

# GUIDANCE NOTE GN801(a)

on

## CODE SERIES FS800, STATEMENT 801

### THE MEASUREMENT OF THE ACCESS TO FINANCIAL SERVICES ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT AS IT RELATES TO BANKS

#### GEOGRAPHIC ACCESS

#### 1. Introduction

This note serves the purpose of providing guidance to the measurement of Geographic Access. Geographic Access measures the availability of physical points of presence (POPs) that offer or enable financial services. These may include bank managed, third party and client owned resources.

#### 2. Definition

Points of presence or representation are defined as:

- 2.1 **Transaction points** are points at which customers can withdraw cash or make purchases using their accounts (card).
- 2.2 **Service points** are points at which customers can do at least one of the functions mentioned under transaction point and can also reset a pin or do money transfers or get a statement or initiate account queries.
- 2.3 **Sales points** are points at which customers can do at least one function mentioned under transaction point and one other from service point in addition to one of the following: replace a card, deposit cash, acquire an account, acquire a funeral policy, or get a loan.

#### 3. Target Market

The qualifying target areas are municipal suburbs or sub-areas with 50% or more of households that fall within the LSMs 1-5 category (LSM 1-5 predominant).

#### 4. Measurement Principles

- The sector will be measured as a collective. However, institutions will be scored according to their contribution towards the industry target.
- This means that in the targets areas defined above, there must be at least one service point within a 15 km radius, a service point within a 10 km radius and a transaction point within a 5 km radius.

- A point of presence that meets the criteria for all three categories may be counted under all three.
- Allocate industry points on the basis that at least 80% of people in qualifying areas have access to a point of presence.

## 5. Measurement Process

5.1 Identify qualifying areas

5.2 Identify existing points of presence within the qualifying areas

5.3 Allocate points on the basis of targets outlined below

## 6. Targets

- Transaction point coverage – 85% of LSMs 1-5
- Service point coverage – 70% of LSMs 1-5
- Sales points coverage – 60% of LSMs 1-5

## 7. Scoring guidance notes - clarification

- The sector targets, measurement and performance be adopted however individual banks should be scored according to their performance in relation to the industry performance. For example, for Transaction Points
  - If the industry performance has 85% or more coverage, the industry scores would be 1 point.
  - If Bank A's performance is 75% coverage Bank A will score
    - $75\%/85\% \times 1 = 0.88$  points
  - This relative measurement will be applicable to all 3 Geographic Access categories

### **Important Note:**

The industry has been using an independent service provider to do a geocoding mapping of physical footprint of financial points of service. The findings of the geocoding are overlaid with a population data set to determine the profile of the people that are being served. The LSM predominance is determined in this manner.