UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Abstract

Faculty of Commerce, Law and Management
Wits Business School

Master of Business Administration

by Mthunzi A. Ngwenya
mthunzi.ngwenya@gmail.com

Acquisition pattern analysis (APA) of financial services is a fairly new field with most of the empirical research having been conducted in developed economies, and few research in developing economies. These studies looked at patterns in the acquisition of financial services, and the effects of demographic factors in the acquisition of these services.

The author used data from the 2008 All Media and Products Survey (AMPS), conducted by the South African Advertising and Research Foundation (SAARF), to investigate, using multilinear regression, the effects of demographic factors in customer acquisition of financial services in South Africa; and to investigate, using the Mokken Scaling Procedure (MSP), the extent to which there is a discernible pattern in the acquisition of these services.

Income, education and age were highly significant factors in the acquisition of most financial services. Marriage and presence of children were key determinants in home ownership and presence of a mortgage facility. Vehicle financing facility ownership decreased with age. While home ownership was negatively correlated with vehicle financing facility, it had a positive significance in the acquisition of a garage card. The research findings also demonstrated that income was a necessary but not sufficient variable in enhancing ownership of financial assets, especially investment type products. Education is also necessary. Age also showed significance, suggesting that the disadvantage of lack of formal education wears out with age, or increasing practical experience in financially taking care of oneself.

MSP results supported the existence of a pattern in the customer acquisition of financial services in South Africa. The order of acquisition of financial services was different for different income groups.