



DEVELOPMENT OF STRATEGY OPTIONS FOR SME FINANCIAL LITERACY

FINAL REPORT

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DEVELOPMENT OF STRATEGY OPTIONS FOR SME
FINANCIAL LITERACY

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ACRONYMS

AMEF	ABSA Micro Enterprise Finance
ATL	Above-the-line (media)
BDS	Business development services
BDSO	BDS organization or service provider
BSSA	Business Skills South Africa
CFC	Customer Foreign Currency (account)
CFE	Consumer financial education
CIO	Credit Information Ombud
CPO	Consumer Protection Office
CSI	Corporate social investment
DED	Department of Economic Development
Dti	Department of Trade and Industry
fBDS	Financial business development services
FSC	Financial Sector Charter
FE	Financial education
FI	Financial intermediary
FNB	First National Bank
FSB	Financial Services Board
FSP	Financial Sector Program
GEDA	Gauteng Enterprise Development Agency
GEP	Gauteng Enterprise Propeller
HDE	Historically disadvantaged enterprise
IBA	Institute of Business Advisors
IOB	Institute of Bankers
NAFCOC	National Federation of Chambers of Commerce
NCR	National Credit Regulator
NGO	Non-government organization
SA	South Africa
SAB	South African Breweries
SAIA	South African Insurance Association
SAIBL	South African International Business Linkages
SARS	South African Revenue Services
SBSA	Standard Bank of South Africa
SEDA	Small Enterprise Development Agency
SMEs	Small and medium enterprises
SOW	Scope of Work
TBP	The Business Place
UYF	Umsobomvu Youth Fund
WIB	Women in Business

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EXECUTIVE SUMMARY

The primary purpose of this assignment was to develop several potential strategies of dissemination for financial literacy which is specifically orientated to the South African market of SME's and which has, as its specific outcome, increased access to finance by SME's. The objectives of the assignment were to define SME financial literacy, identify current SME financial education programs available in the market and obtain an indication of SME financial education needs, based on which a gap analysis and high-level strategic options for intervention were developed for FSP. The focus of the assignment was on Gauteng and, in line with FSP mandate, historically disadvantaged enterprises (HDEs).

A financially literate SME owner/manager was defined as someone who knows what are the most suitable financing and financial management options for his/her business at the various growth stages of his/her business; knows where to obtain the most suitable products and services; and interacts with confidence with the suppliers of these products and services. He/she is familiar with the legal and regulatory framework and his/her rights and recourse options.

SME financial education content requirements leading to financial literacy were identified as information relating to:

- Types of funding (including equity finance) and credit products;
- Sources of funding, and in particular sources of funding for start-up capital;
- Requirements from FIs to access products and services;
- Other types of financial products, such as savings options for businesses (e.g. money market for business), transactional products (e.g. business credit cards, CFC accounts for international trade); leasing; and commercial property;
- Risk management, including insuring stock and business premises, and assuring the life of the SME owner/manager;
- Formalizing a business (different legal structures, pros and cons, how to go about it), and the impact on financing options

The main constraint for SMEs in growing their businesses was identified as lack of access to start-up capital, followed by lack of access to general business information and support with the development of business plans – a requirement by FIs for extending credit to SMEs. These challenges are currently preventing enterprises from moving over the cusp from micro/emerging to established/small and medium enterprises.

Financial intermediaries (FIs) and Business Service Organizations in turn identified the lack of 'business readiness' and SMEs' inability to develop business plans as the overriding barriers preventing SMEs from securing credit.. Financial literacy was viewed as being primarily a challenge among small and emerging businesses, with medium and large enterprises viewed as being quite financially astute.

A major information and training need identified among SMEs relates to computer literacy and access, as well as access to the web. As much enterprise support and financial literacy information is posted on various websites, the lack of computer

literacy and access to the web then also prevents SMEs from accessing this potential valuable resource.

Given the above primary requirements of access to start-up capital and general business information and skills, it is doubtful that improved financial literacy would have much of an impact on increasing access to and usage of financial products and services. Differently put, improved financial literacy may not necessarily translate into increased use of financial services and products, without these other constraints being dealt with first (or concurrently). As such, interventions to elevate the financial literacy of SME will be expected to have a positive if not comprehensive impact on SME access to credit.

No single supplier of comprehensive financial literacy material targeted at SMEs was identified. Rather, there are several players on government and private sector level that engage in components of financial literacy. These can be grouped into the following categories:

- *Government agencies and funds*: while these have the required resources and potential wide outreach, the private sector has reflected many reservations with regard to the effective delivery by these agencies;
- *Private sector, primarily financial intermediaries*: there is much activity in the market focusing on support to SMEs, be that through coaching and mentorship, training or BDS with selected components of financial education embedded in some of these. However, these initiatives are generally being implemented from a marketing/sales perspective and as such are in the competitive space. Examples are the new business start-up programs of FNB, Nedbank, Standard Bank and ABSA. The competitive nature of these programs may prevent participation in an industry-wide program. It also poses the question on whether these organizations require external support - and in particular from a public-funded program such as FSP;
- *Private Corporate Social Investment Funds (CSI)*: these funds tend to be well resourced and flexible in terms of how the funds are applied. Their mandates are also focused more on 'the good corporate citizen' than on marketing. However, most current training and education initiatives – even among these CSRI funds - are branded. Not a single CSRI fund was identified which currently provides SME financial literacy, but Old Mutual's CSRI fund is currently planning the development of such programs;
- *Private sector 'third party sellers'*, e.g. VISA and Hollard, both of which are involved (albeit currently to a limited extent) in financial education. What sets these apart from the other financial intermediaries and banks in particular, is that they interact with all the FIs. The limitation of dealing with these third party sellers is that they do not interface directly with consumers and distribution options may therefore be limited or costly.
- *Business Development Services Organizations (BDSOs)*. These are normally either government or private-sector funded. A few BDSOs have components of enterprise financial education embedded in their existing training and mentorship programs, although most BDSOs focus on micro enterprises, rather than SMEs. They are nevertheless potential partners for FSP as financial education can be included in their current curricula.

- *Media.* There are currently a few magazines targeted at SMMEs. The only one explored in this assignment was Small Capital published by *words'worth* and co-sponsored and distributed through Standard Bank, Microsoft and MTN. It is also available electronically. Small Capital has excellent content, but there may be proprietary limitations as far as a partnership with FSP is concerned.

FSP provides technical assistance, and may facilitate and support the development of improved content and a stronger distribution network if required, but would not fund in totality or own the development or implementation of content and delivery of a comprehensive SME financial literacy program. Strategic partners are therefore of critical importance, should FSP wish to pursue an initiative aimed at strengthening financial literacy targeted at SMEs in South Africa.

No single champion for financial education has been identified in the market with whom FSP could work to facilitate improved SME financial literacy on provincial or national level. A multi-tiered approach is recommended for FSP and several potential strategic partners are suggested, which could complement the resources required by FSP for implementation and also ensure continuity of the proposed initiatives beyond the lifespan of FSP.

FSP can engage in a combination of strategic options in the implementation of SME financial literacy leveraging on the players noted above. Ideally FSP should engage in such an initiative with local (South African-based) partners to facilitate local ownership and continuity. The strategic options available to FSP can be summarized as follows:

- Embedding financial literacy in SME business development services (BDS), finance related/fBDS, training, support and mentorship programs by engaging with organizations and government agencies currently providing BDS support;
- Partnering with financial sector 'clusters' such as the *word's worth*/Standard Bank/Microsoft partnerships and/or facilitating a new partnership such as with ABSA/Hollard/Vis
- Launching an above-the-line (ATL) media campaign – on its own or in partnership with others;
- Developing a central web-based portal in partnership with a potential host and funders.

In addition, FSP should also explore supporting a campaign to improve computer literacy and access among SMEs.

In conclusion, there is certainly a need for financial education programs in the market. However, these may have limited impact on the usage of financial services and products unless other market constraints are also addressed. The need for financial education is largest among micro and emerging enterprises. Considering FSP target market, potential FSP financial literacy interventions should therefore focus on

emerging enterprises with a turnover of around R200 000 to R500 000. There are approximately 7000 such HDEs in Gauteng – a relatively small market segment.

FSP needs to make a decision on the strategic option(s) it wishes to pursue considering its available resources, resources of potential partners and the desired impact it wishes to make in the market place.

1 UNDERSTANDING THE ASSIGNMENT

1.1 Goals and objectives of the study

The goal of the Financial Sector Program (FSP) is to increase access to financial services for small and medium enterprises (SMEs) in South Africa and lower the financing costs for SMEs. One key element of the program is to expand the bankability of SMEs providing increased access to finance.

A key result area to improve the bankability of SMEs is to improve financial literacy among SMEs which should facilitate increased use of financial services and products by SMEs. Interventions in this regard are being implemented in two phases:

- Phase 1: Scoping of current financial literacy programs targeted at SMEs and the development of high level strategic options for dissemination of financial literacy content targeted at the SME market
- Phase 2: Possible development and implementation of (selected) strategy.

This report deals with Phase 1 and is premised on the assumption that “... *an effective (financial literacy) dissemination strategy will lead to greater financial literacy in the market, and more effective engagement with FIs by SMEs, as well as more effective access to finance...*” and that “... *preliminary findings .. suggest that finlit products exist, however, it would appear that their uptake by SMEs is limited.*”¹ The assignment therefore seeks to explore possible improved distribution mechanisms and calls for the development of “... *several strategic options... and how they would be implemented.*” Core issues to be addressed in the assignment are:

- Defining what constitutes financial education to the SME market and development of a working definition of financial literacy within the confines of the Scope of Work (SOW);
- Undertaking a supply-side scoping study to identify: stakeholders’ views and understanding of financial literacy of SMEs; stakeholders’ views of the need for financial literacy programs for SMEs; analysis of current financial education programs for SMEs including content, target market, distribution mechanisms, reach, effectiveness and suitability to the needs of the market place;
- Challenges and barriers in the interaction between SMEs and FIs, and specifically whether the assumed low levels of financial literacy among SMEs may prove a major barrier to access to financial services by SMEs;
- Gap analysis between the supply of financial literacy programs and demand-side needs, with consideration to content and reach, in order for FSPFSP to make an informed decision on whether a financial literacy intervention is required or not;
- Strategic options for FSP, including identification of strategic partners with whom FSP can work in implementation.

It was noted that FSP provides technical assistance, and may facilitate and support the development of improved content and a stronger distribution network if required, but would not fund in totality or own the development or implementation of content and

¹ Scope of Work: Development of dissemination strategy for financial literacy for SME market.

delivery of a comprehensive SME financial literacy program. Strategic partners are therefore of critical importance, should FSP wish to pursue an initiative aimed at strengthening financial literacy targeted at SMEs in South Africa.

Development and implementation of a financial literacy strategy is therefore reserved for a possible phase 2 of the overall SME financial literacy project.

1.2 Defining the SME market

The Banking Association of South Africa (BASA) defines SMEs as enterprises with an annual turnover of R500 000 to R20 million. However, as the focus of FSP is on Historically Disadvantaged Enterprises (HDEs), FSP has lowered the qualifying revenue to R200 000 to include more HDEs.

2 TECHNICAL APPROACH

The assignment was undertaken between February and April 2009. It comprised five distinct components:

Secondary research. The Consultant undertook extensive secondary research on the web to identify potential suppliers of financial literacy programs targeted at SMEs and to review the content of selected programs available on the web. The findings of two studies commissioned by FSP during 2008 were also reviewed, namely: (1) the *SME Finance Needs Assessment*² and (2) the *Supply/Demand for Financial Business Services – Gauteng*.³

Key stakeholder interviews. A list of stakeholders was developed by FSP which essentially comprised financial intermediaries (FIs) and business development support organizations (BDSOs). The Consultant added several additional stakeholders on SME sector level as well as known stakeholders in the (consumer) financial education space in South Africa, to obtain a higher-level view of SME needs and financial literacy options in the market. A total of 30 stakeholders were contacted and 25 successful interviews were completed by the Consultant and FSP.

The objectives of the interviews were to:

- Identify existing financial education programs or BDS and fBDS programs which could serve as ‘distribution vehicles’ for financial education programs;
- Identify main reasons for SMEs not engaging with FIs and what makes a loan application unacceptable to the FI;
- Determine views on existing financial education programs in the market (own and others) and ascertain stakeholders’ views on the possible streamlining of and support to (FSP’s) future financial education initiative.

The list of stakeholders interviewed is included in Annex A and the Structured Stakeholder Interview Guide in Annex B. Annex D and E provide a summary of stakeholder activities and opportunities in the area of financial literacy.

SME interviews. As the *SME Finance Needs Assessment* study commissioned by FSP towards the end of 2008 adequately dealt with the demand-side of SME fBDS support, only three face-to-face interviews were undertaken with SMEs to substantiate results. These interviews were undertaken at the SME’s place of work. The SMEs were drawn from the database of the *SME Finance Needs Assessment*. The objectives of the interviews were to:

- Explore financial education needs;
- Explore suitable communication channels;
- Determine SMEs’ main needs and challenges in interacting with FIs and BDSOs and in accessing finance.

The SME Structured Interview Guide is included in Annex C.

² *SME Finance Needs Assessment. FSP with AfricaScope* October 2008.

³ *Supply/Demand for Financial Business Services – Gauteng*. 2008.

Gap analysis and development of high-level strategic options. Findings were derived through triangulation of the secondary research, demand- and supply-side analysis. Several meetings were also held with FSP in the course of the assignment to discuss the interim findings and explore strategic options.

Presentation to FSP and Final Report. A presentation was made to FSP with the findings and proposed initial strategic options. Based on the discussion, high-level strategic options and potential partnerships were developed which are presented in this report.

3 DEFINITION OF FINANCIAL EDUCATION AND LITERACY

The terms ‘financial education’ and ‘financial literacy’ are often used interchangeably. ‘Financial education’ refers to the programs offered (input), whereas ‘financial literacy’ refers to the outcome, i.e. financially literate consumers.

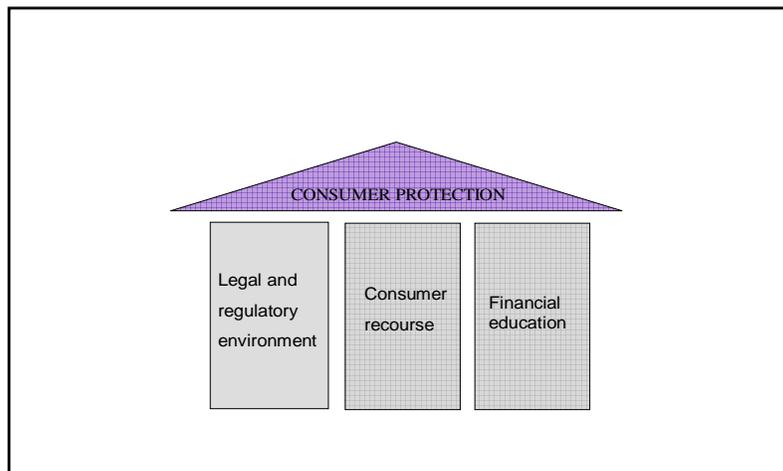
The goal of financial education is to educate and inform consumers so that they can make appropriate decisions in managing their money, assets and liabilities – be that in a business or personal capacity.

In the context of this assignment SME financial literacy is defined as:

A financially literate SME owner/manager knows what are the most suitable financing and financial management options for hi/hers business at the various growth stages of the business; s/he knows where to obtain the most suitable products and services; and s/he interacts with confidence with the suppliers of these products and services. S/he is familiar with the legal and regulatory framework and hi/hers rights and recourse.

An educated individual can ‘protect’ himself from unscrupulous suppliers, make appropriate decisions and act with confidence. As such, financial education is as important to an individual in his business capacity as in his private capacity as consumer. Financial education is therefore also one of three pillars required to ensure appropriate enterprise protection and to facilitate the access to and use of financial services. This is depicted in Figure 1: Pillars of consumer protection, with ‘consumer’ being used in the broad sense as anyone engaging in a transaction, be that in a private or business capacity.

Figure 1: Pillars of consumer protection



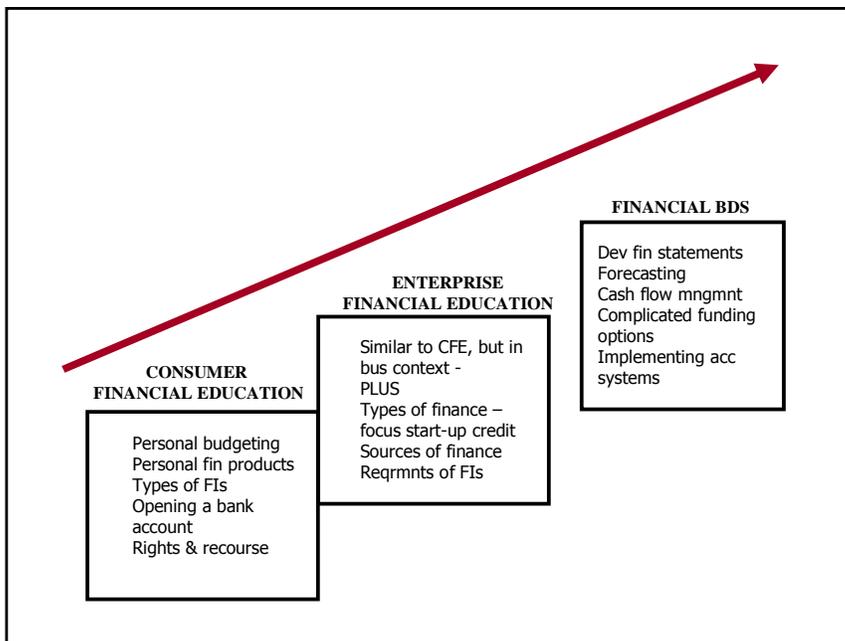
Consumer financial education (CFE), SME financial education and fBDS can be differentiated as follows:

- Consumer financial literacy focuses on the individual and ability to manage with confidence personal financial decisions;
- SME financial literacy focuses on an individual’s ability to translate these concepts to business needs as well as additional knowledge: e.g. types and sources of business finance; products and services suitable to the enterprise at a specific growth stage of the business; and tax implications.
- fBDS focuses on services related to financial management and accounting such as the development of income forecasts, financial statements, book keeping and accounting.

In practice, an individual requires a certain level of basic consumer financial literacy to ‘ready’ the individual for financial education on enterprise level; and a level of enterprise financial literacy is required to ready an individual for fBDS. These three components should therefore be viewed as building blocks, rather than as being mutually exclusive. It should be noted that with poor functional (adult) literacy, even basic financial education proves challenging and innovative forms must be applied to administer it.

These ‘building blocks’ of financial literacy are depicted in Figure 2 below.

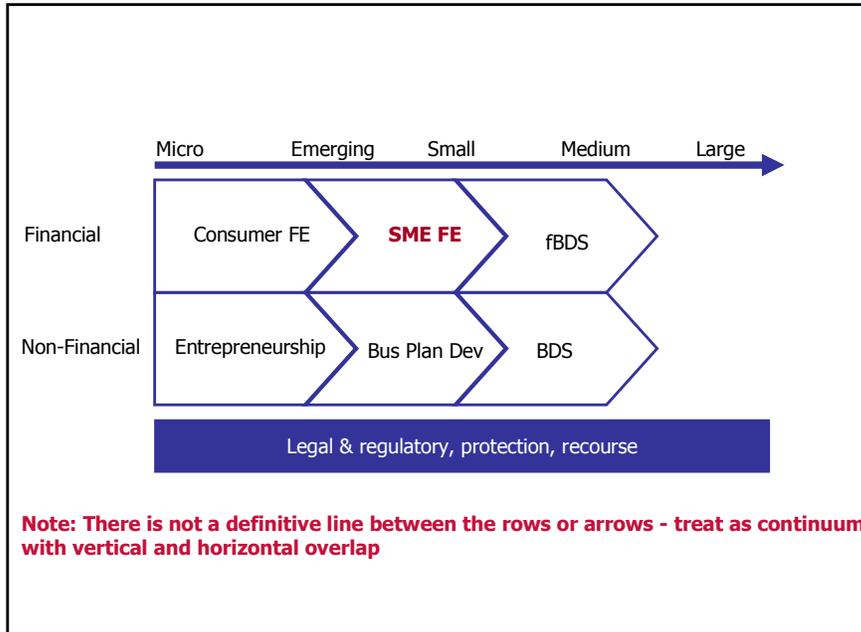
Figure 2: Building blocks of financial literacy



It follows that the level of ‘financial literacy’ and as such the appropriate form of training or ‘education’ required by a business operator would in part depend on the business form (level of formalisation, legal structure, etc), life stage of the business and the level of sophistication of a business, as well as the owner-operator’ level of financial literacy.

Larger more formalised business may have much more sophisticated business needs than smaller enterprises. This is depicted in Figure 3.

Figure 3: Education and training requirements of enterprises



4 DEMAND-SIDE FINDINGS AND ANALYSIS

4.1 Main findings

From the *SME Finance Needs Assessment* conducted by FSP in October of 2008 and substantiated by limited interviews with SMEs in this assignment, the main challenges facing SMEs related to accessing finance, lack of business skills and lack of information.

Capital for start-up and/or expansion is by far the most dominant need expressed by SMEs and the view is that financial institutions do not provide start-up capital, but only fund those enterprises who 'already have money.' The question most often posed by small businesses and new start-ups remain: 'How do I establish my business without start-up capital?'

In both the demand and supply side interviews, information and business skills were regarded as forms of financial literacy constraining access to finance.

Finance related knowledge

1. Sources of finance. While SMEs are familiar with the 'Big Four' banks (most have personal banking accounts), few are aware of alternate sources of financing. This may partially be attributed to the fact that the other commercial niche FIs and venture capital funds primarily target more established businesses and mostly do not make start-up capital available to the smaller emerging businesses (turnover around R200 000 to R500 000 per annum).
2. Limited awareness of business finance terminology. Whereas most enterprises in the SME category are personally banked and some business banked, smaller enterprises are generally only aware of the basic financial options and terms such as loans, savings, transactions, debit orders and collateral, i.e. primarily consumer financial terms. Few are familiar with more sophisticated finance options and terms such as 'equity finance', 'asset-based' lending or 'debtor finance.'
3. Consumer financial literacy. Although perhaps more financially literate than the average South African consumer, small business owners nevertheless appear to have only basic rudimentary consumer financial literacy levels: the basics of banking may be known, but knowledge of concepts such as risk management and tax obligations (personal or in business context) appears to be limited, as well as that of sophisticated financing options.

Finance related business skills

4. General business skills. Enterprise owners appear to lack general business skills, including skills relating to marketing, accounting, financial planning and (consequently) development of a business plan. The requirement by private financial institutions - normally the submission of a business plan as a starting point - are viewed as too complicated and time consuming by most enterprises. For example, a business may have been operating for five years without any formal business plan or business training received by the owner. When approaching an FI for capital for

expanding a business, the enterprise owner must always first submit a business plan. This is a daunting task for most small business owners who may not be formally trained in business skills, may have low general literacy, may not be computer literate or have access to a computer to write a business plan and mostly do not have the time to engage in such a daunting task. The result is that many business owners seek alternative (informal) sources of funding – or the business simply does not expand.

5. Education. General levels of education and functional adult literacy are quite low, which may constrain the understanding of trade, financial and general business materials and so prevent the SME from being able to engage effectively with financial institutions.

Factors affecting access to information and skills

6. Access to and use of technology, the web and e-mail among SMEs are low. While merely anecdotal evidence (given the small number of enterprises interviewed), it is nevertheless worthwhile noting that out of three businesses interviewed, not one had regular access to the web or e-mail: one owned several computers (printing company), but had no access to the web or understanding of the use and benefits that could be derived from the web; the other (hair salon) had no computer or web access; the third (a graduate business consultant to micro enterprises) had a computer and was computer literate, but had no access to the web at her premises. She has an e-mail address which she accesses irregularly at an internet café. These findings were consistent with those of the *SME Finance Needs Assessment*.
7. Business development support and government funding programmes. Most SMEs are well familiar with various ‘alternate’ funders and providers of business support (including BDS and fBDS), such as SEDA, Khula and Umsobomvu Youth Fund (UYF). However, their experience with these seem to be similar to that with commercial FIs, namely that these entities focus primarily on the development of a business plan and that more basic assistance and handholding is required by enterprises before and during the development of a business plan in order to access finance. The view of enterprises is therefore that the support organisations are not sensitized to the needs of small enterprises and start-ups. The outcome is that the SME owners simply do not make use of the services and often do not go back to these organisations after the first interaction. In this respect, these organisations are not looked to as a source of information or business development services to assist SMEs to access finance.
8. Connectedness. SMEs are often not connected to the mainstream business world and so lack the information they need to access relevant financial as well as non-financial services and information, including, but not limited to, information about business opportunities. It was encouraging to notice relatively high awareness of business organisations such as NAFCOC, however the services offered by such organisations and whether they offer financial literacy in any form are not known.

4.2 Conclusions on demand-side

SMEs displayed reasonable levels of financial literacy with respect to basic banking and business credit: SMEs are aware of the products and services offered to SMEs by banks, and also that they do not qualify for start-up capital should they not be able to fund the repayment of such credit from their business cash flow from month one. Most SMEs are personally banked, but because of the inability to obtain finance for their businesses from FIs, do not see the need for opening a separate business account.

However, the SMEs interviewed were not familiar with complicated funding options such as equity, asset-based finance and debtor finance, nor were they familiar with niche FIs such as Grofin and SASFIN. Then, most small and emerging businesses would not qualify for funding from these entities as their businesses are too small. Knowledge on risk management appeared to be lacking among all SMEs interviewed.

Lack of access to general business-related information and support as well as lack of computer skills and concomitant lack of access to the web (the main source of business information in many countries) are significant contributors to the levels of financial literacy amongst SMEs.

5 SUPPLY-SIDE FINDINGS AND ANALYSIS

This section provides a brief overview of the supply-side understanding of SME financial literacy and education, followed by a brief overview of the types of financial literacy (or related) programs identified and the market structure or ‘partnerships’ relating to SME support and financial education. Detailed descriptions of selected programmes are included in Annex E and a database of stakeholders is included in Annex F. The ‘database’ includes the institutional mandate and types of support provided to SMEs, consumer and SME financial literacy programs identified, as well as the opportunity for FSP to engage with any of these suppliers in the context of SME financial literacy.

5.1 Supply-side perceptions of SME financial education

This report focused on the main suppliers of financial services and support to SMEs on government and private sector level, as well as selected NGOs (primarily BDSOs funded either through the private sector or government).

Few distinctive financial education programs were identified. This certainly reflects the limited offering of dedicated SME financial education programmes, but can also be partially attributed to the meaning attached to ‘financial literacy for SMEs’ by the stakeholders: most interviewees think of financial education in a consumer context and of fBDS in a business context and mistake fBDS as financial education. Financial education also appears to be embedded in mentorship and coaching programs or to be part of broader assistance or information provided to SMEs, making it difficult to identify all financial education initiatives which may be available in the market.

Suppliers’ ‘definition’ of SME financial education

1. Financial education vs. fBDS. Most financial intermediaries and BDSOs interviewed do not consciously distinguish between fBDS and financial education, but view the latter as part and parcel of fBDS or ‘preparing an SME for interfacing with a FI.’ Even where financial education forms part of the offering (e.g. on the SEDA website), it is not necessarily recognised by the supplier as such.
2. Financial education vs. client services. Some FIs are of the view that they do offer ‘financial education’ as this forms part of the overall services provided by client interface staff (new business development managers, loan officers or client relationship managers). This is particularly the case with the niche FIs targeting larger businesses.

Similarly, some BDSOs view financial education as embedded in the mentorship programmes offered by them to SMEs: the business mentor is tasked with identifying all the needs of the SME, and should this include advice required on where to source finance, types of finance available and financial terms, the mentor will provide the relevant support and advice. This type of information and support is then also reportedly provided by the ‘walk-in’ centres of selected organisations, although all the BDSO’s interviewed identified a specific need for access to information (for example through a single web portal) and financial education for their mentors in order to be able, more effectively, to assist SME clients.

3. Financial education vs. marketing. Most ‘financial education’ initiatives offered by FIs, is done under the auspices of marketing and to solicit new business, such as the presentations to SMEs, discs with fBDS and other information being made available.

SMEs’ need for financial education

4. SME profile. Most FIs (particularly those targeting SMEs with annual turnover of around R500 000 to R1 million p.a.) are of the view that more ‘established’ businesses or large start-ups are generally quite financially literate and do not require additional financial education regarding choice of financial products, as this advice is provided by client service staff. The view of most FIs is that primarily micro/small businesses are in need of financial education.

Main challenge in dealing with SMEs

5. Business readiness. In the view of FIs, a more pressing need of SMEs than financial education is for enterprises to become more sophisticated and poised to grow: general business skills and sophistication are severely lacking among small enterprises - in particular the inability to formalise a solid business plan. These are the main reasons reported by FIs as to why SMEs battle to access finance.

5.2 SME Financial Education programs offered

The main findings are summarized below and should be read in conjunction with Annexes D and E for an in-depth understanding of the initiatives on offer and potential partnerships for FSP.

Government

The primary government agency tasked with providing support to SMMEs on national level is the Small Enterprise development Agency (SEDA). SEDA in turn works with various provincial level government offices as well as NGOs. SEDA distinguishes between micro/start-up and established businesses. Financial education is presented on their website and included in their micro business training material, but not in the formalized training for established businesses. Training targeted at the latter is essentially classical BDS and fBDS.

The National Credit Regulator (NCR) has several financial education initiatives targeted at consumers – primarily focusing on rights and recourse – but do not at this stage engage in any specific financial education initiatives targeted at SMEs though it is assumed that a certain percentage of “consumers” are in fact managing small businesses

Several Gauteng provincial level agencies were identified which provide support to SMMEs. These include the Gauteng Enterprise Development Agency (GEDA), Productivity SA, the Gauteng Enterprise Propeller (GEP) and the Department of Economic Development (DED). None of these were found to be actively promoting financial education to SMEs. However, GEP is interested in introducing financial literacy in future.

Financial intermediaries

As a result of the requirements of the Financial Sector Charter (FSC) with respect to consumer financial education (CFE), most financial institutions offer consumer financial education (CFE), be that through their business operations and/or their corporate social investments (CSIs). Support and training to SMEs are generally offered through one or more operational division.

Some CFE initiatives may also be broader and not target only consumers, but may also include components related to financial education targeted at SMEs. Old Mutual is a case in point, where financial education is offered by its CSI fund. In this instance, the financial education initiative is only partially related to the FSC and is essentially an initiative identified as important by the management of Old Mutual. While Old Mutual does not currently have a financial literacy program targeted at SMEs in place, it is in the process of developing a program to support its Masisizane (SMME) fund. It is also busy developing a financial literacy program for professionals and (in partnership with Nedbank's CFE unit) for micro enterprises. Old Mutual works with several partners, such as UYF, BankSETA and InSETA (the insurance SETA) and is a partner of FSP.

Outside the CSI initiatives, most of the support to SMMEs (including components of financial education) is provided within the competitive space, i.e. it is viewed as part of the proprietary service offering of the specific institution to its clients. Examples of these are Nedbank and FNB's enterprise/start-up units, both of whom engage in presentations to students and SMEs (often through various Chambers), have financial education-related information on their websites (primarily explanations around different product types) as well as extensive fBDS support. However, these are provided as part of their 'new business support services. Whereas Nedbank's activities are rather limited, FNB has a large structured new and start-up support strategy and works with several partners, such as SA Breweries (SAB), Khula, UYF, SASOL and Empowerdex.

Standard Bank is a co-sponsor of the publication 'Small Capital', published by Words'worth. This initiative is discussed in more detail under 'Media' (Words'worth). Standard Bank is also believed to have several training and support activities targeted at SMES. Standard Bank's website has a description of several types of financial products available to small businesses.

ABSA Bank engages in financial education on several levels: it has a comprehensive CFE programme which is being implemented through its CSI unit; and the Micro Enterprise Finance Unit (AMEF) is currently looking into developing financial education specifically around risk management (short term insurance) for enterprises in partnership with Hollard (who is driving the initiative). However, no SME financial literacy program is currently on offer, although the Enterprise Development Unit (which targets businesses with a turnover of R500 000 to R10 million) recognises the need for such an initiative and is currently exploring options. ABSA has several partnerships, including with SEDA, GEDA, DTI and UYF.

Several niche FIs providing finance to SMEs exclusively, such as PPC Ntsika, work closely with BDSOs who provide training and support to the FI's clients. Business Partners, Grofin and SASFIN in turn have their own in-house business development support/training entities. This support/training may include financial education as part of

the broader support and mentoring service, but no specific targeted financial education program was identified among these institutions. Grofin and SASFIN (both of whom target larger more established businesses) are both of the view that financial literacy is not a major need among SMEs, but possibly rather a need among micro businesses.

Hollard is a provider of both short term insurance and long term assurance and is very active in financial education and is currently working with ABSA's AMEF in the development of financial education content on micro insurance, which will be targeted at micro enterprises through the AMEF network. However, Hollard is interested to explore with FSP the development of an insurance-related financial education programme and material which could be targeted at SMEs through a wide distribution network. As 80% of Hollard's sales are through third party selling through FIs, they have a broad potential network.

The CSI unit of VISA International is well-known internationally for its support of financial education targeted both at consumers and (with specific programmes) at enterprises, and has excellent financial education material available on its web - including material aimed at enterprises. However, this material has not been customised for the South African market. To date, VISA's CSI unit in South Africa has focused primarily on consumer financial education through township theatre, but it is interested in supporting FSP in the development of financial education targeted at SMEs in SA and customizing material for the local market. VISA SA has also considered launching a financial education website targeted at the SA consumer, but has to date not had the time or resources to further develop this concept.

NGOs, BDSOs, sector-level bodies and other

Some sector-level bodies, such as the South African Insurance Association (SAIA), also engage in financial education, but these initiatives are mainly targeted at consumers in response to the FSC. The Banking Association of South Africa seemingly only plays a coordinating/monitoring role on CFE in banks, rather than to actively engage in financial education. They were not aware of any notable financial education programs among its members which are targeted at SMEs. Only two of the BDSOs interviewed actively focus on financial literacy as part of their service offering, although others expressed interest in supporting and participating in specific financial literacy programs for their SME clients. Most BDSOs interviewed regarded financial and business management (e.g. record-keeping, use of accounting systems, and preparation of business plans and production of financial accounts) as a function of financial literacy and so use the term interchangeably with factors such as the need for finance related information.

The Business Place (TBP) is a BDSO which focuses primarily on providing support to micro, youth and start-up businesses (urban bias), including training in accounting systems and software for its more established clients. It provides limited 'financial literacy' in that it offers some information on how to raise funding for a business and the different sources of finance, however, is interested in including more SME financial literacy in its future offering.

Raizcorp is also a BDSO which provides some financial education as part of a broader program (primarily fBDS) to build general financial confidence and skills within its "prosperator" program for SMEs.

Various FIs indicated that they work with business chambers. The chambers were not explored as part of this assignment, but could potentially play a significant role in assisting FSP to reach a broad cross-section of SMEs as well as sector-specific organizations (e.g. in manufacturing or construction) and their associated members. Engaging with the chambers of selected sector-level bodies will also provide the opportunity for FSP to ascertain specific financing needs (and concomitant financial education needs) of selected sectors.

Media

There are several magazines targeted at SMMEs, most notably the Entrepreneurship Magazine and Small Capital. The latter comprises much on SME financial literacy-related topics. It is published by an organisation called *Words'worth* and is co-sponsored by Standard Bank, Microsoft and MTN. Content is based on research undertaken by Standard Bank. The publication is distributed to selected customers through hard copy by the various partners and at trade shows, as well as electronically through *Words'worth's* website. Useful links to Microsoft's website are also provided.

5.3 Possible strategic partnerships for FSP

There are several corporate 'groupings' in the marketplace based on shareholding or agreed partnerships. FSP should take cognizance of these partnerships, as FSP may want to choose whether to position itself with one or more of these partnerships.

The main partnership groupings identified are as follows:

- Old Mutual/Nedbank; Old Mutual/UYF;
- Standard Bank/Word's worth/Microsoft/MTN;
- FNB/Shelf Company Warehouse/SAB/Southern Suns;
- ABSA/Hollard (micro insurance)

'Neutral' entities, some of which also already work with all the above partnerships, are the following:

- VISA;
- Hollard;
- BDSOs;
- Business Chambers;
- National government and agencies: dti, SEDA, SETAs, NCR, Khula, UYF
- Provincial (Gauteng): GEP, DED.

5.4 Conclusions on supply-side

There are several SME financial literacy (or related) initiatives, but not a single comprehensive SME financial literacy program has been identified. From a content perspective, the most comprehensive program is that of *Words' worth*, but information is provided over a period of time through the various editions of Small Capital, and is not available on an 'as-need' basis - except for SMEs with web access where information contained in previous editions can be obtained.

Other current financial literacy information identified is primarily that posted on the websites of the banks and SEDA. However, the information posted on the banks' website tends to have an institutional-specific product and marketing slant. No alternative distribution mechanism has been identified which is currently used to actively distribute this information to SMEs.

BDS, training, mentorship and coaching programs at times include some financial literacy components, but, in the case of FIs' service offerings, appear to be mostly targeted at micro enterprises or larger more established enterprises already serviced by FIs and in the case of BDSOs, are evidently lacking

The opportunity therefore exists to develop a focused SME financial education program with comprehensive content, which is both actively distributed and available on an as-need basis. However, it does not seem necessary to start from scratch: rather, some of the existing material (be that from Small Capital or FI websites) can be used as a starting point. Existing channels – such as BDSOs and Chambers – could also be used as distribution mechanisms. FSP need not work on its own, but could tap into one or more of the current 'strategic partnerships' in the market – many of whom have expressed an interest in strengthening the financial education offering in the market, and specifically to support FSP.

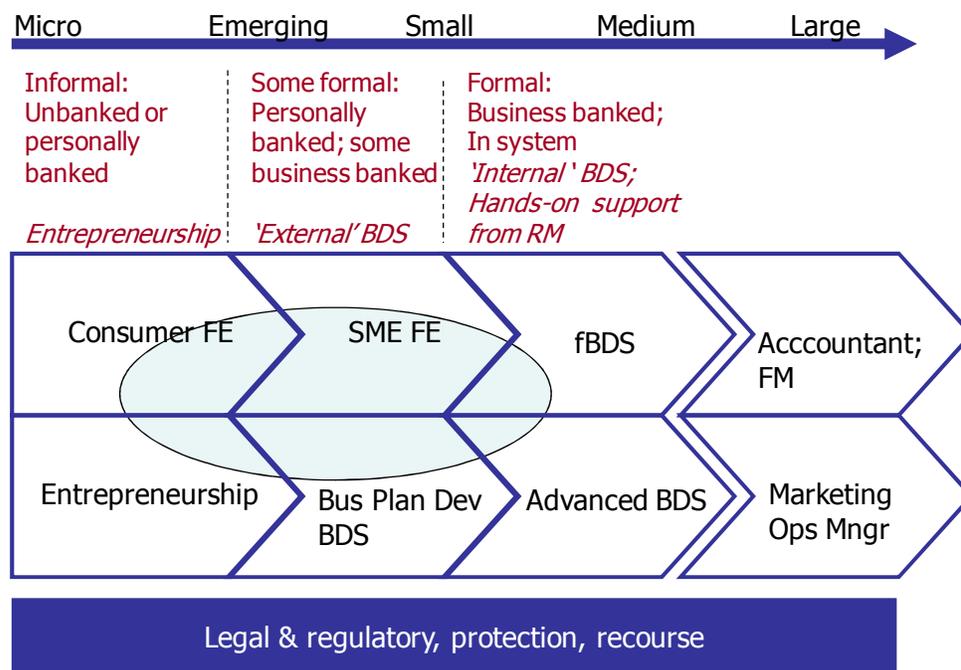
A fundamental problem which appears to exist in the South African market place is the quality of mentors and trainers as well as training material. There are several organisations in South Africa tasked with the training-of-trainers (ToT) and development of training-of-trainer material, such as the various SETAs and other national and provincial government agencies. However, despite these programs, skill levels of and access to information by BDSO staff remain low. Effective delivery of SME financial literacy through BDSOs, mentors and trainers, will require (amongst others) interventions aimed at building their capacity to effectively serve their SME client base and could be done through a train-the-trainer program focused specifically on financial literacy.

6 CONCLUSIONS AND RECOMMENDATIONS

The market opportunity

Market profile: There appears to be several government and private sector initiatives targeted at micro and small businesses, while established SMEs are targeted by FIs which try to pull these enterprises 'into the system'. Enterprises 'in the system' reportedly receive much support, training and 'education' from staff at FIs and/or BDSOs contracted by the FIs. *The main gap in the market (not currently explicitly targeted with financial literacy) therefore appears to be among start-ups and emerging businesses (turnover < R500 000 million per annum) - in particular those that are not yet 'in the financial system' (i.e. formally served by FIs).* Figure 4 reflects a continuum of SMMEs from micro to large, also loosely defined in terms of the level of formality of the business and the degree to which the enterprise (owner) is 'banked' or 'in the system'. The diagram depicts the different types of training generally required by an enterprise of that size/level of sophistication.

Figure 4: Enterprise profiles



Market size: According to the 2006 FinScope Small Business Survey,⁴ the majority of SMMEs fall within BSMs 6 and 7.⁵ The total number of small businesses in Gauteng were estimated to be just over 1 million, of which the number of HDEs in Gauteng were estimated at 109 000. However, only 11% or approximately 12,000 HDEs in Gauteng have a turnover of more than R200 000 and only approximately 7% or 7 672 HDE businesses

⁴ *SME Finance Needs Assessment*. October 2008.

⁵ The Business Sophistication Measure (BSM) was developed by FinMark Trust, and is a composite measure which takes into consideration multiple variables relating to a business' characteristics and financial behaviour.

have a turnover of more than R300 000 per annum. Thus, the size of the market recommended for SME financial literacy is a relatively small segment which may be difficult to identify and target.

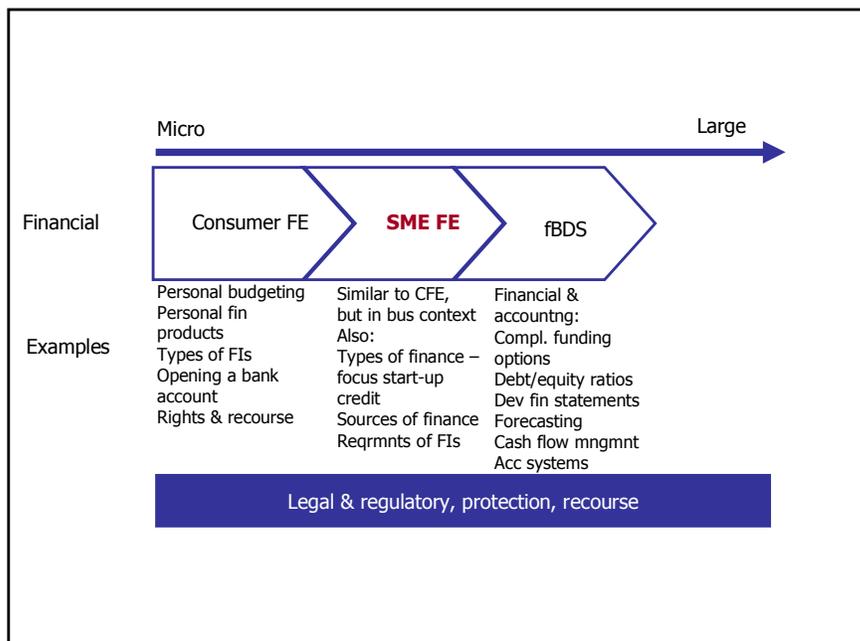
SME information and financial education content requirements

From an SME perspective, the main challenges for businesses are access to start-up capital and a variety of business information (of which financial education is only one category). However, from an FI perspective, the main challenge relating to extending finance to SMEs is that of a general lack of business sophistication or business readiness. This is reflected in weak business plans submitted by SMEs. The development of business plans then also appear to be a major obstacle from the perspective of SMEs, as they do not have the business (financial) skills, computer literacy or inclination to develop these.

It is therefore doubtful that addressing financial literacy issues will make a fundamental difference to SMEs’ ability to access finance. Improved access to and increased use of FI business products and services will require that SMEs have access to all sorts of business information, hand-holding in the development of business plans and access to start-up capital under less stringent conditions.

Figure 5 below depicts the types of content to be included in financial education targeted at these emerging/small businesses. It also underscores the required ‘building block’ approach, namely that a basic level of financial literacy is required before moving onto SME financial education, and then on to fBDS.

Figure 5: Enterprise training & information requirements



The main types of financial education content required by SMEs appear to be the following:

- Types of funding (including equity finance) and credit products;
- Sources of funding, and in particular sources of funding for start-up capital;
- Requirements from FIs to access products and services;
- Other types of financial products, such as savings options for businesses (e.g. money market for business), transactional products (e.g. business credit cards, CFC accounts for international trade); leasing; and commercial property;
- Risk management, including insuring stock and business premises, and assuring the life of the SME owner/manager;
- Formalizing a business (different legal structures, pros and cons, how to go about it), and the impact on financing options and requirements;
- Tax requirements and implications.

In addition, another major skill set which appears to be required by businesses is computer literacy, including benefits of the web, how to access the web, how to get connected through e-mail, and relevant websites for businesses.

Communication/distribution channels

Several potential distribution channels can be used to reach SMEs with financial education content, although some of these may be costly to develop. As SME financial education appears to be one of just several types of information and training requirement, the most obvious and cost-effective starting point for improved distribution of financial education would be *adding/including financial education into other existing SME support and training programs*, such as in the content provided by BDSOs. Bringing the need for SME financial education under the attention of existing consultants, trainers, mentors and coaches (in BDSOs, FIs and other institutions providing support to SMEs) should further serve to enhance SME financial education. This approach should ideally be combined with building the capacity of BDSOs through training-of trainers and the development of comprehensive financial education material for BDSO and FI staff, mentors and trainers. A central web-based portal can be used very effectively to distribute such information.

As much information – financial education and other business information – is available on the web, *improved computer literacy and web access* could further serve to improve financial literacy and access to finance for SMEs. This should ideally be combined with the introduction of a singular comprehensive SME information portal with links to other relevant websites such as that of Small Capital. Several BDSOs also have computer access at their support centers, and creating awareness among these BDSOs of the need for financial education and where to find relevant information on the web (which could then be carried over to SMEs) would also facilitate improved financial education.

A third distribution mechanism available is the existing SME networks, such as business chambers and sector-level bodies (e.g. hospitality, building and manufacturing industries). These organizations can possibly assist in identifying content requirements specific to their sectors or constituent base, as well as with dissemination. The latter could take place in the form of training sessions arranged for members, creating awareness of a central portal with financial education content and/or distribution of existing or improved material. For

example, a magazine such as Small Capital could be promoted through these networks (if not already done).

Other SME 'contact points' could also be used, such as CIPRO, SARS and the NCR, as almost any and all enterprises engage with these entities at some point in time. However, this approach would not be very targeted and as such could be very costly. To contain costs, the focus should be on limited information such as creating awareness of sources of finance or sources of information (e.g. a web portal). Electronic media such as a video screen, could possibly also be used at some of these organizations, but this would have to be further explored with the specific organizations.

A fourth distribution option is that of above-the-line (ATL) channels such as radio, TV and print. The most suitable media and associated reach and cost can be identified by a media house through the use of AMPS and other media-related databases. The media house will require a budget as well as the target profile, desired reach, frequency and duration to develop a media strategy. The content will have to be customized for the specific media. For example, a short radio or TV clip can be used to create awareness of different financial service providers, but in-depth information is best handled in print or through radio or TV talk shows. ATL options could be expensive to implement and the budget must make provision for both development and flight costs.

7 STRATEGIC OPTIONS AND WAY FORWARD FOR FSP

7.1 Strategic options

No single champion for financial education has been identified in the market with whom FSP could work to facilitate improved SME financial literacy on provincial or national level. A multi-tiered approach is recommended for FSP and several potential strategic partners are suggested, which could complement the resources required by FSP for implementation and also ensure continuity of the proposed initiatives beyond the lifespan of FSP.

FSP could choose to engage in any or all of these options. The various options will have different resource requirements, and whether FSP chooses to select one or more of the proposed options will depend entirely on the resources of FSP and of potential partners.

The course of action adopted by FSP should focus on strategic options which would have a meso/sector-level benefit (preferably also beyond the borders of Gauteng), rather than to be limited to micro/institutional-level benefits and reach. However, this assignment focused on institutional level; the willingness and feasibility of various organizations to work together (some of which may be in competition) will have to be explored by FSP in the next phase of this project.

1. Refrain from financial literacy intervention

One option for FSP to consider is whether in fact it should offer financial literacy services at all to the SME sector. The rationale for this is that, as argued in earlier sections, the main need for financial literacy is in the lower end of the market (micro to small enterprises, having a turnover of R200k – R500k) which is not FSP's main target market.

According to research conducted under this assignment, SMEs are offered a level of financial literacy by FI's and BDS providers (in the form of government and private sector) so it is reasonable to question what value FSP proposes to bring to this market over and above what already exists.

If FSP decides to refrain from this activity, the advantage is that it can focus on its core market; the disadvantage of not responding to the market need is that the problem of inadequate financial literacy remains as one of the factors impeding access to finance, so that the current situation neither improves nor changes at all.

2. Embedded in finance related BDS

One of the most cost-effective approaches would be to encourage all organizations involved in providing training and support to SMEs, to include financial education in their 'curriculum.' This could be done by simply communicating (e.g. through a workshop, e-mail, individual meetings) the need for improved financial education. This approach would require limited resources, but may also have a lesser impact. Ideally this approach should be combined with:

- Development of comprehensive content;

- Development of a single portal where content can be updated and easily accessed by practitioners;
- Development of a single portal where financial education (and preferably other business information) can be accessed by SMEs;
- Building capacity of BDSOs through training-of-trainers.

Next steps: FSP could invite all organizations involved with support to SMEs (namely FIs, BDSOs, government agencies and NGOs) to a workshop to discuss this approach and gauge interest. The workshop could also be used to discuss resources and roles of the various parties and to form working groups to further research and develop:

- (1) Content; currently there is content on financial literacy in the market so that FSP could work with existing material to enhance it to be more SME specific. In this instance, it is recommended that FSP create a working group of interested parties (i.e. already working with SME financial literacy content), possibly including parties with sector-specific information / knowledge (e.g. tourism, manufacturing, etc.), and facilitate improvement or development of the content using technical assistance;
- (2) A central web-based portal (see further in this section for more detail); and
- (3) Training of trainers: currently support exists in various forms to SMMEs, however, delivery is generally considered to be poor and the quality of service below standard. FSP could develop a training of trainer (ToT) program to build the capacity of business service organizations and/or FIs for their BDSOs or client service staff to offer financial literacy to SME clients. The advantage of such an approach is that it improves delivery of support and quality of advisory or mentorship support to SMEs and strengthens the market for BDS delivery as well as providing a distribution channel which is potentially sustainable and which can be used in tandem with other distribution methods.

The advantage of adopting an inclusive approach such as this option presents, is that entities such as business chambers can be drawn in to provide input into content and/or mechanism to reach SMEs.

The challenge with such an approach, however, is that participants may be hesitant to commit resources in a public forum and that no ‘champion’ may step to the fore to drive this approach forward in future.

3. Strengthen an existing private sector cluster and/or create an alternative cluster

FSP may also wish to engage with private sector clusters already working with, or interested to work with, SME financial literacy to facilitate the development and strengthening of financial education. The benefit of such an approach would be to draw on or leverage another set of resources and distribution networks which will improve the outreach to SMEs. There are three such potential cluster options:

Words’ worth/Standard Bank/Microsoft/MTN who have combined to produce a publication called Small Capital which contains finlit content which could be modified for other distribution channels, or used as content for ToT development, for example;

Old Mutual/Nedbank who are in the process of formulating a finlit program and may be interested in partnering with FSP, given its partnership with Old Mutual's Masisizane program for SMEs;

ABSA, with whom FSP has a partnership and who have expressed interest in developing a finlit program for SMEs.

The *Words'worth*/Standard Bank/Microsoft/MTN cluster appears to be the one with the strongest current financial education offering. It already has broad content (based on formal research conducted by Standard Bank), resources and a good distribution network. The involvement of Microsoft may also present an opportunity around introducing a program to improve computer access and literacy. However, FSP would have to engage further with *Words'worth* to discuss potential opportunities to work together and whether *Words'worth* (and its current sponsors) would consider a broader sponsorship base which may allow for wider outreach and additional initiatives.

It appears as though Old Mutual/Nedbank may indeed go ahead and do financial literacy targeted at SMEs with or without the support and involvement of FSP; FSP therefore needs to decide in consultation with this cluster, what the potential value add of its support could be. In terms of working with a cluster, therefore, ABSA may be a preferred option. ABSA is then also currently an FSP partner, whereas Nedbank is not. Should FSP decide to go the ABSA route, a small nucleus partnership could be created to own/champion the project. This nucleus could include the likes of VISA International and Hollard. These partners may also have a broader network which they could draw in, e.g. Vodacom or other web-access providers. In addition, VISA, as a financial service provider, develops products which it offers to various banks, including ABSA, FNB, etc. Of the various institutions consulted in this assignment, Visa International, in particular, has expressed interest in developing content and delivery for the South African market and in developing a web portal. Not only have they indicated potential availability of budget for such an initiative, but they already have experience through their CSI arm, of promoting financial literacy to community groups using street theatre and road shows as a medium. The advantage of partnering with a group like Visa and/or Hollard is that these are relatively neutral parties and are not direct finance providers; as such, FSP could promote financial literacy for SMEs without marketing a sole finance provider.

Given the collaborative approach of Old Mutual's CSI CFE unit, it will be worthwhile to test Old Mutual's interest in joining such a partnership, even if ABSA is involved. Important is that ONE party or small group (e.g. ABSA, VISA, Hollard) should own and drive the project over the long term.

Other organizations could then be involved on an 'as-needed' basis or as a type of Steering Committee (SC), for example, the business chambers (for distribution and access to sector level bodies) and/or government agencies (for content and distribution) such as the dti, SEDA, the NCR, CIPRO, UYF and SARS, or BDSOs.

Should FSP choose a cluster approach, the consultant recommends working with VISA International with input from the other partners. The broader group (SC) could then be a sounding board for content, ensuring wide buy-in, as well as possibly making their distribution channels available in future.

The advantage of the cluster approach is that it has the potential to result in a full spectrum of SME finlit content, as well as the potential to be sector specific. It also presents a way of leveraging resources with other stakeholders, however, it is not a guaranteed way of expanding reach more than any other approach, will most likely market a single financial institution (based on partner requirements), and if a champion does not come to the fore, risks being unsustainable in the longer term.

Next steps:

- Engage further with *Words'worth* and its partners to test the opportunity to work together, and what FSP could possibly offer;
- Engage with ABSA and present FSP's concept of developing a partnership with ABSA and others to support financial education. Test ABSA's willingness to work with other parties, possible resources and possible other partnerships which it could facilitate.

4. Above-the-line media campaign

FSP could launch an ATL media campaign to improve awareness of financial intermediaries and facilitate financial education. As mentioned earlier in this report, an ATL campaign can have broad reach, but may be a costly approach. However, the program can be designed to fit FSP's budget. It may be difficult to find partners in the private sector to support such an initiative as the benefits of an ATL campaign might not be confined to that of one FI. BDSO organizations, in turn, have limited resources. The best potential partners or funders for FSP would therefore be government agencies tasked with supporting SMEs such as the dti, SEDA, UYF, GEP or GEDA.

Next steps:

- The FSP must decide whether it wants to engage in an ATL campaign;
- If so, FSP must decide whether it wants to do this on its own or with potential partners;
- If the latter, potential partners will have to be approached to gauge interest;
- A full media and communication strategy will then have to be developed.

5. Singular web portal

Much has been said about the potential benefits of a web portal, both for SMEs and BDS practitioners. This is not needed only for financial literacy, but for access to all sorts of relevant enterprise information such as sourcing of suppliers, and a wealth of information is available on the web albeit no single comprehensive site. In addition to its potential benefit for financial literacy, it is also a cost-effective and convenient way of conducting online banking and identifying BDS suppliers. The disadvantage of relying solely on a web portal as a means of promoting financial literacy is that it also requires training on computer literacy and access to computers, and may be a costly approach if a suitable partner is not found.

A champion must be identified who can take ownership of such a website and continuously update it in future. Potential partners should be 'neutral' (within the FI context) to ensure that the website content is neutral and supported and used by the broad market place. Potential hosts include the likes of VISA, MTN, Vodacom, *Words' worth* (if no proprietary limitations) or a government agency such as SEDA or UYF.

As proposed under option (2) above, content can be developed by a content working group. Alternatively FSP could commission and fund the development of content. The latter may be easier to execute and control, but will require more resources from FSP and may have less buy-in from stakeholders.

Promoting a website is a challenging and costly affair. FSP would therefore have to rely on the support and goodwill of stakeholders to make the website known to practitioners and SMEs. Some ATL support may also be required to make SMEs aware of such a website. These may include flyers or electronic media at the offices of organizations such as CIPRO and SARS. A detailed marketing campaign will have to be developed should FSP implement this strategic option and define the available budget.

However, without improved computer access, literacy and web access, a web portal targeted directly at SMEs will be of limited benefit⁶, although it will be of benefit to BDSO's who serve SMEs. FSP may therefore wish to engage with several potential partners or funders who could drive computer literacy and access as a separate but complementary program. Such potential partners or funders may include Microsoft, MTN, Vodacom, the dti, UYF, Bill and Melinda Gates Foundation, DFiD, GTZ, the IFC and/or other donor organizations. As this is outside the scope of this assignment, these potential partnerships and funders were not approached in the context of this assignment. It is also not known whether such an initiative may currently be in place. FSP would therefore have to further explore these options should it choose to pursue this option.

Next steps:

- Explore possible website hosts by engaging with potential partners to gauge interest and possible resources;
- Explore whether an SME computer literacy program is currently in place in SA and engage with potential partners and funders on interest and potential resources.

7.2 Further research

- The emphasis of this assignment was on identifying and assessing existing SME financial literacy programs and identifying gaps between SME needs. FSP may want to further explore possible funding and distribution partners such as donors, CIPRO, SARS and other CSI funds of the private sector not covered in this assignment. Business chambers and federations such as NAFCOG (and its affiliated members) could also make excellent potential partners. An understanding on the number of paid-up members (an indicator of perceived 'value' derived by members), profile of paid-up businesses, services offered and used by enterprise members will provide invaluable insight into the role and reach of chambers as a distribution partner for FSP.
- No statistically robust data exists on financial literacy levels and financial education needs of SMEs. FinMark Trust is currently designing a national FinScope 'Small Business Study' (as follow-up on the pilot of 2006) and has engaged with FSP on the

⁶ According to the FinScope Small Business Survey (2006) only 20% of enterprises with BSM Level 6 (average annual turnover of R66, 597), and 73% with BSM 7 (annual turnover of R463, 747) have access to computers.

possible inclusion of questions on financial-literacy. Should the timing allow, the findings of this study will be instrumental in refining the financial education content offering to be developed by FSP.

- Should FSP engage in content development (be that on its own or with partners), FSP should ensure that relevance of content and delivery mechanisms are tested with SMEs.

ANNEX A: LIST OF STAKEHOLDERS INTERVIEWED

ORGANISATION	PERSON	POSITION	LANDLINE	MOBILE	Email
dti: Consumer and Corporate Regulation Division (CCRD)	Karen Coode	Director: Education and Compliance	123941541	833571039	ccoode@thedti.gov.za
dti: Special Projects	Kgomotso Ramaifo	SME Support	123943045		
National Credit Regulator (NCR)	Peter Setou	Snr Manger: Education & Strategy PA Thandi 011 5542725	115542600		psetou@ncr.org.za
dti: Small Enterprise Development Agency (SEDA)	John Francis	Snr Mgr: Learning Centre	124411340	823338841	jfrancis@seda.org.za
Gauteng Enterprise Propeller (GEP)	Christel Potgieter	GM: Enterprise Support	115219867	834422379	cpotgieter@gep.co.za
Productivity SA	David Marakala	Manager: SME Program	118485300		davidm@productivitysa.co.za
FASSETA	Tanya Lee		114768570		tania.lee@fasset.org.za
Banking Association of South Africa (BASA)	Fikile Kuhlase	General Manager	116456710	823127957	fikilek@banking.org.za
BASA	Roger Herbert	Debtor Financing			
Institute of Bankers (IOB)	Daphne Hamilton	Head: research and Development	114817016		daphne@iob.co.za
Credit Information Ombud (CIO)	Manie van Schalkwyk	CEO	117816275	832680497	
South African Insurance Association (SAIA)	Vivienne Pearson	Manager Consumer Education	117265381		
Hollard	Phetsile Dlamini	Manager: Consumer Insights Unit		833197041	PhetsileD@Hollard.co.za
ABSA	Queen Kganyago	Manager Enterprise Development and SBEDCs	112236511	829250249	ntombizodwak@absa.co.za
ABSA	Sisa Ntshona	General Manager: Small Business	112236501	832547987	Sisa.Ntshona@absa.co.za
Standard Bank	Amrei Botha	Head: Small Business Segment, Customer Strategy	116367401	845488091	amrei.Botha@standardbank.co.za
FNB - Start-ups	Arnold Storkey	Senior Start-Ups Specialists	116490402	823089240	arnold.storkey@firststrandbank.co.za
Nedbank	Charlene Jacobs	Marketing Manager, Enterprise Development		824583336	charlenej@nedbank.co.za
Wizzit Bank	Brian Richardson	CEO	115235600 or 115235630	836750171	brianr@wizzit.co.za
SASFIN Bank	Jonathan Newfield	Group Strategy	118097789	833934572	jnewfield@sasfin.com
GroFin	Chris Venter	Chief Operations Officer	129988280		chris@grofin.com
Business Partners	Nazeem Martin	MD	114808700	825681237	nmartin@businesspartners.co.za
PPC Ntsika	Rashed Essop	Enterprise Development Manager	011 386 9097	082 378 6372	ressop@ppc.co.za
African Bank	Marilyn Budow	Manager: Consumer Advocacy		828215678	mbudow@africanbank.co.za
Capitec Bank	Pieter Marias	Head of Marketing	218095900		
Old Mutual Masisizane	Charmaine Groves	Operations Manager: Masisizane Fund - Old Mutual Corporate Affairs	112171636	824650706	cgroves@oldmutual.com
Old Mutual financial education	Gavin Linderts	Manager: Consumer Financial Education ('On-the-money')		824667157	Glinderts@oldmutual.com
SAIBL	John James	Director			
The Business Place	Natalie Morton	Manager: AMPED	118330340		nataliem@tbp.co.za
Raizcorp	Allon Raiz	CEO	115662000	824419443	allon@raizcorp.co.za
FinMark Trust	Judy Hudson	Consultant: FinScope Small Business		824592470	
Visa	Marinda de Lange, Gill Buchanan	Consumer education and stakeholder relations		826016510	delangeM@visa.com

ANNEX B: STAKEHOLDERS - STRUCTURED INTERVIEW GUIDE

ORGANISATION NAME	
◇ Address	
◇ Telephone Number	
◇ Website	
CONTACT PERSON NAME	
◇ Position	
◇ Landline	
◇ Mobile	
◇ E-mail	
DATE	
ORGANISATIONAL OVERVIEW	
Main business and corporate mandate	
Target market and client profile: geographic, SME size, etc	
Products and service provided to SMEs (if any) – Financial, BDS, FBDS, other	
FINANCIAL EDUCATION – current or planned	
Division responsible for SME finlit	
Understanding of SME finlit and SME finlit needs	
Program description: Target market, content, distribution mechanisms, reach	
Partners: who, role	

Content research
Monitoring and evaluation
OTHER SME needs/support requirements
Main challenges in interface between SMEs and FIs
Other
Who is/should be responsible for SME assistance on Provincial/National level?
General comments

ANNEX C: SMES - STRUCTURED INTERVIEW GUIDE

SME NAME	
◇ Address	
◇ Telephone Number	
OWNER/OPERATOR NAME	
◇ Landline	
◇ Mobile	
DATE	
Description of business: <ul style="list-style-type: none"> ▪ Type of business ▪ Legal structure ▪ Years in operation ▪ Number of employees 	
History and growth trends; Future plans	
Main business challenges (general)	
Formal book keeping and accounting	
Gross annual turnover	
Funding sources & amounts: <ul style="list-style-type: none"> ▪ Start-up ▪ Expansion <p>If not formal sources, why not?</p>	
Main challenges in interacting with FIs?	
Business banking usage and experience – separate from personal?	
Personal banking usage and experience	
Awareness of different types of enterprise funding?	
Awareness of different sources of funding?	

Other financial products for enterprises – U&A: <ul style="list-style-type: none"> ▪ Savings ▪ Insurance ▪ International trade accounts ▪ Other 	
Awareness of BDSOs, other support to enterprises	
BDS and fBDS: <ul style="list-style-type: none"> ▪ Ever attended? ▪ What? ▪ With whom? ▪ Experience 	
Technology: <ul style="list-style-type: none"> ▪ Computer literacy and access; ▪ Web access ▪ E-mail 	
General comments	

ANNEX D: DESCRIPTION OF SELECTED SME FINANCIAL LITERACY INITIATIVES

Small Enterprise development Agency (SEDA) works with various provincial level government offices as well as NGOs. SEDA distinguishes between micro/start-up and established businesses. Financial education is included in their micro business training material, but not in the formalized training for established businesses. Training targeted at the latter is essentially classical BDS and fBDS. Through the walk-in centers of SEDA and its partners, several forms of support and advice are provided to enterprises, which may include financial education, but no specific such initiative or material (targeted at SMEs as opposed to micro businesses) have been identified. SEDA's website contains some 'financial literacy' information, but the information is not distributed in any other form, and given the low levels of web usage among SMEs, probably has limited reach.

FNB's Start-up Division engages in several activities aimed at informing, educating and providing support to SMMEs, although no specific SME financial education has been identified. These SMME support/training activities include:

- Presentations to students and SMMEs. The latter is mostly arranged through business chambers and sector-level bodies such as the Construction Industry Development Board. FNB is also a partner to Southern Sun's 'Adopt a guesthouse' program and target tavern owners through SA Breweries;
- The presentations are customised to the audience and may include components of financial education.
- FNB has developed a disc with information and support on the development of financial statement and business plans. The disc is distributed at the above-mentioned presentations and through their branches;
- The FNB website includes some information on requirements and products and services relevant to SMMEs. Its services include a virtual channel "biznetwork";
- In addition to the above mentioned partners (SAB, Southern Suns, and Shelf Company Warehouse), FNB also works with Khula, UYF, SASOL, Empowerdex and USAID. FNB is in the process of formalizing an agreement with another partner, however, at the time of the interview this information was confidential.

Opportunity for FSP: FNB's initiatives are proprietary. However, they may be willing to consider expanding their current material to include more specific components related to financial education. FSP should keep FNB informed of progress on its planned SME financial education strategy.

Nedbank: The Marketing Division of the SME unit is tasked with coordinating training and support to SMEs. No targeted financial education initiatives were identified, although Nedbank also undertakes presentations to SMEs. Similar to FNB, these presentations are arranged through the Nedbank branches with support from various Chambers. Furthermore, Nedbank engages business development consultants who provide support specifically to HDEs that want to start-up or expand. Nedbank does not develop any specific hand-outs for SMMEs and do not currently partner with

anyone. However, through an interview with Old Mutual, the Consultant identified that Nedbank's Consumer Education Division works closely with Old Mutual – see below.

Opportunity for FSP: Not through the small business unit, but possibly through the Old Mutual relationship.

Old Mutual engaged in a demutualization exercise several years ago. Surplus capital of around R400 million was put into a CSI fund, Masisizane. Two programmes funded through Masisizane are: support and financing to SMMEs with a specific focus on enterprises owned by women; a CFE programme called 'On-the-money:'

- The Masisizane Women Enterprise Fund was launched in 2007. It provides both retail finance and wholesale finance through, among others, UYF. Support is provided to enterprises in the form of mentoring and coaching through five Business Enterprise Specialists and a programme called 'Student in free enterprise', which engages commerce students to provide support to SMEs. No targeted financial education programme is currently available.
- The role of the 'On-the-money' programme is to provide financial education support to the broad public, but also to provide financial education support to other OM division. The focus of these initiatives has been on the consumer (including through above-the-line programmes in media such as radio, TV and print) and employee wellness programmes of OM corporate clients. Other partners relating to its consumer financial education programme includes the Department of Education and Correctional Services.

OM is currently also looking at developing a few enterprise financial education initiatives, including:

- development of a formal workshop-type training programme for SMMEs supported by Masisizane;
- development of material targeted at micro enterprises, in a joint initiative with Nedbank's Consumer Education Division;
- working with the Institute of Professionals (IPP) on developing financial education material targeted at professional start-up businesses;

In addition to the partners mentioned above, OM also works with BankSETA and InSETA (the insurance SETA).

Opportunity for FSP: OM's CSI CFE unit has a very supportive and collaborative approach and FSP should engage with OM in its future strategic plans. OM may well be in a position to provide support.

ABSA engages in financial education on several levels:

- It has a comprehensive CFE programme which is being implemented through its CSI unit.
- The Enterprise Development Unit (ED) targets businesses with a turnover of R500 000 to R10 million. It is not currently actively engaging in financial education targeted at SMEs, but recognises the need for such an initiative and is currently exploring options. The unit also manages the Small Business Enterprise Development Centres (total of 14 in main metropolitan areas),

which provides all sorts of support and advice services to any SMME owner approaching them – not only ABSA clients;

- The Micro Enterprise Finance Unit (AMEF) is currently looking into developing financial education, and specifically around risk management (short term insurance) for enterprises. AMEF is working in partnership with Hollard, who is driving the initiative (see below).
- ABSA has several partnerships with GEDA, DTI and UYF.

Opportunity for FSP: ED is extremely interested in engaging with FSP in exploring collaborative opportunities to further develop financial education targeted at SMEs. FSP, with the support of ED, may also wish to engage with the CSI Unit on its financial education activities, to assess whether there may be potential for synergies relating to content development and/or distribution.

Hollard is a provider of both short term insurance and long term assurance. Approximately 80% of Hollard's sales are done through 'third party' selling, which means that they are not bound to work with only one bank, but have a wide network among FIs. The Customer Insights Unit is responsible for identifying financial education needs and developing financial education material and programmes.

Hollard is currently working with ABSA's AMEF in the development of financial education content on micro insurance, which will be targeted at micro enterprises through the AMEF network. However, Hollard is interested to explore the development of an insurance-related financial education programme and material which could be targeted at SMEs through a wide distribution network.

Opportunity for FSP: Hollard could make a great potential partner for FSP, particular with respect to the development of financial education related to risk management in SMEs. Hollard's broad network among FIs could also be considered as a potential platform for distribution of SME financial education material.

VISA does not interact directly with consumers, as all sales are done through FIs (3rd party selling). This provides VISA with a certain 'neutrality' among FIs and also implies a broad network. The CSI unit of VISA International is known globally for its support of financial education targeted both at consumers and (with specific programmes) at enterprises. VISA International has co-sponsored many international Financial Education conferences and also has excellent financial education material available on its web, including material aimed at enterprises. However, this material has not been customised for the South African market.

To date, VISA's CSI unit in South Africa has focused primarily on consumer financial education through township theatre. They used to work on this programme with the DTI, but no longer do so as VISA found it too complicated combining financial education and consumer protection (dti focus) in township theatre. However, VISA SA is interested in supporting the development of financial education targeted at SMEs and customizing material for the SA market. VISA SA has also considered launching a financial education website targeted at the SA consumer, but has to date not had the time or resources to further develop this concept.

Opportunity for FSP: VISA SA is interested in providing support to FSP in the development of content. It also indicated that it may be able to support FSP in the

distribution of material and make VISA's Public Relations (PR) resources available to support FSP.

SASFIN targets more established businesses (SMEs with a track record of at least 2-3 years) and only provides asset-based finance. Similar to Grofin, SASFIN is of the view that financial education is not a major issue among its clientele as these businesses are already 'in the system' and as such do not only have a reasonable level of financial literacy, but also received in-house support from SASFIN's lending division – an approach of 'educate while lending'. SASFIN is currently looking at sponsoring a course being developed by the Wits Business School called "Grow your business."

Opportunity for FSP: SASFIN indicated that they may consider financial education targeted at micro and small businesses through their CSI unit and that FSP should engage directly with the Human resource Division, which is also responsible for managing CSI activities.

The Business Place (TBP) is a BDSO focusing primarily on providing support to micro, youth and start-up businesses (urban bias). They provide limited 'financial literacy' in that they provide some information on how to raise funding for a business and the different sources of finance; they also offer finance related BDS to small businesses in the areas of financial accounting and software packages. TBP is interested in including more SME financial literacy in their future offering.

Raizcorp is also a BDSO, but with only 160 SME clients of which most appears to be small. They recognize the need for financial education, and already provide some financial education as part of a broader program to build general financial confidence and skills (primarily fBDS).

Opportunity for FSP: Limited with both TBP and Raizcorp, as their target markets are not aligned with that of FSP and in the case of Raizcorp have limited outreach. However, FSP can encourage them to include SME financial literacy in their future offering.

There are several magazines targeted at SMMEs, most notably Entrepreneur Magazine and Small Capital. The latter comprises much on SME financial literacy-related topics. It is published by an organisation called Words'worth and is co-sponsored by Standard Bank and Microsoft. Content is based on research undertaken by Standard Bank. The publication is distributed through hard copy by Standard Bank and at trade shows, as well as electronically through Words'worth's website. Useful links to Microsoft's website are also provided.

Opportunity for FSP: FSP should explore whether Words'worth may be open to additional sponsors/partnerships which may further strengthen their distribution. However, proprietary issues may prove to be an obstacle.

ANNEX E: DATABASE OF SUPPLIERS OF SME SUPPORT, FINANCE AND/OR FINANCIAL LITERACY

Notes:

N/E: Not established

*More details on SME financial literacy program in Annex E;

**Organizations in report were not interviewed during this assignment

GOVERNMENT

ORGANISATION	ORGANISATIONAL MANDATE AND GEOGRAPHIC SCOPE	TARGET	FINANCIAL SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP POTENTIAL FINLIT PARTNER/ OPPORTUNITY
NATIONAL GOVERNMENT								
Dti: Consumer & Corporate Regulatory Division (CCRD) – to be changed to: “National Consumer Agency”	National. Consumer protection. Responsible for implementation of Consumer Protection Bill	Individual or enterprise: Transactions < R1 million	No	No	Yes, focused on rights and recourse	No special SME finlit programme: focus on rights and recourse for enterprises and individuals	NCR; FSB’ Visa (2008); Provincial offices	Interested – keep informed. Can provide content input relating to consumer protection.
** Dti: Special Projects	National; Mandate not established (N/E)	N/E	No	N/E	No	N/E http://.etu.org.za/toolbox/docs/government/sbd.html	N/E	N/E, but consider as potential host for Web portal
** CIPRO	National. Company registrations	All business	No	No	No	No	N/E	Wide reach: Consider for potential distribution point at offices. Leaflets; electronic

ORGANISATION	ORGANISATIONAL MANDATE AND GEOGRAPHIC SCOPE	TARGET	FINANCIAL SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP POTENTIAL FINLIT PARTNER/ OPPORTUNITY
** South African Revenue Services (SARS)	National. Tax authority	All individuals and enterprises	No	No	No	N/E, but used to have booklet targeted at enterprises (according to Karin Coode, dti CCRD)	N/E	N/E, but possibly on tax content
GOVERNMENT AGENCIES/FUNDS								
** BankSETA	National. Vocational training material; Some consumer FE.	FIs, including MFIs; (Limited) consumers	No	No	Used to run a CFE program in KZN – multi-media, including radio	No	N/E	N/E, but possibly content support; Budget for FE?
FASSET (Services SETA)	National. Vocational training material for services industry, including consultants	Services industry, including consultants and BDSOs.	No	Content for consultants and training of trainers (ToT)	No	No	No, but registered service suppliers (content developers for FASSETA)	Yes Possible partner for developing ToT material for BDS/ consultants/mentors.

ORGANISATION	ORGANISATIONAL MANDATE AND GEOGRAPHIC SCOPE	TARGET	FINANCIAL SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP POTENTIAL FINLIT PARTNER/ OPPORTUNITY
* Small Enterprise Support Agency (SEDA)	National – 42 branches and 'registered' NGOs. Enterprise support.	SMMEs – Differentiate between micro/ start-ups and small/medium	No, refer to Khula or other FI's	Start-ups 5 day course with booklet on basic business skills, incl. some FE; Small/medium enterprises: modular course, incl fBDS, but no FE; Web-based enterprise FE info.	No	Finlit on web; Start-up courses and booklets; In planning: web-based access at centers.	DTI; FASSET; Provincial offices; UYF	Yes Good content – can provide support with content development and distribution. Possible central portal/website
** Khula	National. Wholesale and retail finance to SMEs	N/E	Yes	N/E (Outsource ?)	No	N/E	Many, including DTI, FIs	N/E Possible distribution outlet.
** Umsobomvu Youth Fund (UYF)	National. Enterprise development	Youth; young entrepreneurs	Yes	Yes	N/E	N/E, but doubtful	Many, including Old Mutual, SEDA and financial intermediaries.	N/E Possible advocacy only – content distribution.
Productivity SA	National. Enterprise support	Micro enterprises.	No	Focus: ToT for partners	No	No	SEDA, GEP, SMME Desks	No. Possible advocacy only - get FE into curriculum.

ORGANISATION	ORGANISATIONAL MANDATE AND GEOGRAPHIC SCOPE	TARGET	FINANCIAL SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP POTENTIAL FINLIT PARTNER/ OPPORTUNITY
REGULATORS								
* National Credit Regulator (NCR)	National. Consumer credit protection: regulate credit providers, credit bureau and credit information. Enforcement.	Consumers and enterprises with t/o up to R1 million per annum. NOTE: small enterprises excluded from regulations relating to over-indebtedness.	No	No	Yes, special division: Education and Communication. Form includes workshops, radio, television, print and billboards.	Not specifically, but target consumers and small enterprises with CFE. Comment by NCR: Potential partners for FSP could include municipalities (although generally not very organized); chambers such as NAFCOC and FABCOS; GEDA, GEP, etc	Provincial Consumer Affairs Offices, Credit Information Ombud (CIO), dti.	Yes – very interested to provide support in whatever way. Excellent content on credit regulations, rights & recourse – could assist FSP with content on these topics..
Financial Services Board (FSB)	National. Regulator. 'Promote Consumer FE'	Consumers	No	No	Yes	No	CFE: DTI, SAIA, etc	No
PROVINCIAL (Gauteng)								
DED : SMME Development & Support	Gauteng Several units: Skills Development; Informal Trading; Enterprise Development; SMME Funding; Cooperatives; BEE	SMMEs (depends on program); Community level;	Equity Fund planned	Yes	No	No	TBP GEDA, GEP GTA Blue IQ	Would like to participate in a finlit program; Potential distribution channel via agencies; Capacity building of BDSPs

ORGANISATION	ORGANISATIONAL MANDATE AND GEOGRAPHIC SCOPE	TARGET	FINANCIAL SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP POTENTIAL FINLIT PARTNER/ OPPORTUNITY
Gauteng Enterprise Propeller (GEP)	Gauteng urban & peri-urban Non-financial support to micro enterprises; Loans to small & medium enterprises	SMMEs	Yes –loans of R50k-R5 million	Yes, BDS and FBDS Outsource BDS – list of 200 service providers Main issues to be addressed: Business plans; Financial statements	No	Embedded in support provided by by Bus Rel Mngrs (BRMs) GEP View: SMEs need info to be more confident in interacting with FIs; Portal for BRM needed	Municipal SME desk; Provincial gov; Gauteng Shared Service Centre	Keep informed Possible distribution to BDS providers?
** Gauteng Consumer Affairs Office, Johannesburg	Provincial (National through other CPOs) All 9 provinces have Consumer Protection Offices.	Consumers	No	N/E	Yes	N/E	DTI; NCR.	N/E Possibly distribution.

FINANCIAL INTERMEDIARIES

ORGANISATION	ORG. MANDATE/ DESCRIPTION	TARGET	FIN SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP PARTNER
* FNB – Start-ups.	National. Commercial bank. New business start-up division: marketing, sales, advice/support to start-ups.	Start-ups: New businesses < 2 yrs	Yes – credit and transactional services to start-ups. Enterprises require proof of necessary cash flow to service loans.	Yes, including fBDS: CDs; Virtual channel: ‘biznetwork’	Not in Start-up division – possibly through CSRI or other division (FSC).	Not specific, but included in some other activities, e.g.: Embedded in presentations to students, chamber members, sector-bodies, universities; Khaya FM talkshow. Also website has much info on types of financial products, etc.	Shelf company warehouse; Provincial authorities and business chambers; Distribution channels: Khula & UYF; SAB: 33000 Tavern owners; Southern Suns: Adopt a Guesthouse; Women in Business; SASOL (ED arm).	Consult/keep informed:
** Standard Bank of South Africa (SBSA)	National. Commercial bank.	N/E	Yes.	Yes, details N/E	Yes (FSC) – details N/E.	Web; Also see Word’s-worth. Other possible activities N/E.	Word’s worth (see below); Others N/E	Doubtful. Keep informed.

ORGANISATION	ORG. MANDATE/ DESCRIPTION	TARGET	FIN SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP PARTNER
ABSA: Enterprise Development (ED); Micro Enterprise Finance Unit (AMEF)	National. Commercial bank. Has several units targeting SMMEs depending on size of enterprise. Main unit relevant to FSP: Enterprise Development. Finance SMEs	Enterprises with t/o of R500k to R10 million; Focus urban.	Yes	Yes – 13 enterprise centers; assist any SMMEs, not only ABSA clients.	Not ED, but through CSRI (see below);	ED: Not currently, looking at developing AMEF: Busy developing, incl. insurance	GEDA, DTI, UYF AMEF: Hollard	Yes, very interested in work with FSP. Possible content dev and distribution
** ABSA CSI	National. CSRI	Consumer education: Lower LSMs (FSC)	No	N/E	Yes – comprehensive program, incl M&E.	N/E	N/E	Possibly – FSP to follow up through ABSA ED.
* Nedbank	National. Marketing unit of enterprise division tasked with FE and BDS.	Commercial bank.	Yes	Yes	Yes – specific financial education division (Wendy Selebi).	Limited: possibly embedded in presentations undertaken to SMMEs through chambers, Nedbank branches, etc. No hand-outs.	No	No – not interested in working with partners.
* Grofin	National. Enterprise lending.	Medium to large enterprises – more established.	Yes	Yes – through training arm: Optima @ subsidized cost to clients	No	Embedded in hands-on support/ training. Major need to train staff. May in future 'widen' Optima services and create a broad 'training fund' - to include FE?	(Investors only)	Keep informed - perhaps in future.

ORGANISATION	ORG. MANDATE/ DESCRIPTION	TARGET	FIN SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP PARTNER
* SASFIN	Enterprise lending	Medium to large enterprises: T/o R5-50 million; SMEs with track record; 'in system'	Yes – Asset-based finance only.	Hands-on client support (lending officer). Looking at sponsoring course with Wits Business School: Growing your business	No	No (No need for FE in their market) CSI unit may consider getting involved in SMME FE.	Wits bus school	Yes – possibly through CSI fund. FSP to follow-up with HR unit which manages CSI.
Capitec Bank	National. Payslip-based lending;	Individuals, NOT SMEs	Not to SMEs	No	Yes – UNISA developed content	No	CFE: Unisa	No
African Bank	National. Payslip-based lending;	Individuals, NOT SMEs	Not to SMEs	No	Yes - Very committed to CFE and in particular consumer rights and protection. Also piloting Money Advice centers with CIO, FMT, DTI under FEF	No	CFE: FSB, CIO, Provincial offices, etc	No
PPC Ntsika	SME Fund		Yes, lending	Outsource SME info needs: Business plan; fBDS	No	No (Provided indirectly through BDS/Mentor) SME info needs: products in market; sources of finance;	NBI (do pre-screening of applicants)	Keep informed

ORGANISATION	ORG. MANDATE/ DESCRIPTION	TARGET	FIN SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP PARTNER
Siyakhula Barloworld	Corporate fund: lend to SMEs – no collateral, in line with BEE requirements	SMEs	Yes, lending	N/E	No	N/E	N/E	N/E
** Thembani International Guarantee Fund (TIGF)	National. Section 21, founded by US NGO. Goals: Econ development and poverty reduction Guarantees commercial bank loans to MFIs and rural agric enterprises	Clients of MFIs, commercial banks	Guarantees to FIs	Yes, hands-on approach: BDS (mainly through Technoserve); mentoring; marketing	No	Embedded in BDS and mentorship	Technoserve; foreign investors	Possibly – include content in BDS/mentorship
* Hollard – Consumer Insights Unit	National. Insurance and assurance – primarily 3 rd party selling through FIs. Consumer education and micro enterprise education	Consumers and enterprises – through FIs. FE focus: Currently micro enterprises; Focus LSM 1-5 (FSC)	Yes – Insurance and assurance to consumers and enterprises.	No	Yes.	In partnership with ABSA Micro Enterprise Unit: Developing insurance content for micro enterprises.	SAIA; ABSA; Most FIs; Content: Footprint; Trainiac; You & Your Money	Yes – willing to develop SME-targeted insurance content. Large potential network.

ORGANISATION	ORG. MANDATE/ DESCRIPTION	TARGET	FIN SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP PARTNER
* Old Mutual Consumer Financial Education	National. Cons education – bias lowers LSMs:	Biased lower LSMs	No	Not through CFE – see Masisizane	Yes, one of largest national programmes, including above the line (ATL), schools, etc Programme called: On-the-money	In progress: Content in dev for Masisizane; Nedbank micro enterprises; IPP	Masisizane; Nedbank; IPP; Dept of Education; CBOs; In-SETA; BankSETA	Yes, very supportive - Can possibly assist with content development.
* Old Mutual Fund: Masisizane	Selected regions. Own lending; Support to other programmes	Women-owned enterprises; Support to Small Enterprise Fund (SEF), UYF, Women Dev Business (NGO)	Yes, lending.	Yes – Coaching/mentorship through students and ex-executives of Old Mutual (ELIMA)	No	Limited – imbedded in coaching/mentorship; Financial game: ELIMA (?); More FE in planning though OM CFE (see above)	FE: OM CFE Other partners: UYF,WDB, etc	Keep informed
* VISA	National. 3 rd party selling through FIs	Consumers and enterprises through FIs.	Yes – Visa Cards	No	Yes - LSM 1-5 (FSC) mainly through roadshows/ theatre	Not locally; VISA International has website with excellent FE content for consumers and enterprises	DTI FIs	Yes – willing to provide content support and delivery support through public relations and ATL networks; Possible web portal partner.
** Investec	N/E	N/E	N/E	Yes, through TBP	N/E	No	TBP	N/E – Work with TBP. Possible funding?

ORGANISATION	ORG. MANDATE/ DESCRIPTION	TARGET	FIN SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP PARTNER
Business Partners		SME	Yes	Yes SME Info needs: reading fin statements, i.e. FBDS; More funds available than good SMEs	No	No SME info needs: Requirements from SME to get finance; available finance; pros and cons of fin options.	N/E	No, but keep informed

SECTOR-LEVEL BODIES, BDSO, NGO

ORGANISATION	ORG. MANDATE/ DESCRIPTION	TARGET	FIN SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP PARTNER
SECTOR-LEVEL BODIES								
* Banking Association of South Africa (BASA)	Facilitate/monitor FE spend by banks; Facilitate and promote transformation among their members	N/A	No	No	Monitor Banks CFE spent; CFE groups which meets regularly.	Selected product info, e.g. debtor finance (work with Municipalities)	Banks	Keep informed; Content support: debtor finance; Possible distribution through Municipalities, banks, etc
South African Insurance Association (SAIA)	National. Member-based sector-level body	Insurance industry and consumers	No	No	Yes, excellent CFE program targeted at LSMs 1-5, funded by members' FSC FE contributions, as well as by Life Office Association's (LOA) FSC funds from members.	No	SAIA members; LOA, FSB, etc	Yes, keen to work with/support FSP. Content support? (Enterprise risk management)
Credit Information Ombud (CIO)	Funded by Credit Providers in SA. Credit information and recourse	Mostly consumers	No	No	Yes	No	Broad member-base (CPA); NCR, FSB	No
Institute of Bankers (IOB)	Member-based organization. Training of banking staff	Bank staff	No	No	No	No	Members, BASA	No

ORGANISATION	ORG. MANDATE/ DESCRIPTION	TARGET	FIN SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP PARTNER
** National Federation of Chambers of Commerce (NAFCOC)	Federation of Chambers	N/E	N/E	N/E	N/E	N/E	Mentioned as partner by various organizations and banks.	N/E, but possible distribution channel; access to sector-level bodies; content support. NB: Also consider other business chambers and federations
BDSOs, TRAINING ORGANISATIONS, NGOs								
* The Business Place	National, but limited reach (only 9 branches) Entrepreneurial support Funded by Investec/Entrepreneurial Development Trust	Youth, start-up; Urban Mainly micro; Accounting Mentorship Programme (AMP) more focused on established businesses.	No	BDS (incl FBDS) & internet access (30-40% of clients use centers)	No	Limited, but recognize need. Offer basic financial literacy in terms of bank requirements to access finance;	Accounting Mentorship Program (AMP)	Yes – content; funding through Investec? (Note different target market)
Raizcorp	Selected urban/peri-urban areas.	Urban, banked: Mostly t/o >R5m ; 160 Clients	No	Yes – Pre- and post investment support; Formal BDS courses – 3 levels	No	Imbedded in 'entrepreneurship' support	SARS and ABSA (present to clients); 35 - Various Corporate partners (DEAT, Corporate foundations, donors, etc)	Keep informed

ORGANISATION	ORG. MANDATE/ DESCRIPTION	TARGET	FIN SERVICES	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP PARTNER
Southern African International Business Linkages (SAIBL)	National Funded by USAID. Facilitate linkages between SMEs in Southern Africa and the US	Turnover R500< and in bus 1year<; 144 on database (target 1000)	No	Yes	No	No	NBI FSP	Keep informed
Institute of Business Advisors (IBA) – Financed by Khula as of Jan 2008	National. Member-based organization – fees paid for member services	Business advisors / mentors	No	Not IBA, but member organisations	No	In process of developing: “Business Banking”; (Khula) training on conditions for finance	Khula	Possibly – Distribution: incl FSP modules in content; Training of trainers.
Business Skills SA (BSSA)	National. Training; Training fees subsidized. Founded/supported by Price Waterhouse Coopers Consulting (PWC); NA FCOC ???	Train Business Advisors, e.g. Nedbank (franchisees), ABSA; SME Mangers t/o R500k-R5 mill	No	Yes – Bus plans, FBDS	No	Yes – Where to go to obtain finance	IBA; INWENT (BMZ), FASSET; New Enterprise banking/ABSA: Previously managed Sizanani Advisory Services (SAS), but no longer; Prev Small Bus Advisory Bureau (SBAB, PU)	Possibly – Distribution: incl FSP modules in content.

MEDIA

ORGANISATION	ORG. MANDATE/ DESCRIPTION	TARGET	FIN SERVICE S	BDS/ TRAINING	CONSUMER FE	SME FINLIT	PARTNERS	FSP PARTNER
* Words's-worth	Publishing house. Magazine: Small Capital – distributed electronically and through Standard Bank; Link with Microsoft website with SMME support/advice.	SMMEs	No	No, but BDS content	No	Yes. Also has access to research among SMMEs; Content informed by research conducted by Standard Bank.	Standard Bank, Microsoft.	Yes, but FSP to discuss proprietary issues and what FSP could offer Words'worth
** Business Day	Newspaper	N/E	No	No		No	Words'worth	Possibly through word's-worth
** Microsoft	N/E	N/E	No	Much relevant info for SMMEs on web	No	See BDS	Word's worth; Standard Bank	NE, but possibly: Potential central portal; Support with SME computer access and literacy.
** M-Web Bus	N/E	N/E	No	Much relevant info for SMMEs on M-Web website	No	See BDS	N/E	N/E, but possibly: Potential central portal; Support with SME computer access and literacy.
** MTN	N/E	N/E	No	N/E	No	N/E	MTN Banking in partnership with Standard Bank	N/E, but possibly: Potential central portal; Support with SME computer access and literacy.