

Retirement Security | Gender & Savings | Behavioural Finance

Saving Without Arriving

Why South Africa's Most Disciplined Savers Are Still Retiring Vulnerable

An analytical perspective on the gap between demonstrated savings behaviour and retirement outcomes among South African women. Drawing on stokvel participation patterns, behavioural finance literature, and structural critiques of the formal retirement system.

“The question is not whether women can save. The question is whether our retirement system has been designed in a way that enables their savings discipline to become retirement security.”

— adVenire Consulting

Introduction: A Paradox Worth Confronting

Across South Africa, millions of women participate in stokvels. Every month, contributions are collected and recorded. Meetings are held. Members hold one another accountable. Financial commitments are honoured sometimes for decades. By any reasonable measure, this represents a remarkable and enduring demonstration of savings discipline.

Stokvels are one of South Africa's most successful and enduring social financial institutions. They operate largely without sophisticated technology, professional asset managers, or elaborate governance frameworks and yet they continue to mobilise billions of rand in savings each year. At the centre of this success are women: the organisers, administrators, and custodians of these community-based systems.

At the heart of South Africa's retirement challenge lies a persistent paradox: women who have spent a lifetime managing household finances, balancing competing priorities, and navigating economic uncertainty often enter retirement with inadequate

savings and heightened financial vulnerability. This is not merely a retirement adequacy problem; it is a challenge that raises important questions about how the retirement system aligns with the financial realities of those it is intended to serve

1. The Capability Is Not in Question

For many years, the retirement industry has approached the savings gap primarily as a problem of financial literacy one that education and consumer awareness campaigns might, in time, resolve. These efforts are not without merit. However, they rest on an assumption that is not borne out by the evidence: that women who are failing to accumulate adequate retirement savings are failing because they lack the knowledge or discipline to save.

Stokvel participation tells a different story. To participate successfully in a stokvel, members must budget consistently, plan across time horizons, exercise financial discipline, manage competing obligations, and sustain commitment through changing personal circumstances. These are not the behaviours of the financially illiterate. They are the very behaviours that financial educators seek to instil.

1.1 What Stokvels Reveal About Financial Behaviour

The scale of stokvel participation in South Africa is significant. Estimates suggest that more than eleven million South Africans participate in stokvels, with total annual contributions running into tens of billions of rand. The majority of members are women. Many have sustained participation across multiple years in some cases, across multiple decades.

What makes this particularly instructive is that stokvels achieve participation without the structural advantages that formal retirement products rely upon. There is no employer deduction. There is no tax incentive at the point of contribution. There is no regulatory compulsion. Participation is voluntary, sustained by social trust, shared norms, and a felt sense of relevance to members' actual lives.

“Stokvels succeed without employer deductions, tax incentives, or regulatory obligation sustained entirely by trust, shared norms, and

perceived relevance. The retirement industry has yet to replicate any of these three”.

2. A Conflict of Purposes, Not a Failure of Discipline

A traditional stokvel and a retirement fund serve fundamentally different purposes and understanding this distinction is essential to understanding the savings gap.

Most stokvels are designed to address short- and medium-term financial needs: school fees, groceries, household emergencies, funeral costs, and the everyday obligations that press in on low- to middle-income households throughout the year. These objectives are not incidental they are the point. They reflect the financial realities that members actually face, and they explain why stokvel participation feels meaningful and urgent in a way that contributing to a retirement fund often does not.

Retirement saving, by contrast, demands that money remain committed for decades. The benefit is distant and, for many, difficult to visualise concretely. In a household where immediate needs are real and pressing. Choosing to meet today's financial obligations rather than save for a distant retirement is not irrational; it is a rational response to immediate economic realities. What looks like a failure of long-term thinking is often, in practice, a rational response to immediate financial pressure.

This distinction matters because it reframes the problem. If the savings gap were simply a matter of people not saving, the solution would be relatively straightforward: encourage more saving. But women are already saving and saving well. The more productive challenge is to understand why formal retirement structures have failed to capture and convert that existing savings behaviour into long-term retirement security.

Critical Insight:

The savings gap in South Africa is not primarily a behavioural deficit. It is a structural misalignment between the design of the formal retirement system and the financial realities, priorities, and trusted networks of the women it has failed to reach.

3. What the Retirement Industry Has Failed to Learn

The success of stokvels raises uncomfortable questions for the formal retirement sector questions that have not yet received adequate answers.

Why have formal retirement products not achieved the same levels of trust as stokvels among the communities they seek to serve? Why do many people feel more at ease contributing to a community savings scheme than to a regulated financial product designed, presumably, to protect their futures? Why has a system built explicitly to provide financial security in old age struggled so profoundly to engage those who have already demonstrated a willingness and an ability to save consistently?

These are not rhetorical questions. They point to real design failures in product architecture, distribution models, communication strategies, and the cultural assumptions embedded in how retirement saving has been framed and sold.

3.1 Trust, Relevance, and the Architecture of Participation

Stokvels generate participation because they are designed around the social and financial realities of their members. They are local. They are transparent and real. They are governed by people known to one another. Their rules are understood and felt to be fair. Their benefits are visible and tangible. The relationship between contribution and outcome is direct and comprehensible.

Formal retirement products, by contrast, are often perceived as complex, impersonal, and difficult to understand. Fees are difficult to understand. Investment returns are distant and abstracted. The institutions holding members' savings are large, impersonal, and largely inaccessible. For many South Africans, particularly those outside formal employment or with limited engagement with regulated financial institutions, these characteristics are not incidental barriers they are fundamental deterrents to trust and participation.

Retirement security, it turns out, is not only a financial challenge. It is a challenge of trust, accessibility, relevance, and behavioural design. Any serious attempt to close the savings gap must reckon with all four dimensions simultaneously.

4. Bridging the Gap: From Saving Behaviour to Retirement Security

If the problem is structural rather than behavioural, then the solutions must also be structural. Incremental improvements to financial literacy programmes will not, on their own, move the needle. What is required is a more fundamental rethinking of how the retirement system engages with the communities it has historically underserved.

Several principles, drawn from the stokvel experience, might usefully inform that rethinking:

- **Design for relevance, not compliance.** Retirement products that feel remote and irrelevant will not attract voluntary participation. Products and services must be designed with a genuine understanding of the financial priorities and lived realities of the communities they aim to serve.
- **Build trust through transparency and proximity.** Trust in a stokvel is built through visibility, shared governance, and personal accountability. The retirement industry must find ways to make its operations more transparent and its relationships more personal particularly in communities where institutional trust is low.
- **Leverage existing networks.** The stokvel network is not a competitor to the formal retirement system it is a potential distribution channel and trust bridge. Models that work with existing community savings structures, rather than attempting to replace them, may achieve far greater reach and uptake.
- **Acknowledge competing obligations.** Retirement product design that ignores the reality of competing present-day financial obligations will continue to lose the contest for available savings. Hybrid products that allow for some degree of liquidity while still building toward long-term retirement security may better reflect the actual financial lives of underserved savers.

Conclusion: The Lesson the Industry Has Yet to Learn

South Africa will continue to face a troubling reality for as long as it misdiagnoses the retirement savings problem. Millions of women who have spent a lifetime demonstrating savings discipline who have run stokvels, managed household budgets, and sustained financial commitments under considerable pressure are

arriving at retirement without adequate security. This is not a consequence of their financial failings. It is a consequence of a system that was not designed with them in mind.

The retirement industry may have more to learn from stokvels than stokvels have to learn from the retirement industry. The trust, relevance, and social architecture that make stokvels work are not incidental features they are the source of their success. Until the formal retirement system takes those lessons seriously, the savings gap will persist not because women are unwilling or unable to save for the future, but because the system has not yet earned the right to be part of their future.

“The retirement industry may have more to learn from stokvels than stokvels have to learn from the retirement industry. Trust is not a marketing challenge it is a design imperative.”

About This Article

This article presents an analytical perspective on gender, savings behaviour, and retirement security in the South African context. It draws on publicly available data on stokvel participation, behavioural finance literature, and structural observations about the formal retirement savings system. It forms part of the adVenire Consulting Thought Leadership Publication Series.

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