

https://dspace.org/

A study to investigate if stokvels can be used to finance property transactions

Madziwanzira, Admire; Admire, Madziwanzira

2022

https://hdl.handle.net/10539/34364

Downloaded from a DSpace repository. https://dspace.org/

A Study to Investigate If Stokvels Can Be Used to Finance Property Transactions

Madziwanzira Admire
Student Number: 2261945
Supervisor: Dr Tumellano Sebehela

A research report submitted to the Faculty of Engineering and the Built Environment, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of MSc. Building in the subject area of Property Development and Management

University of the Witwatersrand,
Johannesburg, 2050
February 2022

Abstract

The purpose of the study was to investigate the viability of stokvels as a financing option for the purchase of property in South Africa, thus promoting stokvels as another vehicle to reduce the housing backlog. Previous studies have not investigated stokvels as a property finance instrument, neither have they investigated their structure and operations with a view to document best practice and investigate if the concept can be considered as a sustainable housing finance option in South Africa.

Findings were reached through a mixed methods approach, combining primary data obtained from interviews and questionnaires, as well as secondary data from available literature.

The findings of the study affirm that there is an opportunity for stokvels to participate with meaningful impact in the property development sector, be it through the home ownership model, building supplies or property investment/wealth creation model. This would require stokvels to formalize their operations, increase member subscriptions, and also for government to develop policies to protect investors from fraud through the regulation of stokvels. As stokvels in the country continue to innovate, participation in the property development sector is desirable for members, but it would require a significant shift in how stokvels currently operate.