

Report: To accompany the press release

Date: 20 March 2024

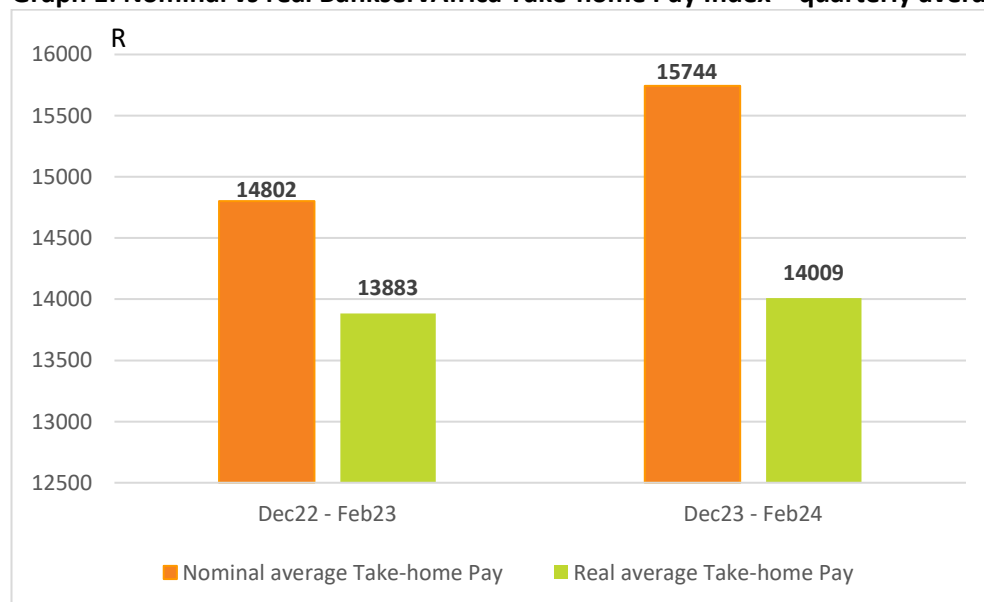
## Take-home pay and pensions ticked higher in February 2024

The BankservAfrica Take-home Pay Index (BTPI), tracking the average nominal take-home pay among about 4 million salary earners in South Africa, picked up further in February 2024 to reach R16 085, 4.6% up on a year-ago and also 2.5% up on January's R15 692. In real terms, take-home pay also tracked higher at R14 354 in February 2024, slightly below year-ago levels.

While still early days, the BankservAfrica data signals that 2024 could be a better year for salaries, as the business environment is expected to improve somewhat compared to the previous two years, in which the ongoing economic challenges have significantly hampered companies' ability to pay inflation-related salary increases. Although only mediocre economic growth is forecast for 2024 (F: 1.3%), it is at least expected to be somewhat better than the 0.6% in 2023, on the assumption of notably less load shedding in 2024, a moderation in average inflation and a start to the interest rate cutting cycle, albeit a measured cycle is foreseen.

Comparing the average nominal BankservAfrica Take-home Pay Index for the three months to February 2024, to the corresponding three months one year earlier, reveals a 6.4% increase – see graph 1. This is broadly in-line with the South African Reserve Bank's (SARB) forecast of an average salary increase of 6.1% for 2024 and also aligns with the results of a recent pay poll carried out by Andrew Levy & Associates, indicating that the majority of companies (58%) anticipate that their average increase in respect of salaried staff to be in the region of 5% to 6.9%.

**Graph 1: Nominal vs real BankservAfrica Take-home Pay Index – quarterly average comparison**



Sources: BankservAfrica

Headline CPI moderated notably from 6.9% in January 2023 to 5.3% one year later and is forecast to average around 5.3% in 2024 compared 6.0% in 2023 (2022: 6.9%). With a forecast average salary increase of about 6%, 2024 could be a year of positive real increases in average salaries again i.e. salaried personnel's purchasing power will improve somewhat compared to the previous two years. A lower inflation rate in combination with some

relief forecast on the level of interest rates (interest rate cuts of 75bps pencilled in for 2024), could provide much-needed support to households, with regards to spending ability and confidence levels, but probably only in the second half of the year. The repo rate is forecast to remain unchanged at next week's Monetary Policy Committee meeting as sticky headline inflation, the weakness in the rand exchange rate and concerns about food prices would likely keep the SARB from providing early relief.

**Graph 2: Average Headline CPI vs Repo rate – quarterly average comparison**

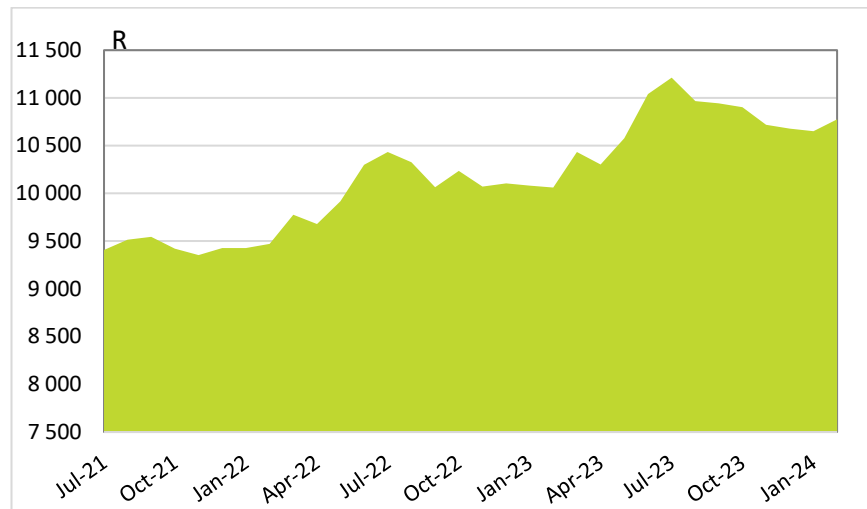


### Average private pensions ticked higher in February 2024

The BankservAfrica Private Pensions Index (BPPI) increased in both nominal and real terms in February 2024, remaining comfortably above year ago levels. The average nominal private pension increased to R10 774 in February 2024 compared to the previous month's R10 653, 7.1% higher than a year earlier. Similarly, in real terms, the average BankservAfrica BPPI increased by 1.3% in February 2024, compared to a year earlier, keeping its recent track record to beat inflation. The BankservAfrica data signals that the purchasing power of pensioners represented in the BankservAfrica sample (predominantly ex-government employees) has largely been preserved amid the still high inflation environment.

The cumulative value of total take-home pay and private pension payments (less than R100K per month) processed by BankservAfrica in February 2024 and indicative of overall spending ability in the economy, increased by a mere 3.3% in nominal terms, but slipped by a marginal 1.3% in real terms, compared to a year earlier on a non-seasonally adjusted and smoothed basis.

**Graph 3: BankservAfrica's Nominal Private Pension Index (<R100K per month)**



Source: BankservAfrica

**Table 1: The BankservAfrica Take-home Pay and Private Pensions indices**

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-22	15445	15509	0.4%	-5.0%	9428	9468	5.4%	-0.2%
Feb-22	15697	15802	1.5%	-4.1%	9473	9555	6.2%	0.5%
Mar-22	15091	14997	-0.2%	-5.6%	9775	9554	5.5%	-0.4%
Apr-22	15311	15040	0.1%	-5.4%	9680	9447	3.6%	-2.1%
May-22	15067	14633	-1.0%	-6.6%	9918	9635	8.3%	1.7%
Jun-22	14753	14259	-1.7%	-7.8%	10300	9739	9.1%	1.5%
Jul-22	14659	14100	-0.9%	-7.6%	10433	9809	10.9%	2.8%
Aug-22	14849	14106	-1.0%	-8.0%	10326	9702	8.5%	0.8%
Sep-22	15165	14308	-1.3%	-8.3%	10064	9470	5.5%	-1.9%
Oct-22	15356	14394	2.0%	-5.2%	10236	9630	8.7%	1.0%
Nov-22	14555	13616	-1.6%	-8.4%	10072	9442	7.7%	0.2%
Dec-22	14640	13710	-4.2%	-10.8%	10106	9460	7.2%	0.0%
Jan-23	14386	13481	-6.9%	-13.1%	10080	9470	6.9%	0.0%
Feb-23	15380	14459	-2.0%	-8.5%	10063	9482	6.2%	-0.8%
Mar-23	15366	14272	1.8%	-4.8%	10433	9524	6.7%	-0.3%
Apr-23	14663	13476	-4.2%	-10.4%	10303	9412	6.4%	-0.4%
May-23	14656	13339	-2.7%	-8.8%	10579	9667	6.7%	0.3%
Jun-23	14771	13450	0.1%	-5.7%	11041	9908	7.2%	1.7%
Jul-23	15663	14288	6.9%	1.3%	11212	10066	7.5%	2.6%
Aug-23	15717	14226	5.8%	0.9%	10965	9830	6.2%	1.3%
Sep-23	15785	14187	4.1%	-0.8%	10943	9773	8.7%	3.2%
Oct-23	15628	13904	1.8%	-3.4%	10903	9685	6.5%	0.6%
Nov-23	15269	13522	4.9%	-0.7%	10719	9523	6.4%	0.9%
Dec-23	15455	13715	5.6%	0.0%	10678	9508	5.7%	0.5%

Jan-24	15692	13959	9.1%	3.5%	10653	9502	5.7%	0.3%
Feb-24	16085	14354	4.6%	-0.7%	10774	9609	7.1%	1.3%

Source: BankservAfrica

#### About the BTPI

The BankservAfrica Take-Home Pay Index (BTPI) is calculated on a monthly basis by dividing the total value of salaries paid into the bank accounts of employees (excluding salaries greater than R100K per month) by the total number of salary payments. We measure salary payments that are loaded onto the National Payment System (NPS) and paid by an EFT message that gets processed via our systems. These take-home payments typically exclude UIF contributions, as well as personal income tax and employee pension payments (a portion of medical insurance premiums and even debt repayments could be subtracted before earnings are paid into an employee's bank account). The BankservAfrica salaries data gets adjusted for weekly payments in order to prevent double counting on the number of salaries used to determine the average take-home pay amount. As we noted that most weekly payments take place on Fridays, Mondays and Thursdays, our process takes the number of these particular days in any given month in consideration. Weekly payments are estimated using NPS data as well as the South African Quarterly Labour Force Survey, as published by Statistics South Africa. We have estimated weekly payments at 9.6% of the total number of salaries that gets processed by the NPS. The BTPI reflects the trend in almost 4 million monthly salary payments, which represents about 37% of all non-farm employees (or formal sector) in the South African labour market or 25% of the broader workforce that includes the informal sector and employees in the agricultural and household sectors. The BTPI is published as a smoothed seasonally adjusted index, with 2013 as base year.

#### 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 62 million South Africans, irrespective of their location in partnership with our shareholders and partners.

With an over 50-year history in South Africa, BankservAfrica operates 24/7, 365 days a year and delivers on very strong SLAs.