



SAVINGS MONTH 2010

**The Annual National Savings Awareness Campaign
of the South African Savings Institute
(SASI-SM2010)**

Date Drafted: May 2010

1 BACKGROUND

Savings Month is SASI's flagship event for a national savings awareness campaign. Unlike in previous years, Savings Month starts at the end of July this year, overlapping to August, and the objectives of the campaign are to:

- Promote debate around key aspects of saving;
- Raise awareness of the benefits of short, medium and long term planning;
- Build relationships with key partners to leverage future opportunities; as well as
- Foster a culture of saving within a local and international context; and
- Complement the messaging being generated through the social security and retirement reform process, to make it meaningful and relevant to the youth as well. This will encourage them to start saving early in life, rather than leaving too late.

The recent global crisis has left many economic agents financially wounded. The crisis exposed the vulnerabilities of unemployment, poverty and debt levels of many economies. South Africa lost almost one million jobs, crippling households, businesses and bringing down the country's growth levels for the period. The job losses translated into constrained household savings as people's disposable incomes reduced substantially amidst high debt to disposable income levels, rising dependencies as unemployment rose. Thus, while the recession is behind us, many households and businesses remain liquidity trapped as they struggle to adjust their balance sheets. Add to this, the electricity hikes, high food prices, etc, and the challenge to gain financial freedom gets even more difficult!

In his 2010/11 budget speech, the Minister of Finance, the Hon. Pravin Gordhan outlined government's strategy to help various economic agents regain financial freedom. The Chairman and the Board members of SASI welcomed this strategy and are encouraged to pursue our mandate even more aggressively. SASI warns however, that each sector, businesses and individuals have a different path to take to come out the economic downturn.

This year, in recognition of the historic FIFA Soccer World Cup event on South Africa's shores, the Savings Month will only be launched soon after the finals on Tuesday 20 July 2010. SASI will give special focus to soccer players who will receive financial literacy lessons as part of the 2010 Soccer World Cup Legacy Project. Thus the theme for this year's National Savings Month is ***"Save for the Goal – the Path to Recovery"***. We call on all South Africans to focus on financial recovery as the Goal for the year. The trick to a faster recovery and thus the way to improve the country's savings outlook lies in adjusting consumer behaviour and business practices. Being prepared for uncertainties such as these recent shocks, underpins the essence of saving and financial literacy remains crucial in developing a sustainable savings culture. This is in light of the savings trend that is still dismal, a situation that is compounded by high unemployment rates and low literacy levels as shown in Table 1.

Table 1: SA's savings determinant indicators (%)							
Period	Gross saving /GDP	H/H savings/ Disp Y	Share of GDP to employees	Consumption/ GDP	Debt/Disposable Income	GDP growth	Unemployment
1991	18.6	2.7	57.1	61.6	55.0	-0.1	
1994	16.9	2.8	55.9	62.3	55.5	3.2	31.5
2001	15.6	0.8	52.2	63.1	53.7	2.7	31.7
2007	14.1	-0.6	49.9	62.7	79.1	5.1	33.2
2008	14.9	-0.3	49.4	62.1	80.6	3.1	27.4
2009:Q4	15.3	-0.4	50.6	60.8	79.8	-1.8	29.7

Source: SARB Quarterly Bulletin: March 2010/Stats SA Labour Force Survey Series

A number of initiatives have been planned to highlight the need to improve our savings rate and the path to financial recovery. These will target Consumers, Corporates, Regulators and Policy makers alike, and they have been spread beyond the Savings Month to allow for continuity of the savings message.

Sports-Financial Literacy Campaign: The Institute will launch a financial literacy programme for sportspersons to help them make the best of their handsome earnings during their short sports careers. The initial target audience will be the soccer players, as part of the 2010 Legacy Project to be rolled out to the rest of the sportsmen and women in South Africa. This concept will apply to all arts professionals, whose incomes are characterised by lumpy flows from time to time.

Varsity Financial Literacy Campaign: Many graduates go into the labour market with little or no understanding of how to manage their finances. As a result, they squander their earnings on ostentatious goods, unable to even repay the academic debt they acquired while in college. On the other hand, many students fail to properly utilise financial aid and student bursaries during their academic lives, falling out of college highly indebted and without any academic achievement. SASI launched the varsity financial literacy campaign and will intensify it to Universities and Colleges during Savings Month to equip students with basic financial skills and assist them appreciate the benefits of savings and of short, medium and long term financial planning. The theme of the Campaign is "Get the Grades while you Save", encouraging students to come out of college with academic excellence and less unnecessary indebtedness.

Community Savings and Entrepreneurial Campaign: Communities are home to many individuals who continuously face financial dilemmas. With meagre incomes/wages and rudimentary savings products, communities fall prey to shrewd financial practices such as pyramid schemes, use of unconventional savings instruments, etc, which leave them worse off and unable to meet their basic security needs. The Institute will host financial literacy workshops to various communities round the country to help them understand the basics of money management and business planning so that they can take advantage of the opportunities available especially through the local economic development programmes. The campaign also aims to help them appreciate the benefits of saving and financial planning so as to ward-off opportunistic business ventures.

Teach Children to Save South Africa (TCTS SA): TCTS is a national savings campaign targeting learners in Grades 4-7. The programme was adopted by the South African Banking Association and the Institute, in 2008, as a flagship event during the National Savings Month. As in previous years, financial sector practitioners will offer a 30 minute savings lesson to learners including Reasons to Save, Budgeting to Save and How to make your money grow – across the country. The overall goal of TCTS is to teach children to save at an early age and not to leave it for later years in life. The rallying motto behind TCTS SA is a Zulu idiom “*Ligotshwa lisase manzi*” translated as you bend a stick while it’s still moist! Unlike in previous years, TCTS SA 2010 will not run during Savings Month, Instead, it will be rolled out 23 – 27 August 2010, partly due to the interruptions in the school calendar as a result of the 2010 Soccer World Cup. However, this timing ensures that the savings message becomes more continuous in the general public beyond Savings Month. Last year the programme reached 77, 000 learners in 421 schools. The target for this year is 100,000 learners in 500 schools.

Annual Savings Workshop: The workshop provides a platform where financial sector stakeholders can share savings related research, experiences and other information. This includes policy related research and its implications to savings as well as academic trends in savings. This year, SASI will partner with Old Mutual South Africa to host 1 ½ day workshop which will highlight the impact of the recent recession on the ordinary consumer, and the possible paths to recovery for various economic agents following the financial crisis that crippled many businesses and households. The SASI/OMSA Savings Workshop will be held at the Reserve Bank on the 02 – 03 September 2010, and the general public is encouraged to attend.

2 AUDIENCE

- Schools and Learners Grades 4-7
- Tertiary Students
- Soccer Players and other sports persons
- Communities
- Financial Institutions and the Retirement Benefits Industry
- Academia
- Financial Regulators (NCR, FSB, etc)
- Government agencies (Dept of Education, National Treasury, Reserve Bank, Dept of Trade & Industry)
- Consumer Educators

3 PROPOSED SCHEDULED OF ACTIVITIES/EVENTS

Date	Activity	Audience
13 July 2010	Savings Review Feature in the Independent Newspapers nationwide	Financial sector stakeholders
20 July 2010	Breakfast Launch of Savings Month	Policy makers, Regulators, Financial Practitioners, Civil Society
21 July- 05 Aug 2010	Varsity Financial Literacy Campaign	Tertiary Students, Universities and Colleges,
July – August 2010	Financial Literacy for Soccer players	Soccer players
02-07 August	Community Savings & Entrepreneurial Campaign	Rural Communities
23 – 27 August	Teach Children to Save SA lessons nationwide	Public Primary Schools Learners Grades 4-7
02 – 03 Sept	Annual Savings Workshop	Financial practitioners, Policy makers, Academia, Researchers and the general public