



Report: To accompany the press release

Date: 24 March 2021

Take-home pay and pensions increase above slightly low inflation

The average monthly take-home pay in nominal terms increased to R15 821 in February 2021. In real terms, the average take-home pay, as measured by South African payments provider, BankservAfrica, was R13 044.

That means that the average take-home pay increased by 1.6% above the rate of inflation. The BankservAfrica Take-home Pay Index (BTPI) has shown many more positive real increases in take-home pay over the last year.

While this 'good' news is welcomed, not all of the increases for average wages were due to actual wage increases. Instead, this is due to the fewer number of daily and weekly paid employees in the system and their decline in the overall BTPI data.

The average decline of the monthly equivalent of daily wage earners was -10.6%, while monthly paid workers decreased by -2.8%. This has resulted in a far lower share of daily paid employees in the system.

That is why the value of real total take-home pay paid to all the employees in the system only increased by 0.2%.

Nonetheless, it is the first time since May 2020 that the overall total salaries paid via BankservAfrica through the National Payments System showed a positive increase.

This will probably contribute to more positive consumer spending in February. But it is still too early to read into this positive development. Nonetheless, it appears the declining trend in total pay has, for now, reached an end.

Pensions increased due to about 300 000 extra payments

In February, government pensioners (and one or two other pension types) got extra payments, which resulted in nearly a million pension payments paid to an estimated 650 000 private pensioners in the BankservAfrica Private Pension Index (BPPI).

As such, there has been a 61% real increase in total pensions paid for pensioners receiving less than R100 000 payment for the month of February. It also lifted the average BPPI by 5.6% year-on-year.

February was the fourth consecutive month that the real average private pension increased by more than 5%. The 5.6% increase means that the average private pension in real terms was R7 627.

In nominal terms, the average private pension remained over R9 000 for the second consecutive month. Private pensions are making a difference in the economy, particularly at this time when economic activity has been weighed down by the COVID-19 pandemic and lockdowns.

Total private pensions paid increased by 61% in real terms and added about R3 billion to the total spending in February, which equals the R3 billion that the 'new state of disaster' grant pays to six million unemployed people.

This will help the economy as the money is likely to help quite a few informal businesses.

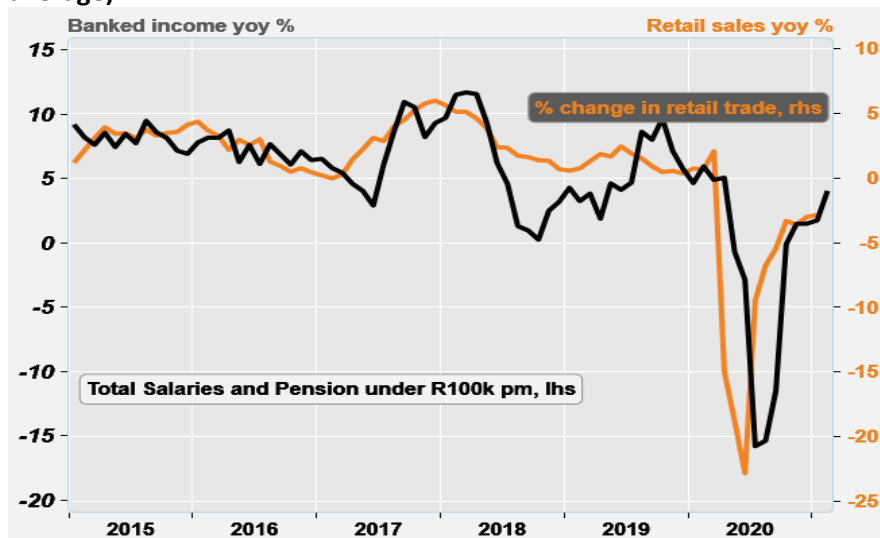
Expecting a consumer rebound due to private pension extra payments

The total nominal increase for all deducted money flowing into bank accounts of workers and private pensioners was 9.2%.

This should result in a good consumer expenditure reaction for the South African economy for at least February.

One can expect retail sales and consumer services to soar in February. Although this may not be sustained in the months to come, the economy will get an unlikely and unexpected boost from civil servant pensioners spending the extra payments received.

Graph 1: Annual change for real take-home pay and real private pension (based on a three-month rolling average)



Source: *BankservAfrica and economists.co.za*

Table 1: The BankservAfrica Take-home Pay Index data

Month	Nominal average take-home pay	Real take-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-20	15150	13056	12,6%	8,3%	8124	7041	7,5%	3,3%
Feb-20	15104	12837	9,8%	5,1%	8297	7223	8,4%	3,7%
Mar-20	14637	12657	4,2%	-0,3%	8413	7345	8,8%	4,0%
Apr-20	14289	12590	2,5%	-1,4%	8403	7302	4,5%	0,4%
May-20	14037	12640	3,4%	0,3%	8311	7202	1,6%	-1,3%
Jun-20	14245	12567	7,9%	5,3%	8310	7328	1,6%	-0,5%
Jul-20	13853	12076	5,6%	3,1%	8438	7384	5,0%	2,7%
Aug-20	14035	11885	4,3%	1,5%	8575	7440	7,0%	3,7%
Sep-20	14063	12052	1,7%	-1,3%	8660	7458	6,7%	3,5%
Oct-20	14816	12767	6,3%	3,0%	8563	7364	5,0%	1,9%
Nov-20	14841	12911	3,8%	0,6%	8850	7499	9,6%	6,1%
Dec-20	15415	13154	5,4%	2,1%	8879	7507	9,4%	6,1%
Jan-21	15608	13030	3,0%	-0,2%	9096	7648	12,0%	8,6%
Feb-21	15821	13044	4,7%	1,6%	9037	7627	8,9%	5,6%

Source: *BankservAfrica and economists.co.za*



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.

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.