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A REVIEW OF THE SOUTH AFRICAN MICROFINANCE SECTOR
VOLUME II – BACKGROUND PAPERS: SECTION II – MARKET DEMAND

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PAPER 1: CONSUMER DEMOGRAPHICS

This section aims to quantify and assess the demographic features of the individuals who represent the microfinance consumers in South Africa. This will help to create a picture of the potential demand and potential increase in demand for formally supplied financial products and services. The indicators that are considered based on data availability and relevance include: population by age group; household income and sources; recipients of social grants; types of employment; and population by Financial Services Measures (FSM).

Table II.1.1: Population by Age Group

Age group	Total ('000)	%
0-19	20,214	42
20-34	12,858	27
35-60	10,938	23
61 and above	3,777	8
Total	47 787	100

Source: General Household Survey 2008

This table highlights that the population of South Africa is dominated by the "youth", with 69% of the population under 35 years of age. The bankable population (over 18 years) totals 27.6 million. Only 3.8 million, or 7.9%, of the population are pension earners at 60 years of age and older.

In terms of microcredit products, the 35-60 years old segment is regarded as less risky than the 20-34 years age group, based on lifestyle differences. Someone who is married, with dependents, or in a secure job, is likely to make better financial decisions than someone who is younger. The distribution of population, therefore, could have a negative implication for financial inclusion such that those below 35 years old, making up a sizeable percentage of the population, might be excluded from certain financial products.

Table II.1.2: Average Household Income Distribution (Levels and Sources)

SOURCE OF INCOME	INCOME QUINTILES					
	1	2	3	4	5	Average
Income from Work						
Household salaries & wages	2 067	5 513	13335	38 603	181 210	**48 152**
Household self-employment and business	382	798	1572	3924	29 823	**7 300**
Income from Capital	22	54	101	383	3 767	**865**
Pensions, social insurance, family allowance	2 362	5 711	7532	6677	10 269	**6 510**
Income from individuals	845	1 242	1187	1080	1 657	**1 202**
Other income	609	862	1317	1876	12 722	**3 477**
Imputed rent on owned dwelling (7% per year of dwelling)	664	1 285	1706	3990	27 755	**7 081**
TOTAL	**6 951**	**15 465**	**26 750**	**56 533**	**267 203**	**74 589**
Percentage of total income per quintile	**1.9%**	**4.1%**	**7.2%**	**15.2%**	**71.7%**	**100%**

Source: Income and Expenditure Survey 2005/06

The table above shows that 72% of South African income is earned by those in the top 20% of households by income. The lowest income 20% of households, earn just 1.9% of total South African income. This table highlights the challenge of income inequality in South Africa which has negative implications for demand of basic financial services.

Table II.1.3: Number of Recipients and Monthly Rand Value (Millions) of Social Grants

Grant Type & Section of the Social Assistance Act of 2004	2007	2008	% Change
Old Age Grant (Section 10)	2,338,841	2,216,763	-5.2
	R2034.8 mln	R2083.8 mln	2.4
	R870 / month	R940 / month	
War Veteran Grant (Section 11)	1,645	2,019	22.7
	R1.5 mln	R1.9 mln	32.4
	R890 / month	R960 / month	
Disability Grant (Section 9)	1,356,122	1,409,012	3.9
	R1,179.8 mln	R1,324.5 mln	12.3
	R870 / month	R940 / month	
Grant in Aid (Section 12)	43,975	35,896	-18.4
	R8.8 mln	R7.5 mln	-14.3
	R200 / month	R210 / month	
Care Dependency Grant (Section 7) paid to a parent or a foster parent in respect of a care dependent child	106,105	107,991	1.8
	R92.3 mln	R101.5 mln	10.0
	R870 / month	R940 / month	
Child Support Grant (Section 6) paid to a primary caregiver of a child	8,434,399	8,115,074	-3.8
	R1686.9 mln	R1704.2 mln	1.0
	R200 / month	R210 / month	
Foster Care Grant (Section 8)	468,721	435,317	-7.1
	R290.6 mln	R283.0 mln	-2.6
	R620 / month	R650 / month	

Source: South African Social Security Agency Annual Report

The disbursement of social grants is an important source of income for many South Africans due to the skewed income distribution that characterises the republic. Social grants, therefore, become a driver for demand for financial products. Table II.1.3 shows the extent of social grants as of the year ending 31 December 2007 and 31 December 2008

As of the end of December 2008, the highest grant was R960 per month which is paid out to War Veterans. There was a 27% increase in those receiving war veteran grants between December 2007 and December 2008. The value of war veteran grants at the end of December 2008 was R1 938 240 per month, 32.4% higher than the previous year.

Old age, disability, and child dependency grants are valued at R940 per month. Old age and disability grants have combined recipients in excess of 3,500,000 people. However, old age grant recipients dropped by 5.2% between 2007 and 2008. The child support grant has the highest number of recipients but, valued at just R210 per month in 2008, it is not likely to have any major effect on the demand for finance; it is more likely to fund an immediate expense than be saved.

Table II.1.4: Type of Employment

	March 2006		March 2007		March 2008	
FORMAL		%		%		%
Agriculture, hunting, forestry & fishing	558	6.2	479	5.1	346	4.2
Mining and quarrying	360	4.0	407	4.3	335	4.1
Manufacturing	1686	18.6	1652	17.5	1515	18.6
Electricity, gas & water supply	89	1.0	80	0.8	93	1.1
Construction	544	6.0	650	6.9	446	5.5
Wholesale & retail trade	2038	22.5	2089	22.2	1552	19.0
Transport, Storage & communication	479	5.3	531	5.6	433	5.3
Financial Intermediation, insurance, real estate and business services	1227	13.6	1404	14.9	1284	15.7
Community, social & personal services and others	2061	22.8	2126	22.6	2153	26.4
Total	9042	100	9418	100	8157	100
INFORMAL						
Agriculture, hunting, forestry & fishing	327	11.3	225	8.5	396	10.6
Mining and quarrying		0.0		0.0	8	0.2
Manufacturing	295	10.2	326	12.3	386	10.3
Electricity, gas and water supply		0.0		0.0	3	0.1
Construction	385	13.3	360	13.6	624	16.7
Wholesale and retail trade	1340	46.2	1184	44.7	1380	36.9
Transport, storage and communication	192	6.6	170	6.4	282	7.5
Financial intermediation, insurance, real estate and business services	99	3.4	67	2.5	261	7.0
Community, social and personal services	263	9.1	314	11.9	399	10.7
Total	2901	100	2646	100	3739	100
Private Households	1288		1251		1176	
Overall total	13231		13315		13072	

Source: Labour Force Survey

Manufacturing, trade, financial intermediation and community and social services employ the most people in the South African formal economy. Community and social services in particular hires the most workers, driven by government expenditure indicating the increasing size of government in South Africa.

The formal economy employs approximately two-thirds of the total economically active population, from 68% in 2006, increasing to 71% in 2007, but dropping to 62% again in 2008. The decline was driven by decreasing labour absorption in wholesale and retail and the agricultural sectors.

The informal economy and private households together employ a third of the economically active population. Agriculture, construction and transportation are significant sectors in the informal economy. Interestingly, mining, which is highly regulated, emerged as a source of informal employment in 2008. Another interesting observation is the increase in employment in the financial and business services sector from 3.4% in March 2006 to 7% in March 2008. Overall, the informal sector increased its absorption of the economically active population between 2006 and 2008.

Private households declined in employment contribution between 2006 and 2008.

Introduction to Financial Services Measure

The next two Sections on Demand look at the usage of savings and credit products for each of the eight market segments defined by FinScope in terms of Financial Services Measures (FSM).

FSM is different from the Living Standards Measure (LSM) commonly used by marketers of non financial consumer products.   The LSM is measured at the household level while FSM is at an individual level. LSM is highly correlated with an individual's income and reflects their belongings and access to services, such as electricity. FSM is partially correlated with income but also reflects an individual's financial sophistication and attitudes. Above all, LSM gives a snap-shot picture of individuals living circumstances, whereas FSM is more dynamic and could be used to assess potential future trends in the financial sector.

Box II.1.1 – Introduction to FinScope SA

FinScope™ SA is a comprehensive national household survey of financial services, needs and usage among all South Africans. It is conducted annually and is designed to establish credible benchmarks and highlight opportunities for innovation in products and delivery.

It was piloted in 2002 with 1 000 households in urban areas. The pilot was followed by full scale surveys across 3 000 households in urban and rural areas in 2003 and 2004 and across 3 900 households in 2005 to 2008. The survey tracks the changing landscape of access to financial services across all the main product categories — transaction banking, savings, credit and insurance. It highlights the barriers poor people experience in their lives and in accessing financial services particularly. The findings of the study assist policy makers in both the public and private sector to remove or reduce the barriers and to improve their market offerings.

A new segmentation model – the Financial Services Measure – or "FSM" was developed from the findings in 2003 and has subsequently been substantiated by the recent survey results. This segmentation model affords valuable new insights into consumer behaviour and, additionally, can be used in conjunction with other segmentation models, such as the commonly used LSM, or Living Standards Measure.

The South African project was initially funded by the FinMark Trust with subsequent surveys undertaken through syndication with financial service providers and other interested organisations, including South African government departments. The 2008 South African syndicate members are: Absa, First National Bank, Liberty Life, Metropolitan, National Treasury, Nedbank, Old Mutual, Sanlam, Standard Bank and Teba Bank.

http://www.FinScope.co.za/southafrica.html

Both LSMs and FSMs have their place in understanding the financial market, but when looking specifically at the financial sector, the FSM is more robust as it avoids the anomalies based on lifestyle attributes. The FSM covers financial penetration, connectedness and optimism, physical access to banks, financial discipline and financial knowledge and control.

Table II.1.5 provides the distribution of the adult population by FSM segment. The micro market is captured by the values from FSM 1 to FSM 6. Between 2006 and 2008, there has been a reduction in percentages of those in FSM 1 and 2 with a corresponding increase in those in FSM 3 to 6, reflecting that individuals are becoming more financially sophisticated and active.

Table II.1.5: Adult Population (18 and over) by FSM

FSM	2006	2007	2008
1	16.9	12.9	12.8
2	21.5	19.0	16.1
Sub-total	**38.4**	**32.0**	**28.9**
3	14.4	12.8	15.9
4	14.5	14.3	15.9
5	14.7	17.7	15.7
6	9.3	12.5	11.7
Sub-total	**52.9**	**57.4**	**59.2**
7	6.2	7.4	7.9
8	2.6	3.2	3.9
Sub-total	**8.8**	**10.6**	**11.8**

Source: FinScope data

The eight FSM segments exhibit different characteristics as reflected in Box II.1.2 below:

Box II.1.2 – Characteristics per FSM Segment

FSM 1	FSM 2
Very low income or no income	Low income but could earn as much as R1000
Live in the tribal lands	Live in Tribal lands and informal urban settlements
No access to technology; no cell phone access	Little financial behaviour (some family loans or
Very little or no financial behaviour	belong to funeral or burial societies)
LSM 1-2	LSM 3-4
FSM 3	**FSM 4**
Relatively higher incomes than FSMs1 or 2; earn mostly below R1000	2 or more cell phones in the house
	Most earn salaries and have matric
Cell phone in the house;	Clustered between the R500 – R2000 per month income group
Live in tribal lands (which becomes a barrier to access of financial services)	Live in urban formal area
	Higher financial involvement
LSM 3-6	LSM 5-6
FSM 5	**FSM 6**
Mostly earn between R1000 and R4000 per month	Mostly earn between R2000 and R4000 per month
Live in urban formal area	Live in urban formal
Prefer cash	LSM 7-10
Currently saving	
LSM 5-10	
FSM 7	**FSM 8**
Mostly earn between R4000 and R7000	Mostly earn more than R8000 per month
Lives in urban formal area	Hold tertiary degrees
Likely to be married	Use a wide range of financial products and services
Slightly older (age> 35)	LSM 9-10
Use a wider range of financial products	
LSM 7-10	

PAPER 2: DEPOSIT PRODUCT USAGE

This section looks to quantify the extent of usage of deposit products by FSM segment. Financial services can be segmented into deposit, credit, insurance, and payments services, but having an active bank account is used as a measure of financial inclusion; an indicator for "being banked". Table II.2.1 below looks at the banking status of adults between 2005 and 2009. Banking status is also assessed below in terms of FSM segment, by province, and by racial background.

Table II.2.1: Banking status 2005 to 2009

	2005	2006	2007	2008	2009
Banked (Millions)	14.3	15.9	19.0	20.0	19.6
Banked	46.6%	51.0%	60.3%	62.7%	59.8%
Previously banked	12.3%	11.5%	9.6%	7.5%	8.9%
Never banked	41.1%	37.5%	30.1%	29.8%	31.2%

Source: FinScope data

According to FinScope data, there has been a significant increase in the proportion of adults with a bank account from 46.6 % in 2005 to 60.3% in 2009. In 2009, however, the banked population decreased by 442 000 people or 2.2 percentage points to 19.6 million, being the first year that a drop in the banked population has been observed since the survey was implemented in 2003. This drop in banking penetration can be observed particularly amongst the most vulnerable groups of South Africans, as well as new entrants to the 16+ population and younger people.

Amongst those aged 16 and 17 years old, employment has dropped from 5% in 2008 to virtually zero, with unemployment rising from 8% to 13%. Almost certainly as a direct result, the proportion of these young people who are banked has dropped from 18% to 11% - which means that, despite a rise in the number of people in this age group by 175 000, the total number banked has dropped by 100 000. A loss of another 300 000 banked people occurs in the age group 18 to 20 years and another 500 000 in the 25 to 35 year old age group. Some of these losses are partly countered by modest increases in other age groups, especially those aged 60 years and over.

The Table II.2.2 below shows banking status by FSM segment. The most significant increase in banked population from 2006 to 2009 occurred in FSM 2 (from 5.9% to 11.7%) and FSM 3 (from 35.2% to 44.6%).

Table II.2.2: Banking Status by FSM Segment

FSM categories	2006			2009		
	Never banked	Previously banked	Banked	Never banked	Previously banked	Banked
1	78.4%	20.1%	1.5%	77.1%	21.2%	1.6%
2	72.6%	21.5%	5.9%	68.4%	19.9%	11.7%
3	47.2%	17.5%	35.2%	45.3%	10.1%	44.6%
4	12.1%	4.7%	83.3%	10.3%	5.6%	84.1%
5	1.2%	1.9%	96.9%	1.1%	0.6%	98.3%
6	0	0	100%	0%	0%	100%
7	0	0	100%	0%	0%	100%
8	0	0	100%	0%	0%	100%

Source: FinScope data

Table II.2.3 below shows the provinces in South Africa by banking status over the period 2006 to 2009. Three provinces record a modest drop over the three year period, Western Cape, Free State, and Mpumalanga, while KZN, North West, and Limpopo show strong gains over the period.

Table II.2.3: Banking Status by Province

Province	2006			2009		
	Never banked	Previously banked	Banked	Never banked	Previously banked	Banked
Western Cape	19.7%	11.7%	68.7%	19.4%	13.1%	67.5%
Eastern Cape	48.0%	10.7%	41.2%	42.2%	8.2%	49.6%
Northern Cape	53.7%	13.5%	32.8%	56.7%	9.9%	33.2%
Free State	51.3%	8.3%	40.4%	52.4%	7.9%	39.7%
KZN	44.8%	15.1%	40.1%	26.4%	11.6%	62.0%
North West	37.8%	15.6%	46.6%	26.9%	12.2%	60.9%
Gauteng	19.8%	8.7%	71.5%	22.1%	4.2%	73.7%
Mpumalanga	36.5%	11.6%	51.9%	46.8%	4.3%	48.8%
Limpopo	52.3%	9.7%	38.0%	41.1%	11.8%	47.1%

Source: FinScope data

Table II.2.4 below shows banking status by race, reflecting the progress being made in reversing the legacy of apartheid.

Table II.2.4: Banking Status by Race

Race	2006			2009		
	Never banked	Previously banked	Banked	Never banked	Previously banked	Banked
Black	43.2%	12.1%	44.7%	36.2%	9.5%	54.3%
White	4.0%	4.8%	91.2%	6.6%	1.8%	91.6%
Coloured	32.8%	14.3%	52.9%	26.3%	12.7%	61.0%
Asian	28.5%	13.4%	58.0%	10%	9.4%	80.6%

Source: FinScope data

Table II.2.5: ATM cards

FSM	2006			2009		
	Never had	Previously had	Have	Never had	Previously had	Have
1	84.3%	14.5%	1.2%	82.8%	16.7%	0.5%
2	79.0%	15.9%	5.1%	72.2%	17%	10.8%
3	55.9%	11.1%	33.0%	52.9%	7.8%	39.2%
4	18.6%	5.3%	76.1%	17.7%	4.2%	78.0%
5	6.9%	2.2%	90.9%	7.1%	0.8%	92.1%
6	4.3%	.7%	94.9%	4.8%	0.4%	94.7%
7	4.3%	.1%	95.6%	7%	1.4%	91.6%
8	2.3%	.2%	97.5%	2.6%	2.9%	94.5%
Total %	43.7%	8.6%	47.7%	37.1%	7.5%	55.4%

Source: FinScope data

The use of ATM cards is indicative of whether or not someone has a bank account since ATM cards are generally issued in conjunction with opening a bank account. The usage of ATM cards is popular from FSM 3 upwards.

Table II.2.6: Current Accounts

FSM	2006			2009		
	Never had	Previously had	Have	Never had	Previously had	Have
1	98.8%	1.2%	.0%	99.6%	0.4%	0%
2	99.9%	.1%	.1%	99.8%	0%	0.2%
3	99.4%	.6%	.0%	99.6%	0.3%	0.1%
4	96.7%	1.2%	2.1%	96.8%	0.5%	2.7%
5	94.2%	1.2%	4.6%	93.7%	0.5%	5.7%
6	76.7%	3.9%	19.3%	80.7%	1.7%	17.6%
7	61.2%	3.8%	35.0%	59.1%	2.2%	38.6%
8	29.9%	2.7%	67.4%	29.7%	0.5%	69.8%
Total %	92.0%	1.3%	6.7%	90.3%	0.7%	9.0%

Source: FinScope data

Current accounts are more sophisticated relative to a basic savings account and are mostly available to salaried workers or small businesses. Given the employment rates and income distribution in SA, this service will be limited to a few which is shown by the lack of significant demand in the micro market up to FSM 5.

Table II.2.7: Mzansi Account

FSM	2006			2009		
	Never had	Previously Had	Have	Never had	Previously had	Have
1	96.9%	3.1%	.0%	93.8%	5.2%	1.0%
2	96.6%	2.1%	1.3%	91.6%	4.4%	4.0%
3	91.7%	1.2%	7.1%	83.5%	3.1%	13.4%
4	86.8%	.8%	12.4%	69.2%	5.3%	25.5%
5	82.5%	3.4%	14.1%	75.1%	1.5%	23.4%
6	92.2%	.1%	7.7%	80.8%	2.0%	17.3%
7	94.3%	.3%	5.4%	88.3%	1.3%	10.4%
8	97.3%	1.8%	.9%	90.6%	0.3%	9.1%
Total %	91.9%	1.8%	6.2%	83.2%	3.3%	13.4%

Source: FinScope data

The *Mzansi* account is an entry-level bank account, based on a magnetic stripe debit card platform, developed by the South African banking industry and launched collaboratively by the four largest commercial banks together with the state-owned Post-bank in October 2004. By December 2008, more than six million *Mzansi* accounts had been opened, a significant number in a country with an adult population of approximately 32 million. Today, at least one in ten South African adults currently has an *Mzansi* account; and one in six banked people are active *Mzansi* customers. According to the FinScope data, Mzansi account is most popular in FSMs 3 to 6.

The development and roll-out of the *Mzansi* account sought primarily to help fulfil the commitments of the four large commercial banks, set out in the Financial Sector Charter, to significantly improve access to banking – particularly transactional banking – for all South Africans. The Charter is a voluntary agreement amongst all financial institutions in South Africa and other stakeholders, including government, labour and community, with the objective of making the sector more racially inclusive and representative. This objective is consistent with the government's general objective of black economic empowerment in each sector and the economy as a whole.

Apart from a common "*Mzansi*" umbrella branding, *Mzansi* accounts started with a set of common minimum product standards across all the issuing banks. These included the issuance of a debit card, the absence of monthly administration fees, ceilings on balances, Know Your Customer (KYC) driven ceilings on transaction value, restrictions on certain electronic payment services, and no difference in pricing between withdrawals on a bank's own ATM ('on us') and withdrawals using another bank's ATM ('not-on-us'). Another important feature was waiving of the requirement to provide a proof of residence, thereby facilitating access for those living in informal settlements.

Some of these features differentiated the *Mzansi* accounts from nearest equivalent transaction accounts which each bank offered independently either prior to and/or concurrently with *Mzansi*. Although most of these common standards remained in 2008 as they were at launch, the electronic functionality restriction was lifted over time so that certain forms of electronic payments from *Mzansi* accounts (particularly debit orders) are now offered by all the banks; and other electronic channels such as internet or mobile phone can be used to access the accounts at some banks

However, Mzansi accounts are different in profile from that of the banks' respective Nearest Equivalent Accounts (NEAs) in terms of the average balances (R208 vs. R1910 per active account), much lower average transaction activity (3.3 vs. 7.3 transactions per month per account) and much lower monthly flows in/out of the

account (R680 vs. R3000). While the vast majority of debits by value flow through both Mzansi and NEAs are cash withdrawals (with relatively few third party payments), this pattern is much more pronounced with the Mzansi accounts than with the NEAs (93% vs. 77%). Monthly fee revenue per Mzansi account is also markedly lower, reflecting lower activity as well as lower Mzansi pricing: the average across the four private banks for Mzansi accounts is close to R10.50 for all transactions compared with an estimated R50 for NEAs (NEA data is based on limited information provided by two of the private banks).

Table II.2.8: Fixed Deposit Accounts

	2006			2009		
FSM	Never had	Previously had	Have	Never had	Previously had	Have
1	98.8%	1.2%	.0%	99.7%	0.3%	0%
2	99.6%	.4%	.0%	98.9%	0.7%	0.4%
3	97.2%	2.8%	.0%	99.3%	0.7%	0%
4	96.8%	1.7%	1.5%	99.2%	0.5%	0.3%
5	94.6%	3.5%	1.9%	95.0%	2.2%	2.8%
6	87.4%	4.2%	8.4%	86.4%	4.1%	9.5%
7	76.8%	5.9%	17.2%	72.0%	3.2%	24.7%
8	70.6%	11.4%	18.1%	57.1%	1.9%	41.1%
Total %	94.7%	2.5%	2.8%	93.4%	1.5%	5.1%

Source: FinScope data

A fixed deposit account is a more sophisticated savings product and not widely used by the micro market.

PAPER 3: CREDIT PRODUCT USAGE

Unlike the other products, supplier data on credit activity in South Africa is available from the National Credit Regulator. This section will therefore make use of both the National Credit Regulator data and the Finscope data to assess the usage of credit in South Africa paying particular attention to the micro market.

National Credit Regulator Data

Table II.3.1 below compares the value of credit disbursed in each of the quarters from October 2007 through to June 2009, reflecting a significant overall reduction of 53%. Mortgages declined the most, with a drop of 67%, followed by other credit agreements[1], with a decline of 41%. There was an increase, however, in the rand value of short-term credit disbursed, as consumers struggled to make ends meet on a monthly basis.

Table II.3.1: Credit Granted by Credit Type (R millions)

Agreements	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	% change from Q4 '07
Mortgage	53,139	44,619	42,693	33,766	27,188	18,932	17,660	-67%
Other credit agreements	32,014	28,143	25783	22,283	22,652	19,008	18,780	-41%
Unsecured credit	7,938	7,158	7,595	7,656	7,971	6,792	7,171	-10%
Short-term credit	883	792	912	1,013	1,031	887	928	+5%
Total	93,975	80,712	76,984	64,719	58,842	45,619	44,539	
% change		-14.1	-4.6	-15.9	-9.1	-28.9	-2.4	-53%

Source: National Credit Regulator

Despite the drop in disbursements, Table II.3.2 shows an overall increase in the debtor's book value as at June 2009 of 9.0% compared with December 2007. The unsecured credit market had the highest increase of 22.4% over the 18 month period, while mortgages and credit facilities followed with an increase of 11.3%.

Table II.3.2: Gross Value of Debtor's Book by Credit Type

Agreements	31/12/07 (R millions)	distribution %	31/06/09 (R millions)	distribution %	% change
Mortgage	657,592	62.7	732,132	64	11.3%
Other credit agmts	224,167	21.4	220.399	19.2	-2.0%
Credit Facilities	125,959	12.0	140,184	12.2	11.3%
Unsecured credit	40,947	3.9	50,132	4.4	22.4%
Short-term credit	682	0.1	594	0.1	-12.9%
Total	1,049,348	100.0%	1,143,441	100.00%	8.9%

Source: National Credit Regulator Consumer Credit Report

The number of accounts remained steady over the period as shown in Table II.3.3. Credit facilities dominate the number of accounts in the credit market, accounting for over 60% of the market.

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[1] "Other credit agreements" thus consist of all credit that is secured, other than mortgages and credit facilities. It includes pension-backed loans, insurance-backed loans, retail furniture accounts and motor vehicle accounts.

Table II.3.3: Number of Accounts (000)

Agreements	31/12/07	distribution %	31/06/09	distribution %	% change
Mortgage	1,814	5.2	1,839	5.2	1.4
Other credit agreements	5,917	16.8	5,495	15.7	-7.1
Credit Facilities	22,137	62.9	22,089	63.4	-0.2
Unsecured credit	4,904	13.9	5,035	14.5	2.7
Short-term credit	444	1.3	352	1	-26.1
Total	35,216	100	34,810	100	-1.1

Source: National Credit Regulator Consumer Credit Report

Table II.3.4 below shows the credit market by industry. The commercial banks dominate, accounting for almost 90% of the market and achieving the strongest growth over the 18 month period, at 12%. Retailers and others recorded modest growth in their portfolios, but non-bank vehicle financiers recorded a drop of 36%, indicative of the serious recession in the motor-vehicle market.

Table II.3.4: Gross Value of Debtor's Book by Industry

Industry	31/12/2007 (R millions)	distribution %	31/06/2009 (R millions)	distribution %	% change
Banks	914,860	87.2%	1,024,340	89.6%	12.0%
Retailers	35,869	3.4%	38,290	3.3%	6.8%
Non-bank vehicle financiers	57,947	5.5%	37,006	3.2%	-36%.1
Others[2]	40,942	3.9%	43,805	3.8%	7.0%
	1,049,618	100.0%	1,143,441	100.0%	8.9%

Source: National Credit Regulator Consumer Credit Report

Table II.3.5 below shows the credit granted by income group during the secong quarter of 2009. The mortgage market and other credit agreements are dramatically skewed to the upper middle to high income earners, with over 80% of credit granted to those with incomes of R10 000 and over. The other credit products are more evenly distributed. It is interesting to note the dominance of the lower income groups in the short-term credit category and the significant share of the micro market in the unsecured credit market.

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[2]The largest items included in the "others" are pension-backed lenders, insurers, non-bank mortgage lenders, and securitized debt according to the NCR Consumer Credit Report.

Table II.3.5: Percentage of Credit Granted by Income Groups during Quarter 2, 2009

Income Groups	%				
	Mortgage	Other Credit Agreements	Credit Facility	Unsecured Credit	Short Term Credit
0-3500	4.9	4.4	22.0	31.7	71.7
3501-5500	2.7	2.9	6.7	11.7	10.4
5501-7500	3.1	3.8	5.5	10.3	6.9
7501-10K	5.7	6.4	7.8	10.6	5.4
10001 - 15K	12.9	13.6	12.2	15.8	3.6
>15K	70.7	68.9	45.9	19.8	2.0
Total	100	100.0	100.0	100.0	100.0

Source: National Credit Regulator Consumer Credit Report

Table II.3.6: Unsecured Credit Granted during 2nd Quarter 2009

Repayment Term	Rand value('000)	% in value	Number of Agreements	% in numbers
<= 6 months	67	0.9	11	1.8
7-12 months	659	9.2	156	23.5
13-18 months	341	4.8	47	7.2
19-24 months	1329	18.5	156	23.6
25-36 months	2134	29.8	168	25.4
3.1-5 years	2467	34.4	119	18.0
5.1-10+years	171	2.4	3	0.5
Total	7168	100.0	660	100.0

Source: National Credit Regulator Consumer Credit Report

The table above shows that unsecured credits with longer repayment terms are now dominant. Loans with terms up to 12 months accounted for just 25.3% of the number of loans and 10.1% of the value of loans granted during 2008. A majority of unsecured credits have terms of between 19 months and 36 months. This bracket represented 49.0% of the number of loans and 48.3% of the value of loans granted during the period.

Table II.3.7: Short-term Credit Granted during 2nd Quarter 2009

Repayment Term	Rand value('000)	% in value	Number of Agreements	% in numbers
1 month	524	56.4%	648	80.4%
2-3 months	251	27.1%	105	13.1%
4-6 months	152	16.5%	52	6.5%
Total	927	100.0%	805	100.0%

Source: National Credit Regulator Consumer Credit Report

Table II.3.7 above demonstrates that the 30 day credit market remains buoyant, representing 80% of short-term loans granted during the second quarter of 2009.

Credit activity status - Finscope data

Table II.3.8: Credit Card

FSM	2006			2009		
	Never had	Previously had	Have	Never had	Previously had	Have
1	99.2%	.8%	.0%	99.8%	0.2%	0%
2	99.8%	.2%	.0%	100%	0%	0%
3	99.0%	.8%	.2%	99.8%	0.2%	0%
4	96.9%	.7%	2.4%	98.4%	0.6%	1.0%
5	93.9%	1.8%	4.3%	94.9%	1.7%	3.4%
6	77.3%	3.1%	19.6%	82.4%	2.9%	14.7%
7	60.5%	5.0%	34.5%	60.9%	3.1%	32.2%
8	26.0%	4.6%	69.4%	24.4%	3.3%	70.3%
Total %	91.9%	1.4%	6.8%	91.1%	1.1%	7.7%

According to the FinScope data, credit card usage is non-existent for those in FSMs 1-3 which is expected. Credit card usage is only significant for the top three FSM categories, although it dropped somewhat over the three year period for FSM 6 and 7.

Table II.3.9: Personal Loan from a Big Bank

FSM	2006			2009		
	Never had	Previously had	Have	Never had	Previously had	Have
1	99.3%	.7%	.0%	100%	0%	0%
2	98.3%	1.7%	.0%	99.9%	0.1%	0%
3	97.3%	2.7%	.0%	99.2%	0.4%	0.4%
4	93.9%	3.9%	2.3%	95.7%	1.3%	3.0%
5	89.5%	6.0%	4.5%	94.5%	1.9%	3.6%
6	83.6%	8.1%	8.3%	89.7%	6.2%	4.0%
7	76.3%	9.9%	13.8%	81.9%	9.9%	8.2%
8	74.7%	12.6%	12.7%	67.8%	17.4%	14.8%
Total %	93.1%	4.0%	2.9%	94.6%	2.7%	2.7%

This table shows the penetration of the primary banks in the microloans market. In 2006, the proportion of those who had or previously had a personal loan from a bank totalled 6.2% for FSM 4, 10.5% for FSM 5, and 16.4% for FSM 6.   These figures dropped, however, for 2009.

Table II.3.10: Loan from a Micro-Lender (including the Alternative Banks)

FSM	2006			2009		
	Never had	Previously had	Have	Never had	Previously had	Have
1	99.9%	.1%	.0%	100%	0%	0%
2	99.4%	.6%	.0%	99.9%	0.1%	0%
3	98.5%	1.1%	.4%	99.0%	0.9%	0.1%
4	98.9%	.9%	.2%	97.3%	1.4%	1.3%
5	97.4%	1.3%	1.3%	98.1%	0.8%	1.1%
6	95.5%	3.4%	1.2%	98.0%	1.1%	0.9%
7	97.0%	1.6%	1.4%	94.3%	3.6%	2.0%
8	97.4%	1.7%	.9%	96.2%	3.2%	0.6%
Total %	98.4%	1.1%	.5%	98.3%	1.0%	0.7%

The usage of micro-lending credit is low for all segments. If we combine, however, the figures for "previously had" with "have" we get a better indicator of the proportion of individuals per segment who are users of microloans and the figures demonstrate that there is growing acceptance and usage of these loans particularly among the wealthier segments. Usage changed per segment as follows: Segment FSM 4 – from 1.1% to 2.7%, Segment 5 – from 2.6% to 1.9%, Segment 6 – from 4.6% to 2.1%, Segment 7 – from 3.0% to 5.6%, and Segment 8 – from 2.6% to 3.8%.

Table II.3.11: Loan from an Informal Lender

FSM	2006			2009		
	Never had	Previously had	Have	Never had	Previously had	Have
1	98.9%	.7%	.4%	97.9%	1.8%	0.3%
2	97.9%	1.9%	.2%	95.9%	2.5%	1.6%
3	96.0%	3.9%	.1%	94.8%	3.0%	2.1%
4	96.5%	3.4%	.1%	92.4%	5.5%	2.0%
5	97.8%	2.1%	.1%	96.1%	2.1%	1.8%
6	97.3%	1.9%	.8%	94.2%	3.2%	2.6%
7	98.1%	1.6%	.3%	96.8%	3.0%	0.3%
8	99.2%	.8%	.0%	96.2%	3.8%	0%
Total %	97.6%	2.2%	.2%	95.3%	3.1%	1.6%

Loans from an Informal Lender represent a category which is not reflected in the National Credit Regulator data. The FinScope study does include this data, providing an indication of informal financial activities. The usage of this type of loan is generally low across FSMs but there is some increase in usage, particularly among individuals in FSMs 3 to 6.

Related to informal financial activities are loans from family and friends reflected in the table below. This type of information is also not available in the National Credit Regulator data but is quite prevalent across FSMs and has been increasing over the past two years, reflecting the tougher economic environment. This type of loans is particularly prevalent among the micro-market.

Table II.3.12: Loan from Family and Friends

	2006			2009		
FSM	Never had	Previously had	Have	Never had	Previously had	Have
1	85.5%	11.9%	2.6%	69.2%	23.7%	7.1%
2	85.2%	12.6%	2.3%	75.8%	12.8%	11.4%
3	78.8%	16.7%	4.5%	64.4%	22.8%	12.8%
4	78.2%	14.0%	7.9%	57.5%	23.5%	19.0%
5	82.3%	11.5%	6.2%	59.8%	28.7%	11.5%
6	84.1%	12.7%	3.2%	61.5%	21.6%	16.9%
7	87.6%	11.3%	1.1%	67.0%	25.4%	7.5%
8	88.8%	5.2%	6.0%	73.8%	21.5%	4.7%
Total %	**83.0%**	**12.8%**	**4.2%**	**65.7%**	**21.9%**	**12.2%**

Table II.3.13: Store Card where you buy on Account and Pay Later e.g. Edgars, Sales House

	2006			2009		
FSM	Never had	Previously had	Have	Never had	Previously had	Have
1	94.3%	4.5%	1.2%	95.1%	3.0%	1.9%
2	93.9%	4.4%	1.7%	90.7%	5.4%	3.9%
3	83.1%	9.7%	7.2%	91.2%	4.1%	4.7%
4	73.6%	7.7%	18.7%	75.2%	8.6%	16.2%
5	57.7%	8.6%	33.7%	59.1%	9.8%	31.1%
6	46.1%	7.6%	46.3%	49.1%	11.7%	39.2%
7	45.4%	10.3%	44.3%	38.4%	10.8%	50.8%
8	37.2%	11.3%	51.5%	27.2%	13.6%	59.2.%
Total %	**75.2%**	**7.1%**	**17.6%**	**73.0%**	**7.5%**	**19.5%**

The use of store cards is popular across FSMs but the data reflects a decrease in the usage of store cards among the core micro segments – perhaps due to upward movement in interest rates and the effect of the NCA on store card approvals and usage. The data also demonstrates that higher income groups dominate store card usage.

The use of hire purchase facilities is also more prevalent among the upper end of the FSM segmentation. As with store cards, there has been a drop in usage of hire purchase over the past two years except for FSMs 6 and 8.

Table II.3.14: Hire Purchase (HP) Facility (2009 data not available)

FSM	2006			2008		
	Never had	Previously had	Have	Never had	Previously had	Have
1	95.3%	4.2%	.5%	99.8%	.2%	.0%
2	97.1%	2.7%	.2%	98.9%	1.0%	.1%
3	94.8%	3.4%	1.8%	97.0%	2.1%	.9%
4	93.2%	5.7%	1.1%	95.0%	4.3%	.7%
5	86.6%	7.8%	5.7%	93.6%	3.5%	2.9%
6	84.4%	10.1%	5.5%	88.5%	5.5%	6.0%
7	76.8%	13.7%	9.5%	81.3%	11.8%	6.9%
8	72.4%	21.5%	6.1%	68.9%	20.7%	10.4%
Total %	91.3%	6.1%	2.7%	93.5%	4.2%	2.4%

PAPER 4: MICRO AND SMALL ENTERPRISES (MSEs)

This section aims to assess the nature of microenterprises and their role in the demand for financial services, utilizing the Business Sophistication Measure segments introduced by the FinScope Small Business Survey in 2006. The objective of the survey was to size, benchmark and segment the market for the first time. The survey was only conducted in one province, Gauteng, but is being done on a national basis during 2009, with results to be released in 2010. Gauteng was chosen due to its dynamic economic activity. It is the economic hub and financial centre of South Africa, generating 38% of the Gross Domestic Product (GDP) of the country and 10% of the GDP of Africa, and it has the highest density of both formal and informal enterprises in the country.

Box II.4.1: Motivation for Conducting Small Business Survey in Gauteng

- To quantify the small business market in Gauteng
- To benchmark the small business market in Gauteng to enable tracking of future changes year on year
- To understand the small business market and its potential for growth
- To understand our entrepreneurs and determine the impetus to join the small business market
- To understand how factors such as education, poverty, technology, skills, access to facilities and services impact on the success of small business
- Gain an understanding of the diverse needs and challenges facing small business in terms of financial literacy, financial access and attitudes towards financial products and institutions in running a small business
- Understand the impact of government assistance and support initiatives
- Understand the interplay between small business and the South African regulatory environment
- To understand the different levels of small business, their attitudes and business practices through segmentation – the Business Sophistication Measure – and to use this tool to identify opportunities for innovation in product and delivery

For this survey, 5 039 households were contacted, in which 12 422 adults were found, or 2.5 people per household. From this group, 2001 self employed or small business owners were identified or 16% of adults. Given there are 6 635 000 individuals age 16 and over in Gauteng, this ratio suggested that there were approximately 1 054 000 small and micro enterprises in the province, defined as enterprises with 200 or less employees. We do not yet have the data to estimate number of microenterprises in other provinces. A Small Business survey will be conducted in these provinces during 2009, with results released in early 2010.

The study developed a new methodology for segmenting this market called a Business Sophistication Measure (BSM). Seven separate segments were identified, from BSM 1 to BSM 7(See Table II.4.1 for more details). Businesses were placed in a segment according to their formality, financial record keeping and compliance, use of business management tools, use of technology, and use of banking services. As one would expect, there is a significant correlation between the level of sophistication of a business and its demographic characteristics, such as type of business, location, turnover levels, and education of the owner

Table II.4.1 - Market Segments by Business Sophistication Measure (BSM)[3]

	BSM 1 to 3 Survivalist	BSM 4 to 6 Microenterprise	BSM 7 Small Enterprise
Total No. in Gauteng (Proportion of 1 054 000)	499 000 (47%)	458 000 (43%)	97 000 (9%)
Business Category	Stall traders	Unregistered individuals/ Sole Prop	CC / Partnerships
Operate From	Footpath	Home	Home/ Shop/ Office
Education Level	Some H/S	Some H/S/ Matric	Post Matric
Avg No. of Employees	0.1 to 0.2	0.47 to 1.78	8.88
Avg. Annual Turnover	R9 000 to R 17 000	R 25 000 to R 120 000	R 460 000

It was considered that a measure of sophistication might be a better indicator of the condition of a small business (rather than simply 'informal' or 'registered') to guide whether that business was likely to grow or be a user of financial services.

Table II.4.2 provides further insights into the demographic characteristics of the three segments. Small businesses in segment BSM 7 are still predominantly owned by whites, although the number of previously disadvantaged owners has reached 37% and this ratio is believed to be improving each year. Businesses in segment BSM 7 are mostly registered, whereas 84% in segments BSM 4 to 6 are still informal, and 95% of the survivalist market is informal. A large majority (90%) of owners of businesses in segment BSM 7 have completed Matric or a higher qualification, whereas only 42% of owners in segments BSM 4 to 6 and 23% of owners is segments BSM 1 to 3 can claim the same level of education.

Clearly education and prior work experience equips a small business owner with the skills required to build a more substantial enterprise.

Table II.4.2 – Demographic Profile of BSM Segments

	BSM 1 to 3	BSM 4 to 6	BSM 7
Total No. in Gauteng (Proportion of 1 054 000)	499 000 (47%)	458 000 (43%)	97 000 (9%)
Informal Registered	95% 5%	84% 16%	6% 94%
Previously Disadvantaged	99%	90%	37%
Male Female	58% 42%	54% 46%	61% 39%
Primary School or less Some High school Matric Post matric or University	25% 53% 21% 2%	17% 40% 32% 10%	2% 7% 29% 61%
No prior work Experience	52%	35%	12%
Business Sole Income Source	81%	75%	74%
Non SA Citizen	21%	13%	3%

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[3] Finscope Small Business Survey, Gauteng 2006, Summary chart provided by Khula Enterprise Finance

Table II.4.3 below provides a profile of the types of businesses for each of the defined segments. Small businesses in segment BSM 7 are primarily active in the service sectors (40%), followed by trading (20%) and professionals (15%). The service businesses would include catering, cleaning services, small security firms, panel beating, internet cafes, privately owned schools and pre-schools, dressmaking/textiles, taxi operators, and landscaping, to name a few. Micro businesses in segments BSM 4 to 6, however, are primarily active in trading (60%) followed by services (23%). Services in this segment would be a similar range to those in BSM 7 but would be smaller and may also include such activities as hair salons, taverns, and florists. A large majority (83%) of businesses in segments BSM 1 to 3 are involved in petty trading.

Table II.4.3 – Business Profile of the Micro and Small Business Segments

	BSM 1 to 3	BSM 4 to 6	BSM 7
Trading	83%	60%	20%
Service	12%	23%	40%
Construction	1%	6%	11%
Manufacturing	1%	3%	5%
Professionals	0%	1%	15%
Other	2%	6%	8%
City Centre	8%	8%	19%
Suburb	8%	15%	53%
Township	39%	56%	14%
Informal / Hostel	42%	18%	2%
Rural / Small Holding	3%	3%	13%
Footpath or Hawker	46%	11%	10%
Rented House	3%	11%	11%
Own House	36%	56%	41%
Backyard or Garage	11%	17%	5%
Factory, Office, Shop	2%	5%	33%

Micro enterprises in segments BSM 4 to 6 are primarily found in townships and informal settlements, and work from a home or backyard or garage. Small businesses in segment BSM 7, on the other hand, are primarily found in suburbs and city centres. While a majority work from home, a large number (33%) work from a business premise such as a factory, office, or shop. Survivalist businesses are found in informal settlements, hostels, and townships, and primarily work from a non-permanent location or from their home.

Table II.4.4 – Monthly Turnover

	BSM 1 to 3	BSM 4 to 6	BSM 7
Up to R 830	68%	47%	12%
R 830 to R 4170	28%	37%	20%
R 4170 to R 8330	3%	11%	18%
R 8330 to R 25 000	1%	5%	32%
Over R 25 000	0%	1%	18%

Due to challenges regarding collection of turnover figures, this data needs to be interpreted with caution. Some respondents may have confused the concept of business turnover with that of business net income. Other respondents may not have wanted to provide this data for fear of being taxed. Still others may not have

known or remembered their turnover figures. Due to these issues, it is expected that the figures in Table II.4.4 are somewhat lower than the actual figures. Despite this qualification, however, the table highlights the extremely marginal income generation of the survivalist businesses, with only 32% earning more than R830 per month. The mid level microenterprise market is only slightly better off, at 53% earning above this figure.

Table II.4.5 demonstrates that although the longevity of the middle and upper level segments is similar, with a majority of businesses having been in existence for longer than two years, the sophistication levels are significantly different. Less than one half (46%) of the micro enterprises keep financial records, compared with most (93%) of the small enterprises. The microenterprises do not have access to computers or the internet, whereas a majority of the small enterprises do enjoy these services. As would be expected, longevity of survivalist businesses is shorter, with 50% having been in existence for less than two years, and their use of and access to technology is virtually zero.

Table II.4.5 – Stability and Sophistication of the Micro and Small Business Segments

	BSM 1 to 3	BSM 4 to 6	BSM 7
Average Job Creation	0.2	0.9	8.9
Keep Financial Records	18%	46%	93%
Longevity of Business			
Up to 2 years	50%	37%	31%
3 to 10 years	37%	47%	38%
Over 10 years	13%	16%	31%
Electricity	38%	89%	92%
Cell phone	47%	75%	87%
Computers	0%	6%	77%
Fax Machine	0%	3%	55%
Internet Access	0%	1%	58%
Credit Card machine	0%	0%	23%

In terms of access to finance, 41% of business owners are currently "unbanked", whilst 59% are banked. Only 21% of business owners in BSM 1 are banked in contrast to all business owners in BSM7 having a personal account.

Figure II 4.1: Banking Status of Business Owners
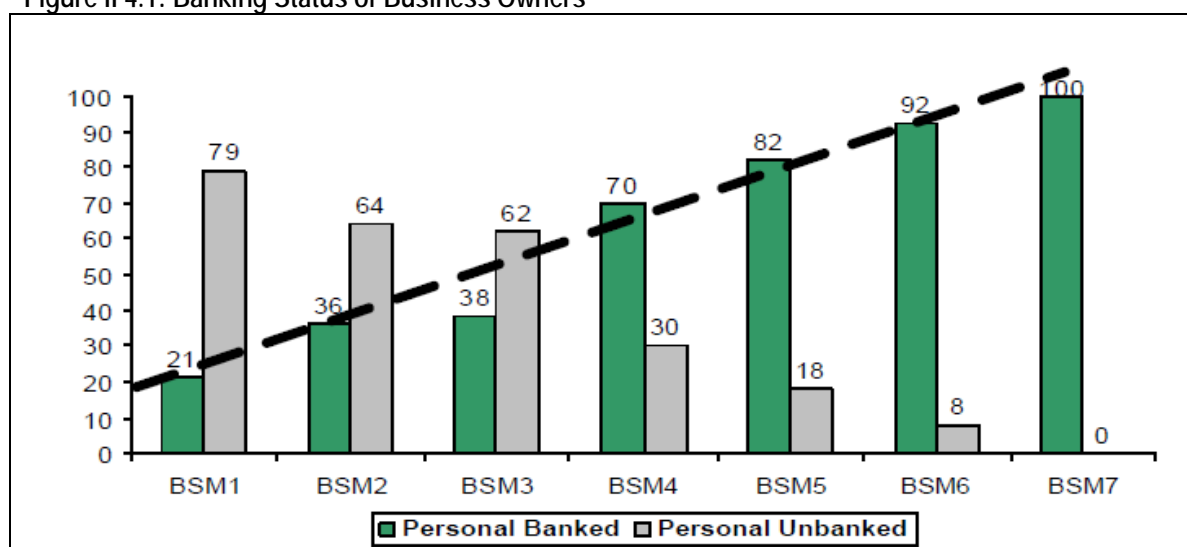
Source: Finscope Small Business Survey Gauteng Report 2006

Small business enterprises that have a separate and specific business bank account stand currently at approximately 42%. Business bank account penetration in BSM 1 is zero, BSM 4 at 48% and BSM 7 at 97%. Of those businesses that have a personal bank account, but no business bank account, 57% use their personal bank account for business purposes.

Table II.4.6: Banking Status and BSM

	Total	BSM1	BSM2	BSM3	BSM4	BSM5	BSM6	BSM7
Personally Banked	59%	21%	36%	38%	70%	82%	92%	100%
Business Banked	42%	0%	14%	24%	48%	65%	81%	97%
Produce usage (For those who are banked)								
Savings Act	82%	100%	88%	90%	92%	80%	76%	61%
Current/chq Act	21%	0%	0%	3%	4%	21%	28%	67%
ATM Card	27%	0%	8%	21%	20%	29%	35%	43%
Credit Card	8%	0%	0%	0%	1%	1%	7%	38%
Fixed Deposits	4%	0%	0%	0%	0%	1%	5%	16%
Internet Banking	7%	0%	0%	0%	0%	1%	1%	37%
Overdraft	4%	0%	0%	0%	0%	0%	0%	22%

Source: Finscope Small Business Survey Gauteng Report 2006

The general banking behaviour of BSMs are summarised in the Box II.4.2 below.

Box II.4.2: Banking Behaviour of BSMs

BSM1	BSM2
Do banking personally	Travel between 30 – minutes to 1 hour to bank
Travel to bank by taxi	Biggest reason for no business account is I don't qualify
Travel over an hour to bank	Small penetration of business account – post bank
Reason for selecting current bank – its advertising and convenient location	Reason for selecting bank – they are prepared to open an account for me
Don't need a specific business account – use personal account	
Currently receive communication from bank in branch – would prefer telephonic communication in the future	
BSM3	**BSM4**
Travel to the bank by taxi or walk	Travel to bank by taxi
Bank monthly	Go to branch approximately twice a month
Reasons for selecting bank ; recommended by a friend	Get statements at the branch
Reason for no business bank account; my income isn't high enough	No business bank account – income isn't regular
	Selected current bank because of its advertising
	Current communication by bank is in branch
BSM5	**BSM6**
Travel to bank by taxi	Go to the bank in own car or company car
Use branch for inter account transfers, for payments to somebody else and to get balance statements	Travels less than 10 minutes to the bank
Bank currently communicates by cell phone	Current or Cheque account usage
	Cheque deposits at ATM
	Bank currently communicates by cell phone
	Can bank daily
	Main reason for selecting business bank is because business owner has used it previously
BSM7	
Internet banking used for balance enquiries, statements and payments to another person	
Travel to bank in own car	
Takes less than 10 minutes	
Go to the bank weekly	
Would like bank to communicate with them by e-mail in the future	
Have a business loan, credit card and overdraft facility	

Source: Finscope Small Business Survey Gauteng Report 2006

In terms of loans, the main source of financial borrowing across all BSMs is through family and friends.

The vast majority (63%) of small business owners used their own personal savings to start their business. Lending from formal financial institutions is particularly low. Only about 22 000 (2%) of small business owners took out a loan in order to start their business. If the small business owner has to borrow money, they are more inclined to borrow from family and friends (20%). BSM 6 and 7 have the largest capital injection into the start up of their businesses and the source of this capital is loans, pension funds or retirement policies.

Of all business owners only 1%, just under 16 000 businesses, have a loan or have borrowed money (exclusive of start up capital). Of these 12 630 (87%) borrowed money from a formal bank or financial institution, 13% from family or friends, 5% from an employer and 2% from a micro / informal lender.

The primary reasons for borrowing money are: expansion of the business 41%, for working capital 21%, to pay debts 8%, to buy property 8%, to finance stock purchases 4% and to finance a contract or tender at 4%.

With regard to insurance, 74% of registered businesses and unregistered individuals pay no insurance in their business. Of those that do have insurance, the following table is a break-down of insurance product usage according to BSM.

Table II.4.7: Insurance Product Usage by BSM

	Total	BSM1	BSM2	BSM3	BSM4	BSM5	BSM6	BSM7
	%	%	%	%	%	%	%	%
Motor-vehicle	17	0	0	0	0	1	14	57
Property	12	0	0	0	0	1	6	43
Medical aid	12	0	0	0	0	1	5	43
Legal aid	7	0	0	0	0	1	7	24
Pension/provident fund	7	0	0	0	0	0	3	27
Office equipment	7	0	0	0	0	0	0	29
Workman's compensation	4	0	0	0	0	0	0	17
Travel insurance	4	0	0	0	0	0	0	15
Personal injury or accident	3	0	0	0	0	0	3	11
Liability insurance	2	0	0	0	0	0	0	8
Professional indemnity	1	0	0	0	0	0	0	6
Key person insurance	1	0	0	0	0	0	0	3

Source: Finscope Small Business Survey Gauteng Report 2006