

Savings and Investment Expo SA, October 2012:

On the path towards wealth creation

Johannesburg 16 July 2012 – International Monetary Fund (IMF) statistics show that since 2001, compared with its BRICS counterparts, South Africa's rate of national savings has remained flat.

Compared to its peers, South Africa saves too little. In China, gross savings are over 50 percent of the Gross Domestic Product, in Russia 30% and over 18% in Brazil. In South Africa that figure is about 16.5%.

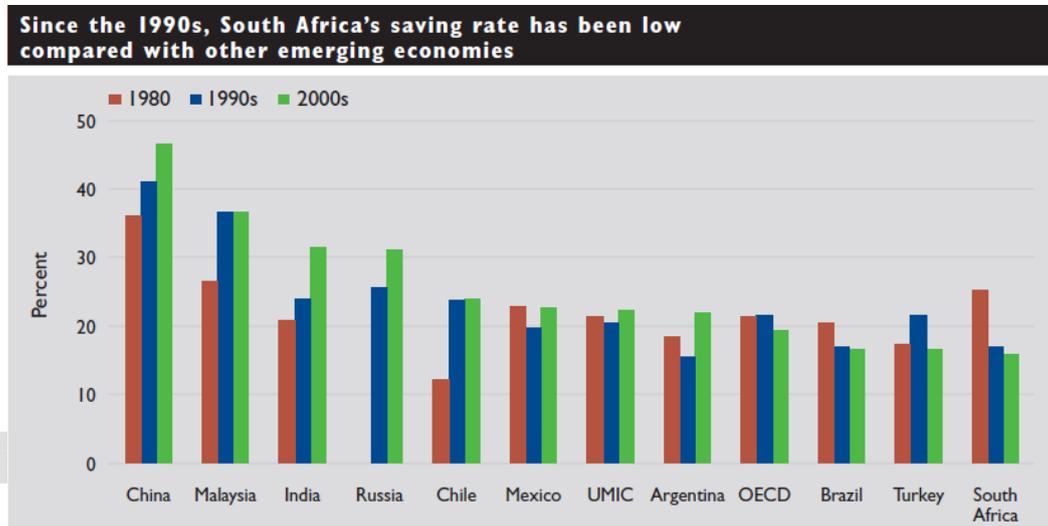
According to the World Economic Forum's 2011/2012 Global Competitiveness Report, South Africa ranks 72nd in the world when it comes to saving, well behind the other BRICS nations. In Africa, 13 countries have higher gross national savings rates than South Africa including 3rd placed Algeria, Morocco (25th), Nigeria (27th); and neighbours Zambia (32nd), Namibia (34th), Botswana (42nd) and Lesotho (62nd).

"These are startling figures," says Elizabeth Lwanga-Nanziri, CEO of the South African Savings Institute (SASI). "Especially when one considers that the rate of consumption is increasing and the lifestyle gaps from the past are being slowly closed."

According to Ernst & Young's 2011 Africa Attractiveness Survey, investors perceive South Africa as the most attractive African country to do business. However, with its low savings rate, South Africa lags behind because this shortfall in national savings implies that domestic investment can only be covered by relying on large current account deficits.

"By improving our national savings, we initiate a virtuous cycle of growth. However, we also need to acknowledge that in South Africa, there are discrepancies between the levels of consumption and the levels of saving. If you look closely, you'll see that for most consumers,

acquisitions are made through loans – thus increasing the levels of debt in the country,” says Lwanga-Nanziri.



Source: The World Bank. *South Africa Economic Update: Focus on savings, investment and inclusive growth*

For the past 10 years, SASI has been teaching consumers and communities to strive for financial freedom through financial literacy workshops and introductions to the formal financial services sector.

Earlier this month SASI launched National Savings Month 2012 which has focused on financial literacy programmes throughout July, in a bid to help consumers change their mindsets towards individual financial freedom and that of the country.

One of the programmes, The *Teach Children to Save (TCTS)* campaign, targets pupils in Grades 4-9 teaching them financial literacy and basic financial management is currently in all nine provinces.

Other programmes SASI and its partners will run this month include a nation-wide road-show of financial literacy workshops in schools, universities and communities, women’s financial wellness seminars and community stokvel financial literacy programmes.

In October the institute will host the first Savings and Investment Expo South Africa™ intended to bring all financial sector stakeholders together under one roof.

The expo will teach consumers the value that comes with long-term savings and investments. The overall goal of the expo is to address the information asymmetry in the financial sector by providing semi-formal environments for users and suppliers of financial sector products.

The focus will be on savings and investment; consumer and financial education; and policies and regulations that apply to the financial sector. The expo will also be an opportunity for financial services providers to showcase their services, products and expertise to their industry peers and most importantly, the consumers.

Lwanga-Nanziri says growth and the levels of domestic savings are especially important for developing economies because they strengthen local banks and financial institutions.

“The more money local markets and consumers pump into the economy, the greater the number of opportunities for local developments. It is not only about having money for a ‘rainy day’ but also about creating wealth for future generations. A rate of low savings is bad for the country because investments are needed to encourage growth. And traditionally, household savings are an important source of domestic investment.”

“It is important in order to create a virtuous cycle for inclusive growth. The more money we invest in our local banks, the more money they invest in local projects and the higher the opportunities for employment. The Savings and Investment Expo will expand this and other ideas to the financial sector and consumers.”

SASI’s mission for the past decade has been to encourage consumers and their local communities the value of increasing savings through initiative such as *Teach Children to Save* and financial literacy workshops for stokvels, entrepreneurs and university students.

However, the expo will take those basic principles and develop them further, inspiring consumers to take control of their economy through wealth creation.

“We are now in a period where we want to teach the public how to make their savings work for them in the long-term, and how that will improve our country’s financial strength. Financial strength has a huge impact on our reputation as a preferable foreign investment destination and the expo will showcase that to the public,” Lwanga-Nanziri says. “We are now advocating that South Africans not only practice the basics such as saving 15% of your monthly salary, but also understand the ripple effects of interest rates and tax on their bank balance.

“If you understand your local financial services industry you can be savvier in getting it to work for you. Increasing our national savings rate and extending financial security to the majority of South Africans can only be achieved by dramatically increasing financial inclusion. This means that in saving more, South Africans will have access to more financial products such as bank accounts and insurance.”

The maiden Savings and Investment Expo South Africa will take place at Gallagher Convention Centre in Midrand, Gauteng from October 29 to November 5, 2012. It will draw participants from South Africa and the rest of the continent and consumers will receive first-hand experience of active participation in the savings and investments arena. This platform will allow consumers, practitioners, regulators and policy-makers to interact on all important and relevant elements of our financial sector.

To register as an exhibitor/ participant or to attend as a member of the public you can go to www.savingsandinvestmentexpo.co.za

Ends.



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