

More turn to formal banking services

Research: When choosing to open bank accounts, 41% of Media24 local titles readers say their newspaper influenced them...



Many South African lenders are rapacious... as an example of one victim of such a lender, a miner who took a loan of R1,000 ended up owing R20,000. (Image: Rod Baker)

The number of people in South Africa participating in formal financial services is increasing, 77% of readers of Media24's local titles are banked, and 20% are insured for something. Nearly half of the already banked readers consider advertising to be important when it comes to opening a bank account or switching banks, and 32% of signing up for new life insurance policies is influenced by advertising.

These insights were revealed in Wave 2 of Compass24's media currency research commissioned by Ads24 and conducted by Ask Afrika, to measure the readership and the audience profile of Media24's local newspaper titles.

"Local newspaper titles have a strong influence over their readers in terms of which financial services they select. The reason for this is that a great deal of trust is required in the institutions that manage one's money, and readers place a great deal of trust and loyalty in local titles, often seeing them as the voice of the community," says Andrea Rademeyer, CEO and Founder of Ask Afrika.

Debt rising

New unsecured loans nearly trebled since 2008. Consumers are not always aware of the potential risk of taking loans, and often do not understand all the terms and conditions, and interest rates applied. In tough economic times, the lure of fast cash is great, and there are many consumers who cannot resist the offer of an 'easy' loan.

There are also far too many people willing to take advantage of people in vulnerable situations, often crippling their 'victims' in debt.

Ripped off

[An article in *The Economist*](#) speaks about the rapaciousness of lenders using as an example a miner who was recently found to owe R20,000 on an initial loan of R1,000. South Africa has amongst the highest consumer credit in the world.

"South African consumers are struggling with rising interest rates, high inflation, rising debts, and job insecurity at a time when one in four people are without work. Even though South Africa is conservative in much financial behaviour, there is also a high-risk appetite," says Rademeyer.

Learning to be financially savvy

The readers of local titles are learning to be financially savvy, they are more likely to agree that it is important to be well insured for everything. They are also more likely to agree that financial security after retirement is one's own responsibility. Readers of local titles, on the whole, prefer paying cash for most things.

"Our local newspaper titles can play a necessary role in educating readers about sound financial practices, and warn them about potential risks.

Financial service advertisers have the opportunity to engage with finely targeted markets, and directly meet their needs through responsible advertising. In many cases, trust has been broken with a plethora of insecure lending. Through advertising campaigns that are transparent and educate the consumer, local newspapers offer a platform to rebuild trust through knowledge sharing about the benefits of more stable financial institutions," says Tania Barzu, Head of Trade Marketing and Strategy at Ads24.

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