

PRESS RELEASE

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Stokvel study featured in the Weekend Argus - Stokvels stoke saving habit

BRYANSTON – Stokvels are SA's "hidden economy". Research presented at the recent SA Marketing Research Association annual conference showed almost 11.5 million people belong to 811 830 stokvels around the country and that they collectively save an astonishing R44 billion a year.

Researcher Zinzile Ntoyiwa – who won the conference's "People's Choice" award for her presentation – said the size of the stokvels clearly dwarfed most major metropolitan areas.

Four provinces dominate stokvel distribution: Gauteng has 24 percent of them, Limpopo 20 percent, North West 11 percent and KwaZulu-Natal 14 percent. The province with the lowest number of stokvels, just 6 percent, is the Western Cape.

Ntoyiwa said stokvels had long been a "safety net" for millions of South Africans, providing financial security and social well-being.

She quoted Andrew Lukhele, founder and president of the National Stokvel Association, who defines stokvels as "a type of credit union in which a group of people enter into an agreement to contribute a fixed amount of money to a common pool weekly, fortnightly or monthly".

The first stokvel, cited as a "Bantu burial society", is recorded as having been conceived in 1932, and from then on, "stokvels have been stereotyped as structures for the poor black community" but also as "societies for the older generation" said Ntoyiwa.

The basic operation of a stokvel involves people voluntarily joining, then meeting at intervals to socialise and contribute fees which are saved, or used as agreed upon.

The social aspect is a core element, and the host or hostess in many cases provides drinks, food and entertainment for members.

The foundation of stokvels is trust among members, who are generally recruited from within the social circle of existing members and include family, friends, neighbours and work colleagues.

"Although considered informal by the banking sector, stokvels as entities are fairly structured in that they are governed by a constitution... meetings are guided by an agenda and a drive for efficiency is instilled. For example, it is not unusual for stokvels to elect a treasurer."

Ntoyiwa noted that, despite the size, value and volume of stokvels, they had been "under studied", with the result that there was limited knowledge of them in the market.

She based her presentation on research conducted between August and September last year. The research was approached quantitatively using a face-to-face computer-assisted personal interview methodology. A sample of 2 000 stokvel members above the age of 16 was achieved via a street intercept procedure followed by an interview in people's homes.

Although there are provincial variances in terms of the proportions, stokvel members are both men (42.6 percent) and women (57.4 percent). Results showed that members mainly fall into LSM 5 and 6 (32 percent and 27 percent respectively), but saving schemes also attract South Africans in LSM 4 through to 10, with higher LSM categories (8 to 10) accounting for a fifth of stokvels.

Stokvel members are generally economically active members of society, with 83 percent of those interviewed being employed and half of those interviewed in all the provinces earning less than R5 000.

The type of each stokvel is centred on how funds are distributed, which is articulated in the names. For example, grocery stokvels pay out for the purpose of buying groceries in bulk, burials offer funeral cover, birthdays provide payouts for members celebrating their day of birth and savings stokvel funds are open to a multitude of uses.

Investment stokvels skew towards men (53 percent), while grocery stokvels skew heavily towards women (86 percent).

Investment and savings stokvels generally see the highest average monthly contribution for each member (R439 and R323 respectively).

Most stokvels deposit their contributions into a bank account, said Ntoyiwa.

"Interestingly, though, there is a marked difference between the banks individual members have accounts with and the banks used by the stokvel they belong to.

"Nedbank has the highest incidence of having stokvel bank accounts (22 percent), followed by Absa, FNB and Standard Bank. The post office through its Postbank offering holds as many stokvel accounts as Standard Bank."

Shoprite (69.9 percent), Pick n Pay (49.2 percent) and Spar (32.9 percent) are the three main retail outlets used by individuals for their grocery purchases, but when it comes to shopping for the stokvel, this varies, with the top three outlets being independent wholesalers (23.3 percent), Shoprite (20.7 percent) and Spar (10.6 percent).

"The research results challenge some of the stereotypes associated with stokvels, especially perceptions of who the typical stokvel member is thought to be," said Ntoyiwa.

"Examples of stereotypes disproved are that stokvels are structures attended mostly by women...

"The view of stokvels being something for the older generation is also challenged by the findings which revealed that members cut across all age profiles down to youth aged 16 years, but predominantly attract those aged 25 to 49 years.

"The presence of a significant amount of high LSM individuals [20 percent], coupled with the fact that the majority [83 percent] of members are gainfully employed shows that it cannot be assumed that those who participate in stokvels are poor and economically inactive."

Ntoyiwa concluded that while stokvels as a collective are "significant in terms of their size and value and volume", strategies that aim to tap into this buying power "are in their infancy, or have not been followed through".

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