

SA Taxi makes taxi ownership more affordable

SA Taxi has advanced its efforts to overcome the financial, structural and legislative hurdles facing the taxi industry by providing qualifying taxi owners with access to more affordable vehicle finance.



Maroba Maduma, communications executive at SA Taxi

The transformational ownership transaction, which secured the South African National Taxi Council (SANTACO) a 25% stake in SA Taxi as part of a deal worth R1.7bn, has enabled SA Taxi to lower its cost of funding such that SA Taxi is now able to offer vehicle finance at interest rates as low as 15.5% per annum, where an initiation fee and services fees are also charged, to lower risk grade customers, thereby expanding its product offerings to customers it was not able to attract previously.

Through more engagement with the taxi industry, SA Taxi hopes to attract lower risk grade customers to secure finance through the financial services provider by also introducing reduced deposit requirements.

“As a financial partner to South Africa’s taxi industry, we provide financial and operational support through a host of beneficial programmes, initiatives and products to taxi owners who operate about 250,000 vehicles. We, therefore, understand the crucial role that the minibus taxi industry plays in our economy and understand the industry. As such, we are committed to empowering and supporting the entrepreneurs that operate minibus taxis,” explains Maroba Maduma, communications executive at SA Taxi.

Maduma elaborates that the industry has voiced major concerns in the past, including the ability of taxi owners to afford vehicle finance repayments due to high interest rates, vehicle price escalations, and the impact that runaway operating costs in the form of fuel price increases and rising maintenance costs have on their businesses.

“Through regular engagements with all stakeholders, we have listened to their concerns and have worked hard to provide solutions.”

Through this new financing offer, taxi owners with a good credit record and who meet the qualifying criteria can apply to purchase new petrol or diesel Toyota, Mercedes and Nissan vehicles at selected dealerships at a preferential interest rate as low as 15.5% per annum*.

Continued efforts

“The industry supports SA Taxi’s continued efforts to improve the affordability and the broadening of access and inclusivity to taxi operators. SANTACO remains committed to pushing for more and more favourable lines of credit and addressing the interest rate problem that has been bemoaning our members”, explained SANTACO president, Phillip Taaibosch.

SA Taxi’s financial support also extends across the entire asset value chain via a unique blend of vehicle procurement, retail and refurbishment capabilities through its Taximart division, access to well-priced new and refurbished quality-assured used vehicle parts via its Taxi Auto Parts (TAP) division, and Project Refentse, a training and skills development programme for mechanics designed to improve the quality and service experienced in the minibus taxi industry.

And by serving low-risk customers at lower interest rates and growing its open market insurance book, SA Taxi also plans to further increase its support for business owners by designing other bespoke insurance offerings to broaden inclusivity for the uninsured segment of the minibus taxi market.

Corporate initiatives and sustainability projects

The new financing solution also builds on other corporate initiatives and sustainability projects aimed at empowering the taxi industry. These projects include Black Elite, a pioneering multi-faceted fuel-based rewards programme that is helping the local taxi industry realise significant financial and commercial benefits.

Approximately 14,000 cards have been distributed and more than 6.5 million litres of fuel pumped since its launch in April 2018, with further rewards programmes under consideration. In addition, the proceeds from a shared value initiative with Guardrisk and taxi associations funds research into the industry to identify insurance and financial requirements, educates operators, and supports industry structures, such as driver and queue marshal training to improve customer services, among other elements.

“Our new, more favourable interest rate for qualifying owners is just one more way in which we're working to improve the industry’s sustainability. We are confident that our new offering will benefit the industry and help to reduce the pass-through costs that also impact on commuters,” concludes Maduma.