

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**DUE TO PARLIAMENT: FRIDAY, 9 JUNE 2023**

**“2010. Mr D F Mthenjane (EFF) to ask the Minister of Small Business Development:**

**What are the reasons that the Small Enterprise Finance Agency as a development finance institution is enabling intermediaries to exploit the marginalised through exorbitant interest rates?” NW2272E**

**REPLY:**

**I have been advised as follows:**

That the interest rates between the Micro Finance Institutions (MFIs) and their clients are governed by the National Credit Act (NCA). All the Small Enterprise Finance Agency (**sefa**) funded MFIs charge interest rate that is within the rates prescribed by the NCA. However, both the clients and **sefa** acknowledge that the current rates are higher than what would be preferable, and **sefa** and its developmental clients are in the process of developing a sustainable way forward on rates and charges that bears in mind the MFIs’ need to be financially sustainable and the entrepreneurs’ need of finance at the best possible rates.