

Sowetan **STOKVEL** **BRANDS**

Evolution of Stokvels

**Stokvels continue to evolve for
the wellbeing and development
of members, families and
communities at large**



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Foreword

A proudly South African culture

An age old, home-brewed savings practice

If a foreigner were to come to me and ask, “what’s a stokvel?”, I think the first word that would emanate from my lips would be “community”.

Of course I’d go on to elaborate and explain that a stokvel is actually the name we South Africans give to informal savings clubs – those clubs generally formed by small, intimate groups of families and friends – where members are committed to paying an agreed amount into a communal savings pot every month.

These savings are then allocated for use, to the benefit of each

of the stokvel members, over time. I cannot think of many things that shout “community” as loudly as the word stokvel.

The next question I’d expect to be asked is why a company of Tiso Blackstar’s stature would invest in stokvel research.

After all, these stokvel clubs can’t possibly be such a big deal to warrant such an investment?

And the assumption would be very, very wrong.

Understandably, for many people who deal exclusively in the formal financial sector and regularly engage with banks, investment houses, stockbrokers, credit providers and insurers etc, it would be hard to anticipate or comprehend how large and powerful the informal stokvel economy actually is. Hold onto your hats. In SA, 11,6-million people participate in stokvel savings,



Eben Gewers, head of advertising at Tiso Blackstar Group.

generating an estimated R50bn annually!*

The stokvel economy is huge, and should not be ignored.

The discipline and trust that is held within stokvel groups is immense, and speaks to the great determination that South Africans have for supporting each other, and saving for what they need, whether it be to cover the cost of groceries, funerals or fund education.

The reasons for starting or joining a stokvel are varied and numerous, and that’s part of their beauty – as they ensure members are single-minded and unified in their savings goals.

That said, stokvel culture in SA is also evolving and becoming more sophisticated.

Financial institutions are taking notice of the market, and increasingly understand the opportunities that abound in supporting stokvel communities to make their “savings pots” stretch further. We’re very excited to

once again partner with African Response in presenting the annual research of the South African stokvel environment.

African Response is the leading and pioneering market research agency of stokvel groups, and has conducted a range of qualitative and quantitative surveys to assist businesses to develop stokvel strategies over the past eight years.

Tiso Blackstar’s support of the African Response Stokvel Survey is evidence of our commitment to deliver value for our readers, marketers and advertisers, as well as the stokvel communities across the country.

Join us in celebrating and learning more about stokvels – the embodiment of community, and true South African ubuntu.

*African Response statistics quoted in 2018.

African Response Foreword

Debunking the stokvel myth

A savings vehicle that generates R50bn annually

Stokvels are here to stay! They continue to evolve for the wellbeing and development of members, families and communities at large.

How can brands enhance this evolution? What can stokvels learn from one another? How can non-members learn from stokvel members?

These are some of the questions we will attempt to bring to light in this year’s Sowetan Stokvel Brands supplement.

In our second year of the Sowetan Stokvel Brands supplement, it is becoming even more critical that we share the extent to which stokvels remain of great value to South Africans and the broader African community.

We have learnt so much about the value, opportunities and challenges presented by stokvels for individuals, families, communities and the broader busi-

ness fraternity, and are looking forward to sharing more this year in this journey.

Stokvels are well structured

Stokvels are well organised and structured, bound by simple rules and regulations of engagement for members, and dates back to the 19th century. It is therefore no surprise to see why stokvels are here to stay. But how can we be so sure?

It is simple, from an estimated annual value of R12bn in 2001, stokvels are now valued at almost R50bn with more than 11-million members – almost a third of the adult South African population.

This illustrates the importance, longevity and self-sustainability of stokvels for the SA economy and the broader African continent.

What is key is to help debunk myths and misunderstandings for those interested in getting closer to stokvels – for own benefit as well as to benefit your brands.

The stokvels’ needs remain basic in their complexity, but are evolving and changing over time



Mamapudi Nkgadima, African Response MD.

Borrowing from psychologist Maslow’s hierarchy of needs, we have seen consistently that the majority of stokvels are driven by their basic needs, i.e. physiological, safety and social needs in this order. This is reflected by the dominance of burial societies and grocery stokvels as the two most common stokvel types.

The underlying rationale for being part of a stokvel is two-fold – to address the basic needs (i.e. food, security and safety) and belonging/being part of something – (a social need).

A small base of stokvels are niche and appeal to a specific profile. These are stokvels such as birthday stokvels, investment stokvels, property stokvels, holiday stokvels etc.

It is also important to understand that while stokvels are formed for specific goals, it is almost never heard of that a stokvel is only purely for that specific goal, hence we talk of the simplicity and complexity of

stokvels at the same time.

Given the innovation seen from players in the past three years, offering technology solutions to help stokvels with administration and enabling efficient communications, we believe that over time some of the niche stokvels will evolve to become mainstream stokvels and create value for members and brands.

Stokvels are not a homogenous group. This understanding is key to add value and enhancement solutions

Stokvels are not a homogenous group, and more so within each type of stokvel. We will highlight this through interesting stories and articles as to why stokvels are not a homogenous group.

For instance, within the grocery stokvels, there are distinct motivators and behaviours that make each sub-group important to understand. This knowledge is critical as it will help brands to engage stokvels and bring forth appropriate solutions to help enhance stokvels.

In our many years of engaging, learning and understanding the dynamics of stokvels, we have shared our knowledge and helped many businesses to align their stokvel strategies and solutions while continuing to contribute to the wellbeing of the communities they represent.

On the other hand, businesses that aimed to benefit from Stokvels by offering off-the-shelf products and services developed for the commercial market have often walked away disappointed that stokvels did not adopt their solutions wholesale.

The main reason is that these businesses did not fully under-

stand how stokvels operate. Stokvels have 130 years’ experience in managing social, financial and personal interests of their members and the communities they live in.

It is therefore important to become a regular guest at a stokvel “dinner table” than to always want to serve stokvels your “special meals” prepared without knowing their preferences. Listen with an open mind to hear what is not verbally said.

Methodology

The results shared in this year’s supplement are based on both quantitative and qualitative research methodologies conducted by African Response between the fourth quarter of 2018 and the second quarter of 2019. We will be sharing with you a selection of the many stories and statistics collected during this time.

The quantitative survey was based on a nationally representative sample of 2,500, weighted to StatsSA 2018 mid-year population estimates with a weight efficiency of over 80%.

The sample included a 30% non-metro, rural and deep rural design.

The qualitative sample included group discussions and in-depth interviews with stokvel groups (ordinary stokvel members and office bearers) across all provinces (excluding Northern Cape) among stokvel members and stokvel office bearers.

We look forward to continuing this journey of discovery and understanding of stokvels.

■ For any further engagement with African Response, please contact us at info@africanresponse.co.za



Multi-level cover

Great option if member has funds

But carries risks of duplicate non-cash benefits

By Merrick Parker

According to the Old Mutual Savings & Investment report released early this year, burial societies and funeral cover make up over half (54%) of informal savings, and there was a small increase in multiple membership – and hence different cover – for the same purpose.

Marius du Plessis, group communication manager for funeral insurer Avbob, thinks that having more than one policy is not an issue. The problem comes when an individual’s multiple stokvels have different agreements – for example with different undertakers – who only provides certain services and products, meaning that duplicate services provided by each policy cannot be claimed back in cash if not utilised by the member or their family.

“As a member of the stokvel/burial society you can therefore only rely on that undertaker to render a particular or specified service and/or specified products, such as a particular type of coffin or casket and that’s it. In most cases such undertakers will not offer a cash pay-out. So, if you wish to get somebody else to conduct the funeral, you can’t. You either do the service with them or you forfeit your stokvel/burial society contributions” he said.

Du Plessis said there is no statutory limit on what an individual can acquire from different insurers or stokvels/burial societies, and so if you can afford multiple cover to suit your needs you can do it.

That is the reason why many people have multiple policies. They would belong to a burial society to conduct the funeral, and also belong to a stokvel to pay out in cash or provide other services such as groceries, food preparation, etc. Then they will have a funeral policy with an insurance company from which they will claim the cash payout.

African Response’s Stokvel Study for 2018 and 2019 found that burial societies had almost R10bn in contributions. Mizi Mtshali, CEO of the National Stokvel Association of SA (Nasasa), agreed that there is an excessive cover in some instances, but not without good reason. The cost of funerals is expensive, not only the cost of burial – which could be covered by a single policy – but the cost of the occasion. Similar to weddings,



Mizi Mtshali, Nasasa group CEO, Andrew Lukhele, Nasasa group chair and founder, Jacqui Rickson, chief executive for group benefits, Sanlam Developing Markets and Karl Socikwa, CEO of Sanlam Developing Markets.

funerals are well attended, and the numbers are unpredictable.

Accommodating and catering for a public event such as a funeral can easily reach costs in excess of R100,000. It is therefore common practice for multiple claims to be made to finance a single funeral. These claims are typically from the deceased’s own policies with formal insurers, cover taken out by family members on their behalf, funeral parlour cover as well as burial society cover.

“In our research, a major driver for multiple cover is the lack of trust that people have in the formal insurers to pay claims. It is believed that insurers aim to withhold payments, so holding policies with multiple insurers gives the reassurance that some of the claims will be paid, if not all,” Mtshali said.

While there are valid reasons for multiple cover, there are parameters that must be recognised, as well as ways to make this cover more affordable. By law, a single cover cannot exceed R30,000, and your combined cover with an insurer cannot exceed R100,000.

Mtshali said Nasasa educates its constituency through the three main channels. “On a monthly basis they host our Stokvel Indaba at various locations around the country. This is the only regular mass gathering of multiple stokvel groups. This platform is used to deliver and receive valuable information including this subject of insurance,” he said.

Mtshali added that banks and insurance companies are putting effort behind servicing this segment of the population. Of these

institutions, one that has invested most meaningfully has been Sanlam’s Developing Markets division, which have partnered with Nasasa to form the Nasasa

Financial Services, an entity owned largely by stokvel groups. Through this partnership, they deliver the Nasasa Funeral Scheme for stokvels.

Du Plessis said communication with the public is very important, and Avbob invests substantially in various campaigns in the media, including social media which it runs continuously to educate the public. He said before Avbob sells an insurance policy, they conduct an affordability check to make sure that the customer can afford it.

“People who are looking for funeral cover should decide for themselves what they need, how much they can afford to pay and who should be performing the service they require. The FSP and its intermediaries can and will provide customers with advice but the final decision rests with the consumer,” he said.



TREAT YOURSELF AND YOUR FAMILY, THIS STOKVEL SEASON

A major driver for multiple cover is the lack of trust

Overview

Banks need to come to the party

Stokvels get a raw deal despite huge deposits

By **Merrick Parker**

Stokvels represent a huge part of the SA savings landscape. Research group African Response's Stokvel Study for 2018 and 2019 found that 19% of South Africans were members of a stokvel, with estimated membership of over 11-million.

Professor Joseph Chisasa chair of department: finance, risk management & banking at Unisa, said while both government and commerce acknowledge the existence of stokvels, neither seem to make deliberate efforts to tap into the economic potential of stokvels.

"When compared to the more established corporates from both government and commerce who aggressively solicit for business, stokvels are part of the retail

market that always has to find its way to services, suggesting perceived low value by both commerce and government. This is an unfortunate situation, particularly as government chases both economic and social transformation," said Chisasa.

The estimated total annual contributions of stokvels to the SA economy is close to R49,5bn according to African Response. The SA economy profits from stokvels in a number of ways. They have a low-cost deposit pooling effect which formal banks struggle with. They also play an important role of cultivating a saving and investment culture and give members a sense of financial security.

Chisasa recently co-authored a paper titled *The nature and benefits of participating in a burial society stokvels in South Africa* with his colleague Lindiwe Ngcobo, who added that there is an unidirectional flow of funds from stokvels to banks.

"For banks, it makes business sense to keep the cost of funding

low, obviously motivated by the fact that these are profit-driven enterprises. However, an extension of similar client relationship management strategies to those applied by banks when serving large corporates would go a long way," Ngcobo said.

Currently, the bulk of deposits held in stokvel accounts sit in low interest-bearing savings accounts, essentially earning them negative real returns given that the inflation rate is greater than the interest rate paid for these savings.

"These deposits belong to poor people who are trying to save for, among other reasons, to emancipate themselves from poverty. However, destroying the value of

their savings does not help members of stokvels out of poverty. Consideration must be made to actively manage these funds in a portfolio format after consulting the depositors," Ngcobo added.

Business and stokvel coach Lindy Mataboge said stokvels are the only safety net for most unemployed South Africans in terms of savings and investments. Old Mutual reports that borrowing from a stokvel was the third go-to option when consumers were in a tight spot in the past year. But she added that stokvels are desperate for savings and investment opportunities that can yield better returns.

"I am seeing a new trend of black banks emerging, the likes of Ubank and Tyme Bank. This gives us hope that a stokvel bank will surely emerge and that will give birth to 'the emerging of ownership revolution' in stokvels. Stokvels will own their future and begin to create wealth," she said.

The unique characteristics of stokvels will require some mea-

sure of financial innovation and engineering that captures the risk profiles of the stokvel. "The emergence of new financial products is expected to work for the benefit of stokvels only if they are designed in a manner that captures the needs of this economic segment," Chisasa said.

Ngcobo said that deliberate policy interventions by monetary authorities will bring about the development of new financial products and a financially deepened financial sector. Currently, banks only accept deposits from stokvels on savings accounts, but do not reciprocate through credit extension and portfolio return maximisation strategies similar to those offered to corporate investors.

"If SA has to achieve poverty eradication, financial institutions will need to become more innovative, especially in the area of credit-granting in support of entrepreneurship development among members of stokvels," said Ngcobo.

A fertile ground for a stokvel bank

Evolution

Their future is 'non-bank financial institution'

Stokvels will soon own an equity in SA's big industries

By **Merrick Parker**

From their humble beginning in the early 19th century, stokvels have changed and transformed with the times and expanding from burial societies to grocery stokvels all the way to investment stokvels, and this shift is slowly moving them more and more into the mainstream.

Busi Skenjana, CEO at BSK Marketing & Associates, said she expects different types of stokvels to evolve in the coming years. She said traditional burial stokvels were most likely to operate in the same way, unless there was a redesign of short-term insurance products to suit the needs of these burial clubs. But socioeconomic developments will to a large extent determine the nature of stokvels in the next 10 years' time.

"The more affluent stokvels members become, they will probably focus more on the social support contract, as opposed to the current financial support that is gained by belonging to a stokvel. The more financial access options stokvels have, they

re-define the stokvel model," she said. A trend she has noticed was the emergence of Entrepreneurial stokvel, where Stokvels are saving money and intentionally look for entrepreneurial opportunities to invest in.

Mizi Mtshali, CEO of the National Stokvel Association of South Africa (Nasasa), said in future, stokvels would be participating more meaningfully in the economy, such as owning equity in industries, which equity will create generational wealth.

"The stokvel system is central to the real economy, and will become central to mainstream economy. The last will be the first and those unwilling to transform will remain outside of the new economy," he said.

Mtshali said technology will play a critical role. He says that while stokvels are open to using apps, there has not yet been an app with the strength and functionality to facilitate the functions of stokvels.

"Most apps are created remotely and are based on assumptions and not the realities of group administration. Through extensive research and trial, and together with strategic partners, Nasasa is developing a robust system with a user-friendly app as the user interface. While the tech market has not yet catered to the specific needs of stokvels, tech-



Busi Skenjana CEO at BSK Marketing & Associates.

nology is certainly changing how stokvels function. For example, stokvels are embracing banking solutions such as cellphone and internet banking. However, the take-off is slow due to data costs, access to the internet and low technology literacy levels.

Skenjana said unfortunately only a segment of stokvels, those that include younger generations, are more tech-savvy, and most of them still believe in cash-based transactions. It is therefore difficult to move them to a cashless stokvel.

"They don't understand the cost implications of cash handling. There is a great need for the 4th industrial revolution awareness in this sector and also to slowly introduce more simple digital applications that are cus-

tomised for stokvels," she said.

According to African Response's Stokvel Study for 2018 and 2019, the concern around technology use by stokvels members, was that they did not want to deal with a computer on a daily basis. Also, general mistrust and lack of technology skills means members would not be able to keep copies of deposit slips on computer.

Skenjana said that while the "Cashless Stokvel" is ideal, it could take away the crucial elements of what a stokvel offers, which is social, emotional and spiritual support, because members won't see the need to meet as often or at all.

Professor Joseph Chisasa, chair of the department of finance, risk management &

banking at Unisa, said he envisage stokvels that will be run professionally, and stokvels turning into fully-fledged non-bank financial institutions.

"This is largely because they already offer some of the services being offered by formal financial institutions," he said.

This because stokvels offer deposit, loan and insurance services, albeit at an informal level.

But another way stokvels are being shaped and changed is the entrance of commercial interests into the market.

The Flight Centre Travel Group (FCTG) SA launched the Flight Centre Stokvel product last year. The product is a platform to make travel accessible to all South Africans, irrespective of income and demographic. Lance Nkwe, FCTG marketing manager – emerging market, said in two years just under 500 clubs have been signed up and over R3m has passed through the business. The stokvels have been primarily used to book local domestic travel, as well as to destinations such as Zanzibar, Thailand and Bali.

"We're seeing that stokvel clubs are taking about a year to mature before they make travel purchase decisions. In addition, families are signing up using the account as a holding fund for family travel," said Nkwe.



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Types of Stokvels

Traditional community platforms

Forums for support and joint group savings

By **Penelope Mashego**

SA's stokvel industry has been the backbone of many households across the country, with funds often available in time for funerals, home renovations, school fees and other life expenses their members can't afford on their own.

Research by African Response found that SA has over 522,000 stokvels with more than 11.6-million members – 19% of the country's adult population.

The country's R49,5bn stokvel industry is made up of the grocery, burial societies, savings, money, and other types of stokvels. What makes stokvels so attractive and kept them going for decades is that they are a traditional platform for people to come together and collectively contribute and share money for their spiritual, financial, emotional or social needs. The key to the success of stokvels is the trust among members.

Stokvels also provide people with the financial discipline they would not have on their own, purchasing power, safety and security as well as a sense of community and belonging.

There is an average of 34 members per stokvel, who each belong to an average 1,27 stokvels. Members contribute an average of R357 a month.

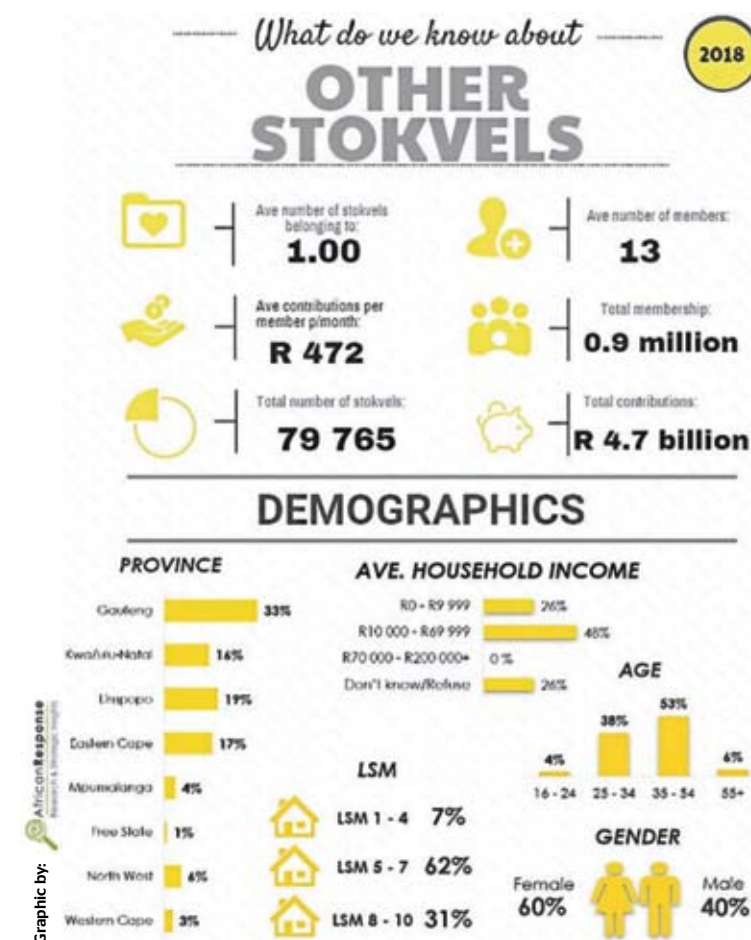
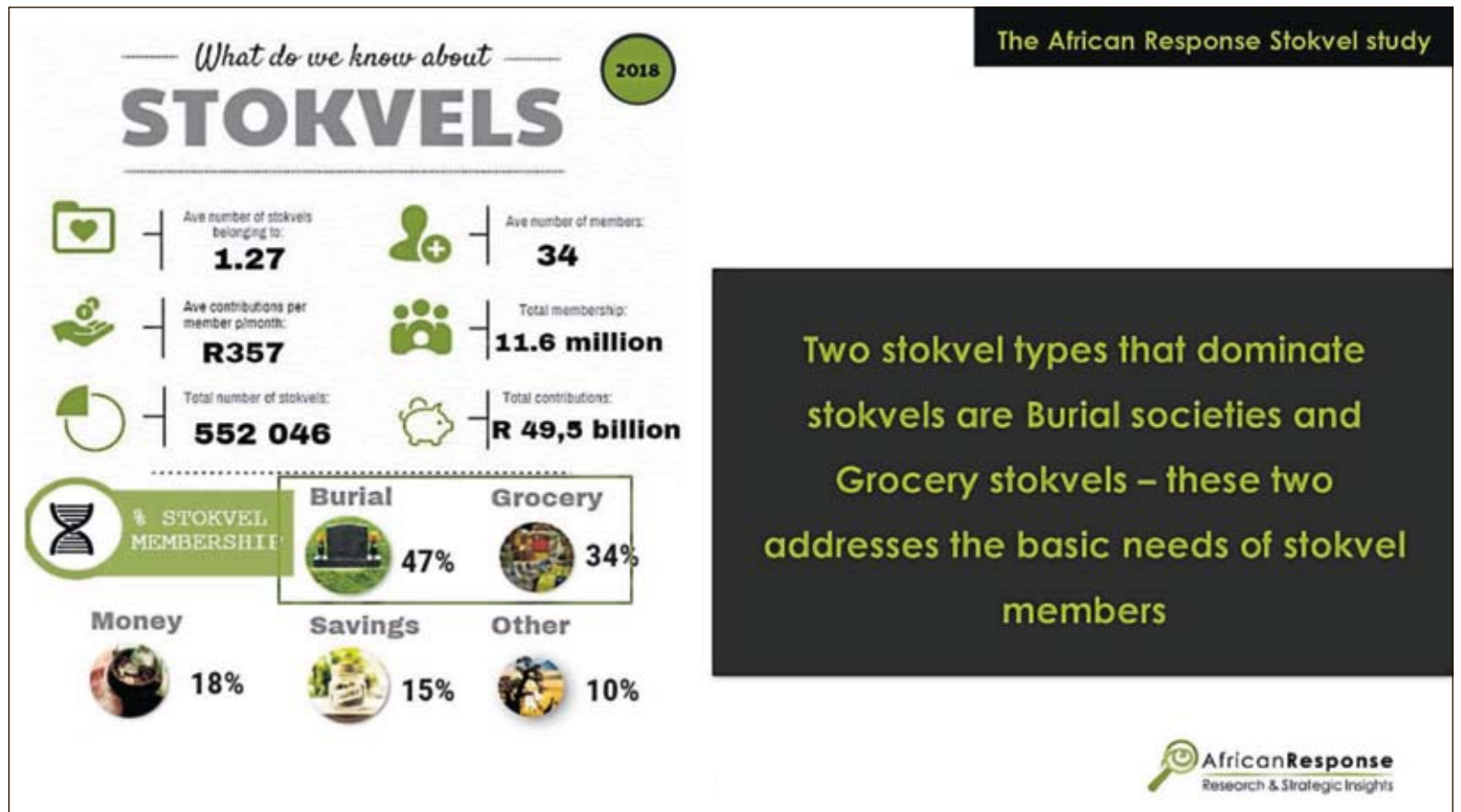
The biggest stokvel type by member numbers and contributions is the grocery stokvel, which has 34% of the total stokvel members. Grocery stokvels have 3,1-million members and the groups have an average of 18 members, who belong to an average of 1,21 stokvels, making up the R13,8bn sector. Members are spread across SA's 179,886 grocery stokvels, and each contribute an average of R362.

Most grocery stokvels keep their contributions in a bank account made out in the name of the stokvel, a funeral undertaker account. The idea is that the money saved should cover grocery expenses, but burial cover is also important.

Grocery stokvels are made up of mostly female members at 72%, and the province with the most grocery stokvels is Limpopo, followed by Gauteng and KwaZulu-Natal.

The most common types of stokvels are:

- Monthly grocery stokvel that is focused on monthly specials;
- End-of-year bulk grocery



support in the form of prayer sessions, helping with funeral-related needs such as cooking and cleaning, sharing equipment and hosting memorial services.

Contributions are typically collected in cash at monthly meetings, and people can join at any time but there is a waiting period before claims can be made.

Savings stokvels have an average 1.4-million members, in 68,858 stokvels who contribute R9.1bn to the industry.

Members contribute up to R548 a month, which is saved in the stokvel's bank account.

Savings stokvel members typically pay monthly contributions and the stokvels pay their members directly, while others save their contributions with retailers and wholesalers.

Cash collections make it easy to collect contributions and keep a record of them throughout the year. Cash collections also mean that there is more of a commitment from members to attend stokvel meetings and avoid dishonesty.

On the other hand, cash collections also limit the stokvel's saving value since it is not banked.

Banking with retailers and wholesalers also shows that groceries are a common basic, even for savings stokvels. Some savings stokvels use members' monthly contributions as loans, with interests rates of up R20 per R100 loaned.

Interest rates are higher for non-members and the risk of loaning outsiders is managed by

holding the members responsible for finding and keeping an eye on the person who took the loan. Further risk management is done by limiting the loan amount and how often a loan can be taken.

Money stokvels have more female than male members and are more common in the Eastern Cape. They are also the stokvel type with the highest monthly contributions for each member every month.

Much like the savings stokvel, money stokvels distribute directly to members but also deposit into members' bank accounts.

Money stokvels also provide loans to members and outsiders.

The money members receive usually goes towards school fees, paying off debts and fines, investments, renovations of homes, groceries, household appliances and personal items.

Other types of stokvels include investment stokvels and property stokvels.

Although they form part of the informal economy, stokvels are highly efficient when it comes to group management, record keeping, distribution benefits and rules and regulations.

Stokvel meetings typically take place once a month and are hosted by members on a rotational basis, although larger groups have a central venue.

The stokvels have office bearers who set the meetings agenda, which usually includes an attendance register, contributions collection and announcements.



Burial

Most popular death cover in SA

There are around 66,000 active burial societies

By Merrick Parker

Burial societies are the most popular form of stokvels in SA with 47% of stokvel members – around 4.3-million people – belonging to a burial society, according to research conducted by African Response.

Estimates are that there are around 66,000 burial societies operating in SA. On average each has 64 members and makes a monthly contribution of R188, collectively contributing around R9.5bn a year. African Response research noted that burial society stokvels have the lowest monthly contributions per member and are more prevalent in Gauteng and Limpopo than other provinces.

The primary purpose of burial societies is to collectively save to provide cover for funerals and related costs for members. Stokvel burial societies don't only provide cover for members but also their immediate and even extended family members.

Most burial societies work closely with local undertakers with cover that includes services such as body storage, repatriation where necessary and associated transport costs.

Another differentiation is that there are no age limitations to

membership – anybody can join irrespective of their age – which makes a burial society an attractive proposition to many people.

The majority of burial societies utilise a stokvel bank account (51%) while 47% have a bank account with a particular undertaker. Although the primary focus of a burial society is on burials, they're not limited to that, but also make allocations for groceries after a bereavement.

Burial societies are typically governed by a constitution and a set of rules. Meetings typically take place monthly with contributions paid in cash. These contributions are recorded and tracked in a note book by the elected secretary. The collected cash is then either paid to an undertaker or deposited into a bank account the following day.

Most burial societies request a joining fee ranging from R100 to R250, and there is a prescribed waiting period before a member can claim from the burial society. The majority require a death certificate to validate the claim. Payouts are usually made in cash within a week of a death.

One of the biggest advantages of membership of a burial society – in addition to the obvious financial benefit – is a strong sense of community among members. This extends to emotional support provided to the bereaved member, including prayer sessions, as well as practical help with meal preparation, sharing of equipment for memorial services and even hosting thereof.



Burial societies cover funerals, related costs. / VELINHLAPO

Despite adhering to strict rules, burial society members show compassion to fellow members. Grace periods for later payment are not uncommon in the event of an emergency, unlike cover from a registered financial services provider, where claims are not honoured if the member misses a payment, irrespective of how long they have been paying.

A number of financial service providers have developed com-

plementary cover to burial societies. A market leader in the stokvel product category and the first service provider to allow clients to open an account digitally is Nedbank.

Sisa Cikido, head of Retail Investments at Nedbank, says the bank's stokvel account offers competitive interest rates and access to affordable funeral cover. Stokvel account holders are eligible for the Nedbank Pay-As-You-Use (Payu) bank account.

Members receive R10,000 burial cover for each member for only R20 a month to cover any costs associated with the burial. Stokvel members, however, have to be between the ages of 18 and 65 to qualify for the benefit.

In addition, they get up to 10% discount on groceries and school supplies at selected partner stores. Critically, they pay zero account maintenance fees on

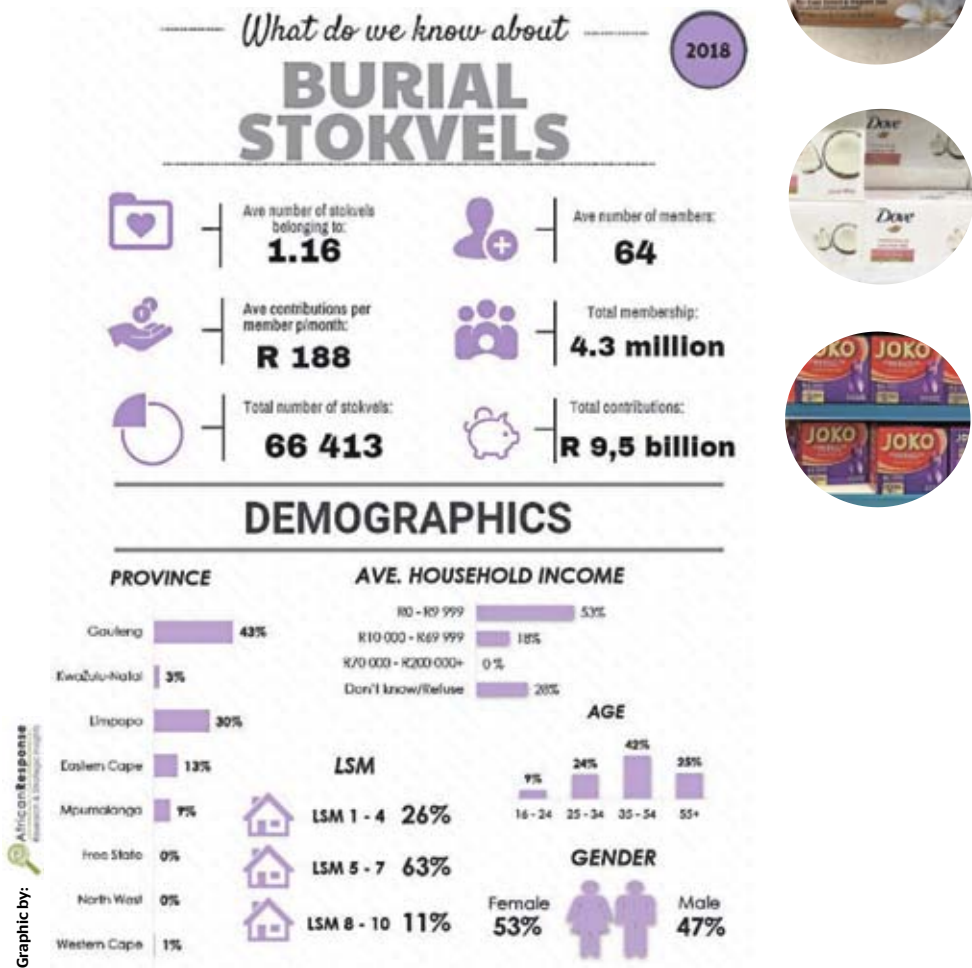
stokvel accounts.

Old Mutual, on the other hand, offers a burial society support plan which pays out claims within 48 hours once the relevant documentation has been received. The plan aims to protect burial societies from multiple claims over a short period. In addition, Old Mutual offers burial societies financial education workshops, guidance on premiums and assistance with the administration of the society.

Absa's Club Account has been specifically developed for stokvels or savings clubs.

The account, which requires a minimum of three members, can be opened with an initial deposit of R50.

All balances above R50 earn interest. Savings are available on 32 days notice, accidental death cover of R2,000 is provided for up to 10 nominated members.



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Grocery

The second-largest, and growing in popularity

Women account for these savings of R13,8bn annually

By **Samantha du Chenne**

Grocery stokvels are the second-most popular type of stokvels in SA, after burial stokvels. According to research conducted by African Response, there were close to 180,000 grocery stokvels operating in the country during 2018.

The research further revealed that the average grocery stokvel has 18 members each contributing on average R362 per month. Collectively, grocery stokvels contribute around R13,8bn each year. Perhaps not surprisingly, their membership has a female skew.

While grocery stokvels are found in all nine provinces, they're more prevalent in Gauteng, KwaZulu-Natal and the Eastern Cape, with the highest prevalence in Limpopo.

The majority of grocery stokvels (44%) use a dedicated stokvel bank account, with 12% putting their contributions into a dedicated wholesaler or retailer account and 15% depositing the funds into an account with a store owner.

There are three main types of grocery stokvels: monthly grocery stokvels, which aim to tap into monthly specials and accumulate groceries; event-specific grocery stokvels – commonly referred to as Mabili in Limpopo – which help supplement groceries for both planned and unplanned events such as funerals; and, the most prevalent type of stokvel, an end-of-year bulk grocery stokvel, which aims to purchase in bulk during November and December and provide groceries for each member for many months into the new year.

Select wholesalers and retailers are increasingly recognising not only the buying power of grocery stokvels, but also their links to local communities and in response, are evolving their offering accordingly.

According to African Response, price is the most important determinant of which retailers and wholesalers to support.

Stokvel members consider low competitive pricing, consistent promotions and specials on chosen brands. Other factors influencing where they purchase include store proximity, quality, stock levels and reputation of the retailer.

General manager for Money & Mobile Services at Pick n Pay, Papi Rapolai, agrees that price is a compelling motivator: "Most stokvel groups are price-sensitive, so they shop around for the best deals in order to get value for money. They're also looking for added value such as free transport and in-store assistance."

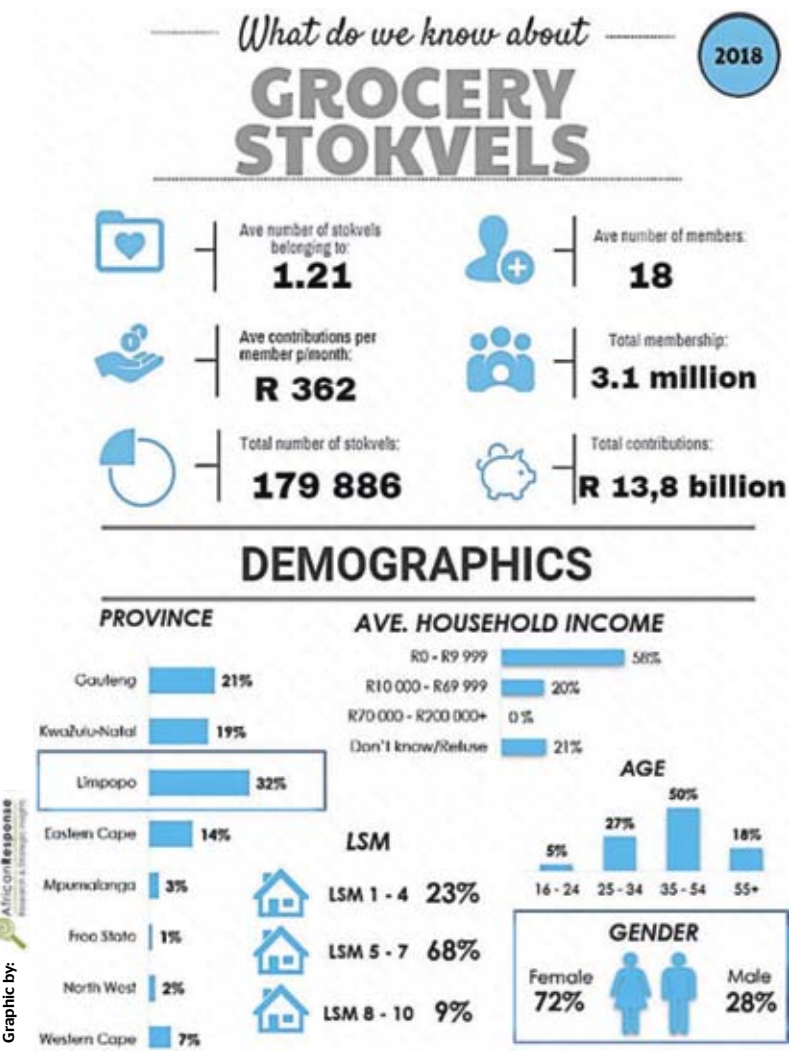
Unlike many other retailers, Pick n Pay's stokvel programme is run throughout the year, rather than just in the lead up to the end of the year. "We have focused our programme on providing both value to customers as well as education programmes in finance, insurance and health wellness through a partnership with a reputable bank, leading insurance company and Pick n Pay Pharmacy," said Rapolai.



Grocery stokvels dominate this popular savings culture. / ALAN EASON



Shaun Royeppen, Jumbo Crown Mines store manager.



"Ultimately, our aim is to be a retailer that not only focuses on groceries but provides a 360 value offering for customers in travel, cellular and financial services."

One of the most notable trends Pick n Pay has picked up on is how stokvel groups are becoming increasingly better organised. "We're seeing groups that have now merged as consortiums in order to gain larger buying power and increase their access to better rates and value propositions," said Rapolai.

The items most in demand by stokvels, he said, tend to be those items with a longer shelf life. They include margarine, long life milk, Oros, biscuits, Weet-bix, canned pilchards, etc.

Jumbo stores reported similar products as the most popular among grocery stokvels. "Commodities with a long shelf life such as maize, rice, sugar, biscuits, tinned fish, baked beans and detergents are the most popular products," said Shaun Royeppen, Jumbo Crown Mines store manager.

He said stokvels are key to the business as they help the store to build relationships with the community. "In return we make every effort to provide them with value by giving them the best price possible."

Jumbo Cash & Carry's stokvel offering provides members with a number of exclusive benefits including the convenience of placing orders in advance with a dedicated telesales team, who ensure that the order is packed and ready for collection. Stokvel members are provided with free refreshments and access to banking facilities while they wait for their orders. In addition, the wholesaler offers a delivery service.

Stokvels are encouraged to register their details on the store's database. This allows the

store to communicate regularly with members. Each store initiates annual meetings with stokvels between September and December, during which activations are held including product sampling, an introduction to new launches and an outline of procedures that stokvels can follow to place their orders in season, says Royeppen. Meetings occur on a Saturday and are attended by around 200 members. Engagement with members continues throughout the year via social media, SMS and email.

Another retailer making a concerted effort to meet the needs of grocery stokvels is Makro. In addition to offering discounts on bulk purchases, Makro has positioned itself as a one-stop-shop for stokvels. Its mCard app has a dedicated stokvel category with deals offered on popular stokvel items, an opportunity to earn cash back into the virtual Makro mWallet and a coupon booklet, said national category manager, Johan du Plooy.

"The coupon booklet features discounts on popular items from brands that stokvels love most," said Du Plooy. "The aim of the coupon booklet, which is made available to stokvel groups at the reception counter of all Makro stores, is to help them further stretch their funds."

The wholesaler hosts stokvel parties towards the end of the year, during which it provides entertainment as well as interactive Q&A sessions on its mCard app. Stokvel members attending the parties have an opportunity to win prizes.

One of Makro's biggest differentiators is the Stokvel Planner – a magazine published specifically for stokvel customers – which features articles from Makro stokvel customers as well as advice on health, saving and special offers from Makro.

Savings

Stokvels are a critical savings mechanism

New vehicles for generational wealth

By **Lynette Dickey**

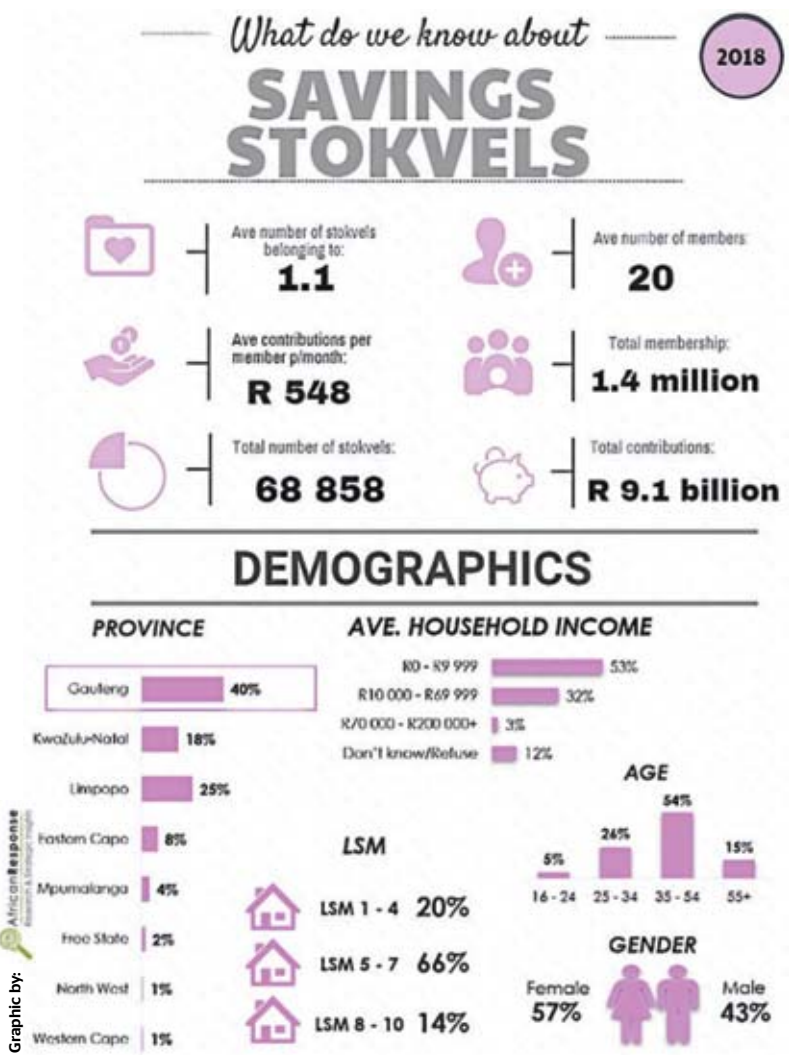
Stokvels are regarded as a key savings vehicle with the ability to significantly enhance discretionary savings levels and bolster the economy.

Correctly harnessed, stokvels could be the driver that SA needs, says head of Retail Investments at Nedbank, Sisa Cikido.

Nedbank launched its Nedbank Stokvel account in March 2018, which has already attracted more than 3,541 account holders and has insured more than 88,900 lives through its innovative burial cover solution. "This initial success demonstrates that informal savings groups such as stokvels are ready to enter the formal financial system, provided they can see the benefits of doing so," says Cikido.

What stokvel groups are looking for in a banking partner, she says, is a reliable partner they can trust to help them reach their savings goals and make their money go further.

"Nedbank offers stokvel groups a safer alternative to save their funds to avoid risks of misuse or theft of funds." However, only 5% of stokvels are focused on investment savings, she said, adding that this reflects the fact that SA has the lowest savings rate among G20 countries.



"To help SA achieve its economic goals we need to build a smarter savings culture driven by accessible products."

While overall savings in formal investment vehicles is down, savings in stokvel clubs is on the increase, with female participation, in particular, having seen a



Old Mutual. / TIMOTHY TILLEY



Sisa Cikido, head of Retail Investments at Nedbank.

as well as put children through school, among other things, said John Manyike, head of financial education at Old Mutual.

The Old Mutual research revealed that in 2019, 68% of metropolitan working black females belong to a stokvel, compared to 52% of metropolitan working black males.

Considering this trend over time, says Manyike, just five years ago black female membership of stokvels was sitting at 53%. "So, in effect, we have seen an increase of 15% in just five years."

Even more interesting, he pointed out, is that even within different types of stokvels such as property stokvels, female membership has increased.

"For home ownership type of stokvels, our research indicated that 89% of members were women."

Property stokvels are the ideal response to the criticism that savings timelines are too short, he said.

Questions to ask before joining a stokvel

- Beware of investment scams which make false promises of outrageous returns, warns Old Mutual's John Manyike. Before joining a stokvel, these are the questions you need to ask:
- Is your stokvel registered?
- Do the people you are investing with have a good track record?
- Are all members aligned to the agreed visions and plans?
- Does the stokvel's constitution include clearly stipulated rules which govern the exiting members whether their exit is voluntary or by death?
- Are you getting the best possible returns, and is your money secure?

Trends

The rise of the 'Sandwich Generation'

By **Lynette Dickey**

The Old Mutual Savings & Investment Monitor is an annual study which examines levels of savings and investments as well as attitudes to finance among working South Africans living in major metropolitan areas. The first study was conducted in 2009.

One of the findings of the 2019 study is the trend towards con-

tinued belt-tightening and the extent to which many households have already cut down as much as they can.

Working South Africans have been affected by growing unemployment levels and large-scale retrenchments at numerous large companies including Standard Bank, Group Five, Tongaat Hulett, Sibanye-Stillwater and Multichoice, among others. As a result those with regular in-

comes are having further financial pressure placed on them by non-working family members.

In tandem with this is the growth of the "Sandwich Generation", so-called because they are supporting children, parents and in some instances, other older dependants. This year the number of individuals described as the Sandwich Generation grew from 27% in 2018 to 34% in 2019.

As household income comes

under increasing pressure, many households are looking to loans from family and friends or financial institutions in order to make ends meet. For lower income earners, stokvels are the go-to option if friends and family are not able to assist.

Another consequence of declining household spend is a decrease in saving for emergencies, the study found, noting that buffer savings have become a

luxury. This leaves the majority of households vulnerable. A total of 38% of metro working households only have enough savings to last a month or less if their main source of income is lost.

Financial stress is particularly prevalent in low-income households. Most households in SA are looking out for discounts and specials when it comes to groceries, shifting to cheaper brands, and buying in bulk.

Sowetan
STOKVEL
BRANDS



Pick n Pay has added even more benefits to its Stokvel Card package. / TIMOTHY TILLEY

Sponsor

Pick n Pay sets the bar high with wholesale stokvel

Free delivery, exotic vacations added to the mix

By **Lynette Dicey**

It is estimated that there are more than 800,000 stokvel groups in SA, with around 11.4-million members collectively saving approximately R49,5bn each year.

One retailer catering to the growing popularity of stokvels is Pick n Pay, who launched the Smart Shopper Stokvel card in 2016, which caters specifically for stokvel groups saving for groceries. The card provides all the benefits of the Smart Shopper loyalty programme as well as additional grocery and product promotions.

Stokvel savings have traditionally been held in cash by one member of the group, putting this group saving at risk of theft. Savings that are banked tend to earn a low interest rate. General manager for Money & Mobile Services at Pick n Pay, Papi Rapolai, says one of the biggest benefits of the Stokvel Card is convenience and reduced cost for members.

The retailer has partnered with a reputable SA retail bank to offer stokvels dedicated accounts with competitive interest rates on their savings. No monthly management fees are charged



General manager for Money & Mobile Services at Pick n Pay, Papi Rapolai.

and the first cash deposit each month is free of charge.

When it comes time to withdraw the savings, authorised members simply visit a bank branch and place a notice of withdrawal. The money is then paid directly into a Pick n Pay account and the funds that have been made available can be spent at participating Pick n Pay outlets within 24 hours. This means that stokvel members never have to withdraw and carry large amounts of cash.

Recognising the particular challenges facing stokvels in SA, Pick n Pay also offers free delivery for purchases over R30,000 within a 15km radius of its participating stores, while a stokvel

champion is available to assist groups with queries and telephonic orders as well as in-store assistance, particularly with regards to separating and packing orders, offering customers both improved convenience and value.

Rapolai said that while there



are currently 63 Pick n Pay stores participating, the intention is to include all stores in the future.

As part of its stokvel solution, Pick n Pay has also partnered with various wealth, health and wellness providers to offer annual financial fitness as well as health and wellness classes within communities. These value-added presentations include talks on community safety, drug awareness and healthy eating.

To generate excitement, it hosts competitions for stokvel groups with prizes of trips to exotic locations for up to 20 members.

"While stokvels were originally established as a group savings vehicle, they have de-

veloped a hugely social element: members are typically very community-minded and support and help each other through tough times such as bereavements," said Rapolai. "In these uncertain economic times, stokvel savings are a guarantee that a family will be able to put food on the table and that their savings benefit from group discounts. Pick n Pay's Smart Shopper Stokvel card will continually enhance its products to offer responsible solutions that benefit stokvel groups by offering greater convenience, more benefits and better value for money to groups."

He added that the retailer hopes to raise the bar in the industry and encourage its competitors to offer stokvels similarly good deals in the future.



Stokvels' Fluidity

The blurring of life lines

Stokvels merge both 'formal' with the 'informal'

Weekend: *eKasi (My community): 'Heita!! Hola Mpintshi yami! (first pump, shoulder bump or is it a hug?)*

Makhi, nivuka njani? Uzwiile indaba ka MaKhuzwayo?

So, life goes on in townships, as it always has, since time immemorial – until the weekend ends.

The crossover, or switch, is elegant, if indiscernible, and depicts the duality of black people's lives in urban areas. This is where transitioning happens most – where "informal" meets "formal".

A colleague, who hails from Limpopo (a stokvel stronghold), goes home at month end to be part of a celebration where members of her Libili Grocery stokvel have collated household items to settle a claim from a fellow member. This occasion is a traditional wedding celebration, and my colleague has contributed the items listed (see box):

Others from her 15-member strong stokvel have brought the rest of the grocery items, which provides all essentials required for this function. There's a buzz in the air; women are ululating and dancing.

On Monday she's back in Jozi chairing a board meeting, where they discuss financial concepts such as hedging, leverage, debt equity ratio, fund management, etc. Effort of this transition on my colleague = nil.

Why is this relevant? It is because stokvels derive from the "natural habitat" of black people (in SA specifically, and the African continent, in general) which is grounded on the construct of ubuntu (incorporating conceptual elements such as trust, respect, belonging, social capital, ethos of 'I am my brother's keeper', etc.).

We may ask if there is a disconnect between these two events on my colleague after all these years of living as part of Archbishop Emeritus Desmond Tutu's "rainbow nation"? If so, where lies this disconnect? I submit that "formal" (read business) approaches the "informal" (read township, and for the purposes of this article, read stokvel) with the single-minded purpose of changing the stokvel member's behaviour so that it conforms with what business can relate to as part of their standard, or existing, marketing template.

Why would this be necessary? The simple reason is that it makes business operations sim-

pler when people can be boxed and grouped/segmented according to buying patterns and brand preferences.

But one should be agile and somewhat unpredictable in the informal world. And, adapting to life on the go is the only game in town.

This is the DNA of many a black South African who have had to survive by negotiating "formal" workplaces vis a vis their default "informal" orientation. Those of us in the appropriate age bracket will recall how diversity management business thrived in the 1980s and 1990s as businesses attempted to make the workplace tolerant of different cultures within the country. Well, in the same spirit, but perhaps not as crude, this article attempts to persuade "formal" to take some tentative steps towards "informal".

So, where are these grey areas? How do they manifest themselves? Why would this be perceived as dissonance instead of being celebrated in the spirit of diversity? I would guess that most brands/businesses that enjoy a stokvel's custom have never attended a stokvel meeting and/or have never interacted with members to fully understand how their circumstances influence their transacting behaviour and shopping choices.

The inclination is to consider the rand amount presented as the estimated value of a stokvel business and wonder how they could get a slice of this pie.

Would it be idealistic to advise businesses/brands to change the mindset from "acquiring" stokvel custom to first understanding the sector's core drivers and indeed, the whole ecosystem that survives through stokvels?

When that happens, marketers will start by inviting stokvel members to co-create concepts (product, communication, otherwise) and not only invite stokvel members to a focus groups AFTER the concept has been developed in "formal" boardrooms and laboratories. This would be but a simple process of unlearning past attitudes/orientation.

Apart from the obvious benefit of creating a customer-centric solution, it would give marketers such leverage and differentiation where they are associated and considered "a brand that under-



Noluvuko Mathibe, Research & Insights Director at African Response

stands me and my situation" – the ideal position in an imagery map.

Importantly, brands that are perceived as walking the "stokvel talk" will gain good PR via the

all too powerful word of mouth; especially if one considers that, on average, individual members belong to between one and three stokvels, which suggests an organic multiplier effect in the stokvel ecosystem. Different stokvel types serve varying needs (burial, grocery, savings, etc.) and some members find it beneficial to belong to a multiple of them.

In this age of digital transacting and communication, stokvels are inundated by marketers/corporates asking them to "start using this means of transacting" and "Did you say they still pay their monthly contributions in cash?" Indeed, most still do (and yes, they are mindful of the associated risks in handling cash); but there is a lot that rides on them continuing to use what may be considered as old-fashioned practices.

The obvious one being that stokvels are typically a broad church where membership transcends age, sophistication, locality, income levels, etc. This big ship turns very slowly, if at all, especially in matters digital, where most members, (particularly the older generation) still operate at a concrete level and do need to see evidence as presented by the bank statement, proof of payment, etc.

This article is not meant to imply that the "twain shall never meet" to borrow from Rudyard Kipling's ballad; indeed, they do meet, and it is beautiful when they do. The message from us at African Response is that brands/businesses should spend time to understand not only what they want to get out of stokvels, but also what positive imprint they would like to leave on a stokvel's journey of survival.



Grocery items purchased:

- 1 x 10kg parboiled rice
- 1 x 5l cooking oil
- 1 x 6pack of baked beans
- 1 x 10kg wheat cake flour
- 1 x 6pack of vanilla flavoured custard



Basic Principles

According to Keynesians of economic world

Unpacking the stokvel phenomenon

We live in a society where we generally accept that the principles of capitalism dictate how we function socially, commercially and politically. But when looking at the stokvel market, illustrated through a range of articles in this supplement, it seems necessary to unpack the principles of capitalism juxtaposed against the stokvel phenomenon.

In doing that, it could yield great insight into how we understand and engage with an almost R50bn industry driven and maintained by over 11,6-million stokvel members that on face value does not seem to follow the capitalist model.

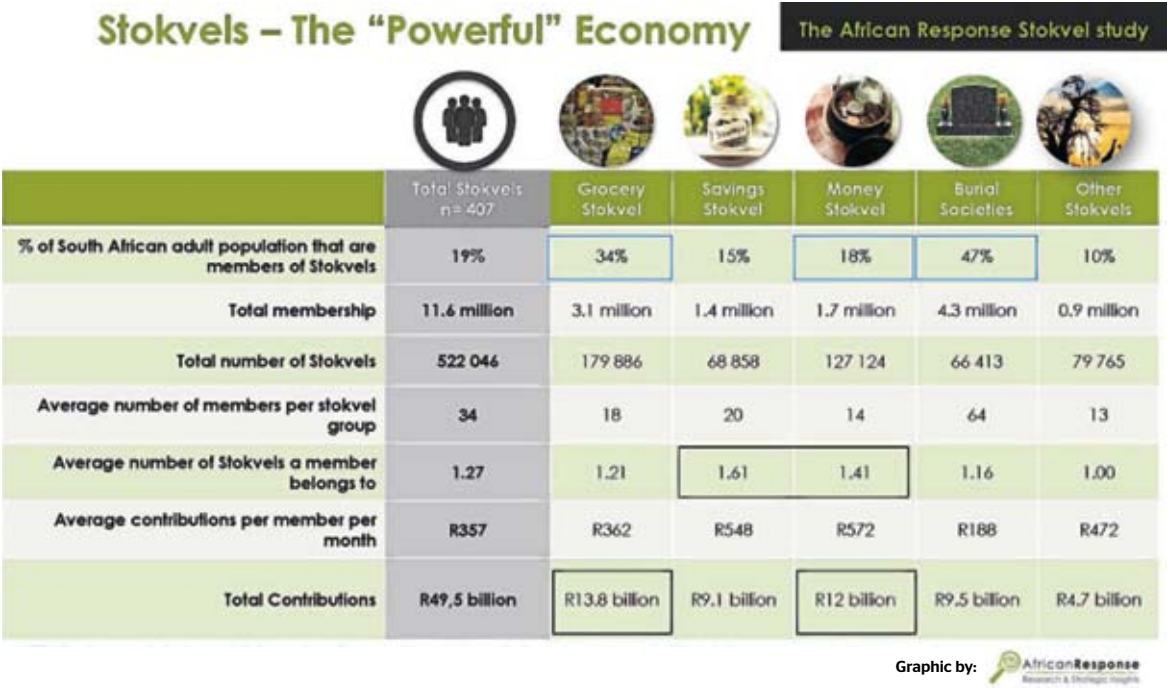
It is broadly understood that the stokvel market is, at least by association, seen as an informal economic activity and intuitively questions its validity.

But it is important not to discard this off-hand and for the moment, at least recognise that many aspects of the stokvel market dovetail with the formal financial market from both a regulatory and characteristic point of view as it offers a range of products, is governed by an elected team, has a constitution, has disciplinary processes and observes management protocol as well as financial performance



Jan Wegelin, Research and Analytics Director African Response.

reports. All jargon regularly used in our democratic capitalist economy. According to the Merriam-Webster dictionary (2011), capitalism is defined as “...an economic system characterised by private or corporate ownership of capital goods, by investments that are determined by private decision, and by prices, production, and the distribution of goods that are determined mainly by competition in a free market”. Two phrases that stand out are “private decision” and “competition”. Most economies around the world are, at least in part, based on the popular economic definition quoted above, which leans heavily on the theory developed by John Maynard Keynes (called Keynesian economics) in the early 20th century. But, if we think about it, we are equally



aware of mutations of this definition when thinking about things such as volunteerism, clubs or associations we may be a part of or belong to. A different perspective called “The Theory of Social Economy”, still considered one of the four main economic theories of the world today, developed by the Swedish economist Gustav Cassel at around the same time (1932), saw the disparity between the Keynesian rational supply-demand pendulum of economic growth and prosperity and the mutations referred to above. Cassel argued that the economy is based on a closely intertwined network of goods and services moving between markets, the state and communities. The latter is especially important as it includes unpaid services, sharing resources, networking, co-operation, and building trust within and between communities in addition to the normal commercial activities of retailers, manufacturers and others. Recognising the embeddedness of the community economy implies that we are socially related and therefore our behaviour, also in the economy, has strong social dimensions which include power and social cohesion. It is through Cassel’s lens that

we need to look at the stokvel market, a group savings scheme providing mutual financial assistance as well as meeting social and entertainment needs. A stokvel serves the needs of a group of people in a community by rotating credit, saving money, building relationships and utilising the benefits of social capital. Social capital, according to Dekker & Uslaner (2001), can be broadly defined as an expression of the value of social networks and benefits accrued from the bonding of similar people, which often leads to reciprocity. Consider that some of the first references to a stokvel group is from the late 1800s, some time before the development of the Social Economy or Keynesian theories. So, for more than 130 years the mutual benefit of a community-based social and economic structure has served the needs of its members. It is therefore not surprising that modern commercial or technological products and solutions are not openly accepted by stokvel groups, a community phenomenon based on non-Keynesian principles. Stokvel groups are governed by a constitution and managed by a chair, a secretary and a treasurer, and this operational struc-

ture has always been the accepted practice when talking to any stokvel today. It is therefore critical to rethink business practices and heuristics that classify stokvel groups as informal structures waiting for modern day financial or technological solutions to help them be more “relevant” economic contributors, a stance the Keynesians of this world so often take. A stokvel is as relevant to the economic engine of a community as it is to the principles of democracy upon which it is governed. Furthermore, there are lessons to be learnt in an Afro-centric milieu when we think about volunteer groups, book or sport clubs to name a few, when looking at this century-old community-based support structure that has stood the test of time. If the motivation of a business is exclusively to profit from the stokvel phenomenon, then the words of Kimmel and Aronson (2012) may be food for thought: “... democracy and capitalism often contradict each other. Capitalism, after all, frees individuals to pursue their own private interests in the marketplace; it promotes unconstrained liberty. Democracy, on the other hand, constrains individual liberty in the name of the common good.”

Travel Stokvel

A savings vehicle for ‘bucket list’ destinations

Travelling made simpler, affordable

By Samantha du Chenne

In 2018 Flight Centre introduced a Travel Stokvel product, which allows aspiring travellers to create their own stokvel group to contribute towards their dream holiday. The stokvel allows for between



Lance Nkwe, business leader at Flight Centre.

three and 30 members and can be opened with a minimum deposit of R500. Members decide how much they want to contribute and how often. The account remains active as long as R500 is retained in it at all time. However, members can withdraw the funds at any time either to book a travel or to help with emergencies and other unforeseen circumstances. “Essentially the Flight Centre

Stokvel is a saving platform that allows potential customers the opportunity to gradually save for a trip, either as a group or as an individual,” said Lance Nkwe, a business leader at Flight Centre. “We’re seeing that stokvel clubs are taking about a year to mature before they make travel purchase decisions. In addition, families are signing up using the account as a holding fund for family travel.” Since launching last year, 500

stokvel clubs have signed up with the Flight Centre Stokvel, primarily to book local domestic travel, as well as to destinations such as Zanzibar, Thailand and Bali. Members receive expert travel advice as well as exclusive discounts and promotions not available to other customers. “More than just offering discounts, the platform is being used to nurture new travellers and provide do’s and don’ts,” said Nkwe.

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Sowetan STOKVEL BRANDS

Case Study 1

Adding technology to the stokvel mix

Social media is also in on the savings culture

Lawrence Mthimunye is a 34-year-old, father of one, a sales representative for a telecommunications company and is a member of a Money Stokvel.

He is also involved in the community as a board member of an NGO, through which he assists school children with extra lessons, applying for bursaries and finding employment for those who have completed their matric.

He uses his stokvel payout to buy construction material to build a house for himself, primarily to ensure a home for his future family.

The Kasi Stokvel was created in an unconventional manner. Mthimunye says: "The name of our stokvel is Kasi Stokvel, a group of people met on Facebook. We did not know each other. A lot of people were warning me about the risks involved in this type of stokvel."



Lawrence Mthimunye

"We previously had problems with saving money with people that we know. So we decided to start something where we do not know each other so we decided to start a stokvel."

"There is a [Facebook] group called Mamelodi Online. I was speaking to Thabo [online] and I told him that I want to be part of a stokvel. I told him to post this request on Facebook and we meet different people and do this with people who do not know us. He did that and people replied to the post."

Mthimunye admits that he lacks the discipline to save by himself, which led him to look

for a stokvel to ensure that he keeps to his savings goals.

"Honestly speaking I am not disciplined when it comes to money, so I knew that with a stokvel I will know how to plan. I can say this is what I want to do and then if I give people money, I know that they will be saving my money for me and when it is my turn, I am going to do what I need to do. I am not disciplined, even if I leave my money at the bank I will go and get it," he said.

Stokvels do not only serve physiological needs for the individual, they also play an important role in connecting community members and forming strong relationships.

Kasi Stokvel has been in existence for six months and boasts nine members. This unique stokvel uses technology to communicate through WhatsApp.

Mthimunye says: "Every first weekend we meet, we visit your home and then you cook for us. We then give you the contribution amount of R500 a month and an additional R50 for the food that you have cooked. You host us and then whoever wants to go home after that can go



Lawrence Mthimunye: Facebook has been able to help him and a few online friends to start a successful savings stokvel, and it is thriving.

home and whoever wants to chill, they can, and we play music and socialise."

Currently Mthimunye has managed to purchase large items including cement and windows from the hardware store for the construction of his home at the value of R4,000 from his stokvel payout.

Apart from the money received from the stokvel, he also uses a portion of his salary, about R1,000 a month to purchase more building material.

In addition to serving individual needs, Kasi Stokvel is planning to create an investment arm where a separate portion will be collected towards creating a secondary income for the members.

He said: "What we have planned for the stokvel is that we are going to build something that is going to create a second income for us. We will buy property or a franchise and continue

buying things with the money. "We can buy a Pick n Pay franchise or buy our own land where we will build rooms to rent out and continue like that. Everyone can have a guaranteed income in the future, and we do not have to worry about income anymore."

"I think stokvels will give us economic freedom, we will have financial freedom, with this idea we will create our own money. I think once we do this, we will be an example and set a trend for other stokvels. I am planning to teach other people who are part of stokvels [how to create their own income] when we start doing it so we can uplift each other."

"If you want to join a Stokvel it is a good thing to start because you meet different people who will help you to build a future. I have realised that meeting new people has made me a better person. I have learnt a lot from all of them," he said.

Case Study 2

'With my stokvels I am able to thrive'

A lifeline for a working mother

Zodumo Mncwango is a 30-year-old mother of one and a Johannesburg-based teacher originally from Ulundi in KwaZulu-Natal. She is a member of two stokvels. She identified an opportunity to not only provide for herself and her daughter but to strengthen relationships with her colleagues through stokvels.

She says: "Being thrust into the demands and the high cost of living that Johannesburg has subjected me to, I had to learn very quickly how to be wise about my spending and how to make my money stretch even longer. I am involved in two stokvels, which was initially aimed at helping me survive financially, but I feel that they are helping me thrive."

Mncwango is part of a Meat Stokvel, which boasts over 30 members, where they contribute R200 a month to purchase coupons at Alpha Meat in Johannesburg CBD, which are col-

lected throughout the year and then redeemed in December.

She said: "The Meat Stokvel was actually motivated by two things. Firstly, the idea of bulk meat makes so much sense because I go home to KwaZulu-Natal in December and my siblings and I usually put money together and the meat itself adds on to the contribution that we make. Secondly, I wanted to build a camaraderie with the school staff members because I started working at my new school in 2017, it was a way to build relationships with them."

"I thought that being part of a stokvel that they have will give us more reason to communicate and from that stokvel so many relationships have sprouted."

She found importance in building a good rapport with the school grounds maintenance staff too.

"As a young black girl who stepped into the academic [field], it was important for me to acknowledge my elders and I wanted them to know that although I am part of the academic staff I still have ubuntu and I am



Festive feast: Meat bought with stokvel coupons.



Zodumo Mncwango

still just a child and I respect them and want to be part of them," she said.

Mncwango is also part of a savings stokvel, which was her own brainchild, the three stokvel members contributes R1,250 a month which is saved throughout the year.

The monthly contributions are deposited and kept in an Old Mutual investment account which is then distributed to members in the second week of January.

She says: "As a mother and someone who is also studying and plans to further my studies, I am never found wanting or left without any options when it comes to buying stationery and all of the back-to-school needs.

We have worked enough years and gone through the cycle enough times to understand that there must be some sort of precautionary measure. It gives me peace of mind because rest assured, whatever my daughter needs, I am going to afford it come January."

Stokvels are popularly seen as a disciplined savings measures through a group setting to reach specific savings goals.

Mncwango says: "You need to be disciplined, your stokvel contribution should be considered like you do your car payments or your rent payment. Those things you prioritise them highly on your list of month-to-month demands. You cannot just have an account where your normal transactional account is linked to your savings account because that is going to render your savings null and void."

"If you have access to [your savings] you are always going to have this at the back of your mind that you can access your money at any time and that is not going to instill the necessary discipline."



Case Study 3

Stokvels come in all shapes, sizes

Saving for big event beverages

Sabinah Mohlala is an unemployed 49-year-old mother and wife from Glen Cowie, a rural village in Limpopo. She spends her days taking care of her homestead, her four children and four grandchildren. She is part of a cold drink stokvel which is popularly known as Lebili/ Mabili in the Limpopo region. The aim of this unique grocery stokvel is to help supplement groceries for planned and unplanned events. Members are sub-divided into smaller groups which are assigned grocery items to purchase, and this is rotated per claim.

Mohlala saw significant value in joining a cold drink stokvel as it ensures that guests are taken

care of, she said: “I mainly joined this stokvel as we all have events and people come and eat and need something to drink at all events such as weddings and tombstone unveilings. We usually buy 65 cases of 2litre bottle cold drinks in our stokvel. This means 390, 2litres of various flavours. We also contribute an additional R50 in cash per stokvel member for other needs. So how it works is that we separate ourselves into smaller groups of four and we are allocated to purchase one flavor of cold drink per group.”

Mohlala’s stokvel does not follow the conventional method of how stokvels are generally run. The stokvel members are alerted via a handwritten letter about an upcoming event, which triggers the Lebili /Mabili cycle. Once the stokvel members are all informed about the upcoming



Sabinah Mohlala

event, each sub-divided group purchases their allocated item, out of their own pockets. Members can claim for their own events and for events hosted by direct family members.

“One of the stokvel members will send out letters informing the stokvel about their upcoming event. They will specify the date of the event which will give us

time to go and buy the cold drinks. The member who is hosting will also inform us when to deliver the cold drinks too. If you miss the due date for the delivery of the cold drinks you will be fined. The fine goes up to R150, including the items you had to purchase,” she said.

She has yet to make a personal claim for a specific event through her stokvel as each member is only allowed two claims per cycle. Mohlala has submitted a claim on behalf of her brother.

“I made a claim on behalf of my brother and it helped a lot. I was able to take those cases of cold drink home for the lobola negotiations. I decided to surprise him with this claim because I did not want him to take out loans to be able to afford food and refreshments for this event.

“It is very hot in Limpopo, after you eat and work you need some-

thing to cool you down.”

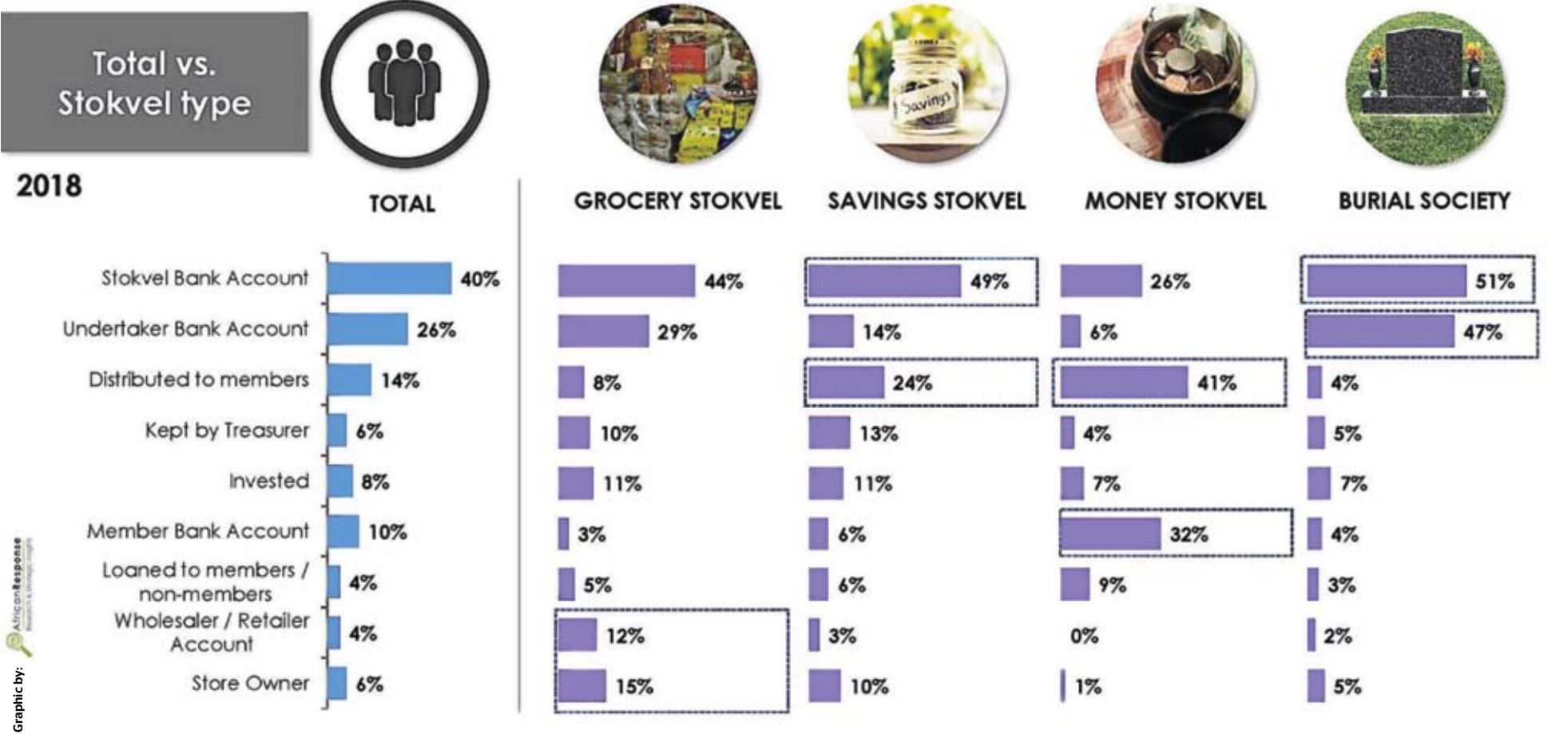
The main motivator of joining stokvels is not only for the sole purpose of acquiring basic stuff but to gain independence knowing that your discipline has been pivotal in reaching those financial goals.

Mohlala said: “If you do not have tiles on your floor or you need a new bedroom, you can join a stokvel, which will help you buy these. You can choose what kind of stokvel to join or start according to what you need instead of waiting for someone to buy it for you.

“For example, you could gather 10 people who will each contribute R1,000, which you can use to buy whatever you need and want. Stokvels have helped grow a lot of households, and as long as there is honesty with your stokvel members you will succeed.”



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