

Report: To accompany the press release

Date: 25 November 2020

October 2020: A clearer picture of SA's salaries and employment

The number of people receiving a salary has been volatile and confusing during the COVID-19 lockdown period. COVID-19 UIF TERS payments not passing through the usual payroll systems - or being paid in batches two or three months at a time - has made it challenging to make sense of the monthly take-home pay numbers. But, with most of the TERS payments ending in September 2020 and the number of employees remaining on the TERS payments being far fewer, a clearer picture is emerging from the October 2020 data.

The monthly equivalent of the number of salaries paid declined by 10.4% in October 2020 compared to October 2019, according to the latest BankservAfrica Take-home Pay Index (BTPI). This decline is deeper than September's but far less than the 34% level experienced in July 2020.

It seems that as the economy settles after the lockdown upheaval, the real damage to personal incomes' is starting to emerge.

Working class mostly affected

In October 2020, the real average monthly salary increased by 3% year-on-year. This seems counter-intuitive in the current environment - it can be explained by the fact that almost all reductions were in the lower to middle take-home pay range.

The take-home pay numbers for those earning R30 000 and below, dropped significantly. At the start of the COVID-19 lockdown, daily and weekly earners were affected the most. This is similar to what is being experienced around the world where lower-end income earners were hit the hardest.

The highest single number of declines in salaries occurred in July followed by June. The decline in April was mildest but shows payments to employees and employment figures lag economic events by a month or so. Also, payrolls seem to be predefined by a month or two. The overall economic numbers were at its worst in April but the salary numbers reached its worst in July, three months later.

Although UIF payments were not included in our numbers, the BTPI was able to show that employment in the formal sector was impacted negatively during the crisis. This has since improved but a full recovery is not on the cards soon.

The BTPI data is available at a rate faster than any official employment or salary numbers. More prominence is given to the actual average and median take-home pay numbers than in the employment trends - unless large changes occur. In this case, the BTPI has provided quicker insights into salary numbers, than any other labour related data set, to policymakers and analysts.

The above increase in average take-home pay, despite the decline in the number of salaries, resulted in total salaries decreasing by 0.1% in nominal terms in October 2020. The few remaining TERS payments may help consumer spending. The extra SASSA payments could see retail sales faring quite well until those extra payments stop. At that stage, we may see the real damage to our economy.

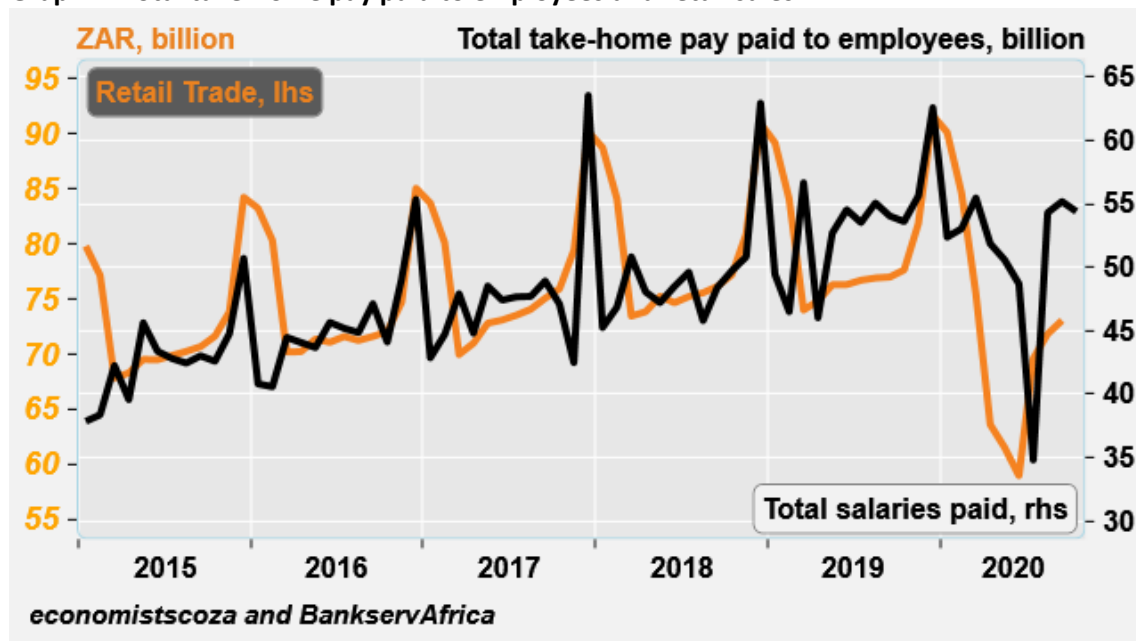


BankservAfrica Private Pensions Index increase too

For the fourth consecutive month, private pensions paid into bank accounts in South Africa increased above the rate of inflation, according to the BankservAfrica Private Pensions Index (BPPI). Although the 1.9% monthly real increase is the lowest in four months, it reflects the average private pension is still increasing.

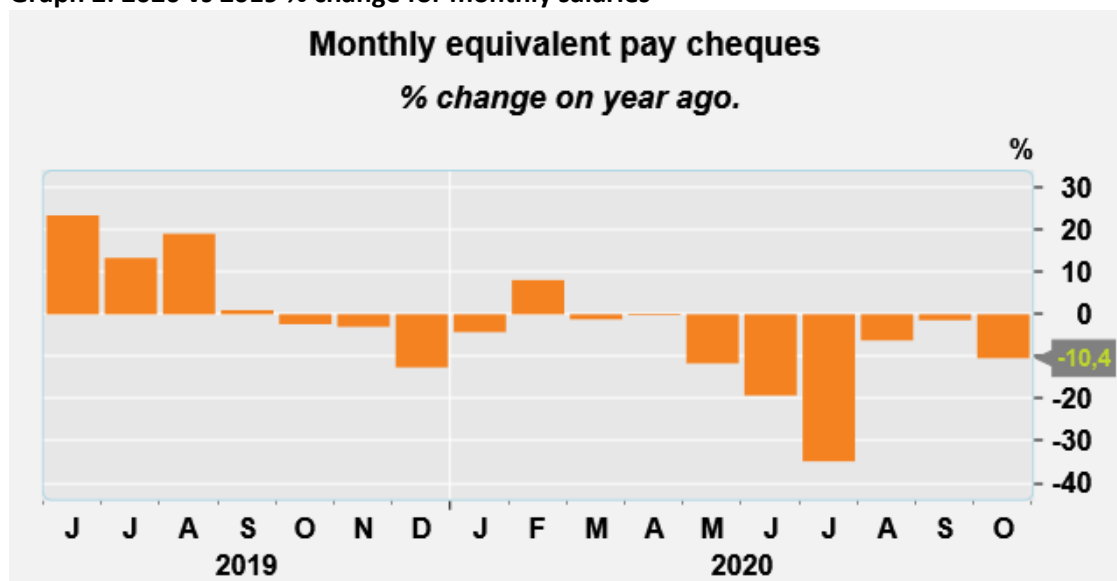
The average real pension was R7 322 which was 57.4% of the average real take-home pay. But to put that into context, at the start of the BPPI, the average private pension was only 47% of the average salary. Private pensions have generally increased quicker than salaries over the last eight years.

Graph 1: Total take-home pay paid to employees and retail sales



Source: BankservAfrica and economists.co.za

Graph 2: 2020 vs 2019 % change for monthly salaries



Source: BankservAfrica and economists.co.za

Table 1: The BankservAfrica Take-home Pay Index data

Month	Nominal average take-home pay	Real take-home home pay	Nominal BTPI % change YoY	Real BTPI % change YoY	Nominal average pensions paid	Real private pension	Nominal BPPI % change YoY	Real BPPI % change YoY
Jan-19	13583	12088	1,8%	-2,6%	7557	6891	6,5%	2,0%
Feb-19	13760	12238	1,4%	-2,7%	7656	7075	7,9%	3,7%
Mar-19	13901	12707	3,3%	-0,8%	7731	7022	6,3%	2,2%
Apr-19	13803	12756	3,5%	-0,7%	8040	7235	9,9%	5,2%
May-19	13468	12591	3,6%	-0,8%	8181	7257	10,1%	5,5%
Jun-19	13205	11923	-3,6%	-7,5%	8183	7322	10,3%	5,6%
Jul-19	13116	11698	-7,8%	-11,3%	8039	7149	7,5%	2,9%
Aug-19	13410	11705	-8,5%	-12,1%	8016	7136	7,5%	3,4%
Sep-19	13784	12203	-2,5%	-6,3%	8119	7166	8,3%	3,8%
Oct-19	13903	12382	4,5%	0,4%	8157	7184	8,5%	4,2%
Nov-19	14410	12818	9,5%	5,4%	8074	7118	7,4%	3,6%
Dec-19	14779	12895	13,3%	9,2%	8115	7161	7,6%	3,9%
Jan-20	15291	13086	12,6%	8,3%	8124	7122	7,5%	3,3%
Feb-20	15107	12868	9,8%	5,2%	8297	7338	8,4%	3,7%
Mar-20	14495	12664	4,3%	-0,3%	8413	7303	8,8%	4,0%
Apr-20	14160	12580	2,6%	-1,4%	8403	7260	4,5%	0,4%
May-20	13928	12629	3,4%	0,3%	8311	7160	1,6%	-1,3%
Jun-20	14245	12557	7,9%	5,3%	8310	7286	1,6%	-0,5%
Jul-20	13853	12066	5,6%	3,1%	8438	7341	5,0%	2,7%
Aug-20	13992	11876	4,3%	1,5%	8575	7397	7,0%	3,7%
Sep-20	14020	12042	1,7%	-1,3%	8660	7415	6,7%	3,5%
Oct-20	14773	12760	6,3%	3,0%	8563	7322	5,0%	1,9%

Source: BankservAfrica and economists.co.za

Note to the editor about the BTPI

There have been revisions to the BTPI due to a change in the South African National Payment System (NPS), which now excludes all salary payments from other Southern African Customs Union member countries in the Common Monetary Area (CMA). This occurred for the period from June 2018 onwards. Under the request by the South African Reserve Bank, the CMA payments were removed, and, as such, this needed to be adjusted accordingly in the BTPI data set. This means the historical data that included these countries were removed and adjusted. This took place over more than a month. We have therefore undertaken a review of the massive decline in average wages in July 2019 – August 2019. Please also note that due to this, the September 2018 – September 2019 data has been revised and has resulted in minor changes to the 2019 data, as provided in this BTPI report.

About BankservAfrica

BankservAfrica is the trusted payments partner and Financial Markets Infrastructure (FMI) to the financial services industry. As the largest automated payments clearing house in Africa we clear and process billions of low value card, ATM and EFT transactions annually. Our role in the South African National Payments System (NPS) is to facilitate interoperability between the banks and ensure regulatory compliance with our regulators against international banking security best practice and standards and reduces risk and complexity in the industry.

We continue to strive to be a world class and pre-eminent payments operator, innovator and payments partner of choice in Africa, by simplifying our worlds through combining trusted transactions with sensitive information.



BankservAfrica's national responsibility is to provide safe financial payment services for 56.7 million South Africans, irrespective of their location in partnership with our shareholders and partners.

With a 48-year history in South Africa, BankservAfrica operates 24/7, 365 days a year and delivers on very strong SLAs.