

## SA Taxi and SEFA sign R100 million finance deal



Behind from left to right: Thakhani Makhuvha, CEO at SEFA; Paul Maboo, Head of Legal at SEFA; Vuyelwa Matsiliza, Executive Manager Wholesale Lending at SEFA.  
Front from left to right: Mark Herskovits, Capital Markets Director at SA Taxi; Terry Kier, CEO at SA Taxi

### ***Funding aimed at supporting small business entrepreneurs running minibus taxi operations***

SA Taxi, one of the country's few developmental credit providers, has signed a R100 million financing agreement with the Small Enterprise Funding Agency SOC Ltd (**sefa**).

SA Taxi's business model includes the financing of industry-specific vehicles, provision of bespoke taxi insurance that helps operators protect their income-generating asset and optimise cash flow, a Taximart division that

restores pre-owned vehicles to a virtually new condition, and a dealership network through which both new and pre-owned minibus taxis are sold directly to taxi operators. These end-to-end capabilities create significant efficiencies throughout the vehicle life cycle and improve the ability of operators to succeed and, over time, build a sustainable fleet.

SA Taxi is funded both locally and internationally by a diversified pool of debt investors. It therefore plays an essential role in linking institutional funding to local South African small and medium enterprises (SMEs).

**sefa** is a wholly owned subsidiary of the Industrial Development Corporation (IDC) and reports to the Department of Small Business Development. It is mandated to increase access to finance for SMMEs and co-operatives and help them create sustainable businesses. **sefa** enters into strategic partnerships that extend its reach to enterprises, with preference given to businesses owned by vulnerable groups, including women, black people, the youth, and the disabled.

“The agreement with **sefa** marks the first time a South African state owned entity has partnered with us directly,” says SA Taxi capital markets director, Mark Herskovits. “It is an indication of the value we offer to small business owners in the minibus taxi industry and our close alignment with government’s approach to improving land transport in this country to the benefit of all stakeholders.

“It also acknowledges the importance of the role we play in supporting the recapitalisation and sustainability of the industry. This is particularly critical in light of the industry being a founding pillar of South Africa’s public transport sector and, therefore, to the functioning of the economy. Without the minibus taxi industry most people could not get to their places of work, schools or clinics.

“In addition, each minibus taxi creates a ripple effect for job creation. It provides a livelihood for the owner, obviously. But it also provides direct employment for drivers and conductors. In addition, there is indirect job creation via the taxi nodes, which are central marketplaces of goods and services including retail, and ancillary services such as vehicle washing and repair.”

SA Taxi currently finances over 26 000 of the estimated 200 000 minibus taxis operating in South Africa and has empowered over 42 000 SMEs.

“Many people in the taxi industry are classified as unbankable and have very limited funding channels through which to access capital,” says **sefa** CEO, Thakhani Makhuvha. “They’re often categorised as unemployed with characteristics that include having no credit history and no salary slips or proof of income. In addition, most banks are reluctant to participate in the minibus industry due to perceived associated risks and limited industry experience.

“SA Taxi fills a critical funding gap by providing credit to entrepreneurs who would otherwise be excluded from the formal economy, given their credit profiles. The strategic public private partnership we have entered into with SA Taxi will therefore focus on developing and supporting black entrepreneurs using SA Taxi’s existing tried and tested funding platform.

“In line with our vision of being the leading catalyst for the development of sustainable SMMEs and co-operatives and, thereby, contributing towards economic growth and job creation, we expect this initiative to result in development and funding of 250 black enterprises and the creation of about 450 jobs.”

In financing newer vehicles, SA Taxi focuses on those fitted with the latest safety technology. This, together with its high-quality refurbishment capabilities, contributes to safer and lower-emissions public transport in South Africa. “Everything we do is aimed at making our customers’ businesses sustainable – and thereby benefitting the industry and the economy. **sefa’s** investment now adds momentum to that process,” Herskovits says.

## About SA Taxi

SA Taxi has created a vertically integrated business platform serving the developmental interests of the fixed route minibus taxi industry. It has specialist capabilities not only in financing the industry’s asset value chain but also in designing and deploying allied business services whose objective is ensuring the sustainability of the small and medium enterprises (SMEs) that are taxi operations. The entrepreneurs supported by SA Taxi typically fall outside the requirements of traditional credit providers. SA Taxi therefore enables financial inclusion and job creation. The company’s headquarters are in Midrand, South Africa.

SA Taxi takes a holistic view of the credit it grants, enabling it to extend credit in niche, under-served market segments. Whereas traditional financiers simply assess a person’s credit rating, SA Taxi assesses the credit worthiness of the SME business. This approach includes careful consideration of the vehicle and a route’s profitability.

The company's credit-granting decision-making process is informed and augmented by enriched proprietary intelligence, including telematics data which has been collated over a number of years and is unique to its operating model.

Taximart, whose 20 000m<sup>2</sup> panel and mechanical repair facility enables refurbishment of vehicles to high quality standards, has created a reliable second hand market for taxis. And, by providing alternative options for aspirant operators who cannot afford a new vehicle, it reduces the barriers to entering the industry.

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