

Who's picking up the cheque? MMI Corporate and Public Sector investigate the issue of funding the NDP

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MMI Corporate and Public Sector, the division within MMI Holdings that services large and medium sized businesses, hosted a breakaway session at the NDP Vision 2030 Summit held at the Emperors Palace on Thursday, 9 June.

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The session looked at the need to raise national savings levels in order to fund initiatives proposed in the National Development Plan, as well as presenting new research on the determinants of national savings rates in emerging market economies and how we can apply these to our local context.

"MMI's involvement in the Vision2030 summit demonstrates our commitment to the private and public sector cooperation necessary to make the NDP a success", said Rowan Burger, Managing

Executive of Strategy and Market Development at MMI C&PS. "We believe that the Financial Wellness of both businesses and individuals is key to the progress of the NDP – and the financial services industry has a role to play here."

Renowned political analyst and journalist, Justice Malala facilitated the session which included a panel discussion that unpacked the various issues underpinning our dire savings levels and the areas of low hanging fruit for improvement.

Associate professor of economics, Chris Malikane presented key findings from his paper, International Evidence on the Determinants of Savings which looks at other emerging market economies, what they have done to address savings levels and what opportunities and challenges their solutions present in the local context.

Professor Carel van Aardt from Unisa's Bureau of Market Research shared insight into what the Momentum Household Financial Wellness Index and the MMI Unisa Consumer Financial Vulnerability Index (CFVI) statistics tell us about the savings behaviour of South African consumers and households. The picture is a grim one for consumer finances in general but particularly in the case of debt vulnerability where Q1 CFVI results revealed that consumers continued to feel very exposed in terms of their debt servicing capabilities.

MMI's research partnership with Unisa provides insights into the financial position of consumers and households that are important in determining the extent to which economic growth and government programmes such as the NDP, translate into an

improved financial stability. Furthermore, this data helps us to track savings levels; to see where the issues lie and what opportunities are available for improvement.

Burger spoke to the need for us to collectively change our culture of consumption to one of saving. "South Africans are very good at spending money that they don't have," said Burger. "With around 48% of our 20 million credit active South Africans in default, the national development conversation cannot exclude enhancing the financial wellness of individual South Africans" he said.

Burger closed the session by stressing the importance of the NDP as a platform for much needed dialogue around these issues.