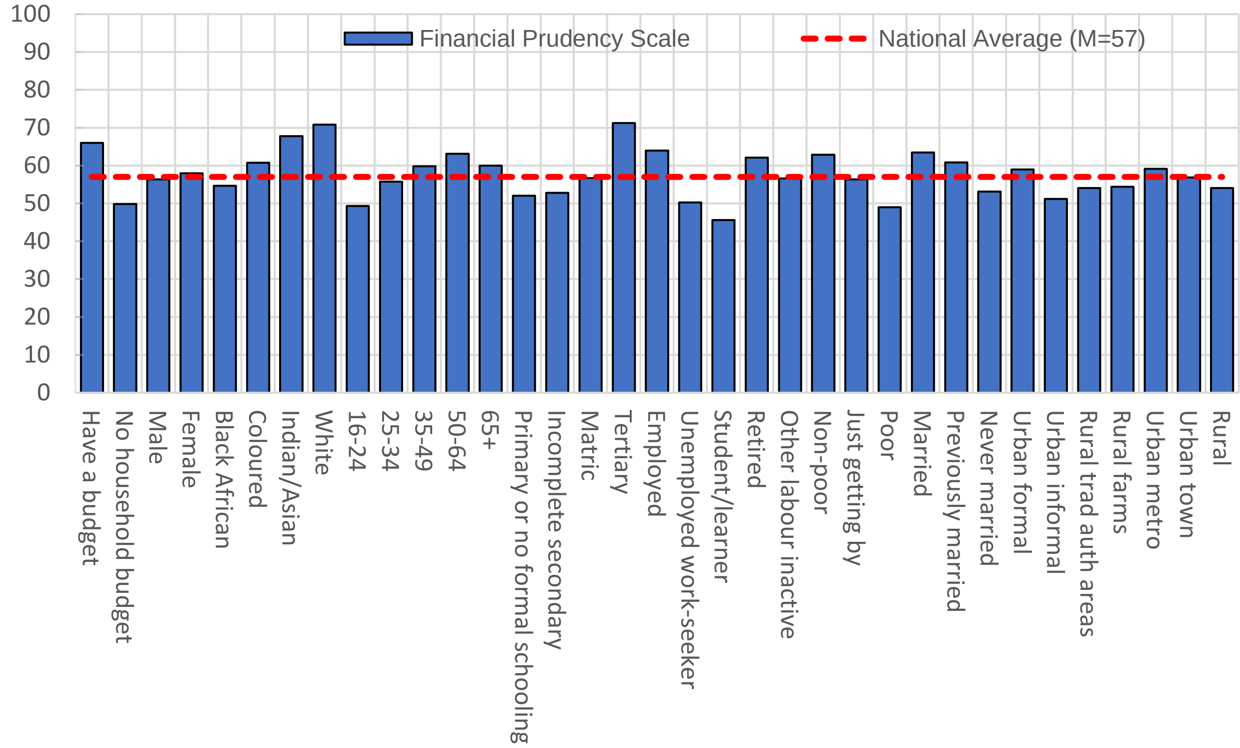
- *Education*: this variable had the biggest impact on whether a person had a budget. Those with a tertiary qualification were twice as likely to have a budget as those who have a primary school education or no schooling.
- *Poverty status*: those classifying themselves and their household as non-poor are more likely to report that they a budget relative to those classifying themselves as poor or 'just getting by'.
- *Employment status*: Employed adults are more inclined to have a budget than unemployed work-seekers, learners and students, as well as other labour inactive adults.
- *Other variables* that were not statistically significant controlling for other factors include the pre and post COVID period, marital status, and the age of the person.

A considered approach to financial matters implies awareness and accuracy of the amount of funds available in any given month. SASAS respondents in 2020 were asked: '[h]ow accurately do you know how much money you have available to spend this month?' More than half of the general populace (53%) agreed that they were aware of how much money was available to spend each month. Approximately a fifth (19%) were ambivalent (neither agree nor disagree) and a further fifth (21%) agreed they did not know how much was available to spend. The rest either did not know or refused to answer the question. In terms of how accurate their assessment was of how much money they had available to spend in the current month, 19% said they felt their assessment was very accurate, 32% said somewhat accurate, a quarter (27%) said not very accurate and 15% said not accurate at all. From the above assessment it evident that about half of South Africans have a fairly accurate idea of how much money that have available to spend each month.

We found that if an adult consumer had a household budget, then they tended to report that they knew how much money they have available to spend each month. A chi-square Pearson Design-based ($F(20, 28262) = 39$; $P = 0.000$) test show a somewhat moderate association correlation between these two variables. The correlation between a household budget and awareness of funds available was much stronger if the budget was written down. About a third (34%) of consumers with a written budget had a very accurate picture of how much money they had available to spend. This is fourteen percentage points higher than those with an unwritten budget, demonstrating the beneficial impact of household budgets as financial control tool.

In order to establish whether socio-demographic groups differ with regards to their knowledge of how much money is available on a monthly basis, two questions were combined to form a Financial Prudency Scale (FPS). The two questions were: "To what extent do you agree or disagree that you know how much money you have available to spend each month" and "How accurately do you know how much money you have available to spend this month? The scale was developed from 0-100 with a high score on the scale indicating accurate knowledge of available funds to spend each month. The average mean score on the FPS scale was 57. Mean scores for a range of demographic and socio-economic subgroups are presented in **Figure 14**. A clear socio-economic gradient was present with whites, the tertiary educated, and the employed most likely to score high on the FPS. Contrary, the young, students and the poorest segment of the population as well as those without a budget were least likely to have accurate knowledge of their disposable income each month.

Figure 14: Financial Prudency Scale-knowledge about available funds

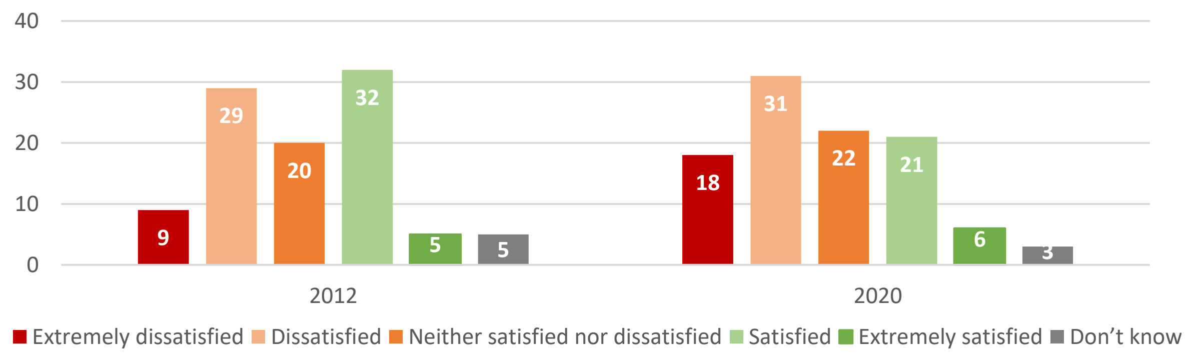


Source: South African Social Attitudes Survey (SASAS) 2020

3.3. Making ends meet

People were requested to provide information on how satisfied they were with their current personal financial condition with regard to assets, debts and savings. In total, in 2020, just more than a quarter indicated that they are satisfied with their financial condition (6% extremely satisfied and 21% satisfied) (**Figure 15**). This is substantively lower than the 37% that was satisfied with their financial condition in 2012. In 2020 approximately a fifth (19%) of people stated that they are unhappy with their financial situation -substantively higher than the 9% in 2012. This confirms the fact that satisfaction with personal conditions has deteriorated substantively over the period under review.

Figure 15: Satisfaction with current financial situation, 2012 and 2020 (%)



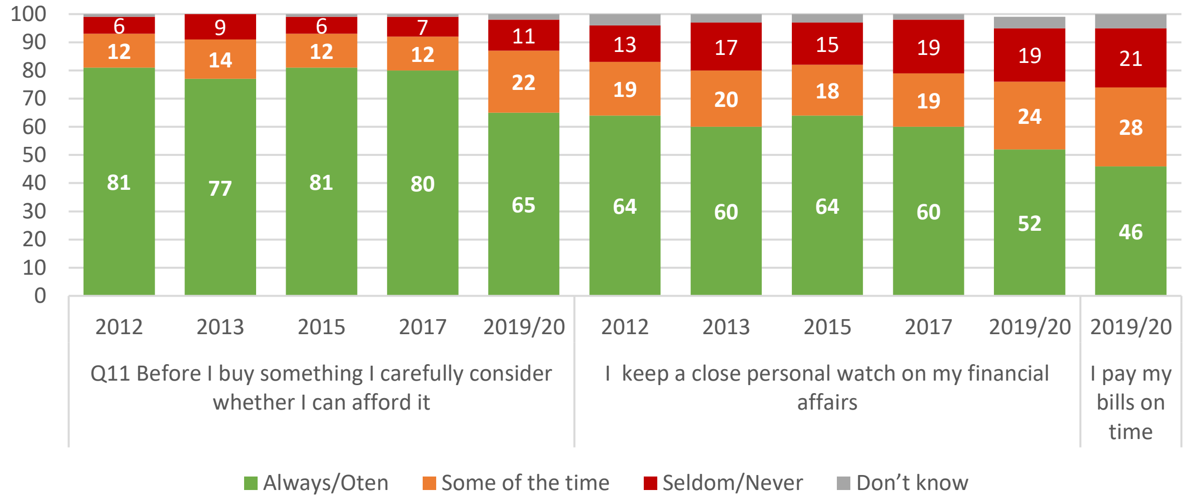
Source: South African Social Attitudes Survey (SASAS) 2020

An expression of dissatisfaction and extreme dissatisfaction (combined) was the highest (73%) among the poor, closely followed by the unemployed (63%). Those with a primary school education also tended to generally be unhappy with their financial situation (57%). Those with a tertiary education, the non-poor as well as white and Indian adults were least most satisfied with their current financial condition.

3.4. Considered approach to personal finances

Failure to 'always' or 'often' practice judicious and prudent financial discipline will undermine financial wellbeing. Since 2012, respondents were asked: "Please can you tell me how often you do these things or not. (i) Before I buy something I carefully consider whether I can afford it?; (ii) I pay my bills on time?; and (iii) I keep a close personal watch on my financial affairs?" Responses to these questions are displayed for the period 2012-2020 in **Figure 16**. As can be seen, a high share (80%) of the adult public in 2012, 2013, 2015 and 2017 acknowledged that, prior to making a purchase, they usually carefully consider whether they can afford it. If we compare how people responded to this question in 2020 then we note substantive change with those carefully considering whether they can afford something reduced to under two thirds. It would be unwise to speculate about the reasons for this change, but this is something that needs to be carefully considered from a longitudinal perspective.

Figure 16: Financial self-control and expenditure behaviour, 2012-2020 (column percentages)



Source: South African Social Attitudes Survey (SASAS) 2010-2013; 2015; 2017; 2020

Just over half of the adult public (52%) told fieldworkers that they kept a close watch over their personal finances in 2020 and 19% said that they seldom or never kept a careful watch. The share that reports not keeping a close eye on their finances was highest in 2020 and needs to be monitored. The question in paying bills changes from 2017 to 2020. In 2017, only those who have bills answered the 'timeous' question but in 2020 this question was posed to all respondents. Given this change, it was decided not to include the trend on this measure in the graph. The 2020 results reveal that just under half (46%) of the general population said that they always or often pay their bills on time with a further 28% doing it some of the time.

Given the change in financial behaviour on these measures over time we wanted to determine among which socio-demographic group the changes mostly occurred. A Considered Financial Behaviour (CFB) Index was created. To produce the index, responses to the three items were combined onto single 0-100 scale with 0 indicating the lowest level of reported financial responsibility and 100 the highest. This was also compared to the CFB index created in 2017 and although the one measure is somewhat different it would nevertheless give an indication of which socio-demographic subgroup changed most in relation to this indicator.

The national mean CFB Index score was 65 in 2020, noticeably lower than what was observed in 2017 (M=73), 2015 (M=75), 2013 (M=74) or 2012 (M=77). To more fully investigate this behaviour, mean scores on the index are examined by selected subgroups. Reviewing the outputs, we found relatively differences between the groups under discussion.

Table 4: Mean Considered Financial Behaviour (CFB) Index scores by selected subgroups (mean scores, and statistically significant differences)

	2017		2020	
	M	Scheffe Sig.	M	Scheffe Sig.
Education level				
Tertiary	82.5	ref. group	76.5	Ref. group
Completed secondary	73.1	***	65.5	***
Incomplete secondary	74.3	***	62.1	***
Primary and below	73.0	***	58.1	***
Employment Status				
Employed	75.9	ref. group	69.7	Ref group
Retired	79.6		66.7	
Unemployed	70.5	***	62.2	***
Student	68.4	**	54.0	***
Labour Inactive	77.1		65.0	
Population group				
Black African	72.6	ref. group	62.7	Ref group
Coloured	72.8		70.2	***
Indian	82.6	***	78.9	***
White	79.3	***	75.8	***
Geographic type				
Urban formal	74.2	ref. group	68.2	Ref group
Urban informal	67.0	*	61.1	*
Rural traditional authority area	73.8		58.6	***
Rural formal	74.2		63.2	

Note: Reported levels of statistically significant are based on ANOVA testing. The signs *, **, *** indicate that the differences in mean scores are significantly different at the 5 percent ($p<0.05$), 1 percent ($p<0.01$) and 0.5 percent ($p<0.001$) level respectively.

Factors associated with considered financial behaviour. To better understand which factors that are associated with considered financial behaviour, a linear logistic regression analysis was conducted on the 2020 data. This analysis allows us to identify the dominant socio-demographic predictors of considered financial behaviour when a set of different variables are jointly considered.

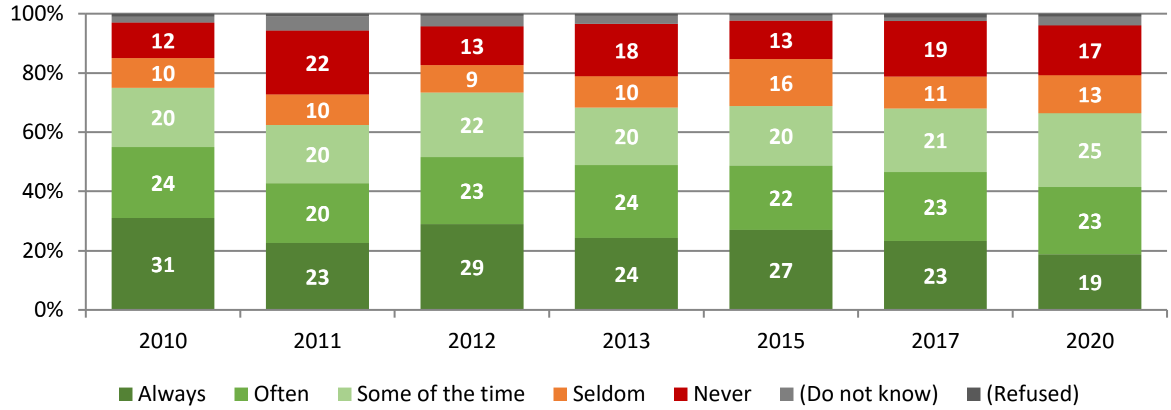
In this regression model the main findings are as follows:

- *Employment status*: Being a student had the biggest impact in terms of scoring low on considered financial behavior. If a student, the dependent score was on average 11 percent lower than the reference group the employed.
- *Education*: having a tertiary qualification was highly associated with considered financial behavior and those with a tertiary qualification scored significantly higher than those with no qualification even controlling for other variables.
- *Poverty status*: those classifying themselves and their household as poor are much less likely than those not considered as poor to score high on the index.

Variables that were not statistically significant controlling for other factors include gender and the pre and post COVID period.

In the 2010 Financial Literacy Pilot study, the SASAS research team found that the majority of South Africans were predisposed towards planning for their financial future. When asked how often they set long-term financial goals and work hard to achieve them, the adult population tended to give positive answers. In 2010, more than half of the adult population indicated that they either always or often engage in financial planning (**Figure 17**). Only a minority reported that they seldom or never pursued long-term financial goals. As the SASAS research team gathered new data on attitudes towards planning ahead in subsequent rounds of SASAS, it was evident that there has been some change in financial planning. In 2020, less than a fifth (19%) of all adult South Africans said that they always set long-term financial goals and work hard to achieve them. Around a quarter (23%) of the adult population reported they set long-term goals often or some of the time (25%) and around a third (30%) said that they set such goals infrequently or never

Figure 17: Frequency with which South Africans set long-term financial goals and work hard to achieve them, 2010-2020 (percentage)

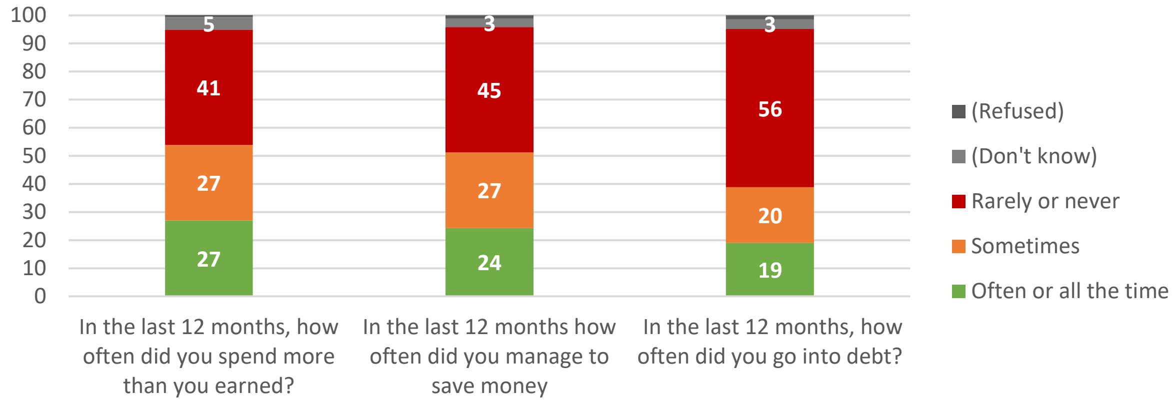


Source: South African Social Attitudes Survey (SASAS) 2010-2013; 2015; 2017; 2020

As can be observed from this figure, the share of the general population that said they set long-term goals declined from 55% in 2010 to 42% in 2020. This is a troubling finding and suggests that South Africans are becoming less sensible in their financial preparation. The work of SASAS research team over the last decade on financial planning suggests that this aspect of financial literacy was highly unevenly distributed distribution amongst the population. Previous research by our team has shown that poor households do not have surplus economic capital that can be used in long-term financial plans for saving or investments. Moreover, a lack of regular secure income in many poor households makes most forms of financial planning problematic and impractical. As a result, we expect to observe a wide disparity between those on the lower and upper rungs of the South African socio-economic ladder when it comes to planning behaviour.

In order to gauge the extent of shortfalls and financial difficulty that people experience, a series of question were asked about expenditure and savings in the past 12 months. From **Figure 18** it is evident that the majority of South Africans experience financial difficulties with more than a quarter (27%) spending more that they have earned and a fifth (19%) going into debt. Only a quarter (24%) were able to save any money over this period.

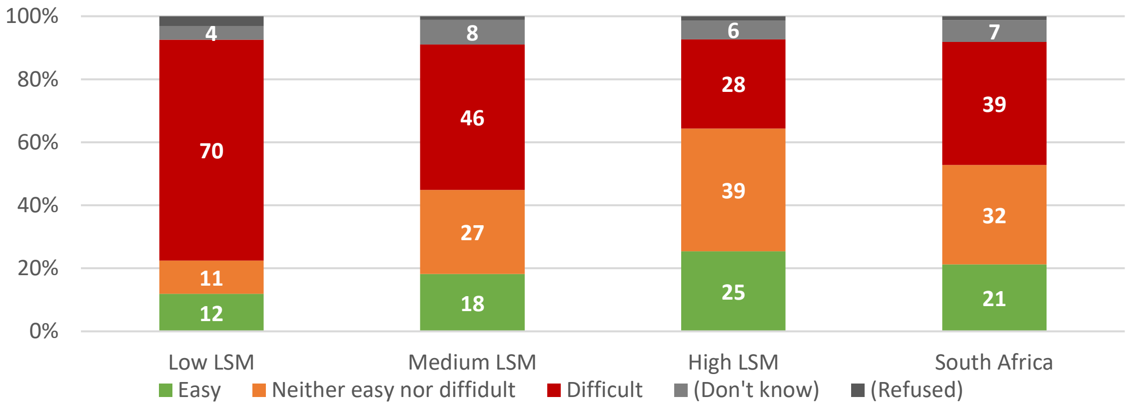
Figure 18: Financial situation in the past 12 months



Source: South African Social Attitudes Survey (SASAS) 2020

In order to further understand financial difficulty, South Africans were asked to report on how easy or difficult it might be during a typical month to cover their expenses and pay all of their bills. Almost two fifths (39%) of adult consumers found it either difficult or extremely difficult to pay all their expenses and bills during a typical month. In contrast, only 21% found it easy or extremely easy to cover their monthly expenses. Furthermore, just under a third (32%) found it neither easy nor difficult to pay expenses and bills. When analysed by different socio-demographic groups, it become apparent that females, Black African adults, those with no or only primary school qualification and the poor were significantly more prone to experiencing financial difficulty in covering monthly expenses. As could be expected, those with a lower living standard found it much more difficult to be able to pay monthly expenses.

Figure 19: Ease with which a person is able to pay monthly expenses by LSM



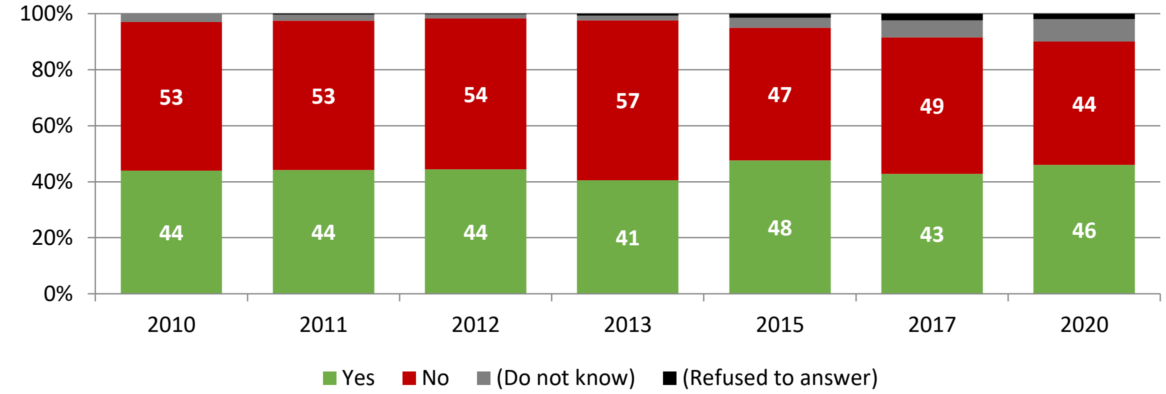
Source: South African Social Attitudes Survey (SASAS) 2020

3.5. Strategies to cope with financial shortfalls

In 2010, during the Financial Literacy Pilot study, SASAS researchers collected data on whether an individual had personally experienced a situation whereby their income did not quite cover their living costs. More than two-fifths (44%) of the adult population had experienced such a shortfall in 2010, indicating that many South Africans do not lead economically sustainable lifestyles. There was little difference in the response of the average South African to this question between 2010 and 2020. The commonality in responses observed indicates that the question continues to work well, despite the sensitivity that is commonly involved in revealing financial difficulty. Despite this indicator being relative stable, there was a noticeable increase in the proportion of the adult populace who had experienced a financial deficit in 2015 and 2020 (**Figure 20**). In 2020, just under half (46%) of South

Africans experienced an income shortfall, with a similar proportion (44%) experiencing no shortfall at all. A tenth did not venture an answer (8% don't know and 2% refusing to answer). This does seem to indicate financial duress in this year.

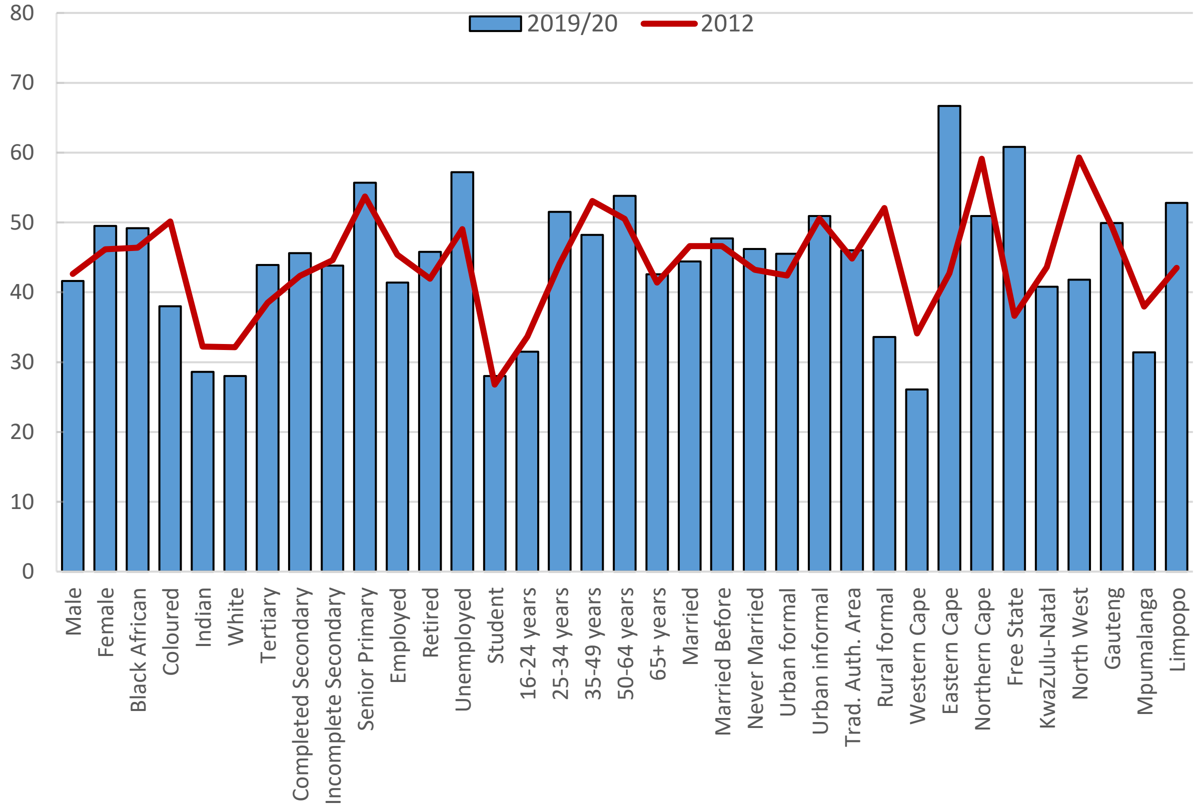
Figure 20: Share of South Africans who experienced an income shortfall in last year, 2010-2020 (%)



Source: South African Social Attitudes Survey (SASAS) 2010-2013; 2015; 2017, 2020

Of all the different socio demographic groups in South Africa, which is the most likely to experience an income shortfall? Answering this question will help us better understand financial vulnerability in the country. In **Figure 21** we interrogate this issue and also compare 2012 results to 2020. From this figure, it is evident that the pattern of those experiencing shortfalls have remained fairly stable between 2012 and 2020.

Figure 21 : Experienced an income shortfall in last year, by socio-demographic attributes (percentage), 2012 and 2020



Source: South African Social Attitudes Survey (SASAS) 2012; 2017; 2020

Educational attainment seemed strongly correlated to experiencing a financial deficit. Under half (44%) of tertiary-educated adults reported an income shortfall in 2020 compared with 56% of those with junior primary education and less. A higher portion of the tertiary-educated suffered a shortfall in 2020 than in 2012. In addition, we note significant differences between population groups in **Figure 21**. Less than a third of the Indian and white minority groups reported an income deficit of this type in 2020. In contrast, almost two fifths (38%) of the Coloured and just under half (49%) of Black African groups underwent a period when their income did not quite cover their living costs in 2020. This was no different from what was found for these two population groups in 2012. Amongst the Indian, Coloured and white minorities the proportion that experienced a shortfall decreased but for the Black African majority it increased.

Almost two thirds (67%) of adults living the Eastern Cape province reported a financial shortfall indicating the particularly high level of economic vulnerability that characterises that province. Another province where a higher-than-average proportion of residents had suffered losses of this type was the Free State. Comparing data from 2012 and 2020, the share of adult residents experiencing a financial shortfall in that province increased significantly. In 2012 only about a third (37%) of Free State residents reported experiencing an income shortfall compared to 61% in 2020. Amongst residents of the North West, reports of financial shortfalls declined over the period from 59% to 42%.

Financial displacement due to COVID-19 as well as rising food and fuel prices and rising electricity tariffs weigh heavy on ordinary people's disposable incomes. As a result of this, there is a growing fear that financial shortfalls may become even more common. Given these financial constraints, it is important to understand how individuals respond to shortfalls. A poor response strategy can fundamentally undermine an individual's long-term financial wellbeing. To understand how individuals respond to a financial shortfall, the next section assesses different coping strategies. This subsection will look at the likelihood of practicing different strategies across important subgroups.

3.6. Multiple strategies to cope with a financial shortfall

Since 2012 the SASAS research team has investigated how South Africans respond to financial duress in an effort to understand the range and frequency of different coping strategies that are employed. For those that acknowledged financial difficulties (the last 12-month period), a follow-up question was asked to respondents querying what strategies were adopted to cope with this shortfall. As can be seen from **Table 5,** one of the most common strategies adopted by the adult public in each of the five years for which we have data, was cutting back on spending. In 2020 just over a third (35%) of all those who suffered a financial shortfall cut back on their spending as a response. Another popular strategy was to borrow food or money from family or friends, a strategy undertaken by a third of South Africans.

Almost a fifth (18%) of people experiencing a financial shortfall had to dip into their savings account and a further 15% of people said that they had to work overtime to cover the shortfall. All other options were mentioned by less than a tenth of the general public, the most common being selling something that they own (9%), taking out a loan from a money lender (8%), pay bills late (7%), borrow from a salary advance (6%), and taking a loan from savings or loan clubs (5%). Although less than a tenth of people undertook these activities it is worrisome since these types of loans are barely sustainable. We observe relatively little change in how people responded to monetary shortfalls over the period 2012-2020.

Table 5: Coping strategies employed to make ends meet, 2012-2017 (multiple response table, percentages)

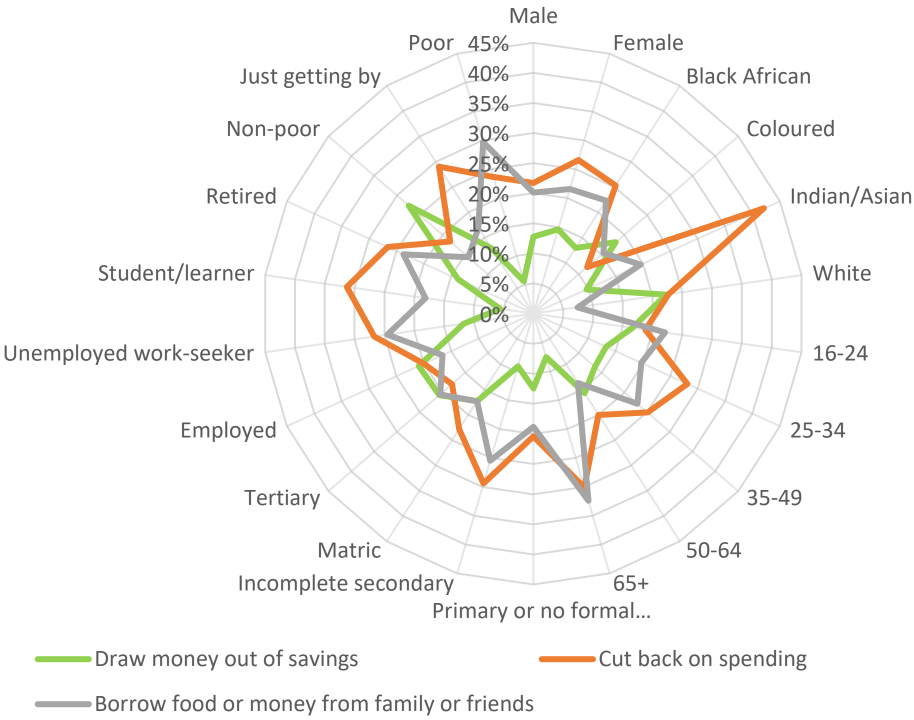
	2012	2013	2015	2017	2020
Cut back on spending, spend less, do without	41.1	36.7	47.1	48.5	35.2
Borrow food or money from family or friends	43.7	41.6	57.5	48.2	33.3
Draw money out of savings or transfer savings into current account	12.6	19.1	13.6	13.5	17.7
Work overtime, earn extra money	11.9	8.1	12.9	13.2	14.9
Sell something that I own	7.4	7.2	11.7	10.5	8.6
Take out a loan from an informal provider/moneylender	4.5	3.7	8.1	4.8	7.5
Pay my bills late; miss payments	10.1	5.8	7.9	6.0	7.2
Borrow from employer/salary advance	4.0	3.7	3.7	4.2	5.5
Take a loan from my savings and loans clubs	3.5	4.4	3.2	2.6	5.2
Pawn something that I own	2.1	1.9	5.3	2.8	3.2
Take out a personal loan from a formal financial service provider	2.4	2.8	3.0	2.4	2.9
Apply for loan/withdrawal on pension fund	1.3	2.1	2.2	2.4	2.4
Use credit card for a cash advance or to pay bills/buy food	1.6	1.7	2.2	1.4	2.3
Take out a payday loan (advance on salary from someone-not employer)	0.5	0.7	0.7	0.2	1.8
Take money out of a flexible home loan account	1.3	1.1	0.8	1.2	1.5
Use authorized, arranged overdraft or line of credit	0.5	0.9	0.8	0.4	1.4
Use unauthorised overdraft	0.8	0.5	0.6	0.1	0.8
Other (specify)	7.4	10.5	4.4	1.9	6.8
(Do not know)	3.2	3.8	0.4	0.4	2.3
(Refused to answer)	2.0	5.3	1.2	1.6	2.4

Source: South African Social Attitudes Survey (SASAS) 2012; 2017; 2020

Given the diverse nature of our society, it would be reasonable to assume that different socio-demographic groupings in society employ different coping strategies. In the next section we interrogate who uses the three most popular coping strategies. Only the top three strategies could be analysed due to small numbers undertaking some forms of these coping strategies. The top 3 coping mechanisms namely cutting back on spending, borrowing food or money from family and friends and drawing money from savings accounts are analysed further.

As can be seen from the radar diagram depicting coping mechanisms by a select subset of socio-demographic groups, various groups employ different mechanisms. Cutting back on spending was a strategy that was particularly employed by Indian/Asian consumers, students, and pensioners. As could be expected drawing money from savings was a strategy found mostly among the more affluent groups, those employed and with a tertiary education. Borrowing food and money from family and friends was a strategy more pronounced among pensioners and the poor. As has been deduced from the report thus far, it is evident that many South Africans are struggling financially and employ a variety of coping strategies.

Figure 22: Types of coping mechanisms by select socio-demographic groups



Source: South African Social Attitudes Survey (SASAS) 2020

In order to further understand indebtedness of South Africans, an index was created considering the various types of strategies employed when experiencing financial shortfalls. An index was created consisting of three categories. Category one was a category consisting of people did not experience an income shortfall in the past 12 months, category two consisted of a group that experiences a shortfall but employed coping strategies that did not seriously impact long term financial security such as drawing money from a savings account, cut back on expenses, selling something, working overtime, or pawning something. The third category consisted of a group of people embarking on strategies that will have a detrimental effect on long term finances and which involves a form of future indebtedness such as borrowing money from family/friends, borrowing money from employer, taking a loan from a savings club, taking money out of a home account, withdrawing from a pension fund, getting an overdraft facility, using a credit card facility, taking out loans or missing credit payments.

As is evident from **Table 6**, it is the vulnerable and the poor that mostly embark on unsustainable debt coping strategies that has detrimental effects on long term financial sustainability. Almost half (46%) of the poor employ unsustainable financial debt relief strategies, rendering them further vulnerable. Likewise, high proportions (43%) of those in urban informal settlements and those with three and more children (42%) embark on these practices. These findings confirm a vicious cycle of financial trapping that exist among the poorest of the poor. As could be expected, those least likely to embark on these strategies are the non-poor and privileged minorities namely Indian/Asian and white adults.

Table 6: Coping strategies when indebted in 2020, by select socio-demographic attributes (row percentages)

		No income shortfall in past 12 months	Coping strategies that have minimal long term financial effect	Coping strategies detrimental to long term financial sustainability	Total
	South Africa	49	23	28	100
Gender	Male	53	20	27	100
	Female	45	26	28	100
Race	Black African	46	24	30	100
	Coloured	50	24	26	100
	Indian/Asian	69	18	13	100
	White	69	13	18	100
Age	16-24	62	21	17	100
	25-34	43	28	29	100
	35-49	48	20	32	100
	50-64	42	28	30	100
	65+	54	14	32	100
Education	Primary/ no schooling	40	22	38	100
	Incomplete secondary	51	20	30	100
	Matric	49	29	22	100
	Tertiary	54	20	26	100
Employment status	Employed	54	19	27	100
	Unemployed	37	30	33	100
	Student/learner	67	23	10	100
	Retired	50	18	32	100
Subjective wealth	Non-poor	67	19	14	100
	Just getting by	45	26	29	100
	Poor	28	26	46	100
Number of children	No children	61	18	21	100
	1 child	47	23	29	100
	2 children	41	27	32	100
	3+ children	26	32	42	100
Marital status	Married	51	20	29	100
	Previously married	49	19	32	100
	Never married	48	25	27	100
Urban/rural	Urban formal	50	24	27	100
	Urban informal	44	14	43	100
	Rural trad auth areas	48	25	27	100
	Rural farms	61	19	20	100

3.7. The financial control domain

An individual with financial control is defined as someone who tends to be involved in daily financial decision-making processes, exhibits a careful approach to personal finances, prefers saving money and lives in a household that budgets and is able to make ends meet. The macroeconomic recession of the last five years has placed a significant amount of downward pressure on this kind of control. According to new data from TransUnion, this downward pressure seems to be especially hard on the youth. The work by TransUnion shows that youth are concerned about their ability to pay their bills and making ends meet (BusinessTech, 17/09/2021).[10] To measure how this pressure has reduced financial discipline amongst the adult public, a domain score was created. A number of different indicators were used, and this section will outline how this domain was constructed. The domain scores will be considered by subgroup, and we will examine how subgroup scores changed over time. This subsection will then assess the different sociodemographic determinants of this domain using a

[10] This is similar to what was observed in Section 3.3, suggesting that current macroeconomic conditions are negatively impacting on consumers.

multivariate regression analysis. To evaluate the comparative strength of these determinants over time, this analysis will be completed for both SASAS 2015 and 2020. The youth will be a special focus of the multivariate regression analysis.

Box 1: Questions used to create the Financial Control Domain

Financial Control Domain	
1	Personal Involvement in Daily Household Money Management
2	Presence of a Household Budget
3	Considered Approach to Personal Finances
	* Careful Spending
	* Paying Bills Timeously
	* Monitoring Financial Matters
4	Making Ends Meet
	* Making Ends Meet
	* Main Coping Response
5	Preference for Spending or Saving

In order to measure financial control, six indicators were employed; the indicators and exact questions used are depicted in **Box 1**. Information for indicators 1 and 2 were captured as dichotomous variables (i.e., 1= personal involved in money management; otherwise =0 for indicator 1 and 1 = presence of household budget otherwise =0 for indicator 2). Answers to the questions on indicator 3 were each captured using a five-point scale which ranged from 1 "Always" to 5 "Never". These responses were reversed and then summed together to produce a single score. Responses to indicator 4 were coded as a three-point categorical variable with 1 representing 'in debt due to financial shortfall', 2 'not in debt due to financial shortfall' and 3 'did not experience financial shortfall'. Finally, answers to indicator 5 were captured using a five-point Likert scale with 1 representing "strongly agree" and 5 "strongly disagree". Indicator 5 was recoded in order to reverse this scale.

The national mean on the financial control domain score was 59 (SE=0.748) in 2020 and this suggests that, on the whole, adult South Africans tend to be involved in daily financial decision-making, take a conscientious approach to their finances and live within their means. The 2020 score was below what was seen in 2017 when the national mean on this domain was 62 (SE=0.610), between 2012 and 2017, the mean average on this domain was stable. In other words, 2020 was the first round when financial control declined significantly. After examining the skewness (-0.138) and kurtosis (2.310) of the domain distribution, we confirmed that the distribution was symmetric with well-behaved tails. The distribution is clustered towards the right of the domain index's mid-point and only 19% of the general population scored below 40 on this index in 2020. To better understand the observed decline in domain scores, it would be instructive to investigate how mean financial control domain scores differ by selected subgroups. In **Table 7**, the financial control mean scores are presented for important socio-demographic groups in South Africa.

Table 7: Mean Financial Control Domain (0-100) by selected subgroups in 2015 and 2020 (Analysis of Variance)

	2015		2020		ANOVA		
	M	SE	M	SE	Diff.	F	Prob>F
Gender							
Male	65	(0.634)	58	(0.649)	-7	54	0.000
Female	62	(0.513)	59	(0.564)	-3	15	0.000
Marital status							
Married	74	(0.555)	67	(0.670)	-7	65	0.000
Previously Married	67	(0.737)	59	(0.994)	-8	46	0.000
Never Married	56	(0.609)	55	(0.595)	-1	1	0.320
Population group							
Black African	60	(0.499)	56	(0.496)	-4	43	0.000
Coloured	67	(0.969)	62	(1.225)	-5	11	0.001
Indian	75	(0.862)	73	(1.081)	-2	2	0.183
White	79	(0.944)	75	(1.457)	-4	5	0.028
Birth cohort							
1990 and after	54	(0.882)	53	(0.829)	-1	1	0.346
1975-1989	63	(0.693)	61	(0.692)	-2	8	0.006
1974-1960	70	(0.747)	64	(0.903)	-6	30	0.000
1959-1945	70	(0.873)	64	(1.013)	-6	19	0.000
1944 and before	68	(1.249)	55	(1.972)	-13	36	0.000
Educational attainment							
Post-Secondary	76	(0.958)	68	(1.132)	-8	23	0.000
Completed Secondary	63	(0.764)	60	(0.738)	-3	11	0.001
Some Secondary	61	(0.626)	55	(0.689)	-6	47	0.000
No Secondary	61	(0.847)	55	(0.922)	-6	24	0.000
Employment status							
Employed	71	(0.651)	67	(0.678)	-4	17	0.000
Unemployed	57	(0.658)	51	(0.701)	-6	43	0.000
Labour Inactive	63	(0.680)	58	(0.708)	-5	22	0.000
Geotype							
Metro Urban	67	(0.621)	61	(0.717)	-6	36	0.000
Non-metro Urban	62	(0.658)	56	(0.681)	-6	47	0.000
Rural	58	(0.798)	50	(0.769)	-8	60	0.000
Province of residence							
Western Cape	69	(1.011)	70	(1.167)	1	0	0.642
Eastern Cape	62	(1.109)	55	(1.261)	-6	14	0.000
Northern Cape	59	(1.662)	54	(1.477)	-5	5	0.034
Free State	58	(1.250)	62	(1.480)	4	5	0.029
KwaZulu-Natal	62	(0.845)	53	(0.898)	-9	52	0.000
North West	65	(1.290)	61	(1.570)	-3	3	0.092
Gauteng	67	(1.049)	61	(1.053)	-7	19	0.000
Mpumalanga	59	(1.416)	61	(1.243)	2	1	0.293
Limpopo	58	(1.340)	50	(1.195)	-8	21	0.000

Note: 1. Standard error in parenthesis; and 2. Values above the national average for that survey wave are shaded in blue.

It is clear from the table that the less educated and those outside the labour market scored lower on the financial control domain than other subgroups. Out of all the subgroups showcased here, these groups are the least likely to have access to a steady source of economic capital. Given that access to this type of capital should have an effect on financial attitudes and behaviours, the observed differences are entirely anticipated. In fact, what is so surprising is that the observed subgroup differences were not particularly large. In view of existing levels of economic inequality in the country, we would have expected greater domain score differences. The results suggest that certain financial attitudes and behaviours are common to most South Africans regardless of socio-demographic status. Finally, it is worth noting that we observed substantial differences in subgroup mean scores between 2015 and 2020.

Between 2015 and 2020 the deterioration in financial control was apparent amongst all key subgroups. Still, as is evident from what is presented in **Table 7**, the scale of the decrease was much larger for some groups than for others. The most noticeable change was observed for older generations with those born before 1945 displaying one of the largest decreases in average domain score. This group had a sixteen-point deterioration over the period. Of all the different birth cohorts in the table, the lowest reduction was recorded for the 'Born Free' Generation, dropping from 54 (SE=0.882) in 2015 to 53 (SE=0.829) in 2020. It was clear that age was a more robust correlate of financial control in SASAS 2020 than in SASAS 2015. The educational attainment gradient noted in SASAS 2015 weakened by SASAS 2020 because of a considerable decline in the domain scores of those with a post-secondary education. The observed change was substantiated by a one-way ANOVA ($F(1, 629) = 23$, $p = 0.000$) test which showed that there was a statistically significant difference between the two periods.

The gap between marital status groups on the financial control domain score appeared to fall between 2015 and 2020. The rate of decline was weakest amongst those who were never married, as a result being married was a less significant correlate of the domain in SASAS 2020 than in SASAS 2015. In addition, ratios of provincial change were quite dissimilar. We found little variation over time in certain provinces (e.g., Western Cape and Mpumalanga) but large shifts in others (e.g., KwaZulu-Natal, Limpopo and Gauteng). These divergences demonstrate that diverse provincial communities reacted differently to the fiscal hardships of the current period. The disparity between labour market groups on the financial domain scores seemed to have moderately expanded over the five-year period under review. The scale of the decrease was highest amongst those who were unemployed, as a result employment had more substantial association with the domain in SASAS 2020 than in SASAS 2015.

With the purpose of detecting and gauging the drivers of the Financial Control Domain, we applied a linear regression approach. The associations between the dependent (i.e., financial control) and a range of different demographic and economic characteristics was estimated by in a linear model. To better appreciate how the prognostic power of these variables may have altered during the period under review, one model for 2020 was generated and then a second model for 2015. To permit for a more adequate analysis of the independent variables under consideration, beta coefficients were produced. The outputs for the two models are portrayed in **Table 8**, and a comparison between these two models suggests important changes over time. The research team discovered that age was a more robust determinant of the dependent in SASAS 2020 than in SASAS 2015. This is consistent with what was observed in **Table 7**, suggesting that the youth has struggled to contend with financial duress of the last few years. Gender had a statistically significant impact on financial control in the second model but not the first. In other words, being female improved the degree of control that an individual had over their finances in SASAS 2020.

Table 8: Linear Regression on Financial Control Domain (standardized beta coefficients) for 2015 and 2020

	2015				2020			
	Coef.			**Beta**	**Coef.**			**Beta**
Gender (ref. male)	-0.112	(1.019)		-0.003	4.253	(1.290)	**	0.104
Age	0.146	(0.038)	***	0.120	0.225	(0.044)	***	0.178
Marital status (ref. married)								
Previously Married	-2.916	(1.339)	*	-0.055	-6.613	(1.759)	***	-0.107
Never Married	-12.431	(1.302)	***	-0.308	-4.301	(1.514)	**	-0.103
Population group (ref. Black African)								
Coloured	-2.748	(1.487)		-0.041	2.881	(2.180)		0.035
Indian	0.017	(1.852)		0.000	12.574	(2.507)	***	0.108
White	2.547	(1.910)		0.038	7.812	(2.844)	**	0.113
Years of schooling	0.468	(0.166)	**	0.083	0.515	(0.185)	**	0.093
Living Standard Measure	2.145	(0.414)	***	0.202	0.575	(0.589)		0.044
Employment status (ref. employed)								
Unemployed	-6.815	(1.347)	***	-0.163	-9.346	(0.837)	***	-0.224
Labour Inactive	-6.766	(1.301)	***	-0.154	-8.001	(0.804)	***	-0.183
Geotype (ref. urban)	1.872	(1.414)		0.040	-0.037	(0.869)		-0.001
Province (ref. Western Cape)								
Eastern Cape	-0.826	(1.943)		-0.013	-0.485	(1.283)		-0.007
Northern Cape	-6.784	(2.556)	**	-0.052	-2.739	(1.586)		0.020
Free State	-8.159	(2.053)	***	-0.091	2.635	(1.381)		0.003
KwaZulu-Natal	-1.002	(1.866)		-0.019	2.315	(1.202)		0.045
North West	3.115	(2.312)		0.037	3.328	(1.511)	*	0.041
Gauteng	-1.843	(1.768)		-0.039	0.973	(1.155)		0.210
Mpumalanga	-5.202	(2.097)	*	-0.069	4.501	(1.443)	**	0.060
Limpopo	-5.374	(2.171)	*	-0.084	1.162	(1.336)		0.017
N	2,268				2,248			
Prob > F		0.000				0.000		
R-squared		0.308				0.262		
Root MSE		16.88				17.60		

Note: 1. Standard error in parenthesis; and 2. Signs *, **, *** indicates that the differences in mean scores are significantly different at the 5 percent (p<0.05), 1 percent (p<0.01) and 0.5 percent (p<0.001) level respectively.

The more educated an individual, the more liable that individual was to exhibit a prudent approach to personal finances. The educational attainment effect was somewhat larger in the first model (β =0.083; r=0.468; SE= 0.166) than the second (β=0.093; r=0.575; SE=0.1865). Marital status, as can be seen in Table 3, was a more robust correlate in the 2015 model than in the 2020 model. Being never married, even controlling for a range of socio-economic variables, reduced an individual's financial control more in 2015 (β =-0.308; r=-12.431; SE=1.302) than in SASAS 2020 (β =-0.103; r=-4.301; SE=1.514). This confirms the pattern of results observed in Table 2, which showed a significant change in financial control for different marital groups between 2015 and 2020. It could be argued that the recent macroeconomic trends have more negatively affected married people in South Africa than the unmarried. Interestingly, population group was a key determinant of financial control in SASAS 2020 but not SASAS 2015. Being a member of the white and Indian minorities was found to improve financial control amongst adults in the country.

The SASAS research team found that economic position was a strong predictor in the 2015 model but not the 2020 model.[11] The research team discovered that employment was a more robust determinant of the dependent in SASAS 2020 than in SASAS 2015. Being unemployed decreased financial control (β =-0.224; r=-9.346; SE=0.837) in SASAS 2020, demonstrating that those looking for work have struggled to contend with the financial hardship of the last few years. Looking at the 2020 model, it was apparent that being a women had a more robust correlation with the dependent in **Table 8** than

[11] A one-unit increase in the LSM is associated (β =0.059; r=0.775; SE= 0.576) with an increase in the relative log odds of having a high domain score in the second model but not at a statistically significant level.

in 2015 model. Being a women increased financial control (β =0.104; r=4.253; SE=1.290), suggesting that women have responded to financial hard times by exercising greater fiscal control behaviour. How a person scored on the Financial Control Domain may have been biased by when the SASAS 2020 interview was conducted. Subsequent tests showed that the period in which the questionnaire was administered was *not* a statistically significant determinant in the adjusted model.[12] Being interviewed towards the end of survey period, after the 'hard' lockdowns of the mid-2020 period, was *not* correlated with having a low domain score.

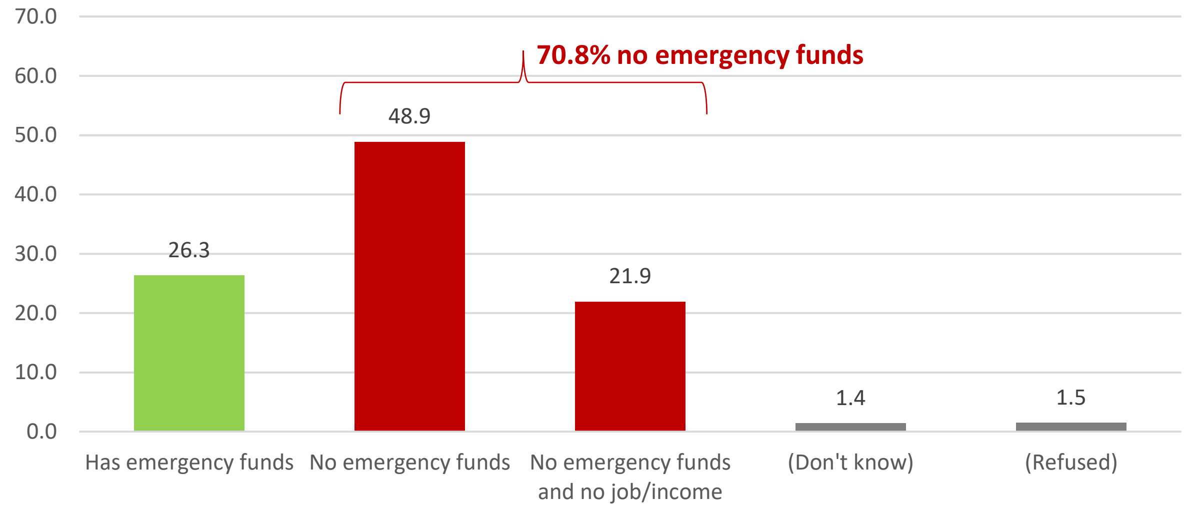
4. Financial Planning

4.1. Emergency funds

4.1.1. Presence of emergency funds

As the experience of the COVID-19 pandemic has taught us, it remains crucially important for South Africans to possess at least some emergency funds to help individuals and households weather the impact of short- to medium-term economic shocks. The presence of emergency funds helps offset the financial duress that is experienced following episodic periods of unemployment, loss of income, or another similar occurrence. Conversely, the absence of funds to tide one over such periods is likely to result in appreciable vulnerability in the face of shocks and lengthen the time it takes to recover economically.

Figure 23: Share of South Africans who have at least three months' worth of emergency funds set aside, 2020/21 (percentage)



Source: South African Social Attitudes Survey (SASAS) 2020/21.

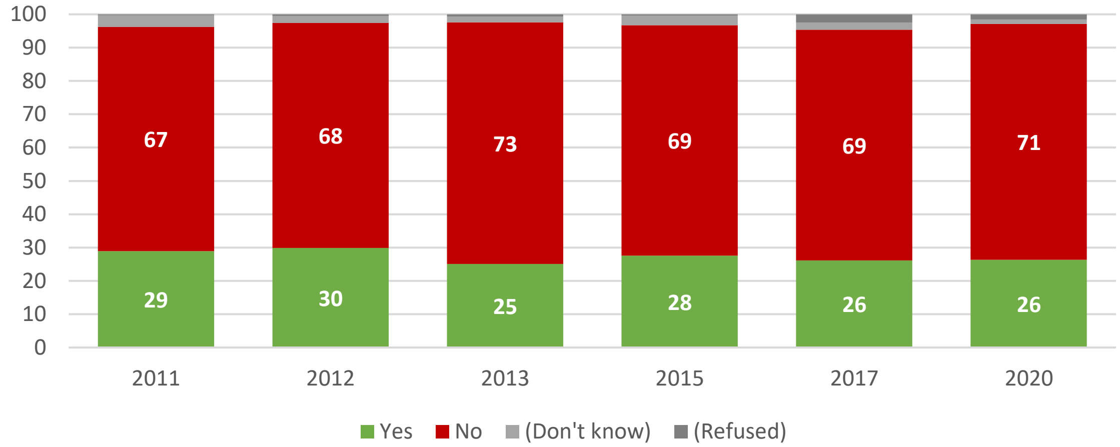
To gauge the presence of emergency funds among the adult public in South Africa, the 2020/21 FSCA Financial Literacy Baseline Survey asked respondents the following question: "Have you set aside emergency or rainy-day funds that would cover your expenses for 3 months, in case of sickness, job loss, economic downturn, or other emergencies?". The results indicate that only a quarter of adults (26%) have such funds in place (**Figure 23**). Of the 71% that responded negatively, 22% indicated that

[12] The 2020 model was modified to control for whether the interview was conducted in the 26/02/2020-25/03/2020 period or the 10/11/2020-13/02/2021 period. Conducting the interview in the 10/11/2020-13/02/2021 period increased the likelihood of obtaining a high score on the Financial Control Domain. But the observed correlation (β=0.006; r= 0.287; SE=1.474) was not statistically significant.

they had no source of income or employment. A nominal share (2%) was uncertain or refused to answer the question.

How has this pattern changed over time? The nationally representative FSCA Financial Literacy surveying conducted during the 2010s has consistently included a question on emergency funds. The results in **Figure 24** demonstrate that there have only been minor fluctuations over the course of the decade. The existence of emergency funds varied between a low of 25% and a high of 30% over the surveying points during the decade. Also of note is the apparent lack of change in the figures between the 2017 and 2020/21 results, suggesting that COVID-19 has not further reduced the relatively low share with emergency funds. The picture is nonetheless a sobering one.

Figure 24: Share of South Africans who have at least three months' worth of emergency funds set aside, 2011-2020/21 (percentage)



Source: South African Social Attitudes Survey (SASAS) 2011, 2012, 2013, 2015, 2017, and 2020/21.

Factors associated with emergency funds. To understand better the factors that are significantly associated with the presence of emergency funds in 2020/21, multiple logistic regression analysis was conducted. This analysis allows for the dominant socio-demographic predictors of the existence of emergency funds when a set of different variables are jointly considered.

In our first regression model, we combined the response categories 'not applicable: no job / no income' with 'no emergency' funds. Those possessing rainy day funds were therefore compared to a broad reference group that has no emergency funds set aside, irrespective of the presence of a source of income or employment. The main findings are as follows:

- *Education*: tertiary-educated adults are more likely to report the presence of emergency funds than those with lower levels of education.
- *Employment status*: Employed adults are more inclined to report having rainy day funds than unemployed work-seekers, learners and students, as well as other labour inactive adults.
- *Poverty status*: independent of the class-related variables above, those classifying themselves and their household as non-poor are more likely to report that they have emergency funds relative to those classifying themselves as poor or 'just getting by'.
- *Other variables* that were not statistically significant controlling for other factors include gender, race, and age group.

As a robustness check, the dependent variable was recoded as follows: (i) yes; (ii) no; and (iii) not applicable: no job / no income. The model was then recomputed using this adjusted independent variable. This meant that those with rainy day funds were compared to a reference group that has a source of income and/or employment but no emergency funds set aside. The findings from this modified model were largely consistent with what was observed in the unmodified model. Class variables (such as educational attainment, employment status and subjective poverty) emerged as significant. This confirms that socio-economic status plays a pivotal role in determining whether a consumer will have set aside funds that would cover their expenses for three months.

4.1.2. Household resilience in the face of economic shocks

As a follow-up question on economic resilience, respondents were asked to assess how long their household could cover expenses (without borrowing money or moving house) if the principal source of income was lost. From the 2020/21 results, 45% reported less than three months, of which 17% stated less than a week, 12% up to a month, and 16% between one and three months **(Table 9**). Approximately a quarter (24%) indicated that they could maintain household expenses for a period of longer than three months, while a further 26% were uncertain how long they would be able to maintain their living expenses for. This is a fairly sobering finding, as it suggests that a sizeable share of adults do not possess rainy day funds and live in households where economic consequences of disruption to the primary income sources would have far-reaching effects on the ability to cope for more than a fairly short period of time.

Table 9: Length of time household could maintain expenses if main income source was lost, 2010, 2011, 2015 and 2020/21 compared (percentages)

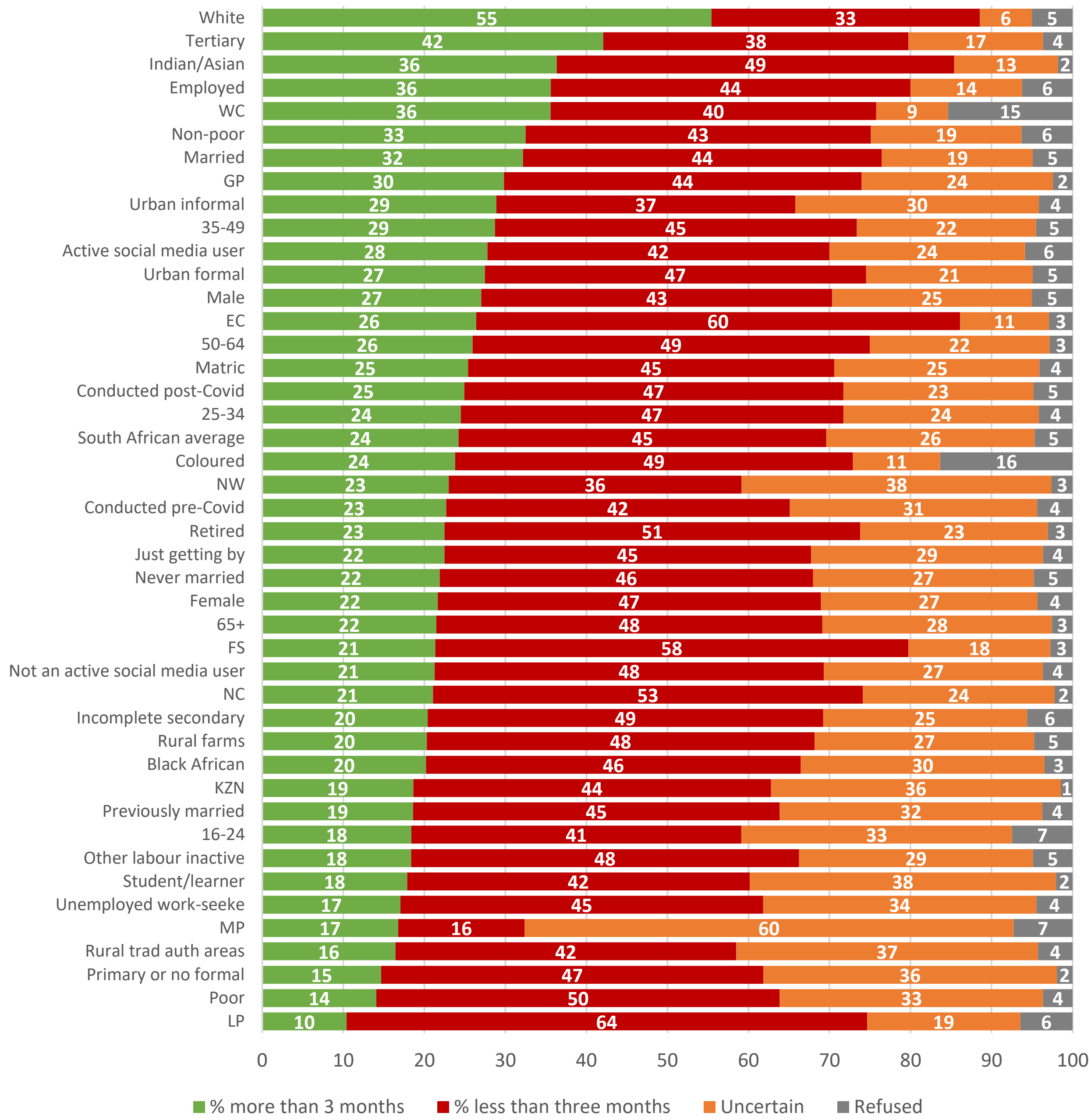
	2010	2011	2015	2020/21
Less than a week	14	21	15	17
At least a week, but not one month	20	17	19	12
At least one month, but not three months	25	17	21	16
At least three months, but not six months	11	11	11	9
More than six months	11	15	13	15
(Do not know)	15	18	19	26
(Refused to answer)	5	1	2	5
Total	100	100	100	100
% less than three months	*59*	*55*	*55*	*45*
% more than three months	*21*	*26*	*24*	*24*
% Uncertain	*15*	*18*	*19*	*26*

Source: South African Social Attitudes Survey (SASAS) 2010, 2011, 2015, and 2020/21.

This survey question was included in the 2010, 2011 and 2015 rounds of financial literacy surveying for the FSB/FSCA, enabling us to determine whether there has been any substantial improvement or worsening of household economic resilience over time. The results in **Table 9** show that the share in 2020/21 reporting that their household would be able to cover basic living expenses for less than three months following the loss of their primary income declined by around 10 percentage points relative to the 2011 and 2015 survey rounds. However, this is not attributable to an improvement in ability to cope in the face of economic duress, for the source of this change is due primarily to a mounting sense of uncertainty rather than the ability to maintain basic expenses for longer than three months. The latter has remained relatively stable over the last decade, while uncertainly has grown by 10 percentage points. This is distinctively true of the 2020/21 results, suggesting that the COVID-19 pandemic has given rise to growing unease and uncertainty among South Africans about their ability to cope following the loss of a main income source.

In **Figure 25**, the pattern of responses is examined by a select set of socio-demographic attributes, ranked based on the share stating that they could maintain living expenses by a period of 3 months or longer in the face of the household's primary income source. The scale of variation is appreciable, ranging from 55% of white adults and 42% of the tertiary educated saying they could sustain basic living expenses for more than 3 months to a low of 15 percent of lower in the case of residents in Limpopo, the self-rated poor and those with primary or no formal schooling.

Figure 25: Length of time household could maintain expenses if main income source was lost, by select socio-demographic attributes, 2020/21 (%, ranking highest to lowest based on the 'more than three months' category)



Source: South African Social Attitudes Survey (SASAS), 2020/21.

Multiple logistic regression analysis was conducted, with 'More than three months' as a base category in the modelling, and province of residence and timing of survey (pre-/post-Covid) as control variables. The results suggest the following: -

Able to sustain basic expenses for less than 3 months

- Controlling for other variables, Black African adults were more likely than white adults to report being also to maintain living expenses for less than 3 months, while Limpopo-based residents displayed a greater tendency towards only being able to cope for a few months at most.

- Age, gender, marital status, educational attainment, employment status, subjective poverty status, and type of geographic location were all statistically insignificant predictors differentiating those able to survive for less than 3 months relative to those able to cope for longer. This is partly due to a washing out effect, where the salience of education, employment status, and poverty status diminishes once other variables are controlled for in the modelling. Specifically, when each variable is considered separately, the tertiary educated, employed and the non-poor were less likely to report only being able to cope for a maximum of three months than those with a primary school or no formal education, unemployed work-seekers, and the poor. These effects fall away when all variables are jointly entered in the modelling.

Uncertainty about duration basic expenses would be able to be maintained

- Age, gender, educational attainment, type of geographic location, and timing of survey were again all statistically insignificant predictors of uncertainty about the length of time household expenses would be able to be maintained in the face of the loss of the main income source.

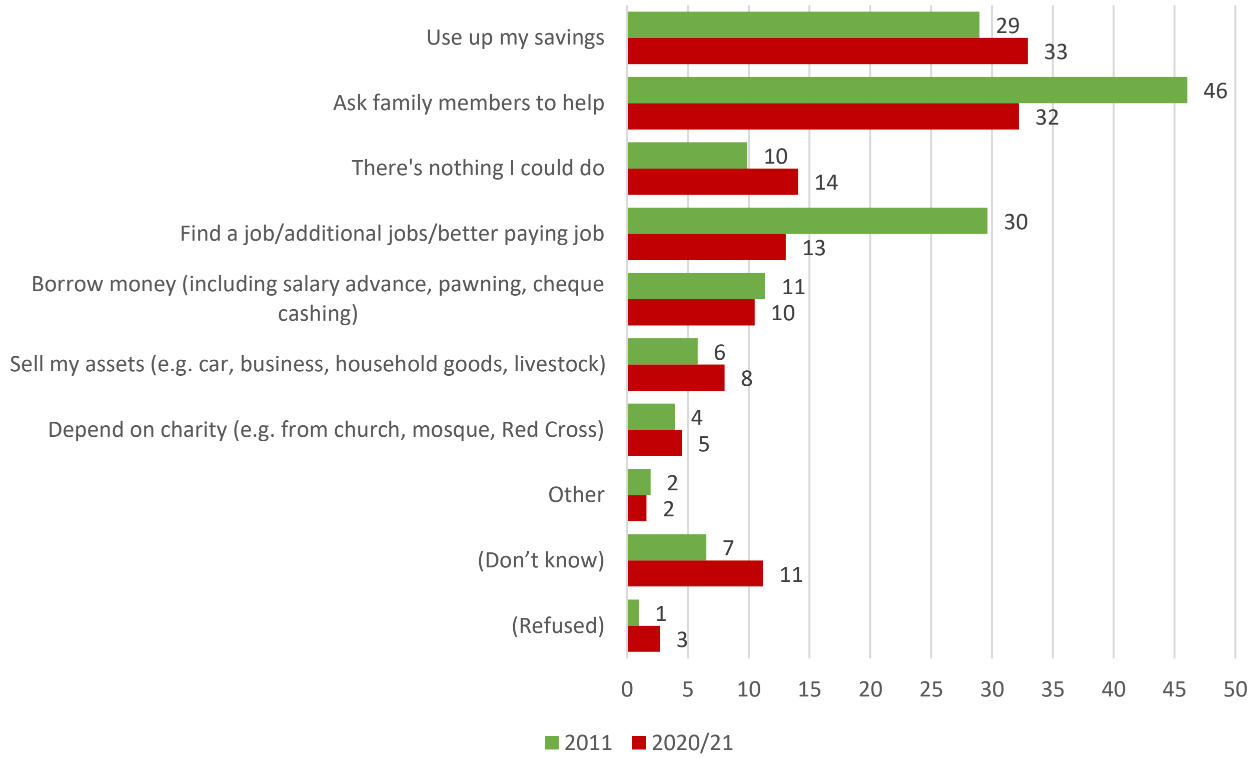
- Black African adults, unemployed work-seekers, other labour inactive (discouraged work-seekers, persons that are sick or disabled, those looking after the household), the self-rated poor, the previously married (separated, divorced or widowed), as well as residents of Mpumalanga, KwaZulu-Natal, Northern Cape and North West were all more inclined to be uncertain of how long basic living costs could be afforded if the main income source was lost.

4.1.3. Sourcing emergency funds

To assess what envisaged actions South Africans would take if they had to quickly source emergency funds, the following question was asked: “What would you have to do to make ends meet if something happened that meant you needed to find money equivalent to one month’s income?”. A set of seven precoded options were provided, and respondents could select more than one option. From **Figure 26**, it is evident that people would prefer to draw first on any personal savings that might have been accumulated, mentioned in a third (33%) of cases. A similar share (32%) referred to familial support to help them secure emergency funds to make ends meet. This speaks to the salience of one’s family network as a safety net in times of need in South Africa. These two response options predominate by a considerable margin. Between a tenth and 15 percent mentioned finding a job or a job with better conditions (13%) or borrowing funds (10%). Less than a tenth reported that they would sell off personal assets (8%) or rely on the charity of others (5%). A fairly sizeable minority share of the adult populace indicated that they were unsure what they would do (11%), or that they would simply be unable to leverage such funds (14%). This reaffirms that relatively few South Africans have provisioned for unforeseen events or circumstances, and that in the absence of this or kin support, most would be left to rely on riskier financial options that would increase precarity or, even worse, no real options at all.

The same question was asked in the financial literacy baseline survey of 2011. The bar chart indicates that two fundamental changes have occurred over the intervening decade. Firstly, there has been a distinct decline in the reported likelihood of asking for help from family members. Even though this remains a dominant response in 2021, it fell 14 percentage points from 46% to 32%, resulting in it from the most cited option in 2011 to the second most common response in 2020/21. Secondly, finding a job or a better paying job fell from 30% in 2011 to 13% in 2020/21. These changes probably reflect mounting economic strain in society over the decade, with rising unemployment levels and economic downturn increasing the difficulty of securing employment or a job with better remuneration and decreasing the likelihood of being able to request family support. All other response options changed five percent or less.

Figure 26: Sourcing emergency funds – envisaged actions to make ends meet if needed money equivalent to one month's income, 2011 and 2020/21 (%, multiple response, ranked highest to lowest)



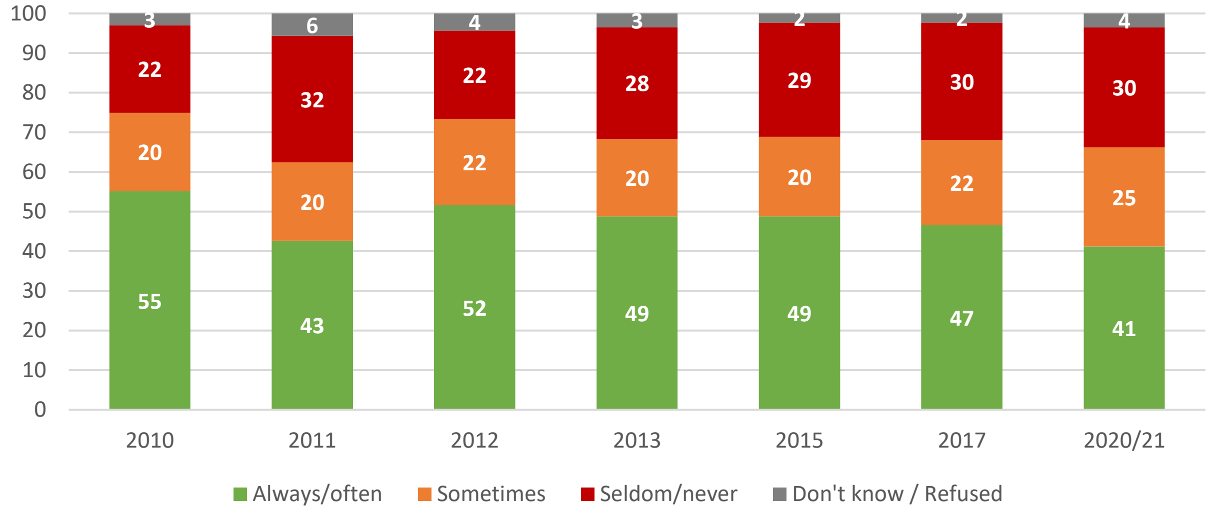
Source: South African Social Attitudes Survey (SASAS), 2011 and 2020/21.

4.2. Attitudes towards financial planning

To what extent do South Africans display a financial planning ethic despite the difficulties they face in provisioning for this in practice? The survey included a set of attitudinal statements relating to different aspects of financial planning, including a preference for spending money versus long-term saving, a belief in living for today versus long-term provisioning.

In the 2020/21 survey, 41% indicated that they always or often set long term financial goals and work hard to achieve them. A quarter (25%) said that they attempted to do so sometimes, while nearly a third (30%) reported that they seldom or never planned in this way (**Figure 27**). This suggests that South Africans are more inclined to try and plan actively for their financial future, although it is worrying that approximately a third are not engaging in such behaviour. This question has routinely featured in financial literacy surveying throughout the past decade. The results show that there has been a decline in frequent financial planning in 2020/21 relative to the 2012 to 2017 period. This is likely to reflect economic downturn, including the strain imposed by the consequences of the imposition of COVID-19 lockdown regulations in the country at the end of March 2020.

Figure 27: Financial planning behaviour – ‘Set long-term financial goals and work hard to achieve them’, 2010-2020/21 (%)



Source: South African Social Attitudes Survey (SASAS), 2010, 2011, 2012, 2013, 2015, 2017 and 2020/21.

The polarisation in financial planning tendencies among the adult public is reflected in ambiguous attitudinal predispositions (**Table 10**). The 2020/21 survey showed that equivalent shares agreed and disagreed that they find it more satisfying to spend money than to save it for the long-term (36% versus 37%), with slightly more than a quarter (28%) neutral or uncertain in view. More disconcerting is the fact that nearly half (46%) of adults stated that they tended to live for today rather than worry about providing for their future needs, compared to a third (32%) that disagreed with this stance. Part of the explanation for these responses is likely to lie in other money attitudes and aspects of one’s personal financial situation. Half of the general population believed that money was there to be spent (only 27% opposed this view), but 59% reported that they were battling with indebtedness at the time of the survey and 65% stated that their current financial situation was preventing them for pursuing personal goals and aspirations.

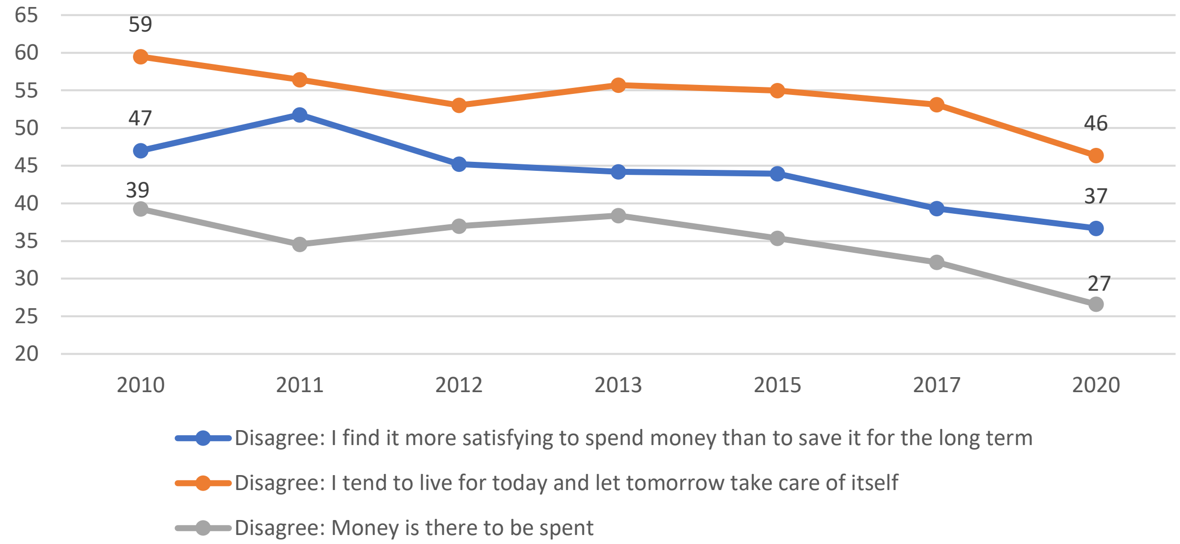
Table 10: Attitudes towards spending and planning for the future, 2020/21 (row %)

	Completely agree agree	Neither agree nor disagree	Disagree /Completely disagree	(Don’ t know)	Total
I find it more satisfying to spend money than to save for the long term	36	23	37	5	100
I tend to live for today and let tomorrow take care of itself	32	19	46	3	100
Money is there to be spent	49	22	27	2	100
I have too much debt right now	19	16	59	5	100
My financial situation limits my ability to do the things that are important to me	65	18	14	2	100

Source: South African Social Attitudes Survey (SASAS), 2020/21.

Over the past decade, trend data suggests that a financial planning ethic has not become more evident among the South African public. As **Figure 28** shows, between 2015 and 2020 there are signs of a decreasing likelihood that statements regarding the privileging of short-term financial needs over long-term security are being rejected. This reflects twin dynamics of growth in support for a prioritisation of short-term spending needs as well as a degree of ambivalence about these financial orientations. Attitudinal variation can be expected as national and personal economic circumstances become more vulnerable, leading to a focus on the present over the medium- to long-term. However, behaviour in line with these attitudes can compound vulnerability to future material shocks and lengthen economic recovery.

Figure 28: Rejection of anti-financial planning statements, 2010-2020 (%)



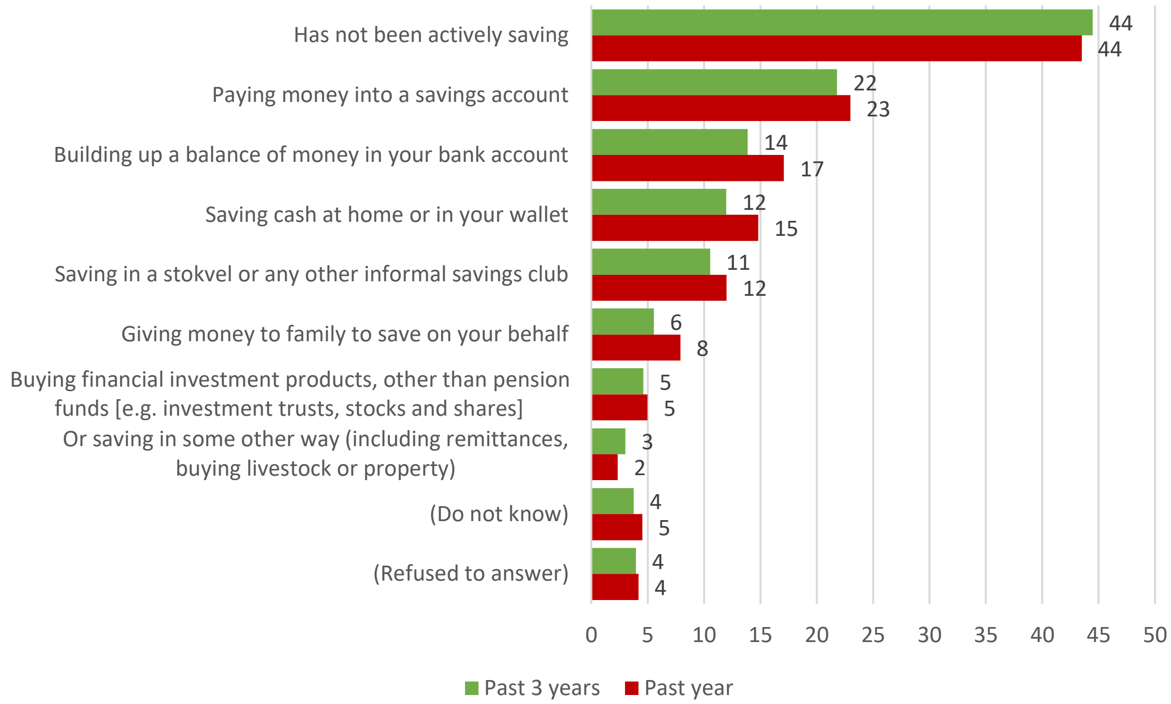
Source: South African Social Attitudes Survey (SASAS), 2010-2020/21.

4.3. Savings behaviour

In promoting financial capability in the country, there is a clear need to address embedded social norms relating to the emphasis on spending today over saving for tomorrow. As discussed above, promoting a culture of saving behaviour comes with many challenges, including attitudinal barriers among parts of the public as well as a harsh economic climate that has been exacerbated by the varied societal impacts of COVID-19 regulations. It is a frequent lament from policymakers, academics as well as financial industry practitioners that the country lacks a savings culture. In this section we review self-reported savings behaviour trends over the last decade. Our goal is understand how well South Africans are faring in relation to this dimension of financial planning.

From the 2020/21 survey round, we find that more than two-fifths (44%) have not been actively saving in the year prior to interviewing. Nearly a fifth (23%) reported paying money into a savings account, while 17% accumulated funds in their bank account, 15% saved informally by keeping cash at home or in a wallet/purse, and 12% saved by means of a stokvel or informal savings club. Less than a tenth indicated that they gave money to family members to save on their behalf, bought financial products, or saved in some other manner. The survey also asked about savings behaviour in a broader 3-year period, which would cover the full interval since the last round of FSCA surveying was undertaken in late 2017. The pattern does not differ substantively. Those not actively saving over the 3-year period was again 44%, while for most forms of self-reported savings, there was only a one to two percentage point variation between the 12 months prior to interviewing and three years beforehand. Saving cash at home or in a wallet/purse, as well as building up a balance in one's bank account increased by 3 to 5 percentage points since 2019, but even these changes are fairly nominal.

Figure 29: Self-reported savings behaviour in past 12 months and 3 years, 2020 (%, multiple response)



Source: South African Social Attitudes Survey (SASAS), 2020/21.

The aforementioned findings imply that savings behaviour remained relatively stable despite the economic consequences of the COVID-19 pandemic and the lockdown regulations on South African society. To provide corroborating evidence for this, we examine comparable responses to the savings behaviour question (savings in past 12 months) over five rounds of surveying conducted between 2012 and 2020. Again, the picture that emerges is of broad stability, with most response options fluctuating a few percentage points over time. These figures do not give insight into the amounts being saved but do suggest that the pandemic and economic decline of recent years has not substantially altered general savings tendencies on average.

Table 11: Self-reported savings behaviour in past 12 months, 2012-2020 (cell %, multiple response table)

	2012	2013	2015	2017	2020	Range of values
Paying money into a savings account	21	21	20	25	23	[20-25]
Building up a balance of money	16	14	17	16	17	[14-17]
Saving cash at home or in your wallet	20	19	14	15	15	[14-20]
Saving in an informal savings club	7	5	8	10	12	[7-12]
Giving money to family to save	6	6	5	7	8	[6-8]
Buying financial investment	3	3	3	5	5	[3-5]
Saving in some other way	2	1	2	3	2	[1-3]
(Has not been saving actively)	47	48	51	48	44	[44-51]
(Do not know)	1	2	1	1	5	[1-5]
(Refused to answer)	2	3	2	3	4	[2-4]

Source: South African Social Attitudes Survey (SASAS), 2012, 2013, 2015, 2017 and 2010-2020/21.

4.4. The financial planning domain

Good financial planning constituted setting financial goals and working hard to meet them, preferring to save for the long-term and worrying about tomorrow, having emergency funds in place and having saved recently (through a formal savings product or informal means). Financial planning was measured using five indicators which are displayed in **Box 2**. Responses to indicator 6 are measured using a five-point scale with 1 representing "Always" and 5 "Never". Indicator 6 was recoded in order to reverse this scale. Answers to indicator 7 were captured dichotomously (1=had emergency funds 0=otherwise). Information captured was from indicator 8 and 9 using a five-point Likert scale with 1 representing "strongly agree" and 5 "strongly disagree". Indicator 8 and 9 (like indicator 6) were recoded in order to reverse this scale. Finally, responses to indicator 10 were coded to be dichotomous and with 1 representing having saved through a saving product in the last 12 months and 0 representing have not done so.

Box 2: Questions used to create the Financial Planning Domain

Financial Control Domain	
6	Tends to set and strive to achieve long term financial goals
7	Has emergency funds or rainy-day funds
8	Preference for spending money vs long-term saving
9	Living for today vs long term provisioning
10	Saved money in last 12 months

The national mean on the Financial Planning domain was 47 (SE=0.720) in 2020 and this represents a slight decline from 50 (SE=0.619) in 2012. In comparison to what we observed in 2020, the distribution on this domain was somewhat more skewed in 2012 which indicates that the right-hand tail of the distribution was longer in 2012 than in 2020. Consider that only 26% of the adult population scored below 40 on this domain in 2012 compared to 39% in 2020. It is clear that the proportion of adult consumers who are practicing prudent financial goal setting and judicious savings behaviour has declined during the 2012-2020 period. The current financial recession has imposed an extraordinary level of economic duress on certain kinds of people in South Africa. The recent shift in macroeconomic conditions could have had substantial effects on the capacity of certain vulnerable groups (e.g., the youth) to engage in financial planning. In addition, the downturn may have led other more affluent groups (e.g., the well-educated) to respond with greater levels of planning behaviour.

We hypothesise that financial planning will have changed differently for the major socio-demographic groups in South African society. We used data on planning behaviour from SASAS 2015 and 2020 to test this thesis. We will evaluate the relative strength of a range of different correlates in both SASAS 2015 and 2020, to identify which groups most faced this pressure to change. **Table 12** depicts financial planning mean scores across relevant social and demographic fault lines in South Africa between 2015 and 2020. The decline in financial planning between 2015 and 2020 was, on the whole, evident only amongst some subgroups in **Table 12**. Moreover, for other groups we can observe no decline at all. Minimal change, for instance, was noted for birth cohorts with no change noted for the so-called 'Born Free' Generation. Those born in 1990 or afterwards exhibited much lower domain scores than their peers in the 1989-1945 birth cohort. This is somewhat surprising as, due to established life cycle effects, we would expect an increase for this birth cohort.

Table 12: Mean Financial Planning Domain (0-100) by selected subgroups in 2015 and 2020 (Analysis of Variance)

	2015		2020		ANOVA		
	M	SE	M	SE	Diff.	F	Prob>F
Gender							
Male	57	(0.492)	52	(0.509)	-5	38	0.000
Female	55	(0.365)	51	(0.428)	-4	36	0.000
Marital status							
Married	62	(0.478)	57	(0.605)	-5	48	0.000
Previously Married	55	(0.605)	50	(0.822)	-5	26	0.000
Never Married	51	(0.420)	50	(0.429)	-1	5	0.019
Population group							
Black African	54	(0.369)	50	(0.374)	-4	58	0.000
Coloured	56	(0.648)	51	(0.954)	-5	18	0.000
Indian	65	(0.751)	62	(0.811)	-3	8	0.005
White	67	(0.762)	66	(1.279)	-1	0	0.879
Birth cohort							
1990 and after	50	(0.572)	49	(0.603)	-1	1	0.273
1975-1989	57	(0.497)	53	(0.540)	-4	28	0.000
1974-1960	59	(0.646)	55	(0.776)	-4	20	0.000
1959-1945	57	(0.741)	53	(0.884)	-4	13	0.000
1944 and before	53	(1.178)	44	(1.612)	-9	24	0.000
Educational attainment							
Post-Secondary	69	(0.695)	62	(1.001)	-7	32	0.000
Completed Secondary	57	(0.507)	54	(0.489)	-3	28	0.000
Some Secondary	52	(0.430)	48	(0.499)	-4	43	0.000
No Secondary	49	(0.608)	45	(0.674)	-4	19	0.000
Employment status							
Employed	62	(0.516)	58	(0.532)	-4	31	0.000
Unemployed	51	(0.465)	46	(0.486)	-5	54	0.000
Labour Inactive	53	(0.457)	50	(0.585)	-3	17	0.000
Geotype							
Metro Urban	59	(0.472)	56	(0.526)	-3	17	0.000
Non-metro Urban	55	(0.476)	51	(0.512)	-4	40	0.000
Rural	51	(0.566)	46	(0.600)	-5	26	0.000
Province of residence							
Western Cape	57	(0.676)	58	(1.254)	1	0	0.482
Eastern Cape	50	(0.855)	50	(1.112)	0	0	0.965
Northern Cape	53	(1.090)	49	(0.879)	-4	9	0.004
Free State	51	(0.955)	54	(1.460)	3	3	0.115
KwaZulu-Natal	55	(0.651)	51	(0.727)	-5	22	0.000
North West	57	(1.097)	51	(1.251)	-5	10	0.002
Gauteng	61	(0.782)	54	(0.698)	-7	44	0.000
Mpumalanga	51	(0.946)	51	(1.002)	0	0	0.859
Limpopo	54	(0.838)	44	(0.830)	-10	70	0.000

Note: Standard errors in parentheses.

A distinct marital group disparity was noted in SASAS 2015 with married individuals exhibiting higher levels of control than the unmarried. This disparity declined over the five-year period due to a drop in domain scores amongst the adult married population between 2015 and 2020. The significance of this change was substantiated by a one-way ANOVA ($F(1, 1605) = 65.1$, $p = 0.000$) test. In SASAS 2015 and SASAS 2020, substantial population group differences were noted in **Table 12**. Of all the population groups listed, members of the Black African majority have the lowest Financial Planning Domain score, while white adults have the highest. A significant level of change was observed for Coloured adults, with the domain scores amongst this group rising from 42 (SE=1.047) in 2015 to 49 (SE=1.057) in 2020. A similar level of change was noted for white adults, with domain scores increasing by eight points over the period. The results suggest that these minority groups adapted to difficult macro-economic conditions by saving and setting financial goals.

The subgroup analysis seems to show a robust (and positive) association between formal schooling and Financial Planning. We can detect a distinct educational attainment gradient in **Table 12** with more educated adults reporting high Financial Planning Domain scores. The dissimilarities between educational attainment groups on this metric appears to have increased over the period. Noteworthy geographic differences were apparent in the table, revealing variations in spatial patterns of financial planning behaviour. Rural residents reported lower control scores than their non-metro and metro urban counterparts. The dissimilarity between metro urban residents and their rural peers grew by six points over the five-year period. The magnitude of this change was verified by a one-way ANOVA ($F(1, 1423) = 26.7$, $p = 0.000$) test. The rates of provincial change were likewise quite diverse, demonstrating how different regions of the country responded to the current macroeconomic downturn. We discovered robust (and positive) change in certain provinces (e.g., the Western Cape and Eastern Cape) but substantial changes in others (e.g., Limpopo and Northern Cape). On the other hand, in a few provinces (e.g., North West and Mpumalanga) we can observe no substantial changes at all.

Table 13: Linear Regression on Financial Planning Domain (standardized beta coefficients) for 2015 and 2020

	2015				2020			
	Coef.			Beta	Coef.			Beta
Gender (ref. male)	2.167	-1.272		0.046	1.594	-1.255		0.035
Age	0.067	-0.045		0.047	0.139	-0.049	**	0.100
Previously Married	-5.514	-1.934	**	-0.088	-2.763	-1.856		-0.039
Never Married	-8.455	-1.594	***	-0.179	-1.827	-1.825		-0.039
Coloured	-8.29	-1.978	***	-0.103	0.141	-2.139		0.002
Indian	-0.373	-3.143		-0.003	4.162	-3.327		0.031
White	-1.062	-2.486		-0.013	8.069	-3.047	**	0.102
Years of schooling	0.579	-0.203	**	0.087	0.775	-0.194	***	0.130
Living Standard Measure	2.911	-0.500	***	0.232	2.714	-0.58	***	0.184
Unemployed	-10.389	-1.710	***	-0.212	-12.556	-1.542	***	-0.267
Labour Inactive	-12.45	-1.530	***	-0.244	-9.916	-1.672	***	-0.197
Geotype (ref. urban)	2.921	-1.539		0.054	-1.314	-1.500		-0.027
Eastern Cape	2.334	-2.649		-0.044	0.393	-2.898		0.005
Northern Cape	7.837	-2.96	**	-0.01	-11.443	-2.423	***	-0.073
Free State	2.563	-2.581		-0.038	-2.988	-3.124		-0.028
KwaZulu-Natal	6.733	-2.493	**	0.062	-10.192	-2.267	***	-0.174
North West	13.623	-3.285	***	0.076	1.62	-2.589		0.018
Gauteng	3.989	-2.472		0.055	-7.448	-2.287	**	-0.148
Mpumalanga	2.23	-2.653		-0.043	-9.193	-2.395	***	-0.104
Limpopo	13.211	-2.662	***	0.028	-9.871	-2.535	***	-0.126
N	2,628					2,600		
Prob > F		0.000				0.000		
R-squared		0.218				0.275		
Root MSE		21.00				19.45		

Note: 1. Standard error in parenthesis; and 2. Signs *, **, *** indicates that the differences in mean scores are significantly different at the 5 percent ($p<0.05$), 1 percent ($p<0.01$) and 0.5 percent ($p<0.001$) level respectively.

With the objective of detecting the key determinants of the Financial Planning Domain, we employed a linear regression approach. Our linear model calculated the correlations between the dependent (i.e., Financial Planning) and a range of independent variables that capture economic and socio-demographic characteristics. To appreciate how the analytical power of these independent variable and how they have altered over time, one model was generated for 2015 and then another for 2020. To offer a robust assessment of the different independent variables, beta coefficients were generated. The model outputs for 2015 and 2020 are depicted in **Table 13** and show that the selected socio-demographic variables are robust predictors of the domain in both periods. We found that gender was not a robust determinant of the dependent in both models. This is similar to what was observed in **Table 12**, confirming that gender is not a robust determinant of fiscal planning behaviour.

Age, as can be seen in **Table 13**, was a robust correlate in the 2020 model but not the 2015 model. A one-year difference in age, even controlling for a range of socio-economic variables, improved an individual's level of financial planning (β =0.100; r= 0.139; SE=0.049) in SASAS 2020. other words, age was a key determinant of financial planning in SASAS 2020 but not 2015. This corroborates the pattern of results observed in bivariate analysis, which showed expected growth in financial planning for the youth had stagnated. It could be argued that the recent macroeconomic downturn has more negatively affected the youth in South Africa. Although further research is required, these results suggest that, because the youth have fallen behind, age has become a more salient predictor of financial planning. Labour market status is a power predictor of the dependent in both the 2015 and the 2020 models. Being outside employment reduces the liability of an individual to engage in financial planning and the size of this effect has become more robust over time. It may be contended that the current macroeconomic slump has more negatively influenced the planning capacities of those without work.

We noted considerable population group effects in **Table 13** and these effects appear to change over time. Being part of the Coloured community was negatively correlated (β =-0.103; r=-8.290; SE= 1.978) with the dependent in SASAS 2015 but not in SASAS 2020. In This is consistent with what was observe in **Table 12**, suggesting that the Coloured community adapted to current macro-economic conditions by changing their behaviour. Model outputs seem to suggest a similar supposition is true for the white minority. Even if we account for other socio-economic variables, formal schooling was found to increase the likelihood of understanding a range of different fiscal concepts. The educational attainment effect was somewhat smaller in the first model (β =0.087; r=0.579; SE= 0.203) than the second (β=0.130; r=0.775; SE=0.194). In other words, formal schooling is a more important prerequisite for financial planning in the current period.

Remarkable provincial differences were apparent in the 2020 model that were not evident in the 2015 model, exposing period alterations in spatial variations in financial planning behaviour. Living in certain provinces (e.g., Gauteng, KwaZulu-Natal and Mpumalanga) had a much more robust effect on the dependent in the 2020 period but not 2015. These provincial differentials support the thesis that different regions reacted to the current macroeconomic downturn in different ways. Financial Planning Domain may have been influenced by the date when the SASAS 2020 interview was administered. Additional testing appears to demonstrate that the period in which the questionnaire was administered was *not* a statistically significant determinant of the domain score[13]. In other words, it did not matter if a respondent was interviewed towards the end of survey period (i.e., after the so-called 'hard' lockdowns of the 2020) or at the beginning of the period.

5. Choosing Appropriate Financial Products

Democratisation, and the corresponding liberalisation of the economy, has opened up a world of opportunity for fiscal consumers in South Africa. Because modern financial product markets are so complex, many people find navigating such markets difficult and challenging. Many citizens struggle to select the most beneficial formal financial products and make use of strategies that fall outside the formal financial sector. Opportunities can, of course, be exploited for personal gain or squandered and, therefore, it is important for consumers to make good decisions. The ability to make good choices about financial products is an essential area to cover in any study of financial literacy. In fact, financial

[13] To account for this, the 2020 model was adjusted to control for whether it was conducted in the 26/02/2020-25/03/2020 period or the 10/11/2020-13/02/2021 period. Even when controlling for a range of socio-demographic variables, administering the questionnaire in the 10/11/2020-13/02/2021 period did not reduce the likelihood of obtaining a high score on the domain at a statistically significant level (β=-0.000; r= 0.005; SE=1.464).

decision-making is one of the most crucial subjects in the analysis of financial behaviour. This section will explore product choice in the country, looking at the various stages of the process in comprehensive detail.

The section will be comprised of four distinct parts. Subsection 5.1 will assess the degree of awareness that the average person has of distinct types of financial products in South Africa. This subsection will also investigate self-reported possession of an array of distinct product types. Subsection 5.2 examines whether consumers' regret financial decisions that they have made. Finally, we will assess how much research the average person does when making a financial decision in subsection 5.3. Using the data from these three subsections, a special index will be created to gauge prudent financial product choice in subsection 5.4. A comprehensive analysis of the determinants of this index will then be presented, identifying those factors that best predict whether an individual will make shrewd choices when it comes to financial products.

5.1. Financial Product Holding and Awareness

There are many different financial products in South Africa. Therefore, in order to more accurately understand money management in the country, it is necessary to investigate the adult public's knowledge and usage of these varied products. This subsection will explore public familiarity and ownership of a diverse set of financial products. Different segments of this subsection examine distinct kinds of financial products. The types of products under discussion are as follows: (i) banking and savings accounts; (ii) investment, funeral and retirement policies; (iii) health, life and content insurance; and (iv) credit accounts and loans. An understanding of the popularity and ownership of these different kinds of products among the general population is of great benefit to financial education researchers as well as to those working on consumer regulation.

5.1.1. Banking and savings accounts

As part of the SASAS questionnaire, respondents were read a list of eleven different financial banking and saving product types. Survey participants were then requested to state which of (if any) them they had heard of before. A subsequent question required respondents to state whether they currently owned any of the product types listed. This data allowed us to construct a general picture of public access to banking services and what kind of banking products were the most popular. Let us explore public familiarity and ownership of eleven of these product types during an eight-year period (i.e., 2012-2020). Beginning with public awareness, we examine how cognizant the general population was of these various products over this - period in **Table 14**.

Table 14: Awareness of different banking and savings accounts between 2012 and 2020 (cell percentages)

	2012	2013	2015	2017	2020	Change 2012-2020
Mzansi account	69	66	62	51	29	-40
Savings account	85	83	89	85	76	-8
Current or Cheque account	54	51	59	52	45	-9
ATM card	77	69	76	74	71	-6
Debit card or Cheque card	51	46	62	51	47	-4
Garage card or petrol card	43	41	47	35	34	-9
Fixed deposit bank account	48	45	55	45	38	-9
Post Office / Post Bank savings account	53	50	46	34	49	-4
Savings book at a bank	38	36	37	27	31	-7
Cellphone account	17	32	36	26	27	10
Stokvel/Savings club	58	58	67	67	51	-7

As can be observed from the trend analysis presented, there was a general decline in public awareness of the eleven product types over the period. However, some noteworthy shifts in public consciousness over the period were more severe than others. The largest shift was noted for the Mzansi account, and the bulk of the observed decline occurred during the latter part of the period. When it was launched, this product was a major initiative intended to provide banking services to the unbanked[14]. Roughly two-thirds (62%; SE=0.894) of the general public in 2015 was aware of an Mzansi account, but less than a third (29%; SE=0.871) said that they were aware of this product in the 2020 period. A one-way ANOVA ($F(1, 5631) = 729.2$, $p = 0.000$) test determined that this change was statistically significant. It would appear that, in recent years, most banks have experienced a dynamic swing away from the Mzansi account as clients' needs continued to change and more appropriate products have entered the market.

Outside of the Mzansi account, significant declines in public awareness were also observed for saving clubs and fixed deposit bank accounts. It seems that general recognition of these traditional saving products fell by, on average, 40 percentage points between 2012 and 2020. This may be linked to contemporary difficulties with the capacity of certain consumers to save in the present economic climate. It seems reasonable to assume that people who are less able to save money for the future, are less aware of the products that can help them save. We observed, in comparison, a drop in public familiarity with a savings account during the five-year period under review. Remarkably, this product is the most well-known banking account product type in South Africa. The least well-known bank account product type was cellphone banking (i.e., mobile phone-based money transfer and micro-financing services) and public recognition of this type of product worsened over the period 2015 and 2020, falling from 36% (SE=0.866) in 2015 to 27% (SE=0.856). Of all in the products listed in **Table 14**, debit card (or cheque card) experienced the smallest decrease.[15] Savings book at a bank, on the other hand, did not experience a decrease in public awareness over the period.[16]

Turning now to public possession (or holding) of various types of banking and savings accounts, we can observe a change in product ownership between the periods 2012 and 2020. It is apparent, and unsurprising, that levels of ownership amongst the general public was significantly lower than public awareness (**Table 15**). However, it is also important to acknowledge that holding has a statistically significant relationship with public awareness of those products. Looking at levels of product type possession over the period amongst the general public, we can observe a moderate fall in self-reported ownership of five of the eleven products listed in the table. For the remaining six product types, we discovered some noteworthy upswings in ownership. Let us examine some of the more dramatic changes recorded in **Table 15** in more detail.

[14] The Mzansi intervention was a basic pre-entry level banking account and was intended for individuals who were previously excluded from the formal financial system. Leon Barnard, Director of Standard Bank Inclusive Banking has said that "Mzansi was loss-making …It had high-cost origination in-branch, servicing was expensive and customer utilisation was very low" (Mail & Guardian 17/02/2012). For an in-depth analysis of Mzansi accounts, see Kostov, Arun, and Annim (2014).

[15] Public recognition of this type of product has worsened over the period, falling from 36% (SE=0.866) in 2015 to 27% (SE=0.856). This trend is, perhaps, unsurprising. In South Africa the adoption of this type of account never reached the heights recorded in Eastern African markets like Kenya and Tanzania. The most well-funded attempt was M-Pesa, launched by Vodacom in 2010. But after witnessing abysmal progress with building an active user base, M-Pesa was shut down in 2016 (BBC News, 11/05/2016).

[16] General cognizance of a debit card grew between 2012 and 2015 but then a large decline occurred during the last few years. This was quite a large deterioration, fifteen percentage points over five years. A one-way ANOVA ($F(1, 5631) = 116.3$, $p = 0.000$) test verified that this downward change in consumer awareness over the period 2015 and 2020 was statistically significant.

Table 15: Holding of different banking and savings accounts between 2012 and 2020 (cell percentages)

	2012	2013	2015	2017	2020	Change 2012-2020
Mzansi account	10	8	6	4	4	-7
Savings account	47	46	50	44	47	0
Current or Cheque account	12	10	10	9	10	-3
ATM card	33	27	35	35	38	5
Debit card or Cheque card	13	9	16	13	13	0
Garage card or petrol card	4	3	3	1	3	-1
Fixed deposit bank account	5	4	3	4	9	4
Post Office / Post Bank savings account	4	3	3	2	16	11
Savings book at a bank	2	1	1	0	2	0
Cellphone account	4	3	3	2	3	0
Stokvel/Savings club	12	9	15	16	13	1

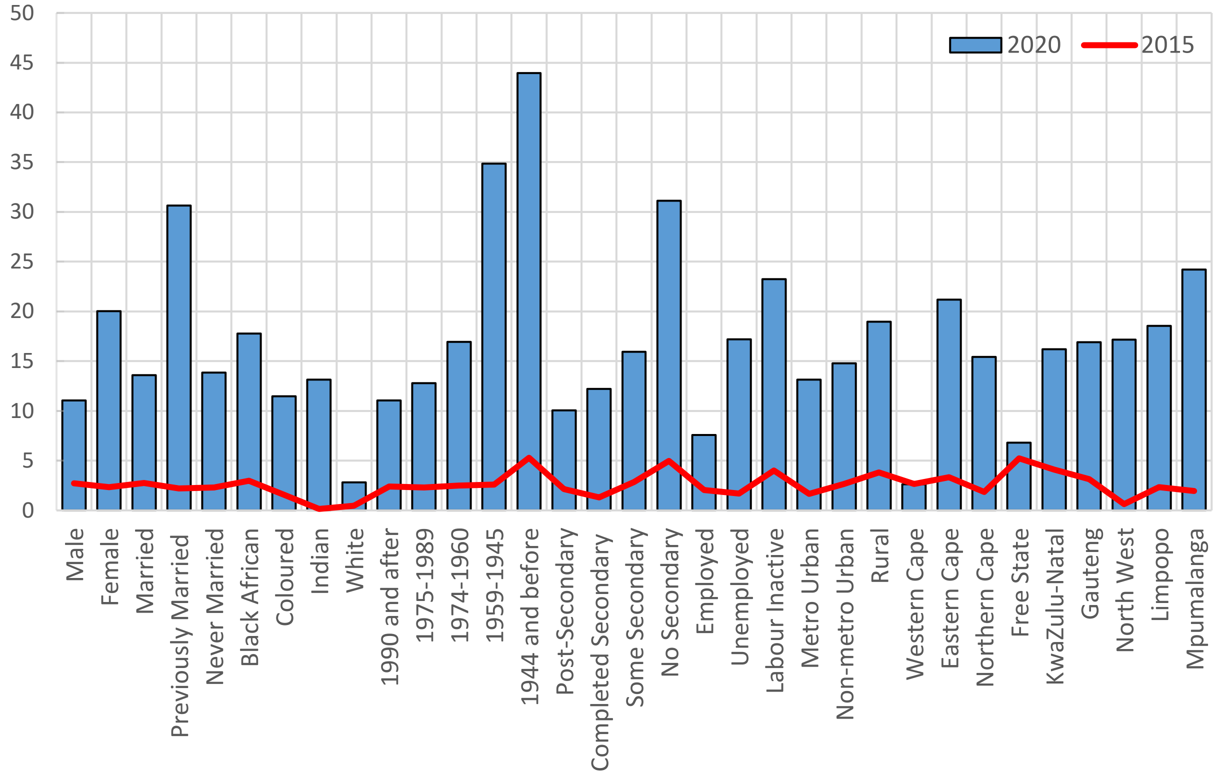
One of the most interesting cases concerns fixed deposit bank accounts, which grew from 5% (SE=0.447) in 2012 to 9% (SE=0.552) in 2020. This may be due to the increase in Deposit Interest Rates (DIRs) between 2014 and 2020, growing from about 5% in 2014 to almost 7% in 2019. Looking at the issue more closely, we were able to discern an upsurge in the proportion of fixed deposit account holders amongst the tertiary-educated between 2015 and 2020, growing from 10% (SE=2.156) at the start of the period to 22% (SE=3.351) at the end.[17] At the time of writing, DIRs have dropped to a five-year low (4% in June 2021) on reduced demand for savings in an economy where lending to home and business has plunged.[18]

During previous survey rounds, we observed a steady and general shift away from post office banking in South Africa. However, we discovered a recent surge in utilisation of the post office as a financial institution. When the South African Social Security Agency (SASSA) accounts were managed by Cash Paymaster Services (CPS), people were able to access their SASSA accounts at one of eight thousand commissioned social grant collection paypoints. But the contract with CPS ended in 2017 and SASSA signed a new contract with the South African Post Office to take over the system. Instead of paypoints, SASSA beneficiaries must now visit ATMs, retailers or a post office to collect their social grants. As a result of this change, the proportion utilising financial services of post offices grew from 2% (SE=0.259) in 2017 to 16% (SE=0.701) in 2020. This change in ownership levels was confirmed as statistically significant by a one-way ANOVA ($F(1, 5758) = 340.2$, $p = 0.000$) test.

In order to more adequately understand the significant change in usage of the post office for fiscal services, let us examine levels of usage by subgroup in 2015 and 2020. If we examine usage in **Figure 30** by subgroup, we can observe a significant (and positive) change for all subgroups with some notable exceptions (e.g., whites). The largest observed changes in usage were amongst the older birth cohorts (i.e., those before 1960). In addition, the previously married are more liable to use the post office in 2020 than they were in 2015. The reason for this shift is a notable upsurge in usage amongst widows. It could be inferred from our data that older people are using the post office to access their pension. Research shows that older people and the poor are less inclined to use ATMs or retail outlets to withdraw their grants (GroundUp 04/10/2019). Banks tend to have service charges on withdrawal and retail outlets are disinclined to provide this service, often lacking available hard cash to pay out beneficiaries.

[17] Interestingly, white adults were, in particular, much more liable to hold these kinds of accounts in 2020 than in 2015. There was an eighteen-percentage point incline in fixed deposit holding amongst this group over the period under review.
[18] https://tradingeconomics.com/south-africa/deposit-interest-rate

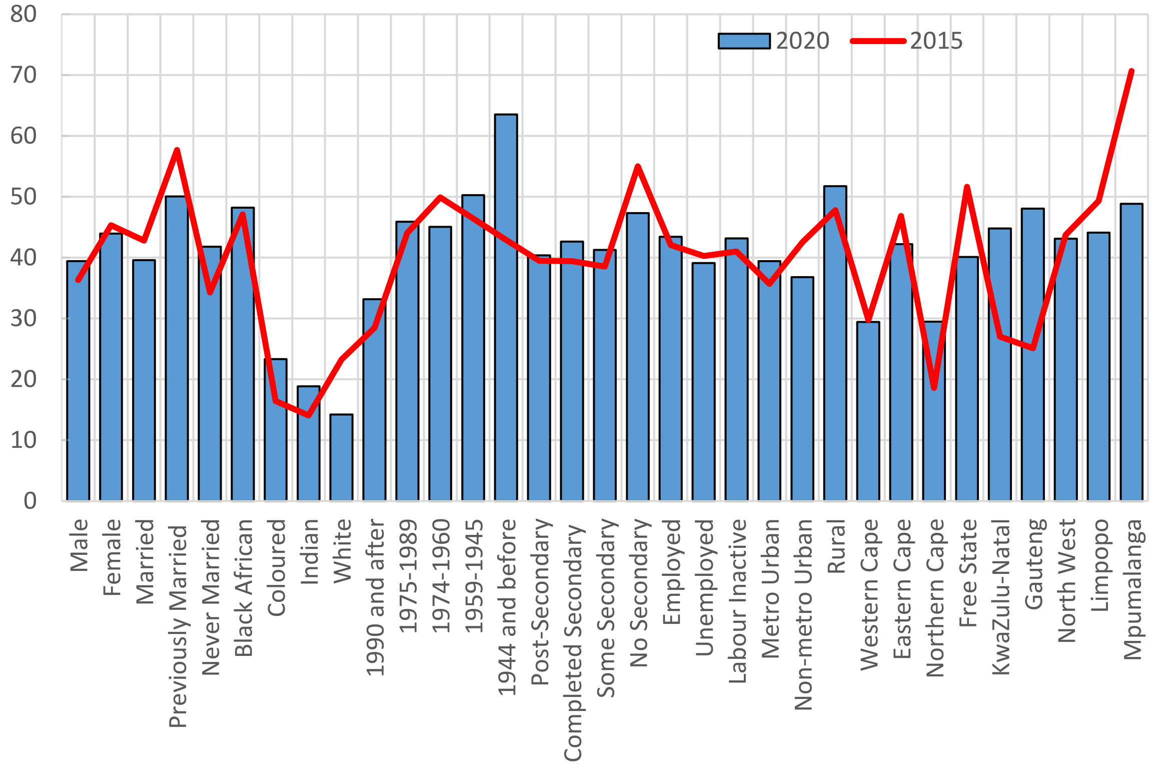
Figure 30: Percentage of the adult population who claimed to currently hold a Post Office account (e.g., savings account or SASSA account) by selected subgroups in 2015 and 2020



In South Africa savings clubs are a widely used form of financial service, utilised to safekeep money. Consider, for example, stokvels which are a popular group savings scheme. Evolving from a small home-based savings initiative for the unbanked, stokvels are currently a major financial instrument. In the contemporary period, participation in a savings club doesn't mean that an individual is unbanked. Three-fifths of saving club participants in 2020 reported, for example, having a savings account at a bank. According to the National Stokvel Association of South Africa, there are 800,000 stokvel groups in South Africa and these groups have a membership of 1.5 million (Business Insider SA, 27/01/2020). Self-reported participation in savings clubs has declined between 2015 and 2020, falling by 2% over the period. In order to better understand this shift in savings club membership, let us look at participation patterns by subgroup in 2015 and 2020 in **Figure 31**.

Saving clubs were more common amongst the Black African majority than other minority race groups. However, we did detect an increase in participation in such clubs for the Coloured minority during the five-year period under review. A significant gender disparity was discovered in **Figure 31**, with women more liable to be a participant in this kind of club. However, we can note a narrowing of this disparity between 2015 and 2020. Interestingly, there was a distinct discrepancy in participation by marital status. However, this incongruity declined significantly over the period as participation rates amongst the married and previously married dropped remarkably. A significant educational attainment disparity was noted with less educated persons more liable to be a participant in this kind of club. This education attainment group disparity increased over the period as participation rates amongst the less educated expanded. There were also distinct differences in self-reported participation by labour market status in 2015, with higher rates of membership found for the employed. This discrepancy shrunk significantly over the period as participation rates amongst the employed dropped remarkably.

Figure 31: Percentage of the adult population who claimed to currently claim to belong a saving club by selected subgroups in 2015 and 2020



Amongst the 'Born Free' Generation, we can note a distinct increase in saving club membership, growing 6% (SE=1.251) in 2015 to 10% (SE=1.651) in 2020. We detected, however, decreases in membership for those born during the apartheid period (i.e., those born between 1989 and 1945). The largest level of decline was noted for the 1974-1960 cohort, falling from 21% (SE=2.755) in 2015 to 14% (SE=2.100) in 2020. Notable geographic differences were discernible in the figure, reflecting changes in spatial patterns of behaviour. When compared to 2015, urban residents are participating less in saving clubs in 2020 while rural residents report higher levels of participation. Indeed, unlike what was noted for 2015, the data for the 2020 period shows a distinct urban-rural gap in participation. Rates of provincial change were likewise fairly diverse, showcasing how certain communities adjusted to the financial hardships of the current economic downturn. We observed an expansion of self-reported participation in saving clubs in certain provinces (e.g., Gauteng and the Eastern Cape) but a contraction in others (e.g., Free State and the Western Cape).

5.1.2. Investment, funeral and retirement policies

Preparing for your retirement and funeral is an important part of financial life, and many people seek different options for these purposes. In South Africa you can buy funeral cover from just about anywhere –churches, stokvels, undertakers, burial societies, banks and retailers. Various retirement options (e.g., provident funds) are also available from respected financial institutions in the country. But Chief Executive of Sanlam Structured Solutions Dawie de Villiers, in an interview discussing retirement spending, expressed his concerned that many people were unaware of the challenges of retirement (Mail & Guardian, 12/08/2010). He worried about a looming "retirement crisis" in South Africa, and our results tend to show that he was not incorrect to be concerned. In this subsection we examine public recognition and possession of a diverse set of investment, funeral and retirement products for an eight-year period.

Respondents were read a list of nine retirement and funeral product types during the SASAS interview. In this subsection we explore public awareness of these eight products between 2012 and 2020. The results, depicted in **Table 16**, show that in in most SASAS rounds a majority of consumers are unaware of important retirement and funeral products. Of all the products listed, the general population was most aware of pension funds. Provident funds, funeral cover from an undertaker and a funeral policy with a bank were also relatively popular. Over the period we can observe a decline in public familiarity with most products listed in the table. The product that suffered the most dramatic drop was a funeral policy provided by an insurance company. The proportion of the general populace who was aware of these products fell by thirteen percentage points between 2012 and 2020 with most of this decline occurred during the latter part of the period. The level of awareness deterioration was found to be particularly pronounced amongst the country's younger birth cohorts[19].

Table 16: Awareness of different retirement and funeral products between 2012 and 2020 (cell percentages)

	2012	2013	2015	2017	2020	Change 2012-2020
Retirement annuity	49	47	56	50	42	-7
Provident fund	65	66	73	69	58	-7
Pension fund	58	58	67	67	51	-7
Funeral policy with bank	48	43	48	43	39	-10
Funeral cover with undertaker	54	55	55	54	42	-12
Funeral policy with insurance company	46	41	47	43	32	-13
Funeral cover with spaza shop	20	20	22	20	16	-4
Funeral cover with other organisation	16	13	14	12	13	-3

Kanyisa Mkhize, Chief Executive Officer at Sanlam Corporate, believes the COVID-19 pandemic has been a setback for SA retirement fund members and retirees. He told the press that he was very worried about reduced contributions to retirement funds and an increase in the number of employees cashing in a significant proportion of their withdrawal benefits (Daily Maverick, 28/06/2021). The Global Pension Index (GPI) ranks the retirement income systems in 39 countries and South Africa ranked 27th on this list. Many consumers in the country lack the preservation and inability to retain retirement contributions within the system. Margaret Franklin, CFA, President and CEO at CFA Institute said that "[e]ven before Covid-19, many public and private pension systems around the world were under increasing pressure to maintain benefits" (IOL, 27/10/2020). In this context, the decline in overall awareness for the products listed in **Table 16** is understandable. People who are less able to save money for their funeral or retirement, will become less aware of the products that can help them do so.

Table 17: Holding of different retirement and funeral products between 2012 and 2020 (cell percentages)

	2012	2013	2015	2017	2020	Change 2012-2020
Retirement annuity	7	4	8	4	8	1
Provident fund	11	8	11	7	12	1
Pension fund	12	9	15	16	13	1
Funeral policy with bank	2	1	1	2	2	1
Funeral cover with undertaker	13	15	16	20	13	0
Funeral policy with insurance company	8	6	10	11	7	0
Funeral cover with spaza shop	2	1	2	1	1	-1
Funeral cover with other organisation	2	2	1	1	1	0

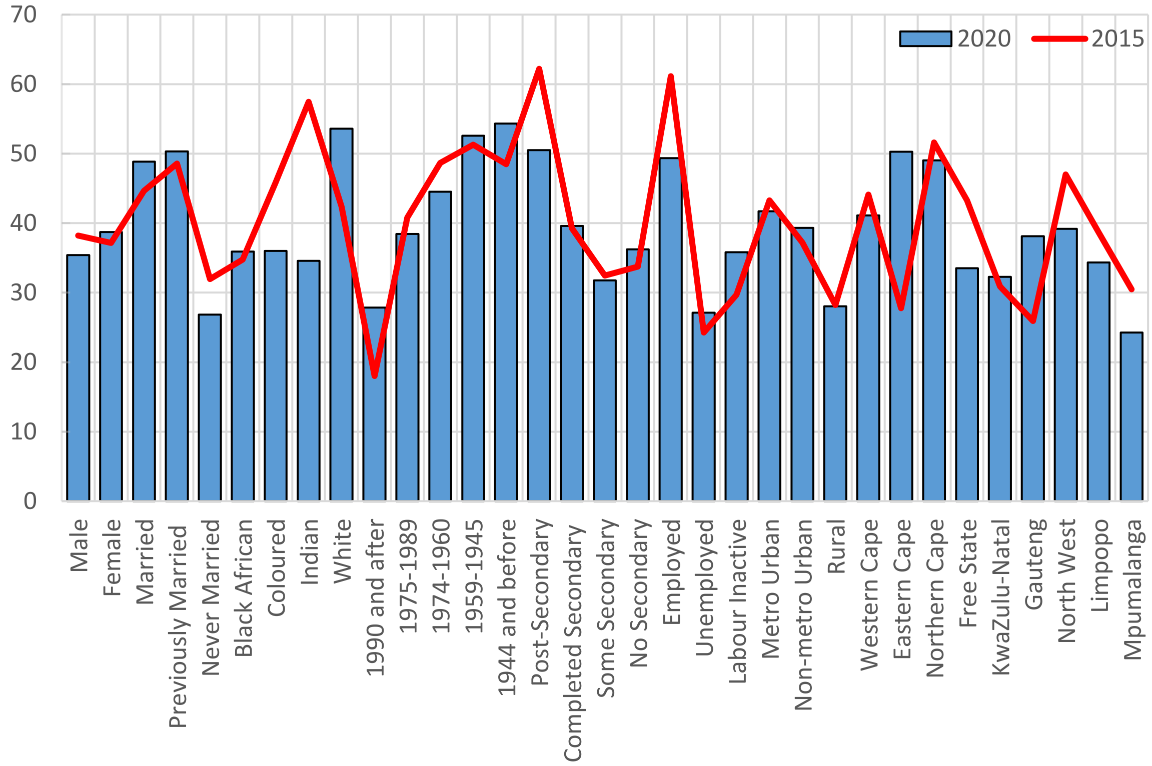
An analysis of public ownership of different retirement and funeral products in **Table 17** shows that many people do not hold these product types. The most widely held product was funeral cover with

[19] Consider, for instance, awareness of pension funds amongst the 1975-1989 cohort. The proportion of this cohort who was aware of this product dropped from 76% (SE= 1.636) in 2015 to 59% (SE= 1.386) in 2020.

an undertaker, self-reported ownership of this product changed between 2017 and 2020, deteriorating from 20% (SE=0.726) in 2017 to 13% (SE=0.647) in 2020. Of the other products listed in the table, only funeral policy with insurance company suffered a similar level of decline. At the time of writing, providers of funeral policies are under increasing financial pressure. The Association for Savings and Investment South Africa (ASISA) has published its latest death claims statistics, showing 44% increase in policyholder deaths between 1 April 2020 and 31 March 2021. Hennie de Villiers, deputy chair of the ASISA life and risk board committee, said: "[t]hese are staggering numbers, and there is no doubt that Covid-19 has caused many of these additional deaths, whether directly as a result of a person contracting the virus or because people were reluctant to seek medical attention for other serious conditions" (BusinessTech, 31/08/2021).

In order to understand patterns of retirement and funeral policy product holding in South Africa, we examined the percentage of the population who held one of the products listed in **Table 16** by subgroup in 2015 and 2020 (**Figure 32**). We found that birth year was an important correlate of this type of product ownership, with younger generations more liable to hold this type of product than their older counterparts. We noted a change over the period under review, with the 'Born Free' Generation becoming more likely to hold products of this type. The proportion of this generation to hold a retirement and funeral policy increased from 18% (SE=1.602) in 2015 to 28% (SE=1.595) in 2020. It is clear that socio-economic status plays a role in usage of funeral cover, those on the upper end of the socio-economic ladder reported greater levels of ownership than those at the bottom. But it appears that the gap between socio-economic groups is narrowing as wealthier consumers cut back in these uncertain times. Some notable geographic differences were also observed in the figure, suggesting changes in provincial markets.[20]

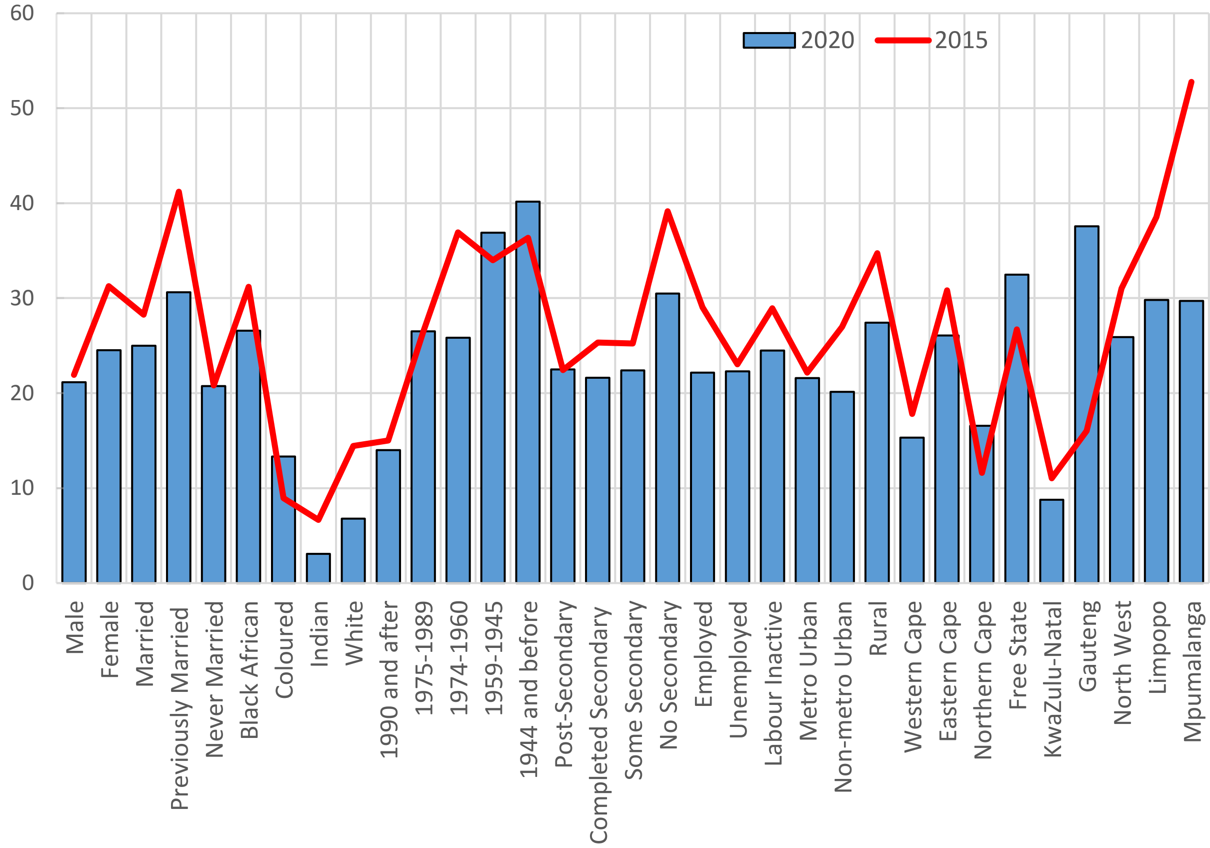
Figure 32: Percentage of the adult population who claimed to currently hold a formal retirement fund or funeral policy by selected subgroups in 2015 and 2020



[20] Over the period under review, possession of a retirement product became more prevalent in the Eastern Cape, growing 28% (SE=2.461) in 2015 to 50% (SE=3.403) in 2020. Adult residents in the North West and KwaZulu-Natal also recorded increased ownership on this product over the period.

Previous SASAS research has noted that a sizeable minority of the adult population told fieldworkers that they belonged to a burial society. More than half (54%; SE= 1.601) of the general population were aware of this form of saving in 2020; this presents a decline from what was seen in 2015 (65%; SE= 1.334). We found that about a quarter (23%; SE= 1.347) of the adult public belonged to such an organisation in 2020. More people belonged to this kind of group in 2015 when 27% (SE= 1.246) of the populace said that they were members. If an individual had a formal retirement or funeral product of some kind (e.g., retirement annuity) then they were more liable to report belonging to a burial society[21]. In other words, many individuals with formal retirement products. combine them with an informal burial society membership. This suggests that burial society membership is seen as an accompaniment to formal funeral or retirement policies rather than a substitute for them. In order to better comprehend the patterns of self-reported participation in burial societies, we looked at membership across the main fault lines in the country (**Figure 33**).

Figure 33: Percentage of the adult population who claimed to currently hold a place in burial society by selected subgroups in 2015 and 2020



Membership in a burial society was more common for females than it was amongst their male counterparts. However, the gender gap in membership has fallen significantly between 2015 and 2020. This is due to a seven-percentage point decline in female participation in burial societies over the period. We noted a decrease in participation amongst the poor and working class during the five-year period, with low educated adults and those in non-metro areas reporting a fall in membership. No similar deterioration was reported for the more affluent subgroups listed in **Figure 33**. Intriguingly, we discovered a substantial waning of participation amongst the 1974-1960 birth cohort. When 2020

[21] When compared to SASAS 2015, holding this type of product was a better predictor of whether an individual was a member of a burial society in SASAS 2020. We found that 30% of those with a formal retirement or funeral policy was part of burial society in the latest survey round, seven percentage points above the national average.

is compared with 2015, this cohort experienced a ten-percentage point decline, indicating the financial stress faced by this group. Significant geographic differences were evident in the figure, reflecting changes in spatial patterns of financial behaviour. We observed a large-scale expansion of self-reported participation in burial societies in Gauteng and a noteworthy contraction in Mpumalanga.

Table 18: Awareness of different investment products between 2012 and 2020 (cell percentages)

	2012	2013	2015	2017	2020	Change 2012-2020
Unit trusts	35	31	40	29	28	-7
Education policy or plan	54	51	56	54	49	-5
Investment or savings policy	47	42	47	42	43	-4
Shares on the stock exchange	37	37	45	33	28	-10
Money market account					39	
RSA Retail Bonds					20	

During the SASAS interview, respondents were presented with a list of six investment product types. As with subsection 5.1.1, they were then invited to report on how familiar they were with these products. An examination of public awareness for these different product types are displayed in **Table 18** for an eight-year period. The results show that many people are unaware of formal investment products. Of all the products listed in the table, the general population was most aware of an education policy or plan. Other products that had relatively high levels of awareness amongst adult consumers were investment policies and shares on the stock exchange. RSA Retail Bonds was the product that the general public was least aware of, only 20% (SE=0.770) said that they knew what this was in 2020. Over the eight-year period, we can observe a fall in public familiarity with most products listed in the table. The greatest level of decline in awareness noted in Table 18 was for the stock exchange. Between 2012 and 2020 we can observe a deterioration from 37% (SE=0.963) at the start of the period to 28% (SE=0.861) at the end of the period. The bulk decline occurred during the period 2015 and 2020, a fifteen-percentage point decline was observed for this five-year period.

Table 19: Holding of different investment financial products between 2012 and 2020 (cell percentages)

	2012	2013	2015	2017	2020	Change 2012-2020
Unit trusts	2	2	2	1	3	0
Education policy or plan	6	4	4	4	8	2
Investment or savings policy	8	0	6	5	11	3
Shares on the stock exchange	2	1	2	1	3	1
Money market account	…	…	…	…	6	…
RSA Retail Bonds	…	…	…	…	2	…

Ownership of different investment financial products is portrayed in Table 19; and the results show that most living in South Africa do not own any of the products listed. The most popular product held was an investment policy, self-reported ownership of this product increased slightly over the period, growing from 8% (SE=0.534) in 2012 to 11% (SE=0.606) in 2020. One of the most interesting items included in both **Table 18** and **Table 19** was a 'money market account'. Introduced for the 2020 round, this is an interest-bearing account at a bank (or credit union) and about two-fifths (39%; SE=0.938) of the adult public were aware of this product (**Table 18**). Remarkably, younger and more educated people are more liable to have heard about this kind of financial product before. A dramatic difference in the geography of public awareness of this product was also found, this suggests that its marketing through financial institutions has had differing levels of success in different provinces.[22] Despite

[22]Intriguingly, people living in the Western Cape (20%; SE= 2.304) were less liable to have heard about this kind of account when compared to adult residents of Gauteng (49%; SE= 2.254), KwaZulu-Natal (43%; SE= 2.064), and the Free State (52%; SE= 4.301).

relatively high levels of product recognition, as can be observed from Table 19, reported product holding was quite minimal at 6% (SE=0.447).

5.1.3. Health, life and content insurance

Insurance in some form has been the bedrock of economic activities for thousands of years. Financial insurance products take on particular importance in South Africa where people are vulnerable to a myriad of health and economic shocks. The sector has seen a significant increase in insurance claims across most products and segments throughout the COVID-19 pandemic. Insurance providers (such as Old Mutual, Momentum and Liberty) have set aside billions to cover potential death claims (Daily Maverick, 31/08/2021). Along with a surge in new claims, 2020 was detrimental in many ways for insurers. Strict lockdown measures constrained the ability of insurance agents to move around in search of new consumer business. With this landscape in mind, this subsection will seek to construct a general picture of levels of access to insurance services and what kind of products are the most popular.

A list of nine different insurance product types was read to SASAS respondents as part of the survey interview. As with subsection 5.1.1, participants were requested to report on their awareness and ownership of (if any) the product types in the list. Starting with public awareness, let us explore how general cognizance of the nine products changed between 2012 and 2020 (**Table 20**). Of all the products listed, the general population was most aware of life insurance (or life cover). Other products that most adult consumers had heard of were vehicle (or car) insurance, medical aid scheme and cellphone insurance. We can observe a decline in public familiarity with most products listed during the period. The product that suffered the most prominent drop was household contents insurance. The proportion of the general populace who was aware of these products fell by fourteen percentage points over the period.[23] Familiarity with a medical aid also worsened substantially during the period under review with the bulk of the decline occurring between 2015 and 2020, plummeting from 58% (SE= 0.922) in 2015 to 41% (SE= 0.947) in 2020.

Table 20: Awareness of different insurance products between 2012 and 2020 (cell percentages)

	2012	2013	2015	2017	2020	Change 2012-2020
Vehicle or car insurance	65	59	70	68	60	-5
Household contents insurance	54	50	58	48	41	-14
Homeowners' insurance	42	41	50	39	37	-5
Cellphone insurance	59	57	66	64	54	-5
Life insurance or life cover	63	62	70	67	56	-6
Credit life insurance	37	32	39	32	31	-6
Disability insurance or cover	42	41	47	41	36	-6
Medical aid scheme	59	55	69	59	50	-9
Hospital cash plan	48	47	56	47	41	-7

Many of the insurance products listed in the table above cover assets is called asset ownership. Looking at public familiarity with short-term (i.e., asset) insurance, we were able to confirm that a consumer with more assets will probably be more aware of insurance policies designed to protect those assets. More than four-fifths 84% (SE= 1.746) of those individuals with a working car, for instance, were aware of car insurance. This can be compared to 53% (SE= 2.344) of those persons without such an asset. Using the LSM indicator as a measure of economic status, the SASAS research team found that those in the High LSM group were much more liable to have heard of short-term insurance products than those in the lower LSM groups. We detected, however, a noteworthy decline in recognition of these kinds of products amongst the Upper Middle LSM group between 2012 and

[23] The change over the period was identified as statistically significant using a one-way ANOVA ($F(1, 5631) = 231.8$, $p = 0.000$) test.

2020. For this group, awareness of household contents insurance fell by nineteen-six points while vehicle insurance dropped by twenty percentage points and homeowners' insurance deteriorated by thirteen percentage points. Reviewing how awareness changed over the eight-year period, the bulk of the decline appear to occur during the period 2015 and 2020.

In a fashion similar to what was observed with short-term insurance products, awareness of long-term products was found to be related to asset ownership. Almost three-fifths (59%; SE= 1.782) of the High LSM group, for example, were aware of a hospital cash plan in 2020, almost twenty points above the national average. Again, we noticed a remarkable decrease in familiarity with these kinds of products amongst the certain LSM groups over the last eight years. Studying how awareness shifted during the period, the main part of the drop seems to transpire during the period 2015 and 2020. For the Upper Middle LSM group, awareness of medical aid scheme fell by thirty-one points while life insurance dropped by twenty-five points and disability insurance dropped by twenty points. We also detected substantial birth cohort effects, identifying declining cognizance of these products amongst the 'Born Free' generation between 2015 and 2020. We found that, in particular, awareness of medical aid schemes and hospital cash plans declined by 19 and 17 percentage points respectively for this generation. This outcome suggests that as the 'Born Free' generation becomes a larger and more important part of the South African consumer market, they are becoming less aware of long-term insurance products.

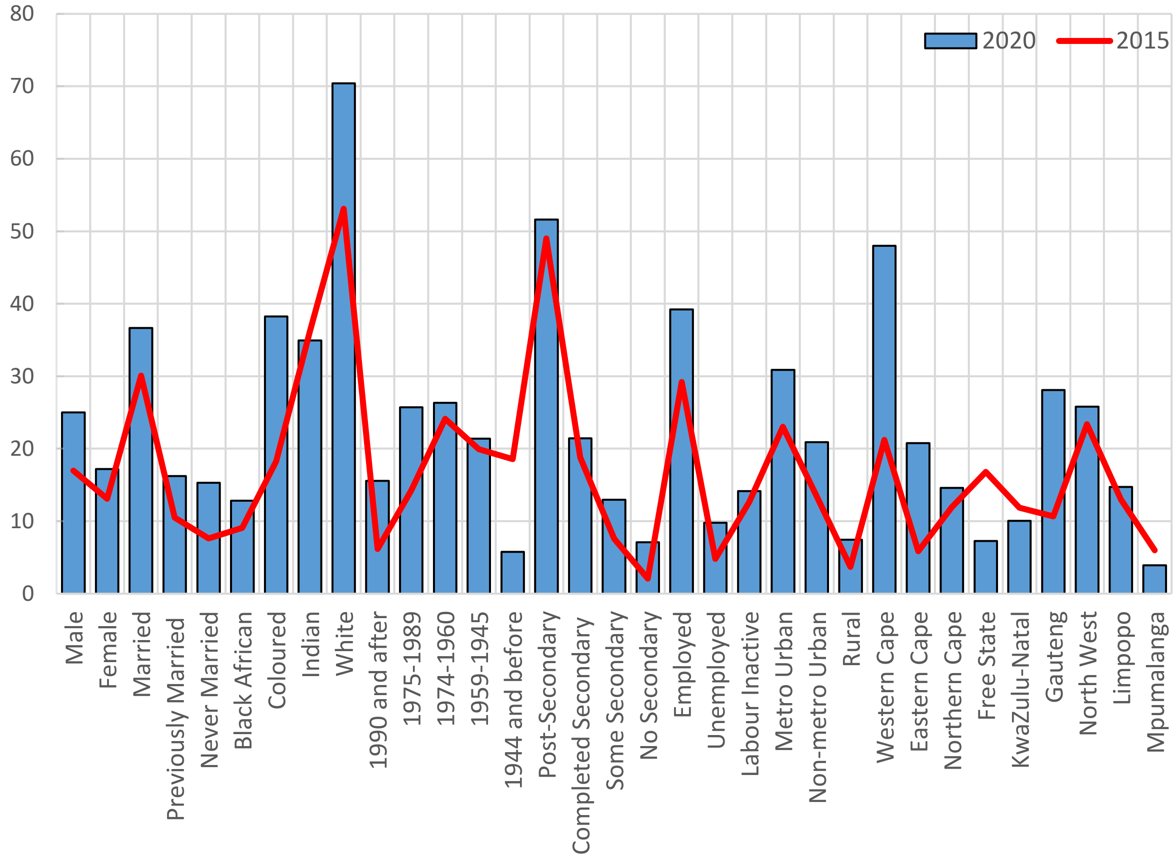
Table 21: Holding of different insurance products between 2012 and 2020 (cell percentages)

	2012	**2013**	**2015**	**2017**	**2020**	**Change 2012-2020**
Vehicle or car insurance	12	8	9	9	13	1
Household contents insurance	11	7	7	5	8	-3
Homeowners' insurance	7	5	6	3	6	-1
Cellphone insurance	8	5	7	7	11	2
Life insurance or life cover	16	12	15	14	16	0
Credit life insurance	4	2	2	1	3	0
Disability insurance or cover	4	3	3	1	3	-1
Medical aid scheme	13	9	13	9	10	-3
Hospital cash plan	4	3	3	2	4	0

Let us explore ownership of insurance product types between 2012 and 2020 in **Table 21**. The most prevalent product held was life insurance, followed by medical aid schemes and vehicle insurance. There was, overall, only minor changes in the proportion of the population who held loan products over the five-year period under review. The product that experienced the largest positive change in product ownership was for vehicle insurance; a four-percentage point increase was witnessed. Self-reported participation in medical aid schemes suffered the largest decline observed in **Table 21**, a three-percentage point decrease. It is concerning to find that the proportion of the 'Born Free' Generation who claim to have a medical aid scheme has fallen over the latter part of the period, decreasing from 8% (SE=1.100) in 2015 to 6% (0.838) in 2020. This change implies that the new generation is not actively planning for their financial costs of their medical health.

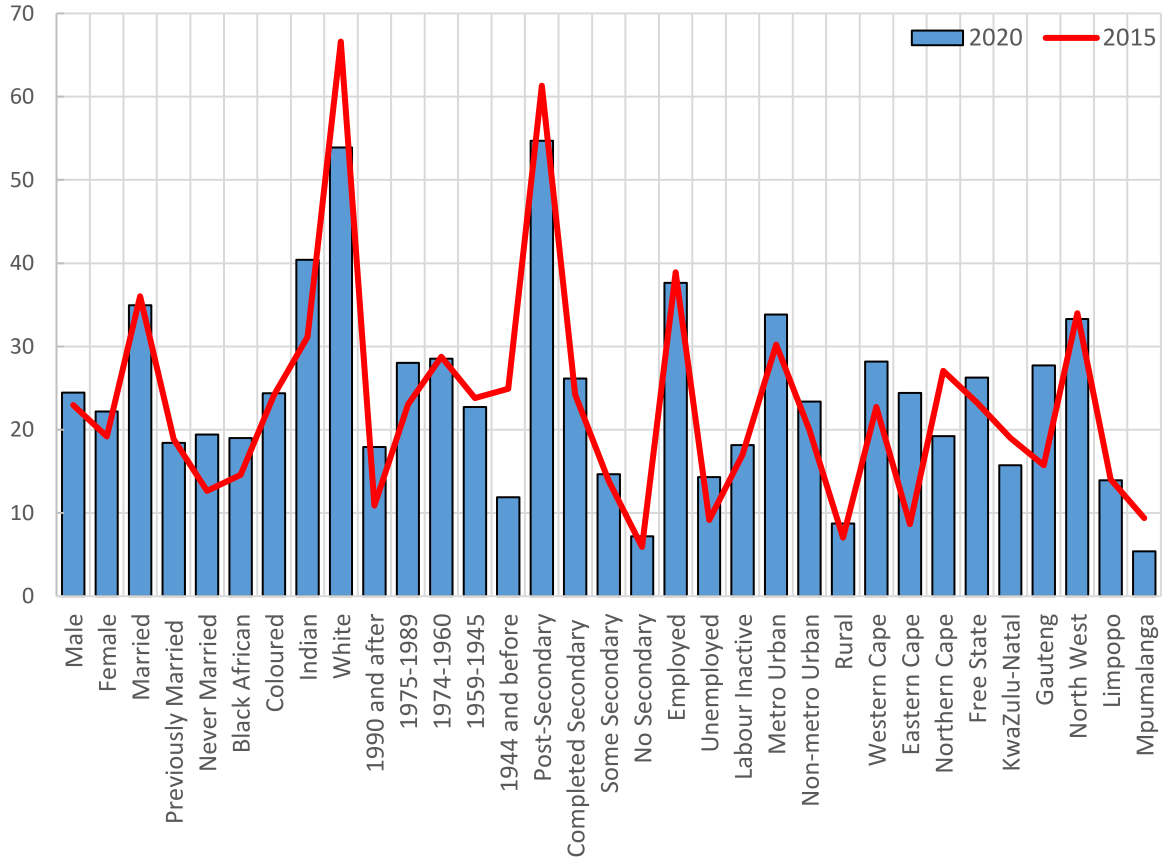
To better comprehend short-term insurance ownership in South Africa, we examined the proportion of the adult populace who owned this product type by sociodemographic subgroups in both 2015 and 2020 (**Figure 34**). Educational attainment seemed to be associated with owning insurance products with the tertiary-educated, on average, far more likely to own this kind of product than their less educated counterparts. The role played by educational attainment may help explain the observed population group differences in **Figure 34**. Out of all the populations groups in the figure, we can note that white people were the most apt to own these kinds of product types. Marital status was also associated with insurance ownership, with married persons far more likely to report owning short-term insurance products than other marital status groups. We also noted a distinct geographic effect, it would appear that this kind of insurance holding was more likely in urban (particularly those in metropolitans) areas.

Figure 34: Percentage of the adult population who claimed to hold a formal short-term (asset) insurance at time of interview by selected subgroups in 2015 and 2020



Over the period we can observe a general rise in the proportion of the populace owning short-term insurance in **Figure 34**; an increase from 15% (SE=1.047) in 2015 to 21% (SE=1.482) in 2020. This level of change was most pronounced amongst the Coloured population, which experienced a twenty-point increase in the proportion reporting ownership during this period. Although the level of the increase was less intense, adult members of the white minority also become more liable to report holding this form of insurance. Interestingly, we noted distinct changes between 2015 and 2020 for the following birth cohorts: (i) 1990 and after, (ii) 1975-1989 and (iii) 1944 and before. We found an increase of about ten percentage points for the first two and notable decline of thirteen points for the third. This, no doubt, reflects life transitions for the cohorts involved. A distinct gender disparity was uncovered in the figure, with men more likely to have short-term insurance than women. This dissimilarity, perhaps surprisingly, seems to have doubled during the five-year period.

Figure 35: Percentage of the adult population who claimed to currently hold a formal long-term insurance by selected subgroups in 2015 and 2020



To better comprehend long-term insurance ownership in South Africa, we look at the percentage of the adult populace who owned this product type by sociodemographic subgroups in both 2015 and 2020 (**Figure 35**). Ownership patterns, as may be expected, are similar to what can be discerned in **Figure 34**. Educational attainment, marital status and urban geography are associated with owning long-term insurance products. Much as we observed for short-term insurance, a general rise in the share of the populace owning long-term insurance over the period was noted. However, the size of the increase, a rise from 21% (SE= 1.158) in 2015 to 23% (SE= 1.426) in 2020, was somewhat more moderate than what was seen for short-term insurance ownership. Members of the Indian minority, 'Born Free' Generation and the previously married were found to report increases in ownership that were far above the national average. Nevertheless, we did note a decrease in ownership for certain subgroups. White adults reported a fall in ownership of thirteen percentage points during the period. Although less extreme as the decline seen for the white minority, the tertiary-educated also reported a decrease in product holding.

5.1.4. Credit accounts and loan products

South Africa's well-developed financial system has led to increased access to credit. But during the pandemic there were signs that demand for credit was slowing. When compared to pre-pandemic levels, the South Africa Industry Insights Report showed that the overall number of consumers participating in credit markets has not materially grown (News24, 28/09/2021). TransUnion data showed reduced credit demand among consumers, while lenders' appetite to open new accounts also dwindled. This trend was observed despite an environment where interest rates are low. Khumbelo Nevhorwa, equity analyst at Sentio Capital, hypothesised that fear could explain the unusual savings trend. He said that "[i]ndividuals are thinking, 'what if I lose my job because of the recession? What if

I get less income or one of my family members get retrenched, and I am the only one who is supposed to support my family?" (Mail & Guardian, 02/05/2021). This subsection will seek to build a general picture of current levels of awareness of and access to credit and loan products, pinpointing what kind of products are the most popular.

During the SASAS interview, respondents were read a list of fourteen credit and loan product types. Survey participants were requested to state whether they had heard of any of these and whether they owned any of them. Beginning with public awareness, let us examine how general cognizance of these products changed between 2012 and 2020 (**Table 22**). In most SASAS rounds a majority of the adult public was aware of lay-bye agreements, Hire Purchase arrangements and credit cards. Store accounts were also found to have a high level of familiarity amongst the general population. We can observe a remarkable fall in public cognizance with these products over the 2015 and 2020 period. The product that suffered the most pronounced decline in public recognition was a store account that used chip-and-signature technology. The proportion of the general populace who was aware of this product fell from 73% (SE=0.801) in 2017 to 49% (SE=0.964) in 2020. This downward shift in awareness was statistically significant according to a one-way ANOVA ($F(1, 5758) = 362.1$, $p = 0.000$) test. But similarly striking drops were also noted for credit cards and Hire Purchase arrangements.

Table 22: Awareness of different financial loan products between 2012 and 2020 (cell percentages)

	2012	2013	2015	2017	2020	Change 2012-2020
Home loan from a big bank	40	37	45	34	31	-10
Credit Card	61	55	67	57	48	-12
Lay-bye	64	64	73	73	58	-7
Hire Purchase/ paying monthly instalments	50	53	54	45	36	-14
Store account with card	77	74	74	73	49	-28
Store account without card	24	24	26	21	21	-2
Loan from a microlender	63	62	72	60	50	-13
Vehicle or car finance	47	45	55	44	43	-4
Overdraft facility	36	32	42	32	30	-7
Loans from a retail shop	…	….	…	…	33	…
Loan from an informal lender	52	56	60	52	42	-10
Loan from stokvel/savings club	41	43	53	46	38	-3
Loan from local spaza	22	22	29	25	25	3
Loan from an employer	16	20	18	14	14	-2

Of the loan products identified in **Table *22***, the most popular were loans from a microlender. This was followed by an informal lender (e.g., mashonisa). We can detect a remarkable decrease in public familiarity with these products over the 2015 and 2020 period, this is similar to what was observed in subsection 5.1.3. The largest level of decline was on loans from microlenders, and the greater part of this decline occurred during the latter years of the period. The percentage of the general public who were aware of this product fell from 72% (SE=0.829) in 2015 to 50% (SE=0.964) in 2020. Similar (if somewhat more dramatic) declines were also noted for loans from informal lenders and saving clubs. Doubtless this is a reflection of the enduring insecurity in the consumer credit markets caused by the COVID-19 pandemic. Adults who are unable (and averse) to obtain credit in the future will be less interested in (and, therefore, aware of) products that can help them obtain credit. Interestingly, awareness of loans from local spazas remained constant over the entire period with only minor changes noted during the period.

The ongoing uncertainty and financial hardship caused by COVID-19 has impacted the consumer credit market. Many consumers are under severe financial pressure, negatively impacted by job losses, salary cuts and reduced work hours. Statistics released by the Human Rights Commission revealed that most of South Africa's credit-active consumers are over-indebted (News24, 25/03/2021). Credit providers are now aggressively pursuing collections and lenders have tightened their risk approach to new applications. Speaking to the press Neil Roets, CEO of Debt Rescue, said that: [t]here is a silver lining to these dark days. Consumers are being cautious about taking on more debt, which is a positive thing" (SowetanLive, 26/03/2021). In the context of these difficult and uncertain times, it seems reasonable that public awareness of credit products will fall off. Now let us examine changes in ownership of different financial loan products in **Table 23**.

Table 23: Holding of different financial loan products between 2012 and 2020 (cell percentages)

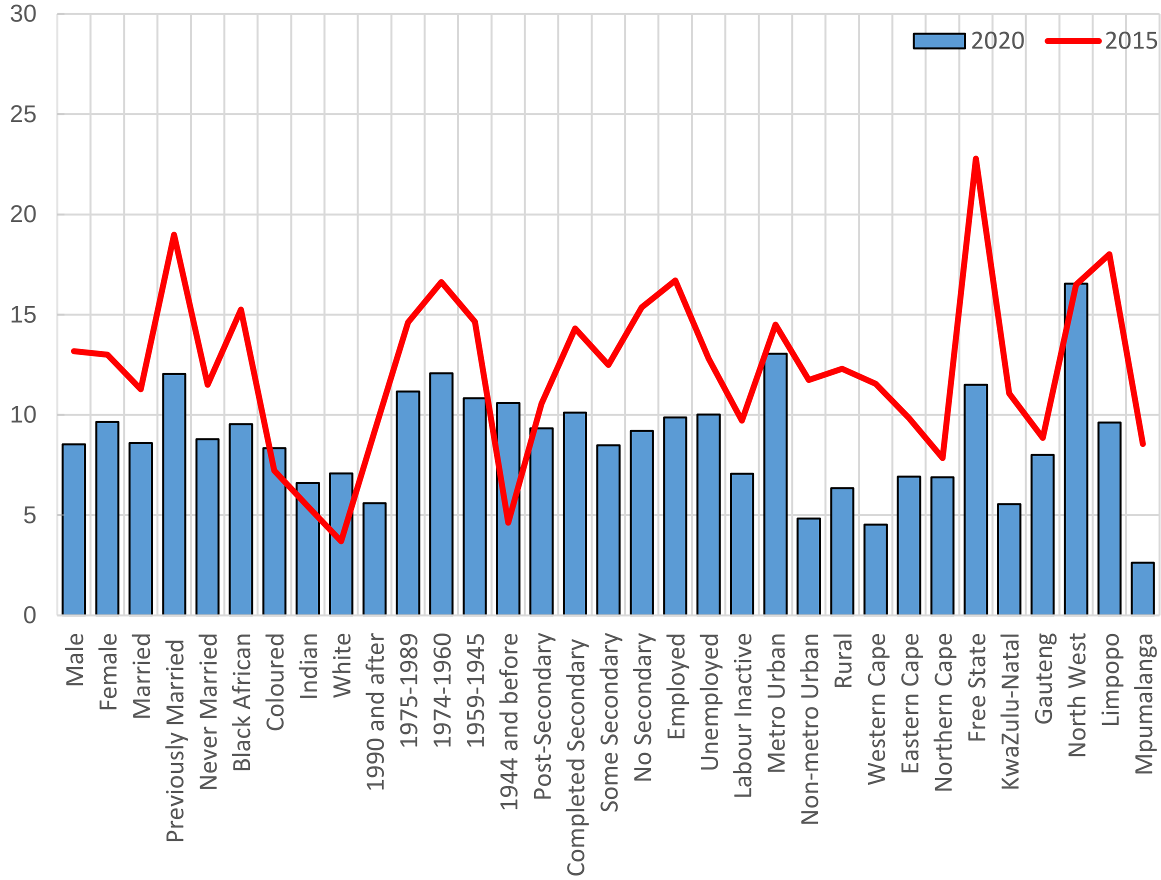
	2012	2013	2015	2017	2020	Change 2012-2020
Home loan from a big bank	4	3	2	2	4	-1
Credit Card	10	7	8	7	9	-1
Lay-bye	9	8	13	15	15	6
Hire Purchase/ paying monthly instalments	5	4	5	4	4	-1
Store account with card	21	17	18	20	12	-10
Store account without card	2	1	2	2	1	0
Loan from a microlender	6	5	5	4	7	1
Vehicle or car finance	6	4	4	4	6	0
Overdraft facility	4	2	3	2	3	0
Loans from a retail shop	0	0	0	0	3	3
Loan from an informal lender	2	4	3	4	6	3
Loan from stokvel/savings club	3	4	5	5	5	2
Loan from local spaza	1	1	7	1	3	2
Loan from an employer	1	1	3	1	1	0

The general public, on the whole, do not report possessing any of the products listed in **Table *23***. The most prevalent product held was a loan from a microlender card with ownership of this product rising almost two percentage points over the period. For most of the product listed in the table, we can observe no meaningful change in the proportion of the population who held loan products over the eight-year period under review. For those products that we did observe change, most of these changes were only minor changes over the period. One of the products listed in **Table *23*** that experienced the largest change in self-reported ownership was a lay-bye. An increase of six percentage points was noted for this product; a one-way ANOVA (F(1, 14098) =31.5, p = 0.000) test confirmed that this change was statistically significant.

The product that experienced the largest change in product holding was store account with card; a decline of ten percentage points was observed. A one-way ANOVA (F(1, 14102) = 29.8, p = 0.000) test confirmed that this change was statistically significant. This deterioration in ownership reflects, no doubt, the impact of the COVID-19 pandemic on the small business sector. The sector was not able to absorb the costs of lost trading hours and increased hygiene regimes the way corporations have.[24] Closure of non-essential stores during lockdown probably impacted the availability of store cards in 2020. The observed decrease in self-reported store card holding observed in our study is probably a reflection this. The decline in store account ownership was found to be greatest amongst employed consumers. Although at the start of the period, 32% (SE=1.530) of workers held this product, only 18% (SE=1.238) held it at the end. Interestingly, we did not observe a drop in store card use amongst the white minority over the period. Of all the groups that experienced a deterioration in usage, it was the Black African majority that reported the greatest level of change.

[24] According to a report from Yebo Fresh e-commerce store in collaboration with survey company Ask Afrika: One in three spaza shops experienced looting, nearly 80% of spaza shops lost more than half of their stock and 87% of spaza shops require capital support to resume trade (News24, 09/09/2021).

Figure 36: Percentage of the adult population who claimed to currently hold a loan from friends or family by selected subgroups in 2015 and 2020



A tenth of the adult public reported that they had a loan from friends or family and the share of the population with such a loan has waned over the period 2015 and 2020. The decline was five percentage points; a one-way ANOVA ($F(1, 5631) = 22.7$, $p = 0.000$) test confirmed that this change was statistically significant. This finding is consistent with other research on consumer behaviour in South Africa by the TransUnion[25]. This work argues that the COVID-19 pandemic has caused people to deprioritise personal loans when faced by financial stress. There has been, for certain groups, an increase in usage of loans from friends or family, however. Examining participation patterns by subgroup in 2015 and 2020 (**Figure 36**), we can see that interpersonal loans increased amongst the white minority and the oldest birth cohort (i.e., 1944 and before). The largest deteriorations in this kind of behaviour were noted for the following groups: (i) the previously married, (ii) the employed; and (iii) those living in non-metro urban spaces. Between 2015 and 2020 we were able to discern some important changes in behaviour by provincial residence. We discovered a relatively substantial contraction of self-reported holding of interpersonal loans in Western Cape, Limpopo and the Free State.

5.2. Analysis of financial decision remorse and distress

Making decisions about personal finances is often a challenging and demanding process, and consumers do not always make the correct choices. This is especially true when it comes to decisions about financial matters. Consider, for example, Bitcoin investment scams which have been reported

[25] The TransUnion Global Payment Hierarchy study claimed that consumers prioritised credit cards during the pandemic(IOL, 28/03/2021).

in the last few years[26]. According to recent Trans Union's data, the financial vulnerability caused by the COVID-19 pandemic has only made avoiding bad fiscal decision-making more important (BusinessTech, 25/09/2021). Although the SITEisfaction Report from InSites Consulting South Africa shows a slight curb in online fraud 2020, we must remember that online financial fraud was at an all-time high in 2019. The Ombudsman for Banking Services (OBS) said that South Africa is in the middle of one of the most trying times in the country's history. Reana Steyn, the OBS, has said that "fraudsters will be more motivated than ever to take advantage of the current crises that are gripping the country. We need to be extra vigilant during these times" (BusinessTech, 15/07/2021). This subsection looks at regret that arise from bad financial decisions in South Africa.

To adequately examine the negative outcomes caused by poor fiscal decision-making, we assess two distinct forms of this distress. First, we explore the experience of financial regret and investigate whether an individual has recently made fiscal decisions that they regret. In subsection 5.2.2 the tendency to discover unsuitable fiscal products in a consumer's financial portfolio is assessed. This subsection will focus on what products were found to be incompatible with the needs of consumer portfolios. When reviewing the findings presented in this subsection, it is essential that the reader remember that respondents may be embarrassed to report an inappropriate fiscal regret. In other words, there may be underreporting of this kind of error to social desirability bias. In addition, we must also be cognisant of the fact that most South Africans do not have a financial portfolio, and do not make many financial decisions.

5.2.1. Experiences of fiscal regret

The SASAS research team has crafted a series of questions on how remorse can result from financial decision-making. The team has evaluated financial decision regret from the retroactive perspective of the respondent for each successive wave of the Financial Literacy Survey. Respondents were asked if they had made any financial decision in the last twelve months that they had regretted. In the period 2012-2020, we found that the vast majority of South Africans reported that they did not regret a financial decision. This either indicated that the majority of the adult public had not made any financial decision in the last 12 months that they regretted or felt reluctant to admit to recent mistakes. It was apparent that a greater share of people had regretted a financial decision(s) in 2020 than in in 2012. The share of people who regretted such a decision grew from 21% at the start of the period to 30% at the end.

Only about a twentieth (4%) of the adult public made multiple financial recent decisions that they regretted in 2012, this had increased to 6% by SASAS 2020. Mean percentage of the adult populace who made a decision they regretted in terms of six types of financial decisions is presented in **Table 24.** The type of financial choice that was most regretted by ordinary South Africans was a saving or investment decision. The share of the adult public who regretted such a decision increased from nine percent in 2012 to fourteen percent in 2020. The types of decision that was regretted the least was a home loan, the portion of the general population who lamented making such a choice in the twelve months prior to the SASAS interview was only one percent in 2025. The number of adults who regretted a recent decision of this type was increased substantially by 2020 but remained low at four percent of the populace.

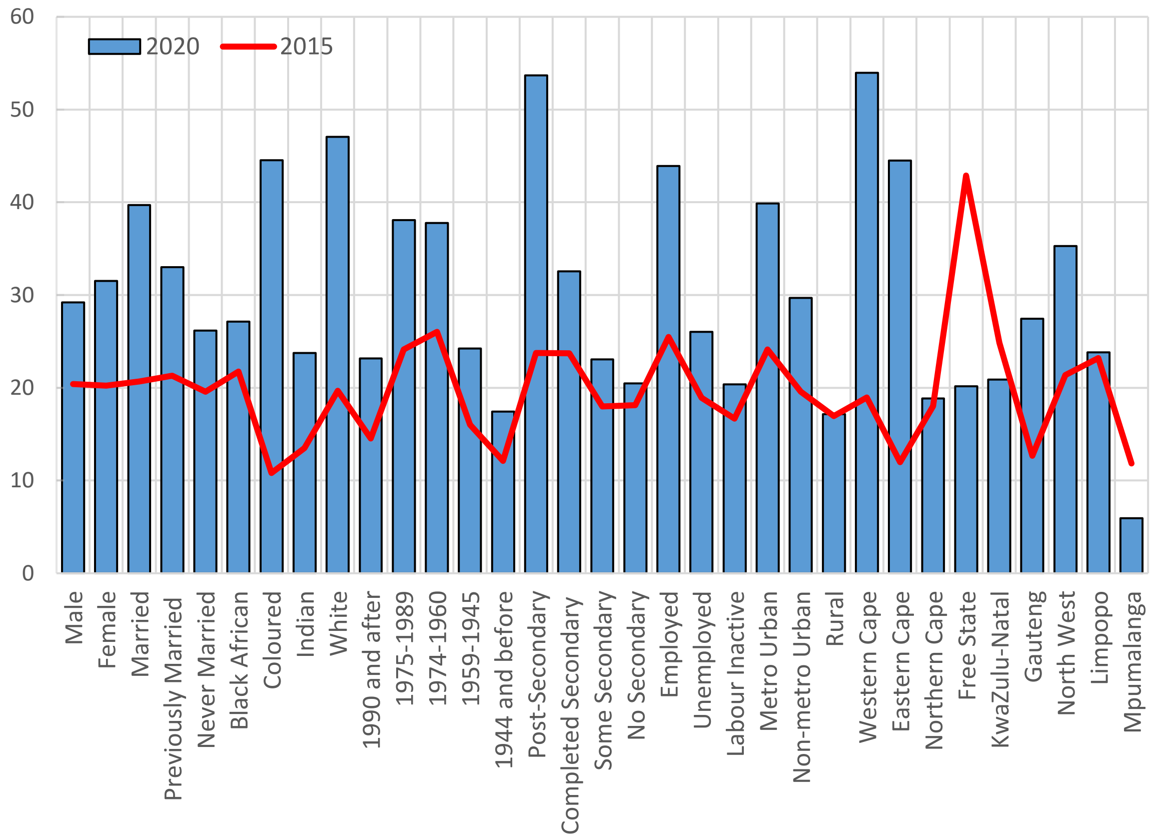
[26] Many South Africans have lost money in the notorious BTC Global scam (Times LIVE 25/05/2018). Thousands of investors have lost more than R1 billion in an alleged investment scam according to the Hawks spokesperson Brigadier Hangwani Mulaudzi.

Table 24: Mean percentage of the population who made a decision they regretted in terms of six types of financial decisions between 2012 and 2020 (cell percent ages)

	2012	2013	2015	2017	2020	Change 2012-2020
Savings or investments	7	7	9	10	14	7
Taking out a home loan	3	1	1	4	4	1
Loan or credit agreement	4	3	3	5	6	2
Insurance of any type	3	2	2	3	6	3
Tax	1	2	2	3	3	2
Managing credit/debt	5	2	4	5	3	-1

To better understand which subgroups in the country were most prone to experiencing remorse over a recent financial decision, we looked at the portion of the population that were unhappy with a recent decision by selected socio-demographic group in **Figure 37** in both 2015 and 2020. Educational attainment seemed to be associated with having financial regrets with the tertiary-educated, on average, far more likely to experience this kind of distress than their less educated counterparts. Those in the middle birth cohorts were more likely to report regret than those at the tail ends of the birth year distribution. This may be due to the fact that middle age is when most of the financial decisions are made. We also noted a distinct geographic effect, with self-reported regret more likely in urban (particularly those in metropolitans) areas. This observed differential may help explain why regret was less liable to be reported in provinces like Mpumalanga and the Northern Cape.

Figure 37: Percentage who reported that they had made a financial decision that they had regretted in the 12 months prior to the interview by selected subgroups in 2015 and 2020

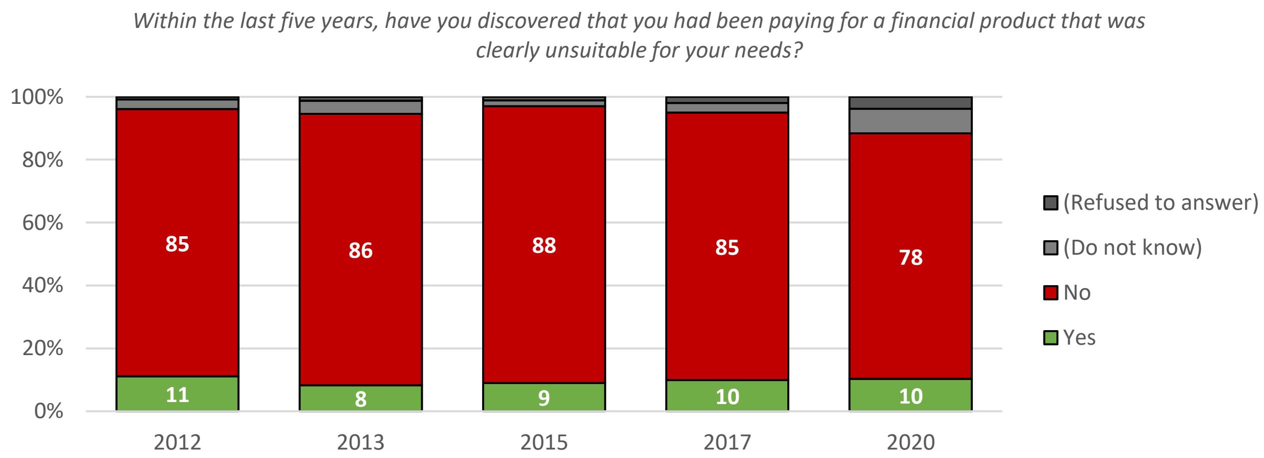


As noted above, there was a significant increase in self-reported regret during the period 2015 and 2020. We found that certain racial minorities, particularly members of the white and Coloured groups, experienced substantial increases in regret. As a result of this significant change over the five-year period, we can observe a distinct racial disparity in regret experiences in **Figure 37**. In addition, we can observe a distinct labour market disparity in regret experiences in the figure.[27] Sizeable increases in self-reported regret were also noted for the tertiary-educated, growing 24% (SE=2.390) in 2015 to 54% (SE=2.575) in 2020. We noted marked increase in the correlation between marital status and regret. The correlation was weak at the start of the period but grew far stronger over the period. In SASAS 2020 experiencing regret was strongly associated with being either married or previously married. We also noted an increased correlation between geographic location and regret, with urbanisation more strongly associated with regret in 2020 when compared with 2015. This change was driven, in part, by an increase in regret amongst urban metro dwellers, growing from 25% (SE=1.281) in 2015 to 40% (SE=1.553) in 2020.

5.2.2. Detecting unsuitable financial products

The SASAS research team had been, since the 2011 Financial Literacy Baseline study, asking respondents whether they had discovered a financial product in their portfolio that they had been paying for but was unsuitable for their needs in the last five years. The results of the last five SASAS rounds of data are shown in **Figure 38** and reveal that only a small minority of the adult population in 2020 had made such a discovery. We noted a slight increase in the proportion of the general public uncovering an unsuitable financial product in their portfolio over the last eight years. As a follow-up question, respondents were queried on what kinds of financial product that they had found to be unsuitable. A myriad of different product types was identified, the most popular of which was a bank account. This was followed by an investment product and a membership at a savings club. It is necessary to map the kinds of the characteristics most associated with identifying an incongruous product in a financial portfolio. To achieve this, we investigated the percentage that identified such a product in the last few years by subgroup during the period 2015 and 2020.

Figure 38: Share who reported having an unsuitable financial product in their portfolio in the last five years, 2011-2017 (column percentages)

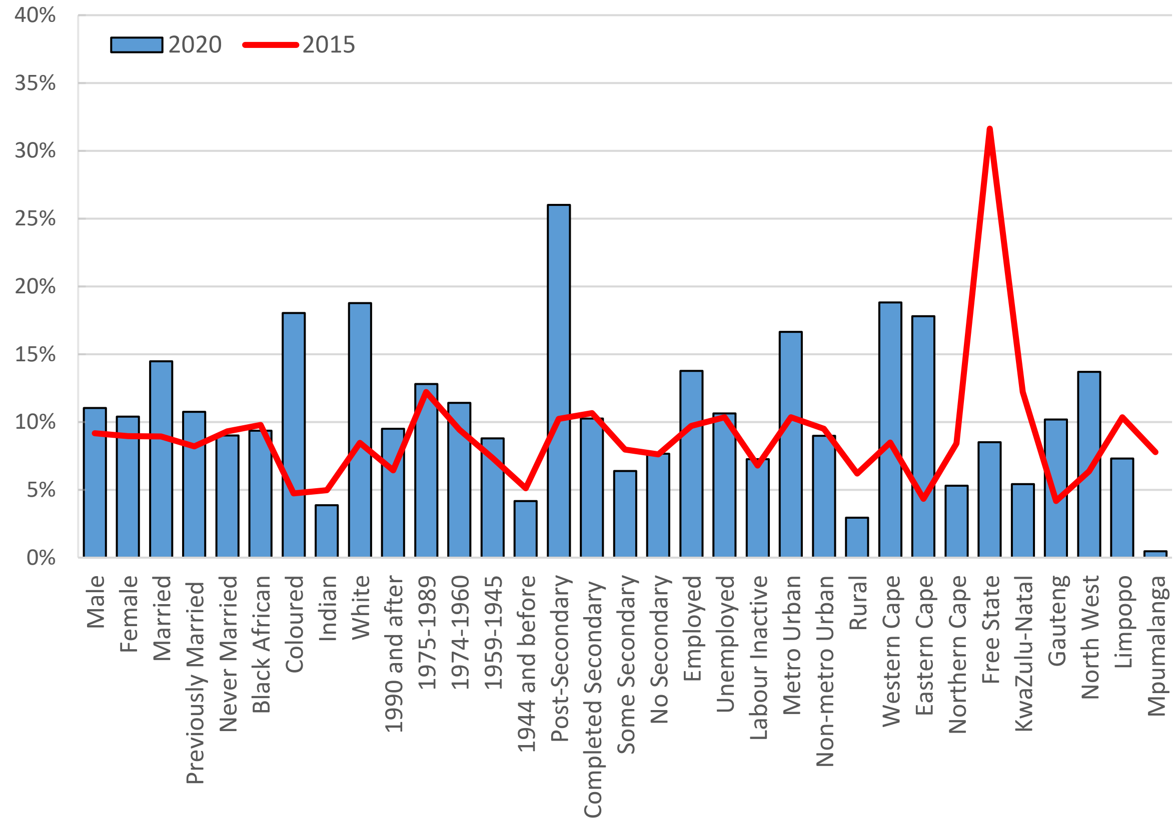


The results of the subgroup analysis are presented in **Figure 39**, and it is clear that the middle birth cohorts had a greater tendency to find an incongruous product in their portfolio than their older or younger peers. This may be because middle aged individuals tend to have larger financial portfolios than their counterparts. The findings presented indicate, perhaps not surprisingly, that the 'Born Free' Generation was relatively unlikely to find an unsuitable product in their portfolio. Most of this generation lack financial resources to purchase financial products and many (especially those aged between 16 and 24) tend to be outside formal employment. In addition, we noted that the discovery

[27] This change appeared to be the result of growing level of regret amongst the employed over the five-year period. The proportion of the employed that experience recent regret increased from 25% (SE=1.430) in 2015 to 44% (SE=1.601) in 2020.

of unsuitable products increased by five percentage points amongst married adults between 2015 and 2020. For married persons, the product they had the greatest inclination to discover during this period was a government grant. This was followed by a banking product and a home loan.

Figure 39: Share who reported having an unsuitable financial product in their portfolio in the last five years, by selected subgroups

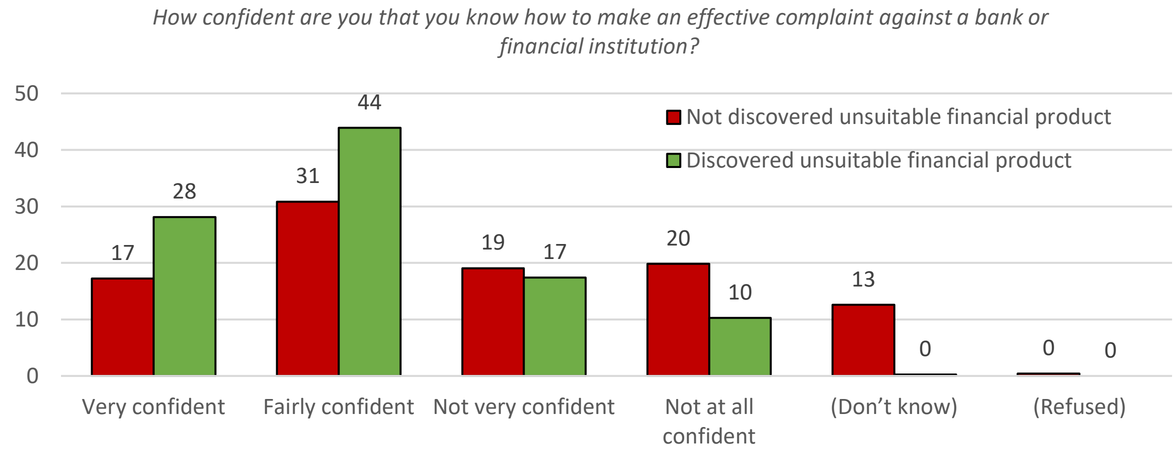


We found that the tertiary-educated were more likely to discern an incompatible product in 2020 than in 2015. A tenth of this group detected such a product in 2015, and this outcome can be compared with about a fifth (21%) in 2020. Amongst those with a tertiary education, investment products were identified as the most frequently bemoaned financial choice. About a fourteenth of this group said that they had taken out an unsuitable investment policy. In **Figure 39** we were able to discern some interesting population group differences in 2020 but not 2015. In the latest survey round, certain racial minorities were much more apt to have founded an unsuitable product than the Black African majority. Interestingly, it would appear that white adults were much less prone to find such a product in 2015 (8%) than in 2020 (19%). Amongst the white populace, home loans were identified as the most frequently bemoaned financial choice. About a twentieth of the white minority said that they had taken out an unsuitable home loan.

We noted a distinct geographic difference in **Figure 39**, revealing discrete spatial inequalities faced by South African consumers. Self-reported detection of an incongruous product was found to be more likely in urban (particularly those in metropolitans) areas in 2020. A similar result was observed in 2015 but the scale of the disparity was much smaller in that SASAS round. Remarkable variances by provincial residence were noticeable in the figure, suggesting that geographic factors shape this type of fiscal regret. We observed a surge in the unearthing of an improper product amongst residences of both the Western Cape and the Eastern Cape. Levels of discovery, on the other hand, fell (albeit more slowly) in KwaZulu-Natal and Mpumalanga. One of the remarkable findings to emerge from our subgroup analysis concerned the Free State. We detected spike in this form of regret in that province in SASAS 2015. This outcome may be linked to drought conditions in the area during the period in question, the worst to hit the country since 1982.

As a follow-up to the unsuitable product question, respondents were asked if they had complained to the company or person that sold them the unsuitable product. About two-fifths (39%) of unsuitable product holders (or 4% of the adult populace) said that they had complained. This would suggest that there is scope for further improvement in promoting a culture of dispute resolution behaviour among the public[28]. However, of those who did file a complaint, about four-fifths (82%) of this group told fieldworkers that they managed to resolve the problem with the company or person who sold them the product. A minority (30%) of those who were complainants (3% of the adult populace) took up their complaint with a third party. Amongst this small minority of complaints, the most widely used third party was Provincial Consumer Affairs Office. This was followed by the Ombudsman for Banking Services, the Public Protector and the Ombudsman for Long Term Insurance.

Figure 40: Public responses to the question: [h]ow confident are you that you know how to make an effective complaint against a bank or financial institution?' by whether a consumer had discovered an unsuitable product in their financial portfolio (percentages)



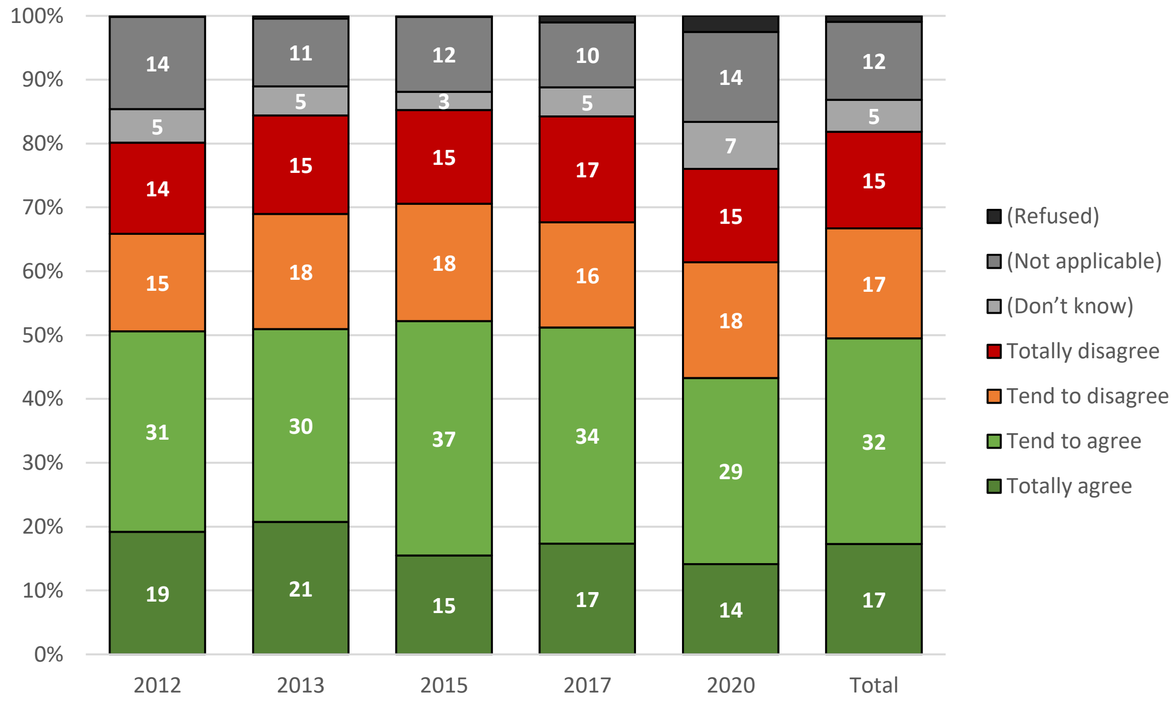
To gauge the frequency with which consumers in South Africa complain about a financial product or service that they were provided, we examined consumer confidence in their ability to complain. The following question was put to participants: "[h]ow confident are you that you know how to make an effective complaint against a bank or financial institution?" A significant proportion of the adult population (50%) said that they were either very or fairly confident in their ability to do so. About two-fifths of the populace said they were not confident and 11% were unsure of how to answer this question. We examined levels of confidence by whether a person had discovered an unsuitable fiscal product in **Figure 40**. Of those that reported finding an inappropriate product, we found 72% were confident in their ability to complain. A similar result was found if we investigated the relationship between confidence in the complaint process and recent financial regret experience. About three-fifths (63%) of those who had such a regret were confident in the effectiveness of the complaint process. This would suggest that those who are familiar with the fiscal dispute process are quite confident in the resolution system.

[28] . Consumers who had issues with government grants, funeral policy, medical aid and vehicle (or car) finance were more likely to complain than other types of product holders. Those who held unsuitable credit cards, loans and life insurance products were, in contrast, less likely to complain.

5.3. Research on financial decision-making

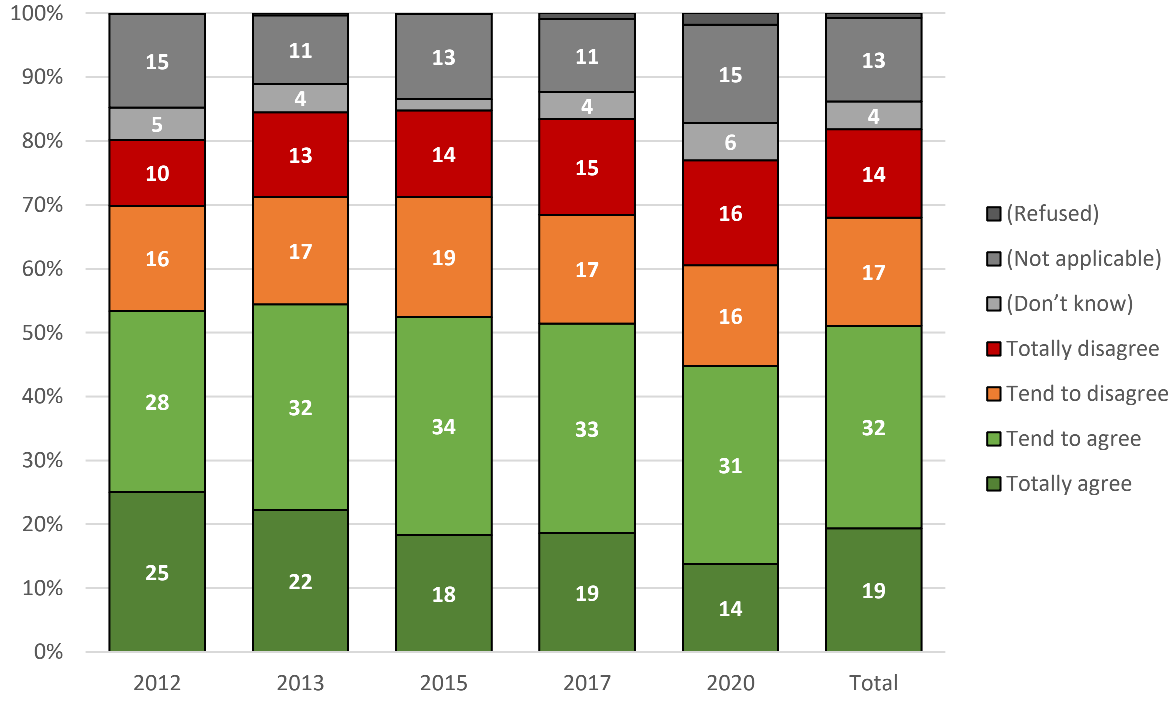
One of the longest running items in the Financial Literacy Survey concerns, whether adult South Africans feel the need for advice when making financial decisions. In each relevant round of SASAS, respondents have been asked if they agreed with the following statement: ''I've got a clear idea of the sorts of financial products or services that I need without consulting a financial advisor". As a follow-up question, respondents were required to indicate if they agreed that: 'I always research my choices thoroughly before making any decisions about financial products or services'. Before responses to these questions are discussed, some methodological caveats must be acknowledged. Approximately a fifth of the adult population did not answer the question in 2012 while a sixth didn't provide a reply in other rounds. Instead, this share of respondents either stated 'not applicable' or 'don't know'. This suggests, presumably, that a sizeable minority of South Africans feel that they cannot answer these questions because they don't make regular financial decisions. Given that many South Africans lack a stable economic income and are financially dependent on household breadwinners, this is perhaps not surprising.

Figure 41: Public agreement and disagreement with the statement: 'I've got a clear idea of the sorts of financial products or services that I need without consulting a financial advisor' for the period 2012-2020



The research team has been tracking responses to the two questions outlined above over the period 2012-2020. Of all adult South Africans, a minority said that they were confident of their financial knowledge without seeking financial advice in SASAS 2020 (**Figure 41**). More than two-fifths (43%) of the population said that they can make fiscal choices without advice. The share of the adult public which is confident of making financial decisions this way has declined since 2017. Conducting adequate research before making a financial decision speaks to a certain level of financial competency. We found that a sizeable proportion (45%) of the public conducted research before making fiscal decisions (**Figure 42**). The responses given to these two questions were robustly correlated. If an individual agrees with the first statement, then they are far more liable to agree with the second. Pairwise correlation tests show that the size of this association has grown somewhat between 2017 and 2020.

Figure 42: Public agreement and disagreement with the statement: 'I always research my choices thoroughly before making any decisions about financial products or services' for the period 2012-2020

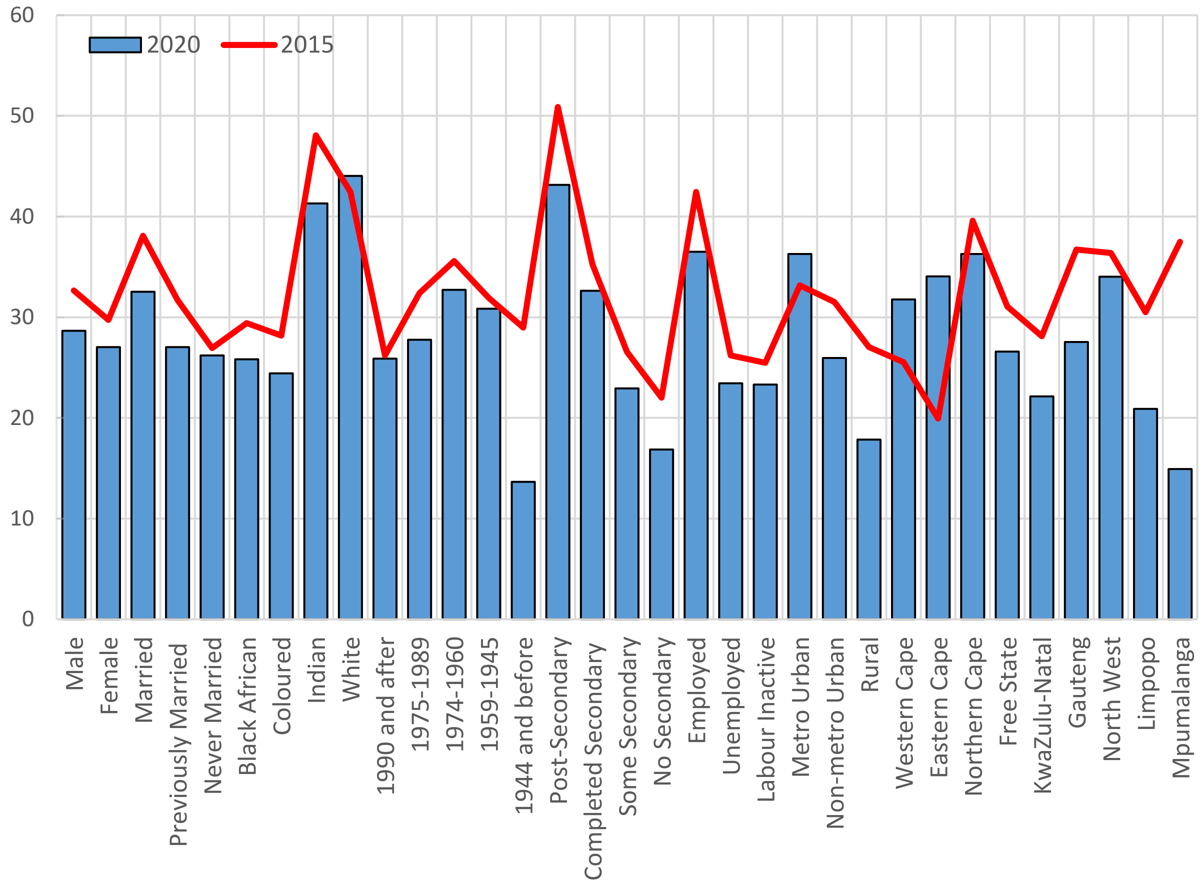


An index was produced based on the responses to our two questions on financial decision-making. Answers to the questions were captured using a four-point scale with 1 representing "totally agree" and 4 "totally disagree". The two questions were then reversed and combined into a single scale. The metric was labelled the Informed Product Decision-Making index and the mean on this measure was 28 (SE=1.070) in 2020. Compared to what was observed in 2015, this represents a three-point decline. To better understand which subgroups in the country were most prone to engaging in informed fiscal decision-making, we looked at mean index scores by selected socio-demographic group in **Figure 43** for both 2015 and 2020. A relatively moderate level of subgroup variation was noted in the figure.

Substantial population group differences were noted in our subgroup analysis, with the white and Indian minorities reporting better decision-making skills than other groups. The population group dissimilarities detected in **Figure 43** may be due to well-known interracial educational attainment differences in South Africa. Indeed, educational attainment seemed to be associated with informed decision-making. The tertiary-educated exhibited higher mean scores on the index than their less educated counterparts. Labour market status was discovered to be associated with the Informed Product Decision-Making index, employed adults tended to have, on average, much higher index scores than other groups. We also noted a distinct geographic effect with urban dwellers exhibiting better decision-making abilities than people living in rural areas. We found that, perhaps unexpectedly, adult residents in the Northern Cape and the North West tended to have higher index scores than their counterparts in other provinces.

There was, as aforementioned, a moderate decrease in the Informed Product Decision-Making index between 2015 and 2020. We found that rural dwellers experienced one of the largest declines, with mean scores falling from 27 (SE=1.264) in 2015 to 18 (SE=0.971) in 2020. Metropolitan urban dwellers, by contrast, experienced a moderate increase in their index score during this same period. As a result of this decline, the gap between urban and rural on this metric significantly widened over the five-year period. In addition, we found that educational attainment differential on the index had weakened somewhat during the time under review. This change was due to a drop of eight points for the tertiary-educated between 2015 and 2020. Significant changes in mean scores were found by provincial residence. Index scores worsened in seven of the nine provinces and the largest drops occurred in Gauteng, Limpopo and Mpumalanga.

Figure 43: Mean scores on the Informed Product Decision-Making (0-100) Index by selected subgroups in 2015 and 2020



5.4. Appropriate product choice domain construction and results

The product choice domain measures individual (A) awareness of various distinct types of products; (B) holding of these product types; (C) confidence in understanding of product needs and propensity to undertake research before choosing products; (D) experiences of regrets about recent financial product decisions. To create the domain score, a number of different indicators were used. In order to understand product awareness and holding, respondents were asked if they had heard of, and were holding, any of fifty different financial product types. The list of products was subdivided into four categories (banking, credit and loan, investment and savings, and insurance) and included both informal as well as formal product types. Subsequent questions on decision-making behaviour and experience were also included in this domain.

The decision-making power of ordinary consumers in South Africa has been negatively affected by the macro-economic slump of the last few years. Scrutinising wage data from an International Labour Organisation (ILO) (2019) report, it would appear that wages have stagnated in real terms over the last decade. This is a trend, according to a Broll retail report that has even affected white-collar workers whose wages have not kept pace with inflation (BusinessTech 02/09/2018). The COVID-19 pandemic has had a serious influence on the general stagnation of real wages according to data from the ILO (BusinessTech 29/03/2021). When compared to other similar economies (e.g., Brazil, Russia and Mexico), the country registered one of the largest falls in nominal and real wage growth in 2020. Given these circumstances, we theorised that the decision-making power of the employed will be especially adversely impacted by current conditions. This subsection will assess the relative strength of a range of different correlates in both SASAS 2015 and 2020, to detect which groups faced this downward pressure.

In these difficult times, financial literacy may help consumers navigate the growing financial pressures and improving a person's quality of life. We hypothesise that financial literacy will be positively correlated with subjective wellbeing even when controlling for other socio-economic characteristics (e.g., employment and formal education). In order to conduct this test, we utilise a module on personal wellbeing that was included in both SASAS 2013 and 2020. We hypothesise that financial literacy will be more strongly associated with subjective wellbeing in the last round of SASAS than in the 2013 round. When compared to 2020, the macroeconomic environment of 2013 was not as dire as that of 2020 and consumers during this period were under much less financial pressure.

Box 3: Questions used to create the Product Choice Domain

Product Choice Domain		
11	Product awareness	
	* Banking Products	
	* Credit and Loan Products	
	* Investment and Savings Products	
	* Insurance Products	
12	Product holding	
	* Banking Products	
	* Credit and loan Products	
	* Investment and Savings Products	
	* Insurance Products	
13	Financial product decision-making	
	* Have Clear Idea of Product Need	
	* Informed Product Choice	
14	Experience of regret about recent financial product choice	
	* Does not Regret any Key Financial Decisions Made in Last Year	
	* Did not Pay for an Unsuitable Product in Last Five Years	

The indicators used to measure the product choice domain are included in **Box 3**. Responses to the questions in indicators 11 and 12 were converted into 0-100 scores based on the number of financial products that an individual was aware of and was holding. Information for the questions on indicator 14 was recoded into a 0-1 variable where 1 represented having not regretted a financial decision[29] in a recent period. These metrics were combined with the Informed Product Decision-Making index described in subsection 5.3, to produce the Product Choice domain. The national mean on the domain was 44 (SE=0.595) in 2017, down from 48 (SE=0.595) in 2015. The decline in the mean Product Choice domain score detected requires further scrutiny.

Looking more closely at the sub-indicators that comprised the domain score, we discovered a distinct decline in overall product awareness, a nine-point downswing between 2015 and 2020. It would appear that this fall was, however, compensated for by a modest five-point upswing in product holding. The specific product types that suffered a decline in recognition are outlined in subsection 5.1. Another reason for the deterioration in Product Choice domain score was a downturn in the proportion of the adult public with no recent fiscal regrets. This finding was noted, and explored in detail, in subsection 5.2. We conducted a comprehensive subgroup analysis to better understand the observed weakening in mean Product Choice domain scores between 2015 and 2020. Mean scores

[29] The different types of financial decisions were (i) savings or investments, (ii) taking out a home loan, (iii) taking out a loan or credit agreement, (iv) insurance of any type, (v) tax and (vi) managing credit/debt.

for key social and demographic subgroups are presented in **Table 25**, showing significant levels of variation for different groups in the country.

Table 25: Mean Product Choice Domain (0-100) by selected subgroups in 2015 and 2020 (Analysis of Variance)

	2015		2020		ANOVA		
	M	SE	M	SE	Diff.	F	Prob>F
Gender							
Male	49	(0.582)	45	(0.568)	-4	24	0.000
Female	47	(0.465)	44	(0.505)	-3	23	0.000
Marital status							
Married	53	(0.648)	46	(0.730)	-6	41	0.000
Previously Married	48	(0.752)	42	(1.055)	-6	26	0.000
Never Married	45	(0.535)	44	(0.485)	-1	2	0.141
Population group							
Black African	47	(0.461)	44	(0.448)	-3	26	0.000
Coloured	49	(0.760)	39	(1.024)	-10	60	0.000
Indian	56	(0.908)	51	(0.992)	-5	12	0.001
White	54	(1.204)	53	(1.626)	-1	0	0.663
Birth cohort							
1990 and after	44	(0.696)	44	(0.632)	0	0	0.607
1975-1989	49	(0.655)	45	(0.684)	-4	21	0.000
1974-1960	51	(0.856)	46	(0.893)	-5	19	0.000
1959-1945	48	(0.839)	44	(1.103)	-4	11	0.001
1944 and before	45	(1.163)	36	(1.460)	-9	20	0.000
Educational attainment							
Post-Secondary	63	(1.175)	53	(1.184)	-10	34	0.000
Completed Secondary	50	(0.652)	46	(0.629)	-4	17	0.000
Some Secondary	45	(0.529)	42	(0.563)	-3	15	0.000
No Secondary	41	(0.729)	37	(0.838)	-4	13	0.000
Employment status							
Employed	56	(0.658)	48	(0.699)	-8	65	0.000
Unemployed	45	(0.599)	42	(0.563)	-3	10	0.001
Labour Inactive	44	(0.554)	43	(0.669)	-1	1	0.236
Geotype							
Metro Urban	50	(0.605)	47	(0.632)	-3	14	0.000
Non-metro Urban	49	(0.589)	44	(0.594)	-5	35	0.000
Rural	43	(0.671)	41	(0.710)	-2	4	0.053
Province of residence							
Western Cape	47	(0.872)	42	(1.422)	-6	13	0.000
Eastern Cape	43	(1.094)	40	(1.287)	-3	3	0.074
Northern Cape	48	(1.388)	45	(1.162)	-3	3	0.101
Free State	41	(1.490)	43	(1.537)	2	1	0.395
KwaZulu-Natal	43	(0.726)	45	(0.795)	2	3	0.089
North West	50	(1.358)	47	(1.490)	-4	3	0.082
Gauteng	55	(0.957)	47	(0.805)	-8	40	0.000
Mpumalanga	47	(1.173)	45	(1.248)	-2	1	0.230
Limpopo	48	(0.969)	41	(1.060)	-7	22	0.000

Note: 1. Standard error in parenthesis; and 2. Values above the national average for that survey wave are shaded in blue.

There was a distinct economic gradient on the product choice domain detected in **Table 25**. Those groups that have traditionally occupied the top of the country's socio-economic pyramid reported the highest product domain scores. The tertiary-educated, the employed and formal urban dwellers all reported comparatively high mean domain scores. Of all the subgroups in table, the uneducated exhibited the lowest average domain scores. In addition, members of the country's racial minority groups had, on average, much higher domain scores than the Black African majority. Of the three minority groups, the white minority tended to have higher mean domain scores. In addition, rural dwellers tended to have, on average, lower domain scores than their urban counterparts. Notable differences were discernible by province of residence, with a relatively high mean scores were found in Gauteng and the North West.

The groups at the top of the country's socio-economic pyramid reported a substantial mean score decline on the Product Choice Domain. We can observe a particularly remarkable downswing for those with a post-secondary education, with mean scores falling from 63 (SE= 1.175) in 2015 to 53 (SE= 1.184) in 2020. A similar, if somewhat smaller, weakening of average domain score was also recorded for those who were employed. We noted a particularly large domain score disparity between marital status groups in 2015. This difference between these groups worsened considerably over the five-year period under review. The change was due to a six-point fall in the domain scores of the married and previously married. In addition, we noted a distinct drop in the Product Choice domain score of the Coloured minority, a drop of 10 points in about five years. There was a statistically significant difference between the two periods as determined by a one-way ANOVA (F(1, 815) = 60, p = 0.000) test.

Table 26: Linear Regression on Product Choice Domain (standardized beta coefficients) for 2015 and 2020

	2015				2020			
	Coef.			Beta	Coef.			Beta
Gender (ref. male)	0.323	(1.120)		0.008	0.213	(1.128)		0.059
Age	0.138	(0.043)	**	0.118	0.106	(0.045)	*	0.094
Marital status (ref. married)								
Previously Married	-0.292	(1.605)		-0.006	-0.847	(2.084)		-0.015
Never Married	-3.648	(1.580)	*	-0.095	1.038	(1.538)		0.028
Population group (ref. Black African)								
Coloured	-1.755	(1.713)		-0.027	-2.580	(2.323)		-0.039
Indian	-0.915	(2.167)		-0.008	0.473	(2.057)		0.005
White	-6.445	(3.048)	*	-0.098	2.562	(2.700)		0.041
Years of schooling	1.137	(0.211)	***	0.209	0.988	(0.190)	***	0.196
Living Standard Measure	1.871	(0.450)	***	0.183	1.900	(0.475)	***	0.164
Employment status (ref. employed)								
Unemployed	-5.752	(1.568)	***	-0.144	-1.537	(1.434)		-0.041
Labour Inactive	-7.764	(1.512)	***	-0.186	-1.651	(1.594)		-0.041
Geotype (ref. urban)	-0.122	(1.240)		-0.003	1.439	(1.369)		0.036
Province (ref. Western Cape)								
Eastern Cape	0.303	(2.658)		0.005	2.420	(2.905)		0.041
Northern Cape	4.533	(2.196)	*	0.036	6.961	(2.376)	**	0.059
Free State	-3.847	(2.533)		-0.043	3.611	(2.900)		0.042
KwaZulu-Natal	-1.048	(2.052)		-0.021	4.987	(2.729)		0.101
North West	8.649	(2.821)	**	0.103	8.364	(2.888)	**	0.113
Gauteng	4.653	(2.205)	*	0.106	3.076	(2.739)		0.079
Mpumalanga	3.360	(2.320)		0.047	5.270	(2.940)		0.078
Limpopo	4.723	(2.168)	*	0.077	4.262	(2.848)		0.069
N			2,516				2,277	
Prob > F		0.000				0.000		
R-squared		0.206				0.123		
Root MSE		17.25				17.02		

Note: 1. Standard error in parenthesis; and 2. The signs in *, **, *** each model indicates that the differences in mean scores are significantly different at the 5 percent (p<0.05), 1 percent (p<0.01) and 0.5 percent (p<0.001) level respectively.

In order to identify the determinants of the Product Choice domain, we utilised a linear regression approach. Our linear model estimated the correlations between the dependent (i.e., product choice) and a range of different demographic and economic characteristics. To comprehend how the predictive strength of these characteristics may have varied over the last few years, a model for 2015 was produced and then another model for 2020. In **Table 26** model outcomes for the two models are portrayed. An improved comparison of the independent variables was obtained by also including the beta coefficients in the table. Age, as can be observed, was a robust correlate in both the 2015 and 2020 models. The age effect was somewhat larger in the first model (β =0.118; r=0.138; SE=0.043) than the second (β=0.094; r=0.106; SE=0.045). Marital status was a statistically significant determinant of the product choice domain in the 2015 model but not the 2020 model. This confirms the pattern of the results of the subgroup analysis (**Table 25**). This result seems to suggest that recent macroeconomic trends have negatively affected married people in South Africa.

Using LSM group status as a measure of economic status, the SASAS research team found that economic position was a strong predictor of the Product Choice domain in both models. Even controlling for LSM, formal schooling increased the likelihood of owning financial products and making good product choices. The educational attainment effect was somewhat larger in the first model (β =0.209; r=1.137; SE= 0.211) than the second (β=0.196; r=0.988; SE=0.190). Regardless of whether we are looking at the 2015 or the 2020 model, formal schooling had the largest correlation with the dependent in **Table 26**. An individual's Product Choice domain score may have been affected by when in 2020 the questionnaire was administered. Subsequent tests showed that the period in which the questionnaire was administered did not emerge as statistically significant determinant in the adjusted model.[30]

6. Liability and Debt Burdens

Research from the financial services company Transaction Capital shows how the pandemic has impacted the South African economy, exposing an increase in debt over the more recent period (IOL, 22/12/2020). Consumer debt delinquencies have risen considerably, and lenders have progressively adopted a cautious approach to providing new credit to consumers. The unemployment created by the lockdowns, according to Michelle Dickens Chief Executive Officer of TPN Credit Bureau, has had a particularly negative effect on consumer credit. He told the press that the current situation shows "[t]hat the local economy desperately needs more jobs to be created so that consumers can improve their credit standing" (BusinessTech, 16/09/2021). In this section we examine levels of subjective debt burden, examining how ordinary people in South Africa perceive the anxiety and unease caused by this problem.

To better understand the debt burden that ordinary people are currently under, we introduced the following question in SASAS 2020: '[r]oughly how much do you personally owe in outstanding debt?' Respondents were asked to include all forms of debt (such as home loans, vehicle or car finance etc.). About half (45%) of the adult populace said that they did not owe anything. A significant minority either were uncertain of how to answer (5%) or refused to indicate how much they owed (16%). Most people did not report owing a lot of money; of those who did admit that they had debt, about half owed less than fifteen hundred rand. Overall, the mean amount owed to creditors was R2,723 (SE=200). Mean values for the amount owed to creditors by selected socio-demographic subgroups are displayed in **Table 27**. The proportion of the subgroup that gave a value amount of debt owed is also showcased in the table.[31] When reading the numbers presented here, please be aware that social desirability bias may lead individuals to underestimate the scale of debt that they may have at any given time.

[30] To account for this, the 2020 model was adjusted to control for whether it was conducted in the 26/02/2020-25/03/2020 period or the 10/11/2020-13/02/2021 period.
[31] This includes both those who refused to answer the question on how much debt was owed and those who reported owing no debt.

Table 27: Mean self-reported a person personally owed in outstanding debt by selected socio-demographic subgroups

	Mean	SE	95% CI		% Replied
Gender					
Male	R2 947	(291)	R2 376	R3 518	31%
Female	R2 538	(276)	R1 996	R3 081	35%
Marital Status					
Married	R3 674	(401)	R2 887	R4 461	40%
Previously Married	R3 060	(756)	R1 577	R4 544	37%
Never Married	R2 054	(193)	R1 675	R2 432	30%
Geotype					
Metro Urban	R3 055	(315)	R2 438	R3 672	36%
Non-metro Urban	R3 040	(308)	R2 435	R3 645	33%
Rural	R1 506	(190)	R1 134	R1 878	30%
Age Group					
16-34 group	R2 233	(241)	R1 759	R2 706	29%
35-49 group	R3 133	(368)	R2 410	R3 856	39%
50+ group	R3 019	(465)	R2 106	R3 932	36%
Subjective Poverty					
Non-poor	R3 089	(270)	R2 558	R3 619	32%
Just getting along	R3 035	(407)	R2 235	R3 834	36%
Poor	R1 720	(255)	R1 220	R2 220	34%
Labour Market Status					
Employed	R3 302	(312)	R2 690	R3 914	42%
Unemployed	R2 326	(369)	R1 602	R3 050	33%
Labour Inactive	R2 241	(296)	R1 660	R2 821	24%
Total	R2 723	(200)	R2 331	R3 115	34%

Note: 1. Standard error in parenthesis; and 2. Values above the national average for that survey wave are shaded in blue.

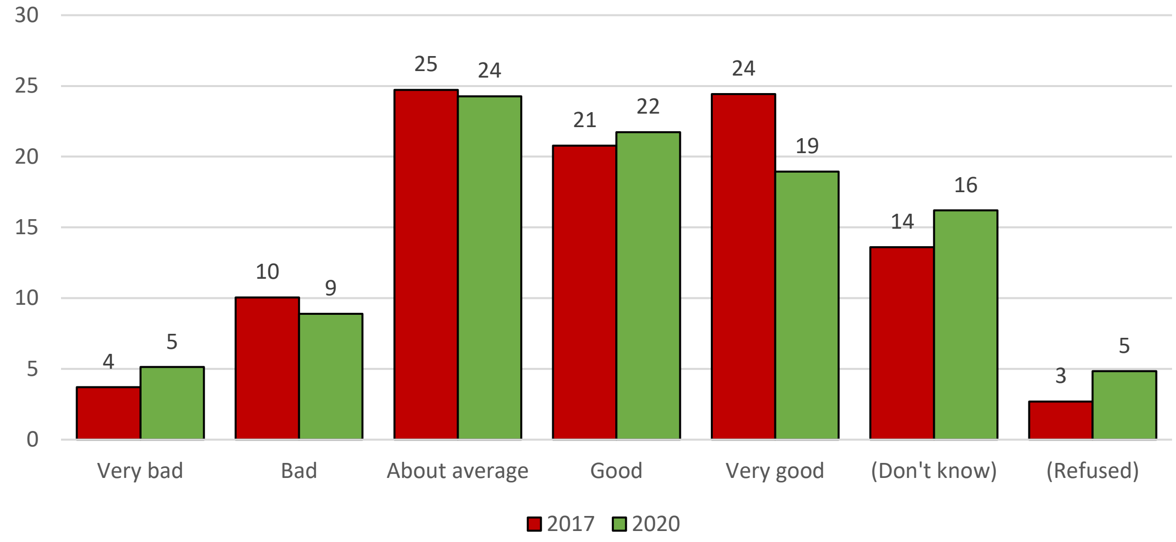
It is apparent that there is a minor gender disparity in the amount owed, with men owing more (M=R2,947; SE=291) than women (M=R2,538; SE=276). In addition, we noted a distinct geographic dissimilarity in self-reported debt with urban residents relatively more indebted than their rural counterparts. As can be observed from **Table 27**, marital status appeared to be a robust correlate for personal debt. Married adults reported much higher levels of debt (M=R3,674; SE=401) than their peers who were previously married (M=R3,060; SE=756) or never married (M=R2,054; SE=193). As rates of marriage are greater amongst the affluent, this may reflect a class gradient. Indeed, those who describe themselves as poor tend to claim to have low levels of debt (M=R1,720; SE=255). There was a distinct age gradient in how adults responded to the question on personal debt. The amount of debt owed by the 16-34 group (M=R2,233; SE=241) was much lower than that owed by the 35-49 group and the 50 and above (M=R3,019; SE=465) group.

A credit rating is an appraisal of the credit risk of a potential debtor (in this case an individual). This metric helps creditors predict the ability of a person to pay back a debt and is considered an implicit prediction of the likelihood of the debtor defaulting. Consequently, credit ratings are a very important part of any consumer's financial record in the modern world. Respondents in SASAS were asked to rate their credit rating as either good or bad and this question was asked of all survey participants[32]. Responses to this question are provided in **Figure 44** for 2017 and 2020, allowing us to discern change over the period. Most of the adult population in SASAS 2020 said that their credit rating was respectable. Approximately one-fifth (19%) of the public thought that their rating was good and 22%

[32] This included those who reported that they owed no debt to anyone at the time of interview.

indicated that it was very good. Only a quarter felt that their credit rating was about average and 14% said that their rating was bad. Between 2017 and 2020, we observed very little variation in how this question was answered.

Figure 44: Public response to the question '[h]ow would you rate your current credit record?' by survey wave



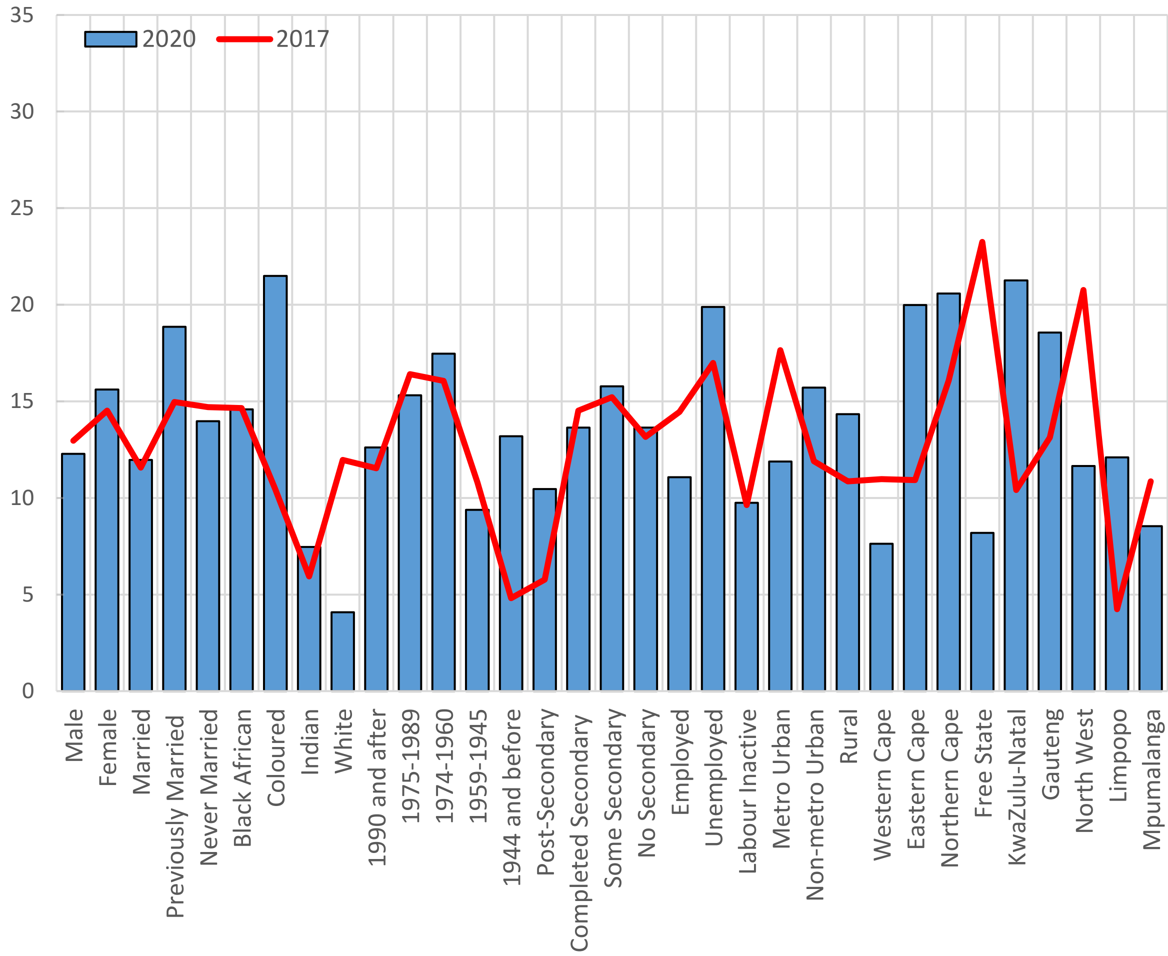
People who reported having a bad credit rating tended to claim that they had a high mean amount of personal debt (M=R3,953; SE=484). This can be contrasted, unfavourably, with those who indicated that their credit rating was neutral (R2,626; SE=356) or good (R2,453; SE=288). It would appear that one of the main reasons that individuals claimed to have a respectable credit rating was that they did not owe money to anyone. Only a minority (27%) of those who said their credit was good told us that they owed money to someone at present. To better comprehend the drivers of reporting a bad credit rate in South Africa, we explored the proportion of the adult populace who claimed that their credit was bad by sociodemographic subgroups in both 2017 and 2020. The results of this subgroup analysis are presented in **Figure 45**, and show significant levels of variation between different groups.

Urban geography was associated with reporting a bad credit rating with urban dwellers more prone to having a poor rating, on average, than their rural counterparts. This disparity, however, seems to have decreased during the period between 2017 and 2020. An interesting gender disparity was also noted in the figure with men somewhat more liable to state that they had bad credit than their female counterparts. This disparity seems to have increased somewhat during the period between 2017 and 2020. Labour market status, perhaps unsurprisingly, was correlated with having a bad credit rating. Unemployed adults had a much worse rating than other labour market groups. This disparity, interestingly, seems to have increased somewhat during the period under review. We observed a substantial increase for the Coloured population between 2017 and 2020, the proportion of this group reporting bad credit increased from 10% at the start of the period to 21% at the end. We also detected a disturbing rise in bad credit amongst the oldest birth cohort, the share of those born before 1945 who said that their credit was bad increased from 5% in 2017 to 13% in 2020.

To better understand how people in the country feel about their credit commitments, survey participants were queried on whether they were keeping up with their commitments at the moment. This question was not asked of those who reported having no debt at the moment. Of those who had commitments of this type, many said that they struggled to keep up. About a fifth (21%) of the adult public stated that maintaining their commitments was very difficult and 22% told us it was somewhat difficult. Nearly a quarter (23%) felt that it was neither difficult nor easy. Almost an eighth (12%)

indicated that it was easy to keep up and 8% believed that it was very easy. In addition, we found that many were either uncertain about how to answer the question (6%) or refused to provide an answer (8%). In terms of the entire adult population, including those who claimed that they had no debt, the proportion experiencing difficulty was 24%[33].

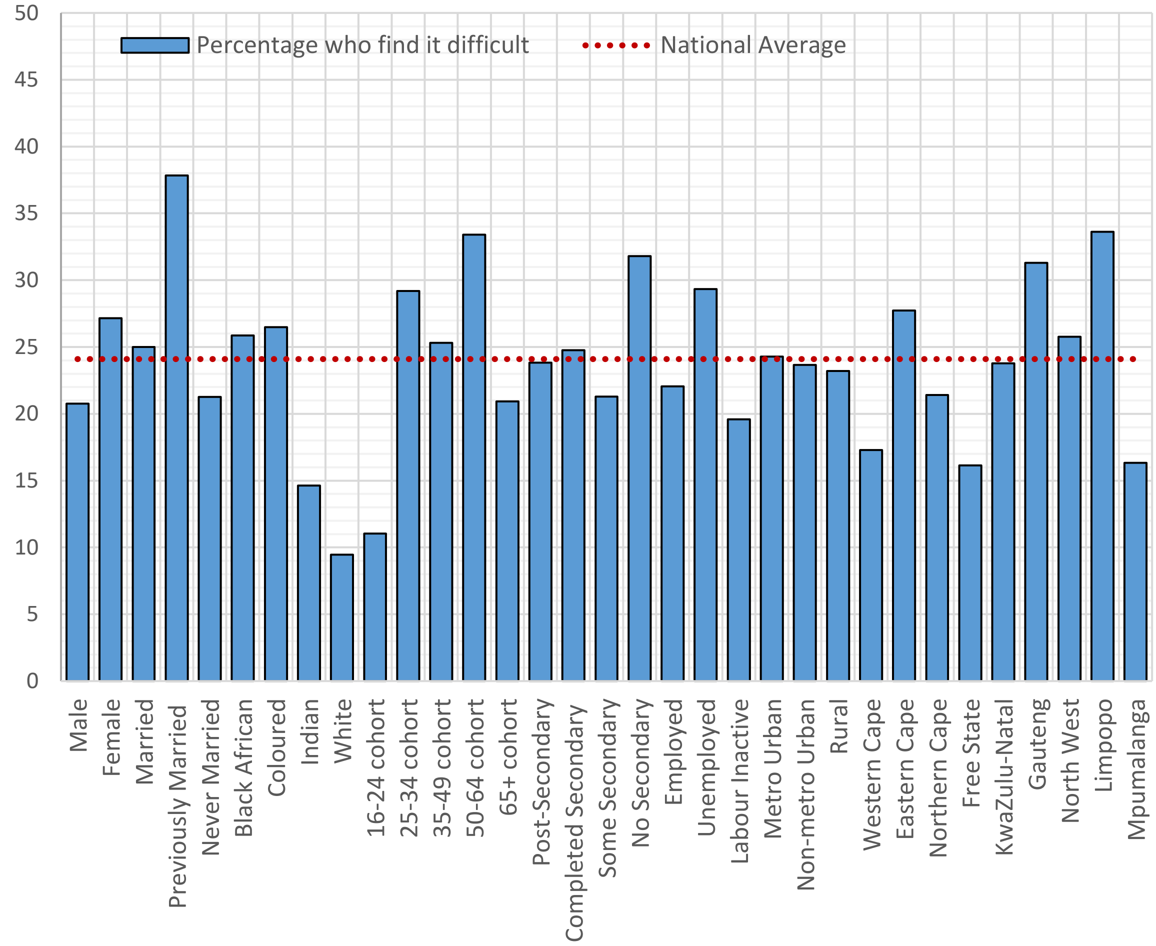
Figure 45: Percentage of the adult population who claimed to currently have a bad credit rating by selected subgroups in 2017 and 2020



People who had difficulty with their debt commitments also tended to report having bad credit. We found that more than three-fifths (64%) of those with bad credit worried about their debt burden, thirty-three percentage points above the national average. People who worried about keeping up with their commitments tended to claim to have a relatively high mean level of personal debt (R2,996; SE=308). However, the level of personal debt this group reported was not substantially higher than the mean amount of personal debt (R2,726; SE=372) claimed by those who found it easy to service their debt. This suggests that it is not necessarily the quantity of debt that makes credit commitment difficult to maintain. In order to better understand patterns of self-reported credit difficulty, we depicted the percentage who said they had difficulty keeping up with their credit commitments by selected subgroup in **Figure *46***.

[33] To obtain this percentage, the research team coded those respondents who experienced difficulty as'1' if those told fieldworkers that they found it very or somewhat difficult to keep up with your debt and credit commitments. All other respondents, regardless of whether they answered the question or not, were coded as '0'.

Figure 46: Percentage of the adult population who find difficult to keep up with their debt and credit commitments by selected subgroups, 2020



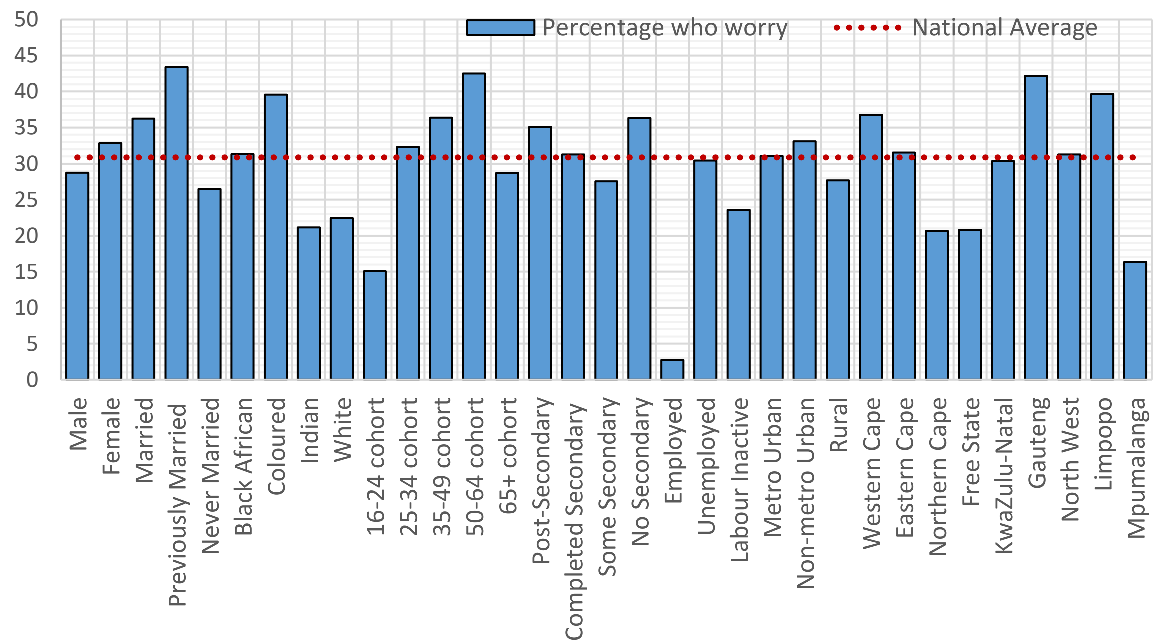
We detected a notable gender disparity with men less likely than women to state that it was difficult to service their debts. This is in harmony with what was discovered in **Figure 45**, suggesting that women in South Africa struggle to service their credit commitments. We discovered that attitudes towards this issue varied considerably by provincial residence. Relatively high levels of self-reported difficulty were observed in certain provinces (e.g., Limpopo and Gauteng) but not others (e.g., Northern Cape and Mpumalanga). Marital status was found, in an analogue to what was found in **Table 27**, to be an important determinant of public attitudes towards debt commitment. Almost two-fifths (38%) of those consumers who had been previously married stated that they found it difficult to keep up with their commitments. This can be contrasted with only 25% of those who were married and 21% of the never married. Those adults who were close to retirement (i.e., the 50-64 cohort) were more liable to think it was difficult than other cohorts.

Remarkable population group dissimilarities were noted in **Figure 46**, with the Black African majority and the Coloured minority far more liable to believe that they were having difficulty than adult members of the Indian and white minorities. This population group disparity can be explained by educational and labour market differences between the two groups. A distinct educational attainment gradient was noted in the figure, with the persons who did not enter high school reporting a lot of difficulty. About a third (32%) of those with no secondary education claimed to have difficulty, eight percentage points above the national average. People who were unemployed were also found to have difficulty at a greater rate than the national average. This finding is consistent with what we observed in **Table 27**, suggesting that unemployed people struggle to service their debt commitments.

The SASAS research team introduced a new question on debt anxiety in the 2020 questionnaire to better understand how ordinary South Africans saw their debt level. The following was put to survey participants: '[h]ow much do you worry about the debt you owe?' This question was not asked of those who reported having no debt at the moment. We found that about a third (30%) of the adult population with debts worried about the burdens caused by their debt level. About a fifth (19%) said that they were worried a little and 24% told fieldworkers that they were somewhat worried. Only a small proportion (14%) of those with debt said that they were not worried. People who worried about their debts tended to report higher mean amount of personal debt than those who were untroubled by their current commitments. Those who either worried a lot (R3,127; SE=390) or some (R2,806; SE=366) tended to report levels of debt that were greater than the national average.

We wanted to better understand which groups in the country reported high debt burdens. In terms of the entire population, including those who stated that they had no debt, the percentage who expressed worry was 31%. **Figure 47** shows the portion of key socio-demographic groups who told fieldworkers that they were worried about their loans either a lot or somewhat[34]. Observed subgroup variations on this indicator are quite similar to what was portrayed in **Figure 46**, demonstrating that there is a robust correlation with expressing difficulty about keeping up with your debt burden and worry. Geographic position was also found to be an important correlate of experiencing this type of trouble. An urbanisation effect was detected but appeared to be somewhat weak. We discovered relatively high levels of self-reported difficulty in Limpopo and Gauteng. This outcome is compatible with what was found in **Figure 46**, suggesting that people in those provinces struggle with their debt burden. Those provinces where debt anxiety was low included Free State, the Northern Cape and Mpumalanga. Marital status was found to be an important correlate of debt anxiety. More than two-fifths (38%) of the previously married expressed worry, thirteen percentage points above the national average.

Figure 47: Percentage of the adult population who worry a lot or somewhat about the debt owed by selected subgroups, 2020



[34] To obtain this percentage, the research team coded those respondents who worried about their debt burden as'1' if those told fieldworkers that they found it very or somewhat difficult to keep up with your debt and credit commitments. All other respondents, regardless of whether they answered the question or not, were coded as '0'.

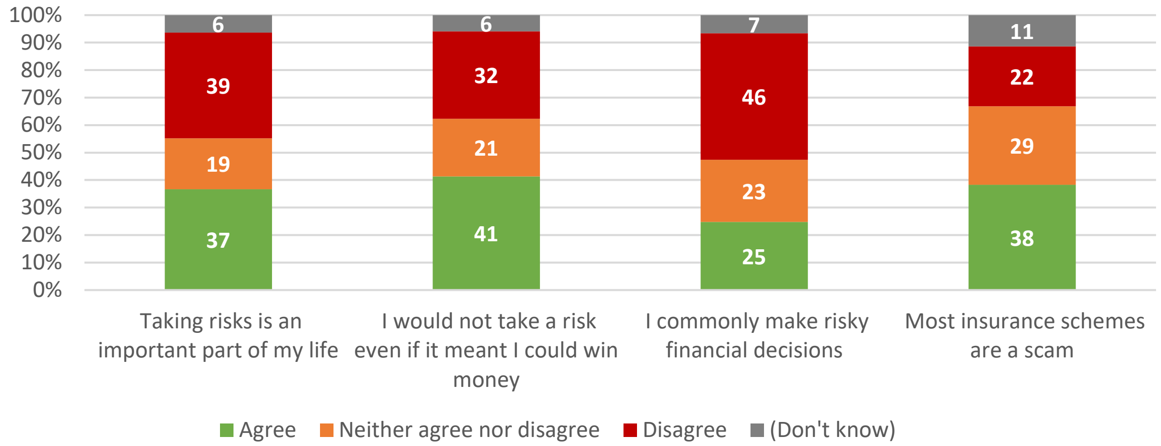
Remarkable population group dissimilarities were noted in **Figure 47**, with the Coloured minority far more liable to express worry than their counterparts in other population groups. Of all four groups, members of the white and Indian minorities reported the lowest level of worry, a finding that is consistent with **Figure 46**. There was a distinct age gradient observed with the middle age groups reporting higher levels of concern than other groups. This may be attributed to lower levels of access to debt amongst these groups. The results in **Figure 47** cannot entirely be explained by poor scores on the Product Choice domain. We found that a significant segment (45%) of those who are located in the Low Product Choice (0-25) cohort expressing concern about their debts. But we also discovered that a similar proportion (42%) of individuals expressed concern about debt in the High Product Choice (75-100) cohort. This suggests that debt anxiety is not necessarily caused by a poor understanding of how to choose financial products.

7. Financial Scams

In this section we investigate financial scams and also identify those most vulnerable to financial scams. This topic is critical from a financial consumer education perspective, especially to identify those most prone to be victims of financial scams. Those prone to be victims of scams should be targeted to receive remedial financial education messaging about how to better recognise risky, predatory and fraudulent financial activities and possible recourse mechanisms. Some of the most common financial scams according to Ramesh Ramdeen, head of Fraud at FNB Wealth and Investments (BusinessTech 15/07/2021) include high yield investment scams, advance fee scams, pyramid schemes and internet and social media fraud. High-yield investments scams typically includes an unlicensed individual convincing an investor that an unregistered investment can produce a high yield with little to no risk. Advance fee fraudsters typically ask for an upfront payment to grant access to a supposedly great deal. Pyramid schemes are one of the most common fraud schemes and many South Africans typically are introduced to a pyramid scheme through a family member, colleague, or friend. Though a pyramid scheme may sound similar to a multi-level marketing program where earnings are based on the volume of sales, a pyramid scheme is an illegal practice. Internet and social media fraud typically occurs when fraudsters use social media to appear legitimate.

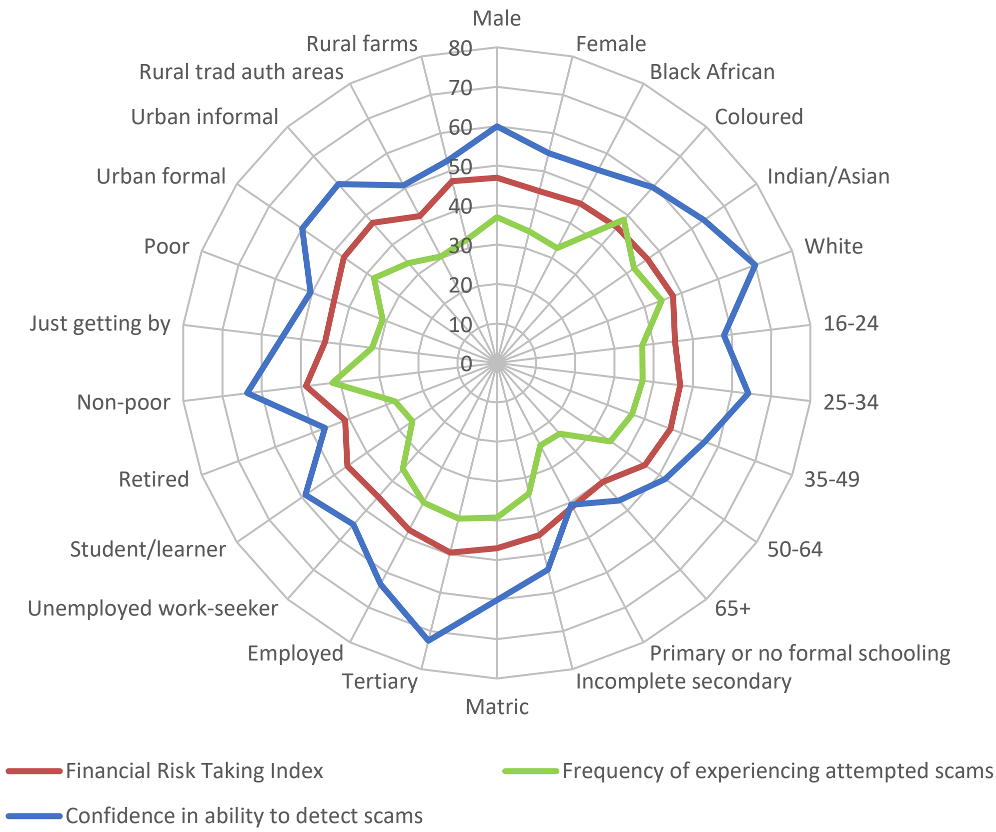
In order to better understand the phenomenon of scamming it is prudent to understand the cohort of South Africans who would be prone to scamming and therefore tend to partake in risky financial behaviour. As can be seen from the **Figure 48**, between a quarter and two fifths of South Africans exhibit tendencies of risky financial behaviour whilst a larger share (between two fifths and half) tends to avoid such behaviour. Just under a fourth (37%) believe that taking risks is an important part of their lives, with just under a third stating they would take a risk if it meant they could win money. In addition, a quarter commonly make risky financial decisions. Contrary, a fifth (38%) believed that most insurance schemes are a scam and would therefore likely be more vigilant when confronted with scam like operations. A sizable contingent of South Africans is therefore likely to fall for financial scams. Such risk-taking behaviour differs for different socio-demographic groups, and it would be prudent to determine which groups are more prone to engage in risk taking behaviours.

Figure 48: Risky financial behaviour, 2020 (%)



In order to understand which groups are more prone to more risky financial behaviour, a Financial Risk Taking Index (FRTI) were created. The questions above were recoded, added to represent a score of 0-100 whereby a high score indicate risky financial behaviour. Those that tend to be risk takers, who tend to make risky financial decisions and who are not weary of insurance schemes were identified as possible prone to be scammed. When analysing this index, it is found that male consumers are significantly more prone to embark on financial risky behaviour than female consumers whilst there was no significant difference between the different race groups. A clear socio-economic bias was found, with the educated, employed and the non-poor being more prone to be risk takers. Financial risk taking is therefore clearly associated with upper socio-economic conditions.

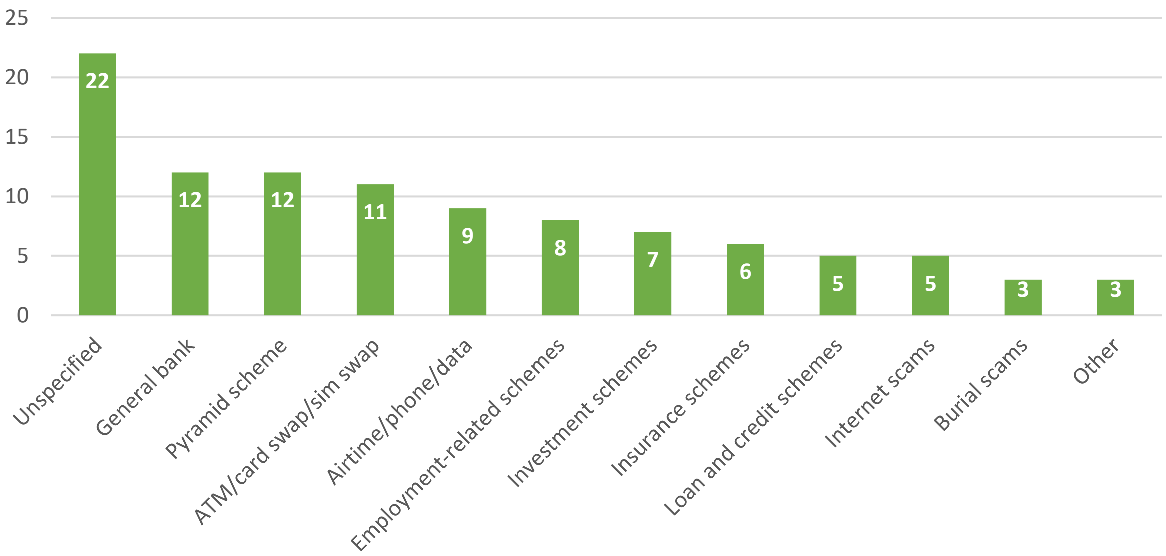
Figure 49: Financial scams by select socio-demographic groups



Asked how often people come across financial scams in South Africa that try to cheat them out of their money, just under a tenth (9%) said that they often came across this. A further quarter (27%) stated this sometimes happens. A fifth (18%) said it happens hardly ever and two fifths (39%) stated it never happens. The rest (7%) said they did not know. A fifth of the adult populace were confident that they would be able to recognise a financial scam with another two fifths (39%) somewhat confident. A third of consumers were either not very confident (19%) or not at all confident (14%) that they would be able to recognise a financial scam. The rest were unsure and stated they did not know if they would be able to recognise a scam. The fact that almost two fifths of the population are therefore not confident that they will be able to recognise a scam is rather concerning.

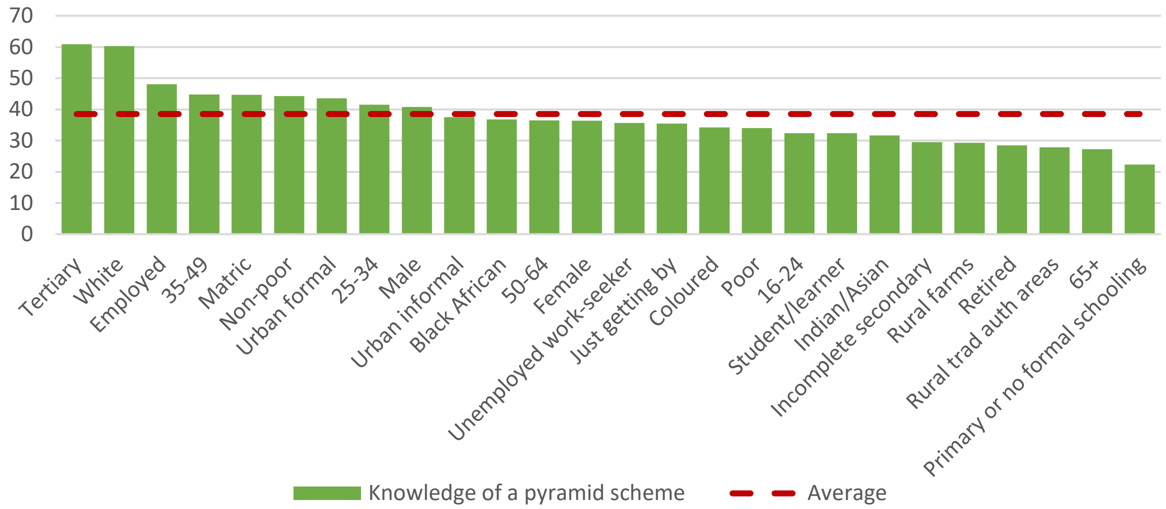
In order to understand the extent that people are scammed, a question was asked about whether a person was a victim of a financial scam within the past 5 years. In total, 85% of people indicated that they have not been part of a financial scam, whilst 6% stated that they have been scammed and another 6% stating that they were uncertain. Those that indicated that they were scammed in the past 5 years were to describe the type of scam they were involved in. As can be seen from **Figure 50** the majority of descriptions of the type of scam was very generic and unspecified, including phrases such as “they took my money” or “it was cheating”. The general bank category included phrases such as “stolen from the bank”, “bank scam”, or “money withdrawn from my account”. In 12% of the cases pyramid schemes were specifically mentioned, followed by scams involving sims or ATM cards (11%), scams involving airtimes, phones, or data (9%), scams involving promises about jobs (8%), investments (7%), insurance (6%), loans (5%), and online or internet scams (5%). Less frequent mentions of scams involved burial schemes and competitions to win money. Other types of scams such as those related to vehicle purchase and interest rates were mentioned by less than 1% of South Africans.

Figure 50: Types of scams people were involved in



The most common scam that people identified was the pyramid scheme. According to InSites Consulting South Africa this type of scam is common and often introduced to people by family, friends and colleagues (BusinessTech, 15/07/2021). In order to better determine who should be targeted via education campaigns to ensure that people do not get scammed via a pyramid scheme, a question was included to determine knowledge about pyramid schemes. As is evident from **Figure 51** distinct disparities exist in knowledge across different socio-demographic groups in the country. A clear socio-economic bias is noted with higher socio-economic groups more knowledgeable about pyramid schemes.

Figure 51: South Africans knowledgeable about pyramid schemes



The study has identified those with a primary or no formal education, the elderly (65 years and older) those in rural traditional areas and rural farms as well as the retired and students and youngsters as highly vulnerable groups with regards to a lack of knowledge pertaining to financial scamming. These groups had lower than average knowledge scores. This indicates that these groups are more likely to make poor decisions about scams, rendering them vulnerable to scams and fraud. Given the vulnerability of these groups, it is necessary to recognise the need to incorporate them into possible financial consumer education programmes. There is a need to make sure that this cohort receives remedial, community-based financial education messaging about how to recognise risky, predatory and fraudulent financial activities.

8. Public Attitudes Towards Banking and Banking Transactions

South Africa's banking sector is dominated by the five largest banks, which collectively held 89.4% of the total banking sector assets in 2020. The five largest banks, based on total assets, are: (i) Standard Bank; (ii) FirstRand; (iii) Absa; (iv) Nedbank; and (v) Investec. The South African Reserve Bank's Prudential Authority found that Total banking sector assets grew by 16.36% between 2019 and 2020 (BusinessTech 19/07/2020). This increase was spurred by growth in gross loans and advances, derivative financial instruments, and investment and trading securities. South African banks have played a critical role in the coronavirus pandemic response, providing significant financial relief to financially distressed individuals and businesses. Banks are increasingly investing in digital banking and focusing on product customisation to retain and attract customers. Speaking about the future of the sector at the PSG Think Big Series, Gerrie Fourie, CEO of Capitec, said that "[i]n South Africa, we need to leapfrog from a cash-based way of operating to more digitised methods" (BusinessTech 01/08/2021).

The research team will explore public attitudes towards, and participation in, the South African banking system in this section. A special focus will be on digital finance, which has become easier and cheaper due to the rapid expansion and popularity of the internet in South Africa. According to data from the International Telecommunication Union World Telecommunication database, the proportion of the population using the internet has increased considerably over the two decades. Consider that the share of the populace using the internet grew from 10% in 2009 to 68% in 2019, this is more than twice the average in Sub-Saharan Africa. In order to adequate analyse digital financial behaviour in

South Africa we need to categorise this increasingly connected population by internet usage. Reviewing data on internet usage, five distinct groups were produced: (i) non-users; (ii) low inactive users; (iii) high inactive users; (iv) low active users; and (v) high active users.[35]

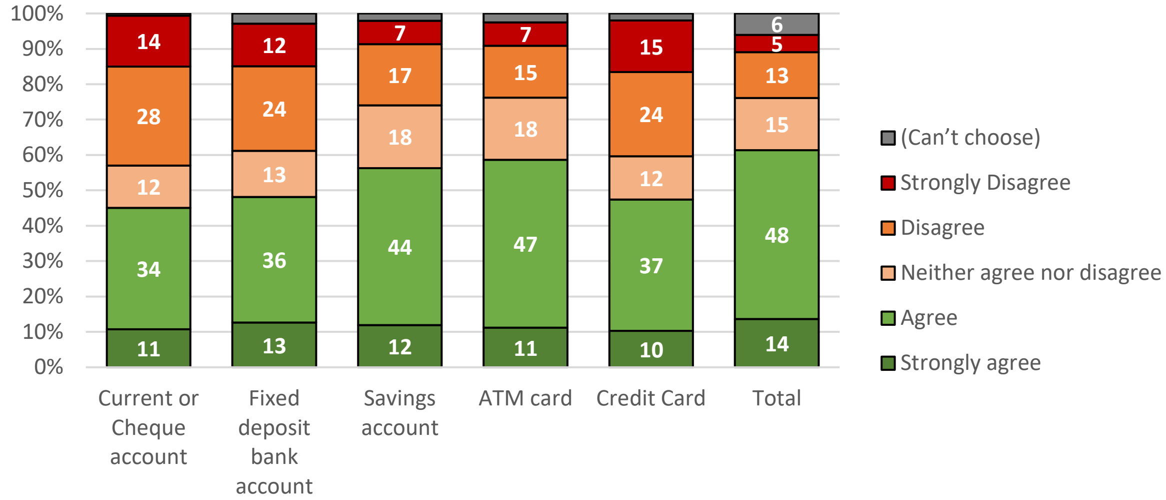
We do not, at this stage, have detailed information on the public attitudes towards banking in South Africa. This section will seek to fill this knowledge gap. Although the focus will be on banking transactions, we will examine public attitudes towards different kinds of currencies in this section. In the first subsection we will investigate public preferences for the use of hard currencies as well as mass views on banking transaction preferences. In subsection 8.2 public attitudes towards bank prices, and whether this drives popular participation in banking transactions. Consumer participation in online banking will be examined in the next in subsection, the focus of subsection 8.3 will be public confidence in digital finance. In the final subsection the research team will consider how the general populace think about cryptocurrencies, the new technology that could potentially circumvent the traditional banking industry. Here the focus will be on popular demand for this new type of digital currency.

8.1. Preference for banking transactions and day-to-day purchases

It costs at least R88 billion per annum to produce, store and circulate hard currencies in the South African economy. Along with other societal benefits, the shift towards a cashless society would reduce this expenditure. But many people remain more comfortable with using hard currency to make purchases. Remarking on the issue, Ghita Erling, CEO of the Payments Association of South Africa, has said: "[c]ash has proven to be a resilient medium of payment in uncertain times, but its increased use also indicates a need for greater inclusion in the digital payments landscape" (TheCitizen 18/10/2021). Mr Erling believes that one of the main factors driving continued dependency on cash is that many consumers live in areas where the digital payments infrastructure does not yet reach or where digital payment is simply not accepted by local vendors. Most vendors are put off by transactional costs that is part and parcel of digital payments. At the time of writing, however, not much is known about public preferences for a cashless society. This subsection will seek to fill this knowledge gap, examining mass views on the use of hard currency as well as attitudes towards digital banking systems.

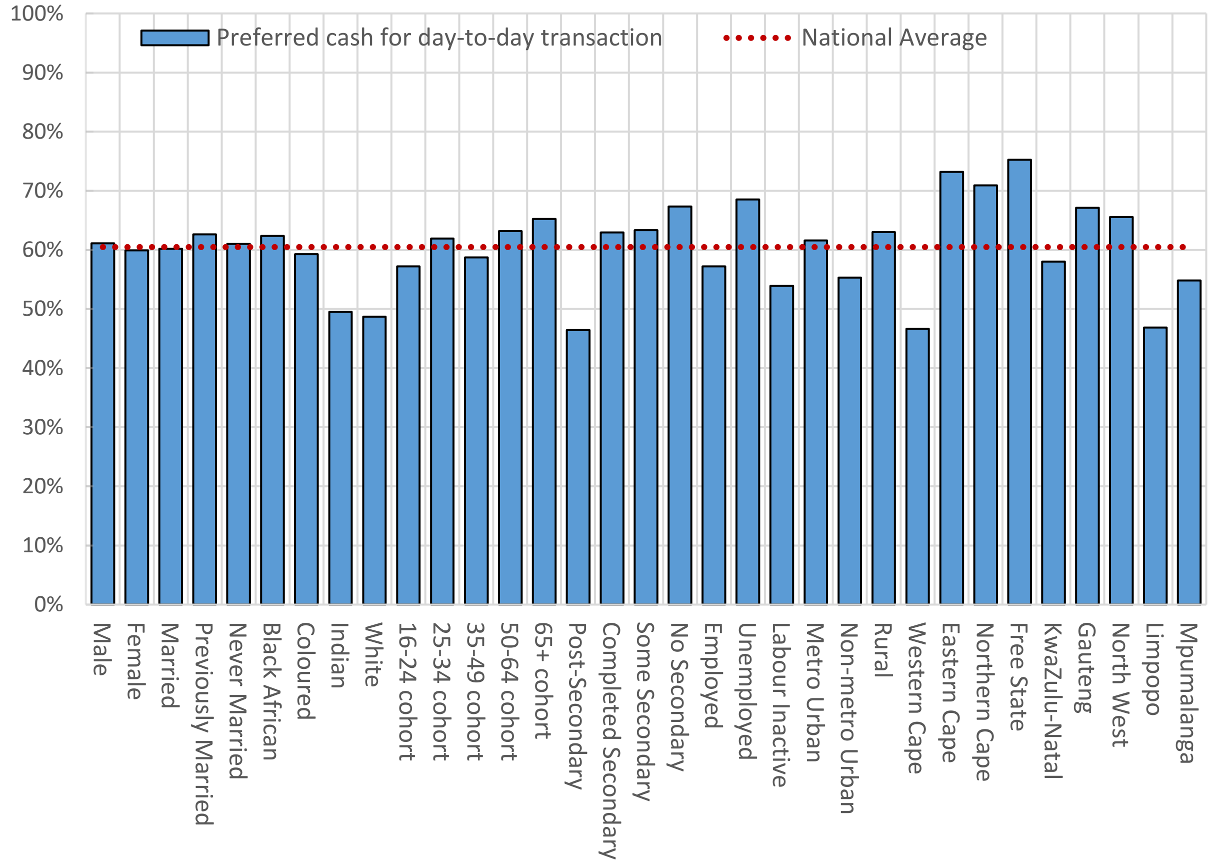
[35] Roughly two-fifths of the adult populace can be classified as non-users. High inactive users are online only a few times a week while low inactive users are online less than that. More than a quarter of the general public are either low (17%) or high (12%) inactive users. High active users utilise the internet six or more hours a typical day while low active users spend less than six hours per day using the internet. About a third of all consumers are either low (23%) or high (9%) active users.

Figure 52: Public agreement and disagreement with the statement: 'When making day-to-day purchases, I prefer to pay cash' by different types of product ownership



SASAS respondents were asked if they agreed or disagreed with the following statement: '[w]hen making day-to-day purchases, I prefer to pay cash?' Approximately three-fifths (62%) of the adult public told fieldworkers that they agreed with the statement while nearly a fifth (18%) disagreed. The remainder either said that they were unsure of how to answer the question (6%) or neither agreed nor disagreed (15%). We examined preferences for cash by ownership of various banking products and found that consumers who owned these products were somewhat less liable to prefer cash than non-owners (**Figure 52**). The tendency to prefer cashless transactions were found to be particularly prevalent amongst those who held credit cards, fixed deposit accounts and cheque accounts. With the purpose of gaining a greater recognition of which sorts of financial consumers prefer cash when making day-to-day purchases, **Figure 53** presents levels of agreement with the statement across a diverse set of subgroups.

Figure 53: Percentage who preferred using cash when making day-to-day purchases by selected socio-demographic subgroups

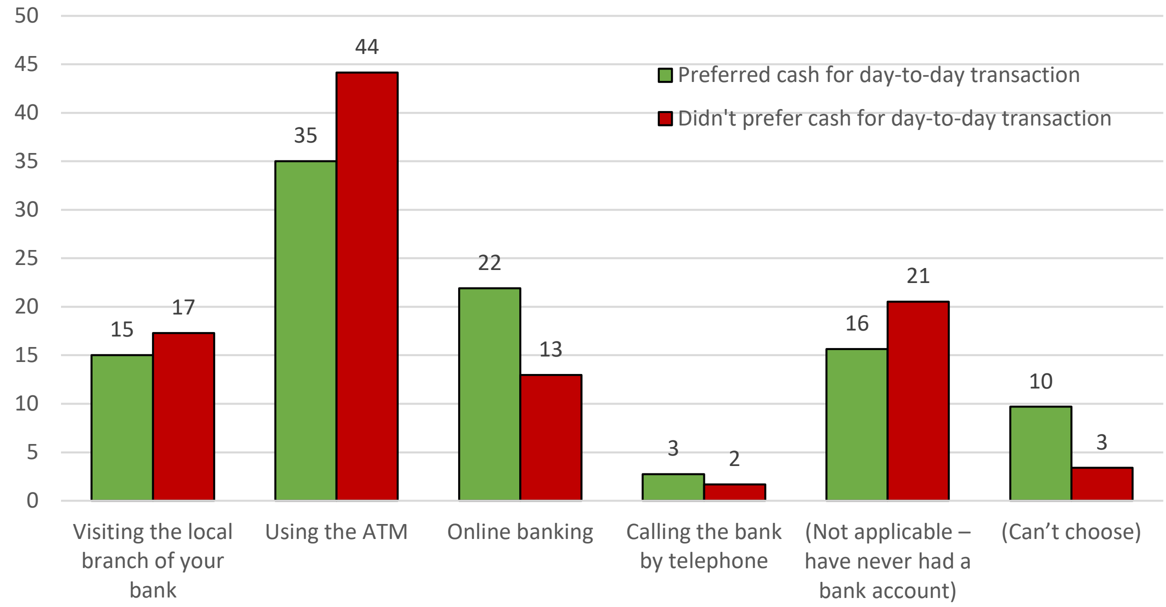


Examining our subgroup analysis, for the most part, we find relatively modest subgroup variation in mean scores on the percentage who preferred using cash when making day-to-day purchases. Nonetheless, there were some subgroup variations were especially noteworthy. The research team found, for example, some curious population group variations on this indicator. Reviewing the data from the four populations groups, it was clear that members of the Black African majority (60%) had the highest level of agreement, and the white minority (49%) had the lowest. In addition, a positive (albeit modest) association was evident between age and a preference for hard currency. Three-fifths of those in the 65 and above age group said that they preferred using cash, and this can be compared to 49% of those in the 16-24 age group. Substantial levels of variation by provincial residence were noted on this issue, utilising a one-way ANOVA ($F(8, 2656) = 11.7$, $p = 0.000$) test, we discovered that these variations were statistically significant. Adult consumers in certain provinces (e.g., Limpopo and the Western Cape) had much lower levels of agreement than consumers in others (e.g., Eastern Cape and the Free State).

The SASAS questionnaire instructed survey participants to think about banking transactions in general and then fieldworkers requested them to indicate their preferred method of making such transaction. Just about two-fifths (41%) reported that they preferred to use the bank ATM and 16% told fieldworkers that they favoured visiting the local branch when they want to make a transaction. A sixth stated that they favoured online banking and a small minority (2%) claimed that they like to do banking over the phone. The remainder either unsure of how to answer (6%) or have never had a bank account (19%). Public preferences for banking transactions were (somewhat) correlated with a consumer's attitudes towards the usage of cash for day-to-day transactions. As can be observed in **Figure 54**, a partiality for cash reduced consumer preference for online banking. Utilising a one-way

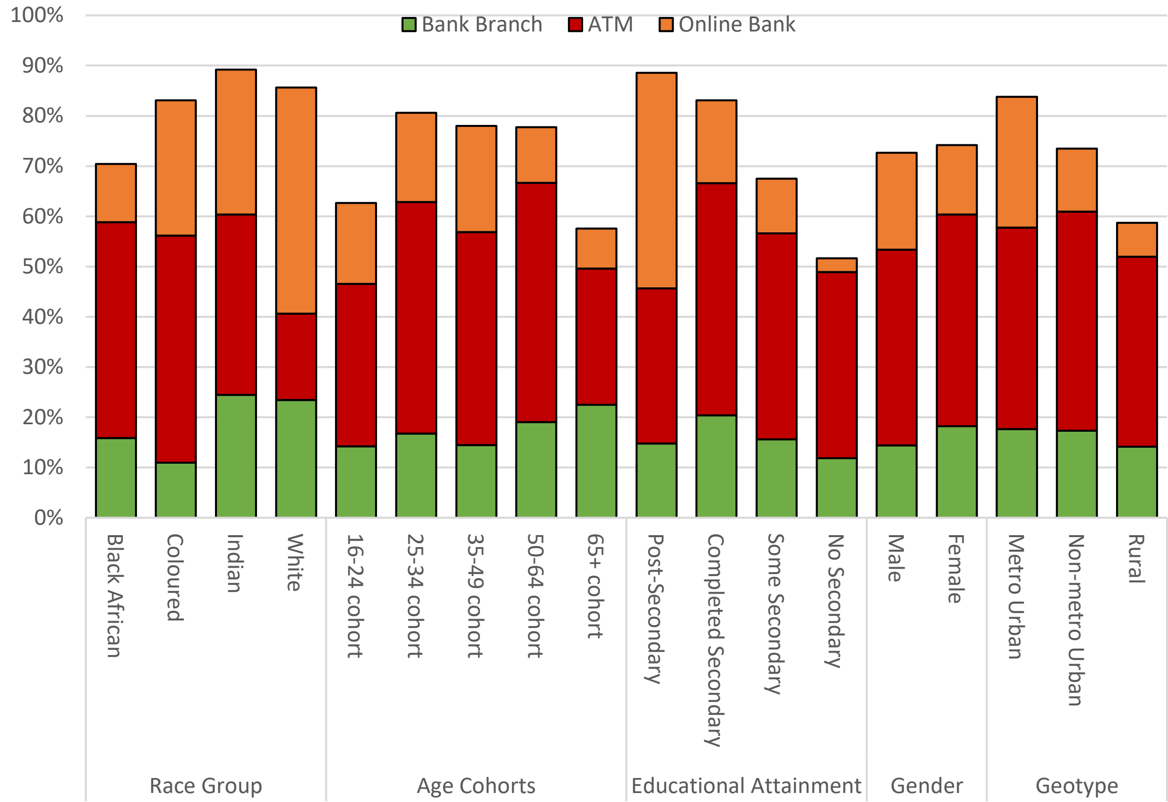
ANOVA (F(5, 2643) = 20.7, p = 0.000) test, we concluded that there was a statistically significant difference between these two variables.

Figure 54: Public preferences for banking transactions method by partiality for hard cash in day-to-day transaction



So as to gain a deeper insight into socio-demographic factors that predict banking transaction preferences, let us examine preference levels by subgroup in **Figure 55**. Reviewing the data gathered, we found quite small levels of subgroup discrepancies in mean scores on the percentage who preferred visiting a bank branch to conduct business. Nevertheless, there were a few subgroup variations that stand out. A significant age group effect was observed in the figure, age had a positive (albeit modest) association with this kind of preference. Almost a quarter (22%) of those aged 65 years and above preferred visiting the branch, six percentage points above the national average. In addition, we were able to discern a tangible educational attainment effect in the figure. Consumers with completed secondary education were found to have, on average, a higher inclination for visiting the branch than other attainment groups. We did not discover substantial differences based on urbanisation in the figure, but we did not detect some noteworthy variances by province residence. Consumers living in the Eastern Cape, Mpumalanga and Gauteng were more liable to exhibit a fondness for the bank branch than the residents of other provinces.

Figure 55: Public preferences for banking transactions method by selected socio-demographic subgroups



We can, by and large, discover fairly moderate subgroup variation in mean scores on the percentage who preferred using the ATM for banking transactions. In spite of this, there were certain subgroup dissimilarities that were of particular interest. We did, for example, identify a noteworthy age group effect: being middle-aged had a positive (albeit modest) association with this kind of preference. In addition, we can observe some interesting population group differences on this indicator. Of the four groups, members of the white minority (17%) were least liable to indicate a predilection for ATM banking and the Coloured minority (45%) had the highest. In addition, we were able to discern a tangible educational attainment effect in the figure. Consumers with post-secondary education were found to have, on average, a lower preference for ATM transactions than their less educated counterparts. A partiality for ATM transactions was, perhaps expectedly, found to be somewhat more common in non-metropolitan urban areas than in metropolitan areas.

We did record a striking educational attainment dissimilarity on public attitudes towards bank transactions. Formal schooling was found to be positively associated a preference for using the internet for banking. More than two-fifths (43%) of those with post-secondary education favoured online banking, twenty-seven percentage points above the national average. This outcome could be due to the fact that the better-educated have better access to the internet[36]. Moderate geotype variations were noted in preferences for digital banking, and we found living outside a metropolitan area reduced the likelihood that an individual would have this inclination. Consider that less than a twelfth (7%) of rural consumers favoured this type of banking, half the national average. We also detected noteworthy disparities in preferences for online banking between population groups.

[36] Internet usage was found to be an important correlate of public preferences for banking transactions. Less than an eighth (12%) of low inactive users said that they preferred conducting banking transactions on the internet. This can be compared with 22% of high inactive users, 27% of low active users and 47% of high active users. A chi-square Pearson Design-based (F(18, 45233) =13; P = 0.000) test showed a robust correlation between these two variables.

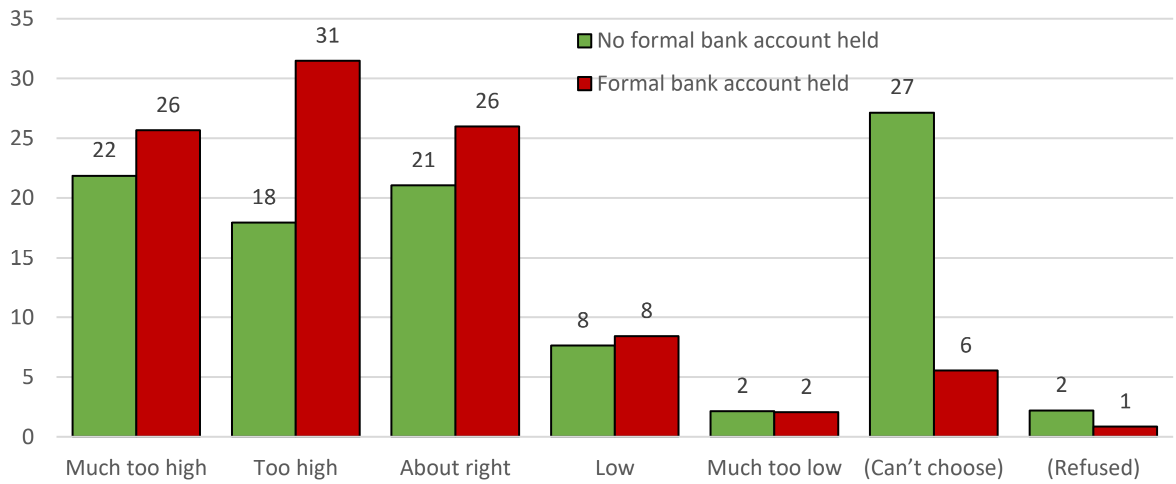
Members of the Black African majority were, on average, less likely than other groups to prefer online banking. Belonging to the white minority, on the other hand, seemed most associated with a fondness for this form of digital money management[37].

8.2. Bank price structures

Bank charges have long been a source of controversy in the South African banking sector, and the government have repeatedly called on banks to reduce their fees. The fee structure of the major banks is much higher than what we can observe in other OECD countries such as Germany and Australia (BusinessTech, 10/03/2021). In addition, banking fee structures are often complicated, and confusing and according to a report by Solidarity Research Institute have numerous 'hidden' costs (IOL, 10/03/2021). According to research done by Boston Consulting on the state of financial services in South Africa, bank consumers are very unhappy about high fees (News2, 05/03/2017). The study found that many people are willing to run the risk of loss and theft associated with cash to avoid banking fees. Public attitudes towards bank charges will be explored in this subsection, focusing on whether consumers feel existing charges were too high and whether this has prompted a change in behaviour.

SASAS respondents were asked '[g]enerally, how would you describe banking charges and fees in South Africa today?' Nearly a quarter (24%) told fieldworkers that the industry's prices were much too high and 27% said that they were simply too high. A tenth of the general public describe existing fees as low. The remainder either could not decide (13%) or thought that current rates were about right (24%). If a consumer held an account with a bank (either a Mazansi, savings, cheque or fixed deposit account) than they were much more likely to think the industry's pricing structures were too exploitative (**Figure 56**). Nearly three-fifths (59%) of account holders thought that rates were too high while only 42% of non-account holders shared this view. This suggests that the experience of having a formal bank account increases the likelihood that an individual will have a negative view of how banking products are priced.

Figure 56: Public response to the question '[g]enerally, how would you describe banking charges and fees in South Africa today?' by formal saving or banking account holding

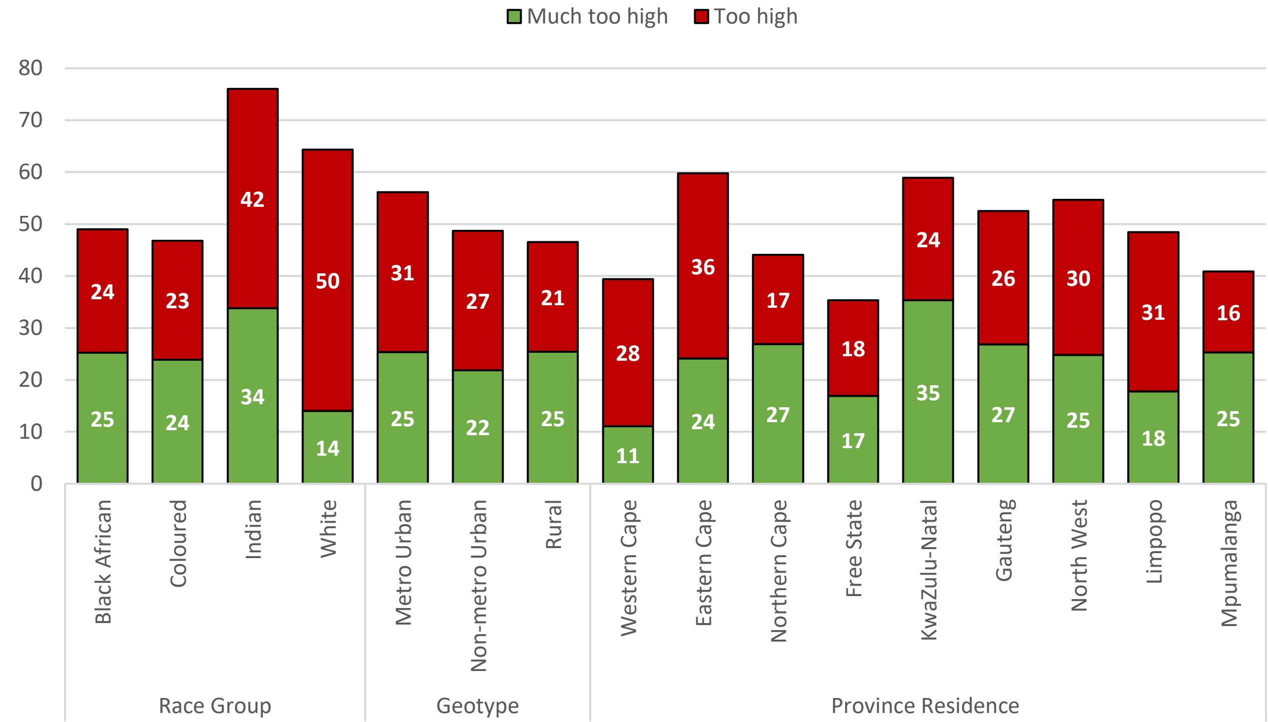


To better understand which subgroups in the country were most prone to believe that banking charges are too high, we examined the percentage who felt this way by selected demographic group in **Figure**

[37] As a robustness check, a multivariate analysis was conducted to evaluate whether this finding held true even socio-economic characteristics (e.g., formal education or employment status) as well as internet usage were taken into account. Our multivariate model showed that population group was a determinant of online banking preferences. This suggests that racial group preferences observed here are partially based on cultural factors.

57. We did detect a noteworthy attitudinal disparity between population groups on this issue. Members of the Black African and Coloured groups less apt than others to believe the industry's pricing structures were excessive. Of the four groups, belonging to the Indian minority seemed most associated with a negative view of the costs attracted to banking transactions. We did record a striking geographic dissimilarity in **Figure 57**, with rural dwellers less liable to report opposition to current banking fees. This result may be due to the fact that ignorance of banking fees and charges is quite prevalent in rural and non-metro urban areas. Substantial provincial variations were noted in the figure, and we found that certain locales particularly unlikely to think that banking fees were too high. Adult residents in the Free State and Mpumalanga were, on average, much less prone than other provincial residents to complain about the industry's fee structure.

Figure 57: Percentage who generally, describe banking charges and fees in South Africa today as either much too high or too high by selected sociodemographic subgroup



The following question was, as part of the SASAS 2020, put to survey respondents: '[i]n the last five years, have you changed bank because your banking charges and fees were too high?' Quite a large percentage (21%) of the adult populace, quite unexpectedly, said that they had changed banks because of the high cost of banking transactions. About three-fifths of the general public claimed not to have done this and 17% told fieldworkers that they had never held a banking account. The remainder (3%) refused to answer the question. It would seem that if a person felt that their bank's prices were too excessive then they were more likely to have changed banks. We found that 31% of those who thought that industry's current pricing structure were too costly said that they had changed banks. This can be compared, unfavourably, to 11% of those who thought charges were acceptable and 15% who believed that current charges were too low. Utilising a one-way ANOVA ($F(3, 2648) = 72.3$, $p = 0.000$) test, we concluded that there was a statistically significant difference between these two variables.

8.3. Online banking

The ways in which we can conduct banking has changed dramatically since the advent of the internet and more recent proliferation of the smart phone. The fast-tracking of digital transformation of the banking system has allowed modern banks to focus on elevated levels of personalisation and tailoring solutions to meet consumer needs. Remarking on this technological revolution, Schalk Kotze, Head of Affluent Banking at Standard Bank, said that "[t]he insatiable appetite for banking apps in South Africa and across other regions of the continent has accelerated" (IOL 02/10/2021). Using smart phone technology, consumers can now take their 'bank' with them everywhere they go. However, many are worried that the move to digital financial platforms is making banking less safe. During 2020 the South African Banking Risk Information Centre noted a significance increase in banking app fraud (Eyewitness News 30/09/2021). Digital banking fraud increased by 33% while debit card fraud rose by 22%. At the time of writing, however, not much is known about public attitudes towards online banking. This subsection will seek to fill this knowledge gap, examining public participation in online money management and attitudes towards online banking systems.

Before we examine public attitudes towards digital banking, let us look at different kinds of internet usage amongst those adult consumers with access to the internet. Adult internet users in SASAS were read a list of different activities that an individual could do online. This group of respondents was then asked which of these activities (if any) they mainly did on the internet. Almost three-fifths (57%) of internet adult consumers listed three or more activities while 19% of users mentioned two and 20% stated one. The remainder either listed none or refused to answer. The most popular activity was social media (e.g., Facebook, Twitter, etc.), nearly three-quarter (73%) of all users said this was one of their main activities online. This was followed by communication software (e.g., Skype, WhatApp calls, VoiceNote etc.), more than half (51%) of the user population listed that this was a major activity. Responses to this question are presented by internet usage level in **Table 28**, showing that there was a correlation between level of usage and frequency with which certain activities were named. The more active an internet user, the more liable that they were to list multiple activities that they did online[38].

Table 28: Main three activities that internet user mainly utilises the internet for by level of user activity (cell percentage)

	Low inactive users		High inactive users		Low active users		High active users	
Entertainment	27	(4.038)	31	(4.293)	35	(3.593)	54	(6.766)
Social media	54	(4.135)	67	(4.181)	83	(2.152)	95	(1.784)
Communication software	43	(4.227)	46	(4.287)	55	(3.651)	67	(5.980)
Information for studying	12	(2.349)	27	(4.327)	20	(2.768)	32	(5.856)
Information in general	22	(3.079)	28	(3.922)	36	(3.403)	38	(6.345)
News	22	(3.050)	32	(4.012)	31	(3.437)	38	(6.297)
Buying and selling	4	(1.549)	11	(3.270)	7	(1.762)	21	(5.000)
Banking services	7	(1.807)	16	(3.839)	17	(2.687)	34	(6.040)
Work	7	(1.730)	11	(2.939)	16	(3.006)	31	(5.783)
Medical aid	2	(0.685)	4	(2.339)	2	(0.878)	7	(2.593)

Note: 1. Standard error in parenthesis; 2. Data restricted to internet users.

[38] High active users, for instance, listed on average four activities and this can be compared to two for low inactive users. Utilising a one-way ANOVA ($F(3, 1511) = 85.3$, $p = 0.000$) test, we concluded that the variances in the number of activities listed across different internet usage categories was statistically significant.

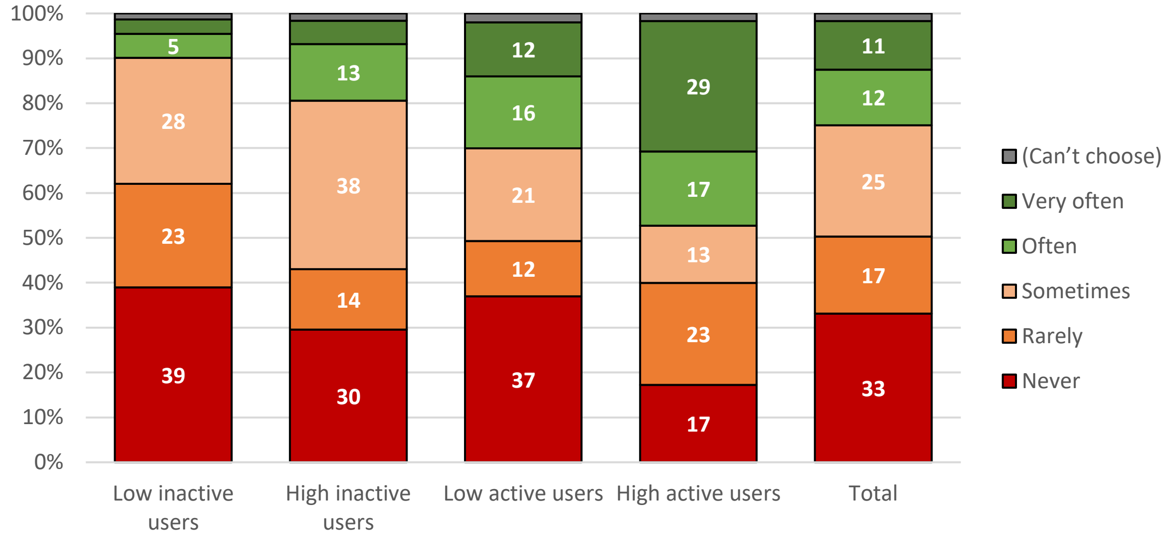
A small minority of internet users said that buying and selling and financial management (i.e., banking or other financial management) was main online activity for them. If a consumer listed one of these as a prime activity, perhaps unsurprisingly, then they were more liable to claim that reading news and work were main activities. Online financial management was not a robust correlate of listing social media or entertainment as prime activities. These types of activity were much more common amongst active users than their inactive counterparts. One-way ANOVA tests confirmed that financial management ($F(3, 1511) = 27.1$, $p = 0.000$) had a more impactful relationship with internet usage than buying and selling ($F(3, 1511) = 18.8$, $p = 0.000$). Listing online financial management as a prime internet activity is, as may be expected, more prevalent amongst more affluent consumers. Consider, for example, that more than a quarter (28%) of the internet users who were in the High LSM group claimed banking or other financial services as a main activity; this is almost twice the average.

If a consumer listed work as a main activity, perhaps unsurprisingly, then they were more liable to report frequent internet usage. Around a third of high active users told fieldworkers that work was a prime online activity for them, twice the average. If we review the results presented in **Table 28** then it is apparent that level of internet activity is robustly linked with listing social media as a main activity. Almost all (95%) high active users said that social media was a main activity, and this can be compared to 67% of high inactive users and 54% of low active users. If a consumer listed social media, perhaps unsurprisingly, then they were more apt to claim that communication was also a main activity. Age was an important correlate of listing social media as a prime activity amongst internet users. We found that more than four-fifths (84%) of users in the 'Born Free' Generation put social media down as a prime activity. This finding can be compared to 54% of users in the 1960-1974 birth cohort and 34% of users who were born before 1960.

SASAS respondents were asked '[h]ow often do you use the internet to do your banking and handle your financial accounts?' This question was restricted to those respondents who used the internet. Approximately a third of internet users told us that they never utilised online platforms to manage their finances, implying that the majority of users engaged in this kind of online behaviour. Nearly a fifth (17%) of users told fieldworkers that they used the internet for banking and other financial matters rarely, while 25% of users said that they did this sometimes. More than a fifth (22%) of users stated that they participated in this type of behaviour often or very often. Online money management was more common amongst active internet users as can be clearly seen if we look at **Figure 58**. Further analysis showed that this finding held true even when socio-demographic characteristics were taken into account[39].

[39] A multivariate analysis was performed to assess whether this finding would hold when taking socio-economic characteristics (e.g., formal education or employment status) into account. This robustness test showed that frequency of internet usage determined participation in online banking and other related behaviour. This suggests that the relationship between user activity and online banking is not based on entirely on socio-economic status.

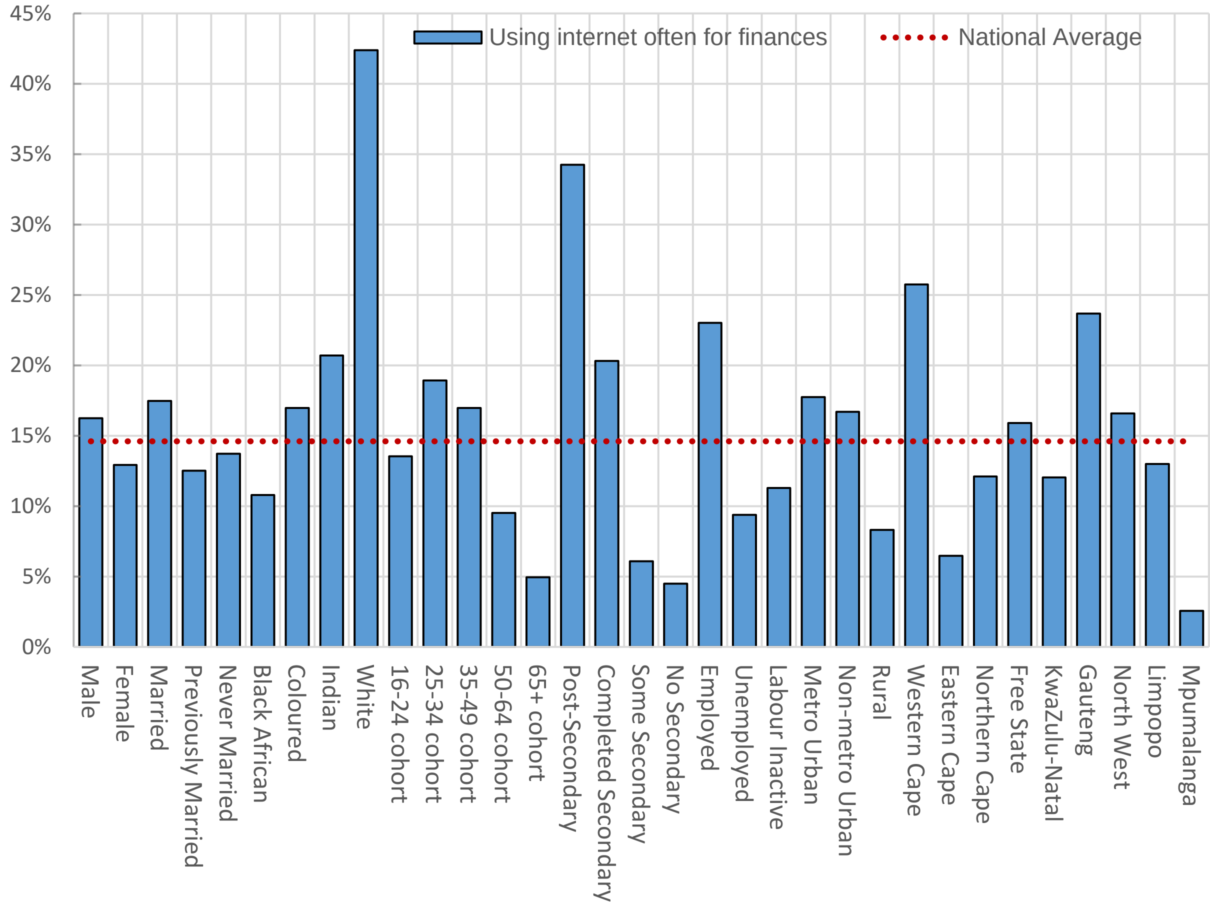
Figure 58: Frequency of public use of the internet to do banking and handling financial accounts by level of user activity (column percentage)



Note: Data restricted to internet users.

To gain a greater appreciation of what kinds of consumers used the internet to manage their finances, we look at the percentage of the adult populace who often engaged in this sort of behaviour by sociodemographic subgroups. Usage of this type, as can be observed in **Figure 59**, differed substantially between the various subgroups under consideration. Educational attainment and labour market status were robustly associated with frequently using the internet for banking and handling financial accounts. If a consumer was well educated and had a job, then he/she was more liable to often utilise online financial services. Population group differences were especially pronounced in the figure with adult members of the white minority much more likely to use the internet in this manner than other population groups. Looking at the matter more closely we found that this differential remained even if socio-economic position was controlled for. Age was an important correlate of frequent internet money management; when compared to their older peers, the 'Born Free' Generation was much more prone to engage in this kind of money management.

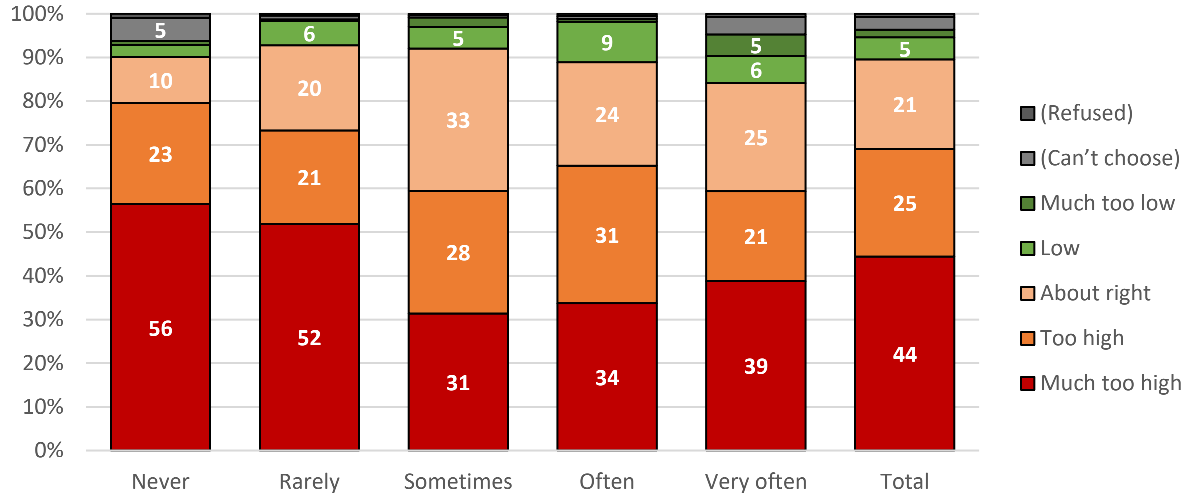
Figure 59: Percentage who often used the internet for banking and handling financial accounts by selected socio-demographic subgroups



According to a report by Cable.co.uk, South Africa ranks 148 out of 228 countries on the price of mobile bandwidth. The country has amongst the most expensive mobile data in Africa, ranking other emerging African economies such as Nigeria (58th), Kenya (41st), Tanzania (23d) and Rwanda (64th). According to technology analyst Arthur Goldstuck South Africa is actually in an even worse situation than the report suggests. The report averages out mobile data costs, which means it obscures just how expensive data is for the poor. Speaking to the Business Insider (05/05/2020) he said that data prices as incredibly expensive for those who cannot afford to buy in bulk (i.e., the poor). One of the reasons that some consumers may have an aversion to online banking may be the high data costs highlighted by the Cable.co.uk report. To adequately assess this thesis let us consider public attitudes towards the cost of data in South Africa.

SASAS respondents were asked '[g]enerally, how would you describe the cost of data in South Africa today?' More than two-fifths (44%) of the general populace felt that current costs were much too high and 25% stated that they were just too high. Around a fifth of adult consumers said that prices were about right and only a small minority (7%) thought that prices were too low. These findings implies that the vast majority of adult consumers feel that data prices in the country are too costly. Believing that bank charges and charges and fees in South Africa were too high was strongly (and positively) correlated with attitudes towards data costs. If a person thought that the banking price structure was too exploitative then they were much more likely to see data pricing as unfair. A chi-square Pearson Design-based (F(20, 50779) =15; P = 0.000) test revealed a strong association correlation between these two variables.

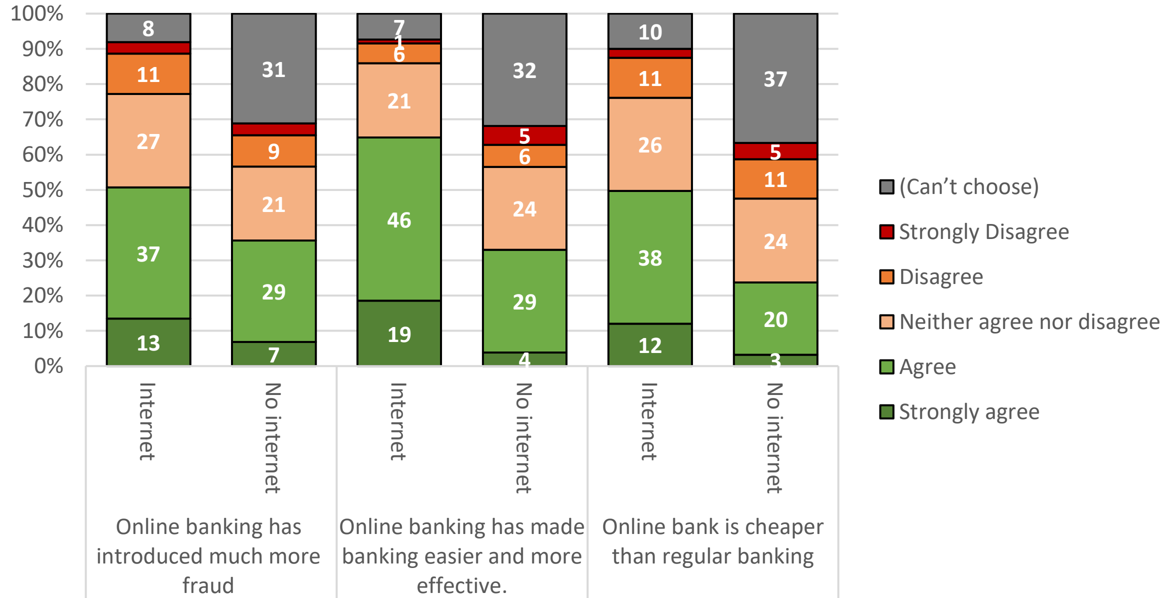
Figure 60: Public responses to the question: '[g]enerally, how would you describe the cost of data in South Africa today' by frequency of public use of the internet to do banking and handling financial accounts



Note: Data restricted to internet users.

Internet usage was a strong determinant of public attitudes towards data costs in the country. Consider, for example, that only a third of non-users thought that data costs were unfair, twenty percentage points below the national average. Of all the internet usage groups, data cost attitudes are most negative amongst low active users. Almost four-fifths (79%) of this group thinks that the current pricing structure is too high. A majority of people who used the internet for banking and handling financial accounts thought that data costs were too high. As can be clearly seen from **Figure 60**, we found that negative attitudes towards data costs were more prevalent amongst internet users who never engaged in online money management. Consider, for example, that almost four-fifths (79%) of those that never practice online money management thought that costs were unfair, twenty-four percentage points above the national average. This suggests that high data prices reduce the likelihood that an internet user will practice online money management.

Figure 61: Public agreement and disagreement with statements about the effectiveness and utility of online banking by internet usage



We need to better appreciate how consumer perceive the role of online banking in their life and whether it makes fiscal transactions safer and more effective. This will provide a greater level of context to the findings discussed above. SASAS respondents were asked three different questions about the utility of online banking, and the results are displayed in **Figure 61** by whether an individual had internet access or not. A majority (65%) of the adult populace with internet agreed that online banking had made managing finances easier and more effective. Almost half of those adults with internet access said that online banking was cheaper than regular banking. On the other hand, a similar proportion of this group thought that online banking introduced much more fraud into the financial system. When compared to those with internet access, those with without access were much more liable to be unable to answer these questions. However, it was interesting to note that more than a third (36%) of this group was worried about how online banking had introduced fraud into the system.

Table 29: Percentage who agreed with statements about the effectiveness and utility of online banking by level of user activity

	Online banking has introduced much more fraud				Online banking has made banking easier and more effective.				Online bank is cheaper than regular banking			
	M		Scheffe		M		Scheffe		M		Scheffe	
Never	41	(4.01)	ref.		52	(4.11)	ref.		34	(4.04)	ref.	
Rarely	65	(5.51)	25	***	74	(4.56)	22	***	51	(6.53)	17	**
Sometimes	49	(4.23)	8		66	(3.83)	14	**	52	(4.19)	18	***
Often	50	(5.40)	9		72	(5.02)	20	***	60	(5.40)	26	***
Very often	58	(5.92)	17	**	82	(4.33)	30	***	69	(5.73)	35	***

Note: 1. Standard error in parenthesis;2. Data restricted to internet users; and 3. The signs *, **, *** indicate that the differences in mean scores are significantly different at the 5 percent (p<0.05), 1 percent (p<0.01) and 0.5 percent (p<0.001) level respectively.

Frequency of internet use for banking and financial management was associated with positive views of online banking. **Table 29** presents the mean percentage who agreed with statements about the effectiveness and utility of online banking by level of user activity. It is apparent that those internet users who never made use of online banking exhibited were more apt to have negative views of the effectiveness of this type of online activity. An even larger usage gradient is observed for public views of the price of online banking. More than two-thirds (69%) of internet users who used online banking very often said that online bank is cheaper than regular banking. This is thirty-five percentage points more than those who never use internet banking and twenty-nine points above the national average. Frequency of internet use for banking and financial management was not associated with attitudes towards online banking fraud. Further analysis showed that attitudes towards financial fraud were strongly (and positively) correlated with public concerns about online fraud[40]. This implies that exposure to financial scams has a negative impact on how people think about the safety of online banking.

8.4. Cryptocurrencies

South Africa boasts one of strongest regulatory framework on forex trading in the whole continent, and only FSCA-regulated forex brokers can legally operate in the country. Although cryptocurrency investments are not explicitly regulated, the FSCA had previously issued a warning to the public to be

[40] Less than a third of those consumers who come across financial scams in South Africa agreed that online banking has introduced more fraud. This can be compared to almost three-quarters (73%) who often came across such scams and 54% who sometimes encountered financial scammers. A chi-square Pearson Design-based (F(20, 50779) =15; P = 0.000) test confirmed that there was a robust correlation between exposure to scams and attitudes towards online fraud.

"cautious and vigilant" when dealing with cryptocurrencies. Despite this warning, the country is experiencing increasing crypto activities. Tessa Nowosenetz, account manager at market research and data specialist firm KLA, has conducted research on cryptocurrencies. According to her research, the COVID-19 pandemic has seen renewed interest in this currency associated growth due to promotion by influential public figures (such as Elon Musk). He has said that "[t]he bulk of South African crypto investors are experimenting and dabbling without making a significant financial commitment" BusinessTech (14/09/2021). Nowosenetz is confident that demand for cryptocurrency in South Africa is high. At the time of writing, however, not much is understood about mass opinion on this new form of currency. This subsection will seek to fill this knowledge gap, examining public awareness of, and demand for, cryptocurrencies.

During the course of the SASAS interview, the following question was put to respondents: '[t]o what extent are you aware of "cryptocurrencies"?' More or less half (55%) of the general populace told fieldworkers that they had not heard anything about this issue. Furthermore, more than an eighth (16%) were uncertain of how to answer the question. This suggests a basic lack of knowledge about the issue amongst the majority of consumers. Nearly a fifth (17%) of the adult public indicated that they had heard about cryptocurrency but knew very little about it while nearly a tenth said that they knew enough about this issue to explain it to a friend. Public awareness of cryptocurrency was robustly correlated with a consumer's level of internet usage. As can be observed in **Table 30**, the more active a user the more liable that individual will be to understand cryptocurrencies. But, of course, even amongst active internet users' knowledge of this issue was lower than have been expected.

Table 30: Public responses to the question: '[t]o what extent are you aware of "cryptocurrencies"?' by level of internet usage (row percentage)

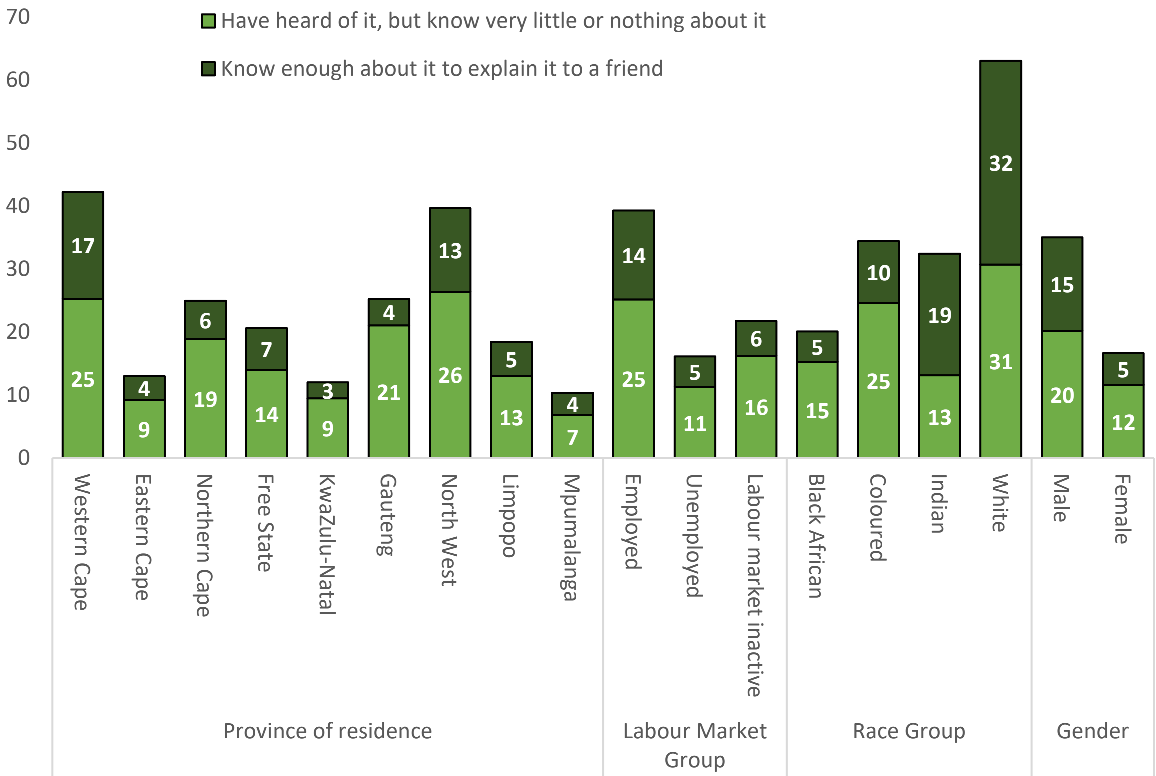
	Have not heard of it before	Have heard of it, but know very little or nothing about it	Know enough about it to explain it to a friend	(Refused)	(Don't know)	Total
Non-user	64	8	3	4	21	100
	(2.22)	(1.55)	(7.32)	(0.82)	(1.74)	
Low inactive user	58	15	8	2	18	100
	(3.95)	(2.30)	(1.92)	(0.70)	(3.16)	
High inactive user	53	21	14	3	9	100
	(4.34)	(3.78)	(3.72)	(1.20)	(2.00)	
Low active user	46	25	14	3	12	100
	(3.62)	(3.29)	(2.87)	(0.91)	(2.43)	
High active user	38	35	12	3	11	100
	(6.34)	(7.46)	(3.46)	(2.75)	(3.86)	
Total	55	17	8	3	16	100
	(1.66)	(1.42)	(0.99)	(0.50)	(1.12)	

Note: Standard error in parenthesis.

Public awareness of cryptocurrencies was robustly correlated with formal education. Those who knew a lot about cryptocurrencies had, on average, two more years of formal education than those who knew nothing. To better understand which subgroups in the country were most prone to know about cryptocurrencies, we examined public knowledge of this issue by selected demographic group in **Figure 62**. We did detect a noteworthy gender disparity here; men were on average more knowledgeable about this type of currency than women. Population group status seemed to be associated with this sort of knowledge. Members of the white minority were more likely than others to report knowing about cryptocurrencies. Additional statistical evaluation uncovered that this finding remained true even if formal schooling was taken into account. Labour market status appeared to be an important determinant of public awareness of cryptocurrency, with the employed more liable to report knowing about this issue. Substantial provincial variations were noted in the figure, and we found that certain locales reported much higher rates of knowledge than others. Residents in the

Western Cape and North West, in particular, reported greater levels of knowledge than those in other provinces.

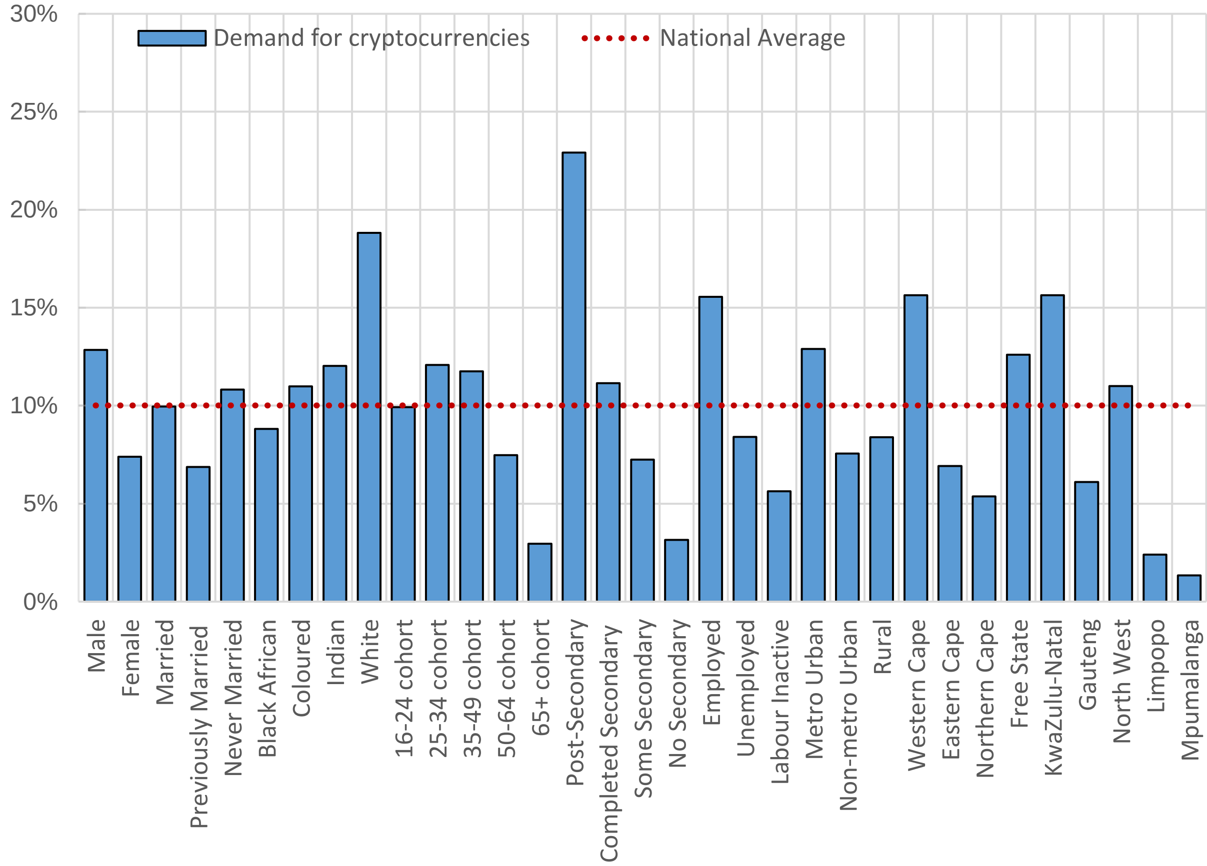
Figure 62: Public knowledge of cryptocurrencies by selected socio-demographic subgroups



A small proportion (3%) of the adult public claimed to own cryptocurrency. A much larger percentage (9%) of adult consumers in South Africa said that they would like to own cryptocurrency. We found that roughly a third (34%) of those who said that they knew a lot about cryptocurrency said that they wanted to own this kind of financial product. More than a quarter (29%) of those who knew only a little about cryptocurrency, on the other hand, gave the same answer. This suggests that knowledge of cryptocurrencies is not as robust a determinant of wanting to own this product as we may have expected. Frequency of internet usage was found to be a powerful determinant of demand for cryptocurrencies. More than a quarter (28%) of high active users told fieldworkers that they would like to own this kind of currency. This level of desire can be compared to 14% of low active users, 9% of high inactive users, 6% of low inactive users and 4% of non-users. A one-way ANOVA ($F(4, 2624) = 41.2$, $p = 0.000$) test confirmed that these observed differences in demand between groups were statistically significant.

We wanted to explore the different varieties of consumer owned or wanted to own cryptocurrencies, we look at the percentage of the adult populace who desired this form of currency by sociodemographic subgroups in **Figure 63**. Demand for cryptocurrency, as may be expected, differed substantially between the various subgroups under consideration. Educational attainment and labour market status were robustly associated with a desire to own cryptocurrencies. If an individual was well educated and had a job, then he/she was more liable to exhibit high demand for cryptocurrency. A definite geotype disparity was recorded in the figure, living in a rural area reduced a consumer's demand for cryptocurrency. Further analysis revealed that this finding remained true even if socio-economic position was taken into account. Population group differences were especially pronounced in the figure with adult members of the white minority much more likely report this kind of demand than other population groups. Gender was an important correlate here with men twice as apt to want to own cryptocurrencies as women.

Figure 63: Percentage who either owned or wanted to own cryptocurrencies by selected subgroups



Those SASAS respondents who indicated a desire to purchase cryptocurrencies were asked a follow-up question about why they desired this digital currency. Monetary gain was the most common answer amongst potential cryptocurrency holder, 45% of potential holders said make money quickly and 24% wanted a long-term investment or retirement fund. Approximately a seventh (15%) of this group desired cryptocurrency so that they could diversify their overall investment portfolio and 11% thought of it as a way to provide an inheritance for their children. Only a minority (23%) of potential holders told fieldworkers that they wanted to use it a means of payment for online purchases. Interestingly, a sixth of those who wanted to purchase cryptocurrencies said that they were motivated by a desire to learn more about this type of digital currency. If a potential holder gave this reason, then they were more likely to say that they want to support initiatives that build on blockchain technology.

9. Financial Knowledge and Understanding

In order to understand financial literacy in South Africa, it is essential to provide a gauge of the financial knowledge that people in the country possess. Knowledge is the most common, and perhaps the most recognisable, element of the numerous definitions of financial literacy. But can a construct like 'knowledge' be measured? For the 2010 Financial Literacy Pilot study, the SASAS research team designed a module to measure South Africans' understanding of key financial concepts (such as inflation and interest rates) and numeracy. The contents of this module will be presented and analysed in subsection 9.1, dissecting how the questions were answered over the period 2012-2020.

Using this module, a special index will be constructed to assess the level of fiscal knowledge that an individual has acquired in subsection 9.2. A comprehensive analysis of the determinants of this index will then be presented, identifying those factors that best predict whether a consumer will have a good understanding of fiscal concepts.

The contemporary economic recession has inflicted an extraordinary level of stress on most people in South Africa. The stress of this challenging season may have reduced the capacity of people to answer the financial knowledge questions. Events that are stressful, as well as daily life stresses, have both detrimental and accumulative impacts on human cognition. Researchers have found that stress has been shown to affect cognitive functions like learning, decision-making and memory (Lupien et al., 2007; Porcelli & Delgado, 2017; Schwabe et al., 2009). Given the stress of the 2020 period, we hypothesise that financial knowledge would have fallen. This decline should be evident even if take widely recognised determinants of financial knowledge (e.g., employment and formal education) into account. We utilisred data on fiscal knowledge from SASAS 2015 and 2020 to perform this test. In addition, we theorised that certain groups (e.g., women and less affluent people) will be negatively affected by contemporary economic conditions. We will assess the relative strength of a range of different correlates in both SASAS 2015 and 2020, to detect which groups faced this downward pressure.

9.1. Financial literacy quiz

A core component of the financial literacy survey was a set of questions that were administered in the form of a quiz. The goal of the quiz was used to examine how South Africans understand the financial world. The items tested knowledge of concepts such as mathematical division, inflation, interest rates and compound interest. The standard quiz consists of five questions. Correct answers to the quiz questions are displayed in **Table 31**. The following section will explore responses to the Financial Literacy Quiz, examining how knowledge of different fiscal concepts change over time. Only a small minority of the adult public did not know the answer to the first question (i.e., the simple basic arithmetic question). Given the simplicity of the question, the national distribution observed here was anticipated.

Table 31: Financial knowledge quiz trend analysis, 2011-2020 (percent answering correctly)

	Basic arithmetic (division)	Inflation rates	Interest calculation	Interest on deposit	Compound interest
2011	85	23	65	50	39
	(0.659)	(0.814)	(0.890)	(0.935)	(0.905)
2013	83	20	66	38	35
	(0.700)	(0.768)	(0.910)	(0.923)	(0.902)
2015	87	14	71	44	36
	(0.627)	(0.669)	(0.851)	(0.937)	(0.891)
2017	87	16	66	46	35
	(0.616)	(0.681)	(0.872)	(0.916)	(0.870)
2020	70	26	51	23	28
	(0.894)	(0.853)	(1.008)	(0.818)	(0.869)

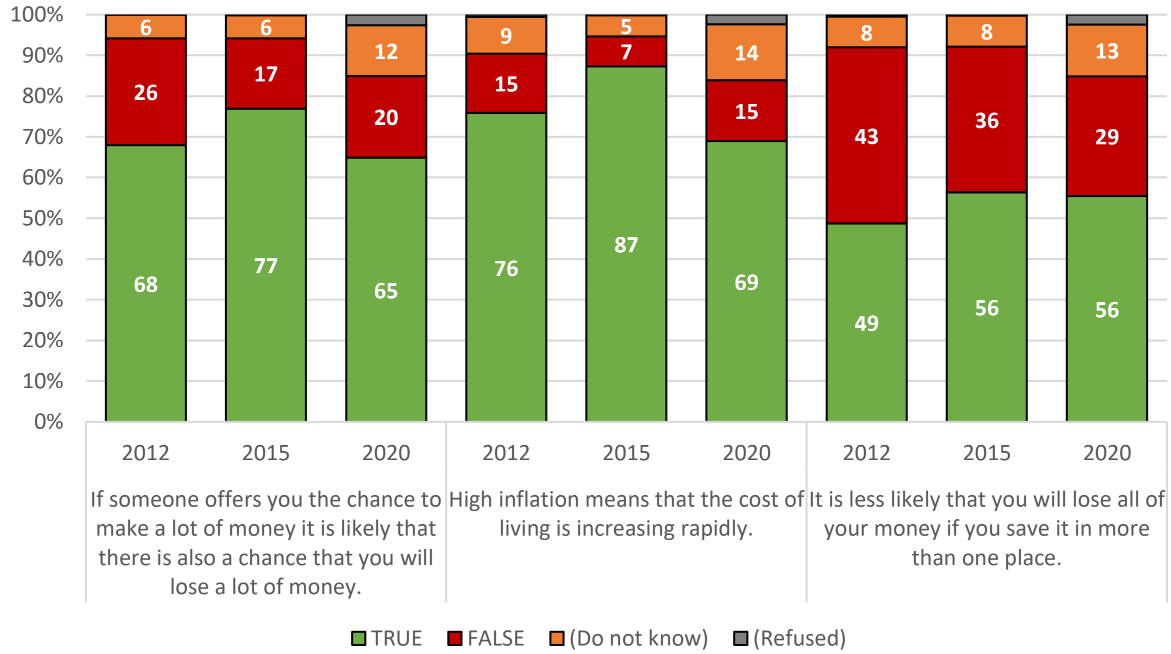
Note: Standard error in parenthesis.

Looking at the proportion of correct answers displayed in **Table 31**, it was apparent that the public understanding of inflation was relatively poor. Only about a quarter of the adult population were able to answer the inflation question accurately in SASAS 2020. It would appear that the share of the population which gives a correct answer has improved over the period under investigation and is similar to what was observed in SASAS 2011. It may be that respondents' answers in the period 2013-2017 was being influenced by significant degrees of price volatility that has affected certain types of consumer products and services. It is clear that much of the adult populace does not understand how interest works, and many did not seem to grasp how interest rates influenced the return to savings. In particular, a significant proportion of the general public was unable to correctly answer a question about how compound interest increased money saved over time.

We noted a distinct decline in correct responses on the Financial Literacy Quiz during the period 2017-2020. One of the main reasons for the recent decline observed in **Table 31** could be an increase in consumer stress. The performance of the general economy during the period 2017-2020, as discussed in Section1.1, was particularly poor. Statistics have recorded a considerable increase in unemployment, poverty and workplace precarity between 2017 and 2020. Even individuals at the top of the country's socio-economic ladder were not immune from the troubles of the recent period. Indeed, according to the BrandMapp Survey, the COVID-19 pandemic and repeated lockdowns have severely and negatively impacted the South African middle-class (BusinessTech 30/07/2021). In addition, financial services company Transaction Capital said that the socio-economic position of the middle class was brutally degraded due to the economic turmoil of 2020 (BusinessTech 12/05/2021).

The big theme in financial markets over the last few days has been uncertainty. It is not enough to merely test South Africans on their financial knowledge, it is necessary to better understand how adults in the country approach risk. Are South Africans risk adverse, sceptical of get-rich-quick schemes and cautious in how they save and invest money? Individuals who are less concerned about the risks involved may become victims of disreputable financial schemes and fraud. In order to better understand risk aversion in the country, the SASAS research team designed two questions to measure attitudes to risk in savings and investment. Reflecting on the poor responses to our inflation question that we observed in the Financial Literacy Quiz (**Table 31**), the SASAS research team introduced a simplified multiple-choice question on inflation. Here respondents were asked about the impact of inflation, and whether it would lead to higher costs for goods and services. Responses to these questions are presented in **Figure 64** for the period 2012-2020. We can observe, on the whole, a decline in good decision-making over time in the figure. This finding would be consistent with the thesis that an increase in financial stress in recent years is negatively impacting cognitive function in the country.

Figure 64: Answers to the multiple-choice questions on selected financial questions, 2012, 2015, 2020 (column percentage)



Looking at the responses to our multiple-choice questions, it is apparent that South Africans are quite cynical about potential investments that offer the prospect of getting rich quick. In 2020 nearly two-thirds (65%) of the adult public thought it was true that if someone offers them the chance to make a lot of money it is likely that there is also a chance that you will lose a lot. Only about a fifth of the adult population thought that this statement was false. On the second measure which regarded risk and savings, it is clear that the adult population is somewhat divided on the question. Approximately three-fifths (56%) of the adult public in 2020 thought it was true that only saving in one place was a risk while 29% thought that this statement was false. Four-fifths of the adult population indicated that the inflation statement was true, indicating a greater understanding of inflation than could be discerned from **Table 31**. The failure to adequately answer the inflation question in the Financial Literacy Quiz may be related to the poor ability of many South Africans to answer non-basic mathematical questions.

9.2. The financial knowledge domain

Financial knowledge can be defined as an individual's knowledge of numeracy and their understanding of a range of financial concepts. A special index was created to measure this construct, the new indicator was labelled the 'Financial Knowledge Domain'. To create this important metric, each question was converted into a dichotomous variable with 1 representing a correct answer and 0 otherwise. The exact question numbers used are displayed in Box 4. All the indicators listed in the domain tables were transformed to render them comparable. Each indicator was converted to a 0-100 scale and then combined into a single index. This combined indicator was then converted into a 0-100 score, with '100' representing the highest level of the financial knowledge and 0 representing the lowest.

Box 4: Questions used to construct the Financial Knowledge Domain

15	Basic mathematical division
16	Effects of inflation
17	Interest paid on loans
18	Interest on deposits
19	Compound interest
20	Risk of high return investments
21	Effects of inflation on cost of living
22	Risk diversification

A distinct decline in the mean Financial Knowledge Domain score between SASAS 2020 (M=51; SE=0.734) and SASAS 2015 (M=60; SE=0.505). The domain distribution became much more skewed towards the left during the period under review, with the proportion of the general public scoring 25 or below increasing from 7% in 2015 to 21% in 2020. This change is consistent with our thesis that the recent macroeconomic downturn increased fiscal stress which reduced levels of financial knowledge in the country. To improve our understanding of financial knowledge, we examined the decline between 2015 and 2020 across a range of different subgroups. **Table 32** provides the mean scores on the Financial Knowledge Domain for both periods across the country's major socio-demographic fault lines.

The decline in financial knowledge between 2015 and 2020 was, on the whole, evident amongst all major subgroups in **Table 32**. However, the size of the decline was much larger for some groups than for others. The most marked change was noted for older generations with those born before 1960 exhibiting one of the largest decreases in average domain score. Those born before 1945, in particular, exhibited a substantial deterioration of twenty-four points over the period. Of all the different birth cohorts in the table, the most modest decrease was noted for the 'Born Free' Generation, falling from 60 (SE=0.728) in 2015 to 53 (SE=0.888) in 2020. A distinct gender disparity was noted in SASAS 2020 but not in SASAS 2015. Women exhibited lower levels of knowledge than men in the latest survey round. This outcome seems to have emerged due to a particularly prominent fall in knowledge amongst the adult female population during the period. The observed change was substantiated by a one-way ANOVA (F(1, 2980) = 172.1, p = 0.000) test which showed that there was a statistically significant difference between the two periods.

Table 32: Mean Financial Knowledge Domain (0-100) by selected subgroups in 2015 and 2020 (Analysis of Variance)

	2015		2020		ANOVA		
	M	SE	M	SE	Diff.	F	Prob>F
Gender							
Male	60	(0.582)	54	(0.722)	-7	48	0.000
Female	59	(0.440)	48	(0.662)	-10	172	0.000
Marital Status							
Married	63	(0.603)	51	(0.907)	-12	119	0.000
Previously Married	57	(0.836)	45	(1.261)	-12	65	0.000
Never Married	59	(0.516)	52	(0.658)	-6	53	0.000
Population group							
Black African	58	(0.456)	49	(0.609)	-8	118	0.000
Coloured	62	(0.806)	52	(1.083)	-11	64	0.000
Indian	69	(0.896)	64	(1.025)	-5	15	0.000
White	69	(0.769)	62	(1.897)	-7	14	0.000
Birth Cohort							
1990 and after	60	(0.728)	53	(0.888)	-7	32	0.000
1975-1989	60	(0.584)	51	(0.803)	-9	86	0.000
1974-1960	60	(0.732)	53	(1.064)	-8	36	0.000
1959-1945	58	(0.990)	47	(1.546)	-11	41	0.000
1944 and before	53	(1.738)	30	(2.754)	-24	62	0.000
Educational Attainment							
Post-Secondary	70	(0.788)	61	(1.247)	-10	37	0.000
Completed Secondary	64	(0.520)	54	(0.777)	-10	103	0.000
Some Secondary	57	(0.563)	49	(0.798)	-8	60	0.000
No Secondary	49	(0.963)	40	(1.339)	-9	33	0.000
Employment Status							
Employed	62	(0.581)	55	(0.746)	-6	43	0.000
Unemployed	59	(0.597)	49	(0.810)	-10	90	0.000
Labour Inactive	58	(0.651)	48	(0.996)	-10	71	0.000
Geotype							
Metro Urban	62	(0.511)	56	(0.705)	-6	40	0.000
Non-metro Urban	59	(0.591)	50	(0.825)	-9	82	0.000
Rural	56	(0.784)	45	(1.039)	-11	69	0.000
Province of residence							
Western Cape	62	(0.832)	52	(1.690)	-10	31	0.000
Eastern Cape	52	(1.230)	50	(1.717)	-2	1	0.349
Northern Cape	53	(1.416)	55	(1.406)	2	1	0.236
Free State	62	(1.321)	58	(2.579)	-4	2	0.163
KwaZulu-Natal	66	(0.706)	50	(1.095)	-15	128	0.000
Gauteng	53	(1.067)	43	(1.999)	-10	17	0.000
North West	63	(0.741)	55	(0.839)	-9	56	0.000
Limpopo	53	(1.143)	53	(1.748)	0	0	0.982
Mpumalanga	55	(1.299)	41	(1.637)	-14	43	0.000

Note: 1. Standard error in parenthesis; and 2. Values above the national average for that survey wave are shaded in blue.

Of all the population groups listed in **Table 32**, members of the Black African majority have the lowest Financial Knowledge Domain score while members of the Indian minority have the highest. Despite the observed decline in financial knowledge, racial dissimilarities have continued between 2015 and 2020. There should be a robust (and positive) correlation between a person's formal schooling and their level of financial knowledge. We can observe a distinct educational attainment gradient in **Table 32** with better educated people exhibiting higher than average Financial Knowledge Domain scores. Notable geographic differences were discernible in the table, reflecting changes in spatial patterns of financial knowledge. Rural residents reported lower knowledge scores than their non-metro and metro urban counterparts. The gap between metro urban residents and their rural peers appeared to grow between 2015 and 2020. Rates of provincial change were also quite divergent, showcasing how different communities adapted to the hardships of the current period. We discovered little change in certain provinces (e.g., the Northern Cape, Limpopo and the Eastern Cape) but substantial changes in others (e.g., KwaZulu-Natal and Mpumalanga).

Table 33: Linear Regression on Financial Knowledge Domain (standardized beta coefficients) for 2015 and 2020

	2015				2020			
	Coef.			Beta	Coef.			Beta
Gender (ref. male)	-0.935	(0.984)		-0.026	-3.584	(1.463)	*	-0.075
Age	-0.035	(0.038)		-0.032	0.050	(0.063)		0.034
Marital status (ref. married)								
Previously Married	-1.912	(1.486)		-0.040	-0.822	(2.317)		-0.011
Never Married	-4.071	(1.249)	**	-0.113	4.780	(1.924)	*	0.097
Population group (ref. Black African)								
Coloured	2.320	(1.529)		0.038	1.261	(2.447)		0.014
Indian	2.645	(1.754)		0.024	9.484	(2.531)	***	0.070
White	4.653	(1.863)	*	0.077	4.726	(2.949)		0.055
Years of schooling	1.450	(0.181)	***	0.289	1.304	(0.229)	***	0.200
Living Standard Measure	0.412	(0.393)		0.044	1.862	(0.599)	**	0.120
Employment status (ref. employed)								
Unemployed	1.165	(1.252)		0.031	-0.630	(1.755)		-0.013
Labour Inactive	1.047	(1.299)		0.027	-1.462	(2.066)		-0.028
Geotype (ref. urban)	2.921	(1.314)	*	0.070	-1.073	(3.533)		-0.009
Province (ref. Western Cape)								
Eastern Cape	-7.072	(2.153)	**	-0.125	2.641	(3.938)		0.033
Northern Cape	-6.996	(2.152)	**	-0.058	5.491	(2.751)	*	0.034
Free State	2.422	(2.190)		0.030	10.183	(4.439)	*	0.092
KwaZulu-Natal	4.881	(1.942)	*	0.102	-0.044	(3.256)		-0.001
North West	-7.343	(2.040)	***	-0.089	-5.542	(3.646)		-0.059
Gauteng	0.101	(1.703)		0.002	1.801	(2.964)		0.035
Mpumalanga	-6.661	(1.958)	**	-0.102	6.193	(3.400)		0.064
Limpopo	-5.380	(2.175)	*	-0.096	-4.534	(3.474)		-0.056
N			2,348				2,346	
Prob > F		0.000				0.000		
R-squared		0.198				0.141		
Root MSE		16.24				22.24		

Note: 1. Standard error in parenthesis; and 2. Signs *, **, *** indicates that the differences in mean scores are significantly different at the 5 percent ($p<0.05$), 1 percent ($p<0.01$) and 0.5 percent ($p<0.001$) level respectively.

With the aim of identifying the determinants of the Financial Knowledge Domain, we utilised a linear regression approach. Our linear model estimated the correlations between the dependent (i.e., financial knowledge) and a range of different demographic and economic characteristics. To understand how the predictive power of these characteristics may have changed over time, one model for 2015 was produced and then another for 2020. To allow for a better comparison between independent variables, beta coefficients were produced, the outputs for the two models are portrayed in **Table 33**. We found that, in both models, age was not a robust determinant of the dependent. Labour market status also did not have a statistically significant impact on knowledge in either model. Never being married was a statistically significant determinant of the dependent in both models. The effect of this variable was somewhat larger in the first model (β =-0.113; r=-4.071; SE=1.249) than the second (β=0.097; r=4.780; SE=1.924).

Gender, as can be seen in **Table 33**, was a robust correlate in the 2020 model but not the 2015 model. Being female, even controlling for a range of socio-economic variables, reduced an individual's financial knowledge (β =-0.075; r=-3.584; SE=0.063) in SASAS 2020. This confirms the pattern of results observed in **Table 32**, which showed a significant change in financial knowledge for the female populace between 2015 and 2020. It could be argued that the recent macroeconomic trends have more negatively affected women in South Africa than men[41]. As a result, women are more stressed than in the past, and this stress could have a negative effect on how they answered questions about financial concepts (such as inflation or interest rates). At this stage, this is just a thesis and further research should explore this gender disparity in more detail.

Using LSM as a measure of economic status, the SASAS research team found that economic position was a strong predictor in the 2020 model. A one-unit increase in the LSM is associated (β =0.120; r=1.862; SE= 0.599) with a distinct increase in the relative log odds of having a high domain score in that model. Even if we controlled for LSM, formal schooling was found to increase the likelihood of understanding a range of different fiscal concepts. The educational attainment effect was somewhat larger in the first model (β =0.289; r=1.450; SE= 0.181) than the second (β=0.200; r=1.304; SE=0.229). Regardless of whether we are looking at the 2015 or the 2020 model, formal schooling had the largest correlation with the dependent in **Table 33**. The timing of the SASAS 2020 interview may have biased how people answered the Financial Knowledge Domain items. Subsequent tests showed that the period in which the questionnaire was administered was a statistically significant determinant in the adjusted model. Being interviewed towards the end of survey period, after the so-called 'hard' lockdowns of the 2020, was correlated with having a low domain score[42]. This showcases how financial climate can undermine how people respond to questions about fiscal knowledge.

9.3. Monitoring financial markets and indicators

We have seen, in the past few years, a dazzling array of fiscal change in South Africa. In the most recent period, the COVID-19 pandemic (and the lockdowns implemented to fight the pandemic) have had a dramatic effect on a range of financial indicators. In this day and age, staying up to date on financial news and events is an even more important part of financial knowledge. Keeping informed on important financial news means following changes in key financial markets and indicators. The SASAS research team wanted to track what kind of financial news consumers regularly followed. In SASAS 2017 and 2020, respondents were asked which financial markets and indicators they kept an eye on. The research team chose eight key markets and indicators and then asked the general population which of these they personally watched. This was a multiple response question so researchers could both see which types of financial news survey participants followed as well as how many different types they kept track of. Let us now examine which financial markets and indicators people monitored and then explore many they monitored.

[41] Recent research has suggested that the recent economic downturn has affected women more than men in South Africa. The National Income Dynamics Study - Coronavirus Rapid Mobile Survey (NIDS-CRAM) explores how the COVID-19 pandemic have disturbed the national population. Results from the first wave of the NIDS-CRAM survey showed women suffered disproportionately during the lockdowns of 2020 (Casale & Shepherd, 2021).

[42] To account for this, the 2020 model was adjusted to control for whether it was conducted in the 26/02/2020-25/03/2020 period or the 10/11/2020-13/02/2021 period. Even when controlling for a range of socio-demographic variables, administering the questionnaire in the 10/11/2020-13/02/2021 period reduced the likelihood of obtaining a high score on the Financial Knowledge Domain at a statistically significant level (β=-0.141; r=-7.241; SE=1.472).

It is disturbing to note that many people did not monitor any financial markets or indicators during the period under review. Using a Pearson's product-moment correlation tests, we found that Financial Knowledge Domain score had a statistically significant correlation with keeping an eye on fiscal financial markets or indicators. The size of the correlation was greater in SASAS 2020 ($r(2388) = 0.285$, $p<0.001$) than in SASAS 2017 ($r(2812) = 0.027$, $p>0.050$). This can be clearly seen if we look at the percentage who ignore important financial information by Financial Knowledge Domain cohorts for SASAS 2017 and SASAS 2020 in **Table 34**. We can observe a decrease in this kind of ignorance for all other cohorts with the exception of the Low cohort. Ignorance amongst this group increased by eleven percentage points over the recent period. The largest decrease was observed for the High cohort, which fell from 50% (SE=1.407) of the cohort in 2017 to 24% (SE=2.995) in 2020. There was a statistically significant difference between the two periods for this cohort as determined by a one-way ANOVA ($F(1, 1461) = 108.1$, $p = 0.000$) test.

Table 34: Percentage of the General Public who Ignore Important Financial Information and Markets by Financial Knowledge Domain Cohort in 2017 and 2020 (Analysis of Variance)

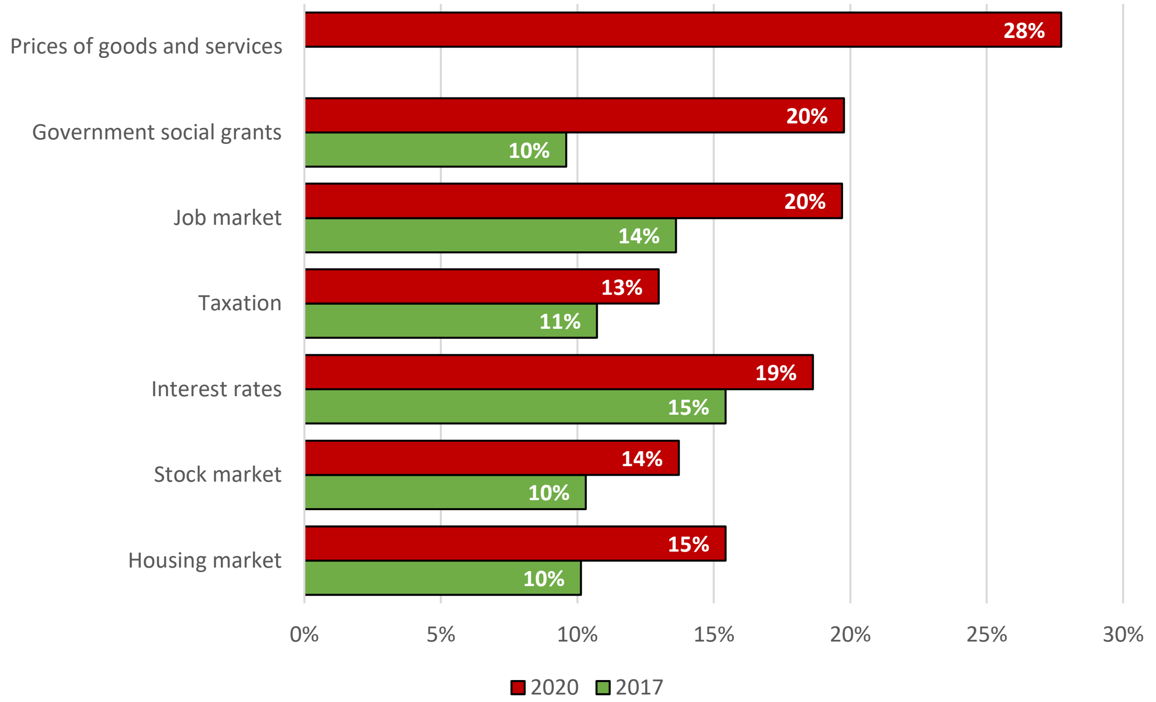
	2017				2020				ANOVA		
	M	SE	(95% CI)		M	SE	(95% CI)		Diff.	F	Prob>F
Low (0-25)	52	(4.087)	44	60	62	(3.151)	56	68	11	8	0.005
Lower Middle (26-49)	53	(3.834)	45	60	47	(4.795)	38	57	-5	2	0.184
Upper Middle (50-74)	53	(2.128)	48	57	37	(2.920)	31	43	-16	56	0.000
High (75-100)	50	(2.877)	44	56	24	(2.995)	19	30	-26	108	0.000
Total	51	(1.407)	48	54	40	(1.597)	37	43	-11	74	0.000

Note: Standard error in parenthesis.

Let us explore which specific kinds of financial information the average adult in South Africa was monitoring. The most popular financial indicator that the population watched was prices of goods and services. Almost a quarter (23%) of the adult public stated that they kept an eye on changes in this area (**Figure 65**). Given recent price rises on basic goods and services in the country over the last few years, it would make sense that a significant share of the public was concerned about this metric of economic health. The financial markets that people were most likely to scrutinise were the job market and 20% of the adult public said that they monitored this market. The indicator that was the least likely to be watched was levels of taxation. Between 2017 and 2020 there was a general increase in how closely people monitored financial information. The largest increase in monitoring behaviour concerned government social welfare programmes, this may have been in response to new expansions to these programmes during the current COVID-19 pandemic.

The degree to which a certain kind of financial information is monitored depends on the demographic factors of the national population. This can be clearly seen if we examine which groups in the country were more liable to keep an eye on three distinct types of information: (i) stock markets; (ii) government social grants; and (iii) prices of goods and services. Monitoring the stock market appears to be strongly linked to socioeconomic status. We note (i.e., the employed, tertiary-educated and urban metropolitan dwellers) that the groups most likely to follow these kinds of financial markets tended to be disproportionately located at the top end of the nation's socioeconomic ladder. This observed socio-economic gradient may help explain noted population group differences in the table. In addition, we also detected a substantial gender disparity in terms of monitoring the stock market. A larger proportion of men (19%; SE=1.148) kept an eye on this market than women (9%; SE=0.734). In addition, people who were middle age were more likely to monitor the stock market than other age groups. We noted, for example, that a fifth of the 35-49 age group said that they monitor this kind of information, seven percentage points above the national average.

Figure 65: Public responses to the question: [w]hich, if any, of these things do you personally keep an eye on?' for 2017 and 2020



Monitoring the value of government social grants appears to be strongly linked to socioeconomic status. We note that the groups most likely to keep an eye on this kind of information (i.e., the unemployed and rural residents) tend to be disproportionately located at the bottom end of the nation's socioeconomic ladder. In addition, we also discovered a substantial gender disparity in terms of monitoring social grants. A larger proportion of women (23%; SE=1.747) monitor this market than men (17%; SE=1.920). Furthermore, older people were found to be more likely to monitor social grants than their younger peers. We noted that about a quarter (28%; SE=4.156) of those 65 and above said that they monitor this kind of information, ten percentage points above the 16-24 age group. One of the reasons for the observed subgroup variations here is the presence of social grants in households. We found that if a household relied on social grants as their main source of revenue, then they were much more likely to monitor this kind of information.

Monitoring the changes in the prices of goods and services does appear to be linked to socioeconomic status. We note that the groups most likely to monitor this kind of information (i.e., the employed, the tertiary-educated and urban residents) tend to be disproportionately located at the bottom end of the nation's socioeconomic ladder. Substantial levels of variation were noted in this behaviour by provincial residents. Some provinces reported much greater proportions of people keeping an eye on the three concepts (e.g., Gauteng, the North West and the Free State) than others (e.g., the Eastern Cape and the Western Cape). Whether an individual monitored changes in the price of goods and services could have been shaped by the timing of the SASAS 2020 interview. Subsequent tests showed that the period in which the questionnaire was administered did emerge as a statically significant determinant of this behaviour.[43] If administered towards the end of 2020, then a person was much more likely to monitor price changes. This showcases how financial climate can undermine how people respond to questions about fiscal knowledge.

[43] Let us examine monitoring changes in the price of goods and services in the 26/02/2020-25/03/2020 period and the 10/11/2020-13/02/2021 period. Less than a quarter (23%; SE=0.105) of the weighted sample monitored this kind of information in the first period. This can be compared, unfavourably, to two-fifths of the weighted sample in the 10/11/2020-13/02/2021 period.

Table 35: Proportion who monitored information on the stock market, government social grants and prices of goods and services by selected subgroup

	Stock market		Government social grants		Prices of goods & services	
	M	SE	M	SE	M	SE
Gender						
Male	19	(1.148)	17	(1.920)	29	(2.175)
Female	9	(0.734)	23	(1.747)	26	(1.718)
Marital Status						
Married	16	(2.009)	18	(2.608)	29	(2.476)
Previously Married	14	(2.936)	25	(4.088)	25	(3.393)
Never Married	22	(1.785)	20	(1.611)	28	(1.873)
Population group						
Black African	12	(0.767)	20	(1.492)	28	(1.578)
Coloured	17	(1.873)	22	(4.671)	21	(3.375)
Indian	12	(1.768)	18	(2.999)	51	(5.016)
White	28	(3.292)	16	(3.674)	28	(4.796)
Age Group						
16-24	8	(1.385)	18	(2.939)	19	(2.757)
25-34	15	(1.412)	19	(2.195)	27	(2.606)
35-49	20	(1.408)	19	(2.576)	35	(2.785)
50-64	11	(1.367)	21	(3.435)	31	(3.366)
65+	9	(1.588)	28	(4.156)	23	(3.746)
Educational Attainment						
Post-Secondary	30	(2.360)	22	(4.577)	36	(4.103)
Completed Secondary	15	(1.174)	19	(2.054)	34	(2.593)
Some Secondary	9	(0.975)	20	(2.107)	25	(2.190)
No Secondary	6	(1.126)	20	(3.017)	17	(2.528)
Employment Status						
Employed	21	(1.303)	16	(2.188)	32	(2.507)
Unemployed	11	(1.031)	22	(2.162)	28	(2.311)
Labour Inactive	10	(1.026)	22	(2.413)	22	(2.256)
Geotype						
Metro Urban	17	(1.203)	19	(2.248)	32	(2.533)
Non-metro Urban	11	(1.007)	17	(1.751)	30	(2.262)
Rural	11	(1.178)	23	(2.231)	21	(2.016)
Province of residence						
Western Cape	22	(2.370)	16	(2.682)	17	(2.930)
Eastern Cape	15	(2.438)	18	(4.286)	13	(2.690)
Northern Cape	12	(2.215)	22	(3.691)	26	(3.564)
Free State	14	(2.976)	20	(5.121)	41	(6.344)
KwaZulu-Natal	11	(1.284)	25	(3.150)	30	(2.972)
Gauteng	28	(3.098)	32	(4.395)	42	(4.543)
North West	14	(1.583)	20	(3.108)	38	(3.486)
Limpopo	8	(1.726)	10	(2.137)	18	(3.049)
Mpumalanga	2	(0.810)	17	(3.088)	15	(2.785)

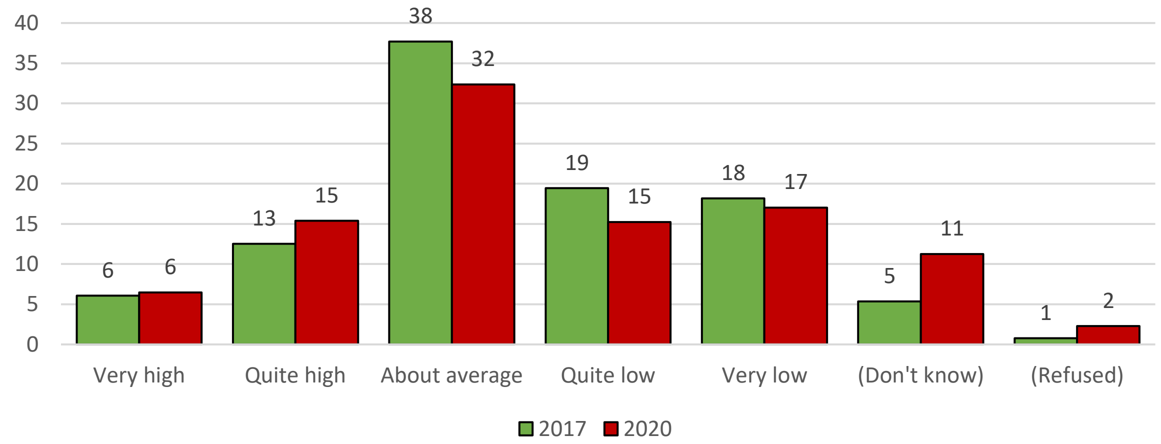
Note: 1. Standard error in parenthesis; and 2. Values above the national average for that survey wave are shaded in blue.

We were interested in the number of financial markets and indicators that a consumer kept an eye on. We developed a 0-10 Financial Markets Monitoring (FMM) Index with the higher value indicating the greater number of markets and indicators an individual watched. The FMM index included all the items present in **Figure *65***; the mean index score was 1.6 (SE=0.038) in 2020 and the distribution on this measure is skewed towards the left. The mean FMM index for SASAS 2017 was 0.9 (SE=0.026); one of the reasons for this comparatively lower score is the inclusion of a new item on the prices of goods and services in the monitoring list for SASAS 2020. We anticipated significant disparities in how certain socio-demographic groups monitored financial markets and indicators. Using Pearson's product-moment correlation tests, we found that formal schooling had a statistically significant correlation with keeping an eye on multiple indicators. The size of the correlation was similar in SASAS 2020 (r(2611) =0.247, p<0.001) and SASAS 2017 (r(3018) =0.208, p<0.001).

9.4. Subjective financial knowledge

Up to this point, we have only discussed objective financial knowledge, and have ignored subjective (or self-assessed) financial knowledge. But, at this stage, it is important to ask how does an individual's subjective financial knowledge compare with their objective understanding of fiscal issues? Is the general public ignorant about how much they know about important financial concepts and issues. To answer this question, we utilise the following subjective financial knowledge question: "Could you tell me how you would rate your overall knowledge about financial matters compared with other adults in South Africa?" Respondents could rate their knowledge on a 1-5 scale with 1 representing 'very high' and 5 'very low'. How the general public responded to this question are displayed in **Figure 66** for both SASAS 2017 and 2020. It is apparent that there was a moderate decline in self-reported knowledge between the two periods. This is consistent with the observed deterioration of mean Financial Knowledge Domain scores over the same period.

Figure 66: Public responses to the question: '[c]ould you tell me how you would rate your overall knowledge about financial matters compared with other adults in South Africa?' for 2017 and 2020



Responses to the question described above were converted into a 0-100 Subjective Knowledge Scale with 0 representing the lowest level of self-reported knowledge and 100 the highest level. Using a Pearson's product-moment correlation tests, we found that our subjective knowledge score had a weak (albeit statistically significant) correlation with the Financial Knowledge Domain. The size of the correlation was greater in SASAS 2020 (r(2781) =0.202, p<0.001) than in SASAS 2015 (r(2388) =0.272, p<0.001). However, people in South Africa, in general, had a tendency to underrate their level of financial knowledge. This can be clearly seen if we look at Subjective Knowledge Scale mean scores by Financial Knowledge Domain cohorts for SASAS 2015 and SASAS 2020 in **Table 36**. It is apparent that those who had low domain scores had suffered a significant decline in self-reported knowledge during the period. We can observe an increase in subjective knowledge for all other cohorts in the table with the largest increase occurring in the Lower Middle cohort. There was a statistically significant difference between the two periods for this cohort as determined by a one-way ANOVA (F(1, 643) = 8.1, p = 0.005) test.

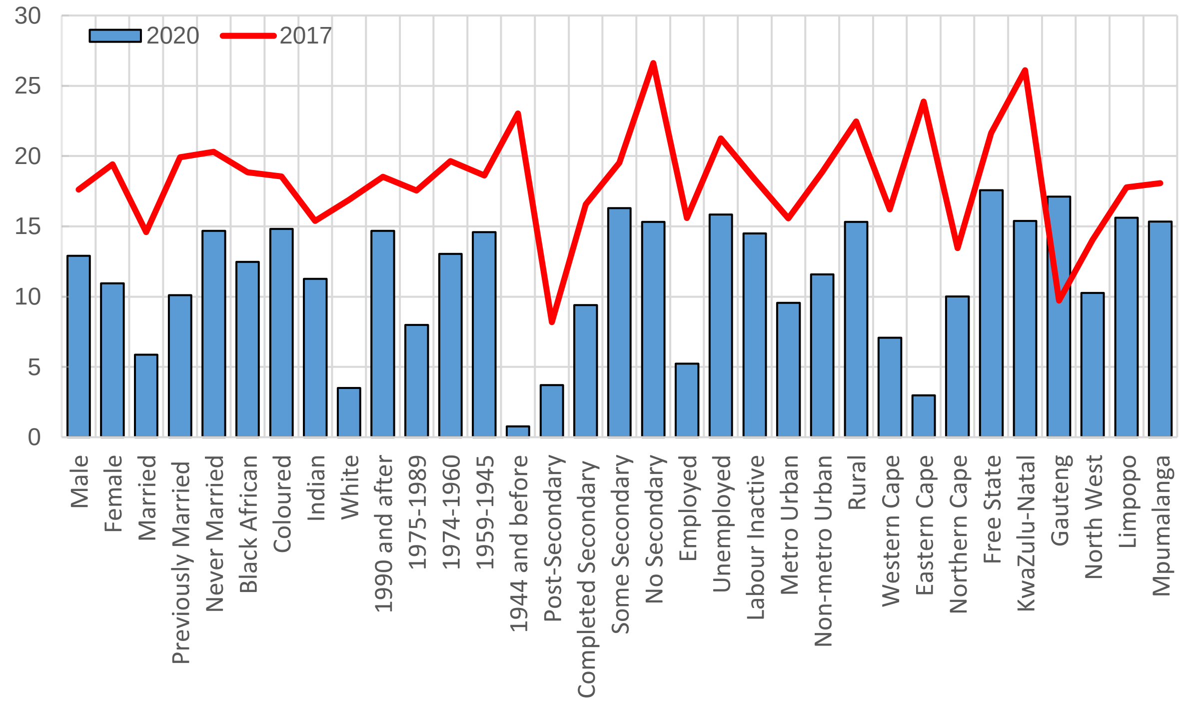
Table 36: Mean Subjective Financial Knowledge Scale (0-100) by Financial Knowledge Domain Cohort in 2017 and 2020 (Analysis of Variance)

	2017				2020				ANOVA		
	M	SE	(95% CI)		M	SE	(95% CI)		Diff.	F	Prob>F
Low (0-25)	30	(2.680)	24	35	24	(1.986)	20	28	-6	6	0.019
Lower Middle (26-49)	30	(2.041)	26	34	36	(2.577)	31	41	6	8	0.005
Upper Middle (50-74)	40	(1.325)	38	43	42	(1.948)	38	46	2	2	0.166
High (75-100)	45	(1.643)	42	48	48	(2.139)	44	52	3	5	0.022
Total	39	(0.859)	38	41	38	(1.054)	36	40	-1	3	0.068

Note: Standard error in parenthesis.

It seems prudent at this stage to ask which groups are better at understanding their level of financial knowledge. With the intention of analysing the gap between subjective and objective fiscal knowledge, we created a special metric that measured the difference between the Subjective Knowledge Scale and the Financial Knowledge Domain. The indicator was scaled from '100' to '-100', a positive value denoted an undervaluation of financial knowledge while a negative value signified an overvaluation. Mean scores on this measure are provided across a range of subgroups in **Figure 67**. Significant population group differences were noted in the figure. Members of the white minority undervalued their knowledge to a lesser degree than other groups. This disparity was found to be more pronounced in SASAS 2020 than in SASAS 2017. There was a distinct educational attainment gradient evident in **Figure 67** with better educated consumers reporting a lower undervaluation of their fiscal knowledge than their less educated peers. This education disparity was found to be more pronounced in SASAS 2017 than in SASAS 2020.

Figure 67: Difference between subjective and objective (-100 – 1000) financial knowledge domain by selected subgroups in 2015 and 2020

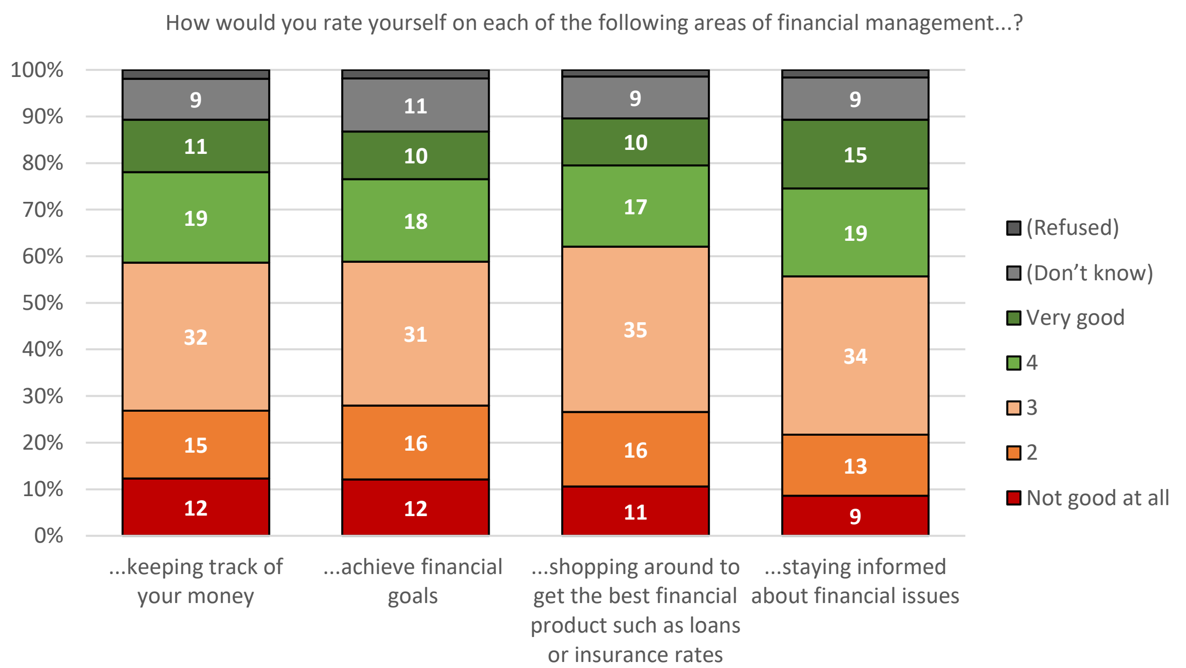


It was clear that marital status was an important correlate in explaining the mismatch between subjective and objective fiscal knowledge in SASAS 2020. People who had never married were much more likely to undervalue their knowledge in that survey round than other marital groups. The same pattern was, however, not observed in SASAS 2015. It was also clear that labour market status was an important correlate in explaining the undervaluation of fiscal knowledge in SASAS 2020. Being employed seem to make an individual less likely to undervalue their knowledge than other labour market groups. The same pattern was discovered in SASAS 2015 but to a lesser degree. Noteworthy spatial variances were apparent in the figure, with some provinces reporting much greater levels of undervaluation (e.g., KwaZulu-Natal and the Free State) than others (e.g., the Northern Cape and the Western Cape). Rates of change between different provincial residences were also fairly contradictory. Some provinces (e.g., the Eastern Cape, KwaZulu-Natal and the Western Cape) appear to have closed the gap between subjective and objective knowledge over the period while others did not.

9.5. Personal fiscal management

Speaking on the subject of financial management, Lloyd Buthelezi, General Manager at Nedbank Financial Planners, has said: “[f]ull knowledge of your own financial situation, from budgeting and current circumstances to clear goals and objectives are basic things that every consumer should know and manage” (Mail & Guardian 02/05/2014). He went on to say that this required discipline, focus and sacrifice. James Williams, Head of Marketing at Wonga, agrees with him. He has stated that “[t]here is a misconception that money problems stem from not having enough, but the reality is that solving any financial problem begins with learning financial literacy skills and committing to maintaining a budget and financial plan” (IOL 12/03/2021). There is a concern that many ordinary South Africans do not possess adequate levels of fiscal discipline and managerial skills. But are people aware of their own limited abilities? Or do they see themselves as good managers of their fiscal fortunes? In this section we try and answer the questions posed above, seeking to understand if ordinary people see themselves as good financial decisionmakers who coconscious about their finances and practice self-control.

Figure 68: Public responses to questions on different types of financial management



SASAS respondents were asked a series of questions about how they would rate their financial management in different areas. Survey participants were required to use a 1-5 scale where '5' represented very good and '1' not good at all. Responses are displayed in **Figure 68** and we discovered that the adult public was quite split on how they answered these questions. Some people, perhaps surprisingly, rated themselves quite poorly on the issues under discussion. Consider, for example, how people answered the 'achieve financial goals' item. Around a quarter (28%) of the adult populace scored a 1 or 2 on the scale for this item while 28% of the general public scored 4 or 5. The items on ‘keeping track of money’ and ‘staying within budget’ are, somewhat, more skewed towards the right. However, in general, the level of variation observed in **Figure 68** is much greater than may have been anticipated.

Table 37: Mean Self-Reported Financial Management Sub-indictors (1-5) and Self-Reported Financial Management Index by Financial Planning Domain Cohort

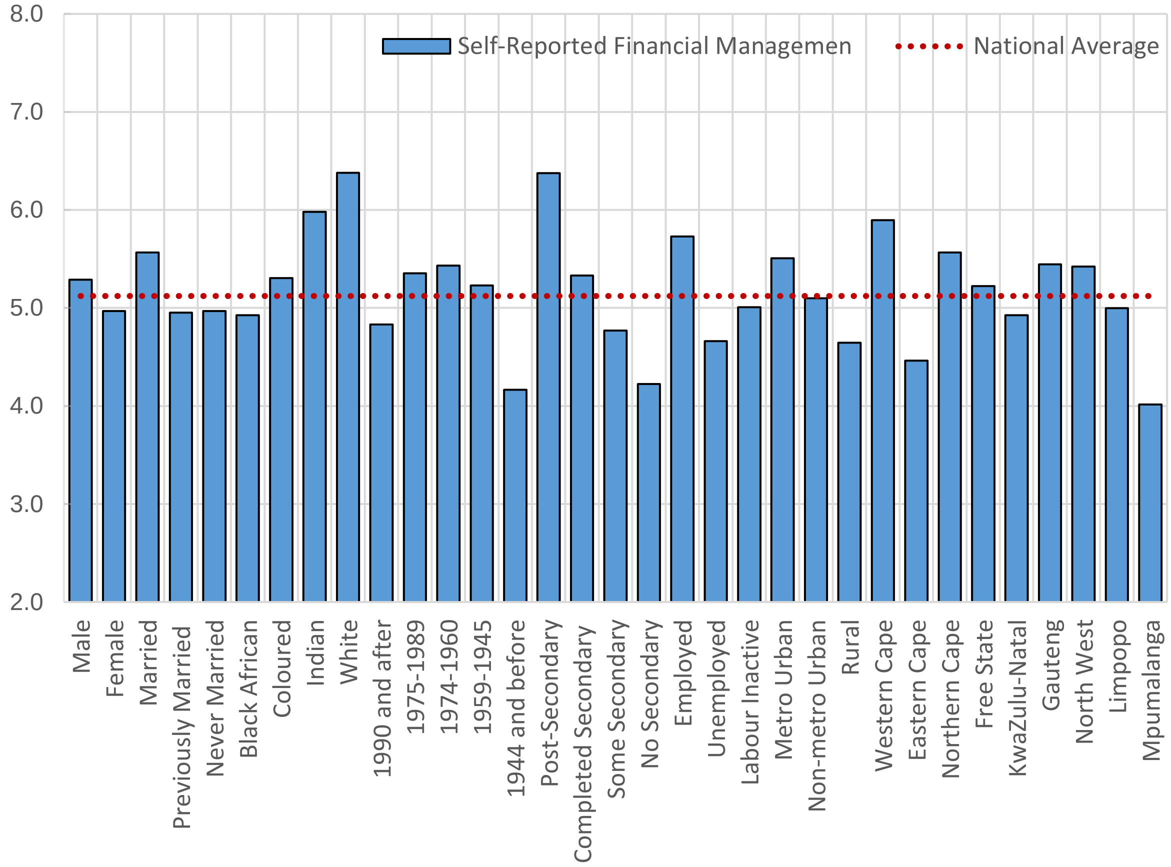
	…keeping track of your money		…achieving financial goals		…shopping around to get the best financial product such as loans or insurance rates		…staying informed about financial issues		Self-Reported Financial Management Index	
Low (0-25)	2.9	(0.055)	2.6	(0.053)	2.7	(0.050)	2.6	(0.055)	4.2	(0.116)
Lower Middle (26-49)	3.0	(0.038)	2.8	(0.036)	2.9	(0.037)	2.9	(0.036)	4.7	(0.072)
Upper Middle (50-74)	3.3	(0.035)	3.2	(0.032)	3.1	(0.038)	3.2	(0.038)	5.5	(0.067)
High (75-100)	3.7	(0.046)	3.7	(0.046)	3.4	(0.054)	3.6	(0.050)	6.5	(0.101)
Total	3.2	(0.022)	3.0	(0.021)	3.0	(0.022)	3.0	(0.028)	5.1	(0.045)

Note: Standard error in parenthesis.

If an individual score one of the items in **Figure 68** highly then they were more likely to score other items in the figure highly. Standard reliability checks on the items, utilising inter-item correlations (covariances) and Cronbach's alpha (0.857), found that they grouped suitably together. Subsequently, these items were combined to produce a composite metric that measured whether a consumer rated their financial management skills as good. Labelled the Self-Reported Financial Mangement (S-RFM) Index, this indicator was placed on a 0 to 10 scale. The higher the score on the scale, the more a person believed that their fiscal management skills were. The mean score on the S-RFM Index was 5.1 (SE=0.076) and we observed a distinct concentration at the mid-point of the distribution. We anticipated that the Financial Planning Domain (see Section 4) had a strong relationship with this index. Even though a Pearson's product-moment correlation test generated a statistically significant result, the size of the correlation was more moderate than expected ($r(2623) = 0.353$, $p<0.001$). This can be clearly seen if we look at index and sub-indicator mean scores by Financial Planning Domain cohorts in **Table 37**.

We may have assumed, given the findings of the other sections, there to be considerable discrepancies in how different subgroups in South Africa rated their financial management skills. To validate this assumption, we examined mean S-RFM index scores by a variety of different subgroups in **Figure 69**. Although the levels of subgroup variation were not substantial, it is possible to detect some interesting dissimilarities in the mean S-RFM scores of different groups. There is, for example, a notable educational attainment effect in the figure. Consumers with post-secondary education were found to have somewhat higher average scores (M=6.4; SE=0.209) on this scale than their less educated counterparts. Substantial levels of variation were noted in this self-reported behaviour by provincial residents. Adults living in the Eastern Cape (M=4.5; SE=0.218) and Limpopo (M=4.0; SE=0.181) had much lower S-RFM index mean scores than those in Gauteng (M=5.4; SE=0.192) and the Western Cape (M=5.9; SE=0.170). In addition, we can observe some interesting population group differences on this indicator. Of the four groups, members of the white minority (M=6.4; SE=0.183) had the highest mean scores while the Black African majority (M=4.9; SE=0.089) had the lowest.

Figure 69: Mean Self-Reported Financial Management Index (0-10) by selected subgroups

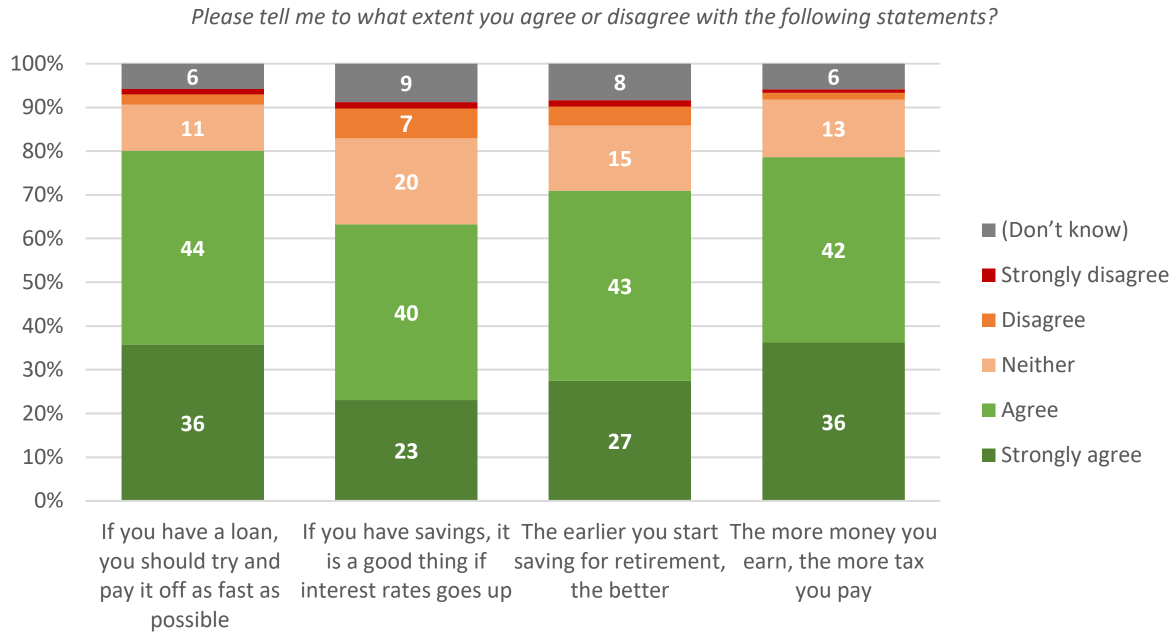


9.6. Understanding Fiscal Best Practice

For financial knowledge to be a viable component of successful consumer behaviour, it must be linked to good decision-making. In order to test the decision-making skills of respondents, they were posed four questions about different scenarios dealing with certain financial events. In each question, respondents were asked if they agreed or disagreed about the best course of action to take in a given situation (e.g., income taxation or loan taking). Responses to these questions are provided in **Figure *70*** and show that the majority of the adult public understood the most prudent course of action to take in each of the four scenarios. Four-fifths of the populace agreed that if they had a loan, it is best to pay it off as fast as possible. A similar percentage concurred with the statement that the greater an individual's earnings, the more taxes he/she would have to pay. Just about three-quarters (73%) of the adult population believed that the earlier a person starts saving for retirement, the better.

The only question that survey participants struggled to answer in **Figure *70*** concerned interest rates. Less than two-thirds (63%) of the general public was able to answer the interest rates question correctly. This is not unanticipated given that subsection 9.1 showed that a majority of the country does not have a robust understanding of how interest rates function. If a consumer agreed with one of the items in **Figure *70*** then they were more likely to agree with the other items. Reliability checks on the items, using inter-item correlations (covariances) and Cronbach's alpha (0.769), found that the items loaded satisfactorily onto a single index. Subsequently, these items were combined to produce a composite metric that measured whether an individual understood basic fiscal consequences. Labelled the Fiscal Best Practice (FBP) Index, this indicator was placed on 0 to 10 scale. The higher the score on a scale, the better a person understood the consequences of different fiscal events.

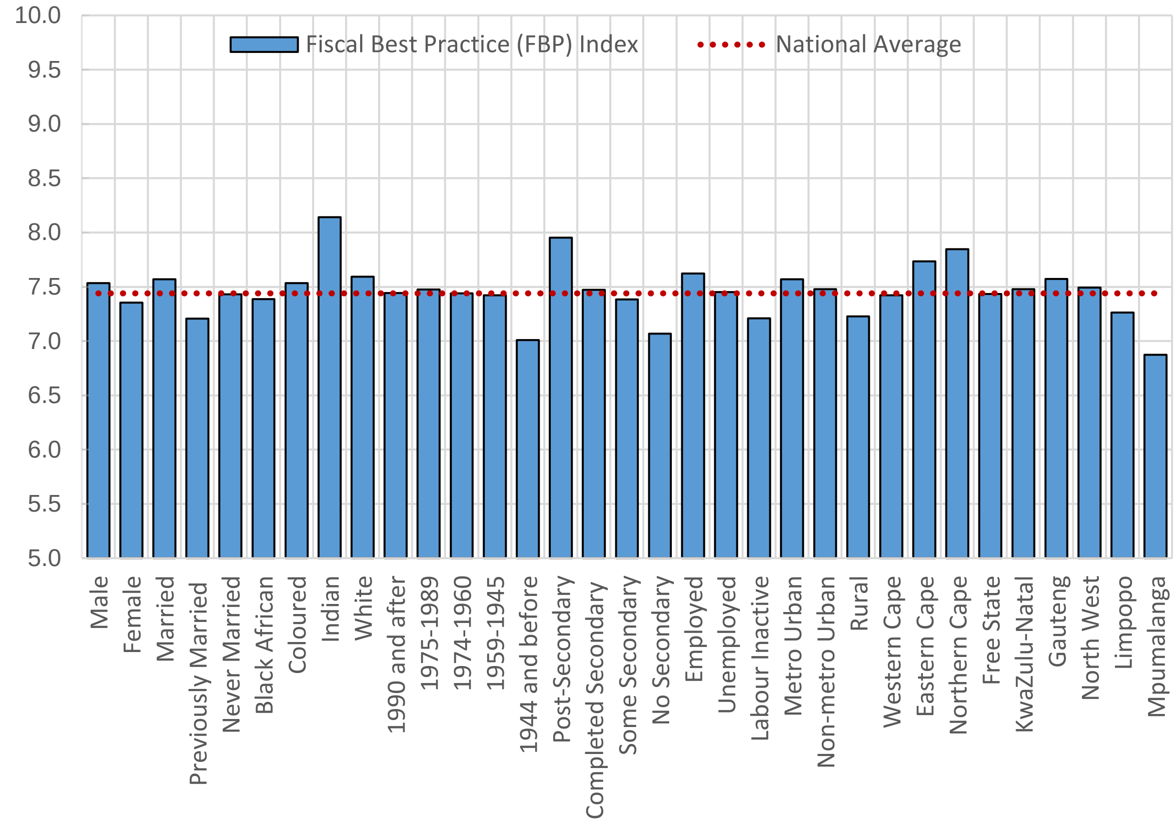
Figure 70: Public responses to how financial matters should be handled in light of different fiscal events



The mean score on the FBP Index was 7.4 (SE=0.048) and we observed a distinctly rightward skew to the distribution. We anticipated a robust (and positive) relationship between this index and the Financial Knowledge Domain. Although a Pearson's product-moment correlation test produced a statistically significant result, the size of correlation was more moderate than expected ($r(2388) =0.445$, $p<0.001$). In other words, the more knowledgeable an individual was about financial matters, the more likely they were to practice good fiscal decision-making. We may have assumed, given the findings of the other sections, to observe substantial disparities in how different subgroups in South Africa scored on the FBI Index. To validate this assumption, we examined mean index scores for a range of different subgroups in **Figure *71***.

The research team found that, by and large, there was relatively little subgroup variation in mean scores on the FBP Index. However, there were some areas of particular interest in the figure. A quantifiable educational attainment effect can be identified in the figure, formal schooling had a positive (albeit modest) association with the FBP Index. Consumers with no secondary education were found to have somewhat lower average scores (M=7.1; SE=0.135) on this scale than their better educated counterparts. In addition, we can observe some interesting population group differences on this indicator. Of the four groups, members of the Indian minority (M=8.1; SE=0.151) had the highest mean scores while the Black African majority (M=7.4; SE=0.055) had the lowest. Interestingly, further analysis found that Black African adults in certain provinces (e.g., Northern Cape) had much higher average FBP Index scores when compared to others (e.g., Limpopo).

Figure 71: Mean Fiscal Best Practice (FBP) Index (0-10) by selected subgroups

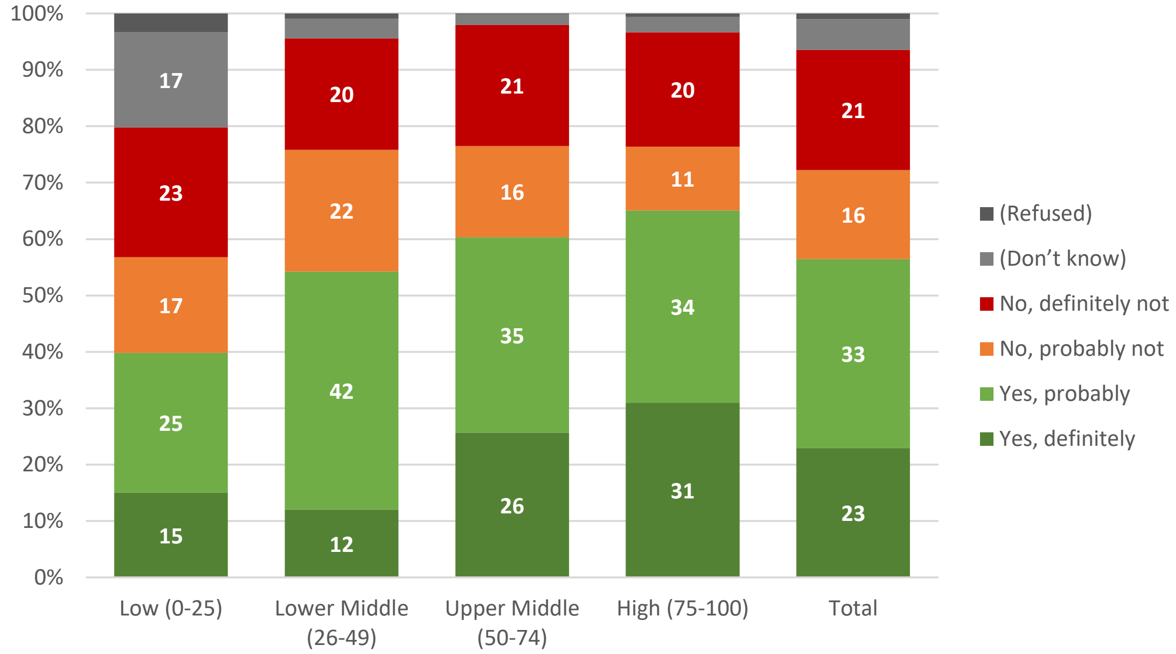


9.7. Demand for Fiscal Knowledge

We observed a remarkable decline in financial knowledge in subsection 9.2, suggesting the need for more financial education in South Africa. In addition, in subsection 9.4, we discovered that many people are aware that they have a poor understanding of basic fiscal concepts (e.g., interest rates and inflation). Given the great need for greater education on financial issues in the country, we need to better understand public demand for said education. Do ordinary South Africans want to learn more about financial issues (e.g., stock markets, credit rates and insurance schemes)? In order to answer this question, SASAS respondents were asked if they '[w]ould you be interested in receiving any additional information or education about financial matters?' Approximately a quarter (22%; SE=1.430) said that they were definitely interested and 32% (Se=1.552) told fieldworkers that they were probably interested. Nearly two-fifths of the general public claimed they were not interested with 21% (SE=1.264) stating that they were definitely not interested.

There appeared to be a relationship between demand for financial knowledge and our Financial Knowledge Domain score. There was a statistically significant difference between the two variables as determined by a one-way ANOVA ($F(1, 2382) = 50.3$, $p = 0.000$) test. This can be clearly seen if we look at Financial Knowledge Domain mean scores by how people answered the knowledge demand question in **Figure 72**. A similar outcome was observed if we tested the relationship between the Subjective Knowledge Scale (outlined in Section 9.4) and the demand for financial knowledge item using a one-way ANOVA ($F(1, 2644) = 55.5$, $p = 0.000$) test. Regardless of whether we examine objective or subjective knowledge, it would appear that the more knowledgeable a person is, the more interested they are in learning about fiscal issues.

Figure 72: Public responses to the question '[w]ould you be interested in receiving any additional information or education about financial matters?' by Financial Knowledge Domain Cohort



For those who expressed any interest in receiving additional information or education regarding financial matters, the following question was asked: '[w]hich of the following financial issues would you like to receive more information or education about, if any?' A list of fifteen different options was read to the respondent, this list was comprehensive and covered a wide variety of different topics. Of the diverse item listed, the most popular was learning more about how to make effective use of saving products (**Table 38**). Interestingly, if a person selected the savings products item, then they were more liable to select the item related to budgeting. The next most popular issue in the table concerned interest rates, this outcome is consistent with the results of the Financial Literacy Quiz (see subsection 9.1). Remarkably, those who were very eager to learn were found to be more liable to select options related to interest rates than other groups. The least popular options concerned investment products, credit agreements and the complaint process for financial products.

We were curious about the number of issues an individual wanted to learn more about. We developed a 0-10 Financial Issue Learning (FIL) Index with the higher number indicating the greater number of issues a consumer wanted more information on. The FIL index included all the items present in **Table 38** and did not exclude those who had no desire to receive additional information or education. The mean index score was 1.5 (SE=0.067) and the distribution on this measure is skewed towards the left. We anticipated a robust relationship between formal schooling and the FIL Index. Although a Pearson's product-moment correlation test produced a statistically significant result, the size of the observed correlation was quite small ($r(2671) = 0.103$, $p<0.001$). Interestingly, we were able to detect a more robust association between the FMM Index (outlined in Section 9.3) and the FIL index. A Pearson product-moment correlation test showed a small (but statistically significant) association ($r(2633) = 0.286$, $p<0.001$) between the two variables. It seems that the more a person wanted to learn about financial issues, the more closely they monitored different types of fiscal markets and indicators.

Table 38: Public responses to the question: '[w]hich of the following financial issues would you like to receive more information or education about, if any?' by interest in receiving any additional information or education about financial matters

	Yes, definitely	Yes, probably	No, probably not	Total
How to make effective use of savings products	49	41	23	36
How interest rates work	52	35	20	34
How interest rates are calculated	37	19	17	22
Insuring or covering your assets	35	18	11	20
Insuring or covering your life	42	24	17	26
How to get a copy of your personal credit profile or record	28	14	10	16
How to read and understand your personal credit profile (or record)	25	15	8	15
Use of technology to better manage your finances	32	21	8	19
How to better use financial services and products	19	14	6	13
How to draw up and manage a budget effectively	27	21	10	18
Counselling or training to better manage your credit	19	13	4	12
How to work out how much credit you can afford / pay back on	18	10	3	10
What fees may be applied to any credit agreements that you enter	18	8	4	9
How to select the best investment products	17	8	6	9
Complain about a financial product or service	18	8	5	10

Note: Respondents who have no desire to receive additional information or education are excluded.

Whether a person is motivated to learn about financial issues depends on both their sociodemographic characteristics and the particular issue under consideration. This can be clearly seen if we examine which groups in the country were more liable to want information on four distinct types of fiscal knowledge: (i) savings; (ii) interest rates[44]; (iii) insurance[45] and (iv) credit rates[46]. For all four types of information, we observed a distinct gender disparity with men more interested in learning about fiscal issues (**Table 39**). The size of this disparity was smallest on savings and largest on interest rates. Younger people were found, on average, to be more interested in learning more about savings than their older counterparts. A similar age gradient was not found for the other three issues under discussion. Indeed, for these other issues it was the middle age groups (i.e., 25-34 and 35-49 groups) that were more likely to indicate a desire for more information. Remarkable geographic variances were noticeable in the table, suggesting spatial factors influence demand for financial knowledge. With the exception of credit rates, rural residents reported lower demand than their non-metro and metro urban counterparts. The gap between metro urban residents and their rural peers was largest on the topics of savings and insurance.

Members of the white minority, out of all the population groups recorded in **Table 39**, have the lowest level of interest in learning about the four issues under discussion. The issue that white people found the least appealing was credit, and only 16% (SE=3.66) of white adults selected this kind of information. Although we observed no effect on savings, we found a clear educational attainment effect on the three other fiscal issues in the table. Formal schooling had the most robust effect on wanting to learn about interest rates. Demand for learning differed significantly by provincial

[44] This item comprises interest in two types of learning: (i) 'how interest rates work'; and (ii) 'how interest rates are calculated'.
[45] This item constitute interest in two types of learning: (i) 'insuring or covering your assets'; and (ii) 'insuring or covering your life'.
[46] This item represents interest in five types of learning: (i) 'how to get a copy of your personal credit profile or record'; (ii) 'how to read and understand your personal credit profile or record'; (iii) 'counselling or training to better manage your credit'; (iv) how to work out how much credit you can afford / pay back on; and (v) what fees may be applied to any credit agreements that you enter.

residents with levels of demand quite low in some provinces (e.g., Limpopo). Interestingly, we found that demand for fiscal learning, especially on interest rates, was relatively quite high in Gauteng. As a robustness check we examined the effect of socioeconomic position on selecting one of the options listed in **Table 39** using the LSM. Pearson's product-moment correlation tests produced a statistically significant result on three of the four with a statistically insignificant output observed for savings (r(2634) =0.011, p>0.050). However, the size of the correlations was quite small with the largest being on interest rates (r(2634) =0.097, p<0.001).

Table 39: Percentage Demand for Different Kinds of Financial Information or Education by selected subgroups

	Savings		Interest Rates		Insurance		Credit Rates	
Gender								
Male	29	(2.47)	34	(2.56)	29	(2.51)	30	(2.54)
Female	27	(1.83)	28	(1.81)	24	(1.77)	25	(1.71)
Marital Status								
Married	26	(2.71)	30	(2.84)	23	(2.70)	24	(2.71)
Previously Married	17	(2.86)	27	(4.00)	24	(3.97)	20	(3.22)
Never Married	32	(2.12)	33	(2.12)	29	(2.08)	31	(2.11)
Population group								
Black African	30	(1.80)	31	(1.68)	26	(1.63)	29	(1.68)
Coloured	21	(3.55)	41	(6.67)	37	(6.92)	29	(7.00)
Indian	20	(3.09)	32	(5.11)	26	(4.40)	17	(2.65)
White	17	(3.64)	27	(4.83)	20	(4.42)	16	(3.66)
Age Group								
16-24	30	(3.99)	30	(4.12)	24	(3.97)	26	(4.11)
25-34	30	(2.77)	35	(2.82)	33	(2.77)	34	(2.78)
35-49	29	(2.83)	34	(2.95)	29	(2.87)	30	(2.91)
50-64	28	(3.49)	33	(3.52)	26	(3.69)	22	(2.94)
65+	13	(3.28)	10	(2.88)	9	(2.50)	12	(3.20)
Educational Attainment								
Post-Secondary	26	(4.27)	42	(4.61)	32	(4.62)	30	(4.37)
Completed Secondary	29	(2.45)	34	(2.58)	26	(2.30)	29	(2.46)
Some Secondary	31	(2.76)	29	(2.76)	28	(2.78)	28	(2.80)
No Secondary	22	(3.33)	23	(2.89)	19	(2.99)	21	(2.83)
Employment Status								
Employed	26	(2.46)	38	(2.98)	33	(3.01)	33	(2.99)
Unemployed	34	(2.66)	33	(2.50)	28	(2.35)	28	(2.24)
Labour Inactive	22	(2.71)	21	(2.31)	18	(2.31)	20	(2.55)
Geotype								
Metro Urban	32	(2.85)	33	(2.88)	28	(2.81)	27	(2.82)
Non-metro Urban	25	(2.17)	29	(2.23)	28	(2.26)	27	(2.30)
Rural	26	(2.33)	30	(2.39)	23	(2.26)	29	(2.37)
Province of residence								
Western Cape	20	(3.19)	34	(5.57)	36	(5.52)	28	(5.60)
Eastern Cape	37	(5.17)	36	(4.94)	27	(4.50)	21	(3.66)
Northern Cape	21	(3.31)	28	(4.02)	24	(3.60)	28	(3.71)
Free State	27	(6.38)	31	(5.78)	36	(6.84)	20	(6.27)
KwaZulu-Natal	30	(3.32)	31	(3.44)	26	(3.31)	35	(3.43)
Gauteng	31	(4.23)	52	(4.58)	45	(4.67)	40	(4.62)
North West	34	(3.71)	30	(3.41)	25	(3.28)	27	(3.39)
Limpopo	26	(3.93)	25	(3.63)	22	(3.37)	31	(3.99)
Mpumalanga	9	(2.18)	20	(3.29)	9	(2.15)	15	(2.97)

Note: 1. Standard error in parenthesis; and 2. Values above the national average for that survey wave are shaded in blue.

10. Intra-familial Financial Support

Many South Africans feel the pressure of what some call 'Black Tax', the financial burden of supporting family and friends. Mabetha Cedrick Pila, Business Development Manager at 10X Investments, said: "[t]he issue of 'black tax' can make it extremely difficult to save, compared with those who don't have to shoulder the financial responsibility of taking care of extended family members, such as parents and siblings, even grandparents and grandchildren" (BusinessTech, 06/10/2019). Niq Mhlongo, in his collection of essays entitled "Black Tax: Burden or Ubuntu" is less prescriptive about this issue. The collection showcases the complexity of the phenomena, noting how the 'Black Tax' effects the young and old, men and women. But while Mhlongo is quite critical of the burdens caused by 'Black Tax', Palesa Tlholoe is more positive. For Tlholoe, 'Black Tax' is not an incumbrance but should instead be seen as an 'investment'. Offering advice to financial consumer, she says: "[a]nd the return on that investment? The positive change that you would have created" (IOL, 9/12/2020).

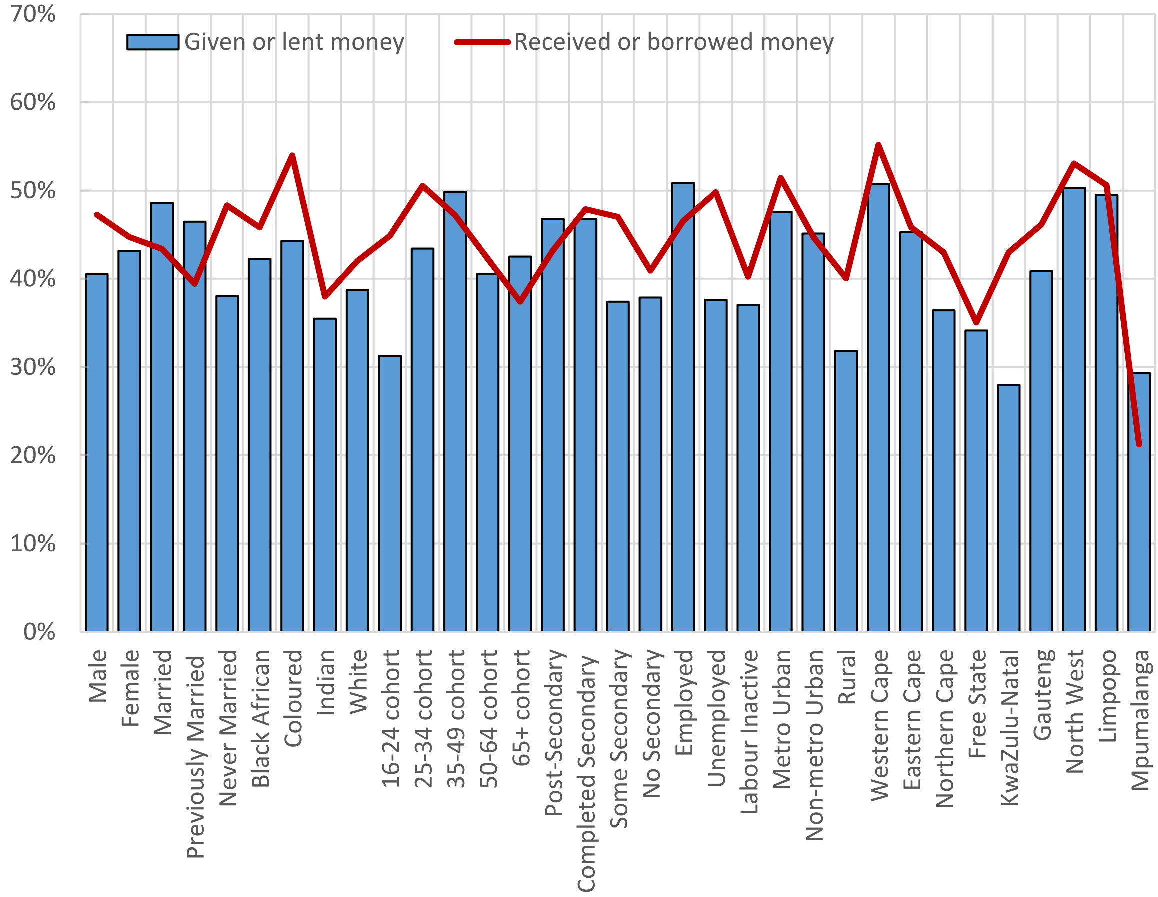
In this section we examine public participation in, and attitudes towards, 'Black Tax'. To assist us with our examination, and following the advice of Palesa Tlholoe, we would like the reader to think of intra-familial financial support in terms of banking transactions. If a person lends or gives money to a family member then they are '*depositing*' wealth into their wider family network. If, on the other hand, that person borrows or receives money from family members then they are '*withdrawing*' wealth from that network. We will continue to use this banking metaphor throughout the remainder of this section. First, in subsection 10.1, we will map intra-familial financial support, looking at the fiscal connections between different kinds of relations. Following this examination of intra-familial support, we examine attitudes towards the financial assistance of family members in subsection 10.2. In that subsection, the focus will be on whether people feel pressured to provide this kind of support.

10.1. Mapping intra-familial financial support networks

In order to provide an adequate assessment of 'Black Tax', we need to identify which types of family members are most involved in depositing and withdrawing this kind of aid from familial networks. To acquire this information, SASAS respondents were asked if "[i]n the past three months, which of the following family members have you given or lent any money to?" Then respondents were read a list of different types of family members. As a follow-up question, survey participants were queried: "[i]n the past three months, which of the following family members have you received or borrowed money from?" In both cases, fieldworkers told respondents that this could be a large or small amount of money. The majority of the adult populace (58%; SE=0.957) told us that they had not lent or given any money to a family member and 54% (SE=0.967) said that they had not given or loaned money to family members. A significant proportion of adult consumers in the country were giving or getting money from family members in the three months prior to the SASAS 2020 interview.

It was possible to identify a robust correlation between participation in depositing and withdrawing money from family networks during the period under review in our subgroup analysis. A Pearson's product-moment correlation test confirmed that there was a relationship between the two kinds of behaviour. The test showed a moderate positive correlation between the two variables ($r(2584)=0.487$, $p<0.001$), with withdrawing money from family explaining 24% of the variation in depositing money. Indeed, we found that 32% (SE=1.519) of the adult populace had both deposited and withdrawn money from family networks in the three months prior to the interview. But what are the characteristics of those who participate in intra-familial financial support networks? With the purpose of answering this question, let us assess the characteristics of those who recently borrow money from, or lent money to, family in **Figure 73**.

Figure 73: Percentage who have lent to, or borrowed from, money from family members in the three months prior to the interview by selected subgroups, 2020

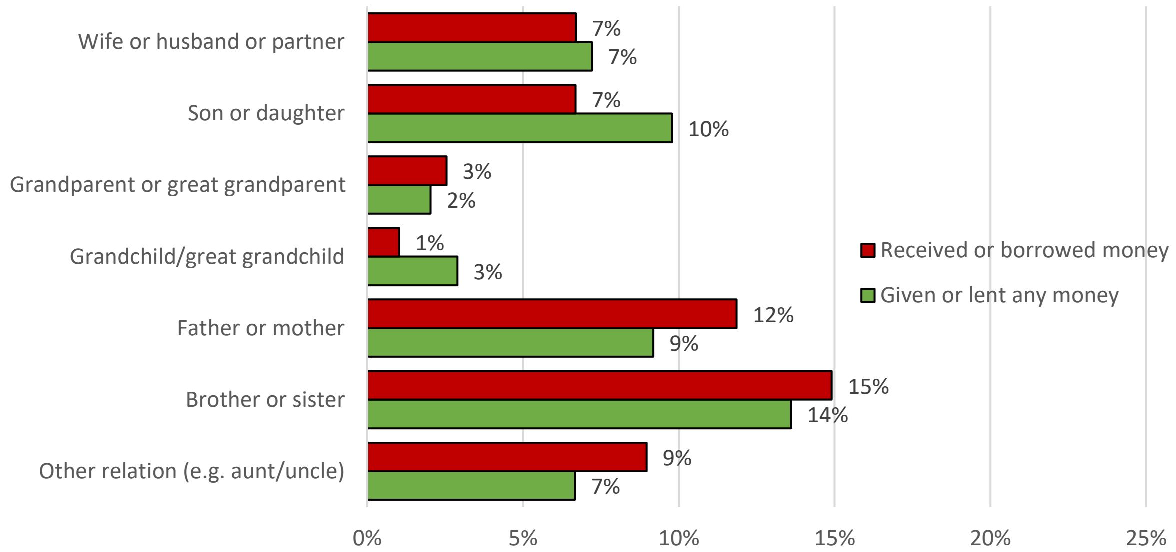


We can note that certain groups were far more likely to withdraw money from family than they were to deposit money. Nearly half (46%; SE=2.542) of those in the 16-24 age group withdrew money from family networks but only 32% (SE=2.386) had deposited. The opposite was true of those in the 65 and above age group who were more prone to deposit (43%; SE=2.818) than withdraw (38%; SE=2.762). Other groups that were more liable to deposit than withdraw were the unemployed, probably an indication of the insecure fiscal position of this group. Interestingly, people who were employed were more liable to be involved in intra-familial assistance than other labour market groups. Although a significant proportion of this group withdrew money from family networks (47%; SE=1.647), it was apparent that this group was somewhat more liable than others to participate in withdrawals (52%; SE=1.650). Reviewing the results of our subgroup analysis, we did not observe a significant socio-economic gradient in **Figure *73***. More affluent subgroups, in other words, were not less liable to engage in intra-familial monetary support than their less affluent counterparts.

We noted a distinct geographic disparity in reported rates of participation in intra-familial support. Providing monetary aid within family groups was found to be more common in metropolitan urban areas than in rural locales. This was especially true of giving or lending money to family, 49% (SE=1.616) of metropolitan urbanites engaged in this activity while only 33% (SE=1.810) of rural dwellers did so. We observed a significant level of provincial variation in participation in supporting family members financially. Residents in the Western Cape, North West and Limpopo reported the highest rates of participation in this kind of behaviour. It was apparent that population group status was an important correlate of both depositing and withdrawing money from familial networks. Of all the population groups listed in **Figure *73***, participation in this sort of activity was most common amongst the Coloured minority.

Let us examine which types of family members the general public is lending money to, and borrowed money from, in the three months prior to the SASAS interview (**Figure *74***). Most of the general public had only engaged in this type of behaviour with one family member type during the period under review. Less than a tenth of the adult population (6%; SE=0.787) had received or borrowed money from more than one type and 8% (SE=0.878) had given or lent to more than one kind of relation. Of all the family member types listed in the figure, grandparents or grandchildren were listed the least by the general public. The most common familial relation involved siblings; 15% (SE=0.691) had deposit to a brother or sister and 14% (SE=0.665) had withdrawn money from this kind of relation. Many people were also found to have been involved providing to, or receiving support from, their parents and their children. Adults were found to be more likely to withdraw capital from their parents (12%; SE=0.627) than they were their children (7%; SE=0.485).

Figure 74: Public responses to the question on whether a respondent had lent money to, or borrowed money from, the following family members money in the three months prior to the interview, 2020



As can be observed from **Figure 74**, a significant minority of the population had either recently deposited (11%; SE=0.600) or withdrew (14%; SE=0.202) money from their parents and grandparents. Indeed, about a twentieth (5%; SE=0.421) had engaged in both types of behaviour. To better understand the characteristics of this minority, we explore which subgroups were most prone to have recently borrowed or received money from, and lent or given money to, older family members in **Table 40**. We can observe a moderate gender disparity in the table with men (16%; SE=1.085) more liable to withdraw money from older family than women (13%; SE=0.852). Both withdrawing and depositing fiscal resources with an older relation is, perhaps unsurprisingly, relatively quite common amongst young people. Consumers in the 16-24 and 25-34 age groups were found to be much more liable to engage in both types of behaviour than their older peers. Withdrawing money from older family members is, perhaps unsurprisingly, more common for these age groups than depositing.

Of all the population groups in **Table 40**, the Coloured population was much more likely to withdraw money from older family members than other groups. About a quarter (25%; SE=2.166) of this minority had engaged in this behaviour, and this can be compared to 14% (SE=0.824) of the Black African majority, 8% (SE=1.449) of the Indian minority and 11% (SE=2.319) of the white minority. Marital status appears to be an important correlate of both depositing and withdrawing money from older family members. Those who have never married are more prone to engage in this activity than other marital status groups. The proportion who has both deposited and withdrew from older family is significantly higher for the never married (7%; SE=0.690) than the married (2%; SE=0.497) or the previously married (1%; SE=0.507). Adult participation in intra-familial support for the elderly is comparatively quite high in urban areas when compared to rural areas. The percentage who has both deposited and withdrew from older family is significant lower for rural dwellers (3%; SE=0.615) than non-metro urban (5%; SE=0.719) or metro urban (6%; SE=0.783) dwellers.

Table 40: Percentage who have given or lent to, or received or borrowed from, money from parents and grandparents in the three months prior to the interview by selected subgroups, 2020

	Deposited		Withdrew		Both Deposited or Withdrew	
	M	SE	M	SE	M	SE
Gender						
Male	10.8	(1.35)	15.9	(2.23)	4.5	(0.91)
Female	10.6	(1.42)	12.6	(1.53)	5.6	(1.16)
Marital Status						
Married	1.6	(6.07)	6.4	(1.41)	2.0	(0.59)
Previously Married	4.9	(1.56)	5.3	(2.26)	1.2	(0.51)
Never Married	12.5	(1.42)	19.4	(1.99)	7.2	(1.18)
Population group						
Black African	11.3	(1.15)	13.8	(1.34)	5.2	(0.86)
Coloured	8.3	(1.90)	23.6	(2.17)	4.5	(1.37)
Indian	8.9	(3.13)	7.6	(2.15)	4.0	(1.75)
White	8.6	(3.50)	11.1	(3.87)	4.3	(3.02)
Age Group						
16-24 cohort	13.1	(2.54)	24.5	(4.09)	7.3	(2.07)
25-34 cohort	15.0	(2.24)	18.3	(2.48)	7.5	(1.76)
35-49 cohort	12.2	(1.83)	11.4	(2.16)	4.6	(1.22)
50-64 cohort	2.5	(0.99)	4.0	(0.97)	0.7	(0.32)
65+ cohort	1.3	(0.69)	2.2	(1.11)	0.5	(0.54)
Educational Attainment						
Post-Secondary	13.9	(2.87)	11.6	(2.63)	4.2	(1.50)
Completed Secondary	13.2	(1.91)	16.2	(2.20)	6.1	(1.49)
Some Secondary	10.0	(1.63)	17.1	(2.70)	5.6	(1.35)
No Secondary	3.8	(1.01)	4.1	(1.05)	1.8	(0.68)
Employment Status						
Employed	13.8	(1.86)	13.2	(2.71)	5.2	(1.24)
Unemployed	9.9	(1.68)	15.8	(2.06)	5.7	(1.40)
Labour Inactive	8.1	(1.46)	13.4	(2.11)	3.9	(1.11)
Geotype						
Metro Urban	12.2	(1.85)	15.4	(2.58)	6.5	(1.51)
Non-metro Urban	11.8	(1.72)	13.3	(1.86)	5.4	(1.18)
Rural	7.7	(1.22)	13.6	(1.93)	2.7	(0.70)
Province of residence						
Western Cape	13.1	(2.99)	21.8	(5.95)	6.6	(2.45)
Eastern Cape	9.6	(2.75)	8.6	(2.78)	5.7	(2.43)
Northern Cape	9.6	(2.46)	10.8	(3.10)	5.0	(1.92)
Free State	9.9	(4.29)	20.0	(5.90)	8.8	(4.24)
KwaZulu-Natal	7.2	(1.72)	17.1	(2.87)	3.1	(0.90)
Gauteng	10.6	(2.39)	15.3	(3.70)	5.4	(1.85)
North West	12.6	(2.46)	12.6	(2.61)	5.6	(1.87)
Limpopo	12.6	(2.85)	15.9	(3.40)	7.4	(2.45)
Mpumalanga	9.1	(2.34)	5.2	(1.93)	0.7	(0.50)

Note: 1. Standard error in parenthesis; 2. Values above the national average for that survey wave are shaded in blue.

A substantial segment of the population had either deposited (7%; SE=0.509) or withdrew (12%; SE=0.625) money from their children and grandchildren in the three months prior to the SASAS interview. Indeed, nearly a twentieth (4%; SE=0.369) had participated in both kinds of actions. To better comprehend the attributes of this minority, let us examine the proportion who recently borrow money from, or lent money to, younger family members across a range of different subgroups in **Table *41***. A distinct educational attainment effect was noted in the table, formal schooling appeared to have a negative correlation with this type of behaviour. Persons with no secondary education were more liable to have either deposit (19%; SE=1.910) or withdrew (16%; SE=0.784) money than other attainment groups. Aiding younger relations financially is, perhaps unsurprisingly, relatively quite common amongst older people. Individuals in the 65 and above age group are much more liable to engage in this type of behaviour than their younger peers. But older people are also more likely to withdraw money from younger relations than other age groups, seeking fiscal aid from their children and grandchildren.

Table 41: Percentage who have lent to, or borrowed money from, children and grandchildren in the three months prior to the interview by selected subgroups, 2020

	Deposited		Withdrew		Both Deposited or Withdrew	
	M	SE	M	SE	M	SE
Gender						
Male	10.6	(1.48)	7.2	(1.27)	3.9	(0.96)
Female	12.8	(1.30)	7.6	(1.00)	4.8	(0.84)
Marital Status						
Married	15.1	(1.90)	9.9	(1.78)	5.3	(1.24)
Previously Married	22.1	(3.08)	13.8	(2.55)	8.3	(1.98)
Never Married	8.3	(1.23)	5.1	(0.92)	3.2	(0.80)
Population group						
Black African	11.0	(1.12)	6.6	(0.87)	4.1	(0.74)
Coloured	17.5	(3.44)	11.9	(2.61)	5.6	(1.51)
Indian	4.9	(1.24)	7.6	(2.65)	2.6	(0.84)
White	15.0	(3.31)	11.0	(3.63)	6.5	(2.38)
Age Group						
16-24 cohort	5.6	(1.90)	4.1	(1.77)	3.0	(1.59)
25-34 cohort	6.5	(1.51)	3.9	(1.19)	2.2	(0.96)
35-49 cohort	12.2	(1.82)	6.3	(1.38)	3.5	(0.87)
50-64 cohort	18.7	(2.96)	11.7	(2.14)	7.0	(1.72)
65+ cohort	29.9	(4.03)	22.8	(3.86)	12.8	(3.17)
Educational Attainment						
Post-Secondary	8.2	(1.89)	5.3	(2.09)	1.8	(0.78)
Completed Secondary	11.4	(1.78)	5.4	(1.22)	3.2	(0.99)
Some Secondary	10.7	(1.66)	6.3	(1.26)	4.2	(1.14)
No Secondary	19.1	(2.78)	16.1	(2.69)	9.7	(2.18)
Employment Status						
Employed	10.7	(1.43)	6.3	(1.27)	3.4	(0.83)
Unemployed	11.2	(1.89)	6.0	(1.31)	4.3	(1.23)
Labour Inactive	13.7	(1.66)	10.6	(1.61)	5.6	(1.15)
Geotype						
Metro Urban	14.1	(1.90)	7.7	(1.47)	5.2	(1.21)
Non-metro Urban	13.0	(1.58)	8.7	(1.38)	4.8	(1.04)
Rural	7.6	(1.21)	6.1	(1.14)	3.0	(0.84)
Province of residence						
Western Cape	16.1	(3.00)	14.7	(3.16)	6.5	(1.93)
Eastern Cape	15.8	(4.12)	12.0	(3.88)	9.9	(3.82)
Northern Cape	6.7	(2.08)	4.1	(1.20)	1.8	(0.83)
Free State	2.0	(0.94)	2.2	(1.00)	1.1	(0.80)
KwaZulu-Natal	9.5	(1.59)	5.2	(1.18)	2.9	(0.88)
Gauteng	13.1	(3.14)	7.3	(2.45)	3.8	(1.62)
North West	14.2	(2.40)	7.1	(1.60)	5.0	(1.32)
Limpopo	7.3	(2.11)	6.3	(1.96)	1.9	(1.03)
Mpumalanga	7.6	(1.67)	3.0	(1.49)	1.6	(0.76)

Note: 1. Standard error in parenthesis; 2. Values above the national average for that survey wave are shaded in blue.

When compared to the Black African majority, racial minorities are, on the whole, more likely to receive aid from, and give aid to, younger family members. Of all the population groups in **Table *41***, adult members of the white minority are the most likely to engage in this type of behaviour. Marital status seems to have a positive relationship with both withdrawing and depositing money with younger relations. Those who have never married are less likely to engage in this activity than other marital status groups. When judged against urban areas, adult participation in both helping, and receiving help, from younger family is relatively low in rural areas.

Table 42: Percentage who have lent to, or borrowed from, money from siblings in the three months prior to the interview by selected subgroups, 2020

	Deposited		Withdrew		Both Deposited or Withdrew	
	M	SE	M	SE	M	SE
Gender						
Male	13.2	(1.52)	17.1	(1.80)	8.7	(1.25)
Female	13.9	(1.49)	12.9	(1.42)	6.2	(0.94)
Marital Status						
Married	13.0	(1.92)	14.4	(2.03)	7.5	(1.47)
Previously Married	11.4	(2.50)	11.7	(2.16)	7.4	(1.81)
Never Married	14.2	(1.44)	15.6	(1.58)	7.2	(1.03)
Population group						
Black African	13.9	(1.24)	15.9	(1.33)	7.6	(0.91)
Coloured	15.6	(3.22)	12.1	(2.74)	8.3	(2.30)
Indian	13.5	(4.64)	12.0	(4.57)	9.3	(4.51)
White	9.5	(2.90)	10.2	(3.39)	4.5	(1.71)
Age Group						
16-24 cohort	7.5	(1.84)	11.3	(2.39)	3.5	(1.02)
25-34 cohort	19.5	(2.48)	15.6	(2.08)	9.0	(1.69)
35-49 cohort	17.6	(2.26)	21.4	(2.53)	11.0	(1.92)
50-64 cohort	11.6	(2.05)	14.2	(2.72)	7.6	(1.55)
65+ cohort	2.5	(0.99)	3.1	(1.24)	0.7	(0.47)
Educational Attainment						
Post-Secondary	18.3	(3.36)	17.1	(3.44)	9.7	(2.60)
Completed Secondary	14.8	(1.91)	16.8	(2.21)	7.0	(1.34)
Some Secondary	12.9	(1.76)	14.2	(1.76)	7.8	(1.28)
No Secondary	6.2	(1.43)	10.2	(1.87)	4.3	(1.23)
Employment Status						
Employed	17.7	(2.05)	15.5	(1.97)	9.5	(1.55)
Unemployed	14.5	(1.81)	19.5	(2.17)	8.6	(1.39)
Labour Inactive	7.6	(1.51)	8.3	(1.37)	3.3	(0.80)
Geotype						
Metro Urban	13.5	(1.90)	16.2	(2.13)	7.4	(1.34)
Non-metro Urban	16.6	(2.03)	15.4	(1.88)	8.8	(1.56)
Rural	11.3	(1.40)	13.0	(1.54)	6.3	(1.02)
Province of residence						
Western Cape	18.0	(3.11)	15.1	(3.21)	7.7	(2.11)
Eastern Cape	11.6	(3.19)	11.6	(2.83)	5.9	(1.98)
Northern Cape	11.6	(2.90)	15.0	(3.07)	8.4	(2.49)
Free State	22.6	(6.09)	12.8	(4.46)	9.3	(4.29)
KwaZulu-Natal	9.8	(1.93)	13.2	(2.21)	5.2	(1.39)
Gauteng	15.9	(2.82)	18.4	(3.20)	9.3	(2.29)
North West	14.5	(2.56)	19.4	(2.93)	8.8	(1.94)
Limpopo	17.2	(3.33)	17.8	(3.21)	12.2	(2.84)
Mpumalanga	6.1	(1.98)	4.5	(1.56)	2.5	(1.15)

Note: 1. Standard error in parenthesis; and 2. Values above the national average for that survey wave are shaded in blue.

Substantial provincial dissimilarities were apparent in the table, and we noted that certain provinces reported much lower rates of participation than others. Intra-familial support to, and from, younger relations was particularly low amongst residents in the Free State, the Northern Cape and Mpumalanga. Remarkably, we found that adults in the Eastern Cape participated in this kind of behaviour at a higher rate than those in other provinces. Indeed, a tenth of adult residents in this province said that they had both deposited and withdrew money from younger relations, more than double the national average.

Of all the family types listed in **Figure *74***, the most commonly mentioned was siblings. Regardless of whether we are talking about receiving support from, or giving support to, this was true. In fact, more than an eighth (15%; SE=1.125) of the general populace had taken part in both sorts of behaviour. We need to better appreciate what drives people to partake in this kind of activity. In order to do so, we will investigate the percentage who had recently borrow money from, or lent money to, siblings across various socio-demographic subgroups in **Table *42***.

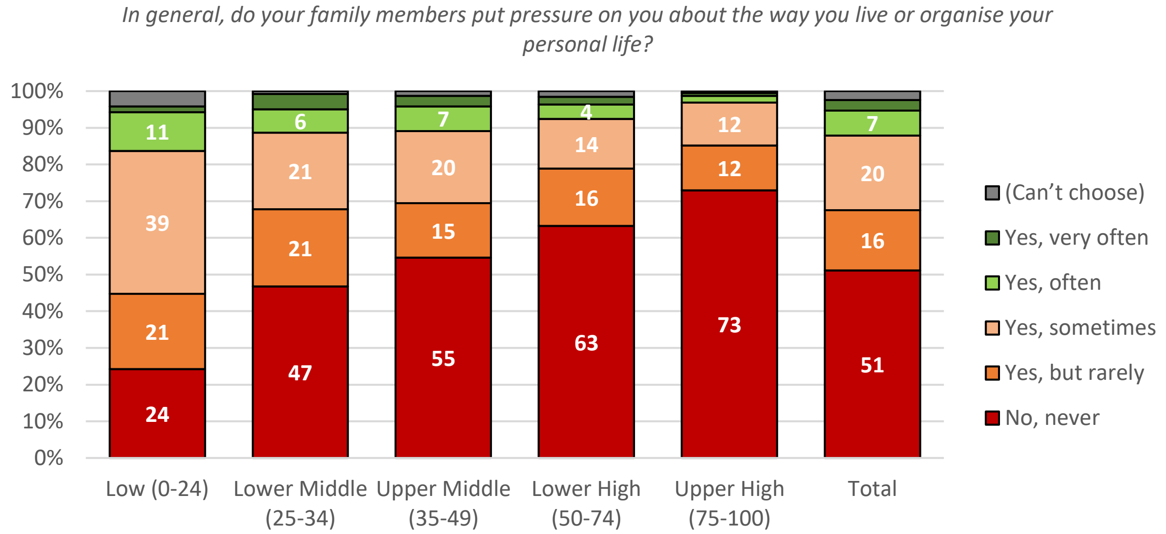
Formal schooling had a positive association with this type of behaviour. Persons with no secondary education were more liable to have either deposited (18%; SE=1.910) or withdrew (17%; SE=0.784) money than other attainment groups. Unlike what was observed in either **Table *40*** and **Table *41***, we found a u-shaped age effect. Both withdrawing from, and depositing with, a sibling is relatively quite common amongst the 35-49 age group. Withdrawing money from siblings is, in particular, much more common for this group (21%; SE=1.449) than the 50-64 group (14%; SE=1.535) and the 65 and above (2%; SE=0.967) group.

10.2. Attitudes towards supporting family members financially

Much of what has been written about the 'Black Tax', perhaps unsurprisingly, has tended to concentrate on the negative, and portray this kind of intra-familial financial support as deeply arduous. Scelo Manyoni, for example, examined the struggles faced by many black professionals who feel obligated to financially support family members. Speaking to the press about his research, he said: "some viewed it as burdensome ...[t]hose who hold that view complained that they could not progress in life because they need to take care of the entire family" (IOL, 15/06/2021). Others in his study, however, felt it was an ethical imperative, a societal value that has been passed down through the generations. To better understand this kind of dualism observed by Manyoni, public attitudes towards financially supporting family will be discussed in this subsection. In particular, the subsection will explore how such the 'Black Tax' puts pressure on people.

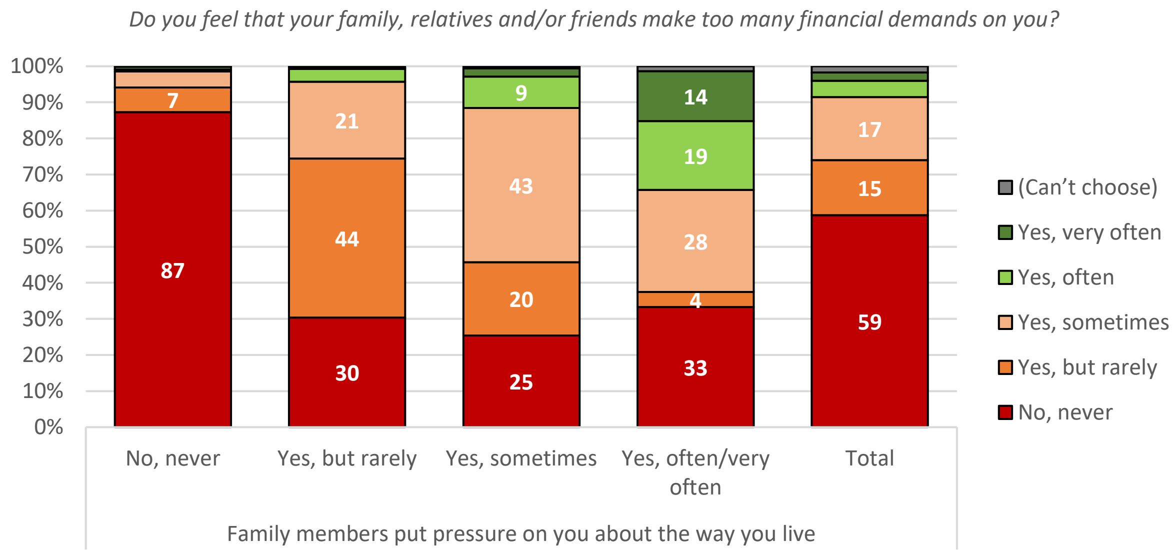
Let us begin by examining whether people feel pressure from their family in a wide-ranging sense. SASAS respondents were asked: '[i]n general, do your family members put pressure on you about the way you live or organise your personal life?' More than half (51%) of the adult populace said that this had never happened before. Approximately a third said that it had either happened sometimes (16%) or rarely (20%) and about a tenth told fieldworkers that it occurred often (7%) or very often (3%). A one-way ANOVA test ($F(5, 2314) = 23.3$, $p = 0.000$) seems to suggest that there was a statistically significant correlation between the Product Choice domain score and this question. This can be seen more clearly if we look at responses to the question across different Product Choice cohorts (**Figure 75**). Nearly three-quarters (72%) of those who scored between 0 and 24 on the Product Choice domain told fieldworkers that they felt pressured by their family. This can be compared, unfavourably, with 73% of those in the 75-100 and 63% in the 50-74 group.

Figure 75: Public responses to the question: '[i]n general, do your family members put pressure on you about the way you live or organise your personal life?' Product Choice Cohort



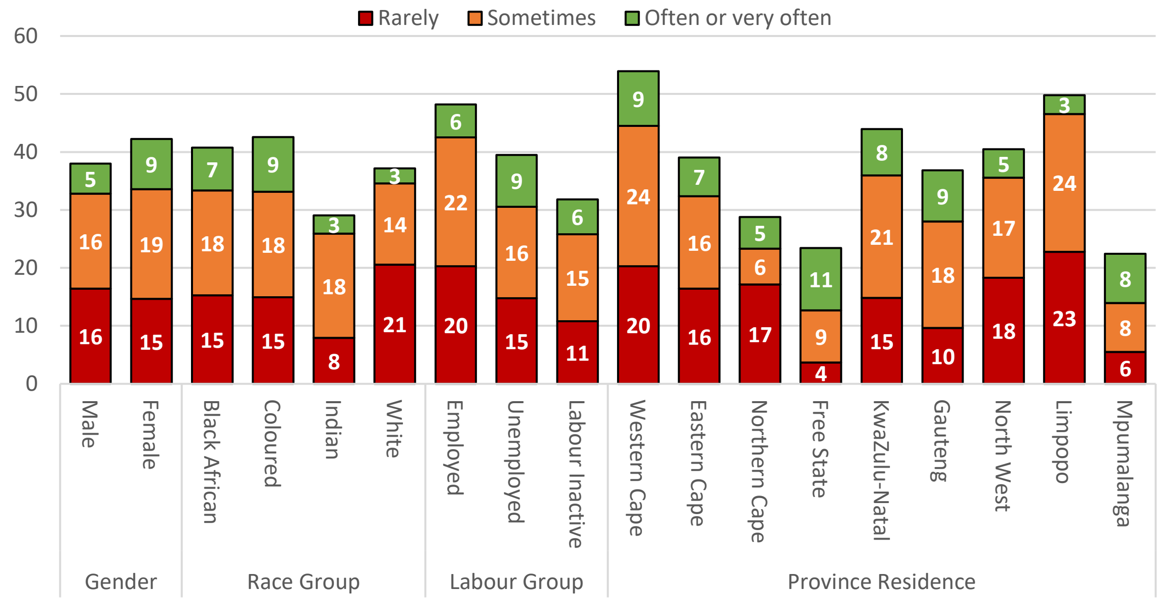
Now let us turn to the degree of financial pressure that is felt by the general populace. SASAS respondents were asked: '[d]o you feel that your family, relatives and/or friends make too many financial demands on you?' Nearly three-fifths (59%) of the adult populace said that this had never happened before. Just about a third said that it had either happened sometimes (17%) or rarely (15%) and around a tenth told fieldworkers that it occurred often (5%) or very often (2%). There appeared to be a robust correlation between how respondents answered this question and how they answered the question on life organisation pressure outlined above. A one-way ANOVA test ($F(3, 2603) = 3812.0$ $p = 0.000$) appeared to show that there was a robust association between these two variables. This positive correlation can be best understood if the reader looks at **Figure 76**. Nearly nine-tenths (87%) of those who never felt pressure from family members on how they lived their lives stated that they never experienced financial demands from family and friends. In contrast, about a third of those who experienced pressure often said that they faced financial demands from family and friends.

Figure 76: Public responses to the question: '[d]o you feel that your family, relatives and/or friends make too many financial demands on you?' by responses to the family pressure question



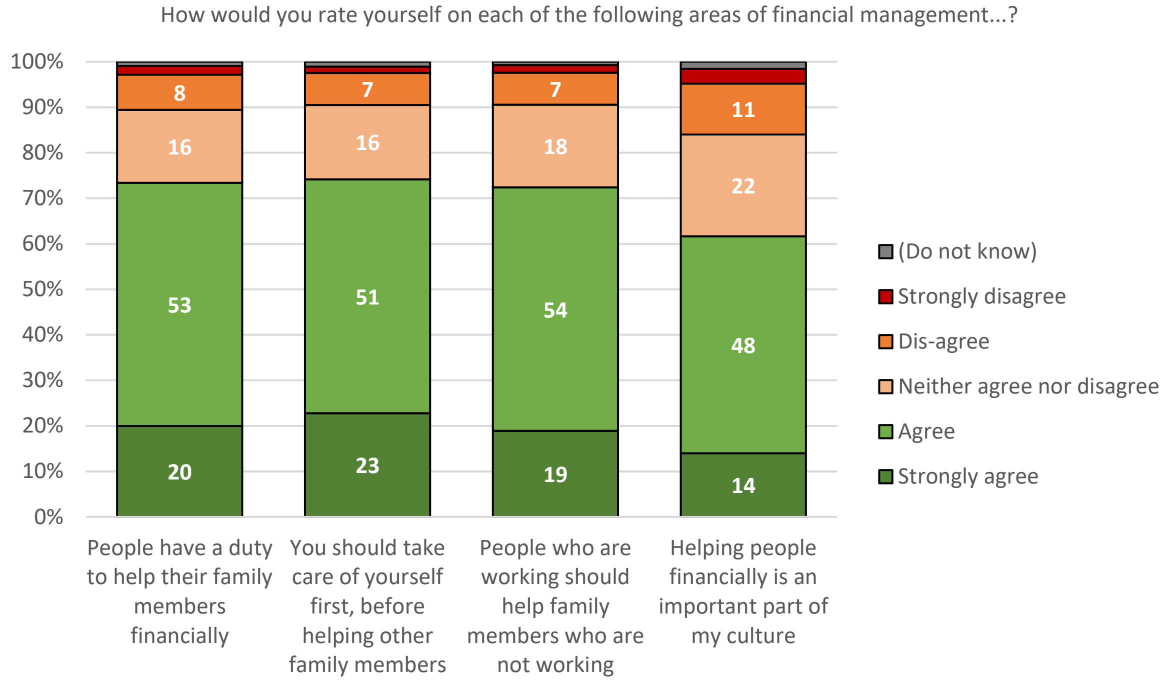
To better understand which subgroups in the country were most prone to experiencing familial financial demands, we examined the portion who felt their family and friends made too many financial demands by selected demographic group in **Figure *77***. We did not detect a noteworthy gender disparity here, both men and women experienced demands from friends and family. Population group status seemed to be associated with experiencing this kind of familial pressure. Members of the Black African and Coloured groups were more likely than others to report this experience. We did record an age effect with older members more liable to report financial demands. However, the size of the effect was much smaller than may have been imagined. Labour market status appeared to be an important determinant of financial pressure, with the employed more liable to report this kind of burden. Interestingly, the unemployed were found to experience more stress of this type than those outside the labour market. Substantial provincial variations were noted in the figure, and we found that certain locales reported much higher rates of difficulty with this issue than others. Residents in the Western Cape and Limpopo, in particular, reported feeling financial pressure from friends and family.

Figure 77: Proportion who believe that their family, relatives and/or friends make many financial demands on them by selected subgroups, 2020



We need to comprehend how people perceive the role of intra-familial support in their life and that of their culture. This will provide a greater level of context to the findings discussed above. SASAS respondents were asked four different questions about supporting family financially, and the results are displayed in **Figure *78***. Most of the adult populace agreed that people should help their family in times of struggle. Consider, for instance, that nearly three-quarters (73%) of the general population thought that people have a duty to help their family members financially. A similar percentage believed that family members who are working should help their kin who are not working. Indeed, it is perhaps not surprising that more than three-fifths (62%) of the adult population felt that helping people financially is an important part of their culture. However, these results should not imply a majority of the public believes that people should selflessly give. Indeed, we found that 74% of the populace agreed with the statement: '[y]ou should take care of yourself first, before helping other family members'.

Figure 78: Public agreement and disagreement about four statements about helping family members financially



To gain a better understanding of popular support for the principal of helping family financially, we created an index called the Intra-familial Support Attitudes (ASA) Index. To produce the index, responses to three items from **Figure *78***[47] were combined onto single 0-10 scale with 0 indicating the lowest level of support for the principle of helping family financially and 10 the highest. Tests of statistical validity and reliability confirmed that the items load well together onto a single index[48]. The mean of the index was 6.9 (SE=0.053) and the distribution is moderately skewed towards the right; we found that 23% of the adult public scored 8 or above on this metric. We could observe relatively little variation in the ASA index score across important socio-demographic fautlines in the country. Consider, for instance, population group differences on the metric. Few dissimilarities were noted between different population groups, and a one-way ANOVA ($F(3, 2640) = 0.8$, $p = 0.499$) test confirmed that observed differences between groups were not statistically significant.

We were able to discern a positive correlation between a considered and prudent approach towards financial discipline and public attitudes towards helping families. A Pearson's product-moment correlation test confirmed that there was a relationship between the Considered Financial Behaviour (CFB) Index and the ASA Index ($r(2644) =0.210$, $p<0.001$). If we look at ASAS Index mean scores across different CFB cohorts (**Table *43***), this positive association can be better appreciated. The more fiscally considered and prudent a consumer, the more liable they are to believe that people should help family financially. In addition, we discovered that if an individual feels that their family and friends make too many financial demands then that consumer is less likely to favour helping family financially. There was a statistically significant difference between the ASA Index and answers to the financial demands question as determined by a one-way ANOVA ($F(3, 2609) = 30.3$, $p = 0.000$) test. Intriguingly, we did not observe a robust correlation between socioeconomic position and the ASA Index using a standard

[47] These items are: (i) People have a duty to help their family members financially; (ii) People who are working should help family members who are not working; and (iii) Helping people financially is an important part of my culture.

[48] We used inter-item correlations (covariances) and Cronbach's alpha (0.720) to confirm that the reliability and validity of the index.

bivariate test[49]. This outcome suggests that attitudes towards helping families financially is not influenced by a person's position within the existing socio-economic hierarchy in South Africa.

Table 43: Mean Intra-familial Support Attitude Index by responses to life organisation pressure and financial demand pressure across whether a respondent had borrowed money from their family, 2020

	M		(95% CI)		Scheffe	
Population Group						
Black African	6.8	(0.062)	[6.7	7.0]	ref.	
Coloured	6.9	(0.142)	[6.6	7.2]	0.080	
Indian	6.8	(0.176)	[6.5	7.1]	-0.041	
White	7	(0.156)	[6.7	7.3]	0.175	
Considered Financial Behaviour Cohorts						
0-24	6.2	(0.270)	[5.6	6.7]	ref.	
25-49	6.3	(0.159)	[5.9	6.6]	0.091	
50-74	6.8	(0.078)	[6.6	6.9]	0.609	*
75-100	7.2	(0.076)	[7.1	7.4]	1.076	***
Too many financial demands						
No	7.1	(0.069)	[6.9	7.2]	ref.	
Rarely	7.1	(0.118)	[6.8	7.3]	0.107	
Sometimes	6.4	(0.120)	[6.1	6.6]	-0.683	***
Often or very often	6.1	(0.224)	[5.7	6.6]	-0.933	***
Total	6.9	0.053)	[6.8	7.0]		

Note: 1. Standard errors in parenthesis; 2. Scheffe multiple-comparison tests used to compare means; and 3. The signs *, **, *** indicate that the differences in mean scores are significantly different at the 5 percent ($p<0.05$), 1 percent ($p<0.01$) and 0.5 percent ($p<0.001$) level respectively.

11. Financial Advice-seeking Behaviour

Professional advice can help people make informed and profitable decisions as regards their finances. But the aggressive and unethical selling of financial products by financial advisors in the 1990s undermined the industry. It damaged consumers relationship with the industry and created distrust of the professional advisors. Regulators clamped down on advice and the sale of financial products through the Financial Advisory and Intermediary Services Act of 2002. In addition, the more recent implementation of the Treating Customers Fairly regime further sought to protect consumers. These regulatory changes have made it harder for financial advisors to sell a product without first properly assessing the circumstances of consumers. In this new more regulated environment, a new breed of advisor has taken financial advice to the level of a profession. This new group is eager to provide their services to many different types of people. David Kop, Executive Director at the Financial Planning Institute of Southern Africa, has said: "[o]ne of the myths is that financial planning is only for the wealthy, and you should only start engaging in financial planning when you've got money. But the reality is that everyone can engage with a financial planner" (IOL, 04/10/2021).

We do not, at this stage, have detailed information on the professional advice-seeking behaviour in South Africa. This section will seek to fill this knowledge gap. Although the focus will be on professional advice, we will examine different kinds of advice-seeking behaviour in this section. In the first subsection we will investigate public confidence in a wide range of different sources of financial guidance. In subsection 11.2 advice-seeking behaviour will be assessed by looking at which sources consumers typically utilise when obtaining counsel. Building on the findings of this subsection, recent advice-seeking behaviour will be examined in the next subsection. The focus of this subsection will be on the type of the *topic* (e.g., savings or investment) that advice was being sought regarding. Finally, the public evaluations of the professional advice will be explored in subsection 11.4, investigating

[49] A Pearson's product-moment correlation test confirmed that there was not a statistically significant relationship between the LSM, and the ASA Index described above ($r(2594) = 0.028$, $p>0.050$).

whether people were satisfied with the advice received. This subsection will closely examine public attitudes towards the cost of professional assistance.

11.1. Trust in different sources of financial advice

People need information when making financial decisions, and there are many different types of platforms and people where consumers get this information. The SASAS research team was interested in where people drew this information about finances from, and in this subsection the sources that most influence fiscal decision-making will be assessed. So as to achieve this, a set of questions were introduced in the 2020 SASAS round, which asked participants to indicate whether they trusted a wide variety of different sources of financial advice. After appraising the data on public confidence in a range of different sources of information, it was apparent that no one source emerged as universally trusted. The most trusted source was a bank (or banker), and this was followed by fiscal guidance from friends and family. It was interesting to observe that most people did not trust an independent broker (or financial advisor). Only a third of the general public trusted this source of information and a fifth (21%) of the populace said they distrusted independent brokers. The remainder either selected a neutral position on this question (29%) or were uncertain of how to answer (17%).

The source that attracted the lowest level of trust were moneylenders (or mashonisas). Less than a sixth (16%) of the adult population told fieldworkers that they trusted this type of person with financial advice and 54% distrusted them. Levels of the public confidence in the savings clubs or burial societies were not as high as may have been anticipated. About a quarter (28%) of the adult population reported that they trusted this type of organisation as a source of counsel, and 30% said that they distrusted informal savings associations. Levels of public trust in the media were not as high as may have been anticipated. Of all the media sources considers, confidence was found to be highest in television and lowest in the internet and social media. Trust in professional information sources was correlated with the level of financial knowledge that a consumer had. This can be clearly seen if we look at the percentage who trusted different sources by the Financial Knowledge Domain cohorts in **Table 44**. The more well-informed an individual, the more likely they will be to trust independent brokers and banks to provide good financial advice.

Table 44: Percentage who trusted a range of different sources to provide good financial advice by Financial Knowledge Cohort

	Low (0-24)		Lower Middle (25-49)		Lower Middle (50-74)		High (75-100)	
Independent brokers	20%	(0.026)	35%	(0.046)	36%	(0.027)	42%	(0.033)
Bank or banker	26%	(0.027)	49%	(0.048)	51%	(0.029)	66%	(0.033)
Savings clubs or burial societies	23%	(0.026)	36%	(0.045)	31%	(0.025)	23%	(0.028)
Friends and family	39%	(0.032)	46%	(0.049)	50%	(0.029)	58%	(0.033)
An employer or work colleague	18%	(0.023)	34%	(0.044)	29%	(0.024)	29%	(0.030)
Educated member of the community	23%	(0.027)	33%	(0.045)	32%	(0.026)	30%	(0.031)
TV or radio advertisement	27%	(0.030)	39%	(0.049)	35%	(0.028)	33%	(0.032)
Newspapers or magazines	23%	(0.028)	41%	(0.049)	34%	(0.029)	28%	(0.031)
Internet / social media	17%	(0.024)	30%	(0.045)	26%	(0.028)	22%	(0.029)
A moneylender or mashonisa	16%	(0.025)	20%	(0.033)	14%	(0.018)	11%	(0.024)

Note: Standard error in parenthesis.

Assessing the data under consideration, it was remarkable to find that financial knowledge was positively associated with trust in friends and family. The more knowledgeable a consumer, the more apt they will be to trust their friends and family with to provide good financial guidance. This may be because financial knowledgeable people have social networks that also contain fiscally conversant individuals. The Financial Knowledge Domain had no influence on whether a consumer trusted the media to provide good quality financial counsel. In order to more adequately understand the public confidence in different information sources, let us examine levels of public trust by selected sociodemographic subgroup. We begin with the independent brokers as well as banks (i.e., professional sources of financial advice). Public confidence in these two professional forms of advice is contrasted with trust in the opinion of informal associations (e.g., savings clubs and burial societies).

We discovered that trust in the financial advice of independent brokers is positive associated with trust in banks. A Pearson product-moment correlation test showed a sizable association ($r(2647) = 0.484$, $p<0.001$) between the types of trust. It would seem that the more faith an individual had in the latter, the more he/she was to trust advice coming from the former. A correlation test $r(2647) = 0.391$, $p<0.001$) revealed that trusting an informal association was also correlated with trust in an independent broker (albeit to a lesser degree). Exposure to formal financial organisations was correlated with trust in advice from these bodies. Indeed, we note that having a formal bank account was positively associated with trusting a banker[50]. Exposure to an informal financial association also had an effect on confidence in advice-seeking. Being a member of an informal association was also associated with trusting financial counsel from that source, but the size of the correlation was comparatively weaker.[51]

Remarkable population group dissimilarities were noted in **Table 45**, with the members of the white minority far more liable to express trust in independent brokers than their counterparts in other population groups. This could be ascribed to higher levels of contact that the white minority had, when compared to other population groups, with formal fiscal organisations observed in subsection 5.1. Of all four groups, members of the Black African majority reported the lowest level of trust. Population group status was also an important corelate of trusting informal associations. Belonging to the Indian minority had a negative association with trusting this kind of institution. We can observe a distinct educational attainment gradient in the table, with better educated people exhibiting higher than average confidence when compared to their less educated peers. A similar effect was recorded for trust in financial advice from banks, but the scale of the effect was much weaker.

There was a distinct age gradient observed on trust in independent brokers with the middle age groups reporting higher levels of confidence than other groups. A similar age effect was noted for trust in financial guidance from banks, but the scale of the effect was much stronger. This may be attributed to greater levels of economic activity (and, consequently, more interactions with formal fiscal institutions) amongst the middle aged. Marital status was not an important correlate of public trust in professional fiscal advisors or banks. Marital status was, however, an important determinant of public confidence in the advice of informal associations. Being previously married made a consumer far less inclined to trust this type of association than other marital groups[52].

Labour market status was found to be a significant determinant of public trust in professional fiscal advisors. If an individual was employed, then they were much more prone to trust this information source. An analogous association was, somewhat surprisingly, not found for confidence in financial guidance from banks. As regards independent brokers, significant levels of geographic variations in trust were apparent in **Table 45**. Rural residents reported, on average, much lower levels of trust than their non-metro and metro urban counterparts. Surprisingly, an analogous impact was discovered for

[50] More than half (54%) of those with a formal bank account of some kind said that they trusted financial advice from a bank. By contrast, only about a third (36%) of those without a formal bank account reported that they trusted advice from a bank.

[51] More than a third (37%) of those who belong to an informal association of some kind said that they trusted financial advice from such an association. By contrast, only about a quarter (27%) of those without such an association reported that they trusted advice from this source.

[52] Interestingly, we found this trend was driven by distrust amongst those people who were divorced and separated. This group was far less liable to trust informal associations than other marital groups.

trust in fiscal counsel from informal associations. A similar effect was not noted for banks. Provincial residence also seemed to have quite a robust effect on whether a consumer trusted one of the three sources in **Table 45**. Regardless of which source we were considering, we detected very low levels of trust in Mpumalanga, Limpopo and the Northern Cape. Confidence in financial advisors and banks was relatively low in Eastern Cape but trust in informal associations was high. Remarkably, trust in informal associations and independent brokers was found to be quite low in KwaZulu-Natal. The large degree of provincial variation observed here may be explained by differences in the marketing of financial advice in different communities.

Table 45: Percentage who trusted in the financial advice of independent brokers, banks as well as friends and family by selected subgroups

	Financial advisor	Bank or banker	Informal associations
Gender			
Male	34%	49%	28%
Female	32%	46%	28%
Marital Status			
Married	43%	54%	33%
Previously Married	33%	40%	23%
Never Married	29%	47%	27%
Population Group			
Black African	32%	46%	28%
Coloured	36%	44%	25%
Indian	32%	59%	13%
White	46%	66%	30%
Age Cohort			
16-24	21%	43%	23%
25-34	35%	54%	30%
35-49	39%	50%	30%
50-64	41%	46%	28%
65+	25%	35%	29%
Educational Status			
Post-Secondary	44%	61%	27%
Completed Secondary	34%	49%	27%
Some Secondary	32%	47%	30%
No Secondary	22%	33%	26%
Labour Market Status			
Employed	43%	56%	31%
Unemployed	27%	45%	28%
Labour Inactive	30%	41%	24%
Geotype			
Metro Urban	37%	51%	31%
Non-metro Urban	38%	50%	26%
Rural	24%	42%	26%
Province of Residence			
Western Cape	49%	57%	36%
Eastern Cape	29%	40%	38%
Northern Cape	29%	42%	15%
Free State	51%	54%	20%
KwaZulu-Natal	18%	48%	14%
Gauteng	32%	48%	29%
North West	34%	49%	31%
Limpopo	54%	52%	37%
Mpumalanga	21%	33%	24%

With the aim of gaining a more adequate comprehension of the public trust in financial advice from different media sources, let us examine levels of public confidence by selected sociodemographic subgroup. It is apparent from **Table 46** that trust in this type of counsel from television is positively associated with trust in the print media. A Pearson product-moment correlation test found a robust association (r(2647) = 0.623, p<0.001) between the two variables. It would appear that the more an individual trusts the latter, the more confidence he/she will have in the former. A correlation test (r(2647) = 0.455, p<0.001) showed that trusting fiscal opinions from the internet or social media was also correlated with trust in television (albeit to a lesser degree). We observed a large gender disparity in **Table 46**, with men more liable to trust economic advice from the media (whether print or television). Unlike what was observed in **Table 45**, we did not find a notable age gradient in **Table 46** on trust in the media. Middle age groups did not report higher levels of confidence than other groups. Remarkable population group dissimilarities were noted in the table, with the members of the white minority far less inclined to express trust in the media than their counterparts in other population groups.

Table 46: Percentage who trusted the financial advice of television, print media as well as social media and the internet by selected subgroups

	TV or radio advertisement	Newspapers or magazines	Internet / social media
Gender			
Male	37%	34%	26%
Female	29%	28%	23%
Marital Status			
Married	29%	28%	24%
Previously Married	31%	28%	15%
Never Married	35%	33%	27%
Population Group			
Black African	34%	31%	24%
Coloured	42%	40%	28%
Indian	19%	18%	11%
White	20%	23%	30%
Age Cohort			
16-24	36%	32%	28%
25-34	36%	37%	31%
35-49	29%	26%	20%
50-64	31%	32%	21%
65+	27%	24%	14%
Educational Status			
Post-Secondary	34%	34%	34%
Completed Secondary	28%	27%	24%
Some Secondary	36%	36%	25%
No Secondary	34%	25%	16%
Labour Market Status			
Employed	33%	35%	30%
Unemployed	35%	33%	24%
Labour Inactive	29%	23%	19%
Geotype			
Metro Urban	33%	32%	28%
Non-metro Urban	30%	28%	22%
Rural	35%	30%	22%
Province of Residence			
Western Cape	40%	47%	41%
Eastern Cape	43%	40%	26%
Northern Cape	25%	28%	13%
Free State	27%	22%	18%
KwaZulu-Natal	24%	23%	18%
Gauteng	49%	33%	28%
North West	31%	29%	25%
Limpopo	44%	40%	31%
Mpumalanga	22%	19%	14%

With regards to public trust in the media, important geographic disparities were discernible in **Table 46**. Being a resident of Mpumalanga, KwaZulu-Natal and the Northern Cape was negatively associated with trust. A similar trend was observed in **Table 45**, suggesting that these are low trust provinces. The sizeable scale of the provincial disparity observed here may be accounted for by differences in the promotion of financial consumer information in diverse locales of our country. Levels of confidence in financial advice from the internet and social media was correlated with being an internet user. About a third (31%) of internet users trust this information source, and this can be compared to 14% of non-users. We found that, perhaps unexpectedly, level of internet use did not influence whether a consumer trusted advice from this source. Educational attainment had a positive relationship with trusting internet and social media. Persons with a post-secondary qualification were twice as prone to trust this source. A comparable tendency was not seen for trust in television and print media. We found that belong to the Indian minority was associated with a low trust in all three sources in **Table 46**.

11.2. Habitual advice-seeking behaviour

Patterns of typical advice-seeking behaviour will be mapped in this subsection using self-reported data on the common source of financial advice used by the general public. During the SASAS interview, survey participants were read the following question: '[i]f you need financial advice, who do you normally ask for help?' The respondent was then shown a list of different sources of information and asked to select the most frequently consulted sources. The most popular choices were friends and family, with 52% of the adult public selecting family and 25% choosing friends. This finding is consistent with what was observed in subsection 11.1, most of the general public trusted their family and friends to provide decent counsel. Indeed, Pearson product-moment correlation tests revealed a positive association between trusting advice from friends and family and normally going to this source for fiscal assistance. Of all the different options listed, the least popular was a mashonisa (or informal moneylender). An outcome that corresponds with what was observed in subsection 11.1, mashonisas are amongst the least trusted sources of fiscal information in South Africa[53].

The general public also did not, on average, seek advice from an informal organisation. Less than a tenth (9%) of the adult population sought normally information from this type of association. Even people who belonged to a saving club were not liable to normally ask for fiscal help from people at that club. Less than a seventh (14%) of club members said that they normally obtained information from this source. This is comparable with what was observed in subsection 11.1, where we observed that most of the general public did not trust financial advice from an informal savings club (such as stokvel or burial society). Most people did not normally ask for financial assistance from a qualified source (such a bank or an independent broker). Less than a quarter (24%) of the general public normally sought fiscal advice from a such a source. Of the different professional sources listed, the most commonly selected was a banker. Obtaining an expert fiscal opinion was positively correlated with financial knowledge, a finding that is consistent with the results of subsection 11.1. This can be clearly seen if we look at the percentage of nominal advice-seeking by sources and Financial Knowledge Domain cohorts in **Table 47**.

Of all the professional advice options listed in the table, financial knowledge was most strongly linked with seeking help from a banker. The more knowledgeable an individual, the more likely they were to typically get advice from a bank. A similar (if somewhat weaker) correlation was noted between knowledge and getting assistance from an insurance company. Reviewing the knowledge cohort data

[53]When reviewing it is noteworthy to remark that we did not observe a positive association between trusting advice from a mashonisa and normally going to this source for fiscal advice. Our Pearson product-moment correlation test ($r(2647) = 0.017$, $p>0.100$) did not show a statistically significant association.

in **Table 47**, the High group were the most liable to participate in this type of information gathering. We discovered that, to our surprise, that consumers with low financial knowledge were less apt to seek advice than other groups. About a third (35%) of the Low cohort said that they normally did not obtain fiscal guidance from anyone. This can be compared to 14% of the Lower Middle, 19% of the Upper Middle and 17% of the High cohorts. We found that if a person said that they normally acquired advice from someone in their interpersonal network, then they were less predisposed to report that they typically purchased expert financial opinion on a particular topic[54].

Table 47: Public responses to the question: 'If you need financial advice, who do you normally ask for help?' by Financial Knowledge Cohort

	Low (0-24)		Lower Middle (25-49)		Upper Middle (50-74)		High (75-100)	
Interpersonal Network								
Family member	39	(3.095)	63	(4.355)	59	(2.874)	54	(3.354)
Friend	22	(2.717)	33	(4.846)	26	(2.436)	22	(2.693)
Trusted community member	7	(1.993)	10	(2.708)	9	(1.720)	5	(1.164)
Your employer	5	(1.437)	5	(2.026)	4	(0.918)	3	(1.054)
Co-worker or colleague	3	(0.992)	5	(1.845)	3	(0.671)	3	(0.850)
Professionals								
Independent broker	4	(1.783)	4	(1.389)	3	(0.639)	5	(1.229)
Other financial advisor	4	(1.490)	4	(1.866)	10	(1.955)	8	(1.483)
Bank	7	(2.024)	8	(2.179)	14	(2.015)	22	(2.730)
Insurance company	2	(0.669)	2	(1.162)	4	(1.613)	8	(1.770)
Informal Organisation								
Savings club	3	(1.149)	2	(0.853)	2	(0.582)	1	(1.066)
Burial society	4	(1.436)	4	(2.406)	2	(0.577)	2	(0.638)
Church	4	(1.194)	7	(3.679)	4	(1.121)	2	(0.810)
Mashonisa	2	(0.675)	2	(2.313)	1	(0.378)	1	(0.680)

Note: 1. Standard error in parenthesis; and 2. Values above the national average for that survey wave are shaded in blue.

Let us examine the percentage of adult consumers who normally seek financial advice from professionals, informal organisations and interpersonal networks by subgroup. We can detect relatively modest subgroup dissimilarities in the share of the public looking for guidance from interpersonal networks in **Table 48**. A majority of all groups told fieldworkers that they normally partook in this sort of behaviour. Yet, there were some subgroups who stand out, exhibiting contrary behaviour. We can, for instance, discern tangible population group differences. Belonging to the Coloured and Indian minorities made an individual much more liable to gather fiscal advice from interpersonal networks. In addition, we can observe some interesting differences in utilisation by labour market status. Consumers who were looking for work were found to be more likely to use interpersonal networks than other groups. Interestingly, there was marked geographic variance in the table with rural dwellers much less prone to engage in this behaviour than their urban counterparts. Large levels of provincial variation were also seen. Adults in certain provinces (e.g., Western Cape, Eastern Cape and the Northern Cape) had much higher levels of interpersonal advice-seeking when compared to others.

[54] About two-thirds (68%) of those who did not seek financial advice from a professional said that they normally sought advice from someone from their interpersonal network. Less than half (49%) of those who did seek financial advice from a professional said that they normally sought advice from someone from their interpersonal network.

Table 48: Percentage who normally seek financial advice from professionals, informal organisations and interpersonal networks by selected socio-demographic subgroups

	Interpersonal	Professional	Informal Organisation
Gender			
Male	62	26	9
Female	64	23	9
Marital Status			
Married	68	31	9
Previously Married	59	23	17
Never Married	63	22	7
Population Groups			
Black African	62	21	9
Coloured	73	25	12
Indian	74	27	2
White	58	49	5
Age Cohorts			
16-24	57	17	5
25-34	65	28	6
35-49	63	27	8
50-64	68	27	16
65+	67	14	15
Educational Status			
Post-Secondary	57	49	8
Completed Secondary	63	28	8
Some Secondary	66	17	9
No Secondary	69	7	11
Labour Market Status			
Employed	61	37	7
Unemployed	70	17	9
Labour Inactive	57	18	10
Geotype			
Metro Urban	66	29	8
Non-metro Urban	65	27	8
Rural	57	15	9
Province of Residence			
Western Cape	75	37	12
Eastern Cape	70	19	8
Northern Cape	73	17	3
Free State	53	40	10
KwaZulu-Natal	59	16	5
Gauteng	63	33	13
North West	67	26	8
Limpopo	52	22	16
Mpumalanga	54	11	5

We can observe substantial population group effects in the **Table 48**, far larger than we would have expected to find. Members of the white minority were much more likely to use professional advice than other groups. The SASAS research team found that this racial disparity can be explained by existing economic inequalities between race groups. Socio-economic position was discovered to be a strong predictor of whether a person had acquired an expert financial opinion. This can be clearly seen if we examine the positive correlation between formal schooling and this type of behaviour. Almost half (49%) of the tertiary-educated engaged in this form of advice-seeking normally. This can be compared, unfavourably, to 28% of those with a completed secondary education, 17% of adults with some secondary schooling and 7% of those with no secondary schooling. In addition, we noted a large labour market differences with employed persons much more liable to engage in this behaviour than other groups. Interestingly, there was marked geographic variance in the table with rural dwellers much less prone to engage in this behaviour than their urban counterparts.[55]

As can be observed in **Table 48**, marital status was an important determinant of whether a person normally sought advice from an informal association. When compared to other groups, previously married persons were much more liable to engage in this kind of information gathering. There was a distinct age gradient in how adults responded to the question on advice-seeking from informal associations. The older the consumer, the more predisposed they were to report to the fieldworkers that they utilise this information source. Out of the nine provinces in South Africa, this kind of behaviour was most common in Limpopo. Of the four population groups, perhaps surprisingly, members of the Coloured minority were more likely to employ this type of behaviour. Further analysis found that certain Black African linguistic groups (e.g., Sesotho, Setswana and Xitsonga) had a much greater tendency to seek advice from informal associations than others (e.g., isiZulu and isiXhosa and Sepedi). These interesting linguistic group variances help explain the somewhat unexpected population group findings.

11.3. Recent advice-seeking behaviour

In the year prior to the SASAS 2020 round, financial consumers were forced to make some difficult decisions. Reviewing recent shifts in the fiscal habits and behaviours of ordinary South Africans, Lynette Nicholson, Head of Research at Old Mutual, said that: "[t]here is no doubt that consumers are having to take a much closer look at the way they manage their money, and many are having to adapt their lifestyles to survive" (BusinessTech 04/08/2021). But who is helping consumers with these difficult choices? Building on the findings presented in the previous subsection, we examined the tendency of individuals to seek fiscal guidance in the twelve months prior to the SASAS interview. Special attention will be paid to the topic that the consumer is seeking advice on, evaluating the kinds of financial decisions that consumers need help with. The subsection will be divided into two parts, the first will assess the propensity to seek out guidance from friends and family while the second will look at professional advice-seeking. This latter part of the subsection will explore the types of professional used.

Let us begin the subsection by investigating the tendency of adult consumers to obtain financial counsel from a person in their friendship or familial networks in the most recent period. Survey participants were queried on whether they, in the last twelve months, had asked friends or family for financial advice on a range of important financial issues. About two-fifths (41%) of the general public had recently asked for financial guidance from such a person. This is consistent with subsection 11.2, showing that people rely on interpersonal networks to provide this sort of assistance. Let us explore which kinds of issues people are looking for help with. The most common issue that people ask for advice about was savings or investments, 16% of the adult public accepted help for this issue. The next most popular was a funeral policy and we found that 10% of the populace sought advice about this issue in the year prior to the interview[56]. Most people had sought help with one issue, only 8% of the adult populace said that they recently gotten help with more than one issue.

The Financial Planning Domain was found to be a crucial determinant of recent advice-seeking behaviour from friends and family. The more apt a person was to set financial goals and work hard to

[55] Large levels of provincial variation were also seen. Adults in certain provinces (e.g., Western Cape, Free State and Gauteng) had much higher levels of professional advice seeking when compared to others.

[56] We found that, curiously, if a person is getting advice regarding a home loan, they are more liable to obtain counsel on insurance and taxes.

meet them, the more prone they were to ask for guidance from friends and family on fiscal issues in the contemporary period. This can be clearly seen if we look at the rates of participation in this kind of behaviour recently by the Financial Planning Domain cohorts in **Table 49**. Of all the different options listed in table, we found that our Financial Planning Domain had the most robust (and positive) correlations with recently seeking advice on savings or investments and insurance. The weakest associations were found on loan or credit agreements and funeral policies.

Table 49: Public responses to the question: 'In the last 12 months, have you asked friends or family for financial advice on important issues?' by Financial Planning Cohort

	Low (0-24)		Lower Middle (25-34)		Lower Middle (35-49)		Lower High (50-74)		Upper High (75-100)	
Savings or investments	2%	(0.011)	10%	(0.037)	13%	(0.022)	22%	(0.025)	34%	(0.035)
Taking out a loan	1%	(0.003)	4%	(0.021)	3%	(0.007)	9%	(0.017)	10%	(0.025)
Insurance of any type	0%	(0.002)	5%	(0.033)	3%	(0.015)	8%	(0.014)	16%	(0.029)
Tax planning	1%	(0.005)	2%	(0.012)	1%	(0.005)	6%	(0.013)	7%	(0.019)
Managing credit/debt	0%	(0.001)	2%	(0.012)	1%	(0.003)	3%	(0.009)	5%	(0.016)
Funeral policy	4%	(0.016)	3%	(0.015)	8%	(0.021)	13%	(0.020)	14%	(0.025)

Note: Standard error in parenthesis.

To improve our grasp of advice-seeking behaviour, we assessed the propensity of people to seek out fiscal counsel from a professional in the most recent period. SASAS respondents were questioned on if, in the last twelve months, they had asked financial professional for financial advice on important issues. Approximately two-fifths (38%) of the general populace had recently participated in this type of behaviour. We found that there was a robust correlation between seeking advice from a financial professional and seeking advice from friends and family[57]. To provide greater insight into these forms of information gathering, we explored the kinds of issues people are looking for help with. The most frequently cited issue that people got help with was savings or investments, 18% of the adult public had engaged in this sort of behaviour. The next most popular was a funeral policy, and we found that 9% of the populace obtained guidance on this issue in the year prior to the interview. Nearly everyone had gotten help with one issue, only 9% of the adult populace told fieldworkers that they recently acquired advice on more than one issue.

Table 50: Public responses to the question: 'In the last 12 months, have you asked a financial professional for financial advice on important issues?' by Financial Planning Cohort

	Low (0-24)		Lower Middle (25-34)		Lower Middle (35-49)		Lower High (50-74)		Upper High (75-100)	
Savings or investments	2%	(0.009)	8%	(0.022)	13%	(0.025)	22%	(0.025)	31%	(0.034)
Taking out a home loan	2%	(0.011)	1%	(0.007)	4%	(0.010)	7%	(0.013)	10%	(0.025)
Taking out a loan	2%	(0.010)	4%	(0.016)	2%	(0.007)	6%	(0.013)	6%	(0.018)
Insurance of any type	0%	(0.002)	1%	(0.008)	3%	(0.007)	9%	(0.016)	10%	(0.023)
Tax	1%	(0.005)	1%	(0.005)	3%	(0.009)	7%	(0.016)	8%	(0.027)
Managing credit/debt	1%	(0.008)	0%	(0.002)	1%	(0.005)	2%	(0.005)	4%	(0.017)
A funeral policy	6%	(0.018)	7%	(0.022)	12%	(0.023)	11%	(0.019)	13%	(0.024)

Note: Standard error in parenthesis.

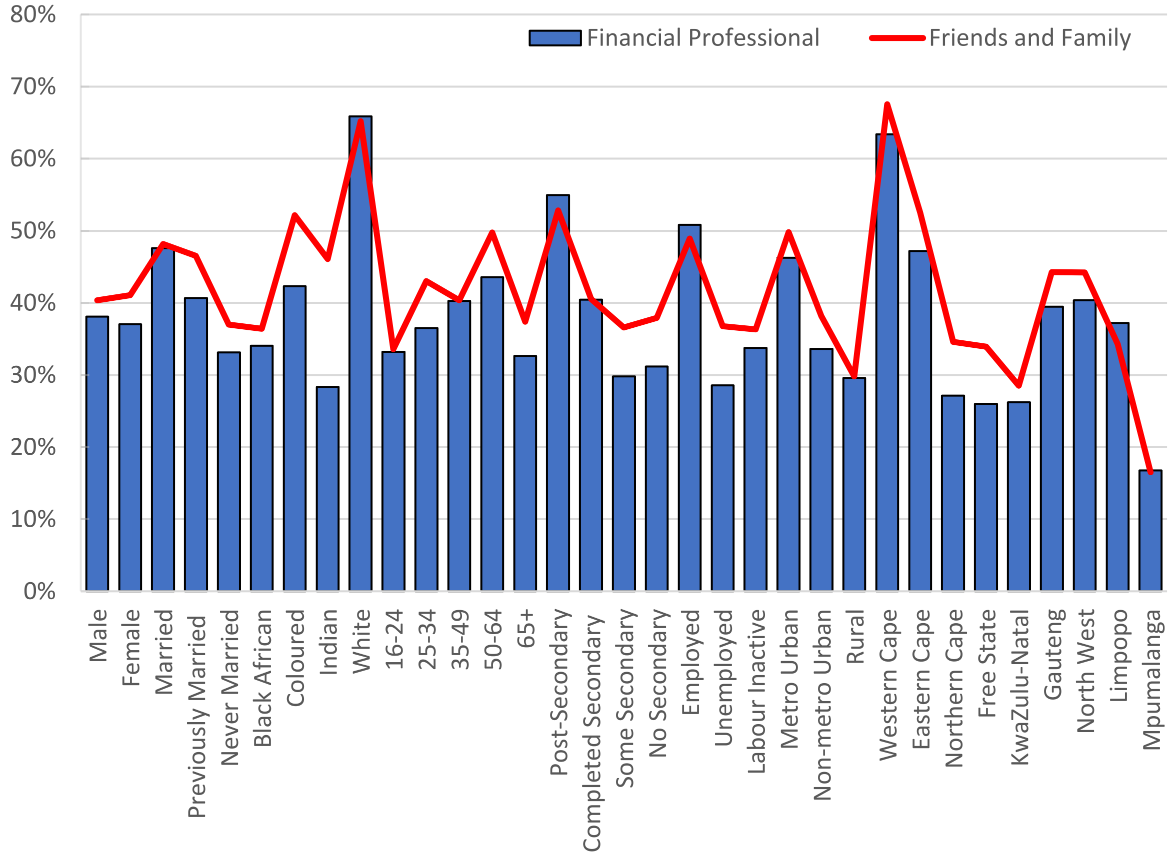
Recent professional advice-seeking behaviour was found to be correlated with the Financial Planning Domain. The more liable a person was to organise financial goals and effectively work to achieve them, the more likely they were to purchase counsel from financial professionals recently on fiscal issues. This can be clearly seen if we look at the recent behaviour of this sort by the Financial Planning Domain cohorts in **Table 50**. Of all the different options listed in table, we found that our Financial Planning Domain had the most robust (and positive) correlations with acquiring advice on savings or investments and insurance in the twelve months before the SASAS interview. The domain had the

[57] A Pearson's product-moment correlation test ($r(2693) = 0.568$, $p < 0.001$) confirmed a strong positive relationship between the two kinds of behaviour.

weakest correlation with managing debt and credit, this outcome is consistent with what was observed in **Table 49**.

The percentage who asked for financial advice on important issues in the last 12 months from financial professionals as well as friends and family are shown in **Figure 79** by selected socio-demographic subgroups. We can detect a robust population group effect in the figure, with certain racial minorities much more liable to participate in this type of information gathering in the last twelve months. Two-thirds of the white minority had gotten guidance from a financial professional in the year before the interview,[58] and 65% of this group had acquired advice from family and friends. Belonging to the Indian minority was negatively correlated with looking for help from professionals; a similar finding was not found for seeking advice from friends or family. This finding corresponded to what was found in subsection 11.1, which showed that members of the Indian minority tended to distrust financial advisors and independent brokers. There were also distinct differences in recent advice-seeking by labour market status, with higher rates of participation in this type of behaviour for the employed. The observed labour market was found to be much stronger for expert assistance than for gathering information from friends and family.

Figure 79: Percentage who asked for financial advice on important issues in the last 12 months from financial professionals as well as friends and family by selected socio-demographic subgroups



There were also distinct geographic differences in recent advice-seeking behaviour, with higher rates of participation found for those people living in the metropolitan urban areas. The observed

[58] Reviewing the data, we found that 31% of the white minority had sought advice on savings and investment from a financial advisor. A seventh had sought information on insurance from this kind of person. Members of the white minority, on average, didn't seek advice on funeral policies. About a fiftieth had done so in the last twelve months prior to the interview, ten percentage points below the national average.

urbanisation effect was found to be much stronger for interpersonal advice-seeking than for gathering information from professionals. We found that metropolitan urban dwellers were much more liable to obtain professional assistance with savings or investments as than their rural counterparts.[59] Although middle aged cohorts were more predisposed, on average, to ask for advice, we did not observe a substantial age effect in the figure. We found that, interestingly, that older people had a much greater propensity to obtain assistance from friends and family on funeral policies.[60] A similar trend was not observed for qualified guidance, with those aged 65 and above less likely to acquire specialised help on funeral policy than their middle-aged counterparts.

Reviewing the data in **Figure 79**, we discovered that there was a distinct discrepancy in advice-seeking by marital status. Those who were never married were far less predisposed to engage in this kind of behaviour than other marital groups. The observed marital effect was found to be much stronger for expert counsel than gathering the opinion of friends and family. Advice seeking was discovered to be more common amongst the better educated. About half the tertiary-educated had taken advice on an important fiscal matter in the twelve months prior to the interview. This can be contrasted with about a third of those with no secondary education. We found that educated people were much more liable to obtain guidance on savings and investments as well as credit as than their urban counterparts[61]. Substantial provincial variations were noted in the figure, and we found that certain locales particularly unlikely to engage in advice-seeking. Adult Limpopo residents were, on average, much less prone, than other provincial residents, to seek any kind of help on important fiscal issues. Adult Western Cape residents were, by contrast, much more apt than other provincial residents to acquire any sort of advice on important fiscal issues.

Respondents in this study were required to state which type of financial professional they had used most often for financial advice in the twelve months prior to the SASAS interview. The two professional types listed more often were independent financial advisor and manager (or advisor) at a bank or building society. About a twelfth of the general populace had used one of these professionals in the most recent period. The intercorrelations between answers to this question on professional advisors and the types of advice being sought. We found a positive correlation between a frequently consulting independent broker and seeking advice on savings or investment. In addition, a positive association was recorded between listing a bank or building society as a frequent source of information and getting help on a mortgage or a loan. To better understand which subgroups in the country were most prone to use different types of professionals in the recent period, we examined the percentage who engaged in this behaviour by selected demographic group in **Table 51**. It was apparent that certain groups were more likely to have used fiscal professionals than others, a finding consistent with what we see in subsection 11.2.

Amongst the four population groups, we found that members of the white minority have far greater tendency to engage in professional advice-seeking. Of the three, belonging to the white minority had a particularly robust correlation with acquiring professional assistance from a bank or building society. A distinct educational attainment gradient was noted in the figure, with the persons who did not enter high school reporting low levels of this kind of behaviour. About a tenth (4%) of those without any secondary education had received guidance from a bank or society. Only a fiftieth of this group had

[59] A quarter of adults living in metropolitan urban areas had told professional advice on savings or investments. This can be compared to 15% of those living in non-metropolitan urban areas and 8% of rural residents.
[60] We found that a seventh of those adults fifty years of age and above had received advice on funeral policies from friends and family. This can be compared, unfavourably to 4% of those in the 16-24 age cohort.
[61] We found that a twentieth of the tertiary-educated persons had received advice on credit management, this can be compared to 1% of those no secondary schooling. In addition, we found that a third of adults with post-secondary school had received professional advice on savings and investments. This was sixteen percentage points above the national average.

received advice from an independent broker and 1% had receive assistance from an insurance company. A substantial urbanisation effect was detected in **Table 51**, with people living in metropolitan cities more liable to seek out professionals for help. Labour market status was an important determinant of whether a person would acquire financial advice from different types of experts. Employed consumers were much more likely to engage in this behaviour than their unemployed peers or those outside the labour market.

Table 51: Percentage who used different types of prime advisors (i.e., independent financial advisor, advisor at bank and advisor at insurance) by selected socio-demographic subgroups

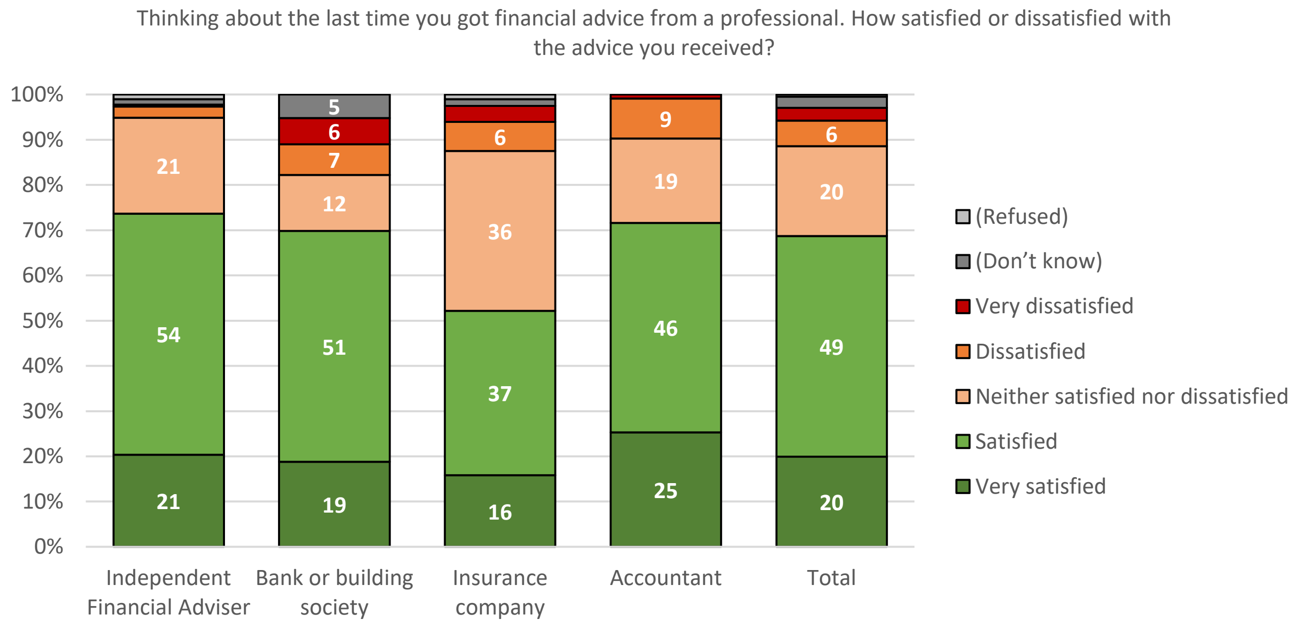
	Independent Financial Adviser	Bank or building society	Insurance company
Gender			
Male	8%	10%	3%
Female	8%	7%	4%
Marital Status			
Married	12%	12%	5%
Previously Married	9%	7%	5%
Never Married	6%	7%	3%
Population Group			
Black African	7%	7%	3%
Coloured	8%	12%	6%
Indian	10%	6%	4%
White	14%	19%	8%
Age Cohort			
16-24	4%	6%	2%
25-34	6%	10%	4%
35-49	11%	8%	5%
50-64	12%	10%	4%
65+	5%	6%	2%
Educational Status			
Post-Secondary	14%	17%	7%
Completed Secondary	7%	8%	5%
Some Secondary	6%	6%	2%
No Secondary	5%	4%	1%
Labour Market Status			
Employed	14%	14%	6%
Unemployed	4%	6%	2%
Labour Inactive	5%	5%	2%
Geotype			
Metro Urban	12%	11%	5%
Non-metro Urban	6%	8%	4%
Rural	3%	5%	2%
Province of Residence			
Western Cape	9%	21%	4%
Eastern Cape	16%	3%	4%
Northern Cape	8%	6%	2%
Free State	3%	3%	1%
KwaZulu-Natal	5%	5%	1%
Gauteng	3%	8%	7%
North West	11%	10%	6%
Limpopo	8%	12%	2%
Mpumalanga	1%	0%	0%

11.4. Evaluations of professional advice provided

The FSCA requires that all financial advisors, along with their key individuals and representatives, be registered with the FSCA and comply with current legislation and requirements. For an advisor to be authorised to render services or advice, he/she is expected to conform with set of professional development (CPD) standards. If a consumer is dissatisfied with the service received from a financial advisor, the General Code of Conduct for Authorised Financial Services Providers makes provision for he/she to seek recourse. However, we have relatively little data on levels of consumer satisfaction with professional financial advice in the country. This subsection will fill this knowledge gap, seeking to unpack general assessments of recent experiences with financial advisors. Special attention will be paid to the perceived cost of the financial advice industry in South Africa. In the final part of this subsection, we will examine whether a consumer had trouble accessing expert financial guidance.

Respondents were asked to think the about the last time they got financial advice from an expert. Then the following question was presented: '[h]ow satisfied or dissatisfied with the advice you received?' Of those who have received this kind of advice, about half (52%) of those consumers who had received expert advice said that they were satisfied with what they received. A fifth said that they were neither satisfied or dissatisfied and 13% were uncertain of how to answer the question. Only a small minority (17%) of this group told fieldworkers that they were dissatisfied with the guidance that they received. A good experience can boost a person's confidence in professional fiscal advisors (e.g., independent brokers or financial advisors). We found a positive correlation between a good experience with advice and public trust in professional fiscal advisors.[62] So as to provide greater clarity to this issue, let us examine satisfaction levels by type of advisor most used in **Figure 80**.

Figure 80: Public responses to the question: '[t]hinking about the last time you got financial advice from a professional. How satisfied or dissatisfied with the advice you received?' by type of advisor most used

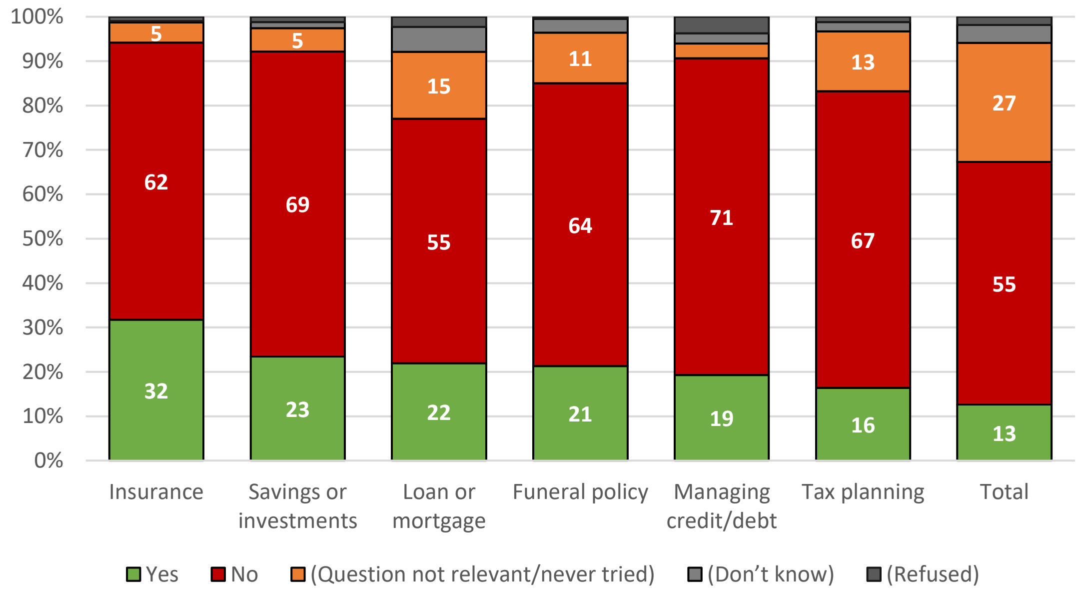


[62] Consider, for instance, the relationship between trust in an independent broker and general level of satisfaction with last advice received. Of those who have received financial advice and who trusted independent brokers, 77% told fieldworkers that they were satisfied with the last professional advice they received. This outcome can be compared to those who have received financial advice and did not trust independent brokers, only 33% of this group was satisfied with the last professional advice they received. A one-way ANOVA test (F(1, 2645) = 305.2, p = 0.000) seems to suggest that these differences are statistically significant different.

If a consumer frequently used an accountant, an independent financial advisor or a bank (or building society) then he/she tended to report high levels of satisfaction with the information received. In relative terms, levels of satisfaction were low for those who frequently sought advice from an insurance company, less than half of this group was satisfied with the guidance that they received. There was distinct educational attainment effect noted here, with educated people more likely to receive support they rated as satisfactory. Looking only at those who had received help, we found that nearly three-quarters (71%) of the tertiary-educated was satisfied with the last fiscal advice they received. This outcome was almost twenty percentage points above the national average. Labour market status was a crucial determinant of satisfaction with the information provided. We found that less than two-fifths (37%) unemployed persons who had received expert advice were satisfied with the information that they had received. This outcome was fifteen percentage points below the national average.

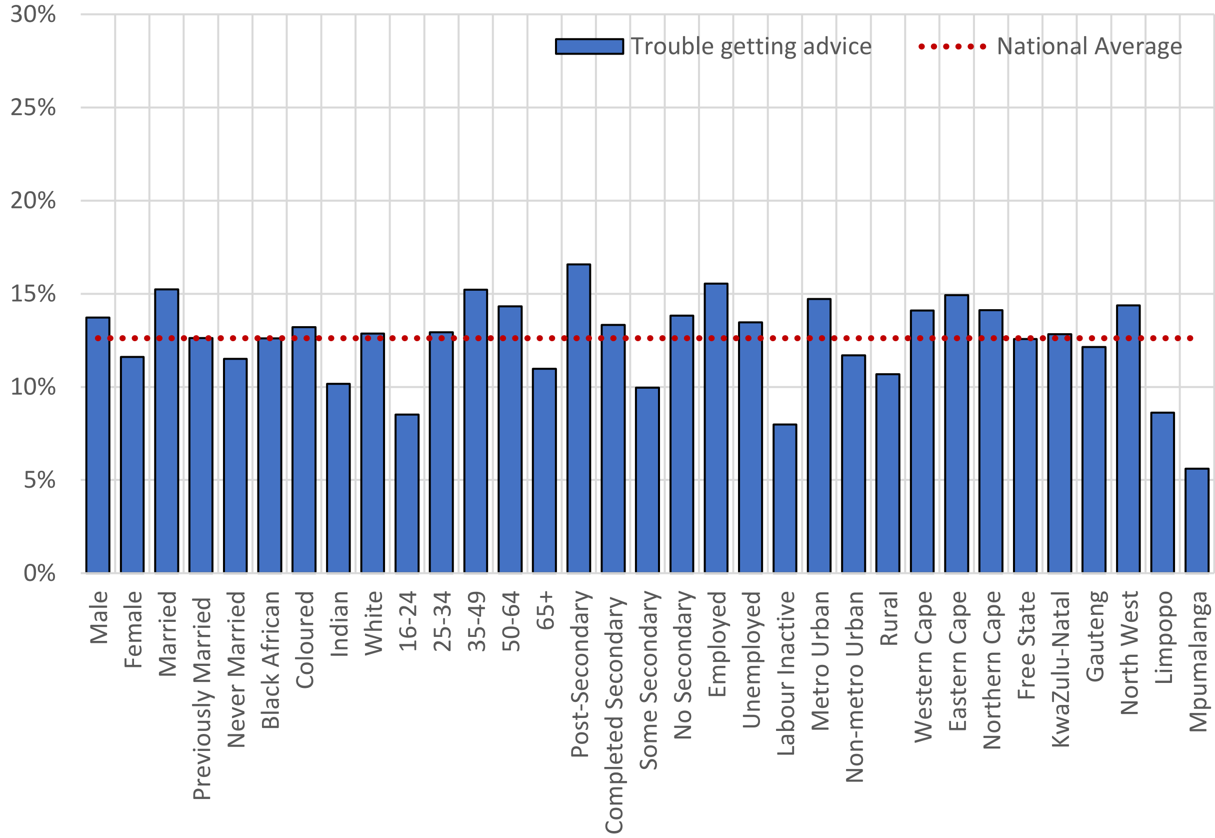
With the purpose of better understanding public perceptions about the cost of professional financial guidance in South Africa, SASAS respondents were requested to evaluate how expensive this type of service generally was. Many people seem to think that the cost of financial advice in the country was too costly. A fifth of the adult public told fieldworkers that the industry's prices were much too high and 19% said that they were simply too high. A twentieth of the general public describe existing fees as low. The remainder either could not decide (30%) or refused to answer the question (2%). If an individual had acquired financial advice in the twelve months prior to the SASAS interview, then they demonstrated a somewhat greater tendency to complain about the cost of advice. Of those who had recently obtained the opinion of a financial expert, 44% complained that their prices were too high. This can be compared to 36% of those who had not recently sought professional guidance. This suggests that the experience of having received expert advice increases the likelihood that a consumer will have a negative view of how this kind of help is priced.

Figure 81: Responses to the question: '[d]o you have trouble getting good and relevant financial advice?' by different kinds of professional advice-seeking in the twelve months prior to the interview



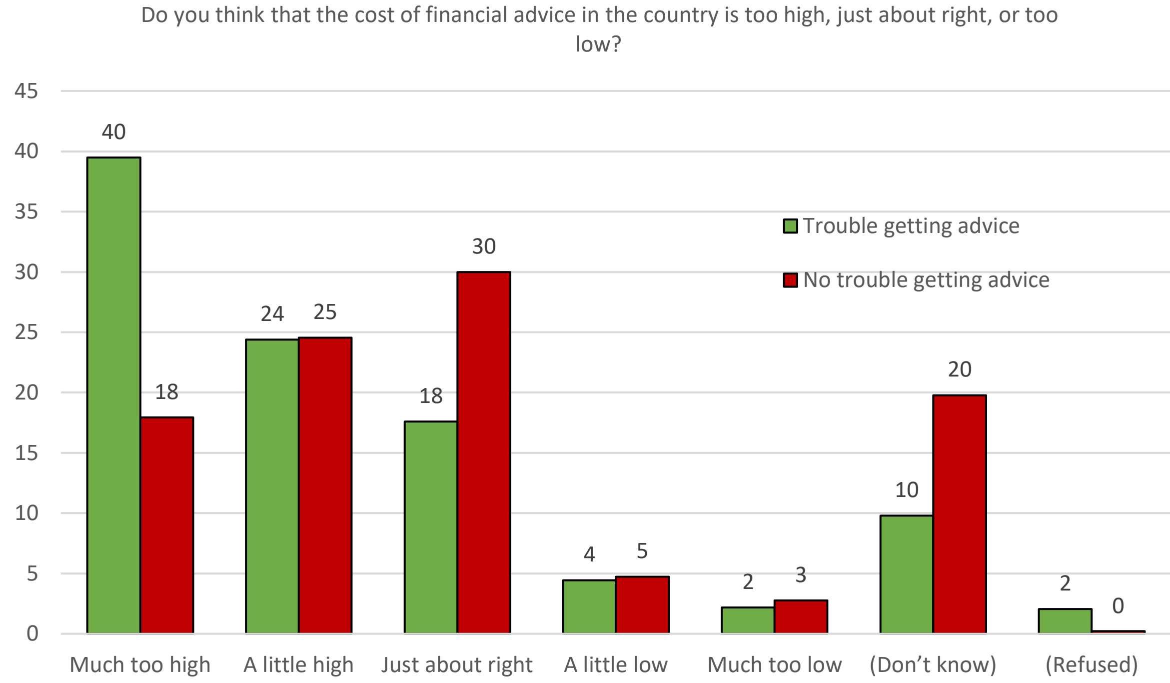
As part of the SASAS questionnaire survey participants were required to state whether they had trouble getting good and relevant financial advice. More than half (55%) of the adult populace said no while about an eighth said that they had trouble getting good help from a financial specialist. The reminder either said that they were uncertain of how to answer (6%) or had never tried to get financial advice (27%). People who had asked a financial professional for financial information in the twelve months prior to the interview were more prone to have had trouble. Of those who had purchased this type of professional help in the year before the interview, 21% said that they had trouble, and this can be compared to 8% who had not partaken in this sort of behaviour in recent times. Let us examine trouble with getting advice across different financial expert types that consumers had recently engaged with in **Figure 81**. Reviewing the data, it would appear that adults who recently attained professional advice on insurance were most liable to report having trouble finding beneficial and reliable information. It would appear that people looking for expert opinion on tax planning had the least trouble in the contemporary period.

Figure 82: Percentage who have trouble getting good and relevant financial advice by selected socio-demographic subgroups



We may have assumed, given the findings of subsection 11.3, to observe substantial disparities in the degree to which different subgroups in South Africa had in getting relevant fiscal advice. To validate this assumption, we examined the percentage who have trouble getting advice by selected socio-demographic subgroups for a range of different subgroups in **Figure 82**. We can, on the whole, detect relatively minimal subgroup disparities in the figure. However, there were some areas of particular interest noted. We can, for instance, discern a tangible age effect, being middle aged had a positive (albeit modest) association with having trouble. We found that less than a tenth (9%) of the 16-24 age group had this problem and this can be compared to 15% of those in the 35-49 age group. Interestingly, we observed noteworthy differences by labour market analysis. Consumers who were employed had a much greater inclination to report having a problem than the unemployed and those outside the labour market. In addition, we can observe some interesting differences on this indicator by provincial residence. Of the nine provinces, residents of Limpopo and Mpumalanga were the least likely to report having this problem.

Figure 83: Public responses to the question: 'Do you think that the cost of financial advice in the country is too high, just about right, or too low?' by trouble getting advice



We found that if a person felt that guidance from a professional was too expensive then they were more prone to have trouble getting good counsel (**Figure 83**). We discovered that 64% of those who had trouble obtaining this kind of assistance felt that professional advice was too expensive. This is sixteen percentage points more than those who reported no trouble finding adequate counsel. Reviewing the data, we were able to discern some population group effects on this indictor. About two-third (63%) of the adult Indian minority thought that professional advice was too expensive. This can be contrasted with 48% of the white minority, 39% of the Coloured minority and 37% of the Black African majority. The population group differential is consistent to what was observed in subsection 11.1, where a significant proportion of the Indian minority distrusted independent brokers and financial advisors. Public attitudes towards the cost of this type of help differed significantly by provincial residents with negative opinions about cost quite high in some provinces (e.g., Western Cape and the Free State) and low in others (e.g., Limpopo and the Northern Cape).

12. Evaluations of Financial Institutions

Following the promulgation of the Financial Sector Regulation Act in 2017, the Financial Sector Conduct Authority has, in line with its expanded mandate, focused on developing guiding frameworks. Notable examples include the drafting of a Conduct Standard for Banks (No 3 of 2020), partnering with National Treasury in preparing and refining the second draft of the Conduct of Financial Institutions (CoFI) Bill (September 2020), and facilitating stakeholder engagements based on comments submitted on the bill. The emphasis of these regulatory frameworks is on maintaining and monitoring conduct within the financial sector and ensuring that at least minimum established standards of service are provided to consumers. In line with this focus on efficiency and integrity in service culture, the survey included a new set of items that aimed to capture the views of citizens on the conduct of financial institutions in practice. This is crucial in determining the potential alignment or disjuncture between the spirit of the aforementioned regulatory frameworks being promoted for the sector and the lived experiences of sector standards in practice.

Specifically, respondents to the 2020 survey were asked the following:

And now I would like to ask you a few statements about the performance of financial professionals and institutions (these include banks, insurance companies and brokers). Please think of these professionals and institutions in general. To what extent do you agree or disagree with the following statements?

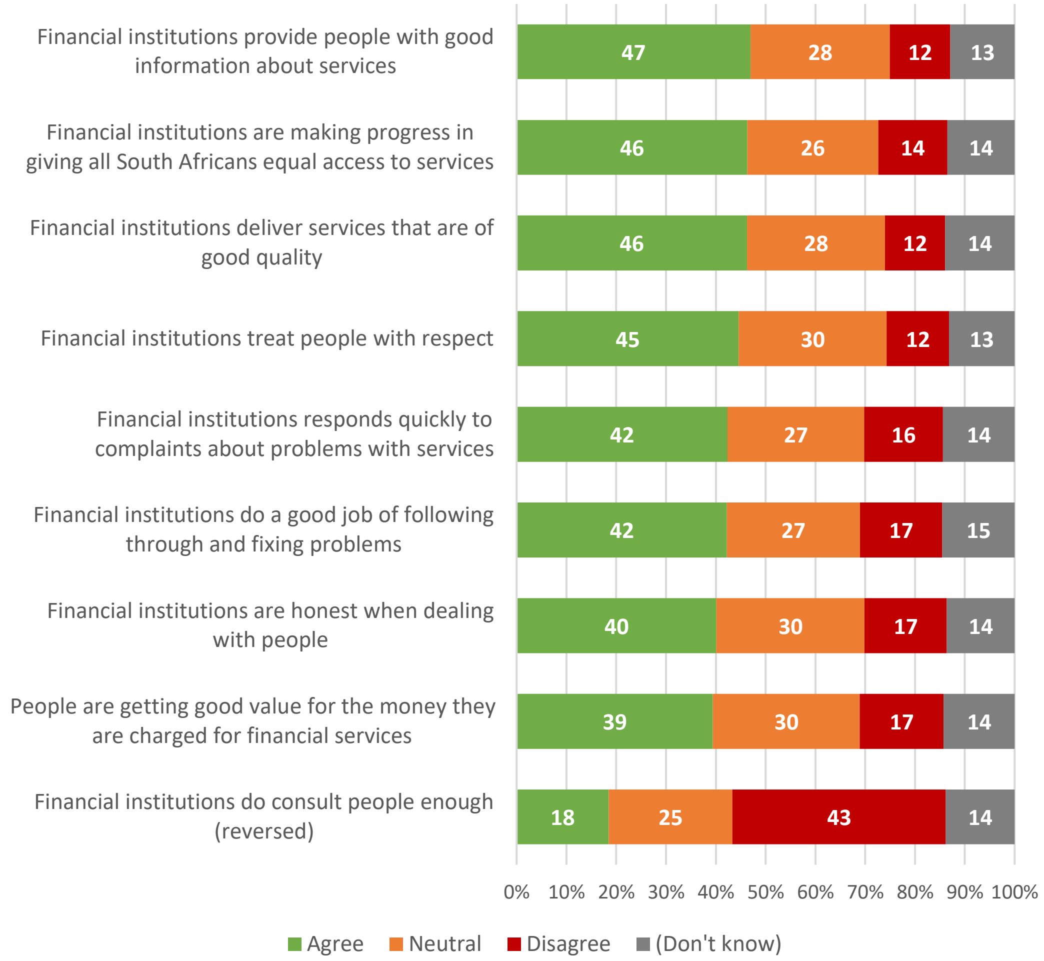
- Financial institutions do not consult people enough [Consultation]
- Financial institutions deliver services that are of good quality [Service standards]
- Financial institutions are making progress in giving all South Africans equal access to services [Access]
- Financial institutions treat people with respect [Courtesy]
- Financial institutions provide people with good information about services [Information]
- Financial institutions are honest when dealing with people [Openness and transparency]
- Financial institutions respond quickly to complaints about problems with services [Redress]
- Financial institutions do a good job of following through and fixing problems [Redress]
- People are getting good value for the money they are charged for financial services [Value for money]

The structure of these items draws on the Batho Pele (people first) principles, and the Batho Pele Index (BPI) that was developed in the late 2000s (Roberts & Hemson, 2008) and has been monitored annually by the Human Sciences Research Council (HSRC) since as the basis for determining the extent to which municipalities are fulfilling service standards from the perspective of citizens residing in specific localities. In this instance, the BPI items have been repurposed as a means of evaluating the conduct of financial institutions in general in the country. Responses to all nine statements listed above are captured using a standard five-point agreement scale, ranging from strongly agree to strongly disagree.

In **Figure 84**, the national pattern of responses to the set of statements is provided, ranked from most positively evaluated element of the sector's conduct to the least favourably assessed. The results in the bar chart show that there is not much variation on most of the indicators, with between two-fifths and half the adult public on aggregate expressing contentment with different dimensions of the conduct of financial institutions. The only exception is in relation to consultation with consumers, where a majority share (43%) was unhappy about the level of consultation being provided by financial institutions. The share provided critical views of the service conduct provided by financial institutions ranged mostly between 10 and 20 percent, again with the notable exception of the consultation dimension. It is also worth noting that nearly 15 percent were uncertain how to rate financial institutions.

To provide a sense of the degree of uniformity or disparity in views on the conduct of financial institutions in South Africa, the five-point scales on the 9 items were converted into 0-100 scales. In addition, a composite Financial Institution Conduct Index was constructed by averaging together the scores from the nine individual items. Beginning with the latter, the mean conduct index score is presented for select socio-demographic attributes in the radar diagram in **Figure 85**. Only variables that were statistically significant based on One-way ANOVA post hoc Scheffe tests are displayed. There were no discernible variations in assessment of financial institutions based on gender, age group, or marital status, and these results are consequently not displayed.

Figure 84: Evaluations of the conduct of financial institutions, (2020, % ranked highest to lowest based on the share agreeing with the statements)

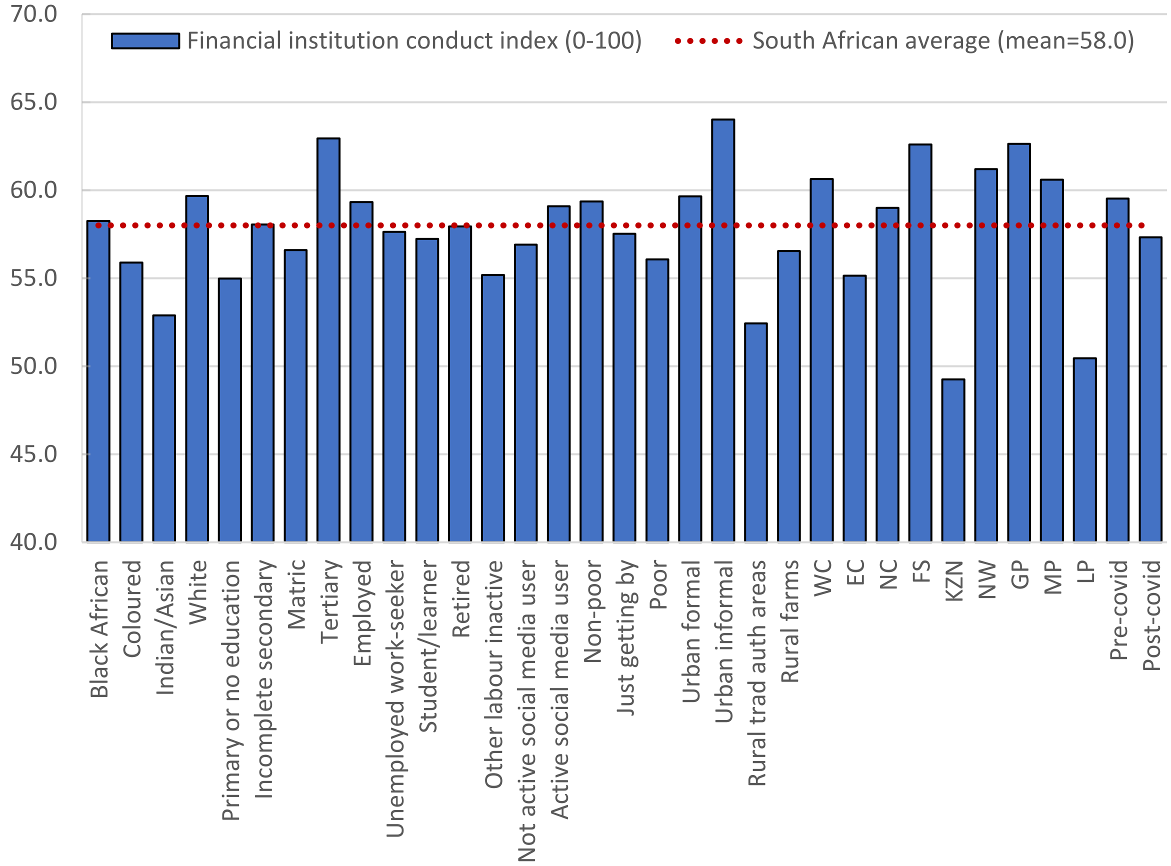


Source: South African Social Attitudes Survey (SASAS) 2020/21.

Some of the major differences in evaluating financial institutions from the set of variables examined are along class, race, and geographic lines. The self-rated poor were less favourable in assessment (mean=56) than the non-poor (mean=59). Tertiary-educated adults were more positive (mean=63) about the conduct of financial institutions than those with lower levels of education (mean scores ranging from 55 to 58). Indian adults were also more critical on average than Black African and white adults. The results also suggest that active social media users were more positive than adults not actively online, which is likely to partially reflect underlying class variation. From a spatial perspective, those residing in rural traditional authority areas tended to be more critical in their evaluation (mean-52) than those living in formal urban areas of informal urban settlements (mean=60 and 64 respectively).

Stark provincial variation is apparent, with significantly lower scores provided by those living in KwaZulu-Natal (mean=49) and Limpopo (mean=50) in particular. With the exception of Limpopo residents, evaluations of the financial sector by KwaZulu-Natal residents were lower than all other provinces. The average index score amongst adult Limpopo residents was lower than in all other provinces apart from KwaZulu-Natal and the Eastern Cape. The most positive provincial evaluations were found in Gauteng and the Free State (mean=63 in both cases). It is also worth noting that there was a modest but statistically significant decline in the financial institution index score between interviewing conducted before and after the implementation of COVID-19 regulations in late March 2020, with the score declining from 60 to 57. This change is being informed primarily by the emergence of slightly less favourable assessments of the openness and transparency of financial institutions, as well as their ability to provide swift redress (fixing problems).

Figure 85: Financial institutions conduct index scores by select socio-demographic attributes, 2020 (mean score on a 0-100 scale, where higher values represent more positive appraisals)



Source: South African Social Attitudes Survey (SASAS) 2020/21.

To provide further insight into our collective understanding of public evaluations of financial institutions, regression analysis was conducted on each of the nine conduct dimensions and the overall index. The following findings summarise the results of the 10 ordered logistic regression models that were undertaken:

- *Education*: the tertiary-educated are more positive than those with primary or no formal schooling. This is evident on the overall index, as well as seven of the nine dimensions examined - all except for consultation and value for money.
- *Racial variation*: controlling for all other variables, white adults were more critical than Black African adults on the overall index, as well as in relation to courtesy, redress, and value for money.
- *Geography*: Consumers residing in Limpopo and KwaZulu-Natal were less favourable in their views of financial institutions on aggregate as well as in relation to the nine aspects of conduct examined (all apart from consultation). Eastern Cape residents are more concerned than average with information and redress (rapid responsiveness). Those living in rural, traditional authority areas displayed lower overall scores than urban residents, especially in respect of the service standards (quality services) and courtesy dimensions.
- *Age*: the only model where age was a significant predictor controlling for other variables was in relation to the issue of access and inclusion. Young adults aged 16-24 years were less

contented than older age groups with efforts by the sector to provide equal access to financial services.

- *COVID-19*: The effect of the pandemic and the associated lockdown regulations appear to have had a partial effect, depressing scores on the openness and transparency as well as the redress dimensions of service conduct. No discernible effect is present for the other six elements assessment.
- When controlling for other factors, gender, marital status, employment status, subjective poverty status, social media usage are not determinants of views on the conduct of financial institutions.

13. Attitudes Towards Taxation

The South African Revenue Service (SARS) struggled under the controversial leadership of Tom Moyane. This included shutting down anti-corruption units, the resignation of talented staff and dubious appointments (News24 20/03/2018). President Cyril Ramaphosa announced a "clean-up" of SARS in February 2018 and launched a commission of inquiry to address problems at the institution. Two years later, SARS Commissioner Edward Kieswetter is confident that the organisation has turned a corner. He told parliament that SARS has exceeded its targets following the implementation of new smart technology for the 2020/21 financial year (BusinessTech, 09/11/2021). Mr Kieswetter raised concerns, however, about levels of compliance in the country. In this section we will examine public attitudes towards tax compliance. The section will start, however, with a look at public knowledge of taxation in the country with a special focus on what are the determinants of this kind of knowledge. The research team will show that the public has a positive view of SARS although most do not know much about the different kinds of taxes in South Africa.

As part of the SASAS questionnaire, respondents were read a list of seven different types of taxes that a person in South Africa may pay. Survey participants were then requested to state which (if any) of them they had heard of before. This data allowed us to construct a general picture of public awareness of the different taxes in the country. Of all the different taxes listed, the general population was most aware of Value-Added Tax. Significant proportions of the population had also heard of Personal Income Tax and Pay-As-You-Earn. Employing Pearson's product-moment correlation tests, we found that the Financial Knowledge Domain had a statistically significant correlation with awareness of different types of taxes. Of the seven taxation types, the size of the correlation was greater for Value-Added Tax ($r(2388) = 0.282$, $p<0.001$) and Personal Income Tax ($r(2388) = 0.261$, $p>0.001$). This can be more clearly seen if we consider the percentage who were aware of different types of taxes by Financial Knowledge Domain cohorts for SASAS 2020 in **Table 52**.

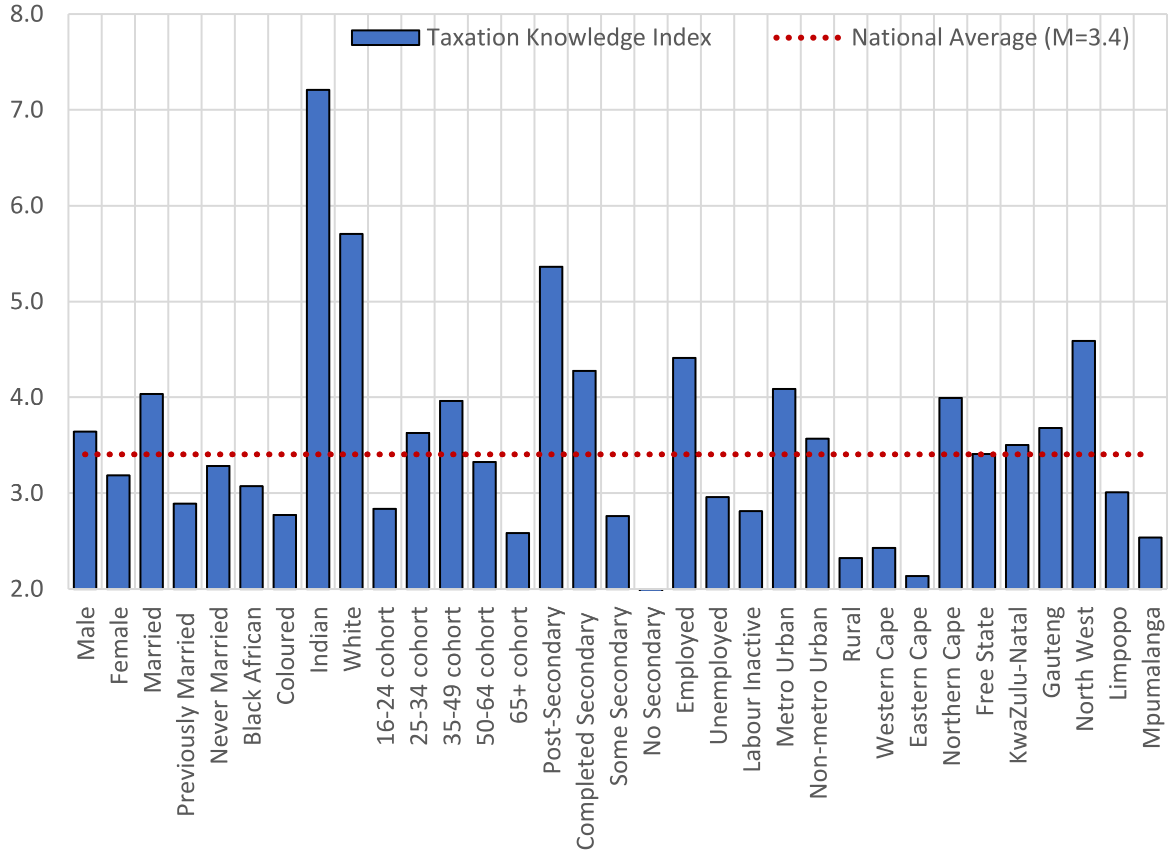
Table 52: Percentage of the public who were aware of different taxation types, by financial knowledge domain score clusters

	Low (0-25)		Lower Middle (26-49)		Upper Middle (50-74)		High (75-100)		Total	
Value-Added Tax (VAT)	56	(2.16)	69	(2.57)	79	(1.34)	87	(1.35)	75	(0.89)
Personal Income Tax (PIT)	21	(1.76)	26	(2.45)	40	(1.61)	53	(2.02)	37	(0.99)
Pay As You Earn (PAYE)	31	(2.01)	43	(2.76)	48	(1.64)	58	(2.00)	46	(1.02)
Corporate Income Tax (CIT)	8	(1.17)	12	(1.83)	23	(1.39)	36	(1.94)	22	(0.84)
Customs (Import VAT and duties)	10	(1.29)	16	(2.05)	26	(1.44)	37	(1.95)	24	(0.87)
Excise or sin taxes	10	(1.33)	12	(1.81)	27	(1.45)	34	(1.92)	23	(0.86)
Fuel Levy	9	(1.26)	13	(1.85)	27	(1.46)	33	(1.90)	23	(0.86)

Note: Standard error in parenthesis

We were interested in the groups that were most aware of the major taxation types that a person may pay in South Africa. We developed a 0-10 Taxation Knowledge Index with the higher value indicating the greater number of tax types that an individual was aware of. The index included all the items present in **Table 52**; the mean index score was 3.4 (SE=0.102) in 2020 and the distribution on this measure is skewed towards the left. We expected considerable disparities in the degree to which certain socio-demographic groups were aware of different kinds of taxes in South Africa. Mean scores on this index are present across a range of subgroups in **Figure *86***, and significant subgroup differences were noted in the figure. Members of the white and Indian groups had much greater levels of knowledge than other population groups in the country. There was a distinct educational attainment gradient evident in the figure with better educated consumers reporting a higher level of knowledge than their less educated peers. This association was not surprising given the robust correlation noted between financial knowledge and awareness of different taxation types in **Table 52**.

Figure 86: Mean Taxation Knowledge Index (0-10) by selected subgroups



It seemed apparent, from the subgroup analysis presented in **Figure *86***, that socioeconomic status is a robust correlate of awareness of different kinds of taxes. Exploiting LSM as an indicator of financial status, the SASAS research team discovered, using a Pearson's product-moment correlation test, that economic position was a powerful correlate of the Taxation Knowledge Index. The results of the test showed that LSM had a moderate statistically significant correlation with the index ($r(2634) = 0.440$, $p > 0.001$). An age effect was discerned in the figure with middle age groups reporting higher levels of awareness than other groups. This may be ascribed to higher levels of economic activity amongst those in middle age, a supposition consistent with our LSM finding. A distinct geographic discrepancy was noted in the figure with knowledge of taxes more common in metropolitan urban areas than in rural locales. We also observed noteworthy provincial variation in awareness of taxation with residents in the Northern Cape and North West reporting, on average, the highest levels of awareness.

As a follow-up to the questions on awareness of taxes, respondents were requested to state whether they currently paid any of the seven taxation types listed. It was clear that a significant minority (41%)

of the adult population are unaware that they were paying Value-Added Tax. About an eighth (14%) of the general public claimed that they were currently paying Pay-As-You-Earn and 12% stated that they were paying Personal Income Tax. The research team discovered that awareness of different taxation types was influenced by whether an individual was paying taxes at present. We learned, from using Pearson's product-moment correlation tests, that the Taxation Knowledge Index had a statistically significant correlation with paying different types of taxes. Of all taxation types, the scale of the association was higher for Value-Added Tax ($r(2647) = 0.349$, $p<0.001$) and Pay As You Earn ($r(2647) = 0.261$, $p>0.001$). This relationship is more apparent if we consider the percentage who reported paying different types of taxes by Taxation Knowledge Index cohorts for SASAS 2020 in **Table 53**.

Table 53: Percentage of the public who paid different taxation types, by Taxation Knowledge Index Cohorts

	Low (0-2.5)		Lower Middle (2.6-4.9)		Upper Middle (5.0-7.4)		High (7.5-10)		Total	
Value-Added Tax (VAT)	43	(1.46)	68	(1.87)	75	(2.32)	80	(1.75)	59	(0.96)
Personal Income Tax (PIT)	6	(0.68)	12	(1.31)	22	(2.20)	24	(1.90)	12	(0.63)
Pay As You Earn (PAYE)	5	(0.61)	16	(1.45)	25	(2.31)	31	(2.04)	14	(0.67)
Corporate Income Tax (CIT)	1	(0.27)	1	(0.44)	5	(1.18)	3	(0.76)	2	(0.26)
Customs (Import VAT and duties)	1	(0.23)	3	(0.71)	6	(1.24)	5	(0.93)	2	(0.30)
Excise or sin taxes	1	(0.22)	4	(0.78)	17	(2.02)	18	(1.71)	6	(0.46)
Fuel Levy	1	(0.33)	4	(0.81)	11	(1.66)	25	(1.92)	7	(0.49)

Note: Standard error in parenthesis

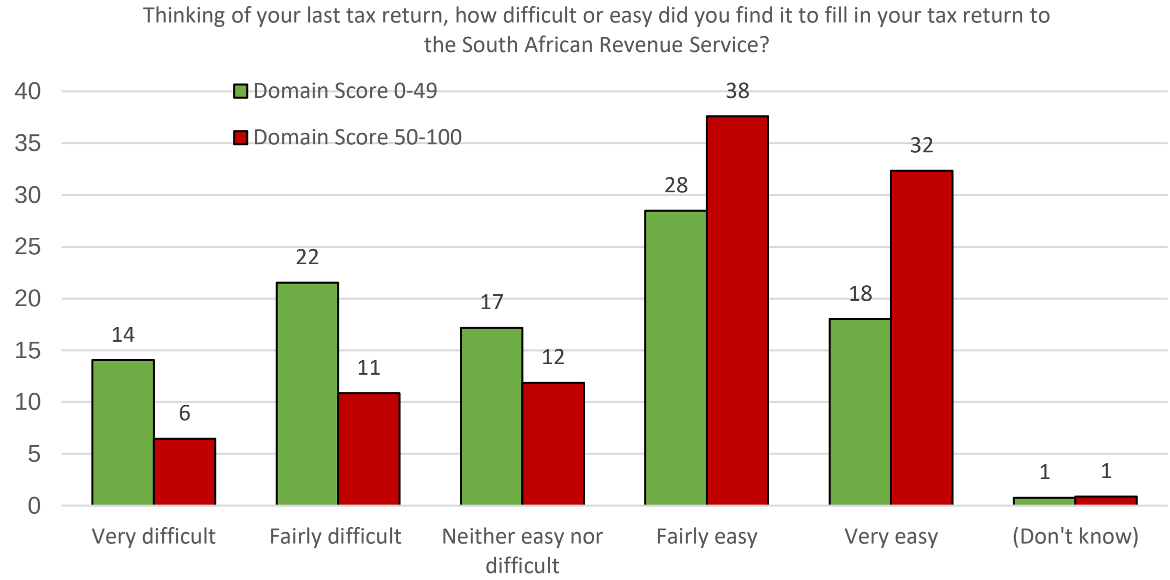
Tax revenues in South Africa come primarily from Personal Income Tax and Value-Added Tax. In 2021/22, South Africa is forecast to obtain almost two-thirds (65%) of its tax revenues from these two taxes (17% of GDP). In a post-budget submission to parliament, professional services firm PwC noted that personal income taxes are collected from an increasingly small pool of taxpayers. In the 2019/20 tax year, SARS noted 22.2 million registered taxpayers, of which 6.3 million were expected to submit tax returns. A review of the data showed that 1.6 million adults are shouldering the bulk of all income tax paid (BusinessTech, 03/03/2021). As Section 1.1 noted, South Africa has very high-income tax burden relative to other countries. SASAS data confirms these figures, noting that the bulk (64%) of the adult population claimed not to be registered taxpayers. In addition, we found that less than a fifth (19%) of the adult public told fieldworkers that they had submitted a tax return to SARS in the twenty-four months before the interview[63]. This result is consistent with what was observed in **Table 53**, showing that relatively few consumers claim to be paying taxes. In other words, it would appear that a small number of people are paying taxes (e.g., Personal Income Tax) that require submitting a tax return.

Some policymakers are concerned that the task of submitting tax returns is difficult and that the process should be streamlined. To better understand this issue, survey respondents who had submitted a tax return to SARS in the two years prior to the interview were asked about the ease of completing their return. Approximately a quarter (26%) of recent tax filers thought that the process was very easy and 31% indicated that it was fairly easy. A quarter of recent filers felt that it was a difficult task to perform and 15% said that they found it neither easy nor difficult. This validates concerns that a significant minority of filers find the process of submitting tax returns challenging and that the process should be improved. The research team discovered that perceptions of the tax return difficulty were robustly (and negatively) associated with the Product Choice Domain. This relationship is more apparent if we consider how filers who scored below fifty on the domain answered the question on ease of return completion with those filers who scored fifty or above (**Figure 87**). As can

[63] The economic recession caused by the COVID-19 crisis has had a negative effect on the number of people submitting tax returns. According to data from SARS, the national revenue service expects to receive 6.9 million tax returns in 2021, down from 7.6 million in 2019 (BusinessTeach, 18/06/2021).

be observed those who scored highly on the domain were much more likely to state that it was easy to complete the return.

Figure 87: Public responses to the question: 'Thinking of your last tax return, how difficult or easy did you find it to fill in your tax return to the South African Revenue Service? ' by Product Choice Domain Score



Note: Data restricted to those who submitted a tax return in the last two years prior to the SASAS interview.

We were interested in public attitudes towards tax compliance and how efficient survey participants felt that SARS was as an organisation. Respondents were asked three questions about the capacity of SARS to punish offenders. Let us explore how these questions were answered by whether an individual had submitted a tax return in the two years before the SASAS interview. A majority of tax filers said, on all three questions, that SARS was either likely or very likely to punish offenders. Those who had not recently submitted a tax return were less liable to have confidence in the efficiency of SARS. This group was much more prone to respond 'don't know' when asked about the national revenue service. If an individual answered positively to one of the items in **Figure *88*** then they were more likely to answer them all positively. As a result, these items were combined to produce a composite metric that measured whether a person rated the capacity of the SARS to punish non-compliance. Labelled the National Revenue Services Compliance (NRSC) Index, this indicator was placed on a 0 to 10 scale.

The mean score on the NRSC Index was 6.0 (SE=0.142) and we observed a distinct concentration at the mid-point of the distribution. Perhaps unsurprisingly, people who claimed to be registered taxpayers had a much higher NRSC Index scores (M=7.2; SE=0.127) than those who were unregistered (M=5.6; SE=0.111). This suggests that experience of SARS increases the degree to which an individual is confident in the capacity of the national revenue service. Building on this finding, the research team found that attitudes towards SARS were improved by public awareness of different taxation types. We learned, from using a Pearson's product-moment correlation test, that the Taxation Knowledge Index had a statistically significant correlation with the NRSC Index ($r(2726) = 0.273$, $p<0.001$). Given the disparities noted in **Figure 86**, we anticipated robust variation in how diverse socio-demographic groups would score on the index. **Figure 89** provides the mean scores on the NRSRC Index across the country's major socio-demographic fault lines.

Figure 88: Public perceptions of the capacity of the South African Revenue Service to punish non-compliance by whether an individual had submitted a tax return in the two years prior to the interview

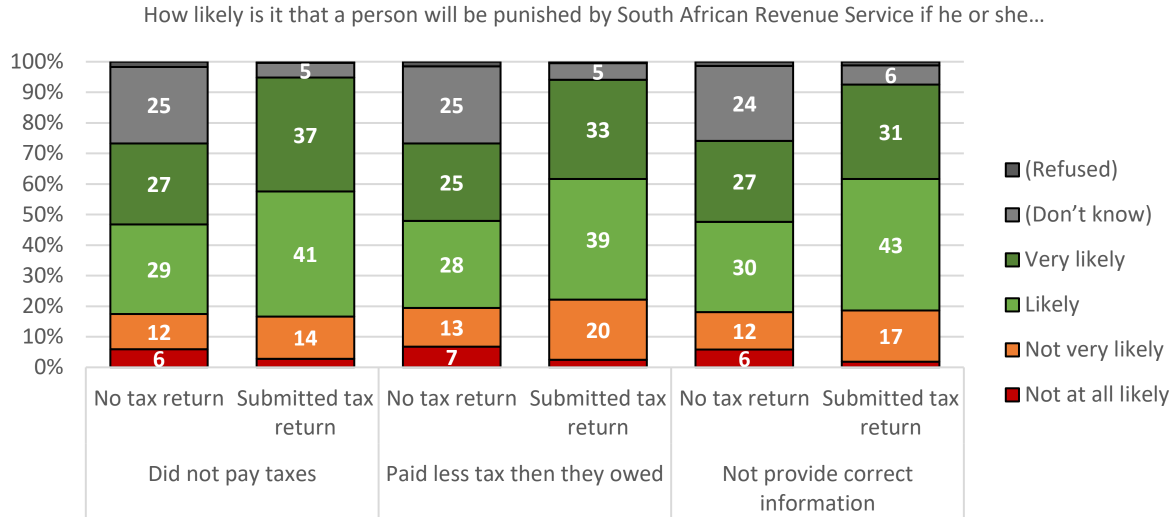
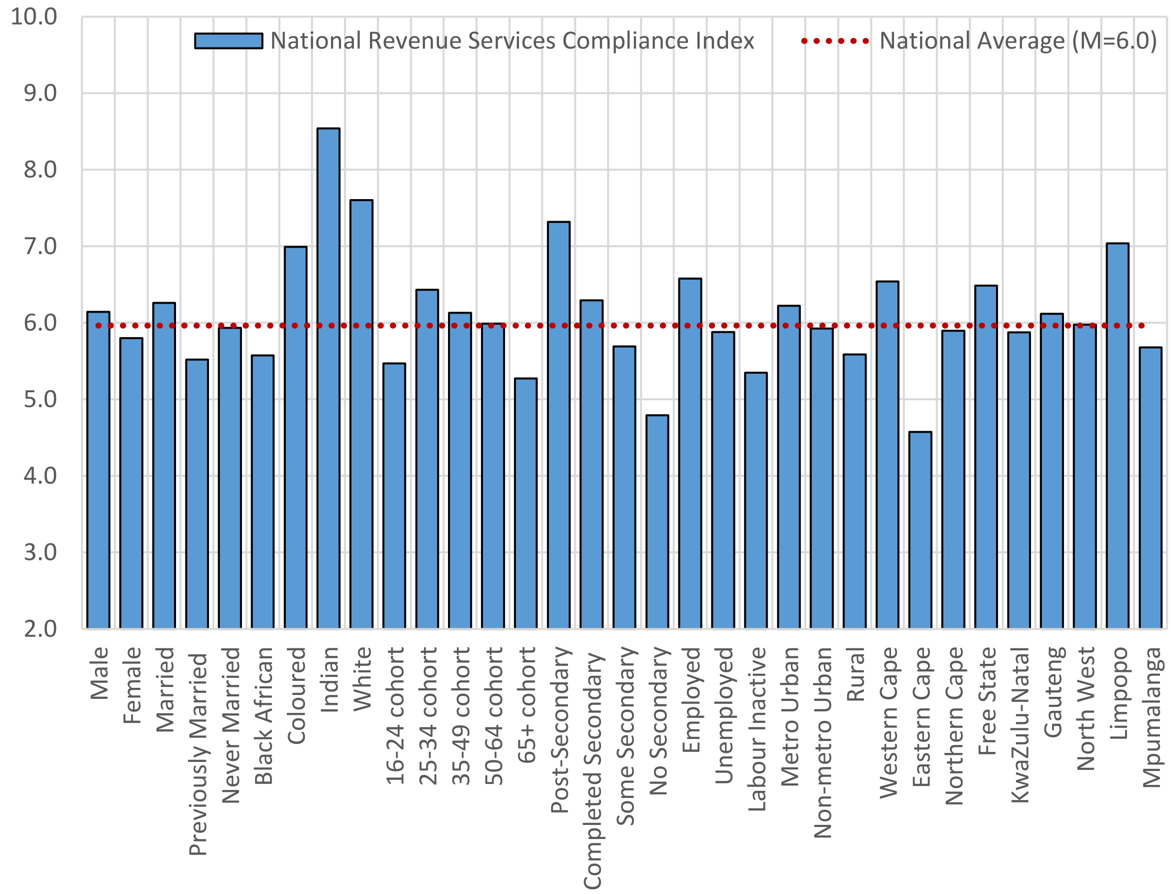


Figure 89: Mean National Revenue Services Compliance Index (0-10) by selected subgroups



We could observe relatively little variation in the NRSC Index score between subgroups in the country. However, some important subgroup dissimilarities were noted in the figure. We detected a rather large differential by population group, with racial minorities more liable to score high on the NSRC Index. Although this finding is consistent with what was observed in **Figure *86***, further investigation revealed that this outcome could not be solely explained by differences in taxation knowledge. There is a notable educational attainment effect in the figure. Adults with post-secondary education were found to have somewhat higher average scores (M=7.3; SE=0.195) on this scale than their less educated counterparts. Substantial levels of variation were noted in NSRC Index scores by provincial residents. Residents from some provinces (e.g., Limpopo) reported much higher scores on the index than others (e.g., the Eastern Cape).

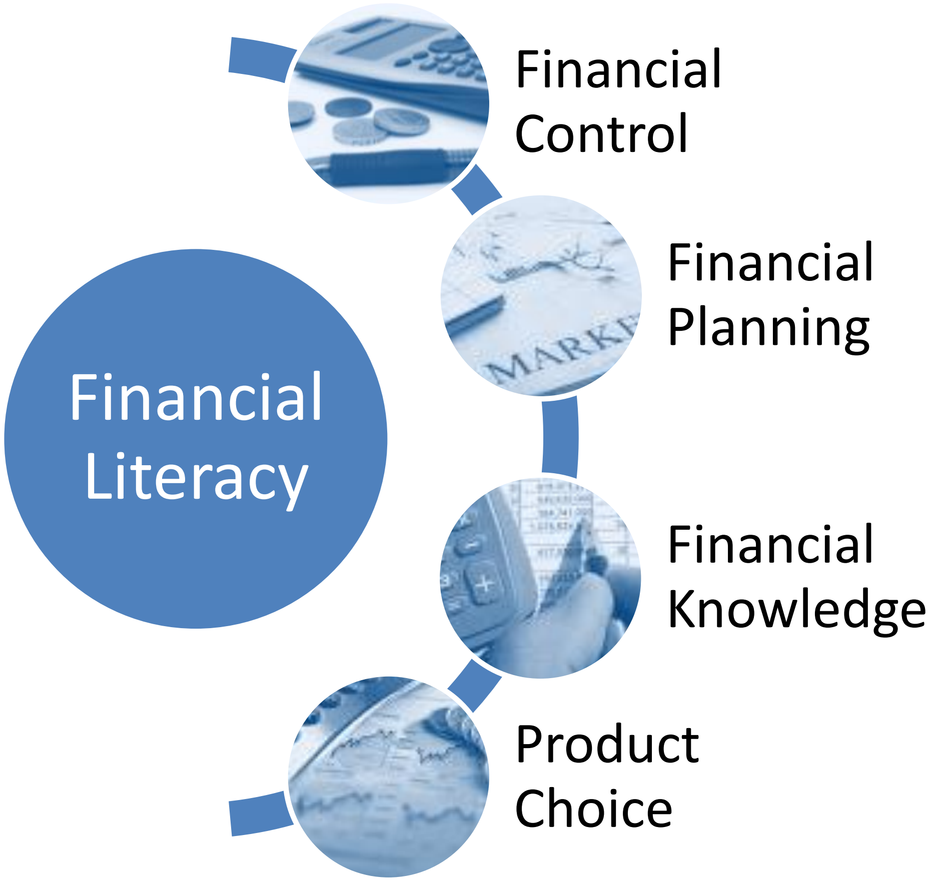
14. Financial Literacy Index

Following the 2010 Financial Pilot study conducted by the SASAS research team, there was a growing concern about the average South African's financial understanding and their fiscal capacities. The 2010 study confirmed existing apprehensions about low financial literacy among the public. There was, as a result, a call for a single measure with which to comprehensively gauge the financial literacy of the general populace. This single score could be used to measure progress on consumer education interventions or to identify vulnerable groups. In 2011, the SASAS research team was commissioned to create a single financial literacy score that would encompass all the indicators across the following four domains: (a) knowledge; (b) control; (c) planning; (d) product choice. Using the SASAS data available to us, we were able to create a composite index that measured financial literacy in South Africa for the period 2012-2020. In subsection 14.1 the conceptional and analytical construction of this composite indictor will be outlined. A comprehensive analysis of the determinants of this index will then be presented in the next subsection. This subsection will identify those factors that best predict whether an individual will have a good level of financial literacy.

14.1. Conceptualisation and analytical outline

In 2010, the research team developed a conceptual framework for measuring financial literacy. This framework was based on existing work conducted by OECD through their INFE Initiative. The OECD INFE definition of financial literacy is comprised of a combination of awareness, knowledge, skills, attitude and behaviour necessary to make sound fiscal decisions. This definition is in line with the work of financial education scholars (for a review, see Lusardi & Mitchell, 2011). Measuring financial literacy requires, therefore, a multi-dimensional score that would incorporate financial awareness, knowledge, skills, attitude and behaviour. This, the SASAS research team determined, demanded a sophisticated multifaceted methodological approach. The methodology adopted subdivided financial literacy into four domains (**Figure 90**). These domains are: (a) financial control; (b) choosing and using appropriate financial products; (c) financial planning; and (d) knowledge and understanding.

Figure 90: Conceptual framework for measuring financial literacy



The financial literacy score designed by the OECD INFE was a comprehensive measure constructed to be replicable and comparable. The current OECD INFE methodology has received international acclaim from scholars and policymakers and is known for its well-researched criteria and thoroughly tested instruments (Atkinson & Messy, 2011). Utilising this methodology, the SASAS research team was able to monitor financial literacy with a very manageable and fairly low quotient of questions. This approach allowed us to provide cost-efficient high-quality data to the FSCA. By using this methodology our analysis is comparable at a cross-national level with the intention of monitoring financial literacy over time. Following the instructions of the FSCA, the SASAS research team has produced financial literacy data using this methodology for the period 2012-2020. The methodology used to create the score is such that (should there be sufficient information) another researcher would be able to achieve the same results using the SASAS data.

The OECD INFE methodology adopted in this study specifies certain questions to be used to determine scores on the following four domains: (i) Financial Control; (ii) Financial Planning; (iii) Product Choice; and (iv) Financial Knowledge. These questions have been successfully employed in a number of countries to discern financial literacy. In order to extract the data required for the creation of the index under review, and following the theoretical framework outlined above, the SASAS research team depended on the questions that the OECD isolated as important for the four domains. A set of 22 core indicators spread across each of the aforementioned domains was then developed to accurately measure financial literacy. An additional advantage of using these questions was that they have been tested for analytical soundness, measurability and relevance to the phenomena being measured. The use of these questions, therefore, ensures that the data produced has international comparability over time.

The four domains outlined in their appropriate sections were combined together into a single composite index. This combined indicator was then transformed onto a 0-100 scale, the higher the score the higher the financial literacy.

14.2. Domain results

The average South African scored 52 (SE=0.542) on the Financial Literacy Index in SASAS 2020. The domain distribution of this overall index was symmetric in the latest SASAS round with well-behaved tails. Most of the population was clustered towards the middle of the graph and the left-hand tail was somewhat shorter than the right. Comparing how scores on the composite index changed over the last few years, clear patterns emerge. The current overall state of financial literacy in the country is lower than what was found in SASAS 2015 (M=55; SE=0.479). This level of change may be due to the financial downturn that occurred during this period, decreasing the ability of consumers to engage in fiscal planning and financial decision-making. To provide a comprehensive indication of which groups suffered the largest decline in financial literacy scores, mean index scores are presented across different selected groups in **Table *54*** for both SASAS 2015 and 2020.

The decline in financial literacy between 2015 and 2020 was, on the whole, evident amongst all major subgroups in **Table *54***. However, the magnitude of the deterioration was much larger for some groups than for others. The most marked change was seen amongst older generations with those born before 1960 suffering one of the biggest reductions in average domain score between 2015 and 2020. Those born before 1945, in particular, exhibited a sizable drop of ten points over the period[64]. A definite geotype disparity was recorded in both SASAS 2020 and 2015. When compared to the earlier period, however, rural residents reported much lower literacy scores than their non-metro and metro urban counterparts in SASAS 2020. These notable geographic differences may reflect shifts in the spatial patterns of financial literacy, demonstrating the unique ways that different communities responded to the fiscal privations of the contemporary period. In addition, rates of provincial change were extremely dissimilar, a finding consistent with the geotype shift noted earlier. We found little change in some provinces (e.g., the Western Cape, Mpumalanga and the Eastern Cape) but considerable changes in others (e.g., North West and Limpopo).

Reviewing the population groups data in **Table *54***, it was apparent that members of the Black African majority have the lowest Financial Literacy Domain scores while members of the white minority have the highest. Racial dissimilarities widened between 2015 and 2020. This was due to the fact that there was a much lower rate of decline in literacy amongst whites during the period. Indeed, an ANOVA ($F(1, 372) = 0.0$, $p = 0.879$) test shows that the detected change for this group was not statistically significant. There should be a robust (and positive) correlation between a person's formal schooling and their level of financial literacy. Better educated people exhibited higher than average index scores in both 2015 and 2020. However, the size of the educational attainment gradient declined over the period. This was due to a higher-than-expected decline in literacy amongst those with a post-secondary qualification. Mean scores for this group fell from 69 (SE=0.695) in 2015 to 62 (SE=1.001) in 2020.

It would appear that the contemporary macroeconomic changes in the country have less adversely impacted members of the white and Indian minorities than other groups. These minorities are, as a result, under less fiscal duress than other groups. At this stage, this is just a thesis and further research should explore this subgroup disparity in more detail. With the aim of isolating those socio-economic factors that drive financial literacy, we utilised a linear regression approach. Our linear model estimated the correlations between the dependent (i.e., the Financial Literacy Index) and a diverse

[64] Of all the different birth cohorts listed in the table, the smallest decline was observed for the 'Born Free' Generation, falling from 50 (SE=0.572) in 2015 to 49 (SE=0.603) in 2020.

variety of demographic and economic variables. To appreciate how the analytical power of these variables may have altered over time, one model for 2015 was produced and then another for 2020. To permit for a clearer assessment of the relative strength of our independent variables, beta coefficients were produced for the analysis.

Table 54: Mean Financial Literacy Index (0-100) by selected subgroups in 2015 and 2020 (Analysis of Variance)

	2015		2020		ANOVA		
	M	SE	M	SE	Diff.	F	Prob>F
Gender							
Male	57	(0.492)	52	(0.509)	-5	38	0.000
Female	55	(0.365)	51	(0.428)	-4	36	0.000
Marital status							
Married	62	(0.478)	57	(0.605)	-5	48	0.000
Previously Married	55	(0.605)	50	(0.822)	-5	26	0.000
Never Married	51	(0.420)	50	(0.429)	-1	5	0.019
Population group							
Black African	54	(0.369)	50	(0.374)	-4	58	0.000
Coloured	56	(0.648)	51	(0.954)	-5	18	0.000
Indian	65	(0.751)	62	(0.811)	-3	8	0.005
White	67	(0.762)	66	(1.279)	-1	0	0.879
Birth cohort							
1990 and after	50	(0.572)	49	(0.603)	-1	1	0.273
1975-1989	57	(0.497)	53	(0.540)	-4	28	0.000
1974-1960	59	(0.646)	55	(0.776)	-4	20	0.000
1959-1945	57	(0.741)	53	(0.884)	-4	13	0.000
1944 and before	53	(1.178)	44	(1.612)	-9	24	0.000
Educational attainment							
Post-Secondary	69	(0.695)	62	(1.001)	-7	32	0.000
Completed Secondary	57	(0.507)	54	(0.489)	-3	28	0.000
Some Secondary	52	(0.430)	48	(0.499)	-4	43	0.000
No Secondary	49	(0.608)	45	(0.674)	-4	19	0.000
Employment status							
Employed	62	(0.516)	58	(0.532)	-4	31	0.000
Unemployed	51	(0.465)	46	(0.486)	-5	54	0.000
Labour Inactive	53	(0.457)	50	(0.585)	-3	17	0.000
Geotype							
Metro Urban	59	(0.472)	56	(0.526)	-3	17	0.000
Non-metro Urban	55	(0.476)	51	(0.512)	-4	40	0.000
Rural	51	(0.566)	46	(0.600)	-5	26	0.000
Province of residence							
Western Cape	57	(0.676)	58	(1.254)	1	0	0.482
Eastern Cape	50	(0.855)	50	(1.112)	0	0	0.965
Northern Cape	53	(1.090)	49	(0.879)	-4	9	0.004
Free State	51	(0.955)	54	(1.460)	3	3	0.115
KwaZulu-Natal	55	(0.651)	51	(0.727)	-5	22	0.000
North West	57	(1.097)	51	(1.251)	-5	10	0.002
Gauteng	61	(0.782)	54	(0.698)	-7	44	0.000
Mpumalanga	51	(0.946)	51	(1.002)	0	0	0.859
Limpopo	54	(0.838)	44	(0.830)	-10	70	0.000

Note: 1. Standard error in parenthesis; 2. Values above the national average for that survey wave are shaded in blue.

The outputs for the two models are depicted in **Table 55**, with standard errors included in parenthesis. Gender did not have a statistically significant impact on literacy in either model. Given the results of the bivariate analysis in **Table 54**, this outcome is unsurprising. We found that, in both models, age was a robust determinant of the dependent. The size of the age effect was somewhat smaller in the first model (β =-0.113; r=-0.096; SE=0.028) than the second (β=0.142; r=0.127; SE=0.038). Labour market status was a robust correlate in both the 2020 and 2015 models. Being in employment, even controlling for a range of socio-economic variables, increased a consumer's financial literacy. Geotype did not have a statistically significant impact on the dependent in **Table 55**. However, further statistical analysis found that living in metropolitan urban area did have a robust association with the dependent.[65]

Table 55: Linear Regression on Financial Literacy Index (standardized beta coefficients) for 2015 and 2020

	2015				2020			
	Coef.			**Beta**	**Coef.**			**Beta**
Gender (ref. male)	0.027	(0.742)		0.001	0.808	(0.933)		0.028
Age	0.096	(0.028)	**	0.113	0.126	(0.038)	**	0.141
Marital status (ref. married)								
Previously Married	-2.399	(1.064)	*	-0.065	-2.655	(1.493)		-0.061
Never Married	-7.431	(0.951)	***	-0.265	-1.320	(1.329)		-0.045
Population group (ref. Black African)								
Coloured	-3.471	(1.103)	**	-0.075	-0.464	(1.630)		-0.008
Indian	-1.173	(1.608)		-0.014	5.707	(2.051)	**	0.076
White	-0.909	(1.572)		-0.020	7.004	(2.153)	***	0.138
Years of schooling	0.994	(0.124)	***	0.259	0.951	(0.151)	**	0.240
Living Standard Measure	1.793	(0.276)	***	0.245	1.488	(0.416)	**	0.162
Employment status (ref. employed)								
Unemployed	-5.665	(1.023)	***	-0.195	-6.34	(1.073)	***	-0.212
Labour Inactive	-6.039	(0.930)	***	-0.197	-4.493	(1.170)	***	-0.140
Geotype (ref. urban)	1.191	(0.940)		0.037	-1.404	(1.171)		-0.044
Province (ref. Western Cape)								
Eastern Cape	-1.871	(1.503)		-0.044	-0.280	(2.555)		-0.006
Northern Cape	-0.941	(1.580)		-0.010	-3.319	(1.812)	*	-0.035
Free State	-2.385	(1.576)		-0.038	2.014	(2.596)		0.030
KwaZulu-Natal	2.387	(1.432)		0.062	-4.111	(1.982)	*	-0.108
North West	4.763	(1.972)	*	0.076	-0.690	(2.237)		-0.011
Gauteng	1.783	(1.344)		0.055	-3.790	(1.935)		-0.124
Mpumalanga	-2.150	(1.572)		-0.043	-1.986	(2.098)		-0.036
Limpopo	1.202	(1.452)		0.028	-5.430	(2.100)	**	-0.111
N			2,004				1,895	
Prob > F		0.000				0.000		
R-squared		0.400				0.314		
Root MSE		10.95				11.95		

Note: 1. Standard error in parenthesis; and 2. Signs *, **, *** indicates that the differences in mean scores are significantly different at the 5 percent ($p<0.05$), 1 percent ($p<0.01$) and 0.5 percent ($p<0.001$) level respectively.

Utilizing LSM as a gauge of economic status, the SASAS research team discovered that economic position was a powerful correlate of the dependent in our multivariate analysis. Intriguingly, a one-unit increase in the LSM had a larger correlation with the dependent in the first model (β =0.245; r=1.793; SE= 0.276) than the second (β=0.162; r=1.488; SE=0.416). It could be that the recent economic downturn experience in South Africa had a more detrimental effect on the upper middle LSM groups more than on other LSM groups in the country.[66] Population group, as can be seen in the table, was a more robust correlate in the 2020 model but not in the 2015 model. Using the Black African population as the reference group, belonging to the white minority increased an individual's financial literacy (β =0.138; r=7.004; SE=2.153). Belonging to the Indian minority had a similar (albeit smaller) positive association with the dependent (β =0.076; r=5.707; SE=2.051). This confirms the

[65] Both the 2015 and 2020 models were adjusted to account for whether an individual lived in a metropolitan urban area. In SASAS 2020 we found that living outside a metropolitan area reduced financial literacy; a similar finding was not noted in SASAS 2015. The observed effect of living in a rural area (β =-0.148; r=-4.765; SE=1.563) was similar to the effect of residing in non-metropolitan urban area (β =-0.151; r=-4.882; SE=1.289).

[66] Of all the LSM groups under consideration, the most significant decline in financial literacy was observed for the upper middle LSM group. The index scores of those who scored 7 or 8 on the LSM fell from 60 (SE=1.151) in 2015 to 49 (SE=0.580) in 2020.

pattern of results observed in **Table *54***, which showed only a minimal decline in literacy for the white populace between 2015 and 2020.

Even when accounting for LSM, formal schooling had a statistically significant (and positive) correlation with the index in the 2015 and 2020 model. Regardless of whether we are looking at the 2015 or the 2020 model in **Table *55***, formal schooling had the largest impact on literacy. Index scores may have been influenced by the timing of the 2020 questionnaire (i.e., what period the questionnaire was administered). Subsequent tests showed that the timing of questionnaire administration was not a statistically significant determinant in the adjusted model[67]. Being interviewed towards the end of survey period, in other words, was not correlated with the dependent in this adjusted model. This suggests that the observed change seen in the table are the result of more long-term macro-economic changes in the recent period (i.e., 2015-2020).

15. Personal Wellbeing

In the last few decades, there has a been gradual pushback against the measurement of human wellbeing in monetary terms. During the contemporary period, a growing international research interest in the fundamental qualities associated with a good life has emerged. Recognising the limits to monetary indicators as the basis for evaluating human progress, scholars sought new approaches to the conceptualisation and measurement of whether a consumer (or a set thereof) was leading a good life. In the 21st century, wellbeing is quickly becoming a central topic of discussion for by academics, policymakers and journalists. One way to define (and therefore measure) wellbeing is subjectively: asking people to rate their wellbeing using survey questions[68]. This type of wellbeing encompasses how people evaluate their own lives in terms of both affective (how they feel) and cognitive (what they think) components (Angner, 2011; Diener, 2009; Veenhoven, 2013). In this section, we will assess the level of subjective wellbeing in South Africa and how it is influenced by financial literacy.

The recent financial downturn has placed an incredible level of pressure on many ordinary South Africans. In these difficult times, financial literacy may help consumers navigate the economic pressures of the current period and improve a person's quality of life. We hypothesise that financial literacy will be positively correlated with subjective wellbeing even when controlling for other socio-economic characteristics (e.g., employment and formal education). In order to conduct this test, we utilise a module on personal wellbeing that was included in both SASAS 2013 and 2020. When compared to 2020, the macroeconomic environment of 2013 was not as dire, and people were under less financial pressure. Consequently, we hypothesise that financial literacy will be more strongly associated with subjective wellbeing in the last round of SASAS than in the 2013 round.

The SASAS module on wellbeing was designed to measure different dimensions of quality of life. In this instrument, people were asked to rate their level of satisfaction with nine aspects of their lives.

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[67] The 2020 model was adjusted to control for whether it was conducted in the 26/02/2020-25/03/2020 period or the 10/11/2020-13/02/2021 period. When controlling for a range of socio-demographic variables, administering the questionnaire in the 10/11/2020-13/02/2021 period did not reduce the likelihood of obtaining a high score on the index score at a statistically significant level (β=-0.059; r=-1.791; SE=0.958).

[68] Subjective wellbeing as a modern social indicator had its roots in *The Human Meaning of Social Change* by Campbell and Converse (1972). In this volume, the authors contended that the measurement of social-psychological states (i.e., attitudes, feelings and values) in a given population is essential for a comprehending the quality of a societal order. In their approximation, large-scale survey techniques should be used to measure life satisfaction and happiness. Following on the Campbell-Converse approach, a large number of other studies and applications of these concepts and techniques have appeared over the past three decades (for a review of this research during this period, see Diener et al., 1999). Subjective wellbeing research surveys were first employed in South Africa on a large scale in the late 1970s.

These questions are asked on an eleven-point scale (0-10) with the higher value on the scale indicating the greater level of satisfaction. To provide a thorough understanding of diversity of subjective wellbeing in South Africa, we created a Personal Wellbeing Index (PWI). To produce this index, we combined the answers from nine different satisfaction scales. Tests of statistical validity and reliability have shown that these questions load well together[69]. The resultant index scale has been constructed so that the scale runs from 0 to 10, with higher values indicating a higher level of personal wellbeing. The PWI is derived from the Comprehensive Quality of Life Scale which was originally developed by Cummins (1996). Mean scores for this metric, as well as the nine sub-indicators, are presented for both SASAS 2013 and 2020 in **Table 56**.

Table 56: Mean Personal Wellbeing Index sub-indicators for 2013 and 2020

	2013				2020			
	M		95% CI		M		95% CI	
Standard of living	5.51	(0.079)	[5.36	5.67]	4.88	(0.090)	[4.70	5.06]
Health	7.35	(0.070)	[7.21	7.49]	6.01	(0.087)	[5.84	6.19]
Life achievements	5.54	(0.076)	[5.39	5.69]	4.86	(0.084)	[4.70	5.03]
Personal relationships	7.18	(0.072)	[7.04	7.32]	6.41	(0.085)	[6.24	6.58]
Safety	5.94	(0.081)	[5.78	6.09]	5.81	(0.081)	[5.65	5.97]
Community cohesion	6.69	(0.067)	[6.55	6.82]	6.07	(0.075)	[5.92	6.21]
Future (financial) security	4.67	(0.076)	[4.52	4.82]	4.61	(0.095)	[4.43	4.80]
Spirituality (or religion)	7.81	(0.064)	[7.68	7.93]	6.42	(0.090)	[6.24	6.60]
Personal Wellbeing Index	6.33	(0.045)	[6.25	6.42]	5.63	(0.060)	[5.52	5.75]

Note: Standard error in parenthesis.

Between 2015 and 2020, we could observe a general decline in the PWI and a one-way ANOVA ($F(1, 5492) = 223.1$, $p = 0.000$) test showed that there was a statistically significant difference between the two periods. Reviewing the results presented in **Table 56**, it would appear that the sub-indicators that experienced the largest declines over the period were 'health' and 'spirituality (or religion)'. Given the emotional distress caused by the COVID-19 pandemic, these results are consistent with our expectations. We were interested in the degree to which our financial literacy influenced quality of life in South Africa. Using a Pearson's product-moment correlation tests, we found that our Financial Literacy Index had a moderate (and statistically significant) correlation with the PWI in both 2013 and 2020. The size of the correlation appeared to be somewhat smaller in SASAS 2013 ($r(2294) =0.309$, $p<0.001$) than in SASAS 2020 ($r(1930) =0.380$, $p<0.001$). Of the four sub-dimensions of the Financial Literacy Index, the Financial Planning Domain had the most robust relationship ($r(2655) =0.324$, $p<0.001$) with the PWI in 2020.

Of the nine PWI sub-indicators, we found that the Financial Literacy Index had the most robust relationship with 'standard of living', 'life achievements' and ‘future (financial) security' metrics. Given the nature of these sub-indicators, this outcome was anticipated. Reviewing the data for SASAS 2013 and 2020, the influence of the index on these three measures appears to have grown over time. Interestingly, we found that the Financial Literacy Index had quite a robust effect on subjective health. Of the nine sub-indicators, PWI seems to have a much greater influence on the 'health' measure in 2020 ($r(1930) =0.261$, $p<0.001$) than in 2013 ($r(2309) =0.135$, $p<0.001$). Given the current health demands of the COVID-19 pandemic, this observed change is quite interesting. Overall, it would seem that an individual's level of financial literacy has a significant influence on their quality of life. In order to adequately discern the strength of this relationship, it is essential to isolate the effect of financial literacy from the influence of various socio-economic factors (e.g., labour market participation and formal education).

[69] Reliability checks on the items, using inter-item correlations (covariances) and Cronbach's alpha (0.835), showed that they could be combined satisfactory onto a single index.

Table 57: Pairwise Correlations on Financial Literacy Domains and Personal Wellbeing Index sub-indicators for 2013 and 2020

	Financial Control		Financial Planning		Product Choice		Financial Knowledge		Financial Literacy	
	2013	2020	2013	2020	2013	2020	2013	2020	2013	2020
Standard of living	0.24	0.30	0.20	0.35	0.16	0.22	0.20	0.15	0.30	0.37
Health		0.120	0.14	0.18	0.12	0.21	0.11	0.21	0.14	0.26
Life achievements	0.25	0.27	0.21	0.33	0.19	0.23	0.16	0.15	0.31	0.35
Personal relationships	0.18	0.17	0.15	0.17	0.12	0.22	0.09	0.17	0.21	0.28
Safety				0.12				0.10		0.10
Community cohesion						0.14		0.09		
Future (financial) security	0.25	0.32	0.25	0.38	0.17	0.18	0.14	0.13	0.30	0.39
Spirituality (or religion)	0.12	0.16	0.12	0.19	0.13	0.17		0.13	0.16	0.24
Personal Wellbeing Index	0.24	0.26	0.22	0.32	0.19	0.27	0.17	0.20	0.31	0.38

Note: 1. Only those correlations statistically significant at the 5% level were represented in the table; 2. Bonferroni adjustment used to calculate significance levels to counteract the problem of multiple comparisons and control for the familywise error rate; and 3. Correlation above 0.30 are shaded as blue.

With the aim of evaluating the impact of the Financial Literacy Index on quality of life more accurately, we utilised a linear regression approach. A linear model was employed to calculate the correlations between the dependent (i.e., the PWI) and an array of diverse demographic and economic factors. To better grasp how the influence of these factors may have varied over the last seven years, one model for 2013 was produced and then another for 2020. The outputs for these two periods are portrayed in distinct models in **Table 58**. To provide a superior evaluation of the different independent variables, beta coefficients were created alongside the unadjusted coefficients. We found that the Financial Literacy Index was a robust (and positive) correlate with the PWI in both models. The size of the effect was much smaller in the first model (β = 0.159; r=0.017; SE=0.004) than the second (β=0.244; r=0.031; SE=0.005). Reviewing the outputs of the 2020 model, it would appear that the index had the largest correlation with the dependent. Financial literacy was, in other words, a more robust correlate of subjective wellbeing than objective measures of socio-economic status in SASAS 2020.

In order to better understand the relationship between financial literacy and subjective wellbeing, we examined the correlates of the nine PWI sub-indicators more closely. Nine linear regression models were produced, each tested one of the various PWI sub-indicators. All the models included the independent variables listed in **Table 58** and the data was restricted to SASAS 2020. Our Financial Literacy Index had the most robust correlation with the dependent in the 'future (financial) security' model (β = 0.213; r= 0.040; SE=0.007). Of all nine models, the weakest correlation between the index and the dependent was the 'safety' model (β =0.084; r=-0.015; SE=0.007). To provide a comparative perspective, all nine models were reproduced but the data was restricted to SASAS 2013. It was interesting to observe that the Financial Literacy Index was a much better predictor of satisfaction with standard of living in SASAS 2020 (β = 0.208; r=-0.039; SE=0.007) than in SASAS 2013 (β = 0.098; r= 0.017; SE=0.006). This shows that as macro-economic conditions become more dire over the last few years, satisfaction with material wellbeing became more and more reliant on financial literacy.

Table 58: Linear Regression on Personal Wellbeing Index (standardized beta coefficients) for 2013 and 2020

	2013				2020			
	Coef.			**Beta**	**Coef.**			**Beta**
Financial Literacy	0.017	(0.004)	***	0.159	0.031	(0.005)	***	0.244
Gender (ref. male)	0.111	(0.092)		0.037	-0.095	(0.122)		-0.026
Age	-0.003	(0.004)		-0.031	-0.009	(0.006)		-0.079
Marital status (ref. married)								
Previously Married	-0.409	(0.139)	**	-0.083	-0.206	(0.217)		-0.038
Never Married	-0.252	(0.120)	*	-0.083	-0.137	(0.145)		-0.037
Population group (ref. Black African)								
Coloured	0.041	(0.160)		0.008	0.075	(0.214)		0.010
Indian	-0.314	(0.234)		-0.035	0.573	(0.197)	**	0.060
White	-0.045	(0.171)		-0.009	0.479	(0.226)	*	0.075
Years of schooling	0.018	(0.015)		0.039	0.026	(0.019)		0.052
Living Standard Measure	0.176	(0.036)	***	0.228	0.189	(0.054)	***	0.163
Employment status (ref. employed)								
Unemployed	-0.167	(0.122)		-0.054	-0.223	(0.152)		-0.059
Labour Inactive	0.317	(0.112)	**	0.096	0.344	(0.185)		0.085
Geotype (ref. urban)	0.191	(0.116)		0.058	0.145	(0.141)		0.036
Province of residence (ref. Western Cape)								
Eastern Cape	-0.116	(0.210)		-0.025	-0.340	(0.247)		-0.059
Northern Cape	0.336	(0.205)		0.033	0.935	(0.220)	***	0.078
Free State	-0.342	(0.192)		-0.056	0.662	(0.448)		0.079
KwaZulu-Natal	-0.408	(0.177)	*	-0.107	-0.559	(0.204)	**	-0.118
North West	-0.082	(0.201)		-0.014	-0.260	(0.267)		-0.034
Gauteng	-0.204	(0.184)		-0.056	-0.045	(0.206)		-0.012
Mpumalanga	-0.039	(0.217)		-0.007	-0.492	(0.213)	*	-0.071
Limpopo	-0.296	(0.198)		-0.065	-0.265	(0.252)		-0.043
N			2,121				1,895	
Prob > F			0.000				0.000	
R-squared			0.18				0.25	
Root MSE			1.37				1.58	

Note: 1. Standard error in parenthesis; and 2. Signs *, **, *** indicates that the differences in mean scores are significantly different at the 5 percent (p<0.05), 1 percent (p<0.01) and 0.5 percent (p<0.001) level respectively.

16. Consumer Materialism in Contemporary South African Society

> "The values of human solidarity that once drove our quest for a humane society seem to have been replaced, or are being threatened, by a crass materialism and pursuit of social goals of instant gratification." ~ Former President Nelson Mandela, 5th Steve Biko lecture, 2004

The survey included the shorter 9-item version of the Material Values Scale (MVS) proposed by marketing professor Marsha Richins (2004). The MVS was originally an 18-item scale developed by Richins and Scott Dawson (1992). The short version retains the three dimensions of materialism that the instrument was initially designed to measure, namely (i) how much people think possessions reflect ***success*** in life, (ii) the degree of ***centrality*** of materialism to individual desires, and (iii) how much people believe wealth and possessions leads to ***happiness***. The response categories for all items made use of a five-point Likert scale, ranging from 'strongly agree' to 'strongly disagree'.

In **Table 59**, the national pattern of responses to the nine materialism items is presented. Beginning with beliefs about material possessions and success in life, approximately three-fifths (57%) of South Africans expressed admiration for people who have accumulated possessions and wealth. An equivalent share (58%) feel that possessions convey meaning about personal success and achievement in life. A more ambivalent response was provided to the statement 'I like to own things that impress people', with 43% opposing this view compared to 36% supporting it. This suggests some reticence about flaunting one's material possessions despite a belief that such ownership is admired and is equated with personal success.

Table 59: Consumer materialism based on the short form of the Material Values Scale (MVS)

		Agree	Neutral	Disagree	(Do not know)	Total	Mean score (1-5 scale)
	SUCCESS						
1.	I admire people who own expensive homes, cars, and clothes	57	18	24	1	100	3.45
2.	The things I own say a lot about how well I'm doing in life.	58	20	20	1	100	3.50
3.	I like to own things that impress people.	36	20	43	1	100	2.93
	CENTRALITY						
4.	I try to keep my life as simple, as far as possessions are concerned. *	74	16	8	2	100	2.14
5.	Buying things gives me a lot of pleasure.	52	22	24	1	100	3.39
6.	I like a lot of luxury in my life.	46	21	33	1	100	3.20
	HAPPINESS						
7.	My life would be better if I owned certain things that I don't have.	67	19	13	1	100	3.72
8.	I'd be happier if I could afford to buy more things.	70	18	11	1	100	3.80
9.	It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like.	67	18	14	1	100	3.75

* item is reverse scaled for analysis

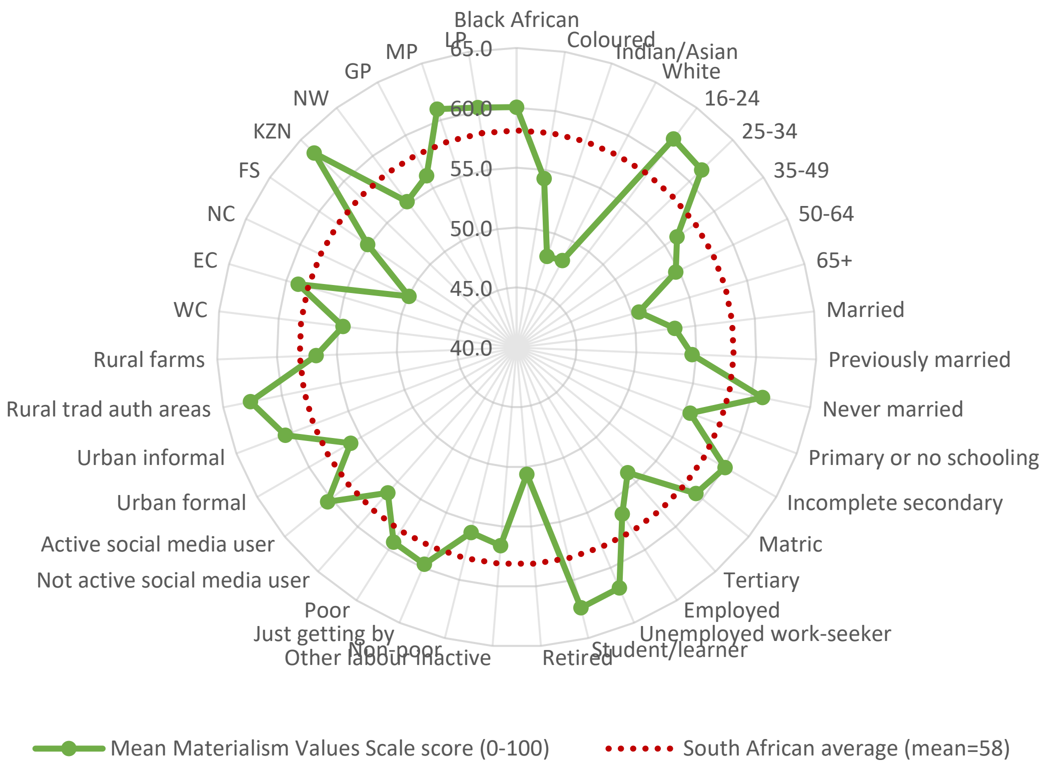
Turning to the centrality dimension, how central is materialism to the desires of South Africans? From a theoretical perspective, materialists place the acquisition at the centre of their lives, with high levels of material consumption serving as a life goal that provides direction and meaning in life. In the South African context, although three-quarters (74%) of adults maintain that they strive for a simple life rather than an acquisitive culture focused on the accumulation of possessions, responses to the other two items seem to point to a tension between this principle and the temptations of consumerism. Slightly more than half (52%) the adult public admitted that purchasing goods was a source of considerable pleasure, compared to a quarter (24%) that refute this notion. Furthermore, 46% stated that they like 'a lot of luxury' in life, while a third (33%) that opposed this viewpoint. The implication seems to be that material acquisition is a core aspect of the lives of a non-negligible share of the public.

Finally, to what extent is material acquisition linked to the pursuit of happiness in the country? This dimension of materialism elicited consistently strong responses from South Africans. Two-thirds of adults believed that their quality of life would be improved by acquiring possessions they currently lack. An equivalent share admitted to being frustrated by an inability to afford all the material goods desired, while 70% felt they would be happier if they had the resources to acquire more possessions. Only a nominal share – between 11 and 14% - rejected each of these statements. These results provide insight into the importance that South Africans attach to the accumulation of possessions as a source of personal satisfaction and wellbeing. This orientation is fairly widespread and may reflect the country's history of dispossession, social and material inequality, and persisting social disadvantage.

The nine MVS items were converted into acquisition success, centrality, and happiness domain scores, as well as an overall MVS index, by averaging together the responses to the items, and then transforming them into a 0-100 scale. The overall MVS index had a strong Cronbach alpha reliability coefficient of 0.8238. Of the three constituent domains, the happiness dimension had the strongest reliability coefficient (0.798), followed by a lower but acceptable coefficient for success (0.676). The centrality dimension had a lower reliability coefficient (0.539), which improves to 0.650 if item 4 (I try to keep my life as simple, as far as possessions are concerned) is excluded. For now, the three-item version has been retained, despite the lower Cronbach alpha score, but the analysis been replicated with a centrality index where this item is removed, and the broad findings hold true.

In **Figure 91**, the average MVS index scores are presented by select socio-demographic attributes. Significant age, race, class, and geographic differences are evident. Youth under 35 years were more materialistic in their orientation than older age cohorts. Adults that had never been married were more materialistic that married or previously married adults, which is likely to reflect the age effect described above. Black African and Coloured adults displayed more materialistic values than white and Indian adults on average. Tertiary educated adults were less materialistic in orientation than those with lower education levels, especially those with an incomplete secondary education or completed matric education. As for employment status, unemployed work-seekers and students and learners were materialistic in their values than employed adults and retirees. The self-rated poor and those just getting by were more materialistic than the non-poor. From a geographic perspective, those living in rural, traditional authority areas were more materially oriented than those in formal urban areas and living on rural farms. Adults in KwaZulu-Natal, Mpumalanga and Limpopo were more materialistic in general, especially relative to the Northern Cape and Free State, where the lowest materialism scores were recorded. No significant association in material values was found on the basis of gender or based on interviewing conducted before and after the implementation of COVID-19 lockdown regulations in late March 2020.

Figure 91: Average Material Values Scale (MVS) index scores in 2020, by selected socio-demographic attributes (mean score based on a 0-100 scale)



Source: South African Social Attitudes Survey (SASAS), 2020/21.

Looking across all the different attributes examined above, we find that the highest materialism index scores were present among those in KwaZulu-Natal, Mpumalanga and Limpopo, residents in rural traditional authority areas and informal settlements, students and learners, youth under 35 years unemployed work-seekers, Black African adults, and those with an incomplete secondary education. Conversely, the lowest materialism scores were found among Indian and white adults, residents in Northern Cape and Western Cape, those aged 65 years and above and retirees, as well as married adults and the tertiary educated.

Ordered logistic regression analysis was conducted using the MVS index as a dependent variable, to determine which attributes remain significant predictors of materialism in the country when all the variables are jointly entered into a model. Residents of KwaZulu-Natal emerge as significantly more materialistic on average, while residents in the Northern Cape are less materialistic on average. Furthermore, rural traditional authority residents were more materialistic than those living in formal urban areas. Black African adults had significantly higher materialism scores than Indian and white adults, while unemployed work-seekers were more materialistic than employed adults. Interestingly, active social media users were more materialistic than those not frequently using social media, even after controlling for age and class measures, which may indicate that social media usage is associated with consumer culture and an acquisitive lifestyle. None of the other bivariate associations remained significant after controlling for other variables.

Apart from modelling the determinants of materialism on aggregate using the full MVS index, the regression analysis was replicated for indices corresponding to each of the three constituent materialism dimensions (success, centrality, and happiness). Common predictors for all three dimensions, as indeed the overall MVS index, are province of residence, race, and social media, with KwaZulu-Natal residents, Black African adults and active social media users all displaying a greater tendency towards these different aspects of materialism. For the success and centrality dimensions, rural traditional authority residents were more materialistic than those based in formal urban areas. Unemployed work-seekers were also more materialistic than employed adults on the centrality and happiness dimensions. Subjective poverty status was also significant in the case of happiness, with poor and vulnerable adults more likely to link the acquisition of goods to life satisfaction and wellbeing than the non-poor.

Given the relative importance of materialism and consumer culture in South African suggested by the findings above, understanding the consequences of such orientations needs to be a priority research topic in coming years. To provide an initial sense of the bearing that materialism may have on various aspects of financial literacy and competencies, the association with financial control, financial planning, sense of personal wellbeing, and views of financial institutions are examined. Ordered logistic regressions was conducted to test for these associations, and the summarised results are presented in **Table 60**. The results clearly point to materialist orientations having a bearing on aspects of financial literacy and competency, as well as life satisfaction and views of financial institutions.

In relation to financial control, higher scores on the Material Values Scale index were associated with significantly lower overall financial control domain scores. We find a similar effect based on all the constituent measures making up the financial control domain. Higher materialist value scores linked with less personal involvement in daily household money management, a lower likelihood of a household budget being in place, a disinclination towards carefully monitoring one's finances, a diminished ability to make ends meet, and a diminished preference for saving rather than spending. A similar pattern emerges in relation to financial planning, with lower overall financial planning domain scores being recorded as materialist orientations increase. This association is again found when examining all the constituent financial planning measures. We therefore find that a greater tendency towards materialist values results in lower interest in setting and striving to achieve long-term financial goals, a lower likelihood of having emergency funds, a lower preference for long-term saving over spending money, and for provisioning for the long-term over living for today. Higher materialist values scores are also less likely to have saved money in the year prior to interviewing. The regression results in the table also reveal that materialism is associated with lower levels of life satisfaction and personal wellbeing, which confirms prior international research that a concern with the acquisition of possessions is a route to unhappiness rather than fulfilment (Belk, 1985; Kasser, 2002; Richins & Dawson, 2002; Tatzel, 2014). Finally, the more one displays material values, the more positive the evaluation they tend to provide of the conduct of financial institutions on average.

Table 60: Influence of consumer materialist values (MVS index) on financial control, financial planning, personal wellbeing and evaluations of the conduct of financial institutions

Association between MVS index score and:	Coefficient	Std Err	P>Z	Sig
Financial control domain score	-0.088	0.007	0.000	***
Personal involvement in daily household money management	-0.064	0.014	0.000	***
Presence of a household budget	-0.030	0.011	0.000	***
Considered approach to personal finances	-0.043	0.010	0.000	***
Making ends meet	-0.045	0.013	0.001	**
Preference for saving overspending	-0.121	0.011	0.000	***
Financial planning domain score	-0.086	0.006	0.000	***
Set and strive to achieve long term financial goals	-0.038	0.006	0.000	***
Emergency or rainy-day funds	-0.055	0.012	0.000	***
Preference long-term saving over spending money	-0.098	0.006	0.000	***
long term provisioning vs Living for today	-0.077	0.006	0.000	***
Saved money in last year	-0.038	0.011	0.001	**
Personal Wellbeing Index (PWI)	-0.027	0.006	0.000	***
Financial Institutions Conduct Index (FICI)	0.022	0.007	0.002	**

Note: statistical significance is denoted as follows: * p<0.05, * p<0.01, and *** p<0.001
Source: South African Social Attitudes Survey (SASAS), 2020/21.

In sum, the survey analysis points to material values holding sway over a notable share of the South African public, and that these have an inverse relationship with prudent financial control and planning attitudes and behaviour. This consumerist orientation, with its emphasis on possessions and material resources, is also leading to lower levels of personal fulfilment and wellbeing. The words of concern expressed by former President Nelson Mandela in the quotation at the beginning of this section seem increasingly prescient, especially given the need to promote financial competencies among the public in an increasingly economically uncertain time.

17. Conclusion

As part of on-going efforts by the FSCA to better understand, monitor and promote financial literacy in South Africa, the Human Sciences Research Council (HSRC) was commissioned to undertake surveys that examine financial knowledge, attitudes and behaviour among adult South Africans. This first round of the project took place in 2010, with replications occurring in 2011, 2012, 2013, 2015, 2017 and 2020. The measures used for measuring financial literacy build on a conceptual framework developed by the OECD International Network on Financial Education (INFE). The INFE indicators covers four domains (a) financial control; (b) choosing and using appropriate financial products; (c) financial planning; and (d) knowledge and understanding. The purpose of this composite index was to provide a longitudinal tool that government and other stakeholders can use to monitor progress in levels of financial literacy. In 2011 and 2020 the survey was expanded to include additional measures essentially forming a baseline study of financial literacy in South Africa. The baseline study was developed to explore new local and international contextual developments, sector trends and innovations with a view of understanding its impact on the South African public. This report is a summation of the 2020 survey findings, also reporting on trends on indicators since 2011.

The period under review mirrors a time of global economic uncertainty, including the first few months of the COVID-19 pandemic. On the domestic front it reflects a period of slow economic growth and fiscal turmoil including allegations off gross misappropriation of government funds (state capture) and the downgrading of South Africa's long-term foreign currency credit, all resulting in escalating the challenges of unemployment, poverty and inequality. Findings from this report show that these macroeconomic events have impacted South Africans. In 2020 almost half the adult population (46%) reported that they had experienced an income shortfall and a fifth (19%) stated they are unhappy with their financial situation -substantively higher than the 9% in 2012. South Africans are increasingly struggling to pay their bills and a large share (70%) of the low LSM group find it difficult to cover their monthly expenses whilst this proportion is substantively lower among the high LSM group (28%). From the report it is further evident that it is the vulnerable and the poor that mostly embark on unsustainable debt coping strategies which has detrimental effects on long term financial sustainability. These findings confirm a vicious cycle of financial trapping that exist among the poorest of the poor. Those with low educational attainment and in the lower economic classes are far more likely to demonstrate financial vulnerability as well as low financial knowledge and negative financial behaviour.

The purpose of the financial literacy instrument over the last decade has been to provide a tool that government and other stakeholders can use to monitor progress in levels of financial literacy. The team has successfully created an accurate measure of financial literacy which is representative at the national level and found that the financial literacy scores have remained fairly stable over the decade. The financial control score has oscillated between 63 and 56, the financial knowledge score between 58 and 51, the financial planning between 53 and 49 and the product choice between 48 and 44. The overall financial literacy score has fluctuated between 54 and 50. These results indicate that the index is reliable but also indicate that despite comprehensive financial consumer education programmes over the decade, scores remain low and the disenfranchised including the poor and the less educated remain the most vulnerable.

The research team find that a substantial share of the country's adult population remained insufficiently prepared to make functional financial decisions. Indeed, the research team believes that the data gathered over the last decade provides strong evidence for the existence of low levels of financial literacy in South Africa. South African consumers generally have limited resources and skills to understand the complexities of the financial sector rendering them vulnerable to predatory lending, financial scams and acquiring inappropriate financial products or services. Financial consumers are, furthermore, negatively impacted by high financial service fees and a lack of accessible and comparable pricing information. The report therefore concludes that financial consumer education programmes need to continue to be aggressive and comprehensive. However, since traditional financial education seem not to be enough – it also needs to be expanded.

Until fairly recent, the financial education literature had a narrow definition of financial literacy, basically focussing on financial attitudes and knowledge and how it impacts behaviour. As the body of knowledge around financial education literature grew, a strong case was made for broadening out the concept of financial literacy to the concept of financial capability. The key difference between the more traditional concept of financial literacy and financial capability is that financial capability includes the notion that money management is dependent on circumstances of one's life -realising that contexts, environments and realities faced by people play an indelible role in financial awareness, behaviour and achievement. The acceptance of this definition of financial capability by implication necessitates the inclusion of ordinary citizens in order to understand local systems, customs and realities before appropriate products can be developed. In order to successfully fulfil a mandate of financial capabilities, products need to be developed and tailored relevant to populations or communities. Uptake of such products that have local connections and fulfil a specific need taking into consideration the realities of people are much more likely to generate support. Examples of financial products that could benefit communities if such an approach is followed can include products aimed at assisting people to save for lobola or products aimed at relieving the so-called black tax phenomenon. More localised wealth building strategies based on informal savings clubs or cattle wealth can be developed and broadened out to ultimately create a form of sustained wealth.

Given the expanded notion around financial capability, the role of institutions become increasingly important. This report has confirmed that the priorities of the NCFE Strategy of focussing on interventions to assist vulnerable groups in South Africa, are the correct strategy. The success of these strategies is, however, limited and the challenge is to extend beyond only financial education in the traditional sense but to spread efforts to focus on product development and pricing more suitable to the vulnerable and marginalised. Achieving this will ultimately lead to increased financial capabilities. In order to achieve this, various role players such as researchers, industry role-players, stakeholders, and government will have to come together to attempt such an endeavour.

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Appendix A: Survey questionnaire

FSCA Financial Sector Conduct Authority

South Africa Financial Literacy Baseline Survey February/March 2020

national treasury
Department: National Treasury REPUBLIC OF SOUTH AFRICA

HSRC Human Sciences Research Council

RESPONDENTS AGED 16 YEARS +

Good (morning/afternoon/evening), I'm ___________ and we are conducting a survey for the Human Sciences Research Council (HSRC). The HSRC regularly conducts surveys of opinion amongst the South African population. Topics include a wide range of social matters such as communications, politics, education, unemployment, the problems of the aged and inter-group relations. As a follow-up to this earlier work, we would like to ask you questions on a variety of subjects that are of national importance. To obtain reliable, scientific information we request that you answer the questions that follow as honestly as possible. Your opinion is important in this research. The area in which you live and you yourself have been selected randomly for the purpose of this survey. The fact that you have been chosen is thus quite coincidental. The information you give to us will be kept confidential. You and your household members will not be identified by name or address in any of the reports we plan to write.

PARTICULARS OF VISITS

	DAY / MONTH	TIME STARTED HR	TIME STARTED MIN	TIME COMPLETED HR	TIME COMPLETED MIN	**RESPONSE	
First visit	/ / 2020						
Second visit	/ / 2020						
Third visit	/ / 2020						

**RESPONSE CODES		
Completed questionnaire	=	01
Partially completed questionnaire (specify reason)	=	02
Revisit		
Appointment made	=	03
Selected respondent not at home	=	04
No one home	=	05
Do not qualify		
Vacant house/flat/stand/not a house or flat/demolished	=	06
No person qualifies according to the survey specifications	=	07
Respondent cannot communicate with interviewer because of language	=	08
Respondent is physically/mentally not fit to be interviewed	=	09
Refusals		
Contact person refused	=	10
Interview refused by selected respondent	=	11
Interview refused by parent	=	12
Interview refused by other household member	=	13
OFFICE USE	=	14

STRICTLY CONFIDENTIAL

Name of Interviewer ……………………………………………………………………………………………

Number of interviewer

Checked by

Signature of supervisor ______________________________

FIELDWORK CONTROL

CONTROL	YES	NO	REMARKS
Personal	1	2	
Telephonic	1	2	
Name	SIGNATURE		
……………………………	DATE ………………/………….. …/……………..2020		

RESPONDENT SELECTION PROCEDURE

Number of households at visiting point

Number of persons 16 years and older at visiting point

Please list all persons at the visiting point/on the stand who are 16 years and older and were resident 15 out of the past 30 days.

Names of Persons Aged 16 and Older	
	01
	02
	03
	04
	05
	06
	07
	08
	09
	10
	11
	12
	13
	14
	15
	16
	17
	18
	19
	20
	21
	22
	23
	24
	25

NAME OF RESPONDENT:
ADDRESS OF RESPONDENT:
………………………………………………………………………………
………………………………………………………………………………
TEL NO.:

GRID TO SELECT RESPONDENT

NUMBER OF QUESTION-NAIRE				**NUMBER OF PERSONS FROM WHICH RESPONDENT MUST BE DRAWN**																								
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1	26	51	76	1	1	1	3	2	4	1	3	5	8	6	5	12	10	1	6	8	7	19	19	13	21	13	24	25
2	27	52	77	1	2	3	4	3	1	2	2	3	4	8	3	7	2	5	14	4	15	4	8	6	16	14	22	19
3	28	53	78	1	1	2	1	4	2	7	6	9	3	5	11	2	1	3	11	7	10	16	16	10	5	2	2	3
4	29	54	79	1	2	3	2	1	3	5	8	6	2	4	2	4	8	11	10	16	6	9	10	15	11	12	11	18
5	30	55	80	1	1	1	4	5	6	3	5	7	5	9	8	13	3	2	13	5	18	1	4	1	20	11	5	24
6	31	56	81	1	2	2	2	3	5	7	7	8	7	1	4	9	14	8	2	17	17	14	12	14	22	10	3	14
7	32	57	82	1	2	1	1	4	1	4	1	4	6	3	6	5	7	13	9	2	3	13	14	8	2	7	20	4
8	33	58	83	1	1	2	3	2	5	1	4	2	1	7	10	6	5	4	15	10	5	2	13	4	17	5	17	8
9	34	59	84	1	1	3	2	5	6	2	2	1	9	10	1	10	4	6	6	1	9	10	1	5	6	9	1	12
10	35	60	85	1	2	2	4	1	3	3	6	9	10	11	12	3	9	15	7	8	11	6	3	9	4	3	10	1
11	36	61	86	1	1	1	3	1	4	5	3	1	6	2	9	13	11	14	4	11	4	15	15	17	1	1	23	2
12	37	62	87	1	2	3	1	3	2	7	5	6	5	7	7	8	6	10	3	3	1	12	20	7	13	22	12	16
13	38	63	88	1	1	2	1	5	3	6	4	3	4	6	2	11	13	12	1	15	8	7	2	12	15	21	13	7
14	39	64	89	1	2	3	2	4	1	4	7	8	2	5	6	11	12	9	16	13	16	11	18	18	14	16	18	23
15	40	65	90	1	2	1	4	2	4	3	8	7	7	11	1	3	5	7	12	14	13	8	17	20	19	20	19	11
16	41	66	91	1	1	3	3	1	6	5	1	5	9	10	3	2	11	13	8	12	12	5	6	21	8	8	4	15
17	42	67	92	1	1	2	2	3	4	2	6	2	3	2	12	5	2	10	13	5	8	18	9	16	10	17	16	20
18	43	68	93	1	2	1	4	2	6	4	1	4	8	9	10	7	9	3	12	12	9	7	20	19	9	19	21	13
19	44	69	94	1	2	2	1	3	5	2	8	9	10	4	9	8	13	1	1	14	10	19	10	11	18	15	7	6
20	45	70	95	1	1	3	2	5	4	1	3	8	1	3	8	6	6	9	5	7	13	4	15	1	7	22	15	21
21	46	71	96	1	1	1	2	5	1	7	2	3	2	1	11	4	7	5	3	2	1	3	12	18	5	19	14	9
22	47	72	97	1	2	1	3	1	3	2	6	2	1	8	7	1	4	2	11	8	2	17	4	17	21	16	3	5
23	48	73	98	1	2	3	4	2	2	6	7	7	8	3	4	9	3	6	2	11	11	16	2	8	11	23	6	22
24	49	74	99	1	1	2	1	4	6	3	5	5	3	1	5	13	1	14	8	14	6	15	9	14	3	6	9	17
25	50	75	100	1	1	2	3	3	2	4	6	4	7	5	3	12	12	12	4	6	2	17	11	2	12	4	8	10

Number of persons in this household		
Number of persons 16 years or older in this household		

INTERVIEWER: PLEASE CIRCLE APPROPRIATE CODES

Household schedule	Write in from oldest (top) to youngest (bottom)		Age in completed years	Sex M=1 F=2	Race Group	Relationship to respondent
Please list all persons in the household who eat from the same cooking pot and who were resident 15 out of the past 30 days *Note: Circle the number next to the name of the household head.*		01				
		02				
		03				
		04				
		05				
		06				
		07				
		08				
		09				
		10				
		11				
		12				
		13				
		14				
		15				
		16				
		17				
		18				
		19				
		20				
		21				
		22				
		23				
		24				
		25				

Race Group codes
1 = African/Black
2 = Coloured
3 = Indian/Asian
4 = White
5 = Other

Relationship to respondent codes
1 = Respondent
2 = Wife or husband or partner
3 = Son or daughter
4 = Father or mother
5 = Brother or sister
6 = Grandchild
7 = Grandparent
8 = Mother-in-law or father-in-law
9 = Son-in-law or daughter-in-law
10 = Brother-in-law- or sister-in-law
11 = Other relation
12 = Non-relation

SECTION 1: FINANCIAL CONTROL

I would like to begin by asking you a few basic questions on money matters.

1. Who is responsible for day to day money management decisions in your household?

You	1
You and your partner	2
You and another family member (or family members)	3
Your partner	4
Another family member or (or family members)	5
Someone else	6
Nobody	7
(Do not know)	8
(Refused to answer)	9

2. Who is responsible for the task of paying bills in your household

You	1
You and your partner	2
You and another family member (or family members)	3
Your partner	4
Another family member or (or family members)	5
Someone else	6
Nobody	7
(Don't know)	8
(Refused)	9

3. Do you enjoy dealing with financial matters?

Always	1
Usually	2
Sometimes	3
Never	4
(Don't know)	8
(Refused)	9

4. Which ONE of the following best describes the extent to which you personally monitor your regular expenses?

I don't keep an eye on expenses at all	1
I keep my eye on expenses a bit	2
Without keeping written records, I keep a fairly close eye on expenses	3
I use written records to keep a close eye on expenses	4
(Don't know)	8
(Refused)	9

5. Do you have a household budget?

[IF NECESSARY ADD: a budget is used to decide what share of your income will be used for spending, saving and paying bills]

Yes	1	Ask Q.6
No	2	→ Skip to Q.8
(Do not know)	8	→ Skip to Q.8
(Refused to answer)	9	→ Skip to Q.8

6. [N1] Is your household budget formally written down in any way, such as on paper or in an electronic format?

Yes	1
No	2
(Do not know)	8
(Refused to answer)	9

7. How often do you stay within your budget?

Always	1
Usually	2
Sometimes	3
Never	4
(Don’t know)	8
(Refused)	9

8. [N2] To what extent do you agree or disagree with the following statement: I know how much money I have available to spend each month.

Strongly agree	1
Agree	2
Neither agree nor disagree	3
Disagree	4
Strongly disagree	5
(Don’t know)	8
(Refused)	9

9. How accurately do you know how much money you have available to spend this month?

Very accurately	1
Somewhat accurately	2
Not very accurately	3
Not accurately at all	4
(Don’t know)	8
(Refused)	9

SECTION 2: MAKING ENDS MEET

We are now going to talk about more general money matters. Remember that there are no particular right or wrong answers; everyone has their own way of doing things.

10. Overall, thinking of your assets, debts and savings, how satisfied are you with your current personal financial condition?

Extremely dissatisfied	Dissatisfied	Neither satisfied nor dissatisfied	Satisfied	Extremely satisfied	(Don't know)	(Refused)
1	2	3	4	5	8	9

I am going to read out some behaviour statements. Please can you tell me how often you do these things or not. [*FSCA Showcard 1*]

		Always	Often	Some of the time	Seldom	Never	(Do not know)	(Refused)
11.	Before I buy something I carefully consider whether I can afford it	1	2	3	4	5	8	9
12.	I pay my bills on time	1	2	3	4	5	8	9
13.	I keep a close personal watch on my financial affairs	1	2	3	4	5	8	9
14.	I set long term financial goals and work hard to achieve them	1	2	3	4	5	8	9

In the last 12 months, how often did you...? [*FSCA Showcard 2*]

		All the time	Often	Sometimes	Rarely	Never	(Don't know)	(Refused)
15.	[N3] ...spend more than you earned?	1	2	3	4	5	8	9
16.	[N4] ...manage to save some money?	1	2	3	4	5	8	9
17.	[N5] …go into debt (not including debt because you bought a house/property)?	1	2	3	4	5	8	9

18. Sometimes people find that their <u>income does not quite cover</u> their living costs. In the last 12 months, has this happened to you?

Yes	1	
No	2	→ Skip to Q 21
(Do not know)	8	→ Skip to Q 21
(Refused to answer)	9	→ Skip to Q 21

19. What did you do to make ends meet the last time this happened? [*FSCA Showcard 3*]

INTERVIEWER: PROBE: DID YOU DO ANYTHING ELSE? DO NOT READ OUT OPTIONS. MULTIPLE RESPONSES ALLOWED.

20. Of the things you mentioned, which does your household rely on the most? [*FSCA Showcard 3*]

INTERVIEWER: CIRCLE ONE OPTION ONLY.

		Q.19 [Multiple response]	Q.20 [One option]
a.	Draw money out of savings or transfer savings into current account	1	1
b.	Cut back on spending, spend less, do without	2	2
c.	Sell something that I own	3	3
d.	Work overtime, earn extra money	4	4
e.	Borrow food or money from family or friends	5	5
f.	Borrow from employer/salary advance	6	6
g.	Pawn something that I own	7	7
h.	Take a loan from my savings and loans clubs	8	8
i.	Take money out of a flexible home loan account	9	9
j.	Apply for loan/withdrawal on pension fund	10	10
k.	Use authorized, arranged overdraft or line of credit	11	11
l.	Use credit card for a cash advance or to pay bills/buy food	12	12
m.	Take out a personal loan from a formal financial service provider (including bank, credit union or microfinance)	13	13
n.	Take out a payday loan (advance on salary from someone-not employer)	14	14
o.	Take out a loan from an informal provider/moneylender	15	15
p.	Use unauthorised overdraft	16	16
q.	Pay my bills late; miss payments	17	17
r.	Other (SPECIFY)	18	18
s.	(Do not know)	98	98
t.	(Refused to answer)	99	99

21. In a typical month, how easy or difficult is it for you to cover your expenses and pay all your bills?

Extremely easy	Easy	Neither easy nor difficult	Difficult	Extremely difficult	(Don't know)	(Refused)
1	2	3	4	5	8	9

22. [N6] In general, do you have any money left over at the end of the month to put towards your savings or to spend on your needs?

Yes	1
No	2
(Don't know)	8
(Refused)	9

SECTION 3: FINANCIAL POSITION

23. Would you say that you and your family are…

Wealthy	1
Very comfortable	2
Reasonably comfortable	3
Just getting along	4
Poor	5
Very poor	6

Now I would like to ask your opinion of your household's standard of living

Are the following inadequate, just adequate or more than adequate for your household's needs? [*FSCA Showcard 4*]

		It is not adequate for your household's needs	It is just adequate for your household's needs	It is more than adequate for your household's needs	(Do not know)	(Not applicable)
24.	Your household's housing	1	2	3	8	
25.	Your household's access to transport	1	2	3	8	
26.	Your household's health care	1	2	3	8	
27.	Your children's schooling	1	2	3	8	9
28.	Your household's clothing	1	2	3	8	
29.	[N7] Your household's electricity	1	2	3	8	9
30.	[N8] Your household's water and sanitation	1	2	3	8	9

31. To what extent was the amount of food your household had over the past month less than adequate, just adequate or more than adequate for your household's needs?

It was less than adequate for your household's needs	1
It was just adequate for your household's needs	2
It was more than adequate for your household's needs	3
(Do not know)	8

32. In the last two years, has your household's financial situation improved, stayed the same, or has it worsened?

Improved	1	Ask Q.33
Stayed the same	2	→ Skip to Q.35
Worsened	3	→ Skip to Q.34
(Don't know)	8	→ Skip to Q.35
(Refused)	9	→ Skip to Q.35

33. What were the main reasons why your household's financial situation improved? [*FSCA Showcard 1*]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. PLEASE DO NOT READ OUT CODES. CIRCLE ALL THAT APPLY.

a.	New regular job for a household member	01	→ Skip to Q.35
b.	Household member gets a better paying job or promotion	02	→ Skip to Q.35
c.	Inheritance, large gift, lottery winnings	03	→ Skip to Q.35
d.	Scholarships for children or adults in the household	04	→ Skip to Q.35
e.	School child is enrolled at becomes a no-fee school	05	→ Skip to Q.35
f.	Extension of Child Support Grant (CSG) to children under 18 years	06	→ Skip to Q.35
g.	Increase in value in CSG/other social grant	07	→ Skip to Q.35
h.	Access to a new government service (such as electricity)	08	→ Skip to Q.35
i.	Child qualifies for free schooling	09	→ Skip to Q.35
j.	Relative or family member moves in and provides help	10	→ Skip to Q.35
k.	Gift of food, clothing or goods	11	→ Skip to Q.35
l.	New or increased remittances	12	→ Skip to Q.35
m.	Other (specify)	13	→ Skip to Q.35
n.	(Refused)	77	→ Skip to Q.35
o.	(Don't know)	88	→ Skip to Q.35

34. What were the main reasons why your household's financial situation worsened?

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. PLEASE DO NOT READ OUT CODES. CIRCLE ALL THAT APPLY.

a.	Death of a person on whom the household depended for financial assistance	01
b.	Death of a household member	02
c.	Death of another friend or relative	03
d.	Serious illness or injury of a household member	04
e.	Reduction in hours of people working in household	05
f.	Job loss of a person on whom the household depended for financial assistance	06
g.	Failure or bankruptcy of a family business	07
h.	Cut-off or decrease in government grants	08
i.	Having a car, household appliance or furniture repossessed	09
j.	Unexpected large increase in basic household items (such as food)	10
k.	Theft, robbery or violence	11
l.	A family member was arrested or gets in trouble with the law	12
m.	Land dispute	13
n.	Abandonment or divorce	14
o.	Family division or dispute	15
p.	High financial costs of a family event (such as marriage or lobolo)	16
q.	Home is destroyed or badly damaged due to fire, flood or other disaster	17
r.	Livestock loss or crop failure	18
s.	Natural disaster (such as drought or flood)	19
t.	Other (specify)	20
u.	(Refused)	77
v.	(Don't know)	88

35. In the next two years, do you think your household's financial situation will get better, stay the same, or get worse?

Get better	1
Stay the same	2
Get worse	3
(Don't know)	8
(Refused)	9

36. How important is it to you to compare your income with other people's incomes? Please answer on a scale from zero to 6, where <u>zero</u> means not important at all and <u>6</u> means very important. [*FSCA Showcard 5*]

Not important at all										Very important	(Don't know)	(Refused)
0	1	2	3	4	5	6	7	8	9	10	88	99

37. Whose income would you be <u>most</u> likely to compare your own with?

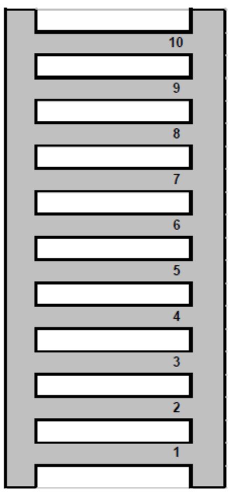
I do not compare my income with others	0
Work colleagues	1
Family members	2
Friends	3
Others	4
(Not applicable – no income)	6
(Do not know)	8

38. How does your household income compare with other households in your village / neighbourhood?

Much above average income	1
Above average income	2
Average income	3
Below average income	4
Much below average income	5
(Do not know)	8

39. In our society, there are groups which tend to be towards the top and groups which tend to be towards the bottom. Below is a scale that runs from the top (10) to the bottom (1). Where would you put yourself on this scale? [*FSCA Showcard 6*]

TOP ….	10
	9
	8
	7
	6
	5
	4
	3
	2
BOTTOM ….	1



40. Most people see themselves as belonging to a particular class. Please tell me which social class you would say you belong to?

Lower class	1
Working class	2
Lower middle class	3
Middle class	4
Upper middle class	5
Upper class	6
(Don't know)	8

SECTION 4: INTRA-FAMILIAL FINANCES

41. In the past three months, which of the following family members have you given or lent any money to? This can be a small or a large amount of money. [*FSCA Showcard 7*]

INTERVIEWER: READ OUT OPTIONS. MULTIPLE RESPONSES ALLOWED.

42. In the past three months, which of the following family members have you received or borrowed money from? This can be a small or a large amount of money. [*FSCA Showcard 7*]

INTERVIEWER: READ OUT OPTIONS. MULTIPLE RESPONSES ALLOWED.

		Q.41	Q. 42
a.	Wife or husband or partner	1	1
b.	Son or daughter	2	2
c.	Father or mother	3	3
d.	Brother or sister	4	4
e.	Grandchild/great grandchild	5	5
f.	Grandparent or great grandparent	6	6
g.	Other relation (e.g. aunt/uncle)	7	7
h.	(None)	88	88
i.	(Do not know)	99	99
j.	(Refused to answer)	77	77

To what extent do you agree or disagree with the following statements? [*FSCA Showcard 8*]

		Strongly agree	Agree	Neither agree nor disagree	Dis-agree	Strongly disagree	(Can't choose)
43.	People have a duty to help their family members financially.	1	2	3	4	5	8
44.	You should take care of yourself first, before helping other family members.	1	2	3	4	5	8
45.	People who are working should help family members who are not working	1	2	3	4	5	8
46.	Helping people financially is an important part of my culture	1	2	3	4	5	8

47. In general, do your family members put pressure on you about the way you live or organise your personal life?

No, never	1
Yes, but rarely	2
Yes, sometimes	3
Yes, often	4
Yes, very often	5
(Can't choose)	8

48. Do you feel that your family, relatives and/or friends make too many financial demands on you?

No, never	1
Yes, but rarely	2
Yes, sometimes	3
Yes, often	4
Yes, very often	5
(Can't choose)	8

SECTION 5: FINANCIAL PLANNING

I would now like to discuss various aspects of planning for the future, including planning for unexpected events as well as making plans for things that you know will happen in the medium to long term.

Emergency Funds

49. Have you set aside emergency or rainy day funds that would cover your expenses for 3 months, in case of sickness, job loss, economic downturn, or other emergencies?

Yes	1
No	2
(Not applicable – no job or source of income)	6
(Don't know)	8
(Refused)	9

50. If you lost your main source of income, <u>how long could you continue to cover your living expenses for, without borrowing any money or moving house</u>?

Less than a week	1
At least a week, but not one month	2
At least one month, but not three months	3
At least three months, but not six months	4
More than six months.	5
(Do not know)	8
(Refused to answer)	9

51. What would you have to do to make ends meet if something happened that meant you needed to find money equivalent to one month's income? [*FSCA Showcard 9*]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

a.	Use up my savings	01
b.	Sell my assets (e.g. car, business, household goods, livestock)	02
c.	Borrow money (including salary advance, pawning, cheque cashing)	03
d.	Depend on charity (e.g. from church, mosque, Red Cross)	04
e.	Ask family members to help	05
f.	There's nothing I could do	06
g.	Find a job/additional jobs/better paying job	07
h.	Other (SPECIFY)	08
i.	(Don't know)	98
j.	(Refused)	99

I would like to know how much you agree or disagree with each of the following statements: [*FSCA Showcard 8*]

		Completely agree	Agree	Neither Nor	Dis-agree	Completely disagree	(Do not know)	(Refused)
52.	I find it more satisfying to spend money than to save it for the long term	1	2	3	4	5	8	9
53.	I tend to live for today and let tomorrow take care of itself	1	2	3	4	5	8	9
54.	Money is there to be spent	1	2	3	4	5	8	9
55.	My financial situation limits my ability to do the things that are important to me	1	2	3	4	5	8	9
56.	I have too much debt right now	1	2	3	4	5	8	9

57. In the past 12 months have you been saving money in any of the following ways? Please do not include pension savings in this question. [*FSCA Showcard 10*]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

58. And how about the past three years? Have you been saving money in any of the following ways? [*FSCA Showcard 10*]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

		Q.57 ...past 12 months	**Q.58 ...past three years**
a.	Building up a balance of money in your bank account	1	1
b.	Paying money into a savings account	2	2
c.	Saving cash at home or in your wallet	3	3
d.	Giving money to family to save on your behalf	4	4
e.	Saving in a stokvel or any other informal savings club	5	5
f.	Buying financial investment products, other than pension funds [e.g. investment trusts, stocks and shares]	6	6
g.	Or saving in some other way (including remittances, buying livestock or property)	7	7
h.	(None of the above – has not been saving actively)	8	8
i.	(Do not know)	9	9
j.	(Refused to answer)	10	10

59. Some people take out a <u>funeral policy</u> as a form of savings. Have you done this before?

Yes, in the last year	1
Yes, between one and five years ago	2
Yes, in the more distant past	3
No, never	4
(Do not know)	8
(Refused to answer)	9

60. Are you planning and saving up for your future in any way?

Yes	1	Ask Q.61
No	2	→ Skip to Q.62
(Don't know)	8	→ Skip to Q.62
(Refused)	9	→ Skip to Q.62

61. What in the future are you planning and saving up for?

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. WRITE IN THE RESPONDENT"S RESPONSE BELOW.

Retirement

62. At what age do you think people should begin to make a financial plan for their retirement?

Age (in years)	……….
(Don't know)	888
(Refused)	999

63. According to you, when is it best to begin saving for retirement? Which one of the following is closest to your view?

When you are very young	1
As soon as one starts working	2
After one has had a job for 5 to 10 years	3
10 years before your retire	4
3 years before you retire	5
Never	6
(Don't know)	8
(Refused)	9

64. At what age do you think people should retire?

Age (in years)	……….
(Don't know)	8
(Refused)	9

65. Overall, on a scale of 1 to 5 where 1 is very confident, and 5 is not at all confident; how confident are you that you have done a good job of making financial plans for your retirement? [*FSCA Showcard 11*]

1	Very confident
2	
3	
4	
5	Not at all confident
7	(Respondent has no retirement plan)
8	(Do not know)
9	(Refused)

66. And how will you - or do you - fund your retirement? [*FSCA Showcard 12*]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

a.	From drawing a government pension/ old-age benefit	1
b.	From an occupational or workplace pension plan	2
c.	From a private pension plan	3
d.	From selling your financial assets (such as: stocks, bonds or mutual funds)	4
e.	From selling your non-financial assets (a car, property, art, jewels, antiques, etc.)	5
f.	From income generated by your financial or non-financial assets	6
g.	By relying on a spouse or partner to support you	7
h.	By relying on your children or other family members to support you	8
i.	Something else (*specify*):	9
j.	(Don't know)	88
k.	(Refused to answer the entire question)	99

67. Do you have a written will?

Yes	1
No	2
(Do not know what a written will is)	8

68. How important is it to have a written will?

Very important	1
Fairly important	2
Not very important	3
Not important at all	4
(Can't choose)	8

SECTION 6: MATERIALISM

To what extent do you agree or disagree with the following statements? [*FSCA Showcard 8*]

		Strongly agree	Agree	Neither agree nor disagree	Dis-agree	Strongly disagree	(Do not know)
69.	I admire people who own expensive homes, cars and clothes	1	2	3	4	5	8
70.	The things I own say a lot about how well I'm doing in life.	1	2	3	4	5	8
71.	I like to own things that impress people.	1	2	3	4	5	8
72.	I try to keep my life as simple, as far as possessions are concerned.	1	2	3	4	5	8
73.	Buying things gives me a lot of pleasure.	1	2	3	4	5	8
74.	I like a lot of luxury in my life.	1	2	3	4	5	8
75.	My life would be better if I owned certain things that I don't have.	1	2	3	4	5	8
76.	I'd be happier if I could afford to buy more things.	1	2	3	4	5	8
77.	It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like.	1	2	3	4	5	8
78.	I would be willing to suffer financially so that children in my family get ahead in life	1	2	3	4	5	8

SECTION 7: PERSONAL WELLBEING INDEX

The following questions ask how satisfied you feel, on a scale from zero to 10. Zero means you feel no satisfaction at all and 10 means you feel completely satisfied.

79. Thinking about your own life and personal circumstances, how satisfied are you with your life as a whole? [*FSCA Showcard 13*]

No satisfaction at all										Completely Satisfied
0	1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

80. How satisfied are you with your standard of living? [*FSCA Showcard 13*]

No satisfaction at all										Completely Satisfied
0	1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

81. How satisfied are you with your health? [*FSCA Showcard 13*]

No satisfaction at all										Completely Satisfied
0	1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

82. How satisfied are you with what you are achieving in life? [*FSCA Showcard 13*]

No satisfaction at all										Completely Satisfied
0	1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

83. How satisfied are you with your personal relationships? [*FSCA Showcard 13*]

No satisfaction at all										Completely Satisfied
0	1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

84. How satisfied are you with how safe you feel? [*FSCA Showcard 13*]

No satisfaction at all										Completely Satisfied
0	1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

85. How satisfied are you with feeling part of your community? [*FSCA Showcard 13*]

No satisfaction at all										Completely Satisfied
0	1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

86. How satisfied are you with your future (financial) security? [*FSCA Showcard 13*]

No satisfaction at all										Completely Satisfied
0	1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

87. How satisfied are you with your spirituality or religion? [*FSCA Showcard 13*]

No satisfaction at all 0	1	2	3	4	5	6	7	8	9	Completely Satisfied 10

SECTION 8: CHOOSING APPROPRIATE FINANCIAL PRODUCTS

I would now like to ask about the financial products that you know about and personally have. These include both formal products with banks and other institutions, as well as more informal products.

I am going to start with products that people can get from banks.

88. Please can you tell me whether you have heard of any of the following banking products? [*FSCA Showcard 14*]

89. [ASK FOR ALL PRODUCTS CIRCLED IN Q.88] And now can you tell me whether you currently hold any of these types of products? [*FSCA Showcard 14*]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

		88. **Heard of banking products.**	**89.** **ASK FOR ALL products circled in Q.88** **Currently hold types of banking products**
a.	Mzansi or other low-cost account	01	01
b.	Savings account	02	02
c.	Current or Cheque account	03	03
d.	Fixed deposit bank account	04	04
e.	ATM card	05	05
f.	Debit card or Cheque card	06	06
g.	Credit Card	07	07
h.	Garage card or petrol card	08	08
i.	Home loan from a big bank	09	09
j.	Savings book at a bank	10	10
k.	Post Office / Post Bank savings account / SASSA account	11	11
l.	Cellphone account (e.g. M-PESA)	12	12
m.	Money market account at Shorite, Pick 'n Pay or other store	13	13
n.	Other bank product (SPECIFY)	14	14
o.	(None of the above)	97	97
p.	(Refused)	98	98
q.	(Don't know)	99	99

90. **Generally, how would you describe banking charges and fees in South Africa today?**

Much too high	1
Too high	2
About right	3
Low	4
Much too low	5
(Can't choose)	8
(Refused)	9

91. **In the last five years, have you changed bank because your banking charges and fees were too high?**

Yes	1
No	2
(Not applicable – never had a bank account)	6
(Refused)	9

I would now like to talk about various types of credit or loans.

92. **Please can you tell me whether you have heard of any of the following types of <u>credit or loans</u>? [*FSCA Showcard 15*]**

93. **[ASK FOR ALL PRODUCTS CIRCLED IN Q.] And now can you tell me whether you currently hold any of these types of credit or loans? [*FSCA Showcard 15*]**

INTERVIEWER: MULTIPLE RESPONSES ALLOWED

		92. Heard of type of credit or loan	93. <u>ASK FOR ALL products circled in Q.92</u> Currently hold type of credit or loan
	Formal credit and loans		
a.	Loan from a microlender e.g. African Bank, Credit Indemnity, Capitec Bank, Ubank (Teba)	01	01
b.	Vehicle or car finance through bank or dealer	02	02
c.	Overdraft facility	03	03
d.	Store card where you buy on account and pay later e.g. Edgars	04	04
e.	Lay-bye	05	05
f.	Hire Purchase (HP) / paying in monthly instalments for goods such as furniture	06	06
g.	Loans from a retail shop, e.g. Woolworths or Pep	07	07
	Informal credit and loans		
h.	Loan from friends or family	08	08
i.	Loan from an informal money lender (mashonisa / loan shark)	09	09
j.	Loan from a stokvel / umgalelo or savings club	10	10
k.	Loan from local spaza	11	11
l.	Store account with no card where you pay later (e.g. spaza, corner cafe, garage, general dealer)	12	12
m.	Loan from an employer	13	13
n.	(None of the above)	97	97
o.	(Don't know)	98	98
p.	(Refused)	99	99

94. Roughly how much do you personally owe in outstanding debt? Please include <u>all</u> forms of debt, such as home loans, vehicle or car finance, and so on. [*FSCA Showcard 16*]

A	Do not owe anything	01	→ Skip to Q.97
B	R1 – R200	02	
C	R201 – R500	03	
D	R501 – R 1000	04	
E	R1001 – R1500	05	
F	R1501 – R2500	06	
G	R2501 – R3500	07	
H	R3501 – R4500	08	
I	R4500 – R6000	09	
J	R6001 – R8000	10	
K	R8001 – R11000	11	
L	R11001 or more	12	
	(Do not know)	98	
	(No response / refused to answer)	99	

95. How easy or difficult is it for you to keep up with your debt and credit commitments?

Very difficult	1
Somewhat difficult	2
Neither difficult nor easy	3
Somewhat easy	4
Very easy	5
(Don't know)	8
(Refused)	9

96. How much do you worry about the debt you owe?

None	1
A little	2
Some	3
A lot	4
(Don't know)	8
(Refused)	9

I would now like to talk about savings and investments.

97. Please can you tell me whether you have heard of any of the following types of investment or savings products? [*FSCA Showcard 17*]

98. [ASK FOR ALL PRODUCTS CIRCLED IN Q.97] And now can you tell me whether you currently hold any of these types of investment or savings products? [*FSCA Showcard 17*]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

		97. **Heard of any of investment or savings product.**	**98.** **ASK FOR ALL products circled in Q.97** **Currently has investment or savings product**
	Formal products		
a.	Unit trusts	01	01
b.	Education policy or plan	02	02
c.	Investment or savings policy	03	03
d.	Shares on the stock exchange	04	04
e.	RSA Retail Bonds	05	05
	Retirement products		
f.	Retirement annuity	06	06
g.	Provident fund	07	07
h.	Pension fund	08	08
	Savings clubs		
i.	Stokvel / umgalelo / savings club	09	09
j.	Giving money to someone who will guard it for you, to keep it safe	10	10
k.	Keep cash or savings at home	11	11
l.	Other savings club	12	12
m.	(None of the above)	97	97
n.	(Don't know)	98	98
o.	(Refused)	99	99

I would now like to talk about various types of insurance.

99. Please can you tell me whether you have heard of any of the following types of <u>insurance products</u>? [*FSCA Showcard 18*]

100. [ASK FOR ALL PRODUCTS CIRCLED IN Q.99] And now can you tell me whether you currently hold any of these types of insurance products? [*FSCA Showcard 18*]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

		99. Heard of <u>insurance product</u>	100. <u>ASK FOR ALL products circled in Q.99</u> Currently has <u>insurance product</u>
	Short-term (asset) insurance		
a.	Vehicle or car insurance	01	01
b.	Household contents insurance (e.g. furniture and appliances)	02	02
c.	Homeowners' insurance on building / house structure	03	03
d.	Cellphone insurance	04	04
	Long-term insurance		
e.	Life insurance or life cover	05	05
f.	Insurance that pays your loan or borrowing when you die	06	06
g.	Disability insurance or cover	07	07
h.	Medical aid scheme	08	08
i.	Hospital cash plan	09	09
	Funeral		
j.	Belong to a burial society	10	10
k.	Funeral policy with a bank (including Post Bank)	11	11
l.	Funeral cover through an undertaker or funeral parlour / home	12	12
m.	Funeral policy with an insurance company	13	13
n.	Funeral cover from a spaza shop or stokvel	14	14
o.	Funeral cover from any other source (e.g. shop, employer)	15	15
p.	(None of the above)	97	97
q.	(Don't know)	98	98
r.	(Refused)	99	99

How much do you agree or disagree with the following statements? [*FSCA Showcard 19*]

		Totally agree	Tend to agree	Tend to disagree	Totally disagree	(Don't know)	(Not applicable)	(Refused)
101.	I've got a clear idea of the sorts of financial products or services that I need without consulting a financial advisor	1	2	3	4	5	6	7
102.	I always research my choices thoroughly before making any decisions about financial products or services	1	2	3	4	5	6	7

103. In the last 12 months, have you made a decision about any of the following that you later regretted? [*FSCA Showcard 20*]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.		
a.	Savings or investments	1
b.	Taking out a home loan	2
c.	Taking out a loan or credit agreement	3
d.	Insurance of any type	4
e.	Tax	5
f.	Managing credit/debt	6
g.	(None of the above)	7
h.	(Don't know)	8
i.	(Refused)	9s

104. How would you rate your current credit record?

Very bad	1
Bad	2
About average	3
Good	4
Very good	5
(Don't know)	8
(Refused)	9

105. Which one of the following can hurt your credit rating?

Making late payments on loans and debts	1
Staying in one job too long	2
Living in the same location too long	3
Using your credit card frequently for purchases	4
(Don't know)	8
(Refused)	9

SECTION 9: DIGITAL FINANCE

106. Do you have access to the Internet?

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

a.	Yes, at home	1	
b.	Yes, at work	2	
c.	Yes, at an educational institution	3	
d.	Yes, at an internet café	4	
e.	Yes, at a community centre	5	
f.	Yes, through a cellphone	6	
g.	Yes, through a wifi hotspot	7	
h.	Yes, other (SPECIFY)	8	
i.	None	9	→ Skip to Q.111

107. People can use the internet on different devices such as computers, tablets and cellphones. How often do you use the internet on these or any other devices, whether for work or personal use?

Hardly ever	1	**GO TO Q109**
Only occasionally	2	
A few times a week	3	
Most days	4	**ASK Q108**
Every day	5	
(Refusal)	7	**GO TO Q109**
(Don't know)	8	

108. On a typical day, about how much time do you spend using the internet on a computer, tablet, cell phone or other device, whether for work or personal use? Please give your answer in hours and minutes.

Less than 30 minutes	1
Between 30 minutes and 1 hour	2
Between 1 and 2 hours	3
Between 2 and 3 hours	4
Between 3 and 4 hours	5
Between 4 and 5 hours	6
Between 5 and 6 hours	7
Between 6 and 7 hours	8
Between 7 and 8 hours	9
Between 8 and 9 hours	10
Between 9 and 10 hours	11
Between 10 and 11 hours	12
Between 11 and 12 hours	13
More than 12 hours a day	14
(Don't know)	88
(Refused to answer)	99

109. Which THREE of the following do you mostly do online (use the Internet for)? [*FSCA Showcard 21*]

INTERVIEWER: PLEASE CIRCLE A MAXIMUM OF THREE OPTIONS.

a.	Entertainment	01
b.	Social media, e.g. Facebook, Twitter, etc.	02
c.	Communication, e.g. Skype, WhatApp calls, VoiceNote	03
d.	Information for studying	04
e.	Information in general	05
f.	News	06
g.	Buying and selling (for your own use)	07
h.	Banking or other financial services (payments, insurance)	08
i.	Work	09
j.	Medical aid	10
k.	(None of the above)	11
l.	(Refused)	99

110. How often do you use the internet to do your banking and handle your financial accounts?

Never	1
Rarely	2
Sometimes	3
Often	4
Very often	5
(Can't choose)	8
(Have never heard of banking through the Internet)	9

111. Generally, how would you describe the cost of data in South Africa today?

Much too high	1
Too high	2
About right	3
Low	4
Much too low	5
(Can't choose)	8
(Refused)	9

112. Thinking about banking transactions in general, which ONE of the following do you most prefer to use?

Visiting the local branch of your bank	1
Using the ATM	2
Online banking	3
Calling the bank by telephone	4
(Not applicable – have never had a bank account)	5
(Can't choose)	8

113. To what extent do you agree or disagree with the following statement? When making day-to-day purchases, I prefer to pay cash? [*FSCA Showcard 8*]

Strongly agree	1
Agree	2
Neither agree nor disagree	3
Disagree	4
Strongly Disagree	5
(Can't choose)	8

114. Please explain your answer.

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. WRITE IN THE RESPONDENT"S RESPONSE BELOW.

To what extent do you agree or disagree with the following statements referring to electronic banking? [*FSCA Showcard 8*]

		Strongly agree	Agree	Neither agree nor disagree	Dis-agree	Strongly disagree	(Don't know)
115.	Online banking has introduced much more fraud	1	2	3	4	5	8
116.	Online banking has made banking easier and more effective.	1	2	3	4	5	8
117.	Online banking is cheaper than regular banking	1	2	3	4	5	8

118. To what extent are you aware of "cryptocurrencies"?

Have not heard of cryptocurrencies before	1	→ Skip to Q.122
Have heard of cryptocurrencies, but know very little or nothing about what they are	2	Ask Q.119
Know enough about cryptocurrencies to explain it to a friend	3	Ask Q.119
(Refused)	7	→ Skip to Q.120
(Don't know)	8	→ Skip to Q.120

119. Do you own cryptocurrencies?

Yes	1
No	2
(Refused)	9

120. Would you like to hold cryptocurrencies in future?

Yes	1	Ask Q.121
No	2	→ Skip to Q.122
(Don't know)	8	→ Skip to Q.122
(Refused)	9	→ Skip to Q.122

121. Why would you/did you purchase cryptocurrencies? Reasons for becoming a cryptocurrency holder?

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. DO NOT READ OUT. CIRCLE ALL THAT APPLY.

a.	To make money quickly	01
b.	To know more about cryptocurrencies	02
c.	To use as a means of payment for online purchases	03
d.	To diversify my overall investment portfolio	04
e.	As a long term investment or retirement fund	05
f.	To support initiatives that build on blockchain technology	06
g.	Just for fun	07
h.	To make domestic or cross-border money transfers	08
i.	To provide an inheritance	09
j.	Fear of missing out	10
k.	Fear of diminishing national currency (Rand value)	11
l.	Other (specify)	12
m.	None of the above	13
n.	(Don’t know)	98

SECTION 10: FINANCIAL SCAMS

To what extent do you agree or disagree with the following statements? [*FSCA Showcard 8*]

		Strongly agree	Agree	Neither agree nor disagree	Dis-agree	Strongly disagree	(Can't choose)
122.	Taking risks is an important part of my life	1	2	3	4	5	8
123.	I would not take a risk even if it meant I could win money	1	2	3	4	5	8
124.	I commonly make risky financial decisions	1	2	3	4	5	8
125.	Most insurance schemes are a scam	1	2	3	4	5	8

126. How often do you come across financial scams in South Africa that try to cheat you out of your money?

Often	1
Sometimes	2
Hardly ever	3
Never	4
(Don’t know)	8

127. How confident are you in your own ability to recognize a financial scam? Are you very confident, somewhat confident, not very confident, or not at all confident?

Very confident	1
Somewhat confident	2
Not very confident	3
Not at all confident	4
(Don’t know)	8

128. In the last five years, have you been the victim of a financial scam where you were cheated?

Yes	1	Ask Q.129
No	2	→ Skip to Q.130
(Don't know)	8	→ Skip to Q.130
(Refused)	9	→ Skip to Q.130

129. What type of financial scam were you a victim of in the last five years? Please describe.

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. WRITE IN THE RESPONDENT"S RESPONSE BELOW.

130. How familiar are you with the term "pyramid scheme"?

Have not heard of this before	1
Have heard of it, but know very little or nothing about what it is	2
Know enough about it to explain it to a friend	3
(Refused)	7
(Don't know)	8

SECTION 11: FINANCIAL ADVICE

131. If you need financial advice, who do you normally ask for help?

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

a.	Family member	01
b.	Friend	02
c.	Someone you trust in the community	03
d.	Your employer	04
e.	Co-worker or colleague	05
f.	Independent broker	06
g.	Financial advisor other than an independent broker (e.g. tax consultant, auditor)	07
h.	Stokvel / umgalelo / savings club	08
i.	Burial society	09
j.	Church	10
k.	Bank	11
l.	Insurance company	12
m.	Mashonisa	13
n.	Other (SPECIFY)	14
o.	Would not ask anyone for help	15
p.	(Don't know)	98

132. Do you have trouble getting good and relevant financial advice?

Yes	1
No	2
(Question not relevant/never tried)	3
(Don't know)	8
(Refused)	9

133. Do you think that the cost of financial advice in the country is too high, just about right, or too low?

Much too high	1
A little high	2
Just about right	3
A little low	4
Much too low	5
(Don't know)	8
(Refused)	9

134. In the last 12 months, have you asked a financial professional for financial advice in relation to any of the following?

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

a.	Savings or investments	1	
b.	Taking out a mortgage or a loan	2	
c.	Insurance of any type	3	
d.	Tax planning	4	
e.	Managing credit/debt	5	
f.	Funeral policy	6	
g.	(None of the above)	7	→ Skip to Q. 136
h.	(Don't know)	8	→ Skip to Q. 136
i.	(Refused)	9	→ Skip to Q. 136

IF YES TO ANY OF ANSWERS a-e IN Q.134:

135. Thinking about the professional you have used most often for financial advice, was this an...?

...Independent Financial Advisor	1
...Manager or advisor at a bank or building society	2
...Manager or advisor at an insurance company	3
...Accountant	4
Other (SPECIFY)	5
(Don't know)	8
(Refused)	9

136. Thinking about the last time you got financial advice from a professional. How satisfied or dissatisfied with the advice you received?

Very satisfied	1
Satisfied	2
Neither satisfied nor dissatisfied	3
Dissatisfied	4
Very dissatisfied	5
(Don't know)	8
(Refused)	9

137. In the last 12 months, have you asked friends or family for financial advice in relation to any of the following?

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

a.	Savings or investments	1
b.	Taking out a home loan	2
c.	Taking out a loan or credit agreement	3
d.	Insurance of any type	4
e.	Tax	5
f.	Managing credit/debt	6
g.	A funeral policy	7
h.	(None of the above)	8
i.	(Don't know)	88
j.	(Refused)	99

Indicate the extent to which you would trust or distrust the following to provide good financial advice. Please answer even if you do not currently get advice from these sources. [*FSCA Showcard 22*]

		Strongly trust	Trust	Neither trust nor distrust	Distrust	Strongly distrust	(Do not know)
138.	Independent broker or financial advisor	1	2	3	4	5	8
139.	Bank or banker	1	2	3	4	5	8
140.	Informal associations like stokvels / savings clubs or burial societies	1	2	3	4	5	8
141.	Friends and family	1	2	3	4	5	8
142.	An employer or work colleague	1	2	3	4	5	8
143.	Someone in your community with a good education	1	2	3	4	5	8
144.	TV or radio advertisement	1	2	3	4	5	8
145.	Newspapers or magazines	1	2	3	4	5	8
146.	Internet / social media	1	2	3	4	5	8
147.	A moneylender or mashonisa	1	2	3	4	5	8

SECTION 12: GETTING HELP

148. How confident are you that you know how to make an effective complaint against a bank or financial institution?

Very confident	1
Fairly confident	2
Not very confident	3
Not at all confident	4
(Don't know)	8
(Refused)	9

149. Within the last five years, have you discovered that you had been paying for a financial product that was clearly unsuitable for your needs? [This would include formal and informal products, covering savings, investments, credit or loans, as well as insurance]

Yes	1	Ask Q.150
No	2	→ Skip to Q.155
(Do not know)	8	→ Skip to Q.155
(Refused to answer)	9	→ Skip to Q.155

150. What type of product was that?

INTERVIEWER: DO NOT READ OUT. CIRCLE ONLY ONE. IF MORE THAN ONE, ASK ABOUT MOST RECENT PRODUCT. PROMPT IF NECESSARY.

Bank account or a card linked to a bank account	1
Home loan	2
Private pension, provident fund or retirement annuity	3
Government grant (pension, child grant, disability grant, etc.)	4
Investment / savings policy	5
Stokvel/umgalelo/savings club	6
Credit card	7
Store card or account	8
Vehicle or car finance	9
Loan from a bank or other formal institution	10
Loan from a mashonisa, stokvel or spaza shop	11
Life insurance / life cover	12
Funeral policy with a formal institution (bank, insurance company)	13
Informal burial society	14
Medical aid / hospital plan	15
Household content insurance	16
Other (SPECIFY)	17
(Don't know)	98
(Refused)	99

151. Did you complain to the company or person that sold you the product?

Yes	1	Ask Q.152
No	2	→ Skip to Q.153
(Do not know)	8	→ Skip to Q.153
(Refused to answer)	9	→ Skip to Q.153

152. Did you manage to resolve the problem with them?

Yes	1
No	2
(Do not know)	8
(Refused to answer)	9

153. Did you take up the complaint with anyone else?

Yes	1	Ask Q.154
No	2	→ Skip to Q.155
(Do not know)	8	→ Skip to Q.155
(Refused to answer)	9	→ Skip to Q.155

154. Who did you take up the complaint with?

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

a.	Provincial Consumer Affairs Office	1
b.	The Ombudsman for Banking Services (OBSSA)	2
c.	The Public Protector	3
d.	The Ombudsman For Long Term Insurance	4
e.	The Ombudsman For Short Term Insurance (OSTI)	5
f.	The Pension Funds Adjudicator (PFA)	6
g.	National Credit Regulator (NCR)	7
h.	Credit Ombud (formerly known as Credit Information Ombud)	8
i.	Consumer Affairs Committee, Department of Trade & Industry	9
j.	The Office of Consumer Protector (OCP)	10
k.	Office of the Ombud for Financial Services Providers (FAIS Ombud)	11
l.	Financial Services Conduct Authority (FSCA, formerly FSB)	12
m.	A lawyer	13
n.	Small claims court	14
o.	Citizens Advice Bureau	15
p.	South African Police Service (SAPS)	16
q.	National Consumer Commission (NCC)	17
r.	Other (SPECIFY)	18
s.	(Don't know)	98
t.	(Refused)	99

SECTION 13: TAXATION

I would now like to ask you questions about taxes. Even if you don't pay tax I would still like you to answer these questions.

155. I am going to start by asking you whether you have heard of any of the following taxes. [*FSCA Showcard 23*]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

156. [ASK FOR ALL TAXES CIRCLED IN Q.155] And now can you tell me whether you currently pay any of these taxes? [*FSCA Showcard 23*]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

		155. Heard of these taxes	156. ASK FOR ALL taxes circled in Q.155 Currently pay any of the following taxes
a.	Value-Added Tax (VAT)	01	01
b.	Personal Income Tax (PIT)	02	02
c.	Pay As You Earn (PAYE)	03	03
d.	Corporate Income Tax (CIT)	04	04
e.	Customs (Import VAT and duties)	05	05
f.	Excise or sin taxes (Alcohol and tobacco products)	06	06
g.	Fuel Levy	07	07
h.	None of the above	08	08
i.	(Don't know)	09	09

157. Are you registered as a tax payer?

Yes	1	Ask Q.158
No	2	→ Skip to Q.160
(Don't know)	8	→ Skip to Q.160
(Refused)	9	→ Skip to Q.160

158. Have you submitted a tax return in the last two years?

Yes	1	
No	2	→ Skip to Q 160
(Do not know)	8	→ Skip to Q 160

159. Thinking of your last tax return, how difficult or easy did you find it to fill in your tax return to the South African Revenue Service?

Very difficult	1
Fairly difficult	2
Neither easy nor difficult	3
Fairly easy	4
Very easy	5
(Did not fill in my own tax return)	6
(Can't choose)	8

How likely is it that a person will be punished by South African Revenue Service if he or she...

		Not at all likely	Not very likely	Likely	Very likely	(Don't know)	(Refused)
160.	...did not pay taxes?	1	2	3	4	5	7
161.	...paid less tax then they owed?	1	2	3	4	5	7
162.	...did not provide correct information about how much they earn?	1	2	3	4	5	7

SECTION 14: FINANCIAL KNOWLEDGE AND UNDERSTANDING

163. And, now something slightly different. Which, if any, of these things do you personally keep an eye on? [*FSCA Showcard 24*]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

a.	Changes in the housing market	01
b.	Changes in the stock market	02
c.	Changes in interest rates	03
d.	Changes in taxation, e.g. income tax, capital gains tax	05
e.	Changes in the job market	06
f.	Changes to government social grants	07
g.	Changes in the prices of goods and services	08
h.	(None of these)	97
i.	(Don't know)	98
j.	(Refused)	99

164. Could you tell me how you would rate your overall knowledge about financial matters compared with other adults in South Africa?

Very high	1
Quite high	2
About average	3
Quite low	4
Very low	5
(Don't know)	6
(Refused)	8

On a scale of 1 to 5, where 1 is not good at all, and 5 is very good, how would you rate yourself on each of the following areas of financial management...? [*FSCA Showcard 25*]

		Not good at all				Very good	(Don't know)	(Refused)
165.	...keeping track of your money	1	2	3	4	5	8	9
166.	...achieve financial goals	1	2	3	4	5	8	9
167.	...shopping around to get the best financial product such as loans or insurance rates	1	2	3	4	5	8	9
168.	...staying informed about financial issues	1	2	3	4	5	8	9

The next few questions are more like a quiz. The questions are not designed to trick you so if you think you have the right answer, you probably do. If you don't know the answer, just say so

169. Imagine that five friends are given a gift of R1,000. If the friends have to share the money equally how much does each one get? (Read question again if asked)

Record response numerically - - -

R			

(Don't know)	8888
(Refused)	9999
(Irrelevant answer)	7777

170. Now imagine that the brothers have to wait for one year to get their share of the R1,000. In one year's time will they be able to buy: (Read out)

More with their share of the money than they could today	1
The same amount	2
Or, less than they could buy today	3
(It depends on inflation)	4
(It depends on the types of things that they want to buy)	5
(Don' know)	8
(Refused)	9
(***Irrelevant answer***)	7

171. You lend R25 to a friend one evening and he gives you R25 back the next day. How much interest has he paid on this loan? (Read out question again if asked)

Record response numerically - - -

R			

(Don't know)	8888
(Refused)	9999
(Irrelevant answer)	7777

172. Suppose you put R100 into a savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made? (Read out question again if asked)

Record response numerically - - -

R			

(Don't know)	8888
(Refused)	9999
(Irrelevant answer)	7777

173. And how much would be in the account at the end of five years? Would it be: (Read out)

More than R110	1
Exactly R110	2
Less than R110	3
Or is it impossible to tell from the information given	4
(Don't know)	8
(Refused)	9
(Irrelevant answer)	7

I would like to know whether you think the following statements are true or false:

		True	**False**	**(Do not know)**	**(Refused)**
174.	If someone offers you the chance to make a lot of money it is likely that there is also a chance that you will lose a lot of money.	1	2	8	9
175.	High inflation means that the cost of living is increasing rapidly	1	2	8	9
176.	It is less likely that you will lose all of your money if you save it in more than one place.	1	2	8	9
177.	Buying property (like a house) is a safe investment.	1	2	8	9

Please tell me to what extent you agree or disagree with the following statements? [*FSCA Showcard 8*]

		Strongly agree	Agree	Neither nor	Disagree	Strongly disagree	(Don't know)
178.	If you have a loan, you should try and pay it off as fast as possible	1	2	3	4	5	8
179.	If you have savings, it is a good thing if interest rates goes up	1	2	3	4	5	8
180.	The earlier you start saving for retirement, the better	1	2	3	4	5	8
181.	The more money you earn, the more tax you pay	1	2	3	4	5	8

182. Would you be interested in receiving any additional information or education about financial matters?

Yes, definitely	1	→ Ask Q.183
Yes, probably	2	→ Ask Q.183
No, probably not	3	→ Ask Q.183
No, definitely not	4	→ Skip to Q.193
(Don't know)	8	→ Ask Q.183
(Refused)	9	→ Ask Q.183

183. Which of the following financial issues would you like to receive more information or education about, if any? Anything else? [*FSCA Showcard 26*]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

a.	How to make effective use of savings products	1
b.	How interest rates work	2
c.	How interest rates are calculated	3
d.	Insuring or covering your assets	4
e.	Insuring or covering your life	5
f.	How to get a copy of your personal credit profile or record	6
g.	How to read and understand your personal credit profile or record	7
h.	How to make effective use of technology, such as cellphones or ATMs, to better manage your finances	8
i.	How to better use financial services and products, e.g. from insurance, bank and retail stores	9
j.	How to draw up and manage a budget effectively	10
k.	Counselling or training to better manage your credit	11
l.	How to work out how much credit you can afford / pay back on	12
m.	What fees may be applied to any credit agreements that you enter –this excludes the interest charged	13
n.	How to select the best investment products	14
o.	Who to approach if you need to complain about a financial product or service	15
p.	Other (PLEASE SPECIFY)	16
q.	(None)	17

SECTION 15: FINANCIAL INSTITUTIONS

And now I would like to ask you a few statements about the performance of financial professionals and institutions (these include banks, insurance companies and brokers). Please think of these professionals and institutions in general.

To what extent do you agree or disagree with the following statements? [*FSCA Showcard 8*]

		Strongly agree	Agree	Neither agree nor disagree	Dis-agree	Strongly disagree	(Do not know)
184.	Financial institutions do not consult people enough	1	2	3	4	5	8
185.	Financial institutions deliver services that are of good quality	1	2	3	4	5	8
186.	Financial institutions are making progress in giving all South Africans equal access to services	1	2	3	4	5	8
187.	Financial institutions treat people with respect	1	2	3	4	5	8
188.	Financial institutions provide people with good information about services	1	2	3	4	5	8
189.	Financial institutions are honest when dealing with people	1	2	3	4	5	8
190.	Financial institutions responds quickly to complaints about problems with services	1	2	3	4	5	8
191.	Financial institutions do a good job of following through and fixing problems	1	2	3	4	5	8
192.	People are getting good value for the money they are charged for financial services	1	2	3	4	5	8

SECTION 16: RESPONDENT CHARACTERISTICS

193. How many children under the age of 18 live with you?

Number of children under 18 years	
(Don't know)	98
(Refused)	99

194. How many people aged 18 and over live with you, [including your partner]? Please do not count yourself

Number of people 18 years and older	
(Don't know)	98
(Refused)	99

195. Sex of respondent [copy from contact sheet]

Male	1
Female	2

196. Race of respondent [copy from contact sheet]

Black African	1
Coloured	2
Indian/Asian	3
White	4
Other	5

197. Age of respondent in completed years [copy from contact sheet]

			Years

(Don't know) = 998

198. What is your current marital status?

Married (customary only)	1
Married (civil only)	2
Married (both customary and civic)	3
Widower/widow	4
Divorced	5
Separated	6
Never married but engaged (incl. lobola negotiated)	7
Never married and not engaged	8
(Don't know)	88
(Refused to answer)	99

199. Do you have a spouse/partner and if yes, do you share the same household?

Yes, I have a spouse/partner and we live in the same household	1
Yes, I have a spouse/partner but we don't live in the same household	2
No spouse/partner	3
(Refused)	9

200. What is the highest level of education that <u>you</u> have ever completed?

No schooling	00
Grade R/ Grade 0	01
Grade 1/ Sub A/Class 1	02
Grade 2 / Sub B/Class 2	03
Grade 3/Standard 1/ ABET 1 (Kha Ri Gude, Sanli)	04
Grade 4/ Standard 2	05
Grade 5/ Standard 3/ ABET 2	06
Grade 6/Standard 4	07
Grade 7/Standard 5/ ABET 3	08
Grade 8/Standard 6/Form 1	09
Grade 9/Standard 7/Form 2/ ABET 4	10
Grade 10/ Standard 8/ Form 3	11
Grade 11/ Standard 9/ Form 4	12
Grade 12/Standard 10/Form 5/Matric	13
NTC 1/ N1/NC (V) Level 2	14
NTC 2/ N2/ NC (V) Level 3	15
NTC 3/ N3/NC (V) Level 4	16
N4/NTC 4	17
N5/NTC 5	18
N6/NTC 6	19
Diploma	20
Advanced diploma (AD)	21
Bachelor degree	22
Post graduate diploma (PGD)	23
Honours degree	24
Master degree	25
Doctorate degree, Laureatus in Technology	26
Other (specify)	27
(Do not know)	88

201. What language do you speak mostly at home?

Sesotho	01
Setswana	02
Sepedi	03
Siswati	04
IsiNdebele	05
IsiXhosa	06
IsiZulu	07
Xitsonga	08
Tshivenda/Lemba	09
Afrikaans	10
English	11
Other African language	12
European language	13
Indian language	14
Other (SPECIFY) ……………	15

202. What is your current employment status? (Which of the following best describes your present work situation?)

Employed full time	01
Employed part time	02
Employed less than part time (casual work/piecework)	03
Temporarily sick	04
Unemployed, not looking for work	05
Unemployed, looking for work	06
Pensioner (aged/retired)	07
Permanently sick or disabled	08
Housewife, not working at all, not looking for work	09
Housewife, looking for work	10
Student/learner	11
Other (specify) ………………………………	12

203. Are you currently working for pay, did you work for pay in the past, or have you never been in paid work?

I am currently in paid work	01	→ Ask Q.204
I am currently not in paid work, but I had paid work in the past	02	→ Skip to Q.205
I never had paid work	03	→ Skip to Q.208
No answer	08	→ Skip to Q.208

204. How frequently are you paid (for your main job)?

Weekly	1
Every two weeks (fortnight)	2
Monthly	3
Other (specify)	4
(Refused)	9

205. Do/did you supervise other employees?

INTERVIEWER: IF NOT CURRENTLY EMPLOYED, ASK FOR MOST RECENT JOB

Yes	1
No	2
(Don't know)	8
(No answer)	9
(Not applicable - never had a job)	0

206. What is your current occupation (the name or title of your main job)?

INTERVIEWER: WRITE DOWN RESPONSE IF NOT CURRENTLY EMPLOYED, ASK FOR MOST RECENT JOB

____

(Refused to answer)	97
(Don't know, inadequately described)	98
(Not applicable – never had a job)	99

207. Are/were you an employee, self-employed or working for your own family's business? (Refer to your main job)

An employee	1	→ Ask Q.208
Self-employed without employees	2	→ Skip to Q.210
Self-employed with employees	3	→ Skip to Q.210
Working for your own family's business	4	→ Ask Q.208
(No answer)	9	→ Ask Q.208
NAP (Never had work)	0	→ Ask Q.208

208. Would you like to start a business and work for yourself?

Yes	1	→ Skip to Q210
No	2	→ Ask Q.209
(Do not know)	8	→ Skip to Q210

209. What was the <u>main</u> reason you do not want to start a business?

Family issues	1
No access to money	2
Too young or too old	3
No desire	4
Worried about the risk	5
Not enough knowledge or skills	6
Other (specify)	7
(Can't choose)	8

210. Are you or have you ever been a paid-up member of a Trade Union?

Yes, I am currently a member	1
Yes, was once a member, but not now	2
Never a member	3
(Refused)	7

211. When you were 15 years old, what kind of work did your father do; what was his main occupation? Describe fully, using two words or more (do not use initials or abbreviations). If your father did not have a paid job at the time, please give information about his last job before that time

____

(Refused to answer)	97
(Don't know, inadequately described)	98
(Not applicable – did not have a father)	99

212. How many adult members in your household are currently in paid work?

adults	
9995 employees or more	9995
(No answer)	9999
(Not applicable)	0000

213. Do you consider yourself as belonging to any religion?

Yes	1	
No	2	→ Skip to Q.215

214. If answer is yes, which one? Please specify denomination

Christian (without specification)	01
African Evangelical Church	02
Anglican	03
Assembles of God	04
Apostle Twelve	05
Baptist	06
Dutch Reformed	07
Full Gospel Church of God	08
Faith Mission	09
Church of God and Saints of Christ	10
Jehovah's Witness	11
Lutheran	12
Methodist	13
Pentecostal Holiness Church	14
Roman Catholic	15
Salvation Army	16
Seventh Day Adventist	17
St John's Apostolic	18
United Congregation Church	19
Universal Church of God	20
Nazareth	21
Zionist Christian Church	22
Other Christian	23
Islam / Muslim	24
Judaism /Jewish	25
Hinduism / Hindu	26
Buddhism / Buddhist	27
Other (SPECIFY)	28
(Refused)	97
(Don't know)	98
(Not answered)	99

215. Apart from special occasions such as weddings, funerals and baptisms, how often do you attend services or meetings connected with your religion?

Never	01
Less than once a year	02
About once or twice a year	03
Several times a year	04
About once a month	05
2-3 times a month	06
Nearly every week	07
Every week	08
Several times a week	09
(Can't say/Can't remember)	98

216. Regardless of whether you belong to a particular religion, how religious would you say you are? [*FSCA Showcard 27*]

Not at all religious										**Very religious**	(Do not know)
00	01	02	03	04	05	06	07	08	09	10	88

217. Do you or anyone in this household receive any of the following Welfare grants?

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. CIRCLE ALL THAT APPLY.

a.	Old Age Grant	01
b.	Child Support Grant	02
c.	Disability Grant	03
d.	Care dependency grant	04
e.	Foster care grant	05
f.	Grant in aid	06
g.	UIF (Blue Card) or workman's compensation	07
h.	Social Relief of Distress (emergency food parcels, food vouchers or temporary cash transfer)	08
i.	(No-one in household receiving any benefits)	09
j.	(Refused to answer)	97
k.	(Do not know)	98

SECTION 17: HOUSEHOLD CHARACTERISTICS

218. Indicate the type of main dwelling that the household occupies?

Dwelling/House or brick structure on a separate stand or yard or on farm	01
Traditional dwelling/ Hut/ Structure made of traditional materials	02
Flat or apartment in a block of flats	03
Town/cluster/semi-detached house (simplex, duplex or triplex)	04
Unit in retirement village	05
Dwelling/House/Flat/room in backyard	06
Informal dwelling/Shack in backyard	07
Informal dwelling/Shack not in backyard, e.g. in an informal/squatter settlement or on farm	08
Room/Flatlet	09
Caravan/Tent	10
Other (SPECIFY)	11

219. Who owns your current home? [INTERVIEWER: read out options, and stop at first mention].

You (and/or your partner) own it outright	1
You are buying it with a mortgage/home loan	2
You rent your home from a private landlord	3
You rent it from a local authority or housing association	4
Your parents/grandparents/other family members	5
Your employer	6
Someone else	7
(Don't know)	8
(Refused)	9

220. What is the most often used source of drinking water by this household?

FIELDWORKER: PLEASE CIRCLE ONE NUMBER ONLY

Piped tap water in dwelling-metered	01
Piped tap water in dwelling-pre-paid meter	02
Piped tap water on site/yard-meter	03
Piped tap water on site/yard-pre-paid meter	04
Piped tap water on site/yard-no meter	05
Public/communal tap – Free	06
Public/communal tap – Paid	07
Neighbour – Free	08
Neighbour – Paid for	09
Water carrier/tanker	10
Water carrier/tanker on site / communal	11
Borehole on site	12
Borehole off site/communal	13
Rainwater tank on site	14
Flowing river/stream	15
Dam/pool	16
Stagnant pond	17
Well	18
Spring	19
Bottled water	20
Other (SPECIFY)	21

221. What type of toilet facility is available for this household?

FIELDWORKER: PLEASE CIRCLE ONE NUMBER ONLY

Flush toilet connected to a municipal sewage system	01	
Flush toilet connected to a septic tank	02	
Chemical toilet	03	
Pit latrine with ventilation pipe (long drop)	04	
Pit latrine without ventilation pipe (long drop)	05	
Bucket toilet	06	
Other (SPECIFY) ……………………..	07	
None	08	→ **Skip to Q.223**
(Do not know)	98	

222. Where is this toilet facility located?

In dwelling	1
On site (In yard)	2
Off site (outside yard)	3

223. Do you have access to electricity in your household?

In-house meter	1
In-house pre-paid meter	2
Connected to other source which I pay for (e.g. connected to neighbour's line and paying neighbour)	3
Connected to other source which I do not pay for (e.g. connected to neighbour's line and not paying)	4
Illegal connection (e.g. connected to Eskom line)	5
Generator/battery	6
Other (SPECIFY)	7
No access to electricity	8
(Uncertain/Don't know)	9

Please tell me which of the following, if any, are presently in your household (in working order). Does your household have…?

		Yes	No
224.	Hot running water from a geyser	1	2
225.	Fridge/freezer combination	1	2
226.	Microwave oven (in working order)	1	2
227.	Domestic worker (live-in / part-time)	1	2
228.	Vacuum cleaner/floor polisher	1	2
229.	A washing machine	1	2
230.	A computer (desktop or laptop) at home	1	2
231.	DVD player / Blu Ray player	1	2
232.	An electric stove	1	2
233.	A TV set	1	2
234.	A tumble dryer	1	2
235.	A home telephone (excluding cellphone)	1	2
236.	No or only one radio	1	2
237.	Built in kitchen sink	1	2
238.	Home security service	1	2
239.	A deep freezer (in working order)	1	2
240.	M-Net, DStv, TopTV or other pay TV subscription	1	2
241.	A dishwashing machine	1	2
242.	There is a motor vehicle in our household	1	2
243.	Home theatre system	1	2
244.	Swimming pool	1	2
245.	Air conditioner (excluding fans)	1	2

246. How many cellphones are there presently in your household in working order? Does your household have…?

None	1
Only one cellphone in household	2
2 cellphones in household	3
3 or more cellphones in household	4

PERSONAL AND HOUSEHOLD INCOME

People get income from a wide range of sources. This might include wages and salaries, benefit payments, pensions or maintenance payments.

247. Considering all the sources of income coming into your household each month, which of these categories does your household income usually fall into?

Low income	1
Average income	2
High income	3
(Don't know)	8
(Refused)	9

248. Which of the following describe how regular or reliable your household income is? [use text in square brackets if anyone else might be bringing in an income]

INTERVIEWER: MULTIPLE RESPONSES ALLOWED. . CIRCLE ALL THAT APPLY.

a.	My [our] income varies from week to week, month to month, or season to season	1
b.	Sometimes I [we] do not receive my [our] income on time	2
c.	Sometimes I [we] do not receive any money at all	3
d.	My [our] income is regular and predictable	4
e.	*Don't know*	8
f.	*Refused*	9

249. Please consider the income of all household members and any income which may be received by the household as a whole. What is the main source of income in your household?

Salaries and/or wages	1
Remittances	2
Pensions and/or grants	3
Sale of farm products and services	4
Other non-farm income	5
No income	6
(Refused to answer)	7
(Don't know)	8

250. Please give me the letter that best describes the TOTAL MONTHLY HOUSEHOLD INCOME of all the people in your household before tax and other deductions. Please include all sources of income i.e. salaries, pensions, income from investment, etc. [*FSCA Showcard 28*]

251. Please give me the letter that best describes your PERSONAL TOTAL MONTHLY INCOME before tax and other deductions. Please include all sources of income i.e. salaries, pensions, income from investment, etc. [*FSCA Showcard 28*]

		250. Household	**251. Personal**
	No income	01	01
K	R1 – R500	02	02
L	R501 –R750	03	03
M	R751 – R1 000	04	04
N	R1 001-R1 500	05	05
O	R1 501 – R2 000	06	06
P	R2 001 – R3 000	07	07
Q	R3 001 – R5 000	08	08
R	R5 001 – R7 500	09	09
S	R7 501 – R10 000	10	10
T	R10 001 – R15 000	11	11
U	R15 001 – R20 000	12	12
V	R20 001 – R30 000	13	13
W	R30 001 – R50 000	14	14
X	R 50 001 +	15	15
	(Refuse to answer)	97	97
	(Uncertain/Don't know)	98	98

252. What monthly income level do you consider to be minimal for your household, i.e. your household could not make ends meet with less?

R ______________

(Don't know = 98)

253. Is the total monthly income of your household higher, lower or more or less the same as this figure?

Much higher	1
Higher	2
More or less the same	3
Lower	4
Much lower	5
(Don't know)	8

THANK YOU FOR YOUR COOPERATION