



# Exploratory study: Financial behaviour of qualified financial professionals during South Africa's lockdown

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**Orientation:** Financial behaviour is known for the direct or indirect management of funds through *inter alia* spending, saving and borrowing.

**Research purpose:** This study aimed to investigate the financial behaviour of qualified financial professionals and how it compares with behaviour since the national lockdown regulations in South Africa were imposed in March 2020.

**Motivation for the study:** Several studies found that higher levels of financial knowledge are often associated with more desirable financial behaviour, but because of individual psychological resource differences, people in a similar economic situation may experience different levels of financial threat.

**Research approach/design and method:** An empirical study using a survey, which is supported by an underlying literature review.

**Main findings:** Survey results showed that most respondents do not track actual expenditure against budgets; however, this tendency changes with an increase in age. Financing through loans decreases with an increase in the age of respondents. Cash flow considerations were identified since the national lockdown regulations were imposed, addressed mostly by an increase in saving initiatives. Where qualified financial professionals use financial advisors, it is predominantly for advising on retirement and investment strategies. An association was found between the age of respondents and the likelihood of utilising the services of financial advisors for taxation savings.

**Practical/managerial implications:** It is recommended that the findings on how qualified financial professionals managed their funds prior to and after the national lockdown should be used as guidance by others.

**Contribution/value-add:** The study provides information that the lockdown did not necessarily result in major changes in the financial behaviour of the qualified financial professionals in the study.

**Keywords:** financial behaviour; qualified financial professionals; COVID-19 pandemic; lockdown; financial advisors.

## Introduction

### Orientation

Financial behaviour under individuals is known for the direct management of funds through *inter alia* spending, saving and borrowing (Hira 2012:503) or indirectly through the use of financial advisors. It is submitted that individuals with professional financial qualifications tend to directly manage their funds. Individuals with one or more of the following professional financial qualifications: Chartered Accountants (SA), Certified Financial Accountants (SA), Chartered Institute of Management Accountants (CIMA), Associate General Accountants (SA), Professional Accountants (SA) or Tax practitioners (SA) are hereafter referred to as qualified financial professionals in South Africa. Qualified financial professionals have ample financial knowledge and the competency to execute effective financial behaviour in managing their own financial affairs and those of others (CIMA 2019; South African Institute of Chartered Accountants [SAICA] 2021a, 2021b; South African Institute of Professional Accountants [SAIPA] 2022; South African Revenue Service [SARS] 2022). Several studies have found that higher levels of financial knowledge are often associated with more desirable financial behaviours, which in turn contribute

to higher levels of financial well-being (Hilgert, Hogarth & Beverly 2003:311; Hira 2012:503; Huston 2012:571).

In March 2020, increased coronavirus cases were identified in South Africa, and the country was placed on a hard level-5 lockdown. National lockdown regulations have been imposed, which entailed, among other things, that people were, for a specific period, only allowed to leave their homes to purchase essentials. The coronavirus soon became a worldwide pandemic (coronavirus disease 2019 [COVID-19] pandemic) (South African Government 2020). Apart from the psychological difficulties which the COVID-19 pandemic has caused, people's financial behaviour has also been influenced. In the context of the COVID-19 pandemic, Tull et al. (2020:4) noticed that containment measures, such as stay-at-home orders, may also increase concerns about individual incomes and the ability to maintain one's financial status.

Adamus and Grežo (2021:3) identified that people in similar economic situations may encounter distinct levels of financial threat because of differences in individual psychological resources. First and foremost, experiencing financial threat shapes behavioural responses to financial hardship, such as the commitment to adjust consumption strategies or using various adaptive and maladaptive coping strategies (Marjanovic, Fiksenbaum & Greenglass 2018:156).

## Research purpose and objectives

The purpose of this study is to investigate the financial behaviours of qualified financial professionals in South Africa and determine to what extent they use their professional qualifications and related competencies to manage their own financial affairs. The study further investigates how the financial behaviour of qualified financial professionals changed since the national lockdown regulations in South Africa were imposed in March 2020. The study was conducted in 2021, during the third wave of the COVID-19 pandemic in South Africa. The study results, therefore, focus on the financial behavioural changes of the individuals based on their own experiences from the first and second wave in South Africa, which approximates a period of 1 year in total.

The objectives of the study are to (1) determine the financial behaviour in terms of spending, saving and borrowing of qualified financial professionals in South Africa, (2) to determine to what extent their financial behaviour has been influenced by the national lockdown regulations and (3) to establish whether a change was seen in the financial behaviour of outsourcing financial services to third-party financial advisors.

Therefore, this study aims to investigate how qualified financial professionals managed their funds (directly or indirectly) before and after the national lockdown in South Africa.

## Literature review

### Financial qualifications and knowledge

Qualified financial professionals in South Africa are trained to be highly respected professionals with deep financial expertise and broad business insight. Many lead businesses in their capacity as CEOs, financial directors, board directors, business owners and strategic senior management, chartered accountants (SA), associate and general accountants (SA) and professional accountants (SA) use their knowledge of complex financial, technical and operational concepts to provide strategic direction to businesses and create long-term value for businesses, communities and economies (SAICA 2021a). Competency frameworks of most of these qualifications require its members to have different defined levels of exposure in *inter alia* performing internal and external audits, providing financial accounting services, taxation advice and services and developing financial investment strategies (CIMA 2019; SAICA 2021a, 2021b; SAIPA 2022; SARS 2022).

In a perfect world, long-term financial sustainability should be the centre of financial behaviours (Hira 2012:505). Financial behaviours include, *inter alia*, cash flow management such as drawing up budgets, different saving practices, namely emergency funds, investing for saving and retirement purposes, as well as borrowing for other purposes, for example, buying a car or a house (Hilgert et al. 2003:311; Hira 2012:503; Huston 2012:571). Research has shown that higher levels of financial knowledge obtained through professional qualifications are often associated with more desirable financial behaviours (Xio et al. 2014:600). Particularly for investment being a well-known financial behaviour, a sufficient level of investment literacy is important in making informed financial decisions for purposes of long-term well-being. Aboluwodi and Nomlala (2020:273) conducted a study on the levels of investment literacy of South African university students in business-related courses, such as those required for obtaining a degree towards a professional financial qualification. The findings indicated that finance-related students are more investment literate than non-finance-related students (Aboluwodi & Nomlala 2020:279). Nanziri and Leibbrandt (2018:1) also identified considerable variation in financial literacy by education, province, age, and race based on a study performed among South Africans.

### Types of financial behaviours

Budgeting control is one type of financial behaviour investigated by this study, which is utilised to manage spending to contribute to positive financial well-being. Some investigated budgeting as a tool for managing finances. Peetz and Buehler (2009:1582) found that individuals tend to underestimate their actual future spending when drawing up budgets, more often resulting in overspending. Another study by Hernandez, Jonker and Kosse (2017:107) identified a general need for budget control amongst individuals, with increased needs in a time of financial crisis. In this study, data were collected that provided evidence that budget control

plays a significant role in an individual's choice between different payment instruments, such as cash and credit cards. Individuals are more likely to use the instrument, such as a credit card statement, that they perceive to be most useful in tracking their budget.

Mortgage bonds, as another form of financial behaviour, play a significant part in the financial decision of individuals buying property compared with renting. Owning a house comes with additional costs, such as maintenance costs and rates, and taxes that would not have been payable if a person had been renting. Willows (2017) is of the opinion that owning a house is very much a South African thing, but also houses in South Africa are slightly more affordable, comparatively speaking to other parts of the world. Van Hemert (2010:485) found that housing and other goods consumption by individuals tend to increase between the ages of 20 and 25, and between the ages of 25 and 35, the average household tends to buy their first house. He also found that a variable-rate mortgage is preferred over a fixed-rate mortgage when deciding to take out a bond. Willows (2017) mentioned that although bond repayments can be variable to the interest rate, they continue to be constant over time. When constant mortgage bond repayments are compared with rent, rent tend to annually increase by more than inflation. She further states that this financial decision is very dependent on your neighbourhood and family situation and is worth to be considered in comparison with each other (Willows 2017).

Besides spending and borrowing, long-term saving should also be considered an important financial factor in managing funds. The efforts of long-term savings play especially a big role in times of distress, as the savings would be considered as a safety net to be used in times of need. A study to determine how self-assured South African workers are about their future retirement income suitability and whether behavioural characteristics have an influence on their perception of retirement readiness was performed by Reyers in 2018. The following behavioural factors were identified to play a role in retirement income adequacy: financial risk tolerance, future time perspective, good financial behaviour, and self-assessed financial knowledge. All of these were found to be positively related to individuals' retirement confidence (Reyers 2018:343). To what extent qualified financial professionals engage with retirement annuities will therefore be determined in the present study.

### **Pandemic implications on financial behaviour and related relief measures**

Adequate financial literacy can assist individuals in managing their financial behaviour activities even in challenging situations. A recent study conducted in the United States of America indicated that as the number of pandemic cases grew, households began to drastically alter their normal spending across several major categories (Baker et al. 2020). From a study carried out in Indonesia by Yuesti, Rustiarini and Suryandari (2020:894) on how financial literacy assists in

the depression resulting from the COVID-19 pandemic, it has been found that all financial attitudes, behaviour, and literacy variables positively affect financial literacy and well-being. This study defined financial literacy as the ability to properly understand money and finance and to apply this knowledge to make capable financial decisions. The study indicated that people who can apply financial literacy will change financial attitudes, which subsequently positively affects the financial welfare of a community. The study further revealed that improved application of financial behaviour leads to a greater increase in financial well-being.

Although ample financial knowledge can enhance qualified financial professionals' financial behaviour, Baker et al. (2020) mentioned that financial behaviour can still be influenced by challenging situations. Bernaola, Willows and West (2020:2) executed a study, which included finance students at a South African university (who were studying towards a professional qualification) as participants. The study investigated the relative importance of trait anger and trait anxiety in financial decision-making. It was identified that individuals with higher levels of anxiety were found to be more risk averse (Bernaola et al. 2020:17). An extraordinary occurrence such as the COVID-19 pandemic can lead towards increased anxiety levels in periods of financial difficulty. A study performed by Posel, Oyenubi and Kollamparambil (2021:12) evaluated the consequences of job losses and leave on the mental health of individuals in South Africa during the first and second waves of the COVID-19 pandemic in South Africa. The study showed that lower depression scores were associated with paid employment and job security during the national lockdown. Also, no mental health benefits were noticed with unpaid leave and paid leave had a robust and substantial positive effect on the mental health of adults. As a result of the uncertainties linked with the COVID-19 pandemic and job security not always being confirmed, it can be submitted that adults' mental health can be negatively influenced, leading to higher anxiety levels and subsequently impacting their financial behaviour. It would thus be expected to see a change in financial behaviour during or after the lockdown period in South Africa.

A study performed by Gade, Goli and Ratnaker (2021) in India investigated the financial behaviour of households before and during the COVID-19 pandemic. The respondents were required to state what percentage of income they used to spend before the COVID-19 pandemic and during the pandemic on several aspects such as health, education, basic needs, insurance, credit card payments and savings. The respondents indicated that they chose to spend more on health and insurance as they considered these elements as the most important in a scenario such as a pandemic. It was further identified that the respondents were not confident enough to manage their finances during a pandemic, and their savings were insufficient to safeguard them from the COVID-19 pandemic. This is associated with a study carried out by Kollamparambil and Oyenubi (2021:16) to analyse the COVID-19 pandemic preventative behaviour and the socioeconomic drivers behind the health-response

behaviour in South Africa, which indicated that older and more educated adults had bigger risk perceptions to get the coronavirus with significant concentration among the higher income groups.

Managing funds from a risk-averse perspective includes *inter alia* utilising debt relief opportunities in times of financial distress, such as the 3 month payment relief offered by financial providers during the lockdown period in South Africa (South African Government 2020). Where South African citizens experienced financial challenges during the COVID-19 pandemic, some major South African banks have put relief measures, such as 'payment holidays' in place to help clients who have been impacted directly by the COVID-19 pandemic. A 'payment holiday' is an agreement between the bank and the client to waive the client's debt repayments for up to 3 months. The only requirement to obtain the agreement was that the client had to be up to date with their financial commitments and conduct their bank relationship responsibly in prior years (South African Government 2020).

Similar relief aids were provided during the great recession of 2007–2009 to mortgage borrowers in the form of acceptable long-term reductions in required payments (Amromin, Dokko & Dynan 2020). The reasons for the assistance provided were because of inadequate resources to make required payments and being in negative equity as a result of a decline in house values (Foote, Gerardi & Willen 2008). During the great recession, homeowner assistance programmes were predominantly aimed at decreasing compulsory mortgage payments to meet a target payment-to-income ratio (Amromin et al. 2020). However, for the COVID-19 pandemic, rapid and substantial liquidity support was required. One way which will result in substantial mortgage payment relief is through forbearance. This entails lowering or cancelling mortgage payments for a limited period (Amromin et al. 2020).

### Use of financial advisors for managing funds

Although qualified financial professionals do have the literacy to manage their own financial affairs, it does not imply that they will look after these affairs themselves. A study by Calcagno and Monticone (2015) showed that as the financial literacy of investors increases, the probability of making use of a financial advisor also increases, irrespective of other factors such as wealth, age, years of education and experience with financial products. This finding is contrasted by a study performed by Zhang (2014:228) that showed that older investors and investors with higher funds levels tend to use financial advisors' expertise more often than others. On the performance of financial portfolios, Kramer (2012:424) found that there is not necessarily a significant difference between the performance of financial portfolios managed by advisors versus individual investors. However, he did find a difference in the composition of portfolios, which showed advised portfolios being more diverse than individually

managed portfolios. Therefore, it should be of value to investigate whether and to what extent qualified financial professionals make use of financial advisors to manage the funds of qualified financial professionals.

As derived from the given literature, limited studies have been published on the financial behaviour of qualified financial professionals in South Africa. This knowledge gap in literature underscores the importance of this study.

## Research design

### Research approach

The research approach followed in this study consists of an empirical study that is supported by an underlying literature review. The empirical approach of the study entails a survey among qualified financial professionals in South Africa. The related literature review focuses on the financial behaviour of qualified financial professionals, including changes because of a pandemic.

### Research method

#### Research participants

The survey was sent out to a sample population of qualified financial professionals in South Africa. The formal qualifications, which have been listed in the survey were as follows: Chartered Accountants (South Africa), Certified Financial Accountants (South Africa), CIMA (South Africa), Professional Accountants (South Africa) and other professional financial qualifications.

#### Measuring instruments, data collection and analysis

The web-based survey was performed using SUNSurveys. SUNSurveys is a survey platform made available by a large public university in the Western Cape, South Africa. The survey questions were newly compiled by the authors by assessing different issues relating to financial behaviour. A statistical advisor further analysed the survey questions to ensure the validity of each question or statement in the survey. After confirmation that all questions were valid, the survey was distributed by institutional e-mail to a sample population of qualified financial professionals. This sample population was identified by approaching companies and academic institutions for distribution to qualified financial professionals in their employment. A snowball distribution method was used. Researchers use snowball sampling in situations where the desire for inferential statistics that would impose strict sampling decisions are low (Butler & Butler 2018:4). This method of sampling was chosen as the goal of the study was to provide the results of the specific respondents and not to make inferences over a larger population group. Qualified financial professionals who were reached during the distribution process received an e-mail with a link to the survey. The respondents completed the survey directly on SUNSurveys. The respondents were required to answer all the survey questions, which included questions *inter alia* on the nature and use of the respondent's professional financial qualification, general financial behaviour, and to what

extent the South African national lockdown regulations have influenced financial behaviour, as well as questions on the use of third-party financial advisors. To determine the financial behaviour of qualified financial professionals, the issues as tabled in Table 1 were enquired about.

### Research procedure and ethical considerations

After all the data had been gathered, the data were consolidated into a data file, exported to Microsoft Excel, and processed by an independent organisation, the Centre for Statistical Consultation of a large public university in the Western Cape, South Africa. Ethical clearance was obtained from the REC: SBER of a large Western Cape public university. Respondent confidentiality was safeguarded in the survey. The survey required no disclosure of any personal information, and consequently, survey responses cannot be linked to individual respondents.

### Statistical analysis

Descriptive statistics such as frequencies, percentages and analysis of variance (ANOVA) tests were used to analyse the data. The statistical significance of the results was based on normal *P* and only related to the respondents in this study. Of the 182 surveys started, 61 surveys were completed resulting in a response rate of 29%. Table 2 sets out the results of the responses received to the survey, and Table 3 sets out the demographic composition of the 61 respondents who represent the sample.

Linder, Murphy and Briers (2001:50) are of the opinion that when a response rate of less than 85% is obtained, extra procedures for non-response are imperative. Regardless of the response rate, Blair and Zinkhan (2006:7) state that non-

**TABLE 1:** Issues covered in the survey for the assessment of financial behaviour.

Number	Description of issues
1	Extent of engagement with the following before and after the national lockdown: drawing up monthly budgets, tracking actual costs against budgets, and updating budgets according to new personal developments or significant changes in actual costs.
2	Extent of the use of financial advisors to manage the respondents' financial affairs before and after the national lockdown.
3	Funding of vehicles and primary residence.
4	Considerations regarding the sale of owned assets as a result of the national lockdown.
5	Extent of usage of the 3 month payment relief offered by banks in South Africa.
6	Monthly income consumption of respondents before and after the lockdown.
7	Extent of engagement with the following before and after the national lockdown: started or maintained an emergency fund, paid medical and insurance premiums, saved money for longer-term goals, took out educational insurance, contributed to a pension fund and/or a retirement annuity, purchased shares, saved into money markets, contributed to tax-free savings.

**TABLE 2:** Response rates for the survey.

Compilation of response rate	First e-mail		Reminder e-mail		Overall	
	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%
Number of surveys sent out	209	100	209	100	209	100
Opened the survey	168	80.38	14	6.7	182	87.08
Never completed	110	52.63	0	0	110	52.63
Incomplete responses	11	5.26	0	0	11	5.26
Response rate	47	22.49	14	6.7	61	29.19

response should be accounted for, particularly for studies using non-probability samples. Considering the response rate of only 29%, the non-response error was determined by comparing the early respondents with the late respondents. In the meta-analysis of Linder et al. (2001:51), it was identified that this method was predominately used in social science literature. The reason to compare the late respondents with those of the early respondents 'is based on the concept that subjects who respond late are similar to non-respondents' (Pace [1939] as cited in Linder et al. [2001:51]).

Accordingly, in this study, the 25% of the respondents who responded first were compared with the 25% of the respondents who responded at the last. The early and late respondents were compared based on their responses from the survey questions. None of the questions showed significant differences between the early and late responses. Therefore, the response rate of 29% was justified by the lack of non-response error.

The respondents' responses to the survey questions are statistically summarised in the next section.

### Ethical considerations

Ethical clearance to conduct this study was obtained from the Stellenbosch University Social, Behavioural and Education Research Ethics Committee (no. 16952).

## Results

### Discussion

All of the respondents from this study had one or more professional financial qualifications for periods differing between 3 and 5 years. In the survey, the respondents were required to indicate how often they engaged in budget control activities before and since the South African lockdown regulations were imposed. This was performed on a Likert-type scale ranging from 'never' to 'always'. Previous research using the full scale has provided evidence for its reliability and construct validity (Hilton & Devall 1997:247).

**TABLE 3:** Demographic composition of respondents.

Demographic category	Variable	Number of respondents ( <i>n</i> = 61)	%
Age	< 30 years	10	16
	30–40 years	36	59
	40+ years	15	25
Gender	Male	19	31
	Female	42	69
Highest level of education	Bachelor's degree	9	15
	Honours degree	22	36
	Master's degree	26	43
	Doctorate degree	4	6
Geographical region	Western Cape	55	90
	Free State	1	2
	Gauteng	2	3
	Limpopo	2	3
	Northern Cape	1	2

## Budgets

With reference to Table 4, when requesting the respondents to indicate their frequency of drawing up budgets, it was found that 31% ( $n = 19$ ) of respondents, predominantly in the 30–40 age group, always drew up budgets before and after the national lockdown in South Africa was imposed. Monthly budgets were drawn up to some extent in order to track actual spending against budgeted spending by 62% ( $n = 12 + 9 + 17$ ) of the respondents, whereas 28% ( $n = 17$ ) of the respondents who draw up budgets always track their actual spending with that of budgeted spending on a monthly basis. This did not change significantly since the national lockdown in South Africa was imposed, as there was only a slight increase from 62% to 68% in the respondents who tracked their actual spending with that of budgeted spending on a monthly basis after the lockdown regulations were imposed. This is consistent with Hernandez et al.'s (2017) study, which showed an increased need for budget control in times of financial crisis. Of the 62% of respondents referred to here who drew up budgets, 28% indicated that they always update their budgets with changes in personal needs, which behaviour did not change from before and after the lockdown regulations were imposed. Furthermore, 69% of the 62% of respondents referred to here who drew up budgets before the lockdown regulations were imposed did this specifically for the purpose of having extra money available for saving, which increased to 72% of respondents since the lockdown regulations were imposed. Of this 72%, 33% of respondents are aged 40 and younger. This might be because the respondents had a experience similar to the respondents from the study of Gade et al. (2021) during the COVID-19 pandemic, where it was identified that the savings of respondents were not sufficient to protect them during the COVID-19 pandemic.

## Various behavioural activities

The respondents were further required to answer questions on various financial behavioural activities related to vehicles, their primary residence and their change in behaviour with these financial activities since the national lockdown regulations were imposed. More than 50% of the respondents, represented by the under 40 age category, indicated that they finance new vehicles through instalment sale agreements. In comparison to this, the respondents in the over-40 age category tend to purchase new vehicles in cash. This can be confirmed by the statistically significant link found in the respondents' results ( $P = 0.03$ ) between the age and the likelihood of financing new vehicles in cash. This showed

that as age increases, respondents are more likely to buy vehicles in cash. This possibly shows that respondents over the age of 40 are more reluctant to incur additional monthly expenses, such as instalment sale responsibilities, considering a mind shift towards retirement savings.

With reference to the respondent's financial behaviour relating to their primary residence, 74% of the respondents owned a house financed through a mortgage bond. It was identified that the higher the number of dependents in a household, the more likely the respondents are to finance the purchase of their current residence through a bond. This can be submitted to be associated with the additional expenses to be incurred for their dependents. Of all the respondents, 21% do not own a house but rent their primary residence. Where the respondents had one or fewer dependents in their household, they were more likely to rent a residence and not finance it through a bond ( $P = 0.01$  significant for the respondents' results only). This shows that respondents with two or more dependents in their household were more likely to finance their primary residence through a mortgage bond than those with one or no dependents. This is in accordance with Willows (2017), who stated that this financial decision (to rent or buy through a bond) is very dependent on a person's family circumstances.

The impact of the COVID-19 pandemic on the financial behaviour relating to motor vehicles and primary residences showed that only 5% of the respondents considered selling their motor vehicle or primary residence for cash flow purposes because of a negative financial impact. Seeing that the respondents are qualified financial professionals, it can be submitted that the risk of job losses or income would not necessarily have been high in this income group. However, it is notable that some did consider this financial behaviour for some liquidity relief during the COVID-19 pandemic, as it might have been because of personal situations. For those respondents who financed their motor vehicle or primary residence through either an instalment sale agreement or mortgage bond, 11% used the 3 month payment relief offered by financial providers during the lockdown period. This assistance programme was appealing as the design thereof was simple for borrowers to understand the qualifying criteria and apply for (South African Government 2020). Although not a very large portion of the respondents made use of this opportunity, it was a useful approach to at least provide some financial relief for a short period of time.

**TABLE 4:** Budget control activities.

Frequency	Drawing up		Tracking		Updating	
	Before lockdown ( $n = 61$ )	Since lockdown ( $n = 61$ )	Before lockdown ( $n = 61$ )	Since lockdown ( $n = 61$ )	Before lockdown ( $n = 61$ )	Since lockdown ( $n = 61$ )
Never	8	8	7	7	7	7
Rarely	10	9	16	13	11	13
Occasionally	11	13	12	15	11	10
Often	13	13	9	11	15	14
Always	19	18	17	15	17	17

## Monthly income consumption before and after lockdown

In the survey, the respondents were also asked to choose the item that consumed the largest portion of their monthly income before and since the COVID-19 pandemic in South Africa. The results are presented in Table 5. The following list has been provided: Education, general monthly savings, motor vehicle expenses, insurance, investments, mortgage bond or other expenditure. For 51% of the respondents, it has been identified that their mortgage bond payment consumed the largest portion of their monthly income before the COVID-19 pandemic. Only 46% of the respondents indicated this was the case since the lockdown regulations were imposed. This decrease resulted in increases in general monthly savings, as well as respondents spending more on investments since the lockdown. The slight decrease in mortgage bond expenditures might be because of the sale of properties since 5% of the respondents did consider selling their property or motor vehicle for cash flow purposes. Of all the respondents, 8% indicated that their motor vehicle expenditure was their largest monthly expenditure before the lockdown regulations were imposed, which decreased to only 5% of the respondents since the lockdown. The reason for the slight decrease might be because of some of these respondents selling their motor vehicles, as noticed in survey results earlier.

It is noteworthy that the survey results in Table 5 revealed that only 10% of the respondents indicated that the largest portion of their monthly income is used for investment purposes, while it would have been expected that more of the respondents, being qualified financial professionals, would be investment driven (Aboluwodi & Nomlala 2020:279; Xio et al. 2014:600). General monthly savings has been indicated by 11% of the respondents as their largest monthly spend, which increased to 18% since the lockdown regulations were imposed. With reference to the financial effect of the COVID-19 pandemic, that is, salary cuts, it might have influenced the respondents to plan upfront and save more for any possible future uncertainties. It was further identified that the older age group of respondents were more likely to increase savings since the lockdown regulations were imposed ( $P = 0.05$  for the respondents' results). This is in line with our previous finding that the older age group of respondents were more likely to make use of budgets and, thus, will plan to save for the future where possible. Although

**TABLE 5:** Monthly income consumption (largest portion).

Items	Before lockdown (% of respondents)	After lockdown (% of respondents)
Education	5	5
General monthly savings	11	18
Motor vehicle expenses	8	5
Rent	3	3
Insurance	10	10
Investments	10	11
Mortgage bond	51	46
Other	2	2

education did not seem to be the largest portion on which the respondents spend their monthly income, a slight correlation for the respondents has been identified between the number of dependents in a household and education being the largest portion of the respondents' monthly income.

## Financial activities for purposes of protecting and saving for unforeseen circumstances

The survey also provided a list of typical financial activities, which are submitted to be engaged with for purposes of protecting and saving for unforeseen circumstances. The list included building up an emergency savings fund, the payment of insurance premiums for cars, houses, and household items, payment of a monthly medical aid premium, saving money from your net salary for a long-term goal such as buying a car, house, future education, vacation etc., taking out education insurance where applicable, contributing to a pension and/or retirement (annuity) fund, the buying of shares and/or unit trusts and the use of money market and tax-free saving accounts. Respondents were required to indicate, using a Likert-type scale ranging from 'never' to 'always', how often they engaged with these financial activities before and since the lockdown regulations were imposed. The results are presented in Table 6 and indicate the percentage of respondents who engaged in individual financial activities. The results represent the total of the respondents' results per item for 'often, occasionally and always'. Some of these activities would not have necessarily always been used to the same extent by qualified financial professionals before and since imposing, as it might have been influenced and thus led to a change in the respondents' financial strategies.

As presented in Table 6, 48% of the respondents always (before and since the lockdown regulations were imposed) made use of an emergency savings fund. The respondents consider insurance to be very important to protect their assets in the case of damage. Of all the respondents, 93% always had car insurance and continued to have car insurance since regulations were imposed, whereas 85% and 82% of the respondents had and still have house insurance and household insurance, respectively, before and since the imposition of the regulations. Although national residential

**TABLE 6:** Financial activities for unforeseen circumstances.

Financial activities engaged in	Before lockdown (% of total respondents)	After lockdown (% of total respondents)
Emergency savings fund	48	48
Car insurance	93	93
House insurance	85	85
Household items insurance	82	82
Medical aid	95	93
Long-term savings	93	84
Educational insurance	13	13
Pension and/or provident fund	69	67
Retirement annuity	67	61
Shares and/or unit trusts	66	49
Money market	64	61
Tax-free savings	41	36

**TABLE 7:** The use of financial advisors before and after lockdown.

Use of financial advisors	Percentage of total respondents
Yes, before and after lockdown	38
Yes, but only after lockdown	0
No, but only before lockdown	12
Never	50

burglary decreased by 8.6% from 2018–2019 to 2019–2020 (Centre for Risk Analysis 2021), South Africa is still a country known for high crime rates. It can therefore be expected that South African citizens consider the payment of insurance premiums as a high priority in their financial behavioural strategies. The engagement in education insurance and the use of retirement and pension funds also remained more or less the same before and since the imposition of regulations.

It has further been identified that there was a slight decrease of 2% points in the engagement of medical aid since the lockdown regulations were imposed, as well as a slight decrease in long-term saving initiatives (such as saving for a car, education, house, and vacation). The respondents' investment in shares also decreased since the lockdown regulations were imposed, and 44% of the respondents did not invest in unit trusts before the lockdown, which increased to 51% since the imposition. This indicates a clear shift in the respondents' financial strategies. Similar downward trends for non-investments were identified where respondents never or rarely made use of money market accounts (non-investment increased from 36% to 39%) and tax-free investments (non-investment increased from 59% to 64%), respectively, indicating an overall decrease in the availability of funds for savings since the imposition of the regulations.

### The use of financial advisors by qualified financial professionals

When enquiring about the utilisation of financial advisors, as seen in Table 7, almost 62% of the respondents indicated that they do not make use of the service of financial advisors, although some other studies showed that qualified financial professionals tend to have an increased probability of using financial advisors for their own financial affairs (Calcagno & Monticone 2015). Of the 62% of respondents who do not make use of financial advisors, 19% (12% of total respondents) did, however, make use of financial advisors before imposing the national lockdown regulations in South Africa. A decrease in the utilisation of the services of financial advisors by the respondents is therefore visible. This is understandable as the respondents are qualified professionals with the competence and knowledge to manage their own financial affairs (Calcagno & Monticone 2015). Of the 38% of the respondents who do make use of financial advisors, predominantly in the 30–40 age group, 88% indicated that they use their expertise for advising on retirement products and 64% for advising on investment products. The survey results also showed, with statistical significance for the respondents' results ( $P = 0.02$ ) that the longer the respondents were professionally qualified, the less likely they were to use a financial advisor to advise on investment strategies. This is in contrast with the findings

of Zhang (2014:228), who found that older investors were more likely to use the services of financial advisors.

The respondents' reasons for using financial advisors showed that 92% do so because they value the expertise of the financial advisors. Of the respondents who used financial advisors, 36% did so for advising on general insurance and 32% for taxation planning and savings. The survey results further showed, with statistical significance for the respondents' results ( $P = 0.02$ ), that respondents over the age of 40 were more likely to use financial advisors for taxation savings.

A financial advisor for the purpose of this study includes tax practitioners since a professional financial qualification is submitted to include taxation knowledge (CIMA 2019; SAICA 2021a, 2021b; SAIPA 2022; SARS 2022). Of the respondents, 97% indicated that they completed and submitted their own tax returns and, as such, do not make use of a taxation practitioner. Only 2% of the respondents used the auto assessment option provided by the SARS. This confirms that qualified financial professionals have the necessary taxation knowledge to complete their tax returns themselves without the use of an advisor. This is further supported by the outcome that 68% of the respondents calculate their annual taxation amount payable or receivable from SARS upfront and then compare it with the e-filing or taxation return calculations.

### Limitations and assumptions

This study only focuses on a small number of qualified financial professionals in South Africa, which creates scope for future studies. There is also a limitation on the study's sample size, as previously mentioned in the research design section of this article. The results of this study thus purely focus on the results of the respondents reached, and therefore the results of the study and statistical significance, which were identified, cannot be generalised across all qualified financial professionals in South Africa. As the study has been conducted only during the third wave of the COVID-19 pandemic in South Africa, an area for future research could be on whether the COVID-19 pandemic had any long-term impact on the personal finance decisions of qualified financial professionals.

### Conclusion

The study's first objective was to determine the financial behaviour in terms of spending, saving, and borrowing of qualified financial professionals in South Africa. The study identified the following: Only 31% of the respondents, predominantly in the 30–40 age group, were drawing up budgets, of which only 62% tend to track actual expenses against budgets, mainly to identify areas for possible future savings. Most of the respondents under the age of 40 were financing new vehicles under instalment sale agreements. Also, as the age of the respondents increased, the likelihood of purchasing new vehicles in cash also increased. When purchasing a primary residence, the study showed that as the



number of dependents in a household increased, the likelihood of financing a house through a mortgage bond also increased. Payments towards mortgage bonds, also showed to be the largest part of 51% of the respondents', monthly spend. For purposes of saving for unforeseen circumstances, the use of an emergency savings fund was popular among 48% of the respondents and the investment in insurance packages was ranked very high.

The second objective of this study was to determine to what extent the financial behaviour of qualified financial professionals in South Africa has been influenced by the national lockdown regulations imposed in March 2020. A slight increase was identified among respondents in their desire to track actual expenses against budgets to identify areas for possible saving. A small number of the respondents, only 5%, showed interest in selling property for cash flow purposes since the national lockdown regulations were imposed, whereas 11% of the respondents turned towards making use of the 3 month payment relief offered by financial providers. Survey results found an increase of 7% points of respondents, primarily in the older age group, who indicated that they started to spend more towards general monthly savings. A decrease towards investment in shares, money markets and tax-free investments was seen among these respondents. A decrease in the utilisation of financial advisors by qualified financial professionals was also visible in this study, as a change in financial behaviour since the lockdown regulations were imposed.

The third objective of this study was to determine whether qualified financial professionals outsource financial services to third-party financial advisors. Sixty per cent of the respondents showed that the services of financial advisors are utilised predominantly for advising on retirement and investment products. A statistical correlation in the respondents' results was found between the timeframe of being qualified as a financial professional and the likelihood of utilising the services of financial advisors for investment strategies for added value. A statistical correlation in the respondents' results was also found between the age of respondents and the likelihood to utilise the services of financial advisors for taxation savings.

Overall, based on the survey results, the extraordinary nature and occurrence of a pandemic did not result in a significant change in the financial behaviour of the qualified financial professionals in this study, which might be because history indicating the not-so-occasional occurrence of these unforeseen events. It is therefore submitted that qualified financial professionals deemed their savings to be sufficient to safeguard against unforeseen circumstances such as the COVID-19 pandemic, which is in contrast with the findings of Gade et al. (2021).

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## Authors' contributions

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## Data availability

The data that support the findings are available on request from the corresponding author. The data are collected through a survey and privacy of participants' contributions; hence publicly not available.

## Disclaimer

The views and opinions expressed in this article are those of the authors and do not necessarily reflect the official policy or position of any affiliated agency of the authors.

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