FINANCIAL EXCLUSION OF ASYLUM SEEKERS IN SOUTH AFRICA AND ITS IMPACT ON TAX COLLECTION

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DECLARATION

I, Bongani Ndlovu, hereby declare that this proposal for the (MASTER'S DEGREE) in (BUSINESS ADMINISTRATION) submitted to the (WITS BUSINESS SCHOOL) at the University of Witwatersrand has not been submitted previously for any degree at this or another university. It is original in design and in execution, and all reference material contained therein has been duly acknowledged.

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KEY WORDS:

- Financial Exclusion
- Asylum Seeker
- Economic Growth
- Unbanked
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- Spaza Shop

ABSTRACT

This study aimed to explore the extent of financial exclusion in South Africa and its implications on tax collection and economic growth. Using a cross-sectional research design, quantitative and qualitative data were collected to comprehensively understand the issue. A purposive sampling technique was employed to select participants, particularly asylum seekers running informal businesses in South Africa, operating without documentation, and not paying taxes while benefiting from South African social services. Interviews provided qualitative insights into the factors contributing to financial exclusion and potential strategies for improvement.

The study investigated the challenges experienced by entrepreneurial asylum seekers in accessing formal banking services and obtaining financial products, such as loans or insurance. Additionally, it explored the awareness and understanding of tax obligations among this specific group and their experiences in meeting these obligations. By examining the perspectives of tax officials and policymakers, the study elucidated the effects of financial exclusion on tax collection and identified possible solutions.

The findings of this research contributed to both academic and practical knowledge. Understanding the extent of financial exclusion in South Africa and its impact on tax collection and economic growth informed policy recommendations and interventions aimed at improving financial inclusion and tax compliance. The study also highlighted the importance of providing financial education and support to the unbanked to enhance their understanding of tax obligations. In conclusion, this research aimed to address the critical issue of financial exclusion with a specific focus on entrepreneurial asylum seekers in South Africa and its implications on tax collection and economic growth. By examining the experiences and perspectives of multiple stakeholders, this study laid out valuable insights into the challenges faced by asylum seekers and contributed to the

development of inclusive policies and practices that promote financial inclusion and enhance tax collection efficiency.

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CHAPTER 1.

1. INTRODUCTION

In South Africa, the issue of financial exclusion has garnered increasing attention due to its significant implications for government, the individuals affected and the broader society. Financial exclusion refers to the limited access that asylum seekers have to financial services, resources, and opportunities, hindering their economic integration and stability (Finca Team, 2020). This exclusionary phenomenon not only affects the welfare of asylum seekers but also has important ramifications for tax collection, a crucial component of national revenue generation and socioeconomic development (Di John, 2009).

1.1 STATEMENT OF PURPOSE

This study aims to investigate the phenomenon of financial exclusion in South Africa and its impact on tax collection and economic growth. By examining the current state of financial exclusion, identifying the primary contributing factors, and understanding the implications for individuals and communities, this research aims to elucidate the relationship between financial exclusion and tax collection. Additionally, the study will analyse the existing policies and initiatives designed to address financial exclusion and explore their effectiveness. Ultimately, the research seeks to propose strategies that can be implemented to mitigate the impact of financial exclusion on tax collection and economic growth, providing valuable insights for policymakers, tax authorities, and financial institutions in South Africa.

This paper also seeks to explore and offer remedial actions pertaining to the financial exclusion of asylum seekers in South Africa and the failure by the treasury department to collect revenue from Entrepreneurial asylum seekers. A substantial number of mini convenience shops (Spaza Shops) found in townships are operated by immigrants as a means of survival due to legislation which stipulates that Section 22 permits do not give asylum seekers access to work (Sa Dha Refugee Act, 2019). As a result of financial exclusion of asylum seekers in South Africa, most of them use cash as a store of value, however because the Rand is a volatile currency the value depreciates over time, thus many of these asylum seekers take the high risk of keeping cash in their possession due to the fact that many of them are unbanked (Yordanos, Zack, & Vanyoro, 2019).

These asylum seekers are unbanked mainly because of the stringent customer due diligence requirements to open a personal or business bank accounts. According to Advocacy group Passop (Passop Team, 2023) who are lobbyists for the financial inclusion of asylum seekers and refugees, it is possible to open an account at some of the more traditional banks like First National Bank although feedback from respondents on their website indicate the contrary. To avert the risk of carrying cash many of these spaza owners overstock their stores with merchandise, in some instances perishable goods that have a shorter life span. The perishable goods often are sold post the sell by date due to a slow rate of sell which causes friction between spaza owners and consumers.

1.2 BACKGROUND OF THE STUDY

South Africa is a country that has faced significant challenges related to financial inclusion and tax collection. Financial exclusion refers to the limited access and usage of formal financial services by certain segments of the population, including individuals and communities who are marginalized, economically disadvantaged, or residing in remote areas (Finca Team, 2020). It is a multifaceted issue that hampers economic growth, exacerbates income inequality, and affects overall societal well-being (Cingano, 2014).

The current state of financial exclusion in South Africa is a pressing concern. Despite efforts to promote financial inclusion, a significant portion of the population is not included in traditional financial services like banking, credit, insurance, and savings products. According to (Cingano, 2014) this exclusionary gap limits individuals' capacity to engage fully in the economy, impedes wealth creation, and perpetuates poverty cycles.

Several factors contribute to financial exclusion, these factors can include but are not limited to limited physical access to financial institutions, high banking costs and fees, inadequate financial literacy and education, insufficient documentation requirements, and discriminatory practices that disproportionately affect marginalized groups. Understanding these factors is crucial for developing effective interventions and policies to address financial exclusion.

To address financial exclusion, South Africa has implemented various policies and initiatives. These include regulatory measures to promote affordable banking services, financial literacy programs, the establishment of community-based financial institutions, and the advancement of digital financial services (Treasury Department, 2020). However, the effectiveness and impact of these interventions must be evaluated to ensure their alignment with the needs of the excluded populations and identify potential improvement areas.

Tax collection is intricately linked to financial inclusion. Financial exclusion can impede tax compliance and revenue generation for the government (Oz-Yalaman, 2019). Individuals and businesses operating in the informal sector of the economy or without access to formal financial services may face difficulties in meeting tax obligations and may be more prone to tax evasion (Delechat & Medina, 2020). This poses challenges for the government in achieving sustainable revenue collection and hinders public service delivery, infrastructure development, and social welfare programs.

The influx of asylum seekers into the country gained momentum in the new dispensation from 1994, with most asylum seekers coming from the neighboring states, the horn of Africa and some from West African states (Mukumbang, Ambe, & Adebiyi, 2020). Given the limited opportunities in the job market in a shrinking economy, most of these asylum seekers set up spaza shops in the township in order to survive and partake in the economy.

Documenting these asylum seekers is a momentous task by a government with limited resources, thus far most asylum documents have expired and the waiting period for renewal has been prolonged due to lack of adequate resources (Yordanos, Zack, & Vanyoro, 2019) however, the Department of Home Affairs has a draft document (Draft oidm policy: Public Consultation Version of 22 December 2020, 2020) which is meant to address the issue of documenting these immigrants. Bureaucracy and implementation challenges have severely affected the renewal and issuing of asylum documents in South Africa. The current asylum document is restrictive in that it does not have an Identification number thus it is not considered an identification document.

1.2.1 Best practices of inclusion of Asylum Seekers from a Global perspective

While there isn't one set of universally accepted best practices for integrating asylum seekers, there are several methods and tactics that have been proven to be successful in fostering their integration into host countries. NGOs in Europe, for instance, have been instrumental in facilitating the integration of asylum seekers into societies of host nations as evident in Austria, particularly the humanitarian issues and diversity management (Simsa, 2017). In the United States of America, according to the Migration Policy Institute (Batalova, 2020) a substantial number of professional asylum seekers with health care qualifications have been induced into the United States health care system workforce. These immigrants including asylum seekers played an intricate role as part of the frontline workforce during the ravaging Covid 19 pandemic. It is therefore key for government to have diversity management policies that are supported by civil society that talk to building inclusive societies as exampled by the United States. Inducing these immigrants into the workforce poses an opportunity for host nations to collect taxes to alleviate fiscal challenges.

1.2.2 African Continent

From an African perspective, Uganda's refugee policy, which permits refugees to work and travel freely within the nation, has received accolades. Many refugees have thus been able to launch enterprises and construct their own lives. Also, the nation gives refugees access to healthcare and education, as well as land on which to produce (Vemuru, et al., 2016) Under a program named "Mahama Refugee Camp," which attempts to give refugees access to education and employment possibilities, Rwanda has made efforts to integrate refugees into society. The initiative has assisted refugees in finding employment and developing skills, both of which have improved their quality of life (Otieno & Wachiaya, 2021).

1.2.3 SADC Region

According to Mr. Filippo Grandi, United Nations High Commissioner for Refugees (Grandi, 2019), the newly established domestic refugee law not only provides legal protection to asylum seekers in Zambia, but also allows for the integration of refugees into the country's socio-economic fabric. Zambia has been using a "whole-of-society" approach to include and integrate refugees for many years, even before the Comprehensive Refugee Response Framework (CRRF) was developed. This approach has facilitated the social and economic inclusion of refugees through initiatives such as the Zambia Initiative and the Local Integration Program. When faced with an influx of refugees from the Democratic Republic of Congo in 2017, Zambia became the first country to use the CRRF approach in an emergency, with a settlement-based approach that sought a lasting solution from the outset of the crisis. This approach involved involving all relevant government ministries and ensuring that refugees had access to national services (Grandi, 2019).

1.2.4 Republic of South Africa

Refugees and asylum seekers from various parts of Africa, as well as other regions including Asia and South America, are drawn to South Africa (Foley, 2010). The influx of these immigrants has contributed to economic pressure, unemployment, crime and ultimately xenophobia however refugee entrepreneurship is an effective strategy for reducing the socioeconomic challenges faced by countries that receive refugees (Raijman & Barak-Bianco, 2015) as seen in South Africa where most township convenience shops (Spazas) are owned by immigrants.

This study therefore aims to explore the current state of financial exclusion, identifying contributing factors, understanding the impacts on individuals and communities, analysing existing policies, and proposing strategies to mitigate the impact of financial exclusion on tax collection and economic growth, this research seeks to contribute to the knowledge base and inform policy decisions for promoting financial inclusion and enhancing tax compliance in South Africa.

1.3 RESEARCH PROBLEM

The motivation for this study lies in the financial exclusion of entrepreneurial asylum seekers who are running informal businesses in South Africa, operating without documentation, and not paying taxes while benefiting from South African social services. This situation raises concerns regarding the accountability of these businesses, the potential for money laundering, and the government's ability to track and regulate their financial activities.

The key problem at hand is the financial exclusion of asylum seekers and the associated implications. Asylum seekers, lacking legal recognition and documentation, face barriers in accessing formal financial services, including banking, credit, and payment systems. Without proper financial inclusion, these individuals' resort to informal means of conducting business, which often involves operating in cash and evading tax obligations.

The financial exclusion of entrepreneurial asylum seekers running informal businesses in South Africa has several implications. Firstly, their untraceable financial activities create a potential risk of money laundering, making it challenging for the government to monitor and regulate these businesses effectively. Secondly, the government's inability to collect taxes from these businesses hinders revenue generation and compromises public service delivery, infrastructure development, and social welfare programs (Delechat & Medina, 2020). Lastly, the financial exclusion of asylum seekers perpetuates social and economic inequalities, impeding the capability to fully engage in the economy and enhance their livelihoods.

Therefore, this study aims to address the specific issue of financial exclusion among entrepreneurial asylum seekers running businesses in South Africa. By investigating the challenges they face in accessing formal financial services, understanding the extent of tax evasion, examining the potential risks of money laundering, and proposing strategies to enhance their financial inclusion and tax compliance, this study aims to add to the knowledge base and inform policy decisions for promoting equitable economic participation and effective governance in South Africa.

1.4 RESEARCH QUESTIONS

Based on the motivation and problem statement provided, the following are four key research questions that must be resolved to tackle the issue of financial exclusion among asylum seekers running businesses in South Africa:

I. What are the main barriers and challenges faced by entrepreneurial asylum seekers in accessing formal financial services, such as banking, credit, and payment systems, in South Africa?

II. To what extent do entrepreneurial asylum seekers running informal businesses in South Africa engage in tax evasion, and what are the factors contributing to their non-compliance with tax obligations?

III. What are the potential risks and implications of the untraceable financial activities of entrepreneurial asylum seekers running businesses, particularly in terms of money laundering and the government's ability to regulate and monitor these activities?

IV. What strategies and interventions can be implemented to enhance the financial inclusion and tax compliance of entrepreneurial asylum seekers running businesses in South Africa, while ensuring accountability, effective regulation, and equitable economic participation?

These research questions will help in investigating the barriers to financial inclusion, understanding the extent and causes of tax evasion, examining the potential risks of money laundering, and proposing practical solutions to promote financial inclusion and enhance tax compliance among asylum seekers running businesses in South Africa.

1.5 RATIONALE

The rationale for the study on financial exclusion among asylum seekers running businesses in South Africa is based on several key factors:

I. Addressing a research gap: The study aims to address a void in current research by focusing specifically on the financial exclusion of asylum seekers in South Africa. While there has been significant research on financial exclusion more broadly, there is limited literature specifically examining the economic difficulties experienced by asylum seekers and their implications for the economy and society.

II. The significance of financial inclusion: It plays a vital role in fostering economic expansion, alleviating poverty, and fostering social progress. By understanding the obstacles encountered by asylum seekers in accessing formal financial services and exploring strategies for enhancing their financial inclusion, the study can contribute to the development of more inclusive and equitable economic systems.

III. Tax compliance and revenue generation: The study recognizes the link between financial exclusion and tax compliance (Oz-Yalaman, 2019). Asylum seekers running businesses without documentation and not paying taxes can have significant implications for government revenue. Understanding the extent of tax evasion and exploring ways to improve tax compliance among this population is essential for sustainable revenue generation and effective public service delivery.

IV. Addressing potential risks: The untraceable financial activities of asylum seekers running businesses raise concerns about potential risks, such as money laundering. Investigating these risks and their implications for governance and regulatory systems is essential for ensuring accountability, transparency, and effective financial regulation.

V. Social and economic impacts: Financial exclusion perpetuates disparities in social and economic status, hindering the ability of asylum seekers to fully participate in the economy, improve their livelihoods, and contribute to society. By addressing financial exclusion, the study seeks to promote more inclusive economic development and social well-being.

Overall, the rationale for the study lies in the significance of financial inclusion, the implications of financial exclusion for tax compliance and revenue generation, the potential risks associated with untraceable financial activities, and the social and economic impacts of financial exclusion on asylum seekers and society as a whole. By addressing these issues, the study aims to provide insights and recommendations for promoting equitable economic participation, effective governance, and improved financial inclusion for asylum seekers running businesses in South Africa.

1.6 DELIMITATIONS OF THE STUDY

In the context of the study on financial exclusion among asylum seekers running businesses in South Africa, some possible delimitations could include:

I. Geographic scope: The study may focus specifically on a certain region or city within South Africa rather than covering the entire country. This delimitation acknowledges that financial exclusion and the experiences of asylum seekers may vary across different regions, and a narrower geographic focus allows for a more in-depth analysis within a specific context.

II. Sample size and selection: Due to practical constraints and limited resources, the study may have a smaller sample size or target a specific subset of asylum seekers running businesses in South Africa. This delimitation recognizes that it may not be feasible to include all asylum seekers in the study population, and a more targeted approach can still provide valuable insights while managing research limitations.

III. Timeframe: The study may be delimited to a specific time period, focusing on the current situation of financial exclusion among asylum seekers in South Africa. This delimitation acknowledges that circumstances and policies related to financial inclusion and asylum seekers may evolve over time, and the study's findings may have a temporal context.

IV. Language limitations: The study may be conducted in a specific language(s), which could exclude asylum seekers who are not proficient in that language. This delimitation recognizes the potential language barriers that may exist and acknowledges that language proficiency can affect the ability of asylum seekers to access and engage with financial services.

V. Data availability and reliability: The study's findings may be limited by the availability and reliability of data related to financial exclusion among asylum seekers. Access to accurate and comprehensive data on this specific population may be challenging, and the study may rely on existing data sources, surveys, or self-reported information, which could introduce limitations in terms of data quality and reliability.

1.7 ASSUMPTIONS OF THE STUDY

I. Asylum seekers face financial exclusion: It is assumed that asylum seekers in South Africa encounter difficulties in accessing formal financial services due to their legal status, lack of documentation, or other barriers. This assumption forms the basis for investigating the extent and impact of financial exclusion on this specific population.

II. Financial exclusion leads to informal business operations: It is assumed that the financial exclusion faced by asylum seekers pushes them towards informal means of conducting business. This assumption suggests that due to a restricted entry to conventional financial services, asylum seekers may rely on cash transactions and informal networks for their business activities.

III. Asylum seekers' businesses have limited tax compliance: It is assumed that the businesses run by asylum seekers in South Africa, operating without documentation, have lower levels of tax compliance compared to businesses with legal recognition. This assumption implies that the lack of formal financial inclusion may result in challenges in meeting tax obligations.

IV. Money laundering risks exist within the informal business activities of asylum seekers: It is assumed that the untraceable nature of financial activities within the informal sector, including those of asylum seekers, creates a potential risk of money laundering. This assumption suggests that the government's ability to monitor and regulate these businesses may be compromised, leading to potential financial integrity concerns.

V. Enhanced financial inclusion can improve tax compliance: It is assumed that by promoting financial inclusion among asylum seekers, such as providing access to formal financial services and facilitating tax compliance support, their engagement in the formal economy and tax compliance can be improved. This assumption underscores the potential link between financial inclusion initiatives and tax compliance outcomes.

1.8 DEFINITION OF TERMS

I. Financial exclusion refers to the limited access and usage of formal financial services, such as banking, credit, insurance, and savings products, by individuals or groups within a specific population. It involves the barriers, both structural and socio-economic, that prevent individuals from fully engaging in the official financial system (Finca Team, 2020).

II. Asylum seekers are individuals who have fled their home countries due to persecution, violence, or other serious threats to their safety and have applied for international protection in another country. They are seeking recognition as refugees and are awaiting a decision on their refugee status (UNHCR, nd).

III. Fintech is a term used to describe the intersection of technology and financial services. It refers to innovative technological solutions, applications, or companies that aim to improve and automate various financial activities. Fintech covers a broad array of services, such as internet banking and mobile payment solutions, peer-to-peer lending, crowdfunding, robo-advisory, cryptocurrency, and more. Fintech innovations often seek to enhance convenience, efficiency, accessibility, and affordability in financial transactions and services (Kagan, 2022).

IV. Spaza shop is a South African term used to describe small, informal retail stores or convenience stores that are typically located in townships, rural areas, or low-income neighborhoods. Spaza shops are often family-run businesses and serve as important sources of goods and services for communities that may have limited access to formal retail establishments. These shops usually stock essential items such as food, beverages, toiletries, and household products, catering to the immediate needs of the local population (Bear, Bradnum, Tladi , & Pedro, Making Retail Markets Work - Why and How Triple Trust Organisation Decided to Intervene in the Spaza Market in South Africa, 2005).

V. Virtual wallets, also known as e-wallets or digital wallets, are digital applications or platforms that allow users to securely store, manage, and transfer funds electronically. Virtual wallets typically exist in the form of mobile apps, accessible through smartphones or other internet-connected devices. Users can link their bank accounts or credit/debit cards to their virtual wallets to facilitate transactions, make payments, transfer money, and sometimes even store loyalty cards or digital tickets. Virtual wallets provide a convenient and often contactless way to manage personal finances and engage in digital transactions (CFI Team, 2022).

VI. Tax Compliance: Tax compliance refers to the adherence and fulfillment of tax obligations by individuals or businesses in accordance with the tax laws and regulations of a specific country. It involves the timely and accurate reporting of income, payment of taxes, and compliance with tax filing requirements (Manrejo, Moeljadi, Surachman, & Sudjatno, 2020).

1.9 CHAPTER SUMMARY

This Chapter encompasses the statement of purpose, the background of the study, the problem statement, and the rationale of the study in relation to financial exclusion in South Africa and its impact on tax collection and economic growth. The next chapter will focus on the Literature Review of Financial Exclusion and its impact on tax collection and economic growth.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

The literature review section of the study on the impact of financial exclusion on tax collection and economic growth aims to offer a comprehensive summary of current research, theories, and empirical evidence related to financial exclusion, tax compliance, and their implications for economic growth. The key relationship between financial exclusion, tax collection, and economic growth is intricate and interconnected. Financial exclusion refers to the limited access and usage of formal financial services by certain segments of the population (Finca Team, 2020), while tax collection involves the government's collection of taxes from individuals and businesses to finance public expenditures (Di John, 2009). Economic growth, on the other hand, refers to an increase in the production and consumption of goods and services within an economy. According to the UN's Sustainable Development Goals, Financial Inclusion features in 8 of the 17 SDGs (UNCDF, n.d.)

Financial exclusion can have significant implications for tax collection and economic growth. According to (Tanzi & Zee, 2001), when individuals and businesses are excluded from formal financial services, they may resort to informal or cash-based transactions, making it difficult for tax authorities to track and collect taxes effectively. This leads to lower tax revenues for the government, affecting its ability to fund public services, infrastructure development, and social welfare programs. Consequently, inadequate tax collection hampers economic growth by limiting the resources available for investment and public expenditure (Tanzi & Zee, 2001).

Moreover, financial exclusion restricts access to credit and capital, making it challenging for individuals and businesses to start and expand enterprises, invest in productive assets, and participate fully in economic activities. This lack of access to financial resources and opportunities further hinders economic growth and perpetuates income inequality (Bapuji & Chrispal, 2020).

Conversely, promoting financial inclusion can positively impact tax collection and economic growth (Alnabulsi & Salameh, 2021). When individuals and businesses have access to formal financial services, they are more likely to engage in transparent and traceable financial transactions, making it easier for tax authorities to monitor and collect taxes (World Bank, 2022). Increased tax compliance enhances government revenues, enabling it to invest in infrastructure, education, healthcare, and other sectors that contribute to economic growth (Di John, 2009).

In summary, financial exclusion can hinder tax collection and impede economic growth, while financial inclusion can enhance tax compliance and contribute to economic development. Understanding and addressing the relationship between financial exclusion, tax collection, and economic growth is crucial for designing effective policies and interventions to promote inclusive economic growth and ensure equitable access to financial services for every demographic of the population.

2.2 Factors Contributing to Financial Exclusion:

2.2.1 Physical barriers to financial access.

Physical barriers to financial access refer to obstacles that hinder individuals or communities from physically reaching and utilizing formal financial services. These barriers can include geographical distance, limited or inadequate infrastructure, and the lack of physical presence of financial institutions in certain areas (Kaligis, Tewal, Maramis, & Mangantar, 2018). Some key examples of physical barriers to financial access are:

Lack of Infrastructure:

Inadequate infrastructure, such as roads, bridges, and reliable transportation systems, can impede individuals' ability to reach financial institutions. Without proper infrastructure, the cost and effort required to access banking services may become prohibitive, particularly for those living in underserved or marginalized areas (DBSA, 2023).

Digital Divide:

While not strictly a physical barrier, the digital divide denotes the disparity in access to digital technologies, such as the internet and mobile phones. According to Mercedes García-Escribano from IMF (García-Escribano, 2020) In areas where internet connectivity or mobile network coverage is limited, individuals may face challenges in accessing digital financial services, which increasingly rely on technology for transactions and account management.

Lack of Financial Service Points:

Financial service points, such as bank branches or agent locations, play a vital role in granting access to financial services. In areas where these points are scarce or nonexistent, individuals may face difficulties in depositing or withdrawing funds, accessing credit, or availing of other financial services (Espinosa-Vega, et al., 2020).

2.2.2 Socioeconomic factors influencing financial inclusion.

Socioeconomic factors play a vital role in influencing financial inclusion, as they can shape individuals' access, usage, and participation in formal financial systems. These factors are often interconnected and can vary across different populations and contexts (Rastogi & Ragabiruntha, 2018). Below are some key socioeconomic factors that influence financial inclusion:

Income and Wealth:

Income levels and wealth disparities directly influence financial inclusion. Individuals with higher incomes and greater wealth tend to have better access to and utilization of formal financial services. Lower-income individuals may face barriers in meeting account opening requirements, accessing credit, or affording transaction fees, limiting their participation in the formal financial system (Von Fintel & Orthofer, 2020).

Education and Financial Literacy:

Education and financial literacy are essential determinants of financial inclusion (Adetunli & David-West, 2019). Individuals with higher levels of education and financial knowledge are more likely to understand and navigate financial products and services. Lack of financial literacy can lead to a lack of confidence in using formal financial services and hinder individuals' ability to make informed financial decisions (Klapper & Lusardi, 2020).

Employment and Occupation:

Employment status and occupation can influence financial inclusion. Formal employment can provide individuals with access to employer-sponsored financial services, such as payroll accounts or retirement savings programs (World Economic Forum, 2022). Informal and self-employed workers may face challenges in accessing formal financial services due to irregular income streams or a lack of documentation required for account opening.

Gender and Social Norms:

Gender disparities can impact financial inclusion. Women often face additional barriers, such as limited access to assets, discriminatory practices, and cultural norms that restrict their financial independence. Gender-sensitive approaches are essential to address these disparities and promote financial inclusion for all (Krause, 2018).

Social Networks and Trust:

Social networks and trust within communities can influence financial inclusion. Access to financial services may be facilitated through informal networks, such as savings groups or community-based organizations (Chai, Chen, Huang, & Ye, 2019). Trust in formal financial institutions, government regulations, and the overall financial system can also impact individuals' willingness to engage with formal financial services.

Age and Generational Differences:

Age-related factors influence financial inclusion. Younger individuals may face challenges due to limited credit history or lack of financial knowledge, while older adults may encounter difficulties in adapting to digital financial services. Tailored approaches are needed to address the specific needs and preferences of different age groups (AFI, 2021).

2.2.3 Discriminatory practices and structural inequalities.

Discriminatory practices and structural inequalities are significant factors that contribute to financial exclusion and hinder efforts to achieve greater financial inclusion. These factors can create barriers and disparities based on various social categories, such as race, ethnicity, gender, age, disability, and socio-economic status (Halperin & Salas, 2022). Here's an exploration of discriminatory practices and structural inequalities in the context of financial exclusion:

Discrimination in Financial Services:

Discriminatory practices within financial institutions can manifest in various ways. This includes denying access to financial services based on factors like race, ethnicity, or gender, offering discriminatory interest rates or loan terms, or providing limited support and guidance to certain groups. These discriminatory practices contribute to the exclusion of marginalized individuals and communities from formal financial services (Nyarko, 2022).

Structural Inequalities:

Structural inequalities refer to the systemic and institutional barriers that perpetuate social and economic disparities. These can include unequal distribution of wealth and resources, limited access to quality education, healthcare, and infrastructure, and unequal opportunities for employment and economic advancement. Structural inequalities can exacerbate financial exclusion by limiting individuals' ability to accumulate assets, access credit, and participate fully in the economy (IMF, 2020).

Digital Divide:

The digital divide is a form of structural inequality that hinders financial inclusion in the digital era. Unequal access to technology, internet connectivity, and digital skills disproportionately affects marginalized groups, limiting their ability to utilize digital financial services. This divide can reinforce existing socio-economic disparities and exclude individuals from the benefits of digital financial inclusion (Vasile, Panait , & Apostu, 2021).

Legal and Regulatory Frameworks:

Discriminatory laws and regulations can perpetuate financial exclusion. For example, documentation requirements for account opening or credit applications may disproportionately impact certain groups, such as undocumented migrants or individuals without formal identification. Discriminatory policies and regulations can create barriers to financial inclusion and limit access to essential financial services (Demirguc-Kunt, Klapper , & Singer, 2013).

Social and Cultural Norms:

Social and cultural norms can contribute to financial exclusion by reinforcing gender roles and limiting the economic agency of certain groups. For example, traditional norms may discourage women from accessing financial services independently or participating in entrepreneurial activities. Cultural biases and stereotypes can also affect individuals' perceptions of financial services and influence their engagement with formal financial institutions (Koning, Ledgerwood, & Singh, 2021).

2.2.4 Financial literacy and education.

Financial literacy and education are crucial in fostering financial inclusion and empowering individuals to make knowledgeable financial decisions.

Definition:

Financial literacy refers to the knowledge, skills, and understanding of financial concepts and practices that individuals need to effectively manage their finances. It encompasses various areas, including budgeting, saving, investing, borrowing, and understanding financial products and services (Fernando, 2023).

Importance of Financial Literacy:

Financial literacy is essential for individuals to navigate the complex financial landscape and make sound financial decisions (Lyons, Grable, & Zeng, 2019). It helps individuals develop skills to budget effectively, save for the future, avoid excessive debt, make informed investment choices, and protect themselves from financial scams and fraud.

Empowerment and Decision-Making:

Financial literacy empowers individuals by providing them with the knowledge and confidence to take control of their financial lives. It enables them to make informed decisions, set financial goals, and plan for their future, ultimately leading to improved financial well-being (Kumar, Pillai, Kumar, & Tabash, 2023).

Enhancing Access to Financial Services:

Financial literacy plays a crucial role in increasing access to formal financial services. By understanding how financial products and services work, individuals are better equipped to utilize them effectively (Hastings, Madrian, & Skimmyhorn, 2013). Individuals who are financial literate are more inclined to open bank accounts, use digital payment platforms, access credit, and engage with other financial tools and resources.

Overcoming Barriers:

Financial literacy education can help overcome barriers to financial inclusion, particularly for marginalized and underserved populations (Joseph & Antony, 2021). By providing targeted financial education programs, individuals from disadvantaged backgrounds can acquire the essential skills and knowledge to overcome financial challenges and access formal financial services (Wentzel, 2016).

Importance of Early Education:

Financial literacy education should start early in life, as early exposure to financial concepts and skills can have a long-term influence on individuals' financial conduct. Integrating financial education into school curricula and promoting family-based financial discussions can instill good financial habits and decision-making skills from an early age (Dickler, 2021).

Public and Private Sector Collaboration:

Effective financial literacy initiatives require collaboration between the public and private sectors. Governments, financial institutions, non-profit organizations, and educational institutions can work together to develop and deliver comprehensive financial literacy programs, leverage technology for wider reach, and promote financial inclusion at a societal level (Wentzel, 2016).

2.3 Implications of Financial Exclusion on Tax Collection:

Tax evasion and non-compliance among excluded populations present substantial hurdles for governments and tax authorities. Excluded populations refer to individuals or groups who are marginalized, disadvantaged, or face barriers that hinder their participation in the formal economy (IMF Staff, 2015). Below are some of the key factors contributing to tax evasion and non-compliance among excluded populations:

Lack of formal documentation:

Informal economic activities often operate outside the formal system and lack proper documentation, rendering it challenging for authorities to track and monitor them. This lack of documentation makes it challenging to enforce regulations and ensure compliance with legal requirements (Ohnsorge & Yu , 2022).

Limited access to information:

Informal economic activities are typically decentralized and operate in small-scale settings. As a result, it is challenging for regulatory bodies to gather accurate and comprehensive data about these activities. Limited access to information hinders effective monitoring and regulation efforts (Sultana, Rahman, & Khanam, 2022).

Complexity and diversity:

Informal economic activities encompass a wide range of sectors and occupations, each with its unique characteristics. They can include street vending, unregistered small businesses, undeclared work, and other informal labor arrangements. The diverse nature of these activities makes it challenging to develop standardized monitoring and regulatory frameworks that apply across the board (Oviedo, Thomas, & Karakurum-Özdemir, 2009).

Informal networks and secrecy:

Informal economic activities often rely on informal networks and relationships, which can be difficult to penetrate and monitor. These networks may operate based on trust and secrecy, making it challenging for authorities to gain insights into their operations. The lack of transparency hampers regulatory efforts and inhibits effective monitoring (Schneider & Asllani, 2022).

Limited resources and capacity:

Regulatory bodies may face resource constraints, both in terms of manpower and financial resources, when attempting to monitor and regulate informal economic activities. The vast scale of informal activities, coupled with limited resources, poses a significant challenge in conducting regular inspections, enforcement actions, and providing support to the informal sector (Joshi, Prichard, & Heady, 2013).

Balancing formalization and livelihoods:

Informal economic activities can be a vital source of income and livelihood for many individuals and communities, particularly in developing countries. Overly strict regulation and formalization efforts can lead to the displacement of informal workers or the collapse of informal enterprises, potentially exacerbating poverty and unemployment. Balancing the need for regulation with supporting sustainable livelihoods is a complex challenge (Hovsha & Meyer, 2015).

Addressing these challenges requires a multi-faceted approach, including improving data collection methods, leveraging technology for monitoring, engaging with informal sector stakeholders, providing targeted support and incentives for formalization, and considering the socio-economic context when formulating regulatory frameworks. Collaboration between governments, organizations, and informal workers themselves is crucial to strike a balance between regulation and the preservation of livelihoods. By taking a holistic and inclusive approach, governments can work towards reducing tax evasion and non-compliance among excluded populations while promoting fairness as articulated by (Mburu, Manatta, & Wort, 2022).

2.4 Financial Inclusion, Tax Compliance, and Economic Growth:

Financial inclusion plays a vital role in promoting tax compliance by:

Traceability of Transactions:

Formal financial channels provide a transparent and traceable record of financial transactions. This makes it easier for tax authorities to monitor and verify income and expenditure, reducing opportunities for tax evasion (Sung, Awasthi, & Lee, 2017).

Enhanced Record-Keeping:

Access to financial services motivates individuals and businesses to maintain proper records of their financial activities. This facilitates accurate reporting and documentation of taxable income, making tax compliance more feasible (SARS, 2021).

Revenue Generation:

Tax compliance ensures a sustainable source of revenue for governments. Sufficient tax revenue allows governments to fund public investments and provide essential services that support economic growth and development (Di John, 2009).

Trust and Stability:

High tax compliance rate fosters trust in the government and its institutions. This stability and trust create an enabling environment for economic activities, attracting domestic and foreign investments, stimulating business growth, and driving overall economic development (Kogler, Olson, Kirchler, Batrancea, & Nichita, 2022).

Poverty Reduction:

According to (Mohammed, Mensah, & Gyeke-Dako, 2017) Financial inclusion empowers individuals and families to efficiently handle their finances, save, and invest in income-generating activities. As a result, it contributes to poverty reduction and inclusive economic growth, fostering overall development.

2.5 RISE OF THE FINTECHs

FinTechs have played an important role in trying to bridge the gaps in relation to financial exclusion in South Africa. The distribution of financial goods and services using cutting-edge technological platforms and business models is known as the "FinTech" phenomena (Buckley & Webster, 2016). The increasing significance of using digital technology to reduce financial exclusion has led to the formation of networks involving state institutions, international development organisations, social investors, and fintech companies. Together, they create digital ecosystems that track, expand, and profit from people's digital presence. This partnership between fintech, philanthropy, and development generates a complex system that focuses on using technology to drive economic growth and development (Gabor & Brooks, 2017).

A recent report by Village Capital (Burns, Younkman, & Zaccagnini, 2020) has revealed that numerous refugees residing in Europe are encountering difficulties in obtaining fundamental financial services, which has resulted in some of them resorting to informal or illegal means to obtain loans, transfer money across borders, or conduct online transactions thus the FinTechs are playing a pivotal role in taken care of the burden of executing some of these financial requirements for the unbanked.

In South Africa these FinTechs provide services for Spaza shops which are mainly operated by immigrants, they provide devices that facilitate the sale of virtual products e.g., Airtime, Electricity coupons, international money remittance etc. This revenue stream augments they income and brings more feet into their informal businesses (Flash, 2021).

Overall, financial inclusion, tax compliance, and economic development form a virtuous cycle. Financial inclusion enhances tax compliance, which, in turn, generates revenue for governments to invest in economic development initiatives. As economic development progresses, it creates opportunities for further financial inclusion, promoting inclusive growth and prosperity.

2.6 HYPOTHESES 1

Providing banking services to individuals who currently do not have access to them in South Africa can have significant positive impacts on both the economy and society (Matsebula & Yu, 2020). This can be achieved by improving financial inclusion, reducing poverty, and driving economic growth. Financial inclusion is essential for reducing poverty, promoting inclusive development, and achieving set goals. The objective of financial inclusion is to offer accessible, reliable, and beneficial financial products and services to all sections of society. It is based on four key factors: access, utilization, quality, and choice. By promoting financial inclusion, we can help to alleviate poverty and create economic growth that benefits everyone (Shipalana, 2019)

Financial Inclusion challenges have given rise to FinTechs who endeavor to provide access to the disenfranchised, these FinTechs leverage on the weaker regulatory processes as compared to traditional banks e.g., an Asylum Seeker can use their permit to open a digital or cashless account to transact and for international money remittance (Shipalana, 2019).

2.7 HYPOTHESES 2

Economic growth is strongly impacted by financial inclusion. In contrast to those who are financially excluded, it is believed that people and businesses who have better access to financial services will contribute to higher levels of economic growth. (Beck, Demirgüç-Kunt, & Levine, 2007) Conducted a comprehensive cross-country analysis and found that financial development, including access to financial services, is positively associated with economic growth.

Financial inclusion facilitates economic growth through various mechanisms. It provides individuals and businesses with access to credit, which enables them to invest in productive activities, expand their businesses, and create employment opportunities (Demirgüç-Kunt & Klapper, 2012). It also promotes savings mobilization and channels savings into productive investments.

2.8 THEORETICAL FRAMEWORK

2.8.1 RESEARCH PROBLEM

The motivation for this study lies in the financial exclusion of entrepreneurial asylum seekers who are running informal businesses in South Africa, operating without documentation, and not paying taxes while benefiting from South African social services. This situation raises concerns regarding the accountability of these businesses, the potential for money laundering, and the government's inability to track and regulate their financial activities.

2.8.2 RESEARCH QUESTIONS

I. What are the main barriers and challenges faced by entrepreneurial asylum seekers in accessing formal financial services, such as banking, credit, and payment systems, in South Africa?

II. To what extent do entrepreneurial asylum seekers running informal businesses in South Africa engage in tax evasion, and what are the factors contributing to their non-compliance with tax obligations?

III. What are the potential risks and implications of the untraceable financial activities of entrepreneurial asylum seekers running businesses, particularly in terms of money laundering and the government's ability to regulate and monitor these activities?

IV. What strategies and interventions can be implemented to enhance the financial inclusion and tax compliance of entrepreneurial asylum seekers running businesses in South Africa, while ensuring accountability, effective regulation, and equitable economic participation?

2.8.3 THEORETICAL UNDERPINNINGS

There are several theoretical underpinnings that can be used to understand the financial exclusion in South Africa, its impact on tax collection and economic growth. According to (Gott & Johnston,

2002) Migrants living in a host country can contribute to government revenue by paying taxes, and also consume government-provided goods and services. The impact of their participation in these activities on government expenditure and revenue depends on the extent of their involvement in each of them. If migrants contribute more in taxes than the benefits and services they receive, they are said to make a positive net fiscal contribution, meaning they transfer wealth to local born residents. However, if migrants receive more in benefits and services than they pay in taxes, the transfer of wealth goes the other way, with local born residents contributing more in taxes or receiving fewer benefits to support migrants (Gott & Johnston, 2002). Figure 1 below illustrates the role of Government and the private sector in digital finance and financial inclusion for all.

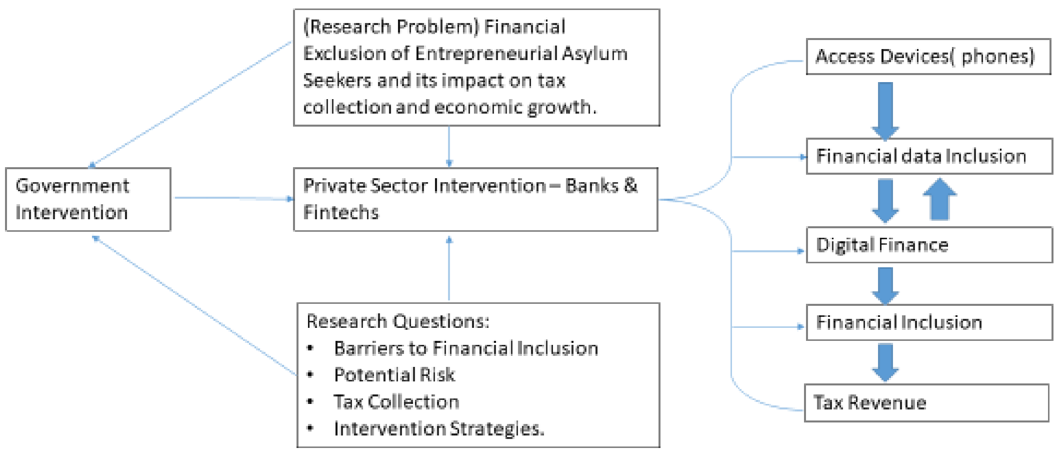

Figure 1 Theoretical Framework to illustrate the role of government and the private sector in digital finance and financial inclusion.

Source: (Peterson, 2018) edited by the Author.

2.8.3.1 The Financial Exclusion Theory:

Suggests that the inability of people or communities to access formal financial services including banking, credit, insurance, and other financial products is referred to as financial exclusion. This exclusion is frequently brought on by things like financial illiteracy, unemployment, poor income, poverty, geographic isolation, and ineligibility (Collard, 2010). Theoretically, long-lasting income disparity or poverty traps can be created by financial market frictions or hurdles that impede widespread access. When certain groups, such as immigrants, low-income people or those living in poverty, do not have access to financial markets, they are unable to engage in economic activities that could help them improve their financial situation. Since people are unable to invest or save as a result of this lack of access, their economic opportunities are further limited, which can perpetuate poverty across generations. Therefore, addressing income inequality and escaping poverty traps may depend heavily on policies aimed at lowering financial market barriers, such as granting access to banking services or enhancing financial literacy (Banerjee & Newman, 1993).

The Kuznets hypothesis (kuznets, 1955) states that the relationship between economic growth and inequality and the relationship between poverty and financial access are strongly related. This idea holds that when an economy expands and changes, income inequality initially rises before gradually falling. In other words, as certain people or groups experience quicker income growth than others in the early phases of economic development, income inequality tends to deepen. However, as more people gain from economic growth and development, income inequality eventually starts to decline as the economy continues to develop. Financial inclusion is therefore an imperative that requires all members of society to have access and be able to participate fully in the economy.

2.8.3.2 Social Exclusion Theory:

According to this theory, those who lack access to financial services are experiencing financial exclusion, a type of social exclusion that prevents them from fully participating in society. Due to their legal situation and lack of access to financial services, asylum seekers may be socially ostracised, which may affect their capacity to participate in contributing towards tax. Beyond just being poor, social exclusion is a concept that covers a broad variety of social and economic issues. Due to the exclusion from society and subsequent social hardship, it marks a grave violation of fundamental human rights (Kabeer, 2000).

A phenomenon known as social exclusion can be defined as the denial of a minority or subgroup the opportunity to fully participate in society. Lack of access to housing, employment, healthcare, education, and political involvement are just a few examples of how this exclusion may appear. Since social exclusion frequently results in a vicious cycle of disadvantage and marginalisation, its effects can be severe and long-lasting. As a result, it's critical to treat social exclusion as a complicated problem that demands a diversified approach (Kabeer, 2000).

2.8.3.3 The vicious cycle of poverty Theory:

The vicious cycle of poverty is one of the consequences of financial exclusion, otherwise commonly known as Social Drift. The process of social drift pathway refers to a phenomenon where poverty and mental health issues are interconnected and can cause a vicious cycle. This means that poverty can lead to poor mental health, and poor mental health can, in turn, reduce the chances of economic growth and increase the risk of lifelong poverty. It is a cycle that can impact both adults and adolescents (Garman, 2020).

In developing countries, public spending on social services like education and healthcare is crucial for reducing poverty and promoting equal distribution of resources. However, poor service delivery can contribute to poverty and limit access to basic services like education and healthcare, hindering poor people's ability to improve their lives. Despite this, many developing countries struggle with inadequate public services to their citizens, which disproportionately affects the poor who cannot afford private alternatives (World Bank, 2004). Figure 2 below illustrates the Social drift pathway.

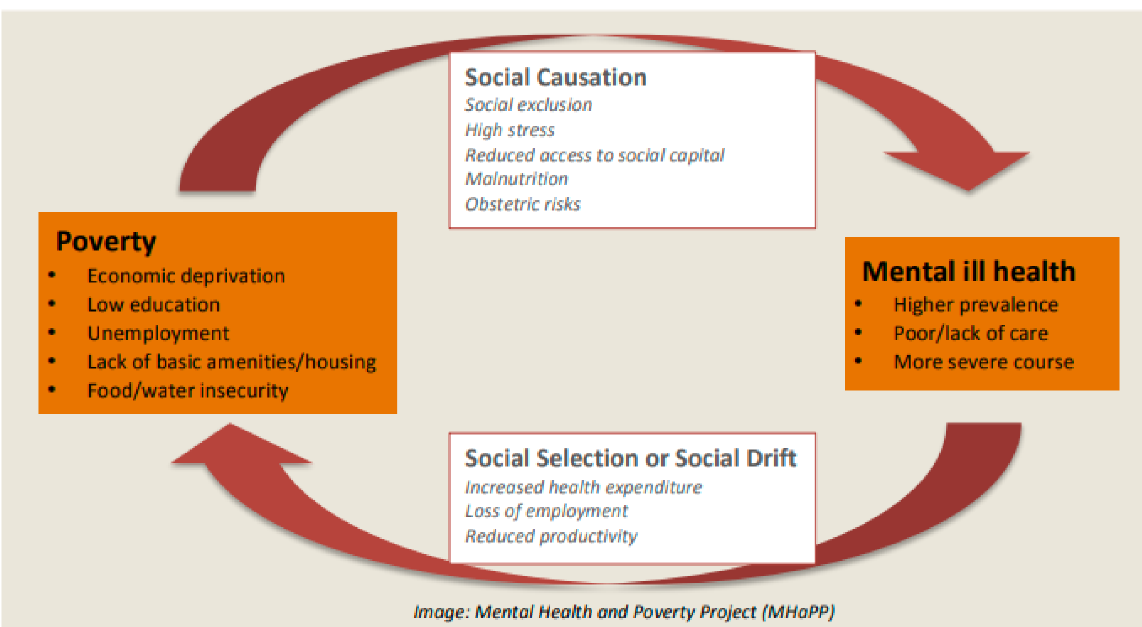

Figure 2 Social Drift Pathway

Source: Mental Health and Poverty Project (July 2012)

2.8.3.4 Variables

2.8.4.5.1 Tax collection*:*

This variable refers to the process by which the South African government collects taxes from individuals and businesses.

2.8.4.5.2 Economic integration:

This variable refers to the process by which individuals and communities become integrated into the formal economy, which can be impacted by financial exclusion.

2.8.4.5.3 Economic Growth:

Economic growth is a key variable that is influenced by various factors, including financial inclusion and tax compliance. Economic growth refers to the increase in the production and consumption of goods and services in an economy over a specific period.

2.8.4.5.4 Financial Literacy

Financial literacy is a key variable in understanding and promoting financial inclusion. It refers to an individual's knowledge, skills, and understanding of financial concepts and tools. Higher levels of financial literacy are associated with improved financial decision-making, increased access to financial services, and enhanced financial well-being.

2.8.4.5.5 Government policies and regulations:

This variable refers to the policies and regulations implemented by the South African government that impact financial inclusion/exclusion and tax collection. The below Figure 3 illustrates the relationship between the variables, the private sector and government.

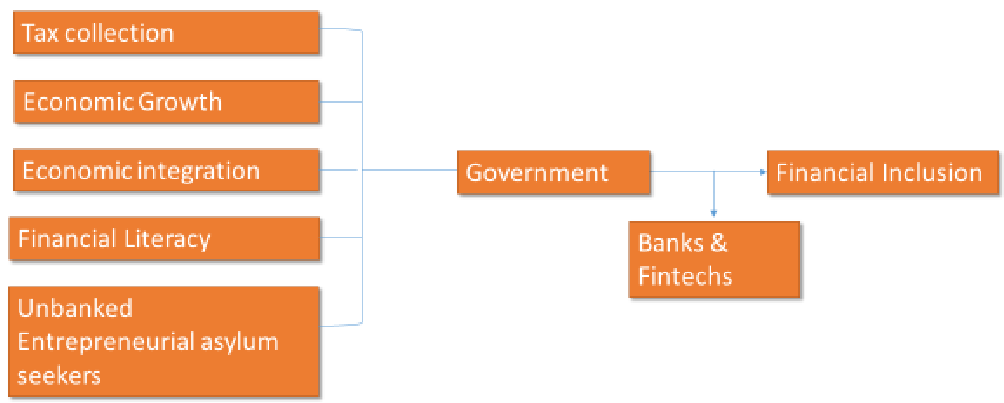

Figure 3 illustrates the relationship between the variables, government and the financial private sector.

Source: Author

2.9 CONCLUSION

By using these theoretical underpinnings, researchers can better understand the complex relationships between financial exclusion, tax collection, and other related factors, and develop policies and interventions that can help to reduce financial exclusion and improve tax collection among South Africans. Policymakers can encourage greater social and economic involvement among the financial excluded while also boosting tax revenue for the government by addressing the barriers to financial inclusion.

2.10 GAPS IN THE LITERATURE

In the context of financial exclusion in South Africa and its impact on tax collection and economic growth, there are notable gaps in the literature, particularly when it comes to studying the specific population of asylum seekers who run informal businesses. Given their unique circumstances and legal status, asylum seekers may encounter distinct barriers to accessing formal financial services and complying with tax obligations.

It is essential to understand the tax compliance habits of entrepreneurial asylum seekers who operate informal enterprises in order to evaluate the effects of financial exclusion on tax collection. However, there are few empirical studies that look into this particular group's tax compliance practices. To learn more about their degree of tax compliance, the factors that affect compliance, and any potential ramifications for revenue collection, more research in this area is required.

2.11 CHAPTER SUMMARY

This chapter delves into the phenomenon of financial exclusion experienced by asylum seekers in South Africa, exploring its causes, manifestations, and implications for both the affected population and the broader economy. It begins by providing a contextual overview of the asylum seeker population in South Africa, highlighting the socio-economic challenges they face and the legal framework governing their financial rights and access to services.

The chapter proceeds to analyze the factors contributing to the financial exclusion of asylum seekers, including legal barriers, discrimination, and lack of documentation. It examines how these barriers restrict asylum seekers' ability to open bank accounts, access credit, and engage in formal financial transactions, thereby pushing them towards informal and cash-based economies.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

This research aims to delve into the research methodology employed to investigate the financial exclusion in South Africa and its impact on tax collection and economic growth. By adopting a systematic approach to gathering and analyzing data, this study aims to uncover key insights into the barriers faced by the financial excluded in accessing financial services and meeting their tax obligations. Furthermore, it seeks to examine the intricate relationship between financial exclusion and tax collection, shedding light on the potential consequences for compliance and revenue generation.

By employing a rigorous research methodology, this study aims to contribute valuable knowledge and empirical evidence to inform policy discussions, foster dialogue among stakeholders, and guide the development of targeted interventions that promote financial inclusion and enhance tax compliance in South Africa in the quest for economic growth. Ultimately, the findings of this research endeavor will serve as a foundation for evidence-based decision-making and the pursuit of equitable and inclusive socioeconomic development in the country.

3.2 RESEARCH PARADIGM

In the context of studying the financial exclusion and its implications on tax collection and economic growth in South Africa, two prominent research paradigms will be employed:

3.2.1 Positivist Paradigm:

The positivist paradigm is rooted in the belief that social phenomena can be studied objectively and explained through empirical observations and the application of scientific methods. In the context of studying the financial exclusion in South Africa and its implications on tax collection and economic growth, the positivist paradigm may involve quantifying and measuring the prevalence of financial exclusion, identifying patterns, and assessing the impact on tax collection through statistical analysis (Park, Konge, & Artino, 2020).

3.2.2 Interpretivist Paradigm:

The interpretivist paradigm emphasizes understanding social phenomena through subjective meanings and interpretations. It recognizes that individuals and their experiences are shaped by cultural, historical, and contextual factors (Bogdan & Biklen, 1998). In the context of studying the financial exclusion in South Africa and its implications for tax collection and economic growth, the interpretivist paradigm may involve exploring the lived experiences, perspectives, and narratives of the affected sample, tax officials, and policymakers.

3.3 RESEARCH APPROACH

All research studies require a structured, organized, and transparent process to obtain the most relevant outcomes. Qualitative research typically follows an inductive approach, where the researcher investigates meanings and perspectives in a particular context (Levitt, Motulsky, Wertz, Morrow, & Ponterotto, 2017). When a topic is poorly understood and a desire to fully investigate it exists, qualitative research approach is frequently used. In qualitative research, a detailed narrative is often created from participant interviews and then analysed in an effort to respond to the research question. A comprehensive solution depends on understanding the problem and uncovering it through a variety of inquiring technics (Polit & Beck, 2017).

According to (Bryman, 2012) Quantitative research is a research method that prioritizes the use of numerical data in both data collection and analysis. Thus, this method of research is concerned with measuring quantifiable data. (Payne & Payne, 2004) further elaborate that Quantitative methods based on deductive reasoning aim to identify patterns in human behavior by breaking down the social world into measurable components called variables. These variables can be expressed numerically as frequencies or rates, and their relationships with one another can be examined using statistical methods. Researchers use controlled stimuli and precise measurements to access these variables and analyze their associations.

Table 1. And 2. below clearly articulate the pros and cons of qualitative and quantitative research according to (Queirós, Faria, & Almeida, 2017).

Pros and Cons of Qualitative Methods

Table 1 Pros and Cons of Qualitative Methods

Method	Pros	Cons
Observation	• Gather information in real-time as the event happens • Use a method that doesn't interfere or rely on someone's participation • Adaptable and designed for uncovering new knowledge	• Takes up a lot of time • Relies on the observer's neutrality • Needs extensive planning beforehand • Challenging to gather information as events unfold
Ethnography	• Provide detailed findings based on observation and discussions with the directly involved authors • Appropriate to explore new research avenues	• Takes a lot of time • It's challenging to draw clear, accurate findings • The researcher must possess in-depth expertise of the problem
Field Research	• This methodology is effective in obtaining highly specific and intricate data. • gives significant attention to the part and importance of the social context	• This technique can be challenging to generalize to a larger population or groups, and obtaining data from a significant number of participants may prove difficult. • The objectivity of the observer can influence the data collected. • Recording and documenting observations can present some difficulties
Focus Groups	• Sufficient to obtain comprehensive data on both individuals and groups through this method. • It allows for the chance to clarify any uncertainties. • It is a more time and cost-efficient alternative to conducting one-on-one interviews.	• This method can be challenging to control and manage. • It may be difficult to secure the participation of individuals. • The sample obtained through this approach may not be representative of the entire population.
Case Studies	• This technique can furnish in-depth insights into individual perspectives. • Presents an opportunity for challenging and updating existing theoretical frameworks. • It can serve as a viable substitute or supplement to focus groups	• Establishing causal relationships can be challenging with this method. • Generalizing findings from a limited number of case studies can also prove difficult. • Ethical concerns, particularly regarding confidentiality, may arise when conducting this type of research. • Creating a case study that applies to all subjects can be problematic.
Structured Interviews	• This approach is well-organized and facilitates the comparison of responses among participants. • It can encompass a wide range of respondents and is easily reproducible. • Conducting interviews is a relatively fast process	• This approach can be inflexible. • Offering limited options for participant responses. • Obtaining comprehensive and detailed data can be challenging with this method. • Preparing for an interview can be a time-consuming process
In-Depth Interviews	• This method is tailored to elicit comprehensive and illuminating data within a specific area of interest. • It requires only a small number of participants to yield valuable and pertinent insights. • Additionally, it can be conducted in more casual settings	• This method can be time-consuming and relatively expensive to implement. • The process of extracting and comparing information may also take longer than other approaches. • Selecting participants carefully to minimize bias is crucial. • It should be noted that findings obtained through this method may not be generalizable to other populations.

Pros and Cons of Quantitative Methods

Table 2 Pros and Cons of Quantitative Methods

Method	Pros	Cons
Field Experiments	• Work is done in a natural environment • Larger-scale research • The results of the trials have no impact on the subjects	• Uncontrollable variables • It is challenging to repeat the study's settings exactly • Potential ethical issues
Simulation	• This approach is well-suited for studying complex systems. It compresses the time frame, enabling researchers to examine the behavior of the system more quickly.	• Building a model using this approach requires an in-depth understanding of the field. • The process can be time-consuming and expensive, and may necessitate the use of specialized hardware and software tools.
Surveys	• This approach is characterized by a short development time, making it a cost-effective option. • The data collection process is simple and easily analysed using statistical methods. • It can reach a large audience and is highly representative. • The results obtained are not influenced by the researcher's subjectivity	• The reliability of the data obtained through this approach is heavily reliant on the quality of responses and the survey's structure. • The rigidity of the survey structure may also limit the scope of the study. • This method does not capture the emotions, behavior, or changes in emotions of the respondents, which may be critical for understanding certain phenomena.
Correlational Study	• This method allows for the exploration of multiple domains and the collection of a vast amount of information. • It is also relatively straightforward to calculate the degree of association between two variables. • Moreover, there is no need to manipulate behavior when utilizing this approach.	• This method does not allow for the direct inference of cause and effect relationships. • The study may lack internal and external validity, meaning that the results may not be generalizable to other populations or situations. • A correlation between two variables may be observed, this approach may not provide a conclusive explanation for the relationship.
Multivariate Analysis	• Multiple statistical tests and techniques can be applied when using this approach. • It enables the exploration of various domains and a wealth of information.	• The techniques employed in this approach can be complex • Utilising specialised statistical software is often necessary.

This study will therefore use a mixed-methods approach to its investigation. With this method, the study will be able to gather and examine both quantitative and qualitative data. The quantitative data will be used to measure the level of financial activity by entrepreneurial asylum seekers who run informal businesses in South Africa and its implications on tax collection and economic growth. To better understand the causes of financial exclusion among entrepreneurial asylum seekers and the viewpoints of tax authorities and policymakers, qualitative data will be used.

3.4 POPULATION AND SAMPLE

3.4.1 Population

Entrepreneurial asylum seekers who own and run informal businesses in South Africa will be the population of interest for this study. People seeking asylum are those who have fled their home nations because of persecution, conflict, or other types of violence and are looking for safety in another nation. Asylum seekers are distinct from other types of migrants, as they have not yet been granted refugee status or any other form of legal protection (DHA, 1998). They are in the process of seeking international protection and have the right to have their claims assessed by the host country's authorities (DHA, 1998). During this period, they may face various challenges related to their legal status, social integration, and access to essential services, including financial resources.

3.4.2 Sample and Sampling Method

Purposive sampling will be used to choose the sample for this study. With this approach, individuals are chosen who have dealt with financial exclusion and tax officials who have dealt with entrepreneurial asylum seekers. The saturation of data will be used to calculate the sample size, which means that the researcher will keep collecting data until they have a sufficient amount to address their study objectives.

To provide a thorough picture of the financial exclusion of entrepreneurial asylum seekers who are running informal businesses in South Africa, operating without documentation, and not paying taxes while benefiting from South African social services, the sample will comprise both quantitative and qualitative data (Morse & Niehaus, Mixed Method Design: Principles and Procedures, 2016).

3.5 RESEARCH DESIGN

The research design for this study will be a cross-sectional study. This design will enable the study to collect data at a single point in time and determine the prevalence of financial exclusion among entrepreneurial asylum seekers and its impact on tax collection. This design allows for the collection of data from a representative sample of entrepreneurial asylum seekers, providing a snapshot of the situation at that particular moment (Kesmodel, 2018). By selecting a representative sample of entrepreneurial asylum seekers, researchers can gather data on the financial exclusion experiences of a diverse group of individuals within a specific timeframe. This approach helps to ensure that the findings are generalizable to the larger population of entrepreneurial asylum seekers in South Africa.

3.6 RESEARCH INSTRUMENT

The research instrument for this study will include a Database and interview guidelines to collect both quantitative and qualitative data.

The database will be utilised to gather quantitative information on the business activities of entrepreneurial asylum seekers e.g. average business revenue per month, average profit, and international money remittance per month.

The interview guidelines, on the other hand, will be designed to gather qualitative data through open-ended questions. The open-ended questions allow participants to provide detailed and nuanced responses, offering rich qualitative insights into the causes of financial exclusion among asylum seekers and the perspectives of different stakeholders, including tax officials, policymakers, and entrepreneurial asylum seekers themselves. The interview guidelines will be flexible, allowing for probing and follow-up questions to explore participants' experiences, opinions, and suggestions in depth (Wilkingson & Birmingham, 2003)

3.7 DATA COLLECTION METHODS

The study aims to investigate the financial exclusion in South Africa and its impact on tax collection with a specific sample of entrepreneurial asylum seekers who run informal businesses. To gather comprehensive data, a mixed-methods approach will be employed, utilizing both interviews and a database.

Through interviews with tax officials, the study aims to explore the challenges they encounter in collecting taxes from entrepreneurial asylum seekers. This may include bureaucratic hurdles, difficulties in identifying and tracking individuals, and issues related to tax compliance. The interviews will provide valuable insights into the practical aspects of tax collection and highlight potential areas for improvement.

Policymaker interviews will be conducted to understand the existing policies and regulations surrounding financial inclusion for asylum seekers. This will shed light on the current framework, identify gaps or limitations, and explore potential policy recommendations to address financial exclusion effectively. Policymakers' perspectives are crucial for understanding the broader context in which financial exclusion occurs and for identifying strategies to promote inclusivity.

Finally, interviews with entrepreneurial asylum seekers themselves will capture their lived experiences and perspectives on financial exclusion. This qualitative data will provide a human-centered understanding of the challenges they face, such as limited access to financial services, lack of identification documents, language barriers, and discrimination. These interviews will offer a comprehensive view of the systemic and individual factors that contribute to financial exclusion of the sample (Somekh & Lewin, 2005).

3.8 PROCEDURE FOR DATA COLLECTION

Entrepreneurial asylum seekers, tax officials, and policymakers will all be interviewed as part of the data gathering process, which also include distributing an interview questionnaire to them. Depending on the participants' accessibility and availability, either online or in-person administration of the interview questionnaire will be used. In accordance with the preferences of the participants, the interviews will either be performed in person or through phone or video call (Aguinis, Hill, & Bailey, 2021)

3.9 DATA ANALYSIS STRATEGIES AND INTERPRETATION

Both quantitative and qualitative data analysis will be used for this study. Descriptive statistics will be used to evaluate the quantitative data in order to ascertain the prevalence of financial exclusion among asylum seekers and how it affects tax collection. To find themes and patterns in the qualitative data, content analysis will be used to examine it. The quantitative data analysis will enable with the identification of trends, patterns, and correlations in the data, providing a quantitative understanding of the prevalence and implications of financial exclusion among asylum seekers. These statistical findings will contribute to a more objective and generalizable assessment of the research objectives (Grolemund & Wickham, 2014)

The qualitative data collected through interviews will be analyzed using content analysis, which involves systematically organizing, categorizing, and interpreting the qualitative data to identify themes and patterns. Content analysis is a widely used approach to analyze textual data and uncover underlying meanings and insights (Grolemund & Wickham, 2014)

3.10 POSSIBLE LIMITATIONS AND CHALLENGES OF THE STUDY

The difficulty in gaining access to the target demographic is one of this study's potential limitations. Because of their legal situation and restricted access to resources, asylum seekers may be challenging to approach. Potential bias in self-reported data, especially in the survey questions, is another issue. The experience of financial exclusion may not be disclosed by asylum seekers, and they may not remember their dealings with tax officials.

3.11 QUALITY ASSURANCE

3.11.1 External Validity or Transferability

Using a purposeful selection technique to choose individuals who have experienced financial exclusion and tax officials who have engaged with entrepreneurial asylum seekers would improve the external validity or transferability of this study. This approach will improve the findings' generalizability to a larger group of the sample and tax officials (Burchett, Umoquit, & Dobrow, 2011)

3.11.2 Internal Validity Or credibility

Internal validity or credibility will be ensured through the use of reliable research instruments, trained data collectors, and data analysis strategies that are consistent with the research objectives. By implementing these measures, the study aims to enhance the internal validity or credibility of the research instruments, data collection procedures, and data analysis strategies. These efforts will contribute to the reliability and trustworthiness of the study's findings, strengthening the overall quality of the research.

3.11.3 Reliability or Dependability

Ensuring rigor is essential in research as it maintains the value and utility of the findings, preventing them from becoming fictional or worthless. Both quantitative and qualitative research methods place a significant emphasis on reliability and validity to uphold the credibility of the research. Interestingly, challenges to rigor in qualitative inquiry emerged at a similar time as the advancement of statistical packages and computing systems in quantitative research (Morse, Barrett, & Spiers, Verification Strategies for Establishing Reliability and Validity in Qualitative Research, 2002)

Thus, Reliability or dependability will be ensured through the use of standardized research instruments, the use of multiple data collection methods, and the use of multiple data analysts to verify the findings. By incorporating these measures of using standardized research instruments, employing multiple data collection methods, and involving multiple data analysts, the study aims to enhance the reliability and dependability of the research. These efforts help to minimize potential biases, increase the consistency of data collection and analysis, and provide a more robust foundation for drawing meaningful conclusions from the data.

3.12 ETHICAL CONSIDERATIONS

Ethical norms and legal rules exist in most societies, with laws governing behavior more formally. While laws are often based on widely accepted moral standards, ethics encompasses broader and less binding principles. It's important to note that ethics and law are distinct. An action can be legal but unethical, or illegal but ethical. Ethical concepts and principles can also be used to critique, evaluate, propose, or interpret laws. In fact, throughout the last century, social reformers encouraged citizens to disobey laws as a means of protesting perceived immoral or unjust legislation (Gajjar, 2013). Ethical considerations for this study will include but not limited to the following:

3.12.1 Voluntary participation

Individuals who voluntarily decide to take part in a study or research project without any sort of coercion or pressure are referred to as voluntary research participants. It is an ethical notion that emphasises the value of individuals' autonomy and informed consent. Individuals have the freedom to decide for themselves whether or not to participate in research through voluntary participation, and they are allowed to stop at any moment without suffering any repercussions. To enable participants to make an informed decision about their involvement, researchers must provide transparent and thorough information about the study, including its goal, procedures, potential risks, rewards, and any other pertinent factors as articulated by (Kılınç & Fırat, 2017) citing (Chesney & Penny, 2013).

3.12.2 Informed Consent

Informed consent is not only an ethical principle but also a legal obligation. It mandates that participants have a comprehensive understanding of the research they are agreeing to, including potential risks and benefits. To ensure informed consent, researchers must provide a concise overview of the study and its methods, outline the possible advantages and drawbacks of participation, specify the duration of the study, and share contact details of the researcher and/or sponsor. It is important to reiterate that participants have the right to withdraw from the research project at any time without facing any negative consequences (Perrault & Keating, 2018).

3.12.3 Anonymity

Anonymity in research refers to ensuring that individual participants cannot be identified in any manner. Researchers employ techniques to anonymize research data, preventing it from being linked back to specific individuals. One common method is to assign participants new digital IDs using numerical codes, effectively severing any connection to their original identities. By implementing such measures, the confidentiality and privacy of participants are protected, and their data remains anonymous throughout the research process (Wiles, Crow, Heath, & Charles, 2008).

3.12.4 Confidentiality

In order to protect the privacy of participants and stop unauthorised exposure of their information, maintaining confidentiality is crucial in research. It is the duty of researchers to handle and maintain the confidentiality of the data that is gathered during a study. This entails taking steps like ensuring secure data storage, limiting access to personal information, and using anonymous identifiers rather than specific participant information. Maintaining anonymity gives participants confidence in the research process and reassurance that their private information will be handled carefully and protected (Wiles, Crow, Heath, & Charles, 2008).

3.12.5 No harm to participants

When determining whether to proceed with a research study, it is crucial to carefully consider the potential for harm. Harm can take various forms, including psychological distress, social consequences, or legal implications. Therefore, it is imperative to conduct an ethical review to identify and address any potential harm that may arise from the study and explain the steps that will taking to minimize or mitigate potential harm. This may involve implementing safeguards such as obtaining informed consent from participants, ensuring confidentiality and anonymity of data, and providing appropriate support or resources to participants who may experience distress during or after the study. In addition, there has to be a plan in place to address any unforeseen harm that may occur (Hernandez, Nguyen, Casanova, Suárez-Orozco, & Saetermoe, 2013)

3.12.6 Integrity

Integrity is a fundamental aspect of ethical considerations in research. It entails upholding promises and agreements made with participants, acting with sincerity and honesty, and striving for consistency in both thought and action. Researchers must maintain a high level of ethical integrity throughout the research process, ensuring that they adhere to the principles and guidelines established for the study. This includes accurately representing the purpose and scope of the research, conducting the study in an unbiased manner, and honestly reporting the findings without distorting or manipulating the data. By demonstrating integrity, researchers foster trust, credibility, and ethical conduct in the research community (Gajjar, 2013).

3.12.7 Objectivity

Objectivity is a critical ethical consideration in social science research, ensuring that the resulting findings are impartial, unbiased, and grounded in rigorous and systematic methods. By maintaining objectivity, researchers aim to prevent their personal opinions, beliefs, or experiences from influencing the outcomes of the research. This approach promotes fairness and reliability in the research process, enabling researchers to generate objective and credible knowledge that can contribute to a deeper understanding of the subject matter (Resnik, 2015)

Ethical approval:

This is a procedure of research oversight aimed at ensuring that research projects comply with ethical standards. The ethics Committee of the University of Witwatersrand will provide the necessary ethical clearance for this study, thereby granting permission to conduct the research in line with ethical guidelines.

In terms of data ethics, obtaining, analyzing, and utilizing data, including personal information such as biographical details of participants, necessitated seeking permission to utilize this information while ensuring that the participants' identities remain undisclosed in the event of information sharing with supervisors. To safeguard the data, measures will be implemented to maintain its privacy and security, thereby preventing unauthorized access or sharing.

3.12 PROPOSED SCHEDULE and TIMELINES

The proposed schedule and timelines for this study will include the following:

- 2 months for literature review and development of research instruments
- 1 month for ethical clearance and recruitment of participants
- 3 months for data collection
- 2 months for data analysis and interpretation
- 1 month for report writing and dissemination of findings

3.13 CONCLUSION

This chapter provides an overview of the research methodology employed to investigate the relationship between financial exclusion, tax collection, and economic growth in South Africa. The study adopts a systematic approach to data gathering and analysis, aiming to uncover barriers faced by the financially excluded in accessing financial services and meeting tax obligations. The chapter outlines the rigorous methodology employed, emphasizing its contribution to generating valuable empirical evidence for policy discussions and interventions aimed at promoting financial inclusion and enhancing tax compliance. The ultimate goal is to support evidence-based decision-making and foster equitable socioeconomic development in the country.

3.14 CHAPTER SUMMARY

This chapter covered the research paradigm, research design, research approach, population sample, data collection methods, procedure for data collection, data analysis and ethical considerations. By addressing each of these components in a research study, researchers can ensure the validity, reliability, and ethical integrity of their work.

CHAPTER 4: RESEARCH FINDINDS

4.1 INTRODUCTION

In recent years, research efforts have delved into the intricate dynamics of financial inclusion, particularly focusing on marginalized populations such as asylum seekers. This burgeoning field of study seeks to understand the multifaceted challenges and opportunities associated with integrating vulnerable communities into formal financial systems. Asylum seekers, often facing legal, social, and economic hurdles, become a focal point of investigation as researchers explore the implications of financial exclusion on their economic agency, entrepreneurial endeavors, and, significantly, on the broader tax collection landscape in host countries. Through a comprehensive examination of financial inclusion among asylum seekers, this research aims to contribute valuable insights into the complex interplay between regulatory frameworks, economic participation, and tax compliance, fostering a nuanced understanding that can inform targeted policy interventions and enhance the overall socio-economic integration of this vulnerable demographic.

Against the backdrop of a global movement towards inclusive financial systems, the research endeavors to uncover the barriers that inhibit asylum seekers from accessing formal financial services and the subsequent impact on their tax-related behaviors. By employing a multidisciplinary approach, encompassing elements of economics, law, and social sciences, the study aims to elucidate the intricate relationships between financial inclusion policies, the informal economy, and tax evasion risks within the specific context of asylum seekers in South Africa. Through a nuanced exploration of these dynamics, the research seeks to shed light on potential strategies to enhance financial inclusion, foster responsible entrepreneurship, and cultivate a tax landscape that is equitable, efficient, and supportive of the unique economic circumstances faced by asylum seekers.

4.2 Findings from Asylum Seeker Survey

Financial Exclusion:

- The survey revealed that a significant portion of asylum seekers face difficulties accessing formal banking services in South Africa, mainly due to issues with documentation acceptance by banks.

- Challenges in obtaining financial services such as loans or insurance were also reported, largely attributed to the lack of acceptable identity documents and proof of income.

Tax Compliance:

- Most asylum seekers were not aware of their tax obligations.

Impact on Tax Collection:

- The majority of respondents believed that the financial exclusion of asylum seekers increases tax evasion, underscoring the importance of addressing barriers to financial inclusion.

Measures to Enhance Financial Inclusion:

- Participants suggested that issuing acceptable identity documents, like Refugee IDs, could help address financial exclusion among asylum seekers and improve tax compliance.

4.3 Findings from Refugee Survey

Financial Exclusion:

- Refugees are able to access formal banking services.

Tax Compliance:

- Most refugees are aware of their tax obligations,

Impact on Tax Collection:

- Respondents believed that the financial exclusion of asylum seekers decreases tax revenue, highlighting the need to address barriers to financial inclusion.

Measures to Enhance Financial Inclusion:

- Similar to asylum seekers, refugees emphasized the importance of acceptable identity documents in addressing financial exclusion and improving tax compliance.

4.4 Insights from Policy Maker Interviews

Designing Policies for Financial Inclusion:

- Policymakers emphasized the importance of balancing financial inclusion efforts with accountability, particularly concerning concerns related to money laundering and tax evasion.
- Key considerations included simplifying KYC processes, fostering regulatory innovation, and leveraging technology to reach underserved populations.

Strategies to Address Financial Exclusion:

- Policymakers highlighted the importance of inclusive policies, simplified regulatory frameworks, and public-private partnerships in addressing financial exclusion among asylum seekers and refugees.

Collaboration with Stakeholders:

- Collaboration with revenue services, international organizations, financial institutions, and NGOs was deemed essential for addressing financial exclusion and promoting financial integrity.

Long-Term Benefits of Financial Inclusion:

- Promoting financial inclusion among asylum seekers and refugees was seen as beneficial for individuals, contributing to economic empowerment, job creation, and social stability.
- At the macroeconomic level, financial inclusion can lead to increased economic activity, job creation, and enhanced tax revenue, fostering economic growth and social cohesion.

4.5 CONCLUSION

The findings from the asylum seeker and refugee surveys, combined with insights from policy maker interviews, underscore the importance of addressing financial exclusion among vulnerable populations in South Africa. By promoting financial inclusion and enhancing tax compliance, policymakers can foster economic empowerment, social integration, and sustainable economic growth. Collaboration among stakeholders and the implementation of targeted policies are crucial steps towards achieving these objectives.

4.6 CHAPTER SUMMARY

In this chapter, findings from surveys conducted with asylum seekers and refugees revealed the significant barriers asylum seekers face in accessing formal banking services, primarily stemming from documentation issues. Tax compliance challenges underscored the broader impact of financial exclusion on tax revenue. Insights from interviews with policy makers highlighted the complexities associated with designing policies that balance financial inclusion with accountability.

CHAPTER 5: INTERPRETATION AND ANALYSIS OF FINDINGS

5.1 INTRODUCTION

Through a multidimensional lens that integrates perspectives from diverse stakeholders, this chapter endeavors to offer a comprehensive understanding of the complexities surrounding financial inclusion efforts and their ramifications on socio-economic integration.

5.2 QUANTITATIVE ANALYSIS

	33% IDs	67% No IDs
Age	37.7	33
Duration in SA	15.7	7.85

Sample size=30

Question	IDs	No IDs
Access to bank	Yes: 10 No: 0	0 20
Access to loans	Yes: 6 No: 4	0 20
Benefits of financial inclusion on Tax	Increase revenue: 7 Increase compliance: 3	16 14
Tax obligation awareness	Yes: 9 No: 1	11 9
Financial education impacts tax	Yes: 10 No: 0	20 0

Table 3 Quantitative data

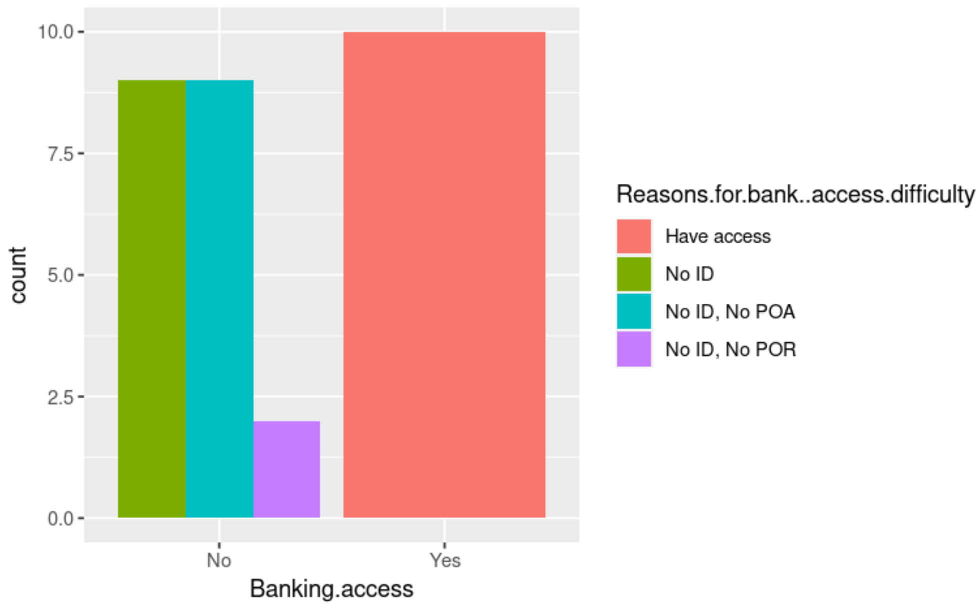

Figure 4 Banking Access

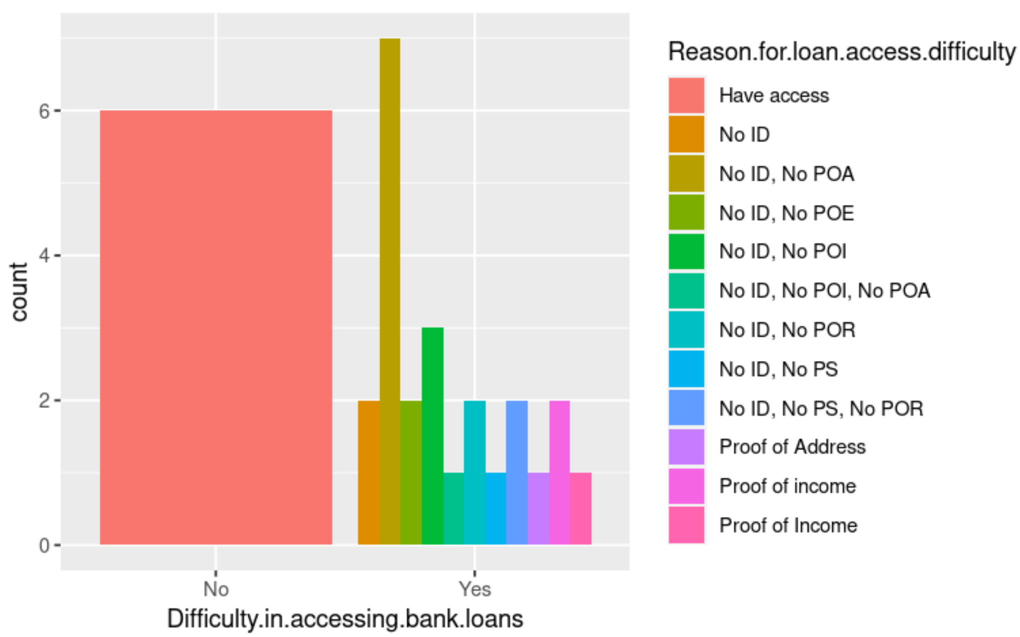

Figure 5 Difficulty in accessing bank loans.

5.2.1 Comments: -

5.2.1.1 Cash Element and Lack of Bank Access:

- Asylum seekers express challenges in accessing formal banking services due to prolonged identification processes. Obtaining required documentation is a time-consuming barrier, hindering their ability to open bank accounts.
- The absence of bank access makes asylum seekers reliant on cash transactions, making them susceptible to criminal targeting, given the tangible and often untraceable nature of cash.

5.2.1.2 Security Concerns and the Danger of Cash:

- Asylum seekers in townships highlight the dangers associated with carrying and transacting in cash. Cash transactions increase the risk of theft and violence, posing a threat to personal safety and well-being.

5.2.1.3 Missed Revenue Opportunities for the Government:

- The lack of formal financial inclusion for asylum seekers is seen as a missed opportunity for the government to collect significant revenue. By facilitating access to bank accounts, the government could tap into the economic activities of this population and generate substantial tax revenue.

5.2.1.4 Advocacy for Documenting, Registering, and Tax Collection:

- There is a call for a streamlined process involving documentation, registration, and tax collection. Simplifying these procedures could encourage asylum seekers to participate in the formal economy, facilitating tax compliance and economic integration.

5.2.1.5 Potential for Service Delivery Improvement through Additional Tax Revenue:

- Asylum seekers and stakeholders suggest that collecting additional taxes could contribute to improved service delivery by the government. Increased revenue generated from this population may address service delivery challenges and enhance public services.

5.2.1.6 The Role of ID, Bank Account, and Tax in Financial Inclusion:

- The trio of having a valid identification, a bank account, and paying taxes is seen as pivotal for financial inclusion. This combination not only facilitates access to formal financial services but also integrates individuals into the broader economic framework.

5.2.1.7 Addressing Money Laundering Concerns in Remittance Services:

- The reliance on third-party money remittance services is noted for its lack of restrictions, raising concerns about potential exposure to money laundering risks. Exploring formal banking channels for remittances is suggested as a means to mitigate these risks.

In essence, the comments emphasize the interconnected challenges and opportunities associated with the cash-based nature of transactions among asylum seekers. Streamlining identification processes, promoting formal banking, and encouraging tax compliance emerge as key strategies to enhance financial inclusion, improve personal security, and unlock revenue potential for both individuals and the government.

5.3 QUALITATIVE ANALYSIS

5.3.1 KEY THEMES

5.3.1.1 Empowerment and Independence:

- Financial inclusion is seen as a means of empowering asylum seekers, providing them with the tools and resources needed to manage their finances independently. It fosters a sense of self-reliance and economic autonomy.

5.3.1.2 Entrepreneurship and Economic Growth:

- The promotion of financial inclusion is closely linked to entrepreneurship among asylum seekers. Access to formal financial services and credit is viewed as a catalyst for business development, income generation, and overall economic growth within the community.

5.3.1.3 Risk Mitigation and Security:

- Financial inclusion is recognized as a mechanism for mitigating risks associated with cash-based transactions. Access to banking services enhances the security of funds, reducing vulnerability to theft or loss.

5.3.1.4 Education and Skill Development:

- Financial inclusion programs often include educational components, emphasizing the importance of financial literacy. This theme underscores the value of providing asylum seekers with knowledge and skills related to budgeting, saving, and financial decision-making.

5.3.1.5 Access to Social Services:

- Formal financial inclusion is seen as a gateway to accessing a broader range of social services, including insurance and healthcare. This theme highlights the potential for improved overall well-being and quality of life for asylum seekers.

5.3.1.6 Integration and Community Building:

- Financial inclusion is viewed as a means to facilitate the integration of asylum seekers into the broader community. This theme underscores the social cohesion that can result from economic participation and interaction with local businesses and residents.

5.3.1.7 Economic Contribution and Job Creation:

- Financially included asylum seekers are seen as potential contributors to the overall economy, both through increased economic activity and job creation. This theme emphasizes the positive impact on local economies and the potential for diversification.

5.3.1.8 Government and Stakeholder Collaboration:

- Successful financial inclusion initiatives often involve collaboration between government agencies, NGOs, financial institutions, and international organizations. This theme underscores the importance of coordinated efforts to address the complex challenges associated with financial inclusion.

5.3.1.9 Long-Term Economic and Social Stability:

- Financial inclusion is seen as a contributing factor to long-term economic and social stability. Economic well-being and empowerment are considered essential elements in fostering a stable and integrated society.

5.3.1.10 Global Reputation and Social Responsibility:

- The commitment to financial inclusion for asylum seekers is associated with enhancing South Africa's global reputation. This theme emphasizes the importance of social responsibility and international perceptions in the context of inclusive economic practices.

Overall, the themes highlight the interconnected nature of financial inclusion, encompassing economic, social, and cultural dimensions. They underscore the potential for positive outcomes for both individuals and the broader society when financial inclusion is approached comprehensively and sustainably.

5.4 COMMENTS:

5.4.1 Financial Exclusion of Asylum Seekers:

5.4.1.1 Limited Access to Formal Financial Services:

- Asylum seekers may face challenges in accessing formal banking services due to documentation requirements, lack of local identification, or reluctance by financial institutions to serve non-citizens.

5.4.1.2 Reliance on Informal Financial Channels:

- In the absence of formal banking, asylum seekers may resort to informal financial channels, such as cash transactions or community-based lending systems. This informal economy may be less transparent and subject to greater risks of financial crimes.

5.4.1.3 Barriers to Business Formalization:

- Asylum seekers engaged in informal businesses may find it difficult to formalize their operations due to regulatory constraints and documentation requirements. This hinders their ability to contribute to the formal tax system.

5.4.1.4 Limited Financial Literacy:

- Many asylum seekers may have limited exposure to financial literacy programs, hindering their understanding of formal financial systems, tax obligations, and the benefits of compliance.

5.4.2 Impact on Tax Collection:

5.4.2.1 Reduced Tax Base:

- The financial exclusion of asylum seekers contributes to a reduced tax base. Informal economic activities are often not captured in the formal tax system, resulting in potential revenue loss for the government.

5.4.2.2 Informal Economy Challenges:

- Informal businesses, typical among asylum seekers, may operate in cash transactions, making it challenging for tax authorities to monitor and assess taxable income. This can lead to underreporting or non-reporting of income.

5.4.2.3 Missed Economic Contributions:

- Asylum seekers, when financially excluded, may not fully contribute to the formal economy, missing opportunities for economic growth and tax revenue that could arise from their entrepreneurial activities.

5.4.2.4 Increased Risk of Tax Evasion:

- The lack of integration into formal financial systems may create an environment conducive to tax evasion. Asylum seekers may be less aware of tax obligations or may intentionally avoid compliance due to concerns about their legal status.

5.4.2.5 Lack of Data for Policy Planning:

- The absence of financial inclusion among asylum seekers may result in a lack of comprehensive data on their economic activities. This makes it challenging for policymakers to formulate targeted strategies to address the unique financial needs and contributions of this population.

5.5 CONCLUSION

In conclusion, leveraging both numerical data from surveys and insights from interviews, analytical techniques uncovered patterns and trends. Quantitative analysis involved statistical methods to quantify the prevalence of financial exclusion, tax compliance challenges, and perceptions among asylum seekers. Qualitative analysis on the other hand delved into the nuanced narratives and perspectives shared by participants, providing context, and depth of understanding the issues at hand. Through thematic analysis, recurring themes were identified, highlighting underlying motivations and barriers. Combining quantitative and qualitative approaches allowed for the opportunity to triangulate findings, validate insights, and offer a comprehensive interpretation of the complex dynamics surrounding financial inclusion and tax compliance among asylum seekers.

Based on the research findings, addressing the financial exclusion of asylum seekers in South Africa requires a holistic approach that combines efforts to promote financial inclusion with targeted measures to facilitate their participation in the formal tax system. Such initiatives not only contribute to government revenue but also enhance the overall economic integration and well-being of asylum seekers.

CHAPTER SUMMARY

Chapter 5 delves into the interpretation and analysis of findings, encompassing both quantitative and qualitative analysis methodologies. Through these approaches, key themes emerge, shedding light on the financial exclusion experienced by asylum seekers and its implications on tax collection. The qualitative insights provide depth to the quantitative data, highlighting nuances and perspectives often overlooked. This chapter underscores the multifaceted nature of financial exclusion among asylum seekers and emphasizes the need for comprehensive strategies to address these challenges, ultimately aiming to foster more inclusive financial systems and equitable tax policies.

CHAPTER 6: RECOMMENDATIONS AND CONCLUSION

6.1 INTRODUCTION

This section synthesizes the key insights and proposes actionable suggestions aimed at addressing the identified challenges or opportunities. Drawing upon the research methodology and data collected, the recommendations offer practical guidance for stakeholders, policymakers, and practitioners in the relevant field. Whether the study focuses on business strategies, educational interventions, or policy changes, this chapter serves as a crucial bridge between theory and application, providing a roadmap for implementing positive changes based on the research insights.

6.2 RECOMMENDATIONS

6.2.1 Policy Recommendations:

Propose policy interventions aimed at reducing financial exclusion among asylum seekers, such as providing access to formal banking services and financial products. Advocate for policies that facilitate the integration of asylum seekers into the formal economy, including mechanisms to allow them to contribute to tax revenue. Implement measures to enhance the financial inclusion of asylum seekers, including simplified banking procedures, alternative forms of identification, and targeted financial literacy programs.

6.2.2 Awareness Campaigns:

Recommend awareness campaigns targeting both asylum seekers and the general public to increase understanding of tax obligations and the benefits of financial inclusion. Suggest strategies for disseminating information on tax requirements and financial services tailored to the needs and circumstances of asylum seekers.

6.2.3 Financial Education Programs:

Advocate for the implementation of financial education programs specifically designed for asylum seekers, focusing on topics such as budgeting, saving, and tax compliance. Recommend collaboration between governmental agencies, NGOs, and financial institutions to deliver these programs effectively.

6.2.4 Partnerships and Collaboration:

Highlight the importance of partnerships between government agencies, non-profit organizations, financial institutions, and international bodies to address financial exclusion comprehensively. Recommend collaborative efforts to develop and implement solutions that address the unique challenges faced by asylum seekers in accessing financial services and fulfilling tax obligations.

6.2.5 Data Collection and Monitoring:

Emphasize the need for ongoing data collection and monitoring to track progress in reducing financial exclusion among asylum seekers and improving tax compliance. Recommend the establishment of mechanisms to regularly assess the effectiveness of policies and interventions in promoting financial inclusion and enhancing tax collection efficiency.

6.2.6 Legal and Regulatory Reforms:

Advocate for legal and regulatory reforms that remove barriers to financial inclusion for asylum seekers, such as simplifying identification requirements and streamlining processes for opening bank accounts. Recommend amendments to tax laws to accommodate the unique circumstances of asylum seekers and ensure equitable treatment in taxation.

6.2.7 Stakeholder Engagement:

Encourage stakeholder engagement and dialogue involving asylum seekers, government officials, tax authorities, financial institutions, and civil society organizations to identify practical solutions and address concerns collaboratively. Recommend the establishment of platforms for ongoing communication and consultation to foster cooperation and mutual understanding among stakeholders.

6.2.8 Facilitate Business Formalisation:

Create pathways for the formalisation of businesses operated by asylum seekers, making it easier for them to comply with tax regulations and contribute to the formal economy. These recommendations can provide a framework for addressing the financial exclusion of asylum seekers and its impact on tax collection in South Africa, contributing to the development of inclusive policies and practices that promote economic growth and social equity.

6.3 CONCLUSION

The study has delved into the intricate nexus between financial exclusion of asylum seekers and its profound ramifications on tax collection and economic growth. Through an extensive review of literature, analysis of survey responses from asylum seekers and refugees, and insights gathered from interviews with policymakers, several key findings have emerged, shedding light on the multifaceted challenges and opportunities inherent in this complex issue.

Financial exclusion among asylum seekers in South Africa is a multifaceted issue that necessitates a comprehensive strategy. Firstly, promoting financial inclusion is crucial. This involves creating accessible and tailored financial services that cater to the unique needs of asylum seekers, including simplified account opening procedures and language-appropriate documentation.

Furthermore, efforts should be made to enhance financial literacy among asylum seekers. Providing educational programs that familiarize them with the local financial system, banking practices, and tax obligations can empower them to make informed financial decisions and navigate the formal financial landscape.

In addition to fostering financial inclusion, targeted measures to facilitate asylum seekers' participation in the formal tax system are essential. This could involve streamlining tax registration processes, ensuring that they have proper documentation to fulfill tax obligations, and offering support in understanding and meeting their tax responsibilities.

The benefits of such initiatives extend beyond individual asylum seekers. By integrating asylum seekers into the formal financial and tax systems, the government stands to increase its revenue through taxation. This revenue can then be reinvested in social services and programs that benefit both asylum seekers and the broader community.

Moreover, economic integration plays a pivotal role in the overall well-being of asylum seekers. Access to financial services and formal employment opportunities not only contributes to their economic stability but also fosters a sense of belonging and self-sufficiency. This, in turn, can positively impact their mental health and overall quality of life.

6.3.1 Insights into Financial Exclusion:

The research underscores the multifactorial nature of financial exclusion experienced by asylum seekers. Physical barriers, socioeconomic factors, discriminatory practices, and limited financial literacy collectively contribute to their marginalization from formal financial systems. The reliance on informal channels further exacerbates their financial vulnerability, impeding their integration into the formal economy.

6.3.2 Implications for Tax Collection:

Financial exclusion significantly constrains tax collection efforts, creating a ripple effect across fiscal policies and revenue generation mechanisms. The informal nature of economic transactions among asylum seekers and refugees leads to a reduced tax base, exacerbating challenges in sustaining public services and infrastructure development. Moreover, the absence of comprehensive data hampers effective policy planning and resource allocation, perpetuating a cycle of underdevelopment and economic instability.

6.3.3 Impact on Economic Growth:

The adverse effects of financial exclusion extend beyond tax collection to impede broader economic growth trajectories. By limiting access to formal financial services and inhibiting entrepreneurial endeavors, the exclusion of asylum seekers stifles innovation, productivity, and job creation potentials. Addressing these barriers is imperative for fostering inclusive economic growth, enhancing social cohesion, and harnessing the untapped potential of marginalized populations.

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APPENDIX

ASYLUM SEEKER SURVEY RESPONSE (Sample)

Section 1: Demographic Information

1. Gender:

- Male
- Female
- Prefer not to say

2. Age: 31 YO
3. Nationality: SOMALI
4. How long have you been in South Africa as an asylum seeker? 11 Years

Section 2: Financial Exclusion 5. Are you currently able to access formal banking services in South Africa?

- Yes
- No

6. Have you faced any difficulties in opening a bank account in South Africa as an asylum seeker?

- Yes
- No
- Not applicable (already have a bank account)

7. If you have faced difficulties in accessing banking services, please specify the reasons:

Asylum papers not accepted by the banks.

8. Have you faced challenges in obtaining financial services, such as loans or insurance, as an asylum seeker?

- Yes
- No

9. If you have faced challenges in obtaining financial services, please specify the reasons:

No acceptable Identity Document, No Pay slip

10. Are you aware of the tax obligations and requirements for asylum seekers in South Africa?

- Yes
- No

11. Have you encountered any difficulties in meeting your tax obligations as an asylum seeker in South Africa?

- Yes
- No

12. If you have faced difficulties in meeting your tax obligations, please specify the reasons:

N/A

Section 3: Impact on Tax Collection

13. In your opinion, how does the financial exclusion of asylum seekers impact tax collection in South Africa? - Increases tax evasion - Decreases tax revenue - No impact - Other (please specify) Increases tax evasion

14. How do you think the financial inclusion of asylum seekers can contribute to tax collection in South Africa?

- Improved compliance
- Increased tax revenue

- Other (please specify)

15. In your experience, what measures can be taken to address the financial exclusion of asylum seekers and enhance tax collection? [Open-ended] By issuing acceptable identity documents e.g., Refugee ID

16. Do you believe that providing financial education and support to asylum seekers can improve tax compliance?

- Yes
- No
- Not sure

Section 4: Additional Comments 17. Is there any additional information or comments you would like to provide regarding the financial exclusion of asylum seekers and its impact on tax collection in South Africa? Money Remittance Services provided by 3rd have limited restrictions thus there might be open to money laundering.

Thank you for your participation!

REFUGEES SURVEY RESPONSE (Sample)

Section 1: Demographic Information

1) Gender:

- Male
- Female
- Prefer not to say.

1 Age: 38 YO

2 Nationality: Ethiopian

4 How long have you been in South Africa as a refugee? 18 Years

Section 2: Financial Exclusion

5) Are you currently able to access formal banking services in South Africa?

- Yes
- No

6) Have you faced any difficulties in opening a bank account in South Africa as a refugee?

- Yes
- No
- Not applicable (already have a bank account)

7) If you have faced difficulties in accessing banking services, please specify the reasons:

N/A

8) Have you faced challenges in obtaining financial services, such as loans or insurance, a refugee?

- Yes
- No

9) If you have faced challenges in obtaining financial services, please specify the reasons:

N/A

10) Are you aware of the tax obligations and requirements for refugees in South Africa?

- Yes
- No

11) Have you encountered any difficulties in meeting your tax obligations as a refugee in South Africa?

- Yes
- No

12)If you have faced difficulties in meeting your tax obligations, please specify the reasons:

N/A

Section 3: Impact on Tax Collection

13)In your opinion, how does the financial exclusion of asylum seekers impact tax collection in South Africa? - Increases tax evasion - Decreases tax revenue - No impact - Other (please specify)

Decreases tax revenue.

14)How do you think the financial inclusion of asylum seekers can contribute to tax collection in South Africa?

- Improved compliance
- Increased tax revenue
- Other (please specify)

15)In your experience, what measures can be taken to address the financial exclusion of asylum seekers and enhance tax collection? [Open-ended] Acceptable Identity Document

16)Do you believe that providing financial education and support to asylum seekers can improve tax compliance?

- Yes
- No
- Not sure

Section 4: Additional Comments 17. Is there any additional information or comments you would like to provide regarding the financial exclusion of asylum seekers and its impact on tax collection in South Africa?

Thank you for your participation!

POLICY MAKER INTERVIEW QUESTIONAAIRE RESPONSE (Sample)

Q 1) What are the key considerations and challenges in designing policies that promote financial inclusion while addressing concerns related to accountability, money laundering, and tax evasion?

Designing policies that promote financial inclusion while addressing concerns related to accountability, money laundering, and tax evasion requires a delicate balance.

1. Customer Identification and Due Diligence (CDD):

    - Consideration: Simplifying the KYC (Know Your Customer) process to make it easier for individuals, especially those in underserved areas, to access financial services.

    - Challenge: Ensuring that simplified KYC processes do not compromise the effectiveness of CDD in preventing money laundering and terrorist financing.

2. Regulatory Framework:

    - Consideration: Creating a regulatory environment that encourages innovation and competition in the financial sector.

    - Challenge: Ensuring that regulations are robust enough to prevent abuse and illicit activities, such as money laundering and tax evasion.

3. Technology and Infrastructure:

    - Consideration: Embracing technological solutions like digital identification and mobile banking to reach unbanked populations.

    - Challenge: Ensuring the security and privacy of digital transactions and data, and addressing the digital divide to prevent exclusion of certain groups.

4. Financial Literacy and Education:

    - Consideration: Implementing educational programs to enhance financial literacy and awareness, especially in regions with low financial literacy rates.

    - Challenge: Balancing the need for simplicity in financial products with the necessity of providing adequate information to users to prevent them from being exploited or making uninformed decisions.

5. Public-Private Partnerships:

    - Consideration: Collaborating with private sector entities to expand financial services and reach underserved populations.

    - Challenge: Ensuring that private entities adhere to ethical practices, and there is adequate oversight to prevent misuse of financial systems.

6. Cross-Border Transactions:

    - Consideration: Facilitating cross-border transactions to support international trade and remittances.

    - Challenge: Mitigating the risk of money laundering and tax evasion in cross-border transactions by establishing effective monitoring mechanisms and international cooperation.

7. Data Security and Privacy:

    - Consideration: Establishing robust data security and privacy regulations to build trust in digital financial services.

    - Challenge: Balancing the need for data security with the necessity of providing authorities with the tools to combat financial crimes.

8. Monitoring and Enforcement:

    - Consideration: Strengthening regulatory bodies and law enforcement agencies to monitor and enforce compliance with financial regulations.

    - Challenge: Ensuring that monitoring and enforcement do not stifle innovation or disproportionately burden smaller financial service providers.

9. Global Cooperation:

    - Consideration: Engaging in international cooperation to address global challenges such as tax evasion and money laundering.

- Challenge: Coordinating efforts among countries with different legal and regulatory frameworks, and ensuring a fair distribution of benefits and responsibilities.

10. Policy Evaluation and Adaptation:

- Consideration: Regularly evaluating the impact of financial inclusion policies and adapting them based on feedback and changing circumstances.
- Challenge: Balancing the need for flexibility with the necessity of providing a stable regulatory environment for financial institutions.

Q 2) What strategies or measures are being taken in South Africa to ensure the proper documentation and regulation of informal businesses operated by asylum seekers?

The Global Compact on Refugees, a guide for governments, international organizations, and other stakeholders to guarantee that host communities receive the assistance they require and that refugees can lead productive lives, was ratified by the UN General Assembly in December 2018. South Africa as a member state has adopted the Global compact on refugees. Below are some of the guidelines:

1. Inclusive Policies:

- Develop inclusive policies that recognize the economic contributions of asylum seekers and allow them to engage in legal economic activities.

2. Documentation Process:

- Establish clear and accessible documentation processes for asylum seekers, ensuring that they can obtain necessary permits or licenses to operate businesses legally.

3. Simplified Regulatory Framework:

- Implement a simplified and transparent regulatory framework for informal businesses to make compliance easier for asylum seekers.

4. Community Engagement:

    - Engage with local communities and business associations to foster understanding and support for the inclusion of asylum seekers in the informal economy.

5. Training and Capacity Building:

    - Provide training and capacity-building programs to help asylum seekers understand local regulations, business practices, and financial management.

6. Collaboration with NGOs and International Organizations:

    - Collaborate with non-governmental organizations (NGOs) and international organizations to support the documentation and regulation of informal businesses operated by asylum seekers.

7. Access to Financial Services:

    - Facilitate access to financial services for asylum seekers, allowing them to open bank accounts and access credit, which can contribute to the formalization of their businesses.

8. Monitoring and Evaluation:

    - Establish mechanisms for monitoring and evaluating the impact of policies, making adjustments as needed to address emerging challenges and improve effectiveness.

9. Information Dissemination:

    - Ensure that information about the documentation and regulation processes is widely disseminated among the asylum seeker community to encourage compliance.

10. Legal Aid and Assistance:

    - Provide legal aid and assistance to asylum seekers to navigate the regulatory processes and address any challenges they may face.

Q 3) How do you balance the need to support entrepreneurship and economic growth with the necessity of maintaining financial integrity and compliance?

Balancing the support for entrepreneurship and economic growth with the necessity of maintaining financial integrity and compliance involves implementing policies and practices that encourage innovation and business development while mitigating risks associated with financial crimes. Here are several key strategies to achieve this balance:

1. Risk-Based Approach:
    - Implement a risk-based approach to regulation and compliance. Tailor regulatory requirements to the level of risk associated with different businesses, allowing for a more nuanced and proportional regulatory environment.
2. Clear Regulatory Framework:
    - Establish a clear and transparent regulatory framework that provides entrepreneurs with guidelines for compliance. Clarity helps businesses understand their obligations and reduces the likelihood of unintentional non-compliance.
3. Financial Education and Training:
    - Provide financial education and training programs to entrepreneurs to enhance their understanding of regulatory requirements, ethical business practices, and financial management. This empowers them to operate within the legal framework.
4. Technology and Innovation:
    - Embrace technological solutions to streamline compliance processes. Automation and digital tools can make it easier for businesses, especially small and medium-sized enterprises (SMEs), to fulfill regulatory obligations without excessive administrative burdens.
5. Financial Inclusion:

- Promote financial inclusion by ensuring that regulatory requirements do not create barriers to entry for new entrepreneurs, especially in underserved communities. This includes facilitating access to banking services and credit for small businesses.

6. Collaboration with Stakeholders:

   - Foster collaboration between government agencies, financial institutions, industry associations, and entrepreneurs. A coordinated approach ensures that all stakeholders work together to create a supportive yet compliant business environment.

7. Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) Measures:

   - Strengthen AML and CTF measures to prevent financial crimes while considering the impact on businesses. This may involve improving due diligence processes, enhancing transaction monitoring systems, and conducting periodic risk assessments.

8. Regulatory Flexibility:

   - Allow for regulatory flexibility, particularly for startups and early-stage businesses. Offering regulatory sandboxes or phased compliance requirements can help businesses adapt to regulatory obligations as they grow.

9. Public-Private Partnerships:

   - Establish public-private partnerships to share information and collaborate on strategies for maintaining financial integrity. This collective effort can enhance the effectiveness of regulatory measures and enforcement.

10. Regular Review and Update:

    - Periodically review and update regulations to adapt to changing economic conditions and emerging risks. This ensures that regulatory frameworks remain relevant and effective in promoting both entrepreneurship and financial integrity.

11. Enforcement and Deterrence:

- Ensure effective enforcement mechanisms to deter non-compliance and illicit activities. Clear consequences for violating regulations serve as a deterrent while allowing compliant businesses to thrive.

By carefully designing and implementing policies that consider the needs of entrepreneurs informal or otherwise, and the imperatives of financial integrity, governments can foster a business environment that encourages economic growth while safeguarding against financial crimes. The key is finding a harmonious balance that supports innovation and business development within a framework of responsible and ethical practices.

Q 4) What steps have been taken to collaborate with other stakeholders, such as revenue services and international organizations, to address the issue of financial exclusion among asylum seekers in South Africa?

The Treasury department as part of their NDP 2030 goal, have put together the Financial inclusion policy document to address some of the challenges pertaining to financial inclusion for all. Below are some of the key points:

1. Engagement with Revenue Services:

   - Collaborate with revenue services to establish clear tax and regulatory frameworks that take into account the unique circumstances of asylum seekers engaging in economic activities. This may involve creating simplified tax procedures and providing guidance on compliance.

2. Government and NGO Partnerships:

   - Foster partnerships between government agencies, non-governmental organizations (NGOs), and international organizations to develop and implement programs aimed at promoting financial inclusion. These programs include financial literacy training, access to formal financial services, and entrepreneurship support.

3. Coordination with Financial Institutions:

- Work with financial institutions to facilitate the opening of bank accounts for asylum seekers, making it easier for them to participate in the formal financial system. This collaboration may involve simplifying documentation requirements or providing alternative forms of identification.

4. International Organization Support:

    - Seek support and guidance from international organizations, such as the United Nations High Commissioner for Refugees (UNHCR) or the International Organization for Migration (IOM). These organizations can provide expertise, resources, and best practices to enhance financial inclusion initiatives.

5. Capacity Building and Training:

    - Conduct capacity-building and training programs for government officials, financial service providers, and relevant stakeholders to raise awareness about the financial inclusion needs of asylum seekers. This includes educating them on the legal and regulatory aspects governing the economic activities of asylum seekers.

6. Research and Data Sharing:

    - Collaborate with international organizations and research institutions to gather data and conduct research on the economic activities and financial needs of asylum seekers. This information can inform the development of targeted policies and programs.

7. Policy Advocacy:

    - Advocate for policies that support the financial inclusion of asylum seekers at the international level. Engage in dialogues and forums where countries can share experiences and best practices for addressing the economic challenges faced by displaced populations.

8. Digital Financial Solutions:

- Explore and implement digital financial solutions that can facilitate financial transactions for asylum seekers. Mobile banking and digital payment systems can provide accessible and secure financial services.

9. Regular Stakeholder Meetings:

   - Organize regular meetings and forums involving various stakeholders, including government agencies, NGOs, financial institutions, and international organizations. These platforms can facilitate collaboration, information sharing, and the development of holistic strategies.

Q 5) Are there any plans or initiatives in progress to improve the financial inclusion of asylum seekers running informal businesses? If yes, what are they, and what outcomes do you expect to achieve?

1. Financial Education Programs:

   - Implementing financial education programs tailored to the needs of asylum seekers. These programs could cover topics such as budgeting, saving, and basic financial literacy to empower individuals to manage their finances effectively.

2. Access to Banking Services:

   - Collaborating with financial institutions to facilitate the opening of bank accounts for asylum seekers. Simplifying documentation requirements and addressing barriers to access can make formal financial services more accessible.

3. Microfinance and Credit Programs:

   - Introducing microfinance and credit programs specifically designed for asylum seekers engaged in informal businesses. Access to small loans can help them expand their businesses and improve their financial stability.

4. Entrepreneurship Support:

- Providing entrepreneurship support through training, mentorship, and networking opportunities. These initiatives can help asylum seekers enhance their business skills and navigate the challenges of operating in the informal sector.

5. Digital Financial Inclusion:

    - Promoting digital financial inclusion by introducing mobile banking and digital payment solutions. Digital platforms can make financial transactions more convenient and secure for individuals engaged in informal businesses.

6. Collaboration with NGOs and International Organizations:

    - Collaborating with non-governmental organizations (NGOs) and international organizations that focus on refugee and migrant support. These organizations may provide resources, expertise, and funding to enhance financial inclusion initiatives.

7. Legal and Regulatory Reforms:

    - Reviewing and reforming relevant legal and regulatory frameworks to create an environment that supports the inclusion of asylum seekers in the formal economy. This may involve addressing barriers to obtaining necessary permits or licenses.

8. Public-Private Partnerships:

    - Developing partnerships between government agencies, private sector entities, and civil society to collectively work towards improving financial inclusion for asylum seekers. Such partnerships can leverage diverse resources and expertise.

9. Monitoring and Evaluation Mechanisms:

    - Implementing monitoring and evaluation mechanisms to assess the impact of financial inclusion initiatives. This includes tracking the economic outcomes, business growth, and overall well-being of asylum seekers engaged in informal businesses.

Q 6) How do you perceive the long-term benefits of promoting financial inclusion among asylum seekers, both for the individuals and the overall economy of South Africa?

Promoting financial inclusion among asylum seekers in South Africa can yield long-term benefits for both the individuals and the overall economy. Here are some potential advantages:

For Individuals:

1. Economic Empowerment:
    - Financial inclusion empowers asylum seekers by providing them with the tools and resources to manage their finances, save money, and make informed financial decisions. This can contribute to their economic well-being and independence.
2. Entrepreneurial Opportunities:
    - Access to formal financial services and credit can enable asylum seekers to start or expand their businesses, fostering entrepreneurship. This, in turn, may lead to increased income and job creation within the community.
3. Risk Mitigation:
    - Being part of the formal financial system allows asylum seekers to mitigate risks associated with keeping large sums of cash. Access to banking services helps in securing funds and reduces vulnerability to theft or loss.
4. Education and Skill Development:
    - Financial inclusion programs often include components of financial education. Asylum seekers can benefit from learning about budgeting, saving, and basic financial literacy, which are valuable skills that can be applied throughout their lives.
5. Access to Social Services:

- Formal financial inclusion can enhance access to social services, such as insurance and healthcare, improving the overall well-being of asylum seekers and their families.

6. Integration and Community Building:

   - Participation in the formal financial system can contribute to the integration of asylum seekers into the broader community. Financial inclusion promotes social cohesion and facilitates interactions with local businesses and residents.

For the Overall Economy of South Africa:

1. Increased Economic Activity:

   - Financially included asylum seekers can contribute to increased economic activity through their participation in the formal economy. This includes spending on goods and services, paying taxes, and potentially contributing to economic growth.

2. Job Creation:

   - Asylum seekers with entrepreneurial ventures may generate employment opportunities for both themselves and members of the local community. This can contribute to job creation and support overall economic development.

3. Diversification of the Economy:

   - The inclusion of asylum seekers in economic activities can contribute to the diversification of the economy. Their participation in various sectors can bring new perspectives, skills, and economic activities to the local landscape.

4. Social Stability:

   - Financially stable and economically empowered individuals, including asylum seekers, can contribute to social stability. Economic well-being is often linked to improved living conditions and reduced vulnerability to social unrest.

5. Enhanced Tax Base:

    - Asylum seekers participating in formal economic activities contribute to the tax base. This additional revenue can be utilized for public services, infrastructure development, and other initiatives that benefit the broader population.

6. Global Reputation:

    - A commitment to financial inclusion for asylum seekers can enhance South Africa's global reputation by showcasing efforts to address social and economic challenges in an inclusive and sustainable manner.

7. Fostering Social Inclusion:

    - Financial inclusion promotes social inclusion, fostering a sense of belonging and shared economic goals. This can contribute to a more cohesive and integrated society.

Although there are many potential advantages, it's important to recognize that the achievement of these goals is contingent upon the efficacy of policies, stakeholder cooperation, and the larger socio-political environment. Asylum seekers can gain empowerment through the implementation of sustainable and inclusive measures, while the economy as a whole can benefit from a more diverse and inclusive workforce.