



## Survey Highlights

**FinScope  
South Africa 2012**



Making financial markets work for the poor



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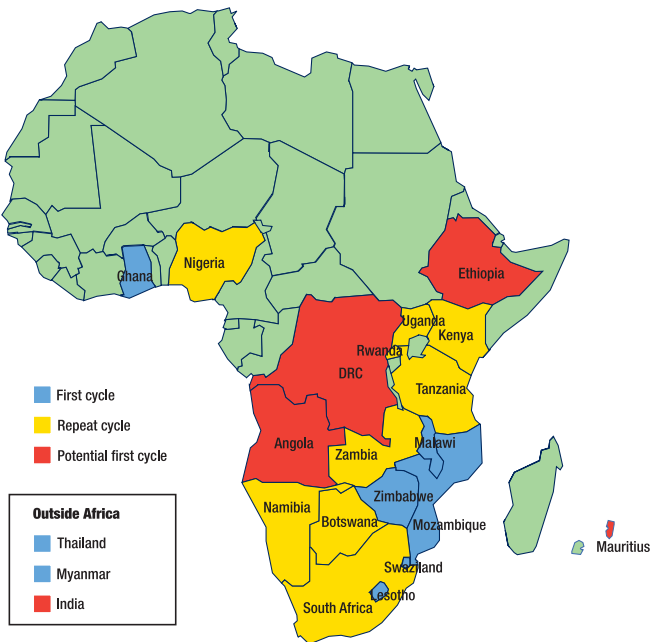
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# Introduction and background

## FINMARK TRUST



Making financial markets work for the poor

FinMark Trust, an independent trust based in Johannesburg, South Africa, was established in 2002, and is funded primarily by UKaid from the Department for International Development (DFID) through its Southern Africa office. FinMark Trust's purpose is 'Making financial markets work for the poor'. This is done by promoting financial inclusion and regional financial integration as well as institutional and organisational development, in order to increase access to financial services for the un-served and under-served in Africa. In order to achieve this, FinMark Trust commissions research to identify the systemic constraints that prevent financial markets from reaching out to these consumers and by advocating for change on the basis of research findings. FinMark Trust is driven by its purpose to start processes of change that ultimately lead to the development of inclusive financial systems that can benefit all consumers.

## FINSCOPE SURVEY

The FinScope survey is a research tool developed by FinMark Trust. It is a nationally representative survey of how people source their income, and how they manage their financial lives. In South Africa, FinScope is conducted annually since 2002. It is used to better understand money matters in South Africa, with an emphasis on the market needs and attitudes to both informal and formal financial offerings and usage. In 2010, the FinScope SA survey was expanded to include a livelihoods framework which gives further insight into people's lives. To date, FinScope surveys have been conducted or initiated in 16 countries.

## SURVEY OBJECTIVES

To measure and profile the **levels of access to financial services** by all adults in South Africa, across income ranges and other demographics, and making this information available for use by key stakeholders such as **policy-makers, regulators, and financial service providers**.

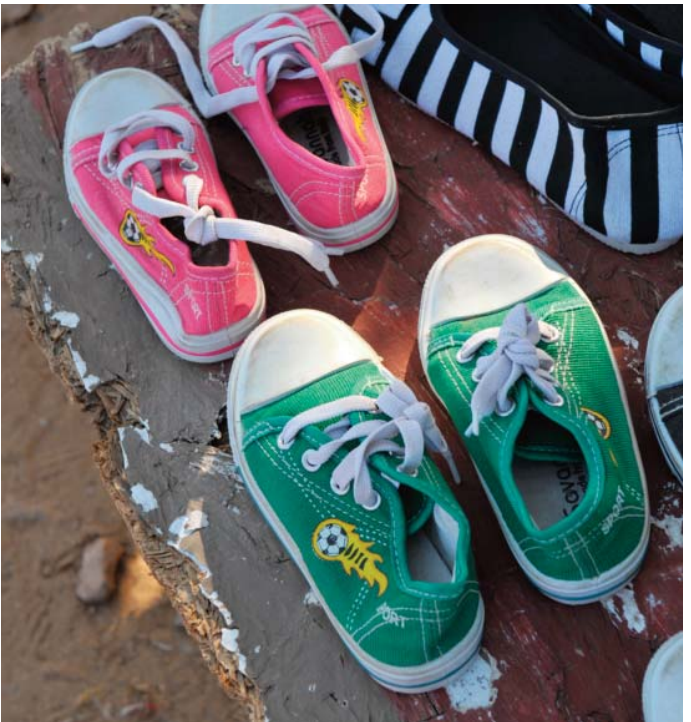
Information provided by the survey **helps extend the reach of financial services** in the country, as it provides an **understanding** of the adult population in South Africa in terms of:

- Livelihoods and how they generate their income;
- Their financial needs and/or demands;
- Their financial perceptions, attitudes, and behaviours;
- Their demographic and geographic distribution;
- The obstacles they face and the factors that would have an influence on their financial situations;
- Current levels of access to, and utilisation of, financial services and products (formal and/or informal);
- The landscape of access (i.e. types of products used in terms of transactions, savings, credit, insurance and remittances);
- Drivers of financial products and service utilisation;
- Barriers to utilisation of, and access to, financial products and services;
- The size of the market;
- The similarities and differences between different market segments.

## A SYNDICATED APPROACH

Since its inception in 2003, the FinScope study in South Africa has followed a **syndicate-funded** approach, involving by design a range of stakeholders from the **private and public** sectors in the country. The syndicate members form an **integral part** in the FinScope questionnaire design and offer valuable insight into consumer demand behaviour. Syndicate members also use the annual FinScope South Africa results to **develop new products or processes** and to enrich the overall objective of **increasing financial inclusion** in South Africa through a process of cross-learning and sharing of information.







# Sampling and methodology

## RESPONDENT PROFILE

- Adult population – South African residents 16 years and older (minimum age is defined by the age at which individuals can enter into a legal financial transaction in their own capacity)

## COVERAGE AND METHODOLOGY

- Coverage: **nation-wide**
- Fieldwork conducted from May to July 2012
- Questionnaire **translated** into isiXhosa, isiZulu, Sesotho, Setswana, Sepedi and Afrikaans
- **3 900** interviews conducted by TNS

## SAMPLE AND FIELDWORK VALIDATION

- **Nationally representative sample** (weighted/benchmarked to Stats SA 2011 mid-year population estimates)
- Sample drawn systematically with **Probability Proportional to Size** (PPS).
- **Enumerator Area (EA) based**, 650 EAs and six interviews per EA
- To identify respondents, **two further levels of random sampling** were applied:
  - **Households** were randomly selected within each sampled EA
  - **Individual respondents** were then randomly selected from a list of all adult members (16 years and older) in the selected household using the **Kish** grid method

## VALIDITY OF THE STUDY

To ensure the comparability of data, the 2012 FinScope survey sample was drawn similar to previous samples (FinScope 2003 to 2011).

Dr. Ariane Neethling: "The 2012 FinScope was designed and drawn as specified by Finmark Trust. The adjusted factors of the weights in the benchmarking of the weighted FinScope 2012 sample records were within acceptable limits. No abnormal or unusual skewnesses or other deviations were found."

## CHANGES IN SAMPLE POPULATION IN 2012


	2012 (n=3900)	2011 (n=3900)	2010 (n=3900)
<b>Race</b>	%	%	%
Black	77	77	77
White	11	11	11
Coloured	10	9	9
Asian	3	3	3
<b>Gender</b>	%	%	%
Male	47	47	48
Female	53	53	52
<b>Age</b>	%	%	%
16 – 17	4	4	5
18 – 29	37	36	37
30 – 44	29	30	35
45 – 59	18	17	11
60+	12	12	11
<b>LSM</b>	%	%	%
1 – 2	4	2	5
3 – 4	18	15	16
5 – 6	52	49	42
7 – 8	14	19	19
9 – 10	12	15	18
<b>Personal monthly income</b>	%	%	%
Irregular monthly income*	n/a	6	11
I receive money, however not monthly*	n/a	2	2
No income	12	10	17
R1 – R999	20	14	16
R1 000 – R2 999	26	23	21
R3 000 – R7 999	10	11	10
R8 000 – R11 999	3	3	3
R12 000 – R24 999	4	3	3
R25 000+	1	1	1
Refuse/Uncertain/Don't know	24	27	16

\*Note: Response excluded from options in 2012

Note: In 2012, new SAARF AMPS algorithm was used.  
Changes in sample population due to LSM and income question changes.

## COMPARISON OF AMPS AND FINSCOPE SAMPLE 2012

- The 2012 FinScope and AMPS samples are **comparable**.

	AMPS 2011B 16+ data	FinScope 16+ data
Total population	34 933 809	33 739 399
<b>Race</b>	<b>%</b>	<b>%</b>
Black	77	77
White	12	11
Coloured	9	10
Asian	3	3
<b>Gender</b>	<b>%</b>	<b>%</b>
Male	48	47
Female	52	53
<b>Age</b>	<b>%</b>	<b>%</b>
16 – 17	5	4
18 – 24	21	23
25 – 34	23	26
35 – 49	25	27
50 – 64	16	14
65+	8	7
<b>LSM</b>	<b>%</b>	<b>%</b>
1 – 2	7	4
3 – 4	18	18
5 – 6	40	52
7 – 8	20	16
9 – 10	15	12
<b>Province</b>	<b>%</b>	<b>%</b>
Eastern Cape	13	13
Free State	6	6
Gauteng	23	24
KwaZulu-Natal	20	21
Limpopo	11	10
Mpumalanga	7	7
Northern Cape	2	2
North West	7	6
Western Cape	10	11

## SOUTH AFRICA SURVEY CONTENT COMPARISON

	12	11	10	09	08	07	06	05	04	03
Demographics	✓	✓	✓	✓	✓	✓	✓	✓	✓	
General money matters	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Decision-making	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Money sources	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Money transfers	✓	✓	✓	✓	✓	✓	✓	✓		
General banking	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Credit and loans	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Long-term insurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Short-term insurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Funeral cover	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Investments and savings	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Stokvels and savings clubs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medical	✓	✓	✓	✓	✓	✓	✓	✓		
Retail	✓	✓	✓				✓	✓		
Cellphones	✓	✓	✓	✓	✓	✓	✓	✓		
Housing	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Afrobarometer/poverty measure	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
LSM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial literacy	✓	✓	✓	✓	✓	✓				
Livelihoods	✓	✓	✓							

## Reading the charts in this booklet

### TRACKING THE MARKET

- The FinScope 2012 core questions were constructed from that of 2012
- The 2012 FinScope questionnaires remained largely similar to that of 2011
- Additional questions were added in various sections and some of the 2011 questions were removed or revised to allow for market changes

### BASE SIZES

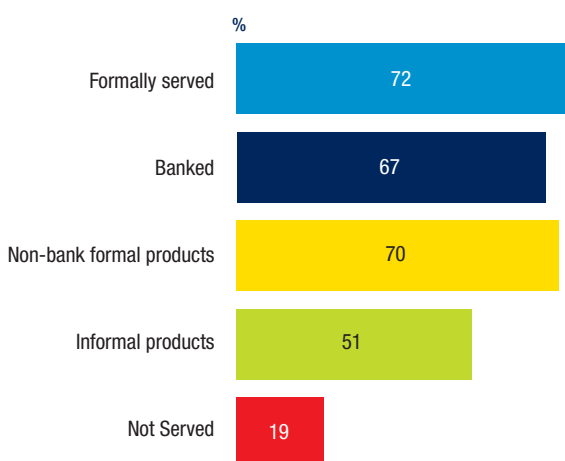
- In interpreting the data, it is important that conclusions are not based on analysis done on responses of few respondents. As an indication of reliability of the analysis, base sizes have been included for the charts in this booklet as a general rule
- A base size of 50 respondents or less is considered too small to read with statistical significance

# FinScope South Africa 2012 Survey Highlights

Whilst this brochure reflects on some of the FinScope 2012 highlights, a more comprehensive understanding can be obtained by mining the FinScope dataset.

## OVERALL USAGE OF FINANCIAL PRODUCTS

- The overall formal financial inclusion increased considerably from 68% in 2011 to 72% in 2012
- 67% of South African adults are banked (22 514 009 individuals)
- 70% of adults have/use formal non-banking products/services (23 491 419 individuals)
- 51% of adults have/use informal mechanism to manage their finances (17 353 333 individuals)



## Banking status

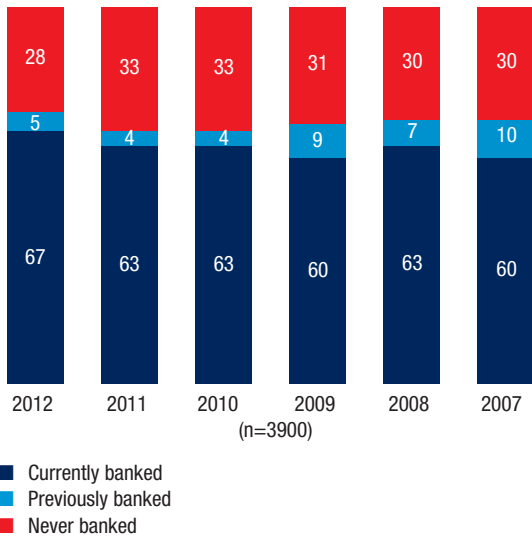
### HOW MANY PEOPLE (16+ YEARS) ARE BANKED?

- There is a considerable increase in the banked population from 2011 to 2012
- The previously banked population has also increased
- About 11.3 million adult South Africans (16+) are unbanked
- The Black population and young adults between 18 and 29 years still hold the largest opportunities to become banked in the future

	2012	2011	2010
No. of banked adults in SA	22 514 009 <span style="color: green;">▲6%</span>	21 184 871	20 959 077
No. of previously banked adults in SA	1 627 905 <span style="color: green;">▲15%</span>	1 412 941	1 416 865
No. of never banked adults in SA	9 597 486 <span style="color: red;">▼13%</span>	11 141 588	11 065 952
No. of unbanked adults in SA	11 225 391 <span style="color: red;">▼12%</span>	12 554 529	12 482 817
Total population size	33 739 399	33 739 399	33 441 893

## TRACKING THE BANKED MARKET

- The banked population has increased considerably at 67% since 2011, after remaining stable in 2011 and 2010
- In order to meet the Government-set goal of 70% banked rate by next year, an understanding who the unbanked are and identifying how their needs can best be addressed is required



## HOW IS THE BANKED/UNBANKED POPULATION DISPERSED?

	Total (n=3900)	Currently banked (n=2830)	Previously banked (n=162)	Never banked (n=908)
<b>Race</b>	%	%	%	%
Black	77	72	80	88
White	11	15	6	2
Coloured	10	10	12	8
Asian	3	3	2	2
<b>Province</b>	%	%	%	%
Eastern Cape	13	10	16	19
Free State	6	5	1	8
Gauteng	24	29	35	10
KwaZulu-Natal	21	18	11	28
Limpopo	10	11	11	8
Mpumalanga	7	7	7	8
Northern Cape	2	2	7	4
North West	6	5	7	10
Western Cape	11	13	11	5
<b>Area definition</b>	%	%	%	%
Urban formal	55	63	56	36
Urban informal	8	7	12	10
Rural formal	6	5	3	7
Tribal land	31	25	30	47
<b>Gender</b>	%	%	%	%
Male	47	46	54	51
Female	53	54	46	49
<b>Monthly household income</b>	%	%	%	%
Irregular monthly income	n/a	n/a	n/a	n/a
I receive money, however not monthly	n/a	n/a	n/a	n/a
No income	0	0	0	0
R1 – R999	6	4	10	9
R1 000 – R2 999	25	22	33	33
R3 000 – R7 999	19	21	15	14
R8 000 – R16 999	8	11	9	2
R17 000 – R24 999	3	4	0	1
R25 000+	4	6	0	1
Refused/Uncertain/Don't know	35	33	33	40
<b>Monthly personal income</b>	%	%	%	%
Irregular monthly income	n/a	n/a	n/a	n/a
I receive money, however not monthly	n/a	n/a	n/a	n/a
No income	12	6	13	27
R1 – R999	20	15	27	32
R1 000 – R2 999	26	29	32	19
R3 000 – R7 999	10	13	4	0
R8 000 – R16 999	3	5	1	0
R17 000 – R24 999	4	5	0	0
R25 000+	1	2	0	0
Refused/Uncertain/Don't know	24	25	23	20

Continued overleaf

## HOW IS THE BANKED/UNBANKED POPULATION DISPERSED?

	Total (n=3900)	Currently banked (n=2830)	Previously banked (n=162)	Never banked (n=908)
<b>Age</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
16 – 17	4	1	0	12
18 – 29	37	32	26	51
30 – 44	29	34	34	18
45 – 59	18	20	25	12
60+	12	13	14	7
<b>Education</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
No schooling	2	2	2	4
Primary school	11	9	20	15
Some high school	39	32	59	54
Matric	37	43	19	24
Apprenticeship	2	2	0	0
Diploma	5	8	0	1
University Degree	3	5	0	0
Other	0	0	1	0
<b>Living Standards Measure</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
LSM 1 – 2	4	3	5	6
LSM 3 – 4	18	12	23	31
LSM 5 – 6	52	51	57	56
LSM 7 – 8	14	18	10	6
LSM 9 – 10	12	17	5	2

- Black South Africans, and young adults between 18 and 29 years (88% and 51% respectively have never been banked) still hold the largest opportunities to become banked in the future
- A substantial number of people who earn an income are not currently banked
- 2.6 million (23%) South Africans who earn R1 000 and above are currently not banked



## TRACKING THE BANKED MARKET WHERE IS THE GROWTH?

	Banked in 2012	Banked in 2011	Banked in 2010
<b>Race</b>	<b>%</b>	<b>%</b>	<b>%</b>
Black (n=2223)	62	58	57
White (n=757)	93	94	91
Coloured (n=666)	70	65	68
Asian (n=254)	77	74	85
<b>Gender</b>	<b>%</b>	<b>%</b>	<b>%</b>
Male (n=1553)	64	64	63
Female (n=2347)	69	61	62
<b>Area definition</b>	<b>%</b>	<b>%</b>	<b>%</b>
Urban formal (n=2718)	76	73	71
Urban informal (n=276)	59	62	62
Rural formal (n=228)	62	61	47
Tribal land (n=678)	53	43	49
<b>LSM</b>	<b>%</b>	<b>%</b>	<b>%</b>
LSM 1 – 2 (n=97)	49	35	23
LSM 3 – 4 (n=528)	45	40	45
LSM 5 – 6 (n=1758)	65	56	56
LSM 7 – 8 (n=775)	85	80	76
LSM 9 – 10 (n=742)	93	91	90
<b>Personal monthly income</b>	<b>%</b>	<b>%</b>	<b>%</b>
Irregular monthly income	n/a	45	44
I receive money, however not monthly	n/a	35	43
No income (n=387)	32	27	27
R1 – R999 (n=655)	49	52	52
R1 000 – R2 999 (n=970)	73	64	69
R3 000 – R7 999 (n=455)	94	95	99
R8 000 – R16 999 (n=173)	99	94	98
R17 000 – R24 999 (n=206)	100	100	100
R25 000+ (n=46*)	100	100	100
Refused/Uncertain/Don't know (n=1008)	72	67	81

- There has been a significant increase in the banked population this year after remaining relatively stable in the last 5 years
- There has been a significant increase in the banked population at the bottom of the pyramid (LSM 1 – 2 increased from 23% in 2010 to 49% in 2012), while those earning between R1 000 to R3 000 increased from 69% to 73% between 2010 and 2012

# Financial services consumption

- These tables indicate the extent of general uptake of financial products and services – both formal and informal

	2012	2011	2010	2009	2008	2007
<b>Financial services consumption</b>	<b>67%</b>	<b>63%</b>	<b>63%</b>	<b>60%</b>	<b>63%</b>	<b>60%</b>
ATM card	n/a	52	57	55	58	55
*ATM card/Debit card	61	52	57	55	58	55
Debit/cheque card	n/a	37	39	33	27	25
*Savings account	39	n/a	n/a	n/a	n/a	n/a
*Transaction account	6	n/a	n/a	n/a	n/a	n/a
Savings/transaction account	n/a	30	34	36	38	43
Mzansi account	6	10	15	13	11	10
Current/cheque account	9	8	10	9	9	8
Cellphone banking	13	8	12	4	4	4
Deposit account	8	7	6	5	6	5
Credit card	8	6	7	8	9	9
Internet banking	7	6	7	4	4	4
Home loan	6	5	5	5	5	6
Personal loan from a big bank	3	5	5	3	3	4
Bank vehicle finance	4	4	5	4	3	3
Postbank savings/transaction account	2	4	4	3	3	4
Savings book at bank	2	4	4	3	3	3
Overdraft	3	3	3	3	2	2
Personal garage card/petrol card	2	2	2	2	3	2
Money market account	n/a	2	2	1	1	1
Call account	1	2	1	1	1	0
<b>Credit and loan products held – formal</b>	<b>25%</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>	<b>16%</b>	<b>26%</b>
Store card or account	18	17	10	19	9	16
Credit card	8	6	7	8	5	9
Home loan	6	5	5	5	5	6
Vehicle finance through bank or dealer	4	4	5	4	3	3
Personal loan from a big bank	3	5	5	3	3	4
Overdraft facility	3	3	3	3	2	2
Personal loan from a smaller bank	n/a	1	1	1	1	1
Personal loan from a retail store	1	1	1	3	2	5
<b>Credit and loan products held – informal</b>	<b>15%</b>	<b>15%</b>	<b>12%</b>	<b>14%</b>	<b>13%</b>	<b>8%</b>
Borrowing from a friend or family	12	18	9	12	11	5
Borrowing from a colleague	1	3	n/a	n/a	n/a	n/a
Borrowing from a local spaza	1	2	2	1	1	1
Borrowing from a mashonisa/loan shark	1	1	1	2	1	n/a
Borrowing from a stokvel/umgalela/savings club	3	1	1	1	1	1
Borrowing from an employer	1	1	1	0	1	1
Borrowing from or arrangement with pawn shop	0	0	0	0	0	n/a
<b>Funeral</b>	<b>43%</b>	<b>38%</b>	<b>46%</b>	<b>40%</b>	<b>43%</b>	<b>46%</b>
**Belong to a burial society	29	12	16	20	25	29
Funeral policy with a bank	8	10	12	12	8	7
Funeral cover through an undertaker/funeral parlour	10	9	10	8	9	9
Funeral policy with an insurance company	7	8	12	8	8	8
Funeral cover from a funeral home	4	5	5	5	3	0
Funeral cover from any other provider	n/a	5	5	2	3	0
Funeral cover from a shop or store	2	2	3	3	0	0
Funeral cover from current employer or union	2	2	3	1	1	2
Funeral policy through a cellphone company	n/a	1	1	0	0	0

\* Question changed – similar to 2009

\*\* Questionnaire restructured to probe into burial societies and usage of stokvels and saving clubs

	2012	2011	2010	2009	2008	2007
<b>Investment and savings products – formal</b>	<b>13%</b>	<b>17%</b>	<b>17%</b>	<b>11%</b>	<b>10%</b>	<b>11%</b>
Investment/savings policy	4	7	8	5	5	4
Deposit account	8	7	6	5	6	5
Education policy/plan	2	2	4	2	3	3
Savings book at bank	2	4	4	3	3	3
Endowment policy with or without death/disability cover	1	2	2	3	4	3
Unit trust	1	1	2	1	1	1
Shares on the stock exchange	1	0	1	0	1	1
Cooperative or village bank savings	0	0	0	0	0	1
<b>Investment and savings products – savings club</b>	<b>18%</b>	<b>12%</b>	<b>13%</b>	<b>20%</b>	<b>15%</b>	<b>13%</b>
Keep cash or savings at home	9	10	7	13	8	7
**Stokvel/savings club	12	4	7	8	9	6
Giving money to someone for safe keeping	2	2	1	2	1	1
<b>Long-term insurance products held</b>	<b>17%</b>	<b>19%</b>	<b>26%</b>	<b>15%</b>	<b>14%</b>	<b>10%</b>
Life insurance/life cover	12	14	19	14	12	10
Medical aid/scheme	8	9	14	10	8	9
Insurance that pays your loan or borrowing when you die	1	3	4	6	7	n/a
Accidental death and disability cover	n/a	6	8	4	5	n/a
Disability insurance/cover	4	5	5	3	4	4
Personal accident insurance/cover	4	5	5	2	3	n/a
Loss of earnings insurance	2	2	2	3	3	1
Hospital cash plan	2	3	2	2	2	2
Dreaded disease insurance	3	3	2	1	1	1
Professional indemnity cover	0	1	1	0	0	1
<b>Short-term insurance product held</b>	<b>10%</b>	<b>11%</b>	<b>11%</b>	<b>15%</b>	<b>14%</b>	<b>10%</b>
Vehicle insurance	7	7	11	7	7	7
Household content	5	7	9	6	6	5
Insurance on house structure	4	5	7	5	5	3
Cellphone insurance	3	3	5	3	4	2
Insurance for hand tools or agriculture equipment	0	1	1	1	1	0
<b>Investment and savings products</b>	<b>17%</b>	<b>16%</b>	<b>18%</b>	<b>14%</b>	<b>13%</b>	<b>13%</b>
Pension fund	12	11	13	11	9	8
Provident fund	10	9	12	8	6	5
Retirement annuity	9	9	10	7	6	n/a

## SUMMARY

- There has been an increase in many banking products, including the following:
  - ATM/debit card usage has increased from 52% to 61%
  - Savings account usage has increased from 30% to 39%
  - Cellphone banking has increased from 8% to 13%
  - 12% of adults in SA have a SASSA MasterCard
  - Retail storepoint withdrawals has increased from 7% to 25%
- However, there has been a drop in Mzansi usage
- Usage of formal credit products remained stable at 25%
- Formal savings products have declined considerably, while saving through stokvels/savings clubs have increased
- Investments in retirement products have increased since 2007 from 13% to 17% in 2012
- The overall claimed formal insurance products has declined – Life insurance is the most common form of long-term assurance and has decreased since 2011
- Overall short-term product usage has declined to 10% in 2012 – vehicle insurance remained stable at 7% – 1 in 3 (33%) individuals from households with a motor car have a car insurance

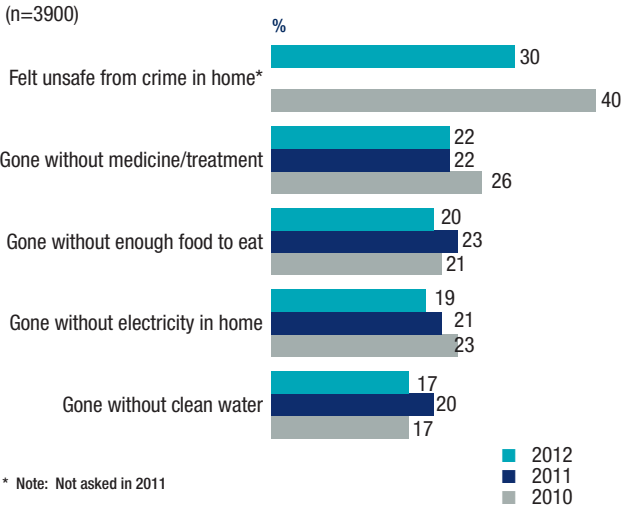
# Understanding people's lives

## LIVING CONDITIONS IN SOUTH AFRICA

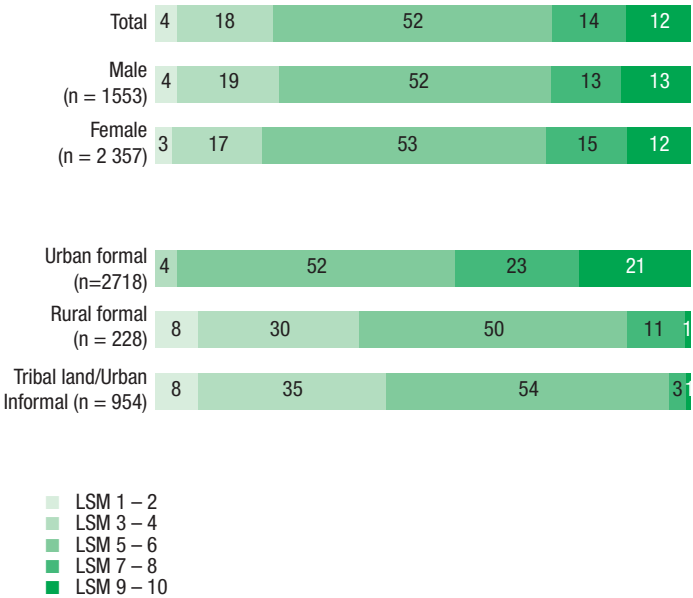
FinScope uses the so-called Afro-barometer to assess changes in the living conditions over time. In this regard the 2012 findings indicate that:

- South Africans find day-to-day living difficult, as many increasingly lack enough cash and food
- Although there has been some improvement, every fifth South African has gone without enough food to eat

### Percentage of respondents that said 'often' or 'sometimes' to a statement



## LSM BREAKDOWN 2012



## LSM INPUT VARIABLES

	2012 (n=3900) %
TV set(s)	86
Electric stove	84
Fridge with/without freezer	78
Flush toilet in house/on plot	61
Microwave oven	57
Built-in kitchen sink	46
More than 1 radio excluding car radio	23
Hot running water	31
Washing machine	36
Home theatre system	33
Computer/laptop at home	17
Vacuum cleaner/Floor polisher	15
Home security service	12
Telkom telephone	9
Tumble dryer	9
Deep freezer	25
Water in home/on stand	81
M-Net and/or DStv	31
Dishwashing machine	4
Metropolitan area	47
DVD player	57
House/cluster/townhouse	69
1/more motor vehicles	24
Domestic servant	10
Two cellphones in household	28
Three or more cellphones in household	45
Air Conditioner	6
Live anywhere in GP or WP, non-rural area	41

## SOURCES OF MONEY

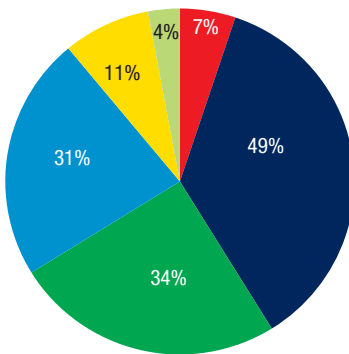
(n=3900)	2012 Total %	2011 Total %	2010 Total %	2009 Total %	2008 Total %	2007 Total %
<b>Money from others</b>	<b>33</b>	<b>42</b>	<b>38</b>	<b>28</b>	<b>26</b>	<b>21</b>
Money from family	33	39	37	28	26	21
Obtain money from friends	1	1	1	1	n/a	n/a
Spousal maintenance	n/a	4	3	n/a	n/a	n/a
<b>Salary/wage from a company</b>	<b>34</b>	<b>39</b>	<b>31</b>	<b>28</b>	<b>31</b>	<b>28</b>
<b>Government grant</b>	<b>29</b>	<b>24</b>	<b>24</b>	<b>25</b>	<b>24</b>	<b>26</b>
*Child grant/foster care	19	12	12	14	14	14
Government old age pension	9	10	8	8	8	9
Disability grant	3	2	2	2	2	3
Unemployment insurance (UIF)	1	1	1	1	0	0
Other types of state grant	n/a	n/a	2	0	1	1
<b>Informal work</b>	<b>13</b>	<b>13</b>	<b>15</b>	<b>16</b>	<b>16</b>	<b>17</b>
Piece work/job	11	7	6	8	6	6
*Informal sector/self-employed	2	5	5	6	5	6
Salary/wage from an individual	n/a	1	4	3	5	6
Income from farming	0	0	n/a	n/a	n/a	n/a
<b>Pension/return</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Employer pension	2	2	2	2	2	2
Returns on your investment	n/a	1	0	0	1	1
Inheritance	n/a	0	0	0	0	n/a
<b>Income from own business</b>	<b>4</b>	<b>5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Borrowed money</b>	<b>3</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Other</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>
<b>I do not receive money</b>	<b>7</b>	<b>n/a</b>	<b>n/a</b>	<b>16</b>	<b>14</b>	<b>15</b>

\* Question has been changed – added foster care grant in 2012

## MAIN SINGLE SOURCE OF MONEY

(n=3900)	2012 %	2011 %	2010 %	2009 %
Salary/wages from a company	37	35	31	28
Money from informal work	9	8	12	13
Money from others	30	33	34	36
Government grants	21	21	20	19
Pension/ investment returns	2	2	2	2
Other	2	2	1	2

(n=3900)

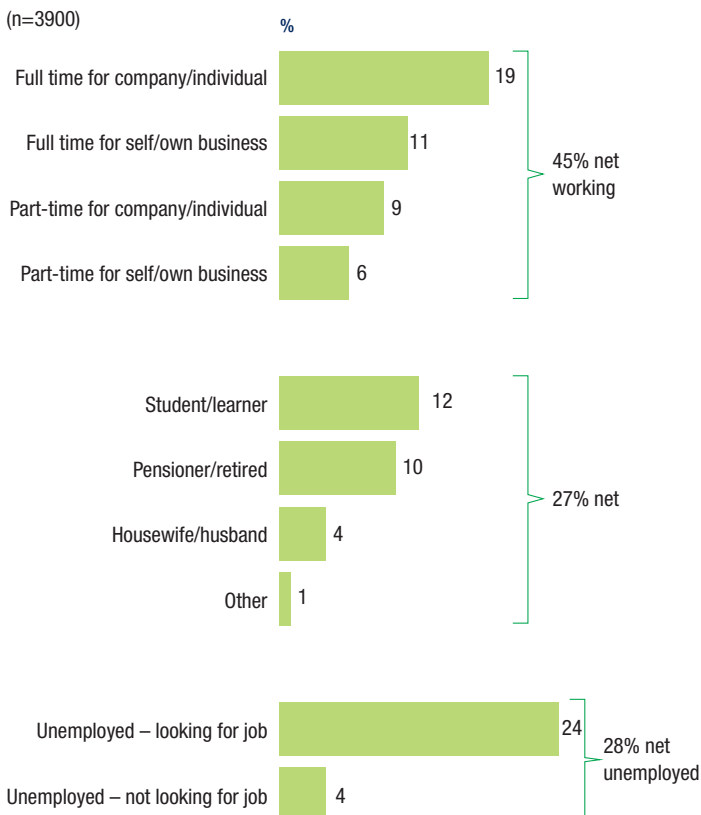


- 49% Wages or a salary  
male skew
- 34% Money from others  
(parents, partners, other family)  
– under 30 years, female  
and never banked skew
- 31% Receive a government grant  
female skew
- 11% Piece jobs  
skewed to previously banked  
and less than R1000 personal  
monthly income
- 4% Own business  
skew to university
- 7% Do not receive any money

- Receiving salary/wage is the biggest source of income in South Africa
- More than every third South African receives money from others
- The number of people receiving Government grants (31%) continues to increase
- 7% of South Africans do not receive any money – their expenses are paid for by family/friends

## EMPLOYMENT STATUS

(n=3900)



## HOUSEHOLD DENSITY

	2012 Average number of people in household
<b>Total</b>	<b>4.1</b>
<b>LSM</b>	
1 – 2	3.1
3 – 4	4.0
5 – 6	4.4
7 – 8	4.1
9 – 10	3.3
<b>Geographical type</b>	
Urban formal	4.0
Rural formal	4.4
Tribal land	3.5



## NUMBER OF PEOPLE CONTRIBUTING TO THE HOUSEHOLD'S INCOME

	2012 Average number of income earners contributing to household
<b>Total</b>	<b>1.8</b>
<b>Monthly household income</b>	<b>%</b>
R1 – R999	1.2
R1 000 – R2 999	1.7
R3 000 – R7 999	2.0
R8 000 – R11 999	2.0
R12 000 – R24 999	2.1
R25 000 or more	2.0

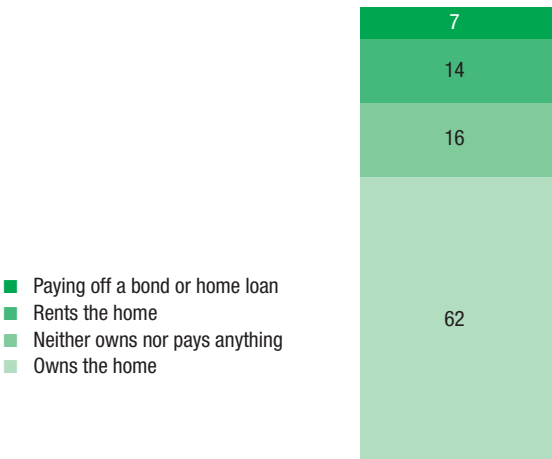
## SUMMARY

- The number of people claiming to earn a salary/wage as a main source of income has increased from 35% in 2011 to 37% in 2012
- There has been an increase in the number of people claiming to receive money from Government grants from 24% in 2011 to 29% in 2012
- Similar to 2011, the average number of people in the household is 4.1
- The average number of income contributors per household is 1.8 – large families place a heavy burden on the livelihoods of South Africans, especially within the lower income households
- Lower income households also have fewer income earners to support the family. This is especially true within tribal land areas where the larger household sizes are supported by few income earners

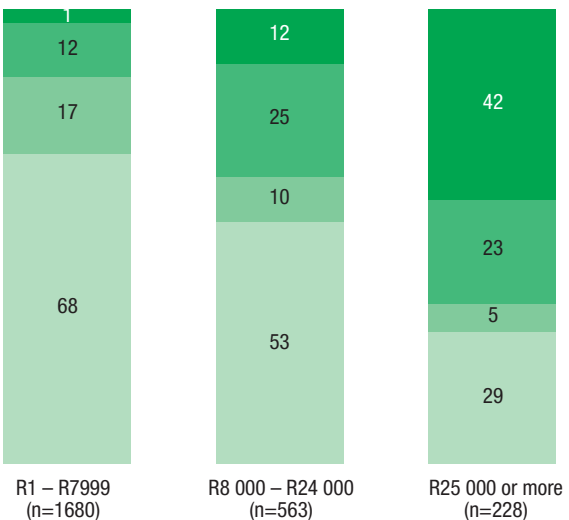
# Housing overview

Finscope South Africa provides a picture of the housing structure in which adults are residing:

- 62% of adults claim to live in a house that they own, while another 7% of adults currently pay off a home loan or bond – there is a considerable increase in home ownership compared to 2011, where 35% of adults claimed to own the house
- Home ownership is particularly high among people with low levels of household income, as well as in tribal land/informal urban settlements
- The incidence of home loan and bond repayments is particularly high among people with high levels of monthly household income (42% of people living in households earning R25 000 and more are currently paying off a home loan or bond)
- 16% stay in or occupy rent free houses, recording a further decline from 21% in 2011
- 14% of adults rent the houses/flat that they live in – a slight increase from 13% in 2011

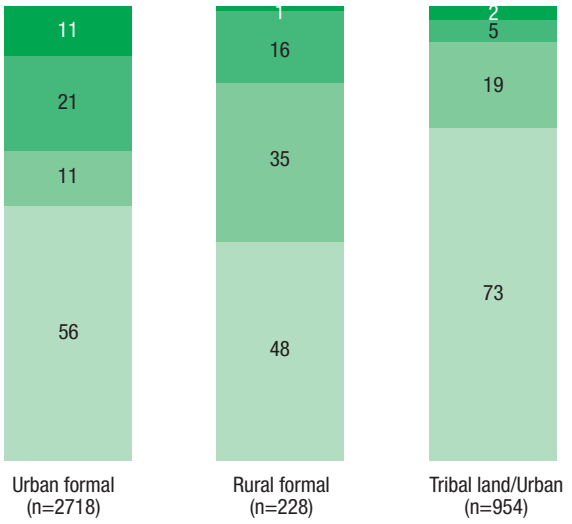


## HOUSEHOLD INCOME



- Paying off a bond or home loan
- Rents the home
- Neither owns nor pays anything
- Owns the home

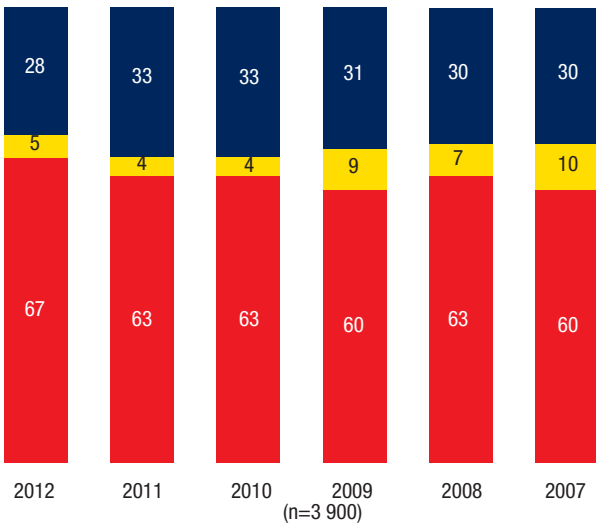
## AREA DEFINITION



- Paying off a bond or home loan
- Rents the home
- Neither owns nor pays anything
- Owns the home

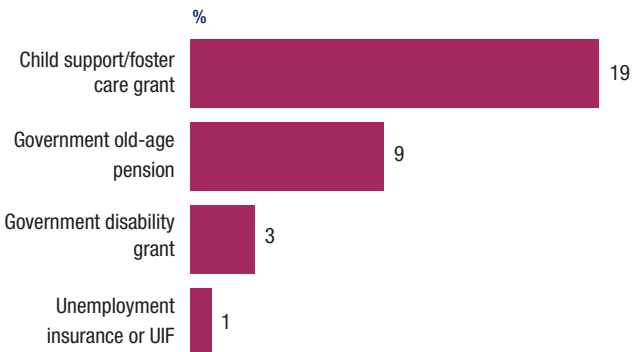
# Banking

- There has been a considerable increase in the banked population this year after remaining relatively stable in the last years, from 60% in 2009 to 67% in 2012
- A significant increase in the banked population at the bottom of the pyramid was recorded (LSM 1 – 2 increased from 23% in 2011 to 49% in 2012)
- There has been an increase in banking products, including the following:
  - Savings account usage has increased from 30% to 39%
  - Cellphone banking has increased from 8% to 11%
- However, there has been a drop in Mzansi usage
  - 23% of previous Mzansi users have dropped out of banking altogether. These are people who obtain money from family or have a piece job
  - 49% have up-scaled and 28% have switched to another entry-level product

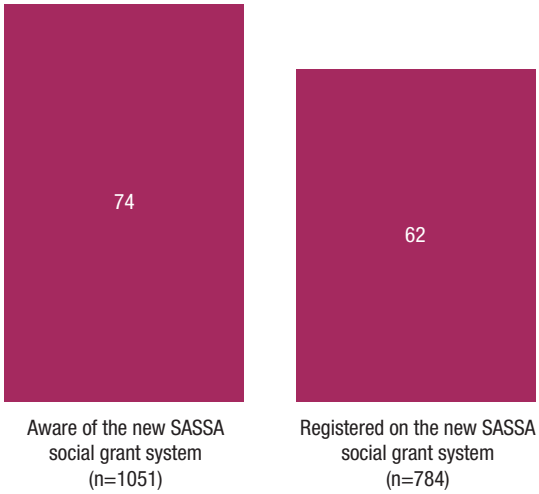


## INTRODUCTION OF THE NEW SASSA GRANT SYSTEM

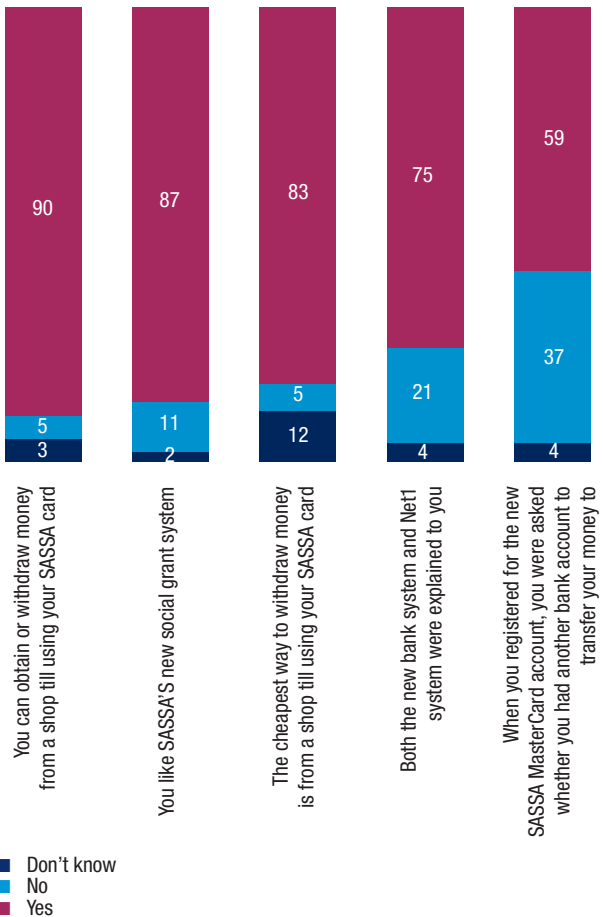
- 29% of adults in South Africa receive a form of Government grant – mainly child support/foster care grant (19%)
- Introduction of the new SASSA grant system contributed to the significant increase in the banked population, particularly at the bottom of the pyramid
- As majority of child support recipients are women, financial inclusion improved amongst women



- 12% of adults in SA have a SASSA MasterCard
- 87% of people registered on the new SASSA system said that they like it
- 83% registered on the new SASSA system agreed with the statement that the cheapest way to withdraw money from a shop till is using the new SASSA MasterCard

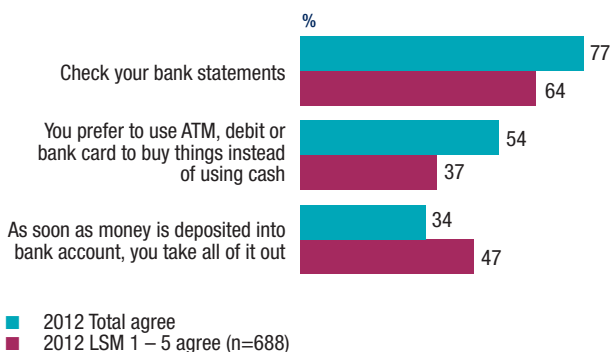


## PERCEPTIONS ABOUT THE NEW SASSA SYSTEM

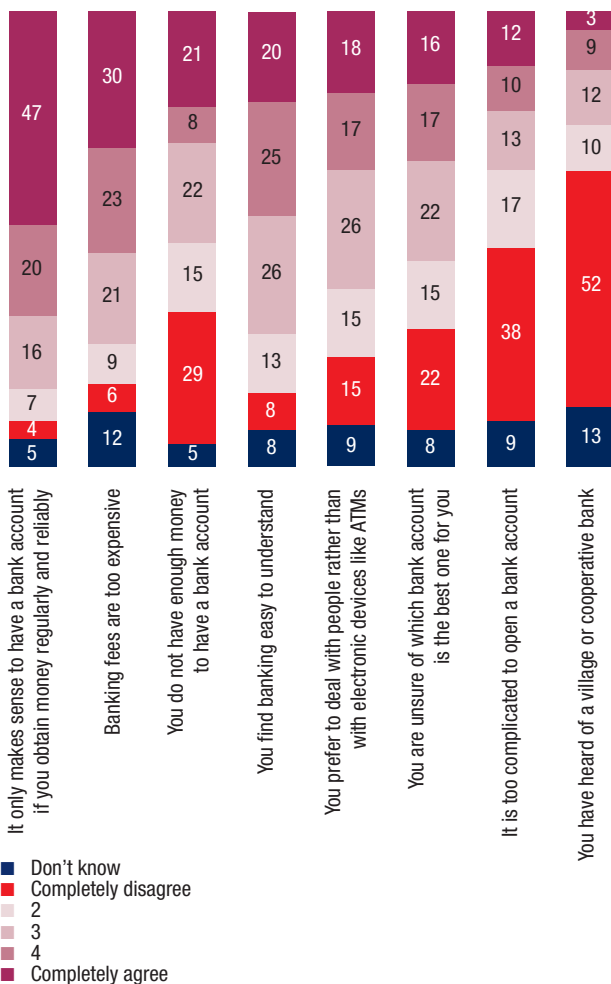


## STATEMENTS ABOUT BANKING BEHAVIOUR

- 77 % claim that they check their bank statements
- 34 % of people take out all their money as soon as it is deposited into their bank accounts – these individuals are predominantly:
  - From lower LSM groups
  - Living in rural areas
  - Female
  - Earning an irregular income from piece jobs
  - Also receiving social grants

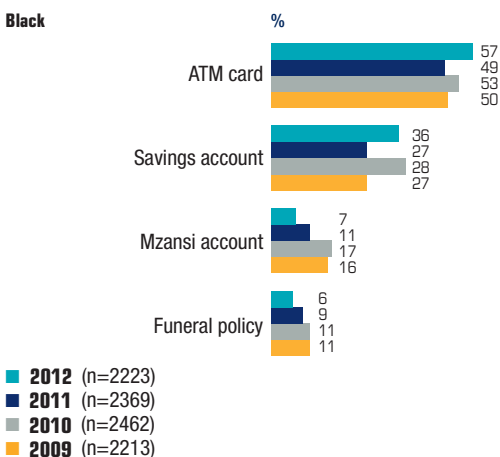


## STATEMENTS ABOUT BANKING ATTITUDES AND PERCEPTIONS

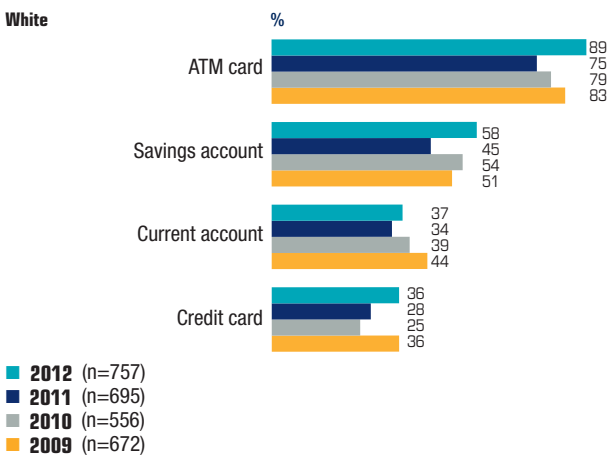


# TOP BANKING PRODUCTS PEOPLE HAVE BY RACE

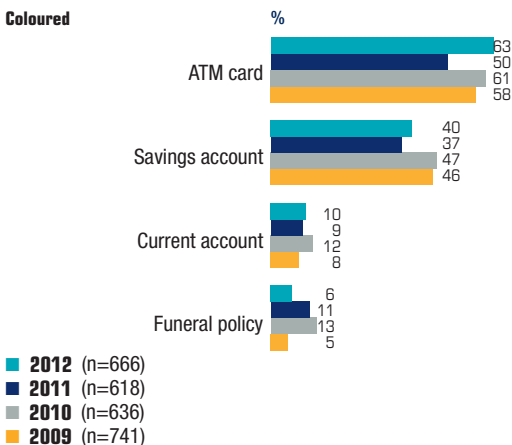
## Black



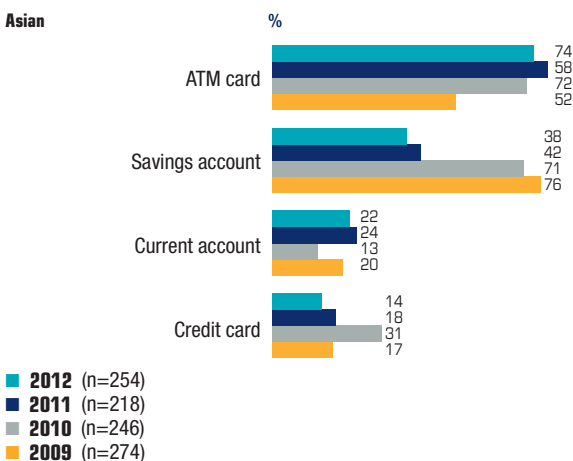
## White



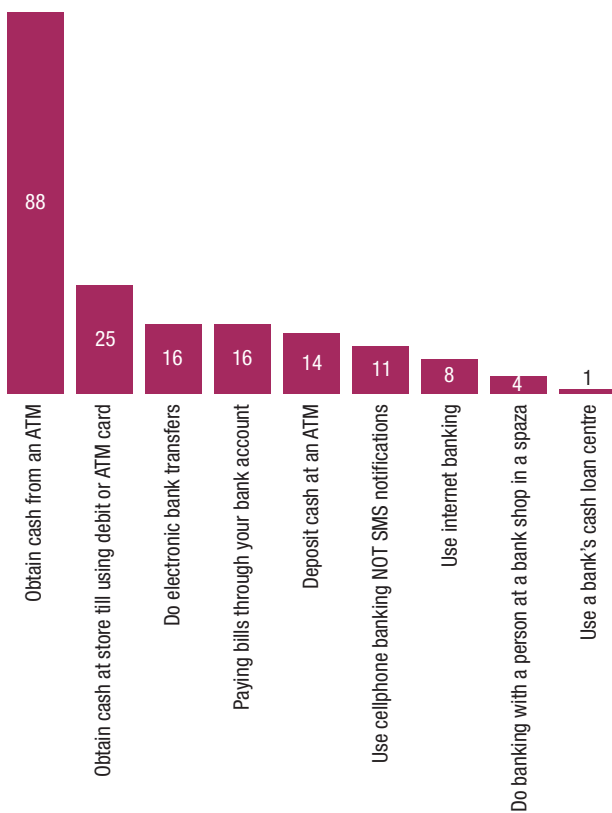
## Coloured



## Asian



## BANKING TRANSACTIONS CONDUCTED AT LEAST ONCE A MONTH BY THE BANKED POPULATION



## SUMMARY

- 47% say having a bank account only makes sense if money is received regularly and reliably
- 61% own an ATM or debit card
- 54% banked people prefer using bank cards instead of cash to buy things
- 30% say that banking fees are too expensive
- 39% claim to have a savings or money market account
- 25% banked receive cash at store till using a card at least once a month
- 12% say it is too complicated to open a bank account
- 34% banked people withdraw all their money in one go
- 83% registered on new SASSA system agreed with the statement that the cheapest way to withdraw money from a shop till is using the new SASSA

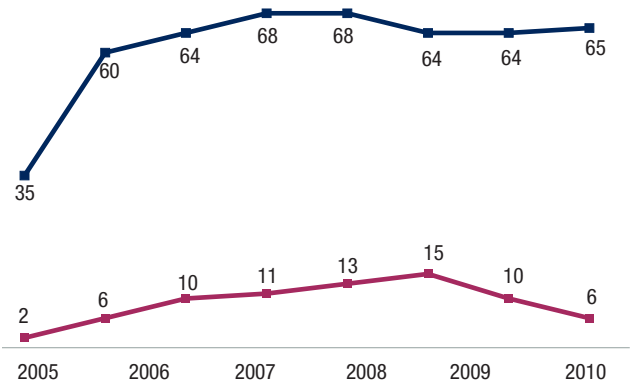
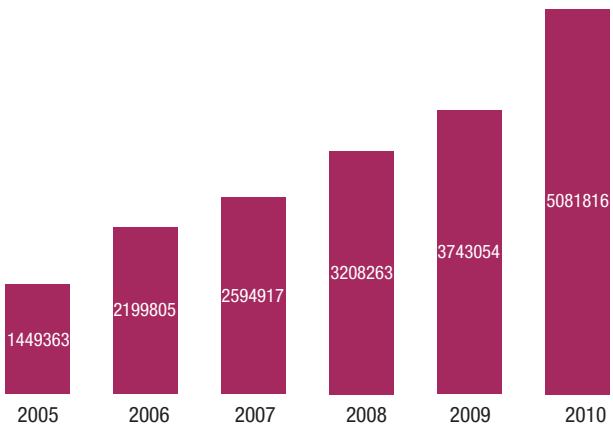
Across people registered on new SASSA system, 87% said they like it.



# Mzansi

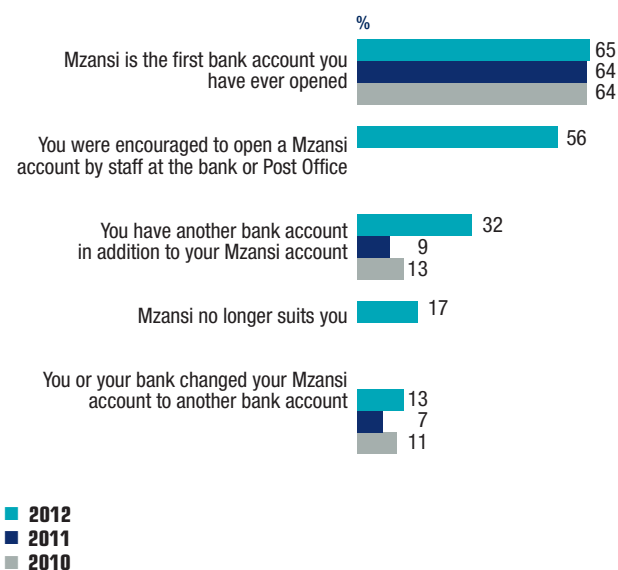
- The number of Mzansi accounts opened more than doubled (a 251% increase) between 2005 and 2010
- However, Mzansi account usage has decreased significantly by 9% points from 2010 to 2012
- This is driven by 17% of those who claimed that 'Mzansi account no longer suits their needs' and 13% have changed their Mzansi accounts to another bank account, while 0.9 million (3%) adults are lapsed Mzansi users
- In most instances, the Mzansi account offered an opportunity to account holders who have never had a bank account in the past

## NUMBER OF MSANZI ACCOUNTS VERSUS OVERALL USAGE



— Mzansi first bank account opened  
— Usage

## EXPERIENCE WITH MZANSI ACCOUNT (AMONG THOSE WHO HAVE OR USED TO HAVE IT)



- Mzansi account holders are mainly Black, residing in urban formal areas, with some high school education or Matric, LSM 4 – 6

## PROFILE OF MZANSI USERS

	Currently banked (n=2830)	Have Mzansi (n=197)
<b>Race</b>	<b>%</b>	<b>%</b>
Black	72	91
White	15	5
Coloured	10	1
Asian	3	3
<b>Province</b>	<b>%</b>	<b>%</b>
Eastern Cape	10	13
Free State	5	1
Gauteng	29	20
KwaZulu-Natal	18	20
Limpopo	11	16
Mpumalanga	7	3
Northern Cape	2	1
North West	5	8
Western Cape	13	18
<b>Area definition</b>	<b>%</b>	<b>%</b>
Urban formal	63	51
Urban informal	7	11
Rural formal	5	4
Tribal land	25	34
<b>Gender</b>	<b>%</b>	<b>%</b>
Male	46	44
Female	54	56
<b>Age</b>	<b>%</b>	<b>%</b>
16 – 17	1	1
18 – 29	32	39
30 – 44	34	30
45 – 59	20	21
60+	13	9
<b>Education</b>	<b>%</b>	<b>%</b>
No schooling	2	0
Primary school	9	8
Some high school	32	41
Matric	43	41
Apprenticeship	2	2
Diploma	8	3
University Degree	5	5
Other	0	0
<b>LSM</b>	<b>%</b>	<b>%</b>
LSM 1 – 2	3	1
LSM 3 – 4	12	18
LSM 5 – 6	51	59
LSM 7 – 8	18	14
LSM 9 – 10	17	7
<b>Personal income</b>	<b>%</b>	<b>%</b>
No income	6	3
R1 – R999	15	19
R1 000 – R2 999	29	38
R3 000 – R7 999	13	8
R8 000 – R11 999	5	4
R12 000 – R24 999	5	1
R25 000+	2	0
Refused/Uncertain/Don't know	25	27

Source: F4

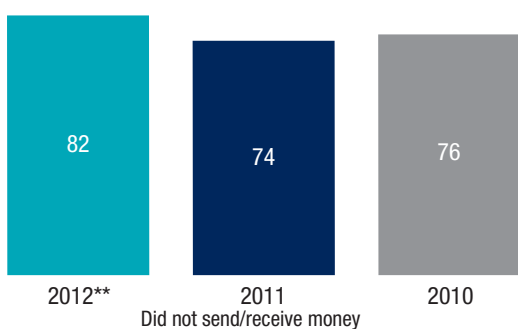
Read: 72% of banked adults in South Africa are Black.

## TRANSACTIONS CONDUCTED AT LEAST ONCE A MONTH BY MZANSI HOLDERS

	Total banked (n=2671)	Mzansi (n=335)
	%	%
Obtain cash from an ATM	88	87
Deposit cash at an ATM	25	25
Obtain cash at store till using debit or ATM card	16	22
Paying bills through your bank account	16	10
Use cellphone banking NOT SMS notifications	11	8
Do electronic bank transfers or EFT or debit order	16	6
Do banking with a person at a bank shop	4	4
Use internet banking	8	3
Use a bank's cash loan centre	1	2

# Sending and receiving money (Remittances)

- 18% (6.1 million) of adults either send or receive money to/from family members, parents, and children
- Those who send and receive remittances are almost wholly separate groups
- 10% receive remittances and 9% send remittances
- Sending cash through family and friends is still the most common channel for both senders and receivers, followed by the bank/ATM
- Of those who receive remittances, 4% claim this originates from outside South Africa



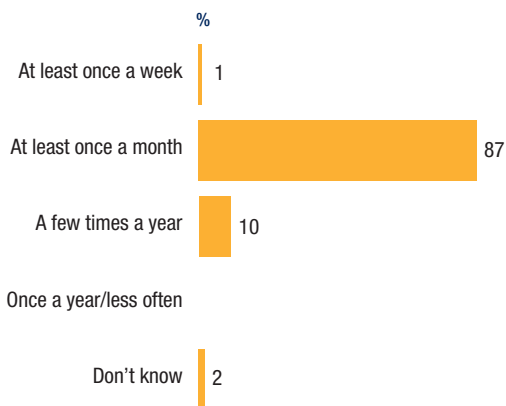
■ 2012  
■ 2011  
■ 2010

\*\* Question flow and routing revised in 2012

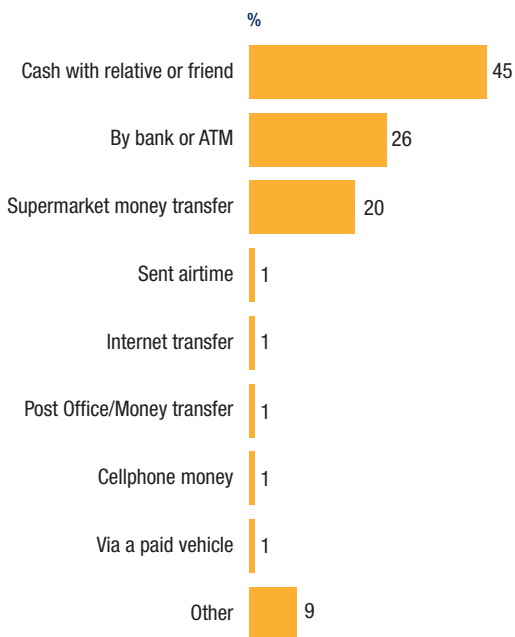
## REMITTANCES SENT

- 9% send money to people who live outside the household
- 7% send money to people who live outside South Africa

## FREQUENCY OF SENDING MONEY TO PEOPLE LIVING OUTSIDE YOUR HOUSEHOLD



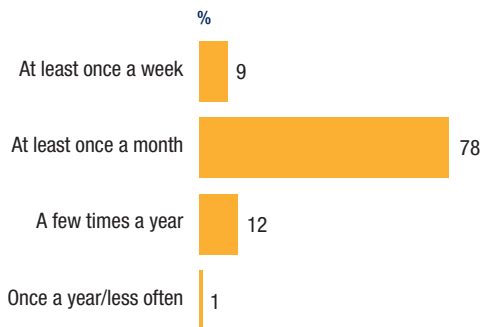
## CHANNELS USED FOR SENDING MONEY TO PEOPLE LIVING OUTSIDE YOUR HOUSEHOLD



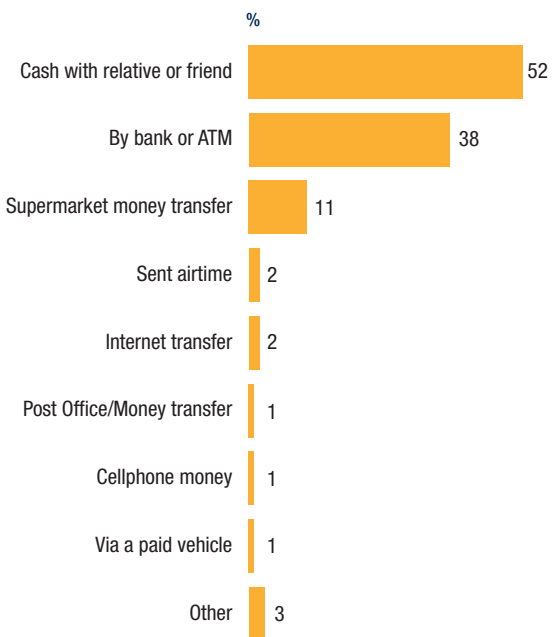
## REMITTANCES RECEIVED

- 10% receive money from people who live outside the household
- 4% receive money from people who live outside South Africa

## FREQUENCY OF RECEIVING MONEY FROM PEOPLE LIVING OUTSIDE YOUR HOUSEHOLD



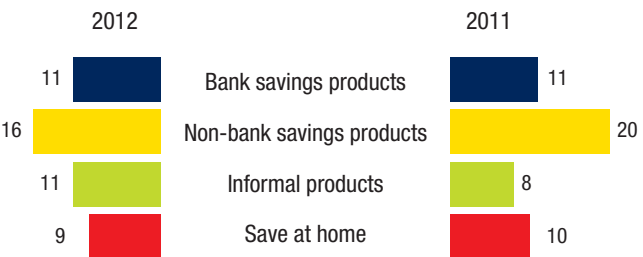
## CHANNELS USED FOR RECEIVING MONEY FROM PEOPLE LIVING OUTSIDE YOUR HOUSEHOLD



# Savings and investments

- 25% (8.3 million) save money on a regular basis, while just above 25% (8.5 million) claim to have enough money to save after covering all spending needs
- 11 million people (33%) have/use savings products:
  - 3.7 million save through banks, mainly through deposit account (fixed and/or notice accounts)
  - 5.4 million (a decline from 6.7 million in 2011) save through non-bank institutions (retirement products; investment/savings policy)
  - 3.7 million individuals, up from 2.8 million in 2011 use informal mechanisms such as stokvels and savings clubs to save their money
- 1 in 11 (3 million) adults keep or save their money at home for a specific purpose
- The overall number of South Africans with savings products declined from 35% in 2010 to 33% in 2012 – a significant decline occurred in the formal savings products
- Savings behaviour is directly linked to individual income – those who earn a low income (less than R3 000 personal monthly ), tend not to save or save at home or with other people and informally
- 83% of people do not own a retirement, pension or provident product – 48% of adults worry that they won't have enough money for old age or retirement
- 58% of adult South Africans claim that it is important to have money available in case of an emergency. Other reasons people would save for include providing for family in the event of death (47%); funeral (41%); old age (37%) and education/school fees (34%)
- 4.5 million adults are no longer saving or have savings products - about half of those who have/ had investment/savings products state that they are no longer saving because they cannot afford to save

## SAVINGS MECHANISMS/PRODUCTS





## SAVINGS/INVESTMENT PENETRATION AND PRODUCT MECHANISMS

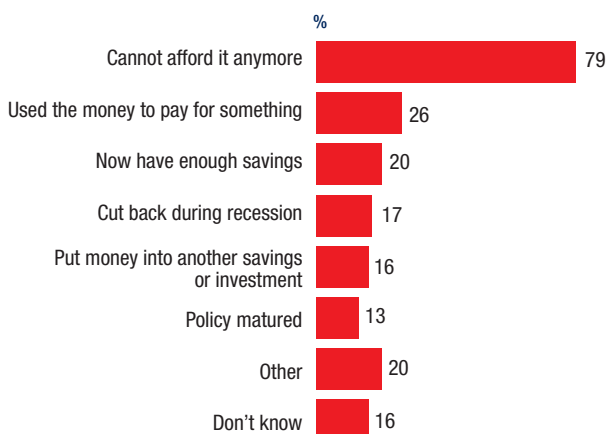
	2012	2011	2010	2009	2008	2007
<b>Investment and savings products – formal</b>	<b>13%</b>	<b>17%</b>	<b>17%</b>	<b>11%</b>	<b>10%</b>	<b>11%</b>
Investment/savings policy	4	7	8	5	5	4
Deposit account	8	7	6	5	6	5
Education policy/plan	2	2	4	2	3	3
Savings book at bank	2	4	4	3	3	3
Endowment policy with or without death/disability cover	1	2	2	3	4	3
Unit trust	1	1	2	1	1	1
Shares on the stock exchange	1	0	1	0	1	1
Cooperative or village banks savings	0	0	0	0	0	1
<b>Investment and savings products – savings clubs</b>	<b>18%</b>	<b>12%</b>	<b>13%</b>	<b>20%</b>	<b>15%</b>	<b>13%</b>
Keep cash or savings at home	9	10	7	13	8	7
*Stokvel/umgalelo/savings club	12	4	7	8	9	6
Giving money to someone for safe keeping	2	2	1	2	1	1

\*Questionnaire restructured to probe into usage of stokvels and savings clubs

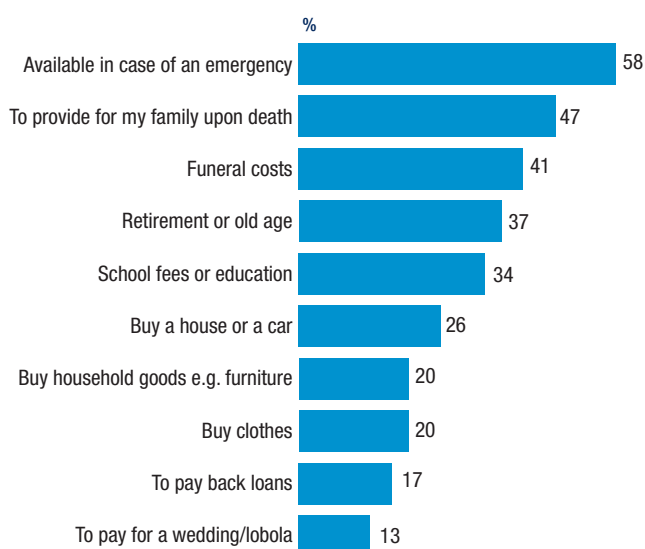
## PROFILE OF PEOPLE WHO SAVE

	Total (n=3900)	Formal investments or retirement products (n=902)	Stokvel, savings or investment club (n=356)	Save at home/give money to others (n=336)
<b>Race</b>	%	%	%	%
Black	77	52	92	71
White	10	9	2	11
Coloured	3	5	0	4
Asian	11	34	6	14
<b>Gender</b>	%	%	%	%
Male	47	56	29	46
Female	53	44	71	54
<b>Age</b>	%	%	%	%
16 – 17	4	0	0	3
18 – 29	37	18	29	29
30 – 44	29	44	44	35
45 – 59	18	26	20	24
60+	12	12	7	10
<b>LSM</b>	%	%	%	%
LSM 1 – 2	4	1	2	1
LSM 3 – 4	18	3	10	14
LSM 5 – 6	52	27	57	51
LSM 7 – 8	14	28	20	16
LSM 9 – 10	12	41	11	19
<b>Personal income</b>	%	%	%	%
No income	12	1	3	4
R1 – R999	20	1	15	14
R1 000 – R2 999	26	8	29	29
R3 000 – R7 999	10	22	17	17
R8 000 – R11 999	3	12	6	5
R12 000 – R24 999	4	16	5	4
R25 000+	1	5	2	1
Refused/Uncertain/ Don't know	24	34	22	25

## TOP REASONS FOR NOT HAVING/USING SAVINGS PRODUCTS ANYMORE



## DRIVERS OF SAVINGS



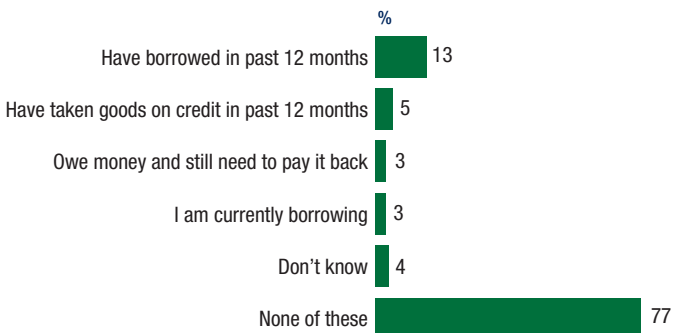
## SUMMARY

- 25% claim to have enough money to save after covering all spending needs
- 83% people do **not** own a retirement, pension or provident product
- 48% worried that they won't have enough money for old age or retirement
- 4 in 5 who **cancelled a savings product** said they could no longer afford it– skew **30 – 44 years**, low education and low income
- Those who **cancelled savings products** due to recession skew R8 000+ income
- Those **without savings** skew to unbanked and **under 30 years old**

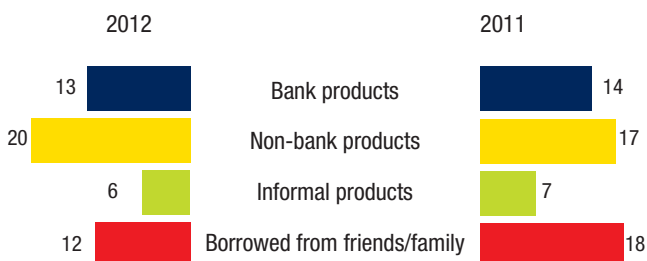
# Borrowing and loans/credit

- The percentage of adults with credit products (formal and informal) has increased slightly from 28% in 2011 to 29% in 2012 (particularly due to an increase in non-bank formal credit products)
- However, including borrowing from family and friends, overall borrowing has decreased from 39% in 2011 to 35% in 2012 – borrowing from family and friends accounted for the increase in last years figures from 9% in 2010 to 18% in 2011, and decreased to 12% in 2012
- Borrowing in 2012 continues to be linked mostly to essential purchases such as food and electricity – of those who have borrowed money or taken out a loan, 32% said this was for food, which is a significant increase from 18% in 2010 and 26% in 2011
- This is even worse for people in low LSM groups as every second adult in LSM 1 – 5 who borrowed money said that this was for food
- This borrowing behaviour suggests that people continue to experience financial strain and at times tend to spend more than they have available
- 5% (1.7 million) of the adult population who wanted to borrow money in the past 12 months prior to the FinScope survey could not obtain it because:
  - 36% did not receive a salary
  - 30% did not qualify
  - 16% had a poor credit record
- 29% of adults in South Africa claim that they definitely would borrow money to buy or start their own business
- 22% of the population would go to a mashonisa as a last resort

## CLAIMED BORROWING



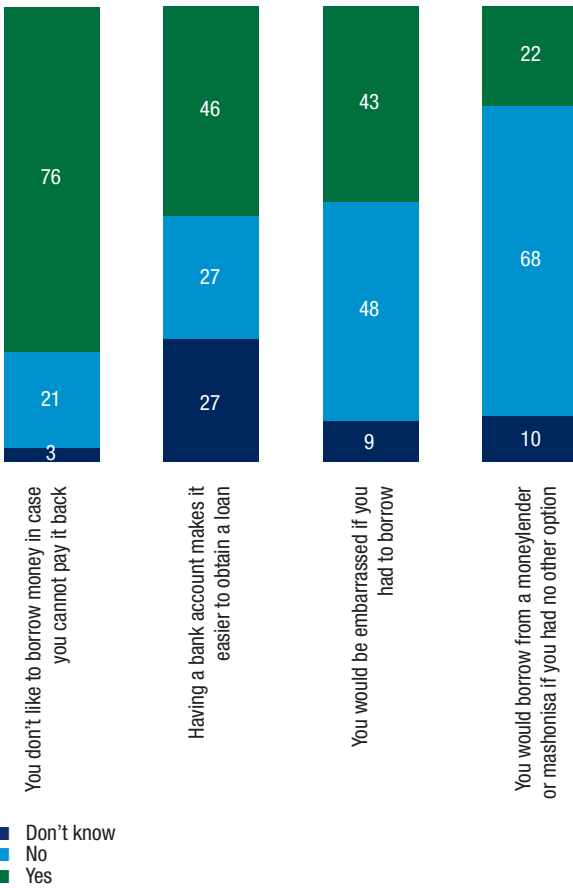
## BORROWING MECHANISMS/PRODUCTS



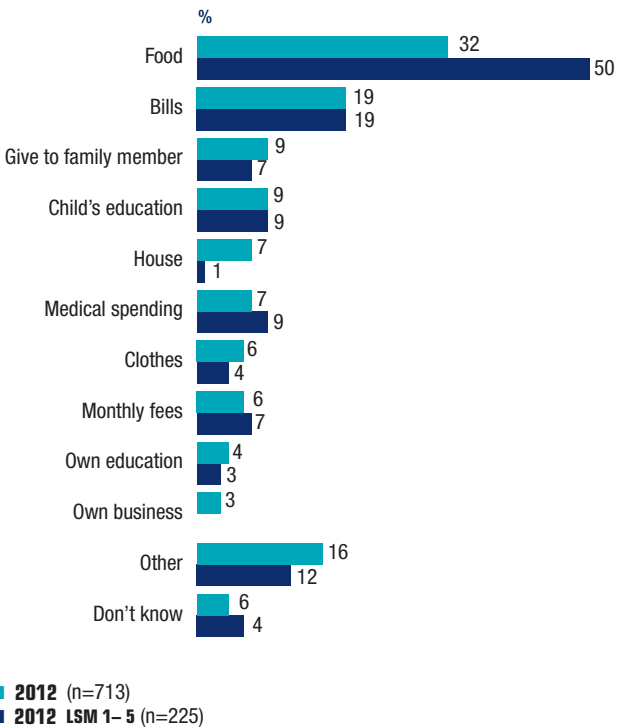
## BORROWING/CREDIT PENETRATION AND PRODUCT MECHANISMS

	2012	2011	2010	2009	2008	2007
<b>Credit and loan products held – formal</b>	<b>25%</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>	<b>16%</b>	<b>26%</b>
Store card or account	18	17	10	19	9	16
Credit card	8	6	7	8	5	9
Home loan	6	5	5	5	5	6
Vehicle finance through bank or dealer	4	4	5	4	3	3
Personal loan from big bank	3	5	5	3	3	4
Overdraft facility	3	3	3	3	2	2
Personal loan from smaller bank	n/a	1	1	1	1	1
Personal loan from a retail store	1	1	1	3	2	5
<b>Credit and loan products held – informal</b>	<b>15%</b>	<b>15%</b>	<b>8%</b>	<b>14%</b>	<b>13%</b>	<b>8%</b>
Borrowing from friends or family	12	18	9	12	11	5
Borrowing from colleague	1	3	n/a	n/a	n/a	n/a
Borrowing from local spaza	1	2	2	1	1	1
Borrowing from a mashonisa/loan shark	1	1	1	2	1	n/a
Borrowing from a stokvel/umgalelo/savings club	3	1	1	1	1	1
Borrowing from employer	1	1	1	0	1	1
Borrowing from or arrangement with pawn shop	0	0	0	0	0	n/a

## ATTITUDES TOWARDS BORROWING

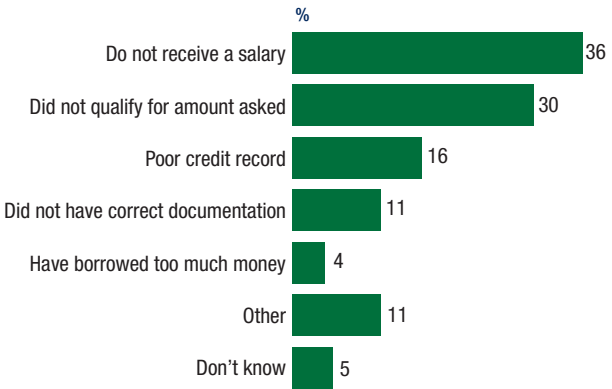


## TOP REASONS FOR BORROWING – WHAT ARE PEOPLE BORROWING FOR?

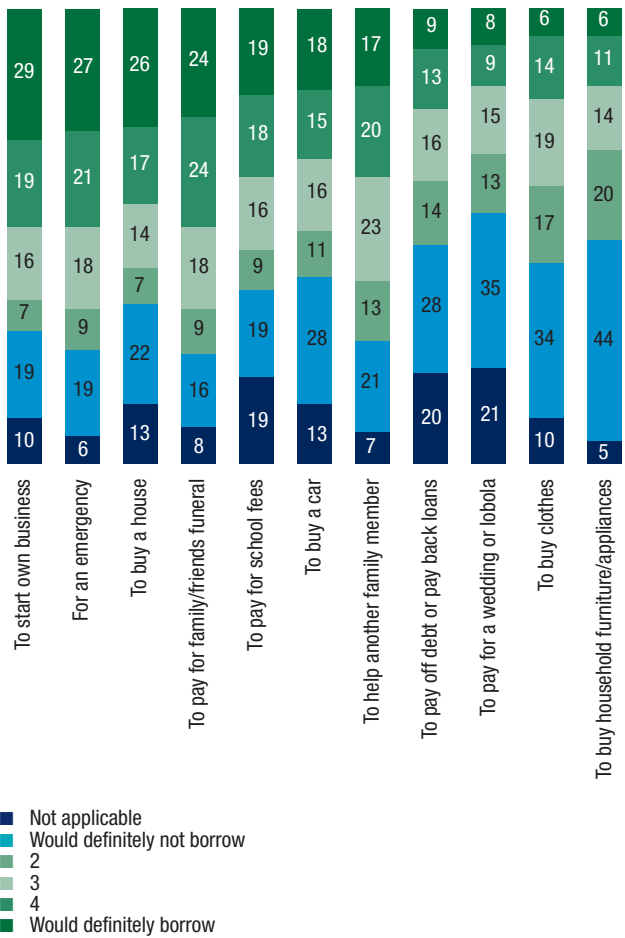


- Borrowing is mostly linked to essential purchases such as food and electricity – of those who have borrowed money or taken out a loan, 32% said this was for food
- This is even worse for people in low LSM groups as every second adult in LSM 1 – 5 who borrowed money said that this was for food

## TOP REASONS FOR NOT RECEIVING CREDIT



## BORROWING NEEDS – WHAT WOULD PEOPLE BORROW FOR?



## SUMMARY

- 76% don't like borrowing money
- 43% embarrassed to borrow
- 22% would go to a mashonisa as a last resort

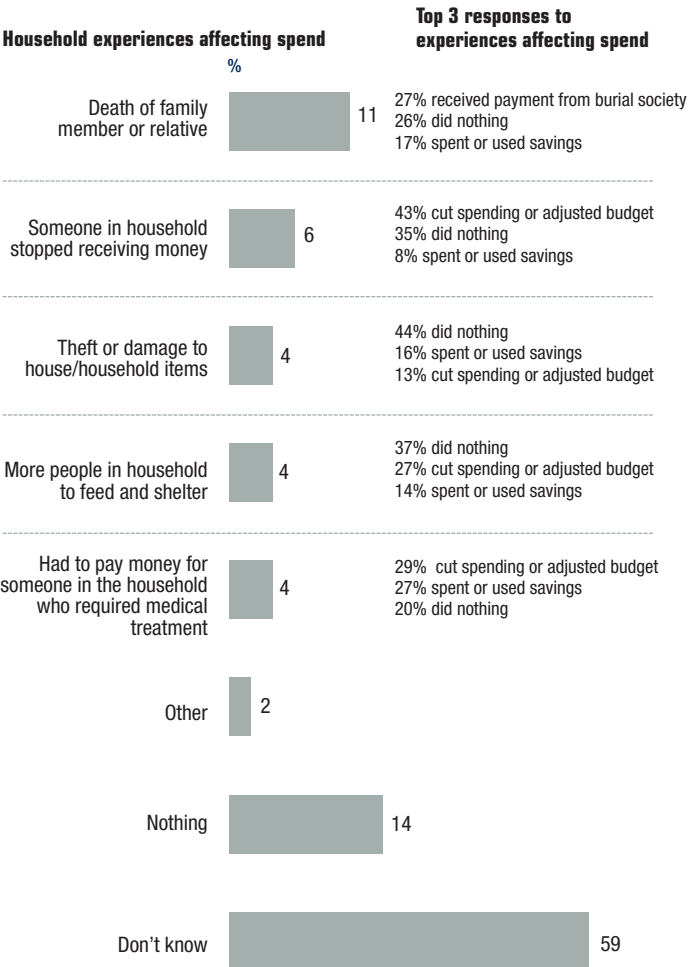
Of those who do borrow,

- 32% claim that this is to buy food – lower income skew

# Insurance

## RISKS FACED: MAIN THREAT TO INCOME

What did the household experience that affected their spend and how did they respond?

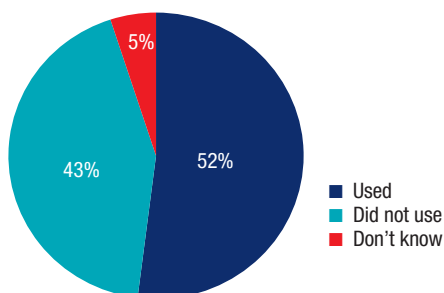


- Of those who experienced a death of a family member or relative, 27% claimed to have received payment from a burial society
- A death in the family or funeral expenses are seen as the main threat to the family income or livelihood
- Hence, funeral cover is the most popular insurance



## BROKER/FINANCIAL ADVISORY

- Of those that use insurance products, 52% claimed to have used a broker or financial advisor



## PROFILE OF PEOPLE WHO USE BROKERS/FINANCIAL ADVISORS

	2012 (n=3900)	2011 (n=3900)	2010 (n=3900)
<b>Race</b>	%	%	%
Black (n=2223)	5	3	8
White (n=757)	42	26	25
Coloured (n=666)	20	5	5
Asian (n=254)	5	19	19
<b>Gender</b>			
Male (n=1553)	10	6	8
Female (n=2347)	8	5	5
<b>Area definition</b>			
Urban formal (n=2718)	15	8	10
Urban informal (n=276)	3	5	3
Rural formal (n=228)	2	10	6
Tribal land (n=678)	2	1	1
<b>LSM</b>			
LSM 1 – 2 (n=97)	1	2	0
LSM 3 – 4 (n=528)	1	2	1
LSM 5 – 6 (n=1758)	3	2	2
LSM 7 – 8 (n=7753)	16	11	10
LSM 9 – 10 (n=742)	40	53	53
<b>Personal monthly income</b>			
Irregular monthly income	n/a	2	2
Receive money, not monthly	n/a	0	0
No income (n=387)	1	0	1
R1 – R999 (n=655)	0	1	0
R1 000 – R2 999 (n=970)	2	2	2
R3 000 – R7 999 (n=455)	19	8	27
R8 000 – R11 999 (n=173)	29	23	16
R12 000 – R24 999 (n=206)	51	42	25
R25 000+ (n=46*)	65	55	36
Refuse/Uncertain/Don't know (n=1008)	13	7	16

## INSURANCE PRODUCT USAGE

- 2012 saw a further decline in insurance product penetration from 19.5% in 2011 to 17% in 2012 meaning that 5.7 million adults have at least one or more insurance products (e.g. life insurance, asset insurance, health insurance, and/or income insurance)
- A decline in insurance product penetration can be seen across all the categories, besides income insurance. Income/salary cover increased by 1% point
- Uptake of insurance is particularly low among people in lower LSM groups. Only 3% of people in LSM 1 – 5 have insurance product(s) – uptake is driven by life cover and cellphone insurance
- Life insurance continues to decline: 12% (4.1 million) of adults in South Africa have some life assurance covering defined risks, compared to 14% in 2011
- There is a decline particularly among Asian/ Indian adults, among people residing in rural formal areas, as well as among people in low income groups
- Monetary reasons (cannot afford/too expensive) is stated as the primary reason for not having life insurance or life cover
- The need for consumer education is again highlighted since many have never thought of it, do not want it, do not know enough about it, or do not believe in it
- 5% of adults currently have household contents insurance in their name while another 2% are covered by someone else
- Household contents insurance is common among women than men (55% compared to 45% respectively)

## INSURANCE PRODUCT PENETRATION

	2012 (n=3900)	2011 (n=3900)	2010 (n=3900)
Insurance penetration	17%	19.5%	25.8%
Life assurance	12%	14%	23%
Life insurance/life cover	12	14	19
Insurance that pays your loan when you die	1	3	4
Physical asset insurance	10%	11%	15%
Vehicle insurance	7	7	11
Household contents insurance	5	7	9
Building insurance	4	5	7
Cellphone insurance	3	2	5
Insurance for hand tools/agricultural employment	0	1	1
Health insurance	9%	10%	14%
Medical aid	8	9	14
Dreaded disease insurance	3	2	2
Hospital cash plan	2	2	2
Income insurance	7%	6%	7%
Personal accident insurance or cover	4	4	5
Disability insurance or cover	4	4	5
Loss of earnings (not referring to UIF)	2	2	2
Income/salary cover (pays out if you get retrenched)	2	1	0
Liability/defence insurance	2%	2%	2%
Professional indemnity cover	0	1	1
Legal insurance	1	2	2

## FORMAL INSURANCE WHAT IS THE TAKE-UP ACROSS GROUPS?

	Formal insurance	Asset	Health	Life insurance or life cover	Loss of earnings	Funeral excl. undertaker
<b>Race</b>	%	%	%	%	%	%
Black (n=2223)	17	4	4	7	2	14
White (n=757)	80	56	45	52	13	56
Coloured (n=666)	92	27	22	35	5	79
Asian (n=254)	10	5	4	5	1	6
<b>Gender</b>	%	%	%	%	%	%
Male (n=1553)	25	11	10	13	3	20
Female (n=2347)	23	8	8	10	3	18
<b>Area definition</b>	%	%	%	%	%	%
Urban formal (n=2718)	36	16	15	19	5	28
Urban informal (n=276)	16	4	2	4	0	14
Rural formal (n=228)	16	0	1	5	0	13
Tribal land (n=678)	8	1	1	2	1	6
<b>LSM</b>	%	%	%	%	%	%
LSM 1 – 2 (n=97)	7	1	0	1	0	7
LSM 3 – 4 (n=528)	7	1	1	0	1	5
LSM 5 – 6 (n=1758)	15	2	2	4	1	12
LSM 7 – 8 (n=7753)	45	16	18	25	4	36
LSM 9 – 10 (n=742)	72	51	43	48	13	51

## TRACKING THE LIFE COVER MARKET WHAT IS THE TAKE-UP ACROSS GROUPS?

	2012	2011	2010
<b>Race</b>	%	%	%
Black (n=2223)	7	8	14
White (n=757)	45	44	48
Coloured (n=666)	11	15	17
Asian (n=254)	17	30	14
<b>Gender</b>	%	%	%
Male (n=1553)	13	16	21
Female (n=2347)	10	11	16
<b>Area definition</b>	%	%	%
Urban formal (n=2718)	19	19	25
Urban informal (n=276)	4	8	14
Rural formal (n=228)	5	14	11
Tribal land (n=678)	2	4	9
<b>LSM</b>	%	%	%
LSM 1 – 2 (n=97)	1	4	5
LSM 3 – 4 (n=528)	0	3	6
LSM 5 – 6 (n=1758)	4	5	8
LSM 7 – 8 (n=7753)	25	20	27
LSM 9 – 10 (n=742)	48	45	48
<b>Personal monthly income</b>	%	%	%
Irregular monthly income	n/a	0	5
Receive money, not monthly	n/a	4	5
No income (n=387)	1	0	0
R1 – R999 (n=655)	0	2	1
R1 000 – R2 999 (n=970)	4	7	3
R3 000 – R7 999 (n=455)	21	27	64
R8 000 – R11 999 (n=173)	37	56	49
R12 000 – R24 999 (n=206)	62	59	78
R25 000+ (n=46*)	81	89	86
Refuse/Uncertain/Don't know (n=1008)	18	18	34

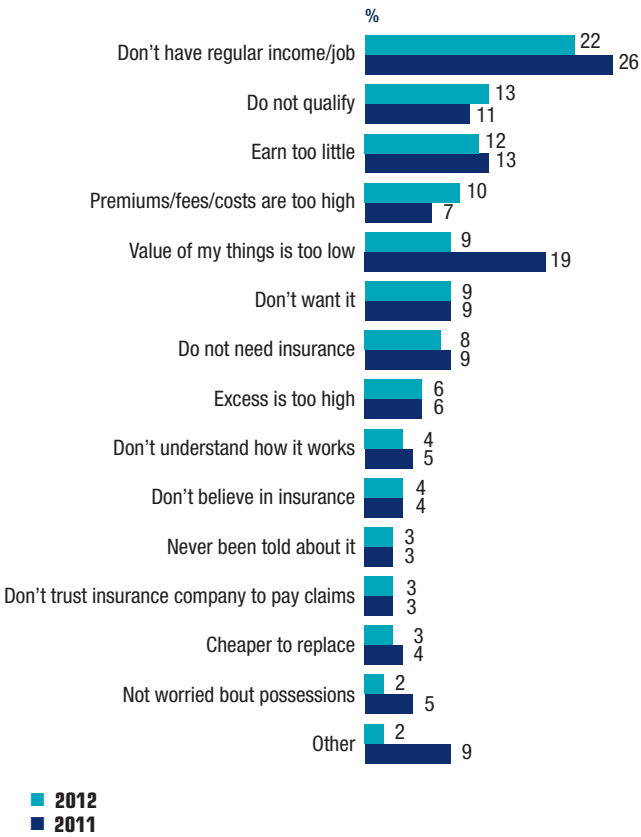
## TRACKING THE ASSET INSURANCE MARKET

	2012	2011	2010
<b>Race</b>	%	%	%
Black (n=2223)	4	4	8
White (n=757)	49	51	58
Coloured (n=666)	8	12	19
Asian (n=254)	17	25	36
<b>Gender</b>	%	%	%
Male (n=1553)	11	14	17
Female (n=2347)	8	8	13
<b>Area definition</b>	%	%	%
Urban formal (n=2718)	16	17	23
Urban informal (n=276)	4	2	6
Rural formal (n=228)	0	13	10
Tribal land (n=678)	1	2	3
<b>LSM</b>	%	%	%
LSM 1 – 2 (n=97)	1	0	0
LSM 3 – 4 (n=528)	1	1	0
LSM 5 – 6 (n=1758)	2	2	4
LSM 7 – 8 (n=7753)	16	13	20
LSM 9 – 10 (n=742)	51	48	53
<b>Personal monthly income</b>	%	%	%
Irregular monthly income	n/a	1	5
Receive money, not monthly	n/a	0	2
No income (n=387)	1	0	3
R1 – R999 (n=655)	1	1	1
R1 000 – R2 999 (n=970)	2	3	5
R3 000 – R7 999 (n=455)	13	17	60
R8 000 – R11 999 (n=173)	32	34	30
R12 000 – R24 999 (n=206)	63	70	75
R25 000+ (n=46*)	87	93	86
Refuse/Uncertain/Don't know (n=1008)	15	16	32

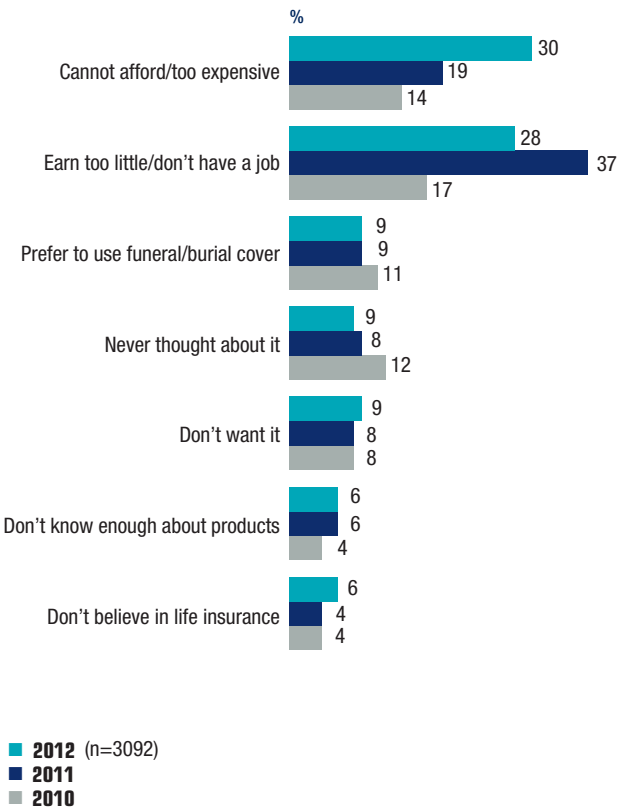
## TRACKING THE ASSET INSURANCE MARKET

	2012	2011	2010
<b>Race</b>	%	%	%
Black (n=2223)	4	4	8
White (n=757)	49	51	58
Coloured (n=666)	8	12	19
Asian (n=254)	17	25	36
<b>Gender</b>	%	%	%
Male (n=1553)	11	14	17
Female (n=2347)	8	8	13
<b>Area definition</b>	%	%	%
Urban formal (n=2718)	16	17	23
Urban informal (n=276)	4	2	6
Rural formal (n=228)	0	13	10
Tribal land (n=678)	1	2	3
<b>LSM</b>	%	%	%
LSM 1 – 2 (n=97)	1	0	0
LSM 3 – 4 (n=528)	1	1	0
LSM 5 – 6 (n=1758)	2	2	4
LSM 7 – 8 (n=7753)	16	13	20
LSM 9 – 10 (n=742)	51	48	53
<b>Personal monthly income</b>	%	%	%
Irregular monthly income	n/a	1	5
Receive money, not monthly	n/a	0	2
No income (n=387)	1	0	3
R1 – R999 (n=655)	1	1	1
R1 000 – R2 999 (n=970)	2	3	5
R3 000 – R7 999 (n=455)	13	17	60
R8 000 – R11 999 (n=173)	32	34	30
R12 000 – R24 999 (n=206)	63	70	75
R25 000+ (n=46*)	87	93	86
Refuse/Uncertain/Don't know (n=1008)	15	16	32

## REASONS FOR NOT HAVING HOUSEHOLD CONTENTS INSURANCE



## REASONS FOR NOT HAVING LIFE INSURANCE

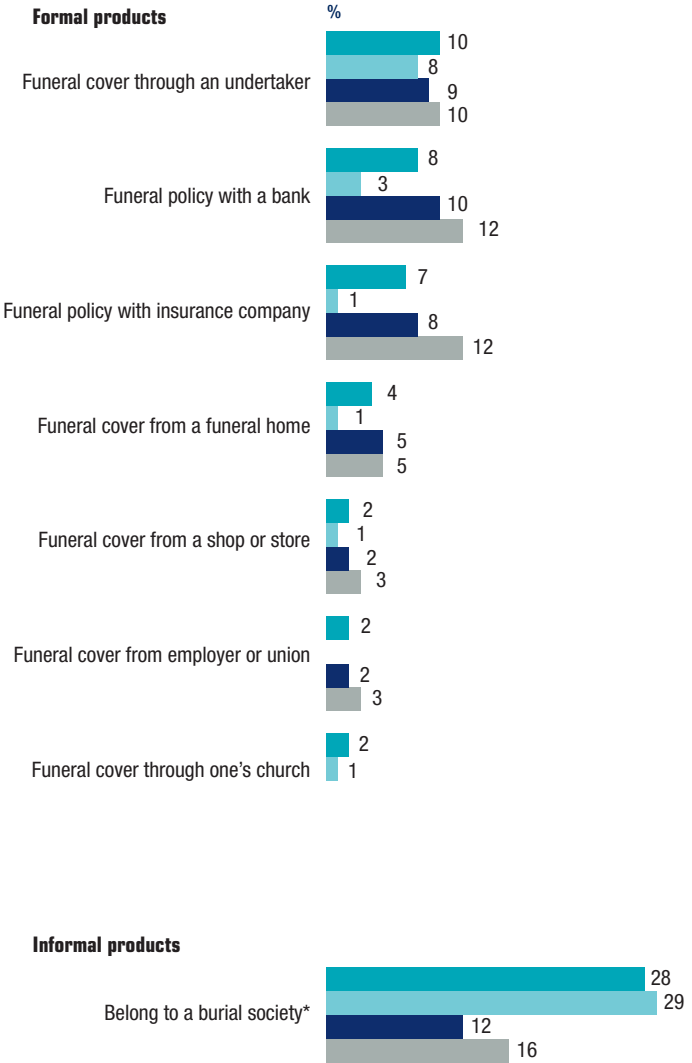




# Funeral cover

- The usage of burial societies increased significantly from 12% in 2011 to 28% in 2012. (This is not a real increase but a questionnaire restructuring to probe into burial societies)
- However, there has been a further decrease in formal funeral products with a bank and an insurance company
- The reason for not having funeral cover or belonging to a burial society is increasingly linked to the lack of funds

## REASONS FOR NOT HAVING LIFE INSURANCE

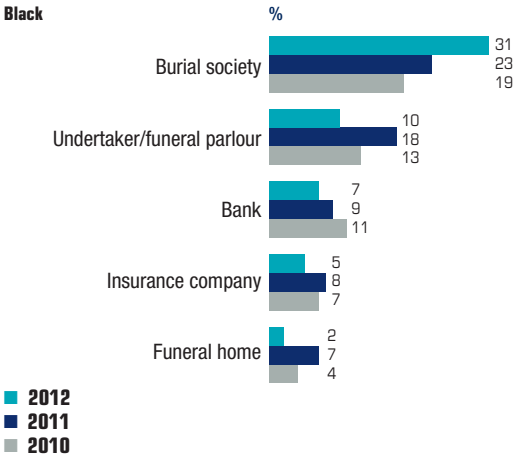


\*Note: Questionnaire restructured to probe into burial societies

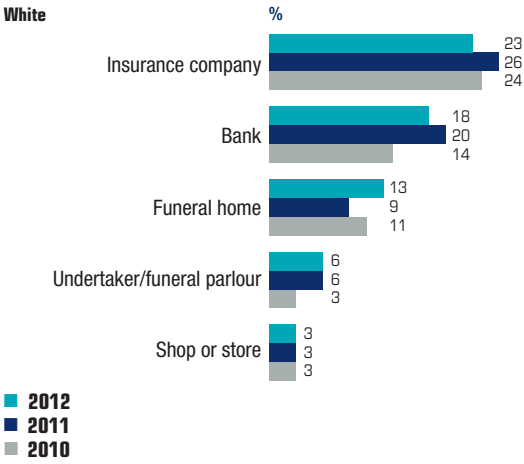
- 2012
- 2012 LSM 1 – 5 (n=1420)
- 2011
- 2010

## TOP FUNERAL COVER PEOPLE HAVE BY RACE

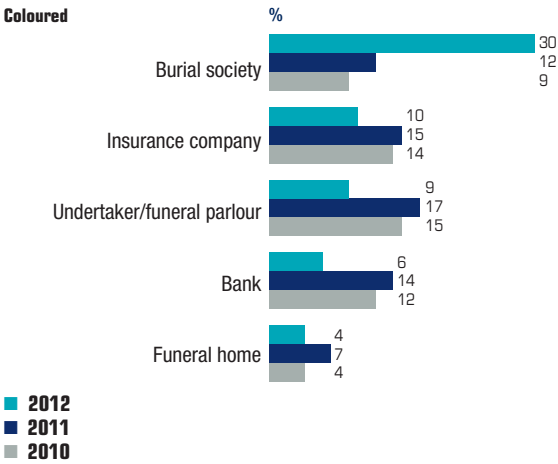
### Black



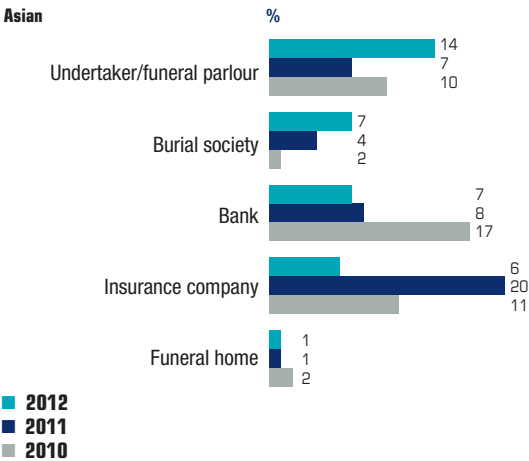
### White



### Coloured



### Asian



## PROFILE OF FUNERAL COVER

	Total 2012 (n=3900)	Formal (n=1189)	Burial (n=873)
<b>Race</b>	%	%	%
Black	77	63	85
White	10	12	10
Coloured	3	4	1
Asian	11	21	4
<b>Gender</b>	%	%	%
Male	47	47	39
Female	53	53	61
<b>Age</b>	%	%	%
16 – 17	4	0	1
18 – 29	37	18	22
30 – 44	29	39	35
45 – 59	18	25	22
60+	12	18	19
<b>LSM</b>	%	%	%
LSM 1 – 2	4	2	4
LSM 3 – 4	18	8	14
LSM 5 – 6	52	42	61
LSM 7 – 8	14	24	15
LSM 9 – 10	12	25	6
<b>Personal income</b>	%	%	%
No income	12	2	3
R1 – R999	20	7	18
R1 000 – R2 999	26	25	37
R3 000 – R7 999	10	18	11
R8 000 – R11 999	3	8	3
R12 000 – R24 999	4	9	3
R25 000+	1	3	1
Refused/Uncertain/Don't know	24	27	22

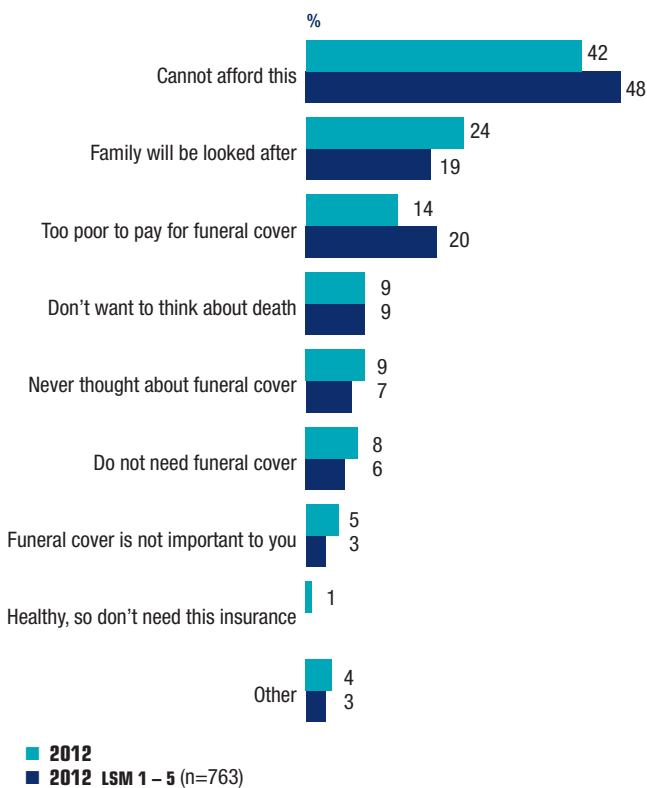
## TRACKING THE BURIAL SOCIETY MARKET

	2012	2011	2010
<b>Race</b>	%	%	%
Black (n=2223)	31	14	19
White (n=757)	11	3	1
Coloured (n=666)	30	7	9
Asian (n=254)	7	2	2
<b>Gender</b>	%	%	%
Male (n=1553)	23	9	11
Female (n=2347)	33	15	21
<b>Area definition</b>	%	%	%
Urban formal (n=2718)	25	8	12
Urban informal (n=276)	17	11	22
Rural formal (n=228)	29	11	12
Tribal land (n=678)	36	20	21
<b>LSM</b>	%	%	%
LSM 1 – 2 (n=97)	33	24	26
LSM 3 – 4 (n=528)	22	15	22
LSM 5 – 6 (n=1758)	33	13	15
LSM 7 – 8 (n=7753)	29	12	15
LSM 9 – 10 (n=742)	13	4	9
<b>Personal monthly income</b>	%	%	%
Irregular monthly income	n/a	8	9
Receive money, not monthly	n/a	4	9
No income (n=387)	8	7	5
R1 – R999 (n=655)	25	11	19
R1 000 – R2 999 (n=970)	40	18	25
R3 000 – R7 999 (n=455)	33	20	15
R8 000 – R11 999 (n=173)	31	14	24
R12 000 – R24 999 (n=206)	23	0	6
R25 000+ (n=46*)	20	9	12
Refuse/Uncertain/Don't know (n=1008)	27	12	13

Source: A12. I1

Read: 31% of Black adults in South Africa belong to a burial society.

## REASONS FOR NOT HAVING FUNERAL COVER



## SUMMARY

- 12% have life cover
- 10% have medical cover
- 28% covered by burial society
- 10% have funeral cover through a **funeral parlour** or undertaker
- 7% have funeral cover with an insurance company
- 8% have funeral cover with a bank

### Reasons for no funeral cover:

- Higher income or education – people say family will look after funeral
- Low LSM or income group – cannot afford it
- 60 years + – too poor

### Reasons for no life insurance:

- Poor people – earn too little
- Older people – prefer funeral or burial cover
- People earning R3 000 – R8 000 – don't believe in it/ never thought about it/don't want it

### Reasons for no household contents insurance:

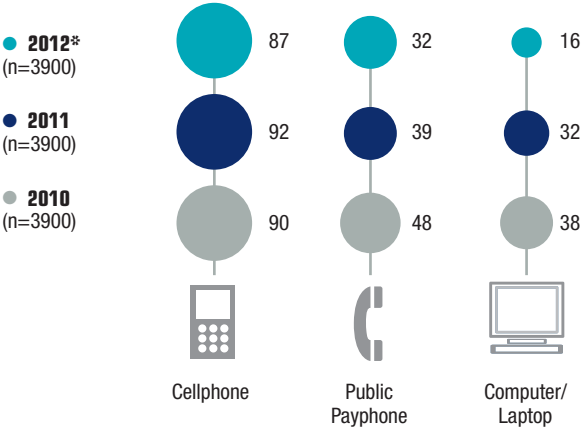
- People earning R3 000+ – premiums/costs/fees are too high
- 1 in 5 university educated say they don't want it
- 1 in 5 earning R1 000 to R3 000 say they earn too little

# Technology

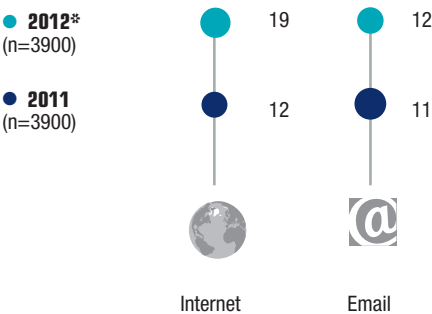
## COMMUNICATION CHANNELS – ACCESS

- Cellphone penetration has increased from 92% in 2011 to 93% in 2012
- Only 87% of adults in 2012 said that they use a cellphone while 90% of the 18 – 44 year old age group also do
- Despite access to phones with smart phone features, most adult South Africans are averse to technology – 51% claim that using a cellphone for financial activities is too complicated
- Cellphone banking remains the biggest opportunity for creating economic access to South Africans in remote areas and lower income groups
- Of those banked, 16% (3.6 million) claim to have ever used cellphone banking and 7% of adult South Africans claim to have ever used internet banking (remaining high and stable compared to the period 2007 – 2009)

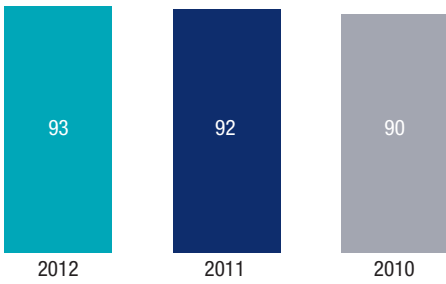
## COMMUNICATION DEVICES WHICH PEOPLE USE



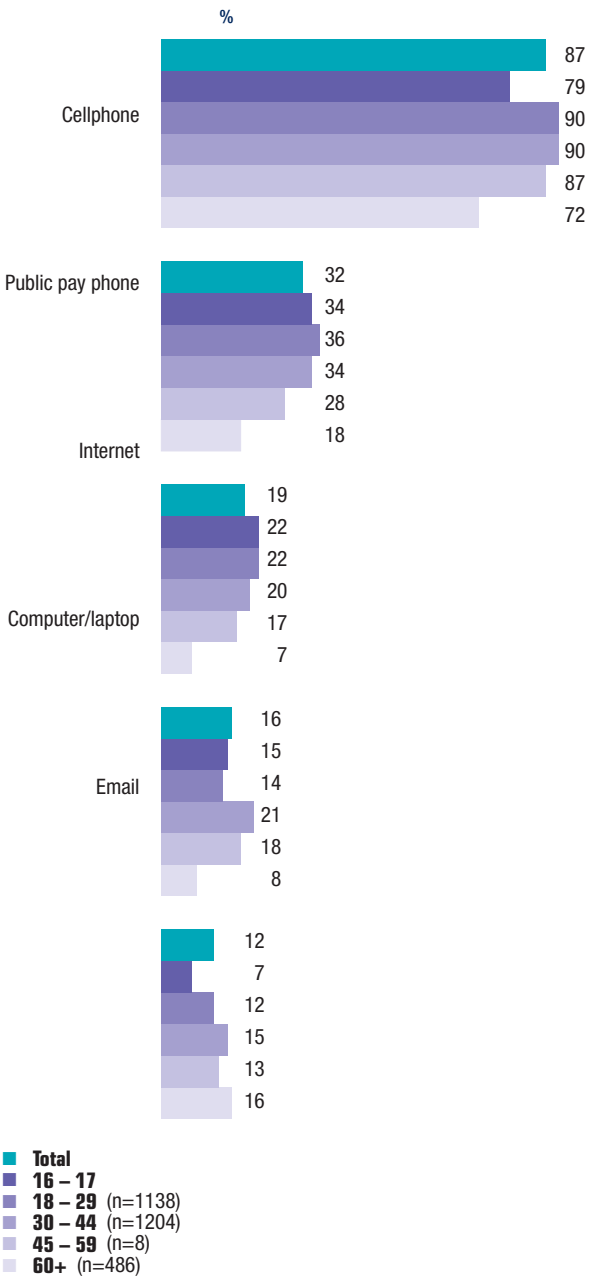
## COMMUNICATION CHANNELS WHICH PEOPLE USE



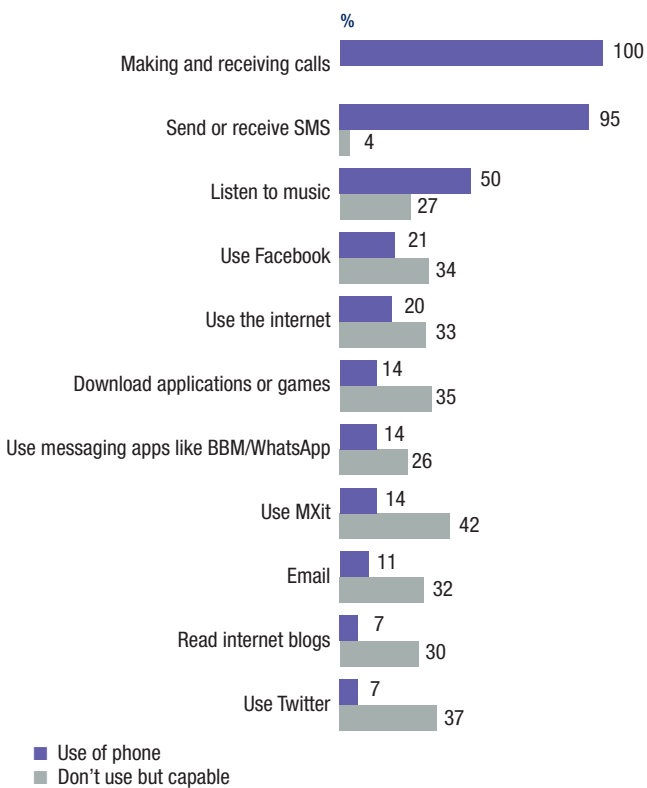
## ACCESS TO CELLPHONE



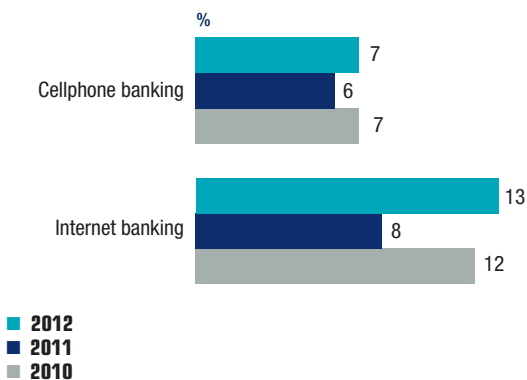
## USAGE OF COMMUNICATION DEVICES AND CHANNELS BY AGE



## CELLPHONE USAGE AND CAPABILITIES



## CELLPHONE USAGE AND CAPABILITIES





## PROFILE OF CELLPHONE BANKING USERS

	2012 Total (n=3900)	2012 Currently banked (n=2830)	2011 Currently banked (n=2671)	2012 Cellphone banking (n=557)	2011 Cellphone banking (n=340)
<b>Race</b>	%	%	%	%	%
Black	77	72	70	67	60
White	11	15	16	24	27
Coloured	10	10	10	5	8
Asian	3	3	3	3	6
<b>Age</b>	%	%	%	%	%
16 – 17	4	1	1	0	1
18 – 29	37	32	32	32	15
30 – 44	29	34	35	44	36
45 – 59	18	20	18	19	34
60+	12	13	13	5	13
<b>LSM</b>	%	%	%	%	%
LSM 1 – 2	4	3	1	1	0
LSM 3 – 4	18	12	10	6	5
LSM 5 – 6	52	51	43	35	26
LSM 7 – 8	14	18	24	24	47
LSM 9 – 10	12	17	21	34	41
<b>Personal monthly income %</b>	%	%	%	%	%
Irregular monthly income	n/a	n/a	4	n/a	2
I receive money, however not monthly	n/a	n/a	1	n/a	0
No income	12	6	4	2	2
R1 – R999	20	15	12	7	5
R1 000 – R2 999	26	29	24	13	16
R3 000 – R7 999	10	13	16	19	21
R8 000 – R11 999	3	5	4	12	8
R12 000 – R24 999	4	5	4	11	8
R25 000+	1	2	1	4	1
Refused/Uncertain/ Don't know	24	25	29	33	37

## TRACKING THE ONLINE BANKING MARKET

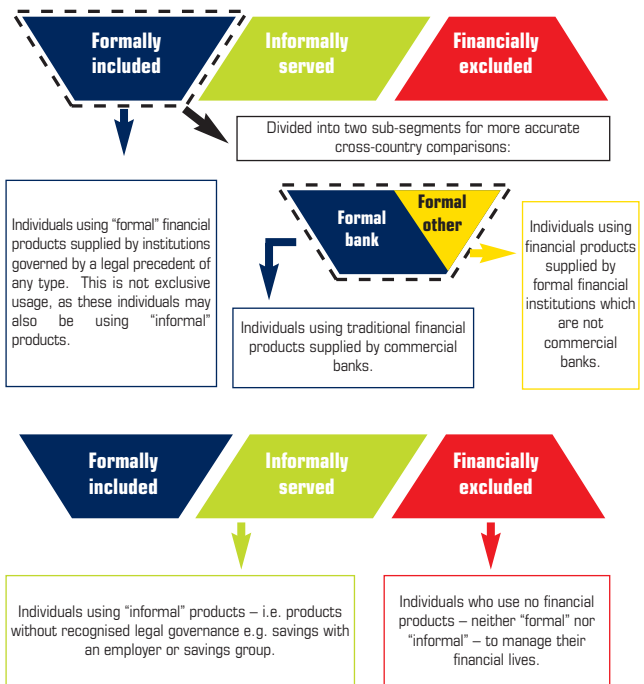
	Banked in 2012	Cellphone Banking in 2012	Cellphone Banking in 2011	Internet Banking in 2012	Internet Banking in 2011
<b>Race</b>	%	%	%	%	%
Black (n=2223)	62	11	6	4	2
White (n=757)	93	28	19	33	32
Coloured (n=666)	70	7	6	2	5
Asian (n=254)	77	15	16	15	17
<b>Gender</b>	%	%	%	%	%
Male (n=1553)	64	13	10	7	8
Female (n=2347)	69	12	6	7	4
<b>Area definition</b>	%	%	%	%	%
Urban formal (n=2718)	76	16	11	12	9
Urban informal (n=276)	59	7	5	1	1
Rural formal (n=228)	62	9	7	4	6
Tribal land (n=678)	53	8	3	2	1
<b>Personal monthly income</b>	%	%	%	%	%
Irregular monthly income	n/a	n/a	4	n/a	1
Receive money, not monthly	n/a	n/a	0	n/a	0
No income (n=387)	32	2	1	1	0
R1 – R999 (n=655)	49	4	3	1	0
R1 000 – R2 999 (n=970)	73	6	6	3	2
R3 000 – R7 999 (n=455)	94	24	16	9	9
R8 000 – R11 999 (n=173)	99	48	20	22	18
R12 000 – R24 999 (n=206)	100	39	22	40	33
R25 000+ (n=46*)	100	44	13	59	76
Refuse/Uncertain/Don't know (n=1008)	72	18	10	12	10

# Access Strand

## WHAT IS THE ACCESS STRAND?

- The Access Strand focuses on the financial system in its broadest sense and assumes that all adults in a country will fall into one of three broad segments
- The segments are differentiated by current product usage indices ranging from people who are formally included (by commercial banks and other formal institutions), those who use informal products and mechanisms, and those who use no products or services to manage their financial lives
- Overlaps in product usage are taken out in the Access Strand

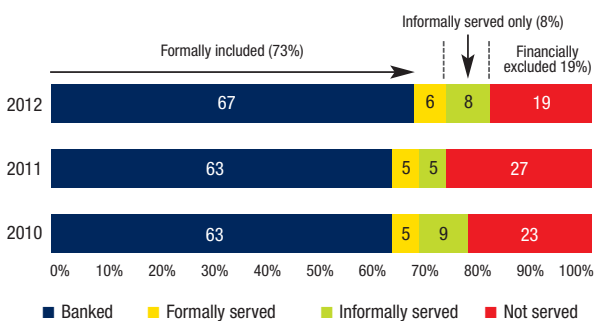
The Finscope methodology uses financial product usage to segment the adult population (aged 16 years and older)



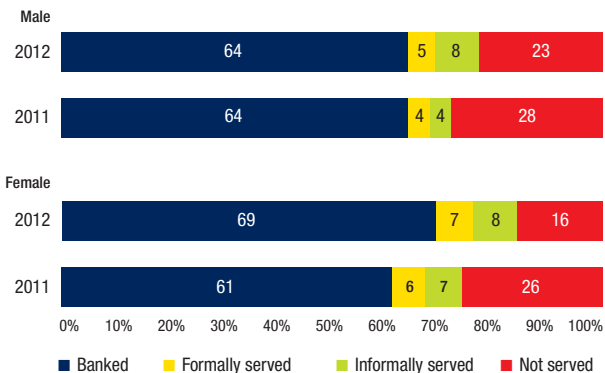
## ACCESS STRAND – SOUTH AFRICA

In constructing this strand, the overlaps in financial product/services usage are removed, resulting in the following segments:

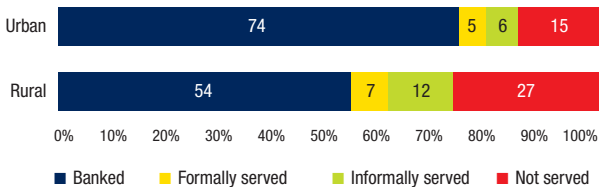
- Individuals who have/use commercial bank products (67%) – a significant increase (4% points) compared to 2011
- Individuals who have/use formal non-bank products/services but no commercial banking products (6%)
- Individuals who only rely on informal mechanisms and no formal products (8%)
- Financially excluded individuals (19%) who do not use any financial products (neither formal nor informal) to manage their financial lives



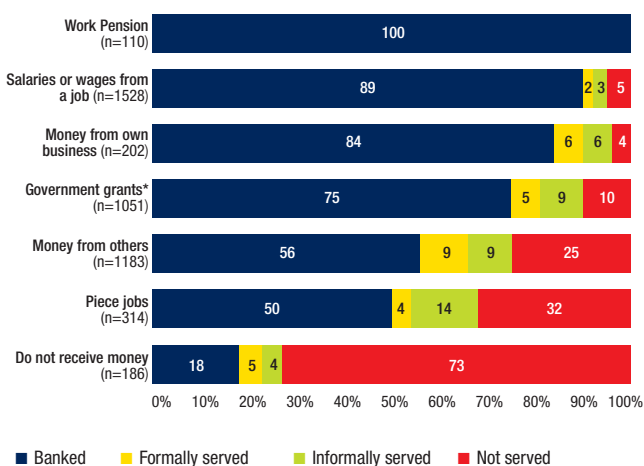
## ACCESS STRAND – GENDER



## ACCESS STRAND – URBAN/RURAL



## ACCESS STRAND – SOURCE OF INCOME

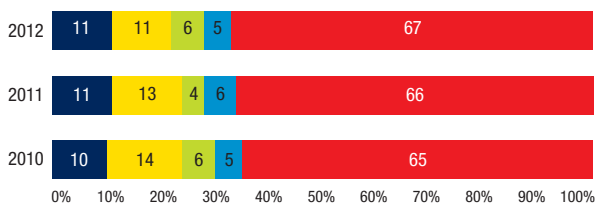


## ACCESS STRAND – SUMMARY

- Financial inclusion (both informal and formal) increased considerably from 73% in 2011 to 81% in 2012, mainly due to an increase in banking
- Banking increased considerably from 63% in 2011 to 67% in 2012, mainly due to the introduction of the new South African Social Security Agency (SASSA) grant system
- Looking at the gender divide, it is interesting to note that women are moving faster into the banking system than men, mainly due to the new SASSA grant system. Thus women are more likely than men to be financially included in 2012 (84% compared to 77% respectively)
- There are also significant differences between rural and urban levels of financial inclusion – while about three quarters of adults are banked in urban areas, only 54% of adults in rural areas have/use commercial banking products
- Income seems to be a significant barrier to financial inclusion, i.e. the uptake of financial products and services: levels of financial exclusion are the highest among those without any income (63%), or those who receive irregular income, e.g. adults with piece jobs (32%), and those who receive money from others (25%)
- The informal sector plays an important role pushing out the boundaries of financial inclusion, which is more pronounced in rural areas

## SAVINGS STRAND

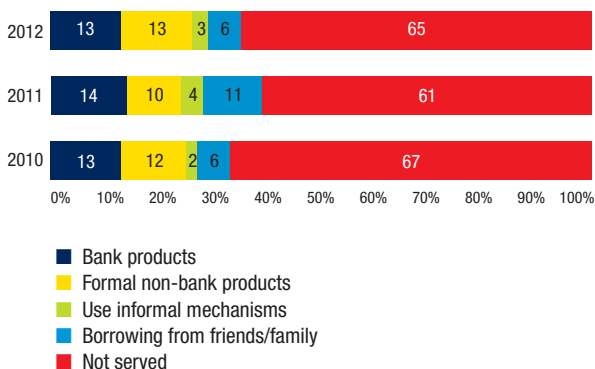
- 11% of adults in South Africa (16 years and older) have/use savings products from a commercial bank (however, they could also have other savings products but their defining characteristics are that they do have access to a bank savings product)
- 11% have/use savings products from formal non-bank institutions, but do not have savings products from a bank (they could also use informal savings mechanisms but their defining characteristics are that they do have access to a formal savings product although this is not from a bank)
- 6% only rely on informal mechanisms such as savings groups (they do not have any formal financial savings products)
- 5% keep all their savings at home, i.e. these individuals do not have or use formal or informal savings products or mechanisms
- 67% were not saving at the time of the survey, neither at home nor through informal mechanisms or formal financial institutions



- Bank products
- Formal non-bank products
- Use informal mechanisms
- Savings at home
- Not served

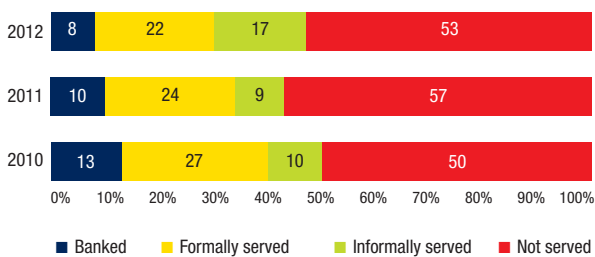
## CREDIT STRAND

- 13% of adults in South Africa (16 years and older) have/use credit/loan products offered by a commercial bank (however, they could also have other credit/loan products but their defining characteristics are that they do have access to a bank credit/loan product)
- 13% have/use credit/loan products from formal non-bank institutions, but do not have credit/loan products from a bank (they could also use informal credit/loan products but their defining characteristics are that they do have access to a formal credit/loan product although this is not from a bank)
- 3% only rely on informal mechanisms to borrow money (they do not have any formal financial loan/credit products)
- 6% only borrow from family and friends, i.e. these individuals do not have/use formal or informal savings products or mechanisms
- 65% claimed not to borrow at the time of the survey, neither from family nor friends nor from formal nor informal financial institutions



## CREDIT STRAND

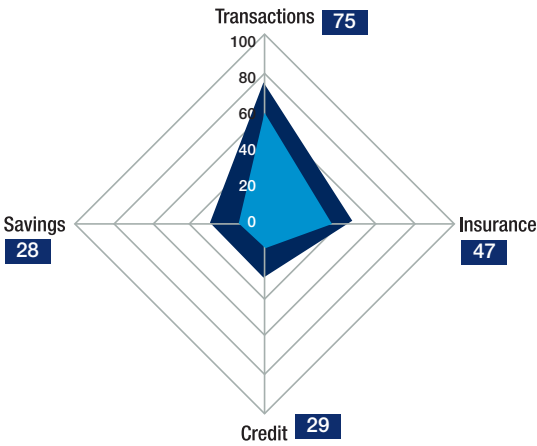
- 8% have/use insurance products from a commercial bank (however, they could have other insurance products from insurance companies)
- 22% have/use insurance products from formal non-bank institutions, but do not have insurance products from a bank
- 17% only rely on informal mechanisms such as burial societies
- 53% did not have any kind of financial product covering risk at the time of the survey



# Landscape of Access

- The FinScope survey provides a measure and understanding of consumer demand with regards to four categories of financial products, namely transactions, savings, credit, and insurance products
- The Landscape of Access serves as an indicator to describe the following:
  - Transactions: the proportion of the adult population with a secure mechanism in which funds can be deposited, transmitted, and withdrawn to meet regular transaction needs
  - Savings: the proportion of the adult population with a means of accumulating money, whether on a contractual or discretionary basis
  - Credit: the proportion of the adult population with funds/services having been provided in advance against a committed repayment stream
  - Insurance: the proportion of the adult population with products/services covering a defined risk event in return for a premium (includes life, burial, health, and short-term insurance)

## LANDSCAPE OF ACCESS



■ Total (n=3900)

■ LSM 1 – 5 (n=1420)







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