

BUSINESS SERVICES OVERVIEW



The infrastructure and access to transport, as well as the existing manufacturing base provides the ICT & E sector with the opportunity for significant growth. A total of 12 digital community hubs have been established in rural areas of the province as a means of increasing access to digital information by communities. Advantageously, the electronics industry is set to form the backbone of the KwaZulu-Natal industrial hubs mooted for the province's towns of Richards Bay, Newcastle, Ladysmith and Port Shepstone. The establishment of electronic platforms throughout KwaZulu-Natal's industrial sector are assisted by the province's well-developed road network (N3 National Highway) and the main national railway corridor linking Durban Harbour with the industrial and commercial hinterland and economic powerhouse of Gauteng. The province has, through many of its principal cities, begun to engage in Smart City transformation activities which concerns the earnest adoption of third platform technologies and whose success will become central to South Africa's digital transformation journey.

FINANCIAL SERVICES



South Africa's highly sophisticated financial services sector is backed by a sound regulatory and legal framework. The country's banking sector is dominated by the five largest banks, which collectively held 89.4% of the total banking sector assets as at 31 March 2020. Meanwhile local branches of international banks accounted for 7.0% of banking sector assets at the end of March 2020 (March 2019: 5.8%) while other banks represented 3.6% at the end of March 2020 (March 2019: 3.7%). This sector comprises 17 registered banks, two mutual banks, 14 local branches of foreign banks, two co-operative banks and 43 foreign banks with approved local representative offices. In a recent World Economic Forum Global Competitiveness Survey, South Africa was ranked 8th in financial sector development out of 140 countries. The Banking Association South Africa is the mandated representative of this sector and is the only African Banking Association to contribute to the International Institute of Bankers Global Survey of Regulatory and Market Developments.

OFFSHORING AND OUTSOURCING ICT AND E



South Africa's ICT sector has increased by 12% from R204 billion in 2017, to R229 billion in 2018. Over a four-year period (2015-2019), the combined revenue for the sector increased by 6.5%, with telecommunication services revenue increasing by 6.4% and broadcasting services revenue by 8.8%. Almost half of ICT imports – 47,5%, in fact – consisted of radio, television and communication equipment, and 30,7% consisted of office and computing machinery and the country is still reliant on the importation of ICT equipment, such as smartphones, tablets, computers and servers. ¹

In terms of urban population coverage, seven provinces had 100% 2G coverage in 2018; namely the Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga and the Northern West. Only the Northern Cape and Western Cape had 2G urban population coverage just below 100% at 99.6% and 99.99%, respectively. South Africa's ICT sector has grown across the country's nine provinces, although there still exist areas, such as the Eastern Cape, which are significantly under-developed. The three main hubs include Gauteng, with 57% of ICT firms, the Western Cape, with 17% and KwaZulu-Natal, with 8%. KZN boasts an established and thriving services-based economy with global ICT connectivity, a financial hub in Umhlanga and burgeoning global business services (GBS) and business process outsourcing / services (BPO/S) sector. In fact, KZN's GBS sector has already emerged as a recognised frontline CX-centric sales and lifecycle management hub, offering

¹ <https://www.icasa.org.za/uploads/files/State-of-the-ICT-Sector-Report-March-2020.pdf>

exceptional business-to consumer (B2C) and Business -to Business frontline BPO sales talent that services local and global markets.²

Boasting the second largest provincial economy in South-Africa, the province features a conducive business enabling environment and established ICT infrastructure with global connectivity. Overall, the KZN GBS sector has exceeded job growth targets and the total number of jobs created between 2018 and 2020 of 10 507 reflects an average growth of 37,53%. KwaZulu-Natal's average mean salaries for contact centre agents, team leaders and supervisors, quality assurance assessors and contact centre managers are even more competitive, often 60-70% lower than those of onshore contact centre staff in the UK and US. KZN offers an established ICT infrastructure with global connectivity that includes extensive 3G and 4G coverage and over 73% mobile internet penetration. Furthermore, the province has a high prevalence of ISO-certified security and quality management audited processes as well as digitally-driven insights and analytics capabilities. Increasingly there is evidence that the province is beginning to appreciate and invest in improving its capabilities in AI, robotics, machine learning and real-time analytics.

Over the past three years KZN has increased its capabilities in the technology and innovation sphere and this is exemplified by the development of Techno Hubs, a project by the EU General Support programme(R120m). The Techno Hubs are located across the Province and sites such as Richards Bay Industrial Development Zone (RBIDZ), Port Shepstone (Ray Nkonyeni Municipality), Newcastle (Newcastle Municipality) and Pietermaritzburg (Msunduzi Municipality) have been identified. The number of schools connected is 46% against a 2020 target of 100% with 10mb lines in line with the SA Connect minimum standard. The number of schools connected is 46% against a 2020 target of 100% with 10mb lines in line with the SA Connect minimum standard. In terms of ICT skills development, several initiatives have been implemented with the Moses Kotane Institute and more recently, the KZN Smart Exchange Incubator program which have been established in Port Shepstone and Richards Bay respectively. The Dube Tradeport technology park will consist of an Enterprise zone for both large and small companies, ICT Innovation Incubators and also an ICT R&D Innovation Institute. In addition, 4 techno innovation hubs are being established in PMB, Newcastle, Port Shepstone (was launched in June 2016) and Richards Bay (was launched in July 2016)³

² <https://www.bpesa.org.za/news/189-south-africa-s-beacon-of-hope-the-gbs-sector.html>

³ <http://www.kznppc.gov.za/images/downloads/PGDP%202019%20v4%20Final.pdf>