The 2024 Sanlam Financial Confidence Index

How financially confident is South Africa?

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Introduction

The second Sanlam Financial Confidence Index (FCI) reveals a nation anxious about the future.

However, higher Financial Resilience and Financial Wellbeing Indexes point to South Africans' legendary ingenuity, entrepreneurial spirit and determined commitment to continuous learning – traits that are all crucial for financial confidence.

The FCI serves as a barometer for how confidently everyday South Africans handle their finances by analysing three key factors: Financial Determination, Financial Resilience, and Financial Wellbeing. The study surveyed 1 610 respondents, and results show that the country's overall Financial Confidence has remained stable. However, 1 in 3 consumers (32%) still have low or very low Financial Confidence, which has a material impact on an individual's – and the nation's – fortitude in the face of adversity.

Managing money is an innate part of life. It influences everything, from decision-making and lifestyle choices to relationships and wellbeing. So, taking the national financial confidence 'temperature' is an excellent indicator of our collective mood and optimism. It also highlights where we could make real interventions to tangibly change lives, providing tools that South Africans need to build wealth.

One such intervention is Sanlam's latest brand campaign, The Dirtiest Word, which encourages the public to talk more openly about what may traditionally be perceived as a taboo topic - Finances. The FCI reveals that just 33% of South Africans do not feel self-conscious talking about money in 2024; Sanlam believes that financial confidence starts with having the courage to have these challenging conversations.

By tracking trends over the last two years, we've built a robust body of research to benchmark confidence and empower individuals to make informed decisions about their finances. This can also assist the financial services sector in spotting gaps and identifying where critical interventions are needed most.

Our research shows that South Africans are eager to learn and upskill themselves. We have a shared duty to amplify access to the products and information that can help people live with confidence. Anxiety about the future only decreases when we make solid plans today.

How we define financial confidence:

Financial confidence is defined as:

The level of assurance and belief one has in managing and navigating one's financial life effectively.

It comprises three key components:

Financial Self-Determination Index:

Which refers to a person's proactivity and commitment to achieving financial goals (by defining these and tracking progress).

Financial Resilience Index:

Which assesses one's capacity to come back from financial curveballs and adapt to changing circumstances, while keeping a sense of stability.

Financial Wellbeing Index:

Which looks at one's overall state of financial health and satisfaction, assessing whether individuals have the resources and knowledge to meet their present and future needs. (Having positive feelings about one's current and future financial situation.)

Achieving financial confidence means developing a strong sense of determination, resilience and overall financial wellbeing. A stronger level of financial confidence equips one to rise from financial challenges, steadfastly pursue goals, and build long-term security.

How we define the generations:

Generation Z (Gen Z):

Born between 1997 and 2010, **aged 20 to 28**

Millennials:

Born between 1981 and 1996, **aged 29 to 43**

Generation X (Gen X):

Born between 1965 and 1980, **aged 44 to 58**

Baby Boomers:

Born between 1946 and 1964**, aged 59+**

Meet the experts

Dr Mavis Mazhura (MM):

Dr Mavis is an international behavioural science and performance specialist, organisational development consultant and practitioner with expertise in human dynamics in organisations. She is the author of multiple books, namely Navigating the Rapids and Waves of Life: 10 Lessons to Managing Emotions for Success, Managing Emotions for Financial Freedom: The Invisible Forces Driving your Money Habits and Heart Boundaries. She is also the co-author of The Change and co-founder of Training B2B CC, a leading provider of emotional intelligence training.

Mariska Oosthuizen (MO):

Mariska is a highly accomplished and awarded creative brand strategist, integrated marketing specialist, and Chief Marketing Officer (CMO) at Sanlam Group. Mariska's qualifications include a BProc Law degree from the University of Johannesburg, an Emerging CMO: Strategic Marketing Leadership qualification from the Stanford Graduate School of Business, and a Sanlam Advance Leadership Certificate in Design Thinking from the University of Cape Town.

Sipho Mncwabe (SM):

Sipho is a Regional Executive at Sanlam, responsible for Sanlam's distribution in Gauteng and the Free State. He previously acted as Head of Adviser Transformation, where he was responsible for an initiative that seeks to significantly increase the number of black Financial Advisers who are successful in the higher end of the market. He has over 20 years of experience in the financial services industry and 15 of these years have been with Sanlam. He holds a B.Sc. degree, and an Honours degree in Philosophy, both from Wits University, as well as an Advanced Post Graduate Diploma in Financial Planning, majoring in Estate Planning and Investment Management, from the University of the Free State. He was also a member of the Golden Key society at both universities.

Sanam Naran (SN):

Sanam has always been fascinated with exploring patterns of behaviour and understanding the intricacies of the human mind. She studied at the University of Witwatersrand, graduating with a Master of Arts in Counselling Psychology. This training gave her a strong foundation in psychodynamic theory and practice. She is also the founder of Conscious Psychology, which is a group psychology practice in Johannesburg. Sanam is also a mental health content creator on social media, led by her passion for driving positive change in South Africa's mental health sector, specifically through awareness and advocacy.

The study and the sample

Once again, we worked alongside renowned market research company African Response to survey 1 610 South Africans, representative of the population, aged 20 to 70 years, with a personal income of at least R1 000 pm. Most participants were from metro and urban areas, across all provinces. Results were weighted according to population proportions to ensure accurate representation, based on the Bureau of Market Research's estimates.

The study comprises meticulous statistical procedures.

Age:

Gen Z · Millennials · Gen X · Baby Boomers

20-29	14%
30-39	27%
40-49	22%
50-59	16%
60+ years	22%
Gen Z (20-28)	12%
Millennials (29-43)	40%
Gen X (44-58)	25%
Baby Boomers (59+)	23%

Personal monthly income:

R3 000 - R7 999	31%
R1 000 - R2 999	23%
R8 000 - R 14 999	15%
R40 000+	12%
R15 000 - R24 999	11%
R25 000 - R39 999	8%

Financial dependants

Yes 74%

Education level:

Lower than Matric	13%
Matric	31%
Diploma	23%
Degree	24%
Postgraduate degree	8%
Other	1%

Gender:

♂	38%
♀	62%

Employment Status:

Employed full-time	45%
Self-employed	17%
Pensioner/retired	14%
Employed part-time	11%
Unemployed	9%
Student/ homemaker	3%

Executive summary

In 2024, the overall Financial Confidence Index remains stable, with slight improvements noted in Financial Resilience and Financial Wellbeing compared to 2023.

1 in 3 consumers
(32%) have a very low or low FCI.

Just under half
(47%) of consumers have a below-average or lower FCI.

A quarter of consumers
(27%) have a high or very high FCI.

Financial Confidence Index:

2023: 47 | 2024: 47

This year saw the overall FCI remain stable at 47.

Financial Self-Determination (FSD) Index:

2023: 59 | 2024: 56

In 2024, Gen Z (66) and Millennials (63) had the highest FSD, reflecting a stronger alignment between their financial needs and aspirations. Individuals earning under R8 000 a month had significantly reduced FSD (48) compared to those earning +R20 000 (69).

Financial Resilience (FR) Index:

2023: 49 | 2024: 50

In 2024, Gen Z (60) and Millennials (54) had the highest FR as well. Consumers employed full-time had higher FR (58), along with those earning +R20 000 a month (63). Many are upskilling to increase income, showing a strong entrepreneurial and resilient mindset. Gen Z still benefits from familial support, while Millennials are stronger in financial management.

Financial Wellbeing (FW) Index:

2023: 27 | 2024: 29

2024 showed that Baby Boomers have lower FSD and FR indexes due to undefined goals and goal-tracking systems, and a lack of insurance. However, they have higher FW (33), reflecting higher security and confidence in their financial circumstances. Individuals earning under R8 000 a month have a lower FW (24), compared to those earning +R40 000pm (48), due to anxiety over their future earning potential and investments.

MO

It's positive to see some improvement in people's overall financial resilience and wellbeing, however, nearly half the population still has a below-average or lower FCI. There's overwhelming evidence that people are eager to upskill themselves. Knowledge sharing through supportive, open conversations about finances is invaluable. Positively, our research reveals an increase in willingness to engage in 'money talk', with 33% of people not feeling scared to talk about finances – up from 31% in 2023. Sanlam's The Dirtiest Word campaign aims to amplify this further, bringing these critical conversations into every household.

MM

About 54% of the sample earn less than R8 000 pm, with 15% in the next range earning less than R15 000 pm. Findings have shown a link between earnings and FCI. Those earning lower may mostly be stuck in survival behaviours, with limited or no awareness of financial learning and how to determine personal goals. Considering that they are in survival mode, chances are high they may be using products that also create a vicious cycle of survival, like high interest debt, which they might not have the mindset or skillset to 'break'.

How are South Africans faring across different demographics?

INCOME:

48

Those earning less than **R8 000** per month have **lower financial confidence.**

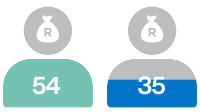
69

than individuals earning **R20 000 or more.**

24

Their FSD is also driven down by an absence of long-term goals, while unhappiness with their current financial situation and stress over monthly finances **reduces FW.**

EMPLOYMENT:



Full-time employees have a **higher FCI (54)**, while unemployed individuals have a **lower FCI (35)** than the general population, along with a lower FR.

GENDER:

Women and men have the same FCI and FSD.

Women are slightly more likely to have written down their goals and have a bit more focus on building their skills to increase their income. They also tend to be more stressed about managing their monthly finances.

Men are more likely to have the courage to live within their income.

EDUCATION:

South Africans with a matric (Grade 12) or lower have less financial confidence than the general population. They are also less likely to be able to handle a setback and tend to be unhappy with their current financial situation and concerned about future investments, which drives down their FW.

DEPENDANTS:

People with dependants have a slightly higher FCI than those without. They also tend to be more aware of their financial needs and beliefs, which improves their FSD.

SM

The FCI reflects the fact that the general state of the economy - thus, the general state of household finances - has not changed much in the last two to three years. Fuel prices are still high, the electricity cost is still rising faster than inflation, the interest rate cycle hasn't turned yet, etc. But beyond these facts, South Africans are doing their best to remain financially resilient and retain some level of financial wellbeing. You see this reflected, for example, in the fact that more people report having a good credit rating in 2024 vs. 2023. The number of people reported to be building skills to increase their earning power remains high at 69%, and the number of those reporting feeling of anxiety about the adequacy of their investments is moving in the right direction.

Generational trends

All participants: Gen Z Millennials Baby Boomers

Generally, most are aware of their financial beliefs and the gaps in their financial knowledge. About half had clear learning goals. However, few had defined timelines or tracking systems for reaching their financial goals.

Had the highest FSD, perhaps due to their digital astuteness. They glean financial knowledge from online sources and social media more often than from traditional channels like financial advisers.

"I follow Poku Banks on TikTok, he gives us financial knowledge in an easy way, like he's joking, but we are learning."
– Female, 18-24

Most people were unhappy with their current financial circumstances and anxious about their future earning and investment potential. However, there's also a growing sense of acceptance around living with debt, plus more willingness to talk about money.

Across the generations, FW was low (29), but Boomers have slightly higher FW at 33. This is possibly due to fewer debt obligations and a more contented mindset – typically Boomers have little interest in 'keeping up with the Joneses'.

"The nice thing at my age is that I do not have to prove anything to anyone. I am myself and I am okay with who I am and what I have; I don't have the pressure of impressing on Instagram."
– Female, 55+

Skills development to increase income potential was a major focus for many. Several participants recognised that they had financial knowledge gaps, but also expressed assurance in being able to pick the right financial products. This suggests an entrepreneurial attitude of self-reliance.

Gen Z relies on financial support through loved ones to drive up FR. Millennials are surer of their ability to manage their finances as they develop their skills to increase their income. They are also building wealth while they pay off debt.

Are 'hustle' generations, with Gen Zs frequently having multiple streams of income vs. a single, formal employment set-up. Similarly, many Millennials with full-time employment supplement their income with side hustles to make it to month-end.

"I have friends and relatives with university degrees, and they cannot find formal employment, so I am not even trying to look for a job. I am hustling in many spaces, and I am able to live off that." – Female, 18-24

SN

Anxiety over the future is heavily dependent on race, class and socioeconomic status. For example, some communities may have less anxiety about future finances as they may have access to resources through generational wealth. Whereas other communities who don't have access to that may suffer from significant anxiety as their access to resources is significantly reduced. I believe that every single person, despite their intersectionality, has some form of anxiety about future finances – which is very normal. However, if this anxiety is impacting a person's daily functioning, then it would be something to be concerned about. This would mean that it could affect an individual's emotional, mental, social, and occupational functioning.

MM

Once again, our data points to a strong link between education, income, and confidence, with lower education seeming to cap earning potential. This frequently amplifies financial stress, negatively impacting wellbeing. It's difficult to look ahead and save for the future when you're struggling to make it through each month. South Africans' shared preoccupation with present challenges explains the pervasive anxiety over the future. It's a luxury to look ahead – it demands time, capacity, and some degree of confidence.

MO

Gen Z is consistently more optimistic than other generations and is more open to financial planning as well. Both Gen Z and Millennials have higher FSD, with clear alignment between their financial needs and goals. Younger generations' interest in, and access to, financial education is making them more financially determined and resilient. Financial education leads to financial confidence.

Breaking down financial confidence

FINANCIAL GOALS:

54% of surveyed South Africans said they review their financial goals (for example, paying off debt, saving for emergencies and retirement, etc.) at least every 3 years.

51% have written down their short-term (between 1 and 5 years) finance goals.

44% have written down long-term (+5 years) finance goals.

FINANCIAL LEARNING GOALS:

50% have written down their financial learning goals – things about finances they would like to learn.

MO

In an era of instant gratification and constant economic challenges, many people have an innate 'present bias', where their decision-making is focused more on the now, and less on the future. There's an added aspect of bounded rationality – we make decisions based on the information we have at hand. This is where access to relevant financial education plays a pivotal part in opening choice. People need education that not only imparts practical knowledge about financial concepts but also fosters a mindset conducive to long-term thinking and informed decision-making. To set goals we need to know and believe we have options.

Financial Self-determination: Strengths and weaknesses

STRENGTHS

Financial beliefs: 71% of surveyed South Africans are aware of their financial beliefs (one's thoughts and ideas about money).

Financial gaps: 75% said they're aware of their financial knowledge gaps.

Financial needs: 65% know their needs from doing a needs survey, and 57% have written down their financial goals based on knowing their needs – such as allocating and investing their income or repaying debt.

WEAKNESSES

Financial tracking: This dips in 2024, with just 36% having a goal-tracking system.

Goal horizons: 1 in 2 people have a defined timeline for reaching financial goals.

SM

Financial self-determination has a lot to do with understanding one's own financial state, having goals and tracking them, and understanding one's financial gaps. An individual with a small income can still have a good understanding of their financial affairs and understand their gaps. They can still have goals and track them, no matter how small these may be. However, it is true that the higher the disposable income an individual has, the more options they have in terms of goals they can achieve.

MM

Gen X and the Boomers have lower FSD. It could well be that they are paying off their houses, paying for kids' education - which are big ticket items - or looking forward to retirement.

However, not setting goals reduces potential for financial growth. Considering that research indicates that people are living longer, continually setting goals at every life stage provides motivation, direction, long-term planning, risk management and adaptation to life changes.

Financial Resilience

Financial Resilience: **Feeling in control and managing money.**

Just **2 in 5 people** agree that they can withstand a financial setback or achieve financial freedom. Most people appear to live payday to payday.

3 in 5 say they align their financial decisions with their financial beliefs.

Half say they are building wealth, not just paying off debts.

52% of surveyed South Africans feel in control of their day-to-day, month-to-month finances (the same as 2023).

63% of consumers feel they're budgeting adequately on a regular basis and 1 in 2 say they are on track to pay off their debts on time.

42% feel they have the financial freedom to make choices they enjoy in life.

46% say they're on track to meet their financial goals.

34% review their finances with a financial adviser every year. This appears to be on a gradual downward trend.

SN

Less than half the respondents felt financially free enough to make choices they enjoy in life. This could foster feelings of sadness, hopelessness, helplessness, anxiety, resentment, envy, self-loathing, etc. A lack of financial freedom could also cause a dependence on survival and making ends meet – this can be incredibly disempowering and have a knock-on effect on an individual's self-esteem and confidence.

MO

Most respondents do not feel like they could withstand a financial setback. Only half feel in control of their monthly finances. This all speaks to South Africa's persistent household savings crisis, at -1.10% (Q3, 2023) – compared to Morocco, for example, at 28.3% (according to Trading Economics, April 2024). When people are living payday to payday, it can feel nearly impossible to save for future setbacks.

MM

Behaviours to feel in control are the fundamentals - go back to basics and doing basics well. This includes setting financial goals, budgeting, tracking spend, delaying gratification and limiting impulse spending, living below your means, having an emergency fund, limiting debt, learning about finances, and seeking professional guidance.

Financial Resilience: **Confidence in one's skills**

1 in 3
respondents had low trust in their financial abilities, but **72% said** they knew which financial products they needed.

64%
said they have the courage to negotiate prices and payment terms, down slightly from **67% last year**.

69%
said they continuously build their skills to increase their earning power.

Financial Resilience: **Support structures**

54%
of participants believe they have a good credit record, so can access affordable credit should they need it. This hints at reliance on credit rather than savings during a financial setback.

50%
say they have friends or family that can help in a financial emergency.

40%
rely on family and friends to gain financial knowledge.

Just 34%
have insurance that adequately covers their financial risks.

39% have adequately prepared or have insurance cover for estate duty.

SM

There is a slight drop in the number of people who reported that they have courage to negotiate prices and terms in 2024 vs. 2023. CNBC Africa reported in April 2024 that the mass segment of our population spent less in 2023 than they did in the year prior. This is due to higher living costs and lower spending power. Most South Africans spend money on essentials, where there is usually less room to negotiate prices.

MM

The low trust in one's abilities limits one's deeper knowledge to make savvy financial choices. So, one may know a product and its use but not have an appreciation of the consequences or risks it carries. There is also a fear of judgement – fear of being deemed incompetent – so people tend to exaggerate their knowledge. Individuals also have a psychological need for independence, so they want to make their own decisions, thereby overstating their knowledge of products even when they don't trust their abilities.

MO

We need to be more comfortable being vulnerable with one another to surmount the fear of being 'judged'. The more we share, the more we realise we're all going through similar shared challenges. There's a lot of support and comfort that comes from that. The Dirtiest Word is grounded in the belief that open conversations and learning from each other leads to greater financial confidence.

Financial Wellbeing

Many consumers are unhappy with their current financial situation, but, positively, there's a growing sense that debt is surmountable.

WEAKNESSES:

21% do not feel sad or unhappy about their current financial situation.

21% do not feel stressed about their monthly personal finances.

25% do not feel insecure about their ability to earn an income in the future.

20% do not feel anxious due to insufficient investments for their financial future.

MO

We're seeing a South Africa preoccupied by present financial stresses. Generally, the population has a low level of financial wellbeing, collectively sitting at just 29. This is up marginally from 27 last year but remains worryingly low. Financial stress is proven to have a ripple impact on mental and physical wellbeing. This has major implications for our nation's shared 'mood'. Pervasive anxiety can instil a sense of apathy when there's no clear path beyond it.

MM

To reduce anxiety it helps to focus on what one can control, such as reviewing and adjusting goals to make them realistic, lessening high interest debt, building an emergency fund, creating a financial plan with the help of professional advice, and increasing financial knowledge across the financial cycle. Additionally, utilise stress reduction techniques (meditation, yoga, exercise, mindfulness, etc.). Reduced stress helps foster clarity and creates capacity to engage with one's financial life.

STRENGTHS:

35% say they do not feel embarrassed or upset about their financial situation when they were growing up – **up 2% from 2023.**

43% do not feel hopeless about their debt situation, indicating a sense of shared acceptance.

33% do not feel scared or self-conscious talking about money – **up 2% from 2023.**

32% do not feel that their assets are unprotected.

MM

We see a general openness around talking about topics once seen as 'taboo' or 'uncomfortable'. I find that the younger generations seek comfort regarding their situations when they're able to relate to others in their lives or on social media. As there is less shame when it comes to financial conversations, they are also more open to having these within their intimate relationships and seeking partners that are financially compatible – so overall, more tolerant than previous generations.

MO

Prompting people to talk about their finances is pivotal for better outcomes. We believe that avoiding money discussions can lead to poorer financial decision-making, relationship issues, and mental health concerns. It's encouraging to see more openness around money talk; this is something Sanlam is committed to amplifying and encouraging.

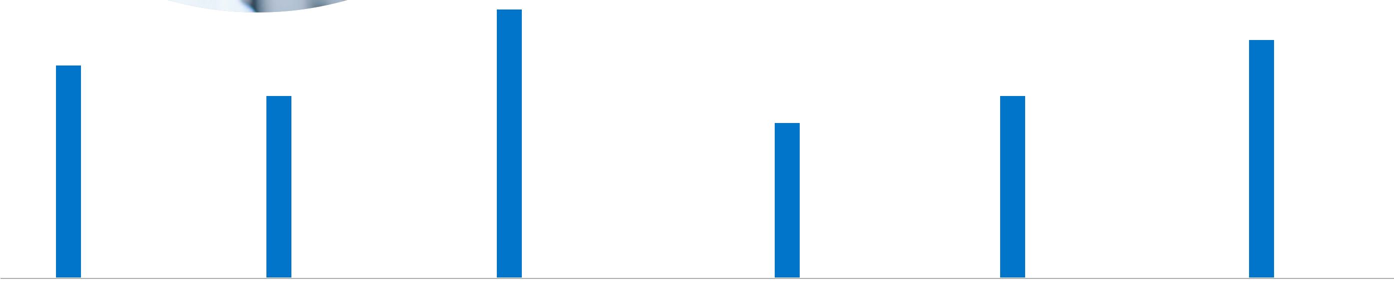
SN

It's almost a healing of intergenerational trauma, in a way. Shame breeds many other negative emotions which affect behaviour. The more we can talk about our situations, lived experiences and challenges, the less shame we have and the more we are able to live fulfilling lives. Talking will also allow us to heal our scarcity anxiety, which will, in turn, allow us to save more.

Financial Outcomes

STRENGTHS:

Less than 50%
of South Africans are satisfied with their overall standard of living.



46% said their earnings increase each year.

44% said their net worth grows each year.

57% agree the value on their investment on their home grows each year.

43% had assets and investments that generate additional income.

44% had a personal development or investment budget.

56% said their personal finance competencies are increasing each year.

Having a personal development or investment budget and growing one's investments and net worth is an outcome of **high financial self-determination.**

Satisfaction with one's standard of living, growing one's net worth, and having a personal or investment budget is an outcome of being **financially resilient.**

High levels of **financial wellbeing** result in being happy with one's current lifestyle.

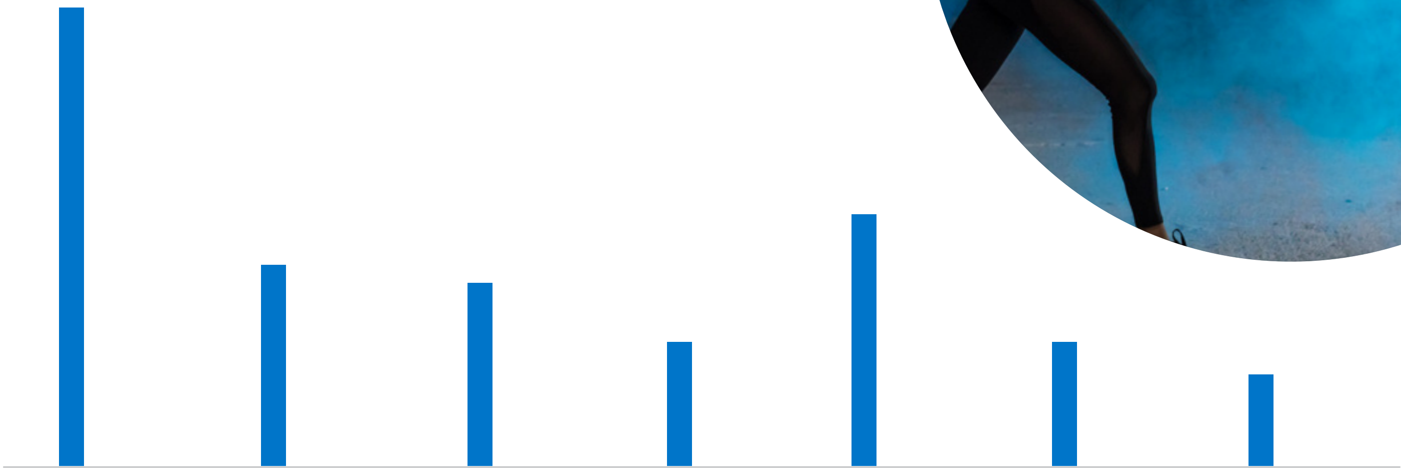
MO

Less than half the population is experiencing annual growth in earnings and net worth, which has a material impact on people's personal wellbeing and South Africa's economic growth. Just 43% of people had income-generating assets and investments, and only 44% had a personal budget. With fewer than 50% of South Africans satisfied with their current lifestyle, there's an enormous opportunity for a financial and lifestyle coaching aspect in the empathy economy to drive a more holistic, goal-aligned approach to managing money.

SN

Gratitude is essential to happiness because it reminds us of what we have as opposed to what we don't have. It allows us to feel hopeful when we're struggling to find hope. It keeps us in check if we generally rely on a negative mindset. However, it's important not to rely on gratitude as a form of toxic positivity, where we completely ignore our negative and more difficult emotions as a defence mechanism, through invalidating our very real emotions. There must be a balance between feelings and validating your emotions and feeling gratitude. Forcing yourself to feel grateful, when you don't, can also be detrimental to your emotional health.

PROTECTION:



72% of South Africans had funeral policies or funds set aside for death costs.

49% had an up-to-date will.

47% had adequate medical cover.

40% had an education policy or savings for their children's education.

51% had adequate life cover.

40% had an adequate estate plan or savings.

34% had an emergency fund/ financial reserve to cover 6-12 months expenses.

People who have an emergency fund, provide for their children's education, and have an adequate estate plan are more likely to have **high financial self-determination and financial resilience.**

People with an emergency fund are likely to have **higher financial wellbeing** than those who do not.

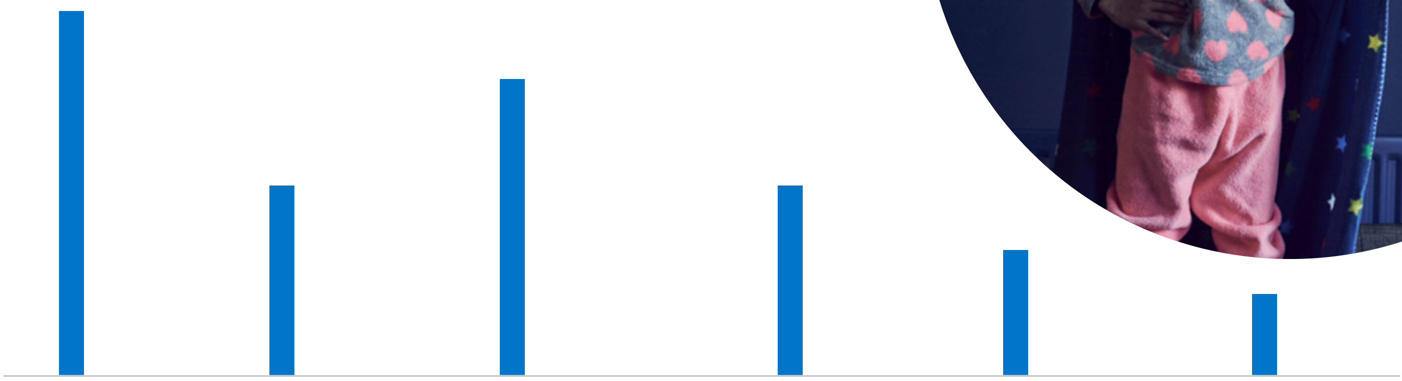
S M

When it comes to saving for anything, time is your friend. People must start saving for a child's education as early as possible. The reality is that tertiary education can be very expensive. I have a son who is at university right now and the cost is close to R200 000 a year. The first step is to understand how much you need to be saving. A financial planner can help you with this calculation. There are also many online tools that can assist with this. In the past, I had clients who could not believe the amount of money they had to save per month, because they had left it too late. Once you know how much you ought to be saving, the next step is looking into your affordability. My advice is start as soon as possible with what you can afford. It is also important to review your plan regularly.

S N

There is a very small percentage of people who have the mental capacity to think about the future in terms of estate planning. We are so hyper-focused on 'now' – being able to make it to the next payday and still hopefully have savings – that thinking that far into the future feels like work and often brings more anxiety. We also don't come from a society that places much importance on estate planning or even has accessible knowledge on this – people often don't know where to start or who to reach out to.

MANAGEMENT:



63%
of respondents said they were budgeting.

45%
said they were managing their cash flow.

55%
had automatic payments and savings set up.

44%
had a debt repayment plan reducing their debt.

35%
had accelerated their home loan repayments.

27%
engaged in financial planning through their bank or financial adviser.

Budgeting and having debit orders in place drove the top management outcomes overall.

People with high FSD and FR are more likely to pay back home loans faster, and have a debt repayment plan and debit orders, all indicating a forward-looking approach.

Individuals with higher FW seem to have an improved sense of security and contentment.

MO

In a nation where the average debt-active person spends half their monthly income servicing their debt, it's unsurprising that debt is being accepted and normalised. Sanlam Credit Solutions offers free credit coaching to empower more people to improve their credit score to access affordable financing to better their lives for the long-term. This comes with amplified awareness around the idea of responsible credit and debt repayment strategies.

MM

To get more people engaged in budgeting behaviours we need a full spectrum approach of:

- Education and awareness (financial literacy programmes)
- Incentives and rewards (employer programmes such as bonuses for savings goals, financial challenges, and competitions)
- Technology and tools (budgeting apps with incorporated reward systems like points, and online investment platforms to automate investment decisions)
- Accountability and community support (financial coaching, plus personalised recommendations)

SM

Having a financial plan and the discipline to stick to the plan even when times are tough is key to maintaining financial resilience even when money is tight. It also helps to have an accountability partner in the form of a trusted friend, family member or a financial adviser. A financial plan is like a road map that gives one confidence about the future regardless of what the current situation looks like.

Which generation has the highest FCI?

55 vs **47**

Gen Z | **Total sample**

24% of Gen Zs have a 'High' FCI (17% for the total sample), with **14%** having a 'Very High' FCI (vs total: 10%).

Gen Z has a higher FCI than the total sample, mainly due to higher financial self-determination and financial resilience compared to the population.

Their higher FSD is due to a higher sense of their needs, goals and learning opportunities.

Their higher FR stems from them being more inclined to build their skills to increase income, having a 'financial safety net' through loved ones, and staying in control of monthly expenses.

SN

Gen Z is embracing a "soft saving" trend, which involves putting less money into their future and prioritising present experiences and comfort over accumulating wealth. This shift challenges the traditional notion of working hard, saving money, and retiring early. I think this mindset has taken away a lot of the pressure around succeeding and having a specific financial status. When you place less harsh expectations on yourself, there is more room for optimism, less anxiety, and more hopefulness.

MM

Gen Z has more financial and self-awareness enabling alignment between needs and goals. This advantage comes from access to information due to the digital age and parental influence; their parents talk to them about money unlike the generations before. And parental influence may also include financial support. Many Gen Zs can stay at home while building their businesses. They're also comfortable leveraging technology to make more money. They take full ownership of their earning ability.

Generations and confidence:	**FCI** (total index: 47)	**FSD** (total index: 56)	**FR** (total index: 50)	**FW** (total index: 29)
Gen Z	55	66	60	28
Millennials	50	63	54	27
Gen X	45	47	47	28
Baby Boomers	39	39	41	33

ON MILLENNIALS

MO

Millennials have a slightly higher FCI than the population, mainly due to having higher FSD and, to some extent, a higher FR than the population. This higher FSD is due to increased knowledge of their needs, goals and learning opportunities. Their financial resilience stems from their inclination to build their skills to increase income, their confidence in managing their finances, and commitment to building wealth while paying down debt.

ON GEN X

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Gen Xs expect to keep working longer than they planned – and will be the first generation to go into retirement with less financial security than their parents and grandparents. To be able to set goals and be future oriented, there would need to be some level of motivation and hopefulness about the future – something which Gen X is struggling with due to their lower FCI and FSD.

ON BABY BOOMERS

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We know that a very small percentage of South Africans can retire comfortably. Some studies estimate this number to be as low as 6%. That means more than 90% of South Africans retire with financial gaps. It is thus understandable that Baby Boomers, the majority of whom are at retirement age, have low FSD and FR. However, with age does come the wisdom, experience, and maturity to deal with unfavourable situations and therefore, they are probably better equipped to be at peace with where they are. That said, Boomers could benefit from assessing their financial situations to set new goals, spot vulnerabilities and have greater capacity to adapt to curveballs. Planning for health care costs should be a key consideration.

GENERATIONS: WHO HAS WHAT?

Gen Zs and Millennials are more likely to have store credit than Gen X and Baby Boomers.

Gen X's most used products are **store credit cards** and **bank cards.**

Half of Gen Zs and Millennials have investment accounts. They are much more likely to have an investment account than the other two generations.

Pension funds are **popular from Millennials' age up.**

On average, a quarter of Gen Zs, Millennials and Gen Xs **have an investment property.**

Baby Boomers have fewer investments than other generations; their most used product is a pension fund.

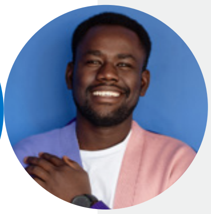
Baby Boomers are the **least likely of all the generations to have funeral products.** Millennials are **more likely than the other generations to have a funeral policy with an insurance company.** Millennials and Gen Zs are the likeliest generations to **have funeral cover through an undertaker, stokvel or burial society.**

WHO IS THE MOST OPTIMISTIC?

Gen Z is more optimistic about growth opportunities and is considerably more satisfied with their overall standard of living than other generations

WHO HAS THE MOST PROTECTION?

Gen Z and Millennials are more likely to have protection in place – notably emergency savings, medical, life and education cover. This is probably due to their life stages – becoming independent, and possibly partnering up and starting families.



WHO HAS THE BEST FINANCIAL MANAGEMENT?

3 in 5 Gen Zs, and half of Millennials have emergency savings. Gen Z is more open to financial planning and somewhat more likely to have debt repayment plans.

A word from our experts

We need to determine new ways to empower younger generations in the gig economy. To match an entrepreneurial mind-set with robust business and money management skills there is a need to teach entrepreneurs to:

- Align personal finance planning with business planning to treat the gig as a business.
- So, have business plans and have yearly financials or quarterly management accounts with financial tracking and analysis.
- Set clear personal and business goals that are aligned.
- Network and market themselves/their gig.
- Develop self (professional development) and seek mentorship and guidance.
- Scale up (how to grow that gig).
- Build teams or collaborate.
- There's significant opportunity for the financial services sector to foster timely interventions to empower entrepreneurs to build their businesses with confidence.

The optimism and financial intelligence of younger generations is admirable and something to nurture. The onus is on the financial services sector to answer their openness to financial planning with innovation. We need to step up and reach out with the right kinds of interventions at the right time. Imagine if an entire generation started saving early. Imagine if they consistently contributed to capitalise on compound interest. The whole nation's narrative could shift. We need to start having more open and honest financial conversations. Conversations lead to confidence.

To change the nation's narrative and wellbeing, we need to begin by understanding our own selves in relation to finances, how our country's past has affected our psyches, our levels of privilege, access to resources and opportunities, childhood upbringing in relation to money, general trauma, current financial challenges, the climate of the country, and our individual needs and goals. This self-insight will allow us to heal the parts of us that need attention, make better decisions for ourselves, regulate our emotions better and live a more fulfilling life. Becoming more aware will also allow us to take practical actions towards setting goals, reaching out to financial advisers, wanting to learn about investing, having alternate income, and so on.

South Africans are in survival mode and are focused on their immediate financial needs. Most are confident in their ability to budget and manage short-term finances, but longer-term planning and investing are less of a priority. We need to consider which products and services can be brought to the forefront to meet people's current needs, while giving them direction, capacity and the confidence to consider their future. Financial advisers have an opportunity here to bring empowering financial coaching into the empathy economy, through an omnichannel approach that reaches people in relevant ways.

Sanlam remains committed to empowering all Africans to be financially confident, secure and prosperous. This Index serves as a critical benchmark of collective Financial Confidence, indicating how South Africans are feeling about their finances. Alleviating anxiety over the future stems from having a plan in the present. It's critical to serve more people with the products, tools, and guidance they need to thrive. Crucially, we need more initiatives like Sanlam's The Dirtiest Word to prompt frank finance discussions. Catharsis and growth come from openness and vulnerability. Conversations lead to confidence.

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