Saving, Investment, Thrift? Welfare Beneficiary Households and Borrowing in South Africa

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Chapter 2 of *Thrift and its Paradoxes: From Domestic to Political Economy*
Edited by Catherine Alexander and Daniel Sosna. New York, Berghahn (2022)

For at least a century, getting and spending money have been topics of moral and social contestation in the lives of Black South Africans.[1] With recent changes, disputes, for decades taking place along the fault line of gender, have become fiercer, but have also seen new protagonists enter the fray. In a setting where proletarianization was rapid, extensive, and often brutal (Cooper 2002), its decline has been experienced with even more disruption. Since the end of apartheid and the advent of democracy in the 1990s, the ANC (African National Congress) government, in partnership with entrenched White capital (Fine 2019), pursued economic liberalization and financialization. These economic policies led to growth in the economy without an accompanying growth in waged work (Marais 2011), unleashing a virtual epidemic of borrowing and lending (James 2015). Against this backdrop, women in rural and peri-urban areas have pursued practices of householding and husbandry, attempting to get by on state welfare payments while also saving (eking out household money to cover costs over a longer period) and investing (contributing to solidaristic social relationships). As the introduction to this volume demonstrates, such thrifty practices have ambiguous consequences. They are caught up with complex patterns of indebtedness that might seem the very opposite of thriftiness but are interwoven with it, variously enabling and stalling careful household management.

One key mechanism through which Black South Africans—villagers and township residents alike—save money and practice thrift is through membership with the financial mutuals known as *stokvels*.[2] Such clubs, a feature of rapidly urbanizing societies worldwide, from China and Indonesia (Geertz 1962) to sub-Saharan Africa (Ardener 1964, 2010; Bähre 2007; Krige 2014; Rodima-Taylor 2014), typically take the form of rotating savings and credit associations (ROSCAs). Members contribute standard amounts at regular intervals throughout a cycle (usually a year). They then take it in turns at successive meetings, or when urgent needs arise, to receive the accumulated amount in cash, using this for expenditures normally beyond their reach. Although they are often seen as “traditional,” they are not in fact rooted in ancient custom (Shipton 2007); they emerged in Black South African communities in tandem with oscillating labor migration and urbanization (Bähre 2007; Kuper and Kaplan 1944), often—as burial societies—responding to the need to repatriate the bodies of deceased migrants (Delius 1996; see also Thomson and Posel 2002).

Women’s clubs, which had come into being in tandem with the somewhat later development of female migration, provided support and solidarity, as well as a means to save earnings (James 1999, 2015; Mager and Mulaudzi 2012). They are nowadays often seen as quintessentially female,[3] being associated with care for the household (*go hlôkômêla lapa*),

whereas "men just want to eat." A central intention of (women's) savings clubs, observed clothes peddler Sophie Mahlaba, is to stop men from wastefully squandering money ("eating" money—*go ja tšhêlêtê*).

> Since men are in any case said to be incapable of cooking and unaware of what household goods and provisions might be required, there would be little point in their joining clubs aimed at replenishing such stocks. Women also point to the cyclical character of the clubs' savings activities and the way this feature helps mothers who are obliged to meet very particular expenses at year-end: providing food and drink for Christmas festivities; stocking pantries with dry goods and cleaning products to last well into the new year; and—when the school year begins—buying new school uniforms, shoes, books, and stationery for their children, as well as paying school fees. (James 2015: 129)

This is a partisan view in a long-standing dispute; the opposite has also been argued to be true. Men in migrant laborer households, showed Ferguson, were committed to long-term investment in cattle while their wives strove tirelessly to convert those cattle for cash in order to cover immediate expenses (Ferguson 1985). But much has changed over the ensuing thirty years. Women now increasingly hold sway over householding because of shrinking wage-labor and the corresponding importance of the state pension and other forms of welfare (known as "social grants"). In addition, the severe toll HIV/AIDS has taken on households has left widows or younger unmarried mothers to look after not only their own but also relatives' children. The narrative of a wife's responsibility for the domestic domain thus retains great force and has even intensified (James 2015: 127); and, as the principal recipients of welfare (on behalf of their children, via the Child Support Grant), it is they—with their *stokvel* membership—who play a pivotal role. Adding to the complexity of how financing is moralized, *stokvels* have enjoyed a contradictory relationship with formal finance and investment. Viewed by some as a means of adjusting—even a step on the road—to financial formality (e.g., Geertz 1962; Krige 2012), and often making use of special bank accounts to store and save members' contributions temporarily, they have also been used in South Africa by those seeking to escape the disadvantages of banking (often seen as skewed against the needs of Black people and as unduly bureaucratic with high transaction costs) and especially to evade the steep costs of credit entailed in purchasing goods on installment by buying them for cash instead (James 2015: 143).

But seeking such escape, on the face of it, seems increasingly futile. At the same time as these changes were taking place, momentous developments were occurring in the world of high finance. With state aid (through a process of public procurement), large financial companies have turned poor welfare recipients into clients, a process that has also been noted in Brazil and Chile, where it has been dubbed the "collateralization of social policy under financialized capitalism" (Lavinas 2018). Listed multinational Net1 UEPS (Universal Electronic Payment Systems) Technologies (hereafter Net1), through its Cash Paymaster Services (CPS) business,

won a government contract to deliver social grants in South Africa, using its proprietary smart-card technology. It extended loans to grantees and used social grants to recoup repayments for the debts incurred. In South Africa, as in Chile and Brazil, welfare dependents' incorporation into the market has thus been ensured by a regular benefit that the state pays, which lenders then use to secure their repayment automatically; "we are witnessing the collateralization of social policy: credit and debt, along with new financial devices, are becoming the cornerstones of what used to be social protection systems, so as to respond to the needs of finance-dominated capitalism.(Lavinas 2018: ibid.). In the South African case, following public outcries, Net1's contract was withdrawn. This move was viewed as a triumph for welfarist policy against capitalist extraction, yet it raised further problems. Some commentators and critics of the extractive lending practices adopted by the company (outlined below) endorse an idea of "thrift" in which existing resources ought to be made to stretch to cover monthly expenses (see James 2015: 44–45, 163). While this has proved persuasive for various parts of the concerned citizenry and might be a model of prudence ideal for bourgeois householders (Gudeman this volume), in a context of low employment such literacy implies less the working out of a reasoned budget and apportioning of income than simple belt-tightening. But the social grant-recipient women portrayed in this chapter do make plans about future finance and allocate money to different purposes, engaging in the management of household resources to keep things going. Although they "don't have savings," much like the Buenos Aires shack-dwellers documented by Ariel Wilkis (2017), they "do have debt." Alongside the social investment represented by *stokvel* membership, they count on being able to borrow—not as an aberration, but as an essential element in the household budget.

This chapter shows how the increasing predominance of women in managing and budgeting for the household, in part through *stokvel* membership, has intersected with their advancing "financial inclusion." While social grants have enabled welfare recipients to access credit through more formal means, such credit has not simply replaced communal rotating savings and credit schemes but rather has articulated with them. This in turn has prompted social reformers and activists to impose rights-based ideas about sound financial practice. Taking place against a backdrop of clashing value systems, irreconcilable viewpoints, and incompatible ideas about the uses to which money ought to be put and how it should be stored, the chapter documents the new and not-so-new practices of saving, investment, and borrowing through which "thrift" is constituted. Local models of household economy are centered on husbanding resources rather than spending them heedlessly, but this requires the borrowing of money from various sources: something that itself constitutes an investment or form of thrift. Depicting householders' practices in terms of dichotomous opposites—such as frugality vs profligacy—is misleading; thrift has ambiguities that can make it both a vice and a virtue.

Ethnographic Context and Research Methods

The research on which this chapter draws was done in collaboration with, and its agenda was shaped by, human rights organization Black Sash (James, Neves, and Torkelson 2020).[4] The aim

was to explore the effects of the latest developments in "reckless lending" in South Africa. These came in the wake of the explosion of indebtedness during the 1990s, when the twin forces of liberalization and financialization enabled Black people formally excluded by "credit apartheid" to borrow extensively (see James 2015; Neves 2018; Torkelson 2020). Our sample, covering a wide range of spatial contexts—urban and rural, centrally situated and remote—revealed the prevalence of a widening range of lenders offering loans to social grant beneficiaries, and showed how the apartheid history of each of these areas, as well as their proximity to or distance from urban centers (see Table 2.1 and Figure 2.1), has shaped local lending practices. Thus, for example, the industrial hub of Uitenhage (see Figure 2.1) had an extensive range of types of borrowers, including most of those identified below (see Table 2.1 for the typology) but with a predominance of EFT (electronic funds transfer)/debit order and cash/debit order lenders. In the remoter sites—Hammanskraal, Khutsong, and especially Taaiboschgroet—cash lenders and "loan sharks" predominate. We worked collaboratively with the local partners of Black Sash, mostly small NGOs, who identified five to ten indebted welfare beneficiaries in each site. Our methodology consisted of a case-study approach focused on in-depth interviews coupled with a semistructured survey instrument designed, trialed, and refined over two years in partnership with Black Sash, combined with the documentary analysis (of research participants' bank statements, contracts, etc.). We interviewed welfare recipients, seeking to understand their responsibilities and obligations to their household, strategies for budgeting throughout the month and year, and how they made decisions about spending, saving, and borrowing. In addition, we drew on local knowledge to survey communities and identify different types of lenders.

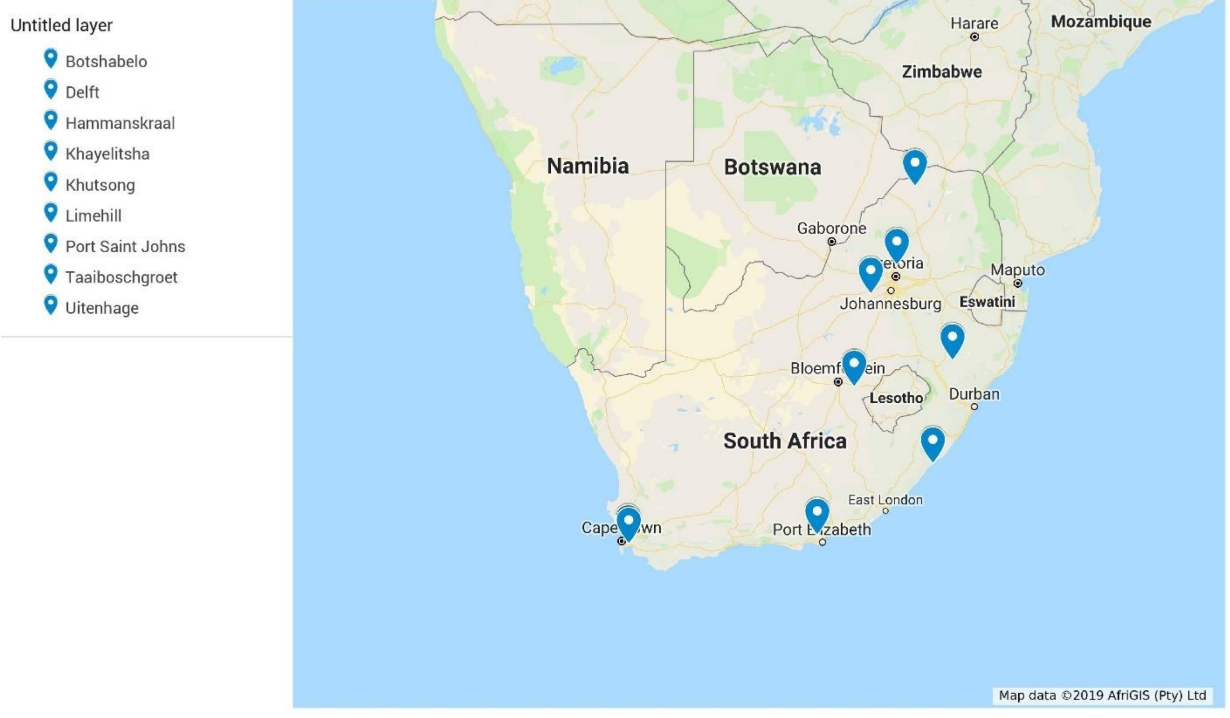

Figure 2.1. Map of fieldsites

Transfer to Borrower/Lender	(1) **EFT/debit order**	(2) **Cash/debit order**		(3) **Cash/cash**		
Lender Examples	EPE/Moneyline (facilitated by CPS/Net1), Finbond	ABC, Top-up, Mashabalala	Payday/Chinese lenders (e.g. Wen, Zhang)	*Mashonisa* kin, neighbours	*Mashonisa* *stokvels*, slightly larger, more distant from borrower	*Mashonisa* largest, most socially distant
Numbers	9% - about 1m	29% - about 3m		Unknown		
System	hi-tech, biometric, printed contracts	hybrid, merges hi-tech bank system with cash delivery, handwritten or verbal contracts		personalized, relies on ATM banking/cards to claim repayment, sometimes or often retains the grant recipients bank card to draw funds at ATMs, informal handwritten or verbal contracts or ATM statements		
Terms	3-6 month loans, about 5% interest per month	3-6 month loans; about 30-60% interest per month	1 month loans, given in cash; about 30-60% interest per month	30% interest per month, doesn't retain card, negotiable terms and time-frame	30-50% interest per month, may retain card but not PIN, less negotiable terms and time-frame	50-100% interest per month, retains card and PIN, little negotiation
Risk to Borrower	money disappears, stop debit order, black-listed	money disappears, fraud, stop debit order, black-listed, contracting discrepancies, little proof or paper trail		violence, retain card/PIN, withdraw all money, repossess belongings and sell them		

Table 2.1. A typology of lenders and lending.

To make sense of the complex lending landscape, we mapped the variety of lenders and types of lending we discovered. Table 2.1, although subdivided into separate categories based on the practices by which money is transferred by lenders to their grant-recipient clients and then repaid by borrowers to these lenders, ought rather to be read as a continuum. It follows a series of gradations from what are often called “formal” practices, on the left-hand side, to increasingly “informal” ones on the right. However, the forms of borrowing and lending it portrays defy a simple categorization along formal/informal lines (Hart 2015), since many face-to-face cash transactions rely on, or are facilitated by, hi-tech debit orders and banking infrastructure. Interest rates vary widely, as do the ways in which these are communicated to borrowers. The registered lenders on the left-hand side of the table publish their rates on preprinted forms (and carbon copies are given to borrowers) and appear largely to comply with the stipulations of the National Credit Act (NCA), although high interest rates are often obscured by calling these “initiation” or “service fees” (Gregory 2012). The *mashonisas*[5] (loan sharks) on the right-hand side of the typology, in contrast, mostly charge higher rates of interest, comply with no legal stipulations, and often fail to record repayments or inform borrowers of their remaining debts, or do so by using ATM “mini statement” printouts or exercise books.

Those lenders normally thought of as “formal,” who rely on sophisticated financial systems such as the EFT/debit order system and the functionality of Net1’s EasyPay Everywhere or EPE card, include Moneyline and Finbond in the first column of Table 2.1. Moneyline is a registered Financial Services Provider and a subsidiary of Net1; Finbond is a Mutual Bank partially owned by Net1. Both are large firms with multiple branches nationwide. Because banking the unbanked had initially been made possible through the contract awarded to Net1 that afforded it a kind of “lock-in” (Breckenridge 2019), this enabled debit-order based lending—from it and other lenders—for social grant recipients, even following the termination of its

contract. The South African state had effectively subsidized the creation of a monopoly and gave Net1 preferential access to 17 million social grant beneficiaries through its control of the payment system and its flows (Torkelson 2020). Net1 restructured the low-income lending market by creating the EPE bank account that allowed for early and automatic debit order deductions from these grant beneficiaries, enabling other microlenders with debit order facilities—and even those without—to later benefit from Net1's innovations.

The second column of Table 2.1 contains types of lenders that grant loans in cash but collect repayments using debit orders on borrowers' bank accounts. They include businesses known as cash loans, microlenders, and payday loan enterprises, which may have several branches but are regionally based and much smaller than the large financial services companies or mutual banks. Their loans are typically repaid over three to six months, with repayment collected through debit order on a bank account. Among these are the "one time" lenders (who collect the total repayment in one go), many run by Chinese nationals. All rely on the financial system established by EFT/debit orders both to check the creditworthiness of borrowers and to collect repayments.

The lenders in the far-right column both lend to borrowers and collect loan repayments in cash. Lumped together as *mashonisas* (sometimes termed "loan sharks"), they vary widely depending on the size of their businesses and the nature of their relationship with borrowers. Rates of interest charged increase as one moves toward the far right of the column. These lenders range from friends, family, or neighbors who help out with a loan but still charge interest, through local "neighborhood" or "village" *mashonisa*s, to those more "distant" in both spatial and relationship terms. The latter typically do not have close connections to those who borrow from them, are more affluent than their clients, and charge the highest interest (50–100 percent).

It is against the backdrop of this wider borrowing landscape that activities in the cash/cash column—and especially borrowing and lending by members of financial mutuals or *stokvels*—take place. Such savings coexist with the banking system, albeit in ambivalent ways. Policy makers after apartheid initially disparaged them but have more recently come to embrace and advocate them as a catch-all solution to financial problems. Participation in these clubs, far from diminishing since the advent of democracy when people gained greater access to formal financial services, has intensified. Banks, in an attempt "to try and capture some of the pools of money which continue to circulate outside the formal banking system" (Krige 2014: 66), established special *stokvel* accounts where clubs temporarily deposit their money, but many householders have used *stokvels* instead to keep their savings beyond the reach of the finance industry. Overall, the borrowing and lending that *stokvels* enable is entangled with, and inseparable from, the hi-tech financial arrangements that EFT/debit order lenders facilitate.

Investment, thrift, and indebtedness are thus interconnected in unexpected ways. Poor people, in circumstances of widespread poverty and unemployment, caring for many dependents, continue to need money beyond what they receive from the state or earn from precarious wage labor. Borrowing has continued apace. While this debt explosion has much in common with its counterparts across the globe, especially in countries of the Global South (Servet and Saiag

2013), what distinguishes the South African case is the very swift and extensive "financial deepening" indicated in Table 2.1. Women's borrowing using the electronic transfer/debit order systems is intertwined with their cash borrowing from *mashonisas*.

Thrift here embodies a contradiction. If thrift is one important principle of a local model of household economy that centers on careful husbandry rather than profligacy, it also necessitates the taking out of loans from various sources—something which can, itself, be seen as a kind of investment or form of saving and thus as reconcilable with "traditional" conceptions of thrift (Gudeman this vol.). People borrow from their neighbors or fellow villagers, on the one hand, in transactions that are often mediated via *stokvels*, and they offer loans to them, on the other—borrowing and lending cannot be neatly separated. The membership of such associations enables people to anticipate and budget for expenditure as documented below, but also requires them to borrow from *other* sources to keep up their subscriptions, often driving them into difficulties. The exact calculus of which debt is more pressing (to the *stokvel* or to the outside lender—who might herself be a member of another *stokvel*) is made more complex by group pressure not to interrupt the payment cycle. Indeed, some of the neighborhood people who loan money to others—as *mashonisas* (loan sharks)—are doing so because they belong to the type of *stokvel* that requires its members to lend out money at interest, known as ASCRAs (accumulated savings and credit associations) (Ardener 2010; Bähre 2007). *Stokvels* that, in one register, are serving as savings enabling thrift or investment mechanisms are, in another, acting as sources of indebtedness. Added to these contradictions are the activists and lawyers, policy makers, and even those in the business community who question what is a fair interest rate, how much can and should be charged to those taking out "unsecured loans," and how regulation might curb or cap these charges. Such questions are difficult to answer given the convoluted relationships in play.

Saving and Investment, or Borrowing?

The cases of welfare recipient/borrowers documented below illustrate some of the ways in which these apparently discrete types of loans connect to each other in low-income households, and the ambiguities entailed in keeping a thrifty household in this low-resource setting. Most hail from the rural areas in or near the former Bantustans that were migrant labor reserves during the height of the mining and industrial economy in the apartheid era—Port St. Johns (Eastern Cape), Limehill (KwaZulu Natal), and Taaiboschgroet (Limpopo) (see Figure 2.1). Only one of the sites mentioned below—Khutsong (Gauteng)—is a township in which mine workers and their families were able to put down roots and reside in the longer term. In all these sites, rural and peri-urban alike, unemployment is now highly prevalent.

The Overdetermination of Borrowing in Port St. Johns

Athandwa is a fortysomething woman who lives in the village of Nonxeni, approximately 30 km outside Port St. Johns (Figure 2.1) in what was once the Transkei Bantustan. Educated to grade nine (two years of secondary schooling), she is currently unemployed, but has intermittently

worked as a domestic cleaner for Black middle-class households. From late 2013 to 2014 she spent four months working on a public employment scheme, involved in road construction, for which she was paid R90 daily.[6] Even then she was compelled to take out a loan, because the scheme's workers were not paid on time by the project contractor and needed money for transport. Since then she has regularly borrowed money, although sometimes leaving intervals between the loans, repaying the sum and owing nothing for a month or two, before borrowing again. At the time of research, she was in a recurrent cycle of debt.

Even by impoverished village standards, single mother Athandwa's household is poor and vulnerable. This is evident from the two single-roomed mud "flats" (rectilinear huts) where they live. As the only survivor of five sisters, she explained that "everybody depends on her." Her household consists of herself and her three children—her son had until recently been studying at a regional university while the other two are in school—as well as a nephew and niece who live with her after the death of their mothers, Athandwa's sisters. She receives welfare payments for the four minor children, but bureaucratic failures mean these payments amount to less than they should. For her niece, whose mother died in 2009, Athandwa receives a Foster Care Grant. But for her nephew (as for her own two children) she collects Child Support Grants, although she ought to be entitled to the fourfold greater Foster Care Grant in the case of her nephew. The social workers responsible for arranging these insisted, obstructively and unlawfully, that it was the duty of the boy's absent father and paternal grandparents to support him.

In terms of expenditure, in an average month, Athandwa reportedly spends R800 on groceries that are "never enough" for the household members, R700 on school transport, and R100 on electricity that routinely runs out before month end. Beyond this, her regular outgoings are contributions to *stokvels* and insurance schemes. These, listed in a rather matter-of-fact manner as normal budgetary items, included R85 funeral insurance to Zidlekaya in Port St. Johns, R150 toward one *umcalelo/stokvel* that yielded a lump sum to buy December groceries, and R500 toward another *umcalelo/stokvel* with three members.

Athandwa has taken loans from a broad range of lenders (see Table 2.1). To cover some of her expenses, she borrows from a *mashonisa*. This *mashonisa* is neither small-scale nor based in the village, but an affluent member of the local elite. She maintains an office in Port St. Johns, with other business interests including local retail. She is a prominent, middle-aged businesswoman, characterized as "rich" as well as being unsympathetic and confrontational. She drives new cars, and her children reportedly attend "good schools" in Mthatha. Athandwa and the local fieldworker decline to name her. Efforts to visit her office failed; a suspicious administrator indicated that she was perpetually unavailable.

Athandwa is locked in a recurrent cycle of debt with this *mashonisa*. She first took out a loan from her in 2017 to pay for the children's school uniforms and transport as well as to meet her son's university costs. Athandwa repaid the loan, and then, securing domestic work for three months, managed to survive without further borrowing. Thereafter she borrowed again to buy a school uniform and pay for school transport. She estimates that school related expenses routinely

run to R500 a child per year (she enumerated R200 shoes, R150 a jersey, etc.). Typically, she borrows a sum of R1,000 that incurs R400 interest monthly (i.e., 40 percent). The lender retains Athandwa's bank card and PIN code. The transactions are entirely informal, unregistered, and illegal, with no documents or paperwork issued.

Athandwa's shifting arrangements were affected by the changeover from Net1 to SAPO discussed earlier. Before her employment on the public employment scheme, she had held a Standard Bank account, but then—partly in order to facilitate borrowing—she applied for a "green card" (EPE) and the Standard Bank account lapsed, unused. She reopened it in mid-2018 when, as a result of an advice campaign against EPE, she abandoned this EPE account. Prior to 2017, she had regularly borrowed from Net1's Moneyline. She most recently took out a loan from them of R1,650 in March 2018, and repaid R250 monthly over six months. She judged Moneyline preferable to the *mashonisa*, because it did not retain the bank card or deduct more than announced, and it charged lower interest. However, her loan overlapped with the one she had taken out from the *mashonisa*: Moneyline—unlike the *mashonisa*—is compliant with legal requirements not to lend larger sums. Despite this account of Moneyline's preferability as a moneylender, Athandwa thus continued to borrow from the higher-interest *mashonisa* to tide her over. As with the case of Mpho, who is discussed later in this chapter, the cycles of repayment to formal (and lower-interest) lenders like Moneyline did not always respect the urgent temporalities imposed by household needs.

Athandwa is reportedly very stressed by the debt; she feels that *umboi bumile* (life has stopped). Despite these sentiments, she does not know how to survive without recurrent borrowing. Her case illustrates some of the overlapping reasons for, and forms of, indebtedness found in the research. In her case, as in many, these ranged from illness and death (twinned with the increased number of dependents that resulted) through precarious, uncertain, and intermittent employment. Having once worked—but always on a casual basis—as a domestic cleaner, she later found (as did others in this study) that government employment on a public works scheme provided no long-term security. Other reasons for indebtedness, in her case, included the failure of systems of state welfare. The second Foster Care Grant to which she was entitled was not forthcoming; instead, she was subjected by government social workers to paternalistic and moralizing lectures on how relatives—clearly disengaged—"ought to help." The state bursary to which her son was certainly entitled was, likewise, never delivered. Finally—seemingly less pressing, but nonetheless crucial—Athandwa's case echoed those outlined below in that she was likely using her EFT/debit order borrowings to pay for her *stokvel* contributions. Although she did not spell out the role these played in her household management, they were crucial to whatever arrangements of thrift she was able to negotiate and enabled her to negotiate the cyclical inconsistencies of repayment she became involved in as different needs arose.

Building from this case but focusing on the theme of savings clubs, the following story illustrates the ambivalent part they play in householders' arrangements.

Borrowing to Invest in Limehill

Hannah lives with her mother, her two children, her late sister's two children, and the orphaned child of an extended family member. Their home is in Limehill, KwaZulu Natal, a so-called "resettlement camp" that became infamous in the late 1960s when it was set up to receive the inhabitants of a mission station that had been designated a "black spot" and became the object of forced removal by the apartheid government (Desmond 1971). It is remote from urban areas such as Ladysmith, and opportunities for work—scarce across South Africa—are even more sparse in this settlement. The primary income in the household is Hannah's mother's pension and four Child Support Grants, paid in respect of Hannah's own and her sister's children. A further child, daughter of an extended family member, is an orphan. Hannah aims to apply for a Foster Care Grant to enable her care, but she requires a government social worker to drive the legal process—help that has been unforthcoming. The household also gets some income from Hannah's informal selling of vegetables in Ladysmith and (formerly) her yearlong employment—that ended in June 2019—on a government public employment project.

Hannah belongs to three *stokvels* whose arrangements illustrate varying types of forward planning centered on community and household. One requires a relatively low-level cash commitment, at R30 per month, and is used to pay for food and drinks and other items required for community get togethers or when neighbors are in need. A second involves a payment of R120 per month and is for Christmas clothes and groceries. The contribution for the third is R150, paid not regularly but whenever someone is holding a ceremony (typically a funeral) in the settlement: there have been as many as five in one month. After five years, if a member has never drawn on this fund, she receives R4,000 as a one-time payout. Hannah was fortunate enough to receive this payout once; on this occasion she experienced her *stokvel* membership as very advantageous. At other times she feels more ambivalent; being a member has put pressure on her to take out loans from EasyPay/Moneyline on several occasions in order to pay her contributions. One of her *stokvels* has monthly meetings with a roll call. When your name is called, she says, you must go up to the front to make your payment. If you fail to do so, you experience shame. In addition, because every payment (and nonpayment) is carefully recorded in a ledger book, you will have to pay double the following month. After a series of missed payments, you will likely be asked to leave the group.

Overdue *stokvel* payments led Hannah to take out an EPE card so that she could borrow from Moneyline to cover the shortfall. If Moneyline did not exist, she says, she would have to cancel her *stokvel* membership. But she is sure that the *stokvels* have helped her, even if paying off a loan means cutting down on food, a large and expensive part of her budget in a household of seven. Taking the loans for the *stokvels* enables her to "pay for things for her children . . . Christmas clothes" that she would not be able to do otherwise. Although she explains that the grant is "a gift from the government" to support her children and she does not want to use it to borrow money, it is the only resource that can serve as collateral. The loans are thus a necessary burden. However, she had finished paying her most recent Moneyline loan over three months prior to our interview, and she was trying to switch her "green" EPE for a "gold" SASSA card

issued by SAPO (see Figure 2.2). She had phoned EPE, but failed to get help or advice about canceling the card. After three months, she was still receiving her grant money through EPE, which makes borrowing easier, and she is wary of this.

Figure 2.2—Pensioner with EPE's "green card." © Erna Curry/Black Sash

Hannah's *stokvel* membership illustrates the unexpected ways in which investment and indebtedness are connected. Belonging to a *stokvel* is viewed by many—including policy makers, activists, and welfare beneficiaries—as a valuable way of planning and saving for future expenditure that typically occurs at Christmas or on the occasion of a death. It thus features as a form of "saving." But it also requires grant holders/members to borrow from other sources in order to keep up payments. It thus increases the pressure on budgets that are already stretched and can drive people further into debt. *Stokvels*, as in Hannah's case, do not operate as an alternative to formal loans, but may be a facilitator of them. This is so not only when, as above, members come under pressure to keep up their payments, but also when, as below, members of other *stokvels* are obliged to lend out or "invest" the lump sums they receive for the benefit of the group overall and its members. The two systems of social obligation can combine to make for a perfect storm of borrowing.

Negotiating with the Mashonisa in Khutsong

As can be seen from the following case, the need for loans to cover household expenses can converge with a local *mashonisa*'s imperative to lend money in order to invest her *stokvel* payout and "make the money grow." Patricia, a sixty-three-year-old woman, lives in the township of Khutsong, Gauteng, near the mining town of Carletonville. Once relatively prosperous, the town and its surrounding mines have seen job opportunities slashed with the decline of deep level gold mining. Patricia's household consists of herself and her two granddaughters, both of whom are at school. They are the daughters of her son, who was unemployed when he died some years ago; their mother died soon thereafter. Patricia was previously employed as a domestic worker in Carletonville, but the household currently has no waged members, and its survival depends on social grants. She has a monthly pension of R1,800 and, until the oldest grandchild turned twenty-one, received two monthly Foster Care Grants of R1,000 each.

In need of cash, Patricia was advised by her friends to approach a woman from a nearby neighborhood known to offer loans who belongs to a *stokvel*. Patricia herself had previously been a member of a *stokvel*, but it had recently disbanded. Financial mutuals often dissolve when the weight of nonpayment by defaulting members becomes too great, or when the treasurer—sometimes in cahoots with a bank cashier—absconds with the funds. In this case, borrowing cash from a community (and *stokvel*) member appeared to be the best option. In contrast to Hannah, Patricia did not consider borrowing from the EFT/debit order lender Finbond, although it had offices nearby and another of Patricia's neighbors had used one of its loan products. It was because of Patricia's lack of mobility, the cost of transport, and general neighborhood mores and customs, that she took a loan from a *mashonisa*. As outlined above, *mashonisas*, often tarred with the same brush as "loan sharks," vary widely as to the terms and conditions they offer. In this case, Patricia managed to negotiate a loan—like that available in the EFT/debit order sector—with repayments stretched over several months, at roughly similar rates, and founded on trust and neighborly relationships.

The issue that emerged as being at least as important as these flexible repayment rates, for Patricia, was her wish not to give over her ATM and ID cards to the *mashonisa*. Confiscating these cards and keeping them to ensure repayments on payday is a widespread practice among South Africa's loan sharks, as in other countries of the Global South (see Parry 2012). "I didn't want to leave my ID with her, or even my card. I told her, 'I don't want my things to stay with other people.' So she gave it back," says Patricia. This lender also proved flexible in offering to make a house call. In January Patricia asked to borrow R3,000: "I called her to come to my house; it was too far for me to walk." The normal practice would have been to have her repay R3,900 the following month (30 percent interest). Instead, she negotiated, asking whether she could stretch the payment over three months—R1,300 each month—but without extra interest. "I told her that I don't want to suffer." They agreed verbally on these terms. Instead of keeping Patricia's card, this lender fetches it at month end: "she trusts me; she knows where I live." The *mashonisa* withdraws what is owed to her from the ATM, then gives Patricia a mini statement printout so Patricia can see what has been taken. "She is very good; she doesn't cheat you." It is

interesting to note how, in this resource-poor neighborhood where borrowers and lenders cannot easily be distinguished, the lender had her own cashflow problems: of the total R3,000, she had enough cash to give Patricia only R1,200 in the first instance, adding the rest at a later stage. Thus, both loan and repayment were stretched out over a period of time.

Here, the degree of trust established was of particular importance. Knowing a borrower, and knowing where that borrower lives, made it unnecessary for the *mashonisa* to retain the card. The local *mashonisa* belonged to the type of *stokvel* (known as an accumulating savings and credit association—ASCRA—in the literature) that requires its members to lend out money and collect interest. In such a *stokvel*, each member is obliged to get the money back—she "shoulders all the risk"—but this translates into pressure put on neighbors who borrow and threaten to default. Because the organization thus comprises a group of intermediaries who take private responsibility for the use of group funds, collateral is built into the structure of the club itself (Bähre 2007; Elizabeth Hull, pers. comm.; James 2015: 144). All in all, *stokvels* that serve as savings (even investment) mechanisms in one way, act as sources of indebtedness in another.

Patricia's account showed her to be a woman for whom conventional notions of household thrift—backed up by ideas about the advantages of "financial literacy"—were particularly apposite. She was well aware of the negative consequences of borrowing at high rates of interest, even under the "favorable" conditions she had managed to negotiate with her *mashonisa*. She was keenly aware of her (almost adult) grandchildren's insistence that the grants were intended "for them" rather than "for her"; an irony considering that she had no use for these welfare grants other than the quintessentially gendered activity of sustaining the household. And she stated her intention to stay out of the hands of loan sharks, however benevolent, in future.

Higher Earnings and Conflicting Debts in Taaiboschgroet

The case study that follows is about a household with relatively higher levels of income and a greater number of interlocking repayment obligations. This borrower, like Athandwa and Hannah, had been taking out EFT/debit order–based loans from EPE/Moneyline to cover *stokvel* repayments, among other things. In her case, however, there were a greater number of *stokvel* and funeral club memberships, alongside other repayment obligations. These payements had entangled her in crosscutting obligations to both EFT/debit order and cash/cash lenders, many of which she seemed unable to compute.

Mpho, a thirty-seven-year-old woman, lives in the village of Taaiboschgroet (Ga-mamadi), a settlement in Limpopo Province. Remote from sites of commerce, it too has a history mapped by the spatial separations of apartheid; situated on a former White farm added to what was then a Bantustan, it was populated by former labor tenants evicted from White farms in the 1970s (at the time, farmers wanted only full-time workers to live on their farms and, in a practice that continues today, they hired extra labor seasonally.) Trucks arrive to collect workers (mostly women) who stay on the farms until the end of the season for casual work at the minimum wage. In Bochum (70 kms away) are branches of various banks, but few grant beneficiaries use formal financial facilities (apart from Net1, which sends a mobile facility to distribute grants monthly

and simultaneously offers Moneyline loans). This opens a gap that is exploited by mobile agents of other loan companies, insurance salesmen, and *mashonisas.*

Mpho, unmarried, lives with her partner, who is twenty years older than she is and has never been employed, and their three children, all of whom are schooling. The household's income consists of three Child Support Grants (totaling R1,260pm [per month]) plus the earnings from her work in an NGO that offers homebased care to sick people and that yields R3,500pm. She disputes, however, that this is "a proper job." As with many NGOs in South Africa, its reliance on a "mixed economy" of funding sources, patchworking together state grants and charitable donations, gives it a precarious existence. Women working in such organizations find their fortunes waxing and waning, often being pushed back into the status of volunteer when the money dries up and called back into waged work when it is again forthcoming (see James 2015: 42–43).

Mpho estimates her monthly expenses as follows: electricity (R200pm), food (R800pm), airtime (R120pm), satellite TV or "dish" (R130pm), and transport of her child to and from primary school (R100pm). She has also bought a bed on "hire purchase" (installment) for which she pays R450pm. Beyond this, she belongs to numerous savings schemes. One is a *stokvel*/society with thirty-two members, to which she contributes R200pm. At the end of the year each member gets groceries to the value of R2,400 that, she says, last her for several months. In addition, the household makes many funeral contributions, all paid in cash. Such schemes, like *stokvels*, often necessitate borrowing. They range from more "formal" (but often borderline illegal) policies (to which mainly younger people pay monthly contributions, in cash, to agents parked at the pay point on the day when grants are paid) to various neighborhood-based associations (to which older grant holder/pensioners more frequently belong). Mpho subscribes to both. Each month she pays a R70 subscription to a provider in the former category, whose representative arrives in a car on grant payday to collect the cash. The rest are incurred at neighborhood level. There is R50 for "cattle" (money collected to buy a beast for slaughter in the case of a death in the neighborhood), R70 for those in the same neighborhood as her, and R150 contribution to a kitty to meet other funeral expenses. In addition, there are two amounts of R100 each that are incurred not monthly but only on the event of a death in a specific family.

Her outgoings include repayment on three loans: one to EPE/Moneyline and two to *mashonisas*. In order to avail herself of the former, she took out an EPE "green card" in 2014 (see Figure 2.2). Since then, she has become accustomed to taking out an EPE/Moneyline loan every six months, commencing as soon as the last payment ends. She borrows R1,000, and repays R220pm over a six-month period. She has done this about six times. She took out the first loan, in January, to buy school uniforms for her children. The next one, in July, she took out to buy winter clothing for her children. Both have now become recurrent.

The *mashonisas* from whom she borrowed, in contrast, are local lenders—from *mo gae* (here at home). The first loan was for R1,500; with the interest, the repayment is supposed to be R2,250 (slightly less than the "going rate" of 50 percent). Asked if the repayment was over several months, she said sometimes she manages to repay the interest only, but other times she

pays nothing because she has no money. She said she was unable to calculate her total outgoings: "if you could remember that amount of money, you would get a heart attack."

On the EPE/Moneyline loan, the way to see if you have finished paying, she says, is when you go to collect your grants and receive the full amount. The *mashonisas*, in contrast, handwrite the repayments in a book. The *mashonisa* she first approached for a loan keeps her EPE card. When grant payday comes, the *mashonisa* withdraws the full amount in cash from the ATM and gives her what is left over. She is more circumspect about how much she then pays to the second *mashonisa*, or how she pays it. Asked whether people in this village think they are being cheated or robbed—a claim often heard—by *mashonisas*, she says "I cannot say that. They are helping us in the middle of the month when we have no money." She does not object to having her card kept because "we are looking for money." She sometimes goes to the *mashonisa* to check her balance, and they agree on the outstanding amount. Asked why she went to the second *mashonisa*, she explains she would not want to go to the first one for a further loan midmonth—better to approach a different one. One reason she borrows from *mashonisas* is to cover the cost of the funeral societies and *stokvel* membership. Asked whether she prefers EPE to the *mashonisa*, she says "all of them are good." Her welfare income is available only on grant payday at the beginning of the month; a further EPE loan is available only at the end of the six-month repayment period, but the *mashonisa* will "lend you money any time." Asked about whether her entire income might have been divided/budgeted to better effect, she answers simply, "It's not enough." She could do with advice to manage her affairs, she says, but ultimately the family's income is "too small." According to the information we gathered, the family's income amounts to R4,760, with an estimated expenditure of R2,300, in addition to which she has R220 deducted by EPE and pays about R660–750 to the first *mashonisa* and an undisclosed amount to the second one: totaling R3,270 monthly. Other unforeseen expenses occur sporadically, such as those incurred when taking a child to the doctor (R500, plus R70 for transport to get to town).

The case study of Mpho throws up some interesting contrasts to that of Patricia. Unlike Patricia, who has a considerably lower income and proportionately fewer debts and repayment obligations, and who calculates her incomings and outgoings with great care, Mpho has a larger income but also pays out more to lenders across the spectrum illustrated in our table. Her obligations in respect to diverse *stokvel* and funeral club memberships are on a par with those of Hannah, from our second case study above. There is a certain temporal regularity, and a corresponding rationale, to Mpho's package of loans. The EFT/debit order–based loans she takes out every six months are calculated as necessary to buy clothes for her children as the seasons change. The second *mashonisa* loan, taken out in midmonth (as was true in many other cases), is logically pinned to a different—but equally pressing—temporal rhythm.

Nevertheless, her debts in general—including for *stokvel* payments—are more difficult to compute, as she herself acknowledges. This inability to get an overview of debts is linked to the confusing array of repayment systems at play and the mixture of technologies used across the lending spectrum. These create a jumbled hybrid of owings and obligations, something that is

particularly evident if one tracks the whereabouts of the key piece of infrastructure that makes this all possible: the "green card." As noted earlier, these cards were made available by Net1, the company that held the original contract to deliver social grants. Although concerns about reckless lending contributed to the contract's being withdrawn from the company and ultimately awarded instead to the post office (SAPO), many people opted to retain their EPE "green cards" (see Figure 2.2). They did so because, given that SAPO does not yet have the capacity to deliver payouts nationally, Net1/EPE has by default been able to retain many "customers" in some sites. In addition, in Taaiboschgroet where Mpho lives, EPE's "grant payday" is at the beginning rather than the middle of the month. Demonstrating the importance of temporal rhythms to payment in this low wage environment, it was this early payment date—alongside its facilitating of the habituated borrowing from EPE/Moneyline to which she had become accustomed—that predisposed Mpho to keep the "green card" rather than switching to a SAPO ("gold card") account.

Although Mpho is nominally the holder of the bank account to which the green card is linked, she is the owner and keeper of the card itself in name only. It is in fact physically held—as in numerous other cases—by the *mashonisa* who gave her the first loan. This withholding of cards makes it difficult for a grant recipient/borrower to calculate what she owes to whom, because she is unable to get a mini statement from the ATM. Recall how the only time Mpho becomes aware whether her EPE loans have been paid off is when she receives her grant at month end. To enable her to collect the grant, the *mashonisa* "lends" her the card. Mpho's friend Julia tried changing from the "green" to the new "gold" card issued by SAPO in an attempt to escape the *mashonisa* from whom she had borrowed. But the *mashonisa* accosted her in the queue when she came to collect her grant and took the card from her "by force." The *mashonisa*'s retention of the card also makes it difficult to keep various kinds of borrowings—as was previously a widespread practice (James 2015: 33, 109, 133)—in separate savings segments parceled off from each other. While paying money to a *stokvel* or to numerous funeral clubs certainly enables the putting aside of money for future use and makes it possible to ringfence savings for groceries or to cover the costs of good neighborliness, getting into debt to make this possible creates a crosscutting jumble of incompatible obligations. Hi-tech biometric data and electronic banking systems, seemingly a world away from the crudeness of relatively small cash-based transactions, here converge to form a proliferation of clashing scales.

Conclusion

Discussions of grants and credit in South Africa are often polarizing, centering on whether grants should be used only for necessities or also for things often considered luxuries. But sometimes activists hold seemingly contradictory views at once. They might defend the right of poor people to borrow for luxuries like a child's birthday party with cake, while also thinking that borrowers who fail to budget appropriately ought to be subject to "disciplinary discourses" (see the Introduction) or taught "financial literacy,"[7] and that lenders ought to be regulated "from above" by the state and its institutions such as the National Credit Regulator (James 2015: 76–77). Such

injunctions highlight the paradoxes of thrift. Were the possibilities afforded by EFT/debit order loans (seemingly more "reasonable" despite padding out interest rates with initiation fees and the like) to be eliminated overnight, this would certainly go some way to solving what is generally acknowledged as problem debt. But it would also restrict the possibilities of borrowing at what have become, and now present themselves as, the most reasonable (or least exploitative) rates. Those who, despite their best intentions, are unable to make do with the limited possibilities afforded by welfare payments would thus be severely affected.

As the introduction to this volume points out, thrift is thus an ambiguous modality: it can be both a vice and a virtue. These ambiguities extend beyond Keynes' "paradox of thrift," whereby "an increase in individual saving serves to reduce overall demand, output and hence, eventually, the wealth of the national economy." Household thrift, as the introduction makes clear, is shaped by state welfare regimes, commodity prices, the competence or otherwise of officials, and complex credit mechanisms. Depicting householders' practices in terms of dichotomous opposites—such as parsimony vs extravagance, or austerity vs debt—is thus misleading.

The case studies presented here speak to the themes of this volume by demonstrating how ideas and practices of thriftiness vary across different geographical settings—each with a long-term history of marginality and disadvantage stretching back into the apartheid era—within a single country. These territorial inequalities intersect, albeit unevenly, with the mortality of the HIV/AIDS pandemic that has left so many women caring for orphaned grandchildren, nephews, and nieces. Those in the remotest areas, who have ended up there because of histories of displacement and dispossession, have fewer alternatives than those in less peripheral sites. They are beset by levels of unemployment that are only temporarily alleviated by state run employment schemes. They are also disadvantaged by their distance from services, economic opportunities, and medical facilities. In these ways they continued to experience the ongoing legacies of "credit apartheid" long after the apparent abolition of apartheid at the level of state law (Department of Trade and Industry 2002, 2004; James 2015). The newest manifestation of that apartheid, paradoxically, is the swift financial deepening that has brought every grant beneficiary within the ambit of the hi-tech financial services sector.

These cases illustrate how, despite these displacements, disturbances, and disadvantages, women with access to social grants (and to the loans for which the latter have served as collateral) have devised novel ways of practicing household thrift. Ever mindful of the imperative to "invest" rather than "eat" money, women have taken advantage of diverse options to negotiate across the terrain of diverse lenders and the differentiated temporalities of the credit cycle. Rhythms of shortage, now set by banks and *mashonisas* rather than the seasonal agricultural cycles that structured temporalities for their grandparents, must be offset by longer-term plans. The experience of lack that is typically experienced in the middle of the welfare payment cycle (i.e., in midmonth), or in the middle of the six-month repayment period offered by EFT/debit order lenders like Moneyline, predispose grant recipients to extra borrowing, often—because they have few alternatives—from the most extractive of lenders. But they often use the

loans to pay into social savings schemes that have longer term phases: the yearlong sequence of the *stokvel* and the sequence of the funeral society that is potentially, but not always, more protracted because it is pinned to the life cycle itself. Despite what sound like overdetermining structural features, the women make their own plans. They have an attitude reminiscent of Chayanov's Russian peasants—oriented toward careful budgeting and investment where possible—that echoes earlier emphases on "caring for the household" and on preventing the undue squander entailed in "eating" one's money.

Acknowledgments
Thanks to the LSE's KEI fund for supporting this research; to Lynette Maart, Hoodah Abrahams-Fayker, and Theresa Edlmann of Black Sash who coordinated the project (and Mandy Moussouris who helped bring it into existence); to Black Sash partner organizations and their personnel (Alexa Lane, Abigail Peters, Evashnee Naidu, Jerome Bele, Bridget Magasela, Zoleka Ntuli Nobuzwe Banda Funeka Xolo, Motsi Khokhoma, Janaap Odendaal, Phineas Kopa, Speelman Nkoana, Rose Mosedame, Moyabo Manakane, Mpho Tsutse, Paseka Mthini) and all our interlocutors in the field for their assistance; and to participants in the LSE's "brown bag lunch" seminar for helpful suggestions.

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Notes

1. Even while White borrowing and debt has vastly outstripped Black borrowing and debt (Posel 2010), worries about sustainability and poverty keep the policy focus on Black people.
2. This kind of club is known as *umcalelo* in isiXhosa, *lehodisana* in Sesotho (from the verb *go hoda*, to pay, in its causative reciprocal form: to cause to pay back to each other). But the term *stokvel*, based on the English “stock fair” or simply the English word “society,” is now more commonly used.
3. Men-only *stokvels* have also been noted (and now seem to be on the rise). Most, whether male or female, are single-gendered groups that exist to fulfil needs thought of as gender-specific.
4. The Black Sash is a human rights organization focused on issues of social justice and aiding those excluded on both racial and economic grounds.
5. The Zulu word *mashonisa* relates to the verb stems *-shona* (to sink, become poor, die) and *-shonisa* (to impoverish, cause to become poor) (Dent and Nyembezi 1969: 481). It may be translated as “one who impoverishes” or who “takes and continues to take indefinitely” (Krige 2011: 144). In popular parlance the plural is *mashonisas* (Siyongwana 2004: 851; Krige 2011: 151).
6. At the time of research, R1 was equal to £0.05 (R100 was equal to £5).
7. Angelique Arde, “SA’s First Financial Literacy Survey,” IOL, 11 November 2012, https://www.iol.co.za/personal-finance/sas-first-financial-literacy-survey-1420710.