



**NINTH ANNUAL CONFERENCE ON
ECONOMETRIC MODELLING FOR AFRICA**

**30 June
to
2 July 2004**

**Changes in the determinants of savings in South Africa:
Evidence from panel data**

Marinda Koster
Ilse Botha

Changes in the determinants of savings in South Africa: Evidence from panel data

Marinda Koster
Randse Afrikaanse Universiteit

Ilse Botha

The insistent structural weakness in the our economy is that South Africans do not save enough and it is not only detrimental to the economy at large but it also significantly decreases the standard of living of individuals in the country (Muelbauer, 1999). The structure of the South African economy has changed as a result of changes in policy like financial liberalization, democracy and globalization and it is thus essential that the determinants of saving patterns in South Africa are re-examined.

In this paper, we will ascertain the determinants of savings since 1960. In order to do so, analysis techniques such as Johansen cointegration analysis, variance decomposition as well as impulse response functions will be incorporated. These determinants of saving will be compared to other countries and the differences will be discussed. Thereafter, the time period under study will be divided into various sub-periods, to determine the changes in the determinants of savings as well as any structural changes. As a conclusion an econometric analysis of a set of panel data will be explored.