

ATM withdrawals decrease

The slow economic growth, as well as the rising costs are now being felt by South African consumers. Statistics released by the Spark Cash Index (SCI), which measures the average value of cash withdrawals across more than 2,200 Spark Automated Teller Machines (ATMs) throughout South Africa, showed a decrease in ATM withdrawal levels for September 2013.



© Sashkin - Fotolia.com

The SCI revealed a month-on-month decrease of 0.79% in average cash withdrawal figures for September 2013 to R468.06. According to Ryan Tzamtzis, operations executive of Spark ATM Systems, the decrease follows a fluctuation in withdrawal activity experienced this year brought on by pressure on personal finances. Recently, the International Monetary Fund (IMF) lowered South Africa's median growth outlook to just 2%.

Tzamtzis points to September 2013 SCI statistics for wholesale site locations, which recorded the highest average cash withdrawal value of R481.50 for the eighth month in a row. Higher food and goods prices have resulted in many consumers opting to buy in bulk to save over the long run and the data validates that times are tough for most South Africans.

Prioritising spending

He says that as prices increase South Africans require more cash and need to draw higher amounts incrementally in order to keep up with rising costs. "This explains why we see strong growth in cash withdrawal values at wholesale locations, as consumers are prioritising their spending where possible.

"However, a decrease in national withdrawal values and decreases in other site locations illustrates that overall there is some form of cutting back, although the trend line over time illustrates an increase in cash withdrawals and reflects the strain being felt by consumers. This growth, however, is slow and mirrors the slow growth in the economy," says Tzamtzis.

Ronel Oberholzer, principal economist at IHS Global Insights, says that although the SCI data for September is a normal seasonal pattern, it also illustrates a slowing economy. "September is starting to reflect more pressure on personal

finances, especially with increasing food prices, petrol prices are still the highest ever, and property owners and tenants are experiencing increases in new tax rates on property and rental increases."

Strike action

She also says that growth for the second half of 2013 has slowed because the South African economy is struggling. "Currently, there is little investment because of a lack of confidence in the economy. Industrial strike action continues, resulting in a loss in production as well as less wages for workers who, therefore, have little money to spend and this is impacting withdrawal activity for this sector."

"The country has suffered a high number of strikes this quarter and the lengthy duration of the industrial action and its effects on the economy will likely keep ATM withdrawal activity slow for the next few months. We should, however, see an upward spike during the festive season in December 2013," Tzamtzis concludes.

For more, visit: <https://www.bizcommunity.com>