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Date 14 May 2014

Latest stats on Stokvels released.

BRYANSTON – Stokvels - a robust market in the area of traditional collective saving are estimated to be worth R25 billion. There are 8.6 million stokvel members in South Africa which represents 23% of the adult population and an estimated 421 000 stokvels in total. This is according to African Response's latest survey on the status and market potential of stokvels.

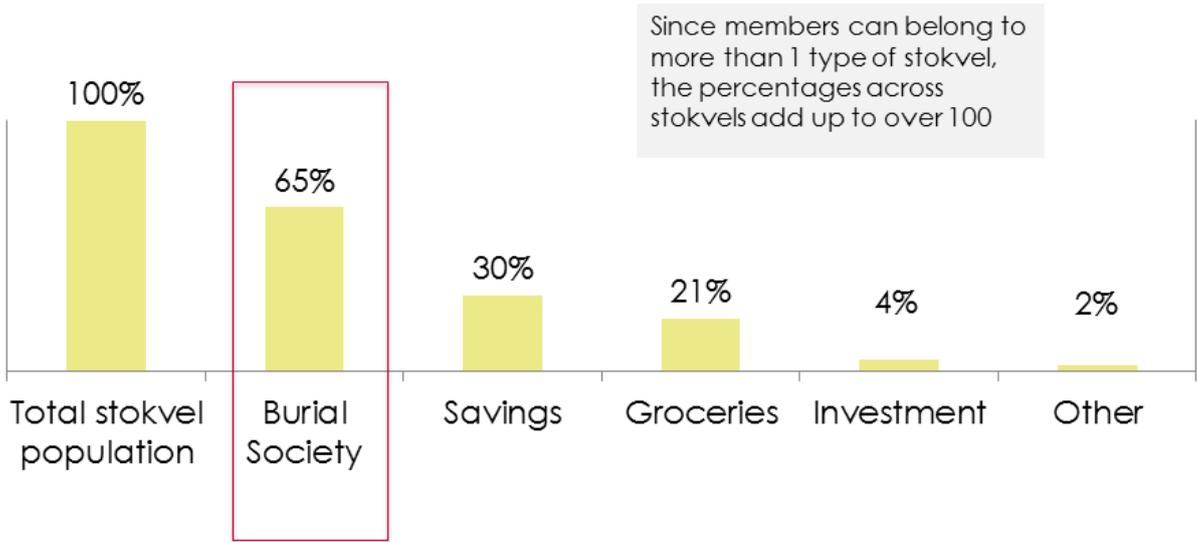
"Following an initial investigation into this market in 2011, African Response used the Khayabus (the Ipsos Omnibus) to conduct a rigorous and nationally representative survey to reveal the current status and potential of this market," explains Mamapudi Nkgadima, MD of African Response. "While the numbers from 2011 cannot be directly compared to those of the 2014 study (due to a difference in the definition of stokvel membership) it does point to very interesting changes in the dynamics of stokvels over the past few years."

Types of Stokvels

Stokvels are group savings schemes providing for mutual financial assistance as well as social and entertainment needs. These take different forms depending on the purpose of the scheme... ranging from burial stokvels, savings/money stokvels, grocery stokvels to investment stokvels to birthday celebration stokvels.

A very noticeable trend in the stokvel population is that of burial societies. “They are by far the largest segment in the stokvel universe and have overtaken saving stokvels as the ‘major’ type of stokvel” says Nkgadima. “It is a fact that many spend fortunes preparing for death in their community or family, and limited resources towards saving or investment. Funerals - or the prospect of a funeral - is an expensive issue in the average stokvel member’s life”. Saving stokvels account for the next biggest group, then grocery stokvels..

Types of Stokvels



Consolidation and Rationalisation

“What we have found as a general trend is that stokvel members are rationalising the number of stokvels that they belong to” states Nkgadima. As an average, stokvel members belong to 1.3 stokvels. The number of individuals belonging to stokvels has increased to an average of 31 members per stokvel.

“This makes sense in the context that burial societies are now the biggest segment in the stokvel market – as they are typically bigger groups” states Nkgadima. Membership of burial stokvels goes up as high as 100 members per group, while savings, investment and birthday stokvels reflect a much lower membership per stokvel

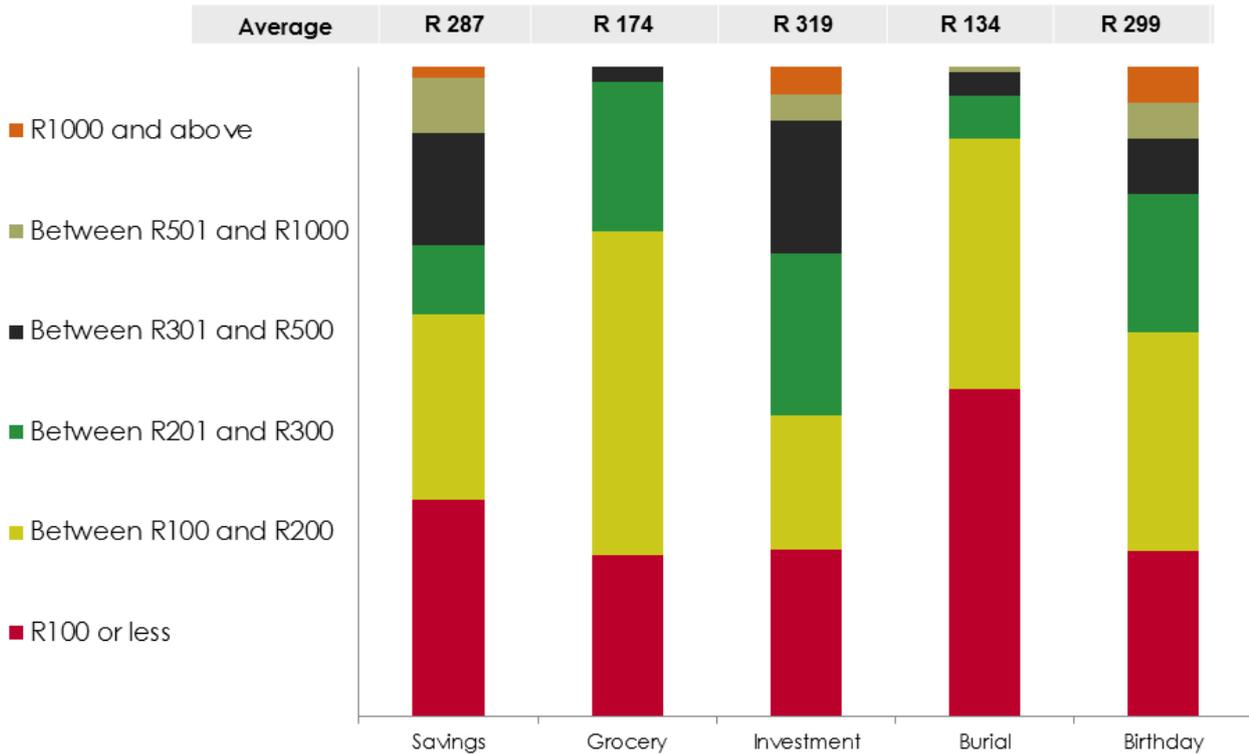
Number of members per type of stokvel



“Being quite ‘essential’ needs, burial stokvels and grocery stokvels would be those with higher memberships” explains Nkgadima. “Savings, investments and birthday stokvels would yield lower membership as these stokvels are generally created amongst closer groups of friends.”

The Value of the Stokvel contributions

Contributions per stokvel



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Looking at the value coming from contributions, we can see that burial societies yield lower contributions as compared to the other types of stokvels. However, burial stokvels have higher membership and are highly concentrated. The average contribution for a burial stokvel is R134 per month per member – much lower than the average across the different types of stokvels, which is R190 per month per member.

“Less than half of what stokvels collect - in their entirety - gets saved or invested and this is an area that needs to be looked at.” states Nkgadima. “Stokvel members should be encouraged to explore value adding ways to strengthen their collective savings.”

“What is important to remember,” states Nkgadima, “is that this market is worth a massive R25 billion, and represents a huge segment of our economy. It is worth getting closer to stokvels and understanding areas where value can be added to ensure that stokvels are contributing to our economy while educating stokvel members on the best way to save for a better future”

A detailed report including stokvel profiles and profiles of stokvel members is available from African Response.

More about the Survey

Participated in the Ipsos Omni Please use the term Ipsos Khayabus, an Ipsos omnibus survey Method: Face to face interviews with a nationally representative sample of the SA population sample size: 3 750. Weighted to represent the adult (15+ years) population of South Africa of 36.537M people and Interviewed a subsample of 842 people that belong to stokvels

Interviews were done during the months of February to April 2014 and at respondents home in their preferred language. The margin of error on the sample of 3 750 is 1.67,

About African Response

African Response is a full-service market research company providing qualitative and quantitative research. We have the flexibility to conduct research anywhere in the country with a regional springboard into the rest of Africa. We are renowned for generating local consumer and market insights to help grow brands and businesses in South Africa. Our exceptional ability to understand and interpret the needs of the South African **mainstream market**, coupled with our association with Ipsos, makes African Response the most local global research company in South Africa.

More information can be found at www.africanresponse.co.za