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Broad-Based Black Economic Empowerment Legislation’s (B-BBEE) Role in Evincing Financial Inclusion in South Africa's Banking Industry

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Research Dissertation

Broad-Based Black Economic Empowerment Legislation's (B-BBEE) Role in Evincing Financial Inclusion in South Africa's Banking Industry

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ACRONYM

BASA	**Banking Association of South Africa**
B-BBEE	**Broad-Based Black Economic Empowerment**
FS CODE	**Financial Sector Code**
FSCA	**Financial Sector Conduct Authority**
FSTC	**Financial Sector Transformation Council**
FSC	**Financial Sector Charter**
FS600	**Empowerment Financing element**
FS700	**Access to Financial Services element**
IMF	**International Monetary Fund**
NEDLAC	**National Economic Development Labour and Community**
SADC	**Southern African Development Community**
SDGs	**Sustainable Development Goals**
UNCTAD	**United Nations**

ABSTRACT

The study aims to analyse the social and economic transformation brought about by the Broad-Based Black Economic Empowerment (B-BBEE) Act 53 of 2003, as amended by Act 46 of 2013. This delves into the impacts of the Amended Financial Sector Code (FS Code) on the banking industry, particularly analysing the effects of the Empowerment Financing (FS600) and Access to Financial Services (FS700) elements.

The first objective explores the intricacies of South Africa's policy structures and historical backdrop of the country that could potentially impact the decision-making process of the financial industry when executing transformative initiatives. The second objective is to recognise the constraints impeding the achievement of financial inclusivity within the banking sector and evaluate the influence of the Broad-Based Black Economic Empowerment (B-BBEE) legislation in relation to the Amended FS Code with regards to the Banking industry . The research recommends a revision in the monitoring approach of the B-BBEE legislation in South Africa by drawing upon insights from international leaders and utilizing these discoveries to offer effective strategies for enhancing the involvement of marginalized communities.

A quantitative research methodology was deployed by the extraction of secondary data for studying Bank's financial inclusion initiatives and primary data through questionnaires disseminated to Beneficiaries of the two elements by means of targeting students of University of the Witwatersrand and professionals on LinkedIn. Through its quantitative assessment, descriptive statistics, Crosstabs, Chi-square analysis, and a summary of the results and explanation was provided.

The comprehensive analysis of the South African Banking Industry as implementors of financial inclusion initiatives demonstrates significant advancements and positive trends. Furthermore, the dissertation normality tests, revealing significant departures from normal distribution assumptions for specific variables and residing area levels.

Keywords: Financial Inclusion; Financial Services Sector; Banks; Empowerment Financing (FS600); Access to Financial Services (FS700); Transformation; B-BBEE legislation

1. INTRODUCTION

1.1. Background of the Study

At the nexus of social and economic transformation is Broad-Based Black Economic Empowerment (B-BBEE) Act 53 of 2003, as amended by Act 46 of 2013, which is a legislative framework that aims to address the longstanding economic inequalities that have plagued the country by promoting wider involvement of black individuals in the economy (Department of Trade, Industry and Competition, 2023). Within the financial industry, the Financial Sector Transformation Council (FSTC), established under the Financial Sector Regulation Act, 2017, is tasked with driving and measuring transformation. It enforces the Financial Sector Code, which aims to build capacity at all levels of the value chain and ensure a more inclusive and accessible financial services sector (Financial Sector Transformation Council, 2020).

In carrying out its obligation, the prescribed B-BBEE Scorecard element targets, as pertained in the Amended Financial Sector Code, 2017 directs financial institutions to address historical disparities inherited from apartheid (Department of National Treasury, n.d.). This includes various weighted elements contributing to a company's B-BBEE score, aiming to foster greater inclusivity in the economy (Department of National Treasury, n.d.). Despite efforts, South Africa continues to be recorded as one of the most unequal societies globally, with 10 percent of the population possessing 80% of the country's wealth, taking first place against 164 countries in the poverty database of the World Bank's (Aljazeera, 2022; World Bank, 2022). It is against this background that this dissertation will delve into the sector specific code for applicable to financial institutions operating within South Africa's boarders, intricately investigating the empowerment financing and access to financial services elements specific to the Banking industry.

1.2. Context of the Study

The year 2023 marks the 20th anniversary of the enactment of B-BBEE Act 53 of 2003, which aimed to address the socio-economic disparities experienced by Black people during the apartheid regime in South Africa. However, despite these efforts, South Africa remains to have one of the highest inequality rates globally, being a dual economy. In 2002, the National Economic Development and Labour Council (NEDLAC) summit resolved for transformation

as a core and urgent necessity achieving inclusive and growing economy, and as the financial services sector is uniquely positioned as a significant catalyst to the South African economy, the introduction of the Financial Sector Charter (FSC) was established as a voluntary agreement for members to foster economic and social synergy as well as access to the financial services industry (National Economic Development and Labour Council, 2002; The Banking Association South Africa, 2021).

By investigating the Empowerment Financing and Access to Financial Services elements, the research will examine how B-BBEE legislation has been implemented and its effectiveness in achieving the desired outcomes of transformation of financial inclusion within the banking industry. The findings of the study will provide insights into the role of B-BBEE legislation in promoting economic growth and development in South Africa.

1.3. Research Problem

The financial sector, as outlined in the Amended FS Code of 2017, encompasses various sub-sectors such as Banks, Life Offices, Short-term Insurers, Asset Managers, and Others, all of which are pivotal in driving transformation. Prior research by Zalk (2021), Andreoni et al. (2021), and Musabayana & Mutambara (2022) has identified research gaps, stressing the need for a comprehensive socio-economic analysis of structural transformation within this sector. Vilakazi & Bosiu (2021) examined barriers to entry and economic transformation related to Black Economic Empowerment, while Simatele & Maciko's (2022) study on financial inclusion in rural South Africa highlighted the significance of community banking in promoting financial inclusion. Nevertheless, there remains a necessity for sub-sector specific research to scrutinize current policy and regulatory frameworks, particularly concerning the accessibility of financial services for marginalized groups, as noted by Tuba (2022).

1.5. Research Objectives and Questions

This study aims to evaluate the socio-economic impact of B-BBEE legislation on financial inclusion in the banking industry, focusing on two B-BBEE elements of the Amended FS Code: Empowerment Financing (FS600) and Access to Financial Services (FS700), which are central to banks.

To ascertain this objective, it will focus on the following specific questions:

i) How has the B-BBEE legislation been implemented in the banking sector?

This aims to unpack how the B-BBEE legislation has been practiced within South Africa's banking sector, addressing the country's political and economic systems.

ii) What are the limitations for realised financial inclusion?

Understanding the impact of financial literacy (Khan, Siddigui and Imtiaz, 2022), regulatory frameworks (Shabbir, 2022) and digital advancements (Wang and Fu, 2022; Ge, Li, Tang, Xu and Boamah, 2022) on financial inclusion for marginalised groups is essential for South Africa's banking industry to effectively implement initiatives for Empowerment Financing and Access to Financial Services elements.

iii) What is the impact of the B-BBEE legislation in the FS?

This can contribute to the broader discourse on socio economic transformation as well as structural transitioning, promoting inclusivity and accessibility in the banking industry.

iv) What are the lessons learnt from other global leaders?

This aims to assist with strategies to address financial exclusion of marginalized groups, advancing social norms and enhancing the economy (Shabbir, 2022; Ofori-Acquah, Avortri, Preko and Ansong, 2023).

The "just transition" of financial inclusion must embody the importance of genuine development that is equitable to all, taking the above research objectives into consideration, to prevent the recurrence historical oversights. Therefore, to address the gap pertaining to financial inclusion for all within the Banking sector, the hypothesis was established as follows:

i. H1: There is a significant relationship between Access, Usage and Quality from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.

ii. Ho: There is no significant relationship between Access, Usage and Quality from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.

1.6. Justification/Rationale of the Study

The socio-economic impact of the B-BBEE legislation is crucial for South Africa's financial services sector, as it is at the core of progressive transformation. While previous studies have explored the implementation and effects of B-BBEE, more research is needed to understand the specific obstacles and prospects for transformation within the financial sector. This will provide valuable insights into the socio-economic impact, challenges, and opportunities in pursuing transformation.

The study evaluates the role of the Financial Services Code (FS Code) in improving financial inclusion in the financial services sector, focusing on Empowerment Financing (FS600) and Access to Financial Services (FS700) elements. It aims to address apartheid's economic injustices by facilitating black economic participation. The findings can guide policymakers in designing and implementing financial inclusion policies, reducing poverty and inequality in South Africa's economy. The study will help identify best practices, policies, and interventions for promoting financial inclusion, access, and empowerment for historically disadvantaged individuals and communities, contributing to economic transformation and empowerment in South Africa.

1.7. Delimitations of the Study

The delimitation of this study refers to the limitations in terms of the scope of the study, and are highlighted as follows:

i) Availability of data: The researcher will need access to data on the implementation and impact of the Amended Financial Sector Code , in alignment with the B-BBEE legislation in the financial services sector. While some data may be publicly available, the researcher may also need to obtain data from private companies, which could be difficult.

ii) Time and resources: The researcher will need to conduct a thorough literature review, collect data, analyse it, and draw meaningful conclusions, which will require time and resources.

iii) Limited beneficiary and implementor participants: Empowerment Financing and Access to Financial Services elements' target audience is a vast, previously disadvantaged community, but the research will utilise only a selected sample size

from scholars at the university of Witwatersrand, professionals from LinkedIn and consider secondary data only the Banking Association of South Africa (BASA) members.

1.8. Operational Definitions

The following operational definitions are employed in the analysis:

i) Access to Financial Services: Refers to the availability and cost-effectiveness of banking, insurance, and investment opportunities (Amended FS Code, 2017; World Bank, 2023).

ii) B-BBEE Legislation: Refers to South Africa's 2003 empowering legislation to address the economic disparities experienced by Black people during apartheid (Department of Trade, Industry and Competition, 2023).

iii) Empowerment Financing: Refers to financial institutions providing capital and credit to historically disadvantaged individuals and communities (Broad-Based Black Economic Empowerment, 2003).

iv) Financial Services Sector: Refers to banking, insurance, investment, and other financial services (Amended Financial Sector Code, 2017; Financial Sector Transformation Code, 2020).

v) Socio-economic analysis: Refers to examining the impact of laws and policies on different social and economic groups within a society (World Bank, 2023).

vi) Transformation: Refers to the process of addressing the historical imbalances and inequalities in the South African economy through the implementation of policies and programs (Musabayana & Mutambara, 2022).

1.9. Structure of the Dissertation

This dissertation will consists of five chapters by which Chapter One serves as an introduction that acquaints the readers with information pertaining to the background of the dissertation. In Chapter Two, a comprehensive analysis[1] of the literature related to the industry and its connection to financial inclusion is provided. Chapter Three will be dedicated to discussing the

[1] Both academic research and government publications related to the topic will be reviewed as well as analysing previous studies that have investigated the impact, effectiveness, and critiques of B-BBEE in relation to financial inclusion in the sector.

methodology employed in this study, which embraces a research paradigm that is grounded on understanding the underlying structures and processes that influence transformation through financial inclusion. Chapter Four, the results results will be analysed, and a comprehensive discussion and interpretation of the findings will be provided before moving onto the concluding Chapter Five , which will summarize the key findings and insights gained from the study.

2. SYSTEMATIC REVIEW OF LITERATURE

2.1. The Financial Inclusion Blueprint: A Comprehensive Analysis

The literature review will analyze financial inclusion from a global, African, Sub-Saharan, and South African perspective, focusing on its barriers to entry and journey towards inclusivity. It will assess the effectiveness of Empowerment Financing (FS600) and Access to Financial Services (FS700) elements within the Amended FS Code, specifically focusing on banks. The second section will integrate these elements into the proposed conceptual framework, exploring methods for measuring financial inclusion and its socio-economic impact.

2.2. Concept of Financial Inclusion

There are many interpretations for financial inclusion, however the concept is typically centered on the ideas of accessibility, utilisation, and availability (Peachey & Roe, 2004; Sarma, 2016; Chakrabarti & Sanyal, 2016; Hantli, 2020). Similarly, the Alliance for Financial Inclusion (2010) identifies financial inclusion as a multi-dimensional concept that focuses on access, quality, usage and welfare. Murari and Didwania (2010) define financial inclusion as the provision of financial facilities to disadvantaged and low-income individuals, households, small and medium-sized businesses, and traders at an affordable cost.

In the context of inclusive growth and sustainable development in developing countries, it has emerged as one of the most crucial factors (Andotra & Manhas, 2017; WorldBank Group, 2021; IMF, 2023; WEF, 2016). Financial inclusion has been identified as an enabler some of the 17 SDGs, even though it is not a specific goal (Klapper, El-Zoghbi & Hess, 2016; World Bank, 2023). When people have access to formal financial services such as credit, savings, insurance, and payment services, they can save for the future, invest in their businesses, and manage financial risks. Therefore, greater access to financial services is a critical enabler in order to integrate the weaker and more vulnerable segments of society into the formal financial system and as a result can lead to increased economic growth and job creation, as well as poverty reduction.

Nevertheless, as the notion of inclusivity gains adhesion, there are barriers that exist, averting persons and establishments from retrieving the prerequisite financial services to partake wholly in the economy and is further deliberated in detail from the succeeding sub-section.

2.3. Barriers to Financial inclusion

Lack of access to formal financial services is a noteworthy impairment to financial inclusion in developing nations, and this is predominantly because of the absence of financial institutions in rural and remote areas, where the majority of the population reside (World Bank, 2017). People in these areas are restricted in participating in the economy effectively as they are unable to save, borrow, or invest because of accessibility to financial services.

Another challenge presented for financial inclusion resonates on the **high costs** associated with the financial services provided (World Economic Forum, 2017). According to the World Bank (2017), the average cost of sending a remittance in developing countries is around 7% of the total amount sent, making it challenging for individuals who are from low-income households to have access to these resources to pay for the fees (World Bank, 2017).

Furthermore, a **lack of fundamental financial literacy skills** has been noted as a barrier for developing countries' ability to efficiently use financial services (World Bank, 2014) report.

Another key barrier to financial inclusion is a **lack of acceptable financial products for low-income people,** as many formal financial products, such as loans and insurance, are meant for high-income people and are not available to low-income people. (National Treasury, 2020).

Subsequently a **lack of trust in financial institutions** can be an important obstacle to financial inclusion in some circumstances, generally caused by a long historical tradition of financial sector corruption and negligence, which has undermined confidence in financial institutions (World Economic Forum, 2017).

2.4. The Journey to Inclusivity: A Global, African, Sub-Saharan and South African Perspective

i) Global Perspective

Since the 1980s financial crisis, there have been considerable changes to financial systems in various parts of the world. Globally, the trend toward greater financial inclusion can be seen in the distribution of the unbanked population from 2011 to 2021, particularly in East Asia and the Pacific, South Asia, and Sub-Saharan Africa in figure below.

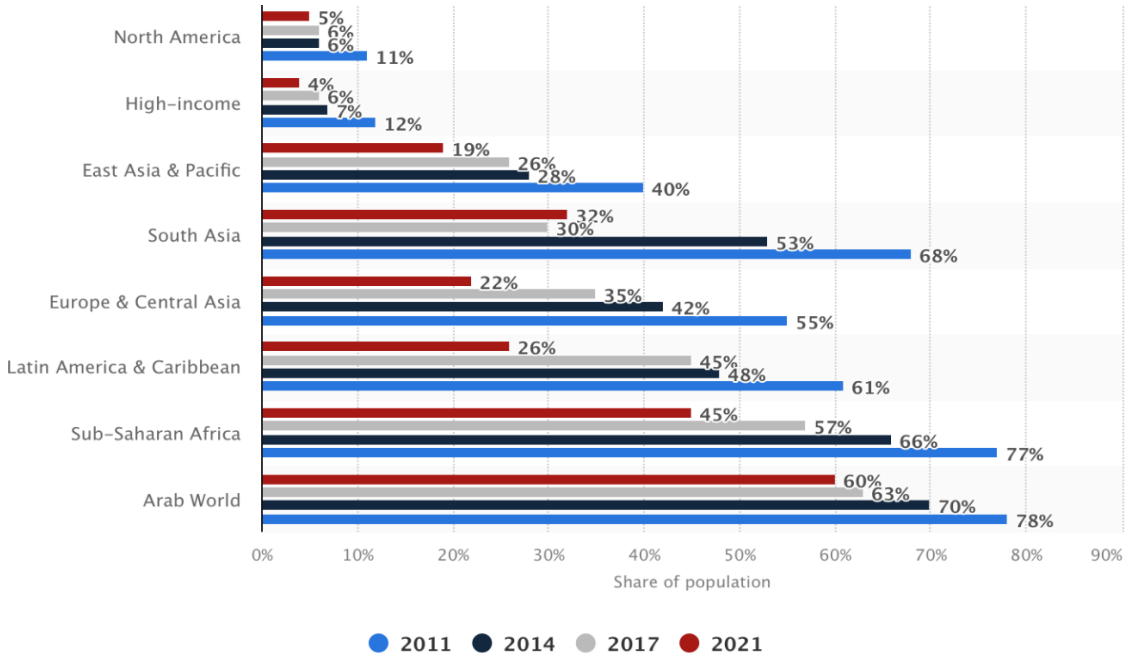


Figure 1:Distribution of unbanked population from 2011 to 2021

Source: (Statista, 2023)

From an initiative point, there are a number of programs in place to drive financial inlcuison. For example, annual gathering of global communities working towards advancing financial inclusion at the **Financial Inclusion Week (FIW)** [2] as a platform for sharing ideas, research, and global perspectives (The Center for Financial Inclusion, 2023).

Furthermore, the World Bank Group (2022) launched the **Financial Inclusion Support Framework (FISF)** in 2013 that was adopted by G20 Finance Ministers and their affiliated organisations responsible for driving financial inclusion. This is an initiative that accelerates financial inclusion through two components, namely the i) country support programs (CSPs) and ii) global knowledge sharing (World Bank Group, 2022).

Additionally, The United Nations, through its **Sustainable Development Goals (SDGs),** recognised the importance of digital finance in promoting economic growth and reducing poverty and set targets pertaining to affordable access to financial services for individuals and businesses by 2030 (UNDP, 2021).

[2] The Center for Financial Inclusion (2023) organizes the Financial Inclusion Week (FIW) and occurs every October.

Alongside this, is the **Global Partnership for Financial Inclusion (GPFI),** which involves all G20 nations, interested non-G20 nations, and relevant stakeholders working towards financial inclusion. This partnership is responsible for implementing the G20 **2020 Financial Inclusion Action Plan (FIAP)**, which supports countries in achieving a number of SDGs related to financial inclusion (Global Partnership for Financial Inclusion, 2023).

Furthermore, the **International Monetary Fund** (IMF), through its Technical Assistance and Training Programs, provides support to countries in developing their financial inclusion policies and strategies (IMF, 2023).

Despite the progress made in promoting inclusivity, there still lies significant challenges to overcome inclusivity and is often a result of a lack of infrastructure, inadequate financial literacy, and regulatory barriers (Maugeri, 2017; UNECA, 2020). In 2021, 1.4 billion adults lacked access to formal financial services, with women less likely to acquire formal financial services to stabilise their families, businesses as well as actively participate in the economy as a whole (Global Findex Database, 2021). Although a decline had been experienced in comparison to 2017 and 2011 results (1.7 billion and 2.5 billion people, respectively), a significant proportion of these unbanked adults stem from developing nations (Maugeri, 2017; Global Findex Database, 2021; Global Partnership for Financial Inclusion, 2023).

The financial exclusion of these developing countries continues to limit individuals and enterprises' ability to establish future strategies, with more than half of the 8.0 billion population recorded for mid-November 2022 expected to expand in Africa by 2050 (African Development Bank, 2013; Global Findex Database, 2021; United Nations, 2022).

ii) African Perspective

With there being about one billion young people worldwide at which 60% of the youth make up the African continent's population, financial inclusion still remains a major concern (Abel, 2023). In 2022, over 455 million people*, which is equivalent to 34 percent of the population*- were living below the poverty line (Institute for Security Studies, 2022). Additionally, a substantial percentage of people across Africa reside in rural regions resulting in the limited access to financial services due to the lack of physical infrastructures and financial literacy with the COVID-19 pandemic has compounded this rise, with the most disadvantaged elements of society bearing the brunt of the consequences. (African Monitor, 2012; Koudjom, Tamwo, & Kpognon, 2022; UNCTAD, 2021).

These have led to development partners, and financial institutions to implement various initiatives to address the challenge of financial exclusion in Africa and as a result, access to finance, diversification, and extension of financial services have all benefited greatly from advances in information technology (Making Finance Work For Africa (MFWA), 2021). According to Global Findex (2017), the share of households with a bank account has increased from 23 percent in 2011 to 43 percent in 2017.

Furthermore the emergence of innovative solutions such as mobile money, has facilitated many access to financial services for many Africans through their mobile devices (World Bank, 2018). For example, **Kenya** has been a leading country in financial inclusion, with the launch of M-PESA, a mobile money platform that has enabled millions of Kenyans to access financial services (Suri & Jack, 2016; World Bank, 2020).

Further efforts adopted by African key leaders to enhance financial inclusion in the region includes financial education programs, community involvement as well as inclusive financial policies tailored to address the relevant issues and circumstances affecting them (Triki, 2013). For instance, **Rwanda** made significant progress in enhancing financial inclusion through various initiatives, including the establishment of **Umurenge SACCOs,** a community-based financial institution that provides financial services to rural communities, in 2009 (Kavugizo, 2015; International Finance Corporation, 2021).

The **African Development Bank** (AfDB) has also been playing a significant role through various initiatives and investments in the sector (AfDB, 2021).

In **South Africa**, the government has implemented various policies aimed at promoting financial inclusion, including the **National Development Plan** and the **Financial Sector Code,** which seek to enhance access to financial services for all South Africans, including those from previously disadvantaged backgrounds (National Treasury, 2015).

Despite advances in financial exclusion in Africa, millions of people remain excluded from financial services, highlighting the need for increased investment in physical infrastructure and financial literacy programs to promote financial inclusion in the continent (Maugeri, 2017; UNECA, 2020). African governments to continue investing in the sector taking into consideration a combination of innovative technologies to develop appropriate legal and regulatory frameworks that are implemented with intent, as well as foster partnerships between

various stakeholders (Andreoni, et.al., 2021). These measures are critical to ensuring that financial inclusion is achieved and sustained in the long run.

iii) Sub-Saharan African perspective

According to the **Global Findex Database** of 2021, mobile money has emerged as a significant catalyst for financial inclusion in Sub-Saharan Africa, particularly among women, by promoting account ownership and usage via mobile payments, savings, and borrowing (Global Findex Database, 2021). The **National Financial Inclusion Strategies** (NFIS) provide a framework for boosting access to financial services in a number of Sub-Saharan African countries, which by 2016, 21 African countries had developed NFIS, according to the African Development Bank Group.

Furthermore, opening an account procedures have also been streamlined and accomplished through the use of simplified **Know Your client (KYC)** and the use of technology, such as biometric identification, to validate client identities (Gelb & Castrillon, 2019). According to the International Finance Corporation (IFC), 18 Sub-Saharan African nations had simplified account creation procedures by 2018. Additionally, agent banking had been implemented by 22 Sub-Saharan African countries by 2018, enabling banks and other financial institutions to use third-party agents to deliver financial services to customers (IFC, 2018).

In addressing financial literacy several Sub-Saharan African countries have implemented financial literacy programs to educate people about financial services that are aimed to increase financial knowledge, improve financial decision-making, and promote financial inclusion (IMF, 2018). The International Monetary Fund (IMF, 2018) reports that financial literacy programs have been implemented in many countries in the region, including Kenya, Tanzania, and Uganda.

iv) South African perspective

At national level, in 2017 the **World Economic Forum** highlighted six challenges South Africa encounters when addressing financial inclusion, including high cost of financial services; lack of financial education and digital literacy; prevalence of informal financial services such as stokvels and loan sharks, accompanied by the lack of trust in formal financial institutions; the complex and lengthy documentation requirements for financial products; the uneven geographic distribution of financial services with many rural areas being underserved; and lastly, a lack of coordination and collaboration between government agencies and private

sector stakeholders inhibiting the development and implementation of effective financial inclusion policies and initiatives (World Economic Forum, 2017).

The 2019 **Financial Sector Conduct Authority** Baseline Survey found that approximately 11% of South African adults do not have access to any financial products or services (Financial Sector Conduct Authority, 2021). In addition, the **FSTC's** (2022) Amalgamated State of Transformation Annual Report identified underperformance in improving financial inclusion for 2018/2019 and 2020. This disproportionately affects marginalised groups such as women, rural communities, and low-income households (Financial Sector Conduct Authority, 2021).

More than 81% of South Africans over 16 had a bank account in 2021, according to the 2022 FSCA Sector Outlook Study. Low account utilisation indicates inadequate financial service access (FSCA, 2022). Financial inclusion in the country requires a comprehensive approach that address the needs of different groups, including targeted policies, financial products, and educational programmes to increase access to financial services, particularly in underserved areas (National Treasury, 2020). Start with a basic bank account, then access credit, insurance, and long-term savings to understand financial inclusion in a country.

According to the National Treasury (2020), the specific routes to financial inclusion may vary depending on whether one is employed, unemployed, or self-employed. The progress of economic transformation is monitored using **the Financial Sector Charter** and **Generic Codes of Good Practice** in South Africa (DTIC, 2023). The government has taken significant steps implementing empowering legislations and policies to promote financial inclusion, such as the **Financial Sector Transformation Charter** of 2017, as well as the **Financial Sector Regulation Act 9 of 2017** that takes into account the implementation of the Twin Peaks' model, that is **the Prudential Authority** (PA) and the **Financial Sector Conduct Authority** (FSCA) (National Treasury, 2017). The FSCA in 2018 published its **National Financial Inclusion Strategy** will the aim to promote financial inclusion and protect consumers in the financial sector in South Africa. The strategy focuses on four key pillars, that focus on extending access to financial products and services, boosting financial education and awareness, protecting consumers through regulatory frameworks, and supporting financial sector innovation (FSCA, 2018).

Furthermore, with the aim to improve access to financial services for all South Africans, especially those in marginalised communities, the **Financial Sector Code** intends to promote

transformation in the financial sector through implementing mechanisms such as black economic empowerment and enterprise development (National Treasury, 2017).

This robust regulatory framework, underpinned by an overhauled supervisory architecture demonstrates financial inclusion as a top priority in the government as well as displays their dedication and efforts towards monitoring and creating a stable and prosperous environment for all that redresses systematic imbalances in society. In spite if this, the legislative challenges continuous to affect inclusivity for the historical disadvantaged people (Ncube, 2019; Chitimira & Ncube, 2020).

2.5. Previous Research studies on Financial Inclusion

Evans and Adeoye investigated the drivers of financial inclusion in Africa using a dynamic panel data approach in 2016. They studied data from 15 African nations between 2005 and 2014 and revealed that the key factors driving financial inclusion were GDP per capita, monetary supply as a percentage of GDP, literacy rate of adults, availability of cyberspace, and the Islamic banking behaviors.

In her study, **Nalini** (2012) investigated the strategies done by banks to promote financial inclusion. She went on to say that banks should encourage individuals to use banking services by offering no-frills accounts, financial inclusion campaigns, business correspondents, advertisements, and awareness campaigns, among other things, in order to meet the goal of the 11th Inclusive Growth Plan.

Between 2004 and 2017, **Adedokun and Aga** (2021) conducted a study to evaluate the association concerning Sub-Saharan African's (SSA) financial inclusion and economic progression. To evaluate the data, they used the generalised "method of moments" and Dumitrescu-Hurlin's causality test. According to the study's findings, financial inclusion has a favorable and considerable impact on economic growth in SSA countries (Adedokun & Aga 2021).

Olusegun and Olaniyi's (2019) study highlighted the potential role of cryptocurrency, mobile phones, and the internet in promoting financial inclusion in emerging markets, including South

Africa by suggesting that the use of cryptocurrencies can provide an alternative to traditional financial systems that exclude many people, especially those in remote areas without access to banks. The study recommends that policymakers in emerging markets like South Africa address regulatory barriers, security concerns, and a lack of public awareness and education to promote the widespread adoption of cryptocurrencies and financial inclusion (Olusegun & Olaniyi, 2019).

Further to the above, **Mishra and Bvuma's** (2022) research conceptualised the relationship between mobile money banking and financial inclusion to facilitate long-term economic growth, with a particular emphasis on developing countries. The authors reasoned that a failure to comprehend this connection might have an outcome of increased socio-economic challenges, comprising of the digital divide and the exclusion of certain communities from the digital economy. To investigate this relationship, the authors employed unobtrusive research methods, specifically conducting a comprehensive literature study using a desktop research approach.

The impact of Artificial Intelligence (AI) for digital financial inclusion was examined in a different study by **Mhlanga** (2020). According to this research, the author discovered that AI can significantly improve digital financial inclusion by identifying and managing risks, lowering information asymmetry, offering chatbot customer support, detecting fraud, and boosting cybersecurity. Therefore, it is advised that governments, non-governmental organisations, and financial institutions all over the world implement and increase the use of AI tools and applications. This will make it possible for vulnerable groups that are currently shut out of the formal financial markets to participate with the fewest obstacles and greatest gains.

Another study by **Abbasi, Alam, Ali Brohi, Ali Brohi, and Nasim** (2021) found that peer-to-peer lending platforms for SMEs, which use technology to connect lenders and borrowers directly, can promote financial inclusion by providing access to financing for individuals who were formerly omitted from the formal financial sector. The study found that the association between peer-to-peer offering Fintechs and SMEs' access to finance is positively moderated by organized quality. The findings imply that SME managers may use P2P lending Fintechs to meet their companies' liquidity needs.

Chen and Popovich (2003) employed survey research theory to examine the relationship between customer satisfaction, loyalty, and the quality of online financial services. The results highlighted the significant influence of service quality on fostering customer loyalty. However, it was found that service quality does not have a direct impact on customer retention in the specific context of online financial services.

In a complementary study, **Amoako and Yawson** (2020) investigated the nexus between service quality and customer loyalty within Ghana's retail banking sector, employing a structured survey instrument to gather insights from retail banking clientele; and while the study did not explicitly mention the specific dimensions, it underscores the importance of various aspects of service quality in shaping customer perceptions.

On another note, Liao and Cheung (2003) delved into the factors shaping the adoption of internet banking in Thailand through Descriptive Research Theory. Their analysis drew upon existing data from financial reports, surveys, and customer databases to discern emerging trends and patterns associated with internet banking uptake.

Additionally, **Rahman and Hossain** (2018) undertook a comprehensive exploration of the factors influencing customers' attitudes towards e-banking services in Bangladesh, utilizing descriptive research theory. Their inquiry involved a thorough analysis of data from customer surveys, financial reports, and industry publications to elucidate the primary drivers shaping customer perceptions of e-banking.

By leveraging these management theories, these theories will guide the collection of data by employing structured survey instruments and analyze existing data effectively, thereby advancing the understanding of key determinants and trends in the Banking industry, ultimately contributing to informed decision-making and strategic planning within the banking industry.

2.6. Theoretical Foundation: Empowering Financing and Access to Financial Services for Financial inclusion.

Muhammed Nisar's 2021 research identified three main reasons for financial exclusion: restricted access to formal financial systems, limited access to banks and financial services, and unique product offerings. To improve financial inclusion, access, usage, and quality are crucial, as illustrated in Figure 2.



Figure 2: Access, Usage and Quality Framework

Source: Claessens (2014); Inaugural Address by Shri Shakitkanta (2021).

Access is having access to affordable, high-quality financial services based on impartial standards, whereas usage means utilization of them (Claessens, 2014). The Inaugural Speech by Shri Shaktikanta Das at the 2021 Economic Times Financial Inclusion Summit focused on Access, Usage, and Quality. According to Nandru, Anand, and Rentala (2016), access affects financial inclusion. A diagram from the "Hundred Small Steps report of the Committee on Financial Sector Reforms" was shown.

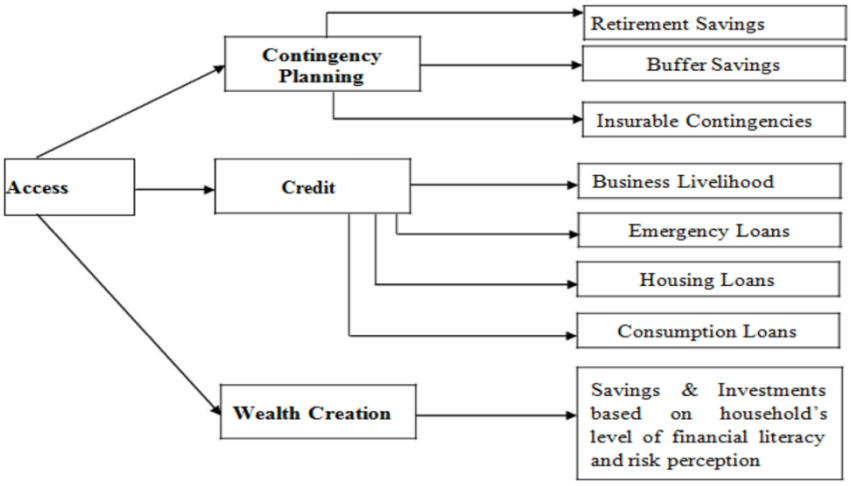


Figure 3: Household Access to Financial Services: A hundred Small Steps report of the Committee on Financial Sector Reforms

Source: Nandru, et.al. (2016)

According to Nandru et al. (2016), a strong financial system requires affordable credit and insurance. It can help the poor find work and take ownership of their lives, promoting social and political stability. This empowerment has many benefits. Financial access improves small households' contingency plans, credit worthiness, and wealth development through investments and savings (Nandru et al., 2016).

Munmun Ghosh performed a study in 2013 to try to understand the issue of inclusive growth and the degree to which financial inclusion through secondary database sources, taking into account characteristics such as GDP per capita, illiteracy rate, level of unemployment, and indicator of financial accessibility. The survey revealed that financial inclusion levels vary by state, and financial literacy and awareness continue to be a barrier to using financial services and products.

In 2018, Josephat Lotto conducted a study titled "Examination of the Status of Financial Inclusion and Its Determinants in Tanzania" with the main purpose of assessing the current level of financial inclusion in Tanzania as well as identify the factors that contribute to financial exclusion. It implies that male, financially stable, well-educated, and older people are more likely to be financially included. The study found that gender, age, income, and education affect mobile banking services as well, despite Tanzania's government's efforts to close this gap. This disparity grows as people prefer mobile financial services over traditional banking. The paper recommends that banks establish more delivery channels and use mobile telecommunications networks as infrastructure to expand financial access for unbanked people.

Karuvarakundu panchayat's rural population's financial inclusion practices were investigated by Muhammad Nisar M (2021) at which the banking behavior of the rural population was used to measure the level of financial inclusion. From this report, the majority of the population is competent of dealing with banking services. However, they were unaware of the services offered by banks and thus unable to use them. Barriers such as Language difficulties, document procedures, and expensive service fees resulted in banks being unappealing to the majority of respondents.

2.7. Financial Inclusion: Banks' Progress in South Africa

According to Statista (2023), the South African banking industry is the largest in Africa and promotes financial inclusion. The DTIC provides financial support to qualifying enterprises in many industries to boost industrial competitiveness and economic inclusion. Since 2015, banks have provided R52.3 billion to black-owned SMMEs, according to the DTIC in 2020. Access to Financial Services has also improved, with more bank branches and ATMs opening in underserved areas and more people using electronic banking. The DTIC also underlined that more needs to be done to address SMMEs' structural barriers to funding and expand financial services to rural and remote locations.

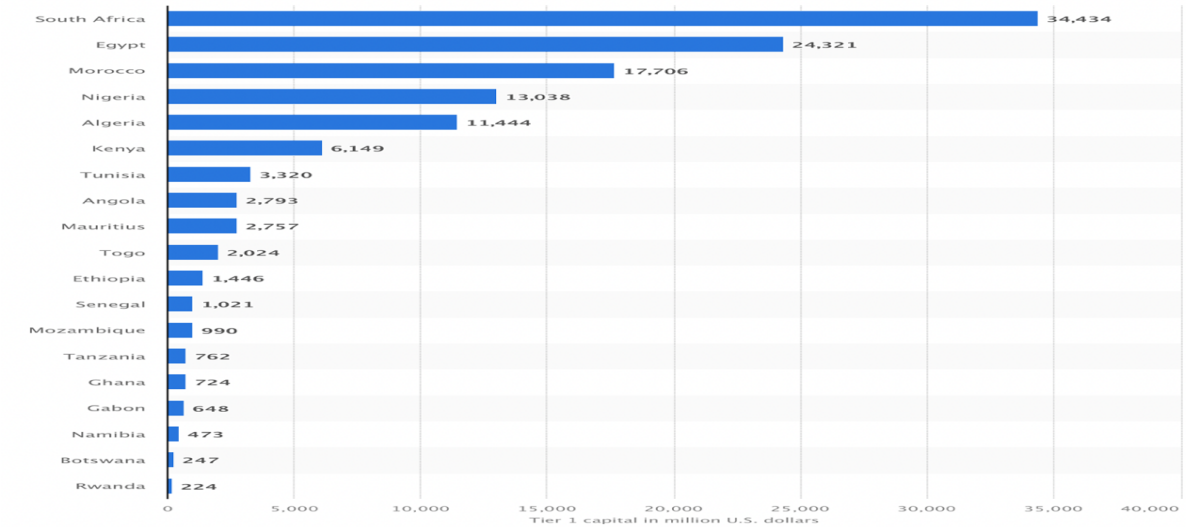


Figure 4: Leading countries in Banking industry in Africa- Tier 1 Capital

Source: Statista (2023)

Additionally, Statista (2023) reported that South Africa's Standard Bank Group- which operates in 20 African countries and several other international locations- had a capital worth approximately 13.8 billion U.S. dollars, making it Africa's largest bank. Capitec Bank reported 7,178 (2,863 own ATMs; 4,315 partnership ATMs) in service as of February 2022, Standard Bank Group reported 6,600 ATMs across all operating nations, and Absa Bank reported 6,300 operational ATMs in South Africa.

As there are also concerns that some banks may be focusing more on meeting their targets for B-BBEE transaction financing rather than on promoting sustainable black business growth, should resume efforts to increase access to financial services in rural and remote areas, where

infrastructure issues can make it difficult for individuals and small businesses to access financial services. Furthermore, the South African government has also established a number of initiatives to support SME funding, such as the Small Enterprise Finance Agency (SEFA) and the Industrial Development Corporation (IDC) (National Treasury, 2020).

2.8. Financial Sector: Empowering Finance (FS600) and Access to Financial Services (FS700)

This section describes the B-BBEE Scorecard components for Empowering Finance (FS600) and Access to Financial Services (FS700), expanding on each component's purpose and measurement criteria.

i) Empowering Financing (FS600) Element

The Empowerment Financing (FS600) element aims to stimulate financing for Black Small, Medium and Micro Enterprises (SMMEs) (Amended FS Code, 2017; Department of Trade, Industry and Competition, 2023).

Table 1: Empowerment Financing (FS600) Scorecard

	Measurement Criteria	Weighting Points	Banks Target	Weighting Points	Long-term Assurers Target
2.1	**Targeted Investments** Transformational Infrastructure Black Agricultural Financing Affordable Housing Black Business Growth and SME Funding	12	R48bn	12	R27bn
2.2	B-BBEE transaction financing and Black Business Growth / SME Funding	3	R32bn	3	15bn
	Empowerment Financing Total	**15**		**15**	
2.3	Annual value of all **Supplier Development** contributions made by the measured entity	7	1.8% of NPAT	7	1.8% of NPAT
2.4	Annual value of all **Enterprise Development** contributions made by the measured entity	3	0.2% of NPAT (non-recoverable)	3	0.2% of NPAT (non-recoverable)
	Total	**25**		**25**	
2.5	**Bonus Points**				
2.5.1	Graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level.	1		1	
2.5.2	For creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the measured entity.	1		1	
2.5.3	Development of black stockbrokers, black fund managers and intermediaries	2	TBD	2	0.5% NPAT
	Total Bonus Points	**4**		**4**	

(Amended Financial Sector Code, 2017)

This table outlines the different measurement criteria, weighting points, targets, and bonus points for the Empowerment Financing element of the B-BBEE Scorecard, which ultimately aim to enhance the participation of previously marginalised groups.

The **targeted investments** in transformational infrastructure, black agricultural financing, affordable housing, black business growth, and SME funding are all critical areas for promoting economic growth and creating opportunities for previously marginalised communities in South Africa(FSTC, 2023; Amended FS Code, 2017). One of the other critical criteria in the Empowering Financing Element Scorecard is the **Supplier Development and Enterprise Development** contribution which requires companies to invest in the growth and development of small businesses and suppliers in the country, particularly those owned by black South Africans, followed by bonus points (Amended FS Code, 2017; Mail & Guardian, 2020).

ii) Access to financial Services (FS700) Element

The Amended FS Code introduced an additional key element known as Access to Financial Services (FS700), with the primary objective of facilitating financial inclusion through providing previously disadvantaged communities and enterprises with access to affordable financial services.

Table 2: Access To Financial Services (FS700) Scorecard

	Access Method	Qualifying Market / Arear	Qualifying Criteria	Range	Target	Available points
2.1	**Geographic Access (Reach)**		One or more of:			6
2.1.1	Transaction point	50% or more of house-holds fall within LSM 1-5	draw cash, or purchase from their accounts	5 km	85%	1
2.1.2	Service point		reset a PIN money transfers, get a statement, or Initiate account queries	10 km	70%	1
2.1.3	Sales point		replace a card, deposit cash into their accounts, or acquire: a transaction account, a funeral policy, a savings account, or a loan.	15 km	60%	2
2.1.4	Electronic Access	Individuals earning less than R5,000 per month increasing by CPIX p.a.	The use of telephones, mobile phones, internet banking or any other new technology for: money transfers, account to account transfers, prepaid purchases, balance enquiries (list not exhaustive).	National	19% of account holders within the target market	2
2.2	**Banking Densification**	**Individuals in the LSM 1-5 group nationally**	Access to cash withdrawal facility per measuring unit	**National**	**1, 500 adults per point of presence**	**3**
2.3	**Product related access**	**Individuals in the LSM 1-5 group nationally**	Number of active accounts for qualifying products per institution	**National**	**12 370 082 active accounts in 2017 (SASSA accounts not included)**	**3**
Total						**12**

(Amended Financial Sector Code, 2017)

The table outlines the Access to Financial Services element of the B-BBEE Scorecard, focusing on geographic access, banking densification, and product-related access. It emphasizes proximity to transactions, services, and sales points, availability of cash withdrawal facilities, and active accounts (Amended FS Code, 2017).

2.9. The Banking Association of South Africa

Trade associations serve an important role in representing the interests of their members, which are often businesses in the same industry (FSTC, 2023). The Banking Association South Africa (BASA) has the obligation to facilitate the progress of transformation within the financial sector (Chitimari & Ncube, 2020, FSTC, 2023). It represents the interests of South African banks and collaborates closely with policymakers to ensure that the regulatory framework is favourable to long-term growth in the banking sector.

In doing so, one of the operating divisions for BASA resonates on the Financial Inclusion Division that strives to provide inexpensive financial services to people who are excluded or have restricted access to banking services (BASA, 2021). BASA's 2021 report shows that the banking industry has given more than 85% of South Africans bank accounts and 88% of low-income households transaction points. The banking industry delivered 20 million financial inclusion products, exceeding their 15 million goal (BASA, 2021). In meeting its empowering financing element targets, banks contributed R270 billion, of which R34.5 billion went to black-owned small enterprises (BASA, 2021).

2.10. Proposed Conceptual Framework

The financial sector is an essential component for the contribution of any economy, and its inclusivity is essential in achieving economic growth and development. For the purpose of this study, the socio-economic impact is measured through the Empowerment Financing and Access to Financial Services elements of the Financial Sector Code (FS Code). Although South Africa has one of the most developed financial sectors in Africa, access to these services has historically been restricted to the country's wealthy minority (De Koker & De Koker, 2020; DTIC, 2023). Access to financial services and empowering financing components are

therefore crucial components for achieving financial inclusion in that country (De Koker & De Koker, 2020; DTIC, 2023).

Measurement of Socio-Economic Impact:

Considering this, the recommended conceptual framework for this study examines how the Empowering Financing (FS600) and Access to Financial Services (FS700) elements have enhanced economic participation of previously marginalised groups through financial inclusion in the banking industry.

It will propose a set of transformation initiatives to promote financial inclusion by extending the logic of Claessens (2014), Roa (2015), and Shri Shakitkanta's 2021 Inaugural Address towards addressing the main three (3) independent components of namely - Access, Usage, and Quality- to evaluate the dependent variable of socio-impact of financial inclusion, segmented into the B-BBEE Scorecard Elements- Empowering Financing (FS600) and Access to Financial Services (FS700) elements' criteria.

For the purpose of this research, the social impact refers to the sub-sections of the two (2) elements under review to develop hypotheses related to the country's current economic position.

This is illustrated in Figure 3 and will consider technology revolutions, micro-financing, mobile banking and Fintech.

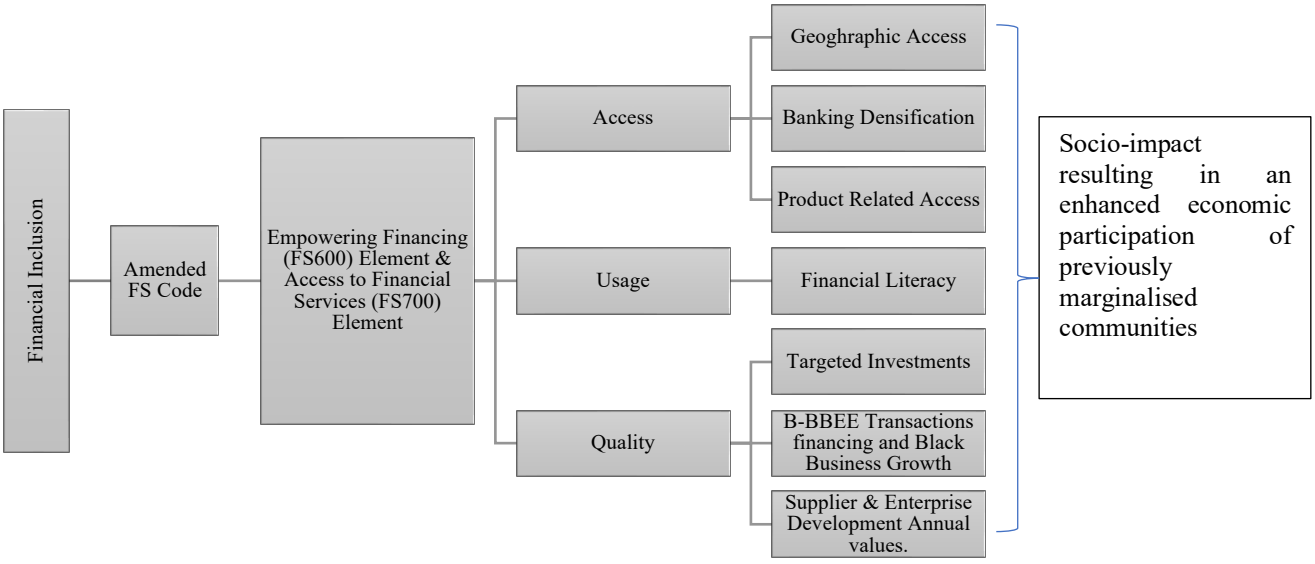


Figure 3: Proposed Conceptual Framework: Empowering Financing (FS600) element and Access to Financial Services (FS700) Element through Access, Usage and Quality Conceptual Framework

From the above relationships, the hypotheses are established as follows to examine the sub-sections of the three main components of socio-impact through financial inclusion:

There is a significant relationship between:

i. *H1: Access from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*
ii. *H2: Usage from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*
iii. *H3: Quality from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*

2.11. Linking the patterns of the Empowering Financing (FS600) and Access to Financial Services (FS700) to Financial Inclusion.

Although South Africa has one of the most developed financial sectors in Africa, access to these services has historically been restricted to the country's wealthy minority (De Koker & De Koker, 2020; DTIC, 2023). According to the World Economic Forum (2018), the use of technology such as blockchain and artificial intelligence (AI) has the potential to revolutionize the financing industry. 4IR is marked by the convergence of digital, physical, and biological technologies, which has led to an exponential increase in productivity and efficiency, and thus presents new opportunities for financial inclusion through fintech, digital banking, AI, and cryptocurrency. In order to achieve inclusivity for all in the South African financial sector, this section aims to investigate new trends in empowering financing components and access to financial services for Banks.

i) Micro-financing

With regards to Empowering Financing, the literature suggests that micro-financing is closely linked to financial inclusion. Woolley (2008) and Mader (2016) elaborated on the importance of microfinance as one of the **most effective tools for poverty alleviation and international**

development, manifesting as a financial sector remedy to social injustices. Correspondingly, Fadun (2014) described how microfinance institutions play a significant role in fostering inclusion for all by uniquely positioning themselves to target the excluded population.

Mengstie (2022), Abebe, and Kegne (2023) also contend that microfinance has **empowered women entrepreneurs** by providing them with capital to establish and grow their enterprises. These finance components have allowed people and small enterprises access to **credit, savings, and insurance products** that were previously unavailable, according to these writers.

Gupta (2012) examined how microfinance empowers people and achieves the Indian government's financial inclusion goals. The effectiveness of Microfinance Institutions (MFIs) in handling public funds, their intended expansion, policy aims, and demand and supply management were questioned. With rising **demand for rural finance and institutional funding** gaps, MFIs have huge chances in India's new microcredit, according to the research.

ii) Mobile Banking

Research conducted by the Small Business Institute (2019) found that access to finance remains a major challenge for SMEs in South Africa, particularly those owned by black entrepreneurs. Subsequently, Ncube (2019) noted that additional measures are required to tackle the systemic hurdles faced by small and medium-sized enterprises (SMEs) when seeking funding, as the implementation of the legislation does not adequately address sustainable business growth.

With regards to Access to financial Services, this has traditionally been limited to a small proportion of the population, thus making economically disadvantaged people, living in rural areas, and informal workers particularly affected negatively (UNCTAD, 2014; Consultative Group to Assist the Poor, 2023). Ouma, Odongo, and Were (2017) observed that using mobile phones promotes savings amongst households with low incomes in Sub-Saharan Africa. As for South Africa, Mobile banking and digital financial services have made financial services available to previously excluded groups the country (World Bank, 2020; van Niekerk & Phaladi 2020; FSCA, 2022).

iii) Fintech

Fintech access to financial services is another trend. Fintech, short for financial technology, may decrease transaction costs, increase efficiency, and make financial services accessible to the unbanked and underbanked (Mader, 2016). Fintech can use mobile and digital technology to offer payments, savings, and credit.

The Genesis Analytics report (2019) says South Africa's fintech sector is small but growing. Fintech, which uses technology to deliver financial services, can cut costs, offer new services and products, and enhance financial industry productivity (Feyen, Frost, Gambacorta, Natarajan & Saal, 2021). By selling their proprietary software as white-labeled technical solutions, Fintech's have expanded beyond financial services. (2019, Genesis Analytics). Fintech has enabled new financial services and products including micro-insurance and micro-investment (Feyen, et al., 2021). Indonesian research found that microfinance helped SMMEs (Kaligis, Tewal, Maramis & Mangantar, 2018).

The previous section stressed the importance of financial inclusion analysis in South Africa's financial sector, particularly banks. The hypothesis for "Empowering Financing (FS600)" and "Access to Financial Services (FS700)" as a mediating variable is:

Empowerment Financing and Access to Financial Services mediates the relationship between the financial sector's independent variables (Access, Usage, and Quality) and the socio-economic impact of financial inclusion.

2.12. Conclusion

Financial inclusion is a multifaceted notion that focuses on financial service accessibility, availability, and utilization. It has been acknowledged as a key enabler of inclusive growth, job creation, and poverty alleviation. The studies have highlighted the importance of B-BBEE transaction financing in promoting black business growth in South Africa, particularly in industries such as manufacturing and construction. Additionally, financial institution trust is difficult, limiting economic involvement for everybody. However, barriers to basic financial services for individuals and businesses, particularly in developing countries, include lack of access to formal financial services, financial literacy, and acceptable financial products for low-income people.

To guarantee everyone has access to the financial system, the digital transition should promote citizen inclusion, especially the most disadvantaged. Before addressing the theoretical foundation of the study framework, previous research examined financial inclusion initiatives using AI, mobile banking, Fintech, and cryptocurrencies. From this, the AUQ Conceptual framework was changed to reflect South Africa's Financial Sector's perspective on the two B-BBEE Scorecard items related to banking. In South Africa's Banking industry, the main hypothesis concluded that " *Empowering Financing and Access to Financial Services mediates the relationship between the Banking industry's independent variables (Access, Usage, and Quality) and the socio-economic impact of financial inclusion."*

3.RESEARCH METHODOLOGY

3.1. Introduction

The objective of this chapter is to provide a comprehensive and detailed narrative of the research methodology and design. The primary aim is to enhance comprehension on the socio-impact of the Banking industry, particularly in relation to Empowerment Financing and Access to Financial Services elements towards bridging the gap of financial inclusion in South Africa's financial sector. This will take into consideration the research objectives and questions in section 1.5., pertaining to:

- Understanding the political and economic system;
- Understanding the limitations for realized financial inclusion;
- Unpacking the impact of the B-BBEE legislation in the Financial sector, with particular emphasis on the banking industry, and
- Drawing lessons from other global leaders with their development strategy to address the exclusion of marginalized groups.

The chapter concludes with data analysis. This study includes pretesting the research instrument, descriptive analysis, and Chi-Square Analysis.

3.2. Research Approach

Using the hypotheses from section 2, data will be used to measure and assess the effects of the two B-BBEE Scorecard aspects (Empowerment Financing and Access to Financial Services) on banking sub-sector financial inclusion. The research uses quantitative methods, including

beneficiary questionnaires and trend analysis of banking sector performance on the two 20 B-BBEE Scorecard categories. According to Apuke (2017), quantitative research involves examining and measuring several study aspects to achieve a certain outcome. Aliaga and Gunderson (2002) define quantitative research as using statistical methods and numerical data analysis to answer questions about amounts, places, identities, and characteristics.

3.3. Research Paradigm

Mertens (2005) and Bogdan & Biklen (1998) state that the research paradigm, or theoretical framework, influences knowledge acquisition approaches and interpretation. For this dissertation, it employs the positivism research methodology, which encompasses the administration of an electronic questionnaires centered on comprehending the viewpoints and veracities of the participants. Emanating from this, a comparative analysis will be considered regarding the trends of Bank's performance with regards to financial inclusion through gathering data from the Banking Association of South Africa's transformation reports, as well as the Financial Sector's Transformation Annual Reports. The objective of the problem statement is to comprehend the variables that influence the realities of socio-impact with relation to the Empowerment Financing (FS600) and Access to Financial services (FS700) elements in enhancing financial inclusion in the financial sector through Banks.

3.4. Research Design

Descriptive research is a method employed to elucidate the characteristics or conditions of a particular phenomenon and to ascertain its present state. In this regard, the descriptive research design is adopted with the intention to examine the categories pertaining to the Empowerment Financing (FS600) and Access to Financial Services (FS700) elements of the Amended FS Code.

3.5. Data Collection

The financial sector is a diverse entity, encompassing individuals from varying income brackets such as low, middle, and high-income groups. As a result, it is anticipated that the strategies implemented to promote financial inclusion will vary based on geographical location and accessibility. The employed data collection technique will utilize a variety of sources, including

document analysis of B-BBEE reports and quantitative survey methodology to offer insights into different facets within the banking industry, the availability of financial services for historically marginalised individuals, and the broader economic ramifications of B-BBEE policies.

3.6. Population and Sample

This study aims to analyze Empowerment Financing and Access to Financial Services elements, focusing on implementors and beneficiaries. Data will be extracted from BASA and FSTC's Transformation Reports, and 120 participants from the University of Witwatersrand as well as professionals from LinkedIn within South Africa.

3.7. Research Instrument & Data Collection Procedure

The study employed a research methodology that utilized secondary data analysed by the BASA and FSTC to provide a trend analysis on South Africa's Banks enhancement of financial inclusion, as well as a questionnaire as the research instrument for the intended beneficiaries of Empowerment Financing (FS600) and Access to Financial Services (FS700) elements. The data gathered from BASA will evaluate the trends of banks' initiatives towards evincing financial inclusion through the Empowerment Financing element as well as Access to Financial Services element. The questionnaire will address the proportion of empowerment finances and access to certain banking products and services, as well as the representation aspect of the presence and participation of black individuals in the banking industry. The responses will be downloaded and subsequently imported into the IBM SPSS statistical software to facilitate the analysis of data.

The section of the questionnaire as follows: (See annexure)

Section 1: Consent to proceed: The researcher will provide participant information before determining their consent to proceed, which will be applicable to **beneficiaries.**

- ***Questions posed to the Beneficiaries.***

Section 3: Access: The researcher will assess the social impact of financial inclusion in South Africa by determining its geographic accessibility, distance, and any challenges encountered.

Section 4: Usage: The researcher provides information on the access and usage of services related to the Access to Financial services element.
Section 5: Quality: The researcher will assess if the participants have witnessed any socio-economic initiatives.

3.8. Data Analysis

The data will be analysed using the IBM Statistical Package for Social Sciences (SPSS) version 25. This section outlines the analytical methods to be considered in the study:

3.8.1 Descriptive Analysis

Descriptive techniques will be used to generate tables and frequencies for presenting the results. The responses of the participants will be recorded and coded, and each code will be validated to ensure the data's validity before analysis.

3.8.2 Chi-Square/ Correlation Analysis

The data analysis plan will examine categorical variable associations using chi-square/correlation analysis. It will explore the relationship between Empowerment Financing, Access to Financial Services, and financial inclusion in South African banking.

3.11. Ethical Considerations

The subsequent sections address the significance of ethical considerations and their assurance in the study.

Permission to Conduct the Study:. The researcher will adhere to applicable regulations and guidelines during the study.
Informed Consent: Participants will be provided with sufficient information about the study before acknowledging their consent.
Voluntary Participation: Participants will be informed of their voluntarily participation in the study and their right to discontinue at any time without any consequences.
Confidentiality and Anonymity: The researcher will ensure participant data is kept private and anonymous, without obtaining personally identifiable information, and will not ask for names, addresses, or identity numbers.

Data Management: The researcher commits to strictly adhering to data protection laws, ensuring data is only used for the study, and implementing robust measures for secure data storage.

4. DATA ANALYSIS AND INTERPRETATION

This section is divided into two (2) main sections that 1st investigates the implementors data (Banks), before proceeding to the beneficiaries' responses regarding financial inclusion initiatives and its socio-impact.

4.1. The Implementors- Banking Industry of South Africa

The Banking Industry's financial inclusion initiatives, including empowerment financing and access to financial services elements of the FS Code, were assessed using data from 19 to 22 banks (Annexure 1). The analysis considered key metrics such as active accounts, transaction points, sales and service points, and electronic customer infrastructure access. The comprehensive dataset from BASA's Transformation Reports (covering the years 2016 to 2019 and 2017 to 2020) and FSTC's State of Transformation Annual Reports (covering years for 2018/19/20 and 2020/21), provided a comprehensive understanding of the industry landscape.

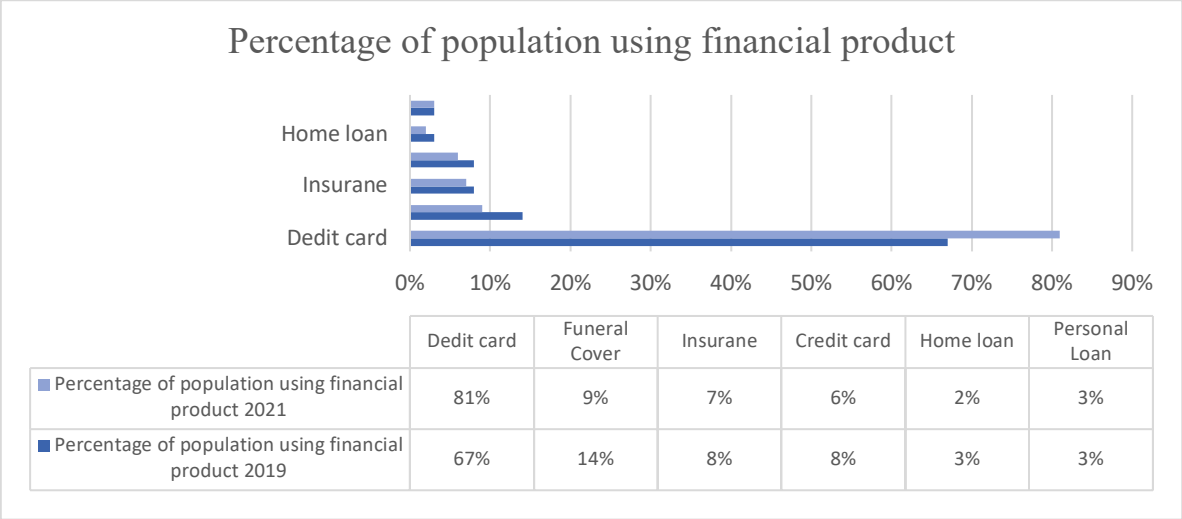
The sub-sections discuss the findings and interpretations, considering the adopted framework.

4.1.1. Access

- *H1: There is a significant relationship between Access from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*
- *Ho: There is no significant relationship between Access from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*

i. Population Penetration

The provided tables offer insights into various aspects of financial inclusion and banking trends over multiple years.



	Dedit card	Funeral Cover	Insurane	Credit card	Home loan	Personal Loan
Percentage of population using financial product 2021	81%	9%	7%	6%	2%	3%
Percentage of population using financial product 2019	67%	14%	8%	8%	3%	3%

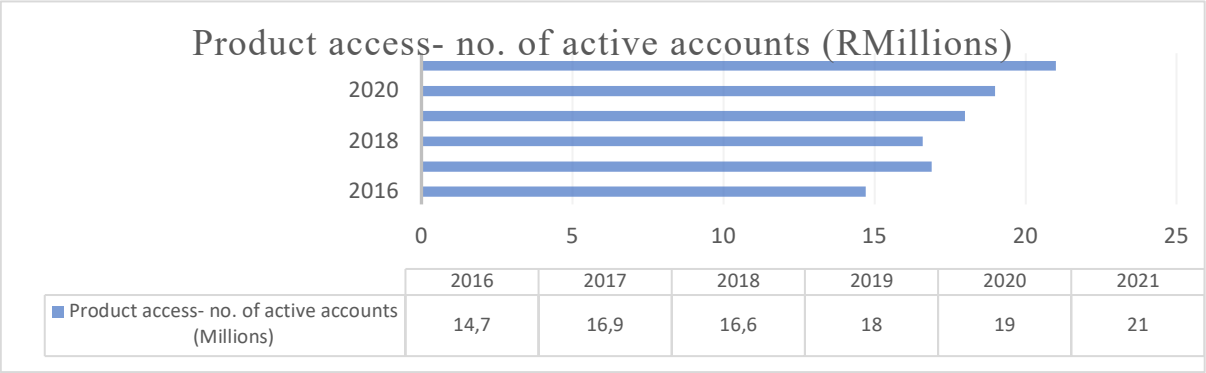
Figure 5: Percentage of population using financial products.

Source: (FSCA Financial Sector Outlook, 2022)

Active accounts continuously rose from 14.7 million in 2016 to 21 million in 2021. Over time, geographic access to transaction points increased from 82% to 89% and sales and services points from 84% to 93%. Internet and phone banking population penetration varies by bank. Capitec rose from 13% in 2018 to 94% in 2020.In the Percentage of Population Using Financial Products, debit cards increased (67% to 81%) while credit cards decreased (8% to 6%) from 2019 to 2021. Finally, ATM usage dropped from 81% in 2019 to 76% in 2021. Mobile and internet banking declined, although banking app usage remained consistent.

ii. <u>Product Access:</u>

This graph displays the target and the actual number of active accounts (in millions) for the years 2016 to 2021 from BASA's transformation reports 2020 and 2022.



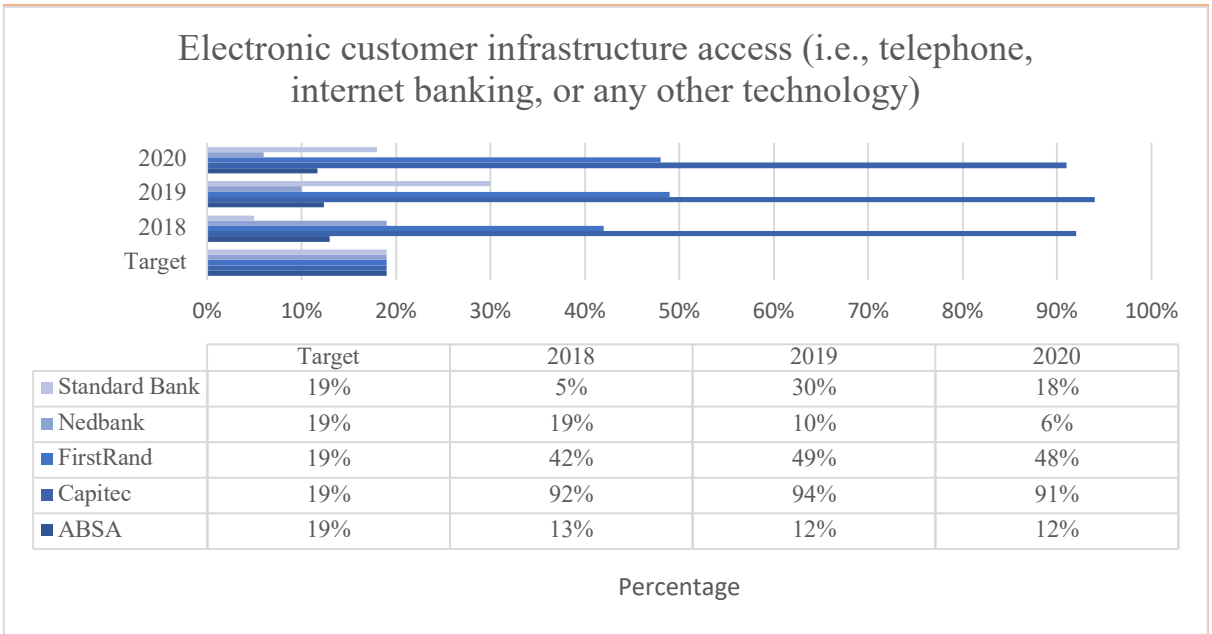
	2016	2017	2018	2019	2020	2021
Product access- no. of active accounts (Millions)	14,7	16,9	16,6	18	19	21

Figure 6: Product access regarding the no. of active accounts (RMillions)

Over the years, the number of active accounts that have been active within 180 days based on the level of conformity allocated by the FSTC (BASA, 2020), has increased, indicating product access growth. Significantly, real numbers exceeded targets, demonstrating good performance and rising client base.

iii. Electronic Access:

This graph provides information that was extracted from FSCA Outlook 2022 on the target and actual population penetration percentages for Banks' electronic customer infrastructure access, including internet banking, cell phone/telephone banking, or any technology for account holders, for the years 2018 to 2020.



	Target	2018	2019	2020
Standard Bank	19%	5%	30%	18%
Nedbank	19%	19%	10%	6%
FirstRand	19%	42%	49%	48%
Capitec	19%	92%	94%	91%
ABSA	19%	13%	12%	12%

Figure 7: Electronic customer infrastructure access (i.e., telephone, internet banking, or any other technology)

South Africa's top banks, ABSA, Capitec, FirstRand, Nedbank, and Standard Bank, have faced challenges in achieving their electronic customer infrastructure access targets. ABSA's target was 19%, but actual penetration rates fell below this, indicating a challenge. Capitec achieved high penetration rates of 92% in 2018, 94% in 2019, and 91% in 2020, demonstrating successful implementation. FirstRand consistently exceeded the 19% target, increasing from 42% in 2018 to 49% in 2019, and maintaining a high penetration of 48% in 2020. Nedbank faced challenges, with actual penetration rates decreasing from 19% in 2018 to 10% in 2019

and further declining to 6% in 2020. Standard Bank also faced difficulties, with actual penetration rates well below the target.

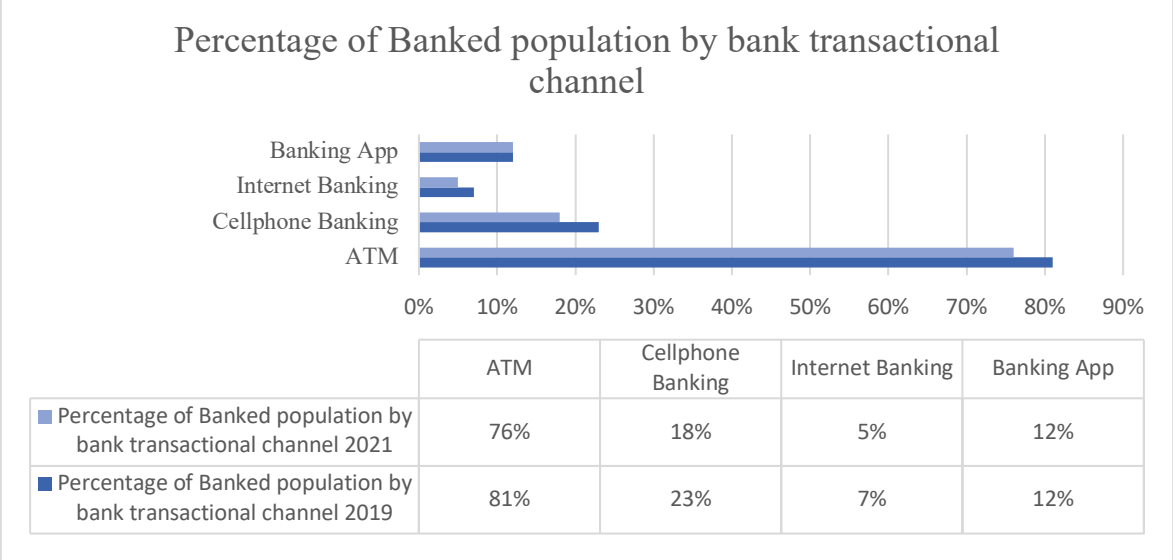
From the above analysis, the data provides evidence supporting the hypothesis that there is a significant relationship between empowering financing elements and access to financial services.

4.1.2. Usage:

- *H2: There is a significant relationship between Usage from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*
- *Ho: There is no significant relationship between Usage from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*

i. Banked population by Banking Transactional Channel

The provided graph displays the percentage of the population using various financial products in the years 2019 and 2021.



	ATM	Cellphone Banking	Internet Banking	Banking App
Percentage of Banked population by bank transactional channel 2021	76%	18%	5%	12%
Percentage of Banked population by bank transactional channel 2019	81%	23%	7%	12%

Figure 8:Banked population by Banking Transactional Channel

From the above, the usage of debit cards increased from 67% in 2019 to 81% in 2021, indicating a growing preference for debit transactions. However, there was a decrease in

demand for funeral covers from 14% to 9%. Insurance adoption declined slightly from 8% in 2019 to 7% in 2021. Credit card usage decreased from 8% to 6%, while home loan usage decreased from 3% to 2%. Personal loan usage remained stable at 3% from 2019 to 2021.

4.1.3. Quality

- *H3: There is a significant relationship between Quality from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*
- *Ho: There is no significant relationship between Quality from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*

The graph presents the target and the actual percentage of transaction points related to geographic access that was extracted from BASA's Transformation reports 2020 and 2022.

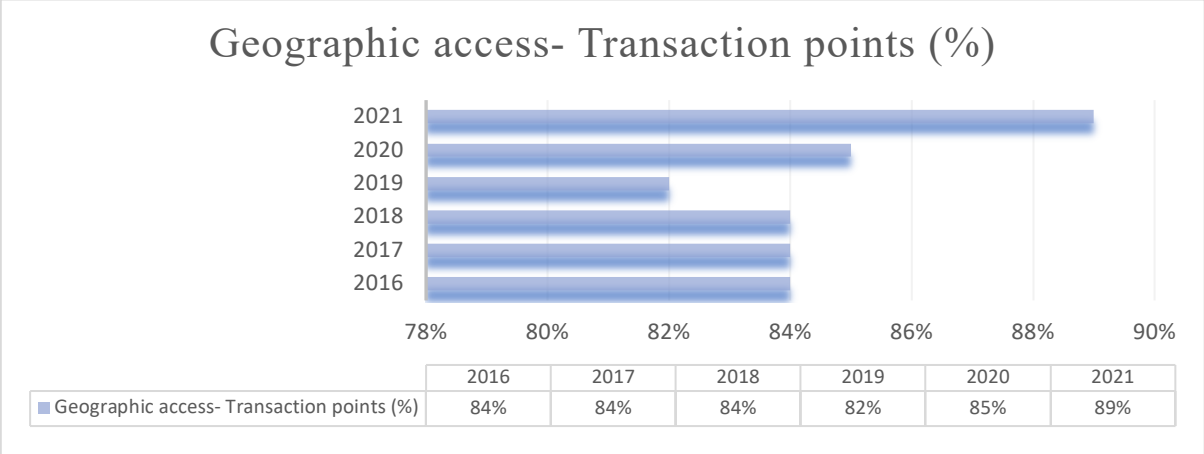


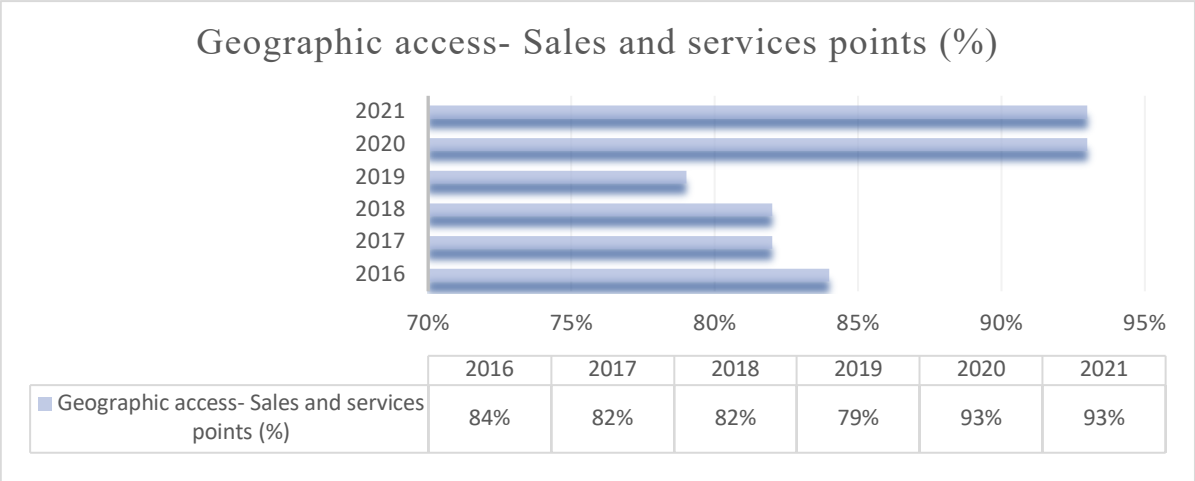
Figure 9: Geographic Access- Transaction points

From the above, while there was a slight decrease in 2020, the values have generally remained within the target range. The increase in 2021 suggests an improvement in providing transaction points, surpassing the initial target. It's crucial to investigate the reasons behind the dip in 2020 and the subsequent increase in 2021 to better understand the dynamics.

According to the BASA, geographic access for transactions points have been increasing from covering 84% of the population in 2018 area to 89% in 2021.

i. Sales and Service points:

Similar to the transaction points, this graph outlines the target and actual percentage of sales and services points concerning geographic access that was extracted from BASA's transformation reports 2020 and 2022.



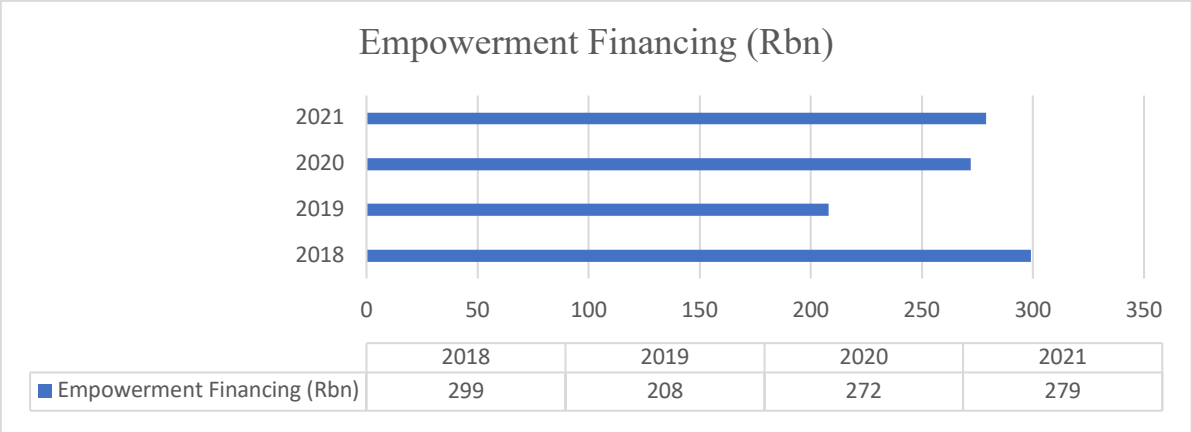
	2016	2017	2018	2019	2020	2021
Geographic access- Sales and services points (%)	84%	82%	82%	79%	93%	93%

Figure 10: Geographic Access- Sales and service points

The data indicates a dip in 2019 and a substantial increase in 2020, exceeding the target. The high values in 2020 and 2021 suggest a robust network of sales and service points. As with the transaction points, understanding the factors contributing to the observed variations is essential for strategic planning.

ii. Empowerment Financing

According to the BASA transformation reports, the amount of finance for empowerment decreased from 299 billion Rand in 2018 to 208 billion Rand in 2019. However, despite this decline, the banks have demonstrated a favourable upward trend in 2020 and 2021.



	2018	2019	2020	2021
Empowerment Financing (Rbn)	299	208	272	279

Figure 11: Empowerment Financing

Conclusion:

The section pertaining to the implementors of financial inclusion, i.e., the Banks, indicates a significant relationship across, displaying positive trends in active accounts, geographic access, and the adoption of technological channels indicate progress in promoting financial inclusion within the financial sector.

4.2. The Intended Beneficiaries- Black people of South Africa

This section investigates the beneficiaries of the Empowerment Financing and Access to financial Services and is based on the survey responses from 120 participants.

4.2.1. Descriptive Analysis:

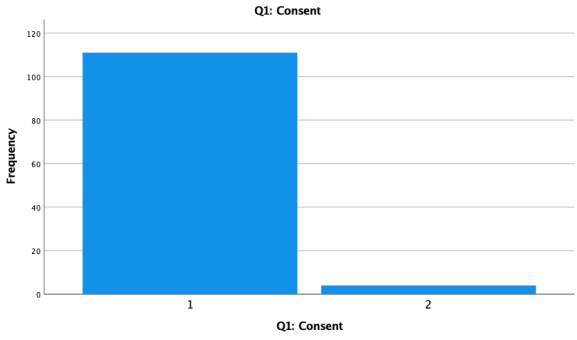
When exploring the frequencies of the questions asked, this took into consideration the central tendency (i.e., mean, mode and median), as well as the dispersion (i.e., standard deviation and variance) for Question 1 to 13 , whereby Q8 and Q9 had zero standard deviation and variance, while Q10 indicates more variability in electronic services, Q3 shows a wider spread, and Q13 has a moderate mean and standard deviation.

4.2.2. Frequency:

Table and Figure 1: Presents the results of survey question (Q1) related to participants consent to partake in the questionnaire.

Q1: Consent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	111	85.4	96.5	96.5
	2	4	3.1	3.5	100.0
	Total	115	88.5	100.0	
Missing	System	15	11.5		
Total		130	100.0		



** **Category 1**: Yes, I consent, **Category 2**: No, I do not consent*

The interpretation of the above results is as follow:

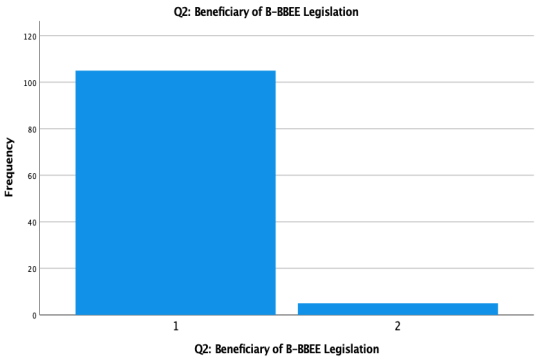
The results present the frequency distribution for variable (Q1) with two categories (1 and 2). For Q1 regarding consent, there are 113 occurrences of category 1 and 7 occurrences of category 2. From this, it is derived that out of the 120 participants, column 94.2% of the

respondents consented to proceed with the questionnaire (i.e., the selected Q1). With the consideration of Q1, only valid responses (i.e., category 1 participants) proceeded with Q2.

Table and Figure 2: Presents the results of survey question (Q2) related to the Beneficiaries of B-BBEE Scorecard elements (i.e., Black people).

Q2: Beneficiary of B-BBEE Legislation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	105	80.8	95.5	95.5
	2	5	3.8	4.5	100.0
	Total	110	84.6	100.0	
Missing	System	20	15.4		
Total		130	100.0		



* ***Category 1****: I am Black,* ***Category*** *2: I am not Black- Thank you for taking your time to participate*

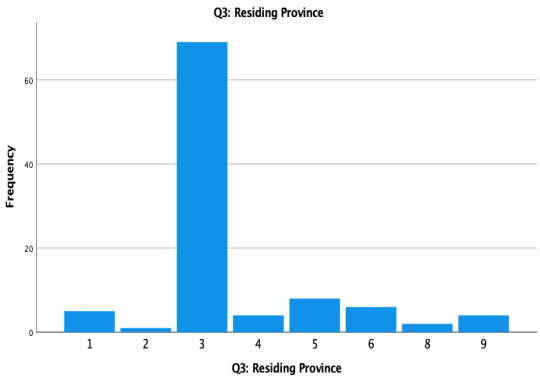
<u>The interpretation of the above results is as follow:</u>

The above results present the frequency distribution for variable (Q2) with two categories (1 and 2). For Q1 regarding consent, there are 113 occurrences of category 1 and 7 occurrences of category 2. From this, it is derived that out of the 130 participants, column 94.2% of the respondents consented to proceed with the questionnaire (i.e., the selected Q1). With the consideration of Q1, only valid responses (i.e., category 1 participants) proceeded with Q2.

Table and Figure 3: Presents the results of survey question (Q3) related to Residing Province.

Q3: Residing Province

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	5	3.8	5.1	5.1
	2	1	.8	1.0	6.1
	3	69	53.1	69.7	75.8
	4	4	3.1	4.0	79.8
	5	8	6.2	8.1	87.9
	6	6	4.6	6.1	93.9
	8	2	1.5	2.0	96.0
	9	4	3.1	4.0	100.0
	Total	99	76.2	100.0	
Missing	System	31	23.8		
Total		130	100.0		



** **Category 1**: Eastern Cape, **Category 2**: Free State, **Category 3**: Gauteng, **Category 4**: KwaZulu Natal, **Category 5**: Limpopo, **Category 6**: Mpumalanga, **Category 7**: Northern Cape, **Category** 8: North-West.*

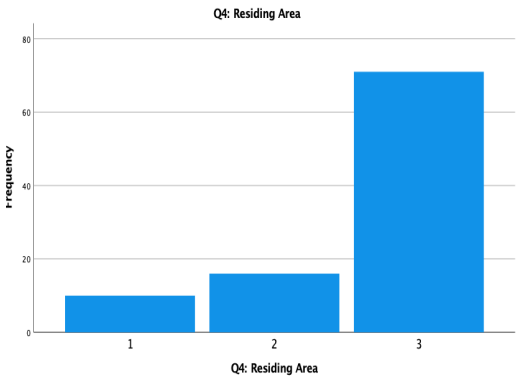
The interpretation of the above results is as follow:

The data reveals a distribution of respondents across various provinces, with the majority residing in category 3 provinces (69 individuals, 53.1%). Other provinces had varying levels of representation, ranging from 0.8% to 6.2%. Notably, no respondents indicated residing in the Northern Cape (Category 7). Overall, 93.9% of respondents provided valid answers, with 23.8% of cases missing, indicating some respondents did not specify their province.

Table and Figure 4: Presents the results of survey question (Q2) related to Residing Area

Q4: Residing Area

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	10	7.7	10.3	10.3
	2	16	12.3	16.5	26.8
	3	71	54.6	73.2	100.0
	Total	97	74.6	100.0	
Missing	System	33	25.4		
Total		130	100.0		



** **Category 1**: Rural area/village, **Category 2**: Township area, **Category 3**: Urban/city*

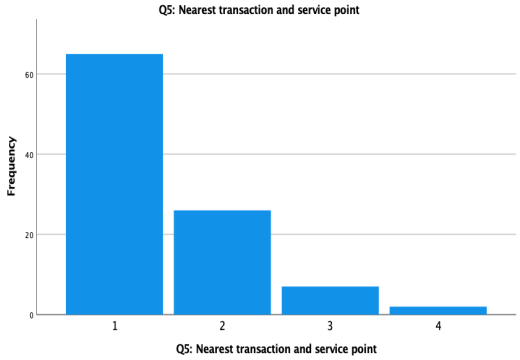
The interpretation of the above results is as follow:

Among the valid responses, the data indicates a varied distribution of respondents across different residing areas. The majority, comprising 71 individuals (54.6%), selected category 3 as their residing area. Additionally, 16 respondents (12.3%) indicated category 2, while 10 respondents (7.7%) chose category 1. The cumulative percentage suggest that 73.2% of respondents gave valid answers.

Table and Figure 5: Presents the results of survey question (Q6) related to the nearest transaction and service point available for beneficiaries.

Q5: Nearest transaction and service point

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	65	50.0	65.0	65.0
	2	26	20.0	26.0	91.0
	3	7	5.4	7.0	98.0
	4	2	1.5	2.0	100.0
	Total	100	76.9	100.0	
Missing	System	30	23.1		
Total		130	100.0		



***Category 1**: Less than 5kms, **Category 2**: Between 5kms and 10kms, **Category 3**: Between 10kms and 20kms, Category **4**: Between 20kms and 50kms*

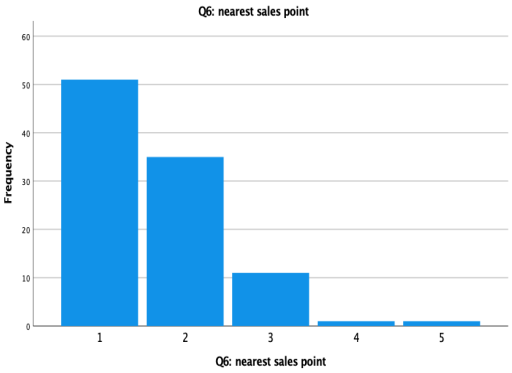
The interpretation of the above results is as follow:

Among the valid responses, the data reveals that the majority of respondents, accounting for 65 individuals (50.0%), identified the nearest transaction and service point as category 1. Additionally, 26 respondents (20.0%) chose category 2, while 7 individuals (5.4%) selected category 3. Only 2 respondents (1.5%) indicated category 4 as the nearest point for transactions and services. The cumulative percentage suggest that 91.0% of respondents provided valid answers.

Table and Figure 6: Present the results of survey question (Q6) related to the sales transaction point available for beneficiaries.

Q6: nearest sales point

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	51	39.2	51.5	51.5
	2	35	26.9	35.4	86.9
	3	11	8.5	11.1	98.0
	4	1	.8	1.0	99.0
	5	1	.8	1.0	100.0
	Total	99	76.2	100.0	
Missing	System	31	23.8		
Total		130	100.0		



***Category 1**: Less than 5kms, **Category 2**: Between 5kms and 10kms, **Category 3**: Between 10kms and 20kms, **Category 4**: Between 20kms and 50kms, **Category 5**: More than 50kms*

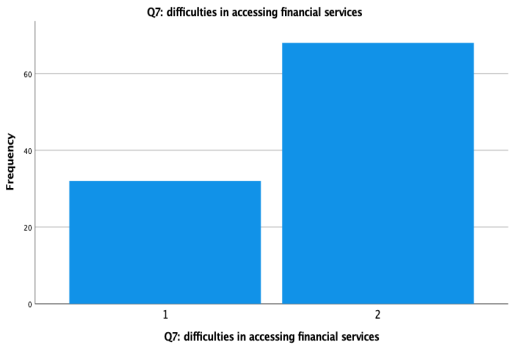
The interpretation of the above results is as follow:

The data indicates that among the valid responses, the majority of respondents, comprising 51 individuals (39.2%), reported the nearest sales point as category 1. Additionally, 35 respondents (26.9%) identified the nearest sales point as category 2. Furthermore, 11 individuals (8.5%) selected category 3, while only one respondent each (0.8%) chose categories 4 and 5. The cumulative percentage suggest that 86.9% of respondents provided valid answers.

Table and Figure 7:Present the results of survey question (Q7) related to difficulties in accessing financial services

Q7: difficulties in accessing financial services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	32	24.6	32.0	32.0
	2	68	52.3	68.0	100.0
	Total	100	76.9	100.0	
Missing	System	30	23.1		
Total		130	100.0		



* ***Category 1****: Yes,* ***Category 2:*** *No*

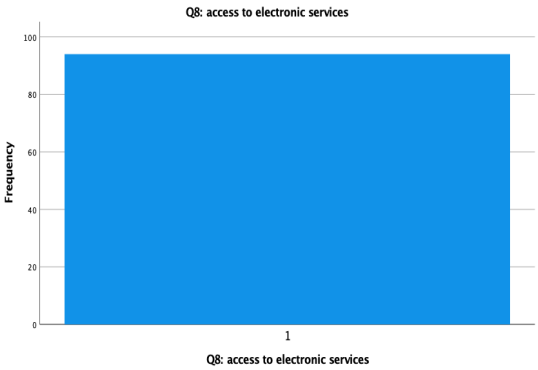
<u>The interpretation of the above results is as follow:</u>

The analysis of Q7 reveals insights into respondents' experiences with electronic service accessibility. Among valid responses, 32 participants (24.6%) reported difficulty in acquiring financial services electronically, while the majority of 68 respondents (52.3%) did not face such challenges. This variation underscores the importance of understanding factors influencing both positive and challenging experiences in accessing financial services electronically.

Table and Figure 8: Present the results of survey question (Q8) related to participants having access to electronic services such as telephones, mobile phones, internet banking, or other technologies for money transfers, account to account transfers, prepaid purchases, and balance inquiries?

Q8: access to electronic services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	94	72.3	100.0	100.0
Missing	System	36	27.7		
Total		130	100.0		



* ***Category 1****: Yes,* ***Category 2****: No*

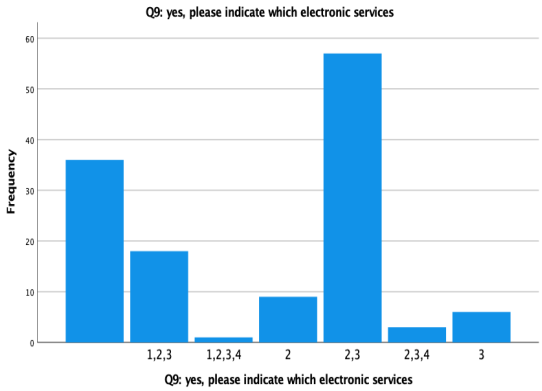
The interpretation of the above results is as follow:

The analysis presented that a significant proportion of participants (72.3%) have access to electronic services, highlighting the need to understand their prevalence and consumption patterns within the community. However, 27.7% of respondents refrained from answering this question, indicating varying levels of involvement or familiarity with these services.

Table and Figure 9: Present the results of survey question (Q9) related to-If yes, please indicate which electronic services you have access to (select all that apply):

Q9: yes, please indicate which electronic services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		36	27.7	27.7	27.7
	1,2,3	18	13.8	13.8	41.5
	1,2,3,4	1	.8	.8	42.3
	2	9	6.9	6.9	49.2
	2,3	57	43.8	43.8	93.1
	2,3,4	3	2.3	2.3	95.4
	3	6	4.6	4.6	100.0
	Total	130	100.0	100.0	



** **Category 1**: Telephones, **Category 2**: Mobile phones, **Category 3**: Internet Banking **Category 4**:Other technology*

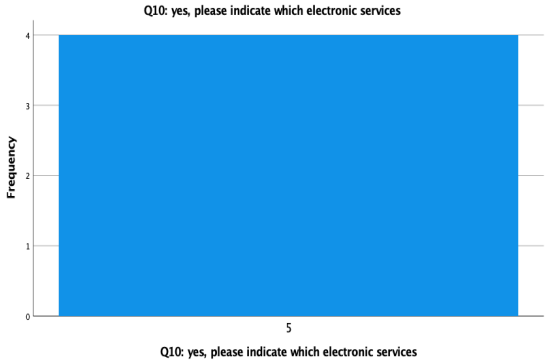
The interpretation of the above results is as follow:

The survey results show that mobile phones are the most frequently used electronic service (Q10), with 44.90% of respondents reporting access. Internet banking is the second most frequently used service, with 43.37% of respondents having access. Telephones have a reduced rate of access at 9.69%. A minority of participants use undefined technologies. The statistical The cumulative total of 196 represents the aggregated replies from the designated electronic services.

Table and Figure 10: Present the results of survey question (Q10) related to -If yes, please indicate which electronic services you have access to (select all that apply): - Other Technologies (please specify) – Text

Q10: yes, please indicate which electronic services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5	4	3.1	100.0	100.0
Missing	System	126	96.9		
Total		130	100.0		



**** Category 5:** Other- Laptop, Tablets, etc.*

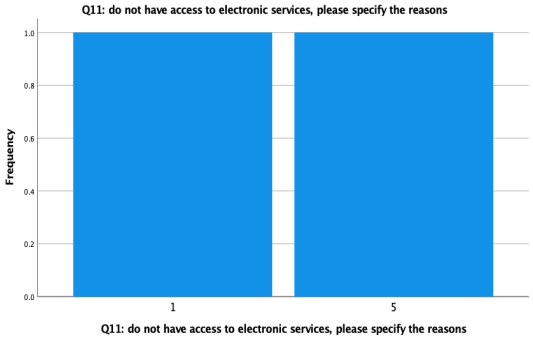
<u>The interpretation of the above results is as follow:</u>

The statistical results reveals that 3.1% of respondents use other technologies beyond telephones, mobile phones, and internet banking, including laptops, tablets, and apps. This highlights the need for financial inclusion strategies considering a wide range of devices.

Table and Figure 11: Present the results of survey question (Q11) related to -If you do not have access to electronic services, please specify the reasons why: - Selected Choice.

Q11: do not have access to electronic services, please specify the reasons

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	.8	50.0	50.0
	5	1	.8	50.0	100.0
	Total	2	1.5	100.0	
Missing	System	128	98.5		
Total		130	100.0		



**** Category 1**: Lack of infrastructure, **Category 2**: Affordability, **Category 3**: Technological Barriers, **Category 4**: Geographic Location, **Category 5**: Not applicable*

<u>The interpretation of the above results is as follow:</u>

This statistical interpretation suggests while infrastructure-related issues and unspecified reasons were mentioned, other factors such as affordability, technological barriers, and geographic location were not selected by the surveyed participants.

Table and Figure 12: Present the results of survey question (Q12) related to Having witnessed any positive changes in your community as a result of financial inclusion initiatives

Q12: witnessed any positive changes in your community as a result of financial inclusion initiatives

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	58	44.6	61.7	61.7
	2	36	27.7	38.3	100.0
	Total	94	72.3	100.0	
Missing	System	36	27.7		
Total		130	100.0		



** **Category 1**: Yes, **Category** 2: No*

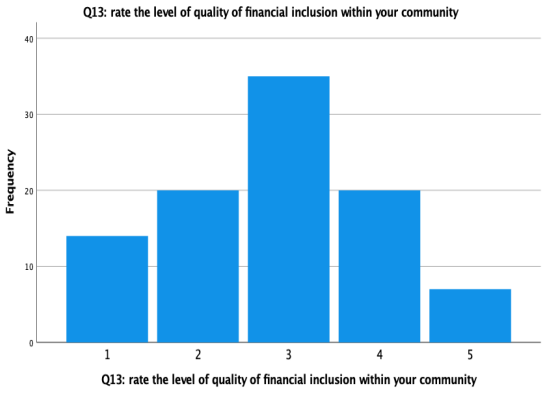
The interpretation of the above results is as follow:

The majority of 94 respondents (61.70%) reported positive changes in their community due to financial inclusion initiatives, while 38.30% expressed negative views. This indicates that a significant portion of the respondents perceive positive changes.

Table and Figure 13: Present the results of survey question (Q13) related to-On a scale of 1 to 5, please rate the level of quality of financial inclusion within your community resulting from Bank initiatives, with 1 being very low and 5 being very high.

Q13: rate the level of quality of financial inclusion within your community

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	14	10.8	14.6	14.6
	2	20	15.4	20.8	35.4
	3	35	26.9	36.5	71.9
	4	20	15.4	20.8	92.7
	5	7	5.4	7.3	100.0
	Total	96	73.8	100.0	
Missing	System	34	26.2		
Total		130	100.0		



** **Category 1**: Very low, **Category 2**: Low, **Category 3**: Average, **Category 4**: High, **Category 5**: Very high*

The interpretation of the above results is as follow:

In terms of individual ratings, the majority of respondents (36.46%) rated the quality as "Average," while significant proportions rated it as "Low" (20.83%) or "High" (20.83%). Smaller percentages rated it as "Very Low" (14.58%) or "Very High" (7.29%), suggesting a diverse range of perceptions of financial inclusion quality within the community from bank initiatives.

4.2.3. Cross-tabs: Case Processing summary and Chi-square Test:

This section examines the social impact of Access, Usage, and Quality in the Empowerment Financing (FS600) and Access to Financial Services (FS700) components on the people who benefit from them to determine financial inclusion metrics. The analysis considers two independent variables upon which financial products and services are dependent on.

The geographic access-focused independent variables are:

- Q3 focuses on intended beneficiaries' residing province.
- Q4 focuses on beneficiaries' residing area (rural, township or urban/city)

The dependent variables are:

- Q5 explores nearby transaction and service point available based on the residing province and residing area.
- Q6 explores nearby sales point available based on the residing province and residing area.
- Q7 explores difficulties in accessing financial services based on the residing province and residing area.
- Q8 explores access to financial services based on the residing province and residing area.

i. Access

- *H1: There is a significant relationship between Access from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*
- *Ho: There is no significant relationship between Access from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*

Annexure 2 displays the statistical results for different questions related to respondents' **residing province** and their experiences with financial services.A majority of respondents (ranging from 71.5% to 76.2%) provided valid responses, while 23.8% to 28.5% of cases were missing. The high response rate mentioned in the Case Processing Summary is further elaborated in the preceding Crosstab tables and chi-square test for the above identified dependent financial products on residing province.

Statistical results for different questions related to respondents' **residing province** and their experiences with financial services.

*Table 4: Crosstab-Q3: Residing Province * Q5: Nearest transaction and service point.*

		Q5: nearest transaction and service point				
		1 (less than 5kms)	2 (between 5kms and 10kms)	3 (Between 10kms and 20kms)	4 (Between 20kms and 50kms)	Total
Q3: Residing Province	1 (Eastern Cape)	4	1	0	0	5
	2 (Free State)	1	0	0	0	1
	3 (Gauteng)	50	18	1	0	69
	4 (KwaZulu Natal)	1	1	1	1	4
	5 (Limpopo)	4	2	2	0	8
	6 (Mpumalanga)	3	2	1	0	6
	7 (Northern Cape)	0	0	0	0	0
	8 (North-West)	0	1	0	1	2
	9 (Western Cape)	1	1	2	0	4
Total		64	26	7	2	99

The table shows the distribution of respondents across provinces based on their choice of nearest transaction and service point categories (Q5) for 99 respondents. Gauteng is the most frequently selected province, with 72.46.% and 26.08% indicating less than 5 kms and between 5kms and 10kms respectively

*Table 5: Chi-Square Test- Q3: Residing Province * Q6: Nearest sales point.*

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	61.059[a]	21	<.001
Likelihood Ratio	33.052	21	.046
Linear-by-Linear Association	17.849	1	<.001
N of Valid Cases	99		

a. 29 cells (90.6%) have expected count less than 5. The minimum expected count is .02.

The Pearson Chi-Square test and Linear-by-Linear Association test show a significant association between residing province and transaction and service point choice. The p-value is less than 0.001, indicating a notable relationship. Therefore the null hypothesis is rejected, indicating a trend in data regarding the influence of residing province on transaction and service point choices.

*Table 6: Crosstab-Q3: Residing Province * Q6: Nearest sales point.*

Crosstab

Count

		Q6: nearest sales point					
		1 (less than 5kms)	2 (between 5kms and 10kms)	3 (Between 10kms and 20kms)	4 (Between 20kms and 50kms)	5 (more than 50kms)	Total
Q3: Residing Province	1 (Eastern Cape)	2	3	0	0	0	5
	2 (Free State)	0	0	1	0	0	1
	3 (Gauteng)	40	24	4	0	0	68
	4 (KwaZulu Natal)	1	2	1	0	0	4
	5 (Limpopo)	3	2	3	0	0	8
	6 (Mpumalanga)	3	2	0	0	1	6
	7 (Northern Cape)	0	0	0	0	0	0
	8 (North-West)	0	1	0	1	0	2
	9 (Western Cape)	1	1	2	0	0	4
Total		50	35	11	1	1	98

The table shows the distribution of respondents across different provinces based on their selection of nearest sales point categories. Gauteng is the most frequently selected province, accounting for 69.38% of respondents. Most respondents indicated the nearest sales point to be less than 5 kms (58.82%) and between 5kms and 10 kms (35.29%). Limpopo and Mpumalanga followed with 8.16% and 6.12% respectively. Other provinces had lower representation, with some having no responses.

*Table 7: Chi-Square Test- Q3: Residing Province * Q6: Nearest sales point.*

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	90.233[a]	28	<.001
Likelihood Ratio	35.127	28	.166
Linear-by-Linear Association	9.420	1	.002
N of Valid Cases	98		

a. 37 cells (92.5%) have expected count less than 5. The minimum expected count is .01.

The Pearson Chi-Square is 61.059 with 21 degrees of freedom, yielding a highly significant p-value of less than 0.001 which indicates a highly significant association between residing province and the nearest sales point. This suggests that there is a notable relationship between these two variables. The Linear-by-Linear Association test further confirms a significant linear association, implying that there might be a trend in the data regarding how residing province influences the choice of the sales point. Therefore, we reject the null.

*Table 8: Crosstab-Q3: Residing Province * Q7: Difficulties in accessing financial services.*

Crosstab

Count

		Q7: difficulties in accessing financial services		
		1 (Yes)	2 (No)	Total
Q3: Residing Province	1 (Eastern Cape)	1	4	5
	2 (Free State)	1	0	1
	3 (Gauteng)	19	50	69
	4 (KwaZulu Natal)	2	2	4
	5 (Limpopo)	6	2	8
	6 (Mpumalanga)	2	4	6
	7 (Northern Cape)	0	0	
	8 (North-West)	1	1	2
	9 (Western Cape)	0	4	4
Total		32	67	99

The table shows the distribution of respondents across different provinces based on their difficulty in accessing financial services. Gauteng is the most frequently selected province, with 72.46% of respondents stating they don't have difficulties, while 27.53% disagree. Limpopo has a lower representation, with 75% of respondents citing difficulties.

*Table 9: Chi-Square Test- Q3: Residing Province * Q7: Difficulties in accessing financial services.*

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.595[a]	7	.083
Likelihood Ratio	13.425	7	.062
Linear-by-Linear Association	.088	1	.766
N of Valid Cases	99		

a. 13 cells (81.3%) have expected count less than 5. The minimum expected count is .32.

The Chi-Square Tests on the dataset examining the relationship between financial service difficulties and residing provinces do not yield statistically significant results. The Pearson Chi-Square statistic is 12.595, the Likelihood Ratio test is 0.062, and the Linear-by-Linear Association test is 0.088, confirming the null hypothesis.

*Table 10:Crosstab- Q3: Residing Province * Q8: Accessing financial services.*

Crosstab

Count

		Q8: access to electronic services 1 (Yes)	Total
Q3: Residing Province	1 (Eastern Cape)	5	5
	2 (Free State)	1	1
	3 (Gauteng)	63	63
	4 (KwaZulu Natal)	4	4
	5 (Limpopo)	8	8
	6 (Mpumalanga)	6	6
	7 (Northern Cape)	0	0
	8 (North-West)	2	2
	9 (Western Cape)	4	4
Total		93	93

The crosstabulation shows that Gauteng (Province 3) has the highest percentage of respondents reporting access to electronic services, with all provinces affirming this. Other provinces, like Eastern Cape and KwaZulu Natal, also have 100% affirmation. Therefore, no statistics are computed for the Chi-Square test as access to electronic services remains constant.

Statistical results for different questions related to respondents' **residing area i.e., rural, township or urban/city** and their experiences with financial services.

*Table 11: Crosstab- Q4: Residing Area * Q5: Nearest transaction and service point.*

Crosstab

Count

		Q5: Nearest transaction and service point				
		1 (less than 5kms)	2 (between 5kms and 10kms)	3 (Between 10kms and 20kms)	4 (Between 20kms and 50kms)	Total
Q4: Residing Area	1 (Rural area/ Village)	3	3	3	1	10
	2 (Townships)	7	4	4	1	16
	3 (Urban area/ City)	53	18	0	0	71
Total		63	25	7	2	97

The crosstabulation reveals that 73.19% of respondents live in urban areas, with 74.65% of them indicating the nearest transaction and service point is within less than 5 kms. In rural areas, 30% choose the first three distance categories, while 43.75% of respondents in Townships indicate the nearest point is 5 kms. This indicates a diverse preference for distances in urban and rural areas.

*Table 12: Chi-Square Test- Q4: Residing Area * Q5: Nearest transaction and service point.*

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	29.304[a]	6	<.001
Likelihood Ratio	28.528	6	<.001
Linear-by-Linear Association	22.335	1	<.001
N of Valid Cases	97		

a. 7 cells (58.3%) have expected count less than 5. The minimum expected count is .21.

The study reveals significant statistical differences in transaction point preferences across residing areas, as indicated by the Pearson Chi-Square statistics and Likelihood Ratio and Linear-by-Linear Association tests. However, 58.3% of cells have expected counts less than 5, indicating potential limitations due to small expected cell counts. These findings suggest a significant distribution of preferences for transaction points.

*Table 13: Crosstab- Q4: Residing Area * Q6: Nearest sales point.*

Crosstab

Count

		Q6: nearest sales point					
		1 (less than 5kms)	2 (between 5kms and 10kms)	3 (Between 10kms and 20kms)	4 (Between 20kms and 50kms)	5 (More than 50kms)	Total
Q4: Residing Area	1 (Rural area/ Village)	2	4	2	1	1	10
	2 (Townships)	4	8	4	0	0	16
	3 (Urban area/ City)	44	22	4	0	0	70
Total		50	34	10	1	1	96

The crosstabulation reveals that 72.91% of respondents live in urban areas, with 62.86% of them choosing nearest sales points within less than 5 kms. In rural areas and townships, the distance is more evenly distributed, with over 40% choosing between 5 kms and 10 kms, indicating a more evenly distributed distribution of respondents' residing areas.

*Table 14: Chi-Square Test- Q4: Residing Area * Q6: Nearest sales point.*

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	29.958[a]	8	<.001
Likelihood Ratio	21.937	8	.005
Linear-by-Linear Association	19.843	1	<.001
N of Valid Cases	96		

a. 9 cells (60.0%) have expected count less than 5. The minimum expected count is .10.

The study found a significant association between the nearest sales point and residing area, with a Pearson Chi-Square statistic of 29.958 and a Likelihood Ratio test of 0.005. However, the distribution of preferences for sales points differs significantly across residing areas, with 60.0% of cells having expected counts less than 5, and the minimum expected count of 0.10.

*Table 15: Crosstab- Q4: Residing Area * Q7: Difficulties in accessing financial services.*

Crosstab

Count

		Q7: difficulties in accessing financial services		
		1 (Yes)	2 (No)	Total
Q4: Residing Area	1 (Rural area/ Village)	7	3	10
	2 (Townships)	4	12	16
	3 (Urban area/ City)	20	51	71
Total		31	66	97

The crosstabulation reveals that 73.19% of respondents reside in urban areas, with 71.83% stating they don't have difficulties accessing financial services. In cities (Residing Area 3), respondents show a more evenly distributed preference, with 30% selecting the first three distance categories. Townships (Residing Area 2) show varied preferences, with 43.75% indicating the nearest transaction and service point to be 5 kms.

*Table 16: Chi-Square Test - Q4: Residing Area * Q7: Difficulties in accessing financial services.*

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.480[a]	2	.024
Likelihood Ratio	6.915	2	.032
Linear-by-Linear Association	4.503	1	.034
N of Valid Cases	97		

a. 1 cells (16.7%) have expected count less than 5. The minimum expected count is 3.20.

The study found a significant association between difficulties in accessing financial services and residing area, with a Pearson Chi-Square statistic of 7.480 and a Likelihood Ratio test of 0.032. However, 16.7% of cells had expected counts less than 5, indicating potential limitations due to small expected cell counts. These findings highlight the need for further research.

*Table 17: Crosstab- Q4: Residing Area * Q8: Accessing financial services.*

Crosstab

Count

		Q8: access to electronic services 1 (Yes)	Total
Q4: Residing Area	1 (Rural area/ Village)	10	10
	2 (Townships)	16	16
	3 (Urban area/ City)	65	65
Total		91	91

The crosstabulation explores the relationship between Access to financial services (Q8) and residing area (Q4) for 91 respondents. The data reveals that all 91 respondents indicated that. They have access to electronic services.

ii. Usage

- *H2: There is a significant relationship between Usage from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*
- *Ho: There is no significant relationship between Usage from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*

*Table 18: Crosstab- Q4: Residing Area * Q10: yes, please indicate which electronic services.*

Crosstab

Count

		Q10: yes, please indicate which electronic services 5	Total
Q4: Residing Area	1 (Rural area/ Village)	1	1
	2 (Townships)	1	1
	3 (Urban area/ City)	2	2
Total		4	4

*Laptops, Tablets and other Apps and functionalities (e.g., Apple-pay)

The crosstabulation examines the relationship between electronic services and residing areas among respondents who selected option 5. The data shows that respondents provided specific details about electronic services like laptops and tablets across all residing areas. However, the small sample size limits statistical interpretability and does not provide meaningful information for hypothesis testing, preventing the acceptance or rejection of the null hypothesis related to usage and access to financial services

Conclusion on section:

The study examined the relationship between Usage from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and their impact on the socio-impact of financial inclusion in the financial sector. The crosstabulation of Q4 (Residing Area) and Q10 (indicating specific electronic services) revealed that respondents across all residing areas provided specific details about electronic services. However, the small sample size limits the statistical interpretability of the results, and statistical tests like the Chi-Square Test were not performed. Therefore, the null hypothesis (Ho) on the socio-economic impact of Usage, Access to Financial Services, and financial inclusion cannot be accepted or rejected. Future research with a larger and more diversified sample size may better understand the relationship between usage patterns, financial services, and socio-economic impact in different places.

iii. Quality:

- *H3: There is a significant relationship between Quality from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*
- *Ho: There is no significant relationship between Quality from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the Banking industry.*

*Table 19: Crosstab- Q4: Residing Area * Q12: Witnessed any positive changes in your community as a result of financial inclusion initiatives from Banks.*

Crosstab

Count

		Q12: witnessed any positive changes in your community as a result of financial inclusion initiatives		
		1 (Yes)	2 (No)	Total
Q4: Residing Area	1 (Rural area/ Village)	5	5	10
	2 (Townships)	10	6	16
	3 (Urban area/ City)	41	24	65
Total		56	35	91

The crosstabulation examines the relationship between respondents' perceptions of witnessing positive changes in their community as a result of financial inclusion initiatives (Q12) and their residing area (Q4). The data demonstrates that respondents in different places see distinct positive changes. Most responders (5/10) in Residing Area 1, rural areas and villages, saw positive developments. In Residing Area 2, townships, 10 of 16 respondents reported positive changes. The majority of respondents (41 out of 65) reported good advances in urban areas (Residing Area 3).

*Table 20: Chi-Square Test - Q4: Residing Area * Q12: Witnessed any positive changes in your community as a result of financial inclusion initiatives from Banks.*

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	.634[a]	2	.728
Likelihood Ratio	.619	2	.734
Linear-by-Linear Association	.464	1	.496
N of Valid Cases	91		

a. 1 cells (16.7%) have expected count less than 5. The minimum expected count is 3.85.

Chi-Square Tests on the dataset show no significant correlation between financial inclusion initiatives improving the community (Q12) and resident area (Q4). With 2 degrees of freedom, the Pearson Chi-Square statistic is 0.634, yielding a p-value of 0.728. Similarly, the Likelihood Ratio and Linear-by-Linear Association tests produce non-significant p-values of 0.734 and 0.496. Quality from the Empowering Financing (FS600) and Access to Financial Services (FS700) elements and the socio-impact of financial inclusion in the financial sector are not significantly associated with respondents' perceptions of positive changes in their community and residing area, supporting the null hypothesis (Ho).

*Table 21: Crosstab- Q4: Residing Area * Q13: Rate the level of quality of financial inclusion within your community.*

Crosstab

Count

		Q13: rate the level of quality of financial inclusion within your community					
		1	2	3	4	5	Total
Q4: Residing Area	1	3	2	2	3	0	10
	2	1	5	8	2	0	16
	3	9	12	25	14	7	67
Total		13	19	35	19	7	93

The crosstabulation examines the relationship between respondents' ratings of the level of quality of financial inclusion within their community (Q13) and their residing area (Q4). The data shows differing perceptions by location. Rural areas/villages (Residing Area 1) had the most "3" ratings. Townships (Residing Area 2) have a similar trend but a higher "3" and "4" concentration. Urban areas/cities (Residing Area 3) are more diversified, with the highest "3" rating.

*Table 22: Chi-Square Test - Q4: Residing Area * Q13: Rate the level of quality of financial inclusion within your community.*

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.803[a]	8	.359
Likelihood Ratio	10.411	8	.237
Linear-by-Linear Association	2.014	1	.156
N of Valid Cases	93		

a. 9 cells (60.0%) have expected count less than 5. The minimum expected count is .75.

The Chi-Square Tests on the dataset show no significant association between respondents' ratings of financial inclusion quality within their community and their residing area. The Pearson Chi-Square statistic is 8.803, with a p-value of 0.359. The Likelihood Ratio test has a p-value of 0.237, and the Linear-by-Linear Association test has a p-value of 0.156. Therefore, the null hypothesis is accepted.

Conclusion on Quality:

The section investigated the correlation between the Quality component of Empowering Financing (FS600) and Access to Financial Services (FS700) and their influence on the socio-impact of financial inclusion in the financial sector. Two hypotheses were tested, and the results showed no significant correlation between the two factors. The Chi-Square Tests showed no significant relationship between residing area and positive changes in the community, and between residential area and financial inclusion quality judgments. The findings support the null hypothesis, indicating that there is no statistically significant correlation between these factors and the socio-impact of financial inclusion in the financial sector.

4.2.4. Validity:

The correlation matrix offers insights into the linear association between different pairs of variables. A correlation coefficient of 1 signifies a positive correlation, implying that when one variable increases, the other also increases in a manner that is linear, and vice versa. Conversely, a correlation value of 0 indicates the absence of any linear association.

The following table displays the correlation matrix for survey datasets on Q3 toQ7, Q9, Q12 and Q13.

Table 23: Correlation Matrix

Correlation Matrix	Q3	Q4	Q5	Q6	Q7	Q9	Q12	Q13
Q3: Residing Province	1.000	-.236	.372	.249	-.057	.	.237	-.270
Q4: Residing Area	-.236	1.000	-.465	-.449	.221	.	-.098	.144
Q5: Nearest transaction and service point	.372	-.465	1.000	.751	-.365	.	.200	-.296
Q6: Nearest sales point	.249	-.449	.751	1.000	-.377	.	.190	-.242
Q7: Faced difficulties in accessing financial services from traditional banks in the past	-.057	.221	-.365	-.377	1.000	.	-.218	.226
Q9: Access to electronic services	.	.	.	.	.	1.000	.	.
Q12: witnessed any positive change to your community	.237	-.098	.200	.190	-.218	.	1.000	-.409
Q13: rate the level of quality of financial inclusion within your community resulting from Bank initiatives.	-.270	.144	-.296	-.242	.226	.	-.409	1.000

From the above table, the interpretation of the results are as follows:

The study found a moderate positive correlation between the province of residence and the nearest transaction and service site, suggesting that banks have established a foothold. However, a negative association was found between the living area and the nearest sales point, suggesting that respondents from rural areas experience a decline in proximity to the nearest sales point. A strong positive correlation was found between Q5 and Q6, suggesting that as infrastructure improves, the nearest sales point will also move positively. A weak negative link was found between challenges faced in receiving financial services from traditional banks and community transformations due to financial inclusion efforts. Despite positive improvements, respondents gave low ratings to the quality of financial inclusion provided by bank activities.

4.3.Normality

The table presents the findings obtained from conducting normality tests on various groups (Q3 levels) using two distinct statistical tests: Kolmogorov-Smirnov and Shapiro-Wilk. These tests are frequently employed to evaluate whether a sample originates from a population that follows a normal distribution.

Table 24: Test of Normality- Q3 Levels

		Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Q3	Statistic	df	Sig.	Statistic	df	Sig.
Q6	1	.473	5	<.001	.552	5	<.001
	3	.378	71	<.001	.690	71	<.001
	4	.250	4	.	.945	4	.683
	5	.235	8	.200*	.802	8	.030
	6	.333	6	.036	.721	6	.010
	8	.329	4	.	.895	4	.406
	9	.300	5	.161	.883	5	.325

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction
b. Q6 is constant when Q3 = 2. It has been omitted.

The survey dataset for Q3 shows significant deviations from normal distribution for the variable Q6 at different levels of Q3 (residing province). The Kolmogorov-Smirnov and Shapiro-Wilk tests consistently show non-normality, with an exception at Q3 Level 4. The overall pattern across different Q3 levels reveals non-normal data characteristics.

Table 25: Test of Normality- Q4 Levels

Tests of Normality

		Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Q4	Statistic	df	Sig.	Statistic	df	Sig.
Q6	1	.248	11	.058	.887	11	.126
	2	.278	18	<.001	.808	18	.002
	3	.382	75	<.001	.685	75	<.001

a. Lilliefors Significance Correction

The survey dataset's normality tests reveal distributional properties at different Q4 levels. Kolmogorov-Smirnov and Shapiro-Wilk tests show varying normality assumptions at Q4 levels. At Q4 Level 1, the null hypothesis is not rejected, indicating normality. However, significant deviations from normality are observed at Q4 Levels 2 and 3, rejecting the null hypothesis. Despite minimal sample size adjustments, both tests' highly significant p-values indicate non-normality.

5. CONCLUSION AND RECOMMENDATIONS

5.1.Conclusion

The dissertation conducted a thorough analysis of financial inclusion within South Africa's Banking industry by first examining it broadly, on a worldwide scale, then progressing towards Africa, Sub-Saharan Africa, and South Africa. The study evaluated the efficiency of Empowerment Financing (FS600) and Access to Financial Services (FS700) elements in the Amended FS Code, namely in Banks, and incorporated them into a proposed conceptual framework which focused on Access, Usage and Quality.

From a literature point of view, various obstacles prevent complete involvement in the economy, especially in developing countries. Key amongst those is the restricted availability of formal financial services in rural regions, elevated expenses linked to services such as remittances, insufficient financial education, absence of appropriate financial products for individuals with low incomes, and scepticism towards financial institutions because of past corruption.

From the data analysis, examination of data from BASA's Transformation Reports and FSTC's State of Transformation Annual Reports were conducted for the implementors, showing favourable developments in active accounts, geographic reach, and the use of technological channels in the financial industry, indicating advancements in fostering financial inclusion. With regards to the intended beneficiaries, the study's results on the connection between living area, usage habits, and socio-economic impact were equivocal because of constraints in sample size and statistical interpretability. However, despite this, the hypotheses examining the association between dwelling area and positive improvements in the community, as well as judgements on financial inclusion quality, produced non-significant results, which confirm the null hypothesis.

Furthermore, normality tests conducted on the survey dataset showed distinct distributional features across different levels of living area, suggesting deviations from normality in certain instances. These results highlight the need for strong data collection methods and higher sample sizes in future research to gain a deeper understanding of the connection between financial inclusion, location of residence, and socio-economic effects.

5.2.Recommendations:

To adhere to the objectives specified in section 3.1, the recommendations that follow will be reviewed systematically:

i. How has the B-BBEE legislation been implemented in the banking sector?

The dissertation provided a comprehensive analysis of the political and economic system in South Africa's banking industry. It delved into the historical context, policy structures, and the role of B-BBEE legislation in addressing economic inequalities. Recommendations included ongoing policy analysis, stakeholder engagement, and comparative studies with global leaders to continually understand and adapt to the evolving political and economic landscape.

ii. Understand the limitations for realised financial inclusion.

Although the study identified various limitations to realised financial inclusion, including access barriers, residing areas, there were some beneficial results trends from Bank's data. It is therefore recommended conducting interviews or focus groups to provide a deeper understanding of the reasons behind certain responses, helping to contextualize and enrich the quantitative results. Interviews enhance the comprehensiveness of research results by offering a qualitative lens through which to view and interpret quantitative data. This should be considered through a longitudinal study to track changes over time in alignment with the Banking initiatives that are annually recorded in transformation reports. This can provide insights into the dynamics of financial inclusion initiatives and how perceptions and behaviors evolve as financial inclusion will be a continuous initiative to address the ever-changing socio dynamics of the Banking Industry as well as the FS Code.

iii. Unpack the impact of the B-BBEE legislation in the financial sector, with particular emphasis on the banking industry

The research thoroughly analysed the impact of B-BBEE legislation on the financial sector through exploring the key elements of the Amended FS Code that relates to financial inclusion in the literature review and research methodology, particularly within the banking industry, however the limited sample size does not provide a true reflection of the beneficiaries' perceptions with regards to socio-economic improvement as a result of financial inclusion initiatives from banks.

As a result, it is recommended for regular impact assessments, not just form banks, but from regulatory bodies and research institutions. Furthermore, conducting subgroup analyses to explore variations within each residing area focusing on the differences or impact based on gender, age, income levels, education, or other relevant demographics to uncover nuanced insights can further help identify the socio-impact of financial inclusion by South Africa's banking industry. This would require collaboration with financial institutions, and ongoing policy refinement to optimise the impact of B-BBEE legislation. This would require utilizing theories such as Impact Assessment Theory and Demographic Analysis Theory as a guide for impact assessments and demographic analyses.

iv. Draw lessons from other global leaders with their development strategy to address the exclusion of marginalized groups.

The dissertation drew lessons from global leaders by examining their challenges and successes in developing strategies to address the exclusion of marginalized groups. Recommendations in this regard includes case studies, participation in international forums, and the establishment of bilateral partnerships to facilitate knowledge exchange and learning from successful global strategies. Incorporating theories such as Case Study Research Theory and International Management Theory can provide frameworks for conducting effective case studies and engaging in international collaborations.

ANNEXURE

1. Refining the Research Title

Author (Year)	Organisational Problem	Research Problem	Conceptual Frame Used	Population & Sample	Research Gap
Paper 1: Chitimira, H., & Ncube, M. (2020).	The implementation of policies towards promoting financial inclusion in South Africa.	Thus, deriving from the organisation problem, the research problem focused on the lack of access to financial services among marginalised groups in South Africa.	Theoretical frame focused on the document analysis of Regulatory bodies	Regulatory bodies in the financial industry, which are :South African Reserve Bank (SARB) the Banking Association South Africa (BASA), the National Consumer Tribunal (NCT), the National Credit Regulator (NCR), the National Treasury and the National Consumer Financial Education Committee (NCFEC), the Financial Sector Conduct Authority (FSCA) and the Prudential Authority (PA).	There is a need for a more in-depth analysis on the opportunities and challenges exist in different areas of the country looking at both formal and informal settlements of the country as well as the policy effectiveness in implementing these initiatives to drive financial inclusion

Paper 2: Andreoni, A., , Mondliwa, P., Roberts, S., & Tregenna, F. (2021).	Addresses on the structural framework of transformation in South Africa and beyond	The need to explore potential technological innovations, understand social and political factors that shape the economic policy-making process as well as and identify policies and strategies that can support inclusive.	Theoretical frame focused on historical patterns	The paper is a theoretical and conceptual piece that discusses the challenges and opportunities for structural transformation in South Africa and other developing countries, and does not involve empirical research that would require population and sampling information.	An empirical research that examines the specific policies and strategies, challenges and opportunities for transformation.
Paper 3: Zalk, N. (2021).	Investigates the historical implications on specific sectors operating in South Africa	To understand the historical trajectories of South Africa; To identify and examine the impact of the drivers of structural change in South Africa.	Theoretical frame focused on historical patterns of structural change overtime	Consists of 16 sectors that are covered from 1960-2018. The sample includes data on value added, employment, and productivity, used to measure changes in the structure of the South African economy over the set period.	There is a need for more research that examines the underlying drivers of structural change in South Africa, including the role of policy, institutions, and governance in shaping the country's economic trajectory.
Paper 4: April, R. A., & Govender, C. M. (2022).	Looked at key stakeholders and its organisation structure in leading South Africa's financial sector.	There is a need to understand the relationship between affirmative action leadership and other forms of leadership in the South African financial sector.	Examines the relationship between affirmative action and leadership.	Sampling consists of Leaders in the financial industry for the potential of them working together to promote more effective and inclusive organisational practices.	There is a lack of understanding on how affirmative action benefits leaders experience in the sector.

2. Synopsis of Literature Review Matrix (15)

	Author(year)	Methods	Arguments	Who do they agree with?	Who do they disagree with/ have differing views?
1	Dreyer (2022)	Interviews (n=10)	Open banking is both an opportunity and a challenge for South Africa.	Mckinsey (2017)	No opposing research on this argument
2	Byukusenge, E., & University, M. K. (2021).	Interviews (n=234 employs of SACCOs targeted, only 178 responded)	Increasing saving service provided to people improves the performance of Umurenge SACCO in Rusizi district Western province of Rwanda.	Kavugizo (2015) MINIFOCIN (2009).	National Institute of Rwanda (2012)
3	Ncube (2019)	Primary and secondary sources that employs a descriptive and analytical approach	The regulatory framework for financial inclusion in South Africa is complex, fragmented, and lacks coherence.	Naidoo (2014). Meagher & Cullinan. (2016). FSCA (2018).	No opposing research on this argument
4	Chitimari & Ncube (2020)	Qualitative research method, with a focus on a desk-based review of primary and secondary.	The financial inclusion in South Africa is hindered by several legislative and other challenges.	World Bank (2018) FSCA (2018)	World Economic Forum (2017)
5	Kavugizo (2015)	Case study analysis of the Umurenge SACCO program	The Umurenge SACCO program has been successful in promoting financial inclusion in Rwanda, particularly among low-income individuals and rural communities	Mumararungu(2014). International Finance Corporation (2014)	Gjønnes (2015)

6	Triki (2013)	Desk review and reports on financial inclusion in Africa.	Financial inclusion is essential for promoting economic growth, reducing poverty, and achieving financial stability in Africa.	Honohan, (2008). Maugeri (2017) Omar (2020) Adedokun & Aga (2021)	No opposing research on this argument
7	Ozili (2020)	Conceptual discussions on several theories of financial inclusion.	Financial inclusion theories are explanations for observed financial inclusion practices	Honohan, (2008). Thorat, U. (2016) Maugeri (2017)	Zulfiqar, Kalsoom, Muhammad Aslam Chaudhary & Aribah Aslam (2023)
8	Vos,Vos, Nonjeke-Dlanjwa, Chauke, & Fakazi (2018).	Qualitative approach	Financial education and consumer protection are critical for promoting the financial inclusion of informal businesses in South Africa.	Sibanda (2016)	No opposing research on this argument
9	Maugeri (2017).	Comprehensive secondary document review	Different theories of financial inclusion, provides a comprehensive understanding of the concept.	Ozili (2020) Thorat, U. (2016) Simatelw (2021)	Zulfiqar, Kalsoom, Muhammad Aslam Chaudhary & Aribah Aslam (2023)
10	African Monitor. (2012).	Literature review and data analysis	Adequate rural infrastructure is crucial for the development of rural areas in Africa, and unlocking the potential of smallholder farmers in particular.	Fan (2020) World Bank (2013)	Ikejiaku (2009) Oluwatayo (2014) Wu (2019)
11	Omar (2020)	Panel data (2004-2016; n=116)	Financial inclusion reduces poverty and income inequality.	Triki (2013) World Bank (2014)	Haines (2000) Moyo (2022) Lakner (2022)

12	Olusegun & Olaniyi (2019).	Empirical data=quarterly from 2009 to 2017	Relationship between cryptocurrency, mobile phones, internet, and financial sector development increases financial inclusion	Law & Habibullah (2009) Takyi & Obeng (2013) Evans & Adeoye, (2016) Briby & Paul (2017)	Klapper (2022)
13	Park and Mercado (2017)	Empirical= 176 Countries	Factors that affect financial inclusion and its impact on poverty and income inequality	Sarma (2008)	Kaligis, Tewal, Maramis & Mangantar (2018)
14	Andotra, N. & Manhas, R. (2017).	Questionnaires (n= 1050)	Post offices play a role in financial inclusion and economic development	Klapper & Singer (2013) Anson (2013) Manhas (2017)	No opposing research on this argument
15	Kumar & Sharma. (2011).	Case study	Microfinance can be used to empower people and promote financial inclusion in India	Armendáriz & Morduch (2010) Kabeer (2001).	Gupta (2012)
16	Evans & Adeoye (2016)	Panel data (2006-2014; n=15)	GDP per capita, money supply, adult literacy rate, internet availability, and Islamic banking activities all have a significant role in explaining the level of financial inclusion in Africa.	Allen, Carletti, Cull, Qian, Senbet & Valenzuela (2014)	Rojas-Suarez and Amado (2014)
You now establish a research gap: The emergence of Technologies advancements and regulations towards contributing to the expansion of financial inclusion and growth in financial sectors have been studied, however, the two main sub-sectors that connect with the elements of empowerment financing and access to financial services have not been extensively examined to close the financial inclusion gap in the financial sector. These B-BBEE elements are the consensus method of measuring transformation in the sector across its set criterions.					

3. *Table 26: Banking data considered for analysis.*

	BASA Transformation Reports	2020 (2016 to 2019)	2022 (2017 to 2020)	FSTC's State of Transformation Annual Reports	2018/19/20[3]	2020/21
1	ABSA	X	X	ABSA Bank	X	X
2	African Bank	X	X	African Bank	X	X
3	Albaraka	X	X	Albaraka Bank	X	X
4	Bank Of Taiwan South Africa		X	Bank of China	X	
5	Bidvest	X	X	Bidvest Bank	X	X
6	Capitec	X	X	Capitec Bank	X	X
7	China Construction Bank, Jhb	X	X	China Construction Bank	X	X
8	Citi	X	X	Citigroup Incorporated	X	X
9	Finbond	X	X	Deutsche Bank	X	X
10	Firstrand	X	X	Discovery Bank	X	X
11	Grindrod	X	X	FinBond Group	X	X
12	Grobank	X	X	FirstRand Bank	X	X
13	Hbz	X	X	Goldman Sachs	X	X
14	HSBC	X	X	Grindrod Bank	X	X
15	Investec	X	X	HSBC Bank	X	X
16	Nedbank	X	X	ICICI Bank	X	X
17	Sasfin	X	X	Investec Limited	X	X
18	Standard Bank	X	X	JP Morgan	X	X
19	Tymebank	X	X	Nedbank	X	X
20	Ubank	X	X	Sasfin Holding	X	X
21				Standard Bank	X	X

[3] FSTC's Amalgamated State of Transformation Report for 2018-2019 and 2019-2020 does not stipulate which banks submitted for the measurement periods, however in totality 22 submissions were received for 2018-2019 and 21 for 2019-2020

22				Standard Chartered Bank	X	X
23				State Bank of India		X
	TOTAL BANKS	**19**	**20**		**22**	**22**

4. Case Processing Summary based on questionnaires

Table 27: Case Processing Summary (The relationship between residing province and financial products/services.

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Q3: Residing Province * Q5: Nearest transaction and service point	99	76.2%	31	23.8%	130	100.0%
Q3: Residing Province * Q6: nearest sales point	98	75.4%	32	24.6%	130	100.0%
Q3: Residing Province * Q7: difficulties in accessing financial services	99	76.2%	31	23.8%	130	100.0%
Q3: Residing Province * Q8: access to electronic services	93	71.5%	37	28.5%	130	100.0%

5. Questionnaire:

QUESTIONNAIRE

Research Title: Assessing The Impact of Broad-Based Black Economic Empowerment Legislation(B-BBEE) In Evincing Financial Inclusion In South Africa's Banking Industry.

Section 1: Consent Form

Section 2 : Quality

From the University of Witwatersrand and LinkedIn Professionals

Kindly note that the B-BBEE Legislation aims to promote inclusivity for previously marginalized groups and as such this questionnaire is only applicable to Black people (i.e., African, Indian, Colored). If this criterion does not resonate you, kindly exit the survey.

- **I am Black.**
- **I am not Black- Thank you for taking your time to participate.**

Section 3: Access

Geographic access

Kindly indicate your residing province

- Eastern Cape. Free State Gauteng KwaZulu- Natal
- Limpopo Mpumalanga Northern Cape. North-West
- Western Cape

Kindly indicate residing area:

- Rural area/ village
- Townships
- Urban area /City

How far is the nearest transaction and service point where you can draw cash, make purchases from your account, reset your PIN, perform money transfers, get a statement, or initiate account queries?

- Less than 5 kms
- Between 5km and 10 kms
- Between 10 kms and 20 kms
- Between 20 kms and 50 kms
- More than 50 kms

How far is the nearest sales point where you can replace a card, deposit cash into your account, or acquire products such as a transaction account, funeral policy, savings account, or loan?

- Less than 5 kms
- Between 5km and 10 kms
- Between 10 kms and 20 kms
- Between 20 kms and 50 kms
- More than 50 kms

Have you faced difficulties in accessing financial services from traditional banks in the past?

- Yes
- No

Section 4: Usage:

Do you have access to electronic services such as telephones, mobile phones, internet banking, or other technologies for money transfers, account to account transfers, prepaid purchases, and balance inquiries?

- Yes
- No

If yes, please indicate which electronic services you have access to (select all that apply):

- Telephones
- Mobile phones
- Internet banking
- Other technologies (please specify):

If you do not have access to electronic services, please specify the reasons why:

- Lack of infrastructure
- Affordability
- Technological barriers
- Geographic location

Others (please specify)

Section 5: Quality

Have you witnessed any positive changes in your community as a result of financial inclusion initiatives?

- Yes
- No

On a scale of 1 to 5, please rate the level of quality of financial inclusion within your community resulting from Bank initiatives, with 1 being very low and 5 being very high.

- Very low
- Low
- Medium/ Average
- High
- Very high

6. Research Schedule

	Research Plan Time Frame 2023/24 Time Frame: Gantt Chart										
	2023									**2024**	
	May	Jun	July	Aug	Sep	Oct	Nov	Dec		Jan	Feb
Research Proposal Submitted											
Present Research proposal to Ethics panel											
Panel Feedback											
Revise and resubmit to panels for approval after reviewing changes with supervisor (if applicable)											
Research proposal approved											
Present considered steps to supervisor and for further feedback and guidelines.											
Disseminate questionnaires to respective participants											
Start consolidating the data to analysis the results											
Graphically illustrate and tabulate results and write a narrative on the results received											
Conclude the research with conclusion and recommendations											

Submit 1st consolidated draft research to supervisor for feedback and guidance											
Revise and resubmit 2nd attempt to supervisor											
Get approval											

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