

Blended Micro, Small and Medium Enterprises Survey



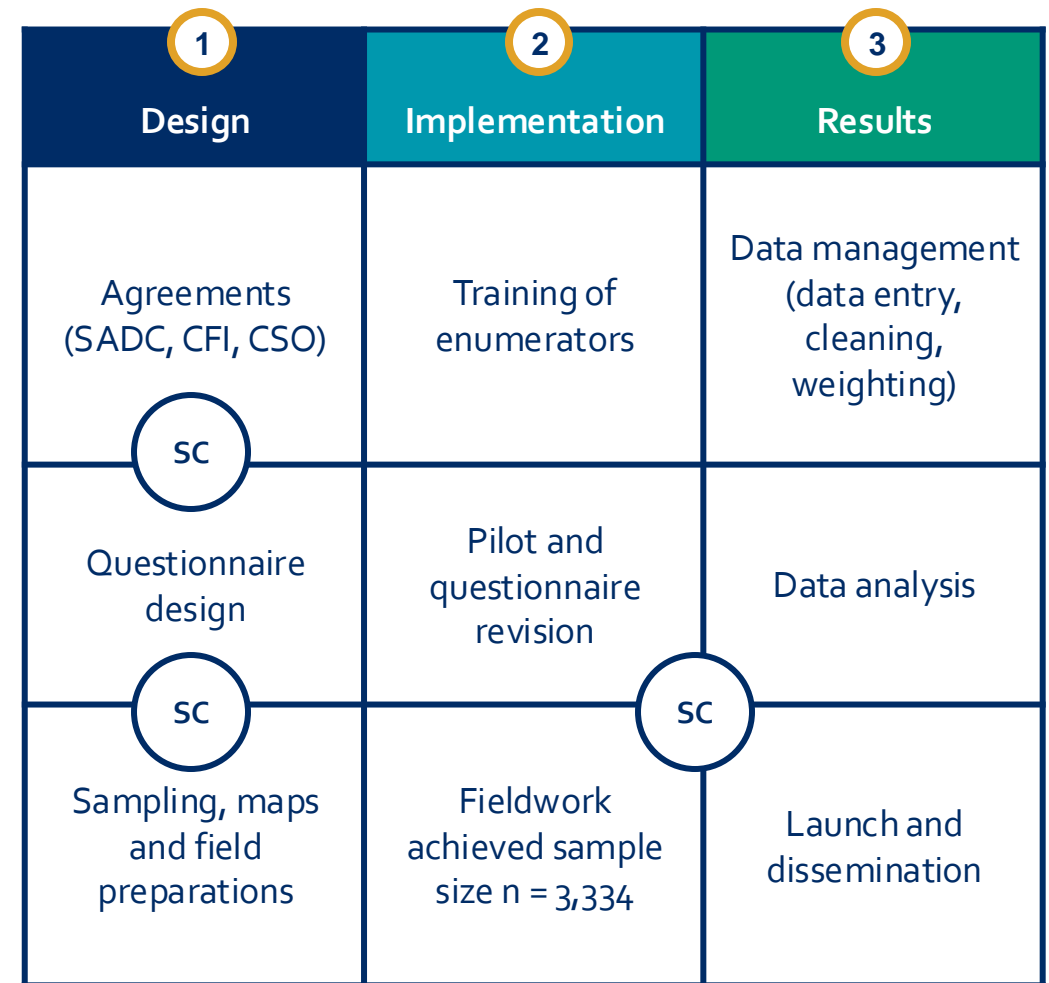
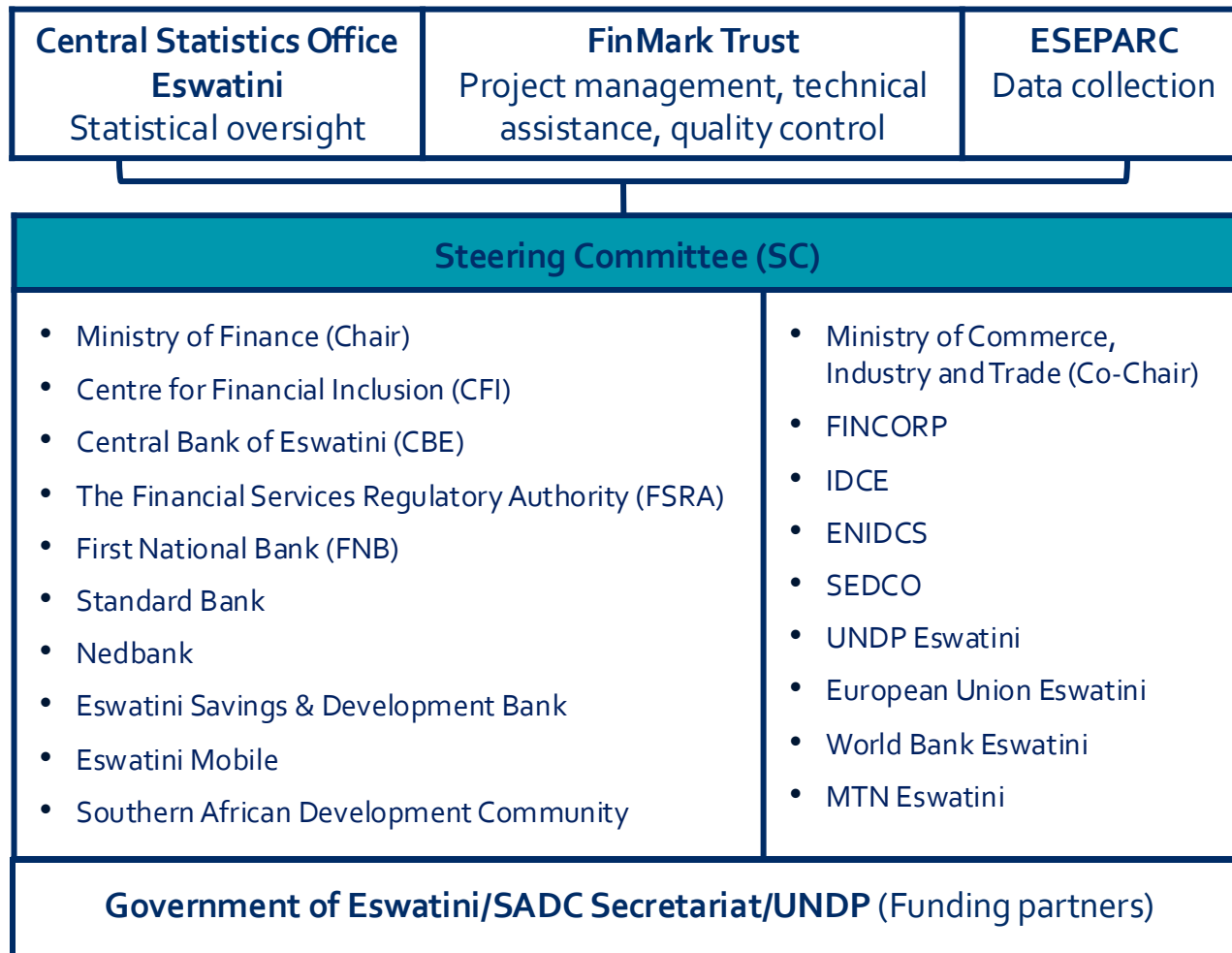
2023 Eswatini Launch Deck

27 February 2025

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Partnering for a common purpose and research processes



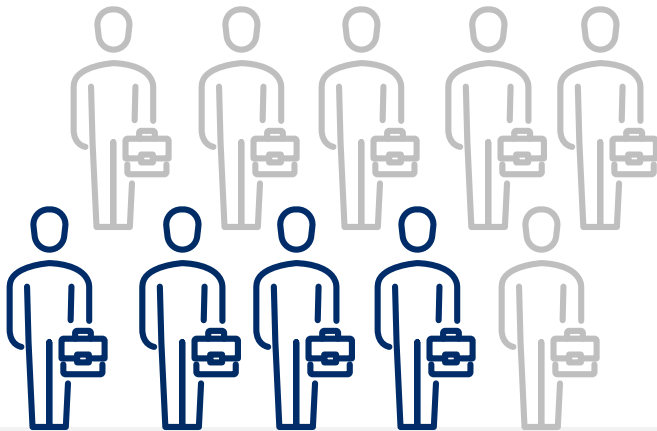
Objectives of MSME Survey 2023

- To assess the **size and scope** of micro, small, and medium enterprises (MSMEs) in Eswatini
- To describe the levels and landscape of **access to financial products and services** (both formal and informal) as well as **track** the level of financial access since 2017
- To identify the most binding **constraints** to MSMEs' development and growth with a focus on access to financial markets
- Identify the **drivers and barriers** to financial access for MSMEs
- To identify and describe different **market segments** with specific development needs to stimulate segment-related product innovation.

Methodology: Two critical stages to define desired universe

Respondent profile

- Universe: **Adult business owners in Eswatini**
- Business owners who are **18 years and older**
- Employing less than 60 employees.



Sample and methodology

- Sample drawn by **Central Statistics Office of Eswatini (CSO) and FinMark Trust (FMT)**, representative at national, regional and settlement (urban and rural) levels using geospatial modelling
- Computer Assisted Personal Interviewing (CAPI)
- Fieldwork was conducted by **ESEPARC** from September to December 2023, during which **3,343** interviews were successfully completed
- Questionnaire length averaged **60 minutes**.

Quality control and data validation

- **Quality control/field checks** conducted by **CSO, FMT and CFI**
- Data validation against census data and any other data sources
- Weighting of the data conducted by **CSO and FMT**.



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Sampling methodology: 2023 vs 2017

2023

- Business premise and household-based sampling
- 320 EAs with 3,343 sample size
- Listed 50,728 structures with 7,875 households with business owners
- Listed 4,369 business units (premises)

2017

- Household-based sampling
- 406 EAs with 3,024 sample size
- Listed 62,180 households as it was household-based to identify business owners (create a sample frame)
- No listing of business premises



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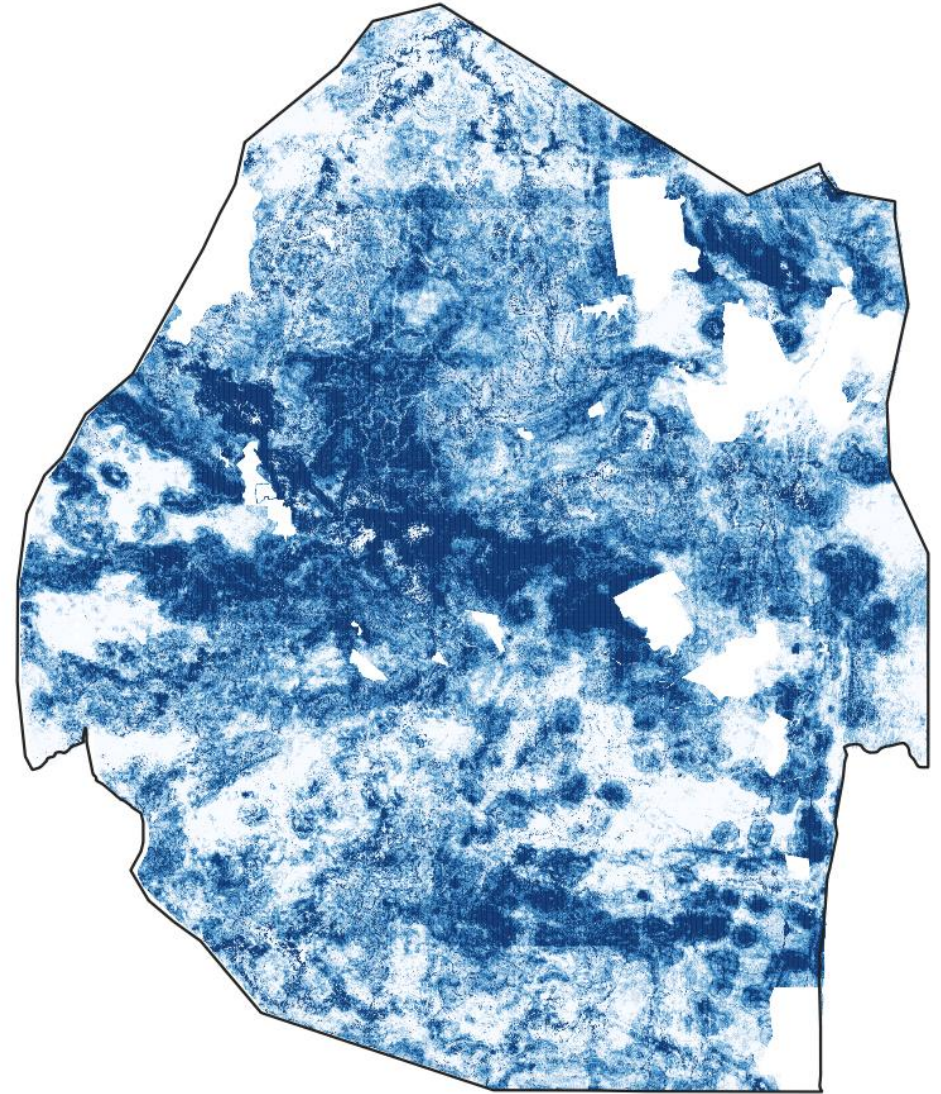
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Geospatial distribution of MSMEs

Using geospatial modelling, the distribution of MSMEs is concentrated in the CBDs – mainly Mbabane, Manzini and border towns.

The sample was intentionally biased towards businesses in the small and medium-sized categories as these were underrepresented in the data in the past survey.

The sample aimed to cover various sectors, gender and formal enterprises. This was corrected in the weighting to simulate the listing distribution.



Defining MSMEs for FinScope MSME survey 2023

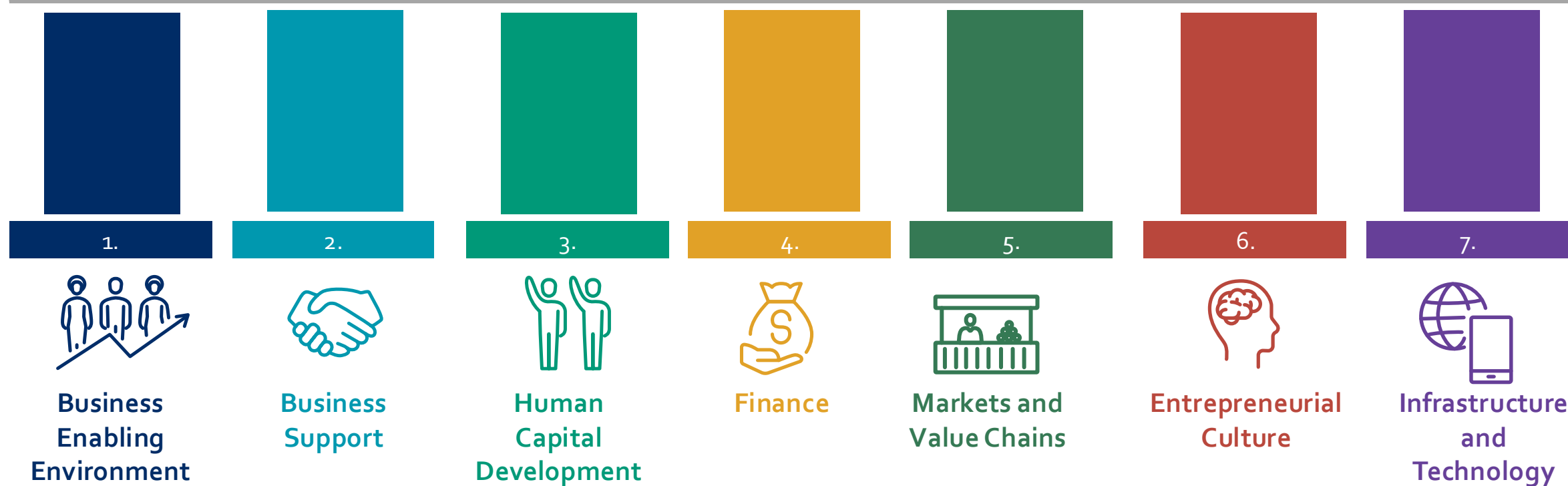
MSME sizes vary within sectors or sub-sectors. To generalise the findings, the following simplified classifications are suggested to be applied to all sectors:

Category	Employees	Turnover (€)
Individual entrepreneur (0 employees) – a subset of micro-enterprises	0	€60,000
Micro-enterprise	0 to 10	€60,000
Small enterprise	11 to 20	Up to €3 million
Medium enterprise	21 to 60	Up to €8 million

*NB: The updated National MSME Policy 2024-2029 defines MSMEs according to two criteria, being the number of employees and turnover, as the value of assets is not easy to measure and tends to be industry-related (National MSME Policy 2024-2029)

National MSME Policy (2024-2029) strategic pillars

MSME policy strategic pillars



Limitations and gaps

- As a perception study, no actual proof of ownership of various assets, business financials, educational attainments, or products and services was requested.
- Survey errors and constraints may exist in survey data due to errors in respondent recollection and accuracy, despite strict processes being followed at each point of survey administration.
- Due to differences in sampling methodology, comparison to 2017 is possible but should be restricted to key variables.
- Sectoral analysis is possible, however the number of enterprises interviewed from the tourism sector (n=9) were too few to gain statistical significance and should be interpreted with caution.
- The differences in the approach used in 2023 and 2017 also result in some differences in estimating the number of small business owners. Due to improvements in technology and data availability, comparisons to the total business owner population in 2017 should be exercised with caution.



Understanding the business

MSME population estimates

Listing database created during data collection (focused less on survivalists, e.g. hawkers)

Modelling redone with listing data to produce new estimates

Results were weighted to the Eswatini population estimates together with the geospatial model estimates.



2023



67,900 business owners (18 years and older) population

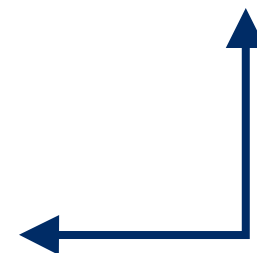
23,300 business premises and 44,500 household-based business owners. MSME population sampled from both business premises and households.



2017

59,000 business owners (18 years and older) population

MSME population sampled from households.



Size, scope and sectorial distribution



MSME owners

67,795

There is an increase in the number of MSMEs in Eswatini from an estimated 59,283 business owners in 2017.



Employing

91,750

employees

- 44,795 full-time employees
- 5,337 part-time employees
- 8,422 seasonal employees
- 33,195 business owners who consider themselves employees.



Owning

93,980

MSMEs

- 30% (20,000) own more than one MSME
- There has been an increase from 68,536 in 2017.



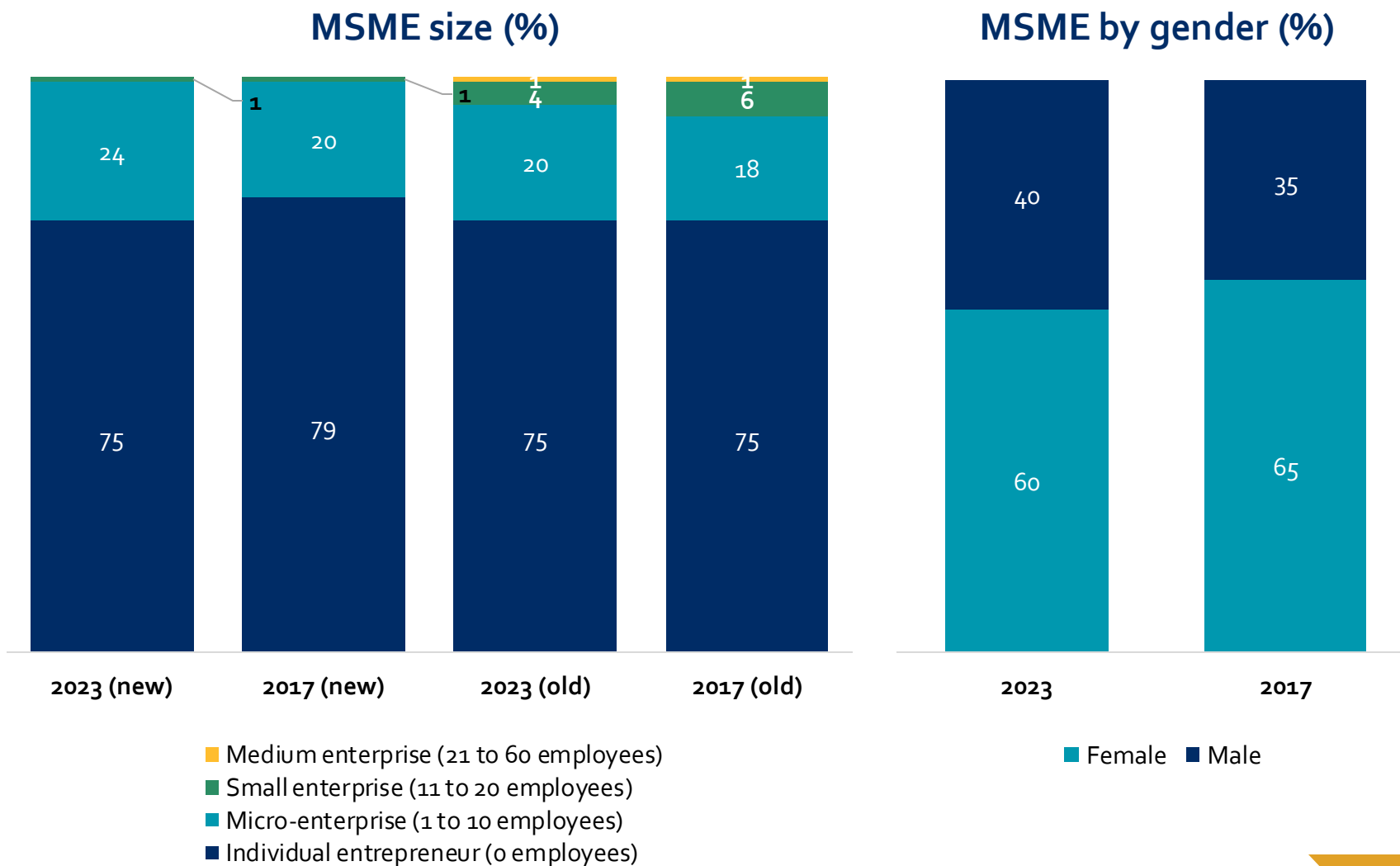
Estimated turnover (monthly)

E1,2 billion

(USD 68 million)

with USD 32 million contribution to GDP (monthly)
In 2017, the estimated monthly turnover was USD 90 million.

Size and scope of the MSME sector



Comparing the proportions to 2017, individual entrepreneurs remain the same, and there are more micro-enterprises in 2023.

There is also a higher proportion of male business owners in 2023.

28% of business owners are aged 35 years and younger (youth), which represents a slightly higher number of youth in absolute terms compared to 2017.

Size and sectorial distribution of the MSME sector

Sector	Number of business owners	% of MSME sector
Wholesale/retail	29,483	43.5
Agriculture/farming	14,837	21.9
Community & household	7,998	11.8
Business services	7,879	11.6
Manufacturing	5,433	8.0
Construction	1,081	1.6
Natural resources & mining	648	1.0
Tourism	357	0.5
Other service activities	78	0.1

Size	Number of business owners	% of MSME sector
Individual entrepreneur	50,814	75
Micro-enterprise (1 to 10 employees)	16,283	24
Small enterprise (11 to 20 employees)	484	0.7
Medium enterprise (21 to 60 employees)	215	0.3



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Size and sectorial distribution of the MSME sector (2)

Business sector 2023 (%)

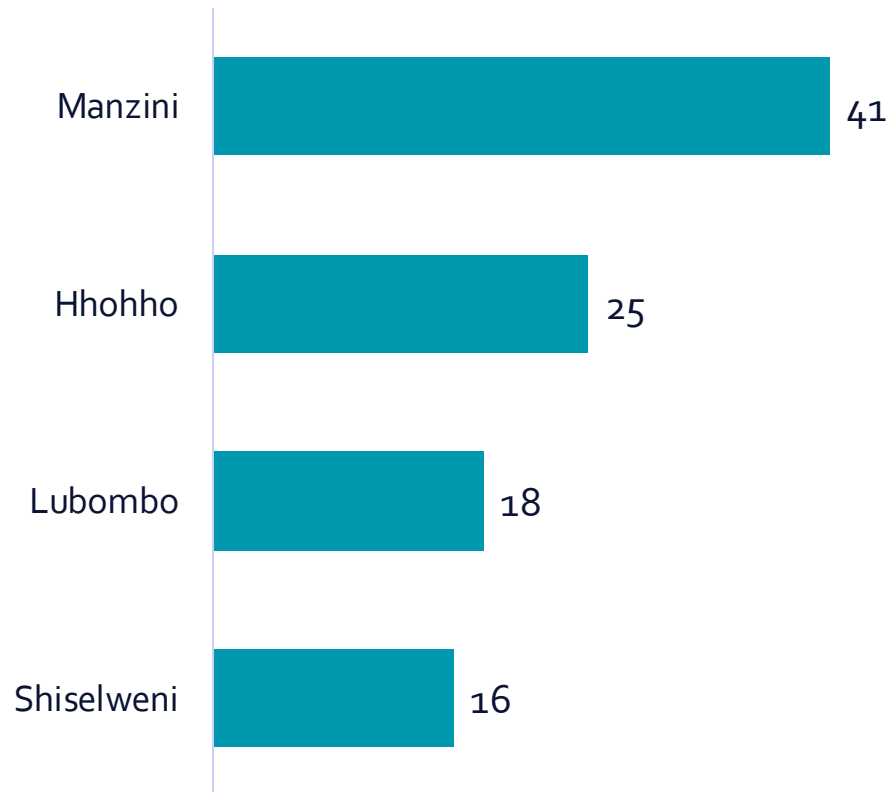


Business sector 2017 (%)

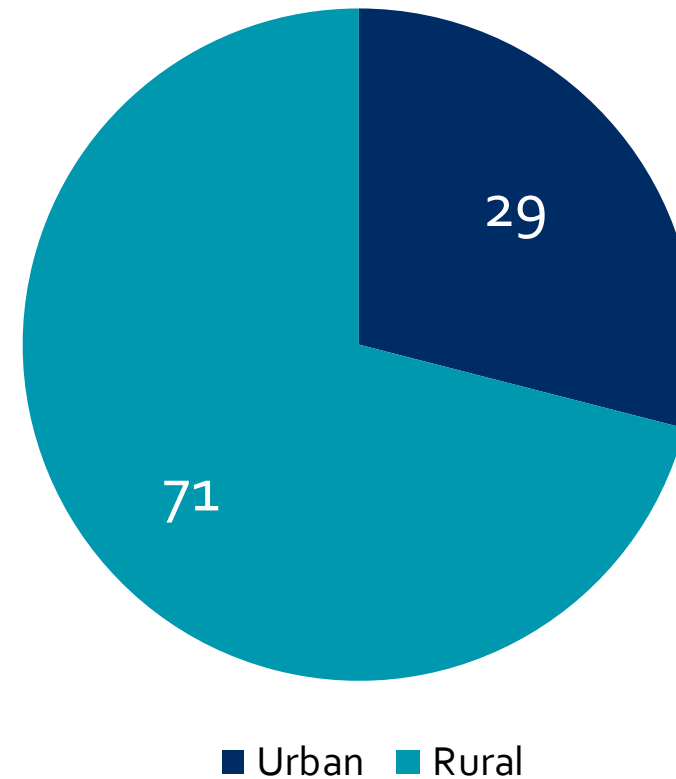


MSME sector by location

MSME by region (%)



MSME by area (%)



State of formalisation

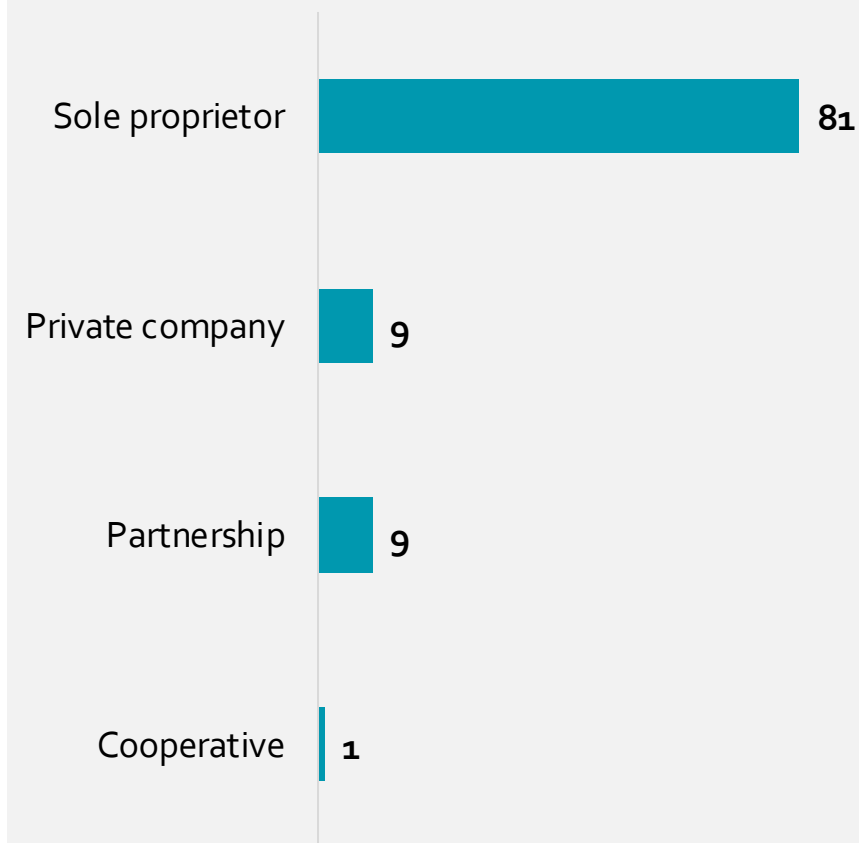
- **43% formal enterprises** i.e. either registered and or licensed vs 25% in 2017
- **42%** licensed enterprises with trading or licensing permits from the council/municipality
- **30%** registered enterprises with the registrar of companies



Of those registered, the perceived benefits of registering:

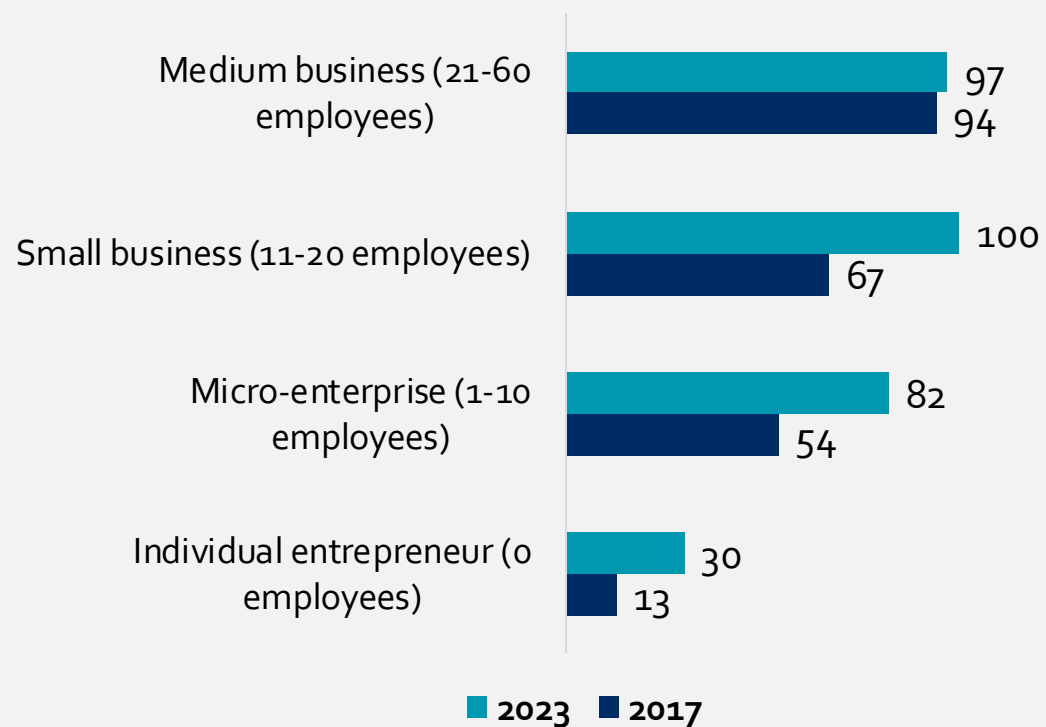
- Comply with the law (57%)
- Avoid harassment from authorities (13%)
- Access to finance (12%)
- Access to government assistance (6%)
- Access to new clients (5%)
- Avoid fines (2%)

Type of registration (%)

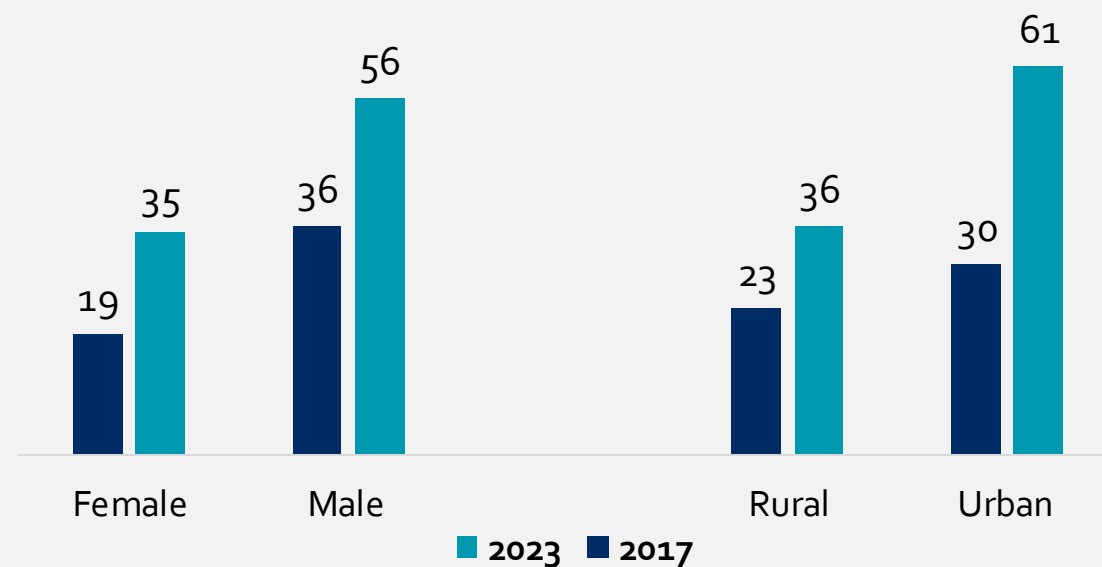


State of formalisation

Formal MSME owners by business size (%)

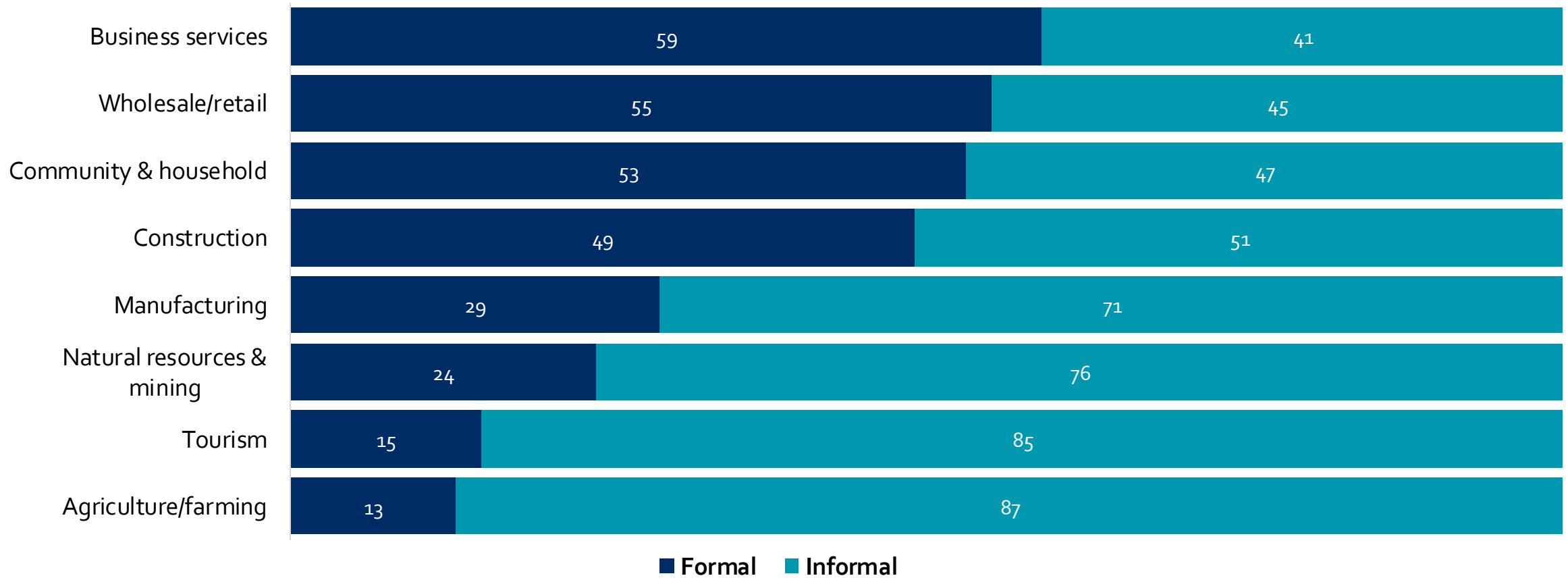


Formal MSME owners by area and gender (%)



State of formalisation by sector

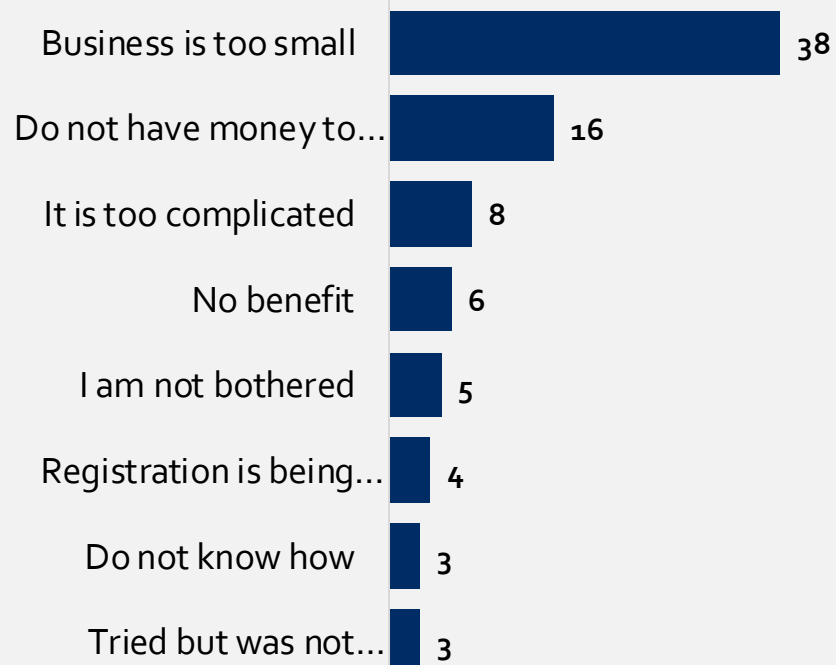
Formal MSME owners by sector (%)



State of formalisation: Barriers to registration and formalisation

70% of MSME are not registered

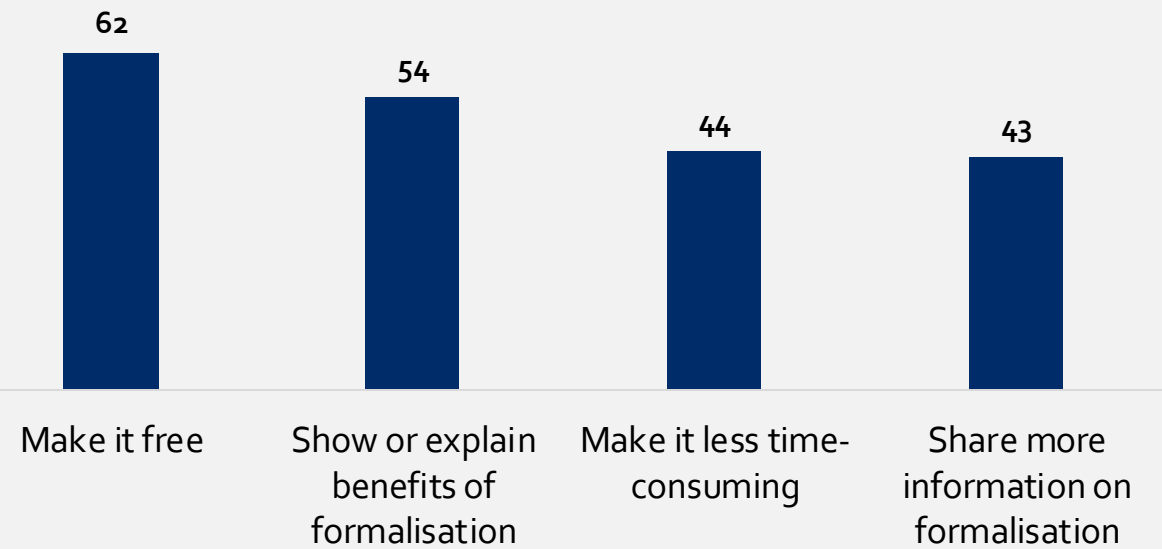
Barriers to registration (%)



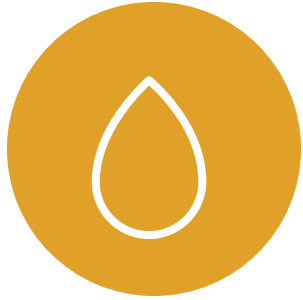
57% of MSMEs are informal

with 83% willing to formalising their operations if:

Government assistance to formalise (%)



Access to amenities and resources



Types of water

- 79% water access
 - 20% piped water (inside)
 - 63% piped water (outside)



Toilets

- 74% toilet access
 - 15% toilet facilities outside
 - 62% toilet facilities with water



Other

- 92% cell phone/phone
- 13% company car
- 9% signage advertising the business
- 7% cash register/till
- 6% laptop or computer
- 1% card machine (POS)



Electricity

- 68% electricity
 - 98% EEC prepaid meter
 - 2% EEC post-paid monthly
 - 1% business generator



Business documents

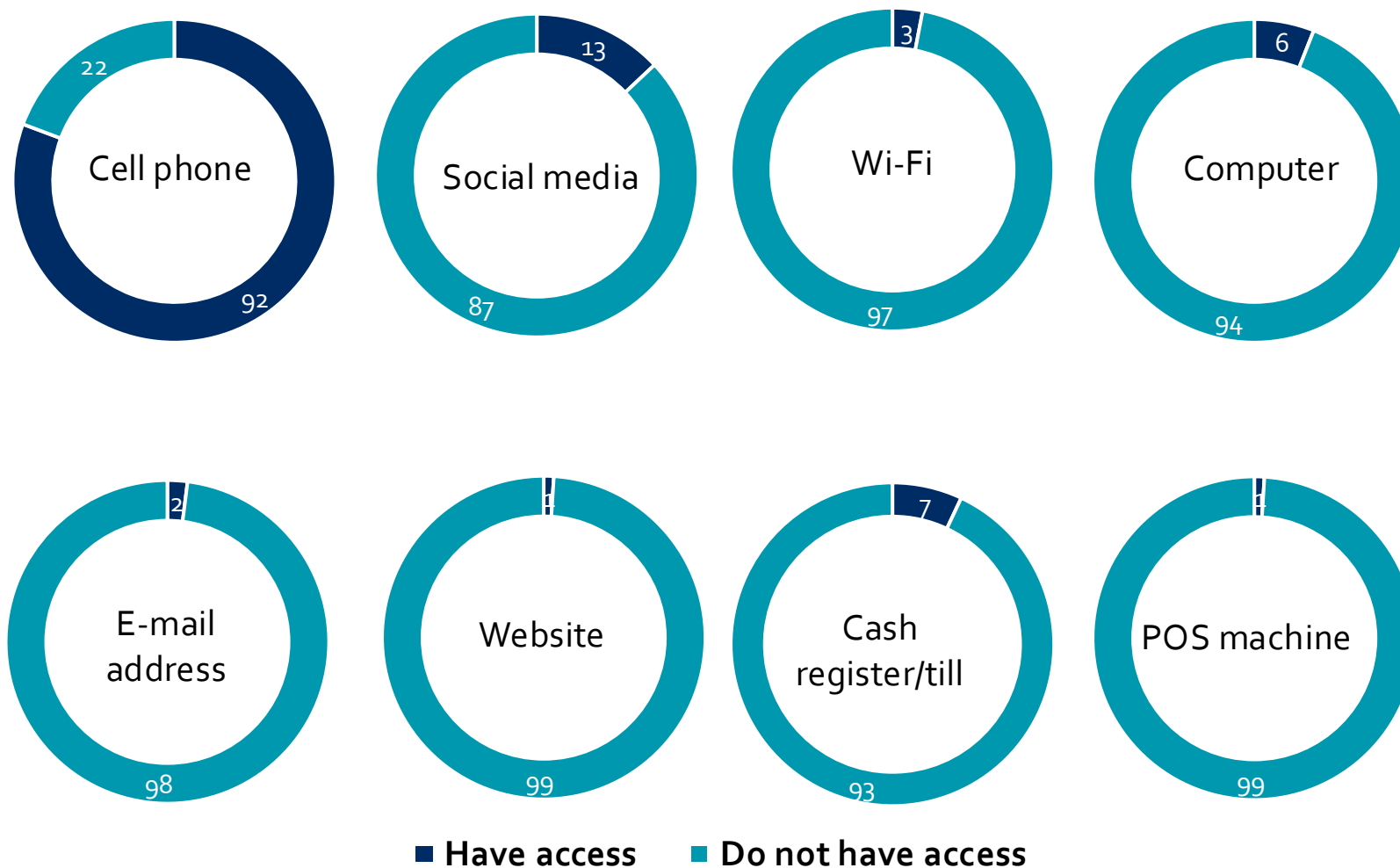
- 14% up to date financial or accounting records
- 10% a written business plan
- 9% a business budget
- 3% a formal training programme for staff
- 4% a written marketing plan

Use of technology

78% of MSMEs use some form of technology in their business

The use of basic technology in business is driven by the ownership of the cell phone, which gives businesses access to communication and social media platforms.

Productivity technologies such as machinery that improve efficiency e.g. computers have **low usage**.



Personal monthly income: Business owners

56% of MSME owners have the business as the only source of income, down from 79% in 2017. Of the 44%:



50% get money from other businesses



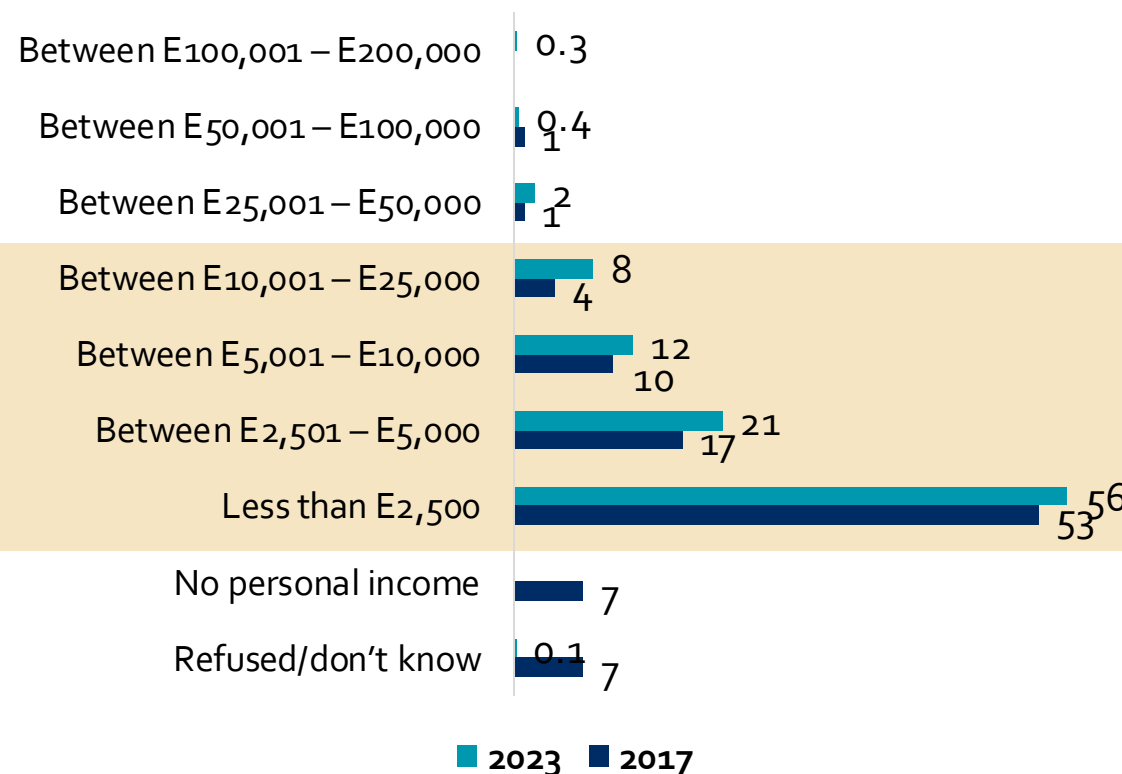
25% have income from other job



15% get income from spouse

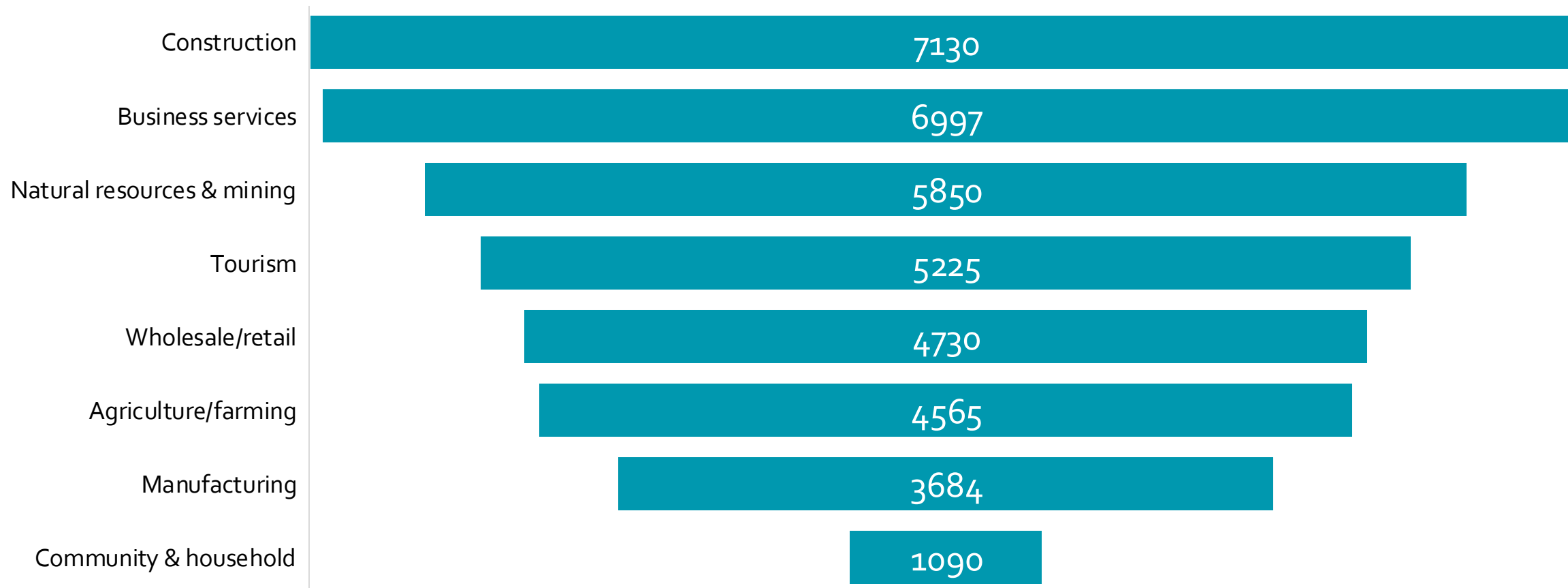
Business owner **sole dependency** on **one** business has **decreased** in 2023.

Personal monthly income (%)



Personal monthly income: Business owners

Mean monthly income (Emalangeni)



MSMEs by sector: Profit

Sector	Total monthly profit (USD)	Mean monthly profit (USD)
Wholesale/retail	12,8 million	440
Community & household	7,8 million	990
Business services	5,8 million	750
Agriculture/farming	3,1 million	210
Manufacturing	1,4 million	260
Construction	678,000	250
Natural resources & mining	164,000	250
Tourism	160,000	450



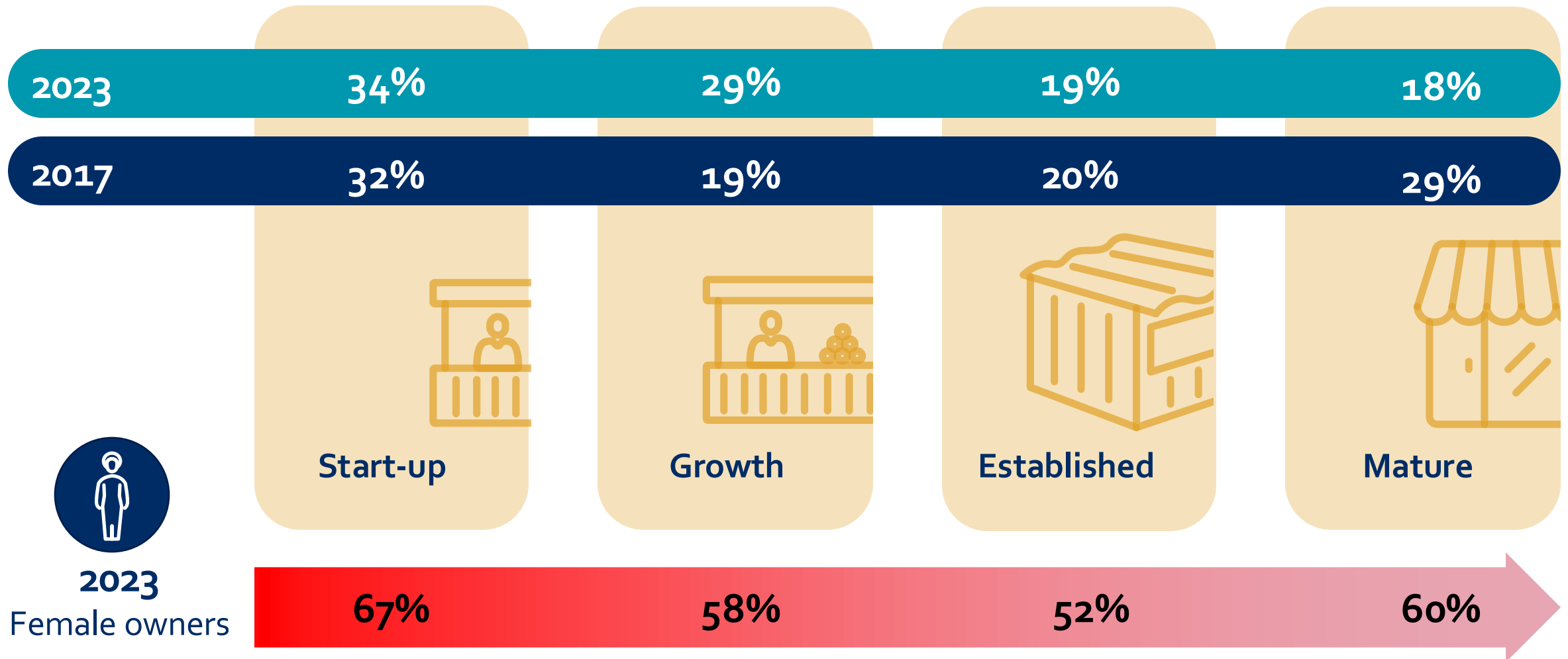
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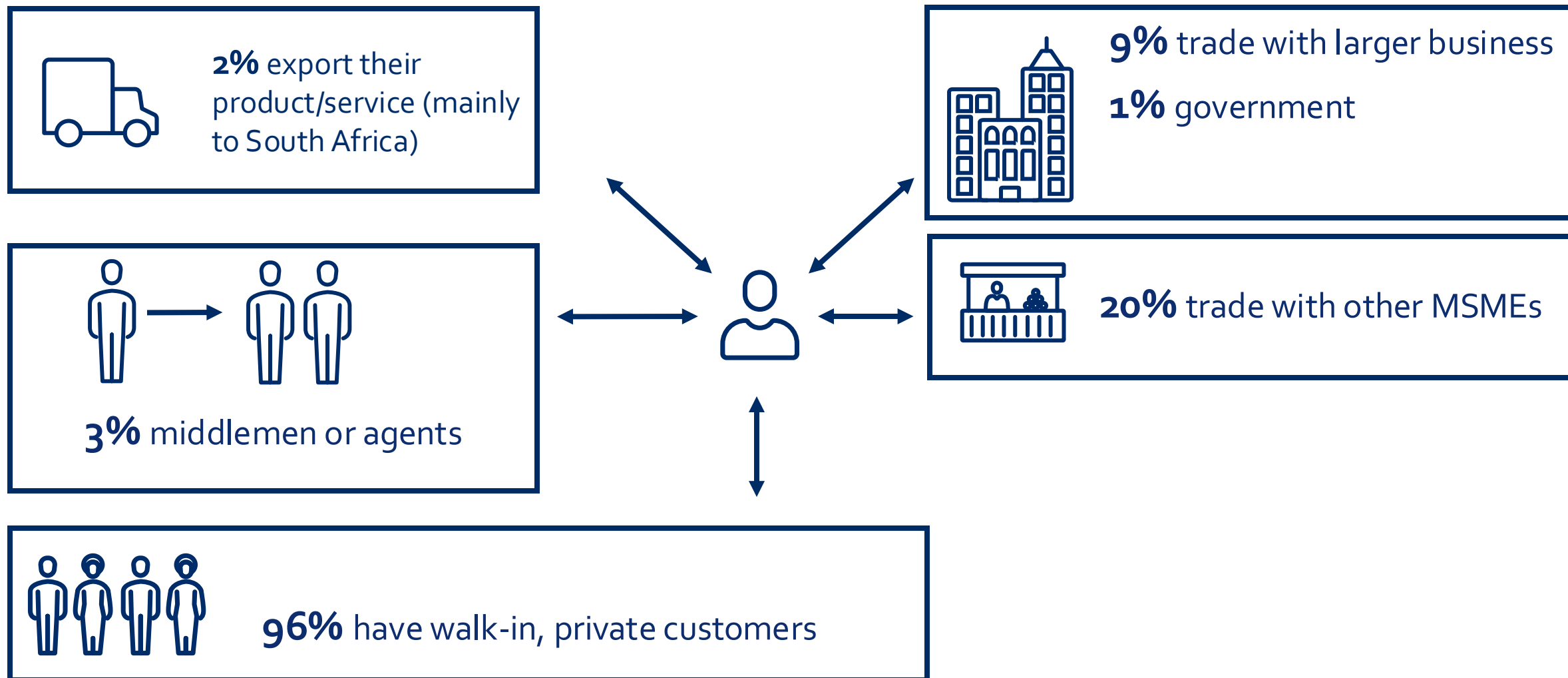


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Business lifecycle (business age)



Access to markets



Access to markets by sector

Sector	Walk-ins/private clients (%)	Other MSMEs (%)	Large business (%)	Government (%)	Middlemen/ Agent (%)
Agriculture/farming	91	39	8	1	4
Manufacturing	98	22	3	1	4
Construction	94	41	24	4	1
Business services	95	21	5	4	4
Wholesale/retail	99	11	1	-	2
Community & household	97	16	5	1	2
Tourism	100	4	-	5	6
Natural resources & mining	97	23	15	1	4
Other service activities	100	9	-	-	-



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Access to markets

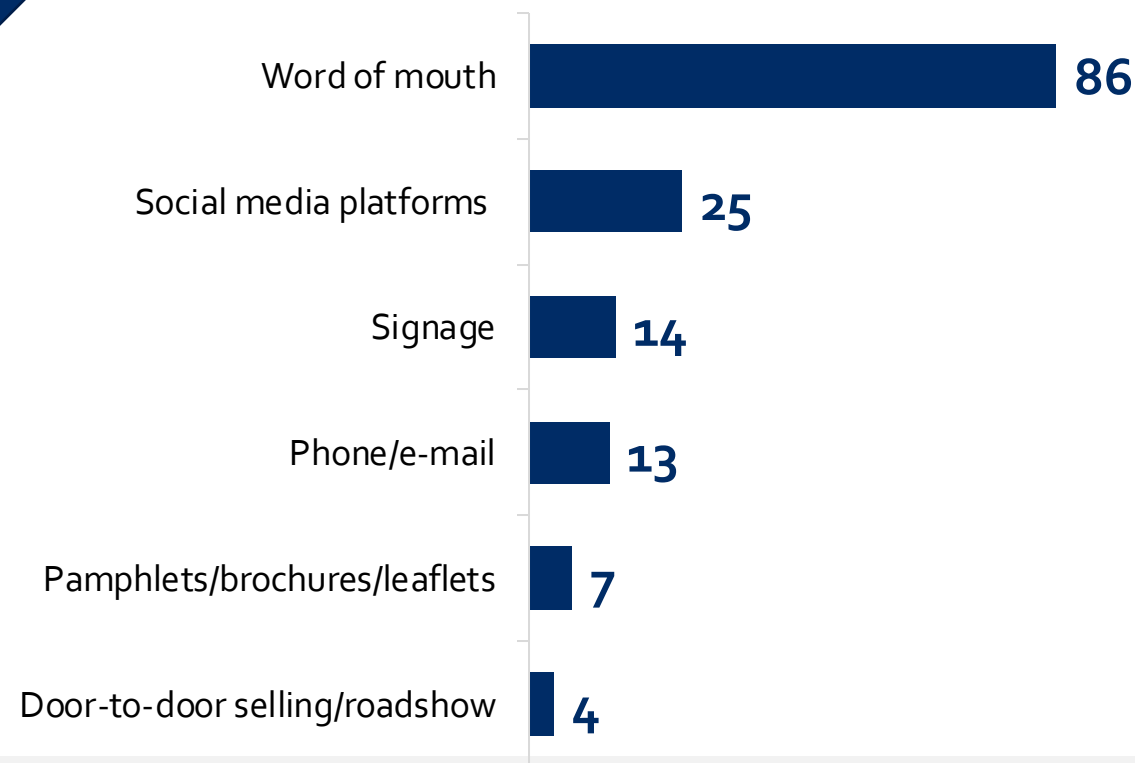
- About **1 in 10** MSMEs (9%) do not market or advertise their product – of those that do (91%)
- **7%** have submitted tender proposals (mostly small enterprises) with a **76%** success rate.



Payments are largely cash (**97%**) and or mobile money (**22%**)



Marketing tool used (%)



Employees: Overview

- There are about **17,000** full-time employers (25%) with **44,800** full-time employees (FTE)
- **33,000** business owners regard themselves as employees of the business.



54% of full-time employees are male

7% of full-time employees are family members

68% have a high school education and 11% have vocational or university qualification

Employee benefits include:

Subsidised meals – 46%

Workman's compensation – 21%

Accommodation – 13%

Overtime – 21%

Airtime – 14%

Leave pay – 17%

Transport subsidy – 13%

Salary advance – 24%



85% largely paid in cash

8% through DFS



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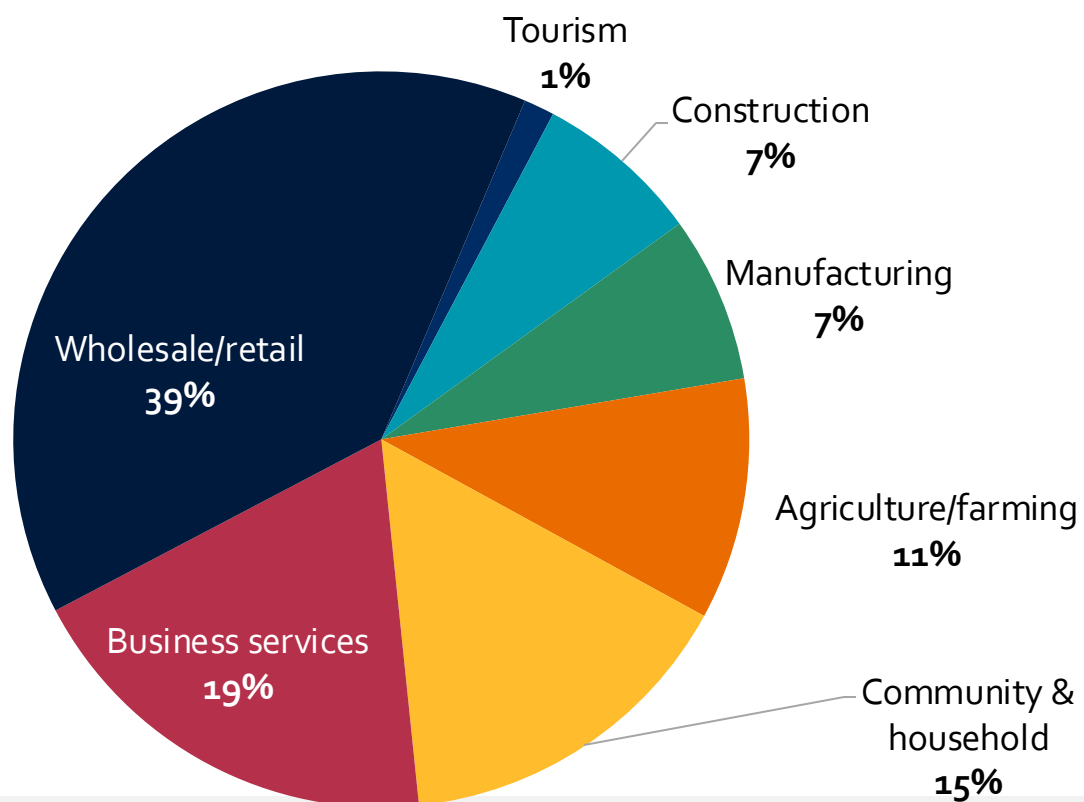
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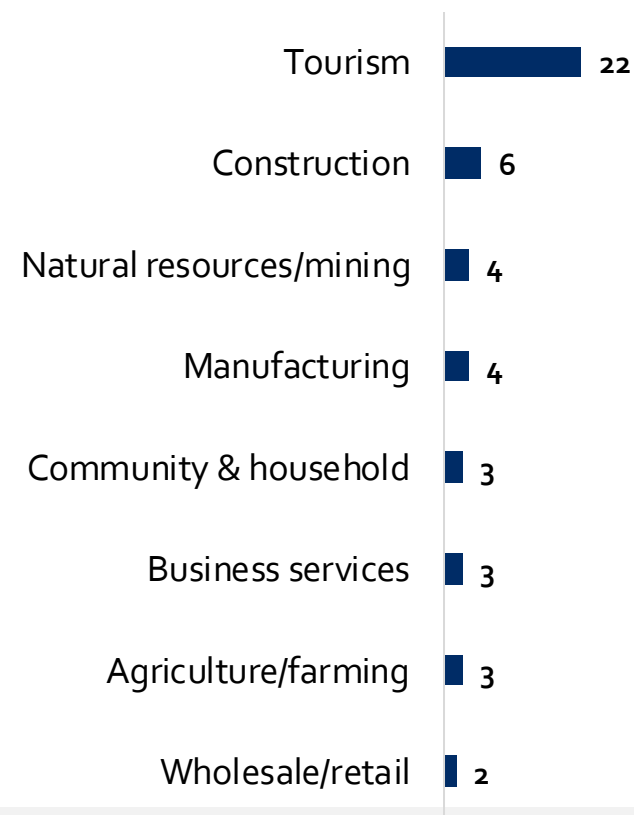
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Employees: By sector

Share of full-time employees by sector (%)



Average number of employees (FTE)



Overview



2023



2017

More micro-entrepreneurs

96%

78%

More females own MSMEs (mainly micro-enterprises)

60%

65%

Most MSMEs still located in rural areas

71%

74%

Wholesale/retail sector is still the largest & growing

44%

39%

Formal enterprises have increased

43%

25%



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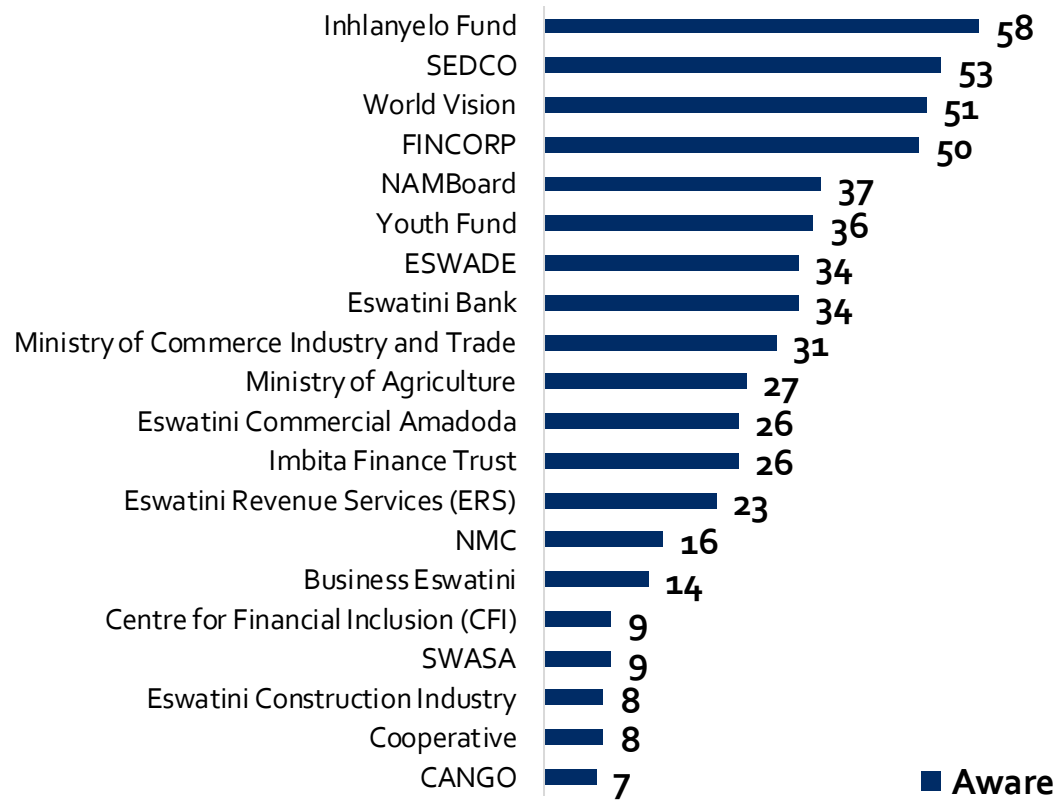
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Business support and impact of business shocks

Business support

Business support awareness (%)



Awareness of support organisations

- 84% are aware of an organisation that assists or offers advice to MSMEs

Usage of support organisations is low

- 30% of those aware of an organisation providing business support used their services

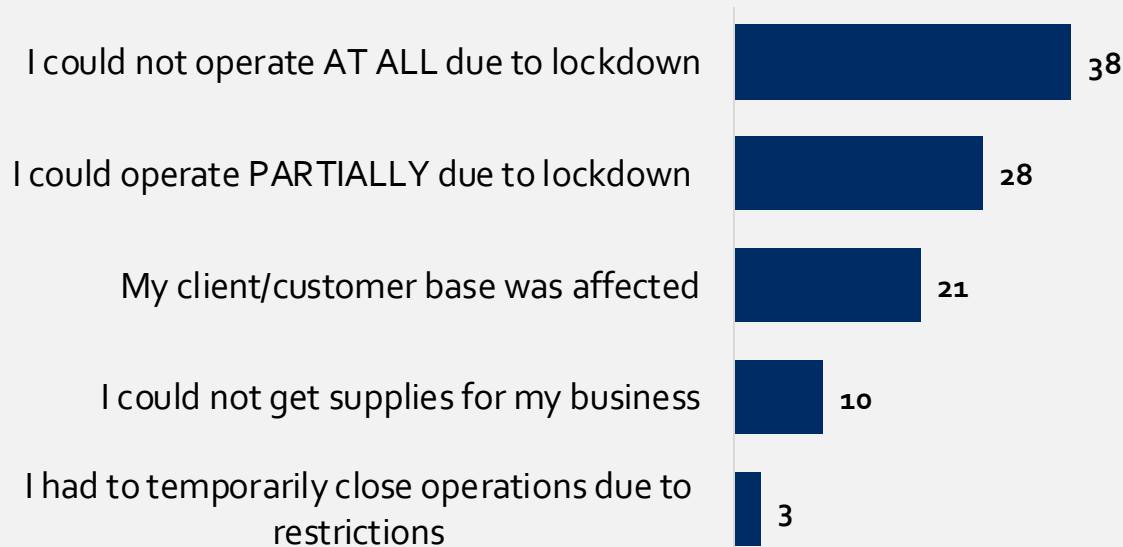
Support received

- 49% - How to get loans, finance and operate on credit
- 13% - How to start a business
- 9% - Market information
- 8% - Laws and regulations for MSMEs

Impact of external shocks on business: Covid-19 pandemic

- **16%** of MSMEs were/are classified as essential service during the Covid-19 lockdown period
- Four in five MSMEs considered the pandemic to have had a negative net impact on their business, while others considered it positive (8%) or of no major impact (9%).

Negative impact on business (%)

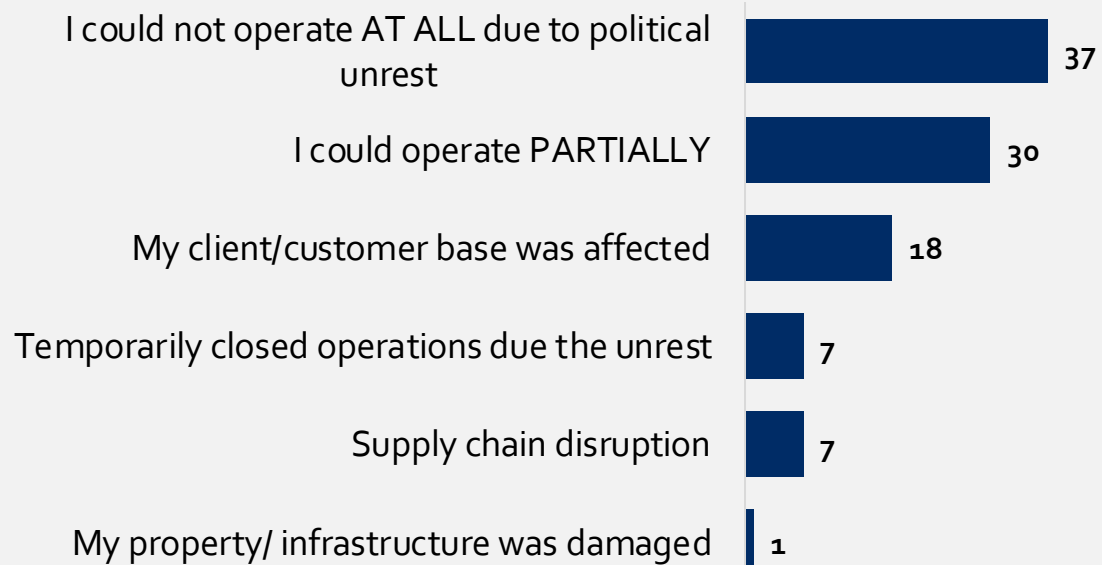


A positive impact was mainly experienced due to increased demand for business products, opportunities arising from supply-chain disruptions or more labour available at home due to the lockdown.

Impact of external shocks on business: Political unrest

- 57% of MSMEs were affected by the political and social unrest
- 80% of affected MSMEs considered the political and social unrest to have had a negative net impact on their business

Negative impact on business (%)



A positive impact was mainly experienced due to increased demand for business products and more labour available at home to assist with the business.

Business challenges and needs

38% claim that their business is successful



Perception of business performance (%)



Operational challenges:

- Sourcing finance – **55%**
- Access to markets – **53%**
- Cashflow – **24%**
- Business growth – **24%**

Growth obstacles:

- Access to finance – **59%**
- Space to operate – **26%**
- Competition – **19%**
- Lack of market – **18%**



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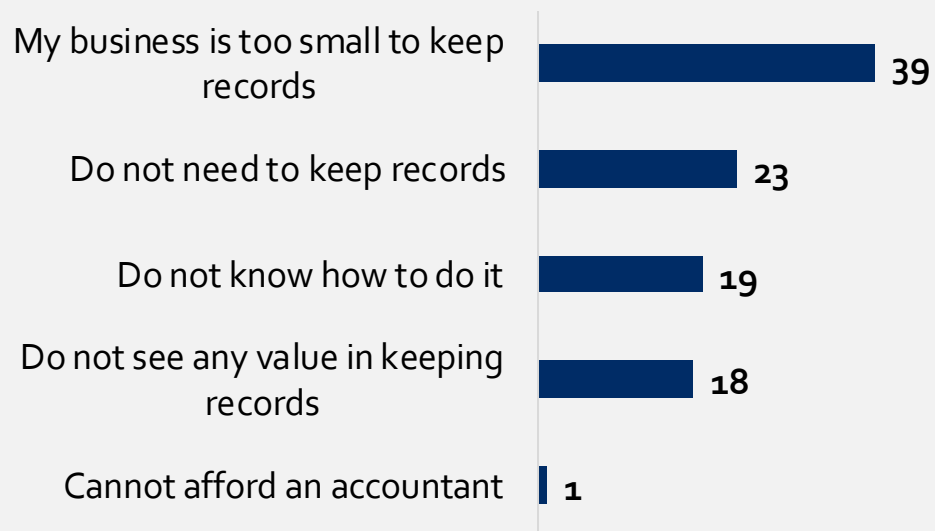
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Business operational needs

71% keep financial records of which 41% always keep records and 30% do so sometimes, 11% do so electronically while 93% use a manual system.



Barriers to financial record keeping (%)



There is a high proportion of business owners who keep financial records. Of those who do not keep financial records, there is a perception linked to a lack of financial literacy on business fundamentals and the value of keeping financial records of any business transactions.

Entrepreneur perceptions

Perceptions and attitudes (%)



■ 2023 ■ 2017



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Determinants of financial inclusion

Financial inclusion framework

Total business owner (BO) population = Minimum age (18 years) defined by the age at which individuals can enter a legal financial transaction in their own capacity

Financially included = BOs who have/use financial products and/or services for business purposes – formal and/or informal

Financially excluded = BOs who do not have/use any financial products and/or services – if borrowing, they rely only on friend/family; and if saving, they save at home

Formally served
= BOs who have/use formal financial products and/or services provided by a formal financial institution (bank and/or non-bank)

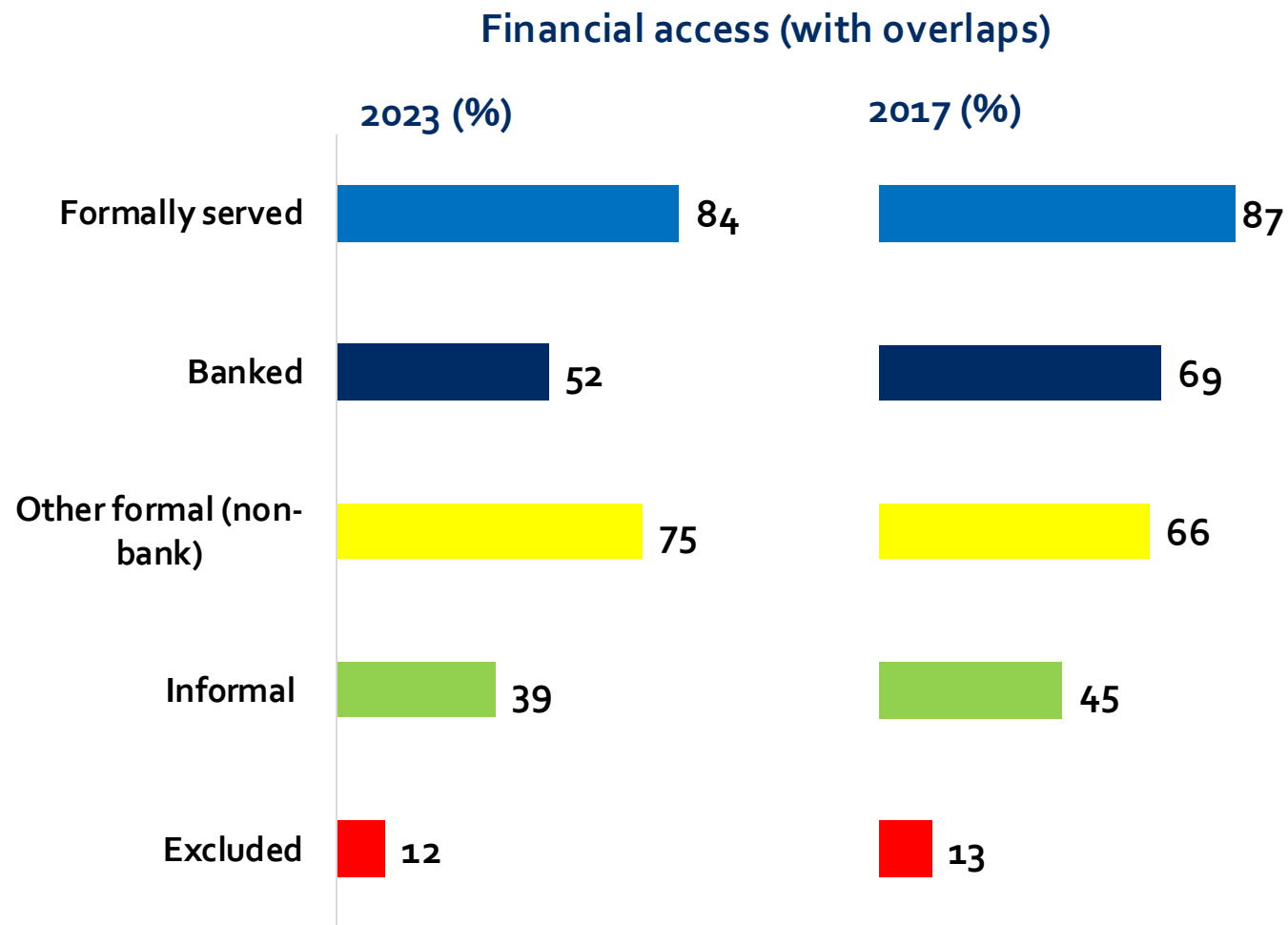
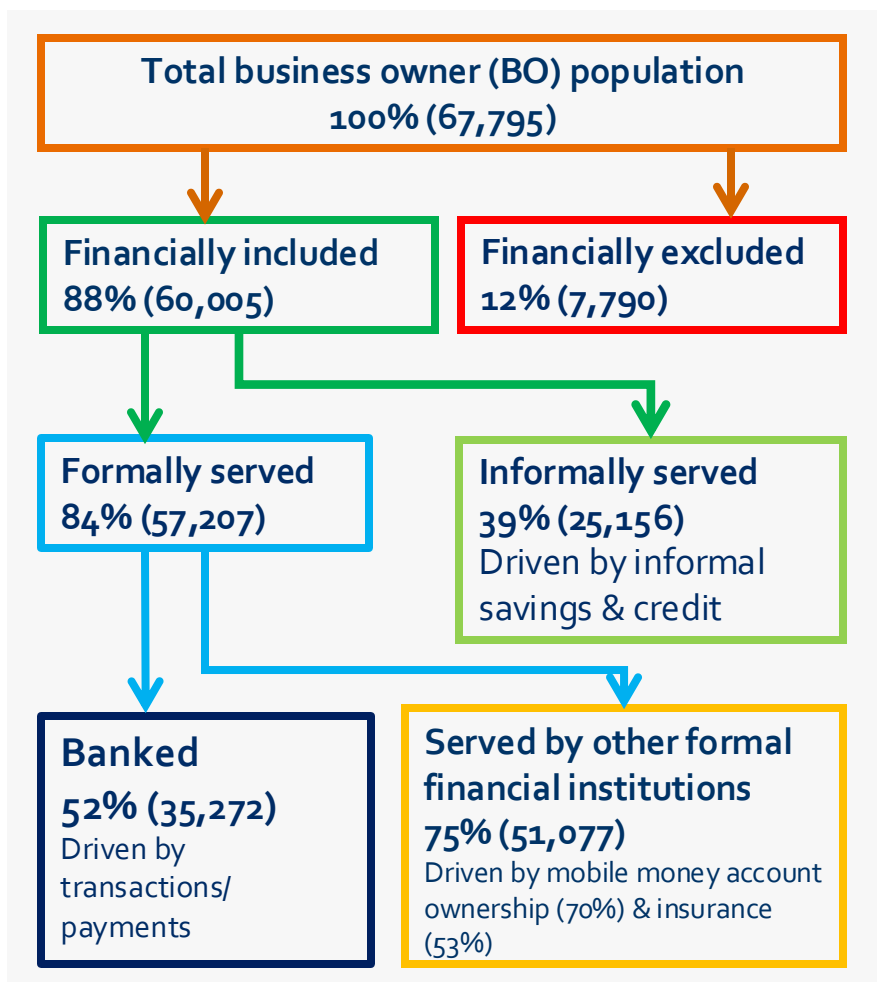
Informally served
= BOs who have/use financial products and/or services which are not regulated, e.g. farmer associations, saving clubs/groups, private moneylenders

Banked
= BOs who have/use financial products and/or services provided by a banking institution regulated by the Central Bank of Eswatini

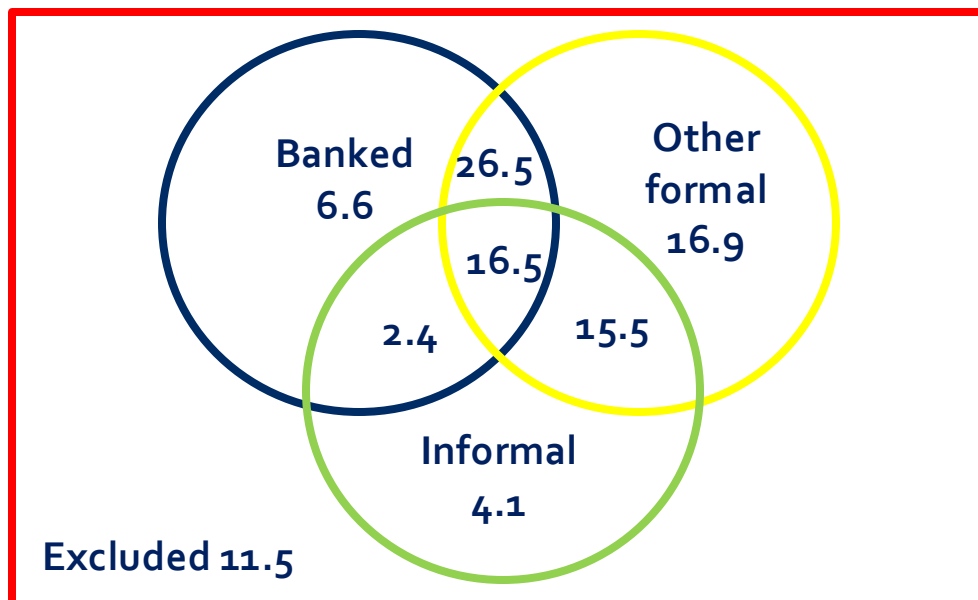
Served by other formal financial institutions
= BOs who have/use financial products and/or services provided by regulated non-bank formal financial institutions, e.g. insurance companies, micro-finance institutions and mobile money



Financial inclusion of Eswatini MSMEs (with overlaps)



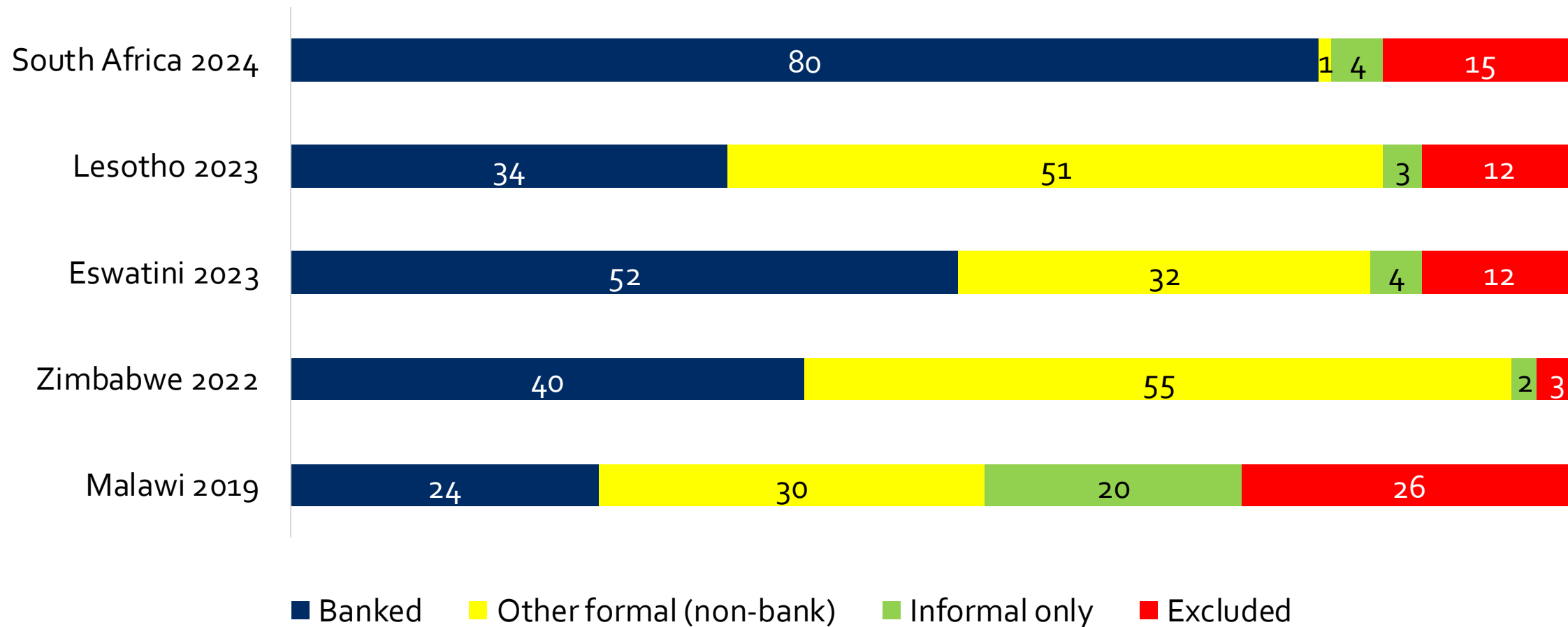
Overlaps and financial access strand



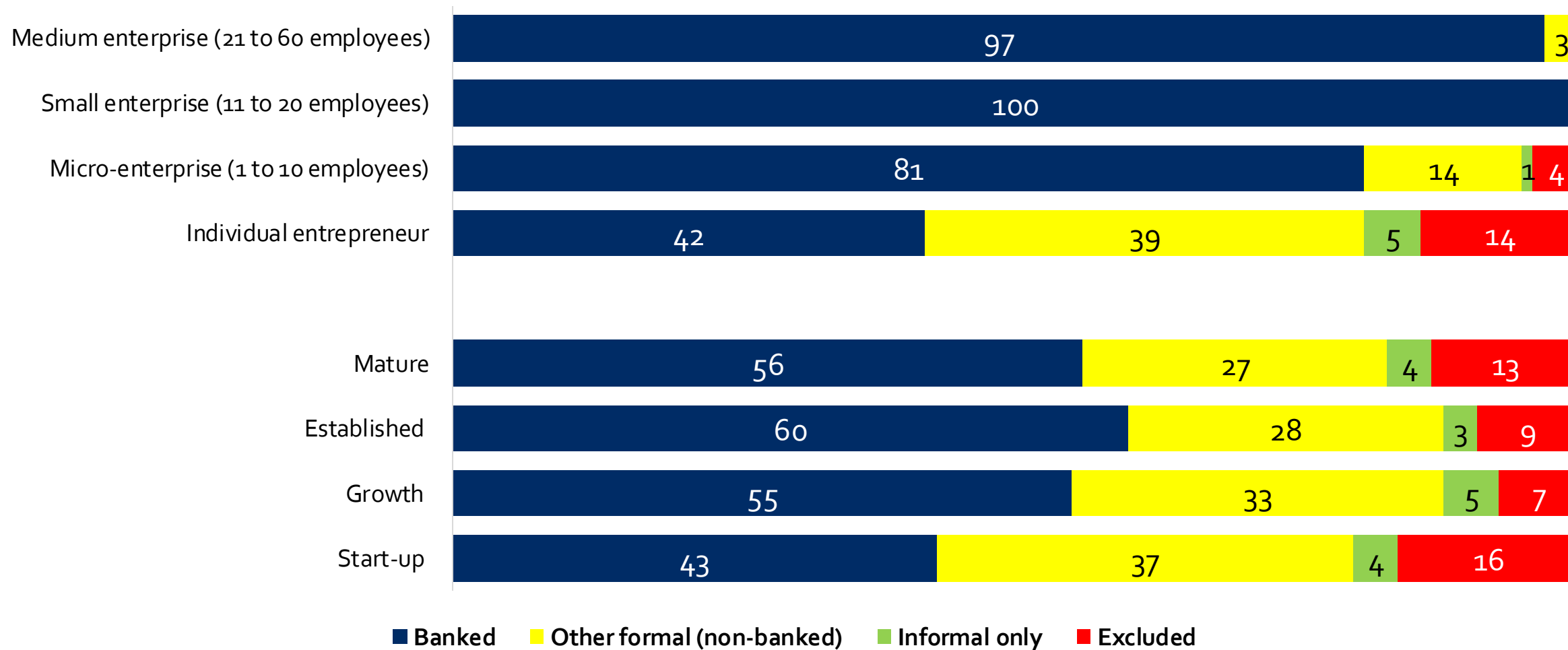
Due to rounding off, exclusion is reported as 12%.



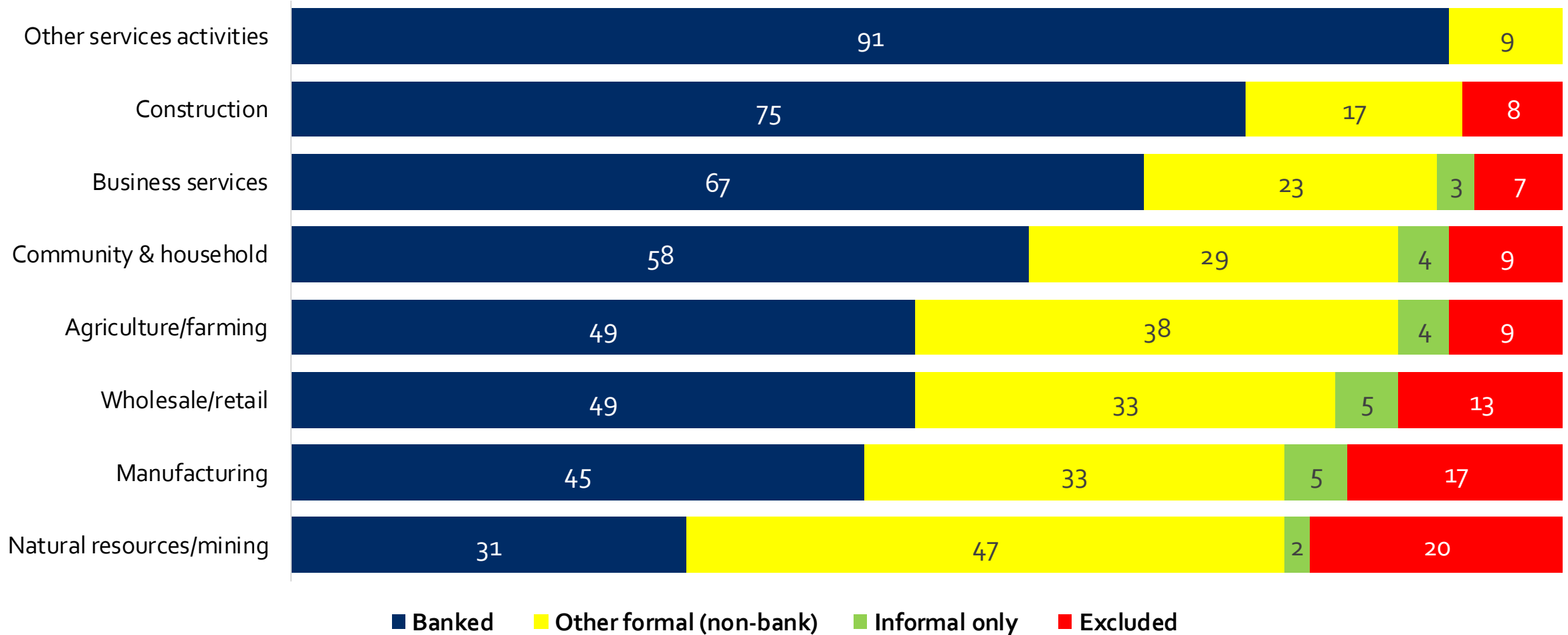
Financial access strand by country



Financial inclusion: Life cycle and business size (%)



Financial inclusion by sector (%)



Banking: Drivers and needs



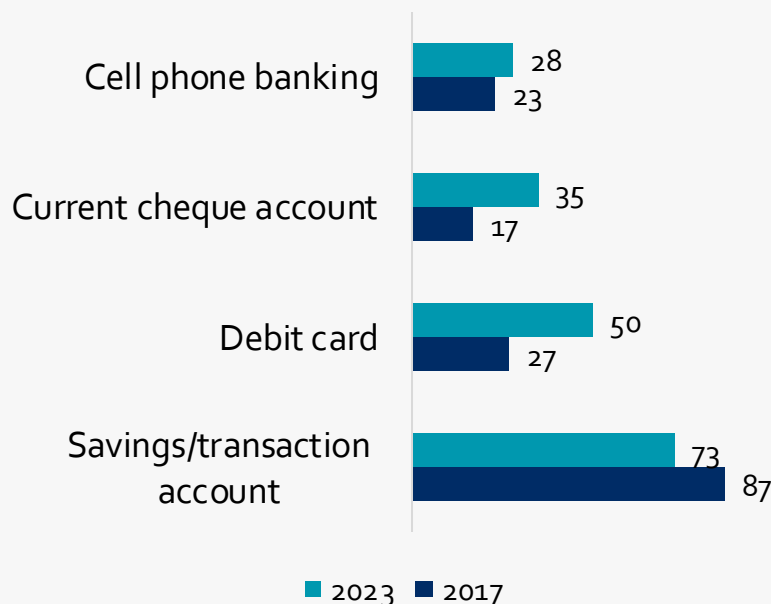
Almost one in three banked businesses use bank digital financial services, i.e. electronic transfers, online banking, etc.

2023: Banked business owner population decreased to 52% largely driven by transactions (96%).

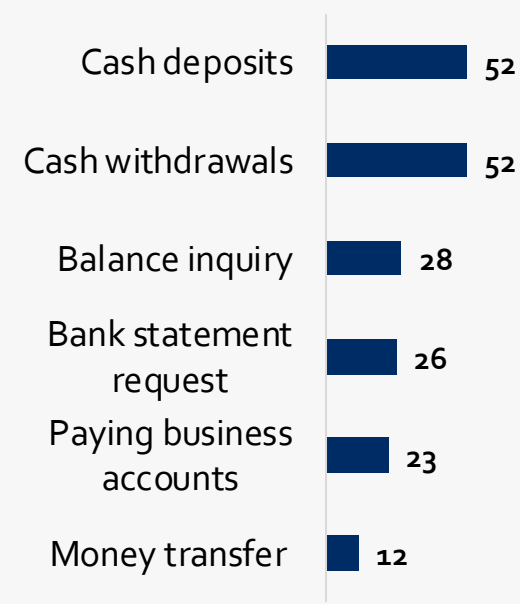
While bank account access has decreased among the business owner population, usage for business purposes is higher. Only 26% of banked business owners have an account in the business' name (vs 14% in 2017).

An additional **25%** of business owners use over-the-counter (OTC) bank wallet services.

Main bank products driving transactions (%)



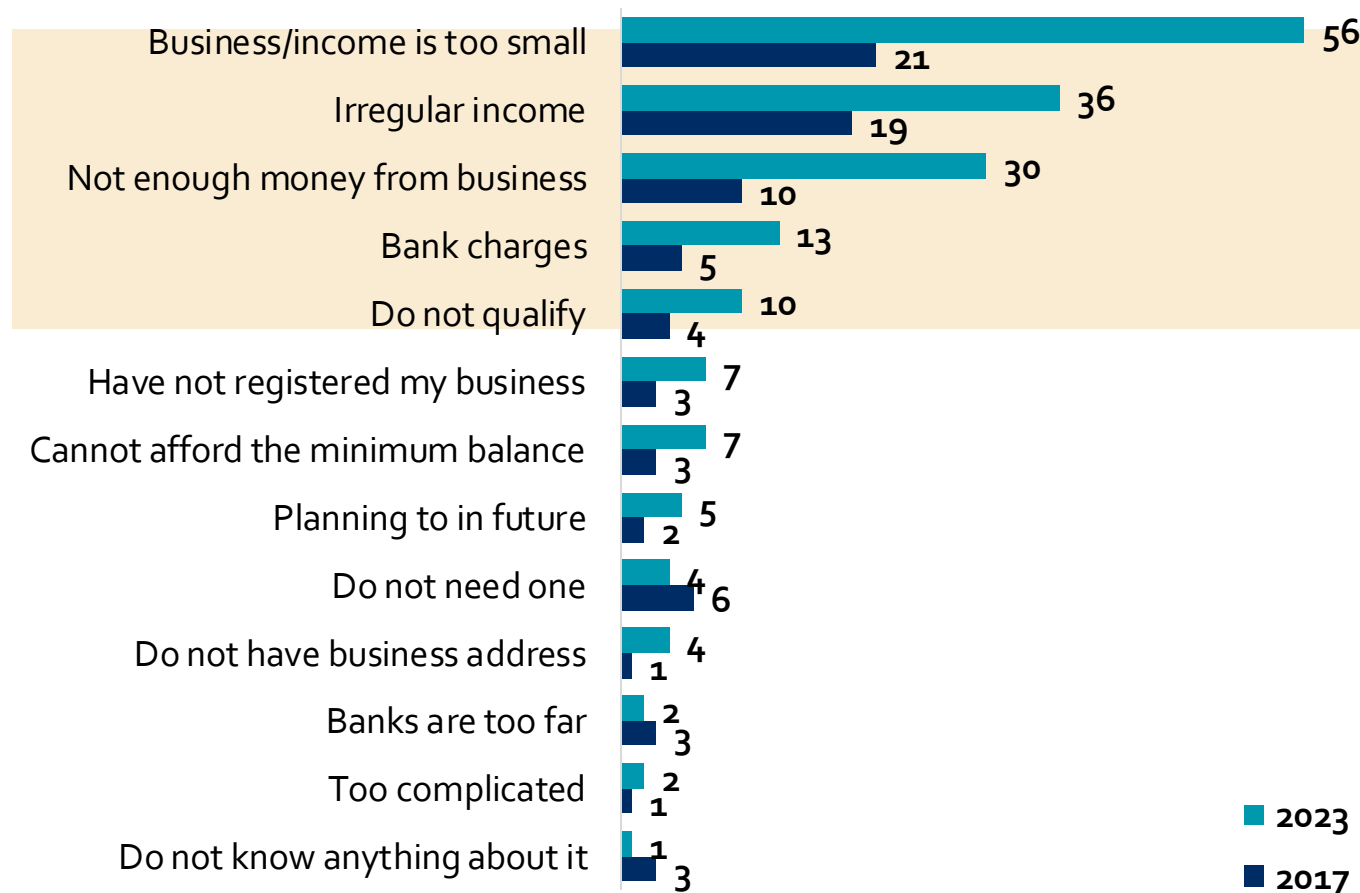
Main transactions performed in 2023 (%)



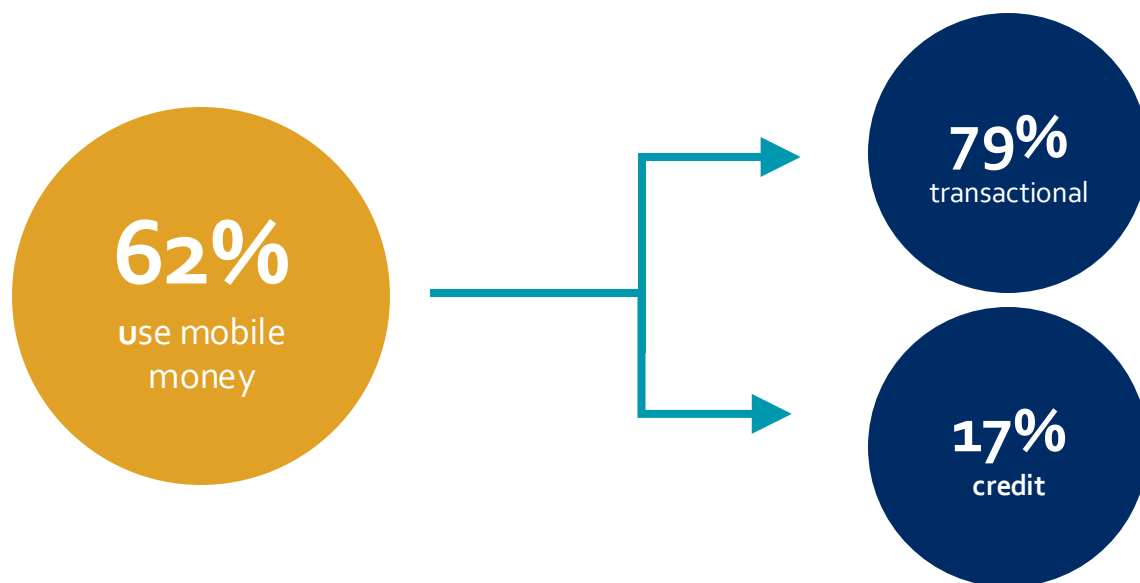
Banking: barriers

- There have been **no changes in the main barriers** to banking since 2017.
- The main barrier to banking is business size. Not surprisingly, **the most unbanked** business owners are **individual entrepreneurs**.
- Irregular income, both personal and business-related, is cited as a barrier, highlighting the frequency of income and the misalignment between bank cycles and income cycles.

Barriers to banking (%)



Mobile money

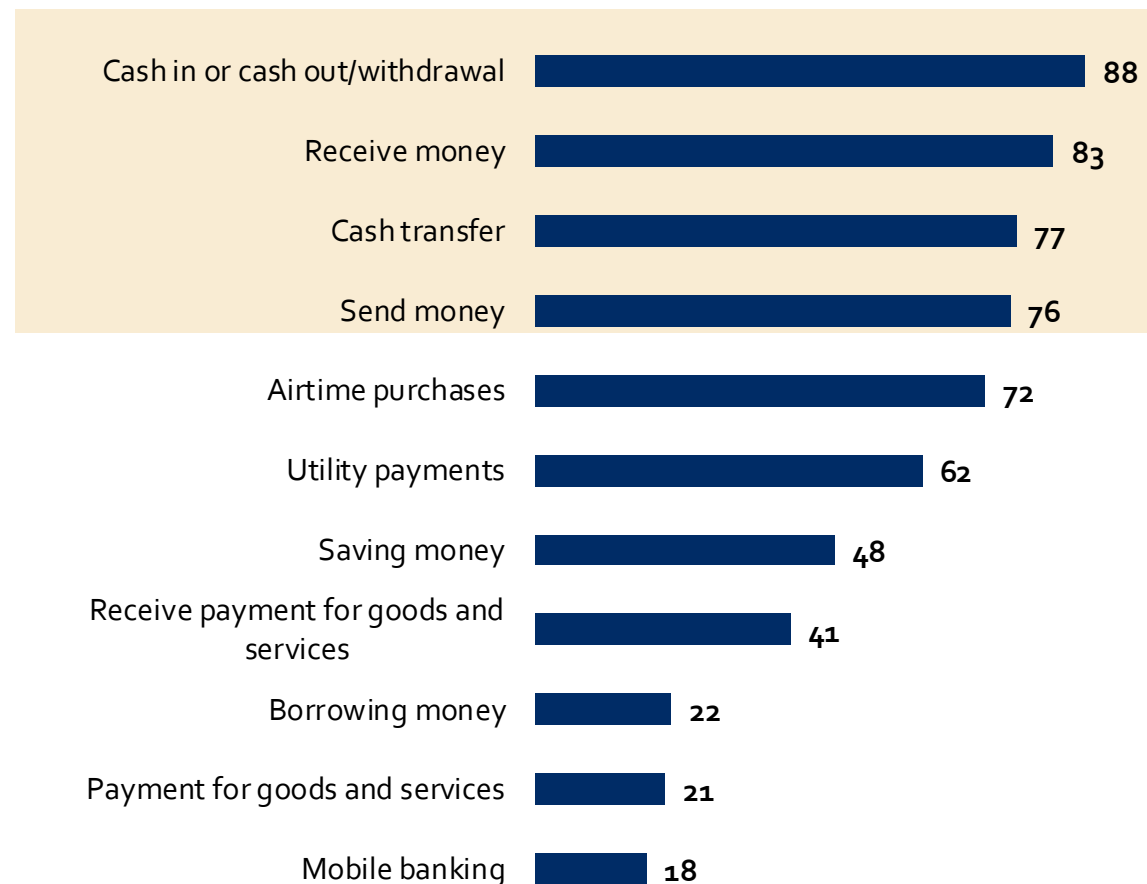


39% of mobile money users conduct DFS through their accounts.

An additional 5% of business owners use OTC mobile money services.

While mobile money has three in five MSMEs using it, a good proportion of the usage is linked to **remittances, which is a source of capital injection or cashflow.**

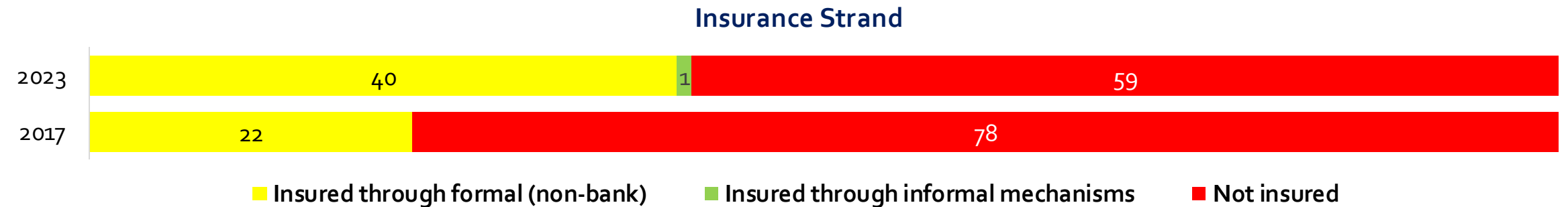
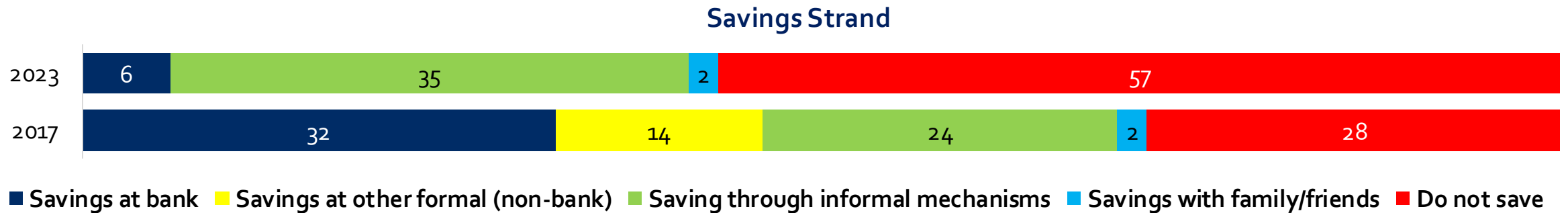
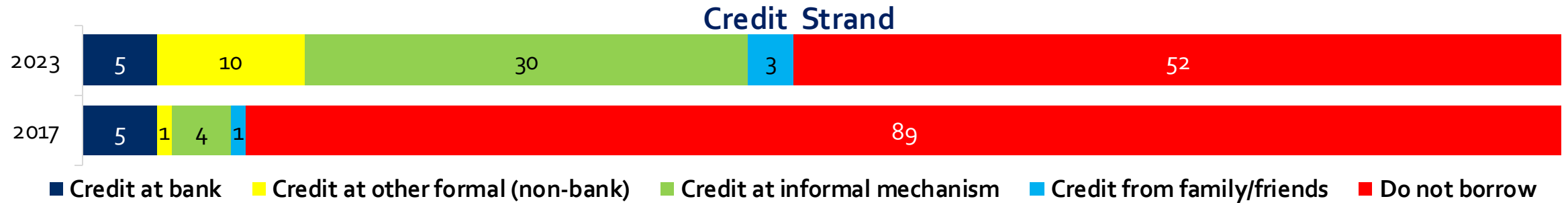
Usage of mobile money (%)



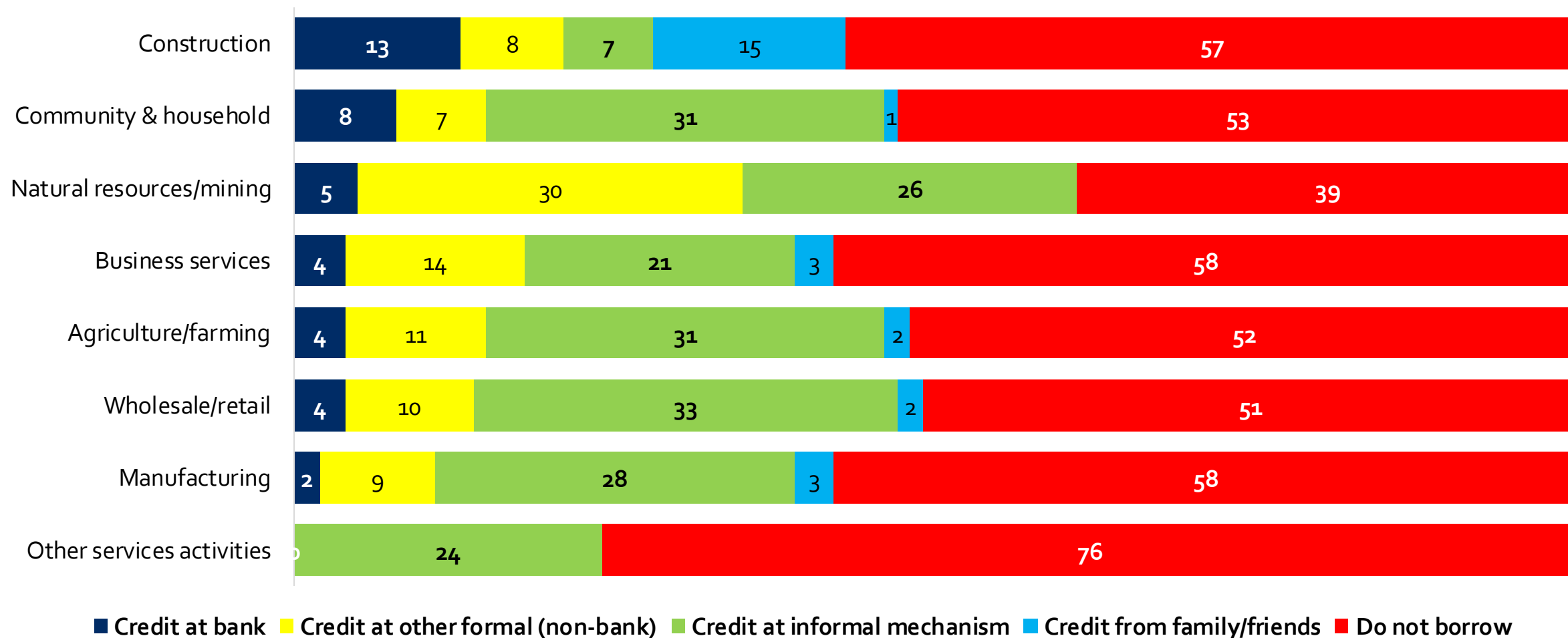
Financial access overview

- Financial inclusion has improved among the MSME owner population in Eswatini in the past six years in the first tier of **access** with 84 per cent having formal financial products.
- Overlaps have shown that business owners use both banking and mobile money together with under 7% of the business owners being solely reliant on bank products. This points to the interoperability between banking and non-banking products such as mobile money which have improved the access to formal products.
- The main drivers of the formally included business are banking and mobile money products and services is largely for payments with banking and mobile money with insurance having two in five businesses being formally insured.
- Informal finance through savings and credit groups has been the main driver in credit and savings outpacing formal credit and savings products.

Financial inclusion by product

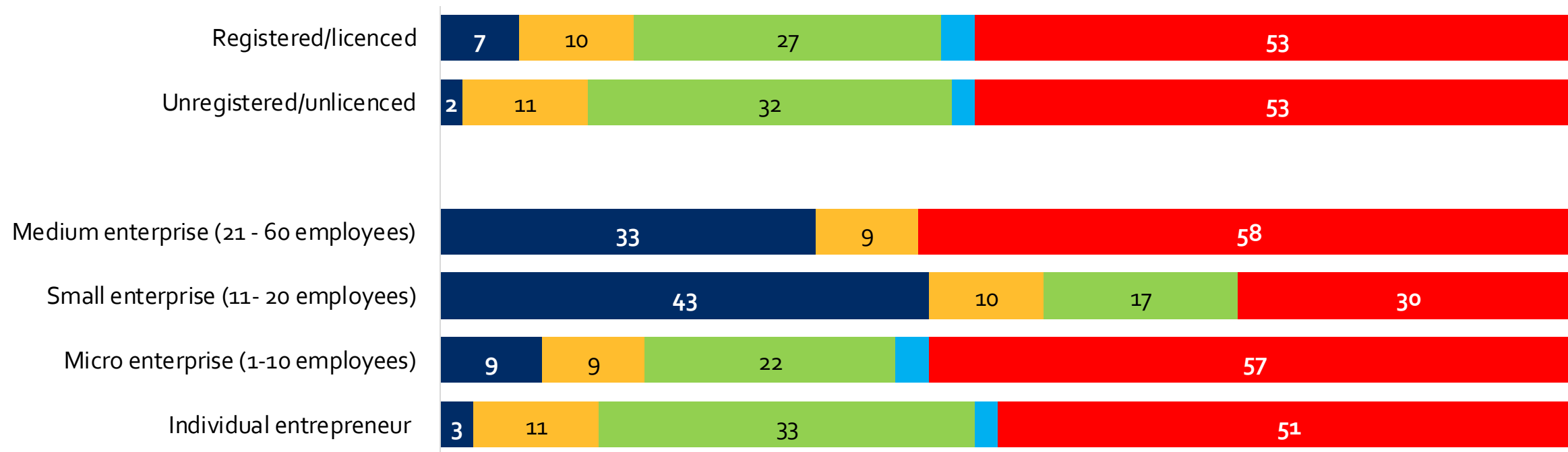


Financial inclusion: Access to credit



Financial inclusion: Access to credit

Credit Strand (%)



■ Credit at bank ■ Credit at other formal (non-bank) ■ Credit at informal mechanism ■ Credit from family/friends only ■ Do not borrow



FMT

FinScope

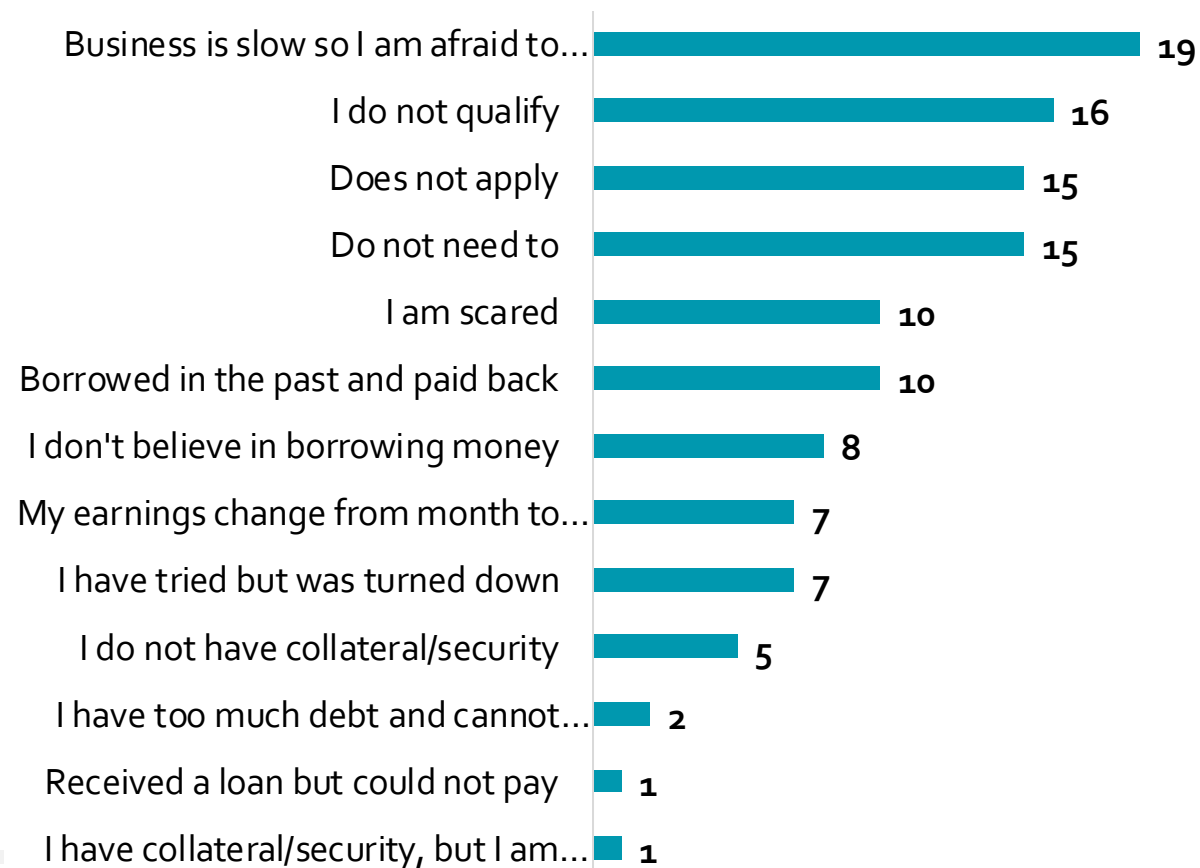


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Financial inclusion: Barriers to credit

Currently, **52%** of MSMEs are not borrowing mainly due to fear of debt, lack of qualification, and having no need to borrow.

Barriers to credit (%)



Financial inclusion: Access to insurance

Insurance Strand (%)



- Formal insurance is up from 22% to 40% , primarily driven by personal insurance:
 - Funeral plan or cover (85%)
 - Life insurance cover (11%)
 - Medical aid (8%)
 - Workman's compensation (8%)
- 4% of MSMEs have business insurance, with 61% of them having compulsory cover
- The use of informal insurance is driven by funeral cover.



FMT

FinScope

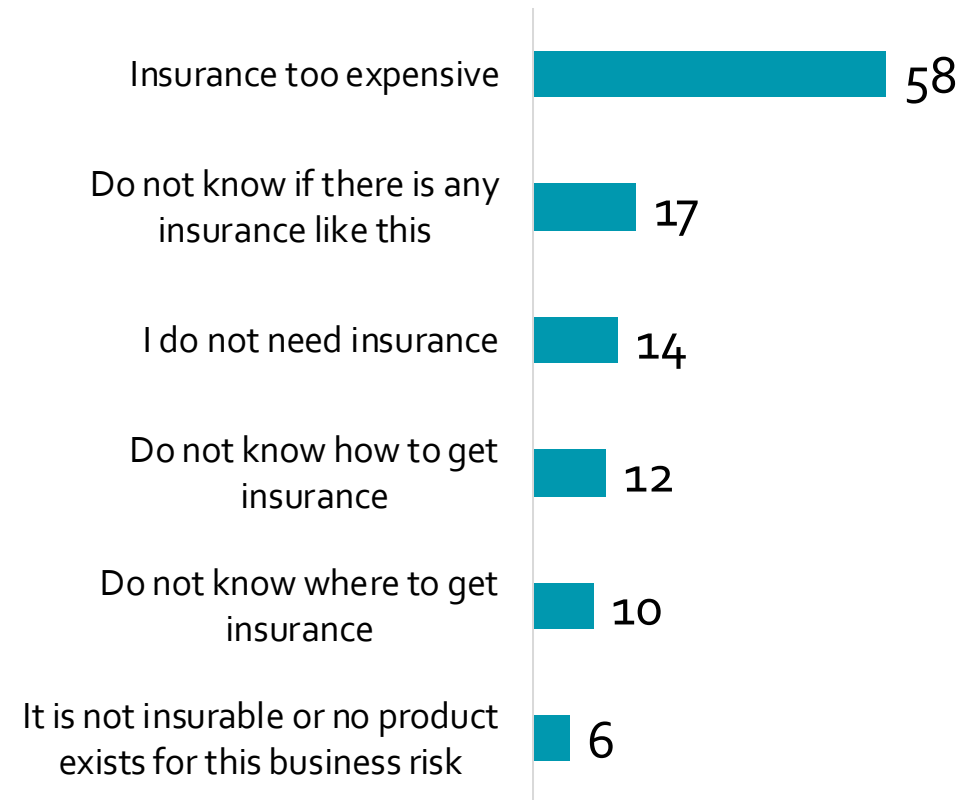


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Financial inclusion: Barriers to insurance

- Currently, **60%** of MSMEs are not covered for any personal or business risk.
- The main barrier is the perceived expense of insurance and the lack of information on how to obtain insurance and the types of insurance that are relevant to MSMEs.

Barriers to insurance (%)



Pulling in together: product uptake

- Overall access to formal financial products and services is increasing, albeit with shifts across mainstream banking and mobile money. The primary uses for formal financial instruments are risk mitigation and transactional purposes (payments). Both bank and mobile money services exhibit large user transaction volumes. However, as in Zimbabwe and Lesotho, bank products have lower usage of digital financial services than mobile money. Insurance uptake is mostly determined by funeral plans and medical assistance, and it is intended for the business owner rather than the company's assets. There is very little access to formal savings or credit platforms.
- Despite the difficulty of obtaining financing has been consistent since 2017, the most frequent reason given by excluded business owners for not obtaining credit is their inability to qualify for credit due to size and slow business growth. This could be attributed to the fact that a larger percentage of businesses are individual and micro enterprises, which may not meet the conditions for formal financing, leading to a greater reliance on unofficial or personal channels.
- For MSMEs, the informal sector remains a vital source of finance, especially via savings and credit clubs. One strategy to increase and control access to MSMEs is to integrate non-formal financial services, such as stokvel accounts, with the formal financial sector. Understanding the social capital and value systems in which these credit and savings organisations operate can help explain the design of some formal goods and services.

Blended Micro, Small and Medium Enterprises Survey



Thank You

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