



Conducting Financial Sector Surveys in South Africa

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Overview

1. The need for a financial sector survey
2. The survey method
3. The validity of the results



The need for a financial sector survey

- To improve the **coverage** and **cyclical** characteristics of business tendency surveys (BTS)
- To produce timely and consistent **information** on the performance of firms in the financial sector



The survey method

1. The international experience
2. Sample design
 - a) Target population
 - b) Sampling method and panel creation
 - c) Sample size and representativeness
3. Questionnaire
4. Processing of the results
 - a) Weighting
 - b) Treatment of non-responses



The international experience

- BTS coverage expanded to the other service sectors, but not the financial sector.
- Why not?
 - Few firms
 - No reference series of an invisible activity

The target population

			Universe	Panel
Retail banks	Transactional banking	Private banking, micro-lending, retail banking, business banking, corporate banking, asset & fleet financing	33	15
Investment banks	Financial market activity	Corporate finance, private equity, project finance, treasury, stock broking	49	11
Investment managers	Institutional (pension), retail (unit trust) and private client business		64	31
Life insurers	Individual life and group life & employee benefit business		21	12
Short term insurers	General insurers		16	8
Total			183	77

Sampling method and panel creation



- Compiled a sampling frame / business register
- The response units = head of business units (kind-of-activity units)
- Purposive (non-random) sampling
- Establish a fixed panel

Sample size and representativeness



- Panel vs. universe
 - Number of firms
 - Size of firms
- Response rate
- Importance of the representativeness of the sampling units of a qualitative survey vs. that of a quantitative survey
 - Ordinal scaled data
 - Missing at random assumption

Questionnaire



- Compare SA, UK and Swiss questionnaires
 - Customised per sector
 - Length
 - Variables covered in all surveys and countries
 - Rating of the overall business situation
 - Change in income
 - Change in employment
 - Change in profitability



Processing of the results

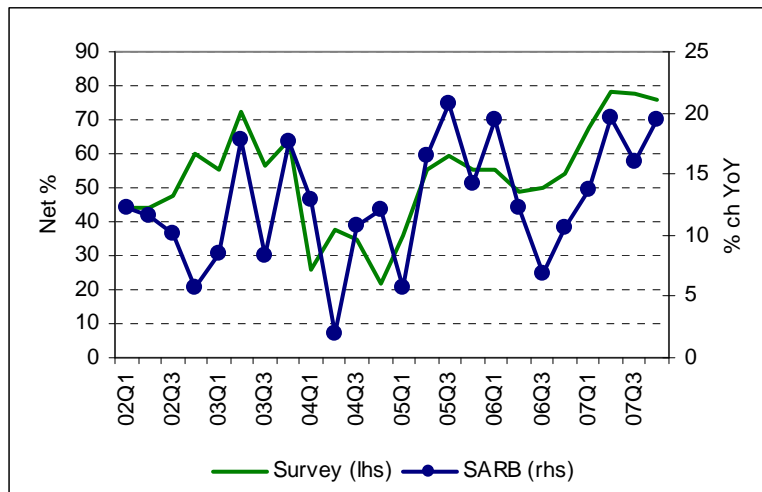
- Firm, sector and sample weights
- Treatment of non-responses
- Revisions



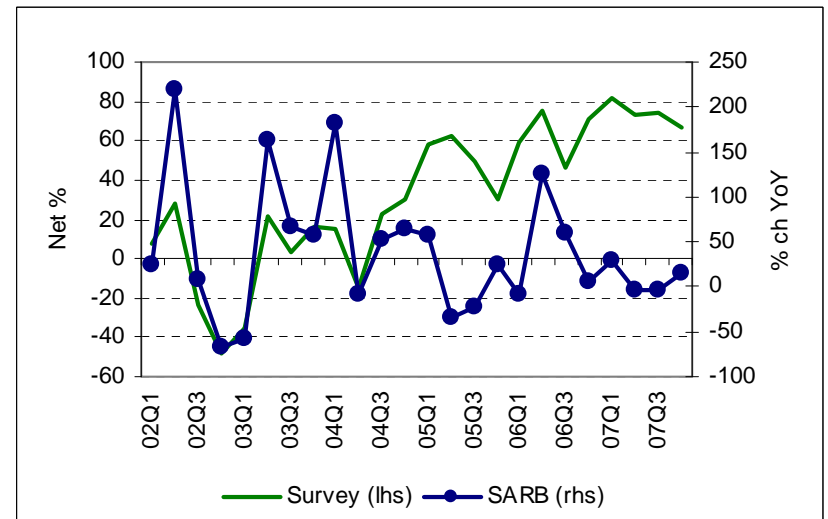
The validity of the banking survey results

- Compare the survey **data** (in net balance format) and the corresponding quantitative data (calculated as year-on-year growth rates)
- Draw **charts** to see how closely the lines and turning points fit
- Calculate the **correlation** coefficient
 - Log transform the data to provide for non-linearity, a not normal distribution, different formats and outliers

Operating expenses



Investment income





- Correlation

- High (80%): investment income, non-interest income
- Medium (40%): total income, operating expenses, employment

- Compared to other countries and surveys



The way forward

- Produce a reference series
- Fine tune weights and method of substitution