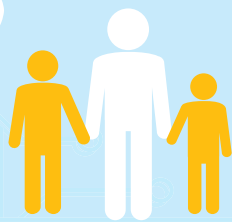


The 2014 Barclays Africa Prosper Report Endorsed by  
Professor Monde Makiwane (Human Sciences Research Council)  
and Dr OD Chemere-Dan (Africa Strategic).

# Africa Prosper

Future youth drivers  
of the African economy



## Foreword: Maria Ramos

Barclays Africa is committed to making a positive impact on society. Creating prosperity for our customers, colleagues and stakeholders is at the heart of our purpose as a bank. This is because we believe that by becoming the enabler of more inclusive economic growth we will ensure the sustainability of our own business, the communities we serve and the countries in which we operate.



Maria Ramos: Chief Executive Officer, Barclays Africa Group

This report carries the results of a survey commissioned by Barclays Africa in which 7 000 people from 11 countries were asked what it means to 'prosper'. The survey provides invaluable insights into what is important to people, their dreams and aspirations - essential intelligence if we are to contribute to building strong and sustainable economies on the continent.

The results are fascinating, and underscore the fact that Africa's rising middle-class is effecting positive economic and socio-political transformation. What is particularly noteworthy is that nearly 80% of the respondents are between the ages of 18 and 35. This is significant because Africa has one of the highest youth populations in the world.

There is a remarkable similarity in the aspirations and hopes of the respondents even though they come from 11 different countries. The results highlight the fact that as Africa's young and emerging middle-class continues to develop and grow, they are expressing their economic power in new ways, for example prioritising long-term financial security through investing and education.

Equally interesting is the fact that books and computers are at the top of each respondent's list of what would help them progress, while savings are considered to be the primary vehicle to achieve financial freedom to prosper and achieve specific goals.

The survey opens up a new chapter in our pan-African brand campaign, Prosper. Under the banner of the campaign we have sought to understand what prosperity means to people and how we can help them achieve their ambitions – in the right way. Our premise is that, as our customers prosper, so do we. Their dreams and our goals are ultimately interconnected.

The survey is an attempt to deepen this conversation and to get a better understanding of what success means to people, and how their individual aspirations are shaping the future of Africa.

The report, produced in partnership with Columinate, a leading online research company, and in association with Professor Monde Makiwane from the Human Sciences Research Council, is the largest online bespoke survey in Africa about prosperity.

We hope the findings will contribute to the growing body of knowledge about Africa's socio-economic trends – specifically as it relates to prosperity and the financial aspirations of ordinary people. Gaining deeper insights enables all stakeholders to respond in ways that can better enable the continent to fulfil its potential.



The rising African middle-class polled in the 2014 Barclays Africa Prosper Report are change agents of positive economic and socio-political transformation in Africa. As they progress in their prosperity goals, their economic power is likely to find expression in new ways.



# Barclays Africa Prosper Report 2014

## Executive Summary

At the centre of the Barclays Africa 'Prosper' campaign was the question, 'What does it mean to prosper?'

Barclays Africa is among the leading banks on the continent with a presence in 14 African countries. The 2014 Barclays Africa Prosper Report captured what 'prosper' means to Africans in 11 of those countries. An online survey investigated the views of more than 7 000 respondents from South Africa, Zambia, Botswana, Kenya, Ghana, Mozambique, Seychelles, Mauritius, Tanzania, Uganda and Zimbabwe.

While there were areas of convergence and difference, the survey showed that there is a new understanding of prosperity – one that transcends the confines of traditional family or community structures.

### Methodology

The survey was designed and deployed via online research specialist, Columinate, to an online research access panel as well as to targeted social media channels in each country. Data collection ran from 14 April 2014 and was concluded on 8 August 2014. A total sample of 7052 was achieved. Eight of the 11 countries had more than 500 respondents. The Seychelles had a sample of 82, Mozambique 309 and Tanzania 416. The Human Sciences Research Council contributed perspectives from the social sciences to the study. The Council's analysis team drew from theories and patterns of economic and social transition to analyse and interpret the data and the findings of the survey.

### Findings: Future drivers of Africa's economic growth have their say

The current phase of demographic and social transition in Africa is typified by a youthful population and a rapidly growing middle-class. Africa has a chance of taking advantage of this social change to achieve new levels of economic growth and human development. Seventy-eight percent of the survey respondents were between 18 and 35 years, representing a significant portion of the 'youth bulge' – the future drivers of the African economy. The youth bulge is a common phenomenon in developing countries where a large share of the population comprises children and young adults thanks to decreasing infant mortality and high levels of fertility.



## What does it mean "to Prosper"?

Across the 11 African countries, 73% of those surveyed indicated that they were familiar with the term "prosper". To prosper, they said, mostly means "to be successful", "to be fortunate" and "to thrive", especially in terms of personal finances, but also in terms of health, career satisfaction, spiritual wellness and happiness. Spontaneous definitions of what prosper means to each individual also revealed a commonality across the continent: 39% defined it as achieving one's goals or dreams in life and 22% associated it with financial success.

Financial success was consistently ranked as the top short-term and long-term priority by just over half of the respondents (53%). But when asked in what aspects of their life they are prospering at the moment, only 27% said they are truly prospering financially. While this

was consistent for most countries, significantly more Tanzanians (41%) claimed that they are prospering financially. South Africans (37%) and Mauritians (31%) also showed higher levels of financial prosperity compared to the average.



To prosper, Africans need to achieve financial freedom (53%) now and in ten years' time.



## Savings – a major factor of prosperity

Most of the respondents were found to be focused on the future. One of the most important findings of the survey showed a high level of savings and investment. As many as 49% of all respondents said they would invest or save an extra US\$100 if they had it, 14.7% would use it for education and skills-related expenses and 13.2% would use it to pay off their debt. This indicates good saving intentions and a readiness to make sacrifices for education and training as a strategy for prosperity.

Ghanaians (62%) and Kenyans (63%) were more likely to invest additional funds compared to the overall score. South Africans were less likely to invest (27%) and were only slightly more inclined to pay off debt (31%).

### Barriers to prosperity

The three major obstacles to financial prosperity reported by survey participants included a lack of finance (68.9%), a lack of opportunity (50%) and a lack of financial advice (26.2%). A lack of finances was a more prominent barrier in Zimbabwe (75%) and Kenya (72%). An interesting finding was how the reports of the self-employed (who are a distinct category of entrepreneurs) differed significantly from others.

### Helping achieve prosperity

The survey asked respondents what they would buy themselves to assist them in their journey towards prosperity. Almost a third (30%) said that they would purchase a computer, while 24% indicated they would purchase books. Interesting differences between the countries emerged in this regard: Botswanan respondents preferred books (30%) over computers, while the need for a computer was more prominent in Uganda, Zimbabwe and Kenya. Lower percentages of participants from Seychelles, Mauritius and South Africa reported a willingness to buy books than those from other countries in the study.

### Seeking advice

Overall, 48% of respondents indicated that they would first consult a bank for advice on how to prosper financially, followed by a family member and the internet (both at 10%). Asked how a bank could help towards achieving financial prosperity, most said that banks should clearly explain their savings (56%) and loan (34%) options and develop products to create financial security for themselves and their families (41%).

### In a nutshell

The survey highlighted that the understanding of “prosper” very strongly correlated with financial freedom - this was consistently mentioned across all participating countries. While the countries differed in terms of economic prosperity, the survey indicated that the individual aspirations, barriers and goals are commonly shared when wanting to achieve financial prosperity.

This research reinforces the important role that financial services institutions play in helping customers achieve financial freedom.

It also highlights a confluence of events - a tech-savvy youth bulge, growing internet and mobile phone use, a willingness to work with banks and a large portion of unbanked or under-banked members of the population – that could drive greater financial inclusion on the continent.

Both public and private sectors - including financial institutions, retailers and telecommunication companies – have a meaningful role to play to ensure Africa’s voice is not only heard but that the platform and tools to help Africans prosper are provided.



While lack of finances is a major barrier to prosperity (66%), this is also the easiest aspect of their life to change (37%).



## Top 3 Findings

### The news in the survey

Financial success and freedom is a priority



Prosperity for Africans means achieving financial success, now and in 10 years' time.

It is clear from the insights gained in this report that financial success and freedom is a short and long-term priority for Africans. This takes precedence over physical health, career satisfaction and family time, and it is a major barrier to prosperity.

Access to funds would further prosperity



Investment and financial inclusion seen as vehicles to prosperity.

Because prosperity is strongly associated with financial freedom, investing surplus cash and having access to funds would help Africans achieve their long-term goals. Niceties and luxury items are not priorities.

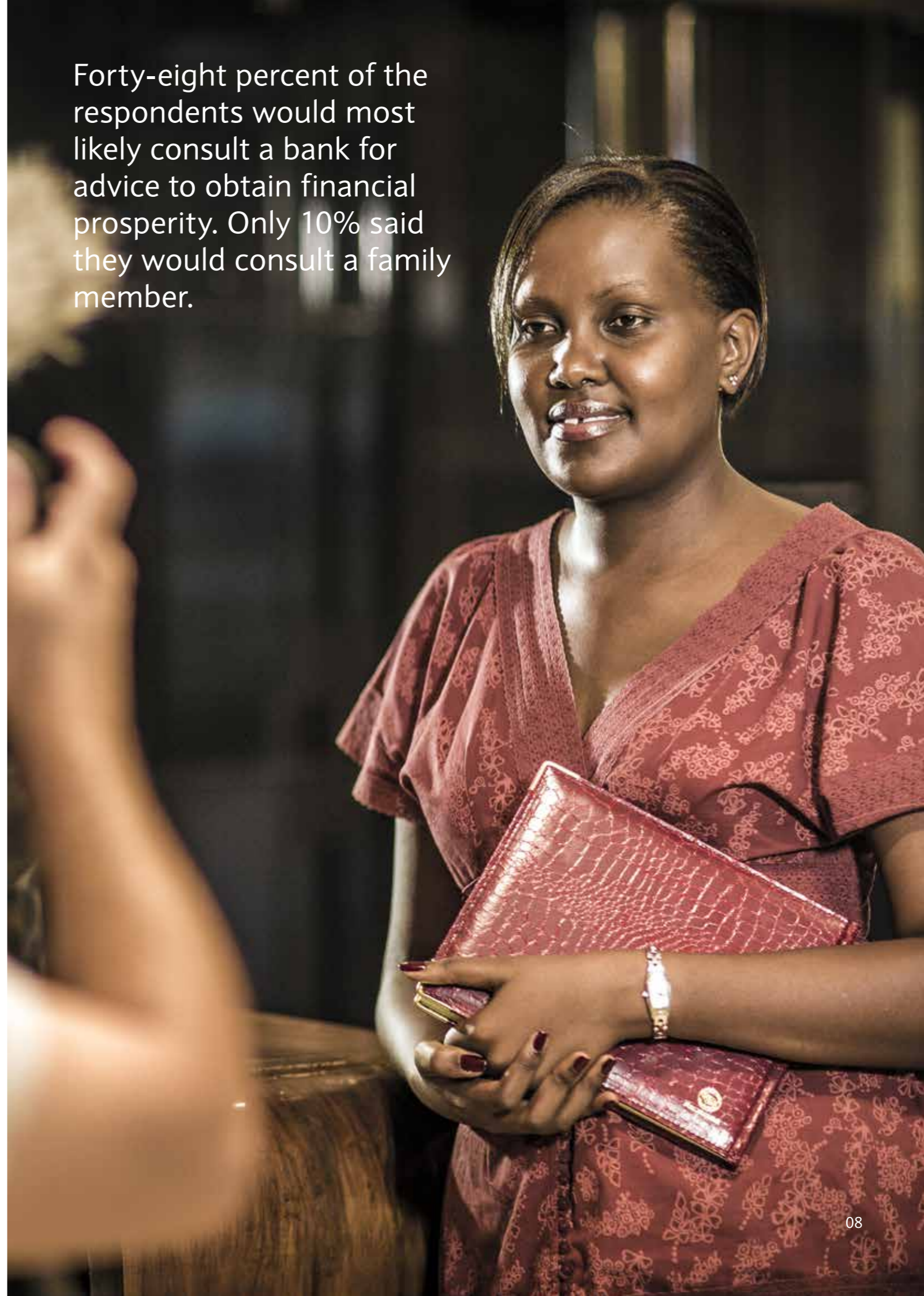
Educational-enabled tools help with financial prosperity in the long term



Education is a driver for Africans to prosper.

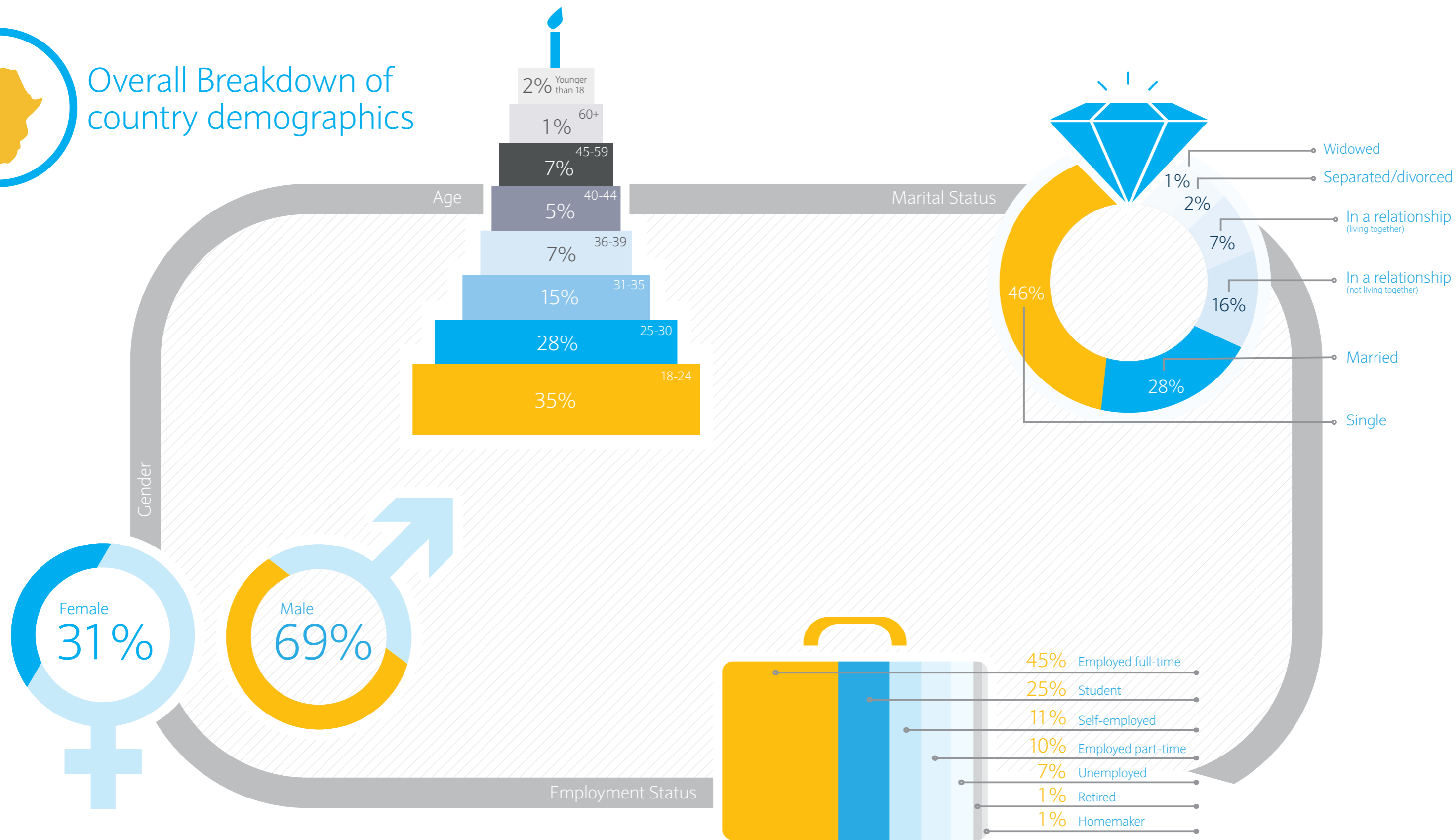
Books and computers are at the top of each respondent's list of what would help them to prosper further. These are educational tools which can, in the long term, assist them to prosper.

Forty-eight percent of the respondents would most likely consult a bank for advice to obtain financial prosperity. Only 10% said they would consult a family member.





# Overall Breakdown of country demographics



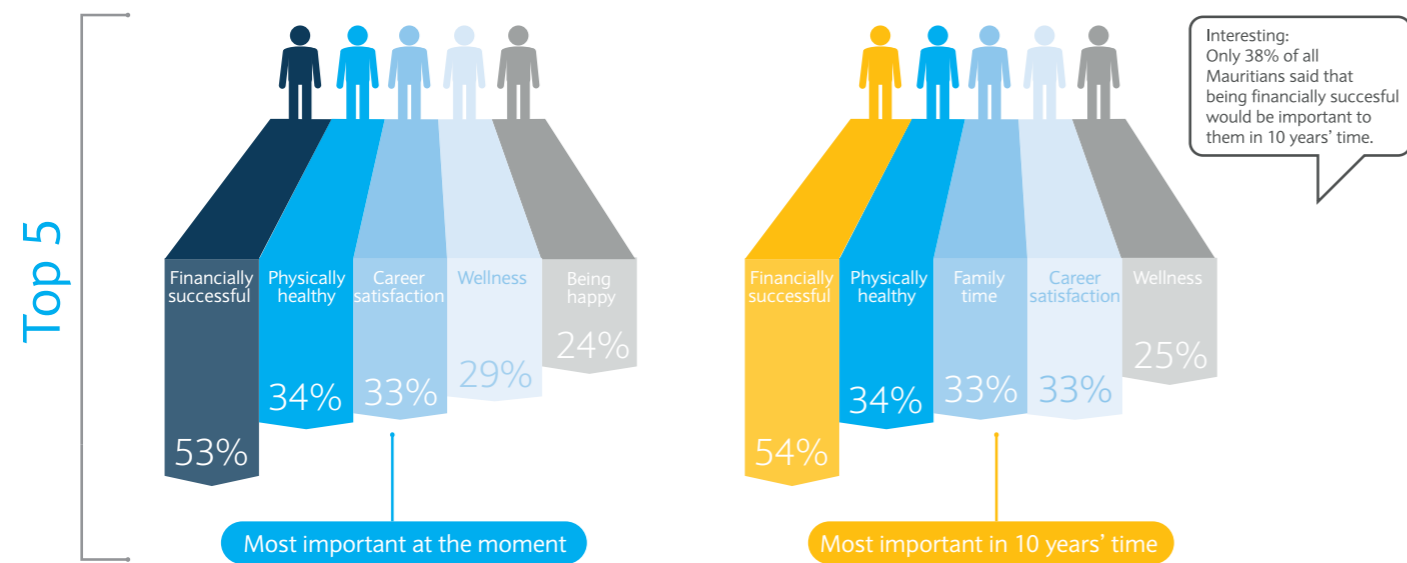
The demographic was also strongly weighted by those who are young, single and have a job – tomorrow’s parents and decision makers.

The youth bulge presents these countries with an unprecedented opportunity to deepen their human capital. Having the right policies and institutions in place and the rising share of working-age people in the population can boost economic growth.

# What does it mean to Prosper?

A high income does not guarantee financial freedom, however, spending less than you earn does. For the Africans surveyed, financial success was the most important immediate and longer-term goal, with many placing a high value on financial freedom as a means to prosper. This goal was consistent, despite the fact that many of those polled did not have ready access to finance.

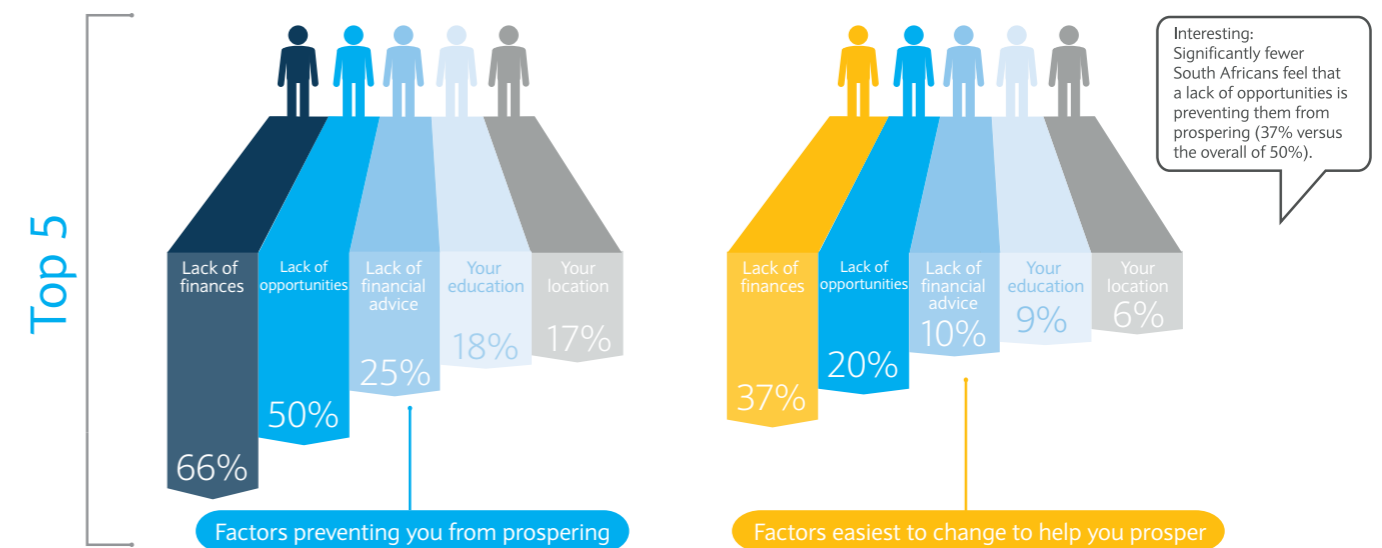
Key findings:  
Financial freedom is a short- and long-term priority.



## What is preventing you from prospering?

Lack of finance prevents a large number of Africans from prospering. This essentially points to the fact that a lack of finances will limit one's opportunities to move forward in life. However, most respondents feel the lack of finances can be changed, it's therefore not seen as a permanent state but one that can be altered. Half of the respondents said a lack of opportunities was an obstacle to prospering and 25% said a lack of financial advice was preventing from prospering.

Key findings:  
Interestingly, while a lack of finances is a major barrier to prosperity, most feel this is the easiest to change.

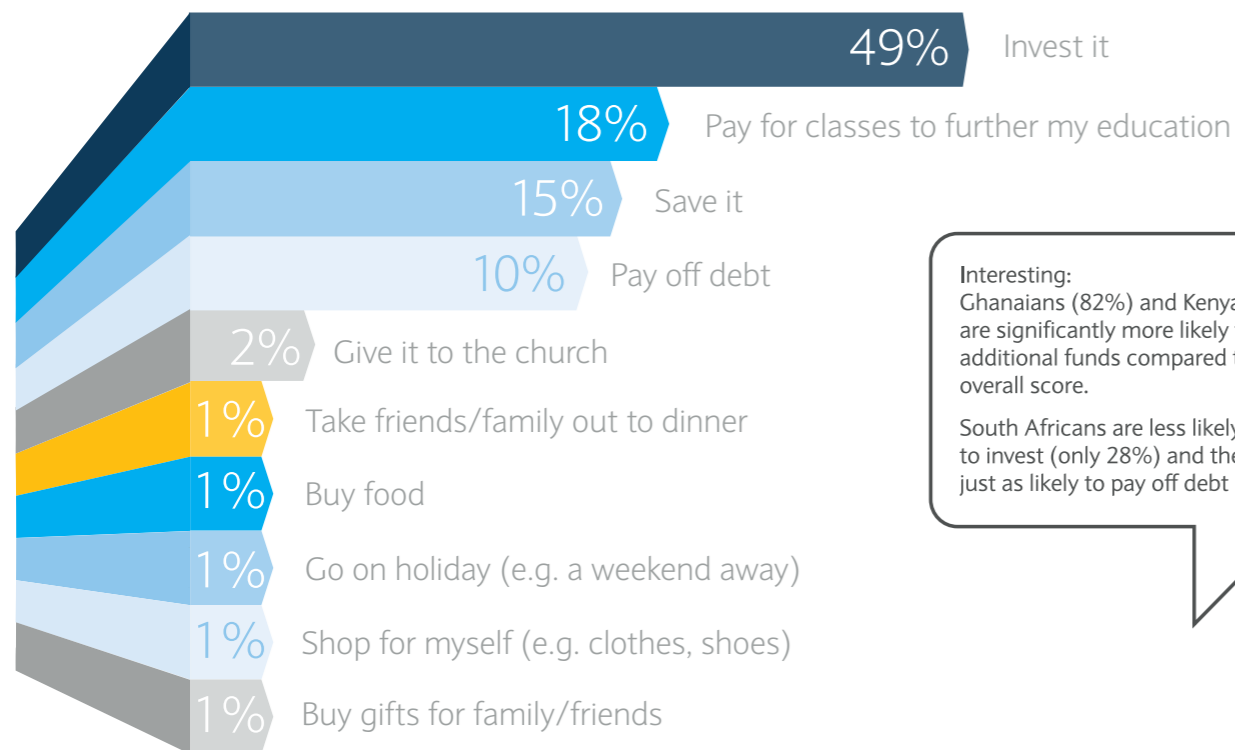




## Investing

The majority of respondents focus on the future, long-term goals and on investment.

If you had an extra US\$100 at the end of the month to spend, what is the ONE thing that you would do with it to prosper?



Interesting: Ghanaians (82%) and Kenyans (63%) are significantly more likely to invest additional funds compared to the overall score.

South Africans are less likely to invest (only 28%) and they are just as likely to pay off debt (also 28%).

People work hard for their money and want their money to work hard for them. In the context of prosperity, investment, education and savings are seen as the main routes to financial freedom – and to opening the doors of opportunity. Saving keeps money for emergencies or short-term goals. Investing requires more discipline over a longer-term to ensure that money grows in real terms, and is mostly tied to bigger goals, including education, housing and retirement planning.

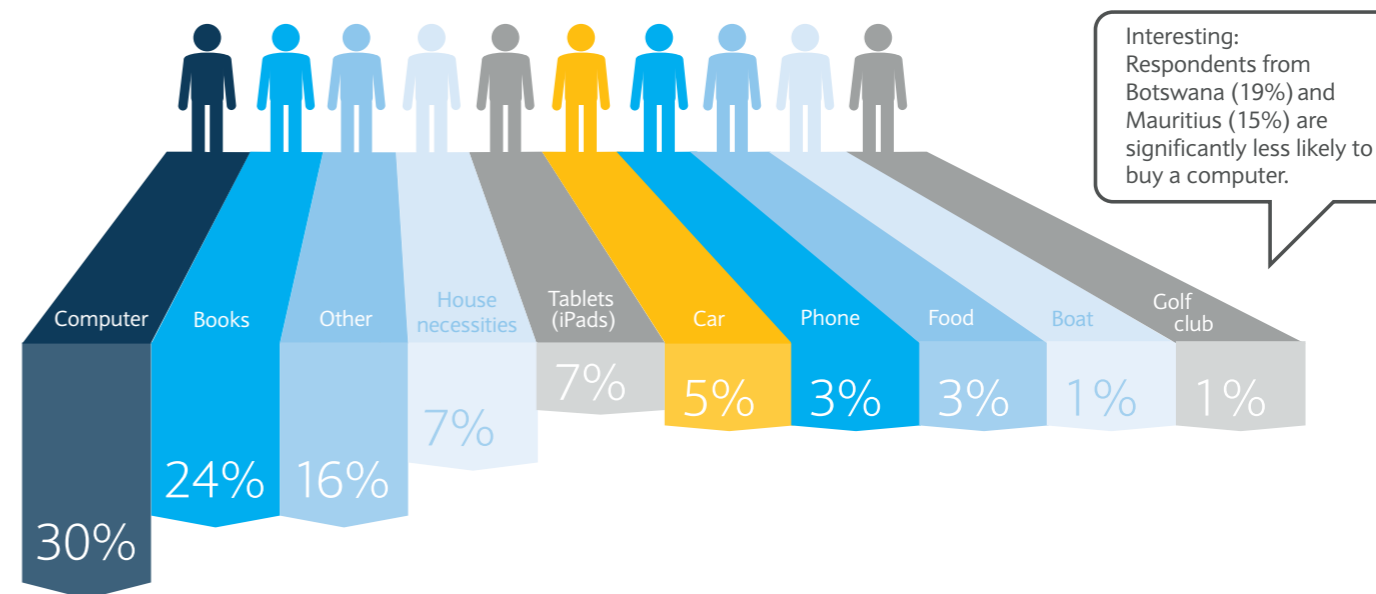


## Instruments for financial freedom

Relative to the developed world and many other developing markets, IT penetration and literacy rates are low. The fact that computers and books were seen as the top two ways to help one prosper in life demonstrates the extent to which connectivity and education remain priority areas on much of the African continent. Education is a recurring theme across the board - although it features differently across various survey answers.

## Financial freedom – a computer is most likely to further respondents' education

If you were to buy anything for yourself to prosper, what would it be?



Interesting: Respondents from Botswana (19%) and Mauritius (15%) are significantly less likely to buy a computer.





## Independent Analysis

By Professor Makiwane of the Human Sciences Research Council  
and Dr OD-Chemere-Dan of Africa Strategic

### Executive Summary

The 2014 Barclays Africa Prosper Report captures the prosperity perspectives, experiences and life strategies of Africa's growing and young emerging middle-class, who holds the key to accelerated economic growth and transformation in Africa.

It addresses critical issues of financial behaviour and prosperity that have either been missed or poorly measured by previous social and financial surveys in Africa. Although some results from the report confirm findings from other location-specific studies, this is the first survey of its kind to collect this specific set of information in a comparative study of 11 African countries.

The findings of this study provide valuable insights into the different dimensions of financial and related patterns of behaviour in contemporary African societies. In the wider spheres of policy-making and financial services, this study has introduced - albeit indirectly - a bold perspective of Africans as informed and capable co-creators of wealth on their continent. These findings will have profound implications on how economic development and financial services are packaged and presented to people in Africa in years to come.

Africa constitutes a sizeable portion of the global market with its share of general and unique risks and opportunities. Even though regional economic growth is vulnerable to the fluctuations in the global markets, many analysts remain optimistic about the economic prospects for sub-Saharan Africa. A combination of demographic and social dynamics has, at least in part, given rise to two notable patterns that attract regional and global attention to the African market.

First, the current phase of the demographic transition in Africa is contributing a growing sub-group of young, economically active Africans who are better educated and not as digitally disadvantaged as the generations that preceded them. Studies by demographers and economists have identified this new generation as the potential vanguard for accelerated economic growth and human development in Africa.

This phenomenon is referred to as the African youth bulge.

Second, Africa is set to follow Asia's saving boom. Several decades ago, Asia experienced a similar youth bulge. Asia capitalised on this by creating employment opportunities and mobilising the youth to save, thereby boosting per capita savings. Encouragingly, one of the most significant findings from the Barclays Africa Prosper Report is the high level of savings and investments reported by participants. As many as 50% of respondents would save or invest to help them prosper financially. This needs encouragement.

If given US\$100 to help them prosper, 49% of respondents would invest it.





## Technology as a driver of change

Another related feature of the African market is the phenomenal growth of the middle-class. This will draw more attention to African economies as centres of strong economic growth. The sizable and growing African middle-class are not merely comfortable with modern technology – they experience large parts of their social and professional lives as active participants in the global internet community.

Both the internet and new and developing mobile phone technology are increasing the importance of this generation as agents of social transformation and wealth creation in different sub-regions of Africa. Although remarkable progress has been achieved in understanding the profile of those who use the formal financial sector, there is still an urgent need to better understand the complex processes involved in how people formulate and implement their personal financial and prosperity strategies.

This information is essential if Africa is to benefit from the potential development dividends implied in its current and demographic profile.

Against this background, the 2014 Barclays Africa Prosper Report has filled an important knowledge gap in the African market. It has moved forward from merely a general interest in the expanding, youthful population and emerging middle-class – it has explored their patterns of economic and financial behaviour. The report addresses critical subjective dimensions of their financial behaviour and prosperity strategies that have either previously been missed or poorly measured by other social and financial surveys in Africa.

### Methodological approach

The aim was to contribute social science perspectives to this study, which was conceived and implemented in the domain of traditional market research. We approached the study with a research interest in the behavioural correlation to economic and social transition, with our analysis drawn from theories and patterns of economic and social transition to interpret the data.

From this framework we draw attention to three points this survey.

### Innovation, trust, further investigation

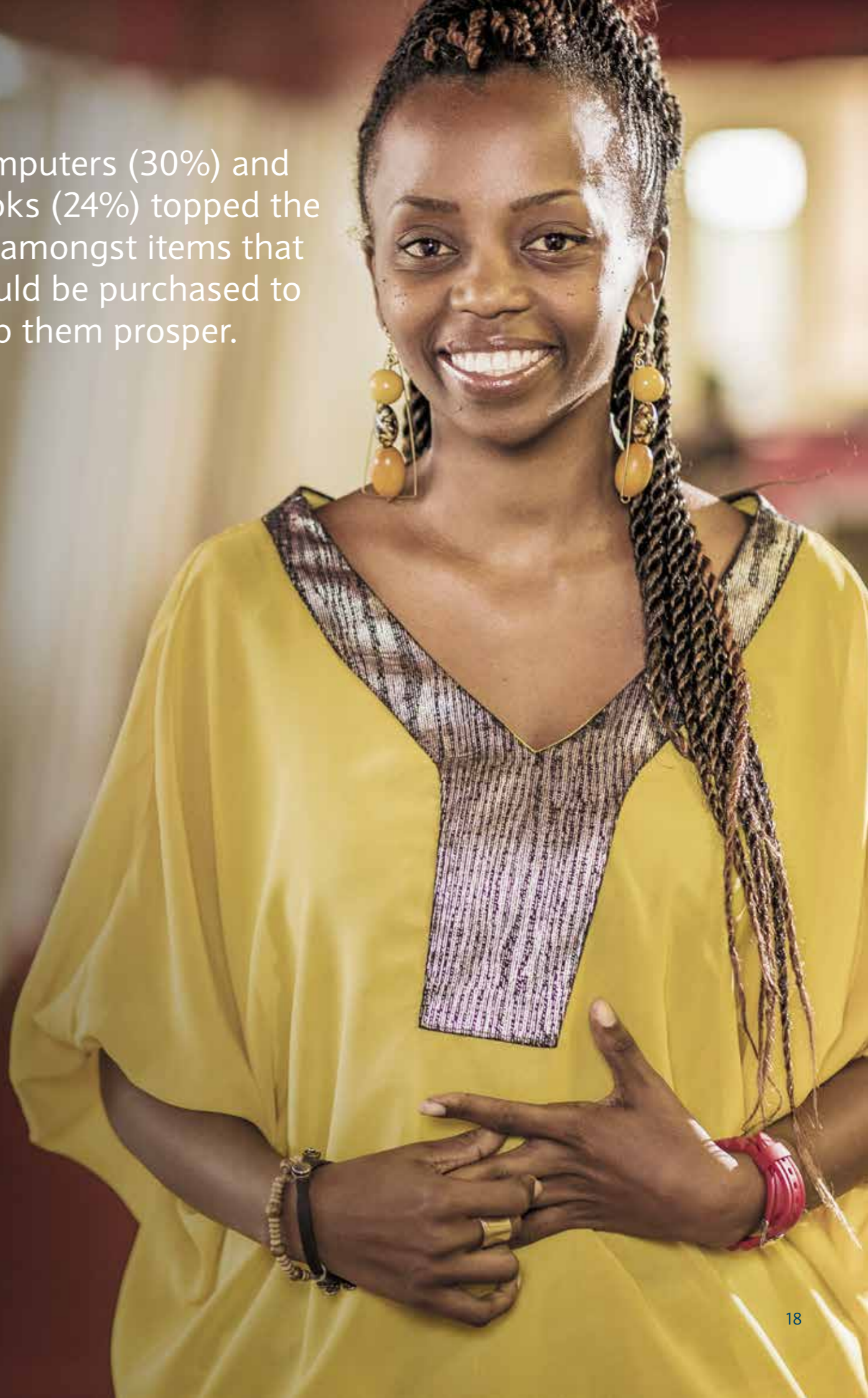
Firstly, the commitment demonstrated by this project - to gain insight, understanding and preference about how to prosper - is an innovation.

Secondly, financial services providers that understand the prosperity ambitions of people, their constraints and success strategies are better positioned than others to win long-standing trust and loyalty from the emerging generation of Africans.

Lastly, this study was not immune to the basic problems associated with social data collection in Africa. Some of these challenges for this particular study arose as a result of the internet-based survey and self-selecting respondents. These and other methodological issues remain areas of intensive investigations among social and market research specialists.

As much as possible, our observations are wrapped around the key substantive findings of the report.

Computers (30%) and books (24%) topped the list amongst items that would be purchased to help them prosper.





## Selected findings and contributions of the report

### *On understanding of what it means to prosper:*

The central concept in this study was framed in a way that has not been common in many social studies of human and financial services in Africa. Overall, for many people in this generation, materially providing for a culturally defined family alone was no longer enough for assessing prosperity. Respondents did not understand prosperity narrowly in terms of having certain material possessions. Their concept of prosperity incorporated additional sets of broad goals around which they organised their private lives and professional careers.

Banks can help explain savings products – 51%.



**On current and future priorities:** Being financially successful was the most common priority. In addition, fairly similar percentages of the participants in different socio-economic categories reported financial success as their priority.

**On experiences of prospering:** Substantively, only 13.5% of all respondents indicated that they were not prospering at all; 31.5% classified themselves as mildly prospering and 11.4% reported that they were significantly prospering. Unemployed participants (32.8%) and those with no financial decision-making roles in their households (25.0%) were among those who indicated that they were not prospering. These findings are open to different interpretations depending on the perspectives of an analyst on the issues raised in the previous paragraph.

**Financial behaviour and a prosperity strategy:** A vital finding from the report was the high level of intent to save and invest. Related to this intention was the overall level of sacrifice that respondents would be prepared to make to achieve their prosperity goals.

**On how respondents expect their bank to help them to prosper:** From the patterns of responses received, participants had two major groups of expectations from a bank. In the first group these included: a need to have saving options explained to them; a need to receive a higher return on their money; and a need for packages of financial security against uncertainty for their families. Another group of expectation indicated by significant proportions of survey participants included discussion around loan payment options, help with getting a home loan and buying a house, appointing a personal adviser and explanations about interest rates.

### Concluding remarks

The 2014 Barclays Africa Prosper Report successfully captured a composition of respondents that are of a young age – consistent with the pattern of communication technology use on the continent. Young people are the most technologically savvy and thus also the most likely to have their voices heard beyond the confines of their immediate community and political boundaries. Given that Africa is at the relatively early stage of a youth bulge, the economic, social and political effect of this group will be increasingly felt in all sub-regions of the continent in the future.

Beyond the specific results and issues highlighted here, the report expanded on the concept of prosperity in ways that takes the subjective understanding, experiences and strategies of people into consideration in the packaging of financial and related services.

The data suggests that a good number of the respondents would work with formal financial services providers to achieve their prosperity goals. This is an important result for financial services providers, especially against the background of concerns about the “un-banked” population and suggestions about the resilience of a culture of cash society and related patterns of financial behaviour in Africa.

On a wider, policy-making level, the report’s emphasis on understanding and partnering for prosperity - from the perspective of people - is in agreement with the vision for regional development and a number of important projects, including the new Africa 2063 initiative.



## Bobby Malabie: Group Executive:

Marketing, Communications, Citizenship and Public Affairs, Barclays Africa Group

Bobby was appointed to this position in February 2013, with responsibility on the Barclays Africa Executive Committee for Marketing, Communications, Citizenship and Public Affairs (MCCPA) across 12 markets in Africa. His prior experience in having led both front-end businesses and marketing functions positions him uniquely for this critical role, which focuses on growing and enhancing the brand and reputation of Barclays across the continent.

Previously, within Absa, Bobby held the positions of Chief Executive of Absa Business Bank and Chief Executive of Absa Retail and Business Banking.

Bobby started his career within the Unilever Group in South Africa, during which time he spent periods in the United Kingdom gaining international marketing management experience. On returning to South Africa, Bobby joined South African Breweries.

In 2001, Bobby joined Nedbank as Head of Personal Banking. After three years at the bank, Bobby was appointed Managing Director for Charter Life, a subsidiary of Liberty Life. Before joining Absa, Bobby held the position of Chief Executive of Marketing and Distribution at Liberty Life.

Bobby's academic qualifications include a BCom (Accounting) degree from the University of the North and a Masters of Business Administration (MBA) from Wits Business School. He has also completed a Management Development Programme (MDP) through Harvard Business School.



## Dr Monde Makiwane: Senior Research Specialist:

Human and Social Development research programme, Human Science Research Council

Dr Monde Makiwane is a senior research specialist in the Human and Social Development research programme at the Human Science Research Council (HSRC). He holds an MA in psychology from the University of KwaZulu-Natal, and obtained a PhD in demography from the University of Witwatersrand in 1998.

Before joining the HSRC in 2003, he was a lecturer at Walter Sisulu University. His areas of research interest include: ageing, fertility, teenage sexuality and social security. Dr Makiwane's publication record includes the authoring and co-authoring of a number of international and national conference presentations and a number of journal articles. His most recent work - published in the Journal of Aging and Social Policy - investigated the role of older persons in Mpumalanga households.



