

The MSME South Africa Landscape Study

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Growing South Africa's small business sector



Small businesses can be engines of growth and job creation in South Africa. How can we unlock their full potential? The IFC, a member of the World Bank Group, in collaboration with Kantar, interviewed around 2,600 small businesses across the country, to better understand South Africa's small business sector.

The study which launched this week, highlights trends from access to finance and business infrastructure, to use of cash and banking services, with the goal to inform the design of regulation, provision of financial services and creation of tools that will meet the needs of this crucial sector to the economy.

The strategic output was to aid in unlocking the full potential of this sector to stimulate economic growth and job creation in the country.

Key findings include:

1. Unemployment is driving South Africans to start businesses.
2. Informal businesses are reluctant to formalise.
3. The formal and informal sector play a big role in job creation.
4. SMEs have limited access to formal sources of finance.
5. SMEs are not embracing business banking.
6. Cash dominates formal and informal business transactions and daily functions.
7. South African businesses operate with little access to business infrastructure.
8. Digital connectivity is limited for small businesses.
9. SMEs want non-financial services like training and capacity building.
10. Women-owned businesses face additional hurdles in business.

Strengthening initiatives

The MSME study demonstrates the big opportunity for financial and government stakeholders to strengthen the MSME environment. Shifting the MSME sector into a larger job creating engine requires support during the start-up and growth

phases of the MSME business lifecycle. Based on the findings from the interviews with small business owners, we categorise our recommended initiatives across three pillars:

Unlock SME banking

- Increase access to finance.
- Boost banking.
- Create specialised MSME insurance.

Support formalisation

- Increase awareness.
- Smooth the process.

Build better business management

- Improve access to knowledge.
- Increase financial recording.
- Support resilience.

Read the full report online at IFC.org:

<http://wrlid.bg/H9uw30qhZLY>

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