

# 2023 was a somewhat better year for salaries and private pensions

More relief could be on the cards in 2024 with forecasts of lower inflation and interest rates



Source: [Flxabay](#)

The BankservAfrica Take-home Pay Index (BTPI), which tracks the average nominal take-home pay among approximately 4 million salary earners in South Africa, ended the 2023 year on a slightly better note as salaries and private pensions performed slightly better than in the previous year.

“The average nominal take-home pay was 5.6% higher at R15,409 in December 2023 compared to the R14,596 recorded in December 2022,” says Shergeran Naidoo, BankservAfrica’s head of stakeholder engagements.

However, the average nominal take-home pay in 2023 was only slightly better than the averages noted in 2022 and 2021, suggesting a sideways movement over the past three years.

With inflation on the rise during this period, salary earners have been worse off in real terms for the third consecutive year.

“This pressure on disposable income is evident in the dwindling retail sales growth, with real growth for the 11 months to November 2023 at 1.5% lower than the previous year, while passenger car sales have also contracted in 2023,” says Elize Kruger, independent economist.

The BankservAfrica data confirms that ongoing economic challenges have hampered companies' ability to pay inflation-related salary increases over the past 18 to 24 months. Significant increases in the operating cost environment, partly due to the impact of load shedding, as well as global factors, have taken a toll on companies' profits.

After declining for three consecutive months, annual growth in the average real take-home pay was flat in December 2023.

The real take-home pay at R13,732 in December 2023 was slightly higher than in November.

## Economic projections for 2024

For the year, average real take-home pay dropped by 4.7% compared to 2022, suggesting significant ongoing erosion in the purchasing power of salary earners.

With international oil prices and the rand exchange rate expected to be stable on an annual average basis in 2024 – and food price inflation forecast to moderate further – consumer inflation is expected to average around 5.2% compared to 6.0% in 2023. Lower inflation with a possibility of lower interest rates later in the year, could provide much-needed support to households, with regards to spending ability and confidence levels this year.



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StatsSA's latest Labour Force Survey (LFS) confirmed the indications from BankservAfrica's sample, which represents about 25% of the broad labour market. According to the LFS, 399,000 jobs were created in Q3, while the official unemployment rate moderated to 31.9%, down from 32.9% a year earlier.

Adjusted for weekly payments, BankservAfrica's sample signals that 430,000 more salaries were paid in Q4 2023, which should see the unemployment rate moderating further.

## Resilience amid economic fluctuations

The BankservAfrica Private Pensions Index (BPPI) slipped marginally in nominal and real terms in the last five months of 2023 but remained in positive territory on an annual basis.

"The average nominal private pension fell slightly to R10,606 in December compared to the previous month's R10,647 – however, still a healthy 5.7% higher than a year earlier," says Naidoo. In 2023, the average private pension of R10,657 was 6.8% higher on a year-on-year basis, signalling the purchasing power of pensioners represented in the BankservAfrica database had endured even in the high inflation environment.

Similarly, in real terms, the average BPPI increased by 0.8% in 2023 beating inflation levels. The value of total take-home pay and private pension payments processed by BankservAfrica in December 2023 increased by 6.0% and 0.8% in nominal and real terms, respectively, compared to a year earlier on a non-seasonally adjusted and smoothed basis.