



THE SOUTH AFRICAN SAVINGS INSTITUTE

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Deputy Minister of finance challenges financial institutions to promote saving among poor

As July's National Savings Month draws to a close, the South African Savings Institute (SASI) urges South Africans to change their mindsets towards their expenditure patterns to ensure that their finances can sustain them both now and in the future. "Forward financial planning is more important than instant gratification and consumption, especially in an environment that is becoming increasingly costly. Tomorrow will be more financially challenging than today. It is therefore important to make one's current earnings work for you when tomorrow comes", says Lwanga-Nanziri, CEO of the Savings Institute.

At the launch of the Month long savings campaign, Deputy Minister of Finance Nhlanhla Nene noted that people who do not focus on their future financial needs save less and are tempted to turn to credit. He called on financial institutions to assist South Africans in keeping saving front of mind by spending more resources on designing and testing products that encourage all South Africans, especially the poor, to save. "Micro loans and other debts occupy people's attention because lenders are always reminding them about debt repayments. The result is that people are more aware of debt than savings. Financial institutions should help the poor to save their way out of poverty rather than helping them borrow to finance excessive consumption," said Nene.

"There is also a need for continued empowerment through access to financial knowledge given the fact that governments and employers have, over the years, been shifting greater financial risks onto individuals. Support for state sponsored pension funds is declining globally and there has been a shift away from defined benefit to defined contribution pension funds. The need to increase levels of financial literacy has become even more urgent", he added.

The Institute embarked on a series of community and employee wellness workshops under the theme '*Invest in Financial Knowledge, Save your Future*'. "The financial knowledge gap has become more evident as demand for these workshops has increased since the launch of the campaign. Consumers are overwhelmed by the damage caused by the depth of indebtedness they find themselves in, but the desire to work towards a clean balance sheet is apparent among many we have talked to", says Lwanga-Nanziri.

The majority of workers in South Africa are not aware of the risks they face now or will face in the future, reinforcing the need for continued education and access to financial knowledge. There is evidence that financially literate adults have a higher probability to save and plan for their retirement. Increased knowledge also enables individuals to shop for cheaper debt and manage this debt better.

The Institute is partnering with sector players such as Old Mutual and Metropolitan to reach out to rural and semi-urban communities across the country to deliver financial literacy workshops for the

rest of the year on equipping consumers with basic knowledge on household budgets, managing their debt and information on how to choose the right savings products based on their financial situations.

“Saving is an all-year-round exercise. Giving consumers skills on how to tone down their debt and plan for the forthcoming festive season are some of the short-term goals we are encouraging consumers to focus on especially the beginners of this very desirable habit”, concludes Lwanga-Nanziri.

The first workshop was held on 4 July 2013, and the workshops continue to be well-attended by the communities in which they are held.

Notes to editors

The South African Savings Institute (SASI) is an independent non-profit organisation dedicated to developing a robust culture of saving in South Africa.

At SASI’s launch in April 2001, Finance Minister, Trevor Manuel, drew attention to the poor savings rate, disparate living standards, lack of financial literacy and the poor growth of our economy. He noted that these concerns may all be mitigated by an improvement in savings culture by all sectors of the South African population.

SASI undertakes activities that aim to increase awareness about the importance of short-, medium and long-term saving, research, advocacy and round-table debate on savings related matters.

Ends.

Issued on behalf of The South African Savings Institute

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