



BANKSERVAFRICA

December 2020/January 2021 BETI report to accompany press release

Date: 10 February 2021

BETI indicates the economy remains volatile

Transactional activity in December and January were the complete opposite

South Africa's economic transactions recorded a substantial decline in January 2021 after a surprisingly strong December 2020. On a monthly basis, the value of December transactions rose by 1.8% and decreased by 2.3% in January.

January reflected the fourth steepest decline in the last five years with only April, May and June 2020 posting sharper falls. So, apart from the hard lockdown months, transactions were under more pressure in January due to the stricter lockdown measures and the second wave of COVID-19 that South Africa experienced from December.

While the quarterly change is not in the red at 2.7%, the BankservAfrica Economic Transaction Index (BETI) declined by 1.3% on a year-on-year basis. This is the biggest fall in the last five months.

December seemed to show pent-up demand as more consumers shopped, unlike November where spending was more cautious. This was also clear in the Google Mobility data, which peaked just before Christmas. But as the stricter lockdown ban kicked in, demand slowed down in January.

The yoyo effect, evident in the BETI's monthly change in direction, has reappeared but with much more volatility this time. Perhaps it reflects the uncertainty in the economy and the desire of role players to move on from the lockdown and the pandemic.

Actual number of transactions in January 2021 down

The volume of transactions declined by 2.5% year-on-year in January 2021 while the standardised nominal value showed no change from a year ago.

The real average value per transaction declined for the 13th consecutive month. We believe this indicates electronic payments are being used by smaller role players, as the real value per transaction has been declining in the last ten years.

Payments after cheques

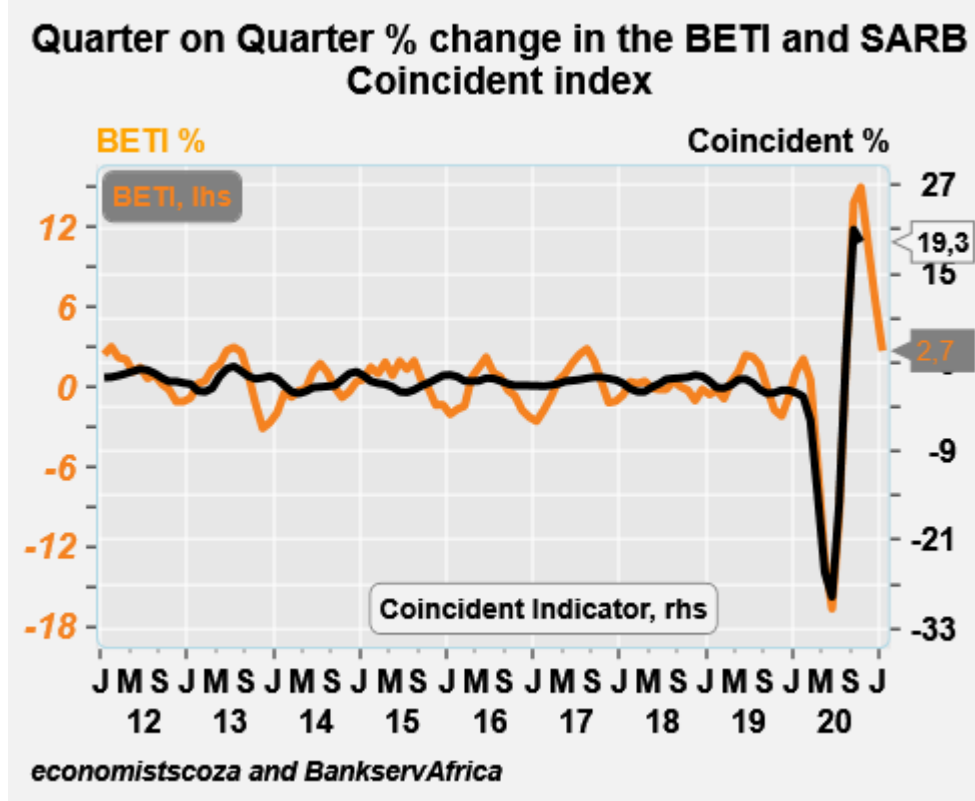
On 31 December 2020, cheques as a payment instrument came to an end in South Africa. This suggests cheque payments changed to electronic credit transactions over the past few years. Another factor could be RTC, which has grown faster than any other method of electronic payments.

In contrast, electronic debits have only shown positive nominal growth of 25% over the last two years. This indicates that consumers and businesses are reluctant to take on new contract commitments be it loans, leases, contracts for mobile phones, satellite television, vehicle tracking and so forth.

Clearly, business and consumer confidence remain relatively low as the lockdown crossed 300 days.

We believe the months of big declines and large rebounds are now behind the South African economy. We expect the economy's movements to stabilise and that the post-pandemic trends will become clearer in the coming months.

Graph 1: The South African GDP and BETI % change on a quarter-on-quarter basis



Source: BankservAfrica and Economists.co.za

Table 1: The BankservAfrica Economic Transaction Index

	The BETI Index	The headline BETI % change	BETI quarterly % change	BETI monthly % change
01-Jan-20	123,0	3,8%	1,1%	0,6%
01-Feb-20	122,7	2,4%	2,1%	-0,2%
01-Mar-20	119,1	-0,1%	0,5%	-3,0%
01-Apr-20	102,6	-15,3%	-5,9%	-13,9%
01-May-20	98,8	-19,2%	-12,9%	-3,7%
01-Jun-20	102,6	-16,3%	-16,7%	3,9%
01-Jul-20	109,9	-10,9%	-9,6%	7,1%
01-Aug-20	116,3	-5,0%	2,6%	5,8%
01-Sep-20	119,7	-0,1%	13,8%	2,9%
01-Oct-20	122,0	1,9%	15,0%	1,9%
01-Nov-20	122,0	0,9%	10,6%	0,0%
01-Dec-20	124,3	1,7%	6,5%	1,8%
01-Jan-21	121,4	-1,3%	2,7%	-2,3%

Source: BankservAfrica and Economists.co.za

Table 2: The volume and average value of transactions and the standardised BETI in nominal terms

	Nominal standardised value of transactions	Number of transactions	Average transaction value	Change in transaction volume
01-Jan-20	827 069 468 236	98 568 174	8339	3,2%
01-Feb-20	921 749 299 725	101 662 462	8522	4,9%

01-Mar-20	891 197 747 730	103 280 758	8822	3,3%
01-Apr-20	679 399 945 727	90 027 122	6960	-12,9%
01-May-20	703 813 457 711	92 353 231	7348	-9,1%
01-Jun-20	795 028 150 576	99 747 038	7821	6,5%
01-Jul-20	841 230 477 980	105 177 728	8398	0,5%
01-Aug-20	892 476 950 511	101 429 102	8550	-2,8%
01-Sep-20	929 028 206 076	102 937 823	8856	3,2%
01-Oct-20	946 567 560 845	110 530 847	8756	8,8%
01-Nov-20	970 571 250 634	102 549 800	9287	-2,1%
01-Dec-20	1 036 783 527 607	114 974 567	8962	10,4%
01-Jan-21	827 436 572 470	96 083 568	8303	-2,5%

Source: BankservAfrica and Economists.co.za