Standard Chartered

press release

Kenya's emerging affluent missing out on a potential 42 per cent uplift in savings

This rising consumer class could make more on their savings by changing how they manage their money and reach their goals sooner

25 April 2017, [Kenya] – Emerging affluent consumers in Kenya could boost their savings by an average of 42 per cent if they move from a basic savings approach to a low-risk wealth management strategy, a study by Standard Chartered shows.

The emerging affluent are consumers who are earning enough to start saving – and investing – and that's what makes them a crucial engine of economic growth.

The *Emerging Affluent Report – The Race to Save* reveals that this rising consumer class is losing out on savings as a result of an overly simplistic approach to their personal finances; in some cases, cash is sitting under mattresses instead of in bank accounts.

The study reveals that though they are saving regularly, the emerging affluent are relying on a basic approach to saving money, which could add years to the amount of time it takes them to achieve their savings goals. The adoption of more advanced saving methods, such as investments, remains low with basic savings methods mainly savings accounts, time deposits/fixed-term deposits and regular savings plans being the most popular.

In a global report released in Singapore today, the Bank recommends a switch to a low risk wealth management investment strategy. "The emerging affluent in the markets surveyed are avid savers, setting aside, on average, 27 per cent of their income every month. This well-engrained savings behaviour is the first step towards building financial stability and achieving their savings goals. The next step is to understand and choose the right products that will help them achieve these goals, within the expected timeframe. A broader approach to savings and investing – which could include a mix of highly liquid products like savings accounts and longer-term investments – could help them to achieve their goals sooner," said Mr. David Idoru Head of Retail Banking Kenya and East Africa while commenting on the findings.

The study which involved 8,000 emerging affluent consumers in Kenya and eight countries in Asia finds that home ownership and children's education are top savings priorities for most individuals – ahead of retirement. Saving for life after work only comes out on top for the 45-55 year olds, except in India, Kenya and Pakistan, where children's education is the priority for almost all age groups.

Speaking during the launch of the report Ms Karen Fawcett, CEO of Retail Banking, Standard Chartered Group said: "These ambitious consumers have pressing reasons to save: longer life spans and the rising cost of education, health care and home ownership. With access to the right information and simple, low-risk wealth management solutions, they will have a better chance of achieving their goals of owning a home, funding their children's education and putting enough aside for their retirement."

The study recommends adoption of Digital tools and services for the emerging affluents to help them to create, manage and grow their savings. "From budget tracking to online transactions and live chat, digital banking has evolved rapidly and is continuing to answer the changing needs of consumers worldwide.The emerging affluent who actively use digital tools are already reaping the rewards. In fact, frequent users save, on average, eight per cent more of their income than those who use digital tools less often or not at all," the study concluded.

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Note to Editors

- Standard Chartered partnered with GlobeScan, an independent research agency to conduct the study
- Basic savings versus low-risk wealth management percentage was calculated by Standard Chartered's Wealth Management team

Standard Chartered

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