

Likely trends in 2022 and how they may affect your wallet

As 2021 draws to a close, the Covid cloud still looms large over global markets and the Omicron variant adds more angst to an already unsettled outlook.

Many will be looking to the future with a sense of uncertainty and trepidation, but, while there is no crystal ball to predict what the year ahead holds, there are certain themes likely to play a fundamental role in shaping the financial and investment environment for 2022 and beyond.

Three trends are likely to be relevant to how we think about and manage our financial affairs.

These are a clear shift in the interest rate environment; the impact of climate change on big business and investor sentiment; and technology, including how digital is disrupting conventional business.

An unprecedented low interest rate environment looks set to change in the year ahead.

The SA Reserve Bank recently increased the repo rate by 0,25%, the first interest rate hike in three years.

Continued incremental interest rate hikes are predicted for 2022 and 2023, the main catalysts being inflation and subdued growth rates.

Those who have capi-



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talised on the previously low interest environment by taking out significant gearing in the form of bonds or loans will experience the pinch on higher repayments.

Conversely, increased rates present a good opportunity to increase savings.

Climate change is starting to have a direct impact on business, investment funds and investor sentiment.

The recent spate of extreme weather conditions, and the recent COP26 Summit in Glasgow, illustrates how central tackling the climate crisis has become for mainstream business.

The principles of ESG — environmental, social and governance — are driving tangible and material

changes to the way corporates do business.

Investors are becoming increasingly discerning, avoiding laggards to the green economy.

The collective power of the consumer (and investor) will be a compelling force.

The third trend is the growing role digital technology, big data and artificial intelligence is playing in disrupting conventional business.

With increased access to mobile technology globally, conventional rules around business models and route to market have been rewritten.

Estimations are that there are more than 6.3-billion mobile phones in use globally.

And in 2021, more than 50% of online purchases were made using a digital wallet.

The use of non-cash payments is rising at a rate of 32%.

The shift to online shopping is forcing businesses to adjust to meet the needs of a new age of consumer.

A trusted financial adviser can assist you in tailoring your financial plan and to make appropriate adjustments accordingly.

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