



Report: To accompany the press release

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Private sector salaries normalising – BankervAfrica data

Formal employment levels are recovering and nearing pre-pandemic levels, according to the monthly BankservAfrica Take-home Pay Index (BTPI). The BTPI increased by 3.1% in April 2021 on a year-on-year basis. Although this reflects a robust recovery for salaries, one must remember this upturn comes off the low base in April 2020 when strict lockdown restrictions affected industries and salary numbers across the board.

The majority of businesses had to adjust their operations, or shut down, leading to big payment losses for overtime workers. Although reports of job losses and temporary pay suspensions surfaced in April 2020, the pandemic induced changes for salaries and retrenchments only became evident in the months that followed. April 2020 also recorded a decline in average salaries compared to April 2019 (see the [BTPI report](#)).

A closer look at April 2021's salary data

After inflation, the average take-home pay was R12 958 in real terms in April 2021. The average salary increased by 6.8% year-on-year in nominal terms to reach R15 083 in April 2021. The likely decline in temporary workers contracted on an 'as and when basis' by larger firms in 2020 may have contributed to this improvement. It is also possible hourly and part-time workers were paid less, which increased the average and even the median take-home pay tracked in the BTPI for April 2021 (as reported in the previous BTPI reports).

The typical take-home pay increased by 2.2% after inflation. The 'typical', also known as 'median' is the middle of the overall take-home pay (or the 50th person out of 100). It is not influenced by the number of few well-paid people or decline in the number of temporary workers paid. Therefore, the 'typical' represents a better reflection of actual salary trends at present.

The total value of all salaries paid rose by 4% in real terms in April 2021. But, as a year-on-year comparison – and with the knowledge that the conditions hit some harder than others - it is not a real indication of current economic trends.

One must remember the BankservAfrica salary data underrepresents small firms and does not measure the informal market. Our April 2021 data shows the formal sector labour market, or private sector is still 'normalising' in salary and employment terms. Although our data cannot project the unemployment rates, we are convinced that large private sector employment is close to recovery at 95%. We believe the number of large private sector employment are returning to levels before the pandemic.

Due to the hard lockdown and government's financial assistance to affected salaries, retail sales and other consumer consumption measures will reflect more changes than total salaries.

Pensions continue to outpace salaries

While the average pension was 61.6% of the average take-home salary in April 2021, the BankservAfrica Private Pensions Index (BPPI) for South Africa increased by 7.1% in real terms. This is the sixth consecutive month in which banked private pensions increased at a rate faster than salaries. It is also the ninth month from the last year that this happened.

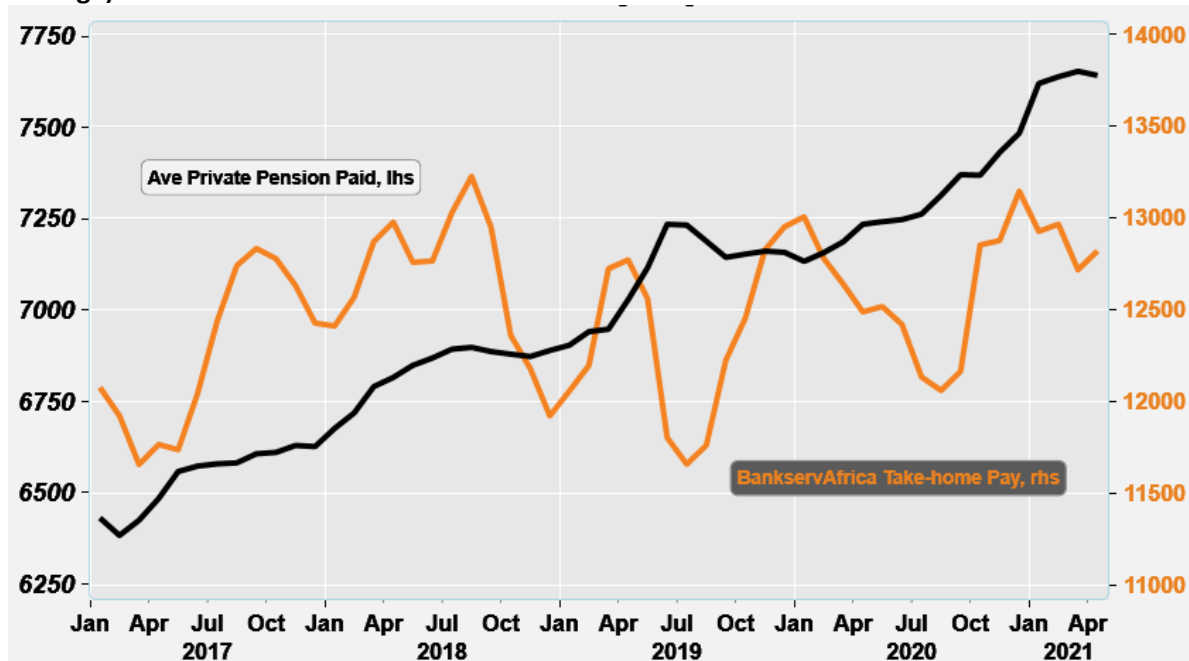
The average real private pension equalled R7 693 in April 2021, while the private pension in nominal terms was R9 285 when paid into the pensioner's bank account.

The total value of private pensions paid to bank accounts fell by 8.5% but this is due to the estimated extra 130 000 actual payments to pensioners in April 2020 (about twice a year, a significant number of extra payments are made to pensioners as shown in our data. These are usually in the form of a bonus).

Nonetheless, the total paid to all pensioners was the fourth highest on record at R5.9 billion.

In short, April to July 2020 were very unusual months for salaries and pensions. Therefore, the year-on-year changes do not reflect a normal trend but indicate a recovery, although less so than household spending will reflect in the coming few months.

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	13064	12,6%	8,3%	8124	7064	7,5%	3,3%
Feb-20	15104	12844	9,8%	5,1%	8297	7246	8,4%	3,7%
Mar-20	14543	12672	4,3%	-0,3%	8413	7230	8,8%	4,0%
Apr-20	14127	12567	2,6%	-1,4%	8403	7184	4,5%	0,4%
May-20	14040	12617	3,5%	0,3%	8311	7225	1,6%	-1,3%
Jun-20	14341	12535	7,9%	5,3%	8310	7352	1,6%	-0,5%
Jul-20	14018	12083	5,7%	3,1%	8438	7407	5,0%	2,7%
Aug-20	14057	11892	4,3%	1,5%	8575	7464	7,0%	3,7%
Sep-20	14085	12058	1,7%	-1,3%	8660	7482	6,7%	3,5%
Oct-20	14837	12774	6,2%	3,0%	8563	7388	5,0%	1,9%

Nov-20	14841	12918	3,8%	0,6%	8850	7523	9,6%	6,1%
Dec-20	15415	13161	5,4%	2,1%	8879	7532	9,4%	6,1%
Jan-21	15608	13037	3,0%	-0,2%	9096	7673	12,0%	8,6%
Feb-21	15821	13058	4,7%	1,7%	9037	7651	8,9%	5,6%
Mar-21	15092	12758	3,8%	0,7%	9139	7635	8,6%	5,6%
Apr-21	15083	12958	6,8%	3,1%	9286	7693	10,5%	7,1%

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.

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.