

Financial Intermediation, Real Estate and Business Services

To be competitive in a globalized economy one needs to be innovative, creative, able to communicate effectively and move goods efficiently, all of which embrace service activities. Key sub-sectors active in this aspect include telecommunication, transportation and logistics, finance, insurance, information services, education, construction and engineering services, tourism and travel related services. Community and social services sectors, some of which are provided by government and others initiated by communities and NGOs also fall within this category. In addition, these have been the sectors in which significant job creation has taken place in recent years. Of importance is that many other service activities in our society straddle both the first and second economies.



The financial intermediation, insurance, real-estate and business services sector has grown phenomenally and is one of the leading contributors to the South African and KwaZulu-Natal economics. The importance of the services sector in the country's economy has grown to such an extent that the sector has become a leading contributor to the GDP. KwaZulu-Natal has experienced a massive boom in the residential property market with prices (of an average house) increasing by 61% in nominal terms from 2001 to the second quarter of 2007. The province has one of the most affordable residential properties, costing at least R10,000 below average.

The demand for financial services continued to increase. South Africa's excellent financial services sector is supported by a sound regulatory and legal framework. A choice of domestic and foreign institutions, provide assorted services - commercial, retail and merchant banking, mortgage lending, insurance and investment.

The importance and potential of the information technology sector - from call centres to conducting software development cannot be overemphasized. South Africa lays claim to the largest and most developed telecommunications network in Africa; from fixed line, wireless, satellite to cellular networks. However, there is room for this industry to grow and improve through the involvement of new players in the industry and the licensing of an alternative to Telkom's present monopoly should stir up the industry.

Durban is intent on attracting international contact centre and business process outsourcing operations to the city by offering a skilled workforce and state-of-the-art infrastructure. A new company, KZNonSource, has been established as a result of the strategic partnership to drive the services sector and position the Province as a location for outsourcing.