

Report: To accompany the press release

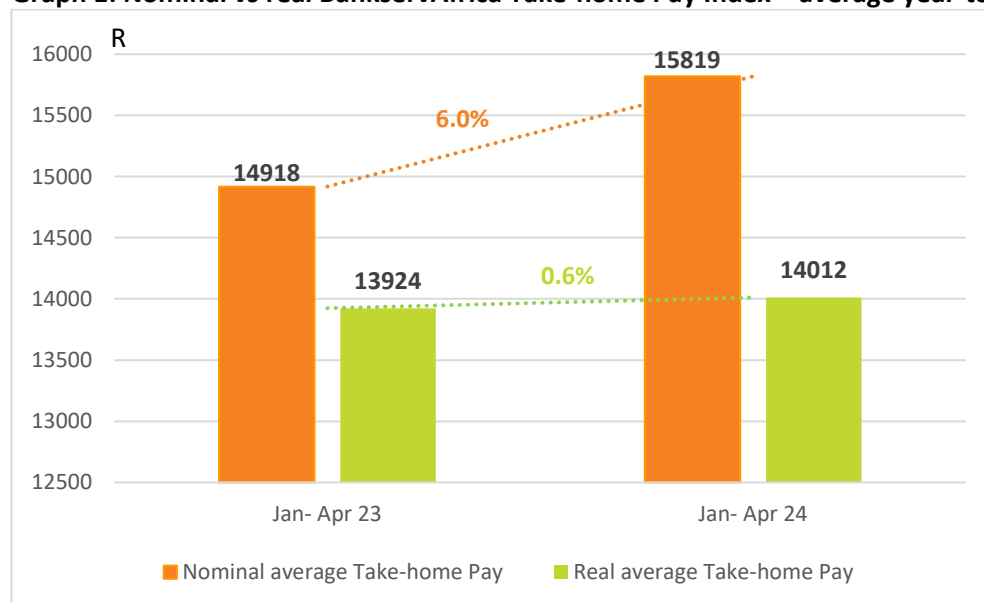
Date: 22 May 2024

## Take-home pay and pensions ticked lower in April 2024

The BankservAfrica Take-home Pay Index (BTPI), tracking the average nominal take-home pay among about 4 million salary earners in South Africa, subsided further in April 2024 to reach R15 374, still 5.6% up on a year-ago but slightly below December's R15 492. In real terms, take-home pay also tracked lower at R13 566 in April 2024, but remains marginally up on year-ago levels.

A comparison of the average nominal BankservAfrica Take-home Pay Index for the four months to April 2024, to the corresponding period one year earlier, revealed a 6.0% increase – see graph 1. And similarly in real terms, an increase of 0.6%. If this could be sustained throughout the year, 2024 could turn out to be a better year for salaries (vs 2023 when the average BTPI increased by only 1.2%). With no load shedding in the past two months, the business environment has improved meaningfully, enabling businesses to increase productivity and subsequently lower cost of production. An improved business environment will positively influence companies' ability to pay inflation-related salary increases in 2024. Although still mediocre economic growth is forecast for 2024 (F: 1.1%), it is at least expected to be somewhat better than 2023's 0.6%. Positive factors include notably less load shedding in 2024, a moderation in average inflation and the anticipated start to the interest rate cutting cycle later this year, albeit a measured cutting cycle is foreseen. Year to date, BankservAfrica data signals alignment with the South African Reserve Bank's (SARB) forecast of an average salary increase of 6.1% for 2024. With average consumer inflation likely to be around 5.1% in 2024, a forecast real increase of 1.0% in average wages could bode well for improved activity in the economy this year.

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



Sources: BankservAfrica

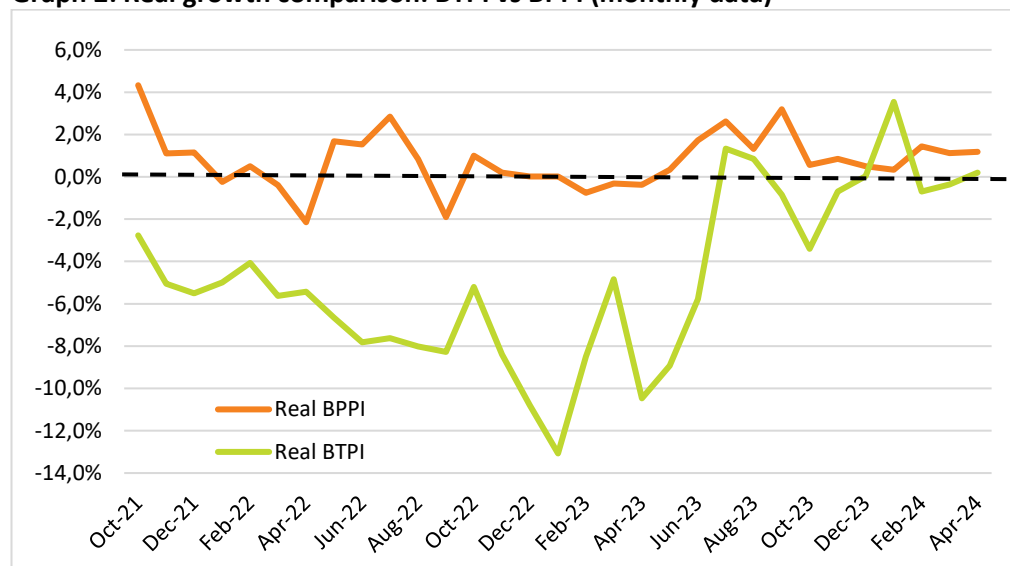
According to the BankservAfrica sample, 132K more salaries were paid in April 2024 compared to the previous month. With South Africa's unemployment rate sticky at around 33%, any improvement in the job market should be celebrated. With elections coming up, we expect a notable increase in casual workers during May, which are

typically paid on a weekly basis. According to the Independent Electoral Commission (IEC), a record number of about 27.7 million voters – the highest since the advent of democracy in South Africa – are eligible to participate in the 2024 national and provincial elections to be held on 29 May. In three of the past four elections, the increase in the estimated number of people receiving weekly salaries during election month was around 48 000 – 65 000 (see table 1).

**Table 1: Monthly change in estimated number of people receiving weekly salaries**

Date	Type of election	Month of election
07-May-14	National	65 527
03-Aug-16	Municipal	-8 921
08-May-19	National	48 167
01-Nov-21	Municipal	65 976
29-May-24	National	±66 000

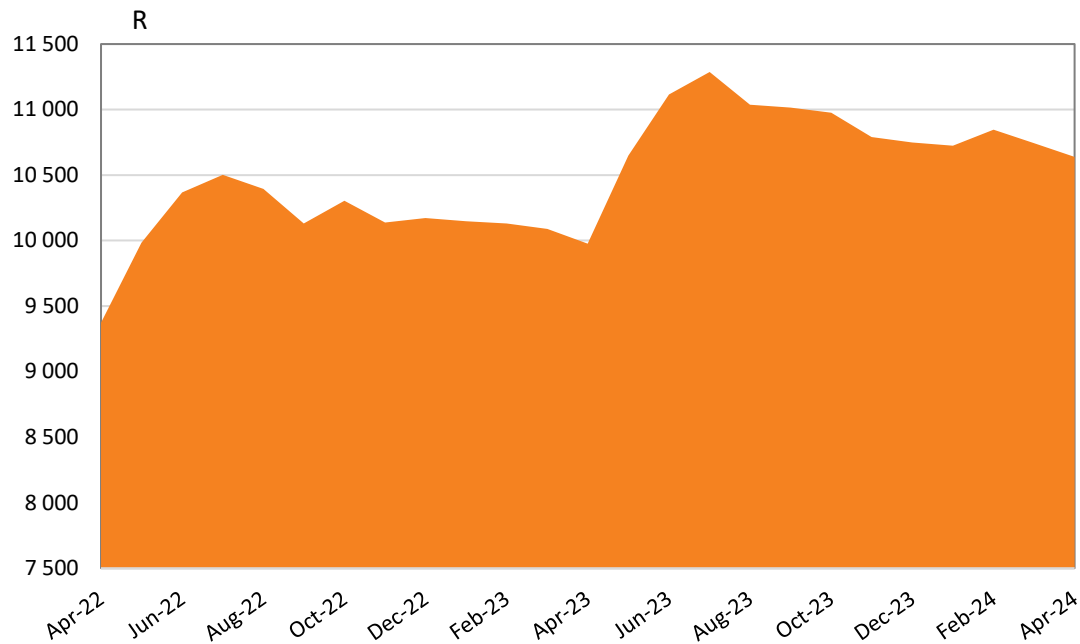
**Graph 2: Real growth comparison: BTPI vs BPPI (monthly data)**



### Average private pensions ticked lower in April 2024

The BankservAfrica Private Pensions Index (BPPI), tracking the pension payments to about 700 000 pensioners, ticked lower in both nominal and real terms in April 2024, but remains comfortable and above year ago levels. The average nominal private pension moderated to R10 639 in April 2024 compared to the previous month's R10 745, still 6.6% higher than a year earlier. Similarly, in real terms, the average BankservAfrica BPPI increased by 1.2% in April 2024, compared to a year earlier, keeping its ongoing 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 elevated inflation environment. With a nominal amount of about R8 billion paid to pensioners in April (reflecting pension payments less than R100K per month), this category's financial well-being plays an important role in the economy. The cumulative value of total take-home pay and private pension payments (less than R100K per month) processed by BankservAfrica in April 2024 is indicative of overall spending ability in the economy, which increased by 5.3% in nominal terms, but slipped marginally in 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
Apr-22	15200	15122	0.1%	-5.4%	9373	9371	3.6%	-2.1%
May-22	14955	14716	-1.0%	-6.7%	9984	9651	8.3%	1.7%
Jun-22	14759	14322	-1.7%	-7.8%	10369	9756	9.1%	1.5%
Jul-22	14693	14075	-0.9%	-7.6%	10503	9826	10.9%	2.8%
Aug-22	14884	14081	-1.0%	-8.0%	10395	9719	8.5%	0.8%
Sep-22	15200	14283	-1.3%	-8.3%	10131	9487	5.5%	-1.9%
Oct-22	15392	14368	2.0%	-5.2%	10304	9646	8.7%	1.0%
Nov-22	14589	13592	-1.6%	-8.4%	10139	9459	7.7%	0.2%
Dec-22	14674	13686	-4.2%	-10.8%	10173	9477	7.2%	0.0%
Jan-23	14420	13457	-6.9%	-13.1%	10147	9486	6.9%	0.0%
Feb-23	15416	14433	-2.0%	-8.5%	10129	9498	6.2%	-0.8%
Mar-23	15283	14266	1.8%	-4.8%	10089	9438	6.7%	-0.3%
Apr-23	14554	13540	-4.3%	-10.5%	9976	9336	6.4%	-0.4%
May-23	14547	13403	-2.7%	-8.9%	10649	9683	6.7%	0.3%
Jun-23	14781	13495	0.1%	-5.8%	11115	9925	7.2%	1.7%
Jul-23	15700	14263	6.9%	1.3%	11287	10083	7.5%	2.6%
Aug-23	15754	14201	5.8%	0.9%	11038	9847	6.2%	1.3%
Sep-23	15822	14162	4.1%	-0.8%	11016	9790	8.7%	3.2%
Oct-23	15665	13879	1.8%	-3.4%	10975	9701	6.5%	0.6%

Nov-23	15305	13498	4.9%	-0.7%	10791	9539	6.4%	0.9%
Dec-23	15492	13691	5.6%	0.0%	10749	9524	5.7%	0.5%
Jan-24	15729	13934	9.1%	3.5%	10724	9519	5.7%	0.3%
Feb-24	16123	14332	4.6%	-0.7%	10846	9634	7.1%	1.4%
Mar-24	16051	14215	5.0%	-0.4%	10745	9543	6.5%	1.1%
Apr-24	15374	13566	5.6%	0.2%	10639	9446	6.6%	1.2%

**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.