

Savings culture in South Africa: A safety net or an empty net?

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By

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List of Acronyms

ABSA	Amalgamated Banks of South Africa
BRICS	Brazil, Russia, India, China and South Africa
COVID-19	Coronavirus Disease of 2019
CVAR	Cointegrated Vector Autoregressive
ECM	Error Correlation Model
EDA	Exploratory Data Analysis
GDP	Gross Domestic Product
LCH	Life Cycle Hypothesis
LMDSA	Labour Market Dynamic South Africa
NIDS	National Income Dynamic Survey
NSFAS	National Student Financial Aid Scheme
OLS	Ordinary Least Square
PIH	Permanent Income Hypothesis
SA	South Africa
SASI	South African Savings Institute
SETA	Services Sector Education and Training Authority
StatsSA	Statistics South Africa
TFSA	Tax-free Savings Account

Abstract

The importance of savings to secure individuals in the event of uncertainties has been widely acknowledged by South Africans. However, South Africa is still facing a low savings rate compared to other developing countries. The purpose of this study is to investigate the factors that inhibit South Africans from having a culture of saving. Specifically, using a convergent parallel mixed methods approach, the study examined the determinants of the savings rate and explored the view of households on the important factors that cause a low savings rate. The data for the quantitative component employed a merged data set from the National Income Dynamic Survey 2018 and 47 individuals were consulted in qualitative interviews. The results of the quantitative approach provided evidence to suggest that high income, being employed and the highest levels of education are associated with higher savings. Larger household size and older age are associated with lower savings. Females are better at saving than males and the widowed are better at saving than married, single and cohabiting households. From the qualitative thematic analysis, the important factors that cause the low savings rate among households were identified as insufficient income to allow savings, their lack of discipline in managing their spend and the effects arising as a result of black tax repercussions. The study made the following recommendations to ensure that the savings culture in South Africa provides a safety net: entrepreneurial skills training to augment the budgets of low-income earners; financial literacy to be part of the curriculum in schools from the Foundation Phase; mandatory financial training for new employees coupled with incentives for organisations that participate in these initiatives; and innovative savings programmes targeting low-income earners from financial institutions. Finally, it was recommended that the South African Savings Institute collaborates with the Services Sector Education and Training Authority to develop training manuals that could be distributed to organisations.

Chapter 1

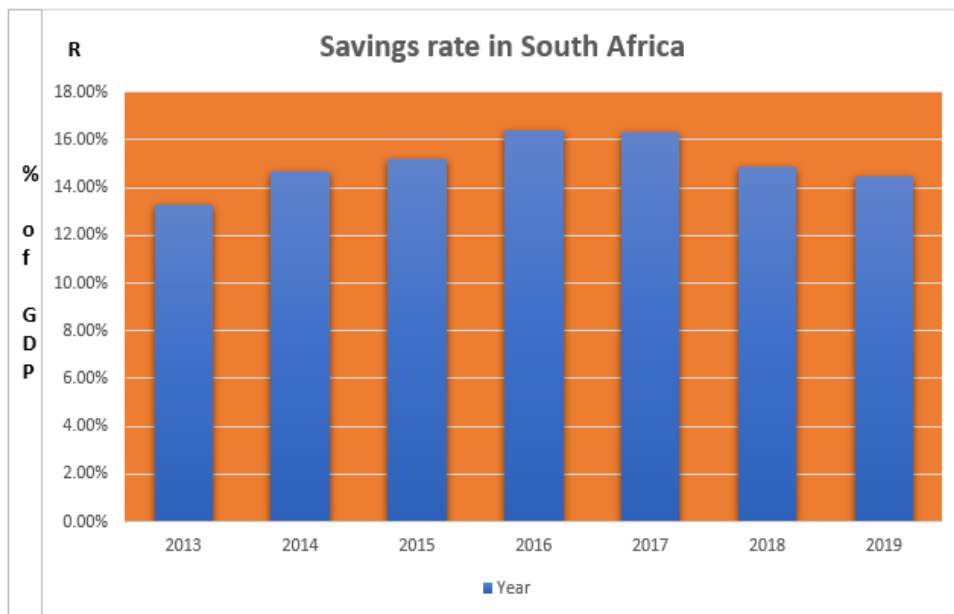
Introduction

1.1 Background of the study

The role played by savings in boosting economic growth for the preparation of endogenous and exogenous economic shocks cannot be stressed enough. Simply put, savings provides safety net in the event of financial crisis. They ensure that the country meets its domestic investment needs without having to borrow from other countries and limits exposure to credit risk. In other words, savings reduce the country's reliance on and exposure to the uncertainties of the global capital market; second, savings increase growth and avoid large current account deficits; third, savings provide the means of financing domestically which will subsequently create an opportunity for economic growth potential; and last, savings improve well-being by providing a buffer to help people cope during a crisis (Chowa, 2006; Ebeke, 2014; Hadjimichael, Ghura, Mühleisen, Nord, & Ucer, 1995; Precious & Asrat, 2014).

Savings can be defined as amounts of income in an economy that are not spent in a given year. They comprise corporate savings which are measured by the profits made by such corporates and retained for further capital investment, public savings which are generated from tax revenues after deducting public expenditure and household savings which are derived from income after deducting tax not currently utilised for consumption (Cronjé & Roux, 2010).

Figure 1: Savings rate in South Africa 2013–2019



Source: CEID DATA: South African Reserve Bank

Figure 1 indicates that South African savings have gradually but not significantly improved. The rates for these years are as follows; 2013 (12,5%), 2014 (14,2%), 2015 (14,6%), 2016 (16,1%), 2017 (16,1%), 2018 (14,3%) and 2019 (1,1%). This is despite the initiatives which have been undertaken to improve the situation. For example, the South African government's National Treasury has introduced a tax-free savings account (TFSA) to encourage savings, especially among middle- and low-income earners. In terms of TFSA, individuals can open two tax-exempt saving accounts in equities, fixed income accounts or both where they qualify for an exemption of between R33,000 and R500,000 per lifetime for interest earned on such savings (SARS, 2015).

Similarly, the South African Savings Institute has launched several initiatives; the latest one, called #Ways to Save in partnership with ABSA and the Industrial Development Corporation, aimed to encourage a culture of savings in SA ((South African Savings Institute), 2020a).

This study focuses on the South African savings culture and the factors that affect its performance. The Global Competitiveness Report 2012–2013 reported that South Africa's gross national savings recorded an average of 16.5% of the gross domestic product (GDP)(Schwab, 2013). This average is very low when compared to other emerging economies such as China which stood at 51%, India at 31.6%, Russia at 28.6% and Brazil at 18.4% (Schwab, 2013). Fast forward to 2020 and, according to data provided by the South African Reserve Bank, the gross national savings average stands at 15.9% of the GDP (CEIC, 2021).

According to Cronjé and Roux (2010), the factors that affect the poor savings rate in South Africa are the following: the increase in the dependency ratio which can be attributed to high population growth rates; the majority of the population is concerned about survival rather than savings; the poor social security system which leaves households, in particular the middle class, with inadequate facilities to save; and consumption, as opposed to savings, is promoted due to financial liberation caused by the majority of population who were previously excluded from wealth generating economic opportunities

1.2 Research problem and questions

An increase in gross national savings ensures that the government has excess funds which enable investment in infrastructure and other development programmes. Second, private

companies can invest in expansion programmes which will ultimately create job opportunities and, last, that households are able to meet future financial demands. Therefore, to achieve this, it is important for the government, corporates, and households to adopt a behaviour that promotes a savings culture.

However, as this study focuses specifically on households in South Africa, the results have indicated that their savings rate has not improved significantly. Despite the initiatives by government and non-government institution in place to improve this situation, the indications show that South Africans are more inclined to a culture of consumption and debt as opposed to culture of saving.

The implications of lack of savings by the households leads to financial strain especially during emergencies or national shocks resulting in them vulnerable to spending more than they can afford and increase in debt.

This behaviour will ultimately affect; firstly, the government whom these households turn to rely on to take care of their financial needs which might lead to increase government debt or government unable to channel their funds on other development programs, secondly, the communities who experience domestic violence as a result of financial problems within households and, lastly corporates who experience low productivity as a result of employees' financial problems.

However, should the savings improve significantly, South Africans will have sufficient funds and rely less on government grants and will be financially free and able to take care of themselves during emergencies without agonizing about financial problems. Therefore, in understanding the extent of this problem, the household's income will be explored in relation to the savings rates.

This study, therefore, intends to respond to the following research questions:

- What is the savings rate among the income groups in South Africa?
- What are the important factors that affect savings among households in South Africa?

1.3 Research objectives

This study focuses on gross national savings in South Africa and the research objectives are:

- To examine the effect of income groups on the savings rate in South Africa.

- To explore the importance of savings among households in South Africa.

1.4 Justification of the study

The motive for this study was driven by the low savings rate in South Africa despite the interventions implemented by the South African Savings Institute, financial institutions, and government to create awareness about the importance of savings. The point that stands out is that South Africans are inclined to consume rather than save (Cronjé & Roux, 2010). This trend highlights the savings culture of South Africa as one that is not ready for unforeseen shocks and potential future investment; this makes the country vulnerable to debt to take care of such shocks (Cronjé & Roux, 2010).

Six stakeholders will benefit from this study. First, the government of South Africa whose role is to formulate policies benefits when households save as savings help to reduce the fiscal deficit and create investment opportunities that would stimulate the economy and create employment opportunities ((National Treasury department), 2017). Second, the South African Savings Institute, a non-profit organisation whose role is to develop a savings culture in South Africa, benefits by enhancing the financial health of SA by securing sustained growth in the national savings rate ((South African Savings Institute), 2020b). Third, the financial institutions whose role is to provide secure financial systems benefit from the savings as they provide excess cash for them to grant loans or create investments.

The fourth stakeholder to benefit is the organisations whose role it is to pay their employees and provide financial welfare programmes for them; employees who save would mean less financial stress and, therefore, improved productivity which ultimately improves their profits. The fifth stakeholder would be households themselves whose role is to save and build financial security as a result. Last, society whose role is to support the household's business initiative to generate extra income to enable them to save would benefit. One study discovered that financial stress can lead to domestic violence (Weatherburn, 2011); therefore, society would benefit from households with financial freedom.

The outcome of this research will bring into perspective the critical factors that affect the savings rate in South Africa and make recommendations to policymakers in the financial sector, government and non-government organisations that promote savings.

1.5 Organisation of the study

The dissertation is divided into five chapters, and they are structured as follows:

Chapter 1: This chapter introduces the savings culture of South Africa and the factors that affect its performance. It concludes by summarising the problem statement, the research questions and the objectives which are intended to respond to the questions.

Chapter 2: This chapter discusses the literature review of the determinants of households' savings and provides an overview of a culture of saving in the developing countries in comparison to that in South Africa.

Chapter 3: This chapter presents the research methodology used to respond to the research questions and to test hypothesis statements.

Chapter 4: The research findings are presented in this chapter.

Chapter 5: This chapter concludes the study and provides recommendations for policymakers concerned with the savings culture in South Africa.

Chapter 2

Literature Review

2.1 Introduction

Savings undoubtedly provide a buffer to help people cope in times of crisis and serve as insurance in times of shocks (Chowa, 2006). They are a resource gap that requires closing through the development of a savings culture among individuals to ensure financial inclusion for everyone in the economy in order to develop the nation (Babajide, Taiwo, & Isibor, 2016). A strong level of savings in the economy is required for it to grow and be sustainable over a period of time (Mahlo, 2011). This chapter, therefore, discusses the literature of savings, its determinants, and the gaps in the existing literature.

2.2 Definition of savings

Savings in the economy is represented by three components: corporate, household and government savings (Precious & Asrat, 2014). Corporate savings are measured by amounts that are retained for further capital investments, while household savings can be divided into three groups: contractual which are insurance premiums and pension fund contributions, discretionary which are done voluntarily and government savings which are those savings generated from tax revenues after considering public expenditure (Cronjé & Roux, 2010).

This study focuses on household savings, which Prinsloo (2000) defines as the part of income after deducting taxes that has not been consumed or transferred as part of current household consumption. Prinsloo (2000) also maintains that household savings can be divided into contractual savings which involve individuals committing themselves to contractual payments, i.e., insurance premiums, pension fund contributions and bond repayments and discretionary savings where households are saving voluntarily and are not bound by any commitments. Similarly, conventionally the household savings are defined as the difference between income earned less expenditure incurred on nondurables in a given period i.e. consumption (Browning & Lusardi, 1996).

This implies that there are long-term benefits in having savings to take care of planned and unforeseen circumstances. It further implies that if households' savings improve there is less

dependency on the government which means that state funds can be utilised for the development of the country.

2.3 Overview of household savings in South Africa

2.3.1 Stylised facts of a savings culture in South Africa

Table 1 shows the results of a study conducted by Old Mutual (2019) which comprises 1000 working South Africans living in major metropolitan areas who were interviewed to examine their attitude towards savings and investment according to their income bands. Each household was requested to indicate what proportion of their monthly income was utilised towards their living expenses, debt servicing, insurance policies, medical aid and savings.

Table 1: Savings as % of household income

PERCENTAGE OF INCOME SPEND	JUL-13	JUL-14	JUL-15	JUL-16	JUL-17	JUL-18	JUL-19
Less than R6 000							
Consumption/living expenses	65%	72%	76%	71%	71%	79%	73%
Debt servicing	14%	14%	10%	13%	13%	8%	12%
Insurance and medical aid	1%	1%	0%	1%	1%	0%	0%
Savings	20%	13%	14%	15%	15%	13%	14%
R6 000 to R13 999							
Consumption/living expenses	59%	68%	69%	65%	63%	70%	67%
Debt servicing	16%	14%	11%	15%	16%	12%	14%
Insurance and medical aid	6%	4%	4%	5%	4%	3%	3%
Savings	20%	14%	16%	16%	16%	15%	16%
R14 000 to R19 999							
Consumption/living expenses	57%	62%	65%	59%	61%	66%	65%
Debt servicing	16%	15%	12%	18%	15%	13%	15%
Insurance and medical aid	8%	8%	7%	8%	8%	6%	5%
Savings	19%	15%	16%	15%	15%	15%	15%
R20 000 to R39 999							
Consumption/living expenses	52%	60%	64%	58%	57%	60%	59%
Debt servicing	17%	16%	14%	17%	17%	16%	16%
Insurance and medical aid	11%	10%	8%	10%	11%	10%	8%
Savings	20%	14%	14%	15%	15%	13%	17%
R40 000 or more							
Consumption/living expenses	49%	59%	62%	57%	57%	59%	55%
Debt servicing	16%	16%	15%	18%	17%	16%	17%
Insurance and medical aid	14%	11%	9%	10%	12%	10%	11%
Savings	21%	14%	15%	14%	14%	15%	17%

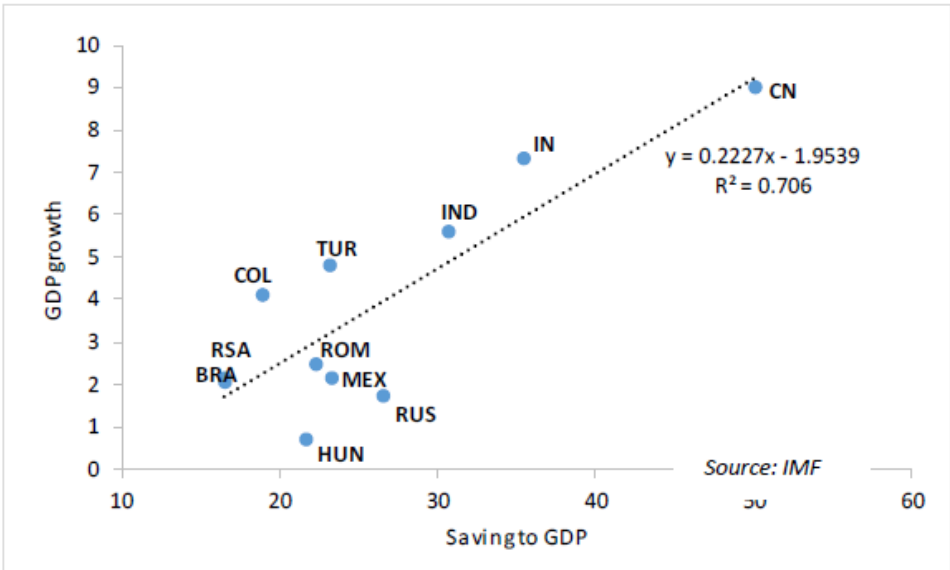
Source: Old Mutual (2019)

When a comparison from 2013 to 2019 is made, an increase in consumption among the income bands has occurred. Households earning more than R40,000 per month have slightly increased their debt servicing while the rest of the income bands have decreased serving their debts. Households earning less than R6,000 do not contribute much to insurance and medical aid, probably because they cannot afford such expenses and opt to contribute to informal savings, such as burial societies. South African households earning between R6,000 and R19,999 contribute between 3% and 8% towards insurance policies and medical aid; those earning more than R20,000 contribute between 8% and 14%.

The savings rate between 2013 and 2019 has dropped among all income bands. Households that earn less than R7,500 dropped from 20% to 14%; households earning between R7,500 and R13,999 from 20% to 16%; households earning between R14,000 and R19,999 from 19% to 15%; households earning between R20,000 and R39,999 from 20% to 17%; and households earning higher than R40,000 from 21% to 17%.

Similarly, ((National Treasury department), 2017) conducted stylised facts on capital, investment and savings aimed at stimulating debate on inclusive economic growth, transformation, and competition. These facts revealed that South Africa needs to grow at 5% per annum in order to generate new jobs annually. This is despite other economies such as China and India who have resumed growth. Table 2 below further elaborates on the savings in relation to GDP for SA compared to other countries.

Table 2: Savings vs GDP growth



Source: National Treasury (2017)

The report revealed that for South African economy to grow there should be increase in investments which is driven by increase in domestic savings in particular the household savings. Table 2 above, revealed that the investment in China and India is above 30% of their GDP whilst SA is relatively low at 19,5% of GDP. Exacerbating to this was that in 2017, only -0.3% attributed to the net savings of disposable income by households. This was considerably low and make SA economy dependant on foreign savings.

2.3.2 South Africa savings versus savings in other developing countries

Thirteen countries namely; Brazil, Malta, Botswana, Indonesia, Oman, Thailand, Malaysia, Hong Kong, Taiwan, China, South Korea, Japan, and Singapore are dubbed savings stars and have sustained an average economic growth rate of 7% annually for more than 25%. (Mwandiambira, 2016). However, sub-Saharan Africa's overall savings and investment, particularly in the private sector, remains very low and unable to support sustainable expansion in output (Hadjimichael et al., 1995).

In 2007, African countries launched an initiative to mobilise local resources to finance infrastructure development to boost savings in Africa. However, besides this initiative, sub-Saharan Africa has the lowest savings rate among the developing countries (Dovi, 2008).

Unlike many other developing countries, especially India and China, South Africa has a culture of debt rather than one of savings (Cronjé & Roux, 2010). A study conducted by Erasmus (2015) concurs that South Africa has the worst savings culture with the lowest rate of 13% and highest of 17%, according to a survey conducted between 1999 and 2002, compared to other developing countries such as China, India and Brazil with savings rates of 50%, 30% and 25% respectively.

2.4 Theoretical literature: Motives for savings

2.4.1 Life Cycle Hypothesis

The Life Cycle Hypothesis (LCH) theory was developed by Modigliani in 1957. According to this theory individuals smooth their consumption over a lifetime by spending more in the dawn of their careers and saving in the subsequent years of their career to enjoy the benefits of these savings during retirement (Pettinger, 2019). For example, individuals would like to save for the future in anticipation of uncertainty. Therefore, in the earlier years of their career, individuals

spend more on education and their mortgage bond to secure themselves against uncertainty. By the middle years, they would have paid up those debts and would start saving which means by the time they retire they can enjoy their savings (Pettinger, 2019). However, in his argument against the LCH theory, Nagatani (2006) found that as opposed to an increase in savings in the middle years of life, consumption increases.

2.4.2 Keynes' savings theory

According to this theory, an increase in income results in an increase in savings after consumption (Mahlo, 2011). Keynes argues that the deferment of current consumption for the future by individuals anticipating income to drop, has an impact of precautionary savings (Nwosu, Anumudu, & Nnamchi, 2020). Therefore, according to this theory, it is assumed that as income increases there is a buffer available for an individual to save. However, this theory does not consider that as income increases, in some cases, consumption increases too which might not mean that savings necessarily increase.

Further, the study conducted on Household Saving: Micro Theories and Micro facts (Browning & Lusardi, 1996) reproduced Keynes' motives behind people saving which are; the precautionary motive with the intention to build up reserves in case of uncertainties and unforeseen circumstances, the life-cycle motive with the intention to provide for individual needs in the foreseeable future, the intertemporal substitute motive in which the intention is to enjoy interest and appreciation, the improvement motive with the intention to enjoy gradually increase in expenditure, the independence motive with intention to a sense of independence and power to do things, the enterprise motive with the intention to secure investments or business projects, bequest motive to build a fortune, the avarice motive to satisfy miserliness and lastly the down payment motive by accumulating deposits to buy assets.

2.4.3 Permanent Income Hypothesis

The Permanent Income Hypothesis (PIH) theory was developed by Friedman in 1957 ((Royal Economic Society), 2004). Under PIH it is argued that spending and savings are influenced by income expectations. In other words, the individuals will only spend and/or save based on the permanent income they are expecting. Therefore, a once-off increase in income would not necessarily increase savings. Similarly, when individuals are being retrenched but still expect to be employed soon after, they would continue to save or spend as if they are employed already. Under this theory, a student borrows money with the expectation that he will make more money

in the future and repay such debt. By the same token, an individual will start saving when nearing retirement expecting the income to decrease.

2.5 Empirical literature: Determinants of household savings

In 1954 Modigliani and Brumbergin used the LCH to explain major determinants of household savings patterns and found that demographic factors, such as age and income growth, play a pivotal role in savings (Precious & Asrat, 2014). Simleit, Keeton and Botha (2011) found that household savings are strongly driven by income, age structure, education achievement and employment status.

Another study conducted on household savings in Europe further asserts that age, education and income are the key drivers of savings (Beckmann, Hake, & Urvová, 2013). They found that age plays a role in household portfolio choices in that the younger generation saves towards life insurances while the older generation is more likely to have savings deposits.

A study conducted by Kostakis (2013) in Greece brought another perspective into the savings pattern. Over and above the educational level and employment type, three other variables were found to play a pivotal role in a household's savings during the recession in that country: marital status, the economic situation and psychological parameters, such as the consumer's positive attitude about the future, influence their behaviour towards household savings (Kostakis, 2013). This would imply that if consumers are positive about the state of their country, they will be willing to save their money; a pessimistic view would negatively influence savings.

In a separate study conducted on household's savings behaviour in Pakistan, Rehman, Faridi and Bashir (2010) found that spouse participation, the total dependency rate, the total income of the household and the size of landholdings were significant determinants of household savings while the education level of the household head, children's educational expenditures, family size, liabilities and marital status reduce household savings significantly (Rehman et al., 2010).

Cronjé and Roux (2010) in their study on household savings found that the factors causing the savings inclination in South Africa include high population growth with fewer savings as a result of a high dependency ratio, income inequality with the majority of the population earning very little income and being unable to save, the flawed social security system resulting in

inadequate means and facilities to save and financial liberation which has increased consumption and reduced savings. However, Erasmus (2015) argues against low salaries being one of the reasons for the inability to save, citing that a Chinese citizen earns less than a South African but still maintains a high savings rate. Furthermore, a study carried out using cross-sectional and panel data for developed and developing countries found little evidence to support the relationship between income inequality and aggregate savings (Schmidt-Hebbel & Servén, 2000).

It was mentioned in the overview of households' savings that SA has the lowest savings rate compared to their developing nation counterparts, such as India and China (Cronjé & Roux, 2010). The successful savings rate for India is linked to factors, such as the following: deepening the financial sectors which saw households increase their savings particularly in these fields; a larger pool of young population entering the employment space and, therefore, decreasing the dependency ratio; focus on human development through tertiary education which resulted in an abundance of skills at low labour costs; and poverty alleviation which has dropped significantly over the years (Cronjé & Roux, 2010).

Cronjé and Roux (2010) state that factors for a successful savings rate in China are the following: a strong tradition of saving and a society that places an obligation on families to provide for their needs; second, the young and old dependency ratio in China is low; third, they have an inadequate social security system with the majority having to save for medical and pension; and last, because of the lack of financial sector development which keeps consumer credit constrained most Chinese have to save to buy houses and cars as opposed to borrowing.

On the other hand, there is another argument that states that while South Africa's savings rate might be low, there are informal savings in the form of stokvels and they play a role in fostering the savings culture in the country (Naong, 2008). There is also another view that many South Africans are in a survival mode and do not see beyond today as far as savings are concerned (Mwandiambira, 2016).

One notable success factor for China and India's increase in savings rate is that their middle-class population strongly drives savings as opposed to South Africa where the black middle class, which has gained economic significance and will likely continue to do so in the foreseeable future, has increased consumption as opposed to saving (Cronjé & Roux, 2010).

According to an Old Mutual (2019) report on savings and investments in South Africa, an interesting view of a sandwich generation is proposed. This is a generation that supports members of their immediate and extended families. The report states that this generation had risen to 34% in 2019 and adversely affected the savings rate in South Africa. Furthermore, a report on world savings states that the elderly tend to finance their consumption needs utilising their accumulated savings resulting in an increase in old-age dependency ratio which subsequently reduces savings (Grigoli, Herman & Schmidt-Hebbel, 2014).

In comparison to their Brazil, Russia, India, China and South Africa (BRICS) counterparts, studies on household savings in South Africa have shown that they are still the lowest. South Africa's savings rate has been 15% on average for the period from 2002 to 2007 and remains consistently such before any global financial crises. China continues to enjoy the highest savings rate of nearly 50% of GDP with India coming second in the region of 30% (Mongale, Mukuddem-Petersen, Petersen, & Meniago, 2013). Using the cointegrated vector autoregressive (CVAR) model, the quartet concluded that to improve savings there must be an increase in disposable income and economic growth and a reduction in the level of debt which has a significant influence on the level of household savings.

Many scholars support the view that there is a significant positive relationship between income and savings in that the higher the income, the higher the savings and, conversely, the lower the income, the lower the savings. Mahlo (2011) used the ordinary least square (OLS) model to test the relationship between savings and independent variables such as income, interest and debt. Similarly, the results found that there is a strong positive significant relationship between income and savings; however, no significant relationship existed between savings and interest and debt.

Interestingly, Nwachukwu & Egwaikhide (2007) did a study on the determinants of savings in Nigeria using the error correlation model (ECM) and revealed that while income is positively linked to a household's motive to save, an increase in such income or income growth does not suggest that savings will equally increase. They explained that income growth has a negative influence on private saving due to Nigeria being a country that indulges more in consumption. Another study on households' savings behaviour for developed and developing countries was conducted by Muradoglu & Taskin (1996) and found that there are different savings patterns in these two economies. Their study found that income has a strong relationship with savings for

both economies; while income growth actually increases the savings rate in developed countries, an increase in income increases the spending patterns in developing countries (Muradoglu & Taskin, 1996).

Another study on savings conducted in Nigeria by Nwosu et al. (2020) found that land ownership, living in good sanitary conditions, single (marital status) person households, post-matric education, female-headed households, age of head and rural dwelling has a significant positive relationship on the savings rate. On the other hand, household size, head of house above 73 years of age, poor electricity, polygamy, widowed and separated households have a significant negative effect on household savings.

The issue of land ownership has been a contentious one in South Africa and it would be interesting to understand its effect on savings.

2.6 Summary of the literature

The literature review has discussed the role of savings in the economic development of countries. It defined household savings as those savings that households make from their net income after considering the consumption for a particular period. Three theories of savings were discussed: LCH assumes that savings habits for households occur in their middle years as they start earning more while they consume more in their younger years; Keynes' savings theory assumes that savings increase as income growth increases; and PIH which assumes that individuals will save as long as there is an expectation for income and not necessarily a once-off payment. One thing that these theories have taught us is that, although they are different, income is a significant variable or determinant of savings. One must earn income to save.

Some academic scholars were not in agreement on the theories. Interestingly, there is no one size fits all theory to savings and various determinants play a role. The literature revealed that there are several household savings determinants, among which are income, income growth, educational level, marital status, size of landholding and a positive attitude (psychological parameters) towards a country's economic conditions.

Empirical literature examined the relationship of these determinants or variables to the savings rate. It was found that while some of these variables have a significant positive relationship

with savings, others have a significant negative relationship and yet others have no significant relationship at all.

Remarkably, while many researchers agree that income is the most significant determinant of households savings, they do have opposing views on some of the other determinants. For example, the study by Mongale et al. (2013) concluded that income growth increases the savings rate while Nwachukwu and Egwaikhide (2007) found this to be completely different, especially in Africa where household consumption increases as income increases.

Furthermore, a study in Nigeria found that land ownership, single-person households and female-headed households are among the determinants that significantly and positively affect the savings rate (Nwosu et al., 2020). Not many studies have revealed this as well as the impact of income equalities on the savings rate. Furthermore, most of these determinants depend on the economic conditions of the county and household behaviour or motivation for saving.

Chapter 3

Research Methodology

3.1 Introduction

This chapter discusses the research methodologies which are best suitable to respond to the questions and to achieve the objectives of this study. This research aims to respond to the critical factors that influence the poor savings culture and to devise strategies to improve this culture to advance economic growth in South Africa. Therefore, the objectives are to evaluate the savings rate and the rationale for savings behaviour among the income groups as well as to understand the importance of savings from the points of view of households.

3.2 Research approach

The research approach which was adopted for this study is a mixed method approach. This method combines quantitative and qualitative research approaches. This study intends to collect and analyse both quantitative and qualitative data into a single study to gain more understanding of the research question (Creswell, 2013) as defined in section 1.2 of Chapter 1.

The philosophical worldview of mixed method research is that of pragmatism. The pragmatism paradigm/worldview assumes that there is a problem and a practical solution that informs future practice has to be devised; the strategy to do this would be to address the research question(s) (Catterall, 2000).

“Quantitative evaluations are good at establishing what works, but qualitative evaluations help to understand how a programme succeeds or fails.” (Padgett, 2019) This research study intends to obtain an in-depth understanding of the culture of savings in South Africa and to devise a solution that seeks to respond to the problem of the low savings rate using qualitative and quantitative methods.

The use of the mixed method research approach is more appropriate to answer the research questions posed in Chapter 1 and will help to compile the recommendations that should be implemented to improve the culture of savings in South Africa to boost economic growth.

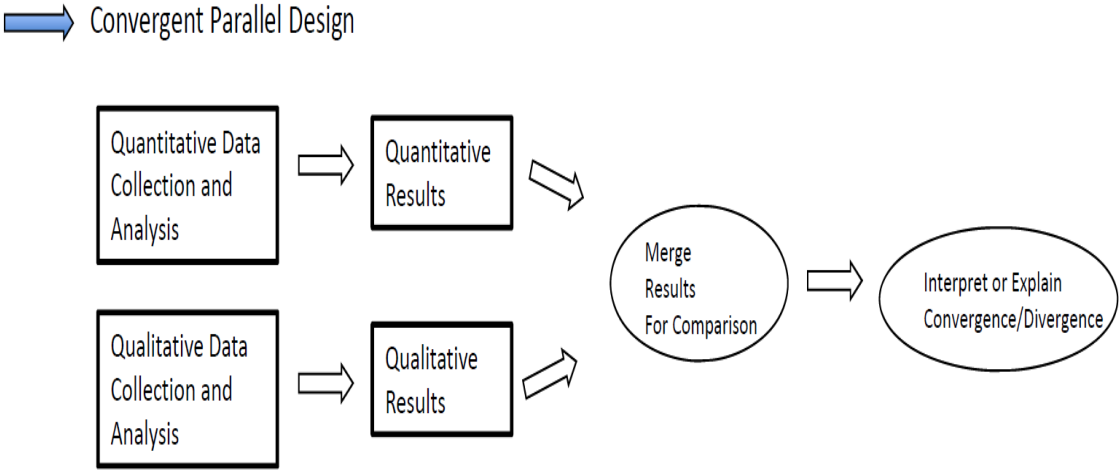
3.3 Research design

The mixed method approach can be applied using two kinds of designs, namely, basic and advance designs (Creswell, 2013). For this proposal, the basic design will be utilised. According to Creswell (2013), the basic design consists of three methods: convergent, explanatory sequential and exploratory sequential.

The convergent method involves the simultaneous collection of quantitative and qualitative data to integrate and analyse it. The explanatory sequential method involves initially gathering quantitative data then following with qualitative data to support the quantitative findings. The exploratory sequential method involves collecting qualitative data, then following with quantitative data to explain the qualitative findings (Caruth, 2013).

For this study, the convergent parallel mixed methods design will be used, where quantitative data will be collected to examine the impact of the savings rate on economic growth and qualitative data will be gathered to evaluate the critical factors affecting the savings rates and the households’ views on the importance of savings. These databases will be analysed separately, then merged for comparison and, subsequently, the results will be interpreted or explained as illustrated in Figure 2.

Figure 2: Convergent method diagram



Source: Creswell (2013)

3.4 Data and sampling

In this study, data was collected for both quantitative and qualitative analysis to ensure that the savings rationale is derived accordingly and explained appropriately. The quantitative data provide statistical information on savings in South Africa while the qualitative data have utilised a survey that focuses on South African's views on the importance of savings, factors that enhance savings and those that impede the ability to save.

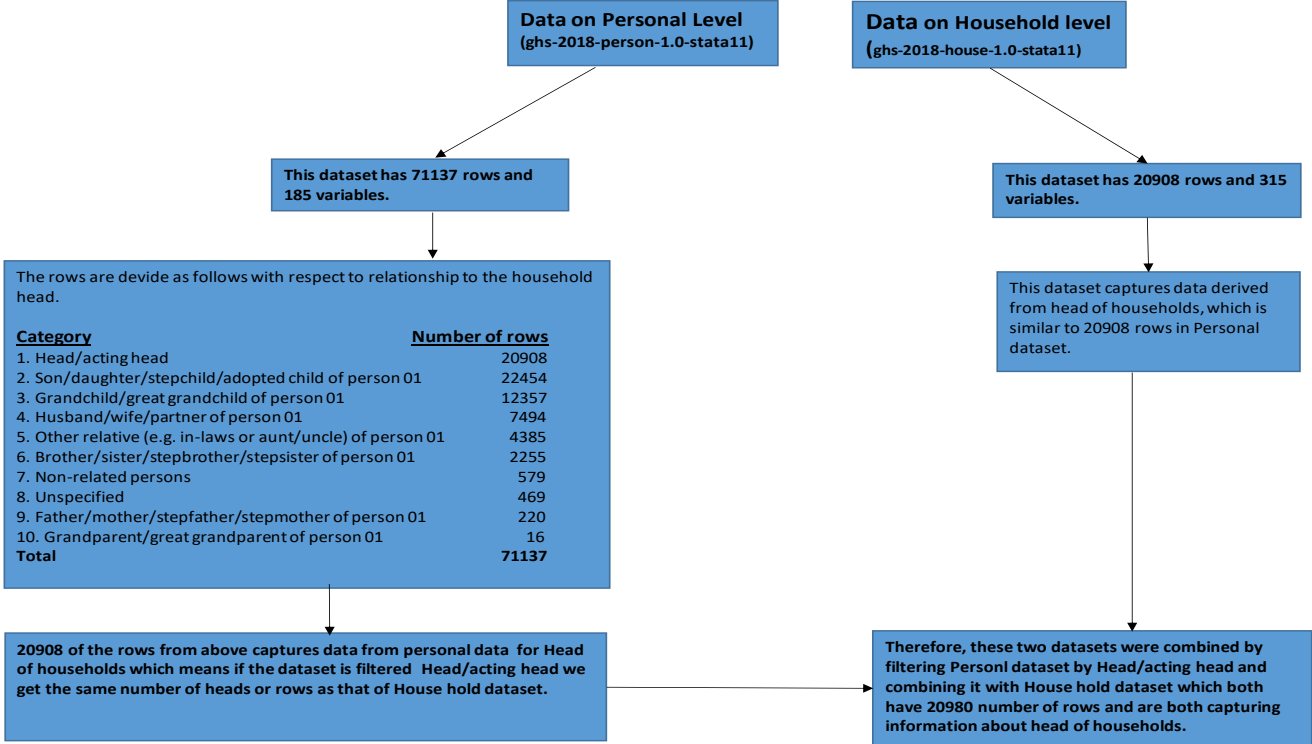
3.4.1 Quantitative data source and period

Secondary data was collected from Statistics South Africa from the General Household Survey for the year 2018. The General Household Survey measures the living standards of South African households and it is conducted annually (StatsSA, 2018). Data is collected data from sectors such health, housing, education, agriculture, social development, food security and access to services (StatsSA, 2018).

The survey covers all the household members of households and residents in workers' hostels as well as private dwellings in the nine provinces of South Africa but does not cover collective living quarters such as student hostels, old-age homes, hospitals, prisons and military barracks (StatsSA, 2018).

This data is divided into two parts; one part describes the demographics on a personal level and the other a household level. However, for this study, the data was merged and household head data was utilised for analysis. The final data set used is the household level data with some of the variables added from the personal level data. The merging of data is illustrated in Figure 3.

Figure 3: Merging of quantitative data sets



Source: Stats SA (2018) General Household Survey

3.4.1.1 Data limitations

The data on the personal level missed a few of the major variables that were meant to be analysed. It presented challenges on monthly income/salary which is the key variable to savings resulting in a high missing value of about 72%. The other challenge with personal level data is that it includes very young data people (babies/children). For instance, it can be assumed that children are not earning an income and do not know what saving is so including them in the study might lead to wrong conclusions. The household level data set presented fewer challenges, with most of the variables that were required for the study included. Refer to Table 3 for details on variables defined.

Table 3: List of key variables

Variables	Definitions	Type of data	Data set
Dependent variables			
Savings indicator	Defined as ‘Yes’ if informal savings or investment account is ‘Yes, individually’ or ‘Yes, jointly’. ‘No’ if both informal and investment accounts are ‘No’.	Categorical	Derived from an investment account and informal savings.
Formal savings	Defined as 1. Yes, individually, 2. Yes, jointly, 3. No.	Categorical	Personal data (head of household).
Informal savings	Defined as 1. Yes, individually, 2. Yes, jointly, 3. No.	Categorical	Personal data (head of household).
Independent variables			
Household income	Defined as 1. Yes, individually, 2. Yes, jointly, 3. No.	Categorical	Household data.
Household size	The number of people in a household defined as absolute numerical values.	Numerical	Household data.
Gender	The gender of the head of the household is defined as 1 for male and 2 for female.	Categorical	Household data.
Age	Age of the head of the household is defined by the absolute number as inserted by the population.	Numerical	Household data.
Marital status	Marital Status of the head of the household is defined as 1 legally married, 2 living together like husband and wife/partner, 3 divorced, 4 separated but still legally married, 5 widowed, 6 single.	Categorical	Personal data (head of household).
Level of education	Refer to Annexure 4.	Categorical	Personal data (head of household).
Employment status	1 employed; 2 unemployed; 8 other.	Categorical	Personal data (head of household).

Source: Stats SA (2018) General Household Survey

3.4.2 Qualitative data

3.4.2.1 Data sample period and size

Primary data was collected from randomly selected participants who are currently working individuals and therefore are earning income which makes them eligible to save. The collection of qualitative data was conducted using a structured questionnaire which was designed using Google Forms (see Annexure 1). The questionnaire consisted of 16 questions that each required

a response from participants. It was distributed to several participants across the country using email and WhatsApp platforms. A total number of 51 participants responded to the research questionnaire between 10th – 25th July 2020.

The sample size is relatively large for a qualitative study; however, the decision was made to include all the participants bearing in mind that the method consisted of written questions that may not provide the same response depth as those of face-to-face interviews. A larger size will allow for thorough responses and evaluations from the participants to ensure that the responses are consistent across participants and to reflect their savings behaviour.

3.4.2.2 Structure of questionnaire

The questionnaire was divided into three sections as shown in Annexure 1. The first section was to assure the participants about the validity of the study and that it had been duly approved by the institution. The second section introduced the researcher's topic and briefly provided background about it. The participants were also informed that their information would be kept confidential and that they would complete the questionnaire anonymously. The third section consisted of 16 questions that each required a response from participants. This section was divided into two subsections: demographic indicators and savings behaviour indicators.

The demographic indicators were addressed by Questions 1 to 6 as shown in Annexure 1. Within each of these variables, options (except for occupation) were given and participants could select the most applicable option to ensure a proper summary of information. The purpose of this was to determine the relationship between participants' savings patterns and their age, marital status, level of education, occupation, income and number of dependants in their households. Furthermore, this was done to determine the link these variables have to the information identified in the literature review.

The savings behaviour indicators were addressed by Questions 7 to 16. Although this section had ten questions, it was addressing the five key areas. Question 7 sought to understand the participants' spending patterns. Questions 8 and 9 sought to understand their view on the importance of savings. Questions 10, 11 and 12 addressed the factors that influence the participants' decision to save. They were presented with several options from which to select

and further requested to expand on their selection to make their understanding of its relevance clear. The participants could select more than one factor.

Questions 13 and 14 sought to understand if the participants had any form of informal savings other than those offered by registered financial services providers. Questions 15 and 16 sought a response to identify factors that impede participants' ability to save.

The purpose of this section was to determine the relationship between the low savings rate in South Africa and these variables, namely, spending patterns, the importance of savings, factors enhancing savings as well as those that are impeding their ability to save. This was done to align with the objectives of this study.

3.5 Data analysis

3.5.1 Quantitative data analysis

3.5.1.1 Empirical model

This research study uses an adaptation of the equation of the logistic regression model to test statistically the relationship of variables to savings. The mathematical definition of logistic regression is as follows:

$$\text{Log} \left(\frac{p}{1-p} \right) = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \dots + \beta_n x_n \text{ (Equation 1)}$$

Where:

$$p = P(S = 1)$$

S is the savings indicator

x are the independent variables

n is the number of independent variables

This study focuses on three savings indicators as dependant variables (Table 3): first, the investment savings which comprise formal savings; second, the informal savings (i.e., stokvels etc.) as indicated by the households; and last, the aggregated savings (which is both formal and informal) indicated as savings indicator.

Age, marital status, employment status, monthly salary, household size and level of education were identified as independent variables. They were used individually to assess the extent of

the relationship between them and the dependant variables as indicated. This is in line with the literature that revealed that these variables have an impact on the savings patterns of households.

3.5.1.2 Estimation technique

To get the best possible results, Equation 1 above was estimated using logistic regression analysis as it is more suitable to use when the dependent variable is categorical (binary) and is simple to interpret (Bewick, Cheek, & Ball, 2005). Unlike in linear regression, in logistic regression, the outcome variable is dichotomous or binary (Jessen & Menard, 1996).

3.5.1.3 Validity of data

To ensure the data is valid, the Exploratory Data Analysis (EDA) approach was used. EDA helps analyse data before using the statistical tool to become familiar with such data (Jeffers, 1994). Therefore, the EDA in this study was applied in three ways.

The first part of the analysis was to check the completeness of the data by checking the percentage of households with missing values for all the variables of interest. Variables with a high percentage of missing values would present challenges in providing information regarding their relationship with savings. As indicated in Table 4, all variables are populated with some information although in some cases the information is ‘unspecified’, therefore, there are no missing values for each variable.

Table 4: Variables with missing values

Variables	Number of Missing Values	% of Missing Values
Head Gender	0	0%
Head Age	0	0%
Marital Status	0	0%
Investment Account	0	0%
Informal Savings	0	0%
Employment Status	0	0%
Household Monthly Salary	0	0%
Savings Indicator	0	0%
Household Size	0	0%
Level of Education	0	0%

Source: Estimated data from Stats Sa (2018) General Household Survey

The second part of the analysis focused on the variables' distributions, i.e., the percentage of households within each value of the variable. The distribution clarifies the range of values, mode of the variable and indicated irrational values, e.g., a negative age. The results of these distributions are summarised and presented in a table format in Table 7 in Chapter 4.

The third part focuses on the correlation of each of the variables of interest to savings. Correlation indicates the extent of the linear relationship between each variable and savings and whether it is a positive (move in the same direction) or negative (move in the opposite direction) relationship. The correlations also helped to provide some indication of what to expect when fitting a logistic regression on the data, e.g., the signs of coefficients.

3.5.2 Qualitative data analysis

The process of analysing qualitative data involves inductive reasoning to interpret and understand the words conveyed by the participants in the study (Thorne, 2000). In qualitative research interpretative understanding is the only possible way of uncovering the meanings of a phenomenon – how something operates (explanation) and the reason it operates in the manner that it does (interpretation) (Thorne, 2000).

3.5.2.1 Process for analysing data

The data collected from the participants were analysed using thematic analysis. This is the process of analysing data that have been received through responses of the participants for similarities and relationships to the topic of the study. It involves analysing texts from the responses and thereafter formulating codes from these responses. These codes capture the meaning of each response provided by the participants. Once codes were identified, they were compared and grouped for similarities to formulate themes. The purpose of these themes is to identify the relationships of the responses to the objectives of the study.

3.5.2.2 The validity of data

It is important to ensure that qualitative data represent the participants' realities accurately. Therefore, to ensure the validity of this study, qualitative data was tested for trustworthiness

using four aspects: credibility, dependability, transferability and authenticity (Cresswell & Miller, 2000). The detailed process is discussed below.

First, 51 responses were received from the participants randomly sampled. The responses are shown in Annexure 2. All the responses were checked to verify that indeed all participants who responded were working individuals. To verify this, the occupation of the participants was used as a criterion. Therefore, participants who identified themselves as unemployed and a student were eliminated from the study. Furthermore, texts which captured responses from participants were analysed to ensure there was no duplication of information. Two responses were found to be duplicated; the participant had submitted the responses twice. As a result, the duplicated data was eliminated from the study. A total of four responses were removed.

Second, three questions that required qualitative responses from the participants were identified, namely:

- Why are savings important?
- What are the factors influencing (enhancing) savings?
- What are the factors impeding the ability to save?

These questions were critical to the study to achieve the objectives which are to determine and evaluate the factors that affect savings patterns and to determine the participants' understanding of the importance of savings. Due to the large number of responses that were submitted for these questions, data was coded.

During the coding process, the text of each response that was provided by the participants was read repeatedly to derive the word or words which captured the meaning of the responses. Due to the length of some qualitative responses, more than one code was identified. Once codes were identified from the textual data, they were further analysed for similarities. To ensure that data is not scattered all over, similarities were identified using colour coding. The same colours were grouped into different categories. Subsequently, for each category of colour, themes were formulated to capture the views, opinions and experiences of the participants.

For this study, themes were generated for the responses derived from the three questions. The themes that are linked to the importance of savings, factors enhancing saving and factors impeding saving are listed in Annexure 3.

Chapter 4

Discussion of Findings

4.1 Introduction

In this chapter, the findings based on the empirical analysis described in Chapter 3 will be discussed. This section is divided into three sections. Section 1 presents the quantitative analysis findings which are divided into descriptive statistics for savings indicators, the correlation which measures the overall relationship of variables among each other, the savings rate as a percentage of independent variables and the regression analysis which discusses the relationship between the independent variable and three savings indicators. Section 2 presents the findings of the qualitative analysis – the demographics of the surveyed participants and the analysis of the themes which were formulated from the responses. Section 3 concludes by integrating the findings from sections 1 and 2 and provides explanations for the savings rate in line with the objectives of the study.

4.2 Quantitative results

4.2.1 Descriptive statistics

Table 5 summarises the demographic data from a population of 20 908 households. This population comprises 57% males and 43% females. Of this population, 56.3% are employed, 35.8% are classified as self-employed, i.e., informal traders etc. and 7.9% are unemployed. The data reveals that only 19.7% of the surveyed participants have informal savings, while 34.64% have a formal savings account; 44.7% have either a formal savings account or an informal savings account, i.e., aggregate savings. In terms of constituents, 42.9% consist of up to two members in a household, 41.2% consist of three to five members and only 15.9% have more than five members.

Table 5: Descriptive statistics of the variables

Demographical profile of the population					
Variables	Number of observations (n)	% of total response	Variables	Number of observations (n)	% of total response
Informal savings			Formal savings		
Yes	4098	19.7%	Yes	7192	34.6%
No	16747	80.3%	No	13569	65.4%
Savings (formal and informal)			Number of households		
Yes	9304	44.8%	0 -2	8976	42.9%
No	11458	55.2%	3 -5	8612	41.2%
			Above 5	3320	15.9%
Age			Marital status		
30 years old and under	2708	13.0%	Married	7113	34.0%
31 - 40 years old	4627	22.1%	Married but seperated	332	1.6%
41 - 50 years old	4541	21.7%	Single	7073	33.8%
51 - 60 years old	4134	19.8%	Divorced	713	3.4%
Above 60 years	4899	23.4%	Living together	2375	11.4%
			Widowed	3301	15.8%
Employment status			Gender		
Employed	11777	56.3%	Male	11938	57%
Not employed	1647	7.9%	Female	8970	43%
Other	7483	35.8%			
Household income			Education level		
Under R2,500	9325	44.6%	Matric and below	19106	91.4%
R2,500 -R5,000	2990	14.3%	Post matric diploma	303	1.5%
R5,000 -R7,500	1861	8.9%	Undergraduate degree	924	4.4%
R7,500 -R10,000	1359	6.5%	Postgraduate degree	575	2.8%
R10,000 -R20,000	2342	11.2%			
Above R20,000	3032	14.5%			

Source: Candidate's estimations from Stats SA (2018) General Household Survey

Furthermore, data indicate that the age of the population under study is spread almost evenly among age groups with those that are 30 years and under being the lowest at 13% and those that are 60 years old and above comprising 23.4%. Notably, 34% of the population are legally married, 1.6% are legally married but separated, 33.8% are single, 3.4% are divorced, 11.4% are cohabiting and 15.8% are widowed.

The data on the level of education for the population revealed that the majority of the participants have matric and under as a qualification; those with post-matric qualifications make up less than 5% for each category. The income groups comprise 44.6% of the participants earning income of less than R2,500, 14.3% earning between R2,500 and R5,000, 8.9% between R5,000 and R7.500, 6.5% between R7,500 and R10,000, 11.2% between R10,000 and R20,000 and 14.5% earning above R20,000.

4.2.2 Correlation analysis

Correlation analysis is one of the most used statistical tools to measure the extent of the relationship between two different variables (Taylor, 1990). The strength of the relationship is measured by a value between -1 and +1; correlation coefficients close to -1 indicate a strong negative linear relationship with two variables moving in opposite directions over time while correlation coefficients close to +1 indicate a strong positive linear relationship with two variables moving in the same direction over time (Taylor, 1990).

To test the level of correlation between variables, Pearson's correlation matrix has been applied and the results are indicated in Table 6. The correlation matrix in Table 6 ranges between -1 and +1 which is the statistically accepted range. Therefore, where the value is ≤ 0.35 , it is considered to be a low correlation, while 0.36 to 0.67 is considered to have a moderate correlation and 0.68 to 1.0 indicate a strong correlation (Taylor, 1990). The results indicate that an undergraduate and under matric levels of education have a strong negative correlation. The variables are mutually exclusive and therefore likely to have a strong negative correlation particularly because about 95% of the sample falls under those 2 groups i.e. under matric and undergraduate. On the other hand, and the rest of the variables have acceptable collinearity.

Table 6: Correlation matrix

	Age	HS	SI	GF	GM	COH	DIV	MAR	SIN	WID	DIP	U MTC	POST	UNDER	EMP	NEMP	SAL R10K- R20K	SAL R2,5K- R5K	SAL R5K- R7,5K	SAL R7,5K- R10K	SAL R20K+	SAL U R2,5K	
Age	1.000																						
HS	0.224	1.000																					
SI	-0.041	-0.050	1.000																				
GF	0.151	0.128	-0.022	1.000																			
GM	-0.151	-0.128	0.022	-1.000	1.000																		
COH	-0.168	0.015	-0.042	-0.176	0.176	1.000																	
DIV	0.076	-0.041	-0.004	0.102	-0.102	-0.067	1.000																
MAR	0.108	0.164	-0.117	-0.406	0.406	-0.257	-0.135	1.000															
SIN	-0.393	-0.234	-0.051	-0.187	-0.187	-0.256	-0.134	-0.513	1.000														
WID	0.463	0.105	-0.045	0.373	-0.373	-0.155	-0.081	-0.311	-0.310	1.000													
DIP	-0.038	-0.032	0.037	-0.031	0.031	-0.006	0.013	0.020	0.005	-0.031	1.000												
U MTC	0.041	0.074	-0.197	0.066	-0.066	0.045	-0.038	-0.123	0.047	0.077	-0.395	1.000											
POST	-0.004	-0.041	0.134	-0.033	0.033	-0.034	0.017	0.086	-0.047	-0.031	-0.020	-0.547	1.000										
UNDER	-0.030	-0.050	0.141	-0.046	0.046	-0.031	0.031	0.087	-0.030	-0.063	-0.026	-0.701	-0.036	1.000									
EMP	-0.392	-0.158	0.245	-0.249	0.249	0.115	-0.003	0.122	0.037	-0.301	0.032	-0.156	0.097	0.117	1.000								
NEMP	-0.177	-0.021	-0.125	0.014	-0.014	0.031	-0.013	-0.085	0.135	-0.084	-0.007	0.055	-0.035	-0.044	-0.331	1.000							
SAL R10K- R20K	-0.060	0.029	0.106	-0.065	0.065	0.029	0.017	0.071	-0.040	-0.069	0.019	-0.041	-0.000	0.045	0.195	-0.077	1.000						
SAL R2,5K- R5K	-0.115	-0.045	-0.013	-0.021	0.021	0.063	-0.026	-0.060	0.064	-0.043	-0.018	0.092	-0.055	-0.071	0.197	-0.069	-0.146	1.000					
SAL R5K- R7,5K	-0.062	0.004	0.025	-0.062	0.062	0.057	-0.013	0.013	-0.003	-0.051	-0.007	0.043	-0.029	-0.031	0.157	-0.064	-0.111	-0.128	1.000				
SAL R7,5K- R10K	-0.051	0.003	0.035	-0.063	0.063	0.041	-0.014	0.020	0.001	-0.053	0.001	0.023	-0.025	-0.012	0.137	-0.055	-0.094	-0.108	-0.082	1.000			
SAL R20K+	-0.027	0.039	0.217	-0.156	0.156	-0.022	0.034	0.229	-0.144	-0.103	0.057	-0.356	0.247	0.257	0.280	-0.102	-0.146	-0.168	-0.129	-0.108	1.000		
SAL U R2,5K	0.199	-0.018	-0.242	0.233	-0.233	-0.100	-0.002	-0.182	0.083	0.203	-0.036	0.177	-0.107	-0.136	-0.619	0.234	-0.319	-0.367	-0.280	-0.236	-0.369	1.000	

Note: HS = household size, SI = savings indicator, GF = gender female, GM = gender male, COH = cohabiting, DIV = divorced, MAR = married, SIN = single, WID = widowed, DIP = diploma, U MTC = under matric, POST = postgraduate, UNDER = undergraduate, EMP = employed, NEMP = not employed, SAL = monthly salary.

Source: Candidate's estimations from Stats SA (2018) General Household Survey

4.2.3 Quantitative findings

4.2.3.1 Savings rate by independent variables

The distribution results that indicate the savings rate by each independent variable are displayed in Table 7. These results have revealed that from the surveyed participants, the savings rate for males is slightly higher than that of females which is contrary to literature that indicates that females save more than their male counterparts. As far as age is concerned, the younger and older generation has the lowest saving at 37.2% and 38.1% respectively, compared to the middle-aged with a savings rate above 45%. This confirms the literature which states that most individuals commence saving patterns in their middle age as they are concerned about retirement, among other things. The distribution results further indicated that the higher the income the more chances of saving. This is in line with one Keynes theory that states the higher the income the higher the savings.

Table 7: Summary of distributions for savings rate by independent variables

Savings rate by independent variables			
Variables	Savings rate		Savings rate
Gender		Number of households	
Male	45.80%	0 -2	45.70%
Female	43.50%	3 -5	46.40%
Age		Above 5	38.30%
30 years old and under	37.20%	Marital status	
31 - 40 years old	49.90%	Married	52.90%
41 - 50 years old	50.80%	Separated	42.00%
51 - 60 years old	45.50%	Single	41.30%
Above 60 years	38.10%	Divorced	43.80%
Household income		Living together	39.00%
Under R2,500	31.40%	Widowed	39.70%
R2,500 -R5,000	43.20%	Education level	
R5,000 -R7,500	48.80%	Matric and below	4.90%
R7,500 -R10,000	51.40%	Post-matric diploma	60.60%
R10,000 -R20,000	59.60%	Undergraduate degree	77.40%
Above R20,000	71.00%	Postgraduate degree	84.50%

Source: Candidate's estimations from Stats SA (2018) General Household Survey

According to Table 7, married participants have a higher savings rate at 52.9%, followed by divorced participants at 43.8%, separated participants at 42%, single participants at 41.3%, widowed participants at 39.7% and cohabiting participants at about 39%. This could imply that married people are more disciplined than other groups and plan accordingly.

Interestingly, data revealed that those with a household size that is between 3 and 5 people have a slightly higher savings rate than those that have a household size below or above. The results further indicated that higher education and income have a higher savings rate.

4.2.4 Logistic regression results

This section presents the results of the logistic regression analysis which was used to estimate the relationship between savings and the determinants of savings, namely, income, age, household size, gender, marital status, level of education and employment status of households, as identified in the literature. Table 8 below presents results for the dependent variables using savings indicator, formal savings and informal savings as the dependant variables.

Table 8: Determinants of savings

DEPENDENT VARIABLE:	SAVINGS INDICATOR		FORMAL SAVINGS		INFORMAL SAVINGS	
	Coefficient	Std err	Coefficient	Std err	Coefficient	Std err
INCOME GROUPS (R7500 - R10,000)						
Monthly salary: Above 20000	0.4443***	0.068	0.5241***	0.069	-0.3660***	0.077
Monthly salary: 10000-20000	0.1753***	0.067	0.1500**	0.068	-0.2125***	0.076
Monthly salary: 5000-7500	-0.1856***	0.07	-0.2696***	0.072	-0.3048***	0.081
Monthly salary: 2500-5000	-0.4058***	0.064	-0.6381***	0.066	-0.4093***	0.073
Monthly salary: Under 2500	-0.6594***	0.058	-0.9267***	0.061	-0.6632***	0.066
AGE	-0.0368	0.111	-0.3490***	0.122	-0.3896***	0.13
HOUSEHOLD SIZE	-1.3189***	0.149	-2.0838***	0.172	0.0045	0.171
GENDER FEMALE	0.4103***	0.037	0.0626	0.04	0.8164***	0.044
MARITAL STATUS (Legally married but separated)						
Marital status: Cohabiting	-0.5734 ***	0.080	-0.5779***	0.085	-1.5854***	0.092
Marital status: Divorced	-0.6134***	0.111	-0.4792***	0.118	-1.8258***	0.133
Marital status: Legally married	-0.0524	0.076	-0.0184	0.08	-1.2372***	0.083
Marital status: Single	-0.4667***	0.071	-0.4879***	0.075	-1.3639***	0.078
Marital status: Widowed	-0.2578***	0.087	-0.4306***	0.094	-1.0876***	0.095
EDUCATIONAL LEVEL (Matric and below)						
Education: Diploma	0.4609***	0.125	0.6674***	0.127	-0.4174**	0.169
Education: Undergraduate degree	0.9325***	0.085	1.0566***	0.084	0.0113	0.088
Education: Postgraduate degree	1.3550***	0.122	1.5817***	0.121	-0.0627	0.111
EMPLOYMENT STATUS (Other)						
Employment status: Employed	0.5470***	0.041	0.5647***	0.045	0.2555***	0.048
Employment status: Not Employed	-0.3225***	0.067	-0.2991***	0.079	-0.4676***	0.088
Log-Likelihood	-13027		-11538		-10073	
LLR p-value	0.000		0.000		1.62	
Pseudo R-squared	0.0941		0.1482		0.03330	
No. Observations	20,908		20,908		20,908	

Note: *** and ** denote significance for 1% and 5% respectively.

Source: Candidate's estimations from Stats SA (2018) General Household Survey

4.2.4.1 Income level and savings

The coefficients of income category **below R2,500** are observed to be negative and significant for savings, formal savings and informal savings. This indicates that participants earning below R2,500 are associated with lower aggregate savings, formal savings and informal savings compared with participants earning between R7,500 and R10,000. The magnitude of the coefficient for income category below R2,500 is lower than all the income categories for savings, formal savings and informal savings suggesting that participants earning less than R2,500 are associated with the lowest savings across all the income categories.

The coefficients of income category **R2,500–R5,000** are observed to be negative and significant for savings, formal savings and informal savings. This indicates that participants earning between R2,500 and R5,000 are associated with lower aggregate savings, formal savings and informal savings compared with participants earning between R7,500 and R10,000. The magnitude of the coefficients for R2,500–R5,000 is higher than all the income categories below it but lower than all the income categories above it for savings and formal savings, suggesting that the higher the income, the higher the aggregate savings and formal savings.

The coefficients of income category **R5,000–R7,500** are observed to be negative and significant for savings, formal savings and informal savings. This indicates that participants earning between R5,000 and R7,500 are associated with lower aggregate savings, formal savings and informal savings compared with participants earning between R7,500 and R10,000. Concerning other categories, the magnitude of the coefficients suggests that participants earning between R5,000 and R7,500 are associated with higher formal savings than participants earning between R2,500 and R5,000 and under R2,500 but with lower formal savings than participants earning higher than R7,500. This further suggests that the higher people earn, the more the likelihood of saving will be.

The coefficients of income categories **R10,000–R20,000** and **above R20,000** are observed to be positive and significant for aggregate savings and formal savings while a negative and significant coefficient is reported for informal savings. This indicates that participants earning between R10,000 and R20,000 and above R20,000 are associated with higher aggregate savings and formal savings compared with participants earning between R7,500 and R10,000. On the contrary, participants earning between R10,000 and R20,000 and above R20,000 are associated with lower informal savings compared with participants earning between R7,500 and R10,000. Thus, the negative relationship to the informal savings implies that the participants earning between R10,000 and R20,000 and above R20,000 are not keen on informal savings.

In summary, the results for the income level category suggest that the higher people earn, the more the likelihood of saving. This is consistent with Keynes' theory which asserts that savings are influenced by an increase in income. Several studies (Muradoglu & Taskin, 1996; Nwachukwu & Egwaikhide, 2007; Rehman et al., 2010) support the view that income has a positive significant relationship with savings. The other findings suggest that income groups

have an insignificant relationship to informal savings which is contrary to the results of the study conducted by Old Mutual which indicated an increase in informal savings among all income groups between 2013 and 2019 (Old Mutual, 2019).

4.2.4.2 Age and saving

The coefficient of age is observed to be negative for aggregate savings but significant for formal and informal savings. The negative coefficient indicates that higher age is associated with lower formal and informal savings. Interestingly, the results shown in Table 7 reveal that the younger and older generations have lower savings compared to the middle-aged.

These findings align with LCH theory which states that individuals smooth their expenses over the years of their lives suggesting that they spend more in their youth years, save in their middle years and enjoy benefits in their older years (Pettinger, 2019). However, in a study done on determinants of individual savings among Tanzanians, it was found that age produces positive savings (Mori, 2019). Similarly, a study undertaken in Ghana on the determinants of savings found that an increase in the age of the participants increased the probability of saving (Anang, Dawuda, & Imoro, 2015).

4.2.4.3 Household size and saving

The coefficient of household size is observed to be negative and significant for aggregate savings and formal savings. The negative coefficient indicates that higher household sizes are associated with lower savings. Generally, the bigger the household, the larger the expenses leading to fewer savings.

Nwosu et al. (2020) in their study on determinants of household savings in Nigeria asserted that household size has a negative significant relationship with household savings. Rehman et al. (2010) found that the dependency rate and family size have a negative significant relationship with household savings. In other words, a larger family size will increase the dependency rate and subsequently decrease the likelihood of saving.

4.2.4.4 Gender and saving

The coefficients of gender female are observed to be positive and significant for aggregate savings and informal savings but not significant for formal savings. This indicates that females are associated with higher aggregate savings and informal savings compared to males. Similarly, Nwosu et al. (2020) found that female-headed households have a positive significant relationship with savings. The results are different compared to what was observed when savings rates for males were compared to those for females in Table 7 where males were observed to have slightly higher savings compared to females.

In a study conducted by Chowa (2006), the results revealed that as much as both women and men are saving successfully, in all levels of education women are saving better than their male counterparts. She attributed this to women's motivation to accumulate assets for the households as they are the primary managers of the households.

4.2.4.5 Marital status and saving

The coefficients of marital status category **cohabiting** are observed to be negative and significant for savings, formal savings and informal savings. This indicates that participants who are living together but not married are associated with lower aggregate savings, formal savings and informal savings compared with participants who are married but separated. Concerning other categories, the magnitude of the coefficients indicates that cohabiting participants are associated with lower aggregate savings, formal and informal savings than single and widowed participants while they are associated with higher aggregate savings and informal savings than divorced participants.

The coefficients of marital status category **divorced** are observed to be negative and significant for savings, formal savings and informal savings. This indicates that participants who are divorced are associated with lower aggregate savings, formal savings and informal savings compared with participants who are married but separated. In relation to other categories, the magnitude of the coefficients indicates that divorced participants are associated with lower aggregate savings and informal savings than cohabiting, single and widowed participants whilst on the other side they are associated with higher formal savings than cohabiting and single categories lower formal savings than widowed.

The coefficients of the marital status category **legally married** are observed to be negative and significant for informal savings but insignificant for aggregate savings and formal savings. This indicates that participants who are married are associated with lower informal savings compared with participants who are married but separated. However, there was not sufficient evidence to infer that any association exists between the legally married category and aggregate savings and formal savings. In relation to other categories, the coefficients indicated that legally married participants are associated with higher informal savings than cohabiting, divorced and single participants but lower informal savings than widowed participants.

The coefficients of marital status category **single** are observed to be negative and significant for savings, formal savings and informal savings. This indicates that single participants are associated with lower aggregate savings, formal savings and informal savings compared with participants who are married but separated. In relation to other categories, the results indicate that single participants are associated with higher aggregate savings and informal savings compared to cohabiting and divorced participants while with lower aggregate savings and informal savings than widowed participants. On the other hand, the single participants are associated with lower formal savings more than divorced and widowed participants but with higher formal savings than cohabiting participants.

The coefficients of marital status category **widowed** are observed to be negative and significant for savings, formal savings and informal savings. This indicates that participants who are widowed are associated with lower aggregate savings, formal savings and informal savings compared with participants who are married but separated. Concerning other categories, the magnitude of the coefficient for marital status category widowed indicates that participants who are widowed are associated with higher aggregate savings and formal savings compared to participants who are cohabiting, divorced and single as well as with higher informal savings for participants in all marital status categories including those who are legally married.

In summary, the above results suggest that marital status has a negative relationship to savings. The studies revealed different views. For instance, Kostakis (2013) found that marital status has a positive relationship to savings in Greece, while Rehman et al. (2010) found that marital status has a negative relationship to savings in Pakistan. On the other hand, Nwosu et al. (2020) found that only marital status single has a positive relationship to savings in Nigeria. Finally, a study conducted in Ghana on saving habits found that married people were more likely to save

than unmarried people (Anang et al., 2015). The reason for the different perspectives may be due to the different cultures in these countries.

4.2.4.6 Level of education and saving

The coefficients of education level category **diploma** are observed to be positive and significant for savings and formal savings but negative and significant for informal savings. This indicates that participants with a diploma are associated with higher aggregate savings and formal savings but lower informal savings compared to participants with an education level of matric and below. The magnitude of the coefficients for a diploma is lower than undergraduate and postgraduate for savings and formal savings, implying that participants with an education level of diploma are associated with lower aggregate savings and formal savings than participants with a higher education level than they have.

The coefficients of education level category **undergraduate degree** are observed to be positive and significant for savings and formal savings and insignificant for informal savings. This indicates that participants with an undergraduate degree are associated with higher aggregate savings and formal savings compared to participants with an education level of matric and below. The magnitude of the coefficient of this category indicates that participants with an undergraduate degree are associated with higher aggregate savings and formal savings than participants with diplomas and matric and below qualifications. On the contrary, the participants with an undergraduate degree are associated with lower aggregate savings and formal savings than participants with a postgraduate degree. The results suggest that higher education is associated with higher savings and formal savings.

The coefficients of education level category **postgraduate degree** are observed to be positive and significant for savings and formal savings but negative and insignificant for informal savings. This indicates that participants with a postgraduate degree are associated with higher aggregate savings and formal savings compared with participants with an education level of matric and below. When compared with the other categories, the magnitude of the coefficients for this category indicates that participants with a postgraduate degree are associated with higher aggregate savings and formal savings than participants with matric and under, diploma and undergraduate degree suggesting that the higher the qualification level, the more the likelihood of increased savings.

In summary, the results suggest that the higher the education, the higher the likelihood of savings. This finding concurs with the results of a study done on determinants of individual savings among Tanzanians that found that education level determines positive savings (Mori, 2019). Similarly, Nwosu et al. (2020), in their study on savings determinants in Nigeria, found that the higher level of education positively affects savings. However, Chowa (2006), in a study conducted in rural areas, discovered that women without formal education had higher savings than primary and secondary school males as well as females with a college degree.

4.2.4.7 Employment status and saving

The coefficients of employment status category **employed** are observed to be positive and significant for savings, formal savings and informal savings. This indicates that participants who are employed are associated with higher aggregate savings, formal savings and informal savings compared with participants who are in informal employment (e.g., informal traders). Based on the magnitude of coefficients of the employment status categories, the employed participants are also associated with higher aggregate savings, formal savings and informal savings compared to unemployed participants.

The coefficients of employment status category **unemployed** are observed to be negative and significant for savings, formal savings and informal savings. This indicates that unemployed participants are associated with lower aggregate savings, formal savings and informal savings compared with participants who are in informal employment (e.g., informal traders). Similarly, based on the magnitude of coefficients of the employment status categories, the unemployed participants are also associated with the lowest savings, formal savings and informal savings across all employment statuses.

In summary, the results suggest that those who are employed are more likely to save than those who are in informal employment and those who are unemployed. Similarly, in their studies, Simleit el al. (2011) and Kostakis (2013) found that employment status and employment type influence savings.

4.3 Qualitative results

The qualitative data was obtained using a questionnaire administered through Google Forms as indicated in Chapter 3 above. The findings of the qualitative analysis were divided into two

parts, namely, demographic data of the participants and data that is specific to savings behaviour.

4.3.1 Demographic characteristics

The demographic profiles of the participants are shown in Table 9. The data indicate that most of the participants are between 30 and 40 years old while more than half (55.3%) of the participants are single. Their educational level is spread across all qualifications except that none of the participants is without matric and that most of them have a post-matric diploma as their qualification.

Table 9: Demographic profile of the participants

Variables	Number of participants	%	Variables	Number of participants	%
Age			Education level		
20 - 30 years old	4	8.50%	No matric	0	0.00%
30 - 40 years old	32	68.10%	Matric	5	10.90%
40 - 50 years old	9	19.10%	Post-matric diploma	18	39.10%
50 - 60 years old	2	4.30%	Undergraduate degree	11	23.90%
Above 60 years	0	0.00%	Postgraduate degree	12	26.10%
Marital status			Number of households		
Single	26	55.30%	0 -2	23	48.90%
Married	17	36.20%	3 -5	21	44.70%
Divorced	4	8.50%	Above 5	3	6.40%
Household income			Spending patterns		
Under R6k	1	2.10%	Impulsive	14	29.80%
R6000 - R13,999	8	17.00%	Compulsive	12	25.50%
R14, 000 - R19,999	15	31.90%	Frugal	21	44.70%
R20,0000 - R39,999	13	27.70%			
Above R40,000	10	21.30%			

Source: Candidate's estimations from research data

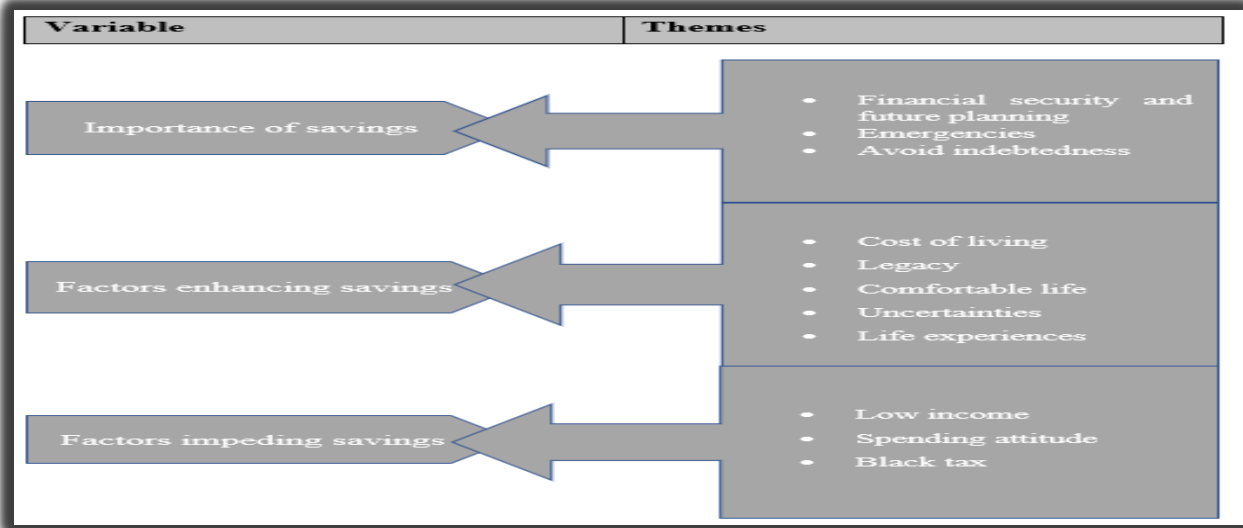
The number of persons in a household ranges between 2 and 5 with less than 10% of the participants having more than 5 persons living in their households. It is important to note that the participants who participated in the study were required to be working individuals and therefore earning income. This is in line with the literature review which stated that the most common determinant of savings is income.

All the participants earn income and most of them earn between R14,000 and R39,999 monthly. Information gleaned from the literature indicated that South Africans prefer spending abruptly rather than saving. However, the findings on the participants’ spending patterns revealed that almost half (44.7%) of the participants identify themselves as frugal spenders in that they are extra careful. Almost a quarter identify their spending pattern as impulsive – where they spend without planning – and the other quarter identifies their spending pattern as compulsive – spending more than what they have. It was further discovered that 99% of these participants view savings as important. This is explained in detail in the qualitative analysis findings in the next section.

4.3.2 Thematic findings

This section discusses the findings from the thematic analysis of participants’ views and behaviour in response to three key questions: the importance of savings, factors that enhance savings or influences their decision to save and factors that impede their ability to save. Themes were formulated for each of these questions stemming from the responses which were provided by the participants. Figure 4 represents the results of the themes extracted from the interview data.

Figure 4: Qualitative data structure



Source: Candidate’s own design from research data

4.3.2.1 Importance of savings

The fact that savings are important cannot be called into question because the responses from the participants concurred with this view overwhelmingly. However, the purpose of this question was to obtain an in-depth understanding of the participants' views on the importance of savings. The themes that are derived from the responses of the participants are discussed in detail in the next sections.

4.3.2.1.1 Financial security and future planning

Most participants stated that savings help shape their future financial goals, objectives and planning. They were concerned about the financial security of their families and thus deemed savings important to provide for this. In expanding, some of the participants indicated that savings ensure that they are able to provide for education for their children, buy a home and furniture and provide a sustainable financial lifestyle for themselves and their families. One of the participants stated that savings are important as they provide short-term financial solutions and means to invest. Another participant stated this as far as the importance of savings is concerned:

Investing towards my future is important for me. I would like to reach a point in my life where financial stability is not one of my most prominent day to day worries. (Participant 26)

4.3.2.1.2 Emergencies

Participants are concerned about unforeseen circumstances and therefore deem savings essential in such situations. They are concerned about the difficult times that they might face with no financial backup to augment the situation. These unforeseen circumstances include illnesses; their inability to cope with these emergencies result in financial stress as one participant stated:

It is important because when unforeseen circumstances occur I will be able to cope. (Participant 38)

Similarly, most participants asserted that savings come in handy especially during rainy days and in case of emergencies as captured by one participant:

It is important because you will never know what tomorrow holds. And it helps in times of unplanned emergency. (Participant 27)

4.3.2.1.3 Avoid indebtedness

Participants were concerned about living a debt-free life and regarded savings as an important tool to ensure this. They want to save so they can buy things in cash and avoid paying the interest charged on hire or credit purchases. They regard savings as important to avoid loan sharks and to spend only what they have. One of the participants stated:

It is very important, over a certain period to be able to have buying power without any increase to current debt, developing that money-saving attitude and being able to live a debt-free life by saving before I can spend. (Participant 15)

4.3.2.2 Factors that influence the decision to save

The findings above indicated that savings are important in that they provide financial security and avoid indebtedness, among other things. Having understood this, the next step was to understand what the savings drivers are for these participants. It was important for this study to understand their views on the drivers behind their decisions to start saving and whether they were in line with the study objectives. Therefore, the factors discussed here are those that enhance savings. The themes that were identified by the responses received are described and explained in detail in the next sections.

4.3.2.2.1 Cost of living

Most of the participants were concerned about the cost of living which is becoming too high to maintain. Participants identified expensive education as one of the reasons they would rather save. Therefore, education to enable their children to have a better future was the driver for their decision to save. One participant was concerned about the December holidays which are turning into spending sprees and without savings people could find themselves spending what

they do not have. On the other hand, some participants indicated that medical bills and car maintenance are expensive and, if one cannot save for them, they could be found wanting.

When asked the factors driving his/her decision to save, one participants stated:

Education for my kids. I do not want to see them suffering because I did not save for their education. I have seen myself struggling until I was awarded NSFAS and a bursary to further my studies. Nevertheless, I waited for 10 years after I matriculated since I did not have even registration fees. (Participant 8)

4.3.2.2.2 Legacy

Participants identified leaving a legacy for their families as the driver for their decisions to save. They did not want their children to experience hardship and they did not want to be a burden to them. The participants indicated that they wanted to leave a lasting legacy by the creation of generational wealth, building properties and investing in businesses. Some wanted to secure the best education for their children, build a house instead of renting and create a better future for their children.

The participants below eloquently captured their responses about building a legacy as follows:

Legacy – I want to hand something down. Family responsibilities – I plan to look after a family one day. Giving – I aspire to be a benefactor. (Participant 5)

Future plan – having kids of my own, I do not want them to experience what I experienced growing up so I need to save so that they can have access to finances when they are needed for their future. I also want to retire debt-free and enjoy financial freedom. (Participant 35)

4.3.2.2.3 Comfortable life

Participants were mainly concerned about living life comfortably without burdening their children by needing them to look after them especially when they are old. Therefore, they prefer saving for retirement so they can maintain their lifestyle and retire peacefully; they do not want to struggle when they are old. Others would save to fulfil their passion to travel the world and, therefore, they reckoned that travelling influenced their decision to save. Similarly, there was a

participant who stated that leisure is a self-reward for hard work and therefore an influencer for him/her to save. This was the response provided by one of the participants on factors influencing his decision to save:

Retirement is very important to plan for your future in order for you to be able to live a life where you will be able to get your essential needs. (Participant 30)

4.3.2.2.4 Uncertainty

Once again, the participants were concerned about future uncertainties and felt a strong need to ensure they were covered in case the worst happened. Therefore, uncertainties were one of the drivers behind their savings decisions. Participants revealed that they save in the event of job losses or when death strikes. This is explained by these participants:

Fear of not being able to provide for self and dependents and past/upbringing fears. (Participant 23)

Unforeseen circumstances: I save because when unforeseen circumstances occur, I want to be ready, e.g., child being sick or a family member is in need. (Participant 25)

From the above, it is clear that the participants asserted that it is due to these uncertainties that savings for emergencies and unforeseen circumstances enhance their savings decisions.

4.3.2.2.5 Life experiences

The participants indicated that their savings decisions were influenced by their life experiences. To some, the culture of saving was instilled by their parents from a young age and by the time they grew up, it had become part of their lifestyles. For some, it was the experience of seeing their parents enduring hardships as a result of their poor financial decisions or experiencing difficult financial situations which led to their deciding to ensure savings became part of their lifestyles. One of the participants, when responding to factors that influence the decision to save, stated:

Background – I come from a background where I did not get money freely from my family to set me up during my adult years and as a result after I finished school I had to look after my family. With nothing left for me to save, I had to devise means to plan how my money would work for me in my situation. (Participant 35)

4.3.2.3 Factors that impede the ability to save

From the beginning of the study, it was indicated that South Africa's savings rate is low. In line with the objectives of the study, it was important to understand the reasons behind this trend. It has been established that savings are important and various factors enhance savings. However, this part discusses the factors that impede the ability of South Africans to save. The themes which were formulated from the responses that were provided are discussed in detail in the next sections.

4.3.2.3.1 Spending attitudes

A large number of participants asserted that they cannot save because of their lack of discipline. Some claim it is difficult to save unless they establish a mandatory debit order system that runs automatically ensuring that savings occur. The participants further revealed that another difficulty in their ability to save is their eagerness for instant results without exercising enough patience to save. Some of the participants reckon it is their spending habits that impede their ability to save.

Interestingly, one participant revealed that he/she does not have to save and whenever there is an emergency relies on their partner to bail them out. Similarly, another participant stated that they tend to overcommit themselves and this leads to their drowning in debt and having nothing left to save.

One of the participants boldly stated:

When expenses are too high it is a challenge to save as much as I would like for a particular long-term goal. Secondly, at times there may be unplanned spending, which should have been savings due to a lack of prioritising. (Participant 9)

4.3.2.3.2 Low income

As expected, and in accordance with the literature, low income was another limiting factor in enabling savings. The participants attributed this to the number of household members who are dependent on one salary and an increase in expenses that did not match the income received was incurred. On the other hand, one participant revealed that their salary is on par with their monthly expenditure leaving no room for savings. Another claimed that their income is insufficient and that they can barely manage through the month; savings would therefore be the last thing on their minds.

Furthermore, some participants cited that it was the weak economy that resulted in salary cuts or no salary increases at all that made it difficult for them to save. Others cited that they were unable to save due to the financial stress that comes with being a single parent and that renders their income insufficient to cater to their needs.

Two specific responses capture this theme very well:

I am the mother of three boys, ages 19, 14 and 12. Nobody is assisting me with maintenance. I must pay the bond monthly, buy groceries, pay municipal services, pocket and transport money and clothing. I will end up borrowing money because sometimes my monthly salary is not enough especially now there is no (overtime or Sunday time) Pay due to lockdown.
(Participant 11)

Income not sufficient – that sad feeling of wanting to save more but your salary does not allow you. (Participant 19)

4.3.2.3.3 Black tax

The participants revealed that they are unable to save due to their black tax permutations. Black tax can be defined as the financial obligation or support that is provided by black professionals to their extended families as a result of inequalities caused by the apartheid legacy (Magubane, 2016). To some, however, black tax occurs as a gesture of ubuntu which expects that those who are working or well off take care of the other members of the family who are in financial

difficulties. This behaviour can put a lot of strain on these professionals leading to a lack of savings or building of wealth.

Similarly, the participants revealed that they are unable to save since they need to take care of unemployed family members and other members of the family by virtue of their being the only ones employed. Some find it challenging to save as they have to take care of their parents, while others have to provide financial assistance to their extended families in cases of death or illness which would ordinarily not be part of the budget.

Below are the responses which were provided by some of the participants:

As a black child growing up, you must not only take care of your children but the parents that raised you to take care of them and siblings. (Participant 2)

Besides my needs and expenses every month, I have to support my family of 12 people back home. (Participants 28)

4.4 Conclusion of findings

In conclusion, the qualitative analysis dealt with parts of the findings, namely, the demographic profiles of the participants and the qualitative analysis of the responses provided by these participants. The findings on the demographic profiles revealed that almost half of the participants identify themselves as frugal spenders while the other half was shared equally by impulsive and compulsive spenders. Unlike the literature which purported that most South Africans are spendthrifts, the findings revealed that most are cautious about how they spend their money.

Another interesting discovery was that, although the South African savings rate was low, the majority of these participants acknowledged the importance of savings for various reasons, such as for financial security and future planning, to serve as a cushion in case of emergency and to assist in avoiding indebtedness.

The analysis further revealed that factors that enhance savings included the desire to leave a lasting legacy for their children, to live a comfortable life without burdening their children and

their life experiences. In accordance with the literature review, some participants claimed that they lack the discipline to save and cannot control their spending. Low income and the impact of the black tax were the factors impeding their ability to save.

4.5 Integration of findings

This section involves merging and comparing the quantitative and qualitative data analysis findings and results.

In line with the first objective of the study, the quantitative findings revealed the savings rate as per income group to be as follows: for households earning less than R2,500 the rate is 31.4%, between R2,500 and R5,000 it is 43.2%, between R5,000 and R7,500 it is 48.8%, between R7,500 and R10,000 it is 51.4%, between R10,000 and R20,000 it is 59.6% and for households earning above R20,000 it is 71%.

These results suggest that the higher the income, the higher the savings rate and this is the trend that has been seen throughout the study. While this is in line with Keynes' income theory which states that savings will increase as long as income increases, it is contrary to Friedman's PIH theory which states that an individual will save as long there is an expectation of a permanent salary but households on the lower-income bands are unable to save.

The results of the regression attested to this effect. Participants earning R10,000 and above are associated with higher aggregate savings and formal savings compared with participants earning between R7,500 and R10,000. However, although higher income is associated with higher savings, the opposite has occurred for participants earning R7,500 and lower as they were associated with low savings.

Similarly, households with a postgraduate degree are associated with higher aggregate savings and formal savings, followed by undergraduate and diploma qualifications when compared to the matric and under level of education. As far as informal saving was concerned, postgraduates and undergraduates had an insignificant association and lower association than the diploma level compared to matric and under.

From the backdrop of the savings rate above, the second objective of the study which dealt with important factors that impede individual decisions to save was revealed. Through qualitative findings, three themes that captured these factors appropriately were formulated, namely, spending attitude, low income and black tax. The participants acknowledged that their lack of discipline in controlling their spending impacts their ability to save negatively. However, interestingly, most of these individuals indicated that their income is insufficient to enable them to save.

To elaborate on this, the participants stated that their income is insufficient due to the number of dependants within their households, their monthly expenses that match their income leaving no room for savings and their single-parent status which meant no assistance from the other parent; these situations made it difficult to save.

The regression results suggested that those in the lower bands of the income group (i.e., earning less than R7,500) have a moderate to strong negative relationship to formal and informal savings. Furthermore, there is a strong negative relationship between single (marital status) households and both formal and informal savings while large household size has a strong negative relationship as far as formal savings is concerned. The literature has similarly indicated that household size affects savings behaviour; however, one study indicated that marital status single households are likely to save.

On the issue of black tax, the participants indicated that there is still an expectation – whether cultural or religious – for them to take financial care of their parents and siblings and in some instances their extended relatives too, resulting in their inability to save. The study conducted by (Mangoma & Wilson-Prangle, 2019) on the effects of black tax revealed that those who are transferring these funds are dissatisfied with their own level of savings. Furthermore, the Old Mutual (2019) survey on savings and investment revealed that the generation that supports immediate or extended families has increased from 21% in 2013 to 34% in 2019 which resulted in a drop in savings.

Cronjé and Roux (2010) share three factors that concur with the above sentiments in their study on savings culture for the middle class in South Africa. First, they state that the dependency ratio as a result of the growing population is one of the factors causing the poor savings culture (Cronjé & Roux, 2010). This could be linked to the effects of the black tax which occurs as a

result of individuals who depend on someone else to take care of them. Second, they state that South Africans are saving poorly because they are in survival mode (Cronjé & Roux, 2010). Again, this could be linked to the effects of low income where one has to survive with what is available. Third, they state that consumption is one of the factors affecting savings in South Africa; this links to spending attitude as a factor that impedes saving (Cronjé & Roux, 2010).

It was reassuring to note that, besides the above sentiments, participants still acknowledge that it is important to save to ensure financial security and future planning to protect themselves in the event of emergencies and to avoid indebtedness. They elaborated on this by stating that savings provide a sustainable financial lifestyle and means to invest and that it is important to ensure that education for their children is secure. It was further interesting that although the literature has revealed that South Africans are prone to debt rather than savings (Cronjé & Roux, 2010; Erasmus, 2015), most of the participants wish to save to avoid debt.

Furthermore, participants deemed savings important as they were concerned about unforeseen circumstances such as medical bills, funeral expenses, and a loss of income; they regarded savings as a cushion in these instances. One case in point related to unforeseen circumstances is that this research was conducted during the COVID-19 pandemic which inherently resulted in a loss of jobs, salary cuts and even a loss of lives in some instances. Therefore, non-discretionary savings, such as pension and insurance policies, and discretionary savings, such as savings accounts and stokvels, would have played a role in providing financial security.

From the lessons learnt from the findings and their link to the topic of the study, the South African savings net does not appear to be empty. However, these findings imply that it might take some serious measures for savings to become an effective safety net.

In conclusion, South Africans without any doubt appreciate and understand the importance of savings in their lives. However, there is an acknowledgement that they cannot save due to the reasons stated. The expectation is that in the absence of those factors, they would save; therefore, it is critical to consider all the factors carefully when formulating recommendations in the next chapter.

Chapter 5

Conclusions and Recommendations

5.1 Introduction

In this chapter, the study on the savings culture of South African households is concluded. A summary of the study highlighting the importance of savings in the economy of the country, its determinants and the findings are presented. Conclusions on the findings from the survey that was conducted and the regression results are provided. Recommendations for policy changes and future research are proposed.

5.2 Summary of the study

The savings rate in South Africa compared to that in other developing countries has been low. Low savings, which was recorded at 14.5% of the country's GDP in 2019 according to the Reserve Bank and as per Figure 1, put a strain on government resources as more households rely on these resources to survive. Low savings leave households vulnerable to endogenous and exogenous shocks which might come as a result of emergencies.

This study analysed the savings rate among various income groups in South Africa from data collected from the 2018 Statistics SA Labour Dynamics Survey. Responses from surveyed participants who were requested to respond to the important factors that cause their inability to save and the importance of savings from their point of view were explored.

The analysis has revealed several insights which might be useful to policymakers, in particular regulatory bodies, financial institutions and the South African Savings Institute. To date, National Treasury has introduced a TFSA to encourage savings among individuals, while the Savings Institute in partnership with financial institutions has introduced programmes to motivate savings.

The study revealed that the most important determinant of saving is income. However, it was found that there is a gap in the savings rate and it is prevalent among lower-income groups. It revealed that households on the lower bands of income have a low savings rate compared to

those on the higher bands. Households earning under R2,500 have a savings rate as low as 31.4%, while those earning above R20,000 have a higher savings rate of up to 71%.

The analysis revealed that aggregate and formal savings are positively influenced by higher income but these income groups were less likely to have informal savings accounts. While these results have indicated income disparities, the same could not be linked to informal savings.

Age is one of the determinants of savings: the older the population gets, the less the likelihood that they will save. This revelation might require further research to determine how income groups relate to different age groups. In other words, it might not necessarily be the age per se but the fact that those within an age range are earning less income.

Further, the larger the household size, the less the likelihood for aggregate and formal savings. However, size did not have any bearing on informal savings. This is expected as the larger household size would increase expenditure especially because income does not increase in line with the number of dependents but with the consumer price index.

Marital status as the determinant of savings revealed that cohabiting, divorced, single and widowed households have lower aggregate, formal and informal savings compared to married but separated households. However, cohabiting households are better than divorced households as far as aggregate and informal savings are concerned. Divorced households are better than cohabiting and single households as far as formal savings are concerned. Single households are better than cohabiting and divorced households as far as aggregate and informal savings are concerned. On the other hand, widowed households are better than cohabiting, divorced and single households. Married households did not have a significant relationship to aggregate and formal savings but were found to be the worst in informal savings compared to cohabiting, divorced and widowed households.

The other determinant of saving, namely the level of education, revealed that households with a diploma are associated with high aggregate and formal savings and low informal savings compared to matric and under households. Households with a postgraduate degree are linked to the high aggregate and formal savings more so than diploma and undergraduate degree households; however, they have no significant relationship to informal savings. Households with undergraduate degrees have lower aggregate and formal savings than households with a

diploma. Therefore, this might be linked to the fact that the further people study, the higher the chances of earning more income and, subsequently, saving.

The households of the employed have higher aggregate, formal and informal savings than those who are self-employed and unemployed. This gap suggests that the employed households have a guaranteed income and an expectation of receiving such income while those in informal employment have an inconsistent flow of income and those who are unemployed cannot generate savings as there is no source of income.

On factors that impede an individual's will to save, the study found that the issue of income disparities is significant. The inability to save was found to relate to low income due to expenses being equal to salary leaving no excess funds to save. The weak economy which resulted in salary cuts was cited as the other contributing factor to low income. Being a single parent with no maintenance from the other parent also contributes to low savings.

The spending attitudes of households were another factor that inhibited savings. Some individuals lack discipline and they are eager for instant results which affects their savings habits. Some place reliance on others to bail them out when in financial trouble which does not instil a culture of independence and self-sufficiency.

The other important factor which has adverse effects on savings ability is the impact of the black tax. Those who are supporting their parents, siblings and extended families have indicated that this severely impacts their ability to save. Although this practice is done as a good deed, it might require gradual unlearning.

Although the above factors are presented as inhibiting factors, they also present opportunities for the four key stakeholders who play a pivotal role in improving savings. For the government, improving savings would reduce the government's fiscal deficit and create investment opportunities which would ultimately stimulate the economy and create employment opportunities ((National Treasury department), 2017). From the evidence that suggested that low income and education level households have low savings, an opportunity for the government to improve income and education level exists. Furthermore, the opportunity exists for the government to improve financial literacy programmes to curb the culture of consumption.

Second, for the South African Savings Institute improving savings would enhance the financial health of the nation. An opportunity exists for them in collaboration with financial institutions to introduce innovative ways to ensure that households save. Third, for financial institutions, improving savings boosts their cash flow and creates excess cash which they could use to provide loans or create investments opportunities; therefore, an opportunity exists for them to formulate innovative savings initiatives tailor-made for low-income earners.

Last, for organisations, improving savings would lead to employees with less financial stress and would lead to improved productivity; therefore, an opportunity exists for them to collaborate with government bodies such as the Services Sector Education and Training Authority (SETA) to provide training on savings to their employees.

5.3 Conclusions

Evidence from this study suggests that the savings rate in South Africa is low due to low income. This evidence further suggests that households earning under R7,500 have a low savings rate and those who earn above R10,000 have a high savings rate. Further, evidence suggests that it is households with matric and under as the level of education that have much lower savings than the households with post-matric qualifications. The study suggests that older households have low savings rates.

As mentioned in previous chapters, a few scholars (Cronjé & Roux, 2010; Erasmus, 2015) view South Africans as compulsive spenders who prefer debt rather than savings. From the study evidence collected from sampled individuals, it was suggested that, although some of the households lack discipline in managing expenses, most are unable to save due to insufficient income and the financial dependency of parents, siblings and extended family members. Therefore, these factors need to be considered when formulating policies that would improve savings in South Africa. Failing this, this trend will continue.

5.4 Policy recommendation

This study makes recommendations to policymakers to ensure that the savings rate for households in South Africa is improved. The gap for the low-income earners must be closed by formalising entrepreneurial and business skills training aimed at augmenting income to create

a buffer to allow savings. Once the skills have been imparted, a database of local businesswomen and businessmen must be created and their local community must be motivated to support them so that they can improve their financial situations and ultimately save.

The level of awareness of savings must be increased by introducing financial literacy as a subject in school from the Foundation Phase; this will enforce a culture of saving from a young age. The level of awareness in the working environment must be increased by introducing financial skills training that focuses on compulsive spending versus savings to alleviate unnecessary consumption. It is further recommended that this training for all new employees be made mandatory by the government. To ensure buy-in from these organisations, the government could incentivise them with either bonus points for Broad-based Black Economic Empowerment scores or subsidise the costs relating to such training.

Another recommendation is for financial institutions to create low-cost savings programmes targeting lower-income earners as well as promoting group savings without rigid rules. The South African Savings Institute should create awareness on savings and offer savings tips to individuals. The institute must be visible and accessible to households through a tollfree number or digital platforms. Further, they should develop savings manuals in collaboration with SETA and engage with organisations on how to facilitate training on savings for their employees.

5.5 Opportunity for future studies

One of the findings from Chapter 4 was that the older the individual, the more the unlikelihood of saving. However, the study could not further investigate the relationship of the age groups to income groups due to time constraints. It would be beneficial to understand whether the older generation is saving less as a result of their being in the lower band of earnings and not necessarily because they are old.

Furthermore, more research should be done on the effects of the black tax which particularly affects the black cohort and on how future generations could unlearn this practice to promote financial independence.

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Appendices

Annexure 1: Questionnaire

This section consists of 16 questions critical for the study. Kindly answer all of them honestly and sincerely providing details where applicable.

1. Please tell us your age

1. Between 20 and 30
2. Between 30 and 40
3. Between 40 and 50
4. Between 50 and 60
5. Above 60

2. What is your marital status (purpose of this information is to assess the relationship between savings patterns and the individual marital status only)?

1. Single
2. Married
3. Divorced

3. What is your highest educational level?

1. No matric
2. Matric
3. Post-matric diploma
4. Undergraduate degree
5. Postgraduate degree

4. What is your occupation?

5. How much is the household income after tax per month (purpose of this information is to assess the relationship between savings patterns and the income received only)?

1. Under R6,000
2. Between R6,000 - R13,999
3. Between R14,000 - R19,999
4. Between R20,000 - R39,999
5. R40, 000+

6. How many dependants are in your households?

1. 0 - 2
2. 3 -5
3. more than 5

7. How would you define your spending patterns?

1. Impulsive (unplanned spending)
2. Compulsive (spend far beyond than necessary)
3. Frugal (extra careful how money is being spent)

8. Do you regard savings as important?

1. Yes
2. No

9. Explain in detail why do you regard savings important or not important to you?

10. What influences your decision to save? Please select those that are applicable from the list below.

1. Education
2. Planned future expenses
3. Unforeseen circumstances
4. Travelling
5. Retirement
6. Commitment to save
7. Other (please specify)

11. Where you selected "other" as your option above, kindly provide details.

12. Based on your response to Q 10 and Q 11(where applicable) what would be the top 3 influencers for your saving decision? List them and explain briefly why they influence your decision to save.

13. What other informal means of savings do you embark on other than using banks and other registered Financial Services Providers (FSPs)?

1. I am a member of a stokvel where we contribute money which is shared at the end of the year
2. I contribute to annual grocery club
3. I keep money in my home safe

4. Other (please specify)

14. Where you selected "other" as your option above, kindly provide details.

15. What are the critical factors that affect your ability to save? Select those that you deem critical from the list below

1. Drowning in debt
2. Lack of discipline to save
3. Income not sufficient
4. Lack of awareness on savings initiatives
5. Number of household's dependants
6. Other (specify below)

16. Please provide more information on your selection above and where applicable provide other critical factors above that you deem affect your ability to save.

Annexure 2: Responses from participants

Participant	1. Please tell us your age	2. What is your marital status (purpose of this information is to assess the relationship between savings patterns and the individual marital status only)?	3. What is your highest educational level?	4. What is your occupation?	5. How much is the household income (purpose of this information is to assess the relationship between savings patterns and the income received)
1	Between 30 and 40	Single	Post graduate degree	Social worker	Between R14,000 - R19,999
2	Between 30 and 40	Single	Post matric diploma	Senior admin officer	Between R14,000 - R19,999
3	Between 30 and 40	Single	Post matric diploma	Finance supervisor	Between R14,000 - R19,999
4	Between 30 and 40	Single	Post graduate degree	Project coordinator	Between R14,000 - R19,999
5	Between 20 and 30	Single	Post graduate degree	Fund administrator	Between R20,000 - R39,999
6	Between 30 and 40	Single	Post graduate degree	Consultant	Under R6,000
7	Between 30 and 40	Single	Post graduate degree	Senior tech analyst	R40, 000+
8	Between 30 and 40	Single	Post graduate degree	Social Worker	Between R20,000 - R39,999
9	Between 20 and 30	Single	Undergraduate degree	Electrical Engineer	R40, 000+
10	Between 30 and 40	Married	Post matric diploma	Junior Techninal Specialist	Between R6,000 - R13,999
11	Between 40 and 50	Single	Matric	Train Driver	Between R14,000 - R19,999
12	Between 40 and 50	Married	Post matric diploma	inspector(sars)	Between R14,000 - R19,999
13	Between 30 and 40	Single	Post matric diploma	Nursing	Between R6,000 - R13,999
14	Between 30 and 40	Married	Matric	Finance	Between R14,000 - R19,999
15	Between 40 and 50	Married	Post matric diploma	Provisioning Administration Officer	Between R14,000 - R19,999
16	Between 30 and 40	Married	Post matric diploma	Finance	R40, 000+
17	Between 30 and 40	Divorced		Creditors clerk	Between R14,000 - R19,999
18	Between 30 and 40	Married	Post matric diploma	Accountant	Between R20,000 - R39,999
19	Between 40 and 50	Married	Undergraduate degree	Creditors clerk	R40, 000+
20	Between 50 and 60	Divorced	Post matric diploma	Senior creditors clerk	Between R20,000 - R39,999

Participant	6. How many dependants are in your households?	7. How would you define your spending patterns?	8. Do you regard savings as important?	9. Explain in detail why do you regard savings important or not important to you?	10. What influences your decision to save? Please select those that are applicable from the list below.
1	more than 5	Compulsive (spend far beyond than necesarry)	Yes	Because the money saved maybe used for crisis in future	Education;Planned future expenses;Unforeseen circumstances
2	3-5	Compulsive (spend far beyond than necesarry)	Yes	To achieve the set goal	Planned future expenses
3	0 - 2	Compulsive (spend far beyond than necesarry)	Yes	Saving is very important like saving for a house and a car, is affordable to buy items in cash than buying those items on credit,	Education
4	0 - 2	Impulsive (unplanned spending)	Yes		Planned future expenses;Unforeseen circumstances;Travelling
5	0 - 2	Frugal (extra careful how money is being spent)	Yes	Saving is important as it helps me to plan for where I want to be and what I want to have	Planned future expenses;Unforeseen circumstances
6	0 - 2	Frugal (extra careful how money is being spent)	Yes	We don't know what the future holds	Education;Retirement
7	0 - 2	Impulsive (unplanned spending)	Yes	Its good to plan ahead and prepare for the unknown finance status And to live debt free.	Education;Planned future expenses;Unforeseen circumstances;Travelling; Retirement
8	3-5	Frugal (extra careful how money is being spent)	Yes	unforeseen circumstances takes place at anytime.If ever one is not saving more it is frustrating when you one to use money and you do not have savings as a results one might end up seeking for unpleasureable or dangerous financial assistance such as opting for loan or mashionisa.	Education;Unforeseen circumstances;Retirement
9	0 - 2	Frugal (extra careful how money is being spent)	Yes	I regards it as important because I would like to be prepared unforeseen illnesses, build towards a good home, establish reserve for my children's education and have a comfortable living.	Education;Planned future expenses;Unforeseen circumstances;Travelling; Retirement
10	0 - 2	Frugal (extra careful how money is being spent)	Yes	Important because you know where your money goes and disciplines	Planned future expenses
11	3-5	Compulsive (spend far beyond than necesarry)	Yes	It helps you in many ways namely: unforeseen circumstances,education fees especially during registrations, to avoid higher purchases when you want to buy some household goods eg furniture,appliances etc. It teaches you to plan before you do something with your money	Education;Planned future expenses;Unforeseen circumstances;Travelling; Commitment to save;Other (please specify)
12	0 - 2	Impulsive (unplanned spending)	Yes	Saving its very important because u dont spend money u dont have,also saving help to buy things for cash and avoid high interest rate.	Education;Planned future expenses;Unforeseen circumstances;Retirement ;Other (please specify)
13	3-5	Compulsive (spend far beyond than necesarry)	Yes	It is important to save so that I can be prepared for the future	Planned future expenses
14	3-5	Frugal (extra careful how money is being spent)	Yes	Very important	Unforeseen circumstances
15	3-5	Compulsive (spend far beyond than necesarry)	Yes	It is very important, over a certain period be able to have buying power with out any increase to current debt, developing that money savong attitude and be able to leave debt free life by saving before I can spend.	Education;Planned future expenses;Unforeseen circumstances;Retirement ;Commitment to save;Other (please specify)
16	3-5	Frugal (extra careful how money is being spent)	Yes	For rainy days	Education;Retirement
17	3-5	Frugal (extra careful how money is being spent)	Yes	It is important as it comes handy in difficult times, there are those unforeseen things which then if you have saving you can manage to pay. Without having to make debt	Education;Planned future expenses;Unforeseen circumstances;Retirement ;Commitment to save
18	3-5	Impulsive (unplanned spending)	Yes	Savings is important for rainy days	Education;Planned future expenses;Unforeseen circumstances;Retirement ;Commitment to save
19	3-5	Impulsive (unplanned spending)	Yes	Its important, especially for those unforeseen circumstances, something to fall back on.	Planned future expenses;Unforeseen circumstances;Retirement
20	0 - 2	Frugal (extra careful how money is being spent)	Yes	It is very important especially if you are the breadwinner . Also our current situation is a very good example.	Education;Planned future expenses;Unforeseen circumstances;Retirement

Participant	11. Where you selected "other" as your option above, kindly provide details.	12. Based on your response to Q 10 and Q 11(where applicable) what would be the top 3 influencers for your saving decision? List them and explain briefly why they influence your decision to save.	13. What other informal means of savings do you embark on other than using banks and other registered Financial Services Providers (FSPs)?	14. Where you selected "other" as your option above, kindly provide details.	15. What are the critical factors that affect your ability to save? Select those that you deem critical from the list below	16. Please provide more information on your selection above and where applicable provide other critical factors above that you deem affect your ability to save.
1		Being a father ;being professional ,and being a sole bread winner	I keep money in my home safe		Drowning in debt;Income not sufficient	Bad and unstable economy and low paying job
2			I am a member of a stokvel where we contribute money which is shared at the end of the year		Income not sufficient;Number of households dependants	As a black child as you grow up you must not only take care of your children, but these parents that raised you to take care of them and siblings
3		Education, am saving for my child education so that they can have a better future			Lack of discipline to save	I lack discipline because I love to spend money on food and taking my family out,
4		1 travelling, ensure all costs are covered for to avoid unnecessary spendings 2 December spending is always on my list,we tend to spend more than what we can afford during the festive season so I always plan from the beginning of the year. 3 job loss,I make sure my savings will be	I am a member of a stokvel where we contribute money which is shared at the end of the year		Lack of discipline to save;Income not sufficient	Never have been faced with a situation that will need money urgently Save money and deny myself some nice things in life Not really have a reason to save for I have no dependents and I always get money from my partner
5		Legacy - I want to hand something down. Family responsibilities - Plan to look after a family one day. Giving - I aspire to be a	I keep money in my home safe		Income not sufficient	A lot of large investment vehicles require large initial deposits which can prove challenging to save for.
6	Na	Education retirement	I am a member of a stokvel where we contribute money which is shared at the end of the year	Na	Income not sufficient	Na
7		Education: for my children Travelling: to avoid using credit card and avoid spending recklessly with credit card	I am a member of a stokvel where we contribute money which is shared at the end of the year		Drowning in debt;Income not sufficient;Number of households dependants	Life expenses like unplanned emergencies. Helping extended family members
8		Education for my kids I don't want to see them suffering because I didnt save for their education.I have seen myself struggling until I was awarded NSFAS and bursary to further my studies.Never the less I waited 10 yrs after matriculated since I didnt have even registration fees. Unforeseen circumstances,when you have got money we are able to buy cheaper,anything that requires hard cash tends to be cheaper and faster (cost effective). Taking from ohe;s savings is better than applying for loan. Retirement saving is the right way to avoid being taken care by own kids,to	I am a member of a stokvel where we contribute money which is shared at the end of the year		Number of households dependants	Family responsibilities are more than my salary.I am also taking care of my unemployed family members.The other reason I am a single parent responsibly for all basic needs for my kids including shelter,food,clothing,education and other relevant services
9	N/A	Education, Planned future expenses and Unforeseen circumstance. These are the top 3 things I deem as securing generation wealth. So its proactively thinking about the futures of your young ones.	I keep money in my home safe	N/A	Lack of discipline to save;Income not sufficient	When expenses are too high it's a challenge to save as much as I would like for a particular long-term goal. Secondly, at times there may be unplanned spending, which should have been savings due to a lack of prioritizing.
10		Education-My self or Children in future House-Build instead of renting	I contribute to annual grocery club		Income not sufficient	Not getting enough pay
11	Donating to a foundation i received tax returns for that	Education - as a single parent I wont be able to afford school fees with my salary, Travelling to avoid going out of my monthly budget I'd rather save before so that I won't spend much on my monthly salary,Unforeseen circumstances like death strikes anytime so avoid making loans to bury your loved rather save in form funeral covers or should it happened that I passed on I know that	I contribute to annual grocery club		Income not sufficient;Lack of awareness on savings initiatives;Number of households dependants;Other (specify below)	I'm the mother of 3 boys ages 19,14and 12 nobody is assisting me with maintenance,I must pay bond monthly,buy groceries, pay municipal services,pocket and transport money, clothing I'll end borrowing money because sometimes my monthly salary is not enough especially now there's no (overtime or Sunday time)Pay due
12	to avoid unnecessary debt.	1.Planning-I believe that wen u save more often,u put yourself in a position where u spend less for unnecessary items,in essence u plan your spending in order to avoid impulsive spending 2.Organisation-for me its very important to be more organised with regard to finance,knowing every little cent where its goin. 3.Decision making-making sure that u a	I am a member of a stokvel where we contribute money which is shared at the end of the year		Drowning in debt;Lack of discipline to save	I think if people we can learn to be patient and forget about instant results.a lot of people can benefit from savings
13		Children I'm saving for their future House furniture to improve our living Retirement so that I can have an income	I am a member of a stokvel where we contribute money which is shared at the end of the year		Income not sufficient	I only have a very low salary and I'm struggling to make ends meet with just it
14		Unforeseen car repairs, doctor visits	Other (please specify)	In my bank account sometimes	Income not sufficient;Number of	
15	Doubling monthly installment for me I take it as mean of saving towards interest rates cut	Education: I have two children and our education system is expensive, bursary not guaranteed and will never cover for everything.	Other (please specify)	Multiple saving accounts and by increasing bond repayment by small amount like R300 over a period of time, I can ask for an access to	Drowning in debt;Lack of discipline to save;Income not sufficient;Number of households dependants;Other (specify below)	Expenses especially for car affect my ability to save, no other sources of if income only depends on salary
16		Education for my daughter and rainy days	I am a member of a stokvel where we contribute money which is shared at the end of the year		Income not sufficient	Itâ€™s often difficult to save if income is not sufficient, if all your income is just enough for your expenses
17		Education - It is now very expensive, and unfortunately it is one of the necessary things for your child and even yourself Planned future expense - This helps with spending unnecessary, also to know whats important or not	I am a member of a stokvel where we contribute money which is shared at the end of the year		Drowning in debt;Income not sufficient	Drowning in debt - Due to more commitments Income not sufficient - Due to no increases on salary most of the time
18		Education is my first priority for my kids, Retirement I don't want to struggle when am old, Unforeseen circumstances where you need to have savings and you don't have to take a loan.	I am a member of a stokvel where we contribute money which is shared at the end of the year		Drowning in debt;Lack of discipline to save;Income not sufficient;Lack of awareness on savings initiatives;Number of households dependants	
19		Planned future expense- I always save for that item that I can't afford to buy at that particular moment, for me it can take 12mnths even to save for the item I want just that nice feeling of buying it cash. Unforeseen circumstances- Medical expenses can be too much, rather have that extra cash hidden somewhere, as well for kids school activities.	I am a member of a stokvel where we contribute money which is shared at the end of the year		Income not sufficient;Number of households dependants	Income not sufficient- That sad feeling of wanting to save more, but your salary doesn't allow you. Number of households dependants- Too many kids, too many responsibilities. The needs for school can really affect the savings.
20		education , retirement, unforeseen circumstances	I am a member of a stokvel where we contribute money which is shared at the end of the year		Income not sufficient;Other (specify below)	

Participant	1. Please tell us your age	2. What is your marital status (purpose of this information is to assess the relationship between savings patterns and the individual marital status only)?	3. What is your highest educational level?	4. What is your occupation?	5. How much is the household income (purpose of this information is to assess the relationship between savings patterns and the income received)
21	Between 30 and 40	Single	Post matric diploma	Medical technologist	Between R14,000 - R19,999
22	Between 30 and 40	Single	Matric	Training Manager	R40, 000+
23	Between 30 and 40	Married	Undergraduate degree	Training Coordinator	Between R20,000 - R39,999
24	Between 30 and 40	Married	Post graduate degree	Operational Support	Between R14,000 - R19,999
25	Between 30 and 40	Married	Post matric diploma	Trainer and facilitator	Between R20,000 - R39,999
26	Between 30 and 40	Married	Post matric diploma	Trainer and facilitator	Between R20,000 - R39,999
27	Between 20 and 30	Single	Undergraduate degree	Graduate Support Assistant	Between R6,000 - R13,999
28	Between 30 and 40	Single	Post matric diploma	Workshop Assistant	Between R6,000 - R13,999
29	Between 40 and 50	Single	Undergraduate degree	Facilitator	Between R6,000 - R13,999
30	Between 30 and 40	Single	Undergraduate degree	Facilitator	Between R6,000 - R13,999
31	Between 20 and 30	Single	Undergraduate degree	Graduate Support Assistant	Between R6,000 - R13,999
32	Between 30 and 40	Single	Post matric diploma	warehouse assistance	Between R14,000 - R19,999
33	Between 40 and 50	Divorced	Post matric diploma	HR Business Partner	Between R14,000 - R19,999
34	Between 30 and 40	Married	Post graduate degree	Accounts Payable Lead	R40, 000+
35	Between 30 and 40	Single	Post graduate degree	Assistant Director	R40, 000+
36	Between 40 and 50	Married	Undergraduate degree	Church minister	R40, 000+
37	Between 40 and 50	Married	Undergraduate degree	HR Manager	R40, 000+
38	Between 30 and 40	Married	Post matric diploma	IT Technician	Between R20,000 - R39,999
39	Between 30 and 40	Divorced	Post matric diploma	Lab assistance	Between R6,000 - R13,999
40	Between 30 and 40	Married	Matric	Self employed	Between R20,000 - R39,999

Participant	6. How many dependants are in your households?	7. How would you define your spending patterns?	8. Do you regard savings as important?	9. Explain in detail why do you regard savings important or not important to you?	10. What influences your decision to save? Please select those that are applicable from the list below.
21	more than 5	Frugal (extra careful how money is being spent)	Yes	I'm committed to saving.	Planned future expenses;Unforeseen circumstances;Commitment to save
22	0 - 2	Impulsive (unplanned spending)	No	I know its important in theory but I dont save - so me knowing but yet not saving means I dont think its that important.	Education
23	0 - 2	Frugal (extra careful how money is being spent)	Yes	It's very important because it always determines the future, your goals, dreams and financial security decisions.	Unforeseen circumstances
24	0 - 2	Impulsive (unplanned spending)	Yes	Don't want to be stranded without funds	Planned future expenses;Travelling
25	0 - 2	Impulsive (unplanned spending)	Yes	It set direction and gives a clear understanding on what is important when it comes to spending. One is able to prioritize his/her needs and able to plan ahead.	Planned future expenses;Unforeseen circumstances;Travelling
26	0 - 2	Impulsive (unplanned spending)	Yes	It set direction and gives a clear understanding on what is important when it comes to spending. One is able to prioritize his/her needs and able to plan ahead.	Planned future expenses;Unforeseen circumstances;Travelling
27	0 - 2	Frugal (extra careful how money is being spent)	Yes	Investing towards my future is important for me. I would to reach a point in my life where financial stability is not one of my most prominent day to day worries.	Planned future expenses;Unforeseen circumstances;Other (please specify)
28	03-May	Compulsive (spend far beyond than necessary)	Yes	It is important because you will never know what tomorrow holds. And it help in times of unplanned emergency.	Unforeseen circumstances
29	more than 5	Frugal (extra careful how money is being spent)	Yes	It is important to save for emergency and for the future.	Planned future expenses;Commitment to save
30	0 - 2	Frugal (extra careful how money is being spent)	Yes	I've seen how lack of saving from my parents affected my future.	Education;Planned future expenses;Unforeseen circumstances;Travelling; Retirement;Commitment to save
31	0 - 2	Frugal (extra careful how money is being spent)	Yes	Investing towards my future is important for me. I would to reach a point in my life where financial stability is not one of my most prominent day to day worries.	Planned future expenses;Unforeseen circumstances;Other (please specify)
32	3-5	Impulsive (unplanned spending)	Yes	In order for to plan for the unforeseen circumstances	Unforeseen circumstances;Retirement
33	0 - 2	Impulsive (unplanned spending)	Yes	Fact that we don't know what the future holds, savings are crucial. In an event there's emergency or unforeseen events one is not frustrated because one has planned properly and saved in advance.	Education;Unforeseen circumstances;Retirement
34	03-May	Frugal (extra careful how money is being spent)	Yes	Savings reduces financial stress from tough times and when you have kids tomorrow becomes very important for their security.	Planned future expenses;Unforeseen circumstances
35	0 - 2	Frugal (extra careful how money is being spent)	Yes	Saving is important to ensure that should any unfortunate event that requires money doesn't affect my ability to provide necessary basic needs for my family.	Unforeseen circumstances;Travelling; Retirement
36	0 - 2	Compulsive (spend far beyond than necessary)	Yes	Savings also allow me to be able to reach Saving is important to help when difficult times comes. But also to provide for the education of your children.	Education;Unforeseen circumstances;Retirement
37	3-5	Frugal (extra careful how money is being spent)	Yes	It provides for rainy days	Education;Planned future expenses;Unforeseen circumstances;Travelling; Retirement;Commitment to save
38	0 - 2	Compulsive (spend far beyond than necessary)	Yes		Planned future expenses
39	0 - 2	Frugal (extra careful how money is being spent)	Yes	Saving are very important when you have children for future purposes	Education;Retirement
40	0 - 2	Impulsive (unplanned spending)	Yes	It's important because when unforeseen circumstances a cure I will be able to cope	Unforeseen circumstances;Travelling; Retirement

Participant	11. Where you selected "other" as your option above, kindly provide details.	12. Based on your response to Q 10 and Q 11(when applicable) what would be the top 3 influencers for your saving decision? List them and explain briefly why they influence your decision to save.	13. What other informal means of savings do you embark on other than using banks and other registered Financial Services Providers (FSPs)?	14. Where you selected "other" as your option above, kindly provide details.	15. What are the critical factors that affect your ability to save? Select those that you deem critical from the list below	16. Please provide more information on your selection above and where applicable provide other critical factors above that you deem affect your ability to save.
21	N/A	I do stop order at Absa and Ithala bank on a monthly basis and ensure I don't use my savings. I learnt from a young age from my	I am a member of a stokvel where we contribute money which is shared at the end of the year	N/A	Number of households dependants	I stay at home and have 6 dependants, groceries is expensive at times it can cost R4500. I have to sacrifice on my extra mural
22		To buy things I cannot afford with my income.			Drowning in debt;Income not sufficient	I dont have enough information on what is the best method to use when saving.
23		Fear of not being able to provide for self and dependents and past/upbringing fears	I am a member of a stokvel where we contribute money which is shared at the end of the year		Income not sufficient	Sometimes you have to help other family members which you have not budgeted for.. Things like death, or sickness
24		Planned expenses- for my child's future education and I love to travel but it			Income not sufficient	Have a lot of expenses so i can only save a little from the salary.
25		Unforeseen circumstances: I save because when unforeseen circumstances occur I want to be ready e.g. Child being sick or a family member is in need. Travelling: both my wife and I do not have a car. Meaning we use public	I am a member of a stokvel where we contribute money which is shared at the end of the year		Drowning in debt;Lack of discipline to save	
26		Planned future expenses: I'm able to prioritize my expenditure base on the needs of my household. Unforeseen circumstances: I save because when unforeseen circumstances occur I want to be ready e.g. Child being sick or a family member is in need.	I am a member of a stokvel where we contribute money which is shared at the end of the year		Drowning in debt;Lack of discipline to save	
27	Investing towards a business	Travelling: both my wife and I do not have a car. Meaning we use public Planned future expenses It eases my my to there is money for expenses, especially when I have hard months when unexpected emergencies come. Unforeseen Circumstances Prepare for the unexpected I learnt this from my parents. You need to be ready	I am a member of a stokvel where we contribute money which is shared at the end of the year		Income not sufficient;Number of households dependants	On monthly bases my expenses almost on par with my income to the extent I can't save money when I make a major purchase or do things like move to a new place. I also have a sister who I support with a few things. The expenses are financially draining and my salary is
28		Retrenchment not certain about our jobs	I am a member of a stokvel where we contribute money which is shared at the end of the year		Lack of discipline to save;income not sufficient	
29		Planned future expenses, for instance if I want to build or buy a house I need to save. OR to buy a car .	I contribute to annual grocery club		Income not sufficient;Number of households dependants	Besides my needs and expenses every month I have to support my family of twelve people back home.
30		Commitment to saving, retirement and unforeseen circumstances. Due to lack and seeing mom suffering because of poor financial decisions, low paid job and debts.	Other (please specify)	Just Bank savings	Income not sufficient;Number of households dependants	
31	Investing towards a business	Planned future expenses It eases my my to there is money for expenses, especially when I have hard months when unexpected emergencies come. Unforeseen Circumstances Prepare for the unexpected I learnt this from my parents. You need to be ready when an unexpected life event comes knocking on your door. Investing towards a business It's a life long dream build something			Income not sufficient;Number of households dependants	On monthly bases my expenses almost on par with my income to the extent I can't save money when I make a major purchase or do things like move to a new place. I also have a sister who I support with a few things. The expenses are financially draining and my salary is not always sufficient to meet the demand.
32		Unforeseen circumstances should any event occur you will be able to encounter it . Retirement it very important to plan for you future in order for you to be able to live a life were you will be able to get your essential needs	I am a member of a stokvel where we contribute money which is shared at the end of the year		Income not sufficient;Number of households dependants	Income not sufficient being the cost of living is too high and what you earn only covers your basic needs which will make it difficult to save. Number of households dependants basically have too many family members depended on you and in most cases you the only one who is working at home.
33		Education, very expensive. To be able to retire peacefully. Unforeseen circumstance to avoid stress.	I contribute to annual grocery club		Lack of discipline to save;income not sufficient	With the uncertainty in the mining industry, cost of living is extremely high and unstable economy. Annual increases are affected badly.
34	My kids education.	Planned future expenses- I am saving a capital towards opening my own business the success of this business will allow me to travel places and retire comfortable. Unforeseen circumstances- tough times don't warn you, so I need to put money in that pocket	Other (please specify)	I keep R5 coins in a tin and bank the cash as soon as it gets full and start over .	Income not sufficient;Number of households dependants;Other (specify below)	I would like to save more and even buy shares but the income does not permit and as well as having 3 dependants with less income does not make the situation better. Not forgetting BLACK TAX (having to support the parents and siblings also reduces savings).
35		Retirement- to retire comfortable Unforeseen circumstances- to afford basic needs Traveling- I love traveling	I am a member of a stokvel where we contribute money which is shared at the end of the year		Lack of discipline to save	Lack of discipline to save is challenge as discipline come with having to stave yourself some of the things you want to have now.
36		Education, unforeseen circumstances and retirement 1. Past experience - I have experienced situations of financial difficulties or lack of finances and that influences me to be careful and save money. 2. Background - I come from a background where I did not get money freely from my family to set me up during my adult years and as a result after I finished school I had to look after my family. With nothing left for me to save I had to devise means to plan how my	I am a member of a stokvel where we contribute money which is shared at the end of the year		Drowning in debt;Lack of discipline to save	Saving is difficult sometimes because we help our parents with money. That affect our savings.
37			I keep money in my home safe		Lack of discipline to save Income not sufficient;Lack of awareness on savings initiatives;Number of households dependants	If I do nothing t have an automatic debit order for savings it becomes difficult to save.
38			I keep money in my home safe			
39		For my childrens education future not to struggle No one knows what will happen tomorrow The money to keep the kids going even if	Other (please specify)	Like life insurance	Lack of awareness on savings initiatives	Sometimes we are not aware with some of the information of how to save the money for the future
40		#Retirement :to afford life when I'm older #Unforeseen circumstances -to be able to afford everything come my way #Travelling:to travel the world	I am a member of a stokvel where we contribute money which is shared at the end of the year		Lack of discipline to save	Love shopping

Participant	1. Please tell us your age	2. What is your marital status (purpose of this information is to assess the relationship between savings patterns and the individual marital status only)?	3. What is your highest educational level?	4. What is your occupation?	5. How much is the household income (purpose of this information is to assess the relationship between savings patterns and the income received)
41	Between 30 and 40	Single	Undergraduate degree	Self employed	Between R20,000 - R39,999
43	Between 30 and 40	Single	Post graduate degree	State Accountant	Between R20,000 - R39,999
44	Between 30 and 40	Single	Post matric diploma	Teaching	Between R6,000 - R13,999
45	Between 20 and 30	Single	Undergraduate degree	Industrial engineer	Between R20,000 - R39,999
46	Between 30 and 40	Single	Undergraduate degree	Claims processor	Between R20,000 - R39,999
47	Between 30 and 40	Single	Post matric diploma	Technician	Between R20,000 - R39,999
48	Between 20 and 30	Single	Post graduate degree	student	Under R6,000
49	Between 30 and 40	Married	Post graduate degree	Bank Administrator	Between R14,000 - R19,999
50	Between 50 and 60	Married	Post graduate degree	Manager	R40, 000+
51	Between 40 and 50	Single	Matric	Technical worker @ Transnet Freiht Rail	Between R14,000 - R19,999

Participant	6. How many dependants are in your households?	7. How would you define your spending patterns?	8. Do you regard savings as important?	9. Explain in detail why do you regard savings important or not important to you?	10. What influences your decision to save? Please select those that are applicable from the list below.
41	3-5	Impulsive (unplanned spending)	Yes	Saving is important because given the economic status of our country not being stable and performance not being satisfactory. Anything might happen to our	Education;Planned future expenses;Unforeseen circumstances;Travelling
43	3-5	Impulsive (unplanned spending)	Yes	Future purpose	Commitment to save
44	3-5	Impulsive (unplanned spending)	Yes	Saving is very important for any individual	Planned future expenses
45	0 - 2	Compulsive (spend far beyond than necesarry)	Yes	I consider it important in a short-term, I consider it as waiting station before my troops are deployed. In simply terms I save to invest, I prefer keeping money on an investment portfolio rather than in a savings account.	Planned future expenses
46	0 - 2	Frugal (extra careful how money is being spent)	Yes	It is important because you will never know what will happen tomorrow there you must plan for unforeseen circumstances	Education;Planned future expenses;Unforeseen circumstances;Travelling; Retirement;Commitment to save;Other (please specify)
47	3-5	Compulsive (spend far beyond than necesarry)	Yes	It comes in handy in time of need	Education
48	0 - 2	Frugal (extra careful how money is being spent)	Yes	I dont have the luxury of wasting money and its a good habit	Education;Planned future expenses;Unforeseen circumstances;Commitment to save
49	3-5	Frugal (extra careful how money is being spent)	Yes	set aside for emergencies	Education;Planned future expenses;Unforeseen circumstances;Travelling
50	3-5	Frugal (extra careful how money is being spent)	Yes	In cases of emergency.	Unforeseen circumstances
51	3-5	Compulsive (spend far beyond than necesarry)	Yes	Savings is very much important to me	Retirement

Participant	11. Where you selected "other" as your option above, kindly provide details.	12. Based on your response to Q 10 and Q 11(where applicable) what would be the top 3 influencers for your saving decision? List them and explain briefly why they influence your decision to save.	13. What other informal means of savings do you embark on other than using banks and other registered Financial Services Providers (FSPs)?	14. Where you selected "other" as your option above, kindly provide details.	15. What are the critical factors that affect your ability to save? Select those that you deem critical from the list below	16. Please provide more information on your selection above and where applicable provide other critical factors above that you deem affect your ability to save.
41		Education- the thought of not being able to afford my kids education does not sit well with me and I owe them that much. Planned future expenses-itâ€™s better to	I am a member of a stokvel where we contribute money which is shared at the end of the year		Lack of discipline to save;Income not sufficient;Number of households dependants	
43			I am a member of a stokvel where we contribute money which is shared at the end of the year		Income not sufficient;Number of households dependants	
44		I save for rainy days	I am a member of a stokvel where we contribute money which is shared at the end of the year		Lack of awareness on savings initiatives	
45		1 emergency expenses, its crucial that I have the ability to rescue myself out of unfavorable situations. 2 To grow my portfolio and have ability to grasp economical opportunities 3 Liesure is a reward for all the hard time	Other (please specify)	None	Other (specify below)	I generally save over 50% of my salary because I dont have direct dependents and I still stay at home
46	Balloon Payment and Bond payments	important to plan for things that might happen e.g car breaks down you will need your savings Retirements - Saving will enable you to be able to maintain your standard of living Education - children's education is very	I keep money in my home safe		Lack of discipline to save;Other (specify below)	about having easy access to the money you trying to save which is sometimes a problem Other - would be people who are dependent on you needing extra than what you budgeted for
47	Education	Education retirement and unforeseen circumstances	I am a member of a stokvel where we contribute money which is shared at the end of the year		Drowning in debt	
48		Education, planned and unforeseen expenses. I do not have a secure source of income like a permanent job so I to be careful how I decide to use my money	Other (please specify)	None	Other (specify below)	Unstable income
49		Education, Travelling and gadgets	I keep money in my home safe		Lack of discipline to save;Income not sufficient	missuse money on unnecessaey products
50		I need to save for medical purposes. I need to save in case of death. I need to save to be able to provide for my family.	I am a member of a stokvel where we contribute money which is shared at the end of the year		Income not sufficient	I would save more I'd my disposable income allowed, I can hardly manage until the end of the month, however, I try.
51			I contribute to annual grocery club		Lack of discipline to save	Spending more on unnecessary

Annexure 3: Themes generated from responses to three key questions

1) The importance of savings

Themes	Avoid indebtedness	Financial security and future planning	Emergencies
Codes	No credit purchase (r3) Avoid loan sharks (r8) Buy cash and avoid paying interest (r12) Live debt free by saving before spending (r15) Debt free (r17)	Goals (r2) Planning (r5) Future (r6) Planning (r7) Build a home (r9) Education for children (r9) Buy home and furniture (r11) Education for children (r11) Future (r13) Provide for family (r20) Financial security (r23) Have funds available (r24) Proper planning (r25) Financial stability (r26) Future (r29) Planning for future (r31) Reduces financial stress (r32) Financial objectives (r33) Education for children (r34) Provide future for children (r37) Sustain self and family (r39) Short term solution (r42) Save for investment (r42) Planning (r43) Discipline (r10) Commitment (r21)	Crisis (r1) Unforeseen circumstances (r8) Unforeseen illnesses (r9) Unforeseen illnesses (r11) Rainy days (r16) Difficult times (r17) Rainy days (r18) Unforeseen circumstances (r19) Emergencies (r27) Emergencies (r28) Unforeseen circumstances (r30) Unforeseen circumstances (r31) Difficult times (r34) Rainy days (r35) Unforeseen circumstances (r38) Unforeseen circumstances (r43) Comes handy in need (r44) Emergencies (r45) Emergencies (r46)

2) The factors that enhance savings

Theme	Life experiences	Uncertainty	Cost of living is too high	Legacy	Comfortable life
Coding	Learnt from young age to save (r21)	Job loss (r4)	December holidays spending (r4)	Sole breadwinner (r1)	Love travelling (r4)
	Learnt from parents to save (r26)	In the event of death of a member (r11)	Education and retirement (r6)	Education and better future for my kids (r3)	Love for travelling (r11)
	Experience from poor financial decisions (r29)	Planning how to spend (r12)	To have funds available (r8)	Family responsibility (r5)	Not to struggling when old (r18)
	Past experience (r35)	Income security (r13)	Education is expensive (r11)	Education for children (r7)	Not to borrow (r18)
	Family background (r35)	Planning and spending on what is important (r17)	Car repairs (r14)	Not to burden your children (r8)	Nice feeling of buying cash (r19)
		Survival (r17)	Education for children (r8)	Generational wealth (r9)	
		Emergencies (r20)	Medical expenses (r14)	Education for self and children (r10)	Not to burden my kids (r19)
		Fear of not able to provide (r23)	Education is expensive (r15)	Build a property(r10)	Retirement (r20)
		Prioritize needs (r25)	Education is expensive (r17)	Securing future for kids (r13)	Love for travelling (r24)
		Emergencies (r25)	Medical expenses (r19)	Improving living (r13)	Travelling expenses (r25)
		I am at ease knowing emergencies are covered (r26)	Affordability (r22)	Education for my children (r16)	Living life you desire on retirement (r30)
		Job uncertainty (r27)	Education for my child (r24)	Education priority (r18)	Retire comfortably (r31)
		Emergencies (r30)	Education is expensive (r31)	Education priority (r20)	Avoid financial stress (31)
		Tough times (r32)	Affordability (r33)	Investing towards a business (r26)	Retire comfortably (r33)
		Unforeseen expenses (r34)	Standard of living (r43)	Buy a house or car (r28)	Love for travelling (r33)
		Emergencies (r41)	Education is expensive (r43)	Owning a business one day (r32)	Afford life when older (r38)
		Emergencies (r42)	Education is expensive (r44)	Future for my kids (r35)	Travel the world (r38)
		Taking care of emergencies (r43)	Medical expenses (r46)	Provide for kids (r37)	Leisure (r42)
		Unforeseen expenses (r44)	Afford life now (r38)	Grow a portfolio (r42)	Retirement (r44)
		Case of death (r46)	Education is expensive (r39)	Provide family (r46)	Love for travelling (r45)
		Having cash available (r39)		Love for travelling (r7)	
		To avoid borrowing (r39)			

3) The factors that impede savings

Themes	Black tax	Low income	Spending attitude
Codes	Taking care parents and siblings (r2)	Pay not enough (r10)	Love to spend (r3)
	Taking care of unemployed family members (r8)	Income not sufficient (r11)	No reason to save (r4)
	Helping other family members (r23)	Income not sufficient (r15)	Lack of opportunities to save (r5)
	Supporting 12 people back home (r28)	Income not sufficient (r16)	Unplanned high expenses (r9)
	Support parents and siblings (r32)	Income not sufficient (r19)	Lack of prioritizing (r9)
	Help out parents (r34)	Too many dependants (r19)	Instant results (r12)
	Helping extended families (r7)	Too many dependants (r21)	Over committing (r17)
		Expenses more that income (r24)	Lack of information (r22)
		Expenses more that income (r26)	Lack of discipline (r33)
		Income not sufficient (r30)	Lack of discipline (r35)
		Income not sufficient (r32)	Lack of awareness (r37)
		Hardly manage with current income (r46)	Lack of discipline (r38)
		Unstable economy (r1)	Saving is a problem (r43)
		Single parenting (r8)	Lack of discipline (r45)
		Dependants with no support from the father to help financially (r11)	Unnecessary spending (r47)
	Struggling to make end meets (r13)		
	No salary increase (r17)		
	Too many dependants and one salary (r30)		
	Unstable economy (r31)		
	Uncertainty at work (r31)		
	Dependants' needs (r43)		

Annexure 4: Definitions for level of education

Level of Education	<ol style="list-style-type: none"> 0. Grade R/0 1. Grade 1/Sub A/Class 1 2. Grade 2/Sub B/Class 2 3. Grade3/Standard 1/ABET/AET 1 4. Grade 4/Standard 2 5. Grade5/Standard 3/ABET/AET 2 6. Grade 6/Standard 4 7. Grade7/Standard 5/ABET/AET 3 8. Grade 8/Standard 6/Form 1 9. Grade 9/Standard 7/Form 2/ABET/AET 4/NCV Level 1/Occupational Certificate-NQF Level 1 10. Grade 10/Standard 8/Form 3/NCV Level 2/Occupational Certificate-NQF Level 2 11. Grade 11/Standard 9/Form 4/NCV Level 3/Occupational Certificate-NQF Level 3 12. Grade 12/Standard 10/Form 5/National Senior Certificate/Matric/ NCV Level 4/Occupational Certificate-NQF Level 4 13. NTC I/N1 14. NTC II/N2 15. NTC III/N3 16. N4/NTC 4/Occupational Certificate-NQF Level 5 17. N5/NTC 5/Occupational Certificate-NQF Level 5 18. N6/NTC 6/Occupational Certificate-NQF Level 5 19. Certificate with less than Grade 12/Standard 10 20. Diploma with less than Grade 12/Standard 10 21. Higher/National/Advance certificate with Grade 12/Std 10/Occupational Certificate-NQF Level 5 22. Diploma with Grade 12/Standard 10/Occupational Certificate-NQF Level 6 23. Higher Diploma/Occupational Certificate (B-Tech Diploma)-NQF Level 7 24. Post Higher Diploma (Masters Diploma and Master's Degree)-NQF Level 9 25. Bachelor's Degree/Occupational Certificate-NQF Level 7 26. Honours Degree/Postgraduate Diploma/Occupational Certificate-NQF Level 8 27. Doctoral Degrees (Doctoral Diploma and PhD)-NQF Level 10
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