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Defying the Odds, Not the Abuse: South African Women's Agency and Rotating Saving Schemes, 1994-2017

By Mark Nyandoro¹

Abstract

Employing a feminist lens that places emphasis on women's agency South African feminists have challenged the dominant narrative of hapless women who need external saviours to climb out of poverty. In particular, black South African feminists have drawn attention to the appropriation and deployment of both indigenous and other concepts and practices by women to fight poverty. This article employs these perspectives to interpret the importance of rotating saving schemes in South Africa. It explores the debate about women's economic, community-participation and entrepreneurship strategies with reference to the Stokvel and other rotating saving-schemes (e.g. mashonisa) to improve the status of women. It argues that most African women and their independence-found access to economic opportunities and wealth status enabled them to transcend post-Apartheid economic deprivation and carry through their battle for economic recognition and survival through overt and covert agency symptomatic of their Apartheid-era liberation war strategies. South African women living in poverty sought to help themselves, and how they did that brings out novel ways to survive, and illustrates that they are quite 'bankable' as they can save, borrow, invest in their own enterprises, use micro-finance and other schemes to repay their loans and meet immediate needs (e.g. school fees, healthcare). Their effort to address poverty is important because it helps avoid a stereotype picture that Africans are just poor and cannot change or anticipate their situation themselves. The paper finds that whilst most South African women were poor, they saw themselves 'on the verge of conquering poverty'. African women epitomized the confidence in this economic rhetoric when they embarked on Stokvel activities to ensure their 'triumph over poverty'.

Keywords: Gender, poverty, inequality, women, entrepreneurship, South Africa

Introduction

This paper is a feminist study of poverty and poverty eradication manoeuvres in post-Apartheid South Africa. It is a feminist exegesis of the role of rotating saving schemes and their future which illuminates issues on gender, poverty and inequality in the Republic. It principally discusses female agency as opposed to the general interpretation of women as helpless victims,

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completely bereft of initiative and resolve. It locates the discussion within a feminist matrix primarily due to the fact that feminism contests all forms of patriarchal oppression thereby increasing options and possibilities for women. This is even more significant when it comes to African women of African descent who have been studied from a stereotypical position. Some stereotypes about African women occur outside the orbit of feminism. It is against this background that the paper therefore focuses on the experiences of South African Women. While focusing on the stokvel schemes, most scholars tend to limit their gaze to the limited successes of the programmes without necessarily bringing out the high points of achievement. This paper goes beyond such narrow and limiting positions as it seeks to highlight female power, presence, creativity and resourcefulness. In light of this, an operational definition of feminism for this paper is necessary.

Whilst it is difficult to define what 'feminism' is, for purposes of this article Freedman's (2001: 1) definition is subscribed to in which common characteristics of the many different 'feminisms' are picked out. Feminists concern themselves with women's position in society and with discrimination encountered by women because of their sex. All feminists call for changes in the social, economic, political or cultural order, to reduce and eventually overcome discrimination against women. Beyond these general assertions, however, it is difficult to come up with any other 'common ground' between the different strands of feminism, and as Delmar (1986) argues, one cannot assume that agreement or feminist unity underlies the extreme fragmentation of contemporary feminism (also Freedman, 2001: 1).

The article approaches the study of pro-poor women's savings clubs in South Africa from the feminist lens that places emphasis on women's agency taking a cue from Hassim (2004), Morrell (2016) and other South African feminists who have challenged the dominant narrative of hapless women who need external saviours to climb out of poverty. The paper, using a range of feminist epistemologies does not only seek to account for the progress made through stokvel savings clubs in terms of gender, poverty and inequality, but also envisions the future for women in a contested economic, social and political terrain such as South Africa. It also interrogates the feminist premise that in these organizations that operate in a predominantly capitalist context, women suffer discrimination because of their sex (Delmar, 1986: 8), and because they are mostly liberal feminists who, unlike Marxist feminists, do not always question the capitalist system's underlying injustices. Women have specific needs – to take themselves out of poverty – which, however, remain negated and unsatisfied in an improved but still restrictive post-Apartheid economic environment. The satisfaction of their needs would therefore require a radical change if not a revolution in the social, economic and political order, and their right-based agency is an attempt to alleviate poverty and economic inequalities that continue to exist in the country.

The gendered dimensions of poverty and inequality in most developing nations in Africa are discernible with regard to vulnerability and roles performed by women in society in contrast to their male folk. Women (and usually their children) are deemed to be the most vulnerable groups in the world. The burden of fending for children/offspring (sometimes even the husband) and all its weight customarily fell on them as they habitually performed the daily task of providing for the family in times of prosperity and/or economic down-turn. The wife played the role of providing the means of maintaining a sustainable livelihood for her household. Women since time immemorial have been conspicuous in agricultural production, ensuring food security. They supplied crucial labour for tilling the land, and were involved in managing and planning agricultural production. Women were active in farm activities (crop cultivation and livestock rearing) and subsidiary off-farm activities. Jeff Guy (1990), speaking about the South African

situation from the pre-colonial period to 1945, says: 'it was the labour of women in agriculture supported by their domestic labour in the homestead, be that chiefly or commoner, which provided the subsistence base upon which society depended and the surplus upon which it was structured'. Similarly, Ruth Weiss (1986) contends that, in the production of a surplus it is their sweat and blood that is mixed into that soil. Most women carried on this function or household struggle from pre-colonial times to independence.

Notwithstanding the central role women played in upholding livelihoods they were regarded as minors in the colonial era with little or no say over the surplus they produced and were not entrusted with management positions. Men wielded that right in a way that illustrates that customary kinship relations invariably deprived African women access to property, their produce or even the profits from their labour. In this sense, women cultivators were characteristically exploited (Weinrich, 1979). After independence, although women in rural and urban settings carried out important business, entrepreneurial and managerial functions, they never really owned property. This smacked of lack of economic emancipation on their part or emancipation without freedom. However, women feminists engaged in rotating clubs challenged all forms of domination by men (patriarchal oppression) by increasing their financial options and possibilities.

With the mineral discoveries of gold and diamond in South Africa which were the forerunners to industrialization and urbanization, women found their way into urban environments to which they needed to adjust and survive as well as contribute to overall reduction in poverty. Their perception of greater opportunity stimulated migration from the countryside into the cities. Nonetheless, as in the traditional economy, South African women who moved to the towns retained their responsibility for the maintenance of the household, the family, and the children. Because only a negligible proportion of African women were allowed entry into the formal sector as wage labourers in the city, they increasingly entered the informal sector in order to have independent access to opportunities for goods, services and income while simultaneously exercising their traditional childcare responsibilities (Verhoef, 2001). They supplemented their earnings from domestic employment with informal market activities such as brewing and selling beer in the shebeens. The extra money which women's earnings contributed to African households in urban high density suburbs (derogatorily termed 'Bantu' or black townships) was generally the key to the family's survival because most urban households in South Africa were not, and still are not, sustained solely by wage income (Verhoef, 2001: 261 & Bozzoli, 1991: 122 & 134). Consequently, newly urbanized women found themselves increasingly resorting to the use of their labour and informal cash earnings from *stokvels* (Afrikaans) and loans from *mashonisa* (in Nguni, 'an individual who gives a loan to people') not only in maintaining the household but also in mitigating poverty. Of the various forms of agency exhibited by women of African descent in the Republic; *stokvels* and *mashonisas*, which are the primary focus of this paper, were therefore poor women's major survival strategies. *Stokvels* are savings clubs for many poor women in the cities. *Mashonisa* is a short-term, high interest loan establishment. In many cases there is a connection between the two, as many of the savings clubs invest the money in loan sharks.

Given the above, the purpose of this article is to document methods which have evolved in South Africa among poor women to take themselves out of poverty. It examines the role of rotating saving schemes (*stokvels*), their use by black communities and their future in eradicating poverty and inequality among women in post-Apartheid South Africa. The article also seeks to collate rather strewn research on *stokvels* and their persistence in 23 years of independence and concludes with an exploratory projection of their growing strength and applicability in the midst of sophisticated modern-era financial structures. It analyses how the emerging literature confounds

the generally negative and sometimes overly optimistic critiques of indigenous knowledge and African women's informal business shrewdness by bringing to the fore the confluence between contemporary realities and indigenous survival strategies. Ultimately, it probes the debate about women's empowerment, economic, community-participation and entrepreneurship strategies with reference to the stokvel and other rotating saving-schemes to improve the status of women bearing in mind the paradox that in some circles stokvels and loan sharks (*mashonisas*) have been seen as wealth enhancing, but in others as schemes for impoverishing people especially the latter. The paper hypothesizes or is hinged on the theorization of the effectiveness of stokvels as a means of moving poor African women out of poverty. Theoretically, it deploys socialist or Marxist feminist analyzes derived from Marxist or socialist theorizing which critiques liberal initiatives within capitalism and its structures. While the stokvels enable women to maximize the use and impact of their savings and spending, structurally, Marxists and socialists, like the feminists who subscribe to Marxist and socialist feminist theorizing, would argue that, structurally, these women's situations within capitalism do not and have not significantly changed. This is so because stokvels do not question or undermine the structural positions of these women within the capitalist system in which they operate. Primarily, stokvels do not undermine capitalism but take it as given, thereby confirming these women's positions within that system. In the long term, stokvels enable the women to cope within a system of exploitation and inequality (i.e. capitalism) without questioning that system.

The role of informal rotating savings schemes and their future in eliminating poverty and gender inequality between 1994 and 2017 was not determined by their mere presence but their effectiveness to fulfil the aspirations of loan recipients and their capacity to survive the competition they faced in an environment dominated by monolithic formal financial institutions. Whilst men and women participated in various types of financing institutions, the role and significance of African women in the provision of an essential service which can be discerned through the establishment and performance of stokvels and related organizations is paramount. Although stokvels (known by different names in different parts of South Africa) were vital informal interventions that benefited whole communities to reduce poverty, their negative tendencies in contrast to formal financial intermediaries can be observed in how they were construed in certain circles.

In the broad literature, gender inequality is expressed in the different articulations of the global 'feminisation of poverty' (Powell, 2013: 24; Chant, 2007). Poverty in post-Apartheid South Africa is widespread, but although scholarship exists (i.e. Sharkh, 1999; Terreblanche, 2002; Geisler, 2004; and Hill, 2004) on the gendered aspects of poverty and inequality, not many studies except Verhoef (2001) explore poverty among African women and their unique entrepreneurial survival-strategies in a predominantly patriarchal society culturally hostile to the entry of women into financial and management positions. While South African women have challenged entrenched patriarchal attitudes and interests that entrench gender inequality, their efforts have yielded limited success. The lack of success was partly because mainstream feminism in the 1970s, unlike modern feminism, was troubled by its minimization of the unique experience of African women (Rich, 2014: 31). In a society where the economic denigration of women was common, stokvels thus constituted a growing novel informal economy, albeit not yet big enough to rival formal financial structures or institutions. The agency demonstrated by women, regardless of how rotating savings institutions fared against bigger formal institutions, was an important statement to policy makers and society about how women needed themselves and not external saviours to defy poverty.

Methods

This article for the special issue on gender and poverty, focusing here on post-Apartheid South Africa (Ndinda & Ndhlovu, *this edition*) relied on selected methods to design, collect and analyse data on women's agency to address poverty and inequality. The findings reported are based on qualitative and empirical research methodologies in order to come up with a specific narrative on gender, poverty and the role of rotating saving schemes in the Republic. The initial stage of this work involved carrying out extensive desk-top research and analysis of secondary literature including media sources on rotating schemes. In the second stage, limited archival research and oral interviews with a South African colleague who requested anonymity were conducted to discern ordinary South Africans and stokvel representatives' voice. Research ethics and procedures were followed and observed in the interview of the colleague who provided useful information especially on *mashonisas*. The principles of voluntary participation, informed consent, confidentiality and anonymity were adhered to. This was to ensure that the informant was safe from any harm during and after the research. The few archival sources and interviews were due to limitations imposed by distance between Zimbabwe and South Africa and the lack of funds to do in-depth field research in the Republic.

The approach, despite its limitations, permitted a considerable amount of flexibility in data collection on South African women's lived experiences with reference to the operation of the stokvels and similar survival strategies, illustrating their merits and demerits. Secondary sources complemented primary data to explore the range of rotating clubs and their future in the country. The qualitative methods used bring out an understanding of South African rotating schemes (money clubs) about which all the details are not yet known.

Evolution and institutionalization of poverty alleviation schemes

Traditional kinship relations denied African women access to property, credit schemes and cash-income (Verhoef, 2001). However, as women moved out of the traditional sector to urban centres, they created opportunities for independent earnings, and displayed remarkable entrepreneurial spirit in undertaking informal economic activities. One of their tactics which marked the evolution of these schemes was the utilization of a type of Rotating Savings and Credit Association (ROSCA), micro-lending organization or the stokvel to persistently mobilize savings outside the formal financial structure (Verhoef, 2001). The evolution and origin of savings schemes can be traced to ancient times. It is closely linked to the 19th century 'stock fairs' (rotating cattle auctions or markets for selling livestock) established on English-speaking settlers' farms in the Eastern Cape.

Essentially, the word stokvel is an aberration of the English word 'stock fairs', where the concept originated in the 19th century. In South Africa, African workers formed voluntary savings organizations among themselves while attending stock auctions of their European employers. The stock fairs are, therefore, associated with the voluntary rotating savings organizations in the indigenous African communities that in some respects resemble the voluntary 'friendly societies' that started in England. Since then stokvels have existed as voluntary groups of natural persons (members) bound by a common cause who pool financial resources for the benefit of the group.

In South Africa, there is no consensus on when stokvels exactly arose, but their link to the 19th-century English 'stock fairs' in rural Eastern Cape has been established. They were important social gathering platforms, based on trust (Odera, 2013: 121-146), which developed into regular

'business' meetings (e.g. beer and tea parties) of African rural communities. Subsequently, towards the end of the 19th century (1870s-1880s) this informal social and economic organization spread to the urban areas as the migrant labour system had also begun with the discovery of gold on the Witwatersrand and diamond in Kimberly. With the mineral revolution, more and more South Africans entered wage employment in the mines and industrial centres of the Republic. By the end of the 1920s, stokvels spread their activities from the Eastern to the Western Cape. They also emerged in most regions of the country including the Witwatersrand, Natal (now KZN), and the Orange Free State. Major urban centres like Johannesburg, Cape Town, Bloemfontein and Durban, to name a few, witnessed the rapid rise of stokvels or the stokvel movement since 1932 when the first so-called 'Bantu Burial Society' was founded on the Rand (Lukhele, 1990). There was a high propensity to save among urbanized male Africans and the money saved from urban wage labour was frequently repatriated to make home improvements in their rural areas of origin. This signalled the contribution of the urban economy to the rural economy through money transfers which increasingly involved women.

Because Africans in Apartheid South Africa were not guaranteed life in the towns and mines or secure employment, their only form of security, therefore, was to invest in the home or in the ROSCA-type of savings which became the only form of financial security and informal social security they knew. African urban women staged tea parties. These day and week-end assemblies in the urban areas were meetings to organize the stokvels, but were also disguised political forums especially during the fight against Apartheid. Such meetings gradually evolved into savings organizations requiring a regular monetary contribution (Verhoef, 2001: 265). The burden of maintaining the family on a low, yet irregular income made women (who make up the majority of the stokvel membership) to integrate stokvels into their lives in order to supplement their meagre earnings and meet their everyday needs. Stokvels which can be categorized into savings clubs, investment groups (or credit associations) and burial societies pooled funds together for the benefit of their members on a mutually agreed basis. Credit associations accumulated funds which were utilized as a source of loans (with interest) to both members and non-members. Such investment or credit stokvels resemble cooperative societies, except that the total pool of savings is not paid out to members. The earliest stokvels (before they became loan-provision entities) were general savings clubs. These institutions which became a common platform for the exhibition of agency by African women summarize a history that elucidates the nature and forms stokvels assumed over time despite the development of sophisticated financial structures in modern South Africa. In the circumstances, after independence in 1994 and the adoption of a rights-based constitution in 1996, informal and survivalist activities such as the stokvels became the norm and even institutionalized as poverty alleviation schemes.

Poverty eradication and economic survival strategies in South Africa, 1994-2017

The major poverty eradication and economic survival strategies in the Republic of South Africa discussed here are the stokvels and the *mashonisas*. The operations of the two closely connected savings clubs illustrate their relationship and dependency on each other.

Stokvels and African women's agency in South Africa

One of the major poverty eradication and economic survival strategies in South Africa is the stokvel. Stokvels are rotating savings institutions that portray the role, in particular, of African women in their never-ending effort (agency) to alleviate hunger and poverty (Hassim, 2004;

Morrell, 2016). Although not exclusively a women's phenomenon, stokvels were introduced into urban life by women. Moving to a city meant the loss of traditional sources of subsistence such as land and cattle, but women did not lose their managerial and planning skills. Once in the city they sought alternative economic survival strategies; hence stokvels (informal financial or savings organizations/institutions) represent one mechanism African urban women manipulated to generate funds to subsist in a new environment where they were marginalized by formal financial institutions. The independent economic activity of African women in the form of stokvels has transcended the Apartheid era as it continues to be a common survival strategy in post-Apartheid South Africa given the prevalence of poverty in the country among the non-income and low-income earners and disadvantaged urban communities.

There are different types of stokvels. In South Africa the term 'stokvel' (which is unique to the country) refers to a variety of mutual benefit or savings societies with exclusively male or female membership or with mixed male and female membership. In their most general form, stokvels are typical rotating savings and credit associations (ROSCAs), which exist in various forms all over the world. For Besley et al. (1993) they are community-based self-help organizations which typically emerge in economically deprived societies where formal means of meeting citizens' financial needs are either inaccessible or do not exist (see also Calomiris & Rajaraman, 1998: 210-11; Smets, 1996: 175). A stokvel is a type of credit union in which a group of people, by voluntary mutual agreement, regularly contribute money to a common pool and circulate the pool among the group (Lukhele, 1990; Buijs & Atherfold, 1995: 6-7; Black Enterprise, 1990: 45).

In the Republic, some form of a social gathering or party always characterizes the meetings of these associations (Kuper & Kaplan, 1994: 178; Burman & Lembete, 1995: 35). The major characteristics of all types of stokvels are: (a) they are formed for pecuniary gain, thus include organizations that are purely savings-based as well as those that are profit-oriented; (b) it is assumed that members act rationally (i.e. in their own best interest); (c) contributions are fixed and regular; (d) society funds are distributed in a way that members benefit equitably; and last but not least (e) membership is voluntary (Lukhele, 1990: 47; Buijs & Atherfold, 1995: 8; Burman & Lembete, 1995: 23-24; Moodley, 1996: 362; Verhoef, 2001: 263).

In the early days, few differences existed between types of stokvels, but today variations are substantial. They are synonymous in different parts of South Africa and the world with *mahodisanas*, derived from the Sotho word *hoda*, which means 'pay'. *Mahodisana* means 'to make payback to each other'. *Mahodisanas* were composed only of women. They are also called *estokini* or *stokies*, *umgalelos* in the Western and Eastern Cape, *gooi-goois* in the Western Cape (derived from Afrikaans, meaning to lump money together). In the Eastern Cape a number of stokvel groups are termed *amafella*. Among the Sotho in the old Transvaal, they are called *mogodisô* ('to grow'). In KwaZulu Natal (KZN) informal rotating savings and credit associations are also known in different Indian communities as *chita* and *chitu*, similar to the informal savings organizations found in India (Verhoef, 2001: 264). Kedibone Moremedi, the lady from Kimberly interviewed by my anonymous interviewee (2017), acknowledges the existence of these variations and the benefits of stokvels to their members. She concedes benefiting enormously from operating stokvels herself.

The stokvel, as an informal group savings scheme in which members voluntarily agree to contribute a fixed amount to a common pool on a regular basis (Lukhele, 1990; Matuku & Kaseke, 2014: 504) helped women in times of need. Women benefited in a variety of ways from these self-help community-based initiatives of the poor which are part of their survival strategies or response to the problems of poverty and income insecurity in contemporary South Africa. Stokvels provided

opportunities for members generally and women specifically to save, invest and accumulate assets. They accumulated a wide range of household property, saved money for family consumption and invested in informal businesses such as *spaza* shops which served the purpose of supplementing household incomes of the owners by selling everyday small household items/commodities such as bread, sugar, milk, chips (French fries), soap, cigarettes, and matches among other things. In 2013, for example, there were 1.5 million people running an informal business like a *spaza* shop in South Africa. The informal sector accounted for 5% of the country's Gross Domestic Product (GDP). In that year, as many as 52.3% of such businesses had a turnover of R1 500 and 9.2 % of the businesses made net profits above R6 000. Thus finding themselves in an invidious/undesirable position of poverty, South African women embarked on significant manoeuvres to defy this scourge. They robustly employed female agency (LenkaBula, 2008) by actively participating in rotating clubs such as *stokvels* and *mashonisas* the proceeds of which they used to put up *spaza* shops. This is sufficient testimony that African women were not helpless victims, completely bereft of initiative and resolve to extricate themselves from poverty. In this way, the role of *stokvels*, which are a well-known self-help phenomenon in South Africa assists and allows poor people to survive difficult economic circumstances (Dandala & Moroka, 1990; Buijs & Atherfold, 1995; Verheof, 2002).

The emergence of *stokvels* as saving institutions, instruments for poverty alleviation and social advancement represents black rural-urban women's financial agency as African women organized themselves in various self-help associations such as rotating saving schemes to mitigate risks of falling into poverty. Most African women and their independence-found access to economic opportunities and wealth status enabled them to transcend post-Apartheid economic deprivation and carry through their battle for economic recognition and survival through overt and covert agency symptomatic of their Apartheid-era liberation war strategies (LenkaBula, 2008). They had the time and resources in a conducive and less constricting political environment after independence (with a democratic dispensation) to assess and begin new, innovative battles to defy poverty.

This critical mass of defiant women fighting for inclusive democracy, gender-equality and the recognition of feminine socio-economic rights; using varied yet similar 'portfolios of the poor' (Jones & Nici, 1999; Collins et al, 2010) to set themselves as a class apart emerged among those who enlisted in this radical struggle to end poverty. South African women living in poverty sought to help themselves, and how they did that brings out novel ways to survive, and illustrates that they are quite 'bankable' as they can save, borrow, invest in their own enterprises, use micro-finance and other schemes to repay their loans and meet immediate needs (like school fees and healthcare).

Together with savings and credit co-operatives, burial societies and village banks, *stokvels* represent the 'financial system' in the majority of communities countrywide. For instance, there are approximately 800,000 *stokvels*, burial societies and ROSCAs or Accumulating Savings and Credit Associations (ASCAs) in South Africa with 8.25 million adult members and accounting for approximately R400 million in monthly savings (Hamann, Khagram, & Rohan 2008:32; Mulaudzi, *Business Report*, 2017). For relatively small micro-finance institutions, this is a sizeable amount whose proceeds are shared by women in order to survive.

Whilst in odd circumstances some members chose to act irrationally by not sharing the proceeds as agreed (which was often uncommon), women involved in *stokvels* (rotating credit circles) benefited in many ways as they used these community-based financial arrangements for different purposes. They used them either for personal/individual purposes like buying furniture

that would otherwise be unaffordable or for broader developmental uses for the community, for example assisting with funeral expenses (Everatt et al, 2005: 278). Some previously poor women like Moremedi became rich to the extent of owning stokvel businesses in Kimberly. Others, for example one Ekurhuleni businesswoman started a bank, stokvel-style. This demonstrates novel strategies by women to climb out of poverty or to fight poverty. It also illustrates that women's economic, community-participation and entrepreneurship strategies using the stokvels helped to improve their status to actually fend for themselves and their families outside formal employment.

Their effort to address poverty is important because it is helping to avoid a stereotype picture that African women are just poor and cannot change or anticipate their situation themselves. With the 'portfolios' at their disposal, whilst most South African women were poor, they were on the verge of conquering poverty. African women epitomized the confidence in this economic rhetoric when they embarked on stokvel activities to ensure their triumph over poverty. They may not have reached the goal yet, but, with the opportunity to take advantage of independence policies, they envisage, as the Americans did with the advent of industrial capitalism and the prosperity decade of the 1920s, 'the day when poverty will be banished from our [their] nation' (Norton et al, 1986). However, in spite of this aspiration, the women who operate stokvels subscribe to liberal feminism and did not quite question the South African capitalist economy in their midst. Liberal feminism, for example, is less radical than Marxist/socialist feminism (theorisation) which fundamentally views capitalism as the root of gender inequality (Thomas and Davies, 2005: 715). Unlike Marxist feminism, liberal feminism as is the case with the stokvel women in the Republic usually focuses on equal rights between men and women without necessarily questioning the injustices and underlying structures of class, gender and capitalism – a system which for decades has been at the centre of their economic exploitation and also engenders high levels of inequality within South African society. Stokvels, though, are successful but at the localized and not quite at the national and international levels when compared with formal banking institutions like ABSA bank, Standard Bank, Barclays Bank and other large-scale financial institutions.

Mashonisas and poor women's agency

Another form of African women's agency in South Africa is highlighted by the operations of *mashonisas*. In a similar way to the stokvels, these are also survival strategies used to address poverty. Sometimes women's economic situation (in a country where extreme poverty, high levels of inequality and unemployment exist) compelled them to approach smaller if not illegal moneylenders (loan sharks) for credit. These, like their counterparts, were specifically created to be part of the emerging and active informal financial service institutions for survival, savings and money-lending schemes, rotating savings clubs or rotating credit associations known as *mashonisas*.

For Moremedi *mashonisa* (singular) and *mashonisas* (plural), denote an informal banking system in South Africa. These ROSCA-style organizations serve as ways of saving money which can be drawn at the end of a particular period (i.e. in December, during Christmas time) to buy groceries, pay schools fees, and to finance funerals/burials among other needs (Anonymous Interview, 2017). A group of women, led by this prominent female loan business owner, organise themselves into informal savings clubs, burial insurance societies, micro-finance loan schemes and Micro, Small and Medium Enterprises (MSMEs) to give each other money for savings and investment in business on a rotational basis (Moremedi cited in Anonymous Interview, 2017). This system where one recipient gets money this month, another the following month, and the cycle

continues and restarts at the end of the 'round' (money club) with the person who obtained money first coming back into the 'round' is also called a 'Round' (money-go-round) and helped African women to mitigate risks of falling into poverty. However, although *mashonisas* were created to help poor families or people living in poverty, they often ended up impoverishing recipients of the loans channelled through this medium. Thus, whilst the *mashonisas* as well as the stokvels seemed to thrive and helped women in defying the odds by advancing loans to individual borrowers, small business proprietors such as tavern, *spaza* shop, or taxi owners, they were associated with several challenges or abuses that made them a burden to those often inclined by poverty to use the two.

Perceptions of Stokvels and *Mashonisas* in South Africa

The general impression created is that stokvels and *mashonisas* were only associated with good things aimed at taking poor Africans out of poverty. However, the two were perceived differently by different people. Some beneficiaries perceived them in good light whilst others viewed them as an albatross tied around their necks. The voices denouncing the *mashonisas* in particular have been ever growing.

A major criticism of the *mashonisas* is that although the township micro-lenders appear to be responsive to the credit needs of the low-income households, the lenders use exploitative practices which place the vulnerable households in debt spirals causing them emotional and financial distress (Mashigo, 2012: 25). Vulnerable groups found themselves 'deeper into a hole' implying that once entrapped/ensnared in debt it was difficult for one to extricate themselves from the quagmire. For James (2014) in South Africa, with upward mobility much aspired to but seldom attained, householders spend money they have not yet earned. Borrowing both from formal institutions and smaller moneylenders (legal and illegal) puts them in an unenviable position. She plausibly observes that in trying to fulfil social requirements in one register, they acquire intensified obligations in another. Money-lending and money-borrowing, owing much to the legacies of 'credit apartheid', enabled creditors to pursue debtors. Borrowers' experience in the face of debt showed that it was not easy to get out of the 'debt trap' (James, 2014:17) as illustrated in some revealing cases.

Cases have been recorded of loan sharks (*mashonisas*) who gobble borrowers' social grants as soon as these are disbursed by the government. At the pay point, usually a community hall, young women who receive child support grants and pensioners join the queue coming out of the hall. A child support grant is R310.00 and the old-age grant is R1 350.00 (Moatshe, *Mail & Guardian* 2014). Sixteen million South Africans receive social grants every month, and the South African Social Security Agency (SASSA) had a R120 billion budget for paying beneficiaries in 2014 (Moatshe, *Mail & Guardian* 2014). However, next to the hall, a number of women with blankets wrapped around their waists (loan shark agents) sit on plastic chairs (see Picture 1).

Picture 1: Three women working for a loan shark wait for grant recipients, Thembalihle, Free State



Source: Oupa Nkosi, *Mail & Guardian* 2014.

They, and men waiting in cars outside the gates, are here to collect loan repayments from grant beneficiaries who never get out of debt. The three women (Picture 1), waiting for grant recipients at Thembalihle Township in the Free State to repay the loans they have taken, work for a loan shark. The SASSA pay cards, used by pensioners to draw money from the pay station, are kept by these loan sharks as long as their owners (borrowers) still owe them money. Some loan sharks illegally confiscate clients' Automated Teller Machine (ATM) cards and only return them once they have taken their repayment from them. They also keep their identity documents (IDs) and slips that show their pay date (Anon, 2017). Pensioners who owe loan sharks money first collect their slips and pay cards before making their way into the pay station. Once they have received their money, they settle their debts outside the community hall to loan sharks one of whom is a Chinese lender with about 700 clients on his books and the majority of his clients are pensioners. When approached for comment, the National Credit Regulator (NCR) chief operating officer Obed Tongoane said he was aware of the unscrupulous credit providers operating at pension payout points, adding that the NCR, the police and SASSA had conducted raids at payout points in Port Elizabeth, in the Nqutu district in KwaZulu-Natal and in the Northern Cape, Thohoyandou and Mpumalanga, which were yielding positive results (Moatshe, *Mail & Guardian* 2014). Clearly, these are illegal activities by the loan sharks, and even more illegal is the giving of credit to minors or mentally unfit persons by the unscrupulous loan sharks who 'persecuted' them until they paid back. Loan recipients attested to the abuse reaching a pinnacle when some were beaten up for renegeing on their repayments after being driven 'deeper into a hole' by the borrowing and lending system in South Africa (James, 2014).

One recipient of credit from a *mashonisa*, Onke Klimbashe of Khayelitsha Township in Cape Town, confirmed and regretted the treatment he received from the service provider. Serious trouble was unleashed on him when he failed to pay-back a loan to a moneylender. As the festive season approaches, many poor families visit moneylenders for help in the endless challenge of making ends meet. Some give up their national identity cards (IDs) and even bank cards as a

guarantee that they will pay back the loan - a major human rights abuse. Klimbashe was a regular customer at a Khayelitsha money-lender until the day he failed to pay back his debt of R200.00 with an accumulated interest of R50.00 per month. Despite repeated efforts to assure the money-lender that he would pay back, Klimbashe said,

‘I was astonished when the *mashonisa* and three guys who appeared to be her bodyguards paid me a surprise visit in the early hours of the morning, demanding her money. She knew that I was still unemployed as we are living in the same neighbourhood ... Because I did not have her money at the time, they confiscated my contract cell phone with a company, and they said I would get it when I have her money. And the interest rate kept increasing (Khaya, 2015).’

By that time Klimbashe was drowning in debt and failing to pay the monthly instalments of R300.00 for the phone (see also James, 2014). As if that was not enough, he received a letter from the cellphone company stating that he was in arrears of R15 000.00, followed by a letter from its lawyers threatening legal action (Khaya, 2015). However, his phone was with the moneylender and he could not return the phone to the company to pay off his debt. Subsequently, he was blacklisted. Klimbashe testified to loan sharks beating people up for failure to pay and ‘after the beating they would [still] expect you to pay the money’. This ordeal prompted him to vow that ‘I would never again borrow money from a loan shark’. Thus, that many South Africans were trapped in a never-ending cycle of having to take out more loans to service their existing debt reveals the negative sides of *mashonisas*.

Although rotating saving schemes (i.e. stokvels and *mashonisas*) have faced negative criticism, some of their members feel they are winners and not losers as they are competing (though not on the same footing) with formal financial institutions in post-Apartheid South Africa and are serving the loan needs of their clients. Nevertheless Mazwai (2016), the CEO of the National Stokvel Association of South Africa, felt that people were ensnared in debt because of these institutions. He aptly summed up the problems of debt in the Republic by saying ‘debt is one of the biggest social ills in our country’. Such sentiments also signalled the failure of stokvels and *mashonisas* to financially cushion poor households.

The future

An assessment of the impact of exploitation by the township micro-lenders on the low-income households indicates that fundamental measures need to be taken to protect the households from such exploitation (Mashigo, 2012: 25-26). However, one of the ways forward for stokvel institutions is to move with the times (as some of them have done) and become legal entities with a clear investment and savings focus to make law makers formalize their operations. Another suggestion is that more stokvels should transform themselves into formal and registered banks and also allow members to benefit from the interest that accrues on their stokvel accounts. Clearly, the future and the way forward for rotating saving clubs is in taking those good savings habits and see how they can be harmonized with the formal system.

Conclusion

This article finds that South African women used feminism to challenge all forms of patriarchal oppression thereby increasing options and possibilities for women. They ventured into stokvel and *mashonisa* schemes with such vigour which, despite the known challenges of the schemes, confounded the perceptions of the limited successes of the programmes by demonstrating that whilst there were low points, the schemes also brought out the high points of achievement. Thus, female power, presence, creativity and resourcefulness was demonstrated through engagement in the rotating clubs by black South Africa women some of whom like Moremedi emerged into robust business or stokvel entrepreneurs. South African women's agency between 1994 and 2017 was, thus, exhibited through their active participation in rotating saving schemes for wealth-creation and credit provision. Hence, this paper on gender, poverty and inequality in post-Apartheid South Africa, illustrates unique survival features by black poor women in the country.

The article also finds that stokvels, as a means of moving poor African women out of poverty, are effective but not very effective. They are a case of defying the odds but not the abuse. They are a social financial networking system which has survived the test of time. However, based on the different accounts given by people who borrow money from the stokvels and *mashonisas*, these institutions represent different sides, that is, 'the good, the bad and the terrible'. The good may not be questioned, but the bad and the terrible should be questioned to provide a platform for the success of stokvels (beyond the current level) in the post-independence era.

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