

Harmonising tradition with technology

Embracing the new era of stokvels

In recent years, digital technology has begun reshaping the landscape of traditional stokvels, bringing about significant changes. Deep-rooted in South African culture, these community-based savings clubs have long thrived on trust and shared financial goals. With the advent of digital tools and platforms, stokvels are finding new ways to simplify their operations, improve transparency, and adapt to the evolving needs of their members. This shift towards the digital age is poised to profoundly impact how stokvels function and benefit their participants.



Palesa Lengolo, an author and stokvel expert, emphasises that one should consider the influence of stokvels in the retail sector, as they contribute to local economies substantially. She says the regular pooling of funds by stokvel members leads to a significant increase in purchasing power, which can, in turn, bolster local retail sales.

“ Supporting small businesses fosters entrepreneurship, and the consistent demand from stokvels offers retailers a reliable income source, aiding them in better planning and managing their inventory. ”

https://twitter.com/pale_lengolo/status

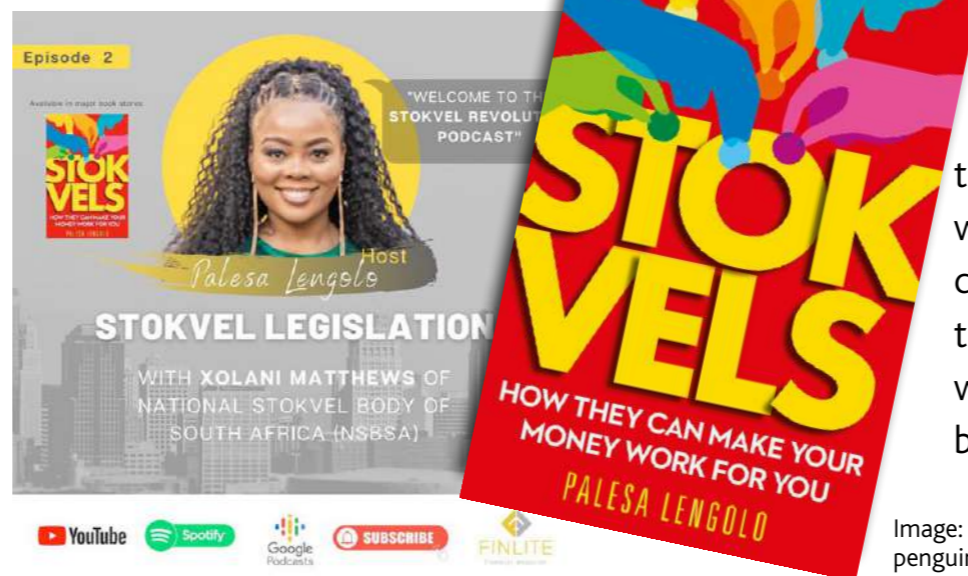


Image courtesy of www.moneyweb.co.za/investing/stokvels

Stokvels have been a cornerstone of South African and African communities for decades. Typically consisting of family members, friends, or neighbours who come together regularly to pool their money, save, and invest collectively, the traditional model of physical meetings, handwritten records, and cash transactions is starting to undergo significant change, as the digital revolution is rapidly changing this landscape.

Lehlohonolo Ndawo, Co-founder and Managing Director of the Digital Stokvel Platform, highlights that retailers are now realising that their involvement with stokvels goes beyond simply selling products or services. It's about becoming an essential part of the stokvel community.

According to Ndawo, retailers can cultivate trust, loyalty, and a favourable reputation within the stokvel sector, by embracing the communal and social dimensions. This, in turn, leads to valuable, enduring relationships with these influential groups – ultimately benefiting both parties.



YouTube
 Spotify
 Google Podcasts
 SUBSCRIBE
 FINLITE

Image: www.penguinrandomhouse.co.za/

Free subscription



MAGNIFISAN

it's magic



PAN FRIED BRAAI BREAD



Magnifisan Maize Meal is the top selling product in Limpopo where it started 20 years ago.

Distribution operations are expanding nationwide and we promise to supply our customers with high-quality product at all times. This is the ideal product range targeting Supermarkets, Cash & Carry's and Wholesalers.

Magnifisan comes in five different types of maize products ... Magnifisan Super, Magnifisan Special, Magnifisan Maize Flour (Fines), Magnifisan Braai Pap and Magnifisan Samp.

We believe that every South African has the right to great quality foods products and believe in locally produced products, creating local employment within our 4 Mills and 15 Depots.

Send us a message with your name, contact number and location and our sales team will contact you to assist you in sourcing and listing this high volume seller in your store right **Now!**

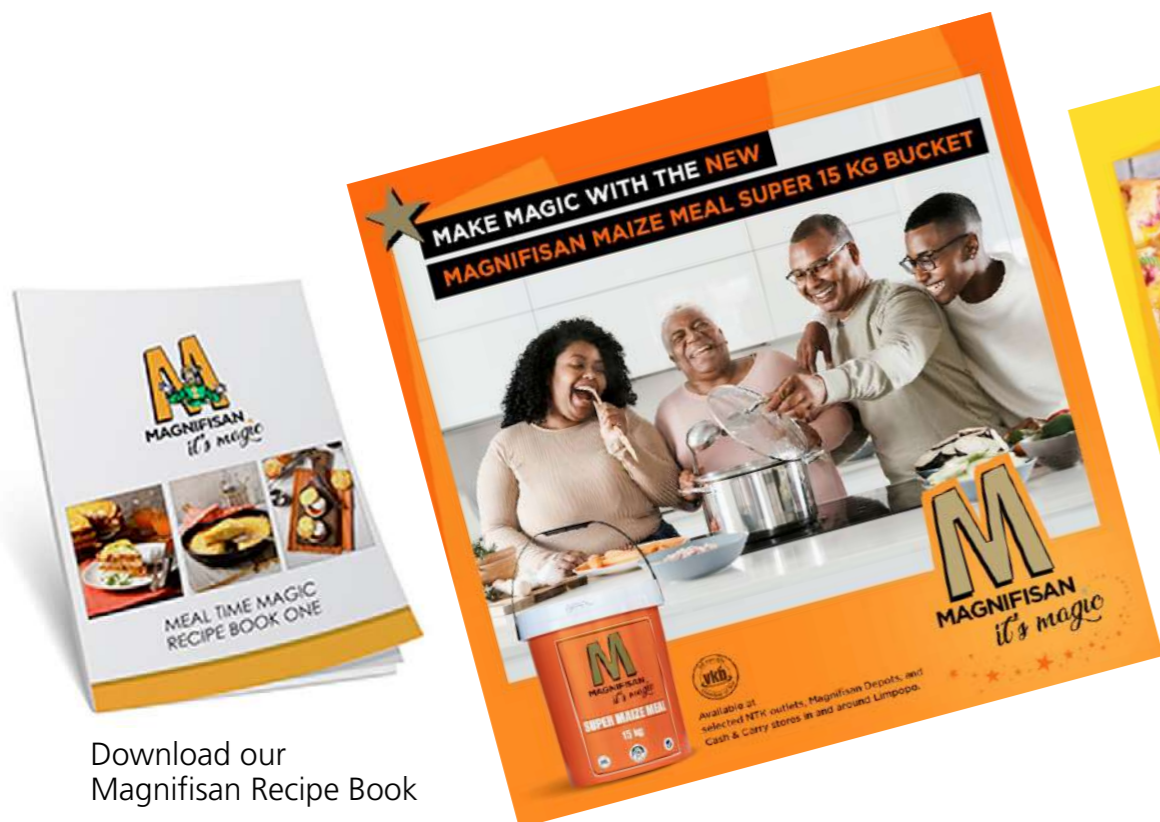
Tel: **015 491 9000**

Mail to: lizaane.labuschagne@vkb.co.za

<https://www.magnifisan.co.za>

MAGNIFISAN

it's magic



Download our Magnifisan Recipe Book





“Retailers frequently employ unique marketing and business tactics to serve the stokvel sector, acknowledging the collective nature of stokvels and their distinct buying habits.”

Lehlohonolo Ndawo, co-founder and Managing Director of the Digital Stokvel Platform

She explains, “These strategies differ from those used for individual consumers. They may include offering bulk discounts and exclusive deals tailored to meet stokvels’ specific needs, encouraging larger quantity purchases. Additionally, some retailers establish dedicated stokvel loyalty programs that provide exclusive rewards or benefits to stokvel members, fostering regular patronage.”

Another approach involves crafting product bundles that align with stokvels’ typical goals and preferences. Some retailers also create flexible payment plans, recognising that stokvels often adhere to fixed contribution schedules. These flexible payment options may include instalment payments or specific payment intervals. Furthermore, retailers assist stokvels by offering group accounts and invoicing options, simplifying the payment process for members through consolidated invoices for their purchases.”

WHAT IS DIGITAL STOKVEL PLATFORM?

Digital Stokvel Platform is a decentralized blockchain-based app dedicated to revolutionize the way people save, invest, and achieve financial freedom. Our platform is built on the foundation of the traditional stokvel concept, digitally transforming it to empower individuals and communities worldwide.

DIGITAL STOKVEL PLATFORM

Hair Club

Club Goal: Members receive our luxury hair box. Our hair is 100% raw human hair cut straight from the donors head in their respective countries.

Embracing the power of technology

The 2023 Old Mutual Savings and Investment Monitor report underscores that stokvels’ enduring appeal is rooted in the discipline they instill in their members. Equally crucial is the affordability of the contributions they require.

According to the study, the stokvel landscape is evenly split between groups saving for a shared

objective and those where members collectively save for various personal goals. When working towards a common goal, the most prevalent reasons include covering groceries and year-end expenses. Notably, there has been a substantial uptick in stokvels saving for travel and holidays in recent years.

The study reveals no significant changes in the number of stokvels held or the monthly



<https://techbuild.africa/south-african-start-up-stokvel>

contributions made. What’s striking is that 61% of stokvel members are now part of more than one stokvel – a substantial increase compared to the 2% recorded in 2017.

Furthermore, the study discovered that 65% of stokvel members belong to at least one stokvel that provides loans to its members, while 40% are part of stokvels extending loans to the general public. Additionally, approximately 54% of members belong to at least one stokvel that utilises lending to generate income for the group.

After examining the results of its annual study, Old Mutual suggests that the perception that



Looking for a smart, powerful software solution for your business?



Finding it is as



EASYAS!

booking a demo of our
software for Business



Our solution is ...

- Simple & Easy to use
- Quick Setup
- Easy Training
- Powerful
- Easy Control
- Excellent Support

Call: 074 200 7200 | www.easyasonline

Our solution is elegant, friendly & really easy to use!

Very easy to install & setup.

Works on all current hardware, such as slip printers, cashdrawers, pole displays.



Free Remote Service & Support.
We are the most value for money in the business!
We pride ourselves on after-sales support.

Our offering includes ...

- Point of Sale Software & Hardware
- RFID User Log Ins
- Biometric Scanners & Readers
- Scales
- Dual Customer Displays
- Barcode Labelling Printers
- Slip Printers
- Magnetic Cards
- Signature Pads



SCAN ME

Our clients include Retail Stores, Hospitality, Repair Shops, Pawn Shops, Hire/Rental/Loan, Beauty Salons, Car Wash.

stokvels are primarily for low-income households, can be challenged. The industry is estimated to be worth around R45 to R50 billion at present, and continues to grow, with the number of stokvel groups in the country now thought to be more than 800 000.



<https://gianthyper.co.za/>

It's undeniable that stokvels have evolved both in how they are perceived and in their operational methods, says Ndawo. The rise of smartphones, mobile banking, and digital payment platforms heralds a new era, and gradually, stokvels are beginning to recognise the advantages. Members can now contribute digitally, reducing the necessity for physical meetings and cash handling. Digital records and transactions offer enhanced security, transparency, and accessibility, significantly bolstering the trust factor within these groups.

"Digital stokvel platforms are transforming how stokvels operate. This platform offers online

www.sowetanlive.co.za/business/2022-09-13-traumatic-incident-led-to-formation-of-stokvel-talk/



Valencia Kheswa at the Stokvel Talk roadshow in Vosloorus.

tools for managing contributions, investments, and payments, making it easier for members to participate and engage with retailers through digital channels. This shift toward digital platforms may have expanded the reach and influence of stokvels in the retail market," she says.

"Stokvels have increasingly integrated financial products such as savings accounts and investments into their operations."

"Digital stokvel platforms offer financial services and products directly or through partnerships with financial institutions. Retailers can tap into this trend by providing stokvel-friendly financial solutions or collaborating with digital media catering to the stokvel market. With digital stokvel platforms, retailers can facilitate online purchases and payments easier, making it more convenient for stokvels to shop digitally."

Surging adoption of digital technologies

Sifiso Nkosi, Product Growth head at FNB Cash Investments, says looking at retail brands that have successfully partnered with stokvels in the digital era, FNB has seen minimal interaction of retail brands with stokvels on a digital platform as yet. Despite the large boom of e-commerce amongst business and individual customers,

he says stokvel groups, mostly grocery stokvels, continue to use physical stores for bulk purchases – with a very low number of e-commerce transactions.

However, the financial services industry has seen an aggressive use of digital platforms by stokvels, with the Covid-19 pandemic proving an unplanned yet very effective tipping point. During the physical lockdown in 2020, stokvels could not make monthly member contributions or payouts via cash, thereby increasing the number of groups that turned to digital banking platforms.

"FNB has embraced technology for its stokvel offering, and we've seen that the power of using technology to get real-time data analytics can be used to enhance further user experience and the offerings made to our customers. Recent FNB data highlights a sharp increase in electronic funds

transfers (EFTs) for contributions. At the same time, the FNB digital solution that allows members to be paid directly into their accounts, saw a drastic increase. Since the launch of the FNB digital solution, over R2.3bn in electronic payments has been made to members, illustrating the impact of the digital age on how stokvels transact with financial institutions," he says.

Busisiwe Skenjana, the founder and CEO of the Stokvel Academy, notes that while the transition to technology is slower in rural areas, the digital trend is rapidly gaining momentum within the stokvel sector.



Busisiwe Skenjana, the founder and CEO of the Stokvel Academy

“We also witness a growing demand for information and education regarding digitalisation and its potential benefits. In response, the Academy frequently conducts webinars, and we’ve noticed Stokvel members are increasingly embracing platforms such as YouTube and other social media channels.”

Nkosi says fundamental gaps exist in addressing stokvel solutions via digital channels. “Although it sounds simple, historically, the stokvel market has existed and relied solely on face-to-face product and service take-up, which has made selling to this market more expensive per sale.”

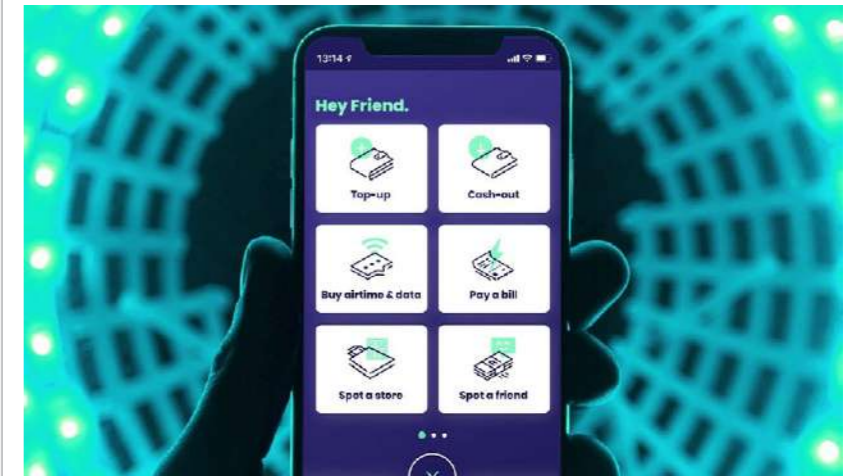


Sifiso Nkosi, Product Growth head at FNB Cash Investments

“To truly realise and cater to the scale of the market, digital sales provide the opportunity to reduce the cost per sale drastically. The data analytics stemming from allowing digital enablement and usage will result in a treasure trove of data that can be used to enhance and better serve the needs of the stokvel market.”

According to Ndawo, retailers should increase awareness regarding the growing digital adoption within stokvels. “The stokvel sector is increasingly embracing digital tools and platforms for communication, payments, and financial management,” she emphasises. “Retailers should consider offering convenient and secure digital payment options and engaging with stokvels through various digital channels.”

Stokvels are more frequently turning to digital shopping platforms for convenience and a broader product selection. This shift prompts retailers to establish a robust online presence to cater to stokvels’ digital shopping preferences. Ndawo continues, “Digital platforms are making it easier for stokvels to coordinate and make bulk purchases. Stokvels can collectively browse and order products or services online, simplifying the buying process and enhancing contribution management.”



<https://innovation-village.com/spot-money-app>

Digital payment methods are also gaining preference among stokvels due to their secure and convenient nature, particularly when handling contributions or making group purchases online. Online financial management tools offer stokvels the opportunity to efficiently manage their grants, investments, and economic activities. These platforms improve financial management, streamline operations, enhance transparency, and provide access to various digital financial services. According to Ndawo, these platforms facilitate a smooth transition to the digital age, while preserving the core principles of traditional stokvels.

HOLSUM

NOURISH. DELIGHT. ENJOY.



Realising possibilities, together



www.magzter.com/ZA/Media24/Move!-Stokvel/Investment/



“Digital transformation will continue to play a significant role in the future. More stokvels will likely embrace digital platforms for communication, financial management, and online shopping. Retailers must adapt to this trend by offering seamless digital experiences and tailored online services.”

Nkosi emphasises that ever since the inception of stokvels, the vast scale of this community and financial ecosystem has presented a significant opportunity to foster meaningful change in South Africa and beyond its borders.

“Despite being often labelled as ‘informal,’ the stokvel market wields a significant influence across various sectors of the South African economy – including banking, retail, and the funeral industry. With the widely acknowledged annual contribution figure of R50 billion, the collaboration required for the stokvel industry extends beyond individual sectors. Instead, all entities

providing products and services to stokvels must unite to ensure that an industry watchdog or regulator fulfils its mandate to represent and safeguard stokvels of all types. This entails offering services that shift away from the historical extractive approach and instead focus on delivering long-term value,” he concludes. **SR**



Catherine Larkin is a communication and marketing professional, specialising in Logistics, Transport and Supply Chain. Her company, CVLC Communication, is a corporate public relations, communication, marketing and events consultancy. Its services range from full secretariat support, project management and administration, strategy development, stakeholder engagement, through to event organisation, media, social media and publicity.



Want to target real decision makers?

SCAN TO VIEW MAGAZINE



Let our team help you with a digital strategy that targets real decision makers

Contact 011 728 7006

info@supermarket.co.za

www.supermarket.co.za

Who are we?

A trusted source of retail information for over 65 years, our magazine informs and empowers retail business owners to grow whilst tackling current industry topics.

How can we help you?

We connect FMCG brands, and Equipment and Service suppliers to retail decision makers around South Africa. Elevate your brand with our wide variety of digital offerings.



BIRD FEEDER

by Hudson



Sustainability in a circular economy

Made from recycled **saniwipes**[®] and other low-grade plastics



By buying this Bird Feeder, you support a local small business.

You also help to complete an environmentally sustainable circular system.

This Bird feeder once was a **Saniwipes**[®] protecting you from bugs and bacteria lurking on your shopping trolley. Collected and sorted by **Shoprite Checkers** store staff, it is then recycled, re-purposed by Structural Poly.

Hudson Diphofa started his business after being retrenched in 2020. He now manufactures quality outdoor products such as benches, jungle gyms, tables and other products, extending the life of plastics otherwise too low in quality to re-purpose.

Thank you for being part of this journey. For more products made by Hudson visit, <https://structuralpoly.com>

Join us!

Join us, and be a part of a sustainable way to care for customers and the environment.

info@sanitouch.co.za



Finalist

SAPRO Best Recycled Plastic Product Awards 2023