



Household Profile – Pumza Cape Town, South Africa

Pumza's greatest challenge is managing household cash flow in the face of irregular and unpredictable income.

Pumza supports herself and her four children as a sheep intestine vendor: every day she spends \$5 to buy intestines, cooks them on an outside fire, and sells them to passersby. Her daily revenues average about \$6-\$15. From this amount she must cover the cost of her supplies, as well as feed her family. Her average monthly profit is \$95 per month and is supplemented with a government child support grant of \$25, putting monthly household income at \$120.

When business doesn't go well, Pumza doesn't earn enough revenue to buy fresh stock for the next day. Sometimes these lean times coincide with the receipt of her child grant, which helps tide her over. Otherwise she is forced to borrow from a moneylender at a monthly interest rate of 30%.

Pumza uses informal savings clubs to help accumulate the large sums needed to pay for school fees or health care. She belongs to eight different clubs and has had moderate success in smoothing cash flow with them. One club involved three other intestine sellers. From Monday to Thursday, each deposited \$7.50 a day and they took turns getting the entire pot of \$30. But when one partner failed to pay, Pumza was forced to turn once again to the moneylender. The club eventually disbanded. Later in the year, she joined another savings club. Contributions were \$30 a week, so every month, Pumza received a payout of \$120. During July, when the weather was cold and rainy, and caused her potential customers to stay indoors, a payout from this club helped Pumza bridge her business cash flow.

Although Pumza has had some success with the informal clubs, she would benefit from access to a reliable, convenient savings account with a commitment feature to help her battle temptation in the short-term and accumulate lump sums over the long-term.

Pumza's Cash Flows (Aggregated Fortnightly)

