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Launching a business in South Africa

About Stitch

Stitch payments solutions help businesses seamlessly connect to the financial system, so they can operate more efficiently and grow more quickly. Businesses can leverage the Stitch API to enable secure, instant pay-ins, automated payouts and seamless reconciliation across payment methods - in addition to accessing user financial data. Our flagship payments solution, LinkPay, is the first in Africa to tokenise user financial accounts for one-click payments. Learn more at stitch.money.

About this guide

Every day, we see more innovative and impactful tech businesses launching and scaling across Africa - and more global businesses choosing to enter African markets. At Stitch, our goal is to make it easier for the teams building these solutions to launch, optimise and scale.

From startup founders launching a business in South Africa for the first time, to scale-ups evaluating South Africa as their next market, to pan-African and global enterprises taking advantage of the market opportunity - a great understanding of the landscape is an essential first step in going to market.

Tip

This guide can be leveraged alongside additional resources, including the [South Africa Investment Guide](#) from [GIZ Make-IT in Africa](#) and [Briter Bridges](#), where you can find additional information on fundraising, the investment landscape and an investor directory.

Why South Africa?

The African continent is in a period of transformative growth, registering a [record number](#) of investments in 2021 - [which has already been surpassed in 2022](#) - even in a period of global economic downturn.

Increasingly recognised as a fertile environment for both local and international entrepreneurial ventures, South Africa remains one of the [top 10](#) most developed countries in Africa, with the [second-largest economy](#) on the continent after Nigeria.

South African consumers are also becoming increasingly savvy and embracing new financial technologies - from innovation in mobile payments solutions with the likes of QR payment products Zapper and SnapScan, to the fast-growing cryptocurrency space, for which South Africa was [ranked as the largest market](#) in Africa in 2022.

Many international players, from Binance and Yellow Card to AWS, dLocal, Oracle, Amazon and more, see the potential here and are choosing to invest heavily in the market. Google [recently announced](#) its choice of South Africa as the first Google Cloud site on the continent.

Boasting a highly developed financial and banking system - with 80% of South Africans having access to a bank account - and one of the most active startup ecosystems on the continent, its well-developed infrastructure and extensive opportunities for growth grant the nation its status as one of the highest-ranking African countries on the [ease of doing business index](#).

As well, as of January 2022, there were [41.19 million active internet users in South Africa](#), with around 46% of the population active on social media.

South Africa is filled with strong business partners, regulatory and legal frameworks, an independent judiciary, and an incredibly diversified economy¹ and is considered an ideal location to launch a business on the continent, with one of the fastest-growing consumer markets and a population of around 60 million.

1. Source:
[2021 Doing business in South Africa Report](#),
Netherlands Enterprise Agency

2. Source:
[Funding report](#),
Disrupt Africa
3. Source:
[Why Africa is defying global trends in VC funding](#), Quartz Africa

⚡ Summary

- Africa's second-largest economy based on GDP²
- 84th on World Bank Ease of doing business list
- \$336.4 million in VC funding raised in 2021³
- Highest number of startup exits
- Ranked first place in Africa by fDi Intelligence among Africa tech ecosystems of the future overall, as well as for economic potential, startup status and business friendliness
- Second-highest # of tech startups on the continent, after Nigeria (Briter Bridges)
- Largest # of FDI projects in software and IT in Africa (fDi Intelligence)

Infrastructure + ecosystem

From solid physical infrastructure to wide availability of technological infrastructure players that can be leveraged to get a business up and running faster and reduce costs, South Africa offers significant potential.

Broadband access is improving in the region due to investments in submarine and terrestrial fibre-optic networks.

The 2016 StatSA General Household Survey reported a national household internet usage of 59.3%, mainly accessed through mobile devices.

There are some challenges to note, however, including load shedding (power outages), relatively high cost of fuel, high rate of petty crimes and relatively high cost of data (up to R85 / \$5.29 per 1GB) compared with other African tech hubs. When planning market entry, businesses will have to hedge against some of these challenges to ensure smooth and effective operations.

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02	Tech infrastructure + payments processing	18
03	Localising operations + user experience	20
04	Legal and fiscal frameworks	26
05	Financing your business	41
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Ecosystem Overview

This section includes:

- Overview of the South African tech ecosystem
- Top sectors
- Cape Town deep dive
- Success stories
- International businesses with a hub in South Africa
- Availability and cost of talent
- Office space options and costs
- Incubators, startup support programmes and sandbox environments

Part 1

The South African tech ecosystem

Major economic hubs in South Africa, including Johannesburg, Cape Town and Durban, have great infrastructure that makes it easy to get up and running, from the availability of co-working spaces and coffee shops, to the accessibility of talent and world-class universities.

Cape Town and Johannesburg in particular boast a strong concentration of startups, large financial and tech company offices, investors and more, with frequent events, meet-ups and spaces where those in the industry can meet and mingle.

Top sectors

- | | | |
|----|---|---|
| 01 | Finance and banking |  |
| 02 | Fintech |  |
| 03 | Communications and information technology |  |
| 04 | Edtech |  |
| 05 | Transport and logistics |  |
| 06 | Agriculture and agro-processing |  |
| 07 | Healthcare and healthtech |  |
| 08 | Insurance and insurtech |  |
| 09 | Biotechnology |  |

Cape Town deep dive

The epicentre of South Africa's tech startup ecosystem, Cape Town was cited as one of the world's fastest-growing regions for foreign direct investment by fDi Intelligence.

“The Cape Town – Stellenbosch corridor contains 450 tech firms employing more than 40,000 people, making the ecosystem bigger than Nairobi and Lagos combined.”

→ fDi Intelligence

At the end of 2020, there were 550 tech companies and over 40,000 people employed in the tech sector, in Cape Town. The Western Cape also has over 30 co-working spaces, which is the highest concentration in Africa.



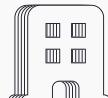
550

Tech companies



+40,000

People employed



30

co-working spaces

Success stories

Here are a few industry-leading tech businesses that got their start in South Africa and maintain HQ in the region.

01



Cryptocurrency investment app

02



Online short courses from the world's top universities

03



Online booking platform for cleaning services

04



Mobile financial services platform for mobile network operators and banks

05



Leading e-commerce retailer

06



Online travel booking agency

07



Africa's largest mobile payment gateway

08



Payments platform for SMEs

09



AI-as-a-Service company for machine learning specialists

10



Business funding for SMEs

International businesses with a hub in South Africa

A number of multinational tech businesses have established a significant presence in South Africa or have chosen to make the region their African headquarters. Some include:

01



02



03



04



05



06



07



08



09



10



11



12



13



14



15



16



17



18



Availability and cost of talent

Thanks to strong technical degree programs at local universities like the University of Cape Town or business programmes like those at the University of Stellenbosch, and growing interest in the tech and startup ecosystem, there is high availability of strong talent in South Africa.

Here are some of the key roles that can be hired locally, and a general idea of what average salaries might look like:

⌚ Tech

	Years	Cost
Junior Developer	0-2	R30,000 - R60,000
Intermediate Developer	2-4	R50,000 - R85,000
Senior Developer	6+	R75,000 - R150,000
Engineering Manager	7+	R60,000 - R150,000

✳️ Product

	Years	Cost
Junior Product Manager	0-2	R30,000 - R60,000
Intermediate Product Manager	2-4	R50,000 - R85,000
Senior Product Manager	6+	R75,000 - R150,000

Sales

	Cost
Sales Development Representative	R20,000 - R50,000*
Sales Development Manager	R30,000 - R70,000*
Sales Development Director	R60,000 - R150,000*

*excluding commission

Marketing

	Cost
Junior Marketer	R20,000 - R50,000
Senior Marketer	R60,000 - R150,000

Operations

	Cost
Junior Operations	R10,000 - R45,000
Senior Operations	R50,000 - R150,000

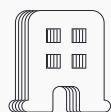
Office space options and costs

Very early-stage startups might consider starting off working out of a local co-working space. It's a great way to meet others working in the industry, and saves you the cost of having to fully fit out a space with furniture, coffee and snacks and more. They also often have event spaces that can be rented out to host larger gatherings when needed.

However, more established businesses, those who have outgrown co-working spaces or those just looking for something more personal might opt for a private space.

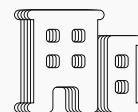
In central Cape Town, you can expect to pay a monthly rental between R120 - R200 per square metre. In Johannesburg, you can expect R200 per square metre, and in Durban, you can expect to spend around R100 - R200 per square metre, depending on the neighbourhood.⁴

4. Source:
[Property24](#)



DBN

R100 - R200 per m²



CT

R120 - R200 per m²



JHB

R200 per m²

Cape Town

Cape Town is known as the centre of South Africa's startup community. It's a relatively small city in terms of size, but has a lot of options for workspaces that are easily accessible and concentrated around a few key neighbourhoods in the city centre.

Cape Town's popular central neighbourhoods

Central Business District

→ Cape Town's Central Business District is home to many of the city and country's established businesses like Woolworths, Amazon, Investec, and more. A buzzing area full of restaurants, shops and co-working spaces – with a mix of small and large office spaces – the CBD is an ideal location for any sized business looking for headquarters in the city.

The Foreshore

→ Near Cape Town's iconic V&A Waterfront, you'll find many established international business headquarters including the likes of PWC, Ernst & Young, and KPMG, as well as many local businesses. In close proximity to many popular restaurants and shops, the Foreshore is full of upscale real estate and co-working spaces.

Woodstock

→ Only ten minutes from the city's CBD, Woodstock is one of Cape Town's eclectic, evolving neighbourhoods with many offices housed in converted factories and other industrial buildings. With a mix of trendy restaurants, quirky stores and boutique agencies, Woodstock also boasts many co-working spaces. Commercial real estate is typically less expensive than that of the city, making it the perfect place for startups to put down roots.

Co-working in Cape Town

Workshop17

→ Workshop17 offers flexible work and meeting spaces and is open 24/7. It has convenient locations in the CBD, the Foreshore and the Southern Suburbs.

Ideas Cartel

→ Whether you are dropping in for the day or renting a space for yourself or your entire company, Ideas Cartel offers flexible, shared facilities in various central locations that encourage productivity and increase workspace efficiencies.

Spaces

→ With flexible contracts and 24/7/365 access, Spaces has various locations throughout Cape Town for individuals and businesses looking for creatively designed shared workspaces.

AfricaWorks

→ AfricaWorks Cape Town features high-quality private offices, shared spaces, modern amenities and a vibrant community in the city centre.

Johannesburg

If Cape Town is known as the startup hub, Joburg is where you'll find HQ for many of the larger financial institutions, international tech organisations and corporate businesses. Johannesburg is much more spatially spread-out than Cape Town, and you'll need to drive between neighbourhoods to get around.

Joburg's popular central neighbourhoods

Sandton

- Known as the financial centre of Johannesburg and South Africa as a whole, some of the country's largest banks and the Johannesburg stock exchange (JSE) are headquartered in this newer central business district. Its popular central location makes commercial real estate in the area relatively pricey, but there are a number of trendy co-working spaces to be found, too.

Rosebank

- Heralded as a cosmopolitan commercial and residential suburb north of central Johannesburg, Rosebank has become an increasingly popular destination for corporates. With a growing demand for commercial real estate, rental prices have increased, but many affordable co-working spaces are also situated in the area.

Randburg

- Home to many large African corporates like Multichoice and its associated companies, with its close proximity to Sandton but a far more affordable real estate market, Randburg is a popular area for startups in the city. Full of hotels, residential properties, and shopping and entertainment hubs, Randburg is a lively alternative to the more established central business districts.

Co-working in Joburg

Workshop17

→ Workshop17 offers flexible work and meeting spaces and is open 24/7. It has convenient locations in Joburg's most popular business districts, Sandton and Rosebank.

Spaces

→ With flexible contracts and 24/7/365 access, Spaces has various locations throughout Joburg for individuals and businesses looking for creatively designed shared workspaces.

WeWork

→ WeWork offers co-working spaces for established enterprises and scaling startups, with a variety of amenities to suit all needs.

The WorkSpace

→ The WorkSpace offers modern, connected and flexible workspaces, including nationwide access to any of TheWorkspace's other locations.

Incubators, startup support programmes and sandbox environments

Tshimologong at Wits University

→ "Tshimologong's Enterprise Development model accelerates the growth of digital ventures at every stage of their business, ensuring desirable and feasible technology, as well as viable business models with sound operations."

Having launched its flagship incubation and acceleration programme with the support of JP Morgan Chase bank in 2017, Tshimologong has since incubated 105 startups and 172 entrepreneurs.

Its facilities offer digital startups and students a fully ledged co-working space, equipped with all the necessary amenities, and networking and learning opportunities, through community events and training initiatives.

CV Labs Accelerator

→ “Investing in blockchain is investing in the future. Not only are we a part of this evolution and technological marvel, but we are enablers and accelerators across multiple industries in the blockchain space.”

CV Labs Accelerator is an intensive ten-week hybrid program that enables and accelerates the startup journey. It boasts access to \$135k in funding and the ability to learn from the most successful entrepreneurs, visionaries, experts and mentors in the blockchain space, CV Labs is a great choice for budding blockchain entrepreneurs.

Founders Factory Africa

→ “Launched in 2018 and headquartered in Johannesburg, South Africa, we’re a unique bunch of creative builders, designers, entrepreneurs and mentors, who bring a wealth of knowledge and years of experience to the founders and teams we work with.”

Locally grounded and globally connected, Founders Factory Africa is a solid innovation partner for startups, investors, governments, and corporates — throughout Africa and beyond.

Injini

→ Founded by the Cape Innovation & Technology Initiative, Injini’s programmes and research aim to support great founders with a mission to improve education outcomes across the African continent.

With an EdTech Accelerator, Ecosystem Development initiatives and a Think Tank offering, Injini aims to empower and support educational technologies, harnessing the power of innovation and promoting evidence-driven decision-making by education stakeholders.

Tech infrastructure + payments processing

This section includes:

Part 2

- South Africa's tech and fintech stack

South Africa's tech and fintech stack

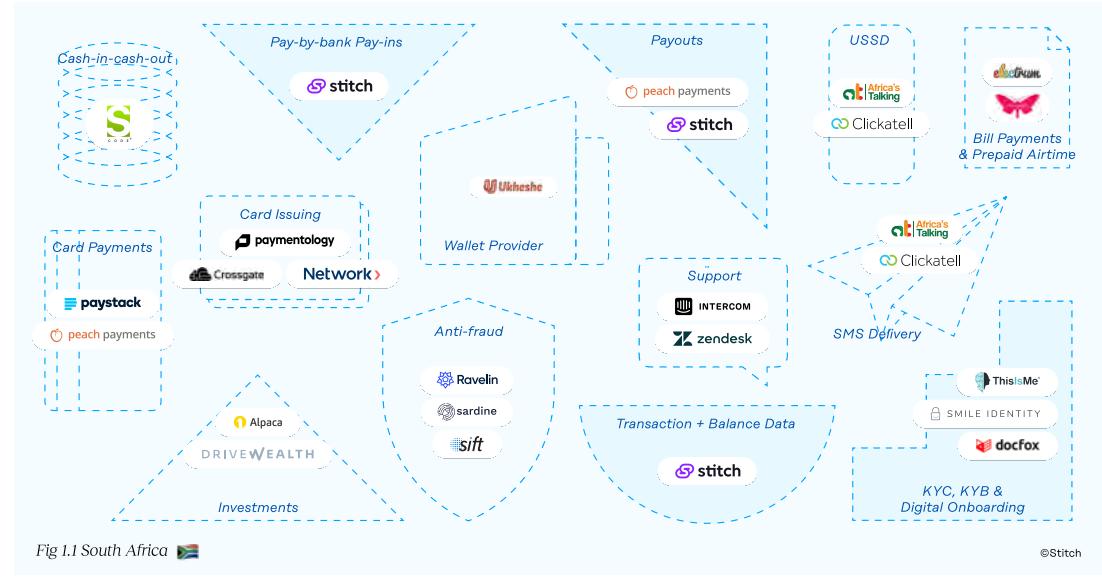
Thanks to the growing tech startup ecosystem in South Africa, there is a robust technical infrastructure that businesses can rely on when getting off the ground. These tools and partners can help teams save valuable time and resources and remove the need to build complex processes themselves.

Any business that operates digitally in South Africa will need the ability to send and receive payments, establish an online presence, communicate with customers, manage fraud, potentially move goods, verify and onboard customers and more. They'll also need access to data centres such as Azure and AWS for hosting, tools for marketing and data analytics, inventory management support and more.

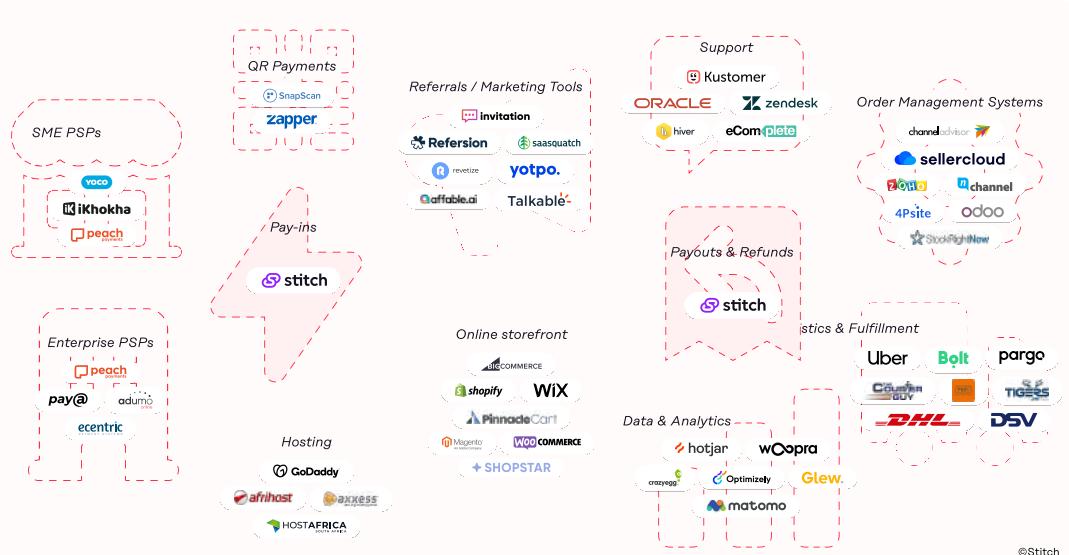
There are a number of local and international providers tackling infrastructural challenges, which businesses of all types can leverage to help them get off the ground faster, and serve their customers better.

Here's a closer look at the tech infrastructure powering businesses operating in South Africa.

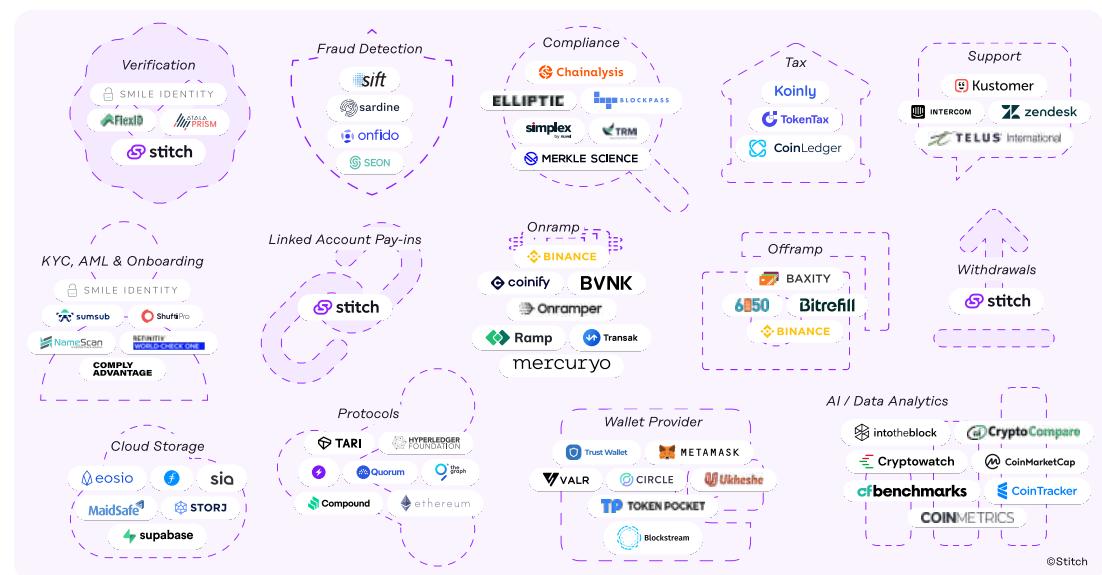




The anatomy of a fintech stack



The anatomy of an e-commerce tech stack



The anatomy of a crypto tech stack

Localising operations + user experience

This section includes:

- Local knowledge, networks + representation
- Payments operations + the full user journey
- Logistics and last mile delivery

Part 3

Local knowledge, networks + representation

For foreign-based teams launching in South Africa, bringing someone on board with local knowledge and networks from the start, even before launching, is critical to success - both to manage the nuances of getting the business set up, and to conduct discovery research on the ground and develop a proper go to market strategy.

The team at ImaliPay shared some key learnings they gathered when expanding their financial services offering to gig workers in South Africa.

"Desktop research is not enough. Businesses need to spend time in-market to understand customer problems and challenges first hand. My advice is to hire the best people for the job, early, even if they are slightly above budget.

Being efficient, first to market, and offering superb service and a great product are commodities you need to win to secure and ring-fence your customer. Spending time in the 'engine room' rather than 'steering the ship' delays those wins, said Alexandria Akena, Head of Partnerships at ImaliPay.

“Hire a local team to achieve your vision as they understand the market nuances better.”

→ Alexandria Akena
Head of Partnerships at ImaliPay

"Culture is important. In South Africa, there are 11 official languages. Make sure that your product or service is targeted appropriately to the norms and latent expectations of the audience you are trying to reach."

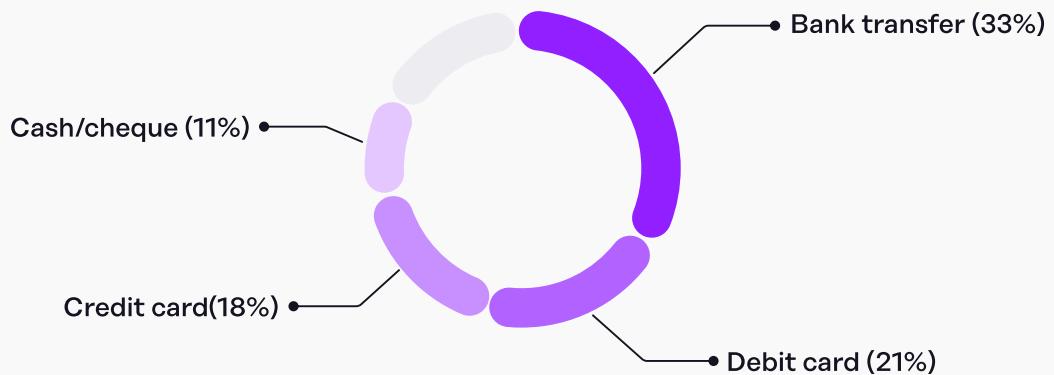
Payments operations + the full user journey

Localisation needs to extend beyond the product or service, into operations and money movement. To be successful, businesses need to consider local expectations across the customer journey, including when it comes to the payments experience.

According to a survey by checkout.com, a localised checkout experience is a "gateway to growth." To appeal to local users, engender trust and minimise friction, businesses need to "optimize and localize [their] checkout to offer [their] customer local currencies and local payment methods, without fuss or friction."

Offering optimal, convenient and cost-effective local payment methods that end users expect, such as Instant EFT or bank-to-bank transfers, will increase trust in your brand and enable a much smoother payments experience.

Payment method preferences: e-commerce

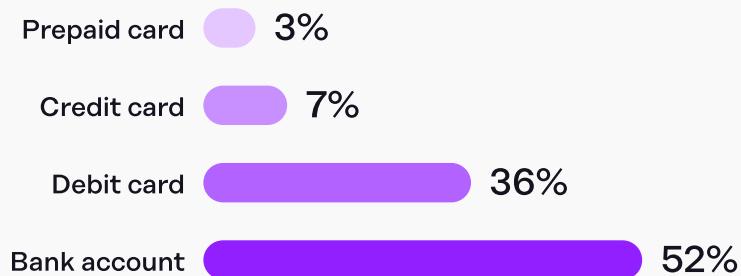


R20.5 billion in payments were made via bank transfer in 2021, in e-commerce alone

5. Source:
GlobalData 2021
Financial Services
Consumer Survey

Today, more South Africans prefer to use bank transfers as an e-commerce payment method or wallet funding method.⁵ Having the right partners and rails in place to make this happen can have a significant impact on your costs, conversion rates and admin burden.

Payment method preferences: mobile wallet funding



Solutions like [Stitch LinkPay](#) meet the needs of local consumers by offering a fast and convenient payment method. LinkPay enables South Africans to link their bank accounts directly to an app or platform to make secure, one-click Instant EFT payments - offering end users an optimal experience, at a far lower cost to the business than alternative methods such as card.

“The partnership with Stitch has been [super helpful] for us. Getting partners in the payment rails space has been incredibly challenging. Stitch was the easiest payment rail we've implemented in Africa to date, due to the team's ongoing commitment to serving its customers.”

→ Lloyd Brown
[Head of Emerging Markets at Easy Crypto](#)

Another thing to keep in mind is money movement into and out of the country. International businesses that have financial operations centralised abroad can be hit with significant interchange and SWIFT fees, and negatively impacted by FX volatility if they're not set up properly with localised payment operations. Moving money into and out of the country can also have an impact on settlement times, and as a result, cash flow. As well, ensuring fast and efficient refunds, withdrawals and payouts to vendors, suppliers and employees is critical.

A local payments provider like Stitch can allow businesses to manage pricing risk across borders and enable much more efficient funds collection and payouts. As well, the ability to offer customers the payment method of their choice with a friction-free UX can make a massive difference when it comes to building trust and growing a local user base, particularly for foreign brands entering a new market.

Logistics + last-mile delivery

Depending on your business or service, effective last-mile delivery also plays a critical role in enabling a positive user experience and reducing costs.

Here are some local logistics providers:

Logistics providers

Transnet

→ Transnet is a large South African rail, port and pipeline company headquartered in Johannesburg.

Barloworld Logistics

→ Barloworld Logistics, a subsidiary of Barloworld Limited, offers a variety of logistics services from freight forwarding and supply chain management to warehousing and distribution.

Value Logistics

→ Value Logistics offers fully integrated supply chain solutions from imports and exports, warehousing and transportation to distribution.

Transnova

→ Transnova is an independent logistics advisory, technology and managed services firm that helps businesses unlock the latent value in their supply chains.

Laser Logistics

→ Laser Logistics specialises in distribution solutions for retailers and wholesalers, warehousing, and end-to-end supply chain solutions.

Last-mile delivery companies

- | | |
|------------------------|---|
| Pargo | → Pargo offers click-and-collect and return solutions for online and omni-channel businesses. |
| Sendr | → Sendr offers a bespoke, on-demand delivery and fulfillment service for individuals and businesses. |
| The Courier Guy | → The Courier Guy is an established and cost-effective courier service offering local and international courier services. |
| Fastway | → Fastway is an established courier service ideal for small to medium-sized businesses. |
| DHL | → DHL offers logistics, shipping and last-mile delivery service for both local and international couriers. |

Legal + fiscal frameworks

This section includes:

- Choose a legal entity for your business
- Choose a company name and register your business
- Open a bank account
- Employment law
- Data protection
- IP rights protection
- Visas and work permits
- Taxation

Part 4

Setting up your business

To properly register your business in South Africa, you'll need to follow a few steps, depending on the structure of your business. It's important to prepare for this well ahead of when you plan to officially launch in-market to allow for necessary applications and financial processes.

Tip

"Regulatory approval, registration with governing bodies and general administration often takes longer than expected. Start sooner rather than later with these applications."

- Alexandria Akena, ImaliPay

Choose a legal entity for your business

You can choose from a number of business formats when setting up in South Africa. The type of structure your business assumes will affect its tax, legal and accounting obligations.

6. Source:

GoLegal: Simple steps to starting a business in South Africa

Below are six of the most common types of legal entities.⁶

A. Sole proprietorship

This is the simplest form of business entity and refers to a business with a single founder that owns and runs it entirely. It's the easiest to set up and gives the founder 100% control and ownership, and entitlement to all profits.

Sole proprietorships are generally smaller businesses, and once they grow larger, might have partners come on board and move to register as a Pty Ltd.



B. Partnership

This is a business with two or more co-owners that run the entity together. The owners tend to combine funds towards a common goal, and share specific skills and resources.

C. Proprietary limited company - Pty (Ltd)

A private company or proprietary limited company is treated as a separate legal entity if registered as a branch of an existing foreign business. The owners of a (Pty) Ltd are shareholders and are typically not liable for company debts. There are many benefits to having a private company, but they also come with a fair amount of legal requirements.

This type of business can't offer shares to the public or list the business on a stock exchange, and all financial statements need to undergo auditing.

D. Public company

A public company issues securities through an initial public offering (IPO) and trades its stock on at least one exchange.

Setting up a public company can be more challenging, and financial information will need to be made available to anyone for inspection.

E. Franchise

In a franchise, the business owner licenses their company to a third party who then has the right to operate the business and distribute goods or services using the business's name and platforms, for a fee.

F. External company

This is a foreign company that is expanding its operations into South Africa. An external company is required to register with the Companies and Intellectual Properties Commission within 20 business days of first conducting business in the country. After registration, the company will receive a compliance notice which instructs them to comply with section 23 (6) of the Companies Act of 2008.

Branches of foreign companies are granted legal status in South Africa by virtue of their registration as external companies, but they are not recognised as separate legal entities. An external company is a foreign company that is "carrying on business" in South Africa.

The external company (branch) is granted its own legal status due to its need to register as an external company; it does not, however, have separate legal status except in matters of exchange control.

- The corporate tax rate for an external company is currently 28% of taxable income derived from the South African Branch.
- The distribution of profits by local branches of foreign companies is not subject to the normal 15% dividend withholding tax. There is no further tax payable on the remittance of South African branch profits offshore. These profits will have been taxed in South Africa.
- Capital gains tax is an effective rate of 18,6%
- The branch does obtain a South African registration number

Tip

It's important to ensure you choose the correct structure of entity to suit your specific company needs as it will inform the way the company is administered and regulated. The most common type of company in South Africa due to its efficiency and simplicity is a Private Company, otherwise referred to as Proprietary Limited (Pty) Ltd.

Because of its legal nature, a (Pty) Ltd is regarded as a separate juristic entity with rights and duties of its own. Shareholders have limited liability, are generally not responsible for the liability of the company and pose a lesser risk to its shareholders. What's more, transfer of ownership is typically easy, making it effective to ensure management is maintained. It's also adaptable to any size of business - one just starting out or one that's grown into a larger entity.⁷

7. Source:

[What are the different types of companies in South Africa?](#)

Choose a legal entity for your business

Once you know which legal structure makes sense, you'll need to register a name for the business with the Companies and Intellectual Property Commission (CIPC). Note that this does not reserve a trademark for that name.

Open a bank account

Once you've reserved a name and registered your business, you can open a business bank account.

💡 Tip

"Note that you will need a local director(s) and to be physically present in the bank branch in order to open a corporate account. Registering with SARS (tax governing body in South Africa) can also take 6-8 weeks."

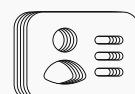
- Alexandria Akena, ImaliPay

The documents required to open a business bank account in South Africa depend on the type of business structure you have, but typically include the following:



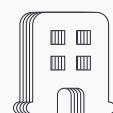
CIPC registration

Proof of your business' registration with the Companies and Intellectual Property Commission



Valid ID documents

Valid ID documents for the business owner and any other signatories on the account



Proof of address

Each bank will have a specific list of documents and rules to validate proof of address

Choosing your bank

In South Africa, these are the top-ranked banks for businesses:

Standard Bank

- Standard Bank offers a number of different business accounts, from simple affordable banking designed for small businesses, starting at R5 monthly, to attorney trust accounts and options for business loans. [Read more here.](#)

First National Bank (FNB)

- FNB business banking solutions are available to any business with a turnover ranging from R0 to R60 million per annum. FNB offers a variety a variety of account options including merchant services, investment products and funding. [Find out more here.](#)

ABSA

- ABSA allows you to streamline your business banking with a Business Evolve Account, providing one business account as a point of access for all business banking needs. [Find out more here.](#)

Nedbank

- Nedbank offers solutions ranging from Small Business Services and Commercial Banking to Merchant Payment Solutions. Small Business Services offer a range of financial solutions best suited for SMEs with a turnover of up to R30m. For larger businesses with a turnover of over R30m, Nedbank's Commercial Banking options offer a more hands-on, partnership approach. [Find out more here.](#)

Capitec

- Capitec's acquisition of Mercantile Bank enables business owners access to a specialised range of secure and user-friendly business and commercial banking products and services. Capitec has a suite of offerings that include franchising consultants, merchant services, and forex & treasury products for those looking to send and receive international payments. Notably, Capitec is specifically suited for lower-income users. [Find out more here.](#)

Rand Merchant Bank (RMB)

- RMB offers a Private Bank Business Account as its core banking product with savings and lending features. [Find out more here.](#)

Investec

- For established businesses with a turnover of more than R30 million per annum that has been operational for more than three years with audited financial statements, Investec can help with local and international banking solutions tailored to individual requirements. [Find out more here.](#)

Employment law

You'll need to ensure your business is compliant with South African employment legislation and tax procedures.

Employment protection legislation applies to all employees who ordinarily work in South Africa. It applies regardless of the stated governing law of any employment contract or the nationalities of either the employee or the employer. All foreign nationals require a work permit to work legally in South Africa, including interns.⁸

8. Source:

International Labour Organisation: National Labour Law Profile for South Africa

The main employment law statutes of South Africa include the following:

- The Labour Relations Act 66 of 1995 (LRA)
- The Basic Conditions of Employment Act 75 of 1997 (BCEA)
- The Employment Equity Act 55 of 1998 (EEA)
- The Skills Development Act 97 of 1998 (SDA)
- The Unemployment Insurance Act 63 of 2001 (UIA)
- The Occupational Health and Safety Act 85 of 1993 (OHSA)
- The Compensation for Occupational Injuries and Diseases Act 130 of 1993 (COIDA).

Employer obligations

As an employer, you are responsible for:

- Deducting applicable taxes relating to employees, such as PAYE and UIF. Your company may be subject to a fine if these are not deducted properly.
- Drawing up a written employment agreement between the employee and employer in line with legislation and to detail certain deviations from legislation (where allowed), such as annual leave allowance, protection of intellectual property and restraint of trade.

For more information on National Labour Law, visit the International Labour Organisation's profile on South Africa or the South African government's services for organisations website.

Data protection

The [Protection of Personal Act, 2013](#), (POPIA) outlines regulations regarding the processing of data and personal information. It applies to every company or person collecting even the most basic information about an entity - natural or juristic - that interacts with you or your business.

Tip

Businesses are required to be diligent when it comes to the personal information they collect. That means collecting only what is necessary and ensuring the business has a legitimate cause for acquiring the information.

9. Source:

[FIC Consulting: POPIA tips in the workplace](#)

Stay compliant by following these seven principles:⁹

Accountability

Ensure your business has a clear and established data protection policy, and that any employees with access to sensitive or personal information are aware of and compliant with the current legislation.

Processing information

Implement lawful procedures for processing personal data and safeguard the privacy of any and all data subjects.

Purpose specification

Personal information may only be collected for a lawful, specific and clearly defined purpose related to the function or activity of your business.

Further processing limitation

Only in limited circumstances may your business further process data that's been collected in a lawful manner.

Information quality

Ensure that any personal information your business holds is complete, accurate and updated when necessary.

 **Openness**

Your business is required to compile a manual that contains stipulated information as required by the South African Promotion of Access to Information Act, 2000, including details on the information that it holds.

 **Security safeguards**

Your business is required to secure and maintain the confidentiality and integrity of any personal information it holds through appropriate technical and organisational measures so as to prevent loss, damage, unauthorised destruction of, and unlawful access to any personal information.

Intellectual property rights protection

There are several forms of intellectual property rights (IPRs) protections in South Africa, addressing a wide variety of assets including brand names, logos, inventions, designs, text or images. You can find out more about the [Intellectual Property Policy in South Africa here](#).

The main forms of IPRs in South Africa include the following:

Protection	Duration	Example
Registered trademarks	10 years, but potentially indefinite as they can be renewed in increments of additional 10-year periods	Brand, business, and domain names, social media handles, logo and product name (but also, potentially packaging, colours and shapes)
Unregistered trademarks; Rights in passing-off	Potentially indefinitely (while your goodwill/reputation remains intact)	Brand and domain names, social media handles, get-up, including packaging, and any other symbols, marks or materials associated with established reputation and goodwill
Registered design rights	10 years for the protection of functional design elements or 15 years for the protection of aesthetic design elements	Packaging, the whole or part of a product, 3D shape or configuration, product shapes, patterns, Logos and graphic design. Any novel functional or aesthetic design elements of an article intended for multiplication by an industrial process

Protection	Duration	Example
Copyright	Generally, 50 years from the death of the creator or 50 years from date of first publishing	Packaging, the whole or part of a product, 3D shape or configuration, product shapes, patterns, Logos and graphic design. Any novel functional or aesthetic design elements of an article intended for multiplication by an industrial process
Copyright	Potentially indefinitely (while your goodwill/reputation remains intact)	Text, images, photographs, pictures and drawings, films, music, graphic design and software code
Patents	20 years	Inventions, which have a technical effect. Not patentable are inventions which are essentially business models or software which do not solve a technical problem
Confidential information and trade secrets	Potentially indefinite. Identify the trade secrets of the business and incorporate protection mechanisms such as ensuring that confidential documents are marked and stored securely with limited access. Confidentiality agreements with employees should be in place	Any commercially sensitive information that provides a competitive edge such as customer or supplier information, valuable business opportunities, know how, manufacturing processes and product launches

You can [find out more about intellectual property rights in South Africa here.](#)

Visas and work permits

Tourist or visitors' visas

South African Visitors' Visas are needed for international travellers that have permanent residence outside South Africa and wish to visit the country on a temporary basis for tourism or business purposes, for a period of 90 days or less.

Find out more [general information about Visas in South Africa](#) or read the [South Africa Immigration Act No. 13 of 2002](#).

Key Points

- Many visas require 4-10 weeks' processing time.
- There is no renewal for expired work residence - individuals must apply for a new visa.
- Business or leisure travel entry is valid for 90 days.

Check with the South African Department of Home Affairs or your local consulate to see if your [citizenship is exempt from needing a visa](#).

Work permits

In order to work or spend longer periods of time in South Africa, foreigners will require a Temporary Residence Visa, which might take the form of a:

- business visa
- work visa
- general work visa
- critical skills work visa
- intra-company transfer work visa
- corporate visa

Business visas

Foreigners that are contemplating investing in the South African economy by establishing a business or by investing in an existing business in the country must apply for a Business Visa. Applicants will be required to invest a prescribed financial capital contribution.

To invest in or open a business in South Africa you will need to, along with Form BI-1738, submit a certificate issued by a chartered accountant registered with the South African Institute of Chartered Accountants to the effect that you have:

- At least an amount in cash to be invested in the Republic as determined from time to time by the Minister, after consultation with the Minister of Trade and Industry or
- At least an amount in cash and a capital contribution as determined from time to time by the Minister
- An undertaking by the applicant that at least 60% of the total staff complement to be employed in the operations shall be South African Citizens or permanent residents, permanently employed in various positions
- An undertaking to register with:
 - The South African Revenue Service (SARS)
 - Unemployment Insurance Fund (UIF)
 - Compensation Fund for Occupational Injuries
 - Companies and Intellectual Properties Commission (CIPC)
 - Relevant professional body, board or council recognized by SAQA, where applicable
- A police clearance certificate from each country where you resided since the age of 18 years, including the Republic of South Africa
- A letter of recommendation from the Department of Trade and Industry regarding the:
 - Feasibility of the business
 - Contribution to the national interest of the Republic

Work visas

In order for a work visa to be issued to a foreigner, the firm must prove that South African citizens with the relevant skills are not available for appointment. These visas are issued for a set duration which varies depending on the type of work visa being applied for.

General work visas

General work visas are valid for the duration of the contract of employment or a period not exceeding 5 years.

Get all the information you need on applying for a general work visa via the [Department of Home Affairs for South Africa website](#).

Critical skills work visa

Critical skills work visas are issued for five years or less.

Get all the information you need on applying for a critical skills work visa via the [Department of Home Affairs for South Africa website](#).

Intra-company transfer work visa

If a multinational company intends to transfer an existing employee from a foreign branch to a branch in South Africa, they can apply for an intra-company transfer visa. No proof of steps taken to obtain the services of a South African citizen/permanent residence will be required in this case.

Intra-company transfer work visas are issued for a period of four years or less and cannot be renewed or extended.

Get all the information you need on applying for an intra-company transfer work visa via the [Department of Home Affairs for South Africa website](#).

Corporate Visas

A corporate visa allows a corporate entity (e.g. a mining group, farmer, etc) to employ a pre-determined number of skilled/semi-skilled/ unskilled workers.

A corporate visa is issued for a period of three years or less. Applications must be made at any VFS centres or the nearest South African embassy, mission or consulate abroad.

Get all the information you need on applying for a corporate work visa via the [Department of Home Affairs for South Africa website](#).

Key Points

- An Intra-Company Transfer Work Visa is required for employees working in a foreign employer's local office in South Africa.
- A General Work Visa is required for employees working for a single, stand-alone South African company.
- A Business Visa is required for those starting, conducting and/or running a business beyond 30 or 90 days depending on nationality.
- Foreign interns are required to obtain some form of visa, depending on the length of their stay and whether they will be earning a salary during the internship.

Taxation

You can read [an overview of general business taxation laws in South Africa](#) via PWC.

South African residents are taxed in South Africa based on their worldwide income. Non-residents are taxed on their South Africa-sourced income, subject to a double taxation agreement ('DTA'), if applicable.

Financing your business

This section includes:

Part 5

→ Investment landscape

Investment landscape

Given South Africa's booming startup ecosystem, the region is home to a number of local investors, and often attracts attention from international funders.

A full landscape of South Africa's investment ecosystem, including an investor database, can be found in the [South Africa Investment Guide](#), from the teams at Briter and GIZ Make-IT in Africa.

Some local VCs operating in South Africa include:

- 4DI Capital
- Knife Capital
- CRE Ventures
- Fundrr
- Uprise Africa
- The Raba Partnership
- Untapped Global
- CV VC
- Naspers

Conclusion

For businesses looking to launch in and enter South Africa, there is an abundance of opportunity.

We believe the market is still in its infancy when it comes to the enormous potential it holds as a launchpad for businesses that can contribute significantly to the global economy, and as a strategic stronghold for those looking to make waves in the region.

From its highly banked population, to strong physical infrastructure and availability of talent, to the abundance of fintech partners available to support business operations, South Africa is one of the most exciting markets for doing business on the African continent.

At Stitch, we've been fortunate to have supported a number of businesses in getting off the ground for the first time - and supported global brands as an exclusive on-ground payments partner, going further to help them get up and running, establish critical partnerships and more. We look forward to seeing activity continue to grow in the tech space and beyond.

Looking to launch? Stitch can help your business get set up for success in South Africa. We work with international clients seeking support in the region. Reach out to our team to learn more about how we can help: sales@stitch.money.

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