Small and Micro Enterprises (SMEs)
Introduction

Through the Skills Development Act of 1998, the BANKSETA has, as one of its mandates, to support skills development in order to grow the current and future skills in the banking sector. The Act and the Skills Development Regulations provide guidelines to fulfill this mandate. The main function of the BANKSETA includes implementing skills development legislation and to support the banking and microfinance sector to grow current and future skills in the sector.

The Skills Development Department manages the BANKSETA research strategy and aligns it with BANKSETA and national skills development strategies through sector skills planning. A list of scarce skills for the sector is produced annually and the banking and microfinance is marketed as an attractive employer of choice.

BANKSETA discretionary grant funded projects include: Adult Basic Education and Training (ABET), Financial literacy, Career awareness, various research projects and the BANKSETA research portal, training voucher project for SMEs, mobile training solutions, Life Long learning workshops (also referred to as continuous professional development - CPD), HIV/Aids Training Support and Building a Better Business (SME Support).

BANKSETA understands the SME environment and is committed to assisting SMEs in the sector by providing real benefits that will help ensure that these businesses are successful. These benefits have been carefully constructed within the parameters of the BANKSETA mandate and with a proper understanding of the SME environment.

Small and micro enterprises (SMEs) in South Africa face a number of challenges, including:

- securing the funding they need;
- the dire skill shortage in South Africa, which makes it difficult to both attract and retain skilled talent; and
- complying with all the legislative requirements of the country.

Small and micro enterprises (SMEs) in South Africa also have to deal with the challenge of a lack of capacity due to the chronic skills shortage in South Africa and the difficulties they face in obtaining desperately needed finance. Due to these challenges, up-skilling and training of staff is sometimes considered a luxury. And this is where the BANKSETA is able to assist SMEs in its sector.

Small and Micro Enterprises in South Africa

Some researchers have estimated the total economic output of SMEs in South Africa to be 50% of GDP and it is also estimated that they provide employment to about 60% of the labour force. SMEs are therefore an important contributor to the economy and are considered a driver for reducing unemployment, given that the formal sector continues to shed jobs. However, SMEs in South Africa face a number of challenges the most important of which
have been reported by a number of organisations (including Ntsika, the Dti, ABSA, SMBDCI) to be:

- a lack of management skills
- finance and obtaining credit
- access to markets and developing relationships with customers
- appropriate technology and low production capacity
- recognition by large companies and government bureaucracy
- support for the role that they play in economic development

The South African government is fully aware of the importance of SMEs and a framework for SME support and development has been developed. The SME sector of the economy is actively promoted by a number of initiatives, including:

- The National Small Business Act of 1996, which defines SMEs and provides for the establishment of the National Small Business Council and the Ntsika Enterprise Promotion Agency (Ntsika).
- Khula Enterprise Finance has a mandate to improve the SME sector’s access to finance, primarily through the provision of ‘wholesale finance’ or guarantees to retail financial intermediaries, which, in turn, finance the provision of ‘wholesale finance’ or guarantees to retail financial intermediaries, which, in turn, finance the SME sector.

Another initiative is the Skills Development programme, which was launched by the government in 1998. Through this initiative, SMEs are able to obtain assistance with two of the challenges that they face, i.e. “a lack of management skills” and “developing relationships with customers”. Improving skills leads to improved productivity and effectiveness - and therefore to a more stable organisation and increased profits.

“BANKSETA is determined to ensure that SMEs receive the information they need to enjoy the benefits available through the skills development programme.” This publication has been prepared to help make Skills Development understandable and therefore accessible. It details the skills development benefits that BANKSETA makes available to SMEs in the banking sector and provides basic information to help SMEs to start participating in – and therefore benefitting from – the skills development programme.

**Skills Development in South Africa**

The Skills Development Act (1998) and the Skills Development Levy Act (1999) together provide a framework for promoting skills development in the country. The purpose of this initiative is, inter alia, to:

- improve the skills of the workforce
- ensure supply of the skills needed in South Africa
- ensure new entrants to the labour market are adequately trained to an agreed standard
- increase the uptake of learners into employment
- develop entrepreneurs, who will in turn generate employment opportunities
- develop a culture of lifelong learning in the country
The various sectors of the South African economy have been allocated a specific SETA, which is responsible for driving the skills development initiative in that particular sector, e.g.:

- BANKSETA covers: banking, micro lending, debt counselling, etc.
- INSETA: insurance
- Fasset: auditing, accounting, stock broking, etc.
- Services SETA: hairdressing, public relations, marketing, etc.
- Health and Welfare SETA: health, welfare
- ISETT SETA: information technology

The legislation dictates that all organisations with a salary and wages bill of more than R500 000 per annum must pay a skills development levy (SDL). The levy is paid monthly to South African Revenue Services (SARS) and this is set at 1% of the total salary bill (including overtime payments, leave pay, bonuses, commissions, etc.). The levy is paid together with pay as you earn (PAYE), before the 7th of each month, and the return form submitted to SARS each month contains a section where the SDL payment is indicated.

Prior to submitting the first SDL payment, the organisation will register for SDL payment with SARS, using a form that is provided by SARS and on which the organisation indicates which SETA they would like to fall under. This must be in terms of the organisation’s main business, e.g. a hairdressing salon cannot register with the BANKSETA, nor can an advertising agency register with THETA, which is the SETA for the tourism and hospitality sector. Levies are then collected by SARS and transferred to the Department of Higher Education and Training (DHET). DHET ensures that the levies reach the SETAs and that each organisation’s levy is received by the specific SETA with which the organisation is registered.

The SETA then uses the levies received to support skills development in its sector. It does this through a number of programmes, some of which are dictated by the government and some of which can be determined by the SETA to suit the needs of its particular sector.

**Skills Development in the banking sector**

The BANKSETA’s scope is as follows, and organisations whose primary activity is one or more of these fall under the BANKSETA:

- monetary intermediation
- discount houses
- commercial and other banking
- building society activities
- other financial intermediation not elsewhere captured
- lease financing
- securities dealing
- activities ancillary to financial mediation

In terms of its mandate, the strategic focus areas of the BANKSETA are:

- Finance Sector Charter
- Youth development
- Lifelong learning or continuous professional development (CPD)
- SME development
- Research, benchmarking and communication
SME development is one of the five strategies that the BANKSETA has adopted. In pursuit of this strategy, skills development efforts in the sector are focused on:

- information technology
- management and leadership
- customer interface
- specialist financial skills
- legislation compliance
- microfinance skills

**How to Participate**

1. **STEP 1**
   Register with SARS, indicate that you wish to register with BANKSETA and start making your monthly SDL payments.

2. **STEP 2**
   Appoint a Skills Development Facilitator (SDF) – this can be an existing staff member. This person will be the contact for the BANKSETA and will receive all communication from the SETA and liaise with it.

3. **STEP 3**
   The SDF then consults with all employees of the organisation, compiles a Workplace Skills Plan (WSP) and ensures the plan is implemented. The plan indicates what training will be done in the year to come in order to meet the training and development needs of the organisation. Timeous submission of the WSP to BANKSETA results in the payment of a mandatory grant, i.e. refund of a portion of the annual levy paid. In the case of non-levy payers, access to BANKSETA projects is granted after the submission of the WSP.

4. **STEP 4**
   The SDF receives all communication from BANKSETA and ensures your organisation is fully informed about all initiatives and benefits available to you. Your organisation then participates in those initiatives and programmes that are of specific interest to you.

BANKSETA will enable and support your company with all the necessary information and documentation, including helping you to meet the minimum requirements and providing the necessary contacts details to ensure you are able to obtain the assistance you need. You will then enjoy the maximum benefit from the skills development process and BANKSETA’s initiatives.
Benefits for the SME
As the BANKSETA actively encourages SME participation in skills development and seeks to maintain this participation, a number of interventions are provided in support of SME organisations in the sector and their skills development, i.e.:

**SME Needs Analysis**
A Needs Analysis tool has been developed that will assist SMEs to identify their own skills gaps.

**Direct Communication**
This entails:
- reporting on the level of participation by SMEs to the BANKSETA Council, the DHET, and to the sector through our newsletter, website and general press
- direct communication and support to registered SMEs via email, onsite meetings and telephonic communication

**Simplified Reporting Formats**
The Workplace Skills Plan and the Implementation Report have been modified to request minimum information from SMEs, who do not have the infrastructure to provide cumbersome reports. This format allows for submission online, telephonically (followed by a faxed/emailed signed Authorisation form) or via fax.

**Skills Development Training**
This intervention aims to build the capacity of Skills Development Facilitators in order to enable them to identify the training and development needs of staff in the business and to then utilise training and development interventions to further the objectives of the business. It is believed that this will increase productivity, which will in turn impact bottom line. The BANKSETA Mobile Training Solution or Bus is the latest innovation, which takes micro-finance skills training to rural areas as it is delivered on the bus.
“To support transformation and people development and, through partnerships to enable stakeholders to advance the national and global position of the broader banking and microfinance industry.”

**SME Training Voucher Project**
This project allows SMEs to train and develop their staff by accessing accredited training providers who offer appropriate programmes aligned to critical strategic skills priority areas. The Training Voucher Project presents an opportunity to improve skills and productivity and therefore improve an organisation’s bottom line. The training provided includes short courses on:

- Customer Interfacing skills, including: customer service, client care, account management, communication skills, problem solving, telephone etiquette, etc
- Information and Technology skills, including: software packages, IT support services, hardware, internet based solutions, etc
- Legislation Implementation, including: micro-finance compliance, exchange control regulatory compliance, money laundering, FAIS, NCA, etc
- Management and Leadership Skills, including: supervisor, teamwork, strategic leadership, diversity
- Specialist Financial Skills, including: risk management, accounting, credit control, debt management, etc

SME Training Voucher Project website: www.banksetatrainingvoucher.org.za. (Terms and conditions apply)

**Life Long Learning (LLL) Workshops**
LLL workshops (previously referred to as Continuous Professional Development (CPD) workshops) support SMEs by providing lifelong learning workshops on topical issues that are relevant to the banking sector business environment. These interventions are determined by research done in the sector and specific requests received from the sector and are provided free of charge.
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**SME Links**

SME development in South Africa is everyone’s responsibility, including business, government and labour. A number of organisations support companies, particularly SMEs, in their business endeavours and the most important of these are indicated below.

- Small Enterprise Development Agency (SEDA) [www.seda.org.za](http://www.seda.org.za)
- Khula [www.khula.org.za](http://www.khula.org.za)
- Umsombovu Youth Fund [www.uyf.org.za](http://www.uyf.org.za)
- National Credit Regulator [www.ncr.gov.za](http://www.ncr.gov.za)
- Micro Finance South Africa [www.mfsa.net](http://www.mfsa.net)
- Biznetwork [www.biznetwork.co.za](http://www.biznetwork.co.za)
- NSBC (National Small Business Chamber) [www.nsbc.org.za](http://www.nsbc.org.za)
- Business Partners [www.businesspartners.co.za](http://www.businesspartners.co.za)