The 2023 **NedFinHealth** Monitor Report

see money differently

NEDBANK GROUP

Sections of this report

Section A: Introduction

In an era where the global financial landscape continues to evolve and South African consumers have been under immense financial pressure as they deal with the rising costs of living, how individuals, families, and businesses think about financial health is paramount. Every day we witness the mutual relationship between people's aspirations and their financial health. Yet, discussions often narrowly focus on financial inclusion. It's not only about having access, but also about having a broader understanding of financial health.

Financial health is central for individuals, families, and businesses. It determines their capacity to handle unexpected expenses and drives the future they aspire to. And the journey to achieving better financial health should be within reach for everyone. At Nedbank, guided by our purpose as money experts who do good for individuals, families, business, and societies, we recognise that this journey goes beyond the fundamental concept of financial literacy. While access to basic services such as bank accounts, card payments, and financial advice is vital, it is only a small part of the bigger picture. The level of one's financial health plays a crucial role in your overall well-being, given that managing finances remains a significant source of worry, anxiety, and stress in South Africa and the rest of the world.

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As society stands at the intersection of financial aspirations and forever changing realities, we aim to be at the forefront, navigating the way with tangible insights. It's with this purpose that we present the inaugural NedFinHealth Monitor for 2023. This study, a beacon in understanding the financial health of South Africans, dives deep into the intricacies of what financial health truly means for the nation, and what drives it. The Financial Health Network (FHN) describes financial health as a composite framework that considers the totality of an individual's financial life by assessing whether their spending, saving, borrowing, and planning leads to a more financially secure future.

In partnership with several American universities, the FHN has built a reputation for robust financial health research. Through this NedFinHealth Monitor, we have customised the FHN's financial health research by drawing insights from a nationally representative sample of 1 503 South Africans reflecting their current reality, their ambitions and challenges they face to close the gaps as they aspire to improve their financial health status. The insights from this report are not only numbers but the voices of South Africans. In this report we shed light on the current state of financial health and explore the demographic characteristics, financial behaviours, and socioeconomic trends that drive financial health, and provide robust recommendations for all stakeholders.

In essence, this first-of-its-kind study unravels the fabric of South Africa's financial health, offers a mirror to our collective financial aspirations, and underscores the path towards a more financially secure future for everyone. Welcome to the NedFinHealth Monitor – a testament to Nedbank's unwavering commitment to understanding and uplifting the financial health of South Africans.

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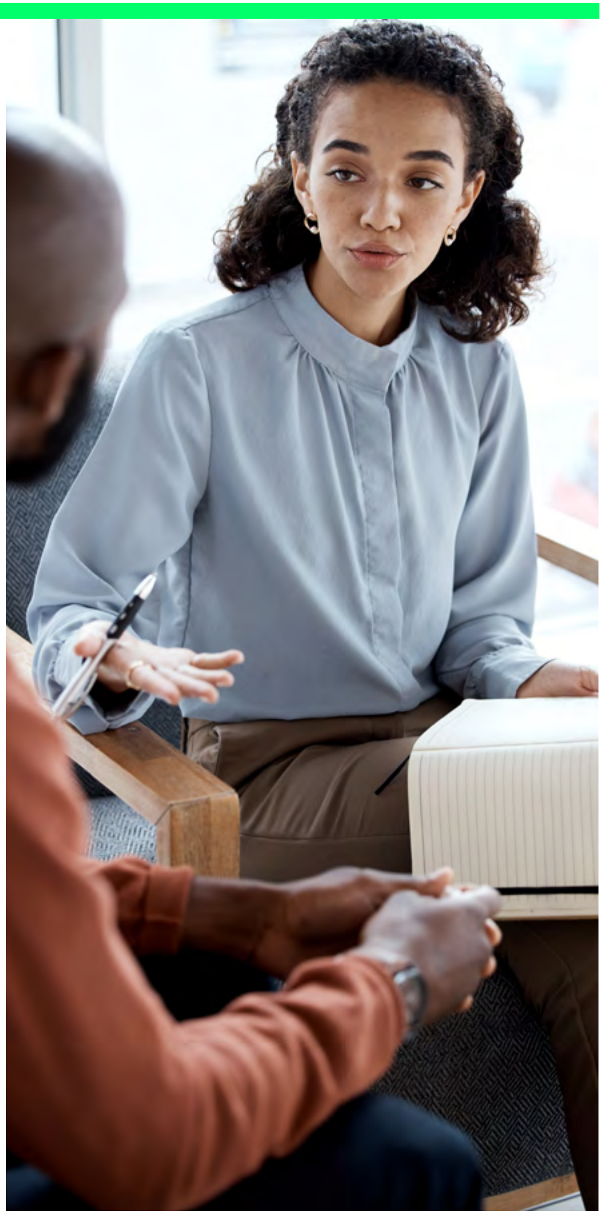


Section B: Executive summary

In this NedFinHealth Monitor, we recognise that financial health is more than just the sum of one's income and expenses. While these elements are essential, financial health is a multifaceted phenomenon. Our commitment, as money experts driven by a purpose to do good, compelled us to venture beyond the obvious. It's not just an interest; for us at Nedbank, it's almost a fiduciary duty to probe deeper into the myriad factors that shape the financial health of South Africans.

Firstly, The NedFinHealth Monitor draws on responses to survey questions that align with FHN's 8 indicators of financial health (see Fig 1). By exploring these responses, we were able to get a better idea of how South Africans spend, save, borrow, and plan. The FHN evaluates an individual's financial health based on indicators across 4 categories:

- **Spending:** How well individuals manage their spending relative to their income and live within their means.
- **Saving:** How individuals save to protect themselves from short-term and long-term financial shocks.
- **Borrowing:** How well individuals manage and control their debt.
- **Planning:** If individuals have a habit of planning for current and future financial activities.

Figure 1: 8 indicators of Financial Health

According to the FHN, financial health comes about when an individual's financial systems enable them to bounce back from adversity and pursue opportunities that will secure their financial future.

Individuals are financially healthy if they do and have the following:

Spending
1. Spend less than their income.
2. Pay bills on time.

Saving
3. Have sufficient liquid savings.
4. Have sufficient long-term savings.

Borrowing
5. Have manageable debt.
6. Have a prime credit score.

Planning
7. Have appropriate insurance.
8. Plan ahead for expenses.

Section B: Executive summary continued

Based on the research we conducted with just over **1 500** consumers, the **NedFinHealth Monitor** reveals that South Africa's Financial Health score is currently **53**, slightly above the midrange. This report will unpack further key drivers for the score.

2023 Financial Health Score Averages (out of 100)

South Africa's Financial health score: 53

SPENDING score	SAVING score	BORROWING score	PLANNING score
55	50	55	53

Secondly, the extensive analysis of the The NedFinHealth Monitor reveals a myriad of factors that contribute to financial health which are also anchored on marrying multiple insights from scholarly insights, behavioural sciences principles and insights from the research conducted.

Bringing all these factors together, unlocked a more in-depth and holistic understanding of factors that drive financial health, which we grouped into four key themes, each offering a unique lens to examine financial health.

1 Demographic and personal factors

Demographic Factors: The age, gender, work status, and income all leave an indelible mark on one's financial health.

Physical Health: The state of one's physical health can directly or indirectly influence their financial condition.

Job Satisfaction: A fulfilling job doesn't just provide income; it is a crucial pillar of overall financial health.

2 Financial awareness and literacy

Subjective Financial Knowledge: How one perceives their understanding of financial matters.

Financial Skills: The practical know-how to manage money, budget, save, and invest.

Financial Satisfaction: Contentment derived from one's financial situation.

Risk Tolerance: The willingness and ability to take financial risks when investing.

3 Emotional and psychological factors

Financial Stress: The burden stemming from a mismatch between financial resources and financial demands.

Concerns about Debt: The weight of debt and its emotional toll.

Apprehensions about Financial Skills: Self-doubt in one's ability to manage finances.

Worries about Finances at Work: How financial concerns can permeate the workplace.

Financial Shame: The internalised stigma associated with financial struggles.

4 Financial situational analysis

Financial Hardship: Direct experiences of struggling to make ends meet.

Changes in Financial Situation: Navigating shifts in income, expenses, or other financial circumstances.

Expectations for One's Financial Future: Anticipations and hopes for upcoming financial situations.

Confidence in Retirement: Assurance in one's preparations and prospects for a comfortable retirement.

Section C: Financial health in South Africa

The overall score, pegged at 53, indicates that South Africans are hovering slightly above the midpoint of financial health. This suggests that, while there is a good foundation for financial health, there remains a significant portion of the population that could benefit from enhanced financial skills, behaviours, and habits. **Confidence in meeting long-term financial goals and having a prime credit score are the 2 key drivers tilting the overall score lower.**

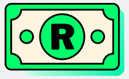
2023 Financial Health Score in South Africa (out of 100)

South Africa's financial health score: 53

Spending SCORE	Saving SCORE	Borrowing SCORE	Planning SCORE
55	50	55	53
57	59	63	56
Ability to pay bill on time	Savings to cover living expenses	Manageability of debt	Plan ahead financially
53	39	47	50
Spend in relation to income	Confidence in meeting long-term goals	Rating of credit score	Confidence in insurance covering them in an emergency

Section C: Financial health in South Africa continued

Spending



(average score: 55)

Spending in relation to income (53): A score slightly above the midpoint implies that South Africans generally live within their means, but there's still a considerable portion facing spending challenges.

Paying all bills on time (57): The above-average score here indicates relatively good financial discipline among South Africans in meeting their monthly obligations.

Saving

(average score: 50)

Savings covering living expenses for at least 3 months (59): A score near 60 suggests that a good number of South Africans understand the importance of emergency savings.

Confidence in meeting long-term financial goals (39): The considerably lower score here is a cause for concern, showing that while many have savings, they lack confidence in achieving their long-term goals.

Borrowing

(average score: 55)

Having manageable debt (63): This score is promising, indicating that the majority of South Africans perceive their debt to be manageable.

Having a prime credit score (47): Slightly below the midpoint, this score highlights that there's room for improvement in creditworthiness among South Africans.

Planning

(average score: 53)

Confidence in insurance policies covering them in an emergency (50): This midrange score suggests a split in the population's confidence about their insurance cover.

Planning ahead financially (56): A slightly above-average score indicates that many South Africans consider themselves proactive about planning for the future, though there is still room for more to adopt this habit.

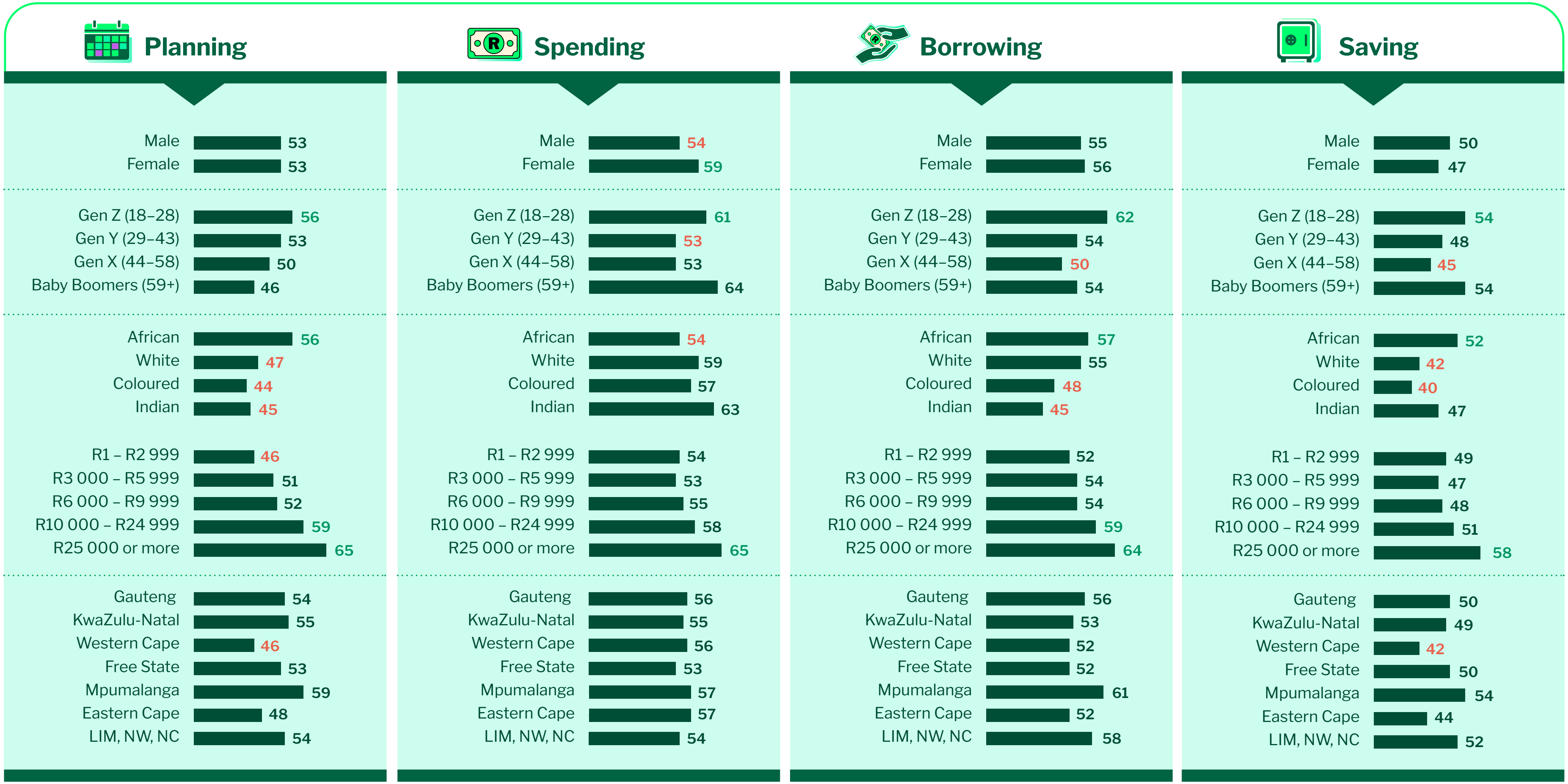
Section C: Financial health in South Africa continued

Financial health and demographics

See appendix 1 for the overall scores.

Subscores and demographics are shown below.

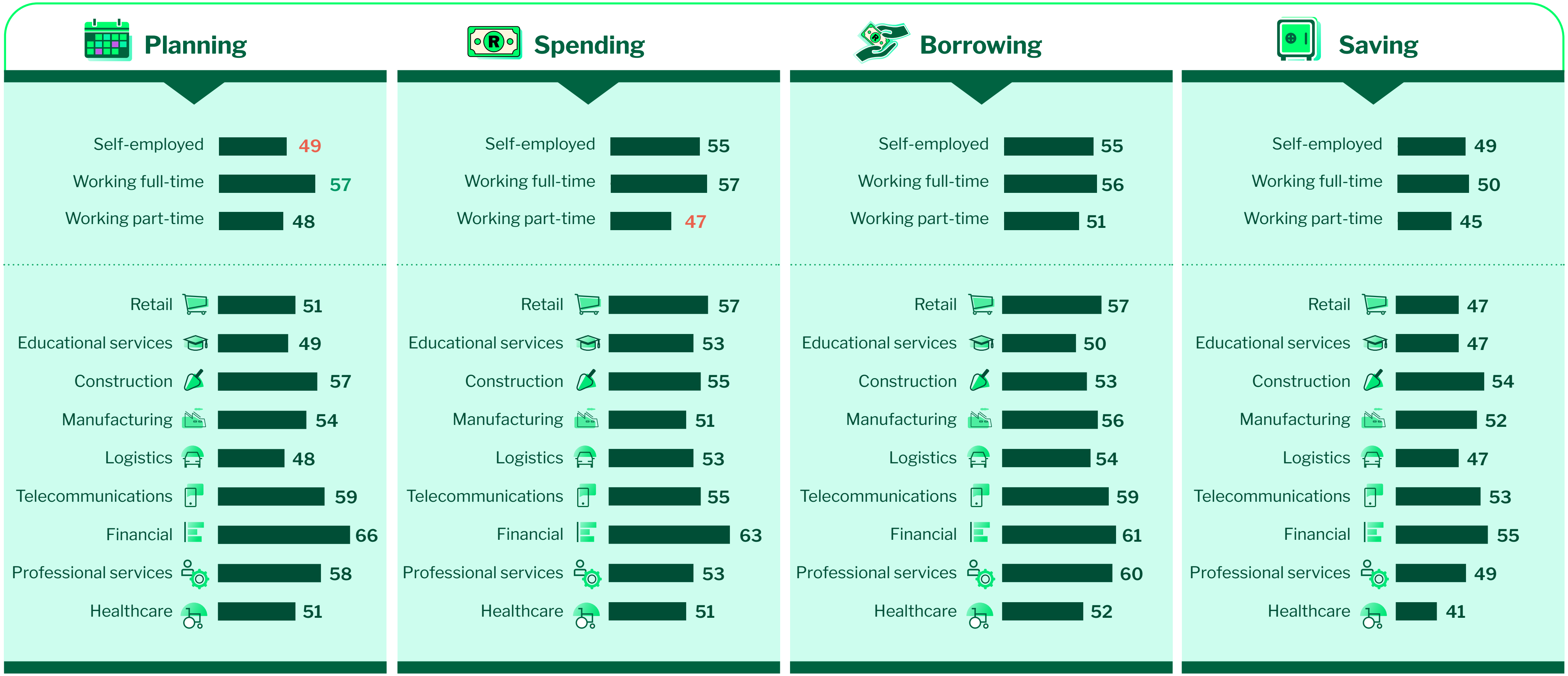
Financial health indices – demographic indices



** Combined indices for Limpopo, North West, Northern Cape. **Green** and red highlights are 95% statistically significant difference.*

Section C: Financial health in South Africa continued

Financial health indices – work status and industries indices



*Numbers shown on this slide are indices. **Green** and red highlights are 95% statistically significant difference.*

- Younger individuals are more likely to be financially healthy than older individuals.
- There are no statistically significant differences in financial health by gender.
- Higher-income individuals are more likely to be financially healthy than lower-income individuals.

- There are statistically significant differences in financial health subscores by race.
- People who are employed full-time are more likely to be financially healthy than those who are employed part-time.
- There are no statistically significant differences in financial health by province.
- There are no statistically significant differences in financial health by industry.

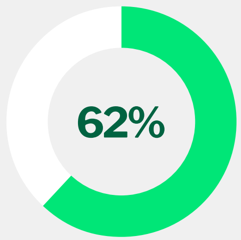
Spending

'Financial health in these tough economic times means focussing on basics, and being smart about how you spend your money.' – Fem Gen X (44–58 years)

Indicator 1 – spending less than your income

62% of South Africans say their spending equals or exceeds their income.

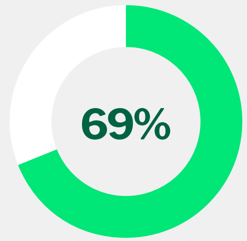
- For some respondents, spending exceeds income because of changes in income and expenses.
  - 35% of South Africans say their income declined in the past 12 months.
  - 76% of South Africans say their expenses increased in the past 12 months.
- When spending exceeds income, South Africans overwhelmingly turn to credit to make ends meet, using formal credit, such as credit cards, payday and personal loans as well as informal debt, including borrowing from loved ones and loan sharks.
  - 37% of South Africans say they took a payday loan in the past 12 months.
  - 30% of South Africans say they accessed their accrued wages/salary ahead of scheduled payday in the past 12 months.



Indicator 2 – pay all bills on time

69% of South Africans are unable to pay all of their bills on time.

- Among the 33% of South Africans who said they were homeowners, 33% have been late with their home loan repayment in the past 12 months.
- Individuals experiencing financial stress struggle the most to keep up with their bill payments.



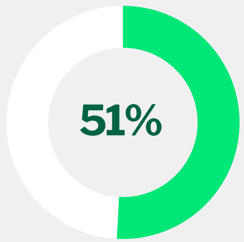
Behavioural Insights: Our financial behaviours, especially in spending, are 'sticky' and resistant to change. Amid rising costs and lower incomes, we often continue with existing spending habits, struggling to adapt. This inertia, known as Status Quo Bias, works against our intentions to cut costs in tough times. A practical self-help solution to combat this is to set regular reminders to review and adjust monthly budgets in response to financial changes.

Saving

'I try to have insurance cover for most things, including illness, but there are some things for which I do not have insurance cover. So, you must have access to emergency funds to cover those costs.'
– Male Baby Boomer (59+ years)

Indicator 3 – having sufficient savings for emergencies

51% of South Africans say they do not have enough savings to cover their living expenses for at least 3 months.



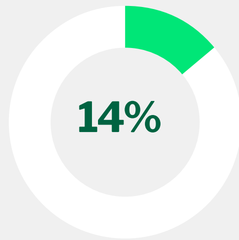
57% of South Africans say they have not set aside money to deal with emergencies.

- While many South Africans lack emergency savings, this is especially true for those who earn less than R10 000 per month.
- 45% of South Africans have less than R5 000 saved for emergencies while 66% have less than R10 000.

Behavioural Insights: We often underestimate the likelihood of adverse events and overestimate our future ability to cope with shocks and contribute to savings. This overconfidence, known as Optimism Bias, increases our tendency to procrastinate on saving for the future. A practical strategy to counteract this is to consult with peers, friends, or financial advisors to gain a more objective perspective on one's financial decisions.

Indicator 4 – having sufficient long-term savings

14% of South Africans are moderately confident, while 11% are very confident that they are on track to meet their long-term financial goals.



- These sentiments are supported by the dire reported retirement savings situation:
  - 68% of South Africans do not have any retirement savings apart from what is provided through their employer.
  - 65% of South Africans do not have retirement annuities.
  - 47% of South Africans are not confident that they will have enough money to live comfortably throughout their retirement years.
  - 54% of South Africans expect to receive inadequate retirement income from all their retirement savings.
- South Africans have the following major concerns about retirement[1]:
  - Running out of money (40%).
  - Healthcare costs (21%).
  - Not being able to maintain their standard of living (20%).
  - Not being able to meet monthly expenses (23%).

[1] *Respondents could select more than one concern.*

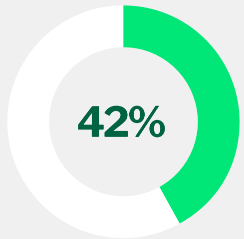
Borrowing

'You may have to take on debt for big things like a house or car, but if you can also save for a big deposit, you pay lower monthly instalments and you also pay off the loan quicker, which means you are still in good financial health even though you have some debt.' – Female Baby Boomer (59+ years)

Indicator 5 – having manageable debt

42% of South Africans, across various income levels say they cannot manage their debt.

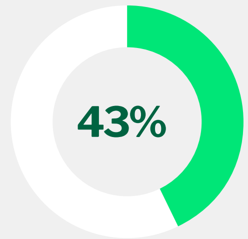
- 16% of South Africans say they have no debt.
- **Unmanageable debt is having a significant impact on the mental health of South Africans.**
  - 67% of South Africans worry about their household debt.
- **49% of South Africans say it is okay to take on debt to cover household expenses such as groceries, clothing, furniture, appliances, electricity, and water.**
  - The fact that almost half the respondents deem it acceptable to go into debt for daily essentials and household items indicates that, for many, regular income might not be sufficient to cover routine expenses, prompting them to resort to borrowing.



Indicator 6 – having a prime credit score[1]

43% of South Africans say they do not have prime credit scores.

- 24% of all respondents said they have 'fair' credit scores.
- 19% of all respondents said they have 'poor' credit scores.
- 6% of all respondents said they do not know their credit scores.
- 62% of the respondents say they obtained or checked their credit reports in the past 12 months.
- 6 in 10 consumers (61%) spent money on gambling activities[2]
- Of those who gamble, 1 in 2 consumers gambled weekly while just over a quarter (27%) gambled once or twice a month and 12% gambled once every 2 or 3 months.



[1] *Good, Very Good, and Excellent credit scores are considered 'prime' scores.*

[2] *Gambling was defined as staking money on the outcome of an event or a draw where one can win money, including activities at venues such as casino table games as well as raffles, lotteries, slot machines, and scratch games. It also included gambling online or via apps such as sports betting, horse race betting, casino and other games.*

Behavioural Insights: We tend to overweight the likelihood of unlikely events, such as hitting the jackpot in gambling, while underweighting the probability of more likely occurrences, like losing money when betting. This psychological phenomenon, known as Prospect Theory, helps to partially explain the persistence of betting behaviour, despite gamblers often losing more than they win. One practical strategy to manage this bias is setting strict budgets or time limits for gambling to prevent excessive losses.

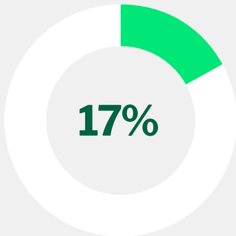
Planning

‘You need to know about the different investment options, but you also need to understand risks and benefits. Most of us ordinary people do not get proper information about this.’
– Male Gen X (44–58 years)

Indicator 7 – having appropriate insurance

17% of South Africans are moderately confident, while 22% are very confident that their insurance policies will cover them in an emergency.

- 47% of South Africans have car insurance.
- 37% of South Africans have a medical aid.
- Ownership of private insurance policies outside of employer-provided benefits:
  - 59% of respondents have funeral cover.
  - 43% of respondents have life insurance.
  - 16% of respondents have cover for critical illness.
  - 15% of respondents have disability cover.

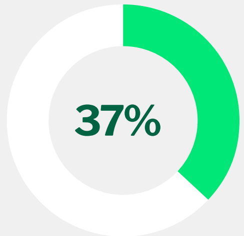


Indicator 8 – planning ahead for expenses

37% of South Africans somewhat agree, while 22% strongly agree with the statement ‘My household plans ahead financially’.

- Many South Africans say they are trying to plan ahead in various ways:
  - 43% of respondents say they have set aside money for emergencies.
- The majority have short- and long-term financial goals with the most important financial goals being the following[1]:
  - Starting or growing a business (41%).
  - Saving for the education of their children or grandchildren (36%).
  - Building emergency savings (31%).
  - Saving for retirement (31%).
  - Paying off other debt (30%).

[1] *Respondents could select up to 3 options.*



Behavioural Insights: We often prioritise immediate needs over future benefits, a tendency exacerbated by Present Bias and influenced by the limbic system in our brain. This makes planning for the future difficult and often requires deliberate, mindful decision-making to counteract our natural inclinations. One effective approach to combat this is to spend time regularly visualising the benefits of long-term goals, making them feel more immediate and tangible.

Section D: Factors that shape financial health

The preceding chapter established the foundational role of demographics and financial behaviours in shaping financial health. However, it is important to emphasise that the determinants of financial health go beyond demographics and financial behaviours. For us at Nedbank, as money experts committed to doing good, it becomes an obligation, almost a fiduciary duty, to delve deeper and investigate other factors that either foster or impede the financial health of South Africans. This chapter explores several of these factors.

Section D: Factors that shape financial health continued

2.1 Physical health

Table 1 provides a compelling lens into the intersection between individuals' perceived physical health and their corresponding financial health scores. As perceptions of physical health elevate from 'Poor' to 'Excellent', we see a corresponding and consistent rise in financial health scores. This data accentuates a crucial relationship: the link between physical health and financial health.

Table 1: Physical health and financial health

Q Would you say your physical health in general is ...	Frequency n = 1503	A Financial health score
Poor	1%	35
Fair	14%	47
Good	40%	50
Very good	25%	55
Excellent	20%	61

Notably, those who describe their physical health as 'Poor' represent only 1% of the sample, yet they record a financial health score of 35, markedly lower than any other group. Contrastingly, the cohort identifying their health as 'Excellent' comprises 20% of respondents and boasts the highest average financial health score of 61.

The scholarly consensus on this relationship is that physical health and financial health are deeply intertwined, influencing and often reflecting one another. Several mechanisms have been proposed to explain this relationship:

- **Direct costs:** Poor physical health can result in significant medical expenses, reducing available financial resources and possibly leading to debt.
- **Earning capacity:** Chronic health issues might limit one's ability to work or compel early retirement, constricting income streams.
- **Mental health:** Challenges with physical health can culminate in stress or mental health issues. Stress, particularly financial stress, has a bi-directional relationship with health, each exacerbating the other.

The psychology literature has long recognised the profound impact of health on overall well-being, but it also underscores the power of expectations in shaping both health and financial outcomes. Expectation theories, rooted in psychology, suggest that what we anticipate or expect can influence our behaviours and, in turn, our outcomes. For instance, those who expect to recover from a health setback may be more proactive in seeking treatment or adhering to medical advice. **Similarly, positive financial expectations might drive behaviours that boost financial health, such as saving, investing, or seeking financial advice.**

Section D: Factors that shape financial health continued

2.2 Risk tolerance

Table 2 illuminates the intricate relationship between risk tolerance in investment decisions and corresponding financial health scores. The data reveals a progressive trend: individuals displaying higher risk tolerance tend to report better financial health scores.

Table 2: Risk tolerance and financial health

When thinking about investing, how willing are you to take risks on a scale of 1 (not willing at all) and 10 (very wiling)?	Frequency n = 1503	Financial health score
Low (0 to 4)	23%	42
Moderate (5 to 6)	31%	52
High (7 to 8)	25%	57
Very high (9 to 10)	21%	62
Sum	100%	

Starting from the lower end, 23% of respondents who have 'Low' risk tolerance in investments exhibit a financial health score of 42. In contrast, the 'Very high' risk tolerance group, accounting for 21% of the respondents, shows a notably higher score of 62. This consistent progression in scores from 'Low' to 'Very high' risk tolerance underscores the positive correlation between risk tolerance and financial health.

The academic world has extensively explored the correlation between risk tolerance and financial health, suggesting several explanations:

Risk-reward trade-off: A fundamental tenet of finance is the risk-reward trade-off, which posits that potential return rises with an increase in risk. Individuals with higher-risk tolerance may have had higher investment returns, bolstering their financial health.

Financial literacy and confidence: Studies often find that those with a better understanding of financial markets are more willing to take calculated risks. Their informed risk-taking might lead to better financial outcomes, hence a better financial health score.

The psychology of expectations: Risk tolerance is deeply intertwined with expectations. Drawing from psychological literature, individuals with higher-risk tolerance may have optimistic expectations about the future, driving them to take greater investment risks. Positive expectations can influence not only financial behaviours, but also overall well-being, given the close relationship between expectation, satisfaction, and happiness.

Risk tolerance as a reflection of overall well-being: A person's willingness to take financial risks can also be influenced by their broader life circumstances and general well-being. Someone in good health, with stable employment and strong social support, may be more willing to take financial risks, confident in their ability to weather potential setbacks.

Behavioural feedback loop: Success in risk-taking can reinforce confidence and further boost one's risk tolerance, leading to a positive feedback loop. Conversely, those who have experienced financial setbacks may become more risk-averse, potentially hindering their financial health.

Conclusively, **Table 2** not only illuminates the relationship between risk tolerance and financial health, but also invites reflections on the wider implications of risk behaviours. **The connections between risk tolerance, financial outcomes, and broader psychological well-being are intricate and multifaceted.** As risk tolerance shapes and is shaped by both financial and psychological factors, it remains an essential parameter for understanding the holistic financial health of individuals.

Section D: Factors that shape financial health continued

2.3 Job satisfaction & performance

The data in **Table 3** suggests that a positive relationship exists between job satisfaction and financial health scores. Higher job satisfaction is associated with better financial health and vice versa. Individuals with low job satisfaction have a financial health score of 43, indicating that dissatisfaction in the workplace could potentially spill over to financial domains. Conversely, those with very high job satisfaction boast a financial health score of 64, suggesting that professional contentment may facilitate better financial behaviours and financial health.

Table 3: Job Satisfaction and Financial Health

Job satisfaction levels: 1 = low satisfaction and 10 = very high satisfaction	Frequency n = 1503	Financial health score
Low (1 to 4)	32%	43
Moderate (5 to 6)	27%	52
High (7 to 8)	21%	58
Very High (9 to 10)	20%	64
Sum	100%	

- **Job satisfaction and financial stability:** Research has indicated that job satisfaction can be tied to financial stability. A stable and satisfying job can provide consistent income, opportunities for growth, and financial benefits that contribute to an individual's overall financial health.
- **Financial stress and job performance:** Financial stress can negatively affect job performance. Employees worried about their finances might be less focused, less engaged, or more prone to absenteeism. Thus, there's a feedback loop: job dissatisfaction can lead to poor financial health, which in turn can further reduce job performance and satisfaction.
- **Employers and financial health initiatives:** Scholars and organisational experts have pointed out the benefits of employers investing in the financial health of their employees. These initiatives can include financial education workshops, retirement planning sessions, or even access to financial planning. When employees feel more secure in their financial situations, they're often more engaged and productive at work. This can lead to positive organisational outcomes such as reduced turnover, lower absenteeism, and enhanced job performance.

Job satisfaction and financial health are inextricably linked. **A fulfilling and stable job can serve as the bedrock for good financial health, while financial stability can contribute to greater job satisfaction.** Employers stand to benefit from recognising this relationship and implementing strategies that support the financial health of their employees. Doing so can result in win-win outcomes, with both individuals and organisations reaping the rewards.

Section D: Factors that shape financial health continued

The data in **Table 4** indicates that as individuals spend more hours worrying about finances at work, their financial health scores tend to decrease. This negative relationship between hours spent worrying and financial health is a concern both for individual well-being and organisational productivity.

Table 4: Worry about finances while at work and financial health

How many hours in a month do you spend worrying about your finances while at work?	Frequency n = 1503	Financial health score
0	10%	66
1	11%	62
2–3	24%	56
4–5	15%	53
6–10	13%	50
11–20	8%	48
More than 20	19%	41
Sum	100%	

A clear inverse relationship exists between hours spent worrying about finances at work and financial health scores. As worry hours increase, financial health scores decline. Those who report zero hours of financial worry at work have the highest financial health scores (66). Conversely, individuals who worry more than 20 hours a month about their finances while being at work have the lowest scores (41).

Scholars describe worry as repetitive, negative emotion-laden and relatively uncontrollable thoughts concerning anticipated future events that could potentially have negative outcomes.

Worry as a cognitive tax: Worrying acts as a cognitive load or tax on the brain, diverting attention and cognitive resources from other tasks. This distraction can interfere with decision-making, problem-solving, and concentration. As a result, a person who worries frequently may experience reduced cognitive capacity to handle other challenges effectively.

The impact of worry on decision-making: Constant worry can lead to cognitive and decision-making fatigue and can reduce the quality of decisions you make. In a state of worry, individuals may rely more on heuristics, or mental shortcuts, which can lead to biases and less rational decisions.

Workplace consequences: Worrying about finances while being at work can have numerous negative consequences for organisations. Employees who are preoccupied with financial concerns can be less productive, less engaged, make more errors, and even have higher rates of absenteeism.

The relationship between worrying about finances at work and financial health underscores the interconnectedness of personal financial health and workplace productivity. By addressing financial concerns, both individuals and organisations stand to benefit in terms of improved financial health, job satisfaction, and organisational outcomes.

Section D: Factors that shape financial health continued

2.4 Financial satisfaction

Table 5 sheds light on a pivotal aspect of financial health: the direct relationship between individuals' satisfaction with their financial circumstances and their financial health scores. A clear trend emerges – as levels of financial satisfaction increase, so do the corresponding financial health scores.

Table 5: Financial satisfaction and financial health

In general, how satisfied are you with your current financial situation on a scale of 0 (very low) and 10 (very high)?	Frequency n = 1503	Financial health score
Low (0 to 4)	50%	43
Moderate (5 to 6)	26%	57
High (7 to 8)	14%	66
Very High (9 to 10)	10%	70
Sum	**100%**	

A staggering 50% of respondents rate their financial satisfaction as 'Low', aligning with a financial health score of 43. This stands in stark contrast to the 10% of participants who express 'Very high' financial satisfaction, concurrent with the peak financial health score of 70. The progression across the spectrum further reiterates the positive correlation.

This relationship between financial satisfaction and health has been documented well in scholarly discourse. The underlying reasons for this correlation are manifold:

- **Objective reality vs subjective perception:** While financial health scores provide an objective metric of one's financial status, satisfaction offers a subjective evaluation. These 2 are often aligned – better objective financial health usually translates to increased subjective satisfaction.
- **Behavioural consequences:** Those satisfied with their financial situation are more likely to engage in prudent financial behaviours, further bolstering their financial health. This may include behaviours like saving, investing wisely, and avoiding unnecessary debt.
- **Psychological well-being:** Financial satisfaction can significantly impact mental and emotional health. The psychology literature consistently states that satisfaction, including financial satisfaction, plays a crucial role in overall happiness and life contentment.

Expectation theories, deeply entrenched in psychological literature, underscore the profound impact of expectations on human behaviour and subsequent outcomes. An individual's satisfaction, in many ways, is shaped by their expectations. When financial realities align or surpass expectations, satisfaction tends to be higher. This satisfaction, in turn, drives behaviours that reinforce financial health, creating a virtuous cycle.

Drawing connections to general well-being, one can infer that financial satisfaction, much like other forms of satisfaction, doesn't operate in a vacuum. It influences, and is influenced by, various facets of one's life. Thus, nurturing financial satisfaction can have cascading effects, enhancing broader life satisfaction and holistic well-being.

Table 5 reaffirms a foundational understanding in both finance and psychology – the symbiotic relationship between objective financial health and subjective financial satisfaction. The implications are clear: interventions aimed at boosting one will likely benefit the other, paving the way for enhanced overall well-being.

"Good financial health means a good plan to anticipate any possible financial issues, so not being able to have saved money for emergencies makes me feel like I am struggling to plan properly, and I always have to react to problems."

– Gen X (44 – 58), female

Section D: Factors that shape financial health continued

2.5 Retirement Confidence

The data in **Table 6** demonstrates a clear trend – as retirement confidence increases, the financial health score also tends to be higher. The more confident individuals are about their retirement savings, the better their current financial health scores. This suggests that individuals who are proactive about their retirement savings also tend to be proactive about their current financial health. Those who are not confident at all about their retirement savings have the lowest financial health score (36). This could indicate that individuals who aren't prepared for the future also struggle in the present.

Table 6: Retirement confidence and financial health

Overall, how confident are you that you (and your partner) will have enough money to live comfortably throughout your retirement years?	Frequency n = 1503	Financial health score
Not confident at all	19%	36
Not confident	15%	46
Slightly not confident	14%	49
Neutral	20%	56
Slightly confident	13%	61
Confident	11%	68
Very confident	9%	72
Sum	**100%**	

In the realm of psychology, confidence is understood to be a belief in one's ability to succeed. It is more than just a feel-good factor. It's a catalyst for action. Individuals with higher confidence levels are more likely to take positive actions because they believe in the outcomes of those actions. Also, confidence leads to reduced anxiety and stress. When individuals are confident about their retirement savings, they likely experience less financial stress, leading to improved financial health and better overall well-being.

It is interesting to note that retirement, though a future event, casts a long shadow on current financial behaviours and financial health. Researchers suggest that this can be due to anchoring behaviour. Thinking about retirement can serve as an anchor, guiding daily financial decisions. Those confident about their retirement might already be making regular savings contributions and avoiding excessive debt, being judicious with their expenses. There is also a feedback loop: good current financial health can boost retirement confidence. If an individual is debt-free, saves consistently, and has an emergency fund, they are likely to feel more optimistic about retirement.

The relationship between retirement confidence and current financial health underscores a crucial principle: future-oriented thinking drives positive behaviours in the present. The optimism and assurance stemming from knowing one's retirement is secure can lay the foundation for robust financial health today.

> ***"Education is an investment towards a successful future for your children, and good education is expensive"***
> **– Baby Boomer (59+), Male**

Section D: Factors that shape financial health continued

2.6 Financial hardship and stress

Table 7 offers a comprehensive overview of the profound relationship between financial hardship indicators and an individual's reported financial health scores. Across the board, there appears to be a clear negative correlation: as the frequency of financial hardship incidents increases, the associated financial health score decreases.

Table 7: Responses to financial hardship[1] indicators by financial health score

Indicator – in the past 12 months...

% Frequency *n = 1503* | A Financial health score

1 I worried whether my food would run out before I receive money to buy more

Frequency	%	Financial health score
Always	18%	41
Often	23%	47
Sometimes	29%	52
Rarely	20%	61
Never	10%	75

2 I had trouble paying my rent or home loan

Frequency	%	Financial health score
Always	8%	38
Often	11%	42
Sometimes	22%	47
Rarely	19%	55
Never	40%	61

3 I did not get the healthcare I needed because I couldn't afford it

Frequency	%	Financial health score
Always	12%	40
Often	15%	45
Sometimes	24%	52
Rarely	18%	55
Never	30%	62

4 I stopped taking medication or took less than directed due to the costs

Frequency	%	Financial health score
Always	8%	46
Often	11%	44
Sometimes	16%	50
Rarely	16%	52
Never	48%	58

5 I cut the size of meals or skipped meals because there is not enough money for food

Frequency	%	Financial health score
Always	8%	41
Often	16%	43
Sometimes	25%	48
Rarely	18%	53
Never	33%	65

[1] *Financial hardship is a state in which the available financial resources do not meet people's own needs. Affording essential water and electricity, accessing healthcare, managing housing costs, buying food and clothing, covering school fees, and meeting transport expenses are all indicators of financial hardship.*

Section D: Factors that shape financial health continued

2.6 Financial hardship and stress

Table 7: Responses to financial hardship[1] indicators by financial health score

Indicator – in the past 12 months... | % Frequency n = 1503 | A Financial health score

Indicator	Always	Often	Sometimes	Rarely	Never
6 I have struggled to pay school fees	9% / 41	12% / 41	19% / 50	15% / 54	45% / 60
7 I have struggled to keep the lights on in my home	6% / 41	9% / 41	20% / 46	15% / 53	50% / 60
8 I have not purchased new clothing for myself	17% / 41	18% / 46	24% / 55	18% / 56	22% / 63

[1] *Financial hardship is a state in which the available financial resources do not meet people's own needs. Affording essential water and electricity, accessing healthcare, managing housing costs, buying food and clothing, covering school fees, and meeting transport expenses are all indicators of financial hardship.*

Breaking down these indicators:

- **Food security:** The first indicator tackles the foundational concern of food security. A significant 18% of respondents who always worried about running out of food reported a financial health score of 41. In stark contrast, those who never had such concerns showed a considerably healthier score of 75. The detrimental impacts of food insecurity on psychological well-being, cognition, and overall health are documented well, and its association with financial stress corroborates the interconnectedness of physical and financial health.
- **Housing stability:** Housing costs, often one of the most significant expenditures for households, show a similar trend. Those constantly struggling with rent or home loan payments have a score of 38, while those without such concerns report a score of 61.
- **Healthcare access:** Indicators 3 and 4 explore healthcare, which is a crucial determinant of well-being. Forgoing necessary medical treatment or modifying prescription intakes due to cost concerns can have dire health consequences. These indicators highlight the vulnerability of individuals with compromised financial health in accessing essential healthcare services.
- **Education and utilities:** The ability to pay school fees and maintain essential utilities like electricity is indicative of a household's basic financial health. Both indicators reflect the strain of managing regular expenses on limited financial resources.
- **Personal consumption:** The final indicator touches on self-care and personal consumption, with the purchase of new clothing serving as a proxy. Personal consumption often takes a backseat when households face financial stress, further adding to overall stress and diminished well-being.

"I feel like I am chasing my tail all the time because I want to have my own savings I can use and not use credit and pay more in interest...I feel like I cannot control my finances properly as I always rely on personal loans."

– Gen Y (29 – 43), male

Section D: Factors that shape financial health continued

2.6 Financial hardship and stress

The academic consensus underlines a few primary takeaways from this data:

- **Cascade effect:** Financial hardship in one area can spill over to others, creating a cascade of financial challenges. For instance, healthcare issues left unaddressed due to financial constraints can lead to more significant health problems and increased expenses in the long run.
- **Psychological impact:** The impact of financial hardships is not only monetary, but extend into the psychological realm, inducing stress, anxiety and even depression. The constant worry of not meeting basic needs can erode mental health, affecting decision-making, relationships, and overall life satisfaction.
- **Shame:** Financial hardship can be intrinsically linked to feelings of shame. Shame, as conceptualised in psychological literature, is a self-conscious emotion characterised by a negative evaluation of the self, often due to not meeting certain standards, norms, or expectations. In many cultures, including South Africa, financial success is deemed as a crucial indicator of personal worth. Therefore, financial hardship can trigger feelings of inadequacy, failure, and shame. Shame, resulting from financial hardship, can deter individuals from seeking financial help. They might fear judgment, stigmatisation, or simply confronting their financial realities. This avoidance behaviour can lead to worsening of the financial situation.
- **Feedback loop of hardship:** Chronic financial stress can lead to compromised decision-making abilities, where individuals might resort to high-interest payday loans or other detrimental financial behaviours like excessive gambling, exacerbating their financial stress.
- **Holistic impact on well-being:** Beyond the tangible metrics, persistent financial hardship can degrade the overall quality of life, diminish hope, and stunt future aspirations.

"If you do not have the discipline to put money aside, for emergencies, then you will always work for mashonisas because you will always be in debt…I am still a young person but I have learnt lessons from my elders who have made these mistakes and I do not want to repeat these mistakes."
– Gen Z (18 – 28), male

Table 7 underscores the stark reality faced by many, emphasising the interplay between financial hardship and overall well-being. Recognising these intertwined relationships is essential, as it calls for holistic solutions that address not only the financial challenges, but also the psychological and physiological challenges that individuals face.

Section D: Factors that shape financial health continued

Table 8: Financial stressors and financial health

What financial or money matters or challenges stress you?	Frequency n = 1503	Financial health score
Struggling to pay bills each month	34%	46
The amount of debt I have	24%	46
Helping others financially	16%	64
Carrying a balance on my credit cards from month to month	11%	57
Using credit cards to pay for monthly essentials	8%	57
Other	7%	55
Sum	**100%**	

From the data in Table 8, we will delve into each financial stressor and its corresponding impact on financial health:

Struggling to pay bills each month (34% prevalence; score 46)

- This stressor has a significant impact on financial health. With a health score of 46, it is one of the lowest scores among the list of stressors.
- It is the most frequently reported stressor and can be seen as a direct measure of a person's ability to manage their monthly finances.

Using credit cards to pay for monthly essentials (8% prevalence; score 57)

- While its prevalence is relatively low, this behaviour indicates a reliance on credit for necessities, suggesting potential cash flow problems or poor financial habits. However, its impact on financial health isn't as dire as one might expect, possibly because it might be a temporary or occasional coping mechanism for some.

Carrying a balance on credit cards (11% prevalence; score 57)

- This indicates a reliance on credit and potential interest-related costs.
- Its impact on financial health is in the mid-range, which can be attributed to the prevalence of this behaviour in many financial demographics, including those who may otherwise manage their finances adequately.

The amount of debt I have (24% prevalence; score 46)

- This stressor matches the low financial health score of 'struggling to pay bills'. This suggests that significant debt, regardless of their nature (eg car, home or personal loans), weigh heavily on individuals' perceived financial health.

Helping others financially (16% prevalence; score 64)

- Interestingly, this financial stressor has a comparatively higher financial health score. It might be because individuals who are able to help others financially might also have better overall financial health or financial skills.
- However, the act of helping others could also be a source of stress, especially if it's frequent or significant.

The data clearly indicates that struggling to pay monthly bills and having significant debt are the most pressing financial stressors, impacting financial health the most. However, factors beyond income, such as financial behaviours, unexpected events, societal pressures, and psychological factors, play an essential role in shaping financial stress and, in turn, financial health. Employers and policymakers must understand this multifaceted nature of financial stress to develop effective strategies for improving financial health.

Section D: Factors that shape financial health continued

2.7 Changes in financial situation

The complex interplay between perception and financial health is vividly encapsulated in **Table 9.** There is a positive correlation between them: as perceptions about one's financial situation improve, so does the associated financial health score.

Table 9: Changes in financial situation and financial health

Which of the following statements best describe your financial situation today compared to your financial situation a year ago?	Frequency n = 1503	Financial health score
Much worse	12%	33
A little worse	25%	46
About the same	25%	54
A little better	23%	59
Much better	14%	72
Sum	100%	

Starting from the most negative perceptions, 12% of respondents believe their financial situation is 'much worse' compared to a year ago, with an average financial health score of 33. This stands in stark contrast to the 14% who feel their finances are 'much better' than the previous year, boasting an impressive average score of 72.

> *"Financial health is also about being willing to sacrifice nice things that you can survive without, so that you can live within your limited budget and not get into trouble with too many loans that you cannot repay, and then you have a bad credit record, and you are blacklisted"* – Gen X (44–58), Male

The psychology literature has always emphasised the power of perceptions in shaping our well-being. Cognitive theories posit that perceptions are not mere reflections of reality, but actively influence individuals' moods, behaviours, and overall life satisfaction. Translated to financial health one's perception of your financial trajectory, whether grounded in objective reality or not, can deeply impact your financial behaviour.

When individuals perceive their financial situation as getting better, even only slightly, it elicits a more optimistic outlook, reinforcing positive financial behaviours like saving, investing wisely, and seeking financial advice. This can lead to a self-fulfilling prophecy, where positive perceptions encourage behaviours that result in actual financial improvements. Conversely, negative perceptions can spiral into inaction or risky behaviours, further exacerbating financial stress.

The findings from **Table 9** underscore the importance of financial perceptions and their strong correlation with financial health scores. Such a relationship illuminates the dual challenge for financial institutions and policymakers: not only to materially improve financial health, but also to address and shift perceptions, leveraging the deep-seated psychological mechanisms that link belief with behaviour.

Section D: Factors that shape financial health continued

Table 10: Financial situation expectations and financial health

In the next 12 months, do you expect your personal financial situation to ...	Frequency n = 1503	Financial health score
Get a lot worse	5%	33
Get a little worse	9%	44
Stay the same	35%	50
Improve a little	37%	52
Improve a lot	36%	60
Sum	**100%**	

Table 10 presents an intriguing picture of the dynamics between the financial expectations of individuals and their corresponding financial health scores. As expectations become more optimistic, we observe a general increase in financial health scores, underlining the profound influence of forward-looking beliefs on financial health.

Of those surveyed, 5% anticipate their financial situation to 'get a lot worse' in the forthcoming year, and their average financial health score resonates with this pessimism, standing at 33. In stark contrast, the group with the most optimistic outlook – those expecting their finances to 'improve a lot' – constitutes 36% of the sample and commands a more robust average score of 60.

The psychology literature is rife with theories and empirical evidence underscoring the formidable power of expectations in shaping behaviour and, ultimately, outcomes. Expectancy theory, for instance, posits that expectations can serve as self-fulfilling prophecies. People who expect positive outcomes in the future might adopt behaviours that will make those outcomes more likely, and vice versa.

In the realm of financial health, scholars converge on the consensus that expectations about the future play a pivotal role in influencing present financial behaviours. Anticipating an upswing in one's financial trajectory can catalyse a range of positive financial behaviours, such as making prudent investments, bolstering savings, or even exploring new income opportunities. Conversely, gloomy financial forecasts may lead individuals to adopt a more conservative stance, potentially foregoing investment opportunities or curtailing spending – even when it may not be strictly necessary.

More broadly, in the sphere of well-being, positive expectations can foster a sense of hope, reduce stress, and inspire proactive behaviours, all of which can reinforce financial health and general well-being. Negative expectations, on the other hand, can contribute to feelings of anxiety, helplessness, and even fatalism.

The data from **Table 10** emphasises that expectations, whether based on objective reality or not, have significant ramifications for financial health. For institutions like banks, policymakers, and financial educators, the challenge is twofold: firstly, to provide the tools and resources that genuinely improve individuals' financial situations, and secondly, to shape positive financial expectations, capitalising on the intricate dance between belief, behaviour, and outcome.

> ***"...proper financial health means less debt, so you really want to have a special savings account from which you can draw money for emergencies, but the reality is that we are stretched, we do not have much to put away in a savings, so you end up using your credit card or even taking out a personal loan"***
> **– Gen X (44–58), Male**

Section D: Factors that shape financial health continued

2.8 Worry about debt and skills

Table 11 provides a discerning look into the intricate relationship between the frequency of worry about debt and the associated financial health scores. At a glance, it is evident that as worry about debt intensifies, the individual's perceived financial health score correspondingly diminishes.

Table 11: Worry about debt and financial health

How often do you worry about your debt?	Frequency n = 1503	Financial health score
Always	21%	39
Often	20%	45
Sometimes	27%	55
Rarely	16%	61
Never	16%	69
Sum	100%	

Intensity of debt concern: Those who perpetually find themselves burdened with the thought of their debt report a financial health score of 39. This is a noticeable drop when compared to individuals who never worry about their debt, boasting a score of 69.

Spectrum of worry: Interestingly, the distribution is fairly even across the worry spectrum, suggesting that a significant portion of the population experiences varying degrees of concern regarding their financial obligations.

"You need to know about different investment options, but you also need to understand risks and benefits, but most of us ordinary people do not get proper information on this."
– Gen X (44–58), Male

From a scholarly perspective, the relationship between worry about debt and financial health is multifaceted:

- **Debt and psychological well-being:** An overwhelming consensus in the academic world suggests that worry, especially related to financial constraints like debt, has substantial psychological implications. Chronic worry about debt can lead to heightened stress, anxiety, and even depression. This distress is not only transient, but can profoundly affect one's long-term mental health.
- **Decision-making impairment:** The constant preoccupation with debt can cloud judgment and impair decision-making abilities. Studies have shown that those under financial stress tend to make more short-term decisions, often at the detriment of long-term financial health. This could further compound the debt issue.
- **Holistic impact on life:** The weight of debt worry doesn't restrict itself to finances. It percolates into various aspects of life – from strained personal relationships to diminished work performance. The inability to participate in social activities due to financial constraints can lead to social isolation, further affecting mental health.
- **Feedback loop:** The relationship between debt worries and financial health is not only one-directional. While worry about debt can exacerbate financial problems, poor financial health can also amplify worries, creating a vicious cycle of increasing debt and mounting worries.
- **Physical health repercussions:** Beyond mental health, there is growing evidence suggesting that chronic financial stress, like debt worry, can manifest in physical health problems, including sleep disturbances, cardiovascular diseases, and weakened immune response.

Table 11 not only highlights the clear inverse relationship between debt worry and financial health, but also underlines the importance of addressing the psychological ramifications of financial stressors. Tackling debt is about more than regaining financial health. It is also about reinstating mental peace, overall life satisfaction and dignity. The table reaffirms the overarching notion that financial health isn't merely a measure of one's wealth, but is intricately linked to one's holistic well-being.

Section D: Factors that shape financial health continued

Table 12: Worry about financial skills and financial health

To what extent do you agree or disagree with the following statement:

Q "I often worry about my financial skills."	% Frequency n = 1503	A Financial health score
Disagree strongly	8%	68
Disagree somewhat	12%	60
Neither agree nor disagree	21%	56
Agree somewhat	38%	52
Agree strongly	22%	43

Table 8 offers an enlightening perspective into the relationship between individuals' apprehensions about their financial skills and their corresponding financial health scores. The table illustrates a definitive trend: as concerns regarding financial skills amplify, there's a marked decline in financial health scores.

- **Extent of financial skill concern:** At one end of the spectrum, individuals who vehemently disagree with the notion that they worry about their financial skills have a financial health score of 68. In contrast, those who express strong agreement with the sentiment of worrying about their financial skills report a significantly lower score of 43.
- **Prevalence of concern:** What's notably alarming is the combined percentage (60%) of those who either 'agree somewhat' or 'agree strongly' with the statement, underscoring the pervasive nature of financial skill anxiety.

Delving deeper, scholarly insights provide further context to this relationship:

- **Financial behaviour and skill concern:** A robust consensus in the academic realm states that concerns over financial skills can lead to avoidance behaviour. Individuals uncertain about their financial capabilities might avoid taking action, even essential action like budgeting, saving, or investing, further perpetuating low financial health.
- **The role of financial education:** Financial education has repeatedly been advocated as a panacea for alleviating financial skill concerns. Empirical studies suggest that individuals who receive financial education, be it formal courses or workshops, display enhanced confidence in managing their finances and report lower levels of financial skill anxiety.
- **Financial self-efficacy:** Financial self-efficacy refers to one's belief in your ability to exert control over your financial behaviours and outcomes. A person who doubts their financial skills likely exhibits low financial self-efficacy. This self-belief (or lack thereof) can have cascading effects. Low financial self-efficacy often results in passive financial management, reluctance to set financial goals, and hesitation in seeking financial advice, all of which can detrimentally impact financial health.
- **Feedback mechanism:** While concerns about financial skills can adversely influence financial health, the reverse is also plausible. Individuals experiencing poor financial health might start doubting their financial skills, leading to a reinforcing cycle of deteriorating financial health and escalating financial skill concerns.
- **Empowerment through knowledge:** The relationship between financial skill concerns and financial health underscores the criticality of empowering individuals with the right financial knowledge. A well-informed individual is not only more adept at navigating financial challenges, but also feels more in control of their financial destiny.

In summary, **Table 12** underscores the intertwined relationship between financial skill concerns and financial health, emphasising the importance of bolstering financial education and confidence. Recognising and addressing these concerns are pivotal, not only for enhancing financial health, but also for fostering a sense of empowerment and financial autonomy among individuals.

Section D: Factors that shape financial health continued

2.9 Financial Shame

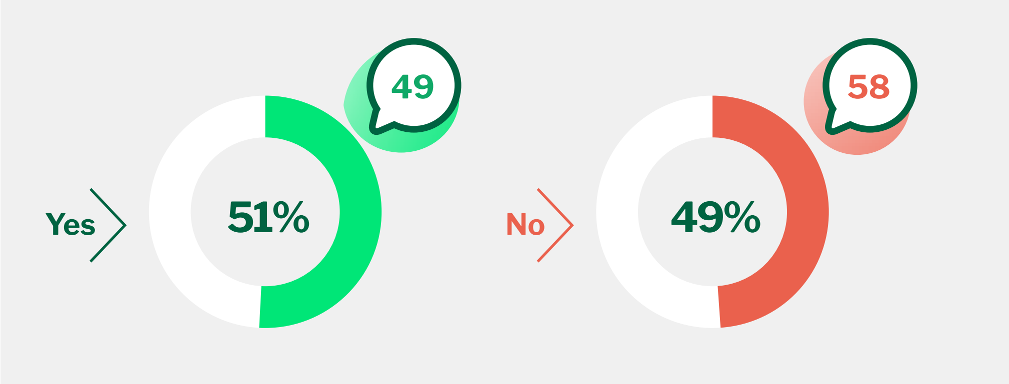
Table 13 presents a dichotomous representation of individuals' sentiments towards seeking financial help or guidance. About half of the respondents (51%) find it embarrassing to ask for financial help, and they have an average financial health score of 49. On the contrary, the other half (49%) who do not find it embarrassing to seek assistance have a notably higher financial health score, averaging at 58.

Table 13: Financial shame and financial health

Q Do you find it embarrassing to ask for help/guidance with your finances?

% *Frequency n = 1503*

A Financial health score



There is a negative correlation between financial shame (feeling embarrassed to ask for financial help) and financial health. Those who feel shame or embarrassment have a lower financial health score compared to those who do not. This finding aligns with the broader literature, which often associates financial shame with adverse financial outcomes.

The consensus among scholars suggests that feelings of shame, particularly in the financial realm, can arise from societal expectations and cultural norms that equate financial independence and acumen with personal worth and capability. As a result, admitting to financial hardship or seeking financial help can be seen as an admission of failure.

The consensus among scholars suggests that financial shame affects financial behaviours:

- **Financial help-seeking:** As alluded to in the table, feelings of shame can deter individuals from seeking essential financial advice or guidance. This reluctance can have cascading effects. Without timely advice or intervention, minor financial issues can be exacerbated, leading to a more deteriorated financial health. The literature consistently points out that avoidance behaviours, driven by shame, can perpetuate financial stress.
- **Financial disengagement:** Shame can also lead to financial disengagement, where individuals avoid managing their finances altogether. This disengagement can manifest in various ways, such as neglecting to review bank statements, avoiding financial conversations, or procrastinating on making crucial financial decisions. Such behaviours, driven by the desire to avoid confronting the source of one's shame, can further erode one's financial health.

Table 13 offers a convincing snapshot of the role of financial shame in shaping financial health. The data aligns with broader academic literature, which posits that emotions, particularly negative ones like shame, can have profound implications on financial behaviours and outcomes. Institutions and educators aiming to improve financial health must recognise and address the emotional barriers individuals face. By creating environments where seeking financial help is normalised and encouraged, we can hope to mitigate the detrimental effects of financial shame.

The reluctance to discuss personal finances or to seek financial guidance, as seen from the data, emanates from various factors – both intrinsic and societal. When examined holistically, these reasons illuminate the complex sets of beliefs, emotions, and experiences shaping financial behaviour.

Section D: Factors that shape financial health continued

Table 14: Reasons for financial shame

What are the reasons you find it embarrassing to ask for help/guidance with your finances[1]?	Frequency n = 1503
My finances are my private matters	57%
I don't want anyone to see I am in debt	44%
Money isn't something we tend to talk about in our family	27%
I wouldn't know what to ask a financial adviser/planner	25%
I don't have enough money to talk about	40%
I don't want to give up control	26%
Other	4%

[1] *Participants could offer multiples reasons.*

Privacy and autonomy: 'My finances are my private matters' (57%). This majority sentiment underscores the inherently personal nature of finances. For many, financial affairs are perceived as a sanctuary of individual autonomy, reflecting one's achievements, choices, and sometimes, missteps. The preference to keep this domain shielded might arise from the desire to maintain a semblance of control and discretion.

The stigma of indebtedness: 'I don't want anyone to see I am in debt' (44%). Revealing indebtedness might evoke feelings of vulnerability for many. In societies where financial independence and success are highly valued, debt could be interpreted as a mark of failure or poor judgment, fostering reluctance to disclose.

The stigma of financial hardship: 'I don't have enough money to talk about (40%). This sentiment, the feeling of financial inadequacy, captures a poignant reality for many. It insinuates a benchmark of 'enough' that individuals feel they haven't met, thereby dissuading them from seeking advice or discussing their finances.

Family norms and traditions: 'Money isn't something we tend to talk about in our family (27%) – cultural and family norms play an influential role in shaping attitudes towards money. For these respondents, financial reticence could be a byproduct of deeply entrenched generational values, suggesting a pervasive silence around money matters in family settings.

Financial knowledge concerns: 'I wouldn't know what to ask a financial adviser or planner' (25%) – this highlights a potential gap in foundational financial literacy. The feeling of being ill-equipped to even frame one's concerns can inhibit proactive financial discussions, suggesting an urgent need to amplify efforts in bolstering financial education.

Autonomy and control: 'I don't want to give up control' (26%) – beyond the tangible realm of money lies the abstract domain of control and agency. For a significant proportion, seeking financial help might be equated with ceding control, potentially rendering them passive in their financial health journey.

These multifaceted reasons offer invaluable insights for financial institutions, educators, and policymakers. Recognising the intertwining of emotions, values, and financial behaviours is critical. **As financial service providers look to engage clients more deeply, it's imperative to pivot from purely transactional interactions to more empathetic, education-centred, and trust-building approaches.** Recognising and addressing financial shame are not merely compassionate endeavours but strategic imperatives.

Section E: Understanding triggers for seeking financial help

Section E: Understanding triggers for seeking financial help continued

Table 15: Triggers of seeking financial help or guidance

When are you most likely to seek financial help or guidance?	Frequency n = 1503
When I have to make an important financial decision like buying a home or making saving and investing decisions	30%
When I find myself in financial crisis (debt issues, unexpected expenses, job or income loss, lack of cash flow)	30%
When I am experiencing a life event like marriage, birth, death, divorce, or job change	13%
Never. I handle my finances on my own	17%
On an ongoing basis as I have a financial advisor	8%
Other	2%
Sum	**100%**

Understanding when individuals are most inclined to seek financial guidance or advice provides critical insights into their financial health trajectory and can offer cues on how to best tailor interventions, education, and services.

- **Decision-driven consultation:** 'When I have to make an important financial decision like buying a home or making saving and investing decisions' (30%). A significant proportion of respondents seek financial guidance when faced with pivotal financial decisions. These events often involve substantial financial commitment or risk, thus requiring expertise. This behaviour is indicative of a proactive approach to managing finances, suggesting these individuals are looking to optimise their financial decisions to ensure long-term financial health.
- **Crisis intervention:** 'When I find myself in financial crisis (debt issues; unexpected expenses; job or income loss; lack of cash flow)' (30%). Equally notable is the segment of the population that turns to financial guidance during times of crisis. This reactive approach can sometimes limit the range of viable solutions and may signify a lack of adequate financial preparedness. It underscores the importance of early financial education and emergency savings in promoting robust financial health.
- **Life events:** 'When I am experiencing a life event like marriage, birth, death, divorce, or job change' (13%). Life events can dramatically alter one's financial landscape. While fewer respondents identified these events as triggers, those who did demonstrate an awareness of the financial implications of significant life changes, suggesting a preventive strategy to navigate potential disruptions to financial health.
- **Autonomy and independence:** 'Never. I handle my finances on my own' (17%). A significant subset is confident in their financial management skills and opts for autonomy. While this might signify a high degree of financial literacy, it could also indicate overconfidence or potentially missed opportunities for partnering with finance professionals to enhance financial health.
- **'On an ongoing basis as I have a financial adviser' (8%):** This segment represents those who believe in consistent financial management and planning. Continuous monitoring and adjustment of financial strategies can lead to enhanced financial health over time, as it enables real-time course corrections. Scholarly consensus highlights several reasons for the positive association between the ongoing use of financial advice and enhanced financial health:
  - **Consistency yields better understanding:** Regular consultations with financial advisers help individuals understand their financial standing better, enabling them to make more informed decisions. This, in turn, reduces the likelihood of financial missteps.
  - **Staying updated:** The financial landscape is dynamic, with changes in market conditions, interest rates, and regulations. Continuous financial advice ensures individuals remain updated, helping them make timely adjustments.
  - **Behavioural coaching**: One of the critical roles of a financial adviser is to guide individuals through the emotional highs and lows of financial decision-making. Financial advisers help prevent reactionary decisions in response to market volatility, promoting long-term financial health.
  - **Goal monitoring and resetting:** Regular check-ins enables ongoing goal assessment, ensuring that individuals stay on track. If goals change, or if one faces unexpected financial challenges or opportunities, the strategy can be adjusted promptly.

Despite the recognised benefits of ongoing financial advice in scholarly literature, it's notable that only a minority of the surveyed individuals (8%) access these services. This could be due to barriers like perceived high costs, lack of awareness, or trust issues. Addressing these barriers can potentially elevate the financial health of a broader demographic.

The data unveils a diverse range of triggers that prompt individuals to seek financial help or guidance. **For robust financial health, a blend of proactive planning (like seeking advice for major decisions and having continuous consultations) and reactive solutions (like crisis interventions) is crucial.** Financial institutions and advisers can use these insights to tailor their offerings, ensuring they cater to both preventative and interventional needs, fostering enhanced financial health for their clients and consumers in general.

Section E: Understanding triggers for seeking financial help continued

Table 16: Responses to financial skills indicators by financial health score

Frequency n = 1503

Indicator	Not at all	Very little	Somewhat	Very well	Completely
1 I know how to make complex financial decisions	7	19	41	23	11
2 I am able to make good financial decisions that are new to me	7	17	39	26	11
3 I know how to get myself to follow through on my financial intentions	5	15	37	32	11
4 I am able to recognise a good financial investment	7	18	34	29	12
5 I know how to keep myself from spending too much	6	13	30	33	19
6 I know how to make myself save	7	19	30	30	18
7 I know where to find the advice I need to make decisions involving money	9	14	31	30	16

A Financial health score

- **Confidence in financial decision-making:** A significant portion of respondents (ranging from 41% to 39%) feel 'somewhat' confident in their financial decision-making skills across these indicators. This suggests that a large segment of the population is moderately confident in their financial skills but acknowledges that there's room for improvement.
- **Room for upskilling:** For most indicators, only around 10% to 19% of respondents feel they 'completely' have the skill. This suggests that, even among those who feel somewhat to very confident, there's a recognition of potential gaps or areas for growth in their financial skills.
- **Acknowledged weaknesses:** The highest percentages of 'Not at all' or 'Very little' confidence are seen in making complex financial decisions, recognising a good investment, and knowing where to find financial advice. This might indicate areas where external guidance or education could be most beneficial.

There's a broad consensus that financial literacy and skills are essential drivers of positive financial behaviours, better decision-making, and overall improved financial health. Financial education has been shown to be particularly effective when it's timely, relevant, and actionable, leading to better outcomes in terms of saving, investing, and other critical financial behaviours. Many individuals often overestimate their financial skills, which can lead to suboptimal decisions. Therefore, understanding one's skill gaps is crucial.

In conclusion, while many individuals possess a moderate level of confidence in their financial skills, there's a clear opportunity to enhance these skills across the board. With targeted interventions, both financial service providers and policymakers can drive improved health and outcomes.

Section E: Understanding triggers for seeking financial help continued

Table 17: Subjective financial knowledge and financial health

On a scale from 0 to 10, where 0 means "very low" and 10 means "very high", how would you assess you overall financial knowledge?	Frequency n = 1503	Financial health score
Low (0 to 4)	15%	37
Moderate (5 to 6)	33%	48
High (7 to 8)	35%	57
Very High (9 to 10)	17%	67
Sum	100%	

- As subjective financial knowledge increases from 'Low' to Very high', there is a clear and consistent increase in the financial health score, suggesting that those who perceive themselves as more knowledgeable about finances tend to also report better financial health.
- Most respondents (68%) fall into the 'Moderate' to 'High' categories, indicating that most people believe they have an average to above-average understanding of financial matters.
- Only 15% rate their financial knowledge as Low', but this group has a significantly lower financial health score (37). On the other end, the 17% who rate their knowledge as 'Very high' have a notably high financial health score (67).

There's consensus among scholars that subjective financial knowledge, or one's perception of your financial knowledge, often plays a significant role in financial behaviours, sometimes even more than objective financial knowledge. This is because people act based on what they believe they know.

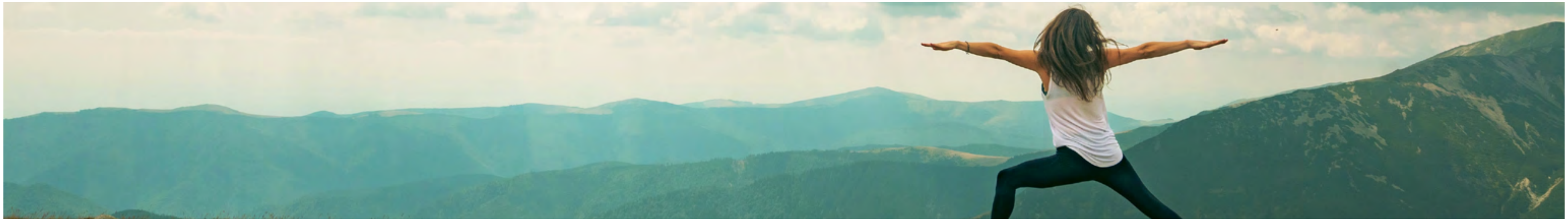
Individuals with higher subjective knowledge are more likely to be confident in making financial decisions, leading them to take proactive steps towards improving their financial well-being. However, there's also a risk of overconfidence. Some individuals might think they know more than they do, leading to potentially suboptimal financial decisions. Thus, subjective knowledge should ideally align with objective knowledge.

From a psychological perspective, subjective knowledge, or our beliefs about what we know, often shapes our attitudes and behaviours. This concept isn't restricted to financial knowledge. For instance, someone who believes they are knowledgeable about health might be more likely to make health-conscious decisions.

Subjective knowledge impacts our self-efficacy – our belief in our ability to achieve goals. High self-efficacy, rooted in part in perceived knowledge, can lead to increased motivation, resilience, and overall well-being.

While this table measures subjective or perceived knowledge, it aligns with the broader understanding that increasing financial knowledge leads to better financial health. Financial service providers and educators should be aware that people's perception of their knowledge can drive behaviour. Thus, boosting confidence and perceived knowledge (while also ensuring it aligns with objective knowledge) can be a potent tool. However, given the potential for overconfidence, it's crucial to promote ongoing financial education, ensuring that as the financial landscape evolves, people's perceived and actual knowledge remains up to date.

In conclusion, while objective financial knowledge is undoubtedly crucial, the power of subjective knowledge cannot be underestimated. It plays a pivotal role in driving behaviours and decisions, underscoring the importance of ensuring that perceived knowledge is both high and accurate. This alignment can promote better financial decisions, reduced financial stress, and improved overall well-being.



Section F: Conclusions and recommendations

Revisiting the essence of financial health

As detailed in the introductory to the NedFinHealth Monitor for 2023, financial health is much more than just access to financial services. The financial heartbeats of South Africans pulse with a blend of aspirations, challenges, behaviours, and socioeconomic realities. Our analyses have broadened the scope of understanding financial health, solidifying the belief that, while financial inclusion is the bedrock, financial health represents the full edifice.

Financial health – a mosaic of factors

Our analysis reaffirms the fact that financial health is influenced by a myriad of factors. While income remains significant, the factors that play pivotal roles in financial health have been grouped into themes. These themes offer a layered perspective on financial health, moving from personal characteristics to knowledge-based factors, then diving into the emotional and psychological elements, and finally landing on the situational aspects of one's finances.

1 Demographic and personal factors

- Demographic factors
- Physical health
- Job satisfaction

2 Financial awareness and literacy

- Subjective financial knowledge
- Financial skills
- Financial satisfaction
- Risk tolerance

3 Emotional and psychological factors

- Financial stress
- Worry about debt
- Worry about financial skills
- Worry about finances while being at work
- Financial shame

4 Financial situational analysis

- Financial hardship
- Changes in financial situation
- Financial situation expectations
- Retirement confidence

Section F: Conclusions and recommendations continued

Recommendations for stakeholders

The multifaceted nature of financial health underscores the need for a holistic approach in interventions, policies, and services.

For financial educators

- **Holistic financial education programmes:** Design curricula that move beyond basics, incorporating lessons on the psychological aspects of money, future planning, and real-life financial scenarios.
- **Targeted interventions:** Offer tailored programmes for different demographic groups, recognising the unique financial challenges each group might face.

For policymakers

- **Inclusive financial frameworks:** While ensuring financial inclusion, focus on developing frameworks that foster holistic financial education.
- **Support mechanisms:** Establish policies that address the most prevalent financial stressors, like struggling to pay monthly bills or the burdens of debt.
- **Community-based initiatives:** Leverage community structures for the delivery of financial education and facilitate discussions around financial health at a young age.

For financial services providers

- **Tailored financial solutions:** Recognise the unique financial health challenges of different demographic segments and develop tailored financial products and solutions.
- **Employee financial health:** Recognise the link between employees' financial health and workplace productivity. Implement support mechanisms and financial health programmes for employees.
- **Tech-driven solutions:** Leverage technology to offer user-friendly platforms that help client to manage, track, and improve their financial health.

The way forward

The inaugural NedFinHealth Monitor has not only shone a light on the current state of South Africans' financial health, but also set the tone for the subsequent strides needed in this space. As Nedbank, in alignment with our commitment to uplift South Africans, it is our hope that these insights will catalyse a nationwide effort, where individuals, institutions, educators, and policymakers come together, charting a course towards a more financially secure future for all.

The journey to a more financially healthy South Africa is not a sprint but a marathon, and it is one we must run collectively. The NedFinHealth Monitor serves as a compass, pointing out the challenges and possibilities. As we conclude this report, let us remember that every number represents a voice, every statistic echoes a story, and every recommendation marks a step towards a brighter financial future for South Africans.

Thank you for embarking on this journey with us. Let's continue striving, learning, and evolving to ensure that every South African enjoys the essence of true financial health.

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Section G: Methodology and sample

We interviewed respondents who are working either full-time, part-time or self-employed in metropolitan and urban areas.
Personal income range was aligned with Nedbank's segments (R1 to R2 999, R3 000 to R5 999, R6 000 to R9 999, R10 000 to R24 999 and R25 000+).

Online Survey

We interviewed **n=1 500 respondents**

Via online, self-complete interviews

Length of interview was **25 minutes**

In-depth Interviews

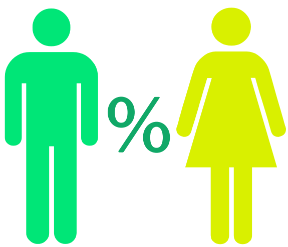
We conducted **20 in-depth interviews**

Online, via MS Teams

Length of interview was **60 minutes**

Demographic profile of the online survey

Our sample is based on the working population of South Africa and consists of **slightly more males**, **Gen Y** and **African** consumers who reside in metropolitan areas.



69 31

Work status
(%)

Self-employed	31
Working full-time	41
Working part-time	16
Student working part-time	19

Race group
(%)

African	68
White	16
Coloured	11
Indian/Asian	1

Province
(%)

Gauteng	40
KwaZulu-Natal	17
Western Cape	15
Free State	8
Mpumalanga	5
Eastern Cape	4
LIM, NW, NC	10

Generations
(%)

Gen Z (18–28 years)	26
Gen Y (29–43 years)	53
Gen X (44–58 years)	18
Baby Boomers (59+ years)	3

Monthly personal income
(%)

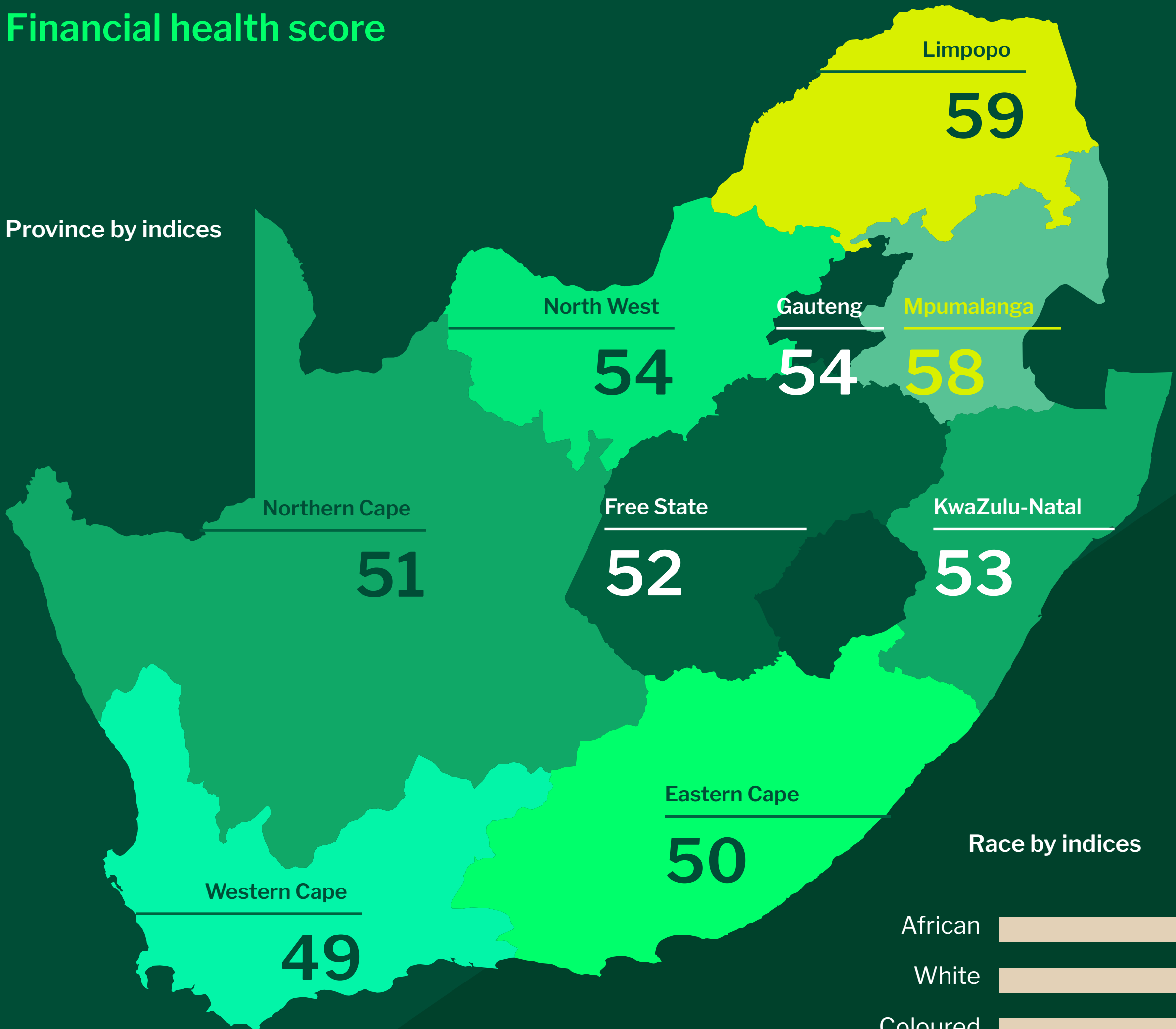
R1 – R2 999	15
R3 000 – R5 999	39
R6 000 – R9 999	20
R10 000 – R24 999	18
R25 000 or more	7

African Response was assisted with for data collection, qualitative research and statistical analysis.

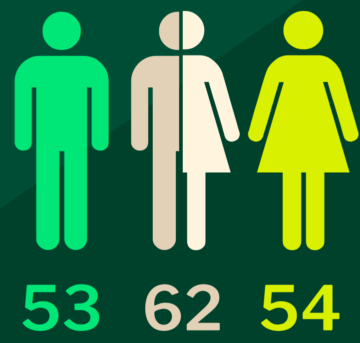
Appendix 1

Financial health score

Province by indices



Gender by indices

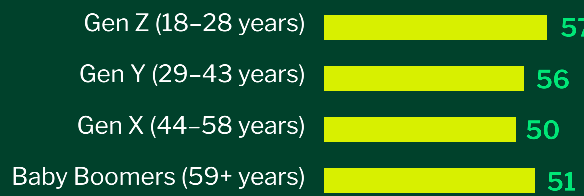


Age by indices

Race by indices

African	55
White	51
Coloured	47
Indian/Asian	50

Age generation by indices



Appendix 1 continued

Financial health score continued

Employment status by indices

Self-employed	52
Working full-time for an employer	55
Working part-time for an employer	48
Student and working part-time	58

Personal monthly income by indices

R1 – R2 999	50
R3 000 – R5 999	51
R6 000 – R9 999	52
R10 000 – R24 999	57
R25 000 or more	63

Which of the following best describes you?

BY INDICES

55	*I am the main financial decision maker in my home*
51	*I jointly make financial decisions in my home with someone else*
50	*I have some say in the financial decisions made in my home*

Industry by indices

Agriculture, forestry, fishing and hunting	57
Mining, quarrying and oil and gas extraction	57
Construction	55
Manufacturing	53
Wholesale trade	61
Retail	53
Transportation and warehousing	50
Utilities (Provide basic amenities including natural gas, electricity and water)	58
Telecom, information technology, broadcasting, or data services	57
Finance and insurance	61
Real estate (Rentals and Sales)	63
Professional and business services	55
Educational services	50
Healthcare and social assistance	48
Arts, entertainment and recreation	53
Accommodation and food services	49
Government	56
Armed forces	49