

# 'Yes' to savings despite shaky economy

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DESPITE the depressed economic climate, promoting savings remains a relevant and critical agenda, the SA Savings Institute (SASI) said yesterday.

"It is understandable and perhaps even logical, that many commentators are questioning whether it makes sense to encourage savings under such dire circumstances.

"Indeed, this question was also asked last year, a time when economic agents were already under significant pressure. The answer last year was 'yes' ... and the answer this year remains 'yes'," said SASI chairperson Elias Masilela.

He was speaking at the launch of the organisation's National Savings Month – the theme of which was

"Tighten Your Savings Belt".

In the face of severe economic pressure, a downturn in world markets, job losses and a recession, South Africans needed to minimise spending in order to come out of the credit crunch that could wipe out income in the absence of a savings plan, he said.

Masilela added that consumers could only save what they had not consumed, "a trade-off few, if any of us would dispute".

He said this inverse relationship between consumption on the one hand and saving on the other had played itself out "very convincingly" in recent years. Rising debt levels had been accompanied by dis-saving at the household level.

"Our motto is asking South Africans to take a sober assessment of their expenditure with a

view to increase their savings," he said. As in previous years SASI had partnered with key stakeholders in the South African financial services and education community such as National Treasury, the Department of Education, financial regulators, lending institutions, non-governmental institutions and others who tried to bring about a lasting savings culture in South Africa, he said.

Promoting savings, even in the current climate remained critical and relevant to the recovery of the economy.

"Throughout Savings Month and beyond, we will continue to highlight that building a prosperous South Africa in the long term will require that savings are pursued even during seasons of economic downturn," said Masilela.

He added that despite the current depressed financial environment, positive moves like the reductions of interest rates in the last six months, a decline on the year on year inflation rate and the improved framework to assist individuals facing difficulties would make saving an attainable goal.

"Positive signs of improved savings are already coming through with the first quarter of 2008 having seen an increase in the gross saving to GDP ratio at 14,3 percent.

"This has risen to 17,1 percent in the first quarter of 2009," Masilela noted.

During Savings Month, he said SASI, in conjunction with its partners, had embarked on an aggressive campaign with various activities planned throughout the country.

