BANK SETA

SECTION 2

INCLUSIVE BANKING SECTOR SKILLS PLAN: 2012-16 UPDATE

Increase access to high quality and relevant education and training, and skills development opportunities, including workplace learning and experience, to enable effective participation in the economy and society.

CONTENTS

LIST OF TABLES

CONTENTS continued

LIST OF FIGURES

LIST OF ACRONYMS

BANKSETA	Banking Sector Training and Education Authority
CFF	Central Finance Facility
COP17	The 17th meeting of the "Conference of the Parties" (COP) of the international treaty known as the United Nations Framework Convention on Climate Change(UNFCCC)
CPA	Consumer Protection Act
DHET	Department of Higher Education and Training
EC	Eastern Cape
EMIS	Education Management Information System
EMLAS	Equitable Mutual Life Assurance Society
ETQA	Education and Training Quality Assurance Body
FAIS	Financial Advisory and Intermediary Services
FET	Further Education and Training
FICA	Financial Intelligence Centre Act
GDP	Gross Domestic Product
HEMIS	Higher Education Management Information System
HET	Higher Education and Training
IB	Inclusive Banking
IT	Information Technology
HRD	Human Resource Development
MBA	Master's in Business Administration
ME	Micro-Enterprise
MFI	Micro-finance Institution
ML	Micro-lender
MFSA	Microfinance South Africa
MFRC	Microfinance Regulatory Council
MFSP	Micro Finance Skills Programme
MTEF	Medium-term Expenditure Framework
MTSF	Medium-term Strategic Framework
NCR	National Credit Regulator
NCA	National Credit Act
NDMA	National Debt Mediation Association
NEHAWU	National Education, Health and Allied Workers' Union
NGO	Non-governmental Organisation
NSBC	National Small Business Chamber
NSC	National Senior Certificate
NSDS III	National Skills Development Strategy
NSF	National Skills Fund
NQF	National Qualification Framework
PESTEL	Political, Economic, Social, Technological, Environmental and Legislation
RPL Recognition of prior learning	PIVOTAL Professional, Vocational, Technical and Academic Learning
SACCOL	Savings and Credit Cooperative League
SAMWU	South African Municipal Workers' Union
SEF	Small Enterprise Foundation
SARB	South African Reserve Bank
SETA	Sector Education and Training Authority
SME	Small and Medium Enterprise
SMME	Small, Micro and Medium Enterprise
SSP	Sector Skills Plan
UP	University of Pretoria
WSP	Work Skills Plans

EXECUTIVE SUMMARY

INTRODUCTION

The inclusive banking[1] (IB) Sector Skills Plan (SSP) 2012 outlines the skills development needs of the inclusive banking sector for 2012. The document first discusses the environmental context in which the inclusive banking sector operates. It then analyses the IB sector profile by discussing the demand and supply of skills in the sector. Finally, it presents a menu of strategic skills development interventions for the IB sector.

The skills development initiatives of the Banking SETA (BANKSETA) in the IB sector are within the context of the goal of the National Skills Development Strategy (NSDS III) to develop a skilled and capable workforce to support an inclusive growth path. NSDS III encourages the linking of skills development to career paths, career development and the promotion of sustainable employment. An emphasis is placed on training to enable trainees to enter the formal workforce or create livelihoods for themselves.

SECTOR PROFILE

The IB sector comprises a wide range of service providers, which are classified according to the following categories: second-tier banks, medium and large micro-lenders, small micro-lenders, micro-enterprise lenders, financial cooperatives, housing financiers and debt counsellors. Their operations in the sector are summarised in the subsector analysis below.

PROFILE OF THE LABOUR FORCE

An assessment of the IB workforce, as represented by institutions that submitted workplace skills plans (WSPs) (2009-2011) showed that the sector employs 22 004 people. The workforce is dominated by female workers (61%), while male employees make up 39% of the workforce. An analysis of the workforce according to population group showed that 58% is made up of Africans, 18% of whites, 11% of Coloureds and 5% of Indians (5%)[2]. The sector has a youthful age distribution, with 66% of the labour force being younger than 35 years and 32% being in the 36–55 age group. Only 2% is over 56 years old. Replacement demand issues due to retirement are not presently of major concern.

The majority of the employees (64.22%) are clerical and administrative staff members. As the sector expands by recruiting more clients from the unbanked segment of the population and welcoming them into the banked fold, more retail outlets are opened. The majority of the staff members required are frontline clerical and administrative personnel.

In order to supervise administrative workers, the next level of workers in demand is that of managers (14.62%), followed by professionals (10.45%), who provide solid back office support. Sales workers (5.8%) and technicians and trades workers (1.83%) are also essential, but to a lesser extent. A trend analysis indicates a general increase in management positions and the disappearance of sales worker and elementary worker positions.

DEMAND FOR SKILLS

As the IB sector gains momentum – making inroads into the 27% unbanked segment of the population – the demand for an array of financial services skills increases. As financial services players expand their outreach into the hitherto unbanked segment, there is a need to retool and reskill in order to mitigate exposure when dealing with non-salaried loan applicants. Skills challenges touch on the need to increase the availability of current skills as IB expands its current product offering to new markets in the unbanked segment.

[1] Defined as the provision of a wide range of financial services not just to some segments of society, but to all segments

[2] Source: WSP, 2011

Another dimension of skills development is when IB service providers require new skills to deal with new markets, for instance, the provision of housing finance and remittances that require both product development skills and the application of appropriate risk management expertise that is tailored to the dynamics of the market segments. Expertise in new areas of IB service provision, such as the provision of low-income housing finance, micro insurance, remittances and savings that cater for the needs the broader unbanked segment of the population, is generally low. Significant investment in skills development in these areas for the IB sector is critical.

Unlike large and more established players, small IB players are resource challenged and do not have the funds to invest in skills development at a local level. As such, they are entirely dependent on the availability of skilled labour in the market.

SUBSECTOR ANALYSIS

Second-tier banks

The current employment profile shows that second-tier banks account for 48% of the sector's workforce, of whom 95% are below the age of 45. As such, replacement due to retirement is not a major concern. The bulk of the staff comprises clerical and administrative workers, which constitutes 74% of the workforce.

The subsector is on a growth trajectory. It offers technology-driven products, but is increasingly facing competitive pressures from commercial banks that have taken an active interest in approaching the hitherto unbanked segment of the market.

Technological innovations, and client-driven and cost-effective product offerings are increasingly becoming key drivers of success

Medium and large micro-lenders

Medium and large micro-lenders make up 40.7% of the sector's workforce. These lenders have a youthful workforce, 95.9% being under 45 years of age. Over 55% of their employees are clerical and administrative workers. They largely offer loans to consumers. Risk assessment skills are critical to minimise exposure.

Small micro-lenders

Small micro-lenders mainly comprise 30-day cash loan lenders and make up only 4.7% of the sector's total workforce. This is also a youthful subsector, with 78.9% of its employees being under the age of 45. Most of these workers are employed in the clerical and administrative staff and managers categories. They face sustainability challenges, as well as challenges related to access to funding, compliance, and the ability to attract and retain skilled workers. Skills development initiatives are aimed at developing their managerial competencies.

Micro-enterprise lenders

Micro-enterprise lenders are dominated by non-profit non-governmental organisations (NGOs) and small micro-enterprise lenders that provide loans to small and micro-enterprises (SMEs). They make up 3.5% of the subsector's workforce, with most of its workers (94.5%) being under 45 years of age. Given the significant role played by SMEs in job creation in South Africa, it is critical to invest in developing the capacity of institutions that provide support services to SMEs. Key skills that are needed include information technology (IT) skills, product development, and risk assessment and management skills.

Financial cooperatives

Financial cooperatives contribute 0.8% of the sector's workforce, with 68.7% of their staff being under 45 years of age. Financial cooperatives have various challenges, including running their businesses using manual systems, the inability to recruit, train and retain quality staff, and weak governance structures and competences. Key skills development issues revolve around building the managerial capacity of key personnel, investing in IT training and developing board governance issues

Housing financiers

Housing financiers provide affordable housing to the low-income sector. This represents a big market opportunity in South Africa and Africa as a whole. Affordable housing financiers in South Africa constitute 0.8% of the IB sector's labour force, of whom 92.9% are under 45 years of age. They employ mainly clerical and administrative staff (89%) and managers (10.1%). Management development, product development and risk assessment skills are key skills that are needed to better service the market.

Debt counsellors

The employee base of service providers who provide a debt-counselling service contributes 1% of the IB sector's workforce. These service providers mainly employ clerical and administrative workers, as well as managers (46%). The bulk of the workforce (87.2%) is below 45 years of age.

SUPPLY OF SKILLS

Skills in the IB sector are mainly supplied by relevantly qualified graduates from the country's tertiary institutions. The National Senior Certificate (NSC) feeds students into the system who are ready to undertake studies in financial services-related and other disciplines.

The pass rate in Mathematics and Accounting in the NSC is very low. Enrolment trends for these subjects declined from 2009 to 2010. The results of Further Education and Training (FET) colleges for 2010 showed a pass rate of 48% for learners enrolled in finance, economics and accounting qualifications. Notwithstanding this, government is aggressively increasing student intakes at FET colleges.

The Higher Education Management Information System (HEMIS) data of 2010 shows that blacks have the lowest Higher Education and Training (HET) pass rate, despite being the dominant population group demographically. Due to a lack of funds, black students tend to lack the academic support that their counterparts in the other population groups have, which enhances the academic performance of students in the other population groups.

The Centre for Inclusive Banking at the University of Pretoria contributes to skills development in the IB sector. This centre runs several courses in inclusive banking, including Master's in Business Administration (MBA) electives in microfinance. There are also other accredited private service providers in the market that provide various capacity building services to the sector.

RECOMMENDED INTERVENTIONS

Drawing from the success already achieved with the current learnership programmes, BANKSETA will need to do the following:

- Work towards the realisation of a lasting partnership as the Financial Services Charter is implemented.
- Involve all stakeholder organisations to achieve Charter targets.
- Support the inclusive banking industry to transform.
- Promote and showcase the various BANKSETA initiatives that demonstrate the sector's progress with regard to the Charter.
- Undertake a skills audit for the sector to identify where major interventions are needed.
- Collect the latest baseline data and assist the sector to achieve the Charter's targets.
- Implement the International Executive Development Programme to assist the sector to meet the set equity targets as indicated in the Charter.

The BANKSETA should consider replicating successful programmes, such as the Microfinance Skills Project that is implemented in partnership with the micro lending sector and the Department of Labour, as well as mobile training solutions that are targeted at skills development among SMEs in outlying areas[3].

Learnerships have emerged as an effective way for youth skills development. The BANKSETA should therefore also consider replicating the learnership programme across the different subsectors of IB service providers. It should also replicate and support employer-driven training programmes.

[3] Source: BANKSETA Annual Report 2009/10

CHAPTER 1

CONTEXT

PURPOSE OF THE SECTOR SKILLS PLAN

In terms of the Skills Development Act, the Banking SETA (BANKSETA) is required to prepare an Inclusive Banking (IB) Sector Skills Plan (SSP) every five years within the framework of the National Skills Development Strategy (NSDS III). The SSP builds on the microfinance SSP prepared by RUDO Consulting in 2011. It tackles the broader issue of inclusive finance. Apart from credit, it also involves the provision of other financial services, such as savings, remittances and micro insurance.

The Sector Skills Plan seeks to identify the following:

- The sector's skills needs, specifically highlighting skills shortages, skills gaps and the skills supply base
- Challenges faced in the drive to expand the frontiers of financial services provision to the country's 15 million unbanked people within the context of the New Growth Path, NSDS III, the Financial Services Charter, and provincial growth and development strategies.

The drive to enable access to inclusive financial services in South Africa dates back to 2003, when the Financial Services Charter was developed. The Charter committed banks and insurance companies to partner with government and civil society to increase access to financial services by people from the low-income segments of the population, to increase the number of black workers, managers and owners in the financial industry, and to increase products designed to benefit people with a low income. Since the development of the Charter, the BANKSETA has used a number of initiatives to promote, support and implement skills development initiatives in the financial services sector, such as the learnership programmes, microfinance skills projects and adult education programmes. Placement rates for learnerships[4] consistently exceed 75% with over 6 200 learners having been recruited since 2005. The Charter resulted in the increased development of products earmarked for the low-income segment of the economy.

A key challenge has remained the provision of a wide range of financial products for the benefit of all South Africans. Financial service providers have a bias towards the provision of credit, as opposed to the wide range of services that includes credit, savings, insurance, remittances and payment services.

Through this SSP, the BANKSETA seeks to align strategic initiatives that support the development of a skilled and capable workforce to drive an inclusive financial services sector to meet the goals of NSDS III.

NSDS III seeks to increase access to high quality and relevant education and training by aligning the supply and demand of labour. NSDS III recognises the misalignment between the quality demanded by employers and the quality and skills sets produced by the educational system, including the sector education and training authorities (SETAs). This is in recognition of the great changes in the skills requirements of employers in response to changes in the business environment and the financial services sector. It encourages the linking of skills development to career paths, career development, the promotion of sustainable employment and work progression, with an emphasis on training to enable trainees to enter the formal workforce or create livelihoods for themselves. The strategy seeks to establish and promote closer links between employers, training institutions and the SETAs.

NSDS III thus provides a framework to align the work done by the SETAs and the National Skills Fund (NSF). It drives the workplace to be a visible complement to institutional learning. It complements the work of public Higher Education and Training (HET) institutions and research-orientated universities. Its initiatives and interventions are designed to respond to the following pressing challenges.

[4] During the 2009/10 fiscal year, a thousand new Letsema learners were recruited, bringing the total number of learners recruited since 2005 to 6 200. Placement rates for completed learnerships consistently exceed 75%.

Inadequate skills levels and work-readiness of graduates entering the workforce.	Lack of literacy and numeracy in the long-term employed.
Failure of business to equip the workforce to adapt to changes in the economy as it becomes more knowledge-based.	Overemphasis on NQF Level 1–3 without sufficient progression to more intermediate and higher level skills.
Skills shortages in the artisan, technical and professional fields.	Systemic blockages in the provision of skills.
Absence of coherent strategies in industries.	Urban bias of our development.

NSDS III GOALS

“This strategy represents an explicit commitment to encouraging the linking of skills development to career paths, career development and promoting sustainable employment and work progression.” - Honourable Minister, Dr *Blade Nzimande (Minister of Higher Education and Training)*

NSDS III has eight strategic goals. It emphasises relevance, quality and the sustainability of skills training programmes. Each of these goals is briefly introduced below:

Goal	Action
Goal 1: Establishing a credible institutional mechanism for skills planning will ensure that the national need in relation to skills development is researched, documented and communicated to enable effective planning across all economic sectors.	To give greater effect to such programmes and ensure greater employer participation, a professional, vocational, technical and academic learning (PIVOTAL) grant has been incorporated into NSDS III. The intention is for 10% of the mandatory grant to be dedicated to this initiative.
Goal 2: Increasing access to occupationally-directed programmes at both the intermediate and higher level professional qualifications speaks to the PIVOTAL grant initiative.	
Goal 3: Promoting the growth of a public Further Education and Training (FET) college system that is responsive to sector, local, regional and national skills needs and priorities.	The public FET college system is central to government’s programmes of skilling and reskilling the youth and adults of South Africa. The transformation of the FET college system will ensure the integration of education and training, responding to the skills needs in the country. In order to increase the capacity to meet industry and the country’s developmental needs, partnerships between the Department of Higher Education and Training (DHET), the SETAs, employers, private providers and public FET colleges are being promoted. “This strategy represents an explicit commitment to encouraging the linking of skills development to career paths, career development and promoting sustainable employment and work progression.” Honourable Minister, Dr Blade Nzimande Minister of Higher Education and Training

Goal	Action
Goal 4: Addressing the low level of youth and adult language and numeracy skills to enable additional training.	Language, literacy and numeracy skills are fundamental to improved economic and social participation, productivity and social inclusion. This goal seeks to develop a national strategy aimed at providing all young people leaving school[5] with an opportunity to engage in training or work experience, and improve their employability.
Goal 5: Encouraging better use of workplace-based skills development.	This goal seeks to address the training of employed workers in order to improve productivity and the overall growth and development of the South Africa economy.
Goal 6: Encouraging and supporting cooperatives, small enterprises, worker-initiated, NGO and community training initiatives.	Skills development is not just about training people for employment. It must also empower people to create opportunities to make a living for themselves. NSDS III will support cooperative, NGO, small enterprise, community and worker-initiated skills development and training programmes. Similarly, the National Skills Fund (NSF) will support credible and quality worker skills development, education and training programmes.
Goal 7: Increasing public sector capacity for improved service delivery and supporting the building of a developmental state.	The goal seeks to address the challenge of public sector capacity. The overarching objective is to strengthen the country's public institutions, enabling them to intervene in the economy to build an inclusive growth path.
Goal 8: Building career and vocational guidance.	Deals with lack of guidance to direct young people in particular to programmes for which they have an aptitude and which will provide training in areas needed in the economy. Implementing the NSDS III is a collective responsibility of all stakeholders and partners in skills development.

NATIONAL SKILLS ACCORD

With the aim of upskilling young South Africans, the government signed the National Skills Accord in July 2011. This accord is a partnership between government, business, labour and civil society. The accord "binds the social partners to objectives in the areas of artisan training and training in other scarce skills, as well as the promotion of internships and the placement of graduates of FET colleges, training colleges and universities of technologies"[6]. According to government, the framework for all sector skills should be aligned to the New Growth Path and Industrial Policy Action Plan II.

[5] "In South Africa, there are approximately three million youths between the ages of 18 and 24 years who are not in employment, education or training, have a poor educational foundation and are poorly prepared to undertake further learning" – Honourable Minister, Dr Blade Nzimande, Minister of Higher Education and Training, January 2011, at the launch of NSDS III.

[6] Source: Sabinet, 2011

PESTEL ANALYSIS

The political, economic, social, technological, environmental and legislation (PESTEL) analysis framework was undertaken to inform our understanding of the sector skills landscape. However, the environmental analysis is not detailed in this section, as environmental issues were not found to have a direct impact on the operations of the sector. However, the sector subscribes to the resolutions of the 17th meeting of the Congress of the Parties (COP17), which seek to get agreement from countries on a treaty on climate change. The November 2011 COP17 meeting resulted in the development of a roadmap to a global legal agreement on climate change applicable to all parties. BANKSETA's skills development initiatives will seek to incorporate these as a cross-cutting issue.

The PESTEL analysis was conducted by reviewing the South African Reserve Bank (SARB) and National Treasury's economic data, Statistics South Africa's Quarterly Employment Survey, the Presidency's Medium-term Strategic Framework (MTSF) for 2011, the consolidation of the BANKSETA's available research data and other secondary resources. Information from these secondary sources was augmented by information collected from stakeholder focus group discussions.

Political issues

The stable political environment has enabled the government to focus on development issues with a strong focus on the economic development of the South Africa populace. At the centre of government's growth and development strategy is people, and this will guide the allocation of resources.

The Medium-term Expenditure Framework (MTEF) for 2012–2015 outlines key prioroties for government expenditure. The framework highlights a shift in expenditure by government towards focusing resources on growth and job creation, and supporting stronger private sector investment in pursuit of new opportunities in a changing international environment.

The Medium-term Expenditure Framework has 12 outcomes, as presented below:

Improved quality of basic education.	A long and healthy life for all South Africans.
All people in South Africa are and feel safe.	Decent employment through inclusive growth.
A skilled and capable workforce to support an inclusive growth path.	An efficient, competitive and responsive economic infrastructure network.
Vibrant, equitable and sustainable rural communities with food security for all.	Sustainable human settlements and improved quality of household life.
A responsive, accountable, effective and efficient local government system.	Environmental assets and natural resources that are well protected and continually enhanced.
Create a better South Africa and contribute to a better and safer Africa and world.	An efficient, effective and development-oriented public service, and an empowered, fair and inclusive citizenship.

During the 2012/13 fiscal year[7], the government plans to focus on addressing the following challenges: creating jobs (with a particular focus on the unemployed youth) and reducing poverty, building infrastructure and expanding the South African economy. Other key focus areas include improving competitiveness in industries, investing in technology, encouraging enterprise development and supporting agriculture. Government also plans to implement measures to invigorate household savings.

President Zuma reiterated these key points in his State of the Nation address of 2012 when he acknowledged the contribution of job creation to reduce unemployment from 25% to 23.9%. There is thus political will to support the inclusion of low-income workers in accessing financial services. Government commitment is supported by setting aside an appropriate fund to support small and micro-enterprise (SME) training, the Housing Guarantee Fund and a housing subsidy. Stakeholders were hopeful that the new Infrastructure Development Plan would contribute to business success and employment creation.

[7] South African Budget Speech, 2012

Implications for skills

Financial institutions require a number of skills in order to contribute to the drive for employment creation and economic growth. The BANSETA, together with the IB sector should therefore develop and facilitate the following:

- Training material and specific training packages for housing lending to encourage new product development in this area. These should include screening and debt collection methodologies, risk management and a paradigm shift “that will support the developmental agenda of the government”.
- Entrepreneurial skills development strategies for financial institutions to appreciate the business of lending and the market dynamics as skills for identifying and supporting entrepreneurship among their potential clients.
- Training for microfinance institutions to develop products for low-income persons, such as remittances and other payment services. This will entail the development of relevant training packages.
- Linkages between financing and the provision of business start-up and growth capacity building programmes to enable the financial institutions to identify trained clients for financing.

Other key areas of concern raised in Moody’s recent downgrading of South Africa’s credit-rating included increased public spending, and the continued negative impact on private investment deriving from calls for interventionist actions aimed at “quick fixes” for black economic opportunities.

Economic issues

Job creation (with a particular focus on unemployed youth) and poverty alleviation have taken priority, recognising the role of the financial services sector.

South Africa has experienced macroeconomic stability since the onset of democracy. During the third quarter of 2011, its Gross Domestic Product (GDP) grew by 1.4% (see Table 1) compared with previous quarters and averaged 3.1% year-on-year. South Africa’s economy is largely industrialised and productive, exhibiting many characteristics associated with developing countries: the division of labour between formal and informal sectors and an uneven distribution of wealth and income. Key sectors driving the economy are manufacturing, services, mining and agriculture, and these are well developed.

Table 1: Seasonally adjusted GDP growth: Year-on-year and quarter-to-quarter

Period	Quarter 1 2010	Quarter 2 2010	Quarter 3 2010	Quarter 4 2010	Quarter 1 2011	Quarter 2 2011	Quarter 3 2011
Year-on-year (%)	2.2	3.2	3.1	3	3.3	3.2	3.1
Quarter-to-quarter (%)	4	2.8	3.1	4.5	4.6	1.3	1.4

Source: Statistics South Africa (3rd Quarter 2011)

South Africa is a country with a dual economy: one that compares and competes well with the developed world, and the other that is typically third world with basic infrastructure. Although post-apartheid South Africa has enjoyed relative political stability and its economic fundamentals have remained intact, unemployment is still a major issue in the country, with official statistics standing at 23.9% and 36%[8] whether one uses the narrow[9] or broader[10] definition. This is as a result of the country not showing any significant economic growth in the past three years, disabling it from creating decent jobs and employment opportunities. Youth unemployment (42%[11]) remains a significant challenge, which requires a multi-pronged strategy to create employment and support inclusion and social cohesion.

[8] The Solidarity Research Institute, December 2011. The South African labour market and matriculants.

[9] The narrow definition counts as unemployed all jobless persons who want work and searched for work in the recent past (typically, in the four weeks prior to the survey visit).

[10] The broad definition drops the search criterion and counts as unemployed all jobless persons who report that they want work even if they did not search for it in the reference period.

[11] National Treasury, February 2011. Confronting youth unemployment: Policy options for South Africa.

The government has taken measures to address this in the form of skills development initiatives, learnerships and apprenticeships. This still does not seem to suffice, and as Thabo Masumbuka the former Director for Sector Partnerships at the Dti and the current Executive Director: Transformation Services at Siyakha Consulting indicated, "the focus should be on real meaningful training, on positive lifestyles, industrial skills and job-relevant entrepreneurial training". As he further states, the government should shift the focus from finding reasons why jobs are not created, and focus on "creating policies and frameworks to create an enabling environment for job creation and the economic participation of the majority in the country."

The combined effect of solid capital markets, development funding support and sound financial market regulation (strengthened by the adoption of Basel II international standards in 2008) played a key role in enhancing the economy's capacity to weather the negative effects of the 2009 global recession. While South Africa was spared the direct effects of the global financial crisis, the resultant recession led to substantial job loss. For the microfinance industry, this has resulted in increased defaults, judgments and increased repayment delinquency. The crisis is still having a negative effect on the viability of small microfinance businesses, resulting in business closure in a few instances due to high operating costs. The extent of the impact this may have on players in the inclusive banking sector is still to be quantified.

Most stakeholders mentioned that although South Africa has weathered the global economic crisis, the EuroZone debt crisis will probably have a negative effect in the future.

Implications for skills

The growth of unsecured credit (consumption lending) by facilitating easy access to credit has led to market saturation and increased client indebtedness. As a result, it is important to promote enterprise lending linked to productivity instead of consumption. Banks and a few large lenders are moving downstream to the unbanked, which is a positive gesture, but without up-to-date information on appropriate products and impact at client level, efforts are not likely to result in poverty reduction and employment creation. The following skills are required, in particular:

- Credit granting skills (screening techniques and technologies to reduce bad loans, as well as staff screening to be able to identify staff with potential)
- Risk analysis skills to identify good lending decisions in relation to the current issues in the environment and information on the viability of the company where the consumer is employed. In addition, staff need skills to interpret credit records and ratings.
- Management skills to provide good leadership, risk management and future planning for senior management
- Basic management skills for back office staff and credit officers, including credit management and financial management
- Building and managing client relationships is a key skill for credit officers, front office staff and all levels of management.
- Credit officer skills in providing credit education for clients to ensure lending to clients that are not over indebted and to improve loan management. Client training should include an understanding of interest rates and other costs of borrowing.
- Product development skills to ensure the development of innovative products in the inclusive banking sector, as well as skills for the costing of housing financing products.

Social issues

South Africa has a number of social issues, which include high unemployment and high crime levels. While HIV/AIDS has been an issue in the past, stakeholders indicated that they had managed to design a number of innovative risk mitigation methodologies to deal with the effect of HIV/AIDS on their loan books and collection. Stakeholders appreciated the work done by government in fighting the spread of HIV/AIDS.

However, stakeholders in Gauteng (which include microfinance and microenterprise lenders) acknowledged the effect of HIV/AIDS on productivity and bad debt. HIV/AIDS still has an adverse effect on institutional productivity as it results in increased absenteeism and a loss of the critical skills that the industry need. This also impacts on recruitment costs and the cost of on-the-job training.

South Africa's HIV/AIDS prevalence rate is approximately 10.5%, while 5.24 million people are estimated to be living with HIV. Approximately 18% of the 15–49 age group is estimated to be HIV positive. Analysis of HIV statistics by gender shows that almost one in three women aged between 25 and 29, and over a quarter of the men aged between 30 and 34 are living with HIV[12]. Micro-enterprises therefore identified a need for product development skills to mitigate the effects of HIV/AIDS, for example, through the provision of credit life insurances schemes.

[12] UNAIDS, 2010. UNAIDS report on the global AIDS epidemic.

Crime has had an impact on the microfinance sector, prompting shifts in service provision approaches and investment in security systems. Stakeholders highlighted that crime, fraud and pressure from crime syndicates negatively impact on their businesses. There are challenges in staff's understanding of fraud and its mitigation strategies, resulting in the need for staff training on fraud and the identification of fraudulent documents, as well as the identification of potential fraudulent situations. As part of the government's fight against money laundering, the Financial Intelligence Centre Act of 2001 (FICA) was promulgated and came into full effect on 30 June 2003. FICA provides for the establishment of an anti-money laundering regulatory body and introduces mechanisms aimed at preventing money laundering.

Financial institutions have to comply with FICA requirements in their client verification processes as part of measures to curb money laundering. In order to improve security, the Department of Home Affairs, signed a Memorandum of Understanding with the banking industry to roll out the online fingerprint verification system in all participating banks in an effort to assist in fraud prevention and detection.

Implications for skills

Stakeholders highlighted the need to develop standard training programmes that are offered by FET institutions in flexible programmes, such as part-time and evening classes. Other programmes should include internships and skills placement programmes. Specific skills needed to deal with the social issues that affect the financial services sector include the following:

- Auditing skills, including the development of policies to manage fraud
- Staff training on fraud and the identification of fraudulent documents
- Product development skills for mitigating the effects of HIV/AIDS, for example, group insurance schemes, group lending methodologies and multiskilling for staff
- The identification of clients' financing needs through market research and by developing relevant products
- The identification of clients' preferences
- The development of staff's understanding of the debt review process and issues of reckless lending in order to provide debt-counselling, as well as client training on managing debt
- Basic financial literacy training for both clients and staff (including, basic arithmetic and accounting)
- Marketing financial services to key stakeholders, such as the media, to develop a positive image of the industry

Technological issues

Technological advances are a key driver of change in the financial services sector. Advances in technology are revolutionising the inclusive banking sector as they bring efficiency and cost effectiveness through various forms of branchless banking mechanisms. Technological advances have a bearing on the skills mix that is required by the financial services sector, with a high demand for technology-related skills, especially information and communication technologies.

One example of such a technology is the WIZZIT[13], which offers a secure and efficient payment mechanism to unbanked and underbanked South Africans by providing a low-cost, transactional bank account that uses cellular phones for making person-to-person payments, transfers. It also offers prepaid services and a maestro debit card for making payments for purchases in the formal retail environment. The company already has five million customers in five countries including South Africa.

In addition, most commercial banks in South Africa have adopted the concept of branchless banking. For example, Absa uses merchants such as spaza shop owners, employer organisations and retailers as agents equipped with Absa smartphones to allow them to sign up new customers instantly (within 10 minutes). Capitec and African Bank already have a foothold in the technology-driven mass market, making handsome returns, which have whet the appetite of big banks to grow their market share in the same segment.

The impact of advances in technology in enhancing access to a wide range of financial services by the rural people, particularly in developing countries, is gathering momentum. Over the years, more and more unbanked South Africans in rural areas will increasingly have access to technology-driven financial services. Banks such as Capitec and African Bank are pushing the boundaries in terms of enhancing client access and shortening turnaround.

[13] Source: www.wizzit.co.za/

Stakeholders who were consulted felt that microfinance institutions are lagging behind in technological uptake and the technical skills that are required to apply various technologies. This has limited their outreach and the range of services that can be provided to their clients. Stakeholders in Cape Town also requested technology-related training and information services for owners of financial institutions as most of them were not appraised on the new developments.

Implications for skills

Stakeholders indicated that financial service providers need to take advantage of technology to improve loan processing and collection, as well as client relations. The technologies identified include the use of social media (Facebook, MxIt, Twitter, etc), Ipads, cellphones, the Equitable Mutual Life Assurance Society (EMLAS), craft silicon and internet banking, which will result in a new skills set within the industry. Stakeholders also identified a need to invest in the development of technology to improve credit checks and screening technology, scoring and other information collection on clients and markets. In addition, Microfinance institutions emphasised the need to develop skills to apply the technology, technology research skills for key personnel, and upgrading the skills of IT staff to design innovative technologies for the inclusive banking financial services sector.

Most stakeholders in the microfinance industry highlighted the fact that they now have dedicated staff members to manage communication with clients on social media platforms in order to receive feedback on products, services and new product ideas. Social media is therefore a new skill requirement that will enable financial services providers to identify consumer needs. It can also inform their marketing strategies. There is need to capacitate staff on web-based programmes, social media and cellphone banking (cooperatives). Other skills include the following:

- Training to keep business-owners up to date as technology is changing drastically
- Training in different technologies that are relevant for the financial services sector
- Upgrading IT staff to design innovative technologies for the finance sector
- Technology research skills for key personnel within the financial services sector

Legislation

The regulatory framework for the inclusive banking sector in South Africa has evolved over time from the days of the Usury Act, Act No. 73 of 1968, and the limitations it posed in terms of access to credit through the Exemption Notice of 1992 and its subsequent updates, up to the promulgation of the National Credit Act, Act No. 34 of 2005. Overall, there are at least 50 pieces of legislation with which practitioners in the inclusive banking industry have to comply. The ability to fully comply with the requirements of the many pieces of legislation is a challenge, particularly for the many small players. While ensuring that the effectiveness of regulatory instruments in terms of promoting an enabling environment for players is not compromised, there is a need to harmonise the plethora of legislative instruments in order to ease the compliance burden on sector players.

The Dedicated Banks Bill is aimed at creating a regulatory platform for second- and third-tier banks to accept deposits, thus increasing access to rural and low-income South Africans. However, as indicated by FinMark Trust, the main challenge for lenders is meeting the minimal capital requirements (set at $7.5 million) and proving that these lenders have been operating their businesses profitably.

The Cooperatives Bank Act was enacted to bridge the divide between the banked and the unbanked masses of South Africa. It provides a sound legislative framework within which cooperatives and cooperative banks can provide financial services to their members, thereby enhancing the accessibility of financial services to all South Africans. This act set prudential minimum requirements for the registration of financial cooperative banks. Although there are 18 financial cooperatives ready to be registered, there are currently only two registered cooperatives. Orania Savings and Credit Cooperative was granted registration. However, its registration was pending the successful registration of its name. The other credit cooperatives[14] were not registered because they did not meet all the registration requirements. The BANKSETA is advised to partner with the Savings and Credit Cooperative League (SACCOL) and the Banking Adjudicator to ensure that financial cooperatives are capacitated to migrate from manually-driven entities to sophisticated and sustainable cooperative banks. This should include the development of senior staff skills to interpret the Cooperative and Banking Act and other legislative criteria set for cooperatives.

[14] Cooperatives Banks Development Agency, 2011

Implications for skills

It is also apparent from the analysis that the legislative instruments mainly address the area of the responsible granting of credit by players in the industry. As such, the area of credit provision in South Africa's inclusive banking sector is generally more developed (albeit still with limited outreach, particularly among the low-income and SME sectors) than other areas, such as remittances, micro-insurance and savings for low-income clients. These remain areas that need further scrutiny from a regulatory point of view in order to promote the availability of a wide range of products and services for the excluded sectors of the population.

Stakeholders highlighted the fact that basic understanding of most of these pieces of legislation was adequate. However, it is recommended that easy-to-understand information to summarise each piece of legislation should be packaged in a booklet and put on an information portal, together with training on the implications of the National Credit Act (NCA) court judgments in the areas of debt collection and debt review. Lenders are still burdened with the compliance and accreditation requirements of the major acts and policies like the National Credit Act, the Financial Intelligence Centre Act and the Financial Advisory and Intermediary Services (FAIS) Act. The lifelong initiatives of the BANKSETA should address this area.

Although stakeholders felt that the enactment of the NCA in 2006 resulted in an improved quality of consumer credit and reduced excessive lending, the legislation was perceived to limit the number and range of products that could be provided by microfinance institutions. There is thus a need to look at the implications of the legislation on enabling providers to offer inclusive financial services.

CONCLUSION

It was quite revealing that while the media still emphasises the toll that HIV/AIDS is having on sector players, the stakeholders interviewed no longer viewed HIV/AIDS as having a huge impact on their operations. Their risk mitigation innovations are effective and exposure due to the effect of HIV is minimised. The reduction of the national mortality rate also speaks to the effectiveness of the programmes of government and other stakeholders on the ground. Some effect at the staff level still remains, although stakeholders were of the view that absenteeism is not at an alarming scale.

Social media is increasingly gaining momentum as a source of invaluable customer information that can be tapped to inform corporate decision making. This has given birth to a new career for people with skills to interrogate social media and distil key issues of significance to corporate strategy formulation.

The PESTEL analysis provided useful insights into the skills and capacity building needs of the sector. However, these findings are generic to all the segments, and segment-specific skills development details are provided further on in the report.

Generally, the PESTEL analysis indicated the following:

- High youth unemployment, indicating that young people are not acquiring the skills or experience needed to drive the economy forward. This also implies a heightened burden on the social assistance provided by the state. This magnified the need to promote entrepreneurial innovation and encourage placement programmes that build youth skills for employability.
- The microfinance consumer base is fast becoming knowledgeable. This puts a burden on microfinance staff to have the basic financial literacy that would enable easy needs identification and increased customer satisfaction.
- The industry is moving towards a customer relations centred paradigm that requires retail skills and thus a big move towards relationship building.
- Social media has an impact on the industry in terms of consumer needs. A second-tier bank has a dedicated person to analyse social media information.

At a generic level identified skills included the following:

- The identification of clients' financing needs through market research and by developing relevant products
- The identification of clients' preferences
- Basic financial literacy training for staff, including basic arithmetic and accounting. This is to ensure increased product knowledge, the ability to identity and lend to clients who are not overindebted, and the ability to improve loan management. This training should include an understanding of interest rates and other costs of borrowing.
- The development of entrepreneurial skills development strategies for finance institutions in order for them to appreciate the business of lending and the market dynamics
- Training in housing finance, product development and access to finance
- Consumer education on basic financial literacy, indebtedness and an understanding of consumer and credit legislation
- Management/leadership skills for senior and key personnel to provide good leadership, risk management and future planning
- Credit granting skills
- Client screening techniques and technologies that reduce bad loans
- Basic management skills for back office staff and credit officers, including credit and financial management
- Building and managing client relationships

The need for a multi-pronged collaborative approach to skills development and employment creation is apparent. This includes the BANKSETA's partnering with FET institutions and universities to ensure credible and standardised qualifications for the industry.

CHAPTER 2

SECTOR PROFILE

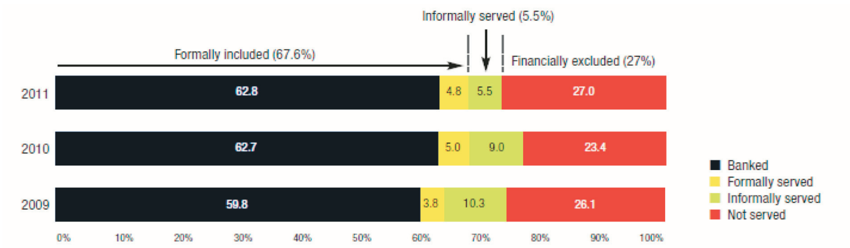
Inclusive banking is defined as the provision of a broad range of financial services, including transactional, savings, credit and insurance services, to the low-income and poor segment of the population at attractive prices by a range of financial institutions, including banks, in an effort to support economic development and poverty reduction. Key issues regarding the provision of inclusive financial services in the developing world and South Africa include the following:

- Reducing the gap in access and the use of financial services between the banked and unbanked sectors of society
- Enhancing SMEs' access to finance, as well as building their institutional capacity in view of their key role in job creation[15] in the emerging markets
- Reducing poverty and income inequality in order to enhance growth
- Expanding the scope of financial inclusion beyond credit to include safe and secure savings, remittances and insurance, among others
- Ensuring that financial inclusion leverages all financial services providers

"In South Africa, 58% of workers are paid their wages or salaries in cash."
http://www.iol.co.za/business/ personal-finance/banking

However many South Africans do not have access to financial services, thereby inhibiting economic growth and perpetuating poverty. As illustrated in Figure 2 below, the 2011 Finscope survey highlighted that 62.8% of South Africans are currently banked[16] (have or use bank products and services), 4.8% are formally served (have or use non-bank formal products and services), 5.5% are formally served (have used bank products before, but are not currently active users), while 27% (9 096 492) are financially excluded. Only 24% have formal savings accounts, while 66% are not saving, even though they recognise the importance of saving.

Figure 1: Financial access strand for South Africa (2009–2011)



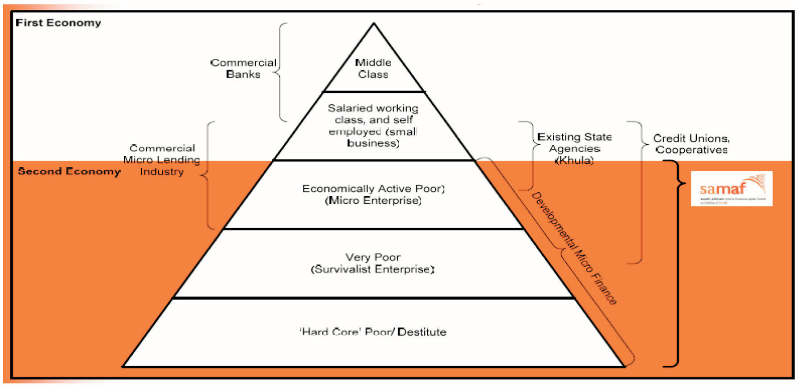
Source: Finscope, 2011

The Finscope report further highlights that in 2011, the financial landscape in South Africa largely remained driven by transactional products (67%) and insurance (44%, as opposed to 50% in 2010) – see Figure 2. A closer look at the country's unbanked population reveals that the challenge is more pronounced among black South Africans and young adults between the ages of 18 and 29, of whom 44% have never banked.

The South African government has made significant strides to incorporate financial inclusion and advance the drive towards universal access into the national mandate. It has mobilised the public and private sector to design products and interventions that serve as the entry-level point to include a larger percentage of the unbanked in formal financial services (for example, Mzansi accounts with no monthly fees and no minimum balance). Although the NCA of 2005 has fostered sound credit granting practices among industry players, other non-credit products and services, such as remittances and micro insurance, still need appropriate legislation to be put in place.

[15] SMEs represent a key target segment for financial inclusion, being the largest employers in emerging market and significantly contributing to GDP growth and employment creation, with women comprising 25 to 40% of their labour force globally. [16] ATM cards, debit/cheque cards, savings and transaction accounts are the most popular banking products.

Figure 2: South Africa inclusive banking landscape – interventions



Source: SAMAF Annual Report, 2010

Industry players in South Africa are varied in nature and target different segments of the market. Their role is to innovate and develop cost-effective financial products that meet the needs of the financially excluded in a responsible manner. First-tier banks have become quite active in the low-income segment, although this is not their primary focus. Besides first-tier banks, second-tier banks like Capitec and African Bank primarily target the middle- and low-income sectors and have been diversifying their product offerings. The sector also has big and small micro-lenders, NGO micro-enterprise entities, cooperatives and cooperative banks, as well as other informal sector players, such as mashonisas and stokvels, that offer services to the sector.

Besides the Mzansi account, banks in South Africa have been innovative with low-cost entry-level products that are targeted at increasing financial access by the country's unbanked. For example, two years ago, FNB introduced the EasyPlan account, a simple, no-frills bank account. Nedbank has since introduced the Ke Yona account, while Absa introduced the Transact account and Standard Bank is poised to introduce the Access account, a paperless electronic origination bank account. These products are all targeted at the unbanked in South Africa[17].

THE PROFILE OF THE INDUSTRY

A birds-eye-view of the industry, using the National Credit Regulator (NCR) March 2012 register as a reference, indicates that there are 4 415 registered credit providers in the country. Of these, four providers are classified as first-tier banks and include FNB, Absa, Standard Bank and Nedbank. They provide a variety of financial products that are tailored for low-income people, including transactional, savings and loan products. For the big banks, making inroads into the low-income bracket is also a survival tactic, as increased competitive pressure in the middle- to upper-income market segment puts a squeeze on their margins. They are coming up with a variety of innovative low-cost products and models for reaching the mass market to meet their financial services' access needs.

There are four second-tier banks: African Bank, Capitec, Teba Bank and Ithala. The focus of these banks is mainly on credit, although Capitec and Ithala also take deposits and offer other products like savings. However, companies like African Bank remain monolithic as they concentrate only on credit. There are about four players in this space (African Bank, Capitec, UniBank and Ithala). These players account for about 70% of the market share of the microfinance industry and mainly offer unsecured credit[18].

The NCR 2012 registration statistics indicate that there are approximately 400 large lenders who operate nationally. They offer mainly unsecured credit to salaried individuals with an estimated loan book of R6 billion[19]. This includes providers such as Real People, Onecor and Bayport. The lending product is a term loan that ranges from three to twelve months with "monthly loans charging fairly close to the maximum allowed interest rate on the big portion of their book[20]". Lenders like Real People and Blue Finance have a diversified portfolio that includes low-end mortgages of up to R400 000 and educational loans.

[17] Mail & Guardian, 17 February 2012. Mzansi accounts reach dead end (Maya Fisher-French). [18] BANKSETA, 2010.
[19] Estimate based on NCR registration statistics according to fee category. [20] RUDO Consulting, 2011.

Large furniture groups and non-bank motor financiers also provide loans for the purchase of furniture and cars for low-income persons. The low-income furniture book value in South Africa is estimated to be R40 billion. While there is not much information available to shed light on vehicle finance for the low-income sector, the loan book value is estimated to be between R2 and R6 billion[21].

The next layer of lenders comprises the approximately 2 600[22] small microlenders who mainly concentrate on 30-day cash loans and have an average of one branch. The branch is managed by a branch manager who is responsible for the general management of staff and operations, as well as authorising loans. The average cash loan is R3 000, with a maximum of R30 000 reported in some cases. These lenders are estimated to be serving at least 50% of the number of clients in that segment and have a combined book value of approximately R6 billion. The analysis indicates that most small lenders' challenges are mainly sustainability, accessing funding and the burden of compliance, attracting skilled workers and marketing their businesses.

There are approximately 21 micro-enterprise lenders who provide loans to SMEs. Most register and operate as non-profit organisations. They are small organisations with one or two branches, although there are few large micro-enterprises, like the Small Enterprise Foundation (SEF) and Marang, with branches countrywide. The average loan size is R3 000, although large micro-enterprises offer loans of up to R10 000 and predominantly use group lending methodologies. The money is mostly disbursed as cash, although other micro-enterprises prefer paying the clients' suppliers directly to ensure that the money is utilised for its intended purpose.

In its 2010 survey, the University of Pretoria estimated that there are 21 micro-enterprises and that only three (SEF, Maranga and Women's Development Businesses) are large with each exceeding 20 000 clients. It is estimated that 88% of the micro-enterprise market is controlled by these three institutions[23]. Indications are that micro-enterprise lending is labour intensive, as verification has to be conducted on-site by loan officers. The loan application process seems long and intensive and staff at all levels are involved.

Credit cooperatives can be divided into three categories according to the South African credit cooperative legislation. Credit cooperatives with a turnover of less than R1 million need to register with SACCOL[24]. Credit cooperatives with more than 200 members and that have deposits of between R1 million and R20 million are required to register as a cooperative bank with the Cooperative Development Agency housed at National Treasury.

Cooperative banks with deposits exceeding R20 million must register with the South African Reserve Bank, Cooperative Banks Supervision. Currently there are only two licensed cooperative banks (Ditsobotha Primary Savings and Credit Cooperative, and OSK Kooperatiewe Bank Beperk). There are approximately 58 credit cooperatives who mainly offer savings and credit products to the very poor, serving a total outreach of 26 164 members. The SACCOL member base loan book[25] is about R90 million and the savings book is R118 million. Table 2 below provides a profile of the key players.

Table 2: The inclusive banking sector profile

Type of service provider	Number of players	Name of players	Products and services
First-tier banks	4	Standard Bank Absa FNB Nedbank	Typical loans of up to 48 months.
Second-tier banks	4	Capitec African Bank Ithala Teba Bank	Micro loans and personal loans, deposits, transactions and savings. African Bank only offers loans.
Medium and large micro to lenders: book value in excess of R10 million)	300	Real People Baypot OneCore Thuthukani Barko Fiancial Services Net 1Group	Loans of up to 12 months: will charge close maximum allowed interest and fees with some concessions for repeat customers and maximum allowed rates.

[21] RUDO Consulting, 2011. [22] 2010 NCR registration statistics, adapted to exclude an estimate for service providers whose core function is not the provision of finance, i.e. doctors and pharmacies. [23] FinMark Trust, 2011. [24] Savings and Credit Cooperation League. [25] SACCOL Annual Report, 2010.

Table 2: The inclusive banking sector profile (continued)

Type of service provider	Number of players	Name of players	Products and services
Small micro-lenders	2 300		Loans of up to three months, but mostly one month (would typically charge maximum allowed fees and interest).
Micro-enterprise lenders	21	Marang Small Enterprise Foundation Women Development Businesses	Loans to SMMEs and micro-enterprises.
debt-counsellors			
Financial cooperatives and cooperative banks	58	Orania, Alrode, Boikago, National Education, Health and Allied Workers' Union (NEHAWU), Sibanye, the Central Finance Facility (CFF), Kraaipan Village, Flash, the South African Municipal Workers' Union (SAMWU), Lotlhakane, Mayibuye, Orenjekas	Savings and credit to members
Housing financiers			

Source: RUDO Consulting: 2012

The sector is mostly technology driven and calls for skilled personnel to be continuosly trained in order to keep abreast of the fast pace with which technology changes. Most second-tier banks and large lenders have made inroads into housing and SMME finance, while small lenders remain monolithic. This has exacerbated the sustainability challenges small lenders face. This includes accessing funding, the burden of compliance, attracting skilled workers and marketing their businesses. The biggest challenge for micro-enterprise lenders is the high operational costs of servicing their clients. The biggest skills need in the micro-enterprise sector is for management skills. This would enhance the sustainability of these organisations. Most micro-enterprises operate under strenuous conditions and seem to conduct their businesses manually with few systems to ease their operation burden.

CONCLUSION

The encroachment of first-tier banks into the low-income segment is bringing a significant measure of dynamism and competitive pressure to the sector, which will benefit clients in terms of cost-effective service offerings, and variety of choice in terms of products and service providers.

t is also important to note the level of extremity that exists in the sector. There are institutions that use top-of-the-range innovation and take full advantage of technological developments that offer cost effective, easy-to-access products and services (most second-tier banks), as well as those at the very low end of the continuum, that use manual operating systems and are inefficient and face a wide range of challenges (financial cooperative and many small lenders).

Given the vibrancy of the cooperative industry in East Africa (Kenya), where cooperatives have grown and also make effective use of technology in their service delivery, the BANKSETA should consider building the skills levels of financial cooperatives through partnerships with local and international organisations in order to lift financial cooperatives to a level where they compare favourably with their counterparts in the subregion, delivering efficient services to their members.

CHAPTER 3

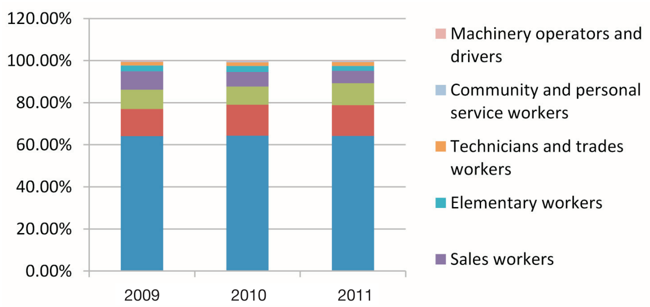
DEMAND FOR SKILLS

Chapter 3 details the profile of the industry in terms of race, gender, education and the employment of persons with disabilities according to occupation category. It also analyses the skills demand for each subsector in the banking industry. The analysis in this chapter is largely informed by data from the Workplace Skills Plans (WSPs) of 2009 to 2011, which were submitted by sector players, as well as qualitative information gathered through focus groups with sector players and key informant interviews held with stakeholders in the sector. The information was further triangulated using the Microfinance Landscape Report, prepared by RUDO Consulting in 2011, and registration data of the NCR and Microfinance South Africa (MFSA).

The sector – as represented by inclusive banking players that submitted WSPs in 2009, 2010 and 2011 – is growing and has been creating jobs. In 2009, the sector employed a total of 16 669 people, while in 2010 it had 20 273 employees. In 2011 the figure stood at 22 004. An analysis of employment figures in the sector from 2009 to 2011 shows that the sector is expanding and creating more jobs, particularly at the entry level category (clerical and administrative worker).

Figure 3 below shows that while the sector needs workers with a wide range of skills. The majority of the employees (64.22%) are clerical and administrative level staff. As more clients are recruited and welcomed into the banked fold, players in the sector open more retail outlets and the majority of the staff that is required is frontline clerical and administrative personnel. In order to supervise the administrative workers, the next layer of workers demanded is that of managers (14.62%), followed by professionals (10.45%) who provide solid back office support. To a lesser exten,t but also essential, are sales workers (5.8%) and technicians and trades workers (1.83%).

Figure 3: IB skills demand by occupation



Source: IB WSP, 2009–2011

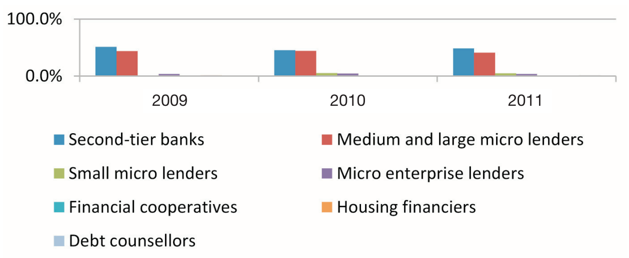
In terms of replacement demand due to retirement, only 2% of the workforce is over 55 years old and is spread fairly evenly across the occupations. Only 4.4% of all managers and 2.3% of professionals are in the 56+ age group, while community and personal service workers, and machine operators and drivers have between 12.5% and 14% of employees nearing retirement. Replacement issues at key occupation categories, such as managers and professionals, are not a major challenge in the sector for the foreseeable future

A trend analysis by occupation category over the three years shows that there have not been many variations in employment patterns per occupation category since 2009. Over the three years managers have increased by 2%, professionals increased by a percentage point in 2011, while sales workers have consistently been disappearing by 1% each respective year since 2011. The figure for elementary workers was reduced by 1% in 2011. These variations will be further analysed at subsector level. Employment dynamics per occupation category will be unpacked to reveal the occupational variations at subsector level.

Sector Employment Per Segment

The sector is serviced by approximately 22 004 employees, with second-tier banks and large lenders accounting for 89.2% of the workforce (WSP, 2011). Figure 4 shows the trend in the sector's workforce from 2009 to 2011 according to segment. Second-tier banks reduced the number of employees in 2011 and re-engaged them in 2012. Their contribution to the sector's workforce is 48.5%, while medium and large micro-lenders shed some 3% from their workforce in 2011. Their contribution stands at 40.7%. Small lenders and micro-enterprise lenders respectively account for 4.7% and 3.5% of the sector's workforce (WSP, 2011), both having marginally reduced their numbers of employees during the same year. The balance is shared by housing financiers (0.8%), financial cooperatives (0.8%) and debt-counsellors (1%). As indicated in the PESTEL analysis, the impact of the global financial crisis on job losses in this market still needs to be quantified.

Figure 4: Trend employment by segment

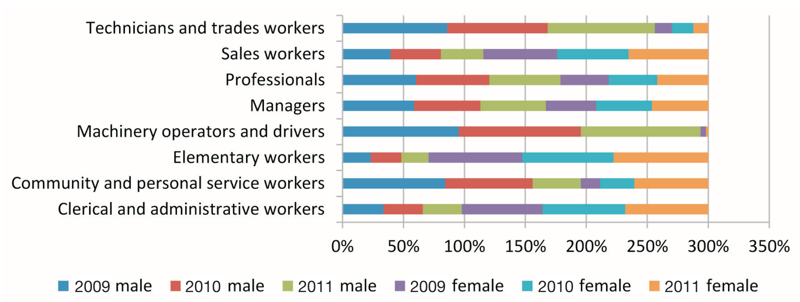


Source: BANKSETA WSPs, 2009–2011

Gender profile by occupational category

Figure 5 shows the gender trend analysis of the IB employee profile by occupation category for the period 2009 to 2011, based on the WSP data submitted by participant IB financial services providers. Overall, females dominate the sector at 61% (2011), while men comprised 39%. Further analysis of the 2011 WSP data shows that female employees dominated the elementary worker (78%), clerical and administrative worker (68%) and sales worker categories (65%). Male employees on the other hand dominated the other categories with machinery operators and drivers (98%) and technicians and trade workers (88%) being almost exclusively male domains, increasingly so when analysed over the past three years.

Figure 5: IB gender profile by occupation category (2009–2011)



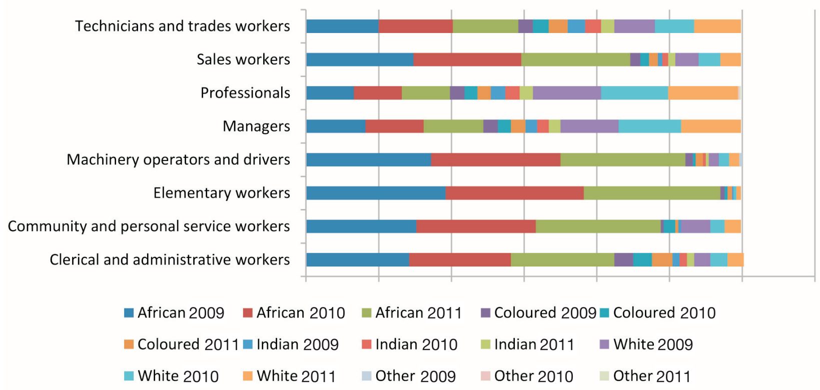
Source: WSP, 2009–2011

Analyses of the managers and professionals categories show upward trends in favour of female employees in both categories, although males still dominate these categories. Female managers increased from 41% in 2009 to 46% by 2011, while female professionals increased by two percentage points from 40% in 2009 to 42% in 2011.

Racial profile by occupational category

Figure 6 indicates that overall, 58% of the sector comprises of Africans, followed by whites (18%), Coloureds (11%) and Indians (5%)[26]. A trend analysis of WSP 2009–2011 data in terms of racial composition shows that the sector is dominated by Africans across most occupational categories with the exception of the professional category, where whites have an edge. Evidently, the participation of Africans in high-skilled occupations (managers, professionals and technicians and trades workers) is relatively low when mirrored against the country's demographics, pointing to a need to enhance skills among this racial group.

Figure 6: IB racial profile by occupation category (2009–2011)

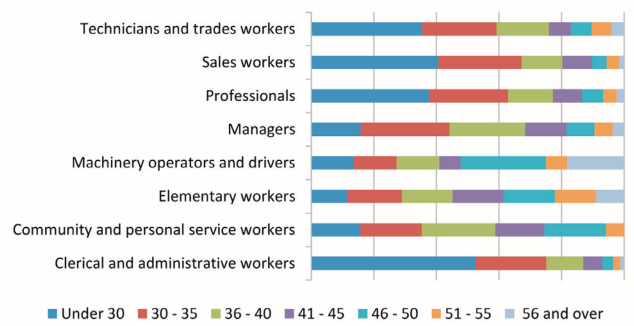


Source: WSP, 2009–2011

Sector age profile by occupational category

The sector has a youthful age distribution with 66% of the work force being younger than 35 years old, 32% being in the 36-55 age group and only 2% being over 56 years old. This picture has not changed much since 2009 (see Figure 7). The younger category (30 years and below) comprises of 43% workers in the sector and, as expected, they are mainly clerical and administrative workers (51.3%), sales workers (39.9%) and technicians and trades workers (36.6%). It is interesting to note that there is fair representation of workers under the age of 30 at the professional level (36.8%).

Figure 7: Age profile of by occupational category



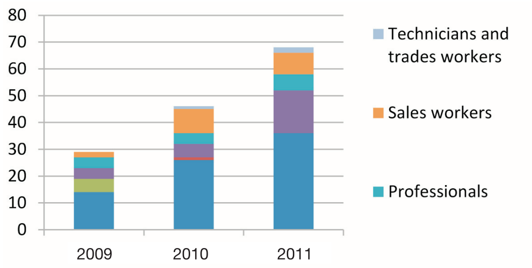
Source WSP, 2009–2011

[26] WSP, 2009–2011

People with disabilities by occupational category

Figure 8 shows that there is a growing trend towards employing people with disabilities in the sector, with the total number of people with disabilities employed in the sector increasing from 29 in 2009 to 70 by 2011. They feature across all occupation categories, with most them being clerical and administrative workers (36 people) and managers (16 people). Although the trend of employing people with disabilities has been on the rise, the percentage representation is way below 1% of total employment and more needs to be done to reach the target of 2%.

Figure 8: People with disabilities by occupational category



Source: WSP, 2009–2011

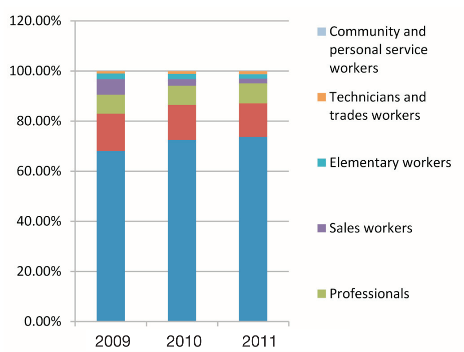
SKILLS DEMAND: SUBSECTOR ANALYSIS

This section discusses the skills demanded by each sub-segment of the IB sector.

Second-tier banks

Second-tier banks comprise institutions such as Capitec, African Bank and Ithala, which have been pursuing aggressive growth strategies on the back of technology-driven product offerings. Figure 9 below illustrates that second-tier banks have been employing clerical and administrative workers increasingly from 68.04% in 2009 to 73.7% by 2011. Managers have more or less remained the same at about 14%, while sales workers have reduced significantly from 6.2% in 2009 to 2% by 2011.

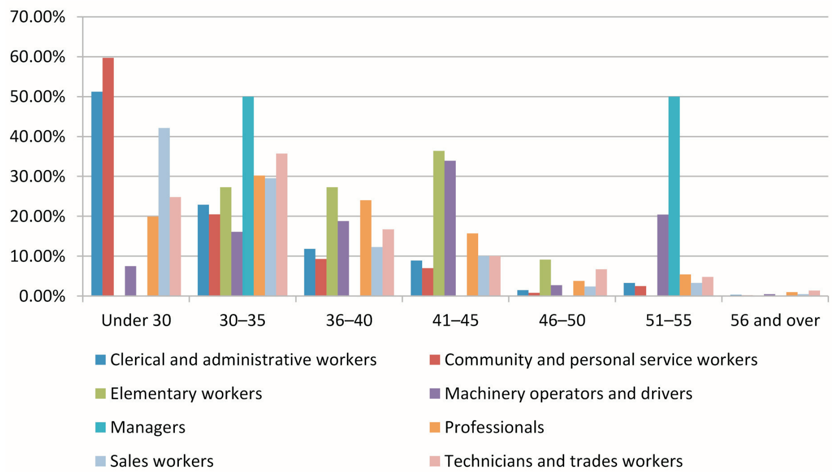
Figure 9: IB employment for second-tier banks by occupational category



Source: WSP, 2009–2011

Replacement demand analysis of the second-tier banks' workforce shows that 94.9% of the entire workforce is below the age of 45, which reduces replacement demand pressure due to retirement. The highest proportion of employees approaching retirement age (due to retire within the next five to nine years) is management (50%), and machine operators and drivers (20.4%). This will create pockets for replacement in the sector within the next four years.

Figure 10: Replacement demand of second-tier banks



Source WSP, 2009–2011

Future IB skills required by the second-tier banks

In the foreseeable future, second-tier banks will continue on a growth trajectory, albeit on a reduced scale as they fend off growing competition from commercial banks that have since taken an active interest in the low-income unbanked market. Key drivers for growth will be the ability to embrace technology and the ability to develop and offer cost-effective technology-driven products that are customised to suit the needs of the market. Second-tier banks will increasingly find themselves having to innovate in product offerings that appeal to the target market, which will increasingly have options.

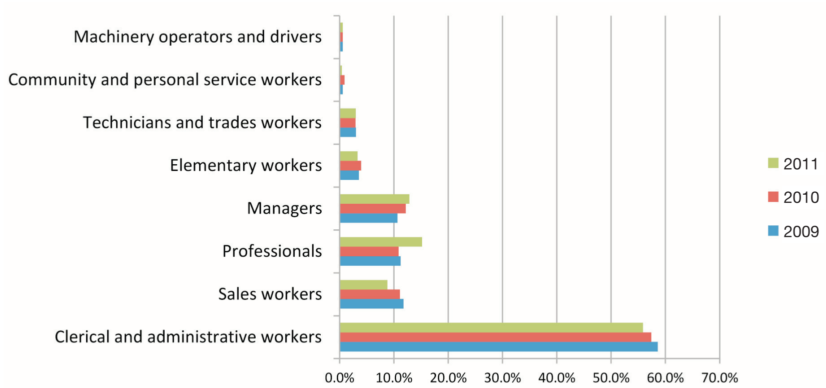
Advances in technology are significantly lowering the cost of service delivery and enabling institutions that have an appetite for risk to take a bite of the opportunities presented by the country's unbanked market. This will present employment creation opportunities mainly at the entry level: clerical and administrative workers, proportionately augmented by other supportive occupational categories (managers and professionals). Investment in IT literacy skills, risk management skills, product development and professional skills, such as accountancy skills, will be paramount to sustain anticipated growth in the subsector.

In light of the growing need to employ entry-level staff, particularly clerical and administrative workers, there is need for BANKSETA to invest in skills development initiatives, initially focused at the entry level in order to enhance the work-readiness of clerical staff. These form a huge pool of potential talent that could be groomed through structured career paths within the sector and emerge as well experienced and informed managers of these institutions. Mentorship programmes should be encouraged and supported, as well as partnerships with FET colleges to tailor entry-level qualifications for the sector's entry-level employees. Getting low-quality employees en mass on board has the risk of damaging institutional reputation and the reputation of the sector at large when it is already busy rebranding (from microfinance to inclusive banking), aimed at sanitising the poor image that has affected the microfinance sector in the country.

Medium and large micro-lenders

The medium and large micro-lenders subsector comprises large furniture shops and players, such as Real People and Blue Finance, that largely offer loans to consumers. Clerical and administrative workers stood at 55.9% in 2011, having decreased slightly from 57.4% in 20010. Figure 11 indicates that the subsector has been employing more professionals and managers over the past three years. Professionals increased from 11.3% in 2009 to 15.2% by 2011, while managers increased from 10.7% to 12.9%.

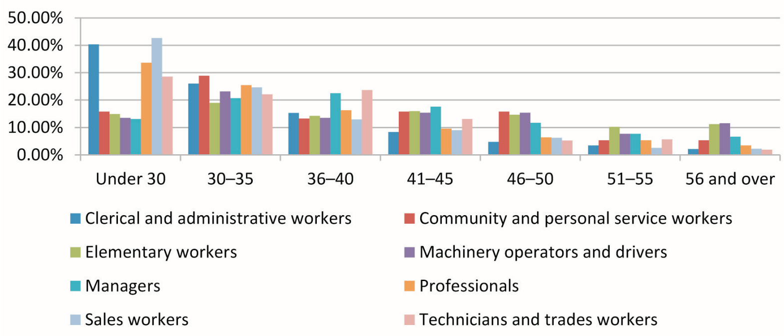
Figure 11: IB employment for medium and large micro-lenders by occupational category



Source WSP, 2009–2011

Analysis of the replacement demand of the medium and large micro-lenders workforce in Figure 12 below shows that 85.9% of the entire workforce is below the age of 45. The highest proportion of employees approaching retirement age (56+) is elementary workers (11.2%), machine operators and drivers (11.5%), and management (6.6%). This suggests that there is a progression towards a more skills-intensive environment due to advances in technology and increased competition in the sector. Career pathing to ensure that opportunities exist for administrative and clerical occupants through dedicated internal skills development provision and progression plans enables support for the emerging demand for higher professional and managerial staff.

Figure 12: Replacement demand of medium and large micro-lenders by occupational category



Source: WSP, 2009–2011

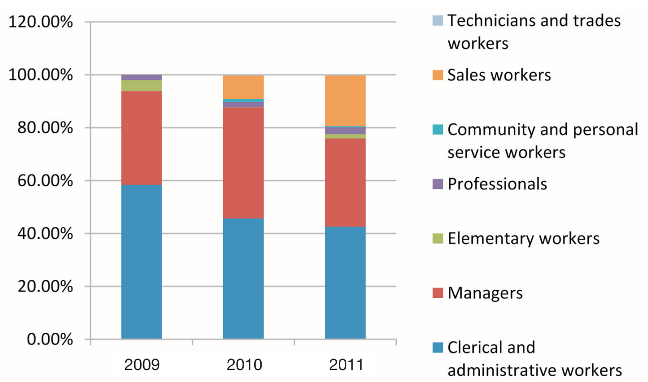
Future IB skills required by medium large micro-lenders

Besides large furniture shops, players in this space (Real People and Blue Finance) largely offer consumers loans. Risk assessment skills are critical in order to minimise exposure. Clerical and administrative workers, managers and professionals comprise the majority of the workforce in this sub-segment. They operate in a highly competitive lending landscape and strict adherence to legislative provisions is key to survival and winning judgments in any eventuality. Key skills to develop include risk management and the ability to understand and operate within the provisions of legislation, particularly the NCA.

Small micro-lenders

Figure 13 shows that two major occupation categories for this sector are entry-level clerical and administrative workers (42.51%) and managers (33.37%) as their institutions tend to be very flat in structure. Interestingly, the analysis indicates an increasing number of sales workers entering the market. This band includes insurance agents and estate agents. As a credit industry, these occupations seem irrelevant to this industry, and this analysis needs to be confirmed. The sales worker category seems to be gathering momentum, increasing from 8.93% in 2010 to 19.16% by 2011. Given the nature of their operations, it would appear that this is an error unless further light is shed to clarify what the data mirrors.

Figure 13: IB employment for small lenders by occupational category



Source: WSP, 2009–2011

Figure 14 shows an analysis of the replacement demand of the small lenders' workforce. Up to 79.8% of the entire workforce is below the age of 45, meaning that replacement demand is not a major challenge for the foreseeable future, although institutional growth necessitates investment in clerical and administrative workers and sales workers, which evidently take up a significant proportion of the subsector's pool of workers. The highest proportion of employees approaching retirement age is in the elementary workers (23.5%), and management (13.7%) occupational categories. There are, however, significant pools of upcoming young people within the ranks that should replace the retiring team once they are adequately prepared.

Figure 14: Replacement demand of small micro-lenders by occupational category

Source: WSP, 2009–2011

Future IB skills required by small micro-lenders

Viability challenges that negatively affect many small micro-lenders have their roots in the limited skills of their proprietors. A key of skills development is focusing on developing the managerial competencies of the managers in the various functions of management. This is in addition to investing in developing the capacity of the subsector's key occupation categories, namely, clerical and administrative workers, and sales workers, and to a lesser extent the other support occupation categories.

Previous research has shown that most small lenders are affected by sustainability, accessing funding, compliance, the ability to attract and retain skilled workers and the challenges of marketing their businesses. A cocktail of skills, including risk management and the ability to understand and comply with obtaining legislation, is needed in this sub-segment.

Micro-enterprise lenders

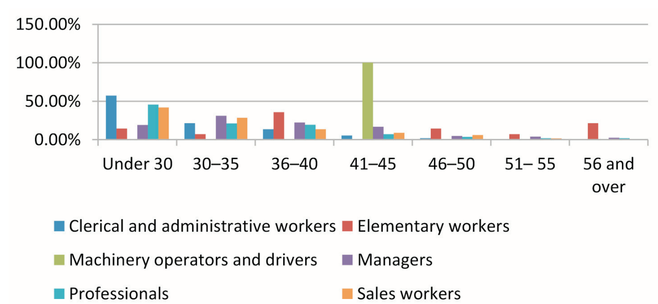
The sub-segment is dominated by non-profit NGOs and SME lenders that provide loans to SMEs. Some players in this subsector have access to international donor funding. In terms of their configuration, they comprise small institutions with one or two branches. A few (the Small Enterprise Foundation, Marang and Women's Development Businesses) can be classified as large micro-enterprise lenders with countrywide branch coverage

Figure 15: IB employment for micro-enterprise lenders by occupational category

Source: WSP, 2009–2011

Two major occupation categories for this sector, as illustrated in Figure 15 above, are entry-level clerical and administrative workers (66.1%) and managers (16.1%) as their institutions tend to be very flat in structure. Increasingly however, professionals (7.3%) and sales workers (8.6%) are increasing in importance

Figure 16: Replacement demand of micro-enterprise lenders by occupational category



Source: BANKSETA 2011 WSPs

Demand replacement analysis of the micro-enterprise lenders' workforce, as indicated in Figure 16 above, shows that 94.5% of the entire workforce is below the age of 45. Replacement demand is thus not a major issue of concern, save for elementary workers, 21.4% of whom are in the 56+ age group and therefore due to retire within the next four years.

Future IB skills required by micro-enterprise lenders

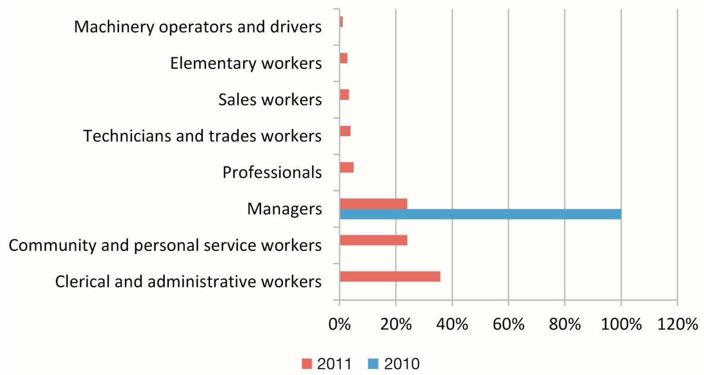
Given the significant job creation role played by SMEs in South Africa, investing in developing the capacity of institutions that provide support services to SMEs is critical. Micro-enterprises are generally known to be labour intensive – hence the huge contingent of clerical and administrative workers in the subsector. The sector needs to innovate around technology-driven, efficient service delivery mechanisms that enable it to offer competitive products to the target market. Key skills needed include IT skills, product development, risk assessment and management.

Financial cooperatives

The subsector can be divided into three categories according to the South African credit cooperation legislation: credit cooperatives with a turnover of less than R1 million that need to register with SACCOL[27], credit cooperatives with more than 200 members whose deposits average between R1 million and R20 million that are required to register as cooperative banks with the Cooperative Development Agency, National Treasury, and cooperative banks with deposits exceeding R20 million that are required to register with the South African Reserve Bank, Cooperative Banks Supervision.

Clerical and administrative workers (36%), community and personal service workers (24%) and managers (24%) are the three main occupational categories for financial cooperatives. Together they contribute 84% of the subsector's workforce (Figure 17).

Figure 17: IB employment for financial cooperatives by occupational category



Source: WSP, 2009–2011

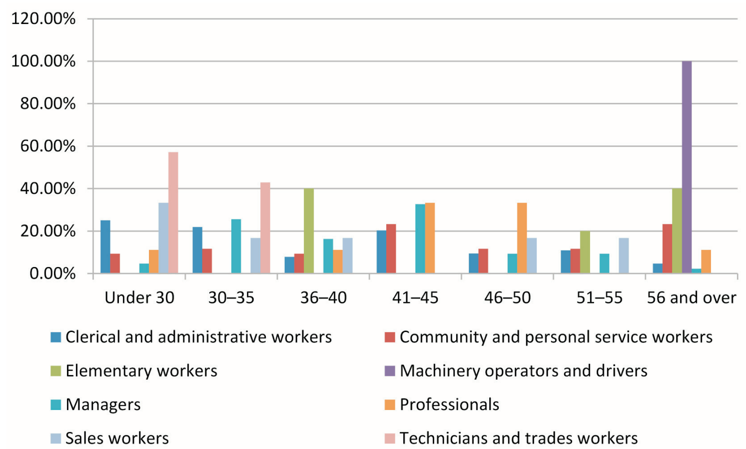
Previous research has shown that financial co-operatives experience various challenges, which include running their businesses using manual systems, the inability to recruit, train and retain quality staff, and weak governance structures and competencies. Investment in skills development among financial cooperatives would need to cover a broad spectrum of issues, ranging from the institutional strengthening of management, front office staff, as well as governance issues at board level. Over time, the institutions' capacity to embrace technology for better service delivery would need to be developed through investment in IT skills.

An analysis of the replacement demand of financial cooperatives' workforce shows that 68.7% of the entire workforce is below the age of 45. Replacement demand is an issue with regard to machine operators and drivers (100%), elementary workers (40%), community and personal service workers (23.3%) and professionals (11.1%).

[27] Savings and Credit Cooperation League

Figure 18 indicates the high number of workers in the 56+ age group that will soon have to retire. Such an age profile could change drastically for the subsector, however, should there be an increase in reporting institutions with different demographic mixes.

Figure 18: Replacement demand of financial cooperatives by occupational category



Source: BANKSETA 2011 WSPs

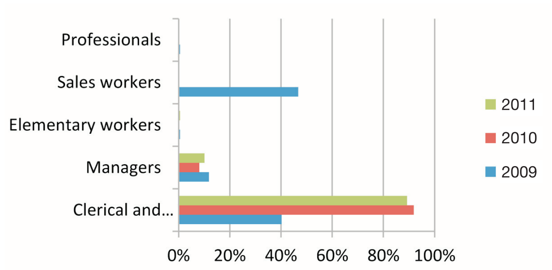
Future IB skills required by financial cooperatives

Skills development challenges related to building the capacity of financial cooperatives vary and revolve around building the managerial capacity of key personnel, investing in IT training and developing board governance issues.

Housing financiers

Affordable housing finance service providers are on the rise in South Africa and cut across a wide spectrum of service providers: from commercial banks, government subsidised schemes to private players all focusing on providing affordable housing to homeless South Africans. As shown in Figure 19 below, two major occupation categories for this sector are entry-level clerical and administrative workers (89%) and managers (10.1%).

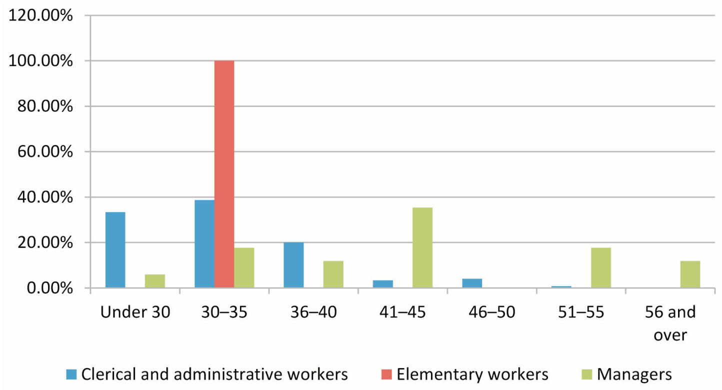
Figure 19: IB employment for housing financiers by occupational category



Source: WSP, 2009–2011

Figure 20 below shows an analysis of the replacement demand of housing financiers' workforce and indicates that 92.9% of the subsector's workforce is below the age of 45. Managers are the only occupation category with people in the 56+ age group (11.8%) that are due to retire within the next four years.

Figure 20: Replacement demand of housing financiers by occupational category



Source: WSP 2010

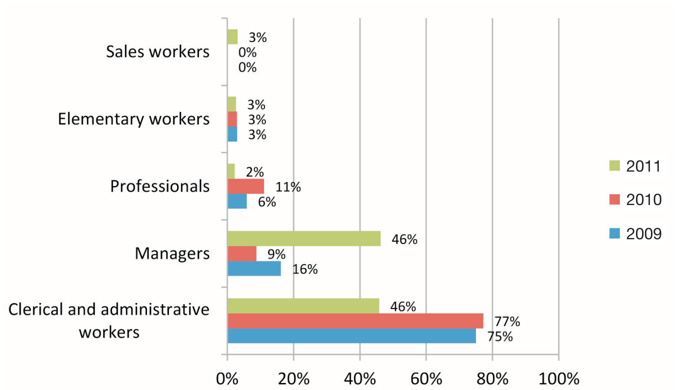
Future IB skills required by housing financiers

Research has shown that tapping the housing finance market requires innovative solutions and the design of a product offering tailored to the low and sometimes irregular income flows of the target group. Management development skills, product development skills and risk assessment skills are key skills that are needed to service the market better.

Debt-counsellors

Debt-counsellors are not lending institutions, but are support institutions that were born out of the enactment of the NCA (2005). Their main role is to provide debt management advisory services to overindebted borrowers. Clerical and administrative workers, and managers (at 46% apiece) are the two main occupation categories in this subsector. The workforce is predominantly youthful with 87.2% being below 45 years old – see Figure 21 below.

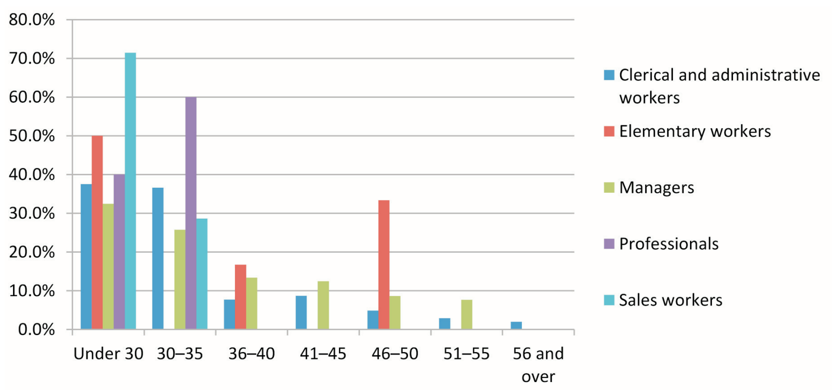
Figure 21: IB employment for debt-counsellors by occupational category



Source: WSP, 2009–2011

Figure 22 below analyses the replacement demand of Debt-counselling and shows that 67.4% of the subsector's workforce is less than 35 years old. The majority of the workforce are sales workers (71.4%), professionals (40%) and clerical and administrative workers.

Figure 22: Replacement demand of debt-counsellors by occupational category



Source: WSP, 2009–2011

Future IB skills required by debt-counsellors

debt-counselling represents a new area of skills need in the industry. Most debt-counsellors are entrepreneurs with matric who saw an opportunity and took advantage of it. The remainder of the subsector consists of legal professionals, including lawyers and paralegals.

Entry requirements into this profession are matric and a minimum of two years working experience. Registration requirements include attending a 10-day training session with an accredited provider. Most debt-counsellors lack the entrepreneurial and management skills needed to build a sustainable enterprise. Other skills needed include in-depth knowledge of credit legislation and keeping up-to-date with developments in the implementation of the NCA.

The NCR is in the process of developing a one-year training course to be accredited by the BANKSETA. Norms and standards are already in place as a result of the drive by the NCR and the National Debt Mediation Association (NDMA). Professionalisation of this subsector is already a priority.

CONCLUSION

The inclusive banking sector is serviced by diverse players, catering to the needs of different segments of the market. Challenges faced by service providers are equally diverse. Upper end players are more technology-driven, while lower end players operate manual systems and are resources constrained. Focused skills development initiatives will be more effective, although there are generic skills in occupation categorises such as management, clerical and administrative workers, and professionals (accountants and auditors). These are sector-wide challenges and should be addressed in their general context.

The availability of skilled labour is low, particularly among small inclusive banking service providers. This is largely due to limited resources and not investing in human resources development. Moreover, expertise in new areas of service provision, such as the provision of low-income housing finance, micro-insurance, remittances and savings catering to the needs the broader unbanked segment of the population, is generally low. As financial services players expand their outreach into the hitherto unbanked segment, there is need to retool and reskill in order to mitigate exposure when dealing with non-salaried loan applicants – a domain in which most players do not have experience. Various innovations on security, client selection mechanisms and contract enforcement dynamics come into play, including what service providers need to know and when to apply what lending techniques.

It is important to note that the sector draws most of its entry level workforce from matriculants. National Senior Certificate results show that the pass rate in Maths, Accounting and Economics is low and the quality of matriculants is quite poor. Those who do well tend to further their studies at tertiary institutions. The BANKSETA should work with FET colleges to ensure capacity and standardisation of materials and qualifications for the IB sector. Working with the FET colleges, the BANKSETA should progress towards the standardisation of minimum entry level requirements in inclusive banking. In collaboration with HET institutions, the BANKSETA would then work on developing a career path that would result in the professionalisation of the industry. Over the short to medium term, the BANKSETA should consider instituting a Letsema IB learnership programme to address the skills challenges in the sector.

SCARCE AND CRITICAL SKILLS

Scarce and critical skills indicate areas where the labour market fails to adequately match the supply and demand of skills. These shortages take two forms. According to the Department of Labour, absolute scarcity refers to suitably qualified people who are not available in the labour market. Critical skills refer to particular capabilities needed within an occupation. It is important to understand the drivers of scarce and critical skills in the sector so that the most appropriate interventions can be undertaken in order to overcome the scarcity. Therefore, this section will first outline the drivers of scarcity, derived from interactions with the various sector stakeholders. It will then detail specific areas of scarcity that were identified.

Drivers of scarcity

Drivers of scarcity of skills in the IB sector vary per sub-segment. These include the changing environment, which is increasingly technology-driven and therefore calls for quick adaptation. The changing legislative landscape presents a demand for skills sets that may not be easily available in the market. Industry players identified several variables that drive scarcity in this sector. This includes the following:

- Poor image of the industry that hampers recruitment and retaining the required skills. The repositioning of the industry as inclusive banking was perceived to be a positive step that would enable a positive positioning of the sector with positive spin-offs in the recruitment of quality candidates.
- Poor quality matriculants and graduates who lack the basic arithmetic, mathematics and accounting skills needed by the industry.
- Lack of career pathing in the microfinance industry, which results in a minimal supply pool of entrants to the sector.
- Small lenders are mainly family-owned businesses and more emphasis is put on the survival of the business than on skills development.
- The constant poaching of qualified and experienced staff by commercial banks.

List of IB scarce skills

There is some literature that largely analyses issues of labour scarcity and critical skills in the context of the banking sector, with very little attention paid to the microfinance sector per se. The inclusive banking sector is largely credit-driven and dominated by first- and second-tier banking institutions that focus primarily on salary-based lending. In its broad definition as “the provision of a wide range of financial services (credit, savings, remittances, insurance and housing finance, among other services) to the low income”, inclusive banking still has a long way to go in South Africa in its endeavours to meet the financial services needs of the target market. The area of scarce and critical skills in the context of inclusive banking is thus a particular challenge. Whereas the credit part of financial services provision is somewhat vibrant and has its own share of skills-related challenges that the BANKSETA will need to tackle, the other aspects of inclusive banking service provision (savings, remittances and the provision of housing finance) still need to be explored to a significant scale in the context of inclusive banking in South Africa.

The term scarce skill applies when employers are unable to find suitably qualified and experienced people to fill occupational vacancies either at an absolute level of scarcity (no suitable people available) or at a relative level of scarcity (no suitable equity candidates available). The BANKSETA Workplace Skills Plan analysis indicates the following:

- Clerical and administrative staff are in demand in the sector. These are the people who are responsible for filling and processing loan applications, and screening and assessing clients. This pool of staff comprises matriculants who enter the sector directly from school. The PESTEL analysis indicated that most of these learners lack the necessary numeracy skills required by the industry. Table 3 shows that clerical workers and professionals are prominent skills needed in the immediate future. The clerical and administrative worker occupations in demand include credit or loan officers (skills level 2) (76%), debt collectors (skills level 2) (13%) and, to a lesser extent, back office process consultants (skills level 1) (5%) and office administrators (skills level 3) (3%) – see Annexure 4 for a detailed breakdown of the various skills needed. Admittedly, while the industry is increasingly striving to be technology driven, these skills categories will always by a significant part of the IB service providers, as this type of work cannot be automated. Demand for these categories of workers is bound to grow as the sector tackles the unbanked segment of the market.

- Professionals are responsible for conducting risk management and debt collection. The PESTEL analysis indicated this as a band that needs graduates with specialised skills who are mostly poached by commercial banks. Professionals in demand in the sector mainly include accountants (general – skills level 5) (16%), [28] financial investment advisors (skills level 5) (79%) and, to a lesser extent, training and development professionals (skills level 5) (5%) - see Annexure 4 for a detailed breakdown of the various skills needed. Demand for these occupations will increase with growth in the sector and, as such, will continue to warrant focus.

Table 3: Absolute scare skills

Skills needed immediately	Scarce skills 2009	2010	2011
Clerical and administrative workers	92	164	127
Community and personal service workers	0	0	0
Elementary workers	5	0	0
Managers	14	36	27
Professionals	25	51	88
Sales workers	2	4	
Technicians and trades workers	0	3	10
Total	**79**	**177**	**173**

Source: BANKSETA WSPs 2011

Interviews and focus groups conducted with lenders revealed several areas of skills scarcity, as highlighted by small lenders. These are summarised in Table 4 below and include a new/emerging occupation of social media analyst as a result of the use of social media like Facebook and Twitter for marketing and advertising.

Table 4: Scarce skills in the microfinance sector as perceived by micro-lenders

Area of skills scarcity for small micro-lenders	Driven by
• Risk management	
• Credit/debt management	Use basic technology and hardly have access to quality information for timely decision making
• Relationship-building skills • Entrepreneurial skills • Compliance and legislative training (FICA, FAIS, NCA)	

[28] The credit industry does not cater much for investment products, and therefore the demand for financial investment advisors needs to be properly checked.

Table 4: Scarce skills in the microfinance sector as perceived by micro-lenders (continued)

Generic skills needed	Level
• Ethics • Customer care and understanding the client • Understanding credit • IT skills • Management • Language skills	From entry level
New/emerging occupation	**Level**
• Social Media Analyst	Marketing

Source: BANKSETA WSPs 2011

Management training: As noted under demand for skills, the area of management skills, particularly among black people, remains an area of skills training need. Training programmes designed to enhance management capacity would be paramount for the success of interventions in the low-income segment.

Table 5: Identified critical skills in the IB sector

Salary-based micro-lenders CRITICAL SKILLS	Financial cooperatives Identified critical skills CRITICAL SKILLS	micro-enterprise finance CRITICAL SKILL
Product skills: Low-cost housing and enterprise finance	Basic accounting skills both manual and computer driven	Product development skills, low-income housing, micro franchising
Legislative, compliance and anti-fraud training (FICA)	Legislative and compliance training, including in-depth knowledge of the Cooperative Banks Act	Legislative and compliance training
Risk management and screening, debt collection methodologies	Basic accounting skills	Innovative ways to assess clients and reduce costs, for example, scoring tools
Relationship-building skills	Onsite mentoring, especially for rural- based cooperatives	Soft skills, marketing product usage and benefits, customer care
	Governance skills: roles and responsibilities of Board members	
Information technology	Information technology	Information technology
Entrepreneurship skills		Identification of entrepreneurial talent
Management and leadership	Management and leadership skills	Management and leadership skills

Source: RUDO Consulting 2012

Key critical skills identified in Table 5 above are discussed briefly in the section below:

- *Information Technology:* A new skills area of social media analyst is in the offing. The skill requires people who can identify customer needs by analysing social media. Trends in the financial services industry are moving towards relationship building, through the use of social media to gain an understanding of what clients want and designing an appropriate offering. There is a moving away from traditional banking skills to more people-centred approaches. Clients are looking for approachable IB employees.
- *Risk management:* Given the competitive nature of the industry, people are moving away from traditional screening methodologies to those that explore risk at the level of both the employee and the employer. There innovative screening methodologies are being employed to mitigate risk exposure.
- *Legislation:* Players in the IB sector have acclimatised to the NCA of 2005. However, entry-level staff will continue to need training, particularly compliance training with regard to NCA, FICA and FAIS.
- *An interactive portal:* The development of an interactive information portal that provides key information on regulatory instruments and compliance issues for the sector will make interfacing with key regulatory issues easier for stakeholders.
- *Low-income housing finance:* The low-income housing finance segment is increasingly catching the attention of many players as government prioritises the segment and pours significant resources into it. Most second-tier banks are now including housing finance and enterprise finance (segments of the market in which they do not have resident skills and experience). They need risk management skills, knowledge of housing finance-related legislation, as well as product development skills to enable them to effectively exploit opportunities in this market.
- *Youth and micro-enterprises:* Besides programmes that are designed to train the youth for work-readiness, young people need entrepreneurship training to enable them to be job-creators and not just job-seekers. Entrepreneurship training, coupled with facilitated access to resources, will see young people starting micro-enterprises and thereby creating the impetus for economic growth, while addressing youth employment challenges at the same time.

The Microfinance Landscape Report (RUDO, 2011)[29] also identified management as the biggest skills area of need in the microfinance sector in order to sustain operations (a fact confirmed by the Banana Skins report of 2009 and 2010). The report emphasised the most important area of need to be lack of management skills and experience in managing micro-enterprise finance and lending portfolios. Stakeholders highlighted the need to promote entrepreneurial innovation and encourage placement programmes that build youth skills for employability, as well as the need for training in housing finance, product development and access to finance.

[29] RUDO Consulting, May 2011, Microfinance Landscape.

CHAPTER 4

PROVISION AND SUPPLY OF SKILLS

This section of the report analysis the supply structure of the sector in terms of how the school system supports skills in the sector, the FET and HET sectors and also how the BANKSETA assists the sector in terms of skills supply. Several factors that influence skills in the financial services sector include the menu of qualifications offered by institutions of learning, the quality of both the learner and the delivery of teaching. The skills required by the inclusive banking sector draw from commerce subjects and demand proficiency in numeracy. The service centre at the core of developing such skills is the country's education system, starting from primary schools across the full spectrum of tertiary institutions, such as private and public FET colleges, universities of technology, private providers, comprehensive universities and universities. On-the-job workplace-based training is also an important source of the requisite skills and know-how.

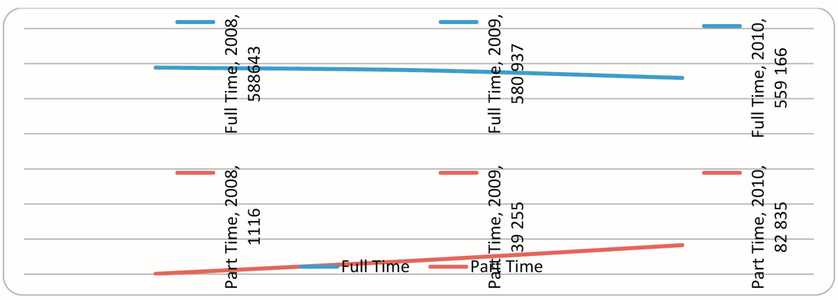
THE SECONDARY SCHOOLING SYSTEM IN SOUTH AFRICA (GRADE 12 TRENDS)

Schooling in South Africa is compulsory for a child from the time they turn seven years old until they reach the age of 15. By 2009, the Department of Education had achieved 98.5% participation in education programmes for the age group 7–15 (Grade 1 through to Grade 8). When children move beyond the compulsory age band, attendance drops. For 16-year-olds, attendance in 2009 dropped to 93%. The biggest drop is in the 17–18 year age group. In 2009, 85% of 17-year-olds and 72% of 18-year-olds attended an education institution. The statistics for these two age groups have hardly changed since 2002. Overall, 662 419 children aged between 7 and 18 were not in any education institution in South Africa in 2009.

The percentage of 16-year-olds completing Grade 7 has steadily increased from 79% in 2002 to 87% by 2009. Below half of the learners complete Grade 12, with the completion rate standing at 44% in 2009. The department has set a competition rate target of 50% by 2014. It is this stream that then feeds into tertiary institutions, where students pursue qualifications in line with their chosen career development options.

The section below analysis the outcome of Grade 12 exams as an indicator of the flow of skills from the schooling system into the labour market. Grade 12 matriculants annually feed into South Africa's tertiary education system (universities and other institutions of higher learning).

Figure 23: Enrolled matriculants: Full-time and part-time

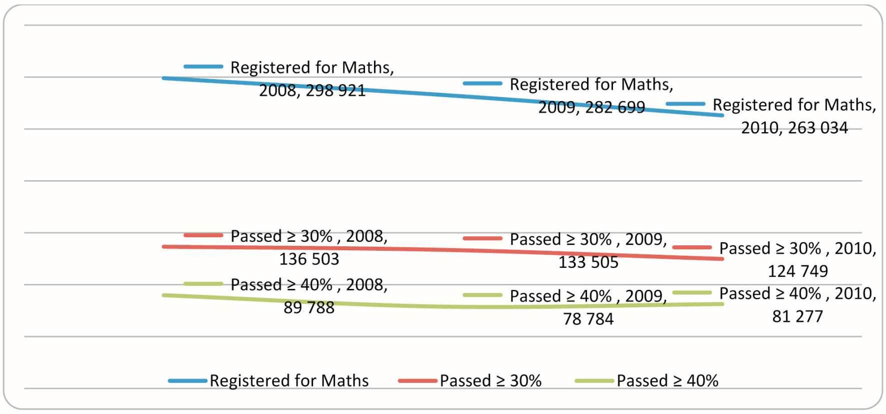


Over the past five years, the continuation rate from Grade 11 to Grade 12 has averaged 67%, implying that one-third of all Grade 11 students either drop out of secondary school or repeat Grade 11 (Figure 23 above). The secondary school completion rate is rather low, averaging 67.8% in 2010. Statistics from the labour market also confirm that only 44%[30] of working-age individuals have completed secondary education.

[30] National Treasury, February 2011. Confronting youth unemployment: policy options for South Africa (a discussion paper).

An analysis of the period 2008–2010 shows a consistent declining trend in the number of full-time matric candidates, while the opposite is true for part-time candidates. During the same period, the number of matriculants qualifying for degree courses at university has shown an upwards trend. When the Maths pass rate is taken as a proxy for the quality of matriculants ready for university studies, the numbers significantly decline. The net effect from a skills supply point of view is that few people register to pursue finance-related qualifications and even fewer make it through to graduation, hence the limited supply of skilled graduates in the sector.

Figure 24: Matric candidates registered for Maths (2008–2010)



NATIONAL SENIOR CERTIFICATE RESULTS

Table 6 presents the National Senior Certificate (NSC) results for key financial services subjects (Accounting and Maths) in 2009 and 2010.

Table 6: Results of the National Senior Certificate: 2009–2010

Subject	Year	Candidates who wrote			Number and percentages of candidates who achieved					
					40% and above			30% and above		
		Female	Male	Total	Female (%)	Male (%)	Total (%)	Female (%)	Male (%)	Total (%)
Accounting	2009	106 200	68 147	174 347	35.8	36.3	36.0	62.5	59.9	61.5
	2010	98 123	62 868	160 991	35.1	35.5	35.3	63.5	61.6	62.8
Business Studies	2009	122 370	84 183	206 553	47.1	46.2	46.7	71.9	71.8	71.9
	2010	118 627	82 168	200 795	46.3	45.5	45.9	70.9	71.3	71.1
Maths	2009	156 953	133454	290407	26.3	33.0	29.4	42.4	50.2	46.0
	2010	142990	120044	263034	27.5	35.0	30.9	43.5	52.1	47.4
Physical Science	2009	112 910	107 972	220 882	18.5	22.0	20.6	34.3	39.5	36.8
	2010	106 746	98 618	206 364	27.3	32.3	29.7	46.7	50.2	47.8

Source: Report on the National Senior Certificate Examination Results 2010, DBE, January 2011

Results for the two years show that only a little over a third of the pupils who sat for Mathematics and Accounting got a mark above 40% in both years. Business Studies results also show that less than half the learners got marks above 40%. The number of learners who wrote the exams decreased significantly in Maths and Accounting, and decreased marginally in Business Studies between 2009 and 2010. This has a bearing in terms of students being able to pursue careers in the financial services area. As noted in the RUDO Landscape Report of 2011, various researches have raised their concern around the issue of the low quality of education, as reflected by statistics such as 60% of students who passed Mathematics in matric failed to cope with Mathematics and Science at university level and 82% of students who are accepted into South African tertiary institutions are functionally illiterate[31].

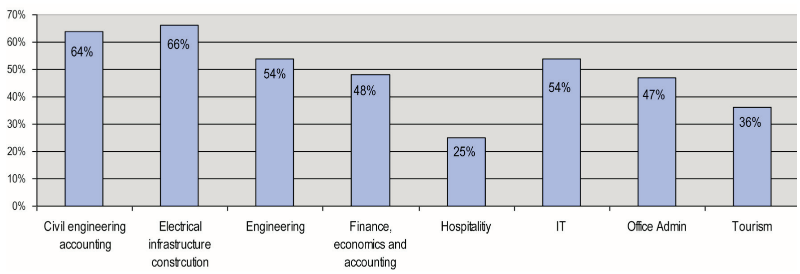
[31] University of Cape Town research into unemployment of graduates (2004)

As highlighted above, 64% of the workforce in the sector only has matric and no other professional qualification. This essentially means that matriculants are the main supply line of labour in the sector. Perhaps a progressive way of looking at it would be for the extension of Letsema learnership programmes to include entry-level inclusive banking qualifications, which would introduce a smooth transition from matriculation to an entry-level job. Entry requirements therefore need to be properly scoped and researched to ensure the professionalisation of the sector, as well as to enhance quality service delivery to customers.

GRADUATES FROM FET INSTITUTIONS

Figure 25 shows graduates from FET institutions in 2010, who feed into the skills supply line across various sectors. Notably, only 48% of learners in the finance, economics and accounting sector made it through their exams. The analysis further indicates that FET institutions concentrate on engineering and artisan courses, and there are few finance and economics graduates (the academic streams that feed skills into the IB sector). The low pass rates impact on the availability of the requisite skills in the IB sector. In future, it will be critical to ensure that FET colleges are positioned to provide learning programmes for the IB sector.

Figure 25: Graduates from FET institutions



Source: FET inclusive growth path report, Anton Gewer, 2010

Notwithstanding the above, the Department of Higher Education and Training has undertaken to expand enrolment in FET colleges significantly, as detailed in Table 7 below, with the expectation that SETAs will work closely with FET colleges to expand their capacity to deliver relevant training.

There is a need for a similar investment at the NSC level to enhance the quality of output that feeds into FET colleges, coupled with a similar investment at the FET level to ensure that learners are availed with qualified and able tutors, otherwise pass rates may not change significantly, and may even deteriorate if learners do not get adequate individual attention due to increased enrolment numbers. The learners may just not be the right quality candidates and may subsequently fail to pull through their studies.

Table 7: Enrolment projections in FET colleges

Year	National enrolment
2007	25 000
2008	60 000
2009	120 000
2010	177 000
2011	256 000
2012	371 000
2013	538 000
2014	800 000

Source: FET inclusive growth path report, Anton Gewer, 2010

Working with lenders and academia, the BANKSETA should consider introducing inclusive entry-level banking qualifications to be built into the curriculum that is offered by the country's FET colleges. These qualifications could then be linked via a well-mapped career development path to higher qualifications that can be obtained either on a full-time or a part-time basis by employees in the industry who wish to advance their career fortunes.

The HEMIS data (August 2010) shows breakdown of graduates from certificate level through to doctoral studies. There is a positive trend across all qualification levels for 2008 and 2009. The analysis indicates that on average 77% of black students were enrolled in HET institutions in 2008 and 2009, mostly within humanities, with only 29% of the overall undergraduate population enrolling for business and science, engineering and technology subjects.

Table 8: Enrolment from HET institutions

Year	Headcount enrolment	[32] Black students as proportion of headcount (%)	Female students as proportion of headcount (%)	Proportion of headcount enrolments in major fields of study (%) [33] SET	[34] Business	[35] Humanities
2008	799 387	77.4	56.4	28	29	43
2009	837 779	78.6	57.1	28	28	43

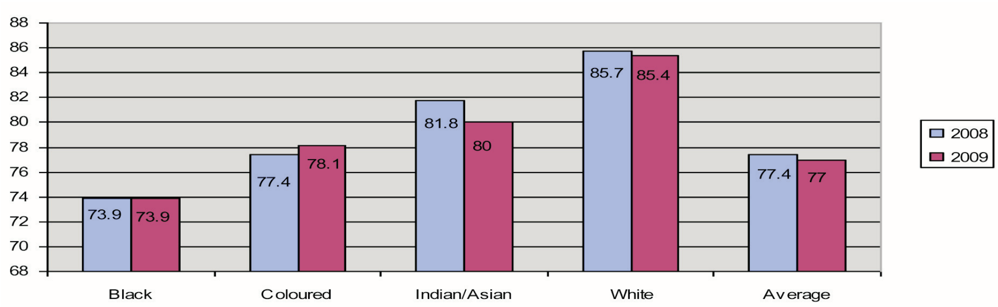
Source: 2009 HEMIS Database, August 2010

An analysis of the undergraduate success rate in HET institutions by population group shows blacks trailing behind all other races, despite being the dominant population group demographically. Literature review shows that the dropout is paramount among black learners due to inability to pay fees and inadequate academic support programmes. The educational profile of this sector indicates the following:

- Some 68% of the staff of second-tier banks have matric, 18% have a certificate/diploma, 6% have a degree and another 6% have no matric qualification.
- The staff complement of large lenders comprises 53% people with matric, 19% with a certificate/diploma, 10% with a degree and 8% with no matric qualification.
- The staff of small lenders comprises 68% people with matric, 9% with a certificate/diploma, 5% with a degree and 18% with no matric qualification.

Interestingly, the IB sector's employees are mostly matriculants, with small lenders employing a significant number without matric (16%). Thus, the quality of matriculants with mathematics and accounting skills is paramount in this industry.

Figure 26: Average undergraduate success rate in higher institutions by population group



Source: 2009 HEMIS Database, August 2010

[32] Black refers to African, Coloured, Indian and Asian learners [33] SET refers to science, engineering and technology [34] Business refers to majors in accounting, management and all other business-related majors, such as marketing [35] Humanities includes education, languages, fine arts, music and social sciences

SELECTED UNIVERSITY QUALIFICATIONS RELEVANT TO THE INCLUSIVE BANKING SECTOR

The Centre for Inclusive Banking (CIBA) of the University of Pretoria is the only tertiary institution that has certificate programmes in microfinance management. The centre offers a variety of courses to various interest groups in South Africa and the rest of Africa, covering a broad range of needs. Training is offered at both the formal and informal level to managers, as well as staff members of microfinance institutions. Specific courses offered include the following:

- Certificate in Individual Microenterprise Lending
- Certificate Programme for Microfinance Management
- MBA Microfinance Electives
- Postgraduate Course in Rural and Microfinance
- Certificate in Individual Micro Enterprise Lending
- Certificate Programme in Microfinance Management

PRIVATE TRAINING PROVIDERS

There are various private service providers that offer skills development and other related services to the inclusive banking sector. These include CompuScan and RUDO Consulting. Both these institutions are accredited by the NCR and specialise in providing debt-counselling and microfinance training. Milpark College offers a variety of courses that are specifically tailored for the banking industry

TRAINING BY EMPLOYERS

Various employers in the IB sector offer in-house training programmes as part of on-the-job training to enhance productivity and job satisfaction. These programmes have not been accredited. Second-tier banks, such as Capitec and African Bank, offer such unaccredited in-house[36] training programmes that serve their institution skills requirements.

As indicated in Table 9 below, it generally appears that there is good alignment between training spend and key areas of skills needs within the sector, as illustrated in Table 9 below. Almost all lenders' training initiatives were towards capacitating clerical and administrative workers. However, much can still be done for the professional sector.

Table 9: Summary of training provided by inclusive banking subsectors

	Second-tier banks	Coops	Housing financiers	Medium and large	Micro enterprises	Small	Total
Clerical and administrative workers	7 856	0	3	2 886	438	334	11 517
Community and personal service workers	1	0	3	20	0		24
Elementary workers	12	0	0	96	22	1	131
Machinery operators and drivers	0	0	0	16	0		16
Managers	1150	4	6	644	122	305	2 231
Professionals	200	0	0	571	30	10	811
Sales workers	215	5	0	465	87	126	898
Technicians and trades workers	26	0	0	145	0	0	171
Total	**9 460**	**293**	**12**	**4 843**	**699**	**776**	**16 083**

Source: WSP, 2011

[36] See Annex 2 for specific areas of training by employers

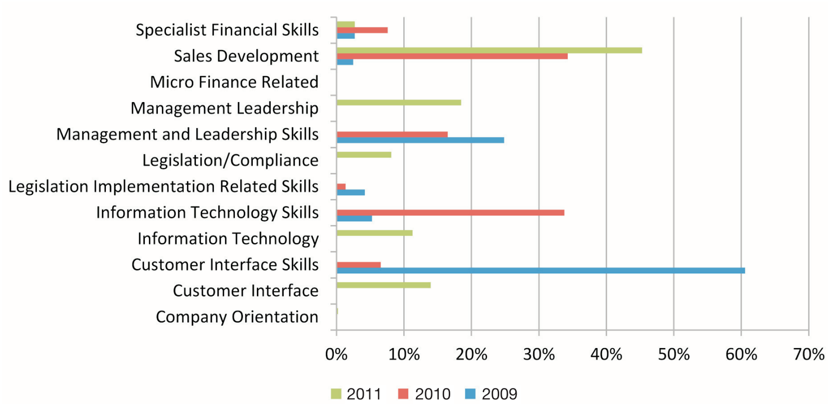
Training of people with disabilities

	2009	2010	2011
Second-tier banks	5	8	8
Medium and large	11	17	17
Medium and large	1	0	0
Small	0	0	28
Total	**17**	**25**	**5 3**

Source: WSP ,2009–2011

In 2010, second-tier banks contributed 68.8% of resources spent on training in the sector – see Figure 27. Some 45% of their training budget was spent on sales development staff, 18% on management and leadership, 14% on customer interface and 11% on IT.

Figure 27: Areas of skills training spend by second-tier banks



Source: WSP, 2009–2011

Medium and large lenders (refer to Annexure 1) came second in the area of training spend, contributing 28.8% of the sector's spend on training. Their key focus areas are management leadership (35%), IT (14.5%), customer interface (13.6%), legislation/compliance (13.5%) and specialist financial skills (11.8%).

CHAPTER 5

SKILLS DEVELOPMENT INTERVENTIONS TO INFORM THE INCLUSIVE BANKING STRATEGIC PLAN

Drawing from analysis in previous chapters, as well as from the Microfinance SSP (2011) complied by RUDO Consulting, this chapter discusses key BANKSETA skills development interventions in the IB sector for 2012/13. Primarily, the BANKSETA plays an enabling role, facilitating and encouraging skills development in the banking and microfinance sector. In close consultation with key stakeholders, the BANKSETA aims to create an environment in which it can develop a culture of high-quality, lifelong learning and foster skills development in the formal economy for productivity and employment growth.

The BANKSETA's activities are guided by two major objectives of enabling skills development and the implementation the NSDS III in the broader banking and microfinance sector. The desired outcome of the 2011/13 SSP has been formulated as follows:

Successful implementation of this plan will enable the industry to secure and develop the minimum required number of people to meet industry's needs during the planning period and beyond[37].

The Microfinance Landscape Survey (RUDO, 2011) and the IB WSPs (2009–2011) identify the skills demanded in the sector. An effective sector skills strategy will enable service providers to access a wide range of local skills across all occupation categories.

The following have been identified as strategic areas of focus by the BANKSETA:

1. The Financial Sector Charter
2. Small and microenterprise development
3. Youth development
4. Adult education and continuing professional development
5. Research, benchmarking and communication

The prioritised input in the SSP strategy of inclusive banking is provided in Table 10.

Table 10: BANKSETA IB SSP Strategy 2012/13

BANKSETA Strategic Goals	Status Quo	Intervention for Inclusive Banking
The Financial Sector Charter	• Successfully implemented learnership programmes: for example, Letsema learnership programme for –post matriculants and the Kuyasa programme for post graduates. • Launched a unique work-readiness programme in October 2010 to fast track the development of credit management skills for the sector – used Virtual Banking technology. Seventy unemployed commercial graduates were trained.	• The BANKSETA should consider replicating the successfully implemented Microfinance Skills Project (Borrower Education) to contribute to consumer/financial literacy training.
Small and micro-enterprise development	• Training Voucher Project: This SME support project was reopened in Quarter 2. Tutuka was reappointed to manage the system after an open bid process. The project supported 40 SMEs and 23 training service providers participated in the process. Initiatives are underway to expand the initiative to other training service providers.	• Continue supporting the Training Voucher Project. • Continue and expand the Bus Programme.

[37] BANKSETA Business Plan 2011–2016

Table 10: BANKSETA IB SSP Strategy 2012/13 (continued)

BANKSETA Strategic Goals	Status Quo	Intervention for Inclusive Banking
Small and micro-enterprise development	• Developed a simplified WSP for SMMEs. • Launched mobile training solutions in the form of a bus equipped with satellite technology, touch screen computers and office equipment. The programme was expanded in 2010/11 to incorporate career and consumer training for schools and FETs. • All nine provinces have been reached and 361 learners were trained in the 2010/11 financial year. • SME Support 2010: delivered in partnership with the National Small Business Chamber (NSBC) and PlaNet Finance. The programme delivers workshops on the new Consumer Protection Act. • Support and training of staff and board members of cooperative banks. Twelve coop banks supported and trained.	• In light of the management and governance challenges faced by most small/enterprise lenders and financial cooperatives, the BANKSETA should continue supporting cooperative management development programme. • Management and Leadership training for small and enterprise lenders.
Youth development	• Supported Letsema learnership programme for - matriculants and the Kuyasa programme for graduates, both of which have high placement rates. In the 2010/11 financial year, graduations for the 7th intake went on successfully in eight provinces, with 827 learners graduating. • Currently considering the application of the dual education system being used in Germany, where two-thirds of people who have passed their matric level go on to do artisanships and learnerships. • BANKSETA Bridging Programme: A programme that assists disabled learners in acquiring the skills they need to enter BANKSETA learnerships, such as the Letsema and Kuyasa programmes. Twenty-five out 27 learners graduated during the 2010/11 financial year.	• Consider the introduction of an entrepreneurial training program for young people to better prepare them for self-employment as opposed to mere job-seekers. BANKSETA to consider replicating the MFSP SMME Programme. • Consider establishing a Letsema Inclusive Banking learnership to assist with the entry-level qualification into the industry. • Continue with the CIDA City Campus grant, offering bursaries to 100 historically disadvantaged students. • Promote career advice and attract youths to the sector through clear career paths.
Adult Education and Continuing Professional Development	• Senior managers and owners: the need for professionalisation of the industry. • Created centres of excellence in provinces to help improve the pass rates in Mathematics, Accounting and English. • The first SETA to start funding students at doctoral and postdoctoral level for studies in fields such as Applied Economics, Applied Finance and Applied Accounting. • Continued with executive skills development. • Financial Markets Honours Programme – produces Financial Analysts and Stockbrokers. • The Financial Markets Programme at the University of Fort Hare is providing critical economics skills to the sector. • North West University Centre of Excellence: the pass rate in Honours in Accounting at the Mafikeng Campus exceeded 70%.	• BANKSETA to develop career path courses starting at certificate level (at entry-level) through to postgraduate programmes (advanced level) for the inclusive banking sector and rolled out through tertiary institutions (FET colleges and universities) in collaboration with lenders across all the divides. • International Executive Development Programme for Inclusive Banking to assist the sector in capacitating owners of the microfinancing organisations and senior managers.

Table 10: BANKSETA IB SSP Strategy 2012/2013 (continued)

BANKSETA Strategic Goals	Status Quo	Intervention for Inclusive Banking
Adult Education and Continuing Professional Development	• Launched the Life Orientation teacher training component in Limpopo in September 2010. In partnership with the Department of Education, 1 681 teachers were trained in the 2010/11 financial year. Phase 2 of the project is due for completion in the 2011/12 financial year.	
Research, benchmarking and communication	• Conducted research into Recognition of Prior Learning (RPL), an area that has not enjoyed much traction in South Africa to date.	• Identification of IB-specific course offerings at FET colleges and their capacity and readiness to service the sector's skills supply. • A comprehensive study that identifies scarce and critical skills in the IB sector (covering credit, savings, remittances, insurance, low-income housing finance). • Research into the standardisation of occupation categories within the IB sector

- Through the Education and Training Quality Assurance Body (ETQA), the BANKSETA should source best practice inclusive banking training programmes, engage the expertise of qualified and certified service providers, and add to the menu of skills development programmes targeted at various levels of the IB skills development continuum. Such courses could include the International Labour Organisation-developed course Making Microfinance Work – Managing for improved performance[38] and other internationally recognised courses that could add value to the BANKSETA's skills development initiatives.
- A number of products and services in the IB sector are technology-driven. For example, remittances. Skills development in the area of ICT-driven product development is paramount.
- Developing an information portal that summarises key relevant regulatory instruments and how they impact on IB roleplayers. It should also develop course material that provides summaries of key issues in each legislative instrument, and detailed modules on the five most relevant regulatory instruments in order to assist IB roleplayers to comply with requisite provisions.
- Development of management and leadership capabilities through the training of IB personnel, as well as internship programmes.
- Participation in the review of the NSC (vocational) and the N-courses with a view to improve coverage of inclusive banking content (FET is under the research topics).

[38] http://mmw.itcilo.org/en/home/home-page

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ANNEXURE 1

SUBSECTOR TRAINING SPEND BY EMPLOYERS PER SPECIFIC OCCUPATION CATEGORY

	Year			Percentage of total spend		
	2009	2010	2011	2009	2010	2011
Second-tier banks	**44 529 500**	**50 215 623**	**56 786 329**	**80.2%**	**69.3%**	**68.8%**
Company Orientation	20 428	122 496		0.0%	0.0%	0.2%
Customer Interface	7 918 254			0.0%	0.0%	13.9%
Customer Interface Skills	26 962 728	3 280 698		60.6%	6.5%	0.0%
Information Technology			6 388 248	0.0%	0.0%	11.2%
Information Technology Skills	2 344 054	16 952 928		5.3%	33.8%	0.0%
Legislation Implementation-related Skills	1 863 487	664 204		4.2%	1.3%	0.0%
Legislation/Compliance	4 613 276			0.0%	0.0%	8.1%
Management and Leadership Skills	11 057 772	8 280 519		24.8%	16.5%	0.0%
Management Leadership	10 490 007			0.0%	0.0%	18.5%
Micro Finance-related	0			0.0%	0.0%	0.0%
Sales Development	1 098 511	17 213 765	25 721 522	2.5%	34.3%	45.3%
Specialist Financial Skills	1 202 948	3 803 081	1 532 526	2.7%	7.6%	2.7%
Cooperatives			**70 812**			**0.1%**
Customer Interface			0			0.0%
Information Technology			5 866			8.3%
Legislation/Compliance			41 566			58.7%
Management Leadership			6 701			9.5%
Micro Finance-related			0			0.0%
Specialist Financial Skills			16 679			23.6%
Debt-Councellors		**899 700**	**193 250**		**1.2%**	**0.2%**
Customer Interface			0		0.0%	0.0%
Customer Interface Skills		0			0.0%	0.0%
Financial Literacy			2 400		0.0%	1.2%
Financial Wellbeing Offficers Training In-house		780 000			86.7%	0.0%
Information Technology			38 000		0.0%	19.7%
Information Technology Skills		0			0.0%	0.0%
Legislation Implementation- related Skills		0			0.0%	0.0%
Legislation/Compliance			0		0.0%	0.0%
Management and Leadership Skills		0			0.0%	0.0%
Management Leadership			0		0.0%	0.0%
Micro Finance-related			0		0.0%	0.0%
NCR Workshops			48 850		0.0%	25.3%
PDA Training		119 700			13.3%	0.0%
Specialist Financial Skills		0	104 000		0.0%	53.8%
Housing financiers	**35 823**	**34 086**	**48 863**	**0.1%**	**0.0%**	**0.1%**
Customer Interface	0			0.0%	0.0%	0.0%
Customer Interface Skills	10 118	5 721		28.2%	16.8%	0.0%
Information Technology	0			0.0%	0.0%	0.0%
Information Technology Skills	5 350	0		14.9%	0.0%	0.0%

	Year			Percentage of total spend		
	2009	2010	2011	2009	2010	2011
Legislation Implementation-related Skills	0	0		0.0%	0.0%	0.0%
Legislation/Compliance			8 065	0.0%	0.0%	16.5%
Management and Leadership Skills	0	28 365		0.0%	83.2%	0.0%
Management Leadership			16 562	0.0%	0.0%	33.9%
Micro Finance-related			21 164	0.0%	0.0%	43.3%
Specialist Financial Skills	20 355	0	3 072	56.8%	0.0%	6.3%
Medium and large	**10 164 151**	**20 044 863**	**23 188 138**	**18.3%**	**27.7%**	**28.1%**
ABET		0		0.0%	0.0%	0.0%
Agricultural-related Studies		94 417		0.0%	0.5%	0.0%
Agriculture			93 049	0.0%	0.0%	0.4%
Back Office Skills		875 687		0.0%	4.4%	0.0%
Company Specific	106 079	61 084		1.0%	0.3%	0.0%
Company Specific Training			398 941	0.0%	0.0%	1.7%
Customer Interface			3 163 082	0.0%	0.0%	13.6%
Customer Interface Skills	2 252 675	3 266 239		22.2%	16.3%	0.0%
Electrical and Plumbing		0		0.0%	0.0%	0.0%
Employee Wellness	46 619	150 480		0.5%	0.8%	0.0%
Fire, First Aid, Company Policy			840 717	0.0%	0.0%	3.6%
Human and Social Sciences	9 775			0.1%	0.0%	0.0%
Human and Social Studies		1 092		0.0%	0.0%	0.0%
Induction		90 000		0.0%	0.4%	0.0%
Information Technology			3 366 538	0.0%	0.0%	14.5%
Information Technology Skills	1 891 673	2 485 481		18.6%	12.4%	0.0%
Intellectual Capital	63 290	225 042	248 866	0.6%	1.1%	1.1%
Internal Product and Systems Training		110 317		0.0%	0.6%	0.0%
Learnerships	140 179	163 744	183 953	1.4%	0.8%	0.8%
Legislation Implementation-related Skills	828 719	2 673 566		8.2%	13.3%	0.0%
Legislation/Compliance			3 122 048	0.0%	0.0%	13.5%
Lifeskills/ABET	18 375	0		0.2%	0.0%	0.0%
Management and Leadership Skills	3 436 144	6 765 196		33.8%	33.8%	0.0%
Management Leadership			8 239 080	0.0%	0.0%	35.5%
Micro Finance-related	57 600	230 400	792 713	0.6%	1.1%	3.4%
Other			10 687	0.0%	0.0%	0.0%
Other In-house Training		72 149		0.0%	0.4%	0.0%
Research Skills		0		0.0%	0.0%	0.0%
Specialist Financial Skills	1 313 024	2 779 968	2 728 463	12.9%	13.9%	11.8%

ANNEXURE 1 continued

	Year 2009	2010	2011	Percentage of total spend 2009	2010	2011
Micro-enterprises	**812 092**	**1 224 755**	**1 297 574**	**1.5%**	**1.7%**	**1.6%**
Customer Interface			331 134	0.0%	0.0%	25.5%
Customer Interface Skills	257 303	313 884		31.7%	25.6%	0.0%
Information Technology			0	0.0%	0.0%	0.0%
Information Technology Skills	18 675	12 281		2.3%	1.0%	0.0%
Legislation Implementation- related Skills	23 787	254 845		2.9%	20.8%	0.0%
Legislation/Compliance			181 835	0.0%	0.0%	14.0%
Management and Leadership Skills	512 327	630 191		63.1%	51.5%	0.0%
Management Leadership			395 544	0.0%	0.0%	30.5%
Microfinance-related			55 517	0.0%	0.0%	4.3%
Specialist Financial Skills	0	13 555	333 544	0.0%	1.1%	25.7%
Small Business			**1 011 199**			**1.2%**
Computer Literacy			2 340			0.2%
Credit Management			16 590			1.6%
Customer Interface			220 491			21.8%
General Office Practice			7 170			0.7%
Information Technology			175 096			17.3%
Legislation/Compliance			78 170			7.7%
Management Leadership			327 388			32.4%
Micro Finance-related			23 068			2.3%
Other			18 200			1.8%
Specialist Financial Skills			142 685			14.1%
Grand total	**55 541 566**	**72 419 027**	**82 596 164**	**100.1%**	**99.9%**	**100.1%**

ANNEXURE 2

OCCUPATION CATEGORIES

CLERICAL AND ADMINISTRATIVE WORKERS

Accounts Clerk
Back-office Process Consultant (Skill Level 1)
Credit or Loans Officer
Credit Support Officer
Foreign Exchange Officer / Teller (Skill Level 2)
General Clerk (Skill Level 2)
Office Administrator (Skill Level 3)
Payroll Clerk
Personal Assistant
Programme or Project Administrators (Skill Level 3)
Statistical Clerk (Skill Level 2)
Switchboard Operator (Skill Level 1)
Accounts Clerk (Skill Level 2)
Contract, Programme and Project Administrators (Skill Level 3)
Credit or Loans Officer (Skill Level 2)
Debt-collector (Skill Level 2)
General Clerk
Office Administrator
Order Clerk / Officer (Skill Level 3)
Payroll Clerk (Skill Level 2)
Personal Assistant (Skill Level 3)
Purchasing Officer
Stock Clerk / Officer (Skill Level 3)

COMMUNITY AND PERSONAL SERVICE WORKERS

Police Officer (Non-Commissioned) (Skill Level 4)

ELEMENTARY WORKERS

Commercial Cleaner

MANAGERS

Call or Contact Centre Manager (Skill Level 5)
Chief Information Officer (Skill Level 5)
Corporate Services Manager
Director (Enterprise / Organisation) (Skill Level 5)
Engineering Manager (Skill Level 5)
Finance Manager (Skill Level 5)
Programme or Project Manager (Skill Level 4)
Sales and Marketing Manager (Skill Level 5)
Supply and Distribution Manager (Skill Level 5)
Chief Executive Officer / Managing Director (Enterprise / Organisation)
Corporate General Manager (Skill Level 5)
Credit Bureau Manager (Skill Level 5)
Director of Marketing (Skill Level 5)
Finance Manager
Operations Manager (Non-manufacturing) (Skill Level 5)
Sales and Marketing Manager
Supply and Distribution Manager

PROFESSIONALS

Accountant (General) (Skill Level 5)
Analyst Programmer (Skill Level 5)
Developer Programmer
Financial Investment Advisor (Skill Level 5)
ICT Business Analyst (Skill Level 5)
ICT Security Specialist (Skill Level 5)
Internal Auditor
Investment Dealer (Skill Level 5)
Management Consultant
Marketing Practitioner (Skill Level 5)
Occupational Health and Safety Advisor (Skill Level 5)
Skills Development Facilitator
Software Engineer
Statistician
Systems Analyst
Training and Development Professional
Actuary (Skill Level 5)
Database Administrator (Skill Level 5)
Developer Programmer (Skill Level 5)
Financial Market Dealer
ICT Security Specialist
Insurance Broker (Skill Level 5)
Internal Auditor (Skill Level 5)
Legal Executive (Skill Level 5)
Management Consultant (Skill Level 5)
Network Administrator (Skill Level 5)
Organisation and Methods Analyst (Skill Level 5)
Software Developer
Software Engineer (Skill Level 5)
Statistician (Skill Level 5)
Systems Analyst (Skill Level 5)
Training and Development Professional (Skill Level 5)

SALES WORKERS

Insurance Agent
Insurance Agent (Skill Level 3)
Real Estate Representative (Skill Level 3)

TECHNICIANS AND TRADES WORKERS

Electrical Linesworker / Electrical Line Mechanic (Skill Level 3)
Electronic Instrument Trades Worker (Special Class) (Skill Level 3)
Mechanical Engineering Technician (Skill Level 4)
Plumbing Inspector (Skill Level 4)

ANNEXURE 3

LETSEMA VII PROGRAMME INTAKE

Province	City	2010	2011
Gauteng	Johannesburg	475	397
	Pretoria	174	126
	Vereeniging	30	17
KwaZulu-Natal	Durban	79	70
Western Cape	Cape Town	68	56
Southern Cape	George		
Eastern Cape	Port Elizabeth	35	47
	East London	-	24
Northern Cape	Kimberley	-	22
	Upington	-	-
Free State	Bloemfontein	39	30
North West	Klerksdorp	20	27
	Potchefstroom	-	4
	Rustenburg	-	24
Limpopo	Polokwane (Pietersburg)	35	23
Mpumalanga	Witbank	-	7
	Nelspruit	45	26
Total		**1 000**	**900**

ANNEXURE 4

SCARCE SKILLS LIST FOR 2009 - 2011

	2009	2010	2011
CLERICAL AND ADMINISTRATIVE WORKERS	**92**	**164**	**127**
Accounts Clerk	10		
Accounts Clerk (Skill Level 2)		37	
Back-office Process Consultant (Skill Level 1)			6
Contract, Program and Project Administrators (Skill Level 3)		1	
Credit or Loans Officer	48		
Credit or Loans Officer (Skill Level 2)		82	97
Credit Support Officer	10		
Debt Collector (Skill Level 2)		20	16
Foreign Exchange Officer / Teller (Skill Level 2)		0	2
General Clerk	2		
General Clerk (Skill Level 2)		2	
Office Administrator	5		
Office Administrator (Skill Level 3)		5	4
Order Clerk / Officer (Skill Level 3)		2	
Payroll Clerk	6		
Payroll Clerk (Skill Level 2)		5	
Personal Assistant	1		
Personal Assistant (Skill Level 3)		2	
Program or Project Administrators (Skill Level 3)			1
Purchasing Officer	10		
Statistical Clerk (Skill Level 2)		7	
Stock Clerk / Officer (Skill Level 3)		1	
Switchboard Operator (Skill Level 1)			1
COMMUNITY AND PERSONAL SERVICE WORKERS			**0**
Police Officer (Non-Commissioned) (Skill Level 4)			0
ELEMENTARY WORKERS	5		
Commercial Cleaner	5		
MANAGERS	**14**	**36**	**27**
Call or Contact Centre Manager (Skill Level 5)		2	
Chief Executive Officer / Managing Director (Enterprise / Organisation)	4		
Chief Information Officer (Skill Level 5)			1
Corporate General Manager (Skill Level 5)			4
Corporate Services Manager	2		
Credit Bureau Manager (Skill Level 5)		11	
Director (Enterprise / Organisation) (Skill Level 5)			2
Director of Marketing (Skill Level 5)			1
Engineering Manager (Skill Level 5)			1
Finance Manager	5		
Finance Manager (Skill Level 5)		2	1
Operations Manager (Non Manufacturing) (Skill Level 5)		16	16
Programme or Project Manager (Skill Level 4)		2	

ANNEXURE 4 continued

	2009	2010	2011
Sales and Marketing Manager	0		
Sales and Marketing Manager (Skill Level 5)		3	
Supply and Distribution Manager	3		
Supply and Distribution Manager (Skill Level 5)			1
PROFESSIONALS	**25**	**51**	**88**
Accountant (General) (Skill Level 5)		1	14
Actuary (Skill Level 5)			1
Analyst Programmer (Skill Level 5)			1
Database Administrator (Skill Level 5)		1	
Developer Programmer	6		
Developer Programmer (Skill Level 5)		33	0
Financial Investment Advisor (Skill Level 5)		0	52
Financial Market Dealer	2		
ICT Business Analyst (Skill Level 5)		1	0
ICT Security Specialist	0		
ICT Security Specialist (Skill Level 5)		1	0
Insurance Broker (Skill Level 5)			1
Internal Auditor	6		
Internal Auditor (Skill Level 5)			1
Investment Dealer (Skill Level 5)			2
Legal Executive (Skill Level 5)			1
Management Consultant	2		
Management Consultant (Skill Level 5)			1
Marketing Practitioner (Skill Level 5)		1	0
Network Administrator (Skill Level 5)		4	2
Occupational Health and Safety Advisor (Skill Level 5)		1	3
Organisation and Methods Analyst (Skill Level 5)			2
Skills Development Facilitator	1		
Software Developer	4		
Software Engineer	0		
Software Engineer (Skill Level 5)			0
Statistician	1		
Statistician (Skill Level 5)		1	1
Systems Analyst	1		
Systems Analyst (Skill Level 5)		6	2
Training and Development Professional	2		
Training and Development Professional (Skill Level 5)		1	4
SALES WORKERS	**2**	**4**	
Insurance Agent	2		
Insurance Agent (Skill Level 3)	2		
Real Estate Representative (Skill Level 3)	2		
TECHNICIANS AND TRADES WORKERS		**3**	**10**
Electrical Linesworker / Electrical Line Mechanic (Skill Level 3)			1
Electronic Instrument Trades Worker (Special Class) (Skill Level 3)			3
Mechanical Engineering Technician (Skill Level 4)		3	0
Plumbing Inspector (Skill Level 4)			6
Grand Total	**138**	**258**	**252**

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