

Stokvels - A Hidden Economy

Unpacking the potential of South African traditional saving schemes

Abstract: Stokvels have long been a safety net for millions of South Africans, providing financial security and social well being. This paper aims to not only contribute to the limited body of knowledge around these traditional saving schemes, but also illustrates the potential held for industry. Using data from an extensive survey conducted in 2011, the current landscape of Stokvels is given detailing their value, in addition to other statistics such as footprint. The paper then discusses what these findings mean for researchers and how they can continue eliciting insights from Stokvels, juxtaposed with how industry can use this information.

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1 Introduction

1.2 Defining stokvels – A context

Andrew Lukhele, founder and president of the National Stokvel Association of South Africa (NASASA), defines stokvels as a “a type of credit union in which a group of people enter into an agreement to contribute a fixed amount of money into a common pool weekly, fortnightly or monthly” (Lukhele 1990). Given the various formats, focus and objectives that these structures take as attested in a study entitled “Making Social Cents Count” which identified eight categories of Stokvels (UCT 2003), a working definition has been adapted for this research as follows:

Stokvels are group saving schemes providing for mutual and financial well being as well as social and entertainment needs.

There are numerous terms used to describe stokvels in South Africa such as mohodisana¹, social clubs, gooi-goois², investment clubs, kuholisana³, and makgotlas⁴ but to name a few (Moodley 1995 and Thomas 1991 cited in Irving 2005). The word stokvel is the most commonly used blanket term in South Africa hence was used in this research. It is used synonymously with the aforementioned terms throughout this paper. The word emanates from the term “stock fair” which was used to describe auctions run by English settlers in the 19th century (Calvin and Coetzee 2010). Although primarily set up for the auctioning of cattle, the stock fairs were a forum for farmers and labourers to gather, socialize, and sometimes pool money together to purchase livestock (Irving 2005). It is thus widely agreed that the essence i.e. act of groups of people meeting to socialise with the potential of financial gain, as well as the name of this being coined stokvels in the modern day, was a gradual evolution from the stock fair phenomenon (Calvin and Coetzee 2010) (Lukhele 1990) (Townsen and Mosala 2009). The evolution and growth of stokvels post the stock fair era has been associated with the need for survival strategies to mobilize financial resources, which former South African Reserve Bank Governor Tito Mboweni argues were initiated by the disadvantaged black community during South Africa’s previous dispensation. These were established as a strategy to cope with the economic oppression grounded in race and class exploitation (Mboweni 1990). Stokvels enabled members to have insurance against adversity such as death (burial societies), as well as equipping them with the financial muscle to fund various other functions agreed upon by the stokvel as a collective, for example loans to needy members, education and other physiological

¹ Mohodisana is a Sotho term meaning paying each other

² Gooi is an Afrikaans term for throwing which has been adapted in the stokvel context to refer to the act of pooling/lumping money

³ Kuholisana is a Zulu term meaning paying each other, similar to mohodisana

⁴ Makgotlas refer to burial societies

needs such as housing, grocery shopping and business endeavours (Townsend and Mosala 2009). The Old Mutual Savings and Investment Monitor Survey reveals that members to stokvels concur with the above mentioned financial and social rational for belonging to such collectives, giving reasons such as “disciplined savings /don’t want to let anyone down, I know my money will be safe I enjoy the social aspect / networking” (Old Mutual 2011).

The first stokvel, cited as a “bantú burial society” is recorded to have been conceived in 1932 (Lukhele 1990), and from this period on, stokvels have been stereotyped as structures for the poor black community as a result of the above mentioned legacy of survival strategies employed by this group. Stokvels are thus also rendered societies for the older generation as confirmed by Badat (2012) in an article entitled “Not your gogo’s stokvels”.

The basic operation of a stokvel involves a number of individuals voluntarily joining, then meeting at intervals to socialize and contribute membership fees which are saved, or used as per agreed upon objectives (Lukhele 1990). The social aspect is a core element where the host/hostess in many cases provides beverages, food and entertainment in creating an environment for members to catch up.

The foundation of stokvels is trust among members (Presidency 2009) who are generally recruited from within the social circle of existing members and include family, friends, neighbours, people with shared interests and work colleagues. Having said that, it is evident from advertisements in newsletters, online and in other forms of media that it is no longer unusual for Stokvels to recruit members unknown to the group for example the *Group Save Stokvel* advertises on the web and allows prospective members to join online at www.gsstokvel.co.za.

There are various types of stokvels as already mentioned, i.e. the eight categories identified in UCT’s Making Social Cents Count, all of which take one of two frameworks, ROSCAS (Rotating Savings and Credit Associations) and ASCAS (Accumulating Savings and Credit Associations) and “each type has implications on how contributions are made and benefits distributed” (Mphahlele 2011).

Although considered informal by the banking sector (Calvin and Coetzee 2010), stokvels as entities are fairly structured in that they are governed by a constitution as affirmed by the Stokvel Social Trust (Mphahlele 2011). 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 (Zungu 2012). Traditional saving schemes

have thus been recognized as entities in the business fraternity i.e. are now a category in the National Business Awards (African Access 2012) and are even soaring to the heights of being enlisted on the Johannesburg Stock Exchange (JSE) with Nozala, a black led women's investment and empowerment group, being an example of this (Bridge 1999).

1.3 Why research stokvels – study rationale

The safety net provided by civil participation groups such as stokvels have been acknowledged as a critical component for a cohesive society by the Presidency in 1999, based on the recognition of their ability to provide for both financial and social capital⁵. Stokvels contribute to community development in a number of ways for example employment creation, support for micro-entrepreneurs and enabling beneficiaries in a variety of ways e.g. funding education, provision of homes and so forth (Vermaak 2000).

Existing literature indicates that the number of South Africans belonging to Stokvels has increased significantly over the last decade, with Makinor pegging these at 680 000 people in 1989 (Lukhele 1990) while this figure increased more than 10 fold to 10.5 million in 2003 (UCT 2003 and Future Fact 2002 in Townsend and Mosala 2009). The significance of this in terms of Rand value, is the growth of stokvels as a sector which was contributing just under a billion (R624 million) annually in 1989 (Lukhele 1990), to being valued at R12 billion a year in 2003 (UCT 2003). Further to the study conducted by UCT, it has nearly been a decade since extensive research has been done into this sector, with the most recent statistics on stokvels prior to the research only highlighting the percentage of South Africans that belong to one i.e. almost 40% as per the All Media and Products Survey (AMPS 2010A) (SAARF 2010).

Given the size, value and volume of stokvels, it is noteworthy that these structures are under studied therefore resulting in limited knowledge in the market as affirmed by Irving (2005), who speaking specifically about their roles and functions, notes that there is no systematic study on stokvels. This realization then formed the research problem which in summary is the limited market understanding of traditional saving schemes, which extends to be a challenge for industry as opportunities that lie within stokvels are not fully realized.

⁵ Coleman, often identified as the 'father' of social capital theory, offers a broad interpretation of social capital as a type of resource available to an economic actor through her relationship with others, and defined by its function (Irving 2005).

1.4 Research objectives:

Born as a result of seeing the gap that is the limited understanding of stokvels therefore restricted knowledge about opportunities they hold, the research's main aim was to unpack the potential of traditional saving schemes and set out to achieve the following objectives:

- a) Confirm the current size and value of stokvels in 2011
- b) Profile existing stokvels by understanding the demographics of stokvels such as the who's, what's and where of members and groups.

The intended outcomes of the research were thus to utilize the understanding of stokvels to debunk myths about their structure, uncover opportunities for various industry players on how they can tap into this market, in addition to ascertaining means for how the research fraternity can continue gaining insights from stokvels.

1.5 Methodology

The research was approached quantitatively using a face to face computer assisted personal interview (CAPI) methodology, which was rolled out between August and September 2011. A non probability sampling technique was employed with respondent inclusion criteria being membership to a stokvel. A sample of 2000 stokvel members above 16 years of age, was achieved via a street intercept procedure followed by an interview in home. The scope was national with data being collected from all 9 of South Africa's provinces, covering both urban and rural areas.

The questionnaire was informed by an extensive review of existing literature in addition to direct experience via qualitative immersions in stokvel meetings.

Questionnaires were captured directly onto notebooks, and uploaded to a central server for processing. The data was applied to the overall population of stokvel members using weighting derived from AMPS 2010 data in order to get a market size by total value of contributions, therefore an estimate of the number of stokvels. The AMPS (2010) run was based on total SA population (16+), who are stokvel / syndicate members, but excluding LSM 1-3 as the sample did not include this demographic.

Quality control was implemented throughout the research process to make certain that reliable data was derived, by ensuring all interviewers were fully briefed and trained on the questionnaire prior to commencing with data collection. The use of a CAPI methodology minimised human error as the script had checks built in to ensure automatic routing, and was tested at numerous check points to validate its accuracy. A minimum of 20% of interviews were back checked as part of the quality control procedure.

2 Results

2.1 Size matters

The research revealed that there are 11 400 400 individuals belonging to 811 830⁶ stokvels in South Africa who collectively save R44⁷ billion a year. In order to demonstrate the size of stokvels, they are compared to major metropolitan areas in figure 1 (STATSA 2007), where they clearly dwarf most examples cited by a fair margin.

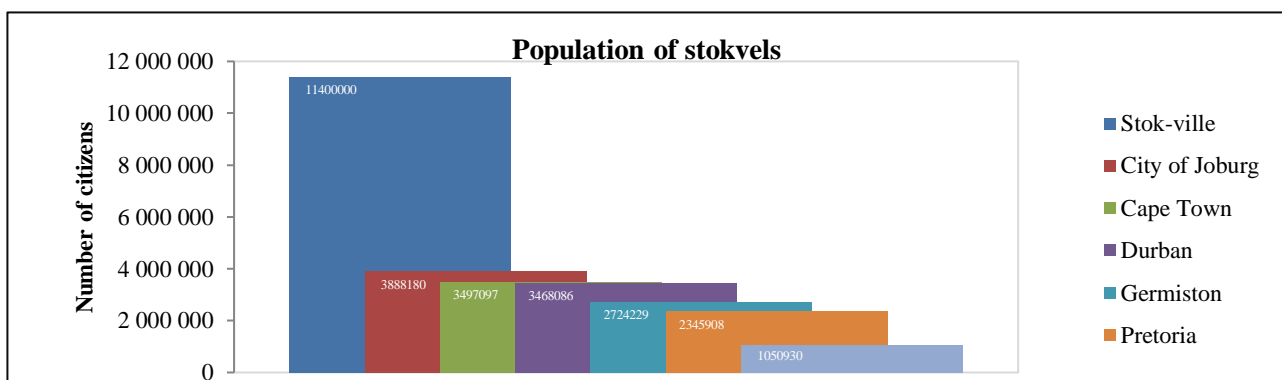


Figure 1 - Size of stokvels relative to the population of major metropolitan areas

Four provinces dominate the stokvel distribution within South Africa namely Gauteng (24%), Limpopo (20%), North West (11%) and KwaZulu-Natal (14%) which account for 70% of all stokvels and 69% of all the stokvel population. Gauteng has the largest number of stokvels (24%), and provinces with the lowest number of stokvels include Western Cape at 6%, Mpumalanga with 7%, and Eastern Cape and Free State both at 8%.

It is evident from the urban / rural split within these provinces that stokvels are mostly concentrated in urban areas with most provinces having at least 88% or above of those belonging to stokvels being situated in such areas. This is in the exception of Mpumalanga and Limpopo in which the

⁶ The 'number of stokvels' base is a derived figure – calculated from applying, to the weighted respondent data, the responses in terms of number of members per stokvel and number of stokvels they belong

majority of stokvel members reside in rural areas with 95% and 92% respectively. North West is the only province with a semblance of balance in terms of the urban: rural split with 42% of its stokvel members residing in rural areas and the remaining 52% being in urban areas.

2.2 Who are stokvel members?

Although there are provincial variances in terms of the proportions, stokvel members are both males (42.6%) and females (57.4%). However in some provinces, the percentage of male members outweighs that of females which is true of Gauteng, Mpumalanga and North West which happen to be three of the four biggest provinces in terms of both number of stokvels and number of members. Other demographics reveal that the stokvel population interviewed predominantly falls between the age range of 25 to 49 years of age (78.2%).

Results showed that members mainly fall into LSM 5 and 6 (32% and 27% respectively), however, saving schemes also attract South African's in LSM 4 through to 10 with higher LSM categories (8 – 10), accounting for a fifth of stokvels (20%). Stokvel members are generally economically active members of society with 83% of those interviewed being employed in some form or another, with over half (50%) of those interviewed in all the provinces earning less than R5,000.

2.3 Stokvel structure

In classifying stokvels, 5 main types are dominating the traditional saving scheme arena with the majority of those interviewed (95%) belonging to a general savings, burial society, grocery, or investment stokvel. Within these 5 types⁸, Savings stokvel accounts for the largest group of membership among respondents (43%), while Burial (22%) and Grocery (16%) are the next biggest. These have traditionally been the mainstay types of stokvels that are belonged to (Lukhele 1990), however, stokvels are undergoing an evolution and birthday (9%) and investment (5%) stokvels are starting to become prevalent. Membership to the various types of

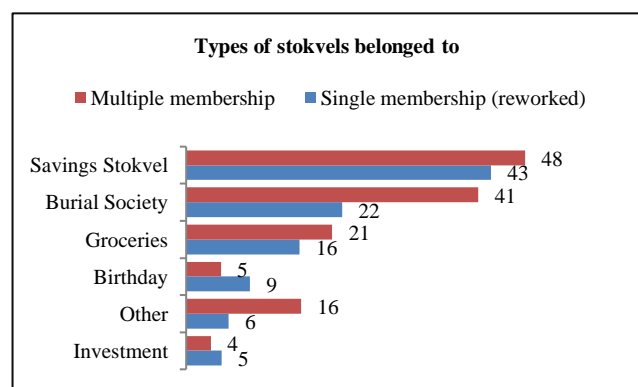


Figure 2 - Types of stokvels those interviewed belong to

⁸ The type of each stokvel is centred around the core of how funds are distributed which is articulated in the names, for example grocery stokvels pay out for the purpose of purchasing grocery in bulk, burials offer funeral cover, birthdays provide pay outs for members celebrating their day of birth and savings stokvel funds are open to a multitude of uses as per the beneficiaries will.

groups is not exclusive to one single stokvel, with the survey indicating an average repertoire of 1.3 stokvels as shown in figure 2.

When membership to the various types of stokvels is drilled down, there are notable differences across various demographic variables, for instance, Investment stokvels skew towards men (53%), whilst grocery stokvels skew heavily towards females (86%).

When broken down by province as illustrated in table 1, Burial stokvel membership is greater within Limpopo and North West than in the other provinces. In fact, the other provinces generally have Savings stokvel as the largest of all stokvels, except for these two provinces, where the Burial stokvel has greater membership. The Northern Cape has a comparably larger Grocery stokvel membership while Investment stokvel membership is relatively higher in Gauteng compared to other provinces.

	ECape	FS	GP	KZN	Mpum	NCape	Limpopo	NW	WCape
Savings	91.4	83.3	58.2	83.0	88.1	66.6	16.3	36.5	45.1
Burial	10.1	10.5	38.7	3.6	20.4	10.1	68.5	48.0	35.8
Groceries	10.7	16.5	17.4	9.7	23.2	45.1	28.5	17.7	23.5
Birthday	3.0	5.4	5.0	3.5	1.1	3.2	5.1	7.9	2.2
Investment	0.8	5.3	8.0	4.8	1.1	11.6	1.1	3.0	0.5
Other	0.0	0.8	1.2	2.0	0.0	1.6	40.2	0.8	13.3

Table 1 – Province split by type of stokvel

Membership to a Burial stokvel is prevalent amongst LSM 4 and 5, whereas the higher LSM's (8 – 10) are driving the Birthday and / or Investment stokvel membership as shown in table 2.

	LSM 4	LSM 5	LSM 6	LSM 7	LSM 8	LSM 9	LSM 10
Savings	25.0	27.8	56.0	65.3	71.2	68.8	68.3
Burial	61.7	57.1	34.5	28.6	21.7	23.5	20.9
Groceries	20.3	28.8	17.4	15.7	15.4	12.3	17.2
Birthday	2.0	5.5	3.5	3.3	8.1	7.8	8.9
Investment	0.0	1.7	3.0	3.9	5.9	10.3	10.0
Other	41.5	29.9	6.9	1.7	1.0	4.1	1.5

Table 2 - LSM split by Type of Stokvel

The 'Other' types of stokvels are those with a specific focus that does not fit exactly into any of the main types of stokvels. Even so, they are indirectly associated with some of the main types of

stokvels with some of these types of stokvels including, funeral catering, special occasion, Matsogo (which means ‘hands where people are providing labour’) Block / Motse contribution (where people in the neighbourhood are helping one another).

2.4 Meeting formalities

It is deduced that Birthday and Investment stokvels being slightly newer, is one of the reasons there is far less formalized structure with just 3.5% of Birthday and 2.3% of Investment stokvels having a constitution, however this cannot be generalised without supporting research. Burial (32%) and Savings stokvels (36%) are far more structured when compared to the other types of stokvels with at least a third of these having a constitution in place.

Stokvels generally meet on a monthly basis and meetings are normally held in a member’s home as stated by over 74% of those interviewed for each stokvel type in the exception of Burial stokvels which have a larger percentage of meetings outside the members homes (35%) and “other” types which also prefer to meet outside of members homes (63%). When the average number of members per stokvel is examined, the preference for Burial and “Other” stokvels to meet outside homes is explained as both these types tend to have a large membership with bases averaging 33 for Burial and 52 for other therefore it can be inferred that it is impractical for these to congregate in a members home. Investment, Birthday and Grocery and Savings stokvels have fewer members with an average of 15, 12, 19 and 17 members respectively.

2.5 Financial management: Contributions and channels used

Investment and Savings stokvels generally see the highest average monthly contribution per member (R439 and R323 respectively), while Burial stokvels do not have as high a contribution amount.

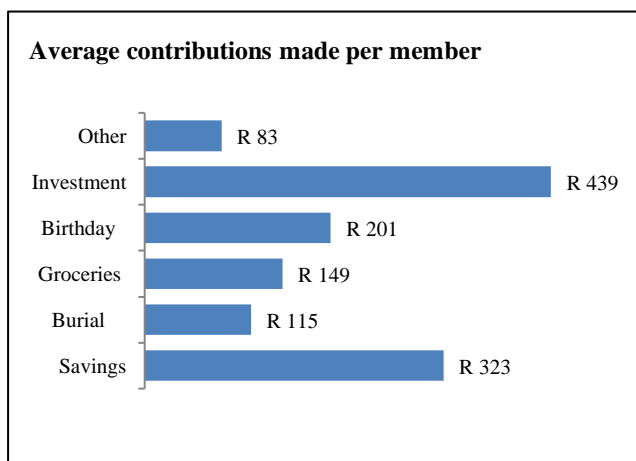


Figure 4 - Average monthly contributions

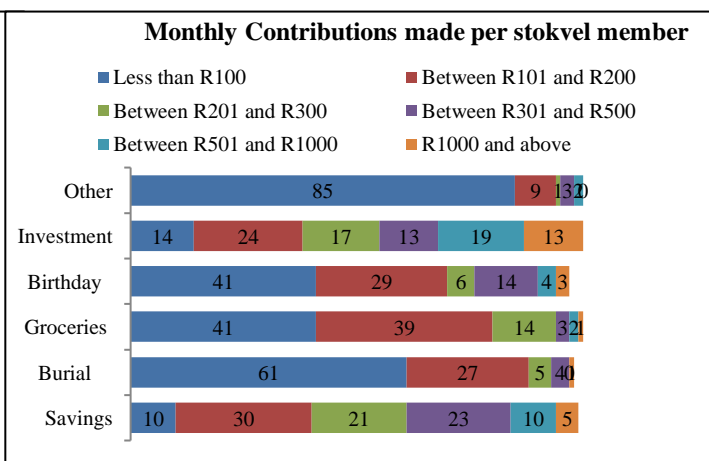


Figure 3 – Actual contributions by stokvel type

When the above figures are extrapolated by category type, the total contribution becomes more evident (table 3). For example, on average each Savings stokvel collects R6 048 per month, and as a collective all Savings stokvels thus generate R2.12 billion monthly yielding R25 billion annually resulting in this being the highest grossing stokvel type.

	Contributions per month per stokvel	Total contributions per month (Billions)	Total contributions per annum (Billions)
TOTAL	R4 579	R3.72	R44.61
Savings	R6 048	R2.12	R25.41
Burial	R3 824	R0.68	R8.20
Groceries	R3 003	R0.39	R4.65
Birthday	R2 033	R0.14	R1.72
Investment	R5 460	R0.21	R2.47
Other	R3 937	R0.18	R2.16

Table 3 - Stokvel contribution estimates

This is followed by Burial stokvels which rake in just over R8 billion a year with Birthday stokvels having the lowest value of the 5 types. With such large sums being pulled together, the obvious question is “where does it go?”. Generally, most stokvels deposit the money collected into a stokvel bank account as indicated in figure 6. The only exception to this is Birthday stokvels where the money will go to meet a specific objective (34.3%). Burial stokvels have a particularly high incidence of depositing the money into a bank account (91.0%), with the result that they do not do much else with the money.

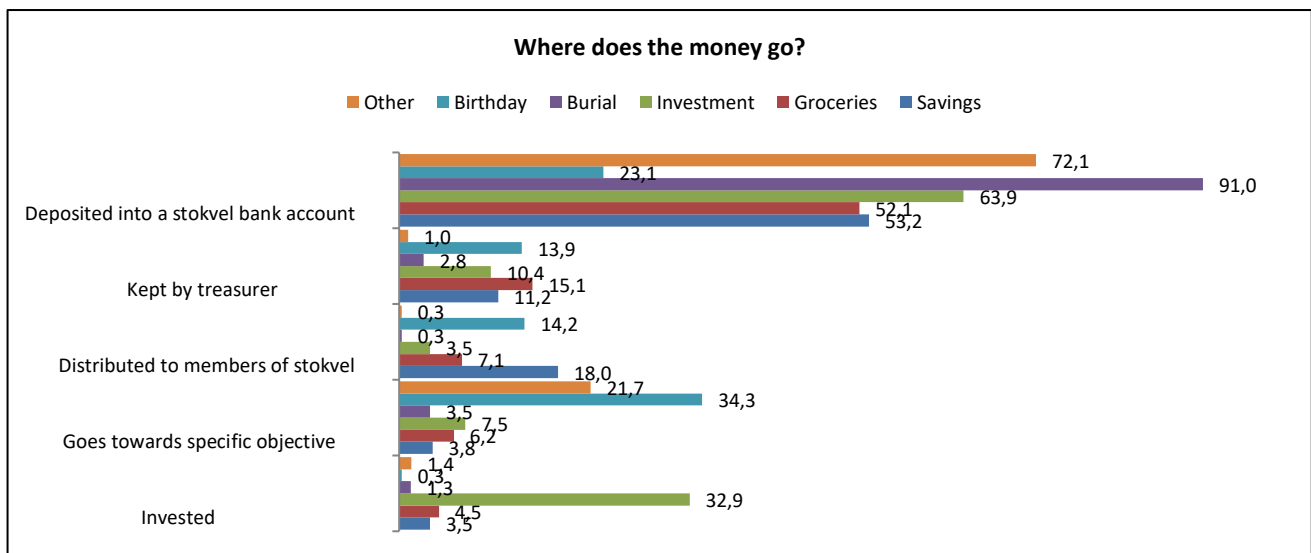


Figure 6 - What stokvels do with contributions

2.6 Financial institutions used

As has been seen in figure 6, most stokvels deposit their contributions into a bank account. 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 (22.0%), followed by ABSA, FNB and Standard Bank. The Post Office through its Postbank offering holds as many stokvel accounts as Standard Bank. However, when looking at individual member's banks, Capitec rises and Nedbank falls, leaving the overall share held more in line with general market view (AMPS 2011). Figure 7 shows that ABSA and FNB are the most preferred banks by individuals followed by Standard Bank with Capitec following closely behind and Nedbank.

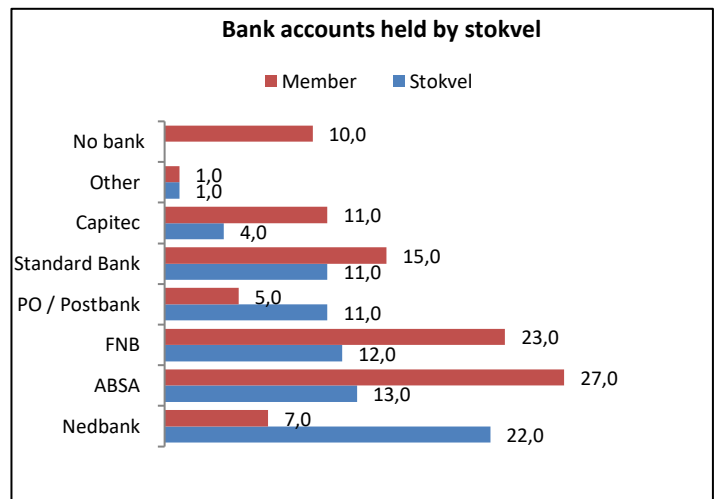


Figure 7 Banking institutions used by stokvels

2.7 A Deep dive into Grocery Stokvels

In an effort to unpack the dynamics of stokvels, an in depth review was done specifically for Grocery stokvels, in understanding how contributions are used as well as the other factors considered in making delivering on the stokvels focus i.e. grocery shopping. When reviewing results on purchases made by grocery stokvels, the top three categories of groceries bought are staples (83%), cooking products (79%) and washing powders (78%).

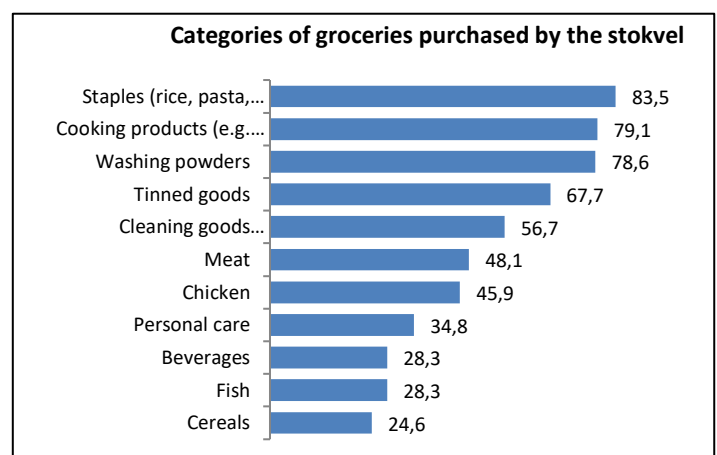


Table 4 Groceries bought by category

The stokvel purchase is made in bulk and done mainly once a year (64.1%). As the aim is to provide a reserve of groceries for a significant amount of time, items purchased tend to be non perishables. For those that make purchases on a more regular basis e.g. monthly (19%) or as and

when the need arises, perishable goods feature more in the list of items bought. Results show that the majority of bulk shopping is done at the end of the year during the festive period while other religious holidays such as Easter bring about various types of spending, from gifts through to transportation.

Once the purchases are made, a large proportion (61.2%) of stokvel members' grocery allocation is then further distributed to extended family; either completely (13.8%) or in part (48.0%).

2.7.1 Which retail outlets are used?

Shoprite (69.9%), Pick 'n Pay (49.2%) and Spar (32.9%) are the three main retail outlets used by individuals for their grocery purchases, however when it comes to shopping for the stokvel, this varies slightly with the top 3 outlets being independent wholesalers (23.3%), Shoprite (20.7%) and Spar (10.6%).

An effort was made to unpack the challenges grocery stokvels face when conducting their bulk purchases and the most commonly mentioned issues centred around logistic. For instance, at the top of the list of items that stokvels require assistance with was transport to and from the stores, with 69% of those interviewed stating this. In-store assistance was also mentioned by 37% of those interviewed, followed by dividing groceries (20%), and financial management (13%).

2.7.2 Grocery brands purchased

In understanding affinity towards brands held by stokvels as a group, when asked which brands were purchased, there were generally 3 dominant brands in each category as indicated in figure 8. All of the categories have a dominant brand, such as Tastic (62.7%) within the Staples category, Omo (62.6%) within the detergents category and Rainbow (53.8%) in the Chicken category. Lucky Star leads the Fish category with 45.5% of grocery stokvels stating they chose this brand, and Coco Cola (28.6%) is closely followed by Oros (26.2%).

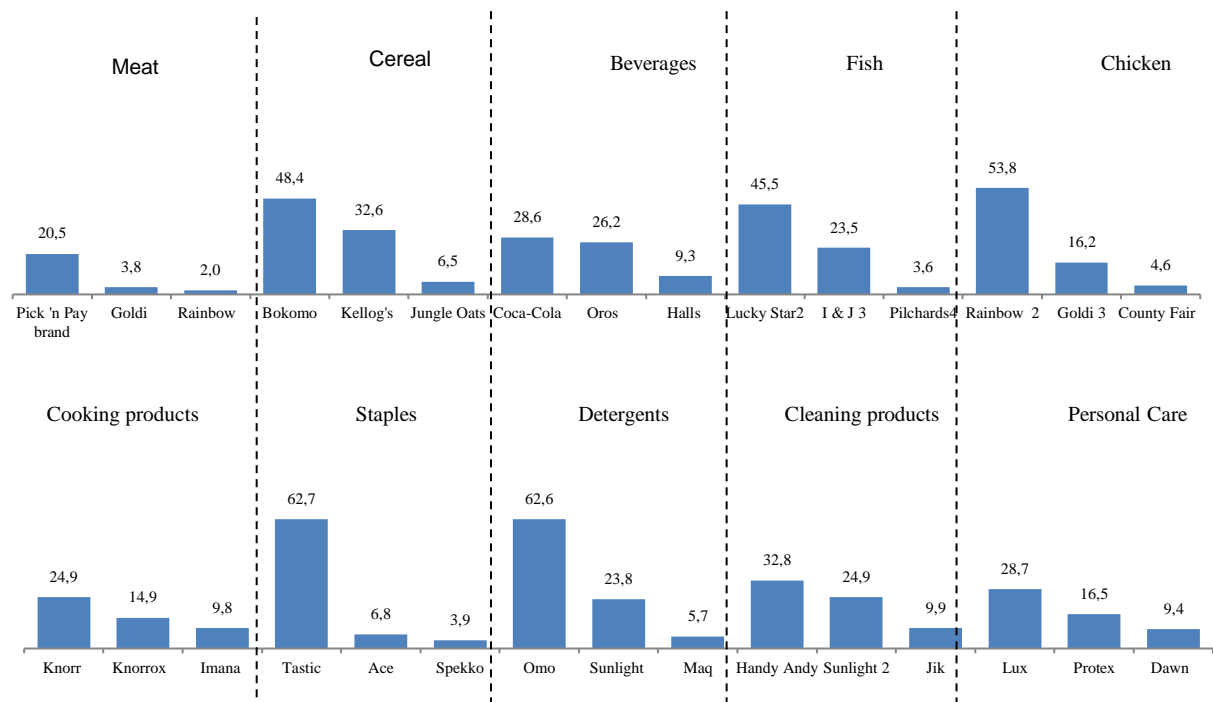


Figure 8 - Brands purchased

3 Discussion

3.1 Debunking myths

The research results challenge some of the stereotypes associated with stokvels, especially perceptions of who the typical stokvel member is thought to be. Examples of stereotypes disproved are that stokvels are structures attended mostly by women as shown by the demographic profile of members which highlights a strong presence of men, particularly within investment and burial stokvels.

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 – 49 years, hence catering for all age bands.

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

The notion of stokvels being unstructured and informal is being debated in existing literature, while the results show that law and order prevails in the manner in which they are run as indicated by the number of members confirming that they are guided by a constitution and have elected a

chairperson and other such portfolio to see to the efficient running of such groups. As a sector, stokvels are recognised hence the existence of NASASA, and other such organisations formed to support them. It is therefore necessary for the market to appreciate that stokvels are a part of South Africa's economy and as such are evolving along with their members.

3.2 Implications for Industry

The existence of structures to support stokvels is based on the presence of stokvels which are here to stay. This is confirmed by the results which show an upward growth trajectory in terms of the universe of stokvels, number of members belonging to them i.e. the reach and penetration thus the influence of stokvels cannot be ignored. The spending power that stokvels enjoy is just as impressive as the membership numbers and with an annual clout of R44 billion, it is no small industry. Murray and Roberts which is one of South Africa's leading engineering, contracting and construction services companies involved in projects such as Cape Town Stadium and the Gautrain, had an order book the same value as stokvel contributions i.e. R44 billion in 2010 (Wikipedia 2011). It is therefore worthwhile for industries to recognise that they stand to gain from the enormous value of stokvels and thus move to strategise on how best to tap into or continue serving this market either as individuals or as a collective.

The basis for capitalising on stokvels would be understating the profile of stokvels, i.e. who they are, where they are and what they are doing. The research findings were insightful in this regard, for example it was clear that Mpumalanga and Limpopo have a high concentration of stokvels in their rural areas so it could be inferred that stokvels in these provinces will face certain logistical challenges in terms of accessing retail, banking and other relevant outlets. Industry could be proactive by bringing their services to the stokvels and thereby entrench a presence within this segment. Understanding the profile of stokvels also applies to getting acquainted with members as individuals for example understating that stokvels attract the youth who are known as adopters of technology, could lead to industry targeting stokvels as a collective through social media and other forms of communication mediums suitable for the youthful stokvels.

Various industries can tap into stokvels by aligning their product and service offerings to suit the requirements of stokvels, for examples opportunities abound in terms of the management and handling of stokvel money so the banking industry can provide innovative products to serve the needs of those informally saving.

Targeted campaigns can be rolled out specifically for stokvels in order to ensure brands remain visible to this market, for example tour operators with group travel products can run activations during meetings and players in the alcoholic beverage arena can do brand building exercises during meetings as food and drink are common place and also form part of items purchased in bulk by collectives in the case of Grocery stokvels. It would be fruitful for businesses to have conversations with stokvels not only as brand building but in order to remain top of mind thus maintaining visibility to stokvels, in addition to providing loyalty programmes so as to keep stokvels committed to brands and businesses.

Given the entrepreneurial spirit that is the foundation of many stokvels, there is also an opportunity for businesses to partner with stokvels for CSI/Enterprises development.

3.2.1 Implications for Industry – the FMCG Case study⁹

Players in the FMCG sector are already appreciating the value of stokvels with Mass Mart acknowledging the significant portion of sales associated with stokvels. The volume of goods sold to stokvels in the Woodmead store during the 2011 festive period is cited in demonstrating the value contributed by this sector and this is stated to have included 120 960 units of coffee creamer sold in 21 days, 34 560 units of washing powder sold in 7 days, 6 400 units of rice sold in 7 days, 262 800 units of pilchards sold in 14 days. Massmart acknowledges the need to look after this segment by stating that its wholesale chains such as Jumbo and Makro will “continue paying special attention” to stokvels by providing concessions such as bulk discounts, pro active collection of orders and arranging affordable transport to the stokvel community, therefore tackling the challenges voiced by stokvels in the research findings. Other retailers / wholesaler can stand to gain if they ask themselves the simple questions of “How can we make the bulk purchase a better, easier more convenient experience?”

3.3 Implications for the Research fraternity

Access to stokvels for research purposes should be a continuous endeavour. Gathering insights from stokvels will have to take into account the need to understand both the member as an individual, as well as the stokvel as a collective. Data collection methodologies have to be customised to suit the profile of the stokvels targeted by taking into consideration settings they are comfortable with and

⁹ Case study based on Massmart – Source: Massmart 2012, Stokvels get more for their money [Online] http://www.massmart.co.za/pdf/2012/stokvels_get_more_for_their_money.pdf

communication channels they identify with. For instance, a high profile investment stokvel of professionals can be approached via a breakfast session in an upmarket restaurant or via an online focus group forum for qualitative data collection, whereas a group of middle aged women belonging to a grocery stokvel in a rural setting can be gathered in the local church hall or in a neighbours compound for a similar data collection effort.

Researchers need to assist the end users of data in various industries ensure that that data collected provides strategic insight in providing recommendations which are relevant for how industry can tap into this market.

3.4 Limitations of the survey

The scope of the research was limited to profiling stokvels and understating their value, hence did not delve into the softer aspects such as uncovering the benefits to participation beyond conventional economic gain in depth. Although an extensive literature review was done on over 100 articles featuring in Move magazine which is a platform for stokvels to speak about themselves, there was no primary research done to understand anything beyond the profiling. The Psyche of stokvels as a collective was not explored, for example the decision tree behind all choices made e.g. what prompts them to use contributions in the manner that they do (why grocery and not education), what prompts them to buy certain brands and not others, why do they persist or continue to exist given the availability of formal saving structures and so forth. The recommendation is thus for exploratory qualitative research to be done to answer some of these questions, followed by a quantitative effort to understand the extent to which insights uncovered hold.

In terms of methodology, the research did not include LSM 1-3 in the sample, so there is a recommendation for future surveys to include this demographic.

From an analysis perspective, it is not possible to definitively trend the growth of stokvels as the approach and design of previous surveys may vary to this research. It is thus recommend that the survey is replicated annually to track shifts in stokvels.

4 Conclusion

Stokvels as a collective are significant in terms of their size, value and volume. Strategies that aim to tap into this buying power are in their infancy, or have not been followed through hence

providing a wealth of opportunities for industry. This paper delved into the world of stokvels and showed that it is a significant movement within South Africa that is continually evolving and growing. In summary the paper aimed to reflect on the penetration of stokvels, and illustrated progress in terms of research into this sector by highlighting the profile of stokvels. The paper unpacked how industry can tap into this market and discussed the implications for future research in demonstrating progress from the present to the future.

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