



## THE SOUTH AFRICAN SAVINGS INSTITUTE

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### SASI CHAIRPERSON'S STATEMENT

#### AT THE OCCASION OF THE CELEBRATION OF THE 10YEARS ANNIVERSARY AND LAUNCH OF SAVINGS MONTH 2011

**13 July 2011**

**IDC Auditorium**

**19 Fredman Drive, Sandton**

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HONOURABLE MINISTER OF FINANCE, MR. PRAVIN GORDHAN, DEPUTY GOVERNOR OF THE RESERVE BANK OF SOUTH AFRICA, DR. MONDE MNYANDE, MR GEOFFREY QHENA, REPRESENTATIVES OF INTERNATIONAL DEVELOPMENT PARTNER INSTITUTIONS, SENIOR EXECUTIVES, AND DISTINGUISHED GUESTS, A VERY GOOD MORNING TO YOU.

AT THE OUTSET MAY I START BY ADDING MY WELCOME TO EACH AND EVERY ONE OF YOU. I BRING GREETINGS TO YOU FROM THE WARM PROVINCE OF KWAZULU-NATAL AND IN AS MUCH AS MY WORDS OF WELCOME ARE WARM AND FROM THE HEART, I WAS UNABLE TO PERSUADE THE SUNSHINE OF DURBAN TO ACCOMPANY ME. NEVERTHELESS, IT IS WITH GREAT PRIDE AND PLEASURE THAT I STAND BEFORE YOU THIS MORNING ON BEHALF OF THE BOARD OF THE SOUTH AFRICAN SAVINGS INSTITUTE.

2011 MARKS THE TENTH ANNIVERSARY OF THE INSTITUTE AND LIKE WITH ALL SIGNIFICANT ANNIVERSARIES IT IS CERTAINLY A TIME FOR NOT JUST CELEBRATING BUT FOR REFLECTION AND TO SEE HOW FAR WE HAVE COME, HAVE WE FULFILLED OUR MANDATE, COULD WE HAVE DONE ANYTHING DIFFERENTLY AND IMPORTANTLY WHERE TO FROM HERE.

REFLECTING ON JEFF'S WORDS, IT DOES BECOME ABUNDANTLY CLEAR THAT THE PATH TO OUR TENTH BIRTHDAY HAS BEEN STREWN WITH DIFFICULTIES, THE MOST NOTABLE BEING OUR LIMITED RESOURCES.

TO ADD FURTHER TO WHAT JEFF SAID ABOUT OUR HUMBLE BEGINNINGS, THE INSTITUTE WAS BORN OUT OF AN IDEA PUT FORWARD BY ANDREW BRADLEY, CEO OF ACSIS AND MADE POSSIBLE BY THE SEED CAPITAL FROM THE INDUSTRIAL DEVELOPMENT CORPORATION, BOTH OF WHOM FIRMLY BELIEVED THAT A HIGH

SAVINGS RATE WOULD IMPROVE THE STANDARD OF LIVING OF OUR CITIZENS AND ULTIMATELY, THE ECONOMIC GROWTH OF OUR COUNTRY. AT THE TIME, THE SAVINGS RATE IN SOUTH AFRICA WAS AROUND 15.6% OF GDP, CONSIDERABLY DOWN FROM THE 1980'S. INDEED AT THE LAUNCH OF SASI IN APRIL 2001, THE THEN MINISTER OF FINANCE, THE HONORABLE TREVOR MANUEL WENT TO GREAT PAINS TO EMPHASISE HOW CRITICAL IT WAS TO BOOST THE ECONOMIC GROWTH OF THE COUNTRY WITH A STRONG SAVINGS CULTURE WHICH WOULD LEAD TO A HIGH SAVINGS RATE.

SET-UP AS A NOT-FOR-PROFIT ORGANIZATION, WITH THIS SEED CAPITAL FROM THE IDC, TO START OPERATIONS, A NUMBER OF RESPONSIBLE CITIZENS, FROM VARIOUS STAKEHOLDER INSTITUTIONS, PLEDGED THEIR SUPPORT ON A VOLUNTARY BASIS AND HAVE SINCE ACTED AS THE ADVISORY BOARD OF THE INSTITUTE. SOME OF THESE INSTITUTIONS OFFERED SUPPORT BY WAY OF PERSONNEL, AN EXAMPLE OF WHICH IS STANDARD BANK WHO SECONDED A FULL TIME CHIEF EXECUTIVE OFFICER, AT THEIR COST, TO OVERSEE AND DRIVE THE INSTITUTE'S OPERATIONS VIA A SECRETARIAT COMPOSED OF NOT MORE THAN FIVE PERMANENT EMPLOYEES, SOME OF WHOM HAVE SERVED ON A VOLUNTARY BASIS AS WELL.

WITH THIS THEN AS THE BACKGROUND, THE INSTITUTE EMABRCKED ON THE MAMMOTH TASK OF ACHIEVING ITS MANDATE AND THIS WAS DONE BY ADOPTING FOUR FOCUS AREAS WHICH HAVE GUIDED OUR ACTIVITIES FOR THE PAST 10 YEARS. THESE ARE RESEARCH & ADVOCACY, DEBATE AROUND KEY ASPECTS OF SAVING, EDUCATION AND INFORMATION PROVISION AND PROMOTING AWARENESS THROUGH CAMPAIGNS SUCH AS THE JULY NATIONAL SAVINGS MONTH WHICH HAS SINCE BECOME OUR FLAGSHIP EVENT, AND OVER THE YEARS WE HAVE HAD THE PRIVILEGE OF HAVING AN OFFICIAL FROM NATIONAL TREASURY DELIVER THE KEYNOTE ADDRESS EACH YEAR. THIS YEAR WE ARE DELIGHTED TO HAVE THE MINISTER OF FINANCE IN OUR, MIDST FOR WHICH WE ARE EXTREMELY GRATEFUL AND HONOURED.

2011 NATIONAL SAVINGS MONTH COMES ON THE BACK OF A GRADUAL AND PAINFUL RECOVERY FROM THE RECENT GLOBAL ECONOMIC MELT-DOWN AND WHILE SOME COUNTRIES ARE WITNESSING RECOVERY IN CERTAIN SECTORS, SOUTH AFRICA CONTINUES TO LAG BEHIND ESPECIALLY IN TERMS OF DOMESTIC SAVINGS AND UNFORTUNATELY THE PICTURE LOOKS DISTURBING FOR THE NEXT FEW YEARS. THE DYNAMICS RESPONSIBLE FOR THIS TREND RANGE FROM SUBSTANTIAL INCREASES IN OIL PRICES TO SOCIAL AND ECONOMIC PROBLEMS LIKE POVERTY AND UNEMPLOYMENT BUT THE BENEFITS OF A HIGH SAVINGS RATE IN ANY ECONOMY CANNOT BE DISPUTED AND THESE INCLUDE A REDUCTION IN EXTERNAL DEPENDENCY AND THE IMPROVED FINANCIAL HEALTH OF CITIZENS BOTH NOW AND DURING RETIREMENT. INDEED A LOW SAVINGS RATE, ESPECIALLY AT HOUSEHOLD LEVEL, HAS NEGATIVE SPILL-OVER EFFECTS LEADING TO AN INCREASED BURDEN ON THE STATE TO PROVIDE SAFETY NETS.

HOWEVER, DESPITE THIS DISMAL PICTURE, WE BELIEVE THAT A LOT HAS BEEN ACHIEVED IN THE PAST DECADE WHICH WARRANTS RECOGNITION. NOTABLY AMONG THESE IS GOVERNMENT'S COMMITMENT TO PROVIDING AN ENABLING ENVIRONMENT FOR SAVINGS WITH THE SOCIAL SECURITY AND RETIREMENT REFORM INITIATIVE, THE NATIONAL FINANCIAL EDUCATION FRAMEWORK, THE PROTECTION OF CONSUMER RIGHTS UNDER THE NEW CONSUMER PROTECTION ACT AND THE SUBSTANTIAL INCREASE IN ALLOWABLE TAX DEDUCTIONS, PARTICULARLY IN RESPECT OF INTEREST EARNED.

FINANCIAL INSTITUTIONS TOO HAVE PLAYED A MAJOR ROLE, PARTICULARLY IN EXPANDING THEIR PRODUCT BASE AS WELL AS THEIR APPROACH TO PROVIDING

SERVICES TO POTENTIAL CLIENTS. MORE RECENTLY, FOLLOWING SUCCESS STORIES GLOBALLY, FINANCIAL PRODUCT PROVIDERS HAVE GONE TO GREAT LENGTHS TO UNDERSTAND THE REQUIREMENTS OF THE SOUTH AFRICAN CONSUMER, AND HAVE IN TURN TAILORED PRODUCTS TO SUIT THESE DIVERGENT GROUPS. INDEED THE FINSCOPE SURVEY 2010 REVEALED THAT THERE HAS BEEN AN INCREASE IN THE FINANCIAL INCLUSION OF SOUTH AFRICANS OVER THE PAST FEW YEARS.

THROUGH THE YEARS SASI TOO HAS ENGAGED IN ACTIVITIES THAT TARGET ALL AGE AND WORK GROUPS THROUGH OUR FESTIVE SEASON SAVINGS CAMPAIGN, TEACH CHILDREN TO SAVE, VARSITY FINANCIAL LITERACY AND COMMUNITY SAVINGS CAMPAIGNS WHICH INCLUDE EMPLOYEE WELLNESS PROGRAMS WITH THE HOPE THAT THE LESSONS TAUGHT HAVE BEEN ADOPTED AND REPLICATED. WE ARE ALSO ENCOURAGED BY THE FACT THAT SAVINGS MONTH HAS INCREASINGLY BEEN OBSERVED BY A NUMBER OF MEDIA HOUSES WITH MOST OF THEM DEVOTING SPACE FOR ARTICLES ON PERSONAL FINANCE. THERE CAN BE NO DOUBT THAT THESE PUBLICATIONS HAVE DONE MUCH OVER THE YEARS TO EDUCATE THE CONSUMER AND PROMOTE SAVINGS IN SOUTH AFRICA.

THE OBJECTIVES OF OUR TENTH ANNIVERSARY CAMPAIGN ARE TO CONTINUE TO PROMOTE DEBATE AROUND KEY ASPECTS OF SAVING, RAISE AWARENESS OF THE BENEFITS OF FINANCIAL PLANNING, BUILD RELATIONSHIPS WITH KEY PARTNERS, FOSTER A CULTURE OF SAVING AND COMPLEMENT THE MESSAGES BEING GENERATED THROUGH THE SOCIAL SECURITY AND RETIREMENT REFORM PROCESS.

WITH SUCH LIMITED FUNDING IT HAS BECOME EVEN MORE IMPERATIVE FOR US TO CONTINUE TO FORM PARTNERSHIPS WITH OTHER KEY STAKEHOLDERS AND LADIES AND GENTLEMEN, BY AND LARGE I AM PLEASED TO SAY THAT WITH THESE PARTNERSHIPS THE INSTITUTE HAS INDEED DELIVERED ON CORE AREAS. A SIGNIFICANT NUMBER OF OUR PARTNERS, WHO ARE WITH US THIS MORNING, HAVE OVER THE YEARS INVITED US TO JOIN VARIOUS FORA ON SAVINGS RELATED MATTERS WHILE OTHERS HAVE JOINED US ON AN AD HOC BASIS ESPECIALLY DURING THE JULY NATIONAL SAVINGS MONTH CAMPAIGN. AT THIS JUNCTURE MAY I ONCE AGAIN SAY A HUGE THANK YOU TO ALL OF YOU FOR HELPING US MAKE OUR VOICE HEARD AND WE LOOK FORWARD TO YOUR CONTINUED SUPPORT.

WHILST WE REMAIN IMMENSELY GRATEFUL TO OUR PARTNERS FOR THE OPPORTUNITIES AFFORDED US, SADLY, THE IDC HAS UNTIL NOW, REMAINED THE SOLE ANCHOR SPONSOR OF THE INSTITUTE EVEN THOUGH THEY ARE NOT THE DIRECT BENEFICIARIES OF THE WORK OF THE INSTITUTE. AS WITH THIS MORNING'S ADDRESS, THIS MESSAGE WAS ALSO ECHOED BY JEFF DURING HIS ADDRESS AT LAST YEAR'S LAUNCH OF SAVINGS MONTH. CLEARLY, THERE IS A PRESSING NEED FOR MORE INSTITUTIONS, WHO WILL UNDOUBTEDLY BE DIRECT BENEFICIARIES OF A STRONG SAVINGS RATE TO EMULATE THE EXAMPLE OF THE IDC AND PLAY A PROMINENT ROLE IN THE ACHIEVEMENT OF THE INSTITUTE'S MANDATE. LADIES AND GENTLEMEN, ON BEHALF OF MY ENTIRE BOARD, ALL OF WHOM SERVE VOLUNTARILY AND WITH GREAT PASSION, I MAKE THIS HEARTFELT APPEAL TO ALL OF YOU WHO CAN PARTNER WITH SASI TO PLEASE COME FORWARD AND MAKE A DIFFERENCE TO OUR PEOPLE AND OUR COUNTRY.

WHILE WE CONTINUE TO LAMENT OUR LOW SAVINGS RATE, IT IS PLEASING TO NOTE THAT THERE HAS BEEN A SLIGHT BUT VERY NOTICEABLE DROP IN OUR DEBT TO DISPOSABLE INCOME RATIO SINCE A HIGH OF 81.8% IN 2008. ACCORDING TO THE RESERVE BANK QUARTERLY BULLETIN, THIS FIGURE DROPPED TO 78.2% IN THE FIRST QUARTER OF THIS YEAR, WITH UNEMPLOYMENT SITTING AT 25% FOR THE SAME PERIOD.

CLEARLY THESE STATISTICS OF HIGH INDEBTEDNESS AND HIGH UNEMPLOYMENT DOES NOT DO MUCH TO PROMOTE SAVING! HOWEVER, I AM ENCOURAGED BY THE DROP IN THE DEBT RATIO AND THE GROWTH OF INFORMAL SAVINGS IN OUR COUNTRY, PARTICULARLY IN STOKVELS. THE CURRENT TREND OF HOUSEHOLDS EXPANDING OR IMPROVING THEIR RDP HOMES, USING SUCH SAVINGS AGAIN TELLS US THAT DESPITE SETBACKS SOUTH AFRICANS ARE INTENT ON IMPROVING THEIR NET WORTH. THIS IS ENCOURAGEMENT ENOUGH FOR US AT SASI TO CONTINUE TO PREACH THE MESSAGE OF SAVINGS.

TO A LARGE EXTENT, THE BATTLE AGAINST LOW SAVINGS RATES IS FAR FROM OVER, BUT WE MUST ACKNOWLEDGE THAT SAVING IS A HABIT WHICH WE HAVE TO DEVELOP, PRACTICE AND GROW OVER TIME. IT IS WITH THIS IN MIND THAT TODAY WE PROUDLY LAUNCH OUR TRADITIONAL JULY SAVINGS MONTH. OUR THEME FOR THIS YEAR IS '**SAVE NOW**'. THIS THEME IS INTENDED TO REINFORCE THE FACT THAT THERE'S NO BETTER TIME TO START SAVING THAN NOW, THAT IT'S NEVER TOO LATE OR TOO LITTLE. THIS IS THE MESSAGE THAT WE WANT TO TAKE TO BOTH YOUNG AND OLD.

TO ACHIEVE THIS WE ARE PAINFULLY AWARE THAT WE NEED TO LIFT OUR LOW LEVELS OF FINANCIAL LITERACY AND IN OUR BID TO MAKE A DIFFERENCE, WE CONTINUE TO WORK WITH THE BANKING ASSOCIATION BY RALLYING FINANCIAL SECTOR PRACTITIONERS TO TAKE BASIC MONEY MANAGEMENT SKILLS TO OUR LEARNERS IN PRIMARY SCHOOLS THROUGH THE TEACH CHILDREN TO SAVE INITIATIVE. WE HAVE FURTHER PARTNERED WITH THE JOHANNESBURG SECURITIES EXCHANGE, THE NATIONAL YOUTH DEVELOPMENT AGENCY, THE FINANCIAL PLANNING INSTITUTE, THE NATIONAL CREDIT REGULATOR AND THE NATIONAL CONSUMER EDUCATION COMMITTEE TO TAKE SAVING AND INVESTMENT SKILLS TO OUR YOUTH, BOTH IN SCHOOLS AS WELL AS THE WORKPLACE. WE ARE ALSO PROUD OF OUR PARTNERSHIP WITH THE FINANCIAL SERVICES BOARD WHERE WE TAKE FINANCIAL LITERACY TO THE FUTURE WORKFORCE IN OUR ANNUAL VARSITY LITERACY CAMPAIGN.

WE REMAIN GRATEFUL TO ALL OF THESE ENTITIES FOR ALLOWING US TO PARTNER WITH THEM AND WILL CONTINUE TO BE INVOLVED IN SUCH DRIVES TO FULFILL OUR MANDATE.

HON. MINISTER, LADIES AND GENTLEMEN THANK YOU FOR ALLOWING ME TO SHARE WITH YOU A FEW OF OUR ACHIEVEMENTS OVER THE PAST DECADE.

AT THIS POINT MAY I TAKE THE OPPORTUNITY TO PAY TRIBUTE TO BOTH A HIGHLY COMMITTED BOARD OF DIRECTORS AND A VERY WILLING AND HARDWORKING CEO AND HER TEAM AT THE OFFICE. IN PARTICULAR I WOULD LIKE TO SINGLE OUT TWO GENTLEMEN WITHOUT WHOSE SUPPORT NEITHER I NOR SASI WOULD HAVE SURVIVED. ELIAS MASILELA, THE FORMER CHAIR AND SHESHI KANIKI, MY VICE CHAIR. GENTLEMEN, MY HEARTFELT THANKS FOR YOUR SUPPORT AND ENCOURAGEMENT OVER THE YEARS.

LADIES AND GENTLEMEN, I AM PLEASED TO SAY THAT DURING THIS PERIOD, SASI HAS DEVELOPED A NEUTRAL BRAND THAT HAS COME TO BE TRUSTED BY STAKEHOLDERS AT BOTH LOCAL AND INTERNATIONAL LEVEL. INDEED IT IS OUR DESIRE AT THE INSTITUTE TO RESPOND TO CALLS BY VARIOUS STAKEHOLDERS. HOWEVER, THE INSTITUTE REQUIRES AN ACCELERATOR TO INCREASE THE IMPACT OF ITS ACTIVITIES. THE COUNTRY NEEDS A NEUTRAL VOICE SUCH AS SASI AND PROOF OF THIS CAN BE SEEN IN THE ABILITY FOR SASI TO SURVIVE, ALBEIT ON A VERY SHORT SHOESTRING. AGAIN ON BEHALF OF MY BOARD AND OUR HARDWORKING SECRETARIAT, I MAKE AN IMPASSIONED PLEA TO BOTH GOVERNMENT AND BUSINESS TO SUPPORT US IN THE IMPORTANT ROLE THAT WE PLAY. PLEASE HELP US FORM THE STRONG

PARTNERSHIPS THAT ARE SO NECESSARY TO TAKE THE SAVINGS MESSAGE TO OUR PEOPLE, THEREBY ENCOURAGING AND INCULCATING THE SAVINGS HABIT THAT WILL RAISE OUR SAVINGS RATE TO LEVELS COMPARABLE WITH OUR EMERGING COUNTERPARTS.

THANK YOU.