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SOUTH AFRICAN MSME ACCESS TO FINANCE REPORT

2025

IN PARTNERSHIP WITH

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small business development
Department: Small Business Development
REPUBLIC OF SOUTH AFRICA

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GLOSSARY OF ACRONYMS

API	Application Programming Interface
BA200	Bank Act 200 (Capital Adequacy Return)
BA900	Bank Act 900 (Statistical Return on Selected Assets and Liabilities)
BEE	Black Economic Empowerment
BER	Bureau for Economic Research
BPO	Business Process Outsourcing
BUSCRI	Business Credit and Risk Information
CDS	National Treasury's Central Supplier Database
CIDB	Construction Industry Development Board
CIPC	Companies and Intellectual Property Commission
COIDA	Compensation for Occupational Injuries and Diseases Act
DFI	Development Finance Institute
DSBD	Department of Small Business Development
ESD	Enterprise and Supplier Development
FAS	Financial Affluence Segmentation
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IFC	International Finance Corporation
LSM	Living Standards Measure
MSME	Micro, Small and Medium Enterprise
NAFCOC	National African Federated Chamber of Commerce
NDP	National Development Plan
NPC	Non-Profit Company
POS	Point of Sale
PTY LTD	Proprietary Limited
OECD	Organisation for Economic Co-operation and Development
QLFS	Quarterly Labour Force Survey
SAB Foundation	South African Breweries Foundation
SACCRA	SACRRA South African Credit Risk and Reporting Association
SARS	South African Revenue Service
SASFA	South African SME Finance Association
SIC7 Codes	Standard Industrial Classification 7 Codes
STATS SA	Statistics South Africa
VAT	Value Added Tax

ACKNOWLEDGEMENTS

Finfind would like to acknowledge and thank all our sponsors and key stakeholders for partnering with us to ensure the publication of this important MSME funding landscape report.

The SA MSME Access to Finance Report 2025 in partnership with African Bank is provided free of charge to entrepreneurs, MSMEs and the various stakeholders across this vital sector, and this is only possible because of the generous support from our sponsors.

We would like to express our sincere thanks and appreciation to our lead sponsor African Bank for their sponsorship support and for their passion for the MSME sector.

We also extend thanks to our public sector partner, the Department of Small Business Development for their partnership and continued support.

We would also like to express our gratitude to the SAB Foundation, Experian South Africa and the National Finance Literacy Advocacy for their sponsorship support and acknowledge the invaluable work they all do to develop and grow the MSME sector in South Africa.

The data analysis for the report was undertaken by Stellenbosch University's Bureau of Economic Research (BER) and Experian South African. We extend our thanks to them for their thorough and professional undertaking of this important work.

Finally, thanks to our global credit data partner, the IFC, for their continued collaboration and support.

Sponsors

- African Bank – Lead Sponsor
- SAB Foundation
- Experian South Africa
- National Financial Literacy Advocacy

Public Sector Partner

- The Department of Small Business Development

Global Partner

- World Bank IFC

Data Analysis

- Stellenbosch University's BER (Bureau of Economic Research)
- Experian South Africa

FOREWORD

For a small business looking to establish itself, the difficulty in accessing the necessary capital has always been a tremendous obstacle. At present, that obstacle threatens to trip up our national economy. The important role small businesses play in our economic growth cannot be understated. And yet, this sector of our economy has routinely been neglected, to the detriment of our fiscus, our people, and our prospects for the future.

The writing has been on the wall for some time. When the inaugural National African Federated Chamber of Commerce (NAFCOC) meeting took place in 1964, paramount was the issue of access to funding for entrepreneurs and small businesses. Among the attendees were business pioneers who would later become doyens of the South African business fraternity, influential leaders such as Dr Richard Maponya and Dr Sam Motsuenyane. They had come to the realisation that our people and our communities were unlikely to prosper unless there was active support for MSMEs. As entrepreneurs themselves, they knew that the sustainability of our communities, and the health of its small business sectors, are inextricably linked.

Their solution was to become the financiers that the traditional banks of that time were too risk averse and close-minded to be. The African Bank they founded in 1975 was envisioned as a trusted financial partner, one that understood the difficult journey that all entrepreneurs undertake in pursuit of their aspirations.

50 years later, the challenges they were determined to confront still endure, but so too does a wellspring of inspiration born of their audacious endeavour. We have partnered with Finfind to publish this seminal South African MSME Access to Finance Report because we believe that through innovative financial solutions and concerted investment in the underserved MSME sector, we can elicit a stronger pulse from the fading heartbeat of our economy.

The data captured in our findings paints a vivid picture of the challenges we face as a country, but they also uncover the avenues through which the untapped potential of the small business economy can be unleashed. It is our fervent belief that wider and more nuanced support for MSMEs will lead to more robust job creation, sustainable economic growth and diversity, business innovation, poverty alleviation through greater financial inclusion, and a strengthening of the value chain for larger enterprises. Such support has to transcend traditional lending models as MSMEs will not thrive with a one-size-fits-all approach. They need bespoke solutions that speak to their entrepreneurial reality.

Our hope is that the findings of this report will encourage investors to adopt the spirit of our founders and create new paths for collaboration with MSMEs. We also hope that entrepreneurs reading this report will gain a deeper understanding of what financiers are looking for, and that the information here will assist them to overcome the challenges associated with starting, running, and growing their businesses.

Together, we can build a more inclusive and resilient economy that will benefit individuals, local communities, and our nation as a whole.

I would like to extend my sincere appreciation to Finfind for the tremendous work and insight that has gone into compiling this invaluable report. I would also like to commend the honourable minister Stella Ndabeni-Abrahams and the Department for Small Business Development for their partnership in this endeavour, and for their many initiatives aimed at empowering MSMEs.

Sincerely
Kennedy G Bungane
Group CEO: African Bank

EXECUTIVE SUMMARY

Finfind's SA MSME Access to Finance Report 2025 in partnership with African Bank is successive to the Inaugural SA SMME Access to Finance Report that was published by Finfind in 2018, sponsored by the SA SME Fund. The inaugural report was widely read nationally and globally and continues to be referenced in the media and research studies. There have been numerous requests for an annual update publication of this valuable funding landscape report.

BACKGROUND

Micro, small and medium enterprises are the backbone of the country's economy, accounting for 40% of GDP and employing more than 60% of the nation's workforce. MSMEs make up the largest portion of formal business activity in South Africa with over 91% of the registered entities.

MSMEs contribute to economic growth and diversification by developing new and unsaturated sectors of the economy and fostering a culture of innovation and entrepreneurship that bolsters new job creation. They are crucial for reducing unemployment, especially as the formal sector continues to shed jobs. MSMEs are the most effective engine for job creation. For South Africa to resolve its high rate of unemployment, it is imperative that a supportive environment is created to facilitate MSME growth. Addressing the R350 billion funding gap is critical to achieving this. The inability for MSMEs to secure finance remains a major barrier to entrepreneurship, business expansion and broader economic growth in the country.

The purpose of the report is to map the landscape of providers and seekers of MSME funding in the country, and to provide data-backed evidence of the makeup of the finance seekers, their finance needs, and what finance products funders are providing, to ensure that supply and demand gaps can be addressed. The report also highlights the challenge of MSME funding readiness and the impact that the absence of business credit data is having on the growing funding gap in the country.

African Bank and the SAB Foundation have sponsored an independent research study of Finfind's MSME funders and finance seeker data. The data analysis has been undertaken by Stellenbosch University's Bureau of Economic Research (BER) and Experian.

The Report is made freely available for the benefit of stakeholders across the MSME ecosystem including banks, non-bank private sector lenders, government agencies, DFIs, incubators, accelerators, business development service providers and policy makers, amongst others.

OUTLINING SOME OF THE KEY CHALLENGES AND FINDINGS

Formal micro businesses account for 85.6% of the MSMEs applying for funding – they create the majority of the jobs (80.5%) yet are the most underserved

The data paints a clear picture, where those who are driving employment and actively seeking capital are least likely to receive it. If the country is serious about job creation, all efforts must be invested in supporting the businesses that are creating the jobs.

Owners of micro businesses find themselves between a rock and a hard place – they cannot access businesse finance as they are seen as high risk with no collateral. Equally, they struggle to access personal finance as most do not have a regular monthly income paid into their personal bank accounts to confirm income and affordability, and the majority have below average credit scores – this is largely due to paying business expenses first to stay afloat to the detriment of their personal credit health.

Change is needed to address the funding gap for this vital, underserved segment.

There is a high demand for finance for startups and early-stage businesses, but very little supply. Finance for startups does not feature in the top 10 finance product offerings from funders

South Africa's startup ecosystem cannot thrive without targeted, early-stage capital across all sectors. Bridging this gap is essential to unlock entrepreneurship, innovation and inclusive economic growth.

The sector needs dedicated startup funds targeting the businesses in industry sectors with the highest demand. Public-private partnerships to co-invest in early-stage innovation are needed and the provision of blended finance with entrepreneurship development, combining loans with intensive training, mentoring, and support for young entrepreneurs.

Additionally, digital tools are required for the provision of loan origination, scoring and monitoring and tech-enabled distribution through micro financiers and point-of-sale (POS) agents. Further to the provision of venture capital, loan products are also needed that target underserved segments (such as youth, women, rural and informal). These loans should be provided at lower interest rates and should be capped to promote affordability.

The lack of funding readiness is one of the primary challenges for MSMEs applying for funding

Many MSMEs struggle to access finance, not because funding isn't available – but because they are not funding ready. Funding readiness is just as important as funding availability. Strengthening MSMEs' ability to prepare and present fundable proposals with the supporting documentation needed by funders is essential to closing the finance gap and unlocking the sector's growth potential.

Government and Corporate ESD programmes should prioritise capacity-building interventions that are focused on providing funding literacy and finance recordkeeping training and fit-for-purpose online accounting and payroll tools to ensure business owners can stay on top of their cash flow management and other keys areas of their business.

Business owners also need access to pre-funding readiness assessments to highlight the gaps that exist before applying for funding and practical assistance to address them. There has been a longstanding call for a 'Funding Readiness Voucher' programme where business advisors and small business accountants provide funding readiness assistance to MSMEs. The idea was born out of the Presidential Jobs Summit catalytic project in 2018 to bolter job creation for youth and help MSMEs access finance.

The scarcity of business credit data still hinders the scaling of MSME funding – especially for traditional banks and DFIs

As stated in the inaugural report, while consumer credit data is organised and well-regulated with standardised means of data collection and data sharing, this is not the case for business credit data. The absence of comprehensive, standardised and up-to-date credit data for MSMEs remains a major hindrance, significantly limiting the ability of lenders to assess risk and extend credit at scale.

Seven years on, there is still no regulation requiring credit providers to share data on MSMEs lending. MSME credit data remains scarce. Business credit data that is available from the six primary credit bureaus is costed at a premium and is predominantly only for larger, more established businesses. Traditional lenders, Banks and DFIs, still place heavy reliance on the business owner's personal credit record as a proxy for the business in the absence of business credit data.

Fintechs have stepped into the gap using bank statement and other digital alternative data to assess applicants, but their finance comes at a premium as it is priced for risk. The protracted BUSCRI initiative of the SACRRA aimed at improving access to credit for businesses is being relaunched with the IFC after more than a decade. It aims to bridge the gap in credit information available to lenders.

Outside of the planned BUSCRI, there is very little sharing of good and bad repayment data for business loans between lenders, although the fintech lenders through SASFA are doing so. South Africa's credit bureaus are not yet fully integrated with MSME-specific databases (such as SARS, CDS, POS and accounting systems, mobile money platforms, etc).

A change in credit scoring models for MSME funding is urgently needed – a move away from traditional assessments to the harnessing of alternative data and open finance

A transformative approach to MSME credit assessment leverages the rich alternative data already being generated through everyday business activities. Mobile money transactions, digital payment histories, supplier records, telecom usage patterns and utility payments offer powerful insights into business viability which traditional models overlook.

Open finance frameworks can unlock this data through secure, consent-based sharing mechanisms that give lenders visibility into previously invisible financial behaviours while protecting privacy. This approach enables real-time assessment of business performance, creates more accurate risk profiles for informal businesses, reduces dependence on traditional collateral, and significantly lowers credit assessment costs for both lenders and borrowers.

Implementing these modern approaches requires intentional collaboration between government agencies, financial institutions and technology providers. South Africa's MSME sector deserves a credit assessment ecosystem that recognises 21st-century business realities rather than reinforcing outdated paradigms.

By embracing alternative data and open finance, financial inclusion can be expanded and ultimately the vast economic potential currently constrained by inadequate credit scoring models can be realised. This isn't merely a technical shift – it's a critical step to address unemployment, reduce inequality, and build a more inclusive economy.

The gaps in MSME lending data remains a challenge – more granular reporting is needed from banks aligned with other OECD countries

The issue of the lack of detailed reporting by banks on MSME lending also remains unchanged. As stated in the inaugural report; while banks provide reporting about their MSME lending at an aggregate level to the Reserve Bank via BA200 and BA900 submissions, no granular breakdown is provided or made public.

In other OECD countries, banks report on MSME interest rates, the percentage of total outstanding business loans, new MSME lending, non-performing long and short-term loans and the percentage of MSMEs needing collateral to obtain bank lending and rejection rates.

Transparent data on the number of MSMEs applying for loans by turnover category, the reasons they are applying, financing terms, rejection reasons and rates, interest rates, non-performing loans and factoring volumes does not exist in the public domain in South Africa – despite this information being crucial for policy making.

While this report focuses on the composition of providers and seekers that make up the MSME funding landscape (the breakdown of the requests for funding and the supply and demand insights) – to provide a complete picture, data on the success rate of MSME financing is required, with detail of approval and rejection rates and reasons.

INTRODUCTION

REPORT PURPOSE

The purpose of the report is to provide access to much-needed MSME funding data and insights to help understand and address the access to finance challenges of this vital market.

The report maps the MSME funding landscape, providing a breakdown of the finance seekers, their finance needs, what products funders are providing, funding readiness requirements, funding supply and demand insights and unpacks the key challenges and recommended solutions.

REPORT CONTEXT

Unemployment in South Africa is very high

South Africa's official unemployment rate as at the first quarter of 2025 was 32.9%. When considering the expanded definition, which includes discouraged individuals who have stopped seeking employment, the unemployment rate escalates to 43.1%.

The increasing youth unemployment rate is at a tipping point, with unemployment figures for individuals aged up to 34 reaching 46.1% in the first quarter of 2025, up from 44.6% in the previous quarter.

Solutions to address high unemployment must be urgently prioritised to safeguard the stability of the country and improve economic growth.

MSMEs are the key to job creation

MSMEs contribute significantly to employment, providing jobs to 60% of the nation's workforce. They are undisputedly the most effective engine for job creation.

The World Bank forecasts that four out of every five new jobs over the next 15 years will be created by MSMEs. The NDP envisions that by 2030, MSMEs will contribute between 60% to 80% GDP increase in South Africa, and generate 90% of the 11-million new jobs.

With employment at saturation point in the public sector, and corporate South Africa shedding jobs, the only viable solution to bolster new job creation in the country is a robust, growing MSME sector.

The MSME sector is not growing significantly

While MSMEs employ approximately 13.4 million people, across the formal (4.3 million) and informal (9.1 million) sectors, this number has not increased significantly in the past few years.

The country is depending on growth of the MSME sector to provide millions more South Africans with the means to support their families and to alleviate poverty. While the sector is currently on a growth trajectory in 2025, more needs to be done to remove the obstacles that are impeding the scale and pace of the growth needed to make a meaningful economic impact.

Increased access to funding for MSMEs is imperative to ensure the growth of this vital sector

The MSME sector is impeded by a persistent and growing funding gap, that exceeds more than R350 billion. This deficit significantly hampers the sector's growth and its ability to contribute more meaningfully to employment and GDP. In South Africa, the funding gap is not a shortage of supply, but rather that finance is not aligned to the demand.

MSME funding plays a critical role in business success and growth. It is not simply financial support – it's a catalyst for innovation, growth and long-term success. Without access to finance, even the most promising businesses struggle to grow. Improved access to finance (particularly for micro enterprises) is essential to stimulate entrepreneurial activity, drive innovation, and promote inclusive economic development.

Change is needed

The large funding gap must be addressed, change is needed – without change nothing will change.

- Fit-for-purpose funding solutions for MSMEs with a turnover of less than R1m per annum (greatest funding demand).
- Innovative funding models for startups.
- Reforms to traditional risk assessment and credit scoring models used by banks and DFIs.
- Implementation of open finance – a shift from the current data holder-centric approach to a data subject-centred approach to improve data sharing to revolutionise MSME credit risk assessments.
- Development of alternative assessment methods, incorporating alternative data scoring to create mechanisms to evaluate businesses with limited documentation or credit history.
- Adopt the use of digital platforms for online loan request submission, automated KYC, data validation and request filtering with data-driven matching.
- Harnessing of fintech for loan processing to reduce the costs of smaller loans.
- Improved risk sharing models including the revamping of Government's credit guarantee scheme with a focus on supporting finance for businesses with a turnover of less than R1m per annum.
- Enhanced MSME support services, including financial recordkeeping training and accounting tools, funding readiness assistance, and digital enablement.
- Prioritising and scaling of targeted financial instruments for micro businesses, particularly for rural, township, and youth-owned enterprises.
- Changes needed to banking sector reporting submissions to the Reserve Bank on MSME lending to provide greater granulation and transparency, aligned with OECD standards.
- Changes recommended to the NCA (refer page 69).
- Implementation of the recommendations in the newly gazetted MSME funding policy.

RESEARCH DATA SET

FUNDER DATA SAMPLE

Finfind's funder database of MSME finance providers and finance products was used for the study.

Funder data set comprises:

- 315 active funders
- 605 active finance products

Breakdown on the funder data set used for the report:

FINFIND MSME FUNDER DATABASE (AUGUST 2024)	
Number of Funders by Funder Type	**315**
Government	29
Banks	15
– large banks (5)	
– other banks (10)	
Non-bank private sector lenders	271
Number of Funders by Product Count	**315**
Funders with 1 Finance Product	233
Funders with 2 Finance Products	34
Funders with 3 Finance Products	27
Funders with 4 Finance Products	7
Funders with 5 Finance Products	5
Funders with 6 to 10 Finance Products	3
Funders with more than 10 Finance Products	6
Number of Finance Products by Funder Type	**605**
Government Products	112
Bank Products	93
Non-bank Private Sector Lender Products	400
Number of Finance Products by Product Type (this figure is more than the product total as some products are counted across multiple types)	**671**
Debt	394
Equity	181
Grants	40
Leasing – Asset Funding	23
Rental – Asset Funding	21
Incentives	12

MSME DATA SAMPLE

A cleaned data sample of over 10 000 MSME funding requests was analysed for this report.

The sample was taken from completed funding requests that were submitted by MSMEs between 1st September 2023 and 31st August 2024 via Finfind's online fund matching platform.

Total Visits

283 965

150 103
52.85%

131 689
46.38%

2 173
0.77%

Total Users

218 710

Page Views

996 460

Avg session duration

07:47

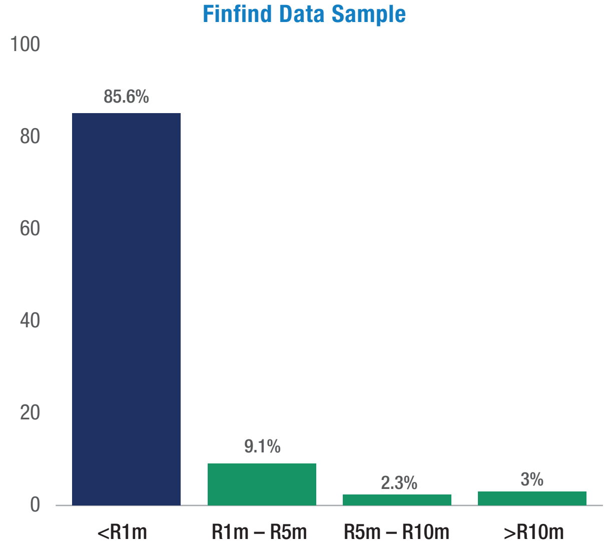
During this 12-month period, Finfind accumulated a total of 218 710 new MSME users who spent an average of 7 minutes 47 seconds submitting online funding applications and associated supporting documents. The cleaned data sample was taken from this dataset.

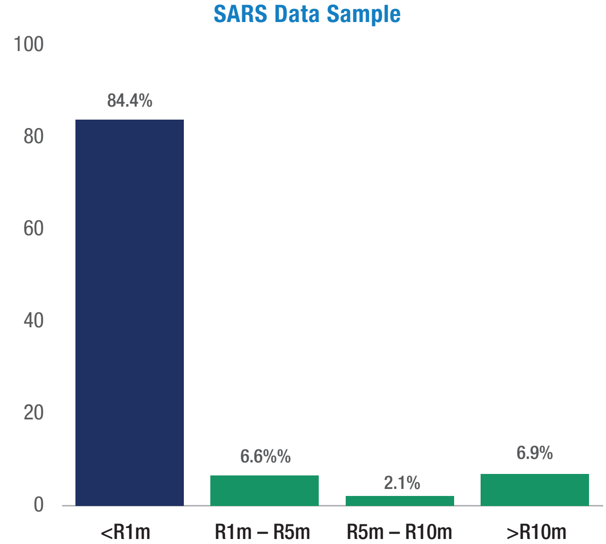
The MSME sample used for this 2025 report study was a similar size to the sample used for Finfind's Inaugural SA SMME Access to Finance Report that was published by Finfind in 2018, sponsored by the SA SME Fund.

IS THE FINFIND DATA SET REPRESENTATIVE OF THE SOUTH AFRICAN MSME MARKET?

The Finfind MSME data sample analysed for this report was compared to the SARS 2024 Tax statistics for VAT and Company Income Tax and the QLFS and Stats SA data samples for the same period. The result of the data comparisons deemed the Finfind data sample to be a credible representative sample and as such the study findings can be generalised for formal MSMEs in South Africa.

FINFIND DATA SAMPLE VS SARS DATA SAMPLE – MSME TURNOVER

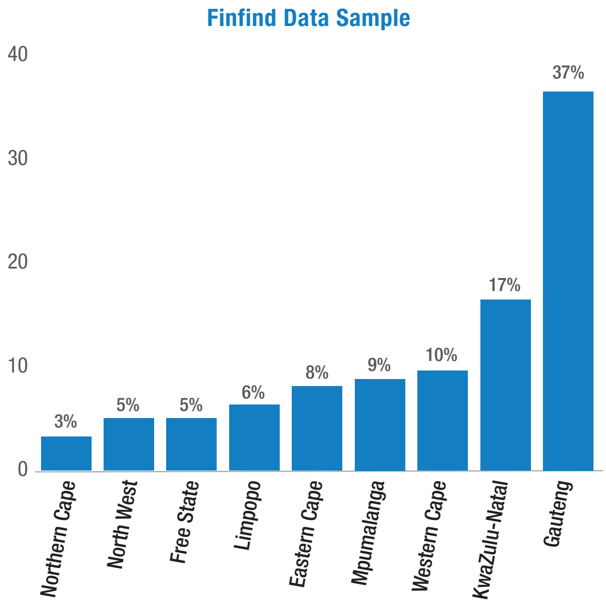


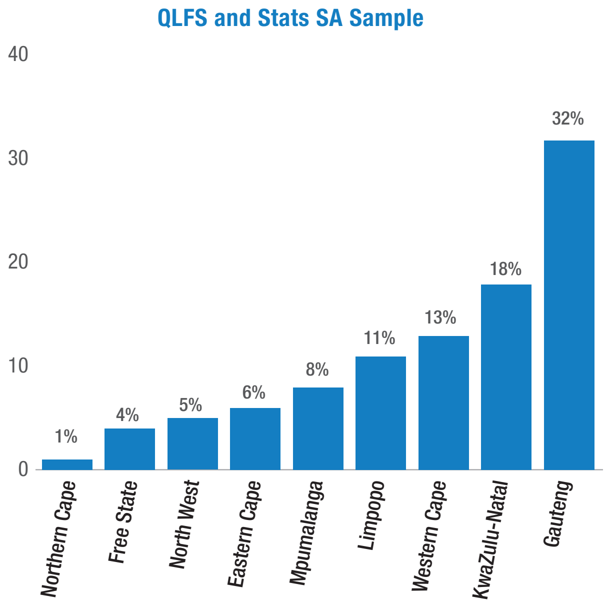


The Finfind data set has a very similar turnover percentage for business sizes compared with the total population of formal compliant MSMEs in the SARS data set, which indicates that the Finfind data is a credible representative sample and the study findings can be generalised for formal MSMEs in South Africa.

Sources: Finfind MSME data (Sep 2023 to Aug 2024), SARS (2024) Tax statistics: VAT and SARS (2024) Tax statistics: Company Income Tax

FINFIND DATA SET COMPARED TO TOTAL POPULATION BY PROVINCE

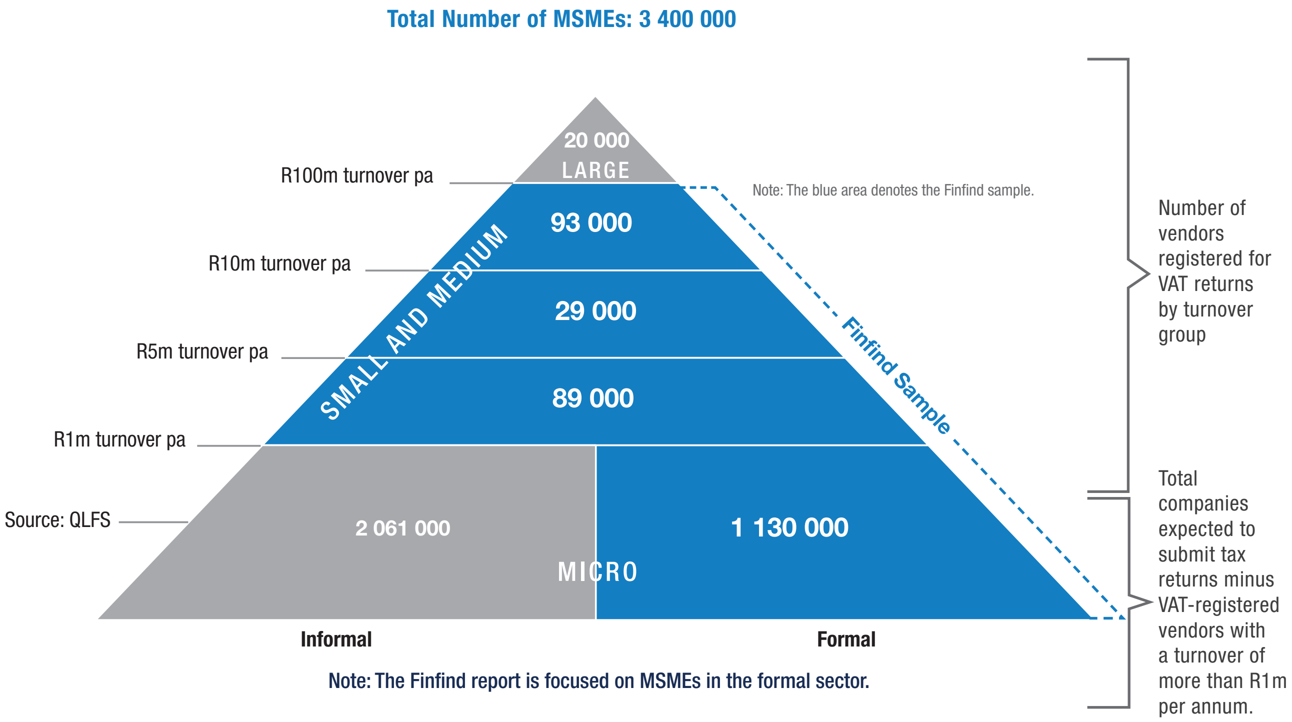




The Finfind data set has a very similar percentage of MSMEs by province as per the QLFS and Stats SA data sample, that would suggest that it is very representative of the geographic spread of MSMEs in the country.

Sources: Finfind MSME data (Sep 2023 to Aug 2024), QLFS and Stats SA (2024)

ESTIMATING THE TOTAL NUMBER OF MSMES IN SA



Sources: SARS (2024) Tax statistics, BER Estimates from QLFS (2024 Q3) and Finfind data.

DATA ANALYSIS

1. MSME DATA ANALYSIS

In this section we will discuss the finance seeker data, it is divided into four areas namely:

1.1 Business Information

1.2 Primary Owner Information

1.3 Shareholder Information

1.4 Funding Request Information

1.5 Funding Documentation

2. FUNDER AND FINANCE PRODUCT DATA ANALYSIS

2.1 Funder Information

2.2 Finance Product Information

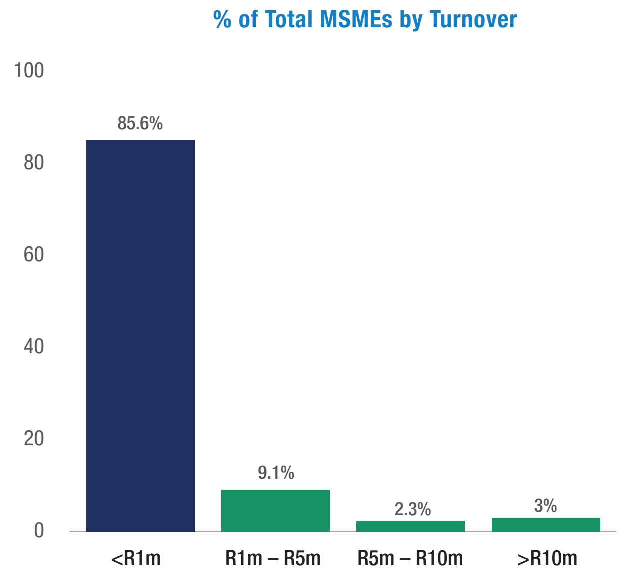
3. FUNDING DATA COMPARISON – 2018 REPORT VS 2025 REPORT

4. FUNDING SUPPLY AND DEMAND INSIGHTS

1. MSME DATA ANALYSIS

1.1 BUSINESS INFORMATION

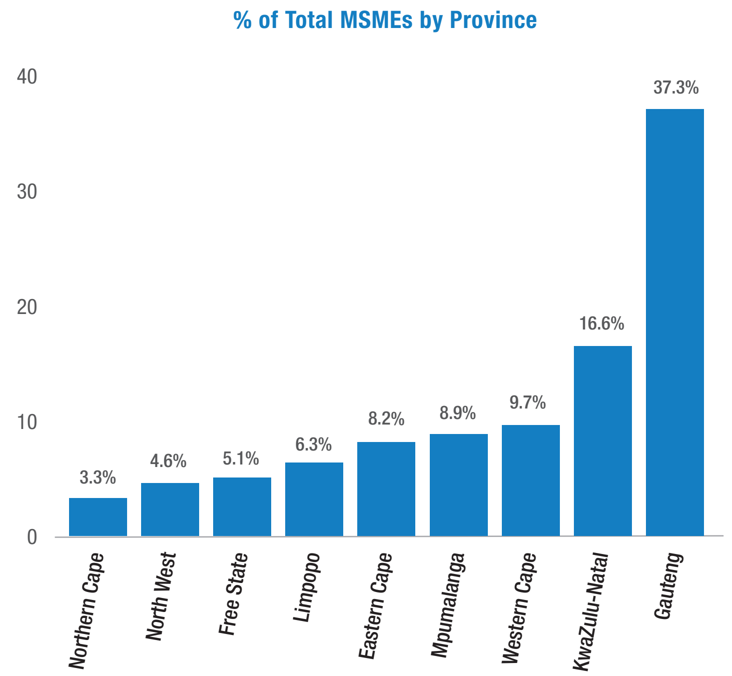
MSME BY TURNOVER



Data source: Finfind

The majority of MSMEs (85.6%) applying for finance have a turnover of less than R1m per annum.

MSME BY PROVINCE



Data source: Finfind

More than 60% of the MSMEs applying for finance are from the 3 main economic hubs in the country.

MSME BY BUSINESS AGE

Business Age	Total Businesses	<R1m	>R1m
Less than 1 year	19.1%	96.1%	3.9%
1 – 2 years	15.6%	94.5%	5.5%
2 – 3 years	11.8%	90.9%	9.1%
3 – 4 years	9.5%	88.6%	11.4%
4 – 5 years	8.4%	86.6%	13.4%
5 – 10 years	24.0%	78.1%	21.9%
More than 10 years	11.6%	62.7%	37.3%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Less than 1 year	21.5%
1 – 2 years	17.3%
2 – 3 years	12.5%
3 – 4 years	9.9%
4 – 5 years	8.5%
5 – 10 years	21.9%
More than 10 years	8.4%
	100.0%

Businesses between R1m – R5m	
Less than 1 year	4.3%
1 – 2 years	6.7%
2 – 3 years	8.5%
3 – 4 years	8.6%
4 – 5 years	8.5%
5 – 10 years	38.6%
More than 10 years	24.8%
	100.0%

Businesses between R5m – R10m	
Less than 1 year	4.7%
1 – 2 years	5.6%
2 – 3 years	8.2%
3 – 4 years	6.0%
4 – 5 years	8.2%
5 – 10 years	33.2%
More than 10 years	34.1%
	100.0%

Businesses over R10m	
Less than 1 year	8.0%
1 – 2 years	4.1%
2 – 3 years	3.5%
3 – 4 years	5.4%
4 – 5 years	5.4%
5 – 10 years	32.2%
More than 10 years	41.4%
	100.0%

Data source: Finfind

- Over 65% of businesses with a turnover of less than R1m per annum are less than 5 years old.
- Over 65% of the businesses with a turnover of more than R1m per annum are older than 5 years.

MSME BY BUSINESS TYPE

Business Type	Total Businesses	<R1m	>R1m
(Pty) Limited	88.0%	86.5%	13.5%
Close Corporation	5.0%	58.9%	41.1%
Sole Proprietor	3.9%	93.4%	6.6%
Partnership	1.0%	89.2%	10.8%
Primary Co-operative	1.0%	99.0%	1.0%
Non-Profit Company (NPC)	0.8%	92.1%	7.9%
Other	0.3%	79.3%	20.7%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
(Pty) Limited	89.1%
Close Corporation	3.5%
Sole Proprietor	4.2%
Partnership	1.1%
Primary Co-operative	1.2%
Non-Profit Company (NPC)	0.8%
Other	0.1%
	100.0%

Businesses between R1m – R5m	
(Pty) Limited	85.0%
Close Corporation	12.5%
Sole Proprietor	1.2%
Partnership	0.6%
Primary Co-operative	0.1%
Non-Profit Company (NPC)	0.4%
Other	0.2%
	100.0%

Businesses between R5m – R10m	
(Pty) Limited	79.2%
Close Corporation	16.8%
Sole Proprietor	2.2%
Partnership	0.9%
Primary Co-operative	0.0%
Non-Profit Company (NPC)	0.0%
Other	0.9%
	100.0%

Businesses over R10m	
(Pty) Limited	76.5%
Close Corporation	17.5%
Sole Proprietor	3.2%
Partnership	1.3%
Primary Co-operative	0.3%
Non-Profit Company (NPC)	0.6%
Other	0.6%
	100.0%

Data source: Finfind

(Pty) Ltd companies are the dominant business registration type (88%).

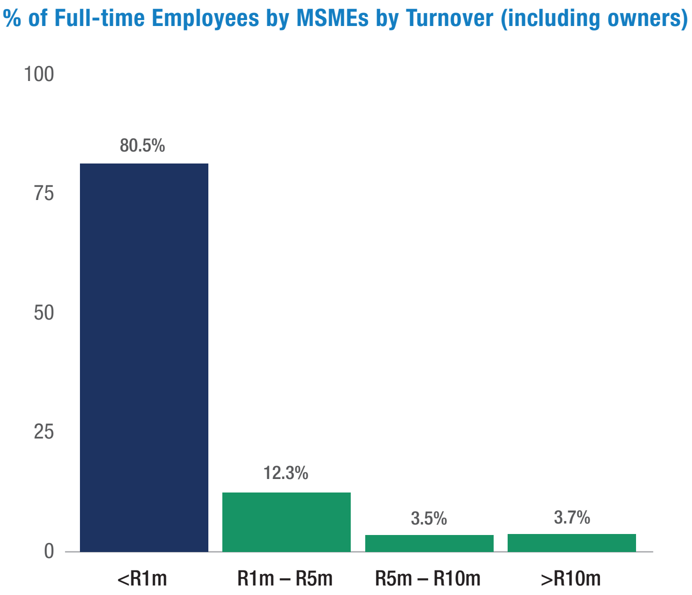
MSME BY INDUSTRY SECTOR

Industry Sector – as per Standard Industrial Classification (SIC 7) Codes	All Business Sizes
Manufacturing	15.2%
Accommodation and food service activities	13.5%
Wholesale and retail trade	11.4%
Construction	9.1%
Agriculture, forestry and fishing	9.0%
Other service activities	6.5%
Transportation and storage	5.8%
Information and communication	5.5%
Arts, entertainment and recreation	4.0%
Professional, scientific and technical activities	3.8%
Administrative and support activities	2.8%
Education	2.2%
Financial and insurance activities	2.2%
Mining and quarrying	2.1%
Water supply; sewerage, waste management and remediation activities	1.9%
Human health and social work activities	1.7%
Electricity, gas, steam and air conditioning supply	1.7%
Other	1.6%
	100%

Data source: Finfind

- The top 5 industry sectors account for nearly 60% of all businesses applying for finance.
- Manufacturing leads at 15.2%, followed closely by accommodation & food service enterprises at 13.5%, and wholesale & retail trade at 11.4%.

FULL-TIME EMPLOYEES BY MSMEs BY TURNOVER (INCLUDING OWNERS)



Data source: Finfind

- 80.5% of the full-time jobs created by MSMEs are from businesses with a turnover of less than R1m per annum.
- This underscores the vital contribution that formal micro businesses make to job creation and subsequent impact they have on economic growth in the country.

NUMBER OF EMPLOYEES (INCLUDING OWNERS) ACROSS ALL BUSINESS SIZES

Number of Employees (including owners)	Total Businesses	<R1m	>R1m
1	5.9%	83.1%	16.9%
2	22.5%	85.9%	14.1%
3	18.2%	79.3%	20.7%
4 – 5	22.5%	80.7%	19.3%
6 – 10	18.3%	75.2%	24.8%
11 – 20	8.0%	71.0%	29.0%
21 – 50	3.6%	69.1%	30.9%
50+	1.0%	51.9%	48.1%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m		Businesses over R1m	
1	6.2%	1	4.8%
2	24.4%	2	15.3%
3	18.2%	3	18.1%
4 – 5	22.9%	4 – 5	20.9%
6 – 10	17.4%	6 – 10	21.9%
11 – 20	7.2%	11 – 20	11.2%
21 – 50	3.0%	21 – 50	5.2%
50+	0.7%	50+	2.6%
	100.0%		100.0%

Data source: Finfind

- 63.2% of the total businesses have between 2 and 5 employees (including the owner).
- In 5.9% of the total businesses, the owner is the only employee.
- 42.8% of businesses turning over R1m per annum have between 4 – 10 employees.

BUSINESS PREMISES

Business Premises	Total Businesses	<R1m	>R1m
Own	31.0%	86.2%	13.8%
Rent	46.2%	81.4%	18.6%
Does not use premises	22.8%	92.9%	7.1%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Own	31.2%
Rent	43.9%
Does not use premises	24.9%
	100.0%

Businesses between R1m – R5m	
Own	28.3%
Rent	60.3%
Does not use premises	11.4%
	100.0%

Businesses between R5m – R10m	
Own	28.0%
Rent	61.6%
Does not use premises	10.4%
	100.0%

Businesses over R10m	
Own	33.8%
Rent	54.8%
Does not use premises	11.4%
	100.0%

Data source: Finfind

- 46.2% of businesses rent their premises while 31% own their premises.
- Nearly a quarter operate without dedicated premises, suggesting a substantial number of home-based, mobile or virtual enterprises.

BUSINESS PROFITABILITY

Business Profitability	Total Businesses	<R1m	>R1m
Not profitable	49.4%	93.9%	6.1%
Profitable	50.6%	74.8%	25.2%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Not profitable	55.0%
Profitable	45.0%
	100.0%

Businesses between R1m – R5m	
Not profitable	17.4%
Profitable	82.6%
	100.0%

Businesses between R5m – R10m	
Not profitable	20.5%
Profitable	79.5%
	100.0%

Businesses over R10m	
Not profitable	24.4%
Profitable	75.6%
	100.0%

Data source: Finfind

- The business landscape is almost evenly split between profitable (50.6%) and not profitable entities (49.4%).
- Profitability increases significantly relative to business size with 45% of businesses with a turnover of less than R1m per annum who report to be profitable, compared to 75.6% of businesses with a turnover of over R10m per annum.

BUSINESS COLLATERAL

Business Collateral	Total Businesses	<R1m	>R1m
No collateral	57.5%	89.3%	10.7%
Business assets (i.e. equipment / machinery)	30.3%	81.4%	18.6%
Business unbonded property (i.e. property is paid off)	2.9%	80.8%	19.2%
Debtors / debtors' book (money owed by customers to the business)	2.2%	72.1%	27.9%
Business bonded property (i.e. money still owing on the property)	1.7%	74.0%	26.0%
Financial investments in the business's name (e.g. call account / fixed deposit)	1.0%	77.2%	22.8%
Other	4.4%	83.8%	16.2%

BUSINESS COLLATERAL (CONTINUED)

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
No collateral	60.0%
Business assets (i.e. equipment / machinery)	28.9%
Business unbonded property (i.e. property is paid off)	2.7%
Debtors / debtors' book (money owed by customers to the business	2.1%
Business bonded property (i.e. money still owing on the property)	1.5%
Financial investments in the business's name (e.g. call account / fixed deposit)	0.9%
Other	3.9%
	100.0%

Businesses between R1m – R5m	
No collateral	43.7%
Business assets (i.e. equipment / machinery)	37.7%
Business unbonded property (i.e. property is paid off)	4.0%
Debtors / debtors' book (money owed by customers to the business	3.4%
Business bonded property (i.e. money still owing on the property)	2.4%
Financial investments in the business's name (e.g. call account / fixed deposit)	1.4%
Other	7.4%
	100.0%

Businesses between R5m – R10m	
No collateral	40.9%
Business assets (i.e. equipment / machinery)	38.8%
Business unbonded property (i.e. property is paid off)	4.3%
Debtors / debtors' book (money owed by customers to the business	4.7%
Business bonded property (i.e. money still owing on the property)	3.4%
Financial investments in the business's name (e.g. call account / fixed deposit)	1.4%
Other	6.5%
	100.0%

Businesses over R10m	
No collateral	40.8%
Business assets (i.e. equipment / machinery)	40.8%
Business unbonded property (i.e. property is paid off)	3.2%
Debtors / debtors' book (money owed by customers to the business	3.5%
Business bonded property (i.e. money still owing on the property)	3.2%
Financial investments in the business's name (e.g. call account / fixed deposit)	2.1%
Other	6.4%
	100.0%

Data source: Finfind

- Many businesses (57.5%) report that they have no collateral available.
- Where collateral is available (42.5%), it is mostly in the form of business assets like equipment or machinery.
- Very few businesses (4.6%) have property-based collateral with only 2.9% being unbonded property.

EXISTING BUSINESS LOANS

Existing Business Loans	Total Businesses	<R1m	>R1m
Yes	7.8%	64.4%	35.6%
No	92.2%	87.1%	12.9%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Yes	6.3%
No	93.7%
	100.0%

Businesses between R1m – R5m	
Yes	15.8%
No	84.2%
	100.0%

Businesses between R5m – R10m	
Yes	18.1%
No	81.9%
	100.0%

Businesses over R10m	
Yes	19.7%
No	80.3%
	100.0%

Data source: Finfind

- The vast majority of businesses (92.2%) report to have no existing loans.
- Businesses with existing loans increases with business size, becoming more common among those with a turnover of more than R10m per annum (19.7%) vs only 6.3% for businesses with a turnover of less than R1m per annum.

BUSINESS INSURANCE

Business Insurance	Total Businesses	<R1m	>R1m
Insured businesses	18.9%	67.8%	32.2%
Uninsured businesses	81.1%	89.7%	10.3%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Insured businesses	15.0%
Uninsured businesses	85.0%
	100.0%

Businesses between R1m – R5m	
Insured businesses	42.9%
Uninsured businesses	57.1%
	100.0%

Businesses between R5m – R10m	
Insured businesses	41.8%
Uninsured businesses	58.2%
	100.0%

Businesses over R10m	
Insured businesses	40.5%
Uninsured businesses	59.5%
	100.0%

Data source: Finfind

- Most businesses (81.1%) operate without insurance coverage.
- The adoption of insurance rises significantly with business size, from only 15% in businesses with a turnover of less than R1m per annum to 40.5% of those with a turnover of more than R10m per annum.

ACCOUNTING SYSTEM

Accounting System	Total Businesses	<R1m	>R1m
Yes	24.6%	74.1%	25.9%
No	75.4%	89.2%	10.8%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Yes	21.3%
No	78.7%
	100.0%

Businesses between R1m – R5m	
Yes	43.3%
No	56.7%
	100.0%

Businesses between R5m – R10m	
Yes	45.7%
No	54.3%
	100.0%

Businesses over R10m	
Yes	44.9%
No	55.1%
	100.0%

Data source: Finfind

- Less than a quarter of businesses (24.6%) utilise formal accounting systems.
- Accounting system usage correlates strongly with business size, with 44.9% of businesses turning over more than R10m per annum using systems vs 21.3% in businesses turning over less than R1m per annum.

PAYROLL SYSTEM

Payroll System	Total Businesses	<R1m	>R1m
Yes	16.6%	75.9%	24.1%
No	83.4%	87.3%	12.7%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Yes	14.9%
No	85.1%
	100.0%

Businesses between R1m – R5m	
Yes	23.5%
No	76.5%
	100.0%

Businesses between R5m – R10m	
Yes	29.3%
No	70.7%
	100.0%

Businesses over R10m	
Yes	32.8%
No	67.2%
	100.0%

Data source: Finfind

- Very few businesses (16.6%) have formal payroll systems.
- The majority (83.4%) function without payroll systems which is concerning, considering that 71.6% of businesses employ 3 or more people.

1.2 PRIMARY OWNER INFORMATION

PRIMARY OWNER – GENDER

Gender	Total Businesses	<R1m	>R1m
Male	63.9%	84.4%	15.6%
Female	36.1%	87.5%	12.5%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Male	63.1%
Female	36.9%
	100.0%

Businesses between R1m – R5m	
Male	65.2%
Female	34.8%
	100.0%

Businesses between R5m – R10m	
Male	73.3%
Female	26.7%
	100.0%

Businesses over R10m	
Male	76.4%
Female	23.6%
	100.0%

Data source: Finfind

- The majority of primary business owners are male (63.9%).
- The gender disparity widens considerably as business size increases, with female ownership dropping to only 23.6% in businesses with a turnover of more than R10m per annum.

PRIMARY OWNER – RACE

Race	Total Businesses	<R1m	>R1m
Black	83.7%	87.8%	12.2%
Coloured	8.4%	84.4%	15.6%
Indian	4.0%	62.5%	37.5%
White	3.9%	62.9%	37.1%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Black	85.9%
Coloured	8.4%
Indian	2.9%
White	2.8%
	100.0%

Businesses between R1m – R5m	
Black	72.2%
Coloured	10.2%
Indian	8.5%
White	9.1%
	100.0%

Businesses between R5m – R10m	
Black	71.1%
Coloured	8.2%
Indian	9.9%
White	10.8%
	100.0%

Businesses over R10m	
Black	66.3%
Coloured	6.7%
Indian	15.5%
White	11.5%
	100.0%

Data source: Finfind

- The majority of primary business owners are Black (83.7%).
- Indian and Coloured ownership together account for 12.4% with White ownership at 3.9%.

PRIMARY OWNER – AGE

Owner – Age	Total Businesses	<R1m	>R1m
18 – 24	8.7%	94.5%	5.5%
25 – 29	16.9%	94.2%	5.8%
30 – 34	25.0%	89.3%	10.7%
35 – 44	30.4%	81.1%	18.9%
45 – 54	13.8%	76.2%	23.8%
55 – 64	4.4%	74.9%	25.1%
65+	0.8%	75.0%	25.0%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
18 – 24	9.6%
25 – 29	18.6%
30 – 34	26.1%
35 – 44	28.8%
45 – 54	12.3%
55 – 64	3.8%
65+	0.8%
	100.0%

Businesses between R1m – R5m	
18 – 24	4.0%
25 – 29	7.7%
30 – 34	19.7%
35 – 44	39.8%
45 – 54	21.2%
55 – 64	5.8%
65+	1.8%
	100.0%

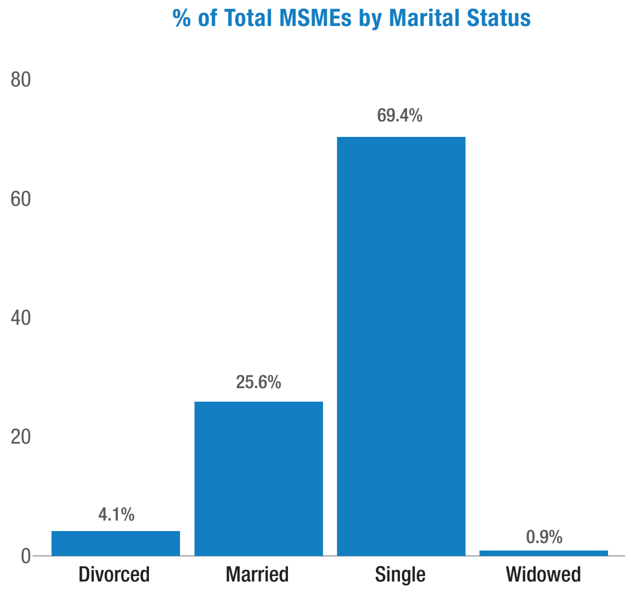
Businesses between R5m – R10m	
18 – 24	0.9%
25 – 29	9.9%
30 – 34	15.9%
35 – 44	40.9%
45 – 54	23.3%
55 – 64	7.8%
65+	1.3%
	100.0%

Businesses over R10m	
18 – 24	3.2%
25 – 29	1.9%
30 – 34	16.6%
35 – 44	37.9%
45 – 54	26.8%
55 – 64	12.4%
65+	1.2%
	100.0%

Data source: Finfind

- Entrepreneurs under the age of 35 (youth) account for 50.6% of all business owners.
- Mid-career individuals between the ages of 35 and 54 make up 44.2% of business owners.

PRIMARY OWNER – MARITAL STATUS



Data source: Finfind

The majority of business owners are single (69.4%), with only 25.6% of business owners being married.

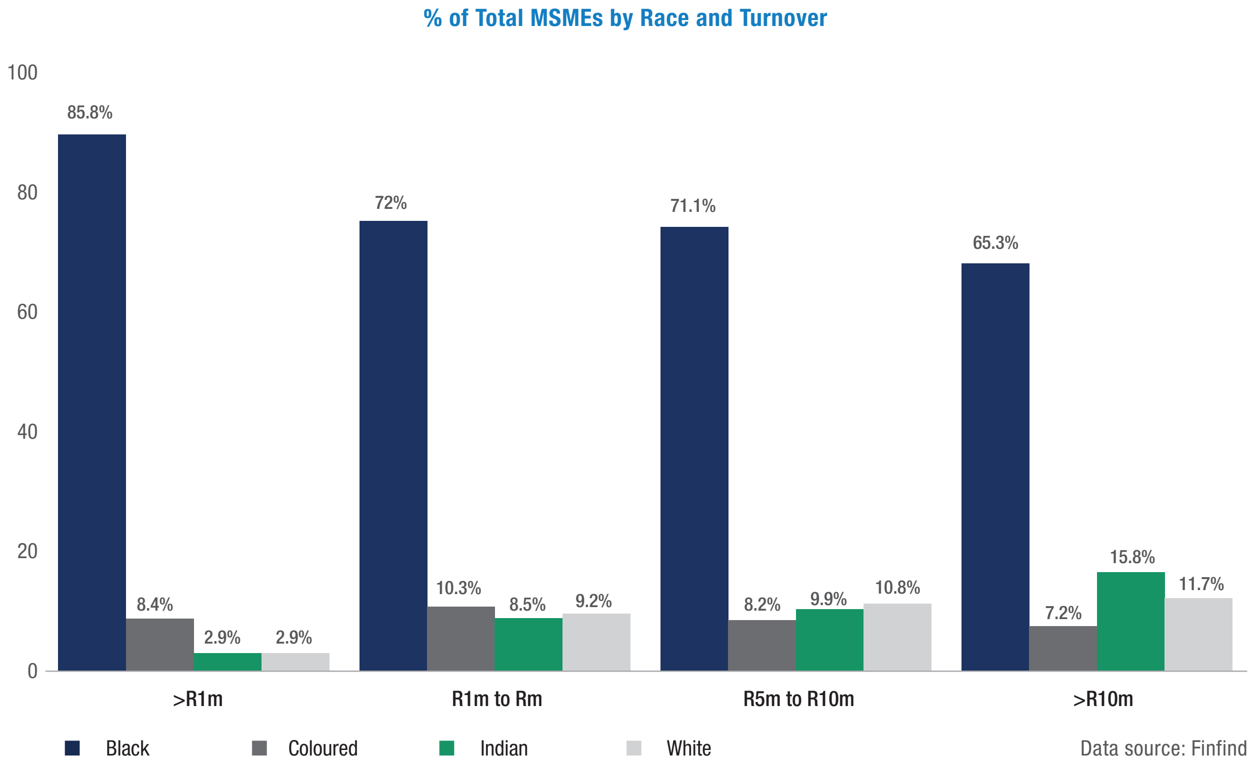
PRIMARY OWNER – BY RACE AND COMPANY TYPE

Owner – by Race and Company Type	Black	Coloured	Indian	White	%
(Pty) Limited	73.7%	12.5%	3.7%	10.1%	100%
Close Corporation	65.1%	10.8%	9.6%	14.5%	100%
Sole Proprietor	43.9%	26.3%	5.9%	23.9%	100%

Data source: Finfind

Black business owners show the highest ownership numbers across all company types, with the strongest representation in Pty Ltd companies.

MSMEs BY RACE AND TURNOVER



Black business ownership dominates across all turnover categories, ranging from 85.8% for businesses with a turnover of less than R1m per annum to 65.3% for businesses with a turnover of over R10m per annum.

PRIMARY OWNER – INVESTED MONEY IN THE BUSINESS

Primary Owner Invested Money in the Business	Total Businesses	<R1m	>R1m
Yes	67.7%	81.8%	18.2%
No	32.3%	89.2%	10.8%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Yes	65.8%
No	34.2%
	100.0%

Businesses between R1m – R5m	
Yes	81.9%
No	18.1%
	100.0%

Businesses between R5m – R10m	
Yes	70.5%
No	29.5%
	100.0%

Businesses over R10m	
Yes	70.7%
No	29.3%
	100.0%

Data source: Finfind

- Most owners (67.7%) have invested personal funds into their businesses.
- Owner investment is highest in businesses with a turnover of R1m to R5m per annum at 81.9%.

PRIMARY OWNER – AMOUNT INVESTED IN THE BUSINESS

Amount Invested by Primary Owner	Total Businesses	<R1m	>R1m
No Investment	32.3%	89.2%	10.8%
R1 000 – R10 000	17.2%	98.1%	1.9%
R10 001 – R50 000	15.4%	96.6%	3.4%
R50 001 – R100 000	9.7%	85.0%	15.0%
R100 001 – R250 000	8.8%	84.4%	15.6%
R250 001 – R500 000	6.8%	61.2%	38.8%
R500 001 – R1 000 000	4.0%	55.0%	45.0%
R1 000 001 – R2 000 000	3.3%	44.0%	56.0%
R2 000 001 – R5 000 000	1.7%	34.6%	65.4%
More than R5 000 001	0.8%	53.8%	46.2%

PRIMARY OWNER – AMOUNT INVESTED IN THE BUSINESS (CONTINUED)

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
No Investment	34.3%
R1 000 – R10 000	19.9%
R10 001 – R50 000	17.7%
R50 001 – R100 000	9.8%
R100 001 – R250 000	7.8%
R250 001 – R500 000	4.9%
R500 001 – R1 000 000	2.6%
R1 000 001 – R2 000 000	1.7%
R2 000 001 – R5 000 000	0.7%
More than R5 000 001	0.6%
	100.0%

Businesses between R1m – R5m	
No Investment	18.1%
R1 000 – R10 000	1.9%
R10 001 – R50 000	3.2%
R50 001 – R100 000	12.3%
R100 001 – R250 000	14.8%
R250 001 – R500 000	19.4%
R500 001 – R1 000 000	12.3%
R1 000 001 – R2 000 000	11.0%
R2 000 001 – R5 000 000	5.2%
More than R5 000 001	1.8%
	100.0%

Businesses between R5m – R10m	
No Investment	29.5%
R1 000 – R10 000	0.0%
R10 001 – R50 000	2.3%
R50 001 – R100 000	4.5%
R100 001 – R250 000	15.9%
R250 001 – R500 000	15.9%
R500 001 – R1 000 000	9.1%
R1 000 001 – R2 000 000	9.1%
R2 000 001 – R5 000 000	11.4%
More than R5 000 001	2.3%
	100.0%

Businesses over R10m	
No Investment	29.3%
R1 000 – R10 000	4.9%
R10 001 – R50 000	4.9%
R50 001 – R100 000	2.4%
R100 001 – R250 000	9.8%
R250 001 – R500 000	7.3%
R500 001 – R1 000 000	9.8%
R1 000 001 – R2 000 000	17.1%
R2 000 001 – R5 000 000	9.7%
More than R5 000 001	4.8%
	100.0%

Data source: Finfind

- 32.3% of business owners have not invested their own money in their businesses.
- Small investments are common, with 32.6% investing between R1 000 and R50 000.
- Very few owners (2.5%) have invested more than R2 million in their business.

PRIMARY OWNER – LOAN ACCOUNT

Primary Owner – Loan Account	Total Businesses	<R1m	>R1m
No owner/s loan account/s	85.1%	88.0%	12.0%
Owner/s have loan account/s – the business currently owes them money	13.1%	72.3%	27.7%
Owner/s have loan account/s – they currently owe the business money	1.8%	66.3%	33.7%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
No owner/s loan account/s	87.6%
Owner/s have loan account/s – the business currently owes them money	11.1%
Owner/s have loan account/s – they currently owe the business money	1.3%
	100.0%

Businesses between R1m – R5m	
No owner/s loan account/s	72.6%
Owner/s have loan account/s – the business currently owes them money	24.0%
Owner/s have loan account/s – they currently owe the business money	3.4%
	100.0%

Businesses between R5m – R10m	
No owner/s loan account/s	66.4%
Owner/s have loan account/s – the business currently owes them money	28.4%
Owner/s have loan account/s – they currently owe the business money	5.2%
	100.0%

Businesses over R10m	
No owner/s loan account/s	68.8%
Owner/s have loan account/s – the business currently owes them money	25.5%
Owner/s have loan account/s – they currently owe the business money	5.7%
	100.0%

Data source: Finfind

- Most business owners (85.1%) do not have a loan account.
- 13.1% of business owners with a loan account are owed money by their businesses.

PRIMARY OWNER – CREDIT SCORE HEALTH

Primary Owner – Credit Score	Total Businesses	<R1m	>R1m
Poor	28.1%	93.8%	6.2%
Below average	17.5%	89.5%	10.5%
Great	15.3%	86.9%	13.1%
Average	14.9%	81.8%	18.2%
Good	13.5%	63.1%	36.9%
Thin file	5.4%	91.3%	8.7%
Under / requested debt review	3.9%	95.5%	4.5%
Fraud / dispute flag	1.4%	85.1%	14.9%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Poor	30.8%
Below average	18.3%
Great	15.1%
Average	12.9%
Good	11.4%
Thin file	4.1%
Under / requested debt review	6.0%
Fraud / dispute flag	1.4%
	100.0%

Businesses between R1m – R5m	
Poor	14.1%
Below average	14.4%
Great	31.2%
Average	15.6%
Good	17.8%
Thin file	2.0%
Under / requested debt review	2.9%
Fraud / dispute flag	2.0%
	100.0%

Businesses between R5m – R10m	
Poor	11.6%
Below average	11.6%
Great	46.1%
Average	10.8%
Good	14.7%
Thin file	0.4%
Under / requested debt review	2.6%
Fraud / dispute flag	2.2%
	100.0%

Businesses over R10m	
Poor	6.4%
Below average	8.3%
Great	57.3%
Average	8.9%
Good	15.9%
Thin file	1.6%
Under / requested debt review	0.6%
Fraud / dispute flag	1.0%
	100.0%

Data source: Finfind

- The prevalence of business owners with 'Great' credit scores increases with the size of the business from 15.1% for business owners with a turnover of <R1m per annum to 57.3% for businesses with a turnover of >R10m per annum.
- 'Poor' credit scores are more common for owners of smaller entities i.e. businesses with a turnover of <R1m per annum at 30.8% compared to 6.4% for businesses with a turnover of more than R10m per annum. The same trend is evident for owners under debt review.

1.3 SHAREHOLDER INFORMATION

NUMBER OF OWNERS

Number of Owners	Total Businesses	<R1m	>R1m
1 owner	66.5%	85.0%	15.0%
2 owners	24.3%	85.1%	14.9%
3 owners	4.9%	76.0%	24.0%
4 owners	2.4%	62.9%	37.1%
5+ owners	1.9%	89.7%	10.3%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
1 owner	67.2%
2 owners	24.6%
3 owners	4.5%
4 owners	1.7%
5+ owners	2.0%
	100.0%

Businesses between R1m – R5m	
1 owner	66.5%
2 owners	23.2%
3 owners	6.5%
4 owners	2.6%
5+ owners	1.2%
	100.0%

Businesses between R5m – R10m	
1 owner	65.9%
2 owners	22.7%
3 owners	2.3%
4 owners	9.1%
5+ owners	0.0%
	100.0%

Businesses over R10m	
1 owner	46.3%
2 owners	22.0%
3 owners	17.1%
4 owners	12.2%
5+ owners	2.4%
	100.0%

Data source: Finfind

- The vast majority of businesses operate with a single owner (66.5%).
- Businesses operating with two owners are the second most common at 24.3% across all business sizes.

SHAREHOLDERS – GENDER

Shareholders – Gender	Total Businesses	<R1m	>R1m
Male	63.4%	84.3%	15.7%
Female	36.6%	87.3%	12.7%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Male	66.3%
Female	33.7%
	100.0%

Businesses between R1m – R5m	
Male	67.2%
Female	32.8%
	100.0%

Businesses between R5m – R10m	
Male	79.9%
Female	20.1%
	100.0%

Businesses over R10m	
Male	78.9%
Female	21.1%
	100.0%

Data source: Finfind

- Gender distribution by shareholders tracks that of primary owners, with male ownership at 63.4%.
- Female ownership decreases as business size increases, dropping from 33.7% in businesses turning over less than R1m per annum to just 20.1% in businesses with a R5m – R10m per annum turnover.

SHAREHOLDERS – RACE

Shareholders – Race	Total Businesses	<R1m	>R1m
Black	73.0%	87.7%	12.3%
Coloured	12.5%	86.8%	13.2%
Indian	4.1%	63.2%	36.8%
White	10.4%	64.6%	35.4%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Black	76.0%
Coloured	12.9%
Indian	3.1%
White	8.0%
	100.0%

Businesses between R1m – R5m	
Black	60.0%
Coloured	9.7%
Indian	7.7%
White	22.6%
	100.0%

Businesses between R5m – R10m	
Black	61.4%
Coloured	13.6%
Indian	6.8%
White	18.2%
	100.0%

Businesses over R10m	
Black	39.0%
Coloured	9.8%
Indian	19.5%
White	31.7%
	100.0%

Data source: Finfind

- 73% of MSME shareholders are Black.
- Black shareholding decreases with business size from 76% in businesses with a turnover of less than R1m per annum to 39% in businesses with a turnover of more than R10m per annum.

SHAREHOLDERS – AGE

Shareholders – Age	Total Businesses	<R1m	>R1m
Under 35	29.7%	92.7%	7.3%
35 – 44	42.0%	82.7%	17.3%
45 – 54	21.0%	77.7%	22.3%
55 – 64	5.9%	76.7%	23.3%
65+	1.4%	76.2%	23.8%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Under 35	76.0%
35 – 44	8.0%
45 – 54	12.9%
55 – 64	3.1%
65+	0.0%
	100.0%

Businesses between R1m – R5m	
Under 35	12.9%
35 – 44	47.7%
45 – 54	27.7%
55 – 64	8.4%
65+	3.3%
	100.0%

Businesses between R5m – R10m	
Under 35	13.6%
35 – 44	47.7%
45 – 54	29.5%
55 – 64	9.2%
65+	0.0%
	100.0%

Businesses over R10m	
Under 35	17.1%
35 – 44	36.6%
45 – 54	36.6%
55 – 64	9.7%
65+	0.0%
	100.0%

Data source: Finfind

- Mid-career individuals (35 – 44 years) constitute the largest shareholder age group at 42%.
- Youth (under 35), represent almost 30% of business shareholding.
- The age profile of shareholders becomes progressively older as business size increases, with shareholders aged over 45 representing over 30% in businesses with higher income.

1.4 FUNDING REQUEST INFORMATION

LOAN REQUEST BY BUSINESS SIZE

Loan Request by Business Size	Total Businesses	<R1m	>R1m
<R100k	16.0%	98.8%	1.2%
R100k to R250k	22.7%	96.2%	3.8%
R250k to R1m	30.8%	86.8%	13.2%
R1m to R5m	18.9%	73.9%	26.1%
R5m to R10m	4.7%	65.5%	34.5%
R10m to R25m	5.3%	56.7%	43.3%
R25m to R50m	1.0%	72.7%	27.3%
R50m and over	0.6%	64.3%	35.7%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
<R100k	18.5%
R100k to R250k	25.6%
R250k to R1m	31.2%
R1m to R5m	16.3%
R5m to R10m	3.6%
R10m to R25m	3.5%
R25m to R50m	0.8%
R50m and over	0.5%
	100.0%

Businesses between R1m – R5m	
<R100k	1.8%
R100k to R250k	8.3%
R250k to R1m	34.8%
R1m to R5m	34.3%
R5m to R10m	9.0%
R10m to R25m	10.2%
R25m to R50m	1.1%
R50m and over	0.5%
	100.0%

Businesses between R5m – R10m	
<R100k	1.3%
R100k to R250k	2.6%
R250k to R1m	23.7%
R1m to R5m	40.1%
R5m to R10m	12.9%
R10m to R25m	16.4%
R25m to R50m	2.2%
R50m and over	0.8%
	100.0%

Businesses over R10m	
<R100k	0.3%
R100k to R250k	1.6%
R250k to R1m	12.1%
R1m to R5m	28.7%
R5m to R10m	15.9%
R10m to R25m	31.8%
R25m to R50m	3.8%
R50m and over	5.8%
	100.0%

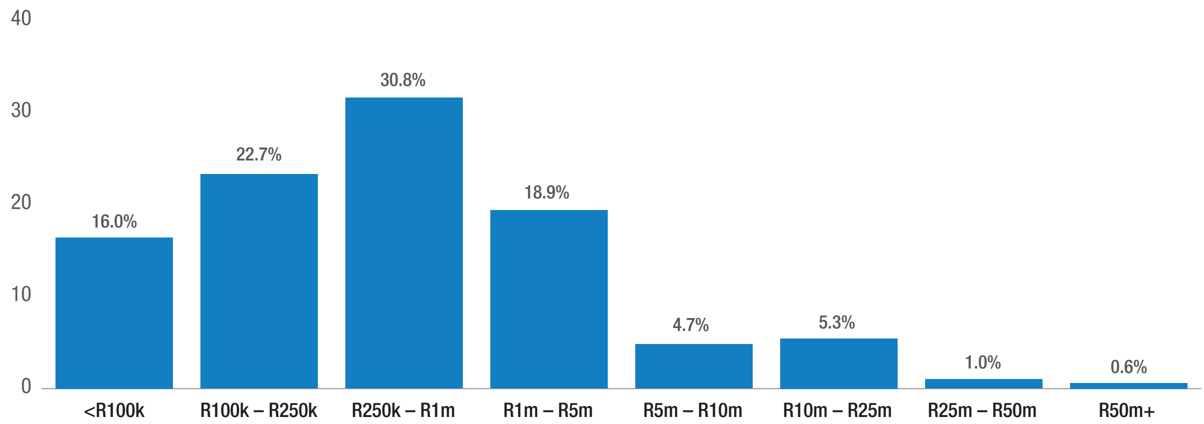
30.8% of total businesses are requesting loans between R250k and R1m.

Data source: Finfind

LOAN REQUEST BY BUSINESS SIZE (CONTINUED)

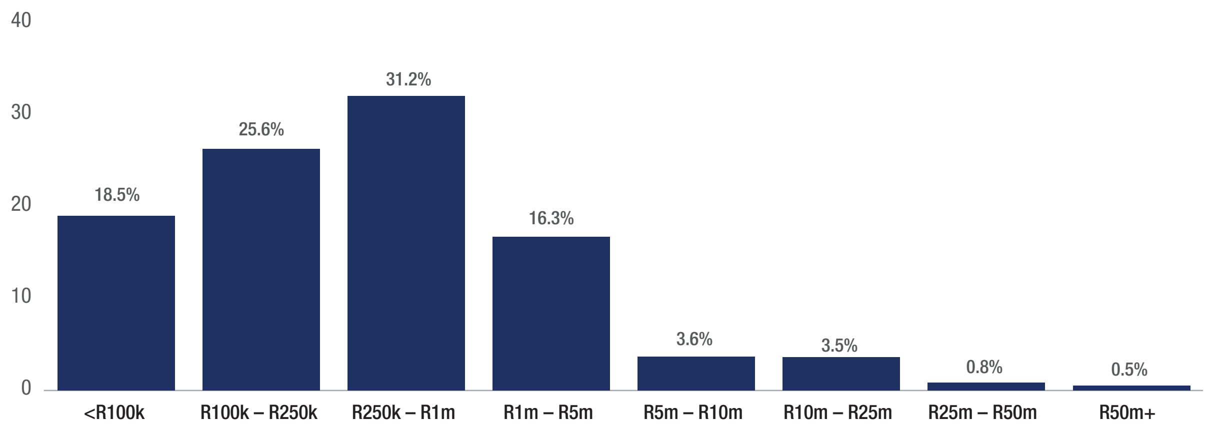
The data below is the same data that is presented in tables on the previous page – it is presented here in graph format.

TOTAL BUSINESSES: LOAN AMOUNTS REQUESTED



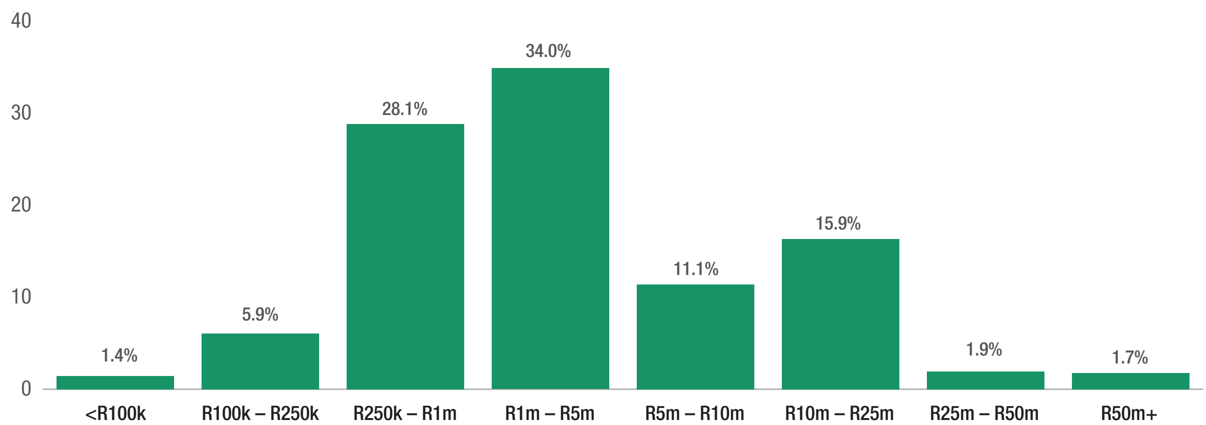
Data source: Finfind

LESS THAN R1M: LOAN AMOUNTS REQUESTED



Data source: Finfind

MORE THAN R1M: LOAN AMOUNTS REQUESTED



Data source: Finfind

38.7% of all businesses are looking for loans of less than R250k.

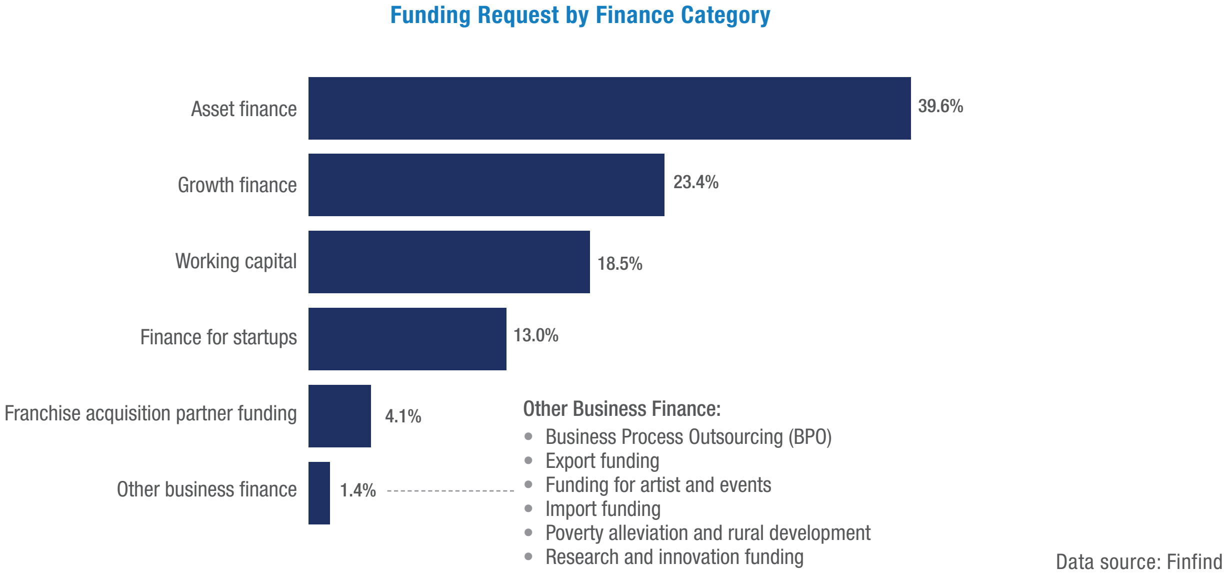
TOTAL AMOUNT OF FUNDING REQUESTED BY MSMEs PER INDUSTRY SECTOR (TOP 15)

R2 Billion to R6 Billion		R1 Billion to R2 Billion		R500 Million to R1 Billion	
Manufacturing	>R5bn	Transport and storage	>R2bn	Professional, scientific and technical	>R500m
Accommodation and food	>R4bn	Mining and quarrying	>R1bn	Administrative and support activities	>R500m
Financial and insurance activities	>R2bn	Information and communication	>R1bn	Electricity, gas, steam and air conditioning	>R500m
Agriculture, forestry and fishing	>R2bn			Arts, entertainment and recreation	>R500m
Wholesale, retail and vehicle repair	>R2bn			Other service activities	>R500m
Construction	>R2bn			Education	>R400m

Data source: Finfind

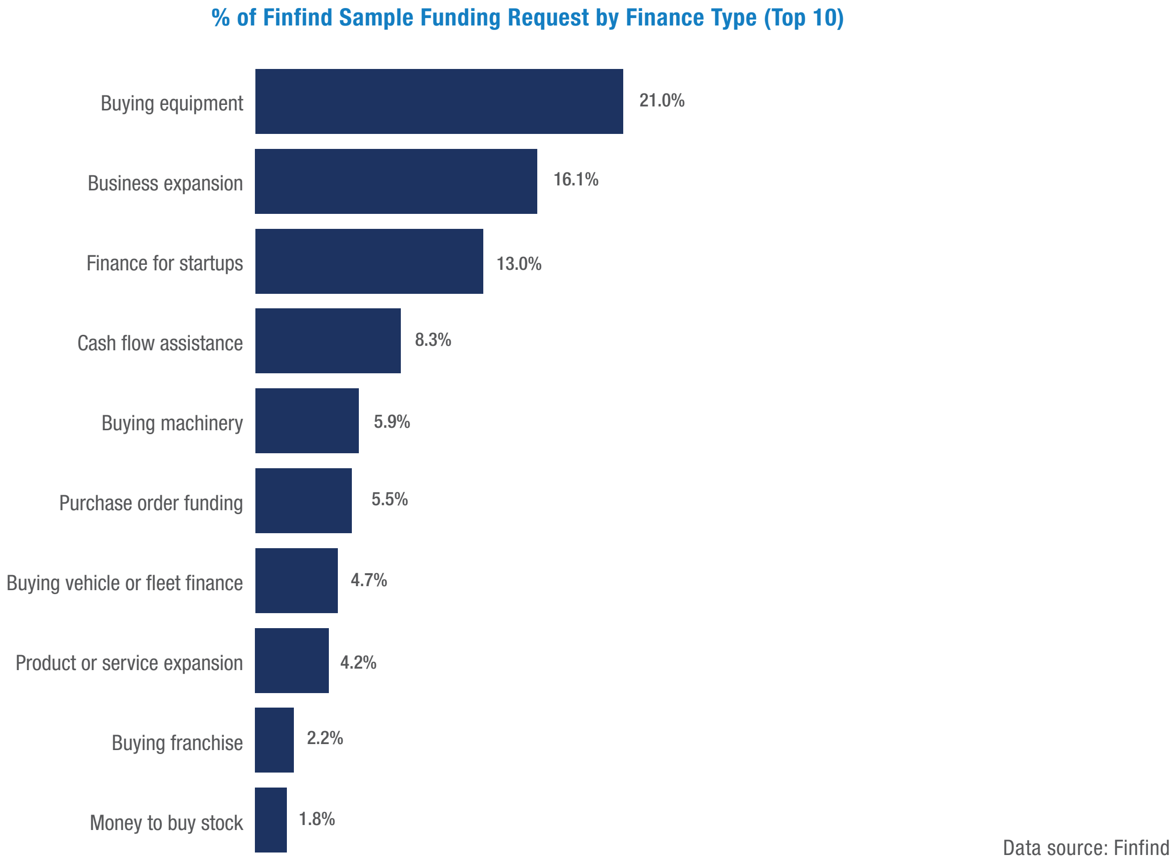
- Finance applications from businesses in the manufacturing and accommodation & food sectors represent the highest total amount of funding requested by MSMEs.
- Professional services, educational institutions, and real estate activities represent more modest total funding demands, typically below R500 million per sector.

FUNDING REQUEST BY FINANCE CATEGORY



Asset finance is the most sought-after funding for MSME finance seekers (39.6%).

FUNDING REQUEST BY FINANCE TYPE (TOP 10)



Buying equipment and business expansion are the two most requested types of funding, accounting for 37.1% of all loan applications.

LOAN REQUESTS BY FUNDING NEED CATEGORISED BY BUSINESS SIZE (TOP 10)

Less than R1m	%	R1m – R5m	%	R5m – R10m	%	More than R10m	%
Finance for startups	28.7	Business expansion	17.1	Cash flow assistance	15.1	Cash flow assistance	16.3
Buying equipment	22.9	Cash flow assistance	14.6	Business expansion	14.2	Purchase order funding	10.2
Cash flow assistance	7.2	Buying equipment	10.2	Purchase order funding	12.5	Funding to buy an existing business	10.2
Buying machinery	5.8	Purchase order funding	8.0	Buying equipment	10.3	Buying equipment	9.5
Purchase order funding	4.8	Buying machinery	6.2	Funding to buy an existing business	6.9	Business expansion	7.8
Buying vehicle or fleet finance	4.7	Product or service expansion	6.1	Buying machinery	5.6	Buying machinery	6.5
Product or service expansion	4.0	Buying vehicle or fleet finance	5.4	Need funding to grow asset and income base	5.6	Buying franchise	4.8
Business expansion	2.9	Funding to buy an existing business	4.5	Finance / acquisition of movable assets	5.6	Product or service expansion	4.4
Buying franchise	2.0	Need funding to grow asset and income base	3.6	Product or service expansion	5.2	Need funding for economic growth and employment creation	4.4
Money to buy stock	2.0	Buying franchise	3.4	Buying franchise	3.1	Buying vehicle or fleet finance	3.7
Other	15.0	Other	20.9	Other	15.9	Other	22.2
Total	**100**	**Total**	**100**	**Total**	**100**	**Total**	**100**

Data source: Finfind

- Startup finance and funding to buy equipment are the top two needs of businesses with a turnover of less than R1m per annum, making up 51.6% of all funding requests.
- The demand for purchase order funding increases as the business size increases, with 4.8% in businesses with a turnover of less than R1m per annum to 10.2% in businesses with a turnover of more than R10m per annum.
- Buying equipment is one of the top four funding needs across all business sizes.
- Cash flow assistance is one of the top two funding requests for all businesses with a turnover of more than R1m per annum.

1.5 FUNDING DOCUMENTATION

DOCUMENTS NEEDED BY FUNDERS – READINESS BY MSME

Documents required by funders – readiness by MSMEs	Total Businesses
Certified ID copy of owners and directors	97.4%
Business registration documents (CIPC)	96.8%
Proof of bank account	90.4%
Tax clearance certificate / Tax PIN	85.5%
Proof of business address (lease agreement, title deed or permit)	84.9%
BEE certificate	83.0%
Bank statements for business account (last 6 months)	78.9%
Business plan	69.1%
Cashflow projections (income and expense budget for 12 months)	61.5%
Business organogram	57.1%
Share register and / or share certificates	52.5%
Statement of assets and liabilities (for all owners)	51.3%
Management accounts (Income Statement, Balance Sheet)	49.3%
Signed contracts and / or purchase orders	42.9%
Shareholder agreement	37.4%
Beneficial ownership register / compliance – new laws	37.0%
Annual financial statements (signed by accountant)	36.8%
List of outstanding debtors (unpaid invoices for more than 30 days)	30.9%
Industry certifications if applicable (e.g. CIBD)	21.6%
Registered for VAT	21.4%
COIDA letter of good standing	20.1%

Data source: Finfind

- Basic business registration and compliance documentation are almost universally available.
- Financial documentation required by funders is a clear challenge for businesses, with only 49.3% having latest management accounts, 36.8% having financial statements, and 30.9% able to provide a list of their outstanding debtors.

2. FUNDER AND FINANCE PRODUCTS

This section unpacks the funder and finance product data. It is divided into two areas namely:

2.1 Funder Information
There are 315 funders in the data set analysed for this report.

2.2 Finance Product Information
There are 605 finance products in the data set analysed for this report.

2.1 FUNDER INFORMATION

NUMBER OF FUNDERS BY FUNDER TYPE

Number of Funders by Funder Type	Total
Government	29
Banks (large banks 5 and other banks 10)	15
Non-bank private sector lenders	271
	315

Data source: Finfind

Private sector non-bank lenders vastly outnumber Government lenders and banks.

NUMBER OF FUNDERS BY PRODUCT COUNT

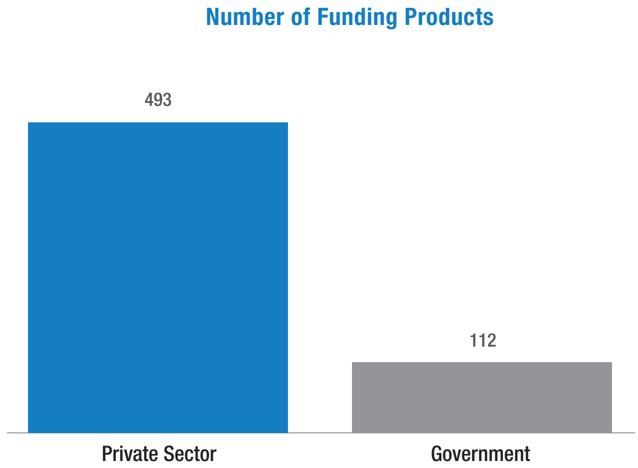
Number of Funders by Product Count	Total
Funders with 1 Finance Product	233
Funders with 2 Finance Products	34
Funders with 3 Finance Products	27
Funders with 4 Finance Products	7
Funders with 5 Finance Products	5
Funders with 6 to 10 Finance Products	3
Funders with more than 10 Finance Products	6
	315

Data source: Finfind

- The majority of the funders (73.9%) offer only one finance product.
- Funders with either two or three products account for 19.4%.

2.2 FINANCE PRODUCT INFORMATION

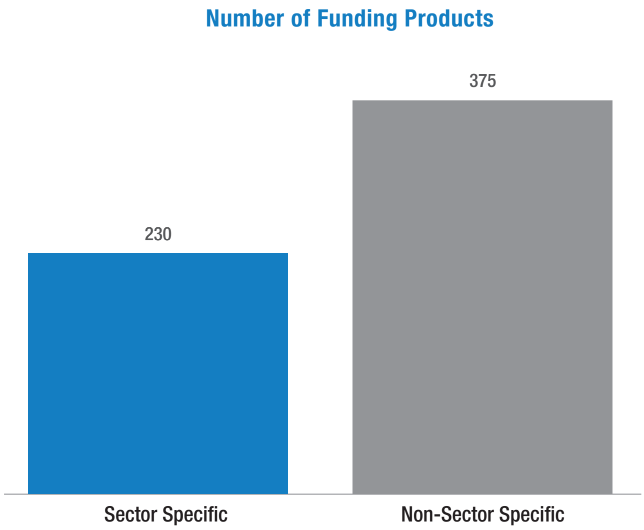
FINANCE PRODUCTS – GOVERNMENT VS PRIVATE SECTOR



Data source: Finfind

- Private sector finance products (493) significantly outnumber government offerings (112).
- Despite representing almost a quarter of all finance products, government funding plays an important role in the MSME financing ecosystem, offering grant and incentive products not provided by the private sector.

SECTOR SPECIFIC FUNDS VS NON-SECTOR SPECIFIC



Data source: Finfind

Sector-targeted products make up 38% of the available funding products for MSMEs.

FUNDING PRODUCTS WITH AN INDUSTRY SECTOR FOCUS

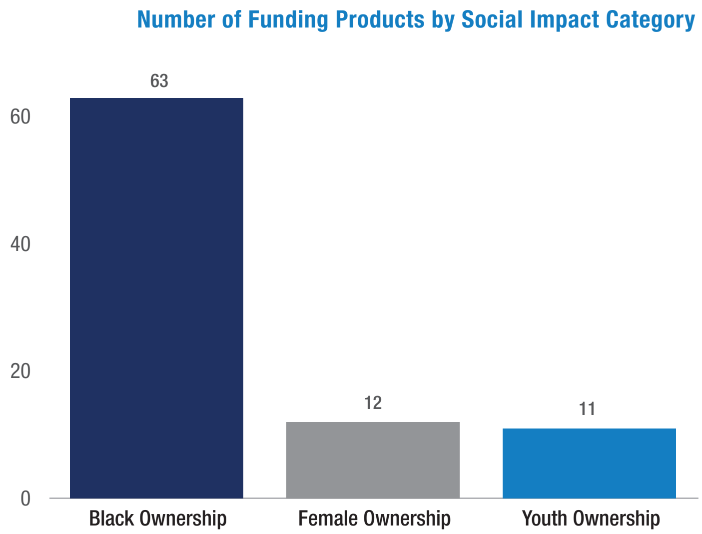
Industry Sector	Number of finance products	Industry Sector	Number of finance products
Information & communication	125	Transportation & storage	62
Manufacturing	117	Mining & quarrying	54
Wholesale & retail trade	114	Electricity, gas, steam & air conditioning supply	52
Other service activities	109	Education	48
Financial & insurance activities, real estate activities	81	Accommodation & food service activities	46
Agriculture, forestry & fishing	79	Public administration & defence; compulsory social security	42
Construction	75	Tourism	39
Green / climate change initiatives	69	Water supply; sewerage, waste management & remediation activities	35
Human health & social work activities	69	Professional, scientif& technical activities	23
Arts, entertainment & recreation	66	Administrative & support activities	21

The total figure is more than the total products (605) as some products are counted across multiple funding needs

Data source: Finfind

Information & communication, manufacturing and wholesale & retail trade industry sectors have the highest number of finance product offerings.

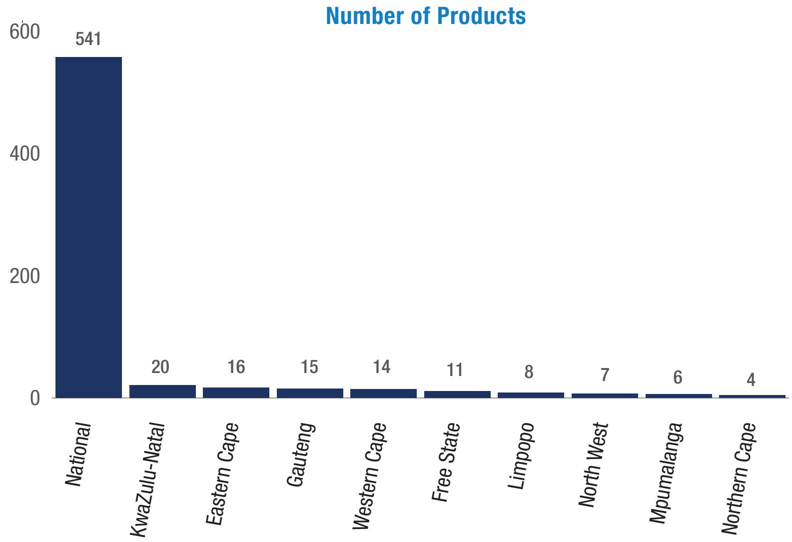
FUNDING PRODUCTS WITH A SOCIAL IMPACT MANDATE



Data source: Finfind

Together these three social impact categories represent 14.2% of the funding offerings, with Black ownership-targeted funding products having the highest number of products (63).

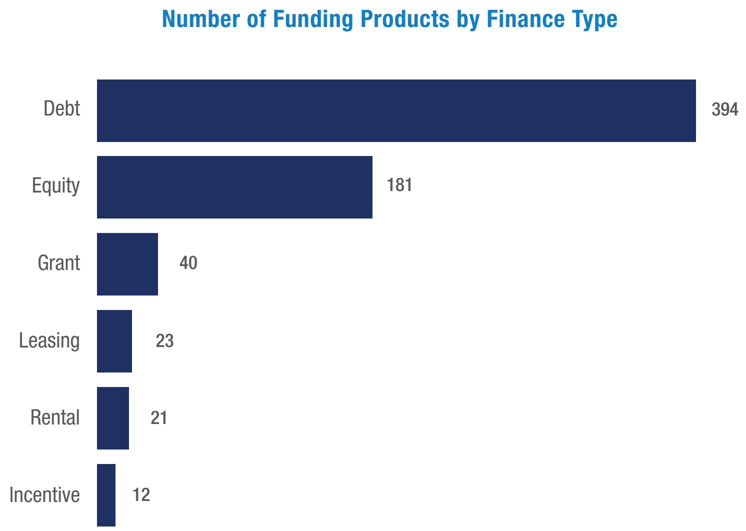
FUNDING PRODUCTS WITH A PROVINCIAL FOCUS



Data source: Finfind

- Funding products that fund MSMEs across all provinces outnumber province-specific offerings.
- KwaZulu-Natal leads in province-specific funding with 20 products (19.8% of the 101 province-specific products).

FUNDING PRODUCTS BY FINANCE TYPE



Data source: Finfind

The total figure is more than the total products (605) as some products are counted across multiple funding needs

- Debt products represent the largest category at 394 (58.7% of the financing options).
- Equity (181) makes up 26.9% of the product offerings.
- Grant funding (40) accounts for 5.9% of the total finance products.
- Asset leasing (23), asset rental (21) and incentives (12) collectively represent just 8.3% of financing options available.

FUNDING PRODUCTS BY FUNDING NEED

Funding Need	Number of finance products	Funding Need	Number of finance products	Funding Need	Number of finance products
Business expansion	293	Buying vehicle or fleet finance	70	Cash for retailers with a card machine	26
Product / service expansion	201	Funding to bring on a BEE Partner	67	Business Process Outsourcing (BPO)	21
Cash flow assistance	183	Buying business property	63	New product commercialisation	19
Buying equipment	135	Funding to buy an existing business	59	Tech innovation	13
Money to buy stock	122	Property development	57	Starting your own franchise	12
Buying machinery	122	Shopfitting / renovations	53	Funding for green initiatives	12
Money to help with a contract	119	Refinancing existing debt	44	Research funding	11
Partner or management buyout	89	Export funding	41	Import funding	10
Purchase order funding	83	Developing a new product / process	40	Poverty alleviation and rural development	9
Money to help with a tender	75	Property refinancing	39	Filing a patent	7

The total figure is more than the total products (605) as some products are counted across multiple funding needs

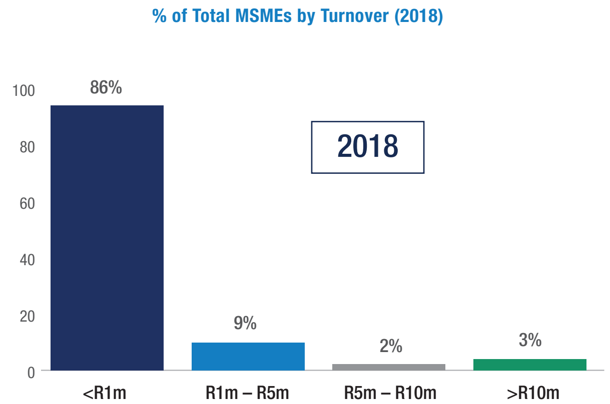
Data source: Finfind

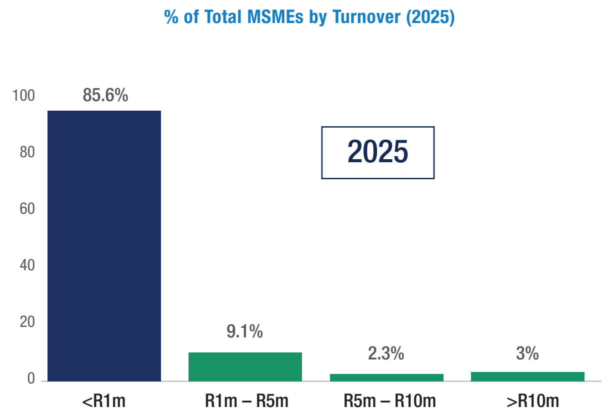
- It is noteworthy that there is a lack of finance products for startups, yet it is the highest demand in businesses with a turnover of less than R1m per annum.
- Finance for business expansion is the most commonly available offering with 293 products from the 315 funders.
- This is followed by product / service expansion (201) and cash flow assistance (183).

3. FUNDING DATA COMPARISON – 2018 REPORT VS 2025 REPORT

This section provides some of the key data comparisons between the 2018 report and the 2025 report.

COMPARISON – BY TURNOVER

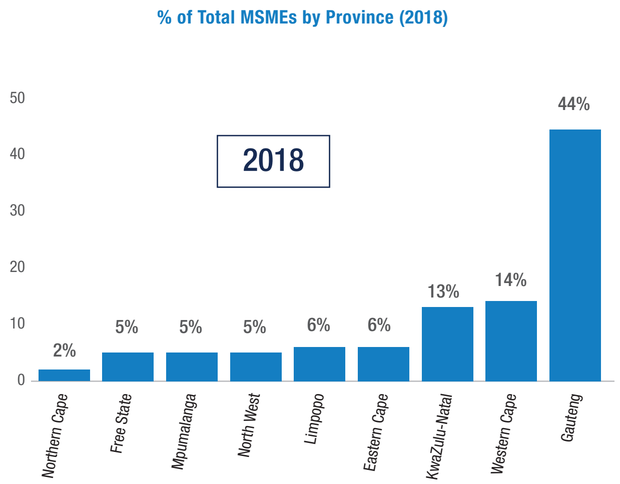


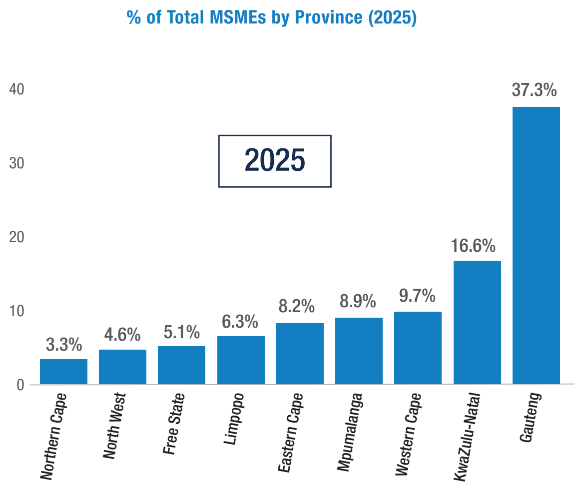


Data source: Finfind

- Businesses with a turnover of less than R1m per annum continue to form the largest segment in the MSME market.
- The distribution of businesses by turnover has remained relatively consistent since 2018.

COMPARISON – BY PROVINCE



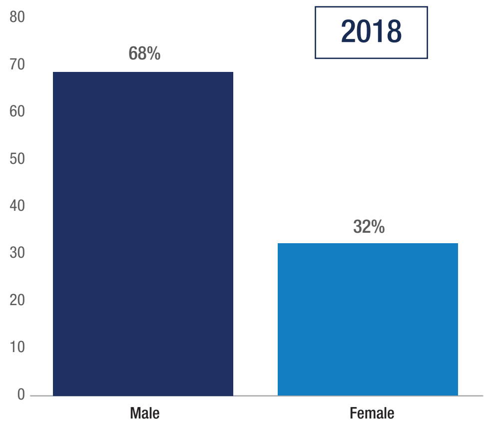


Data source: Finfind

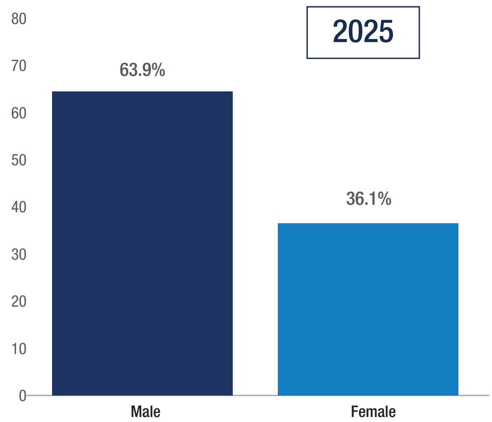
- Gauteng maintains its position as the dominant business location, although there has been a 6.7% decrease from 44% in 2018 to 37.3% in 2025.
- The Western Cape also decreased by 4.3% from 14% in 2018 to 9.7% in 2025.
- Several provinces have seen growth since 2018, with Mpumalanga increasing by 3.9%, KwaZulu-Natal by 3.3%, Eastern Cape by 2.2% and Northern Cape by 1.3%.

COMPARISON – OWNER GENDER

MSMEs by Gender (2018)



MSMEs by Gender (2025)

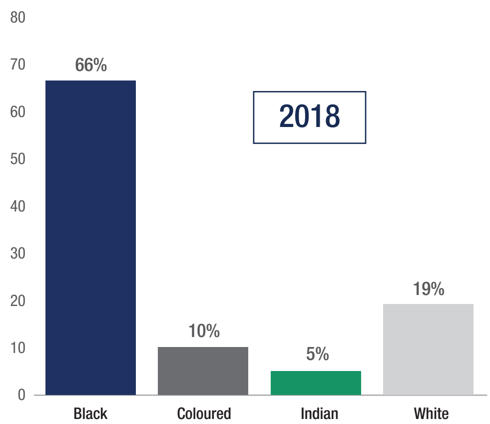


Data source: Finfind

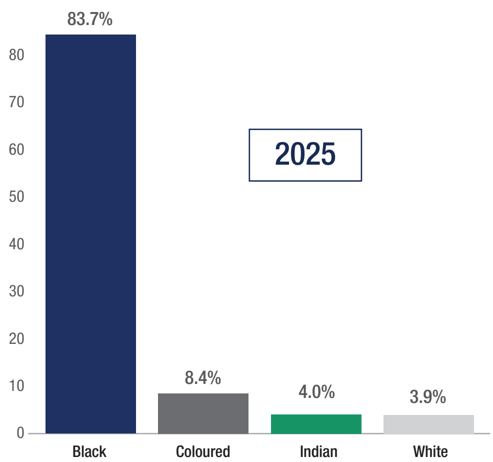
- Gender distribution has shifted with female ownership increasing from 32% in 2018 to 36.1% in 2025.
- Male ownership remains predominant but shows a decrease from 68% to 63.9%.

COMPARISON – OWNER RACE

MSMEs by Race (2018)



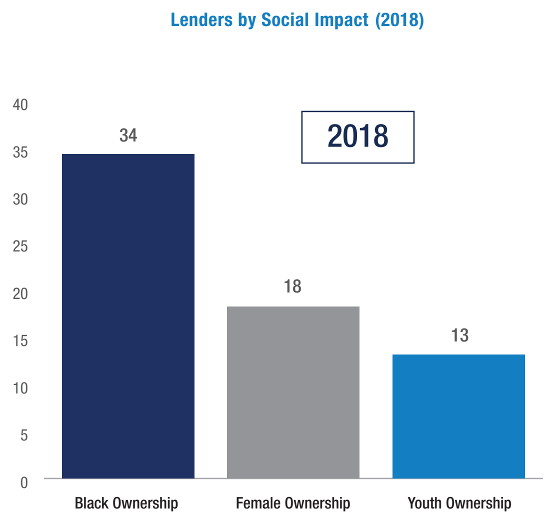
MSMEs by Race (2025)

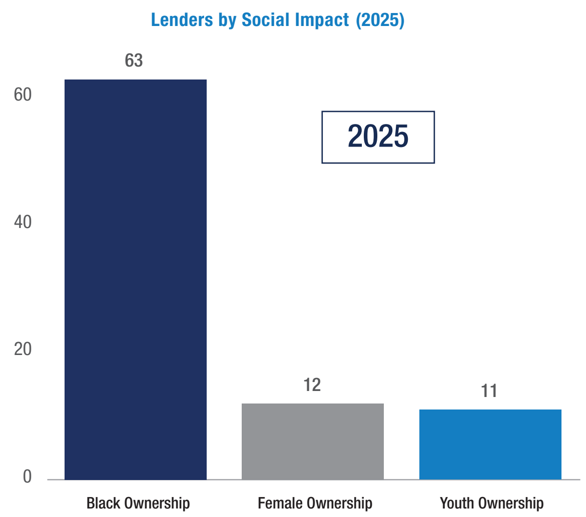


Data source: Finfind

- The racial composition of MSMEs in South Africa shows notable shifts from 2018 to 2025, with Black ownership increasing from 66% in 2018 to 83.7% in 2025 (26.8% increase).
- White ownership shows a significant decline from 19% in 2018 to 3.9% in 2025 (79.5% decrease).
- Coloured and Indian ownership combined shows a decrease from 15% to 12.4% (17.3% decrease).

COMPARISON – FINANCE PRODUCTS WITH SOCIAL IMPACT MANDATE

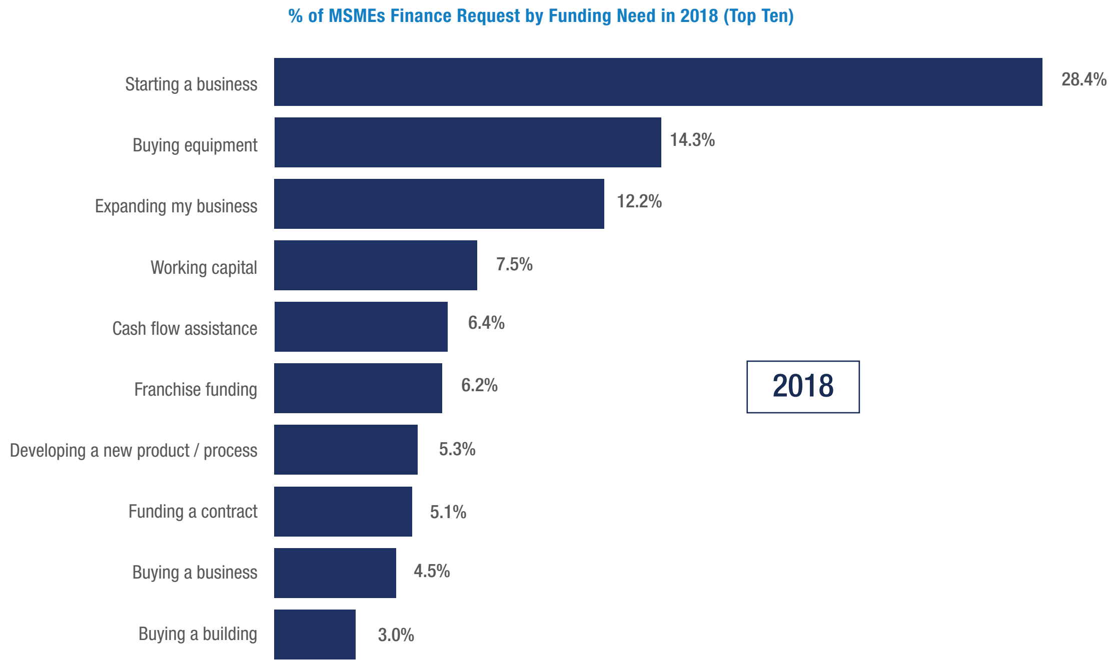


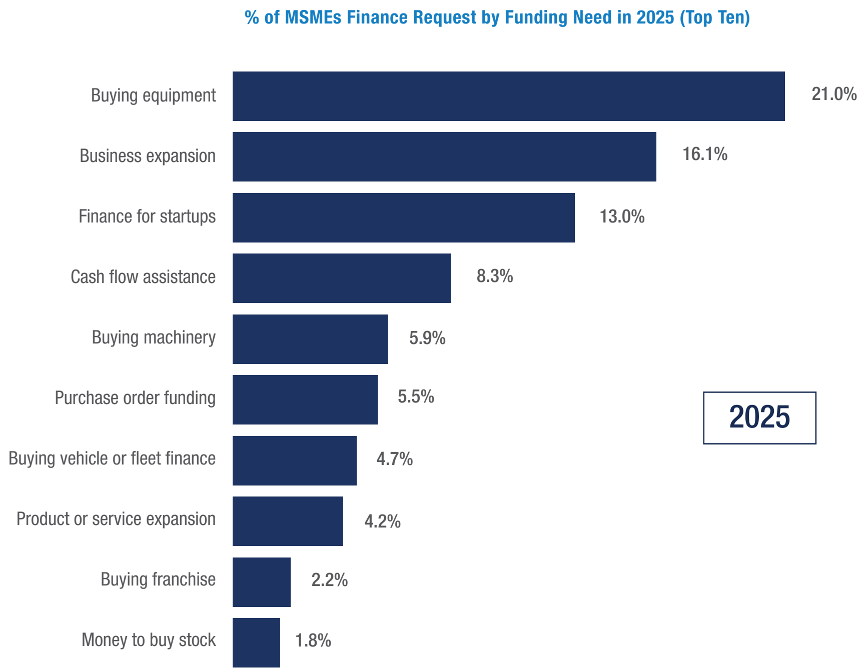


Data source: Finfind

- Funding focused on Black ownership has increased substantially from 34 products in 2018 to 63 in 2025 (85% increase).
- Female-targeted funding decreased by 33% from 18 products in 2018 to 12 products in 2025, this is particularly notable considering that female business owners have increased by 4.1% in the same period.
- Youth-targeted funding decreased by 15.4% from 13 to 11 products, albeit that youth-owned businesses are a primary focus for government.

COMPARISON - FINANCE REQUEST BY FUNDING NEED (TOP TEN)

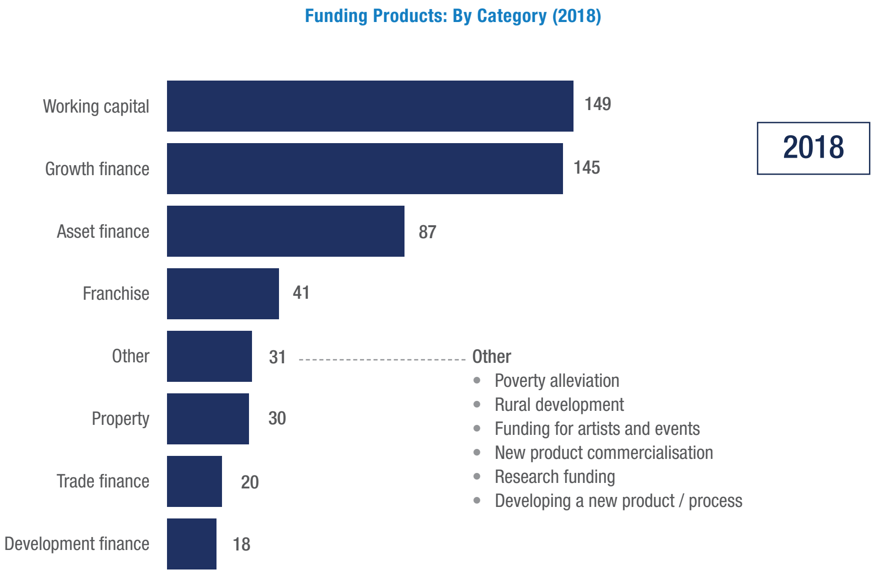


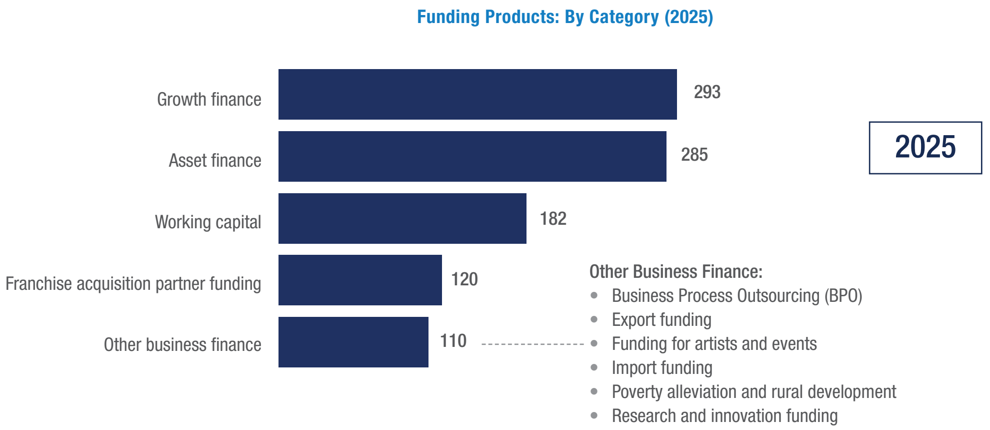


Data source: Finfind

- The top three funding needs in 2018 are the same seven years later. Namely buying equipment, business expansion and startup funding. These three account for over 50% of all funding requests.
- Requests for funding to buy equipment increased from 14.3% in 2018 to 21% in 2025.
- Note: the 2018 figures for startup funding included early-stage expansion finance. These were separated in the 2025 data, hence the decrease in startup finance from 2018. That said, startup financing remains one of the top three finance needs for MSMEs.

COMPARISON – FUNDING PRODUCTS BY CATEGORY





Data source: Finfind

- The number of funding products has increased from 328 in 2018 to 605 in 2025.
- Working capital made up 28.6% of all finance products in 2018, and this has decreased to 18.3% in 2025.
- In contrast, asset finance products now make up 28.7% of the total finance products, which is 12% higher than 2018 and that is aligned with the growing need for asset finance which is the top finance need for MSMEs.

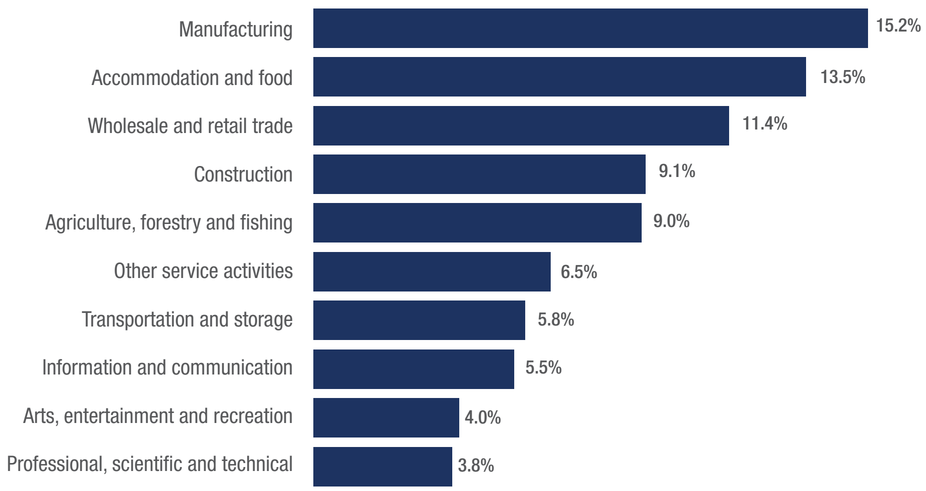
4. FUNDING SUPPLY AND DEMAND INSIGHTS

This section highlights two of the funding supply and demand insights from the finance provider and seeker data.

MSME BY INDUSTRY SECTOR VS FINANCE PRODUCTS BY INDUSTRY SECTOR

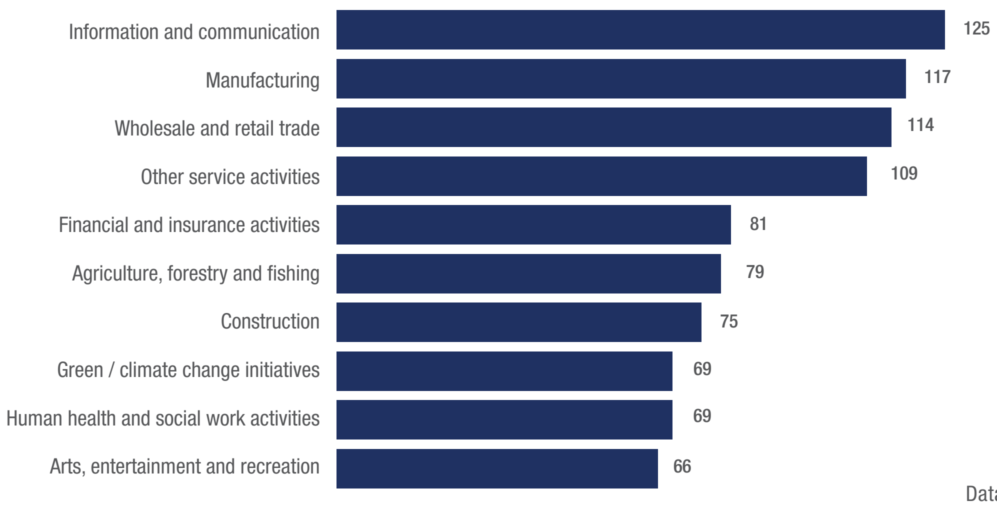
MSMEs BY INDUSTRY SECTOR (TOP 10)

% of Total MSMEs by Industry Sector



FINANCE PRODUCTS BY INDUSTRY SECTOR (TOP 10)

Number of Industry Specific Funding Products

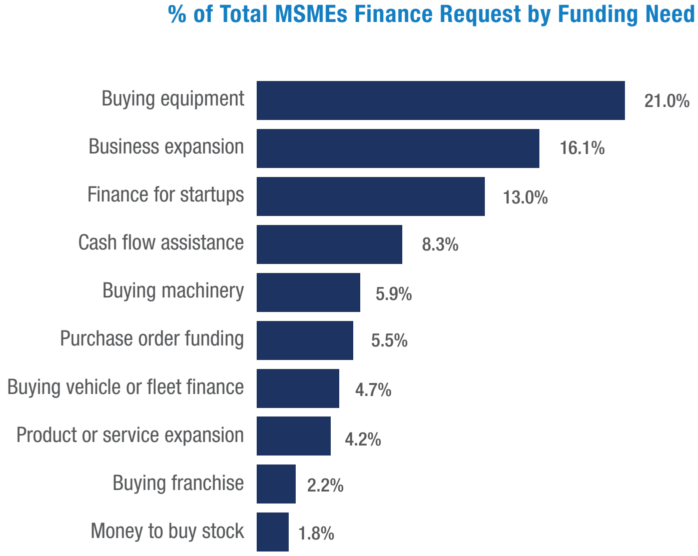


Data source: Finfind

- The highest number of finance products (125) from funders are for businesses in the information and communication sector, however the demand for ICT funding constitutes only 5.5% of the total funding request from MSMEs.
- Another notable mismatch can be seen in the lack of finance products to fund MSMEs in the accommodation and food services sector, albeit that this is the second highest funding demand by MSMEs.
- Manufacturing businesses represent the largest sector seeking finance at 15.2% and this correlates with the availability of funding products for this sector.

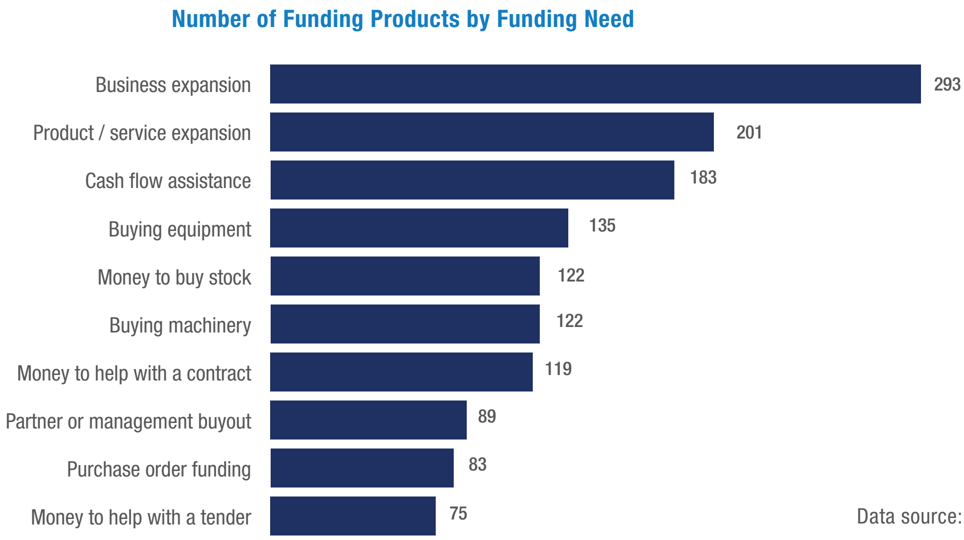
FUNDING REQUESTED BY MSMEs VS FINANCE PRODUCTS PROVIDED BY FUNDERS

MSMEs BY FUNDING NEED (TOP 10) i.e. this is what MSMEs are requesting finance for



Data source: Finfind

FUNDING PRODUCTS BY FUNDING NEED (TOP 10) i.e. these are the finance products the funders are providing



Data source: Finfind

The most noteworthy funding supply gap is finance for startups.

THE STATE OF THE NATION – THE MSME FUNDING CRISIS

This report examines the significant mismatch between funding demand and funding supply for Micro, Small, and Medium Enterprises (MSMEs) in South Africa. Over 85% of MSME funding applications come from businesses with a turnover of less than R1m, yet traditional lending models favour businesses with higher turnover and more affluent owners. This research analyses the characteristics of typical MSMEs seeking funding, the current lending landscape, and recommends solutions to address this critical gap.

THE R350 BILLION FUNDING GAP – SUPPLY AND DEMAND MISMATCH

The large credit gap in South Africa is not due to a lack of supply – there is sufficient capital available

There are plenty of MSME funders and finance products in South Africa and no shortage of capital. There are currently 315 active funders providing 605 products, this is up from 148 active funders and 328 products in 2018, an increase of 46.9% and 54.2% respectively. Despite the availability of capital; banks, DFIs and most private sector lenders are not achieving their MSME lending targets.

Then why is there a funding gap? The supply is not targeting the real demand

The issue is not a lack of supply but rather that the supply is not targeting nor servicing the real demand. While the traditional lending models of banks and most DFIs favour businesses with higher turnovers, most of the demand is from businesses with lower turnovers and financially constrained owners. To use an analogy to describe the current situation, it's like the funders are waiting at the airport and most MSMEs are at the bus station.

What is the funding challenge for businesses with the highest demand?

Businesses with a turnover of less than R1m per annum make up the majority of MSME funding requests, accounting for 86 out of every 100 applications. Their annual turnover puts them in a challenging position as far as credit regulation is concerned. The National Credit Act classifies juristic entities with a turnover of less than R1m per annum as consumers rather than commercial entities, creating a fundamental challenge when it comes to accessing funding.

The consumer vs business lending dilemma

Owners of businesses with a turnover of less than R1m per annum are between a rock and a hard place – on the one hand they cannot access business finance as they are seen as high risk with no collateral. Yet they equally struggle to access personal finance as the salary and employment verification is complex, with the owner also being the loan applicant. Most owners do not receive a regular monthly salary (of the same amount on a similar day each month) from their business. This makes it difficult for lenders to confirm income, affordability and assess the associated risk.

Additionally, 50.9% of these owners also have below average credit scores – largely due to exhausting their personal credit to fund their businesses, as they couldn't raise business finance. They typically pay their business expenses first to stay afloat to the detriment of their personal credit health. This then directly impacts their ability to raise personal and business finance. It's a vicious cycle.

The NCA classification of micro businesses as consumers creates significant obstacles

This regulatory framework inadvertently creates barriers for the vast majority of MSMEs seeking funding, necessitating a comprehensive policy review that considers the specific needs of these applicants.

Credit Data Regulation Disparity

Consumer credit data is well-regulated with mandatory monthly sharing of data by all credit providers and distribution across credit bureaus, enabling lenders to easily determine personal credit risk. Business credit data on the other hand remains unregulated, with no mandatory sharing by lenders and no sharing across credit bureaus, making it difficult for lenders to access business credit data to assess business credit risk.

Different Assessment Criteria
Consumer lending prioritises applicant risk and affordability – without a regular salary and a poor credit score the owner of a business with a turnover of less than R1m stands little chance of securing personal credit. Business lending considers business risk along with financial performance and the director's (who is usually the owner) credit score. Without access to business credit data, it is difficult for the lender to assess risk, so they focus on the director's credit score as a proxy for the business to assess risk, again excluding them.

UNDERSTANDING THE BUSINESS OWNER

Business Owner – Financial Segmentation

To gain a better understanding of the business owners who applied for finance in the study sample, a standardised segmentation approach using statistical clustering techniques was employed. This research used Experian's Financial Affluence Segmentation (FAS) model. FAS brings a dynamic view of consumer segmentation of the population and has proven to be a more accurate assessment of the typical consumer patterns than the old LSM or SEM categorisations.

Experian's FAS model segments the South African credit-active population into six distinct groups based on credit behaviour, property ownership, business interests, and estimated income. The consumer segmentation framework carves the South African Consumer landscape into six main macro segments (made up of 30 micro-segments). Experian's FAS model covers on average, a total of the 28+ million credit-active consumers and 22+ million credit-inactive (or 'thin file but bureau visible') consumers. Experian's segment association of individuals (at SA Identity Number level) is updated monthly. Their consumer clustering is calculated from data related to credit payment profiles, bureau enquiries, deeds and CIPC. Some of the key data features include consumer affluence, age and personal business interests.

The six macro-segment groups that the Experian FAS model carves the South African bureau-visible population into, provides a comprehensive description of each based on behaviour. It uses data attributes like credit behaviour, property ownership, business interest and estimated income.

The Financial Affluence Segmentation Model consists of 6 Groups

FAS Group 1: Luxury Living (3.7% of the credit-active population) – The most affluent individuals in South Africa representing the upper crust of South African society with the financial freedom to afford expensive homes and cars. Exposed to R1.1 trillion (or 49.1%) of the total R2.3 trillion outstanding consumer debt in South Africa, primarily due to their large exposure to secured lending facilities i.e. home loans and vehicle loans. These consumers have a 66% likelihood of having at least one registered non-person entity of which they are a principal and are 25% likely to own more than one property.

FAS Group 2: Aspirational Achievers (9.6%) – Young and middle-aged professionals with the resources to afford a high level of living while furthering their careers, buying property and establishing families. Exposed to R831 billion (or 36.3%) of the total R2.3 trillion outstanding consumer debt in South Africa, primarily due to their exposure to secured lending facilities i.e. home loans and vehicle loans but are less likely to take out insurance (either short-term or life). They have a higher likelihood of utilising retail credit than their Luxury Living counterparts. Aspirational Achievers are 43% likely to be registered as a principal of at least one CIPC entity.

FAS Group 3: Stable Spenders (5.8%) – Young adults who rely on financial products to assist in making ends meet or to afford specific necessities such as clothing and school fees, or seasonal luxuries. Exposed to R132 billion (or 5.8%) of the total R2.3 trillion outstanding consumer debt in South Africa, with their primary exposure being unsecured lending facilities i.e. personal loans, credit cards, retail store cards and other loans. Exposure on secured credit is very limited – particularly when it comes to home loans. As a result, property ownership rates are also very low among Stable Spenders. These consumers are 35% likely to be associated with a CIPC registered entity.

FAS Group 4: Money-Conscious Majority (41.9%) – Older citizens who are conscious of where and how they spend their money, often seeking out financial products to cover basic needs or for unforeseen expenses. Exposed to R169 billion (or 7.4%) of the total R2.3 trillion outstanding consumer debt in South Africa – this in spite of the fact that Money-Conscious Majority constitutes over 40% of the credit-active population. Their primary exposure is in unsecured lending facilities particularly credit cards and retail store cards. Although these consumers typically have very low exposure to home loans (only 2% of these consumers have home loans), they are 18% likely to be homeowners – this probably points to the majority of these mature citizens not having any outstanding facility on their homes.

FAS Group 5: Laboured Living (23.8%) – Financially limited individuals as salaries are below national tax thresholds, they spend their money on basic living necessities such as food and shelter. Exposed to R22 billion (or 1.0%) of the total R2.3 trillion outstanding consumer debt in South Africa, with their primary exposure being unsecured lending facilities – retail store cards in particular. These consumers struggle to meet their debt repayment obligations and as such often do not qualify for secured credit. Property ownership among these consumers is very low (1%) and only 13% of Laboured Living consumers are indicated as principals of CIPC registered entities.

FAS Group 6: Yearning Youth (15.2%) – Very young citizens (typically under 30) who are new to the workforce; this mix of labourers and possibly working students earn low salaries and are limited when it comes to spending on non-essential goods. Exposed to R8 billion (or 0.4%) of the total R2.3 trillion outstanding consumer debt in South Africa, with their primary exposure being in retail store cards / clothing accounts, these consumers have very low property ownership rates (less than 0.5%) and are <0.1% likely to hold a secured credit product, and other loans. Yearning Youth are only 4% likely to be indicated as principals of registered legal entities with the CIPC.

The table below reflects the total Financial Affluence Segmentation South Africa population breakdown versus the Finfind MSME data sample:

Primary Owner – Financial Affluence Segmentation (FAS)	Total SA Population Market Benchmark 50+ Million Consumers	Total Businesses Finfind Sample
Group 1: Luxury Living	3.7%	16.5%
Group 2: Aspirational Achievers	9.6%	20.5%
Group 3: Stable Spenders	5.8%	15.8%
Group 4: Money-Conscious Majority	41.9%	10.1%
Group 5: Laboured Living	23.8%	25.5%
Group 6: Yearning Youth	15.2%	11.6%

The table below reflects the Financial Affluence Segmentation breakdown of Finfind's MSME data sample:

Primary Owner – FAS	Total Businesses	<R1m	>R1m
Group 1: Luxury Living	16.5%	59.1%	40.9%
Group 2: Aspirational Achievers	20.5%	81.1%	18.9%
Group 3: Stable Spenders	15.8%	90.4%	9.6%
Group 4: Money-Conscious Majority	10.1%	92.3%	7.7%
Group 5: Laboured Living	25.5%	95.1%	4.9%
Group 6: Yearning Youth	11.6%	97.2%	2.8%

BREAKDOWN BY BUSINESS SIZE

Businesses under R1m	
Group 1: Luxury Living	11.4%
Group 2: Aspirational Achievers	19.4%
Group 3: Stable Spenders	16.7%
Group 4: Money-Conscious Majority	10.9%
Group 5: Laboured Living	28.4%
Group 6: Yearning Youth	13.2%
	100.0%

Businesses between R1m – R5m	
Group 1: Luxury Living	36.7%
Group 2: Aspirational Achievers	29.6%
Group 3: Stable Spenders	13.6%
Group 4: Money-Conscious Majority	6.4%
Group 5: Laboured Living	11.1%
Group 6: Yearning Youth	2.6%
	100.0%

Businesses between R5m – R10m	
Group 1: Luxury Living	58.6%
Group 2: Aspirational Achievers	25.0%
Group 3: Stable Spenders	5.6%
Group 4: Money-Conscious Majority	3.0%
Group 5: Laboured Living	4.3%
Group 6: Yearning Youth	3.5%
	100.0%

Businesses over 10m	
Group 1: Luxury Living	65.6%
Group 2: Aspirational Achievers	20.1%
Group 3: Stable Spenders	4.8%
Group 4: Money-Conscious Majority	4.5%
Group 5: Laboured Living	4.5%
Group 6: Yearning Youth	0.5%
	100.0%

Data source: Finfind

Business Owner Financial Segmentation Insights

- For MSMEs with an annual turnover below R1m per annum, ownership is evenly distributed across all financial segments, with significant representation from less affluent groups. These owners have limited access to secured lending products in their personal capacity, restricting their ability to provide collateral.
- A clear correlation exists between more affluent segments (Luxury Living, Aspirational Achievers, Stable Spenders) and businesses with turnover exceeding R1m per annum. These groups typically have access to secured lending products that can serve as collateral for business financing.

- Credit Score Connection – a direct correlation exists between consumer credit risk scores and FAS groups. More affluent segments generally have better risk profiles, influencing their ability to access credit facilities for both personal and business needs. Better credit scores strongly correlated with higher approval rates.
- The Luxury Living segment shows dramatic differences based on business size, representing only 11.4% for businesses with a turnover of less than R1m per annum but 65.6% for businesses with a turnover of R10m per annum.
- The prevalence of 'Laboured Living' (28.4%) and 'Yearning Youth' (13.2%) is highest in businesses with a turnover of less than R1m per annum and decreases dramatically to 4.5% and 0.5% respectively, for businesses with a turnover of more than R10m per annum.

THE MSME WITH A TURNOVER OF LESS THAN R1M SEEKING FUNDING

Beyond business owner financial segmentation, MSMEs with an annual turnover below R1m share several common characteristics:

- Business Structure: 89.1% are registered as (Pty) Ltd.
- Industry Distribution: 81% of applicants are concentrated in 8 industries, with manufacturing, accommodation & food services and wholesale & retail trade being most prominent.
- Financial Safeguards: 60% lack collateral, and 85% operate without insurance protection.
- Funding Status: Only 6.3% have existing business loans, highlighting limited access to funding as a major growth barrier.
- Credit Challenges: 70% face difficulties obtaining credit due to poor credit scores or other financial issues.

BANKS AND DFIs ARE NOT REDUCING THE FUNDING GAP

While banks and DFIs have access to more affordable capital than smaller private sector lenders, this affordable capital does not easily translate into affordable or accessible funding for MSMEs.

Small loans cost more to process (per Rand lent), reducing the incentive to serve businesses with lower turnovers, who are perceived as high risk and expensive to fund. The traditional risk assessment models employed by banks and most DFIs are typically suited to businesses with higher turnovers and more affluent owners, and as such, often fail to capture the realities and potential of viable MSMEs needing funding. The data also shows that finance product composition focuses on expansion and growth products which are better suited to larger, more established businesses.

There is also a preference for low-risk, more predictable industries as opposed to trade, small scale construction, accommodation and food service activities and agriculture, which are among the top 5 sectors for micro business in this research sample, and which are perceived as volatile.

While some banks have moved to revenue-based lending, many banks still struggle to serve this sector because they treat commercial (business) lending as a single market, and as such apply traditional lending methods that use collateral and traditional financing scorecards as a one-size-fits-all approach. Collateral requirements exclude large portions of viable MSMEs from accessing bank credit at affordable rates.

TRADITIONAL BANKS AND DFIs – BURDENSOME REQUIREMENTS

One of the primary constraints to micro and small businesses accessing funding from traditional banks and DFIs is the onerous documentation requirements and associated administration burden.

Pre-funding technical support is needed – especially for formal micro businesses

Further to finance literacy training and the need for simple, fit-for-purpose solutions to properly manage financial recordkeeping and staff payroll, MSMEs also need assistance with funding readiness assessments to identify gaps that need to be addressed before applying for funding. Most MSMEs need pre-funding support to help prepare their funding applications for banks and DFIs and assistance to gather the supporting documentation required by funders.

“Through its work with over 7000 entrepreneurs, SAB Foundation has seen first-hand how a lack of access to finance is severely hindering the MSME sector from creating jobs. We recognise that this is a complex issue, but that poor financial recordkeeping is a major factor. We partnered with Finfind on its Access to Finance Report because the data will provide critical insights for many players in the MSME space, so we can all design strategies that unlock capital to create the significant job possibilities that exist in this vital sector.”

Bridgit Evans – Executive Director SAB Foundation

“The National Financial Literacy Advocacy (NFLA) plays a vital role in addressing one of the most critical challenges faced by Micro, Small, and Medium Enterprises (MSMEs) in South Africa – limited financial literacy and inadequate financial recordkeeping, which directly affects access to finance.

NFLA responds to this challenge through impactful and data-driven initiatives that build financial capability within the MSME sector. One of its flagship programmes, the Procurement and Investment Readiness Programme (PIRP), has empowered over 3000 MSMEs and cooperatives with the skills and knowledge needed to improve their financial management, maintain proper records and prepare for funding and procurement opportunities.

Furthermore, NFLA has partnered with Finfind to be part of this amazing initiative of creating an access to finance report that will contribute greatly to the finance strategies for the ecosystem. This data-driven SA MSME Access to Finance Report is much needed as it will assist in providing insights that will be useful in creating inclusive funding models.

NFLA remains a key enabler of empowerment and sustainability for South Africa’s emerging businesses and the partnership with Finfind is imperative in creating an enabling environment for MSMEs to thrive.”

Nonzuzo Makanda – CEO National Financial Literacy Advocacy

Below is a list of some of the documents required by banks and DFIs for MSME lending

	Documents Required by Funders
1	Audited financial statements for the past 3 years (Income Statement, Balance Sheet, Cash Flow Statement)
2	Bank statements (latest 6 months’ business bank statements – bank-stamped)
3	B-BBEE certificate or affidavit
4	Business plan
5	Cash flow projections (5-year forecast with clear assumptions)
6	Central Supplier Database (CSD) document – required by Government funding agencies
7	Company registration documents
8	Company profile
9	Creditors' age analysis
10	Debtors' age analysis
11	Deed of sale (if business premises are owned)
12	Disclosure of any loans with other institutions
13	Disclosure of any litigation or disputes
14	Disclosure – if a judgment, notice, default is issued against the applicant, a letter or document to prove that arrangements are made to settle the account or proof that the account is settled must be provided
15	Employee breakdown – confirmation of employees
16	ID copies of all directors / members (certified)
17	ID copies of spouse if married in Community of Property (certified)
18	Insurance policies
19	Lease agreement for business premises
20	Loan breakdown (provide a breakdown of how the loan will be used)
21	Management accounts – latest (not older than three months from date of application)
22	Membership/s information
23	Organogram
24	Payslips of shareholders or management
25	Personal statements of assets and liabilities of all the members or directors including those of spouses if person is married in Community of Property (CoP)
26	Proof of addresses for owners / directors
27	Proof of business address
28	Proof of CIPC annual fees
29	Proof of own contribution and source (if applicable)
30	Facility statements of other funders – where applicable
31	Share certificates
32	Share register
33	Shareholder agreement
34	Short CVs (owner/s,director/s, key personnel, authorised representative)
35	Spouse consent (if married in Community of Property)
36	Spouse marriage certificate or matrimonial affidavit (if married)
37	Tax Compliance Status (TSC) pin
38	VAT registration certificate / latest VAT statement (only for turnovers of over R1m per annum)

The above list does not include sector-specific requirements – for example, businesses in the construction sector also have to provide the following documents.

1	Completion Certificate for previous work done (construction projects only)
2	NHBRC and CIDB registration (construction projects only)
3	Quotations with the suppliers' banking details and contact numbers
4	Priced bill of quantities
5	Proof of builders' All Risk insurance

When one considers that 48.8% of businesses with a turnover of less than R1m per annum have 3 staff or less (including the owner), and 71.7% have 5 staff or less (including the owner) and then consider the number of documents required by banks and DFIs as part of the application process – prior to initial assessment – the size of the mountain that smaller entities are expected to climb becomes strikingly evident.

A MOVE AWAY FROM TRADITIONAL FUNDING

Several notable developments are reshaping the MSME financing landscape

- Fintech Disruption: New players are revolutionising MSME financing through streamlined, accessible and faster loan processing.
- Mixed Funding Models: Innovative approaches combining loans and grants aim to maximise access and accountability.
- Bank Adaptation: Some traditional banks are pursuing digital transformation and fintech partnerships to remain competitive, though risk assessment mindsets require further evolution.
- Documentation Challenges: Many MSMEs struggle with varying and often unclear documentation requirements.
- Government Initiatives: Public sector support exists but faces challenges in awareness and accessibility. Better utilisation of existing data sources like CIPC and SARS could enhance assessment capabilities and scale lending.

STEPPING INTO THE GAP – PRIVATE ALTERNATIVE LENDERS / FINTECHS

Recent years have seen non-bank digital lenders / fintechs entering the market to serve specific gaps, particularly businesses with turnovers of less than R5m per annum owned by individuals in the Luxury Living and Aspirational Achiever segments.

They provide revenue-based and cash flow lending; working capital loans based on point-of-sale data; short term loan using alternative credit scoring; advance funding repaid as a percentage of daily turnover; invoice financing; and transactional/project-based finance for small suppliers with valid contracts.

These lenders provide short term funding and focus on quick online approvals using data-driven risk assessments. While they address previously excluded MSMEs, these solutions come at significantly higher cost to traditional DFI and bank offerings for larger businesses, as they price for perceived additional risk.

THE FUTURE LOOKS BRIGHTER – GLOBAL TRENDS AND LOCAL APPLICATIONS

Globally, financial services are evolving through integration of financial services with business platforms, advancements in API ecosystems and AI-powered analytics and evolving regulatory frameworks supporting responsible data sharing, protection and management. For South Africa to effectively bridge its MSME funding gap, several initiatives are essential, supported by a fundamental shift from the current data holder-centric approach to a data subject-centred approach:

- Open Finance Infrastructure Development: Establishing standardised APIs and secure data-sharing protocols that enable MSMEs to seamlessly share their financial data across multiple platforms while maintaining control and consent.
- Thoughtfully Designed Data Models: Balancing innovation with inclusion while leveraging the extensive alternative data already available.
- Strategic Public-Private Collaborations: Leveraging collective resources to create standardised frameworks for business credit data sharing.
- Educational Initiatives: Helping MSMEs understand and build positive digital profiles using their existing data footprints.
- Regulatory Reform: Supporting a data subject-centred approach that enables MSMEs to control and share their business data for credit assessment purposes.

REQUIREMENTS TO ADDRESS THE FUNDING GAP

Open Finance and Alternative Data Revolution

To strengthen supply and demand matching, the industry must move beyond consumer-focused assessment to business-centric evaluation methods. The urgency for alternative data adoption is underscored by South Africa's critical data gap. The MSME data is fragmented and very difficult to access, with no central MSME database existing. It is abundantly clear that the majority of MSME credit and risk data in South Africa is alternative data. The credit bureaus are limited in accessing and managing credit data for MSMEs.

The National Credit Act's focus on consumer credit has created a regulatory environment where the credit bureaus have minimal business credit information, with lenders currently forced to rely on outdated assessment models that use business owners' consumer credit reports, which could be seen as inadequate proxies for business creditworthiness.

Open finance frameworks present a transformative solution to this data accessibility challenge. By enabling secure, consent-based data sharing through standardised APIs, open finance can unlock the wealth of business financial information currently siloed across banks, payment providers and accounting platforms. This approach empowers MSMEs to control their data sharing while providing lenders with comprehensive, real-time insights into business cash flows, transaction patterns and financial health. This ensures that the industry could move beyond static financial statements to dynamic, predictive data sets.

Key alternative data sources with proven availability and predictiveness include:

- Business and consumer bank account transactions: Highly predictive data owned by business owners, accessible directly from banks with data subject consent.
- Digital payment flows: Highly predictive data from payment service providers directly accessible to MSMEs for sharing with lenders.
- Business systems data (accounting platforms): Highly predictive when complete, accessible via APIs with data subject consent.

- Existing loan repayment behaviour: Highly predictive data available directly from lenders with data subject permission.
- Trade credit information: Highly predictive supplier payment data accessible through direct MSME requests.
- Business rental and utilities payments: Indicators of regular payment behaviour and business stability, accessible through direct requests from landlords, letting agents and utility providers or via bank account records.
- Pre-paid and post-paid mobile services: Predictive for affordability assessments, accessible from telecommunications providers with data access consent.

Current market dynamics demonstrate this potential. While the Fintechs are already using alternative data and innovative scoring models to provide working capital loans to the MSME missing middle, albeit at high interest rates, banks and DFIs remain constrained by traditional data and model limitations.

The critical need is making alternative data and business credit scores available to all lenders. This should enable banks and DFIs to scale their lending while allowing Fintechs to align their pricing more competitively.

RECOMMENDATIONS

For MSMEs Seeking Funding

- Digital-based Transacting: Move from cash-based to digital-based transacting, developing a digital footprint to increase the chances of being funded.
- Financial Preparation: Maintain proper financial records, establish a formal business bank account and utilise a basic accounting solution.
- Documentation Readiness: Ensure all required documentation is up-to-date and accessible.
- Clear Business Plans: Present a viable and well-managed operation with transparent fund utilisation and repayment plans. It can simple, it doesn't have to be long or sophisticated.
- Diversify Funding Sources: Explore both traditional banks and alternative fintech options based on specific needs and profile.
- Consider Blended Financing: Investigate opportunities combining grants with traditional loans.

For Funders (Private and Public Sector)

- Address the Funding Access Bias: Funders need to readdress how they assess risk and develop products to meet the real demand by using the tools, technologies and data that are now available. It requires a commitment to change.
- Embrace Digital Transformation: Implement digital loan origination platforms, AI-driven analysis and digital credit scoring for more efficient and inclusive evaluation.
- Foster Partnerships: Collaborate between traditional banks and fintech companies to leverage respective strengths.
- Develop Alternative Assessment Methods: Create mechanisms to evaluate businesses with limited documentation or credit history.
- Streamlined Requirements: Introduce specialised micro-financing options with appropriately scaled requirements for businesses with turnover below R1m per annum.
- Tailored Financial Products: Develop offerings specifically targeted at startup financing and equipment acquisition, which collectively represent nearly half of all funding requests.
- Innovative Financing Models: Explore invoice financing platforms, equipment leasing with affordable buyout options and peer-to-peer lending solutions.

- Blended Finance Approaches: Combine commercial capital with development funding to reduce risk.
- Industry-Specific Solutions: Target high-demand sectors like manufacturing, accommodation & food services and retail trade.

For Government

- Government Support Mechanisms: Revamping of Government's credit guarantee scheme with its focus being to support finance for businesses with a turnover of less than R1m per annum, partnering with banks and non-bank private lenders and less onerous administration. Implement first-loss guarantees, interest rate subsidies and matching fund arrangements with private lenders.
- Changes needed by the banking sector on their reporting on MSME lending to the Reserve Bank which is done via the BA200 and BA900 submissions.
- Changes required to the NCA (to amend the definition of "small business" to include MSMEs that are not distinct entities such as trusts, sole proprietors or partnerships; to provide for mandatory reporting of business credit information by finance providers; develop focused legislation specific to development finance for micro enterprises; allow the attachment of moveable assets for developmental loans to micro enterprise; change initiation fees for development loans to a percentage of the loan amount instead of a fixed fee; grant a fixed interest rate for developmental loans to micro enterprises, not linked to the repo rate as it currently is).
- Implementation of the recommendations in the newly gazetted Co-operatives and MSME Funding Policy.

CONCLUSION

The MSME funding landscape in South Africa is evolving rapidly. While significant challenges remain in addressing the supply-demand mismatch, the diversification of funding options and increasing digital adoption present promising opportunities for South African MSMEs to access the capital needed for growth and sustainability.

By moving beyond traditional lending practices and embracing alternative assessment methods, the financial sector can better serve the 85% of MSMEs with a turnover below R1m per annum, unlocking their potential contribution to employment and economic growth.

ABOUT FINFIND

Finfind is a South African fintech company that provides the most widely used online MSME fund matching system in the country. The innovative digital solution uses data driven algorithms to match seekers of business finance with matching MSME funding products.

Finfind is recognised to have the only comprehensive funder database of MSME finance products in the country, with over 300 funders and 600 finance offerings from the public and private sector. The funding products include startup finance, expansion finance, equity finance, cash flow bridging finance, debtor finance, contract finance, asset finance, franchise finance, supplier finance, import and export finance, finance to buy out a partner, property finance and grant funding.

Finfind's online fund matching platform www.finfind.co.za was launched by the inaugural Minister of Small Business Development in October 2015 and has amassed over one and a half million MSME users. Since its inception Finfind has facilitated over R200 billion in funding requests.

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Beyond matchmaking, Finfind offers educational resources to help entrepreneurs understand the funding landscape. This includes information on different types of finance products, funders and the common challenges experienced by MSMEs seeking finance. The platform also provides access to a funding dictionary to help entrepreneurs understand finance terminology.

Finfind has partnered with Experian South Africa to provide an enhanced version of its online fund matching solution for further simplification of the application process for MSMEs. The enhanced solution includes additional API integrations for alternative data collection, harnessing open finance and providing funding probability scoring for lenders to bolster MSME access to finance in the country – the first version of the enhanced solution will be released in Q4 2025.

The MSME data sample and the MSME Funder data sample used for the SA MSME Access to Finance Report 2025 is owned by Finfind.

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