

## FNB stokvel savings increase to R9.6bn despite tough economic environment

Stokvels continue to show tenacity and commitment in promoting a savings culture in South Africa despite the tough economic environment. This is shown by the 15% increase in net deposits, surpassing the R9.6bn mark in total member contributions over the past year.



Source: Supplied. Hiral Parbhoo, chief executive officer of FNB Retail Cash Investments.

Himal Parbhoo, chief executive officer of FNB Retail Cash Investments says, “the strong growth is a testament to the stokvel members’ financial discipline despite the difficult economic environment.

Being a member of a Stokvel is one of the most popular ways for South Africans to develop a savings culture. However, the challenge has always been in ensuring that the stokvel savings are managed efficiently while yielding the desired outcome to meet the stokvel groups’ goals.”

FNB has seen positive adoption on its digital solutions over the years, with over R4.7bn payments and withdrawals year-on-year performed on its digital platforms. The bank continues to digitise its stokvel offering to help customers save in withdrawal fees and minimise risks associated with large sums of cash in withdrawal and contributions. This has helped its customers manage their contributions and money better.

“To this effect, we introduced the no monthly fee digital stokvel account in 2020 to help our customers manage their administration, contributions, and withdrawals better, which has helped our customers save over R131m in withdrawal fees since the launch of the digital stokvel solution. This is money that remains invested and can continue to grow for the benefit of all stokvel members as they benefit from the high interest rate environment,” adds Parbhoo.



Source: Supplied. Cebile Magongo, growth specialist at FNB Retail Cash Investments.

Cebile Magongo, growth specialist at FNB Retail Cash Investments says, “Stokvels have been instrumental in promoting a culture of saving and assisting individuals and groups to reach their financial goals. Stokvels are growing and changing despite the difficult economic environment because they are being used for reasons other than those for which they were originally designed.”

## Unlocking investment opportunities

“We are seeing a trend of stokvel groups looking at various investments such as investing in shares, unit trusts, exchanged trades funds (ETFs), buying franchise businesses and other vehicles to generate wealth for the future generations,” adds Magongo.

For this reason, it is becoming more important for financial institutions to improve their processes to help simplify the administration processes for members to allow them to explore opportunities, diversify and grow their portfolios.

“Instead of withdrawing all funds for short-term goals, we encourage stokvels to consider diversifying their portfolios using a wide variety of investment vehicles that can yield returns that surpass inflation and could go a long way in bringing higher returns and growing combined wealth for individuals and families,” concluded Magongo.

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