

Aftermarket: Financing and Insurance

3.7. Financial institutions (banks) typically provide consumers with finance for the purchase of Motor Vehicles. As a value-added service, Dealerships can sometimes act as intermediaries for accessing finance, when requested by a consumer. At the point of sale, new motor vehicles are covered by a warranty of the OEM, which can be applicable to the entire vehicle and to particular parts and components of the vehicle; OEMs also offer (or sell) value-added products, such as service and maintenance plans, to consumers. There are also 3rd party providers of service and maintenance plans and extended warranties for vehicles out of the warranty period. Finally, Insurance companies cover the costs of repairs to a Motor Vehicle and loss of a Motor Vehicle.

Overview of the South African Industry

3.8. In South Africa, the automotive industry contributes 6.4% to the country's gross domestic product (GDP) (4.0% manufacturing and 2.4% retail) and accounts for 30.1% of the country's manufacturing output. It is the country's fifth-largest exporting sector out of all 104 sectors and accounts for 13.9% of total exports.²

3.9. The manufacturing segment of the industry currently employs more than 110,000 people across its various tiers of activity (from component manufacturing to vehicle assembly).³

3.10. The South African automotive industry consists of twenty-two (22) companies involved in the production of Motor Vehicles (OEMs). In addition, there are twenty-one (21) companies that import and distribute new Motor

² NAAMSA submission to the Competition Commission on the Draft Guidelines for Competition in the South African Automotive Aftermarket Industry dated 30 June 2020.

³ <https://naamsa.net/employment-and-skills/>