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## Stockvels: The New Word in Money-Ville

*Experiences from five months of the 24 month "Social Protection and Local Economic Development (LED): Graduation Pilot Project"*

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With the recent weekly household visits to project participants, fieldworkers (enterprise coaches) were more than delighted to discover that the recent Financial Literacy Training had served as an energizer and reminder on the importance of savings. A project participant, a lady in her 40's, who operates a fast food shop in her parent's backyard, tells her enterprise coach how valuable the Financial Literacy Training workshop has been for her, and it provided a platform for her to share financial experiences with other project participants. Since that workshop, she has joined five other project participants in forming a *Stockvel*. *Stockvels* in South Africa have provided a sometimes risky informal savings platform for many who are financially excluded (FinMark, 2013).

The project participant informs the enterprise coach that the name of the *stockvel* scheme is '*The Monday Blues Ladies Stockvel*'. The name of the *stockvel* resonates to the fact that the members are required to contribute R30 every Monday, hence the name. The contributions are collected by the youngest member of the group, and the money is recorded in a book and delivered to the member that is supposed to receive the lump sum on that particular Monday. Although there are vast age differences between members, they all agree with the terms of the *stockvel* and have committed themselves to adhering to the agreed rules. The youngest member of the group is responsible for the collection of the contributions and for her to keep record of all the transactions. Every member also contributes a fee that goes towards the transport costs of the member that collects and delivers the money. An interviewed member of the *stockvel*, expressed her excitement regarding the *stockvel*, by stating that "***We were all sitting in one group at the training workshop, which is where we decided we wanted to be wise with our money and stop eating profits.***" (Household, No.12).

The financial literacy intervention component of the graduation pilot project encourages and aims to inculcate a savings culture amongst project participants and '*The Monday Blues Ladies Stockvel*' is proof that people have an inherent ability and desire to save. The participants can either choose to put their money in a bank, save it for their business or use it to purchase stock, or reinvest in an asset that will assist the business. The *stockvel* is aimed at assisting each member to have discipline with regards to their commitment towards saving and the growth of their businesses.



*“Nna ke batla ho boloka tjhelete eo ya stockvel bankeng hore ke tlo kgona ho reka mochini wa dichips, hore ke kgone ho etsa dichips tse ngata ka nako eo bareki ba bang bangata ka nako ya dijo”. (Translation: “I want to save the money from the stockvel at the bank so that I will be able to buy another fried chips processer machine, to be able to make more fried chips when I have a lot of customers during lunchtime.” (Household, No.12).*



Another project participant, a street trader, didn't join the "The Monday Blues Ladies Stockvel" as she is already part of **four other stockvels**. The participant informs her enterprise coach that since the Basic Business Management Skills Training, she understands the importance of having basic business management skills and she has since started applying some of the lessons she learned during the workshop, with the assistance of the enterprise coach, such as keeping record of her sales so that she is able to enough money to pay her stockvels. She mainly sells school regalia, amongst other things, and has been selling in the streets of Evaton and the comfort of her home for the past five years.

Her first *stockvel* is made up of eight women from the area, and each member contributes R125, and it is undertaken at the pay-point of the South African Social Security (SASSA), where payments of social cash transfers such as the Child Support Grant (CSG) and the Old Age Grant (OAG) are made. Her second *stockvel* is made up of street traders, and pays out a lump sum of R8000 when it's each woman's turn to be a recipient of the *stockvel*. In this *stockvel*, *there are 16* members, who have the option of contributing between R250 to R500 per month. Members contribute according to how much they can afford and this will also determine how much their pay-out will be.

***"Batho ba patala hoyo ka moo ba kgonang ka teng, ke ka hong ba bang ba ntschang R250, ha babang ba ntsha R500."*** (Household, No.37)



Her other two *stockvels* are for saving up money for groceries at the end of the year . To this one she makes a contribution of R1000 per month, with ten other ladies in Orange Farm. The participant says she has chosen to save her money through the *stockvel* as it is more convenient and there is flexibility in terms of having access to the money, compared to a savings plan at a bank. She expresses that she needs more orientation in terms of bank operations and procedures when it comes to having a savings plan, as she is unsure of the interest and the flexibility she has towards accessing the money if she needs to.

What we are learning during this project is that despite what the vision or mission might be for the businesses and households, people want to save and *stockvels* provide a convenient and better understood savings platform. It also highlights the need to keep orientating people on the functionalities of Banks, especially the cost implications. The project participants reflect that although banks may provide reduced risk option when saving money, *stockvels* provide more assurance in terms of getting the correct amounts saved or invested without having to worry about incurred bank charges and handling fees.



Until customers, banks and government critically engage on appropriate channels for the provision of the financial inclusion agenda, as outlined in the Financial Services Charter, this will remain a fleeting illusion. With most South Africans having at least one member of the family belonging to a *stockvel*, one thing is apparent, despite it being risky '*Stockvels may be the new word in money-ville*'.



For a detailed project outlined, please click the following link [www.spii.org.za](http://www.spii.org.za) .