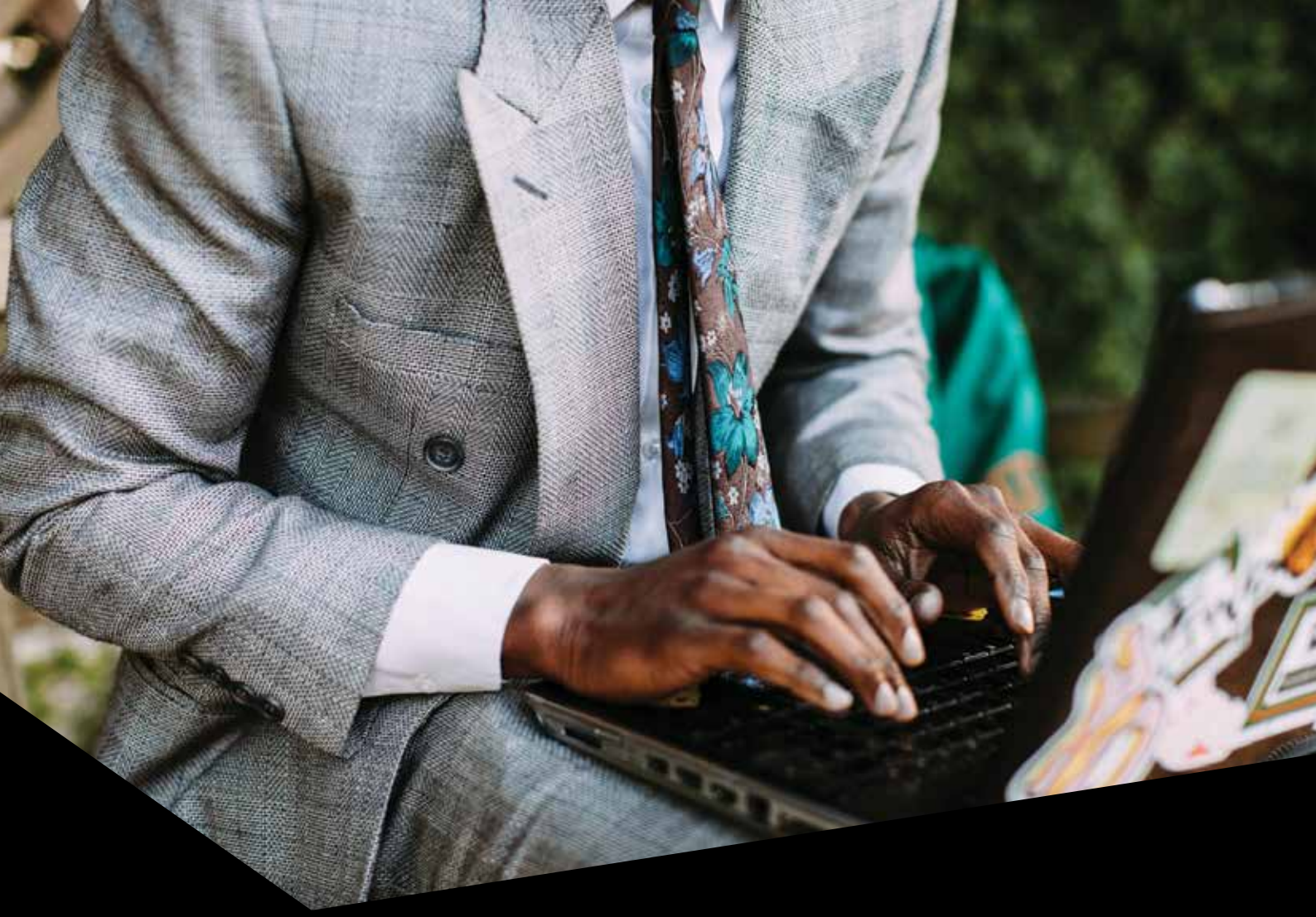
More Month Than Money

Independent study commissioned by South Africa's first digital bank, TymeBank

TymeBank
You've got this



25 million people in South Africa are in debt. Addressing this will require a rethink of how we manage our money, make lifestyle choices and even how we bank.

Which is why we're shining a light on our financial lives this National Savings Month, to better understand our spending habits and set ourselves up on a path to a healthier financial future.

We know that many South Africans struggle to save, but through this initiative, we hope to help you take control of your money so you can work towards your goals and reach your full potential.

For those that can, start small. Saving just 5% of your income is a step in the right direction.

Have dreams and choose a bank that backs you. We all aspire to be better. We want to buy that house, get our own car or learn that skill, but it all begins by committing to our financial future, and taking back control of our financial lives.

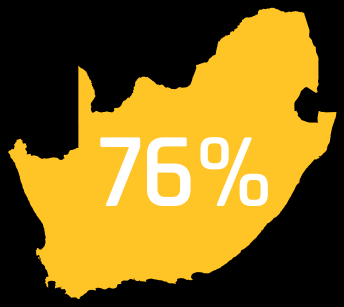
Be open to learn. We've partnered with four experts who've dug deep into this report's data to give us guidance on what we can do to better manage our money.

With the right tools and knowledge we can move from financial anxiety to financial freedom.

You've got this.

Kind regards,
Tauriq Keraan
Deputy CEO
TymeBank

EXECUTIVE SUMMARY



76% of South Africans run out of money before the end of the month

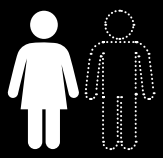
We pay the big 3 first:

housing, groceries and transport

This is a reality across the income spectrum;

44% of us who earn **>R50k** per month

run out of money before the end of the month



66%

Women are under the most pressure with 66% financially responsible for the entire family while facing a gender pay gap of 27% on average

40% vs. **34%**

Women are better at budgeting, they navigate financial pressures by managing their money more tightly than men

15th

57% of South Africans run out of money by the 15th and borrow money from friends and family (59%), use credit cards (20%) or take out loans (9%) to get through the month. 76% then dip into these borrowed funds for non-essential spending like take-aways, clothes and socialising

43% are turning their #dreams into #goals, putting some money aside every month into savings accounts (67%), stokvels (19%) or equities (10%)

4%

Only 4% are able to put money aside for retirement, children's education, investments or emergencies

The good news is we can turn it around – whatever we earn.

It starts by thinking differently about money and changing our financial habits – one cent at a time – so that we can make it through the month cash flush not cashless

www.tymebank.co.za/brokeby-stories

Study methodology

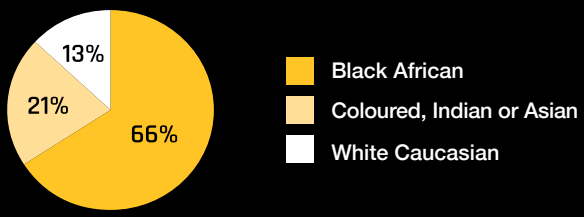
The study was conducted by World Wide Worx (WWW) in collaboration with Ratepop, a real-time consumer insights platform that uses social media technology to deliver large scale consumer insights. It was a multi-year study, targeting a nationally representative population sample of 100,000 people in 2018 and 50,000 people in 2019. The total number of respondents who completed the survey was 2,400 in 2018 and 1,209 in 2019.

In profiling the respondents, WWW and Ratepop looked at the following demographic attributes: Gender, Age, Race, Province, Area, Monthly Income and Marital Status. Based on these attributes the researchers were able to segment and gain deeper insights within each of the demographic groups.

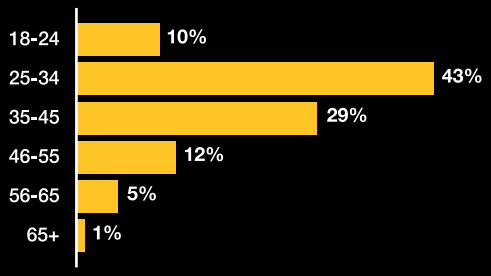
Gender

45% 55%

Race



Age



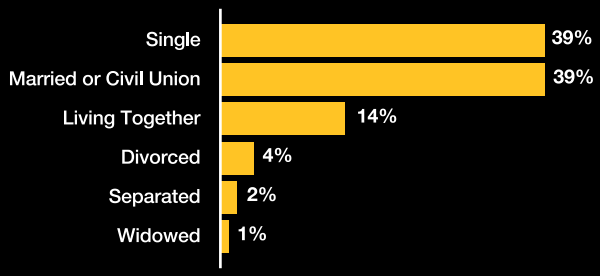
Province

42% Gauteng	6% Limpopo	4% Free State
18% W. Cape	5% MPU	3% NWP
14% KZN	4% E. Cape	3% N. Cape

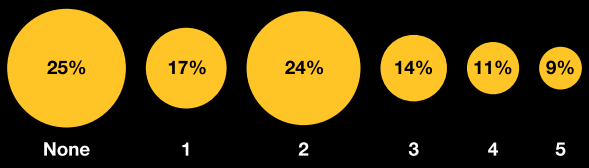
Income

< than R10k	R10k – R22,9k	> R22,9k
46%	28%	26%

Marital Status



Dependents



Meet our panel of experts

We collaborated with four South African experts to provide insights into our financial realities and to offer guidance on how best to manage and grow, our money. Each expert brings their unique perspective on the trends that the report reveals, adding a layer of depth and context to what is a tough economic environment to survive and thrive in.

Tauriq Keraan, deputy CEO of South Africa's first digital bank, TymeBank. Tauriq has spent the past 10 years building and scaling digital banking businesses in South Africa. He played a key role in the inception of Tyme, as well as its subsequent sale to Commonwealth Bank of Australia in 2015 and to African Rainbow Capital in 2018. As Deputy CEO, he drives cross-functional execution and has line accountability for strategy, partnerships, data science, innovation, stakeholder engagement and operations.

Gerald Mwandiambira, acting CEO of the South African Savings Institute, an organisation dedicated to developing a robust culture of savings in SA. Gerald is a CFP® Professional, has a postgraduate degree in Financial Planning Law, and is a highly regarded author and speaker who takes the stage at many conferences world-wide. He is also director of The Financial Planning Institute of Southern Africa (FPI).

Mavis Ureke, an International Behavioural Science and Performance Specialist, OD consultant and practitioner with expertise in human dynamics in organizations. Mavis is the author of Navigating The Rapids and Waves of Life: 10 Lessons to Managing Emotions for Success, Managing Emotions for Financial Freedom: The Invisible Forces Driving your Money Habits, Heart Boundaries, Co-author of The Change and the cofounder of Training B2B CC, a leading provider of emotional intelligence training.

Sam Beckbessinger, entrepreneur and author. Sam has spent most of the past decade building apps and tools to help regular people manage their money better, and is the author of the best-selling "Manage Your Money Like a F*cking Grown-up", now sold in five countries. She runs a business called Lettuce, writes about personal finance, writes fiction and was selected as a Mandela Washington Fellow for Young African Leaders at Yale University in 2014.

Arthur Goldstuck, an award-winning writer, analyst and technology commentator. Arthur is a winner of SA's Distinguished Service in ICT Award, he is author of 19 books and editor-in-chief of South Africa's longest-running online consumer technology magazine, Gadget.co.za. He also writes a weekly tech trends column for the Sunday Times, South Africa's largest-circulation newspaper, and a weekly consumer technology feature for The Citizen. He is founder of World Wide Worx, leading groundbreaking market research, and presents his insights to audiences across the globe. The company won the Business-to-Business Marketing category at the Sabre Awards 2019 for its research on behalf of clients.

Money in, money out

Even though 71% of us know exactly how much money we have in our bank accounts at any one time, for 57% of us, our money only lasts until the 15th of the month. This is especially true if we are women (59% vs. 56% of men), earn less than R10 000 a month (62%), are single (56% vs. 55% who are married/in a partnership) and younger than 34 (59%).

"More women have debt and are broke before the end of the month. This is because we are conditioned as women to take care of others including children and family members," says Mavis Ureke. Gerald Mwandiambira agrees and adds that, "Over 60% of households are fatherless[1] which means financial responsibilities often fall on to women. Add to this fact that women earn 27% less than men[2], mothers are carrying a very heavy load, and the money that they do earn has to cover many expenses."

The day that we run out of money

Segment	15th day
Respondents that said yes	57%
Male	56%
Female	59%
Income <R10k	62%
Income >R10k	52%
25 – 34 years of age	59%
35 – 45 years of age	56%
Single	56%
Married/in partnership	55%

Segment	15th day
Black male	58%
Black female	64%
White male	58%
White female	49%
Coloured/Indian/Asian male	44%
Coloured/Indian/Asian female	55%

[1] https://www.capetownetc.com/news/over-60-of-south-african-homes-are-fatherless/
[2] https://www.fin24.com/Money/Retirement/women-in-sa-earn-27-less-than-men-states-study-20180316

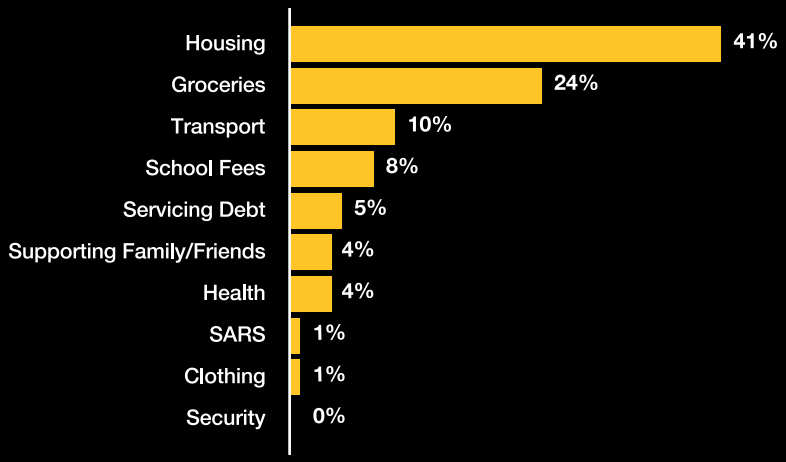
So where's our money going?

We're paying for our priorities first, especially if we're married. This includes housing (41%), buying groceries (24%) and transport costs (10%). Then its school fees (8%), servicing debt (5%), supporting family and friends (4%) and looking after our health (4%). We are least likely to spend our money on new clothes (1%) and security.

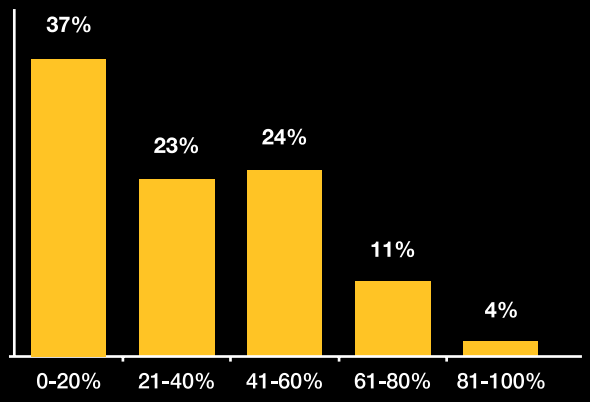
40% of us are spending between 41 – 100% of our income on paying off debt, which includes bond repayments, loans, store cards and credit cards. 11% of us are spending up to 80% of our income, and 4% are spending between 80 to 100% of our income on servicing our debt.

An interesting finding is that when we earn less than R10,000 we're spending up to 20% of our income repaying debt, but if we're married or have moved in with someone and earn more than R10,000 a month, our debt repayments take between 41% and 80% of our total income.

The first expense paid each month



% of income spent on paying back debt

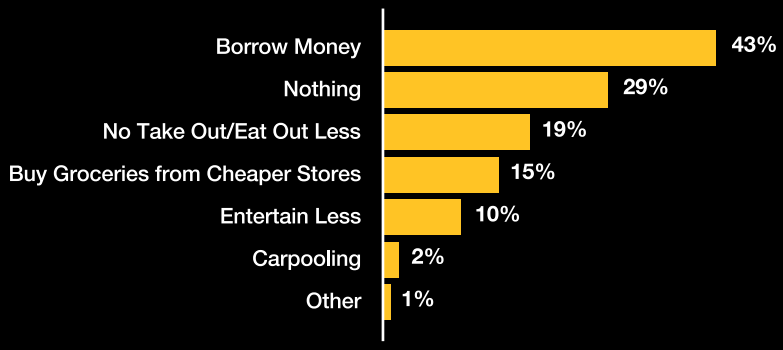


Am broke. Will borrow.

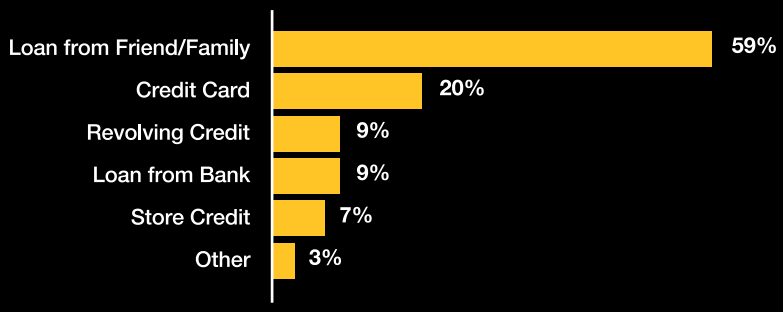
Once we've paid our living expenses and serviced our debt, for the majority of us (57%) our bank accounts are empty by the 15th of the month. 29% of us don't get into more debt and wait until pay day, while 46% of us eat out less, buy groceries from cheaper stores, entertain less and carpool.

However to get through the rest of the month, 43% of us borrow money. 59% borrow from friends and family, 20% use their credit cards and 9% take out a loan. "Despite the fact that we're highly indebted, we don't have enough of a fear about debt," says Gerald Mwandiambira. "The first thing people do when they run out of money is to borrow more."

What do you do when the money runs out?

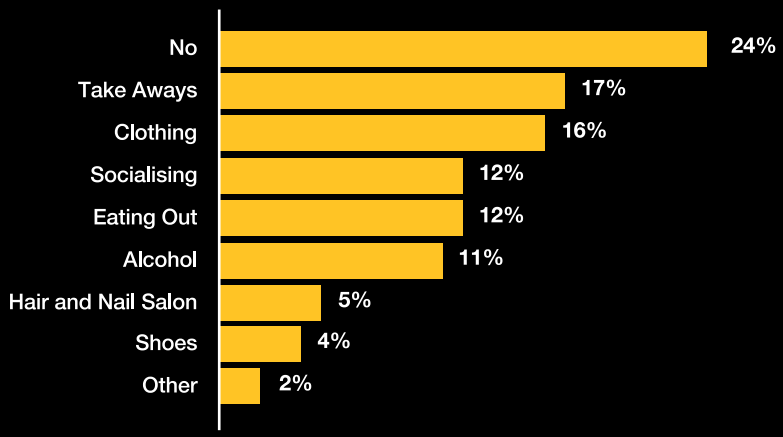


What do you do for the rest of the month?



Once we get a loan, almost a quarter of us are careful with how we use the money. However 76% of us dip into these borrowed funds for non-essential spending like take-aways, clothes, socialising and personal grooming, amongst other treats.

Are there items that you treat yourself to even when the money has run out?



"You can't build towards your financial future if you're still paying for yesterday – debt is a trap. People often don't realise how expensive debt is; it will cost you twice as much as you think it will because of high interest rates," says Sam Beckbessinger.

Earning more money doesn't protect us from debt: A significant 44% of us who earn more than R50,000 a month also run out of money before the end of the month.

"Consider this case: Among the survey respondents was a married man with an income of over R50,000. He spends almost his entire personal income on servicing debt, paying his bond, overdraft and credit card. The family is surviving because of his wife's salary," says Arthur Goldstuck.

Sam Beckbessinger agrees and says "I see this all the time; the highest earners also have the largest debts. All of us think we can earn our way out of money problems, but we can't really. The reality we need to face is that we cannot spend more than we earn indefinitely. We need to be honest with ourselves and live within our means."

Profile of the 654 respondents that run out of money before month end

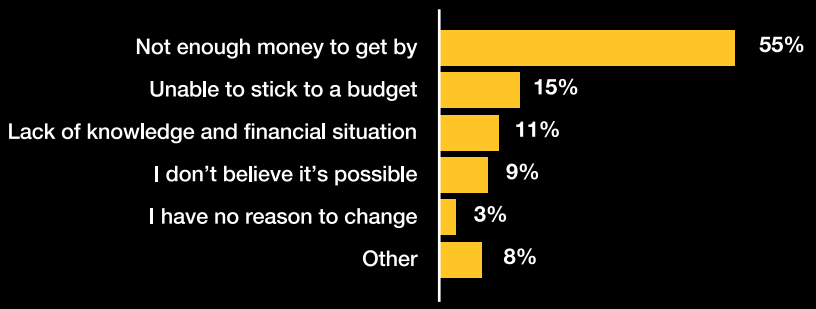
Segment	Notable Differences
Male	72%
Female	80%
Income <R10k	84%
Income >R10k	69%
Income R50k+	44%

Status: Frustrated

If we do run out of money before the end of the month, we feel frustrated (51%) and helpless (35%) especially as for 76% of us there's simply not enough money to get through a month.

"Always pay off the big things first such as housing and transport, and do your grocery shopping upfront. This way you've covered the essentials; if you have what you need in the house, and you can get to work, you'll be ok. Just don't take on any more debt, as it will just create a downward spiral," says Mavis Ureke.

What is holding you back from changing your financial situation?

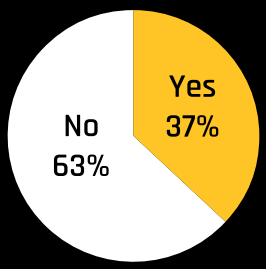


Bonuses gone bust?

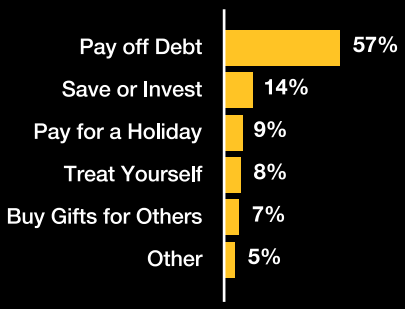
At the end of the year many of us hope to receive a year-end bonus. The reality is only 37% of us actually get one. "Businesses are under pressure financially and the much anticipated year-end bonus is becoming rarer. Even though the majority of us who get a bonus use it to settle our debts (57%), this is not a wise strategy as it's never a sure thing.

"Rather manage your debt throughout the year and take on less credit," comments Beckbessinger. "This way, if you do get a bonus, you can invest the money" – something only 14% of us do. Others put it towards a holiday (9%) or spend it on other personal treats (8%).

Do you get a bonus?



'Yes' respondees were asked what they mainly use their bonuses for



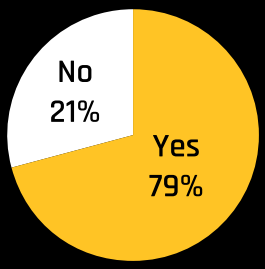
Reality Bites

December can be a tricky time of year as many of us are paid on the 20th of the month, meaning the money needs to last for five weeks after pay day, until the end of January. It's tougher for parents, besides the children's expectations of Christmas presents, there are also school fees and uniforms to pay for in January.

"We know that the holidays are an expensive time of year, yet we're always surprised at how the costs pile up. To make it through the festive season, try and get into the habit of 'enveloping'. This is when you open up a savings pocket - for instance using TymeBank's GoalSave tool which allows you to add small amounts often, and earn up to 10% interest on your savings per annum. Deposit funds into it throughout the year, so that you build up a buffer as you go, to help you through December and January," suggests Sam Beckbessinger.

Winter is also an expensive time of year as we use more electricity and might need to buy warmer clothes. "Again, start a savings 'envelope' to get you through the colder months. You can give it a name, such as "Winter Warmers" and throughout the year top it up so that when the time comes, you can cover these extra costs."

Are there months that are financially harder than others?

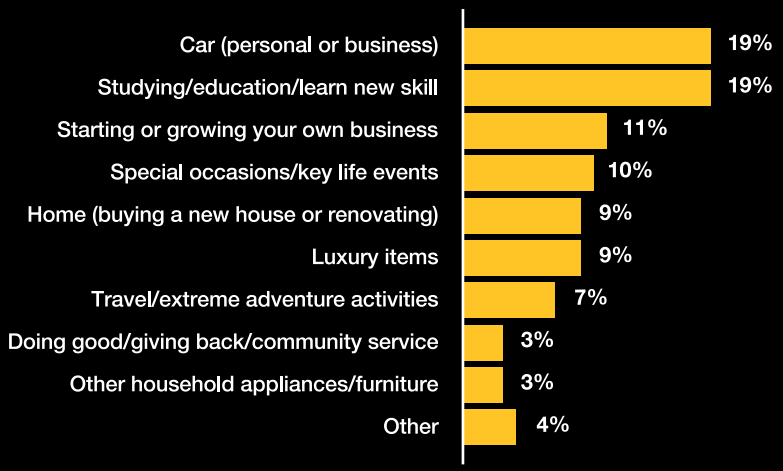


Turning #dreams into #goals

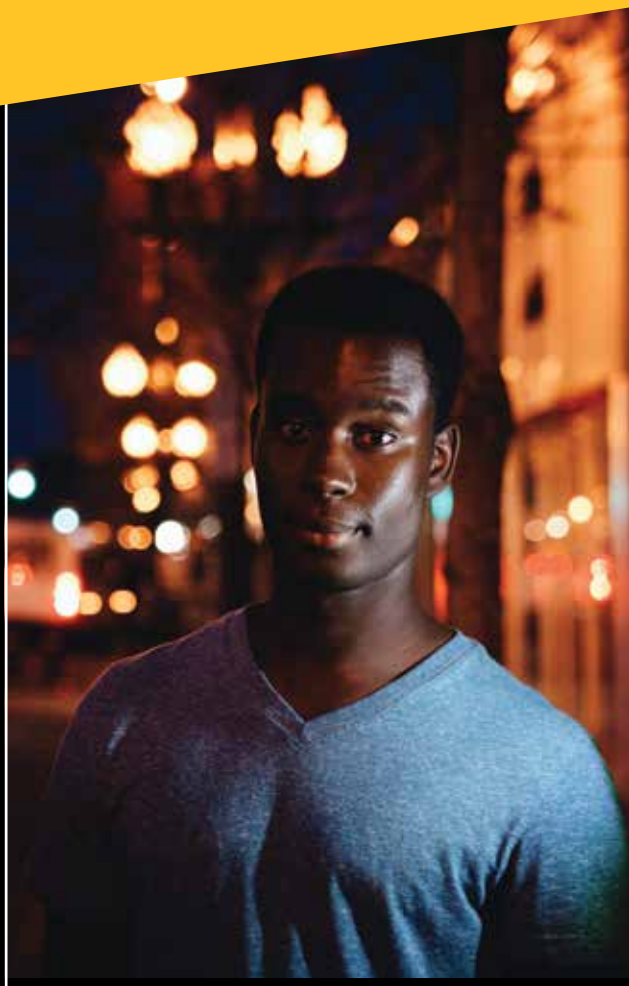
Despite our day-to-day financial realities, we all still have goals – and 43% of us are actively saving towards them. The most common goal, especially if we're under 35, is to save up for a car (19%) and to study or learn a new skill (19%). 11% of us intend to start or grow a business and 9% want to buy or renovate a home.

"We all want to improve our lives – and it's positive to see that we're making a plan to put a little bit away each month to realise our dreams. Even saving 5% of our income is a step in the right direction, and when we choose a bank that backs us with high interest rates, we can reach our goals that much faster," says Keraan.

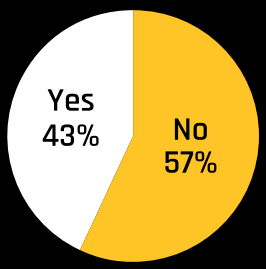
What are some of the goals that you have or are working towards?



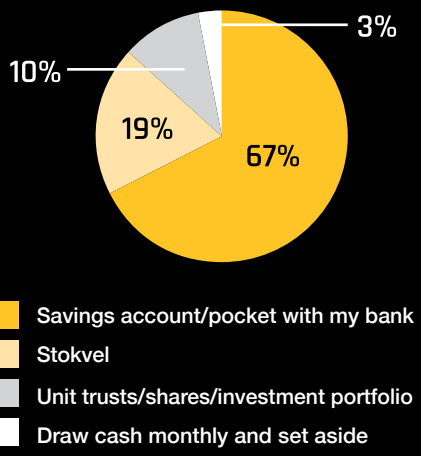
67% of us use a traditional savings account to save for our goals. For the rest of us who save, 19% use a stokvel, 10% buy unit trusts, shares or investment portfolios and 3% choose to draw cash out every month and keep it separately.



Are you actively saving toward any of your goals?



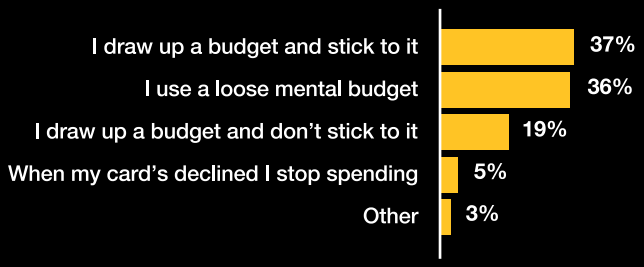
How are you saving?



Get better at budgeting

If we want our money to last longer in the month, it's wise to start a budget, which 37% of us stick to, the majority being women aged between 25 and 45 (80%) who earn less than R10,000 a month (42%). However 36% of us use a loose mental budget – typically those of us who earn more than R10,000 a month – and 19% of us draw up a budget and don't stick to it. 5% of us only realise that we've run out of money when our card is declined.

What is your approach to budgeting?



The experts advise us to put away smaller amounts more regularly. "Typically when you ask someone how much they want to save, they'll say, for instance, R3,000. Few say they'll start with R50 and incrementally increase that amount. This is because everyone has dreams but most people don't know how to break these down into achievable goals. People battle to get their heads around the first step," says Gerald Mwandiambira.

"Add to this the power of saving smaller, incremental amounts throughout the month, and earning interest and compound interest on our savings, we do have the ability to turn our financial situations around. It requires a rethink of how we spend our hard earned cash, at times a step-change in lifestyle choices and even about how we bank, but it can be done," adds Keraan. "There is a lot of information available for people to help themselves – websites, books, programmes on TV etc. But we need to make a conscious decision to educate ourselves to help us take back control of our finances."

Must-know money hacks

With some realistic goals in place, we can put ourselves on the right path to better manage our money. "With the right tools and knowledge we can move from financial anxiety to financial freedom," says Keraan.

To help you on your way here are some top tips from our experts:

Be smart

"If you earn R10,000 a month and you pay R5,000 in rent to live on your own, rather halve that expense by sharing a home with a friend or family member," says Mavis Ureke.

Understand your financial values

"Ask yourself what your personal story is, what your emotional debt is and how you grew up around money? Ask how you feel about money and think back to a time when you started to feel that way. Sometimes we need to go back into our story and gain perspective. Perhaps your mom or dad dealt with money in this way or that way – change your money story and you'll change your behaviour," says Mavis Ureke.

Don't turn a blind eye

"When I was at my brokest, I used to go to the ATM to draw money and then would scrunch up the receipt! Look at your balance! You need to overcome this emotional hurdle, you need to face the realities of your financial situation," says Sam Beckbessinger.

Change your attitude

"Instead of seeing money as something negative, change your view of it and look at it as something that can be managed. With some careful planning you can use your money to make you money," says Tauriq Keraan.

Cut back on the big things first

"It can be quite overwhelming to cut back on everything at once. You can't say you're never going to have fun again, and there's no sense in fretting about R2 here and there. Rather focus on the big three – housing, groceries and transport – get the big expenses under control, and you've got much more room to manoeuvre." says Sam Beckbessinger.

Go digital

"South Africa has some of the highest bank fees in the world! To cut down on these unnecessary costs, choose a digital bank like TymeBank. Because our systems are entirely digital and hosted in the Cloud, we have much lower running costs than other banks, we can therefore cut your monthly bank fees down to zero and your pay-as-you-use transactional fees down to the bare minimum; in many cases we make everyday banking transactions free. This is excellent news for customers as you should rather use your money to pay for things you need, not to cover the costs of using a bank," says Tauriq Keraan.

Get a side hustle

"The reality is that employment in South Africa is pretty dire. Even large corporates are cutting back. You can't rely on your job. Consider starting a side hustle, something you have a taste for or love doing. By diversifying your income streams you'll have more control of your money and your life. But start small; don't feel like you need to open up a franchise!" says Sam Beckbessinger.

Help is at hand.

For more top tips and financial guidance, get your copy of Sam Beckbessinger's book "Manage your money like a f*cking grown-up" as well as Mavis Ureke's "Managing Emotions for Financial Freedom: The Invisible Forces Driving Your Money Habits" and "Aspire Awaken Actualise: Journeys to Transformation" and "My Money, Chelete Yaka, My Geld, Imali Yami" by Gerald Mwandiambira.

Visit www.tymebank.co.za/brokeby-stories to find out more.

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