

**AN ANALYSIS OF CONVEYANCING BUSINESS PROCESSES
IN SOUTH AFRICA**

by

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DECLARATION

I declare that **An analysis of conveyancing business processes in South Africa** is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

Mrs AP Amadi-Echendu

Date

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LIST OF ABBREVIATIONS

AKR	- Automated Kadaster Register
Bankserv	- South African Bankers Services Company Limited
BPM	- Business Process Management
BPR	- Business Process Reengineering
CIPRO	- Companies and Intellectual Property Commission
CMA	- Comparative Market Analysis
CPD	- Continuing Professional Development
CSD	- Central Securities Depository
EAAB	- Estate Agency Affairs Board
ETF	- Exchange Traded Funds
FICA	- Financial Intelligence Centre Act
JET	- Johannesburg Equity Trading
JSE	- Johannesburg Stock Exchange
KZN	- KwaZulu-Natal
LAW	- Lawyers Access Web
LKI	- Mapping Information System
MO	- Mortgage Originator
NECDL	- National e-Conveyancing Development Limited
NQF	- National Qualifications Framework
NTU	- Not taken up (for loans)
PDE	- Professional Designation Examination
PIP	- Property in Possession

PKI	- Public Key Identity
SAQA	- South African Qualifications Authority
SARS	- South African Revenue Services
SA	- South Africa
SAPTG	- South African Property Transfer Guide
SCM	- Supply Chain Management
SETA	- Skills Education and Training Authority
SPSS	- Statistical Package for the Social Sciences
SSA	- Securities Services Act
TOC	- Theory of Constraints
TQM	- Total Quality Management

LIST OF KEY TERMINOLOGIES

Terminology	Reference
<p>Bottleneck Any resource whose capacity is equal to or less than the demand placed upon it.</p>	Goldratt, EM., Cox, J. and Whitford, D. (1992:139)
<p>Cadastre A cadastre is a system of maps, and provides data on land. It is the basis for legal aspects like ownership, as well as fiscal aspects like taxation of land. The cadastre also provides data for planning assignments (e.g., boundaries of constructions, land use, and soil).</p>	Navratil, G. and Frank, AU. (2004)
<p>Conveyancing The legal transfer of property from one owner to another.</p>	Ramwell, Brink, and West (2008: 2)
<p>e-Conveyancing e-Conveyancing aims to provide an electronic business environment for completing property transactions, including electronic lodgement with Land Registries and the electronic settlement of funds.</p>	National e-Conveyancing Development Limited, Australia
<p>Just-in time A method of planning and control, and an operations philosophy that aims to meet demand instantaneously with perfect quality and no waste.</p>	Slack, Chambers and Johnston (2010: 663)
<p>Lean process An approach to Operations Management that emphasises the continual elimination of waste of all types.</p>	Pycraft , Singh, Phihlela, Slack, Chambers and Johnston (2010: 656)
<p>Ownership Legal right of possession.</p>	Van der Walt and Pienaar (1999: 45)
<p>Process An arrangement of resources that produces some mixture of products and services.</p>	Pycraft, Singh, Phihlela, Slack, Chambers and Johnston (2010: 661)
<p>Reengineering The fundamental rethinking and radical redesign of business processes to bring about dramatic improvement in performance.</p>	Hammer P. and Champy (1993)
<p>Total Quality Management A holistic approach to the management of quality that emphasises the role of all parts of the organisation and all people within an organisation to influence and improve quality.</p>	Slack, Chambers and Johnston (2010: 678)

Turnaround time The interval between time of submission and time of completion of a process.	http://siber.cankaya.edu.tr/ozdogan/OperatingSystems/ceng328/node120.html accessed 03/04/2012
Work in process The number of units within a process waiting to be processed further.	Pycraft , Singh, Phihlela, Slack, Chambers and Johnston (2010: 661)

ABSTRACT

The purpose of this study was to investigate the conveyancing process in South Africa with a view to identify how the process might be improved in terms of its efficiency and effectiveness. Land is an asset and still remains a valuable factor in production, even in the modern knowledge economy. In many parts of the world, land is a limited resource, therefore, in most countries, custodianship and ownership of land and landed properties generally tend to be guarded through the meticulous capturing, recording and storage of appropriate data and information. Legislative provisions for the transfer of custodianship and/or ownership require the involvement of a variety of role players in the conveyancing processes that culminate in the registration of land and associated immovable property. In some countries, the conveyancing processes tend to be complex and cumbersome. The study provides a conceptual framework for conveyancing processes based on a content-based review of land and immovable property registration systems in five countries, namely, Barbados, the Netherlands, Australia, Taiwan and South Africa. The study further investigates the South African conveyancing processes. Quantitative questionnaires were completed by six respondent groups from the conveyancing service chain, and qualitative interviews were conducted with two of the four major banks in South Africa. Descriptive statistics was used to analyse the quantitative data, and content analysis was used to analyse the qualitative data. The findings were used to develop a de-bottlenecking framework for South African conveyancing.

Keywords

Conveyancing; process; efficiency; effectiveness; bottlenecks; operations management; supply chain management; business process reengineering; electronic systems.

CHAPTER 1: INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 OVERVIEW

Chapter 1 discusses the background and rationale for the research. It outlines the problem statement and main research questions, as well as the primary and secondary objectives. It further explains the research design that was chosen for this research and focuses on the limitations of the study, value of the research, ethical considerations and the anticipated outcome of the study. The study concludes with a chapter layout and SUMMARY.

1.2 BACKGROUND OF THE STUDY

The business environment is a system of individuals and organisations which produce goods and services to meet people's needs. The task of business management is to examine factors and methods that enable an organisation to function as productively as possible and to maximise its profits and achieve its goals and objectives (Nieuwenhuizen and Rossouw, 2008:1).

Various processes are used in the execution of an organisation's operations and other functions. Each process contributes to the fulfilment of the customers' expectations. The lean approach is founded on a smooth flow through processes and operations by doing the simple things well, continuously improving processes and eliminating waste (Pycraft, Singh, Phihlela, Slack, Chambers and Johnston, 2010:435).

Any bottleneck invariably disrupts the smooth flow of the process. It is, therefore, important to recognise possible capacity constraints within a process. The theory of constraints (TOC) has been developed to look at bottlenecks within an operation. By identifying the location of constraints, working to remove them, and then anticipating the next constraint, an operation is always focused on that which determines the pace of output (Slack, et al., 2010:449). There are many ways in which an organisation can

improve itself. Changes may be radical or incremental. Business Process Reengineering (BPR) is the “fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed” (Hammer and Champy, 1993).

This research investigated the various processes involved in conveyancing while identifying the bottlenecks in the processes as experienced by various stakeholders, with a view to reducing processing times in an effort to decrease costs and enable faster turnover.

Conveyancing is the legal transfer of property from one owner to another. Ownership is mostly in the form of a real right, although limited real rights may also exist in the form of servitudes or other rights in property, for example, a creditor’s right against the owner or registered leases (Van der Walt and Pienaar, 1999:45). From a pedagogical viewpoint, conveyancing involves business processes traditionally designed to transfer a landed property from one owner to another. In civil society and in general, ownership is defined in terms of legal rights, hence, conveyancing is perceived as a legal convention. The reality is that the actual transactions and activities that result in the transfer of ownership are derived from the specialised business processes of the various private firms and public agencies (role players) that are involved in conveyancing.

From an organisational and operations management consideration, the goal is to achieve efficient and effective business processes. Customarily, business and operations management focuses on the efficiency and effectiveness of business processes that occur within the operations of a firm. In this regard, the main emphasis is to eliminate, reduce, or mitigate the effects of process bottlenecks so as to enhance economic profit and competitiveness. The main argument here is that business and operations management teaches business processes prevalently from the viewpoint of the internal operations of an organisation (Slack, Chambers and Johnston, 2010:449).

Effectiveness serves as a criterion for measuring the actual output as compared to the planned output. The comparative measure is normally in the form of cost, time and quality. Increasing the effectiveness of an organisation would mean an improvement in

a specific area of performance in the organisation, without reducing performance in any other area. Efficiency is a measurement of the relationship between the outputs of a process and the value of the inputs (De Beer, 2005:8). Operational efficiency refers to the efforts that an organisation can make to reduce its own complexities, while reducing the cost of doing business and increasing throughput time.

In contrast to the above general viewpoint, the business processes involved in conveyancing cut across the participating organisations and public agencies. Thus, conveyancing business processes are not perceived in the conventional organisation-level operations management environment, since the transactions and activities do not occur exclusively within an organisation, or a public agency. Rather, various transactions and activities that constitute the conveyancing business processes are institutionally carried out by the different role players involved, and these include private organisations like banks and attorneys, as well as public agencies like the municipality, Master of the Court, and the Deeds Office Registry Department. The key concept for consideration is that, although conveyancing processes are wider in context than conventional organisation-level business processes, the issues of process bottlenecks, efficiency, and effectiveness also prevail, and generally manifest in terms of cumbersome and tedious delays in the transfer of landed property from one owner to another. A typical conveyancing structure comprises of systems that are made up of processes which, in themselves, are made up of transactions.

The parties and role players in a typical conveyancing process generally include estate agents, sellers, buyers, conveyancers, financial institutions, and government agencies, such as the Deeds Office Registry, Internal Revenue Service (IRS), and local and municipal authorities (Ramwell, Brink and West, 2008:3). Where an estate of a deceased person is the seller, the Master may also be a role player. Depending on the roles and responsibilities of the various parties involved, a typical conveyancing interaction can involve many, and very complex transactions. The complexities of the transactions present challenges to both positive and negative conveyancing systems. For example, Gordon, Nell and Bertoldi (2007) illustrate that some transactions can take

from two to six months to complete because of the cumbersome and tedious interaction between the associated role players.

In some cases, the transactions that are included in a single property exchange may involve several different attorney firms, each representing a role player, and each of them are required to lodge their respective documents at the Deeds Office Registry. Where more than one property is involved, the transactions may be linked to even more role players; therefore, it is not uncommon for the entire conveyancing process to comprise of more than five hundred transactions before completion of the property exchange. The process tends to be exacerbated where the transactions involve manual interlinks and information transfer loops between the various role players. Even automated processes are not immune to risks that may arise, for example, from data inaccuracies and asynchronous time delays.

It seems that a common symptom of the conveyancing processes is that a single property exchange can take up to 120 days to be finalised. This duration seems too long when compared to, for example, ten days for the Netherlands (Louwman, 2011).

In fact, the Netherlands, Australia, Taiwan and Barbados have undertaken innovative land administration exercises and/or have undergone important project interventions. South Africa has looked at the conveyancing systems being utilised in different countries with a view to improving the SA conveyancing system (West, 2012), although no substantial improvement has been made to date.

South Africa

The SA conveyancing system shows aspects of a positive and negative land registration system, which makes the SA system very unique (See Section 3.3). A conveyancer must prepare the deed of transfer, but numerous other parties are involved in the end-to-end process. A more detailed discussion of the SA conveyancing process follows in Chapter three.

Barbados

The land administration system in Barbados is designed to a large extent for middle and upper income groups. The rising problem of squatting (that is, the occupation of land without the express permission of the owner(s) and without the completion of any formal application to acquire rights), together with the large quantity of unregistered property in Barbados, makes this country quite comparable to South Africa which faces similar issues (Barnes, 1998).

The Netherlands

In the Netherlands, the land registration and the cadastre (the register of property titles of a country) are combined into one organisation. It appears as though the registration process in the Netherlands takes eight days to complete (www.doingbusiness.org).

Australia

As in the Netherlands, there is a well-developed conveyancing process in Australia. An end-to-end electronic system was established by the Government of Victoria to allow for the electronic submission of ownership transfer lodgements. The system was unfortunately not properly utilised by stakeholders, and is currently in the process of being adapted to become a National Electronic Conveyancing System (Clark, 2011).

Taiwan

Taiwan has been included in the study as this country has shown rapid development in the last 30 years. Although Taiwan has a smaller population, the density of their population is much greater than in South Africa as most people are concentrated on one side of the island. It can therefore, be meaningfully compared to South Africa. Taiwan has links to China and it represents an Asian perspective (Personal Interviews conducted in Taiwan, 2012 – Appendix V).

1.3 PROBLEM STATEMENT

The common perception regarding conveyancing in South Africa is that conveyancing processes take too long. Preliminary evidence from Ramwell, et al., (2008:3); Gordon,

et al. (2007), in addition to information about Australia, Barbados and the Netherlands (Louwman, 2011; Barnes, 1998), suggests that conveyancing in South Africa is complex (i.e. made up of many interrelated parts), cumbersome (i.e. difficult to use or deal with because of length or complexity and the various stakeholders that are involved in the process) and tedious (i.e. continuing for too long).

The prevailing perception in South Africa is that conveyancing is inefficient and ineffective because the business processes necessary for the acquisition and transfer of landed property assets comprise complex transactions between a variety of stakeholders.

This assumption prompts two main research questions:

1. What business processes are involved in conveyancing?
2. How can the efficiency and effectiveness of conveyancing be improved in the South African context?

1.4 PURPOSE AND OBJECTIVES FOR THE STUDY

The purpose of the study is to develop a conceptual framework to improve conveyancing processes in SA.

1.4.1 OBJECTIVES OF THE STUDY

- *Primary objective*

The primary objective is to analyse the SA conveyancing system with a focus on how to improve the efficiency and effectiveness of conveyancing processes so that the South African context may adhere to innovative global practices. This primary objective has been broken down into secondary empirical objectives.

- *Empirical research objectives*

1. To identify issues and factors that influence the transactions that are necessary for the completion of the conveyancing processes, for example, completing a loan application form in order to assess the end-to-end conveyancing process.

2. To identify bottlenecks within the South African conveyancing processes. This involved an investigation into the various factors that play a role in the conveyancing process that identified where the delays occur.
3. To develop a conceptual framework to improve the efficiency and effectiveness of the conveyancing processes in South Africa. This framework is aimed at addressing the bottlenecks that may be found.

1.4.2 THEORETICAL RESEARCH OBJECTIVES

This study overlaps on a number of areas:

- Process Management, for example, Business Process Reengineering, Operations Management, Total Quality Management and Lean management.
- General Management, for example, Strategic Management and Operations Management.

1.5 RESEARCH STRATEGY

The research strategy will be discussed next which includes research paradigms, the research design, population and sample, respondents, data collection, data analysis and the measures of validity and reliability.

1.5.1 RESEARCH PARADIGMS

A paradigm is a set of studies about the phenomena under study (Blumberg, Cooper, and Schindler (2008:191). There are two main paradigmatic approaches in research. These approaches are qualitative and quantitative (Blumberg et al., 2008:191). On the one hand, quantitative research tends to measure concepts objectively by examining the relationship between variables utilising statistics and numerical procedures. On the other hand, qualitative research seeks to understand, by means of active exploration, cognitive inference and intuition, deduction of human experiences, and extrapolations of perceptions, motivations, intentions and behaviour in their natural settings (Blumberg et al., 2008:201). This study used a mixed-method approach. Research problems that are suited for mixed methods are those in which one data source may be insufficient;

results may need to be explained; or exploratory findings may need to be generalised. A second method may also be necessary to enhance a primary method. A theoretical stance may be employed as well as an overall research objective that can best address multiple phases or projects (Creswell and Plano Clark, 2011:8). As far as this study is concerned, not much information had been published regarding the South African conveyancing processes. The mixed-method strategy was employed to enhance the study with another method that could provide an additional lens through which to view the findings.

1.5.2 RESEARCH DESIGN

A research design is a strategy for a study and the plan by which the strategy is to be carried out. It specifies the methods and procedures for the collection, measurement and analysis of the data (Blumberg et al., 2008). The research was focused on a case study of the South African context. Both qualitative and quantitative approaches have been used to design the research instruments. A quantitative approach places greater value on numeric information that can be meaningfully manipulated (Page and Meyer, 2006). Qualitative research is focused on the words and feelings of respondents, and uses non-numerical data (Saunders, Lewis and Thornhill, 2012).

Primary data is information that is collected specifically for a particular research (Saunders et al., 2012:304); while secondary data is information or data that were collected previously by someone else, usually for different purposes than the research at hand (Blumberg et al., 2008:315). For this study, data has been collected from the following sources:

- Published information, to identify issues and extract factors that influence conveyancing processes in general,
- Qualitative interviews with selected role players involved in innovative conveyancing processes, both locally and internationally, and,
- Quantitative surveys of role players in the conveyancing process in South Africa, taking into consideration their respective spheres of interaction with the conveyancing processes.

The data collated have been used to develop a framework to resolve bottlenecks that were identified in the South African conveyancing processes. Cross-sectional studies that involve an observation of a representative subset of the population were used to provide data on the entire population under study.

1.5.3 POPULATION AND SAMPLE

The respondent groups for the interviews and surveys have been drawn from a sample population that includes estate agents, sellers, buyers, conveyancers, financial institutions, and government agencies in South Africa. The groupings comprised banks, attorney firms, bond originators, estate agents, buyers and sellers within South Africa who are (or have been) involved in the property exchange process. Such grouping may be necessary because information exchange among these role players can occur via a shared technological network, taking into account confidentiality constraints. It is worth noting that information exchange with government agencies, such as the Internal Revenue Service and local authorities may not occur via a shared network, (i.e. where information is shared by means of a technological system that is operating between the entities).

1.5.4 RESPONDENTS

A purposive sample consists of respondents who are specifically selected for their subject knowledge (Page and Meyer, 2006:99). For the purposes of this study, the purposive sample for the qualitative surveys included the four major lending banks in South Africa, the five biggest estate agencies, three mortgage originators, 50 buyers and 50 sellers, and 50 conveyancing attorney firms for the qualitative surveys, while the four bigger banks have been used as respondents for the interviews. Although the population in the conveyancing environment is quite huge, this study covers the different role players involved in the end-to-end conveyancing process and does not focus on a particular role player or group. It is assumed that the transactions occurring between the selected role players is sufficiently valid for the study. Because of their size, there are likely to be many more transactions occurring amongst the bigger role players.

1.5.5 DATA COLLECTION

In addition to the recorded interviews of two of the four major lending banks in South Africa, and survey data obtained from the different respondent groups, information was also obtained from the archival records of estate agents, attorney firms, banks, local authorities and the South African Deeds Office. The Internet has been a source of information, as well as certain role players that participated in the survey.

1.5.6 DATA ANALYSIS

Statistical analyses have been used to analyse the survey data collected, specifically descriptive statistics. Descriptive statistics aims to summarise the general nature of the data obtained in a sample, rather than use the data to learn about the population that the sample of data is thought to represent (Leedy and Ormrod, 2013:10). Descriptive statistics provides simple summaries about the sample and about the observations that have been made. Such summaries may be quantitative (summary statistics) or visual (graphs), (Saunders et al., 2012).

The interviews have been transcribed verbatim. Content analysis has been used to derive meaning from qualitative responses. Content analysis is a research tool that focuses on analysing the actual content with relation to meaning, and how many times a term or word appears in the text (Page and Meyer, 2006). It is used to determine the presence of certain words, concepts, themes, phrases, characters, or sentences within texts or sets of texts and to quantify this presence in an objective manner. To conduct a content analysis on a text, the text is coded, or broken down, into manageable categories on a variety of levels - word, word sense, phrase, sentence, or theme - and then examined. The results are then used to make inferences.

1.5.7 MEASURES OF VALIDITY AND RELIABILITY

The data have been collected from a sample population with an awareness, experience and knowledge of conveyancing. This implies a level of authenticity and validity. Reliability refers to the level of generalisation which relates to how the findings could be applied to other processes, and particularly other conveyancing processes (Saunders et al., 2012; Page and Meyer, 2006). Both reliability and validity reflect the amount of error

we may have in our measurements (Leedy and Ormrod, 2013). Internal validity of a research is the extent to which the design and data allow the researcher to draw accurate conclusions (Leedy and Ormrod, 2013). External validity refers to the extent to which the results of the research are relevant to other role players beyond the research (Page and Meyer, 2006).

1.6 ETHICAL CONSIDERATIONS

Although the research is not intended to harm anybody and does not contain anything that will harm anyone, permission has been obtained from all participants. Answers to questions, viewpoints, information, and all data obtained in the course of the research have been treated with confidentiality. Participation has been voluntary and anonymity has been ensured.

1.7 DELIMITATIONS

This study focused on the process that a bond application follows and the details of the transfer of an immovable asset have largely been excluded. Public entities, such as municipalities and Revenue Services have also not been included in this study. Software companies that provide electronic measures to banks and attorneys have not been included as a respondent group in this study.

1.8 PROPOSED OUTCOME OF THE STUDY

The outcome of the study has been a proposed framework that will improve the South African conveyancing processes with regard to efficiency and effectiveness.

1.9 VALUE OF THE STUDY

A detailed examination of factors influencing transactions that relate to the initiation, financing, registration, certification and exchange of property provides a sound basis for improving the efficiency and effectiveness of the South African conveyancing processes. For example, the study aims to highlight issues that may restrict the

implementation of a networked electronic transaction management system for the registration and cancellation of immovable properties. The elimination of such restrictions may positively influence the perception of the South African conveyancing processes and its management.

1.10 CHAPTER LAYOUT

Chapter 1: Introduction

This chapter provides an introduction to the research.

Chapter 2: Business Process Concepts

This chapter investigates various business management concepts that relate to the research topic.

Chapter 3: The Conveyancing Process

This chapter focuses on a general overview of the conveyancing processes and provides an overview of the South Africa conveyancing environment

Chapter 4: International Conveyancing Processes

This chapter combines the general conveyancing process steps of the countries included in this study, to form an international conveyancing framework.

Chapter 5: Research Methodology

This chapter identifies the research methods and approaches that have been used in this study.

Chapter 6: Data Analysis

This chapter presents the data that were collected from the literature review, surveys and interviews.

Chapter 7: Conclusion and recommendations

This chapter draws inferences from the statistics and also gives an indication of future studies that may be conducted.

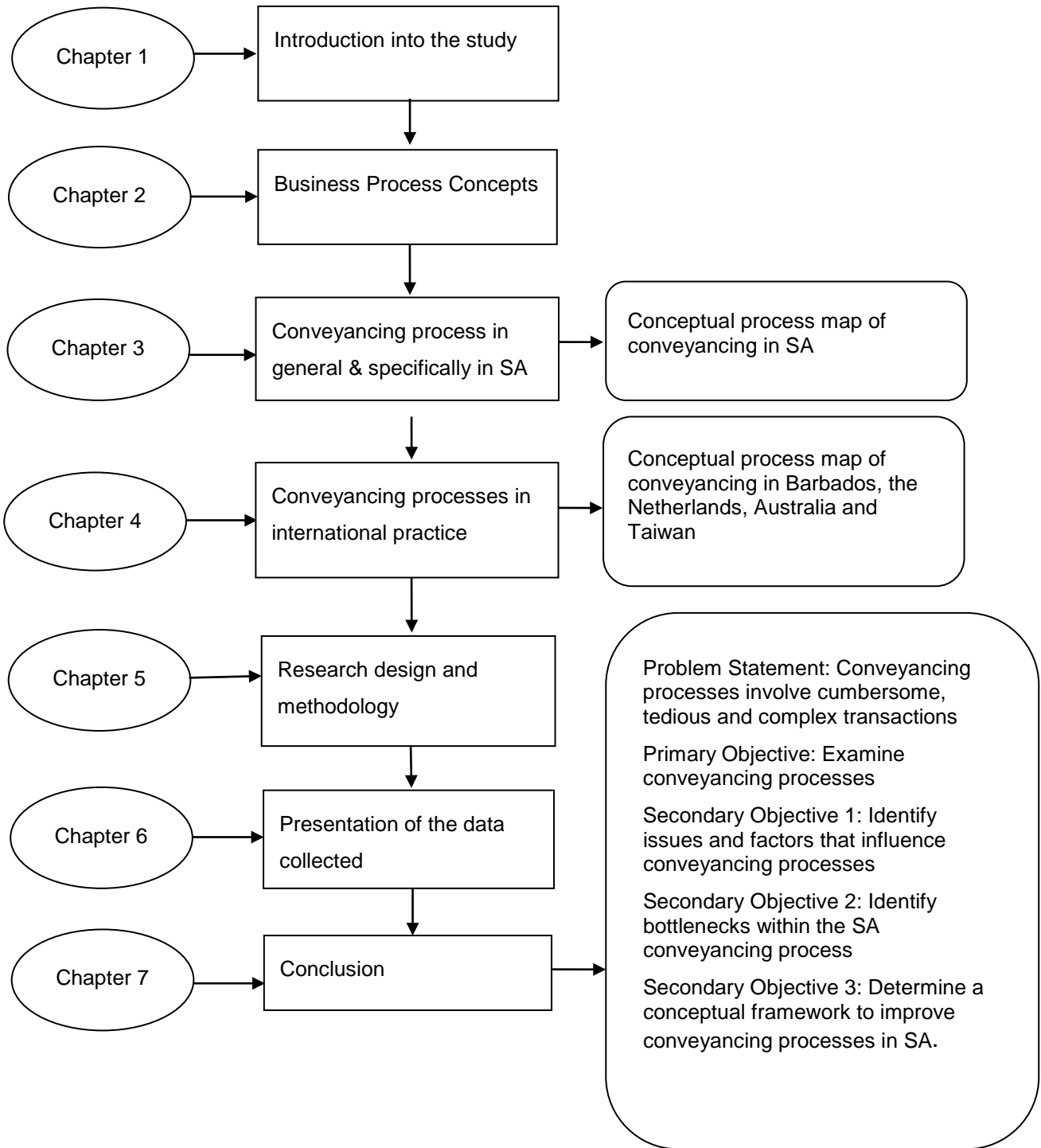


Figure 1.1: Research road map

1.11 CHAPTER SUMMARY AND RESEARCH ROAD MAP

This chapter serves as an introduction to the study. It presented the background to the study, and introduced the research problem and objectives, the research design and data analysis. The chapter concluded with a discussion of the value of the study. The following chapter will discuss business process concepts that have been included in the study.

CHAPTER 2: BUSINESS PROCESS CONCEPTS

2.1 OVERVIEW

This chapter commences with an introduction followed by the relevant management concepts that pertain to the study. The concepts that are included are operations management, supply chain management, business process reengineering, total quality management, effectiveness, efficiency and bottlenecks. The end-to-end conveyancing processes comprise various smaller processes that are managed by various entities ranging from private to public entities. The end-to-end conveyancing process can only be successful if the sub-processes are managed well. Existing business management concepts provide the basis for this successful management. For example, interrelated aspects of the processes of the different entities should be managed according to supply chain management principles. Quality management can assist in reducing reworks, reduce customer complaints and reduce costs. Lastly, the chapter deals with the Six Sigma and lean management strategies.

2.2 INTRODUCTION

This chapter provides an overview of business management concepts that are applicable to the study. The purpose of the chapter is to gain an insight into the concepts that affect processes in general, as well as to identify strategies that may improve the relevant processes. The concepts included are operations management, supply chain management, business process reengineering, total quality management, effectiveness, efficiency and bottlenecks. The chapter concludes with the Six Sigma and lean management strategies.

2.3 BUSINESS MANAGEMENT CONCEPTS

2.3.1 OPERATIONS MANAGEMENT

Operations Management refers to the management of activities in the organisation in order to develop products and services (Slack, et al., 2010:4). It involves the

transformation process of various inputs into outputs for the entity. This applies to both service- and product-based industries. However, Operations Management cannot exist in isolation. Interdependence of the various departments and functions of an organisation is necessary to ensure the optimal functioning of the entity as a whole (Slack et al., 2010:4). Different departments thus working in synergy forms a system within the organisation. The processing of home loan applications in a bank, for example, is deemed to be the operations management function, while staff in branches may be seen as the sales component of the bank. However, there are many inputs that are received from external stakeholders, such as estate agents and mortgage originators, which do not allow operations management to operate in isolation.

Operations management lists five basic performance objectives, namely, quality, speed, dependability, flexibility and cost, which when managed effectively, can streamline operations within a business entity (Pycraft et al., 2010). The effective management of these objectives holds many advantages for a business entity, for example, cycle times may be reduced as a result of quicker decision making and faster information flow (i.e. speed objective). All organisations face timing problems which may have negative consequences, such as delays, unplanned downtime, expensive rescheduling actions, and staff movements. The end result is generally late delivery of a service or goods. On-time performance is a time-related requirement but customers generally welcome a faster turnaround time (Slack et al., 2010). Other positive business implications of on-time operations may be a reduction in overall costs (i.e. cost objective), improved customer service (i.e. dependability objective), higher quality (i.e. quality objective) and better innovation as a result of enhanced learning (i.e. flexibility objective) (Pycraft et al., 2010). Organisations strive to improve their performance to achieve maximum output with minimum resources (Jurisch, Cuno, Palka, Wolf and Krcmar, 2012).

Keeping the above in mind and making the following changes may result in improved productivity of the business operation:

- Substituting sequential tasks for simultaneous tasks to reduce waiting times within the process.

- Integrating separate tasks in a process as much as possible into one job description to avoid the loss of important information (Guha, Kettinger and Teng, 1993) – this also reduces time wastages.

2.3.2 GENERAL MANAGEMENT

Management within an entity occurs at the following three levels: strategic, managerial and operational. Strategic management is the highest level of management where top managers determine the strategic direction of the entity. Managerial management is where middle managers are responsible for setting the business policies and procedures that will be necessary to achieve the corporate objectives set by strategic managers. Operational managers are the lowest level of management and are responsible for the day-to-day running of the business. Changes in technology and processes normally occur at the operational level. For a meaningful industry change to occur, changes need to be incorporated at the strategic level by top management and filtered into the business' policies and procedures (Grant, 2002).

Operational restructuring should be an on-going process. This includes improvements in efficiency and management, and efforts to enhance marketing, with the expectation of higher profitability and an improved cash flow (Pathak, 2009). Technology plays an enabling role in improving operations. Local area networks, intranets, architectures, electronic data exchanges and support system technologies allow businesses to achieve performance gains (Guha, et al., 1993).

Organisations may be viewed as collections of interrelated processes (Pycraft, et al., 2010). Guha et al., (1993) defined three types of processes: Inter-organisational processes, Inter-functional processes and Interpersonal processes. Inter-organisational processes are the means by which companies in the same service chain interact. Structure determines the relationship between people and the technology used in the organisation. Technology that is introduced into a flatter organisational structure reduces bureaucracy and provides better control over daily activities. A flatter structure also facilitates better communication (Grant, 2002). In banks and government

institutions, there may be less of a flat structure which may complicate processes and frustrate communication.

2.3.3 PROCESSES

An operation is composed of processes designed to add value by transforming inputs into outputs (Slack et al., 2010). Davenport (1993) defines processes as a structured and measured set of activities designed to produce a specific output for a particular consumer or market. The whole organisation should be regarded as a system of processes (Sofiyabadi and Nasab, 2012). Organisations pay particular attention to the design and management of their own internal processes. Successful practices become part of individual business processes with little regard for the impact on other entities. Processes are, therefore, viewed as sets of activities with a logical internal relationship that result in a product or service demanded by a customer (Hammer and Champy, 1993). The process therefore starts and ends with the customer (Lyons, Mondragon, Piller and Poler, 2012). Processes exist, regardless of the functional structure of the organisation. Processes may also encompass sub-processes. The first step to improving a process is to analyse it in order to understand the activities, their relationships, and the value generated by the process. In order to continuously enhance process performance, the process must be viewed and managed as an end-to-end process (Heckl and Moormann, 2010).

In contrast, the processes involved in conveyancing cut across the individual entities and consist of participating private firms, public agencies, institutions and individuals (role players). Thus, conveyancing business processes are not perceived in the conventional organisational-level operations management, since the transactions and activities do not occur exclusively within an organisation or a public agency. Rather, the various transactions and activities that constitute the conveyancing business processes are institutionally carried out by a variety of role players, involved to a greater or a lesser degree in the processes (Wong, Skipworth, Godsell and Achimugu, 2012). This includes private organisations like banks and attorneys, as well as public agencies like the municipality, Master of the Court, and the Deeds Office Registry. The key concept

outlined here is that, although conveyancing processes are wider in context than conventional organisational-level business processes (Winter and Knemeyer, 2013), the issues of process bottlenecks, efficiency, and effectiveness also prevail, and generally manifest in terms of cumbersome and tedious delays in the transfer of landed property from one owner to another. The success of Supply Chain Management (SCM) in this regard depends largely on the individual entity's efficiency in managing its processes (Loke, Downe, Sambasivan and Khalid, 2012).

In an environment characterised by high competition, it is imperative that entities continuously adjust their business processes to ensure their survival (Monczka and Petersen, 2012). They should also implement cost reduction initiatives and efforts to increase revenue (Iden, 2012). In addition, the outsourcing of certain functions may create economy of scale advantages (Heckl and Moormann, 2010). In the South African conveyancing process, the valuations function is typically outsourced. Electronic business processes have been widely introduced to transform business processes (Wiengarten, Humphreys, McKittrick and Fynes, 2013). Electronic systems may improve processing times and increase the level of standardisation and automation. In SA, valuations can also be done by means of a desktop comparable market valuation using technology, as opposed to a property assessor physically visiting the property to provide a valuation of the property. Automation makes a process more predictable, and it can, therefore, be managed better (Jin and Ryan, 2012), as the workflow is laid out and easily monitored. Manual workflows are at the mercy of the human bodies performing the function. This may hold true for many entities in the conveyancing process as not all functions across the different entities can be automated at this point in time. This adds impetus to the argument that e-conveyancing should assist in streamlining the conveyancing process. Conveyancing transactions are, however, by their very nature quite complex, which drastically reduces the possible level of standardisation. Nevertheless, the transparency created by e-conveyancing, together with a reduction in paper-based processes, should make the process a lot faster, more efficient and much more effective.

2.3.4 EFFICIENCY AND EFFECTIVENESS

Efficiency is defined as the extent of resources used and needed to achieve the desired result (Davenport, 1993). Efficient business processes achieve the desired output with minimum effort (Jurisch, et al., 2012). The effectiveness of a business is defined as the extent to which the output of a process meets the needs and requirements of the customers (Harrington, 1991). Efficiency refers to doing things in a right manner and is concerned with the status quo.

Effectiveness, on the other hand, refers to doing the right things and it works towards the end goal. Efficiency demands a repetition of the same steps and this discourages innovation. Effectiveness encourages innovation as it demands that people think of new ways in which to do things to reach the desired goal. In order to be a successful entity, there must therefore be a balance between efficiency and effectiveness. It will be of little use to the stakeholders of the entity if it is efficient but unable to meet the requirements of the stakeholders (Roghanian, Rasli and Gheysari, 2012). The performance of a business process is, therefore, measurable through efficiency and effectiveness criteria (Jurisch et al., 2012). High operational efficiency is dependent on the quick, accurate and continuous exchange of information between entities, as well as within entities (Groznik and Maslaric, 2012).

2.3.5 SUPPLY CHAIN MANAGEMENT

Supply chain management (SCM) refers to the chain of all the activities that are required for a business to transform inputs into outputs that customers are willing to exchange for value (Pearce and Robinson, 2005:159). In this regard, the supply chain extends beyond the internal structures of the business entity (Sampson and Spring, 2012). A supply chain is the network of organisations that are involved, through upstream and downstream linkages (Winter and Knemeyer, 2013), in different processes and activities that produce value in the form of products and services delivered to the ultimate consumer (Christopher, 1992), Slack et al., 2010:375). Lambert, Stock and Ellram, (1998) propose that all firms within a supply

chain must overcome their own functional silos and adopt a process approach in order to successfully implement SCM.

Supply chains exist, whether they are managed or not. It is also important to note that any entity can be part of numerous supply chains. Each must protect their competitive advantage by protecting their confidential information (Zeng, Wang, Deng, Cao and Khundker, 2012). For example, an entity may be a customer in one supply chain, a competitor in another, a supplier in another and a partner in another. How this applies to conveyancing is that financial institutions in the conveyancing supply chain receive applications for finance from estate agents. Estate agents are thus the client of the financial institution. These banks compete with other financial institutions for the business of granting the loan to the buyer. The estate agent or mortgage originator acts on behalf of the buyer and is, therefore, an agent for the buyer. After the loan has been granted and the bond has been registered, the buyer becomes the customer of the bank.

Supply Chain Management (SCM) takes a systems approach by viewing the supply chain as a single entity, and not as fragmented parts that each perform its own function (Tyndall, Gopal, Partsch and Kamauff, 1998). SCM seeks to synchronise and converge the intra- and inter-firm operational and strategic capabilities of various individual entities into a unified marketplace force (Ross, 1998) that improves the flow of information and goods (Janvier-James, 2012).

From a business, operations and supply chain management perspective, the goal is to achieve the efficient and effective transformation of input resources into products (e.g. new loans, further loans, building loans) and services (e.g. assistance with property sales or loan applications) that are of value to the customer, in a manner that promotes and benefits the different role players (Janvier-James, 2012). Operations and supply chain management tend to peg efficiency and effectiveness at the level of the organisation (Cho, Lee, Ahn and Hwang, 2012). In this regard, the main emphasis is on the elimination, reduction, or mitigation of the effects of bottlenecks within each entity, so as to enhance each entity's profit.

Supply chain management strategies must align with and support changing business strategies (Monczka and Petersen, 2012). Operations and supply chain management also apply to organisations that do not have an economic profit imperative. It is imperative to have information sharing among the different entities in the supply chain, as well as supply chain visibility to avoid disruptions in operations. Establishing coordinated, cooperative, and collaborative relationships among supply chain partners would help to improve business processes for each partner in the service chain (Siha and Saad, 2008). This will also assist in managing the end-to-end conveyancing process as a collective process.

According to Porter, competitive advantage grows out of the customer value that is created by an entity. A firm's goal is to develop a sustainable and profitable position against competitors in the market. Therefore implementing Supply Chain Management successfully may enhance customer value, which will increase the competitive advantage for the supply chain and its entities (Winter and Knemeyer, 2013). This should improve the profitability of all members in the supply chain and ultimately, the supply chain itself. Developing innovative solutions and synchronising the flow of goods and services throughout the supply chain, as well as creating low cost and differentiated services may also help to build a competitive advantage (Hsieh, Chiu, Wei, Yen and Cheng, 2013). SCM is concerned with improving both efficiency (i.e. lower costs) and effectiveness (i.e. customer service) in a strategic context to obtain the competitive advantage that ultimately results in profitability (Tyndall, et al., 1998).

2.3.6 LEAN MANAGEMENT

A number of entities use lean management to reduce costs, improve customer service and gain competitive advantage. This means embracing the elimination of waste in its various forms (Slack et al., 2010). Activities that use resources without producing customer value are seen as wastes that need to be eliminated (Womack and Jones, 1996). The Lean approach is a systematic approach to overcome issues in complex production systems (Tohidi and KhedriLiraviasl, 2012). It focuses on delivering high quality products at the lowest price and at the right time (Chen and Cox, 2012; Bujak,

Carvalho and Sriramulu, 2012). Lean management emphasises the pursuit of process efficiency, such as generating the most significant outcome using the least input by minimising waste (Christopher, 2000). Banks often try to reduce their expenses, while still trying to maintain the same output with the same or less resources. Due to the recent global recession, many attorney firms downsized and many entities restructured to reduce their costs and reduce the number of structures within their businesses. Business entities also tend to focus on their core business and move a lot of responsibility to other parties in the service chain, or they outsource certain functions.

2.3.7 IMPROVING PERFORMANCE

In order to improve a business, managers must know what the current state of their business is. As a result, performance measurements need to be used to assess the status quo. Various aspects of a process or the entire business operation may be assessed. Benchmarking is the process of comparing one's own performance and/or methods to other comparable businesses or entities (Pycraft et al.). Improvement techniques can be continuous, such as Total Quality Management (TQM), or it can be a dramatic change, such as Business Process Reengineering (BPR) (Wong, 2013).

2.3.7.1 TOTAL QUALITY MANAGEMENT

It is hard to find businesses today that do not have a formal plan to ensure quality in the goods and services they provide. Pycraft et al., (2010) define quality as "consistent conformance to customers' expectations". Total Quality Management (TQM) describes a management approach to achieving long-term success through satisfying customers (Kaur, et al., 2012). It is an integrated system of methods, principles and best practices that provide a framework for organisations to strive for quality and excellence in everything they do. TQM encompasses the actions that managers do at different levels to ensure that quality products and services occur. TQM promotes entity wide continuous improvement (Kaur, Singh and Ahuja, 2012) in meeting quality according to customer needs (Zandhessami and Jalili, 2013). Quality can be in the form of design, process, services or systems (Azhar, Naz, Gul and Nawaz, 2013). All members of an

entity work to improve processes, products and services in their workplaces (Iden, 2012).

Quality improvement has been an important part of business processes, and its roots go back to the teachings of Drucker, Juran, Deming and many others that have tried to refine the process of organisational management. Over time TQM has developed as an organisational strategy which aims to create awareness of quality through all the organisational processes, which is characterised by an end-to-end, cross-functional view of the organisation (Iden, 2012). TQM starts with leadership where top management takes personal responsibility for implementing and refining all TQM activities in the organisation. They make sure that all personnel are properly trained and actively participate in achieving the organisation's success (Asif, de Vries and Ahmad, 2013).

There are a number of reasons behind wanting to eradicate defects. Defects are expensive to rectify and may also lower the consumer's confidence in the product. Continuous improvement initially started in operations; first in Japanese export companies and then in competing companies elsewhere in the world (Schonberger and Knod, 1991). In a worldwide automobile assembly, the system was labelled lean production (Schonberger and Knod, 1991). Although manufacturers have several names for continuous improvement strategies, the service industries tend to favour the term TQM. Trkman (2009) proposes that a fit between the business environment and business processes is needed; also that both continuous improvement initiatives and a proper fit between business process tasks and information systems must exist for improvement initiatives to be successful.

2.3.7.2 BUSINESS PROCESS REENGINEERING

In 1990, Hammer introduced the concept of business reengineering. Business Process Reengineering (BPR) is defined as the fundamental rethinking and radical redesign of business processes to achieve drastic improvements in competitiveness (Azhar, et al., 2013) and performance, such as cost, quality, service and speed (Hammer and Champy, 1993). The main difference between these two business improvement

systems is that BPR is a radical and once-off undertaking, while TQM is incremental and continuous in nature (Wong, 2013). Business processes were generally designed as manual procedures which were modified as the business grew. Little attention was paid to inter-business effects. As businesses grew, these procedures were modified to suit the growing and immediate needs, but the process mostly continued to follow the original logic (Guha, et al., 1993). As aging processes were automated, there is an impression that the processes were improved as well, when in effect only the process speed was increased. The simple use of technological applications to improve information transfers between supply chain members is not enough to realise the benefits of information sharing (Grozniak and Maslaric, 2012).

The same holds true for the conveyancing process. Further to this problem is that each entity involved in the conveyancing process has affected their own localised incremental changes to speed up and automate their own internal processes. These changes have not been implemented in conjunction with other stakeholders in the conveyancing service chain, and as a result, they have produced an extremely complex end-to-end conveyancing process. The overarching process does not add value to the overall effectiveness of any of the entities involved in the conveyancing process.

Successful businesses operate across functions and are designed around business processes rather than functional hierarchies (Grozniak and Maslaric, 2012). The solution lies in redesigning processes by removing reworks, delays and bottlenecks (Grozniak and Maslaric, 2012) and aligning the focus of the entire process on the conveyancing process as a whole, instead of being centered on each individual entity's functionality. This may imply that entities should align their corporate goals and strategies with the reengineering effort. It may, however, be easier said than done, as it may be difficult to convince stakeholders that a complete rethinking of processes is necessary. However, competitors working together are not a new phenomenon in our banking area. Bank K Home loans (due to confidentiality the bank cannot be identified) has processed Virgin Active home loans as part of a joint venture initiative. Also two major banks in South Africa share the processing of cheque account statement distribution.

2.3.7.3 BUSINESS PROCESS MANAGEMENT

Eierman and Schultz (1995) describe BPR as the redesign of standard operating practices used by organisations to achieve certain outcomes. Azad and Faraz (2009) explains the same phenomena in relation to public sector operations. Business Process Management (BPM) has its origin in TQM and BPR (Goldkuhl and Lind, 2008). BPR itself is no longer a significant phenomenon (Smart, Maddern and Maull, 2009). Business Process Management (BPM) seems to be a growing activity. There were five key principles of BPM found by Smart, et al. (2009):

1. Process strategy;
2. Process architecture;
3. Process ownership;
4. Process measurement; and
5. Process improvement.

Process strategy addresses the linkages between the strategic intent and the intended actions within a process infrastructure (Pritchard and Armistead, 1999; Smart et al., 2009). Process management is more than a way to improve individual processes – it is a way to operate and manage a business (Hammer, 2002). Smart et al., (2009) state that many organisations construct high-level frameworks that consist of multiple processes, but fail to identify the physical and information flows that integrate these processes. This can result in the construction of horizontal silos that are not more effective than the functional silos they replaced. The identification and allocation of process owners to core business processes can ensure on-going process improvement, and thus performance improvement. Causes of poor process performance are addressed and non-value adding activities are eliminated. This can be linked to ‘lean’ thinking.

BPM consist of inputs, processes and outputs (Wong, 2013). In the conveyancing process, the input can be a loan application that has to go through a series of processes to transform into an output that the customer needs. In this example, the loan

application would go through a series of review and verification processes at a financial institution. This process may involve external parties, such as property assessors that need to do a valuation on the property that has to be mortgaged. A rejection would go through a different set of processes.

BPM also encompasses technology capabilities to facilitate process flow (Wong, 2013), as well as the facilitation of people and processes. Wong is further of the view that BPM is not meant to replace legacy systems but to add an additional layer of process and integration to make the entire information system more adaptable, flexible and agile.

Smart et al., (2009) state that processes do not exist in isolation. BPM is a sustained focus on processes to create on-going value for the business. Process-based interventions like Six Sigma seem to be growing tendencies. Six Sigma aims to identify and deliver process improvements as represented by the following five stages of improvement, namely, cycle, define measure, analyse, improve and maintain (Pycraft et al., 2010). Six Sigma's aim is to eliminate waste and inefficiency, thereby increasing customer satisfaction by delivering what the customer expects (Soare and Balanescu, 2012). The goal of Six Sigma is to reduce defects to zero (Tohidi and KhedriLiraviasl, 2012). Six Sigma and BPM complement each other with regard to the emphasis on processes, inputs and desired outputs (Soare and Balanescu, 2012). In order for the successful implementation of Six Sigma principles, leadership must promote a culture of continuous improvement in the business entity (Soare and Balanescu, 2012).

2.3.8 THE THEORY OF CONSTRAINTS

The theory of constraints (TOC) helps to focus on areas where improvements should be made. This theory is a business improvement methodology and is based on the premise that: "Every real system, such as a business, must have within it at least one constraint. If this were not the case then the system could produce unlimited amounts of whatever it was striving for, profit in the case of a business..." (Goldratt, Cox and Whitford, 1992). This means that every business has something preventing it from reaching its full potential. This weakest point determines the maximum capacity of the entire system.

The TOC applies to both service- and product-based entities. It also enables the use of other tools such as Six Sigma.

2.3.9 BOTTLENECKS

The identification of a bottleneck is a critical aspect in process analysis as it determines the process capacity of the entity, but also provides an opportunity to enhance that capacity. A bottleneck is any step whose capacity is equal to or less than the demand placed upon it. The outputs or throughput of a process can only be improved by eliminating the bottleneck (Grozniak and Maslaric, 2012). Improving other steps, besides the bottleneck, will not improve the total system output. Saving time in a bottleneck will save time for the entire process. This can be done in a number of ways, such as increasing resources at the bottleneck activity, standardising certain steps in the process, and incorporating lean principles. The efficiency of a process can be greatly improved if bottlenecks are eliminated by moving work around without increasing costs. This may be more difficult to do with specialised job functions (Roghianian, et al., 2012). Conveyancing is, without a doubt, a specialised job function.

2.4 CHAPTER SUMMARY

This chapter considered the business management concepts that are applied within the conveyancing service chain. Operations management cannot exist in isolation. Many different entities (both public and private) work together in the conveyancing service chain. On some level they compete with each other and yet in another way they work together for the benefit of the end users. Business Process Management is used to manage across the boundaries within the conveyancing service chain. Lean and Six Sigma may be employed to reduce cost and create more value for the customer. The next chapter outlines the conveyancing process in South Africa.

CHAPTER 3: THE CONVEYANCING PROCESS

3.1 OVERVIEW

This chapter starts off by introducing the topic, and continues with a discussion of the conveyancing process and structure in general. An overview of the conveyancing process in South Africa is then provided. The study also briefly touches on the specific South African challenges that would need to be overcome to allow for future development in the South African conveyancing process. The advantages of e-conveyancing for South Africa are outlined before the chapter is concluded.

3.2 INTRODUCTION

Conveyancing is the legal transfer of property from one owner to another. Ownership is mostly in the form of a real right, although limited real rights may also exist in the form of servitudes or other rights in property, for example, a creditor's right against the owner or against registered leases (Van der Walt and Pienaar, 1999:45). Conveyancing involves business processes traditionally designed to transfer a landed property from one owner to another. In civil society, and in general, ownership is defined in terms of a legal right, hence conveyancing is naturally perceived as a legal convention. The reality is that the actual transactions and activities that result in the transfer of ownership are derived from specialised business processes of the various private firms, public agencies, institutions and individuals (role players) that are involved in conveyancing. For example, when an organisation requires landed property infrastructure and facilities as complementary assets, it is not far-fetched to imagine that the cumbersome processes of landed property acquisition and transfer may influence the supply chain and provide challenges to the way it carries out its business. This is illustrated by the following quotation: "In oil-rich Nigeria, Africa's most populous nation and seen as the continent's most important consumer market of the future, Massmart has two branches and hopes to open another four. But the problems of securing property means it could take years to hit its targets." (Financial Times, 15 November 2012).

3.3 THE CONVEYANCING STRUCTURE

Figure 3.1 suggests a simplified systems perspective of the general conveyancing process which will now be further discussed.

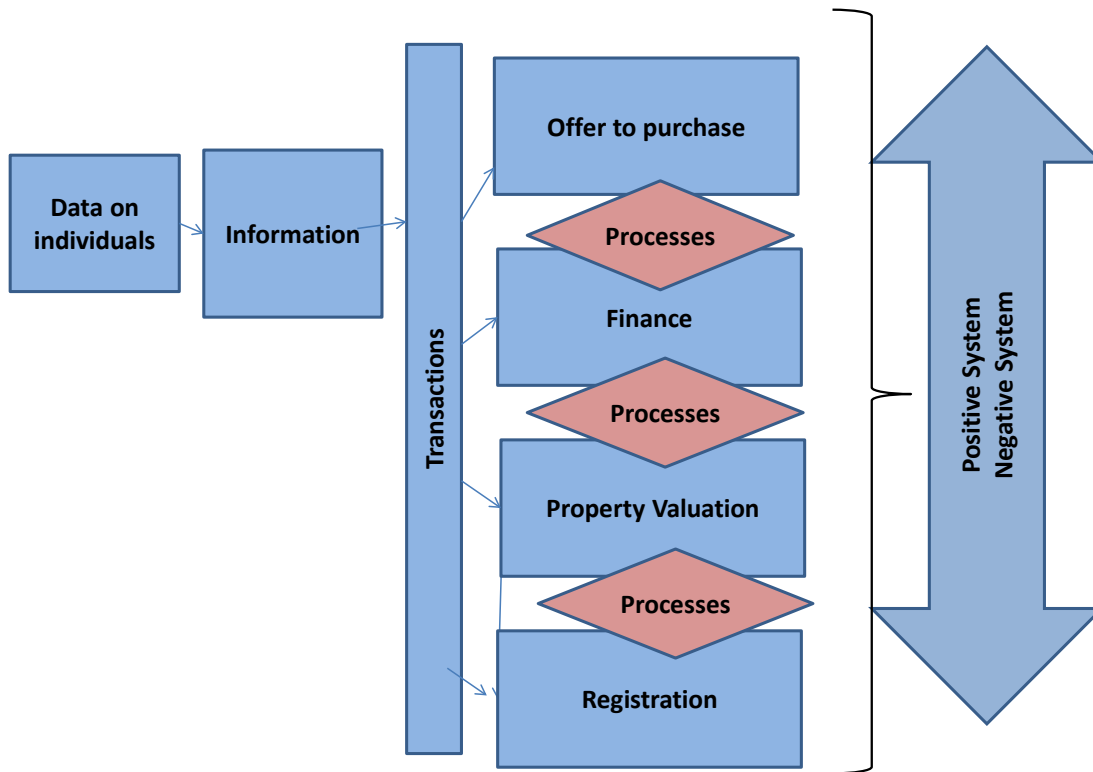


Figure 3.1: A suggested systems perspective of the conveyancing process

Source: Own work

The business processes in a conveyancing structure are generally classified in terms of either a positive, or a negative land registration system. According to Ramwell et al., (2008:2), there are two statutory, but contrasting, systems classifying conveyancing processes, namely:

1. A positive system: The State maintains and guarantees the accuracy of a title in a deeds register through cadastral (system of maps and diagrams) linkages.
2. A negative system: The State does not examine the titles but simply records the deeds at face value. Hence, there is no guarantee and no link to a cadastral system

of maps and diagrams. The implication of the negative system is that the State incurs no liability for inaccurate or incomplete records, and third parties often secure their rights by taking out private insurance.

The classification of these systems is important as that would dictate the processes that would be involved in the end-to-end conveyancing service chain. The business processes conventionally extend across many different types of role players. The role players may include, but are not limited to, buyers, sellers, estate agents, mortgage originators, conveyancers (or agents and/or notaries in other countries), financial institutions and public agencies (e.g. Revenue Services and municipalities). The processes are, in turn, made up of transactions. These transactions are, for example:

- i. an application to a financial institution for funds to finance the purchase of a landed property, or
- ii. an instruction from a financial institution to a conveyancer to register a mortgage bond in favour of the bank over a specific property; or even
- iii. the provision of a mandatory payment to the Internal Revenue Service for taxes.

Transactions in turn, comprise of information, such as a property description (i.e. the street name, number, erf number, suburb and province where the property is situated), or a buyer's contact information (i.e. telephone numbers, email address, postal address and street address). Information is made up of data which is the street name, or the suburb, or an email address.

Each entity focuses on its core competencies and allows other entities to contribute to the final product that is delivered to the end customer. In the conveyancing service chain, estate agents focus on identifying buyers for properties that are for sale in the market, banks focus on the financing of properties for buyers, and conveyancers focus on the legal processes with regard to property transfers. However, all of the individual competencies and processes of all the different role players form the conveyancing service chain. With each entity focusing on its own core competency, it allows for a sustainable competitive advantage for each individual entity that may not necessarily

add value to the end-to-end conveyancing process. Even within one organisation certain non-core functions may be outsourced to specialists. For example, a bank may outsource the property valuation services to accredited specialists. At the same time, it is important for organisations to deliver value to their customers (both internal and external to the organisation), while adequately managing their cost structures to ensure that they remain profitable and competitive. Costs are incurred by the individual operations of each organisation, and additional costs are incurred by doing business across the service chain with other role players. These may include, costs of setting up contractual agreements, monitoring performance, providing additional information and feedback to role players across the service chain, and paying commissions for business referrals. The effect of conveyancing processes may even be more significant if organisations move labour and business operations from one country to another where the landed property legislation may be different.

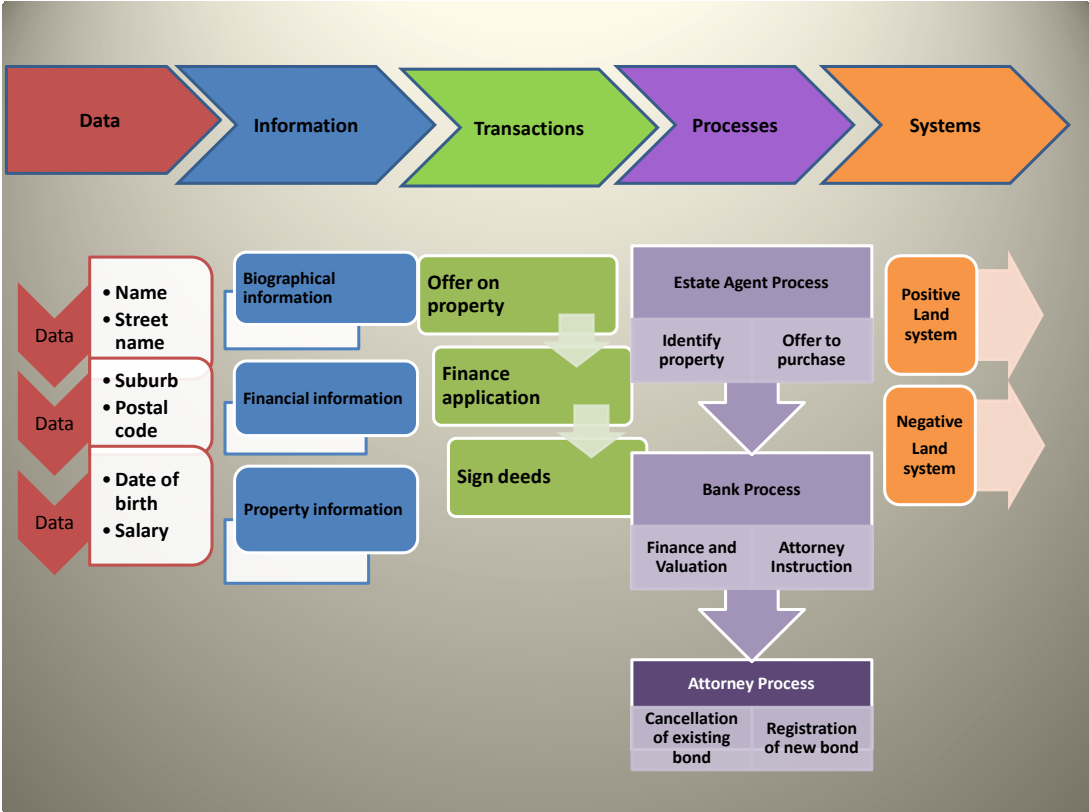


Figure 3.2: Conceptual mapping of conveyancing processes

Source: Amadi-Echendu and Pellissier 2013

In essence, data is collected from a prospective buyer (or seller, as the case may be), which may include the buyer's name, surname, contact information, and identification number, to name but a few. This data comprise information that is captured in an application form, which the estate agent, mortgage originator or the buyer may then request for funding from a financial institution. The application becomes a transaction between the buyer, mortgage originator or estate agent and the financial institution. Each of these entities will follow a set of their own processes to advance the transaction across the conveyancing service chain.

The financial institution carries out a sequence of activities to assess the request for funding of the property in question. This sequence of activities constitutes the financial aspects of the end-to-end conveyancing process. Each respective role-playing entity may adopt its own approach, for example, each bank may have its own particular conditions when assessing a loan application. Nevertheless, the respective role player's processes constitute a statutory system for effecting a property transfer.

Erroneous data could easily occur anywhere within this conceptual mapping of conveyancing processes. If incorrect data were collected from a prospective buyer or seller, it could affect the information supplied in a transaction. This may cause delays as the data would need to be corrected before the conveyancing processes may proceed. Although certain sequences of activities performed by the role players (i.e. estate agent, mortgage originator, financial institution, attorney) may occur concurrently, the propagation of erroneous data through the transactional inter-linkages increases the complexity and contributes to delays in the conveyancing processes.

3.4 AN OVERVIEW OF THE CONVEYANCING PROCESS IN SOUTH AFRICA

In South Africa, the deed registration is conducted by the Department of Land Affairs through its ten Deeds Offices under the supervision of the Chief Registrar of Deeds. The South African land registration is based on statute and is nominally based on characteristics of a positive and negative land registration system (Ramwell et al., 2008)

thus making the South African system completely unique. Although the SA Deeds Office does not guarantee the correctness of a title (negative system) in the form of a state guarantee, third parties do rely on the accuracy of the legal position of real rights registered with regard to immovable property. The land register is linked to a cadastral (i.e. a system of maps) which is an aspect of a positive land system. In South Africa, land registration is based on statute (i.e. the Deeds Registry Act and the Alienation of Land Act). The security of title that South African titleholders enjoy is not the result of a State Guarantee (as with a positive system), but a private-public partnership between the Deeds Office and the conveyancing profession.

The conveyancing process begins with a seller who has a property to sell. An estate agent may assist the seller to market the property to prospective buyers. A different estate agent may introduce prospective buyers to the property. A buyer interested in purchasing the property will complete an offer to purchase which is then accepted by the seller by means of a signature on the same offer to purchase document. The offer to purchase is a legal contract which contains all the relevant details of the property, such as the property description, selling price, and commission payable to the estate agent, as well as the terms under which the sale agreement is concluded. The buyer may either purchase the property by paying for it in cash, or may use proceeds from investments, loans from family and/or friends, or apply for a loan from a financial institution.

Financial institutions normally take responsibility for managing functions across the entire conveyancing service chain, as banks only start earning an income after the property transfer has been finalised. They provide feedback to estate agents and mortgage originators regarding the progress of the loan application, and thereafter follow up with conveyancers regarding the registration of the new title. In fact, in South Africa, service level agreements are drawn up with conveyancers to ensure that registration takes place within certain specified timeframes and that security documentation is delivered to banks within a specified timeframe after the transfer of

title has taken place. The work allocated to conveyancers is dependent on the conveyancer's ability to affect property transfers within the banks' required timelines.

3.4.1 ROLE PLAYERS IN THE CONVEYANCING PROCESS

As mentioned, parties and role players in a typical conveyancing process generally include estate agents, sellers, buyers, conveyancers, financial institutions and government agencies such as the Deeds Office Registry, SARS, and local and municipal authorities (Ramwell et al., 2008:3). In SA, mortgage originators assist buyers to apply to banks for financing. Figure 3.3 below provides an overview of all the role players involved in the conveyancing process.

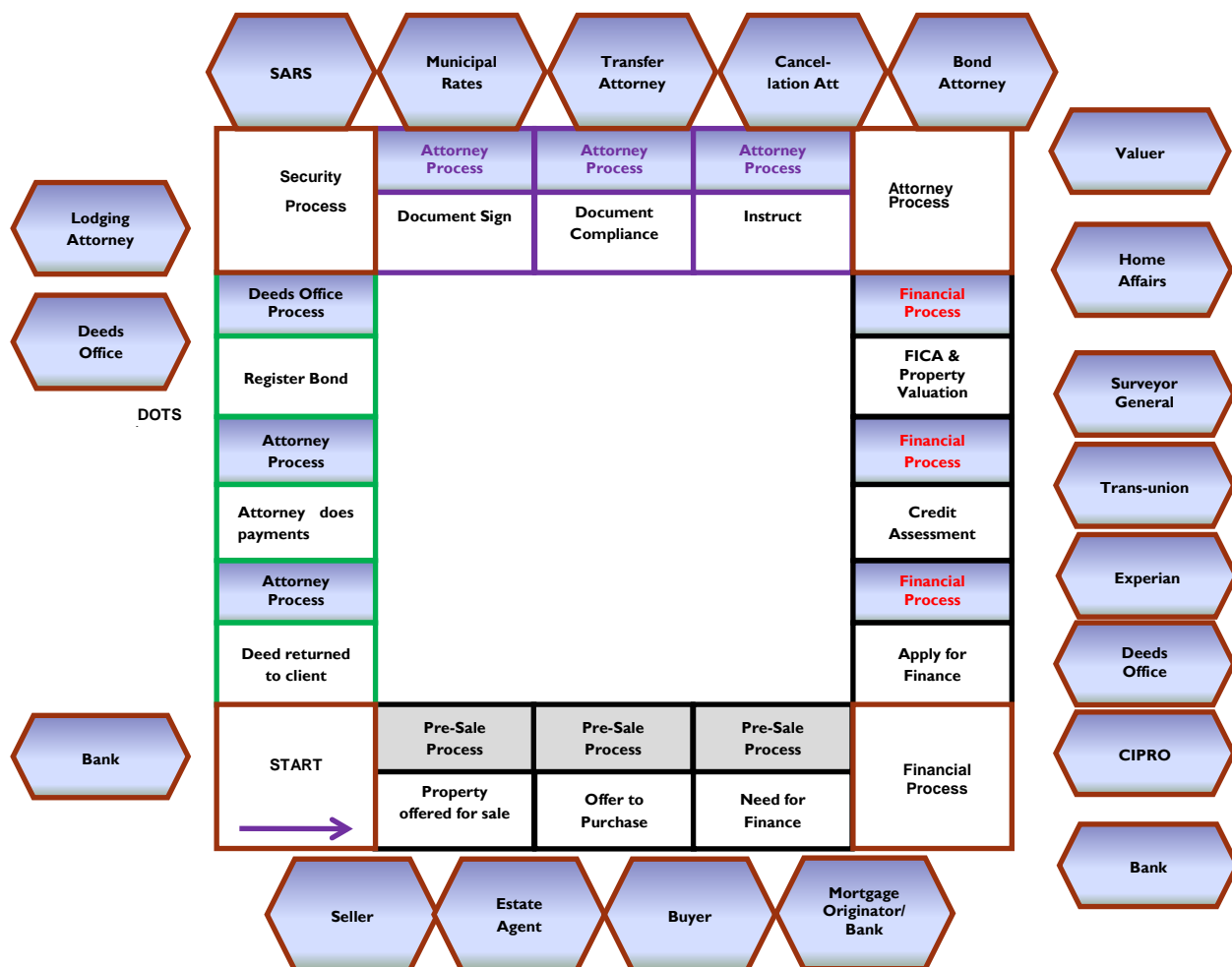


Figure 3.3: Illustration of the current South African conveyancing processes

Source: Amadi-Echendu and Amadi-Echendu 2013

The role players involved in the conveyancing process range from individuals, for example, buyers and sellers, privately-owned entities, for example, estate agents, mortgage originators and conveyancers, to government-owned entities such as the Deeds Office, South African Revenue Services (SARS) and Municipalities. The illustration above sets out the flow of conveyancing transactions as it is passed through the conveyancing service chain. Table 3.1 below provides an overview of the role played by the various more prominent role players in the end-to-end conveyancing process, as well as the high-level tasks associated with each stakeholder.

Table 3.1: The role players in the SA conveyancing process

Role player	Role in conveyancing process
Estate Agent	<ul style="list-style-type: none"> ▪ He/she is the link between the buyer and the seller and will negotiate the sale between the two parties ▪ An offer to purchase is drafted by the estate agent and signed by the relevant parties to become a binding contract ▪ A copy of this document is attached to the home loan application ▪ The estate agent charges a commission for this service, which is paid by the seller
Mortgage Originator	<ul style="list-style-type: none"> ▪ Bond Originators will complete and submit the home loan application on behalf of the buyer to all major banks ▪ The buyer has choice of where to place his loan, after comparing the home loan interest rates and terms approved by the different banks ▪ They negotiate with all of the lenders, banks and financial institutions in order to get you the best home loan interest rate possible ▪ They save the buyer time by following up on the progress of the home loan application at the bank
Conveyancer	<ul style="list-style-type: none"> ▪ Manages the relationship and finances between the buyer and seller ▪ Ensures cancellation of old bond and guarantee for new mortgage requirements are met ▪ Ensures that rates and taxes have been paid ▪ Ensures that transfer duties and taxes are paid ▪ Manages the registration of a bond in favour of the financial institution that advanced the finances for the new property ▪ Ensures that a valid deed has been drafted as required by statute ▪ Ensures that all relevant documents have been drafted and signed by responsible parties

Source: Own work

3.4.2 ELEMENTS THAT INFLUENCE THE COMPLEXITY OF CONVEYANCING TRANSACTIONS

Depending on the roles and responsibilities of the various parties involved, a typical conveyancing interaction can involve many, and very complex transactions. For example, where a buyer concludes an agreement of sale for the purchase of a property subject to the sale of an existing property in another province, the transaction might be subject to two mortgage bonds with two different banks. This process might involve the cancellation of the seller's existing loan with Bank A and the approval and registration of a new loan for the buyer with Bank B. The fact that the properties are in two provinces, may imply that two different Deeds Offices are involved in the transaction. As a result, the services of a corresponding attorney may be enlisted to lodge the original documents in the Deeds Office close to where he/she practises. In these instances, the complexities in the transactions present challenges that affect the time it takes for a transaction to be registered. Gordon, et al., (2007) illustrate that some transactions can take between two to six months to complete because of the cumbersome and tedious interactions between the associated role players.

In some cases, the transactions that are included in a single property exchange may involve several different attorney firms, each of whom represents a respective role player, and all of whom are required to simultaneously lodge their respective documents at the relevant Deeds Office Registry. Where more than one property is involved (e.g. in the case of a development where all the units in one development are registered at the same time), the transactions may be linked to even more role players; hence, it is not uncommon for the entire conveyancing process to comprise of more than one hundred transactions before completion of the property exchange. The process tends to be exacerbated where the transactions involve manual interlinks and information transfer loops between the various stakeholders. Even automated processes are not immune to risks that may arise, for example, from data inaccuracies, transcription errors and asynchronous time delays.

The present statute that underpins the registration of title deeds restricts transactions to a paper-based process. This is one of the barriers to catering for electronic-based registrations that would be removed with the amendment of the relevant statutes to cater for electronic and digital signatures. Banks would reduce the storage costs related to the paper-based title deeds and other security documents, as well as payment and time delays for misplaced and lost title deeds within their storage facilities. In some instances title deeds were not sent to the bank by the conveyancer after the first property transfer was completed. Furthermore, the same information is captured separately into different electronic programmes and systems by estate agents, banks and conveyancers. These systems are not interlinked and are maintained independently used by each role player. Improved quality of the applications, for example, less finger errors, could lead to a reduction in the number of rejections at the Deeds Offices. Standardisation of submission requirements at the different Deeds Offices would also assist to streamline the conveyancing process.

A common symptom of the conveyancing processes is that a single property exchange can take up to 120 days or longer to be finalised. This duration seems too long when compared to, for example, the ten days it takes in the Netherlands (Louwman, 2011). Contributing factors to this lengthy turnaround time could be reconsiderations and amendments. A reconsideration occurs when a buyer requests a change in the conditions that was approved by the bank before an attorney has been instructed to register the transaction in the Deeds Office. An amendment is also a request for a change of the loan conditions, but this occurs after an attorney has been instructed. Reconsiderations and amendments may occur to change a loan amount, the entity that applied for the loan (for example change an individual application to a trust or a closed corporation), change in the valuation amount, a change in the interest rate approved or a change in the own contribution required by the bank. Both reconsiderations and amendments will require for the customer file to be reassessed and certain parts of the process are repeated.

Another reason for delays may be that an own contribution is required by the bank. The contribution has the effect of lessening the risk of the bank in that the buyer commits him/herself to the transaction by paying a lump sum of money. The buyer also stands to lose money invested in the transaction if he/she becomes unable to repay the loan. Own contributions can be funded by means of loan against a pension fund of the buyer's employer, or by means of an additional short term loan. These applications for additional finance are often only lodged after the initial home loan amount has been approved by the bank. The home loan application then needs to be delayed until approval for the additional loans have been obtained.

The conveyancing structure is conceptually illustrated in Figure 3.4 below. It shows the various flows of information, money and the interactions between the different role players involved in the conveyancing process.

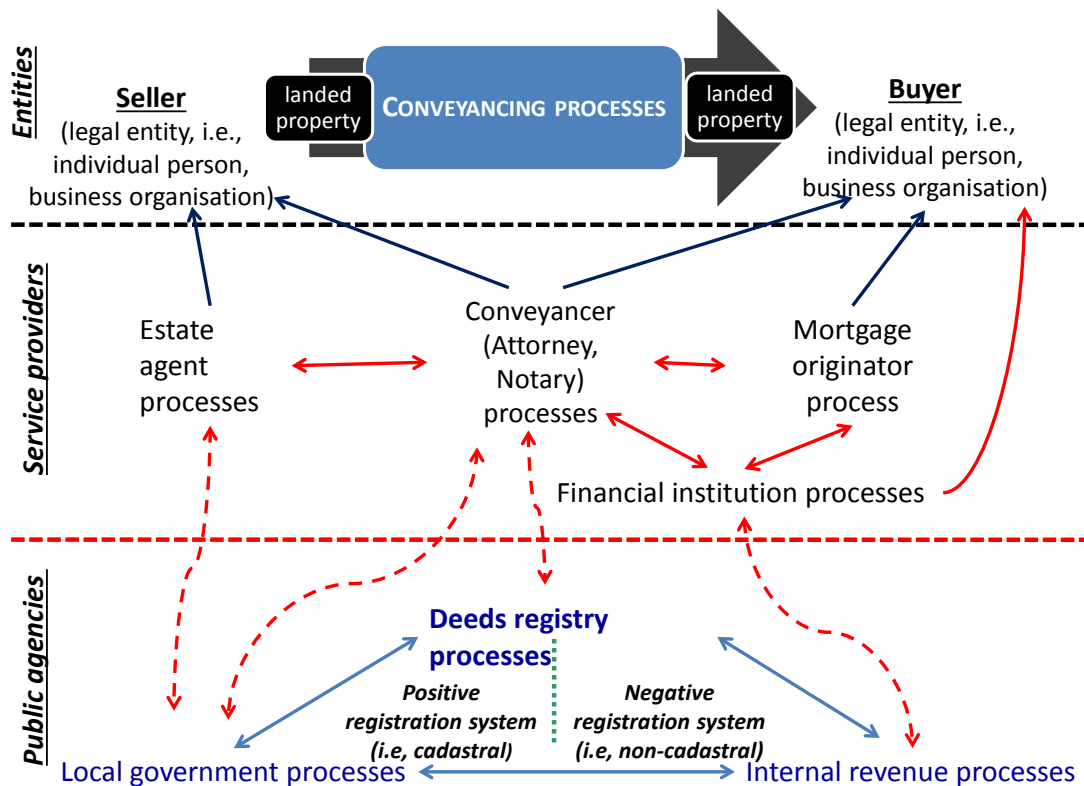


Figure 3.4: The conveyancing service chain in South Africa
Source: Amadi-Echendu and Amadi-Echendu 2013

3.4.3 DIFFERENT RELATIONSHIPS IN THE CONVEYANCING PROCESS

Different relationship types exist across the conveyancing service chain to manage the flow of information, products and finance. These relationships include business-to-business relationships (e.g. estate agency to bank, bank to attorney firm), business-to-consumer relationships (e.g. estate agent to seller, attorney to buyer) and consumer-to-business relationships (e.g. seller to estate agent, buyer to bank). In the figure above, arrows indicate the relationships and the flow of information between the different role players. Conveyancers are regulated by the Law Society of the province in which they practice. Estate Agents are governed by the Estate Agency Affairs Board that ensures the adherence to procedural, educational and professional codes and regulations. Mortgage Originators, however, are not regulated by any regulatory body, and as such, do not have a specific code of conduct to adhere to at this point in time. They are, however, managed by means of service level agreements signed with certain banks.

3.4.4 DISTRIBUTION OF MONEY IN THE CONVEYANCING PROCESS

Finance is also distributed to various stakeholders during the conveyancing process. The property moves from seller to buyer but the bulk of the money goes indirectly from the buyer to the seller whilst a reasonable percentage of the value of the property is diffused throughout the supply chain as commission (to estate agents, mortgage originators), service charges (to attorneys), interest on the loan (to financial institution), and taxes (to SARS and Municipalities). The seller pays a commission which is included in the purchase price to the estate agent for identifying a suitable buyer. This amount is payable after registration has occurred and the estate agent therefore retains a vested interest in seeing the property through to registration. In SA, Mortgage Originators are paid a commission by the financial institution after registration has occurred. As such, it is in their interest to also follow through on the transaction.

Attorneys charge fees for the work done by them, which is paid by the buyer before the transaction is lodged with the Deeds Office for registration. Banks charge interest on the loan advanced to buyers, but interest is only charged from the time that the property transfer has occurred in the Deeds Office. It is, therefore, in their interest to see to it that

the property registers as soon as possible so that they may start earning revenue. The banks have taken responsibility for managing the entire conveyancing service chain in SA. Where the property is purchased for cash, the offer to purchase is sent directly to a conveyancer by, the seller, estate agent or mortgage originator. The conveyancer will proceed to transfer the property title from the seller to the buyer.

3.4.5 FINANCIAL INSTITUTIONS LOAN APPROVAL PROCESSES

In the eventuality of a buyer applying for a loan from a financial institution, the offer to purchase, copies of identity document/s, proof of income and any other relevant supporting documentation is sent to a financial institution for the approval of a bank loan. The application may be forwarded by the client her/himself, the estate agent or a mortgage originator. A decision is made by the credit department regarding the approval of the loan which is conveyed to the buyer by means of a quotation, which the buyer has to sign. This quotation will contain all the conditions of the loan. Where a client wishes to change these conditions, the motivation for the change, together with additional supporting documentation to justify the requested change, are submitted for reconsideration. This may include instances where the property is to be registered in a different entity, for example, a company or trust, additional income can be proven in order to qualify for a higher loan amount, the interest rate concession can be improved, to mention but a few. The loan is usually approved for a twenty year term, although some loans are approved over a thirty year term.

Where the changes occur after the bank has instructed an attorney firm, an amendment is requested. This process would require the attorney to send the instruction back to the bank for further consideration. This is necessary for the bank to update their records and electronic systems accordingly. These loops may re-occur until all the parties are satisfied. The time that this process takes is dependent on the type of change that is required. The assessment of the property that needs to be financed, forms part of the bank's financial process. If the property value is lower than the loan applied for, the bank will not approve the loan, even if the buyer qualifies for the repayment of the loan

amount. The property valuations are outsourced by the bank. The process at the bank may be illustrated as follows:

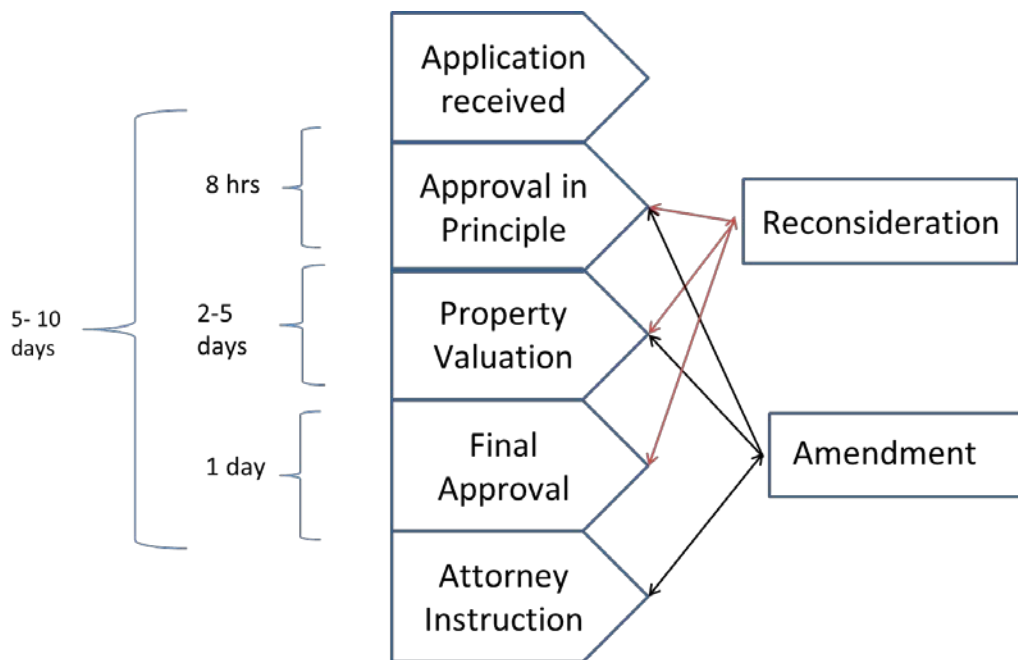


Figure 3.5: Bank approval process

Source: Own work

3.4.6 FINANCIAL INSTITUTIONS SECURITY PROCESSES

The conveyancer furnishes documents (i.e. title deed and security documents) and guarantees to the bank for checking and safekeeping. Certain banks require these documents to be sent to them before lodgement, others require the documents after lodgement but before registration, while some require these documents after registration but before payment from the loan account to the relevant parties.

The conveyancer will retain a copy of the registered deed that he collects from the Deeds Office for his own records, and returns the original deed to the financial institution that granted the loan to purchase the property. This document is retained by the financial institution in safekeeping until the loan amount is fully paid. If the property is purchased for cash, the deed is returned to the buyer. The process may be illustrated as follows:

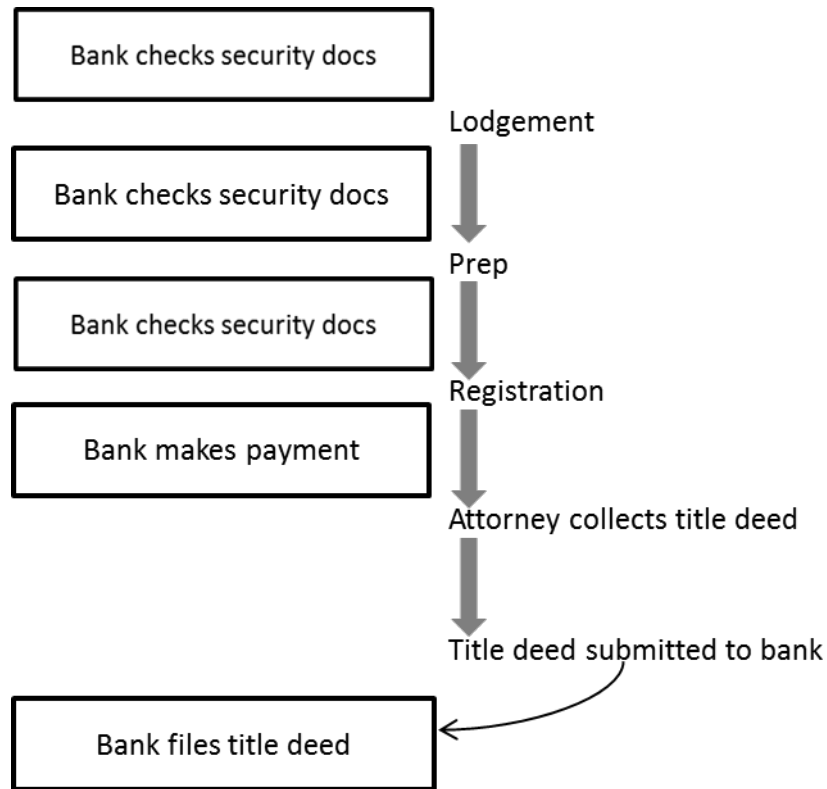


Figure 3.6: The Bank/Deeds Office security process

Source: Own work

3.4.7 THE CONVEYANCER PROCESS

A conveyancer is an attorney who has written and passed the conveyancing exam set by the Law Society of South Africa, and has been admitted to practise conveyancing by the High Court (Ramwell et al., 2008:3). Section 15 of the Deeds Registry Act provides that a conveyancer must prepare a deed before a registrar may attest, execute or register a deed of transfer, certificate of registered title or a mortgage bond (Ramwell et al., 2008). As a result, no other stakeholder may affect conveyancing in SA. A conveyancer needs to manually request for certificates and information from other role players in preparation for lodging the matter with the Deeds Office for the transfer of property ownership.

The registration of a new title with regard to property transfers is a legal process that is followed for a buyer to become the registered owner of a property. A title deed is issued which will prevent any other person from challenging the buyer's ownership title in

future. A bond attorney is appointed by the bank after a home loan has been approved, for the purposes of registering a bond that will be registered in favour of the bank as security for the loan advanced to the buyer. A seller appoints a transferring attorney that manages the transfer from the seller's name to the buyer's name. A conveyancer is also appointed to deal with the cancellation of the seller's existing bond (i.e. cancellation attorney). These conveyancers may be the same firm or person, or they may be completely different entities. In fact, nowadays banks prefer to use different conveyancers for the different functions to increase security measures and in doing so, to decrease their risk.

In addition, a corresponding attorney may be used where the buyer or seller is a far distance from the property being traded. There are ten different Deeds Offices across SA. Property transfers usually occur in the Deeds Office where the property being traded is located. The bond attorney appointed by the bank to attend to the registration of the property for the buyer may not be close to the relevant Deeds Office to lodge the original application for registration. For this reason, a corresponding attorney may be used. The corresponding attorney's only involvement in the transaction is to lodge the documentation at the Deeds Office which is close to him in exchange for a fee.

When all the documents have been signed by the buyer and the seller, and all the supporting documents have been obtained, the transaction is lodged in the Deeds Office by the authorised conveyancer. The Deeds Office staff will examine the documents and avail them for registration. On registration, the property is transferred into the buyer's name. The conveyancer notifies the bank of the registration so that payments to relevant parties may be made from the home loan account as per the guarantees that were issued by the conveyancer/s. The bond attorney ensures that the seller's existing bond is settled; all the commissions and taxes are paid and thereafter the profit is paid to the seller. This process will normally take about three months from the date of sale to the final registration, particularly because of the 90 day clause which forms part of the terms and conditions of banks. According to this clause, a seller should advise the bank of his intention to cancel the loan before the end of the originally agreed

term. This notice should be given for a 90-day period. Where such notice was not given, the date that cancellation figures are requested from the bank is deemed to be the day that notice was given to the bank. Should registration occur before the 90-day period had lapsed, the seller is debited with the equivalent interest value of the remaining period. For this reason, many conveyancers will not register the new matter before this period had passed. These types of transactions usually occur where the property loan is moved to a different bank without the property changing ownership.

In some instances, an existing owner may need to increase the loan amount against his property, and approaches the bank for a further loan application. A conveyancer is again appointed by the bank and also manages this additional registration process. The further registration will cover the additional loan amount that was approved by the bank. This further registration will need to be cancelled separately at an additional cost when the home loan is paid in full. This process may take up to two months to be completed. The original title deed needs to be obtained before the additional amount can be registered. Delays may occur where this title deed has been misplaced, or was not returned to the bank by the conveyancer who attended to the first registration. The conveyancer, therefore, plays a crucial role even after the initial property transfer has been completed.

Figure 3.7 on the next page, illustrates the process steps in the SA conveyancing processes.

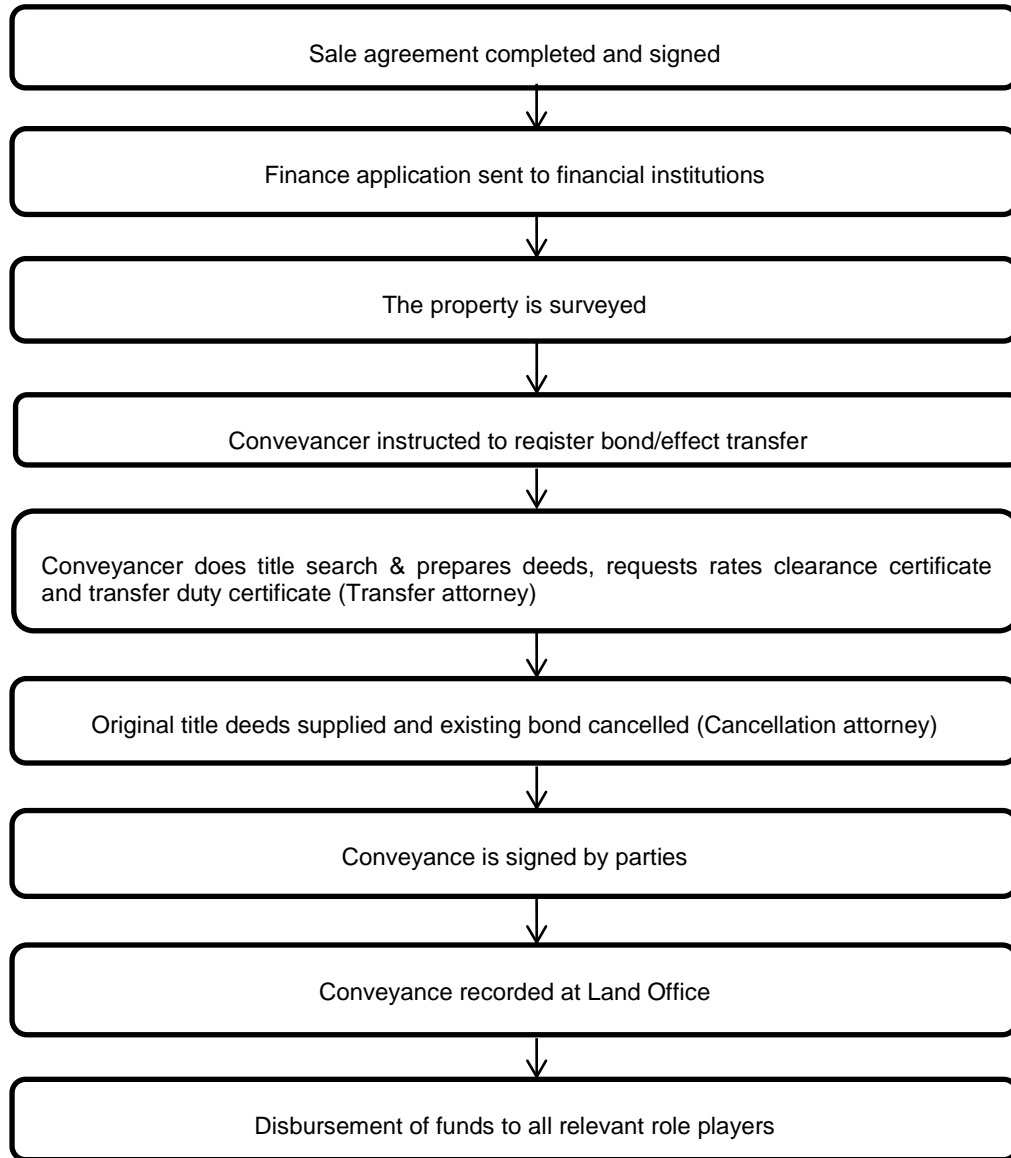


Figure 3.7: Conveyancing processes in South Africa

Source: Amadi-Echendu and Pellissier 2013

3.4.8 THE DEEDS OFFICE PROCESS

Once all the conveyancers that are connected to a specific conveyancing transaction have obtained all the required signatures and supporting documentation, they agree on a time to submit the documents to the relevant Deeds Office. This step is called lodgement. Once lodged, the file is given a bar code through which it can be tracked.

The Deeds Office launched a system called the Deeds Office Tracking System (DOTS), through which interested stakeholders may, in exchange for a fee, electronically receive updates to track the progress of the lodged transaction. The documents are sent to various checking officials within the Deeds Office, known as examiners. These examiners will check for servitudes and interdicts. They may raise notes regarding any errors, omitted information and proofs they may want to see. They also need to ensure that all the legislative provisions have been complied with. After every step in the Deeds Office, the entire file is sent to a central point where the systems are electronically updated for external parties to track the progress via Deeds Office Tracking System (DOTS), before it is sent to the following check point. This may also create a huge bottleneck in the Deeds Office process. The conveyancer will have three days in which to comply with these notes and additional requirements raised by the examiners to have the deeds registered. A deed may be rejected outright, and then the conveyancer will have to re-lodge the deed after fixing all the errors. This could prove to be a tremendous time delay, especially where corresponding attorneys are being used, as the original documents need to be couriered to the bond attorneys to attend to the errors and additional or outstanding information that has been requested by the Deeds Office.

The documents are registered when the conveyancer and registrar affix their signatures to the relevant documents. The documents are numbered, sealed and dated. The Deeds Office computer database is then manually updated with the relevant information. After this the deed is scanned or placed on microfilm. The final step is for it to be placed in a pigeon hole at the Deeds Office for the conveyancer to collect. The attorney would then send this original title deed to the bank for safekeeping until the buyer has paid off the loan. This part of the process may take up to three months, depending on the number of documents that need to be scanned. Once a deed has been scanned, an electronic copy may be obtained, at a fee, from the Deeds Office by the general public. A Deeds Office will process a transaction if the property that is to be registered is in the jurisdiction area of the relevant Deeds Office.

The diagram below illustrates the Deeds Office process.

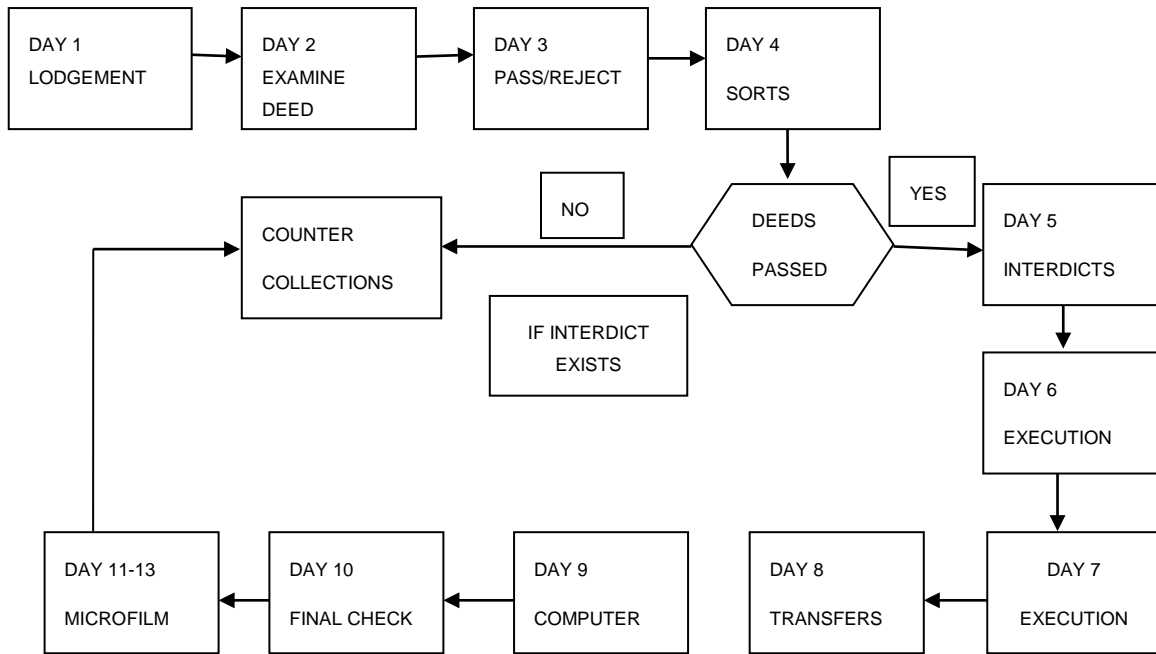


Figure 3.8: An illustration of the Deeds Office process

Source: Own work

There are ten Deeds Offices in South Africa. An indication of the number of transactions recorded per Deeds Office is reflected on the next page.

Table 3.2: Transfers by Deeds Office in 2011

	Jan	Feb	March	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Vryburg	114	130	251	160	142	191	202	203	253	191	186	213
Umtata	16	17	51	30	14	27	41	25	37	34	24	22
Mpumalanga	704	939	913	878	739	864	854	1097	921	1080	1041	800
King Williams Town	226	277	325	262	256	258	279	292	347	282	484	299
Kimberley	66	131	107	82	91	136	124	136	140	134	151	114
Bloemfontein	706	1051	981	728	836	884	880	1 000	971	936	1 113	1 274
Pietermaritzburg	2 446	2 420	3 214	2 235	2 726	2 688	3 847	3 364	2 981	2 782	2 747	3 261
Johannesburg	2 498	2 777	3 700	2 755	3 136	3 411	3457	4 335	4 086	4 367	3 633	3 308
Pretoria	4 693	5 164	5 558	6 119	6 009	6 491	7 149	7 785	8 123	6 571	7 273	5 778
Cape Town	4 438	4 937	8 614	5 089	5 252	5 956	6 666	6 360	7 183	5 461	5 894	1 078

Source: Korbitec Inc 2012

3.5 CHALLENGES IN SOUTH AFRICAN CONVEYANCING

There are quite a few challenges to conveyancing in SA. This section highlights some of the more prevalent issues in South Africa.

3.5.1 LAND ISSUES IN SOUTH AFRICA

The Torrens system, introduced in Australia, provides a registered, state-guaranteed title. While the system in South Africa is not a Torrens system, there is a de facto guarantee of title through the approved cadastral diagram and registered title deed, supported by the professional custodianships of the conveyancer and land surveyor.

As a result of past apartheid policies, many of South Africa's citizens have become used to living outside of the formal land registration system. This factor, together with the legacy of a skewed distribution of land ownership, which limited black South Africans (75 per cent of the population) until 1991 to only 13 per cent of the land, has direct implications for the country's cadastral records.

Informal settlements, also known as "squatter settlements" occur throughout the country. Although some of these settlements are on customary tenure, there are also informal settlements on privately-owned land. In such areas, the cadastral records do not mirror the reality on the ground (Jenkins, Scogings, Margeot, Fourie, and Perkin, 1986: 45-47). This could have a significant impact on the conveyancing processes.

3.5.2 STATUTES

The present statutes (e.g. Deeds Registries Act 47 of 1937 and Sectional Titles Act of 1986) that underpin the registration of title deeds in SA, restrict conveyancing transactions to a paper-based process, as no provision is made for electronic signatures and other electronic communication provisions in much of the legislation that affects conveyancing transactions (Land Registration for the twenty first century consultative document of the Law Commission, 2012). The National Credit Act was introduced in 2005. This Act has caused banks to become much stricter with regard to their lending

criteria and policies. As a result many buyers has since not qualified to purchase immovable property (Interviews with banks, 2013).

3.5.3 LACK OF AN INTEGRATED ELECTRONIC PLATFORM

In the researcher's opinion, stakeholders in the service chain are currently completely reliant on progress feedback from estate agents and attorneys regarding applications in the process of registration. Linking all the role players to an electronic platform will provide transparency of the entire process across all the entities involved in the process. This will enable all the stakeholders to obtain continuous and current status updates. This could tremendously speed up the processing of the current paper-based registration. Parties to the process would not be able to offer illegitimate excuses regarding prolonged turnaround times, as the evidence will be visible to all interested parties.

Two independent and privately owned software developers in SA have made ground-breaking progress by providing a platform that will enable different parties in the conveyancing service chain to electronically interface their systems. This means that each entity can continue to work using its own electronic system, but share information regarding specific parts of the transaction. It is, for example, unnecessary for conveyancers to have sight of the credit process within the bank. The cross-sharing and availability of information without the consent of the owner, would contravene the Protection of Personal Information Act that was recently enacted in SA. Properly drafted confidentiality agreements with the necessary consent, could allow for certain types of information to be shared among some of the entities. The software developers have developed software (also called a software switch) that enables banks to electronically instruct their panel conveyancers and facilitate electronic communication between the two entities. The system is programmed to allow for the secure flow of information and documents between the entities by means of public and private encrypted keys. The electronic conveyancing measuring tools also helps to measure the performance of the panel conveyancers. In recent times, the platform has been extended to include the Deeds Office for copies of registered title deeds and copies of registered ante-nuptial

contracts, as well as updates regarding the registration status in the Deeds Offices for current transactions. Municipalities' systems and processes to obtain rates clearance certificates necessary to complete the conveyancing process seem to be very manual.

- **The municipal electronic system**

Various SA municipalities have been linked to conveyancers via an electronic switch so that electronic requests for rates and clearance certificates can be made. The municipalities do not work on a central database, as each municipality has constructed its own electronic network. As such, each municipality needs to be individually linked. The individual databases and the use of outdated technology, make the implementation of a central e-conveyancing system very problematic. No incentives are offered for updating the technology of individual entities (private and public) and an upgrade of technology is generally viewed as an enormous and unnecessary financial liability.

- **The manual application process**

The South African conveyancing process is currently a manual process. A potential buyer manually applies for finance, or manually completes information with an estate agent or bond originator. The bigger estate agents or bond originators may have access to an electronic system to electronically submit an application for finance to a bank. Scanned copies of supporting documents accompany this application. Although banking systems have built-in mechanisms to assist with client profiling, the bank will manually assess the application and communicate the credit decision to the estate agent or mortgage originator via email. Some of the bigger estate agencies make use of a Comcorp system to electronically request finance from the bigger banks on behalf of the buyers. Banks then provide feedback to the estate agent using the same system. This has been made possible because the banks have integrated the Comcorp software into their own electronic system, behind the banks' firewalls. This integration is supported by banks that have specific resources available to maintain the connection. The bigger banks use software supplied by the two software developers previously mentioned, to electronically

instruct a conveyancer to transfer title of a specific property and register a bond in favour of the bank for the loan advanced by the bank. The smaller banks may instruct the conveyancer via email or fax. This is not a secure method.

- **The conveyancer electronic system**

The conveyancer manually requests and collects the certificates necessary for the deeds to be lodged, for example, rates clearance certificates from a municipality or transfer receipt duties from SARS. The conveyancer also needs to confirm the identification of the parties involved for FICA purposes manually. The Financial Intelligence Centre Act, (FICA), seeks to combat money laundering activities.

The conveyancer will draft the relevant documentation using desktop software from either of the two software developers, but will print all the documents for the parties to the transaction to manually sign in person at the conveyancer's office, unless the parties have given power of attorney for the conveyancer to sign on their behalf. The paper documents are then handed in at the Deeds Office which has the jurisdiction for registration to take place. Where more than one conveyancer is involved in a transaction, all the conveyancers that are linked to the same transaction must hand in their respective paper documents, in person, at the same time for lodgement to take effect. This may be the case where one conveyancer manages the cancellation of the seller's bond, another conveyancer attends to the transfer of the property from the seller to the buyer, and a different conveyancer may attend to the registration of the bond as security for a loan that was advanced by a bank. On registration, a transferring conveyancer needs to manually countersign documents at the Deeds Office. Once the Registrar has signed the deed, the transaction is deemed to have registered (Law24.com:2012:8).

- **The Deeds Office electronic system**

Since 2005, registered title deeds have been converted to a microfiche format for better storage and retrieval in the South African Deeds Office. From 2006, the microfilm cameras have been converted to digital cameras. Records are, therefore,

kept in both a microfiche and digitised form at the Deeds Offices (Shange, 2010). Documents that were electronically stored after registration may be requested and received electronically from the SA Deeds Office within minutes. However, the storage of this electronic information still has been manually entered, as opposed to a direct and automatic registration of digital applications.

The conveyancing process could become more efficient if the Deeds Office could implement a system that would allow for conveyancers to electronically upload documents and deeds for lodgement. This would cut down on registration time. Conveyancers that are located in other provinces will then also be able to continue working on their own files, as opposed to handing it to a corresponding conveyancer situated closer to the client, property or Deeds Office. Furthermore, a system that could link all the parties involved in a single transaction, would allow for increased security and transparency. An illustration would be as follows:

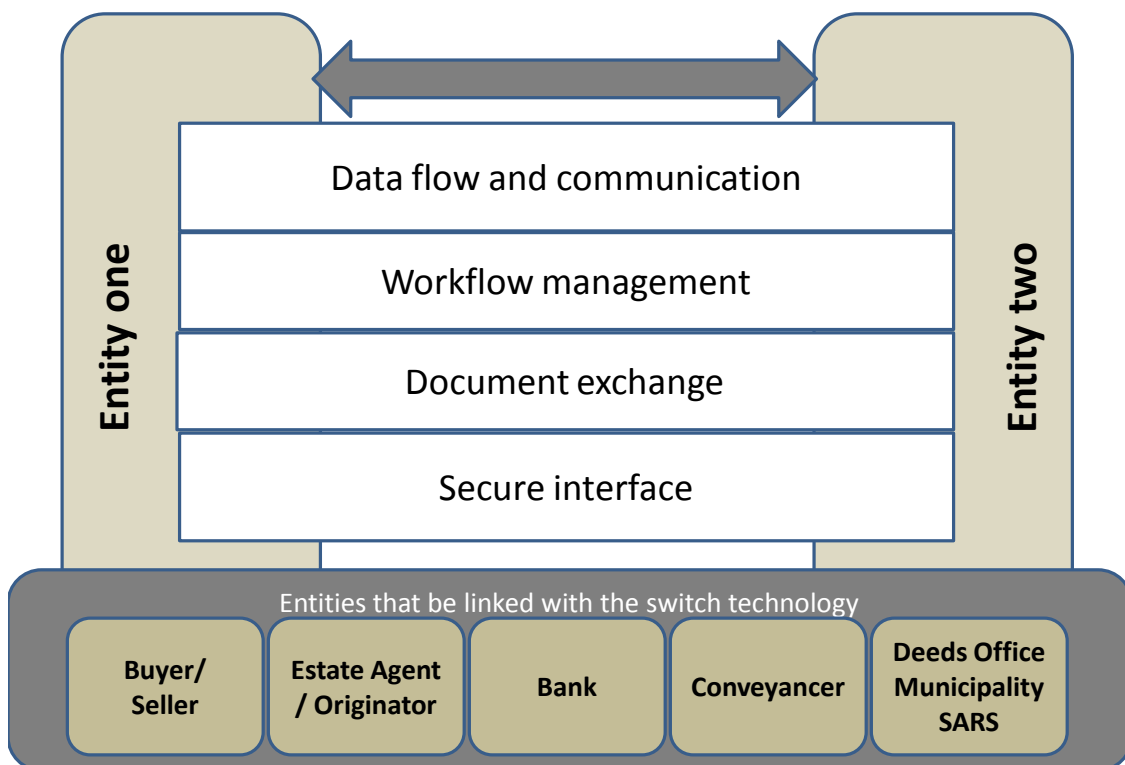


Figure 3.9: A conceptual framework of entity collaboration using a software switch

Source: Amadi-Echendu and Pellissier 2013

The entities listed at the bottom of the illustration, may be either electronically linked to Entity one or Entity two. Data and documents could be securely communicated between the entities via an encrypted switch. A document workflow could structure the sequence and type of communication that needs to take place at predetermined intervals. There are many benefits that can be derived from a secure communication link between the entities in the conveyancing service chain. It would be incumbent on the Deeds Office to secure an electronic system that would minimise fraudulent activity and still allow for an accurate register of property.

3.5.4 THE CHALLENGE OF IDENTIFICATION

An increased risk remains the security of title. A secure method of authentication must be agreed upon and implemented to ensure access to an electronic conveyancing system by authentic users only. Ensuring the safety of client information may be another aspect that may prevent or delay the implementation of an e-conveyancing system. Technological advances have, however, provided criminals with new ways to commit crimes. The most common way of committing fraud is by means of identity fraud that is, using the victim's identity documents and then forging his signature (Low, 2005). A restricted access improves security as fraudsters would need to gain access to the system before being able to commit the fraud.

“Digital signatures create long-lived, tamper-resistant evidence of ‘who did what to whom’ which is also critical to electronic transactions carrying high legal risks or compliance requirements” (Wilson, 2008). Digital signatures therefore allow for an electronic footprint to be formed which records entities, time and information involved in each transaction. Authority information, for example, credentials, affiliations, licences, and so on, can be sealed into their digital certificate at the time of issue. Digital signatures can validate authorised information directly to messages. A barcode label is an authentication token (Wilson, 2008). Public and private keys can be used together with a private identifier such as a password or pin to encrypt the data that are

exchanged between the authenticated parties concerned. Encrypted data will invalidate the digital signature if any alterations have been made after the digital signature was applied to it. Biometric identification may be used to further improve security (The Israeli 'biometric database bill').

3.5.5 ADVANTAGES OF E-CONVEYANCING FOR SOUTH AFRICAN CONVEYANCING

The introduction of an electronic registration system should enhance the service delivery to customers as the total time from completing the offer to purchase to registration can be reduced. Each entity separately captures the same information in their own electronic systems. As a result, there is potential for faster registrations. Due to the electronic storing capabilities of an electronic conveyancing system, as well as the ability to send documents and images, the use of paper may be reduced or even eliminated. Banks and conveyancers could reduce the costs associated with the storage of paper documents, as the paper documents are currently necessary in court where legal disputes may arise. In addition to the manpower needed in the storage facilities, there are also costs involved in making and keeping the storage facilities fireproof. Costs relating to misplaced and lost title deeds within their storage facilities are additional huge costs. This may happen where the deeds and other security documents were misfiled, or where the conveyancer did not forward the original title deed to the bank for storage after registration had successfully been completed. This places the bank at a huge risk. When the owner of the property cancels the bond with the bank after paying off the property, or where the owner requests a further loan, the conveyancer needs to apply to the Deeds Office for a copy of the lost or misplaced title deed to be issued on behalf of the bank. This takes time, and the banks also incur costs for the copies. The forecasted savings could be used to invest in acquiring an electronic system.

Banks could earn more revenue in the form of income from interest, as earlier registrations will enable them to start charging interest sooner. Poor quality documents that are lodged may generally congest the SA Deeds Office examination process as records are rejected and have to be resubmitted later. Improved quality of the

applications due to the introduction of an electronic system (i.e. less finger errors) could lead to a reduction in the number of rejections at the Deeds Offices. Rejections of deeds at the Deeds Office due to errors may also delay the registration and transfer of the property.

E-Conveyancing would enhance searching options and the availability of information to the general public. It would produce better tools for the registration process (Whitman, 1999:234). The system may reduce fraud by sending alerts to parties where information has been changed or where any other form of tampering with the system has occurred. Electronic communication will make the entire process more transparent, as all parties that are linked to the transaction may have full sight of the progress of the application.

An e-conveyancing system may enable the electronic payments of taxes and other payments related to the property transfer. Electronic notifications will inform the relevant parties of payments made or received. In addition, electronic money transfers between the buyer and seller may speed up the process.

This process has been successfully implemented for share trading in SA. The mechanisms and electronic systems are, therefore, already in place at prominent and reputable organisations, such as the South African Bankers' Services Company Limited (Bankserv) and Strate (Ltd). Bankserv is a company that provides various services to banks in the capacity of automated clearing-house operator in the payments industry. Strate Ltd is the licensed Central Securities Depository (CSD) for the electronic settlement of financial instruments in South Africa. Strate (Ltd) handles the settlement of a number of securities, including equities and bonds for the JSE, as well as a range of derivative products, and the settlement of money market securities. Strate (Ltd) was introduced to the market to facilitate the dematerialisation and electronic settlement of the equities market. Back-office support services were incapable of handling the increased share trade efficiently in a paper-based environment. The transition to an electronic settlement system has increased market activity, reduced settlement and operational risks in the market, increased efficiency and ultimately reduced the associated costs.

SA can learn a tremendous amount from an investigation into the global implementation of conveyancing systems. A similar evolution needs to take place within the SA conveyancing environment. During a discussion in Parliament regarding the Deeds Registries Amendment Bill on 28 March 2003, it was already envisaged that an Electronic Deeds Registry System should be put into place (Parliamentary Monitoring Group, 2003). Discussions are still underway for the Bill to be finalised.

3.6 CHAPTER SUMMARY

This chapter highlighted the conveyancing process in South Africa. It showed that the South African conveyancing processes are mainly manual and paper-based, and that an electronic system may assist to make the process more efficient and less tedious and cumbersome. The following chapter discusses international conveyancing practices and processes. The following chapter will discuss international conveyancing practices, particularly those of Barbados, The Netherlands, Australia and Taiwan.

CHAPTER 4: CONVEYANCING INTERNATIONALLY

4.1 OVERVIEW

The introduction to this topic is followed by an overview of the conveyancing process in Barbados, after which the electronic conveyancing process in Barbados is explained. The second country included in this study is the Netherlands and a discussion of the conveyancing process in the Netherlands and electronic conveyancing in the Netherlands follows. An overview of the conveyancing process in Australia, as well as the electronic conveyancing process in Australia then ensues. This is followed by an overview of the conveyancing process in Taiwan. However, electronic conveyancing in Taiwan is not included in this study, as not much published information is available in this regard. Although interviews were conducted in Taiwan regarding the conveyancing process as such, the language barrier prevented the researcher from collecting information that is specific to the electronic component of conveyancing in Taiwan.

All the relevant information regarding the conveyancing processes in the countries that have been included in this study, was then combined to compile an international conceptual conveyancing framework.

4.2 INTRODUCTION

This chapter examines the existing conveyancing systems of four countries that have embarked on a journey to roll out an electronic system to convert the paper-based property registrations to an electronic-based registration process. The Netherlands, Australia, Taiwan and Barbados have been specifically selected because they have undertaken innovative land administration exercises and/or there have been important project interventions in the area of conveyancing. The following is an overview why each of the four countries was selected.

- **Barbados**

In Barbados the title of ownership is backed by Government. Therefore, Barbados follows a positive system of registration. The rising problem of squatting (occupation of land without the express permission of the owner(s) and without the completion of any formal application to acquire rights), together with the large number of unregistered properties in Barbados, makes this country comparable to South Africa which faces similar issues (Barnes, 1998). Barbados also implemented an electronic system to process and manage their title transfers, but it is not used consistently throughout the country. All the information placed into the electronic system still has to be assessed manually (Hathiramani, 2011).

- **The Netherlands**

The Netherlands operates on a negative system of registration. In the Netherlands, the land registration and the cadastre are combined into one organisation. Currently all cadastral maps are in digital format. The Land Register was computerised in 1999. Notaries lodge all title transfers electronically (Personal interviews conducted, 2013).

- **Australia**

In Australia, the state guarantees that the deeds registry is correct which means that Australia operates on a positive land registration system. Each state in Australia uses its own conveyancing system. An end-to-end electronic system was built by the Government of Victoria to submit title transfer lodgements electronically, but the system was ignored by conveyancers who refused to work in eight different systems. It is currently being modified to become a National Electronic Conveyancing System (Clark, 2011).

- **Taiwan**

Taiwan's property prices have increased with more than 30% over the last few years, making it one of the fastest growing markets in the world (Taiwan Today,

2012). Taiwan has a land area of approximately 36 000 square kilometres. The country adopted the Torrens system of land registration, and has used a digital platform since 1990. The density of their population is much higher than that of South Africa, especially since most of the population is concentrated on one side of the country. It can, therefore, meaningfully be compared to South Africa (Personal interviews conducted, 2012 – Appendix V).

4.3 CONVEYANCING IN BARBADOS

Barbados, like South Africa, seems to struggle with a rising squatting problem. “Squatting” is defined as the occupation of either Crown or private land without the express permission of the owner(s) and without the completion of any formal application to acquire rights (Barnes, 1998:12). At present, Barbados operates largely under the unregistered system of title, although there are some areas which have become registration districts. It is, therefore, advisable to use a local attorney-at-law when purchasing real estate in Barbados, so that the title can be properly investigated and other requirements properly dealt with (Hathiramani, 2011).

Certain areas in South Africa battle with many communal land portions that were previously distributed in terms of tribal family arrangements in terms of customary law. These properties are, in fact, still registered in the name of various trusts that belong to the Government of SA. Countries like Barbados face similar challenges. Barbados seems to have successfully migrated from an entirely manual system to a partly systems-based conveyancing system (Barnes, 1998). The land administration system in Barbados is, to a large extent, designed for middle and upper income groups. The rising squatting problem, together with the large number of unregistered properties in Barbados makes this a country that can be meaningfully compared to South Africa which faces similar issues.

There are currently two systems of recordation or registration operating in the Barbados Land Registry Department (Clarke Gittens Farmer Attorneys, n.d.). These are the “common-law system,” which is a recordation of deeds system, and the “registration

system”, which is a registration of title system. Under the common law system, a title must be traced from owner to owner, as far back as what is called “a good root of title” (usually a conveyance) which has to be at least 20 years old. A seller must be in possession of all the original title deeds from the date of the root to the date of the new transaction (Savitri, 2011). For land still under the common law system, a deed is used to convey ownership of real estate under Section 59 Property Act Cap. 236 of the Laws of Barbados (Property Act). According to the Section 67 Property Act, a deed is construed as conveying the entire estate or interest that the grantor owns, unless a contrary intention is expressed in the deed (Clarke Gittens Farmer Attorneys, n.d.).

Under the registration system there are no deeds, simply a certificate of title or charge, which contains all the information about the title. Land, for which title has been declared under the registered system, is affected by a transfer, lease or other prescribed form in accordance with the Land Registration Regulations of 1988. The title is backed by Government (Gittens and Farmer, 2008). This means that Barbados follows a positive system of registration.

A Sale and Purchase Agreement is prepared by the vendor’s lawyer and agreed between the parties. A sale agreement commits a buyer to buying the property in question. A buyer should, therefore, not sign the sale agreement until he has secured finance (Clarke Gittens Farmer Attorneys, n.d.). A deposit is paid when the property is identified and the buyer risks losing his deposit if he cannot obtain a loan for his property. A 10% deposit is paid by the purchaser to the vendor’s lawyer on the signing of the Agreement. There is no restriction on who can own real property in Barbados, and property can be acquired by residents and non-residents with very little difference in the process, apart from the issues arising under the local exchange control regulations (Hathiramani, 2011). Exchange control permission from the Exchange Control Authority of the Central Bank of Barbados may be required before applying for the loan if the buyer has not resided in Barbados for three continuous years prior to the purchase of immovable property. In fact, this approval should be sought before completion of the sale- and purchase agreement (Clarke Gittens Farmer Attorneys, n.d.).

The original title deed is necessary to exclude the possibility of the property being bonded with another financial institution, as well as to ensure resale of the property in the event of a default on the mortgage loan payments. An investigation of title is carried out by the purchaser's conveyancer, to whom copies of the prior title deeds must be provided. Searches are conducted to check for judgements, title, taxes paid and company searches where applicable. If applicable, the line-marks to the property are pointed out to the purchaser. The conveyance is prepared by the vendor's lawyer and is perused by the purchaser's lawyer. Once approved, the seller's conveyancer has the conveyance signed by his/her client. At closing, the original conveyance and prior title deeds and property plan, along with other necessary documents, are provided to the purchaser's lawyer in exchange for the balance of the purchase price (Clarke Gittens Farmer Attorneys, 2012). The purchaser's lawyer has the conveyance recorded at the Land Registry of Barbados. The specifics of these steps may vary, depending on the requirements of the parties and the preferred course of action of the attorneys. (barbadospropertylist.com)

Land is registered in a central register at the Land Registry. The Register contains a brief description of the land and a plan of the land. If the proprietor gives his consent to a search of his title, all new entries on the Register are suspended for two weeks from the date of the search. This guarantees that the search results remain accurate and up-to-date during this time. Transaction documents are submitted in triplicate to the Registry, along with the existing certificate of charge/title (Clarke Gittens Farmer Attorneys, 2012). The prominent points must be contained in the transaction documents which are entered in the Register. A copy of the document is kept for the Register, and two copies returned, with the stamp of the Registry as proof that it has been registered, along with the updated certificate of charge/title (Savitri, 2011).

The borrower's conveyancer issues a cheque to the seller's conveyancer for the purchase price and the seller's expenses. Recording and registration for non-individuals takes about two months to complete, while transactions involving individuals may take as little as two weeks (Savitri, 2011). The record becomes final 60 days after the notice

is published. Generally, the certificates of charge are returned from the Registry within two months, whereas a common law mortgage takes two weeks to be returned. The role players in Barbados have recently started to use a computerised system to manage their tax information and there is optimism that it will enable them to be more efficient in the future (Savatri, 2012).

4.3.1 ELECTRONIC CONVEYANCING IN BARBADOS

An electronic system of conveyancing is available in Barbados, but it is not widely used and most attorneys still make use of the very manual method of registrations (Savatri, 2011). The electronic system was set up by an attorney who does not seem to be a conveyancer. The impression exists that this electronic system does not do much more than the manual system does. The vendor has not succeeded in convincing most law firms to start using the system (Savatri, 2012). This may be because the attorney is a rival, or because there may be doubts as to the efficacy of the system and the vendor's own capacity and experience as an attorney at law in the real estate field. It therefore appears that stakeholder management is a crucial component which should be considered when embarking on new ventures such as the rolling out of new processes and technological systems. It may thus be concluded that initiatives to switch to an electronic system should be initiated and managed by authorized bodies instead of individuals, in order to receive wider support and use.

The cumbersome searches necessary to determine title in the common law system have led to the introduction of a second system based on the registration of title (Barnes, 1998:28). It therefore seems as though the security of the title is still based in a paper-based document as opposed to an automatic update of the register. The switch to an electronic system was useful to electronically record a significant amount of previously unrecorded land parcels, but it appears as though information placed into the Barbados electronic system must still be manually assessed, updated and recorded. Not all conveyancing transactions are currently captured on the electronic system as mainly the bigger attorney firms make use of the system (Hathiramani, 2011). The Barbados conveyancing process is illustrated by Figure 4.1 on the next page.

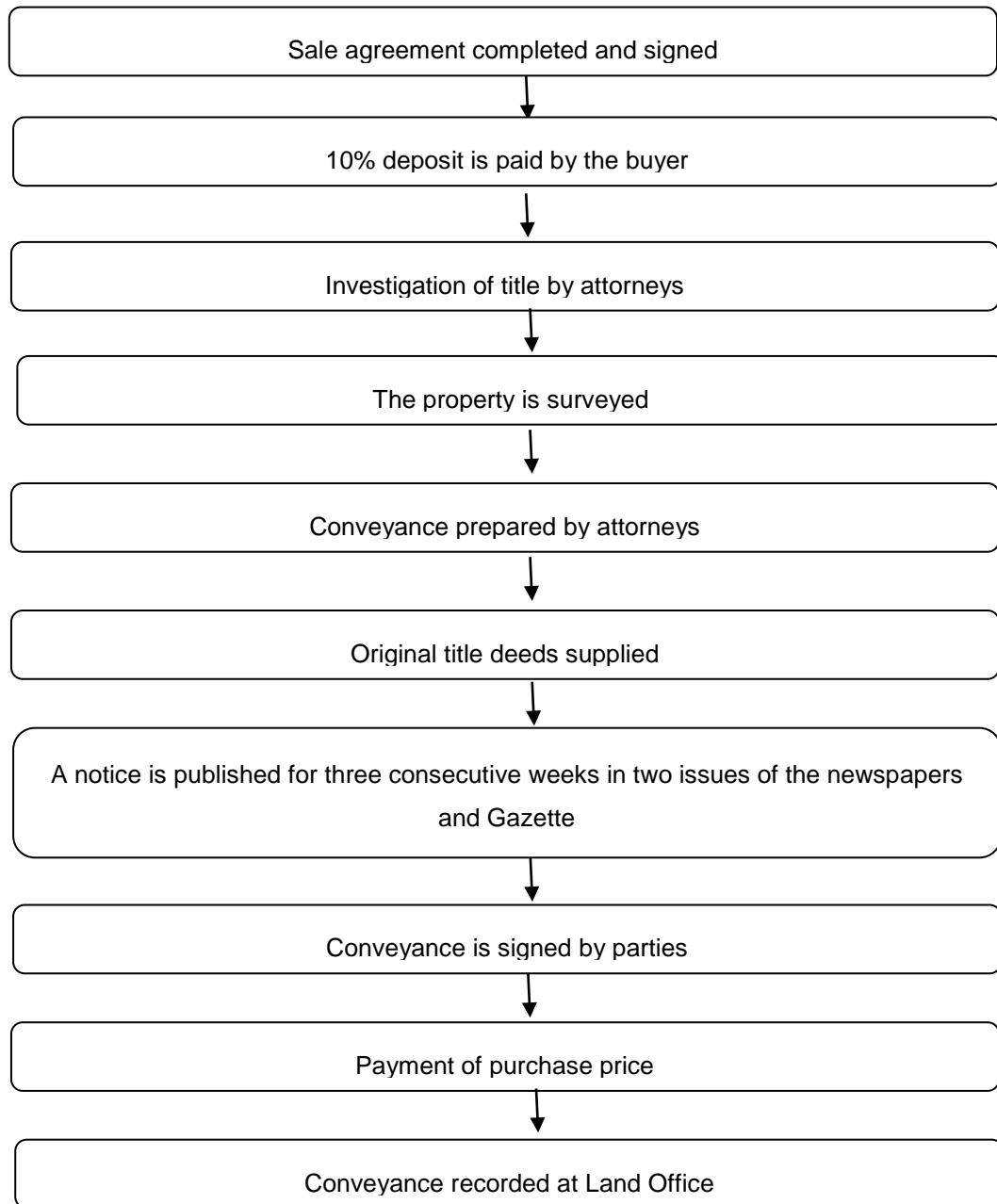


Figure 4.1: The Barbados conveyancing process

Source: Amadi-Echendu and Pellissier 2013

4.4 CONVEYANCING IN THE NETHERLANDS

In the Netherlands, the land registration and the cadastre are combined into one organisation. The Civil Code in the Netherlands provides for a closed system of real

rights. The Netherlands operates on a negative system and does not guarantee the accuracy of the title register. The Registrar maintains a supervisory role, and the conveyancer remains responsible for drafting and submitting the deed, as well as signing the deed on behalf of the parties. The transaction is recoded in a national register, as opposed to previous duplications in regional registers, as well.

A normal procedure of a land transfer is as follows: In most cases an estate agent would assist a buyer and seller in the purchasing of property. It is, however, not necessary for an estate agent to be involved in the process. A mortgage advisor may become involved in the process to facilitate the loan application together with insurance requirements, as the need may be. The purchase price is paid over to a notary public who keeps it until evidence of the deed record is received. The notary will also verify that the seller has a right to dispose of the property by means of a property search and will draft a notarial deed of transfer. The buyer and seller signs the deed, thereafter the notary certifies the deed to be a true copy. It is then submitted to the Kadaster (Dutch word for cadastre) electronically, who does formal checks, records the deed and provides evidence of the record to the notary. The purchase price is then paid to the seller by the notary. A notary and not a conveyancer is used for property transfers in the Netherlands. This is probably the biggest difference between conveyancing in the Netherlands and South Africa. The South African Deeds Office has also investigated the conveyancing system being used in the Netherlands, but could not adopt the system, as substituting conveyancers with notaries would have meant changes to the entire South African land registration system (West 2012).

In the Netherlands, cadastral registers are kept in the electronic conveyancing system which is referred to as the Automated Kadaster Register (AKR). Maps are kept in a survey and mapping information system (LKI). These are two separate systems with an interface connection to appropriately coordinate the on-going updating of the cadastral registers and maps (Wakker, van der Molen, and Lemmen, 2003:5). The registration process takes up to forty days, from the time the conveyancer receives the instruction to register to the time the transaction registers.

4.4.1 ELECTRONIC CONVEYANCING IN THE NETHERLANDS

The Netherlands works on a negative system and does not guarantee the accuracy of the title register. The electronic recording of deeds started in 2005 in the Netherlands. The land registration and the cadastre are combined into one organisation. Currently all cadastral registers and maps are in digital format. Electronic copies and an advanced electronic signature are delivered at the same time. The Land Register was computerised in 1999 and paper documents are scanned on receipt. The paper documents that were manually filed in cabinets pre-1999 were scanned onto microfilm and may be transferred into a digital format on request. The deeds, registered supporting documents, and contracts from 1998 onwards are accessible online within minutes via (<http://www.doingbusiness.org/data/exploreeconomies/netherlands/#registering-property>).

Electronic copies and an advanced electronic signature are delivered together. Electronic dispatches are received a day earlier than paper documents and payment can be effected a day earlier. The same legal certainty exists as with the paper documents (Louwman, 2011). Deeds are lodged electronically and registration notifications are sent via the internet. The conveyancer checks for any changes between the execution and registration of the deed after the deed has been registered with the Land Registry. An automatically generated electronic copy of the deed is forwarded to the Registrar. However, a written deed is still kept by the notary public (Rajashekhar, 2006:6).

In South Africa, paper documents are lodged with the Deeds Registry for registration. A similar electronic system should be investigated for SA. The Netherlands conveyancing process is illustrated in Figure 4.2 on the next page.

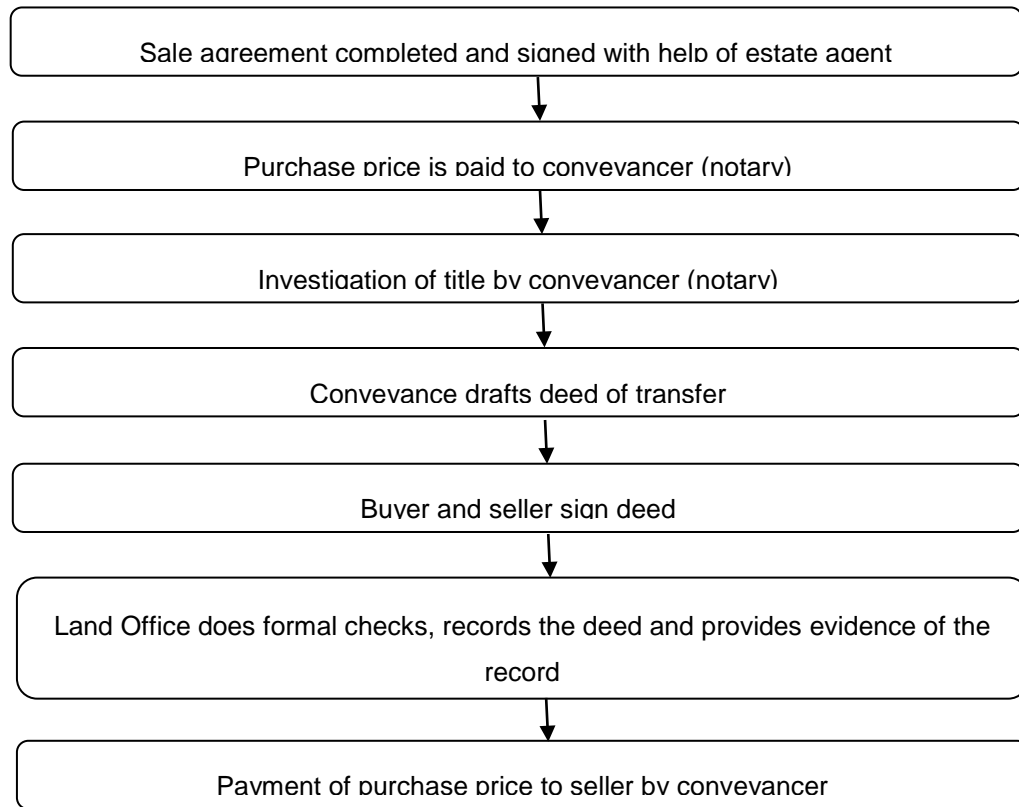


Figure 4.2: The conveyancing process in The Netherlands

Source: Amadi-Echendu and Pellissier 2013

4.5 CONVEYANCING IN AUSTRALIA

The Torrens system was introduced in Victoria, South Australia in 1862. The Torrens system is a method of recording and registering of land ownership and interests. It is based on a single title document. As the Land Titles Register contains all the information of ownership, it is not necessary to prove ownership and other titles by means of documents such as the title deed. Countries that are using the Torrens system include Australia, New Zealand, Ireland, Malaysia, Singapore, Iran, Canada, Madagascar, England and Wales (Garoupa and Gomez, 2011). The Torrens title system employs the following three principles:

- The maintenance of a public register of titles and interests on land
- The assurance that, once registered, a title or interest cannot be defeated

- The guarantee of a compensation fund in the event of an fraudulent or erroneous registration

Even though each state in Australia has its own land registration practices and procedures, all states have adopted the Torrens system for land title registration. This study will focus on the registration process in Victoria.

When selling property in Victoria, the seller has the choice of, either selling the property on auction, or by means of a private sale which often includes the services of an estate agent. The estate agent charges a commission of 2–2,5% of the selling price. The agent will do an estimate of the house price and arrange for open house inspections to take place. When a prospective buyer makes an offer on the house, he/she must immediately pay 10% of the selling price of the property into a trust account that is administered by the estate agent. If the seller chooses the auction route to sell a house, the auction will roughly cost about two thousand Australian dollars. The auctioneer will start the bidding and the owner is also allowed to bid. The owner retains the right to decide whether he wants to sell the property at a certain price or not. If he decides not to sell, it is said that the seller has 'passed in' the property.

The buyer has to pay the balance of the property price within 30 to 60 days. The buyer may apply to a financial institution for a loan to pay the balance of the loan. The conveyancing of the transfer of the property is done by each party's conveyancer. The bank also has a conveyancer that will attend to the bond that has to be registered over the property to secure the loan advanced to the buyer. The title is changed from the seller to the buyer at the Deeds Registry. The paper title document is kept with the bank until the loan has been repaid by the buyer. The loan may take up to 20 years to repay. Investment properties, however, have the option of interest only being repaid to the bank. Other loans will pay interest and an amount to reduce the capital owed on the loan. The interest rate may be at fixed or variable.

A factor unique to the Australian conveyancing process is that a buyer may buy a conveyancing kit and choose to do his own conveyancing. The conveyancers who

assist the buyer and seller also do not have to be a qualified attorney. If not qualified, these people are referred to as Information Brokers.

4.5.1 ELECTRONIC CONVEYANCING IN AUSTRALIA

During the 1980s land titles in Australia were moved into electronic records. Although there are still some titles in a paper format, the majority of them are held in an electronic format. An Australian e-conveyancing system was launched by the Department of Sustainability and Environment of Victoria, Australia in 2006 (e-Government Resource Centre, 2006). It was initially used by a few smaller financial institutions. A more modern version that was launched in 2008, created potential for the system to be used by more entities. Each user must meet specified access requirements and must protect their security items, namely, PKI, Certificates, pins and passwords (Ostrzenski, 2012). The subscribers can become the gatekeepers to the system by obtaining a signed authorization from each client (buyer and seller) which enables them to sign the document electronically on behalf of the respective client.

This conveyancing system in Virginia, Australia was successfully built at a tremendous cost to link all the stakeholders in the service chain, but was rejected by stakeholders as they were not involved in the design of the system. The conveyancing system has been ignored by conveyancers who fear additional liability exposure, as well as the major lending banks who refuse to work with eight different systems, as each state works with their own system and their own set of statutes, processes and regulations. The banks prefer a single national electronic conveyancing system that will enable consumers across the country to use the same electronic system to settle all property transactions (Merritt, 2009). Stakeholder buy-in and lack of recognition, therefore, seem to be an important element to consider and comply with.

The National n-Conveyancing Development Limited (NECDL) is currently designing a national electronic conveyancing system which will be an adaptation of the Victorian conveyancing system (Accenture Newsroom, 2011; Clark, 2011). Differences and inconsistencies in the registered land statutes between the eight different schemes of the various states are being removed (Park, 2009).

In Australia, the State guarantees that the state deeds registry is an authoritative record of land ownership. This means that Australia has a positive land registration system. It appears as though the Victorian e-conveyancing system will be limited to the electronic submission of documents and will not make provision for any automatic updates of the register. Manual intervention by staff in examining and processing the electronic document and thereafter updating the register will still be required (Low, 2009).

Much more communication regarding the new system has emerged in order to build stakeholder buy-in. The success of this envisaged electronic conveyancing system remains to be experienced. It is, therefore, advisable for any potential SA electronic conveyancing system to exist and operate independently from the current role players operating in the SA conveyancing service chain to ensure support from all stakeholders, and also to avoid the forming of monopolies in the conveyancing service chain, which may be perceived as anticompetitive behaviour. The Australian conveyancing process is illustrated in Figure 4.3 on the next page.

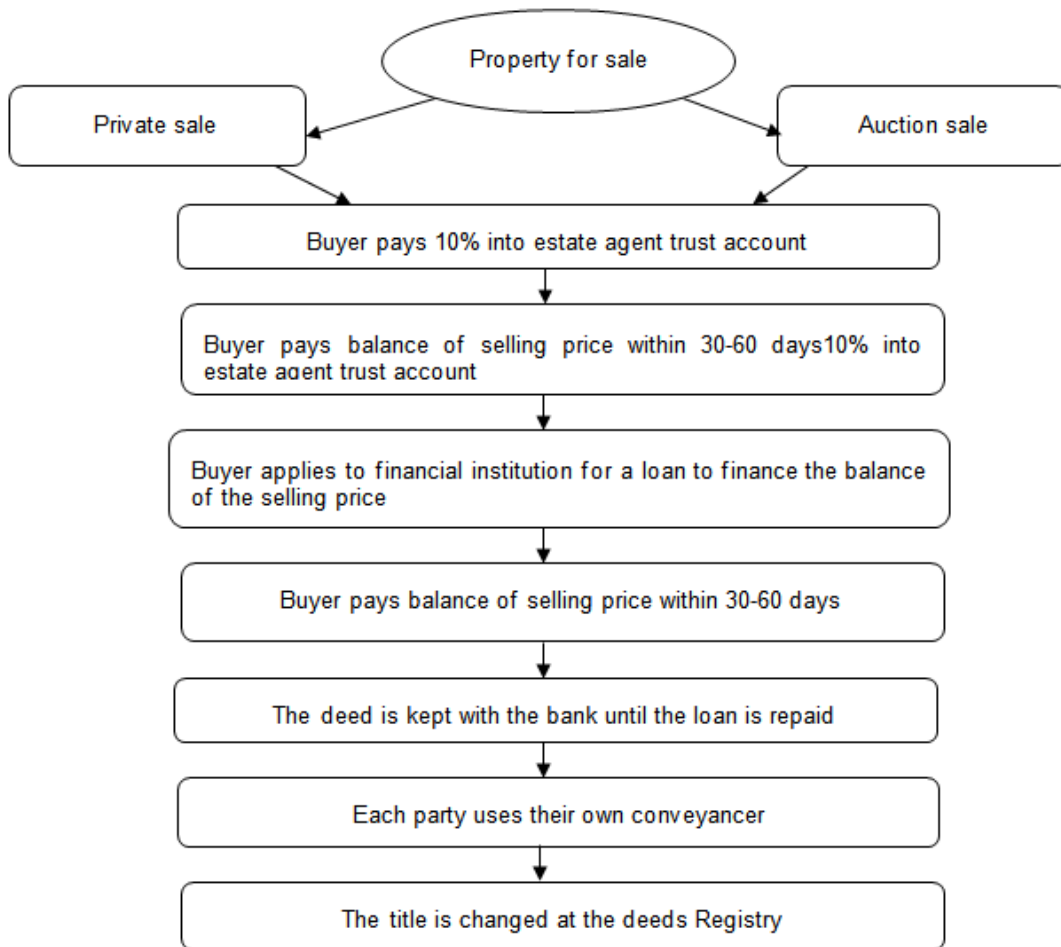


Figure 4.3: The Australian conveyancing process
Source: Amadi-Echendu and Pellissier 2013

4.6 THE CONVEYANCING PROCESS IN TAIWAN

The role players involved in the property process in Taiwan are the buyer, seller, estate agent, bank, tisu and Land Office. While conducting personal interviews in Taiwan during 2012, the researcher obtained copies of Taiwanese writing illustrating some of the role players that are involved in the conveyancing process. These writings are displayed in Figure 4.4 on the next page.

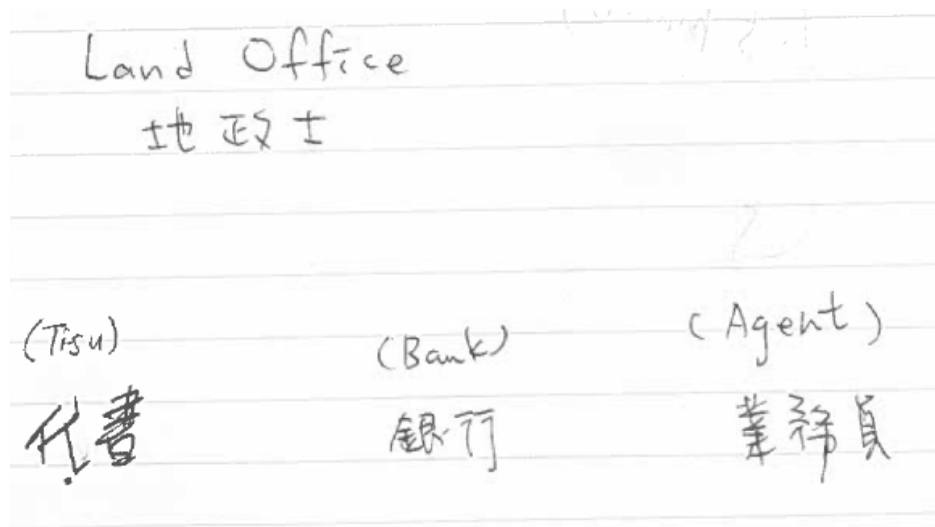


Figure 4.4: Taiwanese writing of key role players in conveyancing

An estate agent is only responsible for introducing the buyers to available properties on the market. The offer to purchase contract is signed with the tisu. A tisu is a not a qualified attorney but does have training in property transactions. Any person who wants to become a tisu is able to buy property books in a bookstore and then attends 30 hours of lectures over four years where after he/she writes an examination. Certification as a tisu is issued by the local government. Tisus generally align themselves with specific estate agents and manage the contracts and land transfers for those estate agents. It is also important to note that the tisu works on behalf of the buyer, not the bank. The tisu drafts contracts that are signed between the following parties:

- Buyer and seller; and
- Bank and buyer.

The tisu also drafts the mortgage documents, property documents and transaction documents (Personal interviews, 2013).

A buyer in Taiwan needs to be very sure that he/she wishes to purchase a property and must have a third of the deposit available when he/she identifies a property to buy. In addition, a buyer must also be able to pay the estate agency and tisu commissions, as well as the transaction tax payable to the Revenue Services. Ultimately, the seller pays for the estate agency fees which are normally 4% of the transaction value. These

figures are balanced at the conclusion of the transaction. Should a buyer cancel the property transaction, he is still liable to pay the seller 6% of the property price. The tisu will, however, pay back the transaction tax to the buyer if the transaction is cancelled. The estate agent and tisu will also then not receive their commissions. A buyer must be able to finance 30% of the property price as an own contribution because banks approve a maximum of a 70% of the purchase price. The buyer also signs a contract with the bank for the loan. It takes 32 days for the title to transfer. The seller is responsible for paying house and land taxes until the property registers in the buyer's name (Personal interviews, 2013). The Taiwanese conveyancing process is illustrated in Figure 4.5 on the next page.

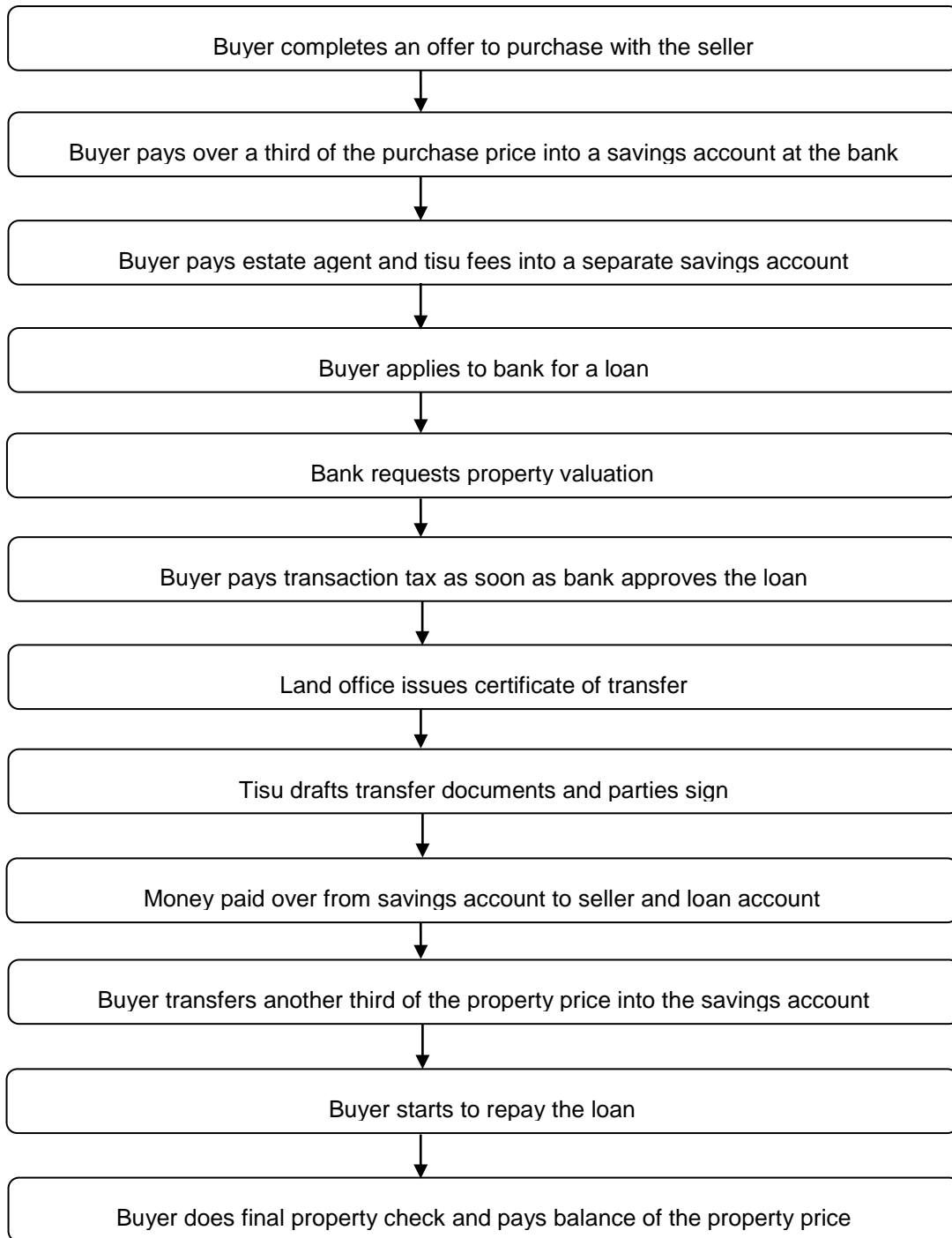


Figure 4.5: Conveyancing processes in Taiwan

Source: Amadi-Echendu and Pellissier 2013

4.7 SUMMARY OF THE CONVEYANCING PROCESSES IN DIFFERENT COUNTRIES

Based on the various processes followed by the countries included in this research and preceded in this chapter, it seems as if the following generic steps are in common as depicted in Table 4.1:

Table 4.1: Summary of the conveyancing processes of different countries

	Barbados	The Netherlands	Australia	Taiwan	South Africa
Sale agreement completed and signed	X	X	X	X	X
10% deposit paid by buyer	X		X	X	X
Full purchase price is paid to notary		X			
Buyer pays a third of the purchase price at the bank				X	
Buyer pays estate agent and tisu fees into separate savings account				X	
Buyer applies to financial institution for a loan	X		X	X	X
Bank requests property valuation	X	X	X	X	X
Investigation of title by attorneys	X	X	X	X	X
Buyer pays transaction tax as soon as bank approves loan				X	
Conveyance prepared by attorneys/ notary/ tisu	X	X	X	X	X
Original title deed supplied	X				X
Notice published in Gazette	X				
Buyer and seller signs deed	X	X	X	X	X
Buyer pays another third of property price				X	
Payment of purchase price	X	X	X		
Land Office does final checks		X	X	X	X
Conveyance recorded at Land Office and evidence of the record provided	X	X	X	X	X
Deed is kept with the bank until the loan is repaid			X		X
Buyer does final property check and pays balance of the property				X	

price					
Buyer starts to repay loan	X		X	X	X

4.8 CONCEPTUAL MAPPING OF CONVEYANCING PROCESSES

Based on the information captured for the countries that form part of this study, there are common steps that form part of all of the counties' conveyancing procedures. These steps, therefore, form a general framework for international conveyancing. The framework is illustrated in Table 4.2.

Table 4.2: Conceptual international framework

Conceptual international framework
Sale agreement completed and signed
10% deposit paid by buyer
Buyer applies to financial institution for a loan
Bank requests property valuation
Investigation of title by attorneys
Buyer pays transaction tax as soon as bank approves loan
Conveyance prepared by attorneys/ notary/ tisu
Buyer and seller sign deed
Buyer pays another third of property price
Payment of purchase price
Land Office does final checks
Conveyance recorded at Land Office and provides evidence of the record
Buyer starts to repay loan

Source: Amadi-Echendu and Pellissier 2013

4.9 CHAPTER SUMMARY

This chapter highlighted international conveyancing process in Barbados, The Netherlands, Australia and Taiwan. It demonstrates the processes followed in these countries with regard to conveyancing. The generic steps followed by each of the countries were then used to determine an international framework for conveyancing processes. The following chapter discusses the research methodology that was used in this study.

CHAPTER 5: RESEARCH METHODOLOGY

5.1 OVERVIEW

This chapter opens with an introduction which is followed by a discussion of the Research strategy that was selected for this study. A discussion on the Data Collection methods used ensues. Questionnaires were sent to six respondent groups and interviews were conducted with two of the four major lending banks in South Africa. The other two of the major lending banks did unfortunately not consent to the interviews. The Data Analysis techniques employed are then discussed, followed by notes on the Research quality, the Delimitations of the study, Research Ethics that were applied and the chapter finishes with the Chapter summary.

5.2 INTRODUCTION

As stated in Chapter 1, the primary objective of this study was to investigate how to improve the efficiency and effectiveness of the South African conveyancing processes. The literature review in Chapter 2, considered elements that are of importance and may be employed to improve the efficiencies and effectiveness of the existing processes. Chapter 3 looked at the introduction to the study, and overview of the South African conveyancing processes. In Chapter 4 the international conveyancing processes of four identified countries were investigated, and an international framework was developed. This chapter deals with the research design for the study. Research designs are procedures for collecting, analysing, interpreting and reporting data in research studies (Creswell and Plano Clark, 2011). According to Page and Meyer (2006), the research design usually comprises of the translation of the research questions into research variables. Choosing the appropriate sampling and data-collection methods, choosing appropriate analysis methods, and deciding on a timeframe and budget are all important issues. This chapter outlines the research strategy that was employed and the research tools used to reach the research objectives. The chapter includes the data collection

method, the data analysis methods, research quality, delimitations of the study and ethics.

5.3 RESEARCH STRATEGY

The research paradigm and philosophy is an important part of research methodology which enables the collection of data in an effective and appropriate manner. According to Johnson and Christensen (2010), a research paradigm is a perspective that is based on the set of shared assumptions, values, concepts and practices. A paradigm can be defined as a function of how the researcher thinks about the development of knowledge. A research paradigm is a combination of two ideas that are related to the nature of the world and the function of the researcher, and to what extent the researcher is involved in the research being conducted. This can be, for example, as a result of prior knowledge of the subject matter. This study was conducted in the positivist paradigm. Positivism is based upon the values of reason, truth and validity. There is a focus purely on the facts that were gathered through direct observation and experience, and measured empirically using qualitative methods and statistical analysis (Easterby-Smith, Thorpe and Jackson, 2008). Positivists assume that what truly happens in organisations can only be discovered through categorisation and scientific measurement of the behaviour of people and systems, and that language is truly representative of the reality.

According to Saunders, Lewis and Thornhill (2007:117), research approaches can be divided into two categories: the deductive approach and the inductive approach. Monette, Sullivan and De Jong (2005:34) explain the deductive approach by the means of hypotheses, which can be derived from the propositions of the theory. In other words, the deductive approach is concerned with deducting conclusions from premises or propositions. When a deductive approach is being followed in the research, the author formulates a set of hypotheses that need to be tested. Then, through the implementation of relevant methodology, the study intends to prove the formulated hypotheses incorrect or otherwise. Deductive reasoning can be explained as “reasoning from the general to the particular” (Pellissier, 2007:3).

There are two main paradigmatic approaches in research - qualitative and quantitative (Blumberg, Cooper and Schindler, 2008:191). A quantitative approach places greater value on information that can be numerically manipulated in a meaningful way, and this is regarded as the scientific approach to research (Page and Meyer, 2006). A qualitative approach can be conceptualised as a focus on words and feelings about an event or experience (Page and Meyer, 2006). This study will involve both quantitative and qualitative research approaches. Mixed-methods research is a research design which employs philosophical assumptions as well as methods of inquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis, and the mixture of qualitative and quantitative approaches in many phases of the research process. As a method, it focuses on collecting, analysing, and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of qualitative and quantitative approaches, in combination, provides a better understanding of research problems than either approach alone (Creswell and Clark, 2007:5). The convergent parallel design, also known as triangulation (Creswell and Clark, 2011:77) was used. This design occurs when the researcher uses concurrent timing to implement the quantitative and qualitative strands during the same phase of the research process, prioritises the methods equally and keeps the strands independent during analysis and then mixes the results during the overall interpretation (Creswell and Clark, 2011:70).

The data collection strategy in this study was explanatory mixed methods which consisted of quantitative surveys to six different respondent groups (buyers, sellers, estate agents, mortgage originators, banks and attorneys), as well as qualitative personal interviews with international role players from the four countries that were discussed in this study, namely Barbados, the Netherlands, Australia and Taiwan. Interviews were also conducted with two of the four major lending banks in South Africa.

Cross-sectional studies are carried out at one time point or over a short period. A cross-sectional study design is used when the purpose of the study is descriptive, which often takes the form of a survey. There is usually no hypothesis. The aim is to describe a

population or a subgroup within the population with respect to an outcome and a set of risk factors (Levin, 2006). Data can also be collected on individual characteristics, including exposure to risk factors, alongside information about the outcome. In this way, cross-sectional studies provide a 'snapshot' of the outcome and the characteristics associated with it, at a specific point in time (Levin, 2006).

5.4 DATA COLLECTION METHOD

The targeted population for this study were role players that are involved in property transfers. A purposive sample consists of respondents who, in the judgement of the researcher, will best supply the necessary information (Page and Meyer, 2006:99). In this study a purposive sample that included the four major lending banks in South Africa, six smaller banks, ten estate agencies, ten mortgage originators, 50 buyers and 50 sellers, and 50 conveyancing attorney firms, was used as respondents for the surveys. Although there are others, however, it is assumed that the transactions occurring between the selected role players is significantly valid for the purposes of this study. Because of their size, there are likely to be many more transactions occurring amongst the bigger role players. The internet, property-related magazines and related books were used to locate the names of relevant people for the study. These people were emailed and asked to participate in the research; however, there were only a few responses. The researcher therefore had to resort to a door-to-door campaign to locate respondents who could and were willing to participate in the study. The researcher also posted a notification on Facebook, a social media network, and six respondents completed questionnaires as a result. This approach was used in order to enable representation across the conveyancing role players. One of the major lending banks forwarded the conveyancer questionnaire to 200 of the conveyancers on their panel.

In order to address the objectives of this research (see Chapter 1.3), the study consisted of a literature study on the conveyancing processes in four countries, namely Barbados, The Netherlands, Australia and Taiwan. A conceptual international framework was put together based on the similarities that were identified in the conveyancing processes of the four countries, which was based on the literature study

(see Figure 4.2). The questionnaires (Appendices G-L) were distributed to six respondent groups, namely, buyers, sellers, estate agents, mortgage originators, banks and conveyancers. The questionnaires were to be returned using an online survey system (Lime Survey). Personal telephonic interviews were conducted with a knowledgeable person from each of the countries (Barbados, The Netherlands, Australia and Taiwan) that were investigated in this study (Appendices O-V). In addition, personal interviews were held with two of the four major lending banks in South Africa. Two of the four major lending banks did not wish to be interviewed (See Appendices W-X).

5.4.1 THE LITERATURE STUDY ON INTERNATIONAL CONVEYANCING

The primary objective of this study required a comparison of South Africa to other countries, and clearly needed a thorough literature study of the conveyancing processes in each country. Numerous sources were used in the literature exposition. The main sources included relevant articles in journals or accessed from the Internet, as well as papers that were delivered at conferences. The main objective of the literature study was to identify conveyancing steps of the conveyancing processes in the different countries. Common steps in these countries' conveyancing processes were incorporated into an international conceptual framework (see Figure 4.2).

5.4.2 QUANTITATIVE STUDY - THE QUESTIONNAIRES

Six separately structured questionnaires were used to gather information surrounding the process of conveyancing in South Africa (Appendices G-L). The respondent groups included buyers, sellers, estate agents, mortgage originators, banks and attorneys. Questions were developed across the entire process to measure the turnaround time of certain steps, and also to confirm certain steps and information in the process. The options were divided into five Likert scales which the respondents had to choose from. All of the questions were mandatory, except for the questions that pertained to financing, as some of the immovable property could have been purchased for cash. The questionnaires were administered to a few respondents first to test the scale dimensions and the reliability of the components, before they were sent to the bigger

sample. The first part of the questionnaire requested basic biometric data in order to meaningfully compare the information during analysis. The respondent names however will remain confidential. The rest of the questionnaire consisted of questions that pertain to the conveyancing process in general. The questions aimed at measuring the time linked to various steps in the process and to identify where the bottlenecks are in the process. Some of the questions required the respondents to rank the importance of the difficulty or occurrence of the problems. This helped to identify the extent of the difficulties experienced. Copies of each of the six questionnaires are attached as appendices to this dissertation. A detailed discussion of the results of the study is included in Chapter 6 which deals with an analysis of the findings, draws the conclusions and makes recommendations.

A purposive sampling technique was used to administer the surveys. Only role players that have been directly involved with the conveyancing process in the last five years were suitable for this study. One of the four major banks in SA distributed the conveyancing questionnaire to 200 conveyancers who are on their panel of attorneys. About 100 buyers and sellers each were approached to complete a questionnaire. Two of the four major banks in SA were interviewed - the other two banks did not consent to participate in the study. Only the bigger estate agencies and mortgage originators that have a national footprint were approached, as the number of transactions that occur with these entities would be significantly valid. Although these samples are significantly small when compared to the entire population, the results are deemed to be significantly valid for the purposes of this study.

5.4.3 QUALITATIVE STUDIES - THE PERSONAL INTERVIEWS

The personal interviews were divided into two phases:

In Phase one personal telephonic and personal interviews were conducted with a knowledgeable person in each of the countries that formed part of this study (Appendices O-V). These candidates were located via the internet while others were referrals from potential candidates located via the internet.

Phase two consisted of personal interviews that were conducted with a knowledgeable person in two of the four major lending banks in South Africa (Appendices W-X). These people were located by telephonically contacting the national home loan offices of the four major lending banks.

The telephonic interviews were not structured and mainly aimed to understand the conveyancing process in the relevant country. The information from the telephonic interviews was used to provide input into the conceptual framework. The local interviews were conducted by means of a structured questionnaire. A copy of the quantitative questionnaire and interview questions were sent to each respondent before the interview to allow each person to adequately prepare for the interview and to remove all elements of surprise. Banks are extremely competitive and it was important for each bank to understand and see that the questions were not intrusive. The goal of the interviews was not to validate the conceptual framework as this would need to be done by means of further research. The main aim of the interviews was to extract qualitative data from the interviewees in order to determine what they perceived to be the bottlenecks in the conveyancing end-to-end process. The interviewees' names will, however, remain confidential. All information that could be traced back to the individual interviewees has been removed from the transcriptions (Appendix W-X).

5.5 DATA ANALYSIS

Data from the respondents was captured and prepared for analysis by entering it into the Lime survey. The raw data were then transformed into variables and codes that were used in the analyses. Descriptive statistics were used to describe the features of the quantitative data in the study. The Statistical Package for the Social Sciences (SPSS) was used to perform and calculate all the statistical procedures. The reliability and validity of measures taken during the research reflect the level of confidence one can have in the results yielded by the research design. They determine whether results can be generalised to a population (Page and Meyer, 2006:84). A reliability analysis was not conducted as some of the sample sizes were too small for some entities, for example, Banks had eight respondents. Not all of the 17 banks registered with the

Reserve Bank are involved with mortgage loans, and two of the four major banks did not consent to participate in the study. The questionnaire was also not structured to measure constructs or dimensions. The items or questions are independent and they measure different aspects.

The content of the interviews were taped and transformed into field notes. Content analysis was used to analyse the qualitative data received from the interviews. This was done by identifying key points or themes.

5.6 RELIABILITY OF THE RESEARCH

Total reliability would mean that the same results will be obtained if the study is repeated. Cooper and Schindler (2006:716) define reliability as a characteristic of measurement concerned with accuracy, precision and consistency. To achieve this, a recording device was used as a primary tool during the local interviews. A copy of all the completed questionnaires was kept on file, together with all the email correspondence. The researcher was personally responsible for data collection.

5.7 VALIDITY OF THE RESEARCH

An instrument is valid if it can be shown that the measures are accurately measuring what they are supposed to measure. Validity is the degree to which the empirical measure sufficiently reflects the true meaning of the concept. According to Saunders et al. (2007), in terms of validity, the concern is whether the findings are really about what they appear to be about. One of the objectives of this study was to analyse and interpret data from qualitative data obtained through interviews at two of the four major lending banks in South Africa. The process issues were also tested in a questionnaire that was handed to relevant respondents. Various steps were taken to ensure the validity of the results. These included consultation with an expert in questionnaire design.

5.8 DELIMITATIONS

Delimitations are those aspects that the researcher is not going to include in the study (Leedy and Ormrod, 2013:43). In this study, information that was relevant to most of the stakeholders involved in the conveyancing process was used. The transfer section has largely been omitted in this study and more emphasis was placed on the bond transactions, where the estate agents and mortgage originators play a bigger role.

5.9 RESEARCH ETHICS

Ethics is the study of the right behaviour and addresses the question of how to conduct research in a moral and responsible way (Blumberg, et al. 2005). Every effort was made to uphold ethical standards and considerations. All surveys have received ethical clearance from the Unisa Ethical Clearance Committee. Informed consent was obtained from all respondents. This was done by fully disclosing the procedures of the survey before requesting permission to proceed with the study. Each participant was informed that their participation was voluntary and consent forms were given to each respondent to sign. All participants had access to the researcher's contact information in order to ask questions and clarify aspects they were not sure of. All participants were over the age of 18 years and no parental consent was necessary. Access to any information that was shared by means of a survey or during an interview has been kept strictly confidential and any identifying information has been removed. Individual interview information is available only to stakeholders directly involved in the assessment of the research. The anonymity of all the respondents has been ensured and all responses were treated in confidence. The wishes of those respondents who did not want to participate in the study were respected.

5.10 SUMMARY

This study followed an explanatory mixed-methods approach. The study was conducted by means of quantitative questionnaires and qualitative personal and telephonic interviews. The questionnaires were sent to the six respondents electronically and some

were collected in person and captured on the Lime Survey afterwards. The responses were stored on a central server for analysis and interpretation. The chapter further dealt with the research strategy, the data collection methods and the data analysis, as well as delimitations and research ethics. Chapter 6 will discuss the analysis of data from the surveys and interviews.

CHAPTER 6: DATA ANALYSIS

6.1 OVERVIEW

This study focused on a research methodology that included analysing information from the internet using a document analysis technique, quantitative questionnaires, as well as qualitative interviews. This chapter will focus on presenting the data that were gathered during this process. An overview, which has been published on the *Doing Business* website, is provided about the countries that form part of this study. This provides remarkable comparative statistics as part of the literature data. Information gathered by means of the six surveys is presented and analysed by means of statistical analysis. Interview data is presented by means of content analysis.

6.2 INTRODUCTION

Chapter 1 indicated that the primary objective of this study was to investigate the SA conveyancing systems with a focus on how to improve the efficiency and effectiveness of the conveyancing processes. Chapter 2 covered the literature review for the study and dealt with business management concepts, such as operations management, supply chain management, business process reengineering, total quality management, bottlenecks, lean strategies, and Six Sigma. Chapter 3 discussed the SA conveyancing environment, while Chapter 4 covered the conveyancing processes of four countries, namely Barbados, the Netherlands, Australia and Taiwan. A conceptual international framework was derived from the process steps of these four countries' and South African conveyancing processes. These elements may be employed to improve the effectiveness and efficiencies of the existing conveyancing processes in SA. Chapter 5 looked at the research design that was chosen for this study. This chapter deals with the findings of the research plan as discussed in Chapter 5, so that the empirical research objectives can be met.

6.3 LITERATURE REVIEW DATA

***Doing Business* website comparative statistics**

Doing Business is a project that was launched in 2002 and is done in collaboration with The World Bank and the International Finance Corporation. The project provides the objective measures of small and medium-size companies across 185 economies. They gather and analyse comprehensive quantitative data to compare business regulation environments across economies and over time. *Doing Business* encourages countries to compete towards more efficient regulation, and offers measurable benchmarks for reform.

Table 6.2 on the following page states the steps, time and cost involved in registering property, assuming a standardised case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. The most recent round of data collection for the project was completed in June 2012. Time is recorded in calendar days. The measure captures the median duration that property lawyers, notaries and registry officials indicate is necessary to complete a procedure. Although procedures can take place simultaneously, they cannot start on the same day. Time spent on gathering information is not considered. Only official costs required by law are recorded, including fees, transfer taxes, stamp duties and any other payment to the property registry, notaries, public agencies or lawyers. Capital gains tax or value added tax is excluded from the cost measures. Both buyer and seller costs are included. The following table depicts the information recorded on the *Doing Business* website for the countries used in the study.

Table 6.1: Comparative statistics from the literature

Barbados	The Netherlands	Australia	Taiwan	South Africa
Process:				
Lawyer of the seller drafts the sale agreement	Notary conducts a title search at the Land Registry	File for a title search certificate, deposited plans, easements and covenants recorded on the title from the Land and Property Information Dept	Buyer researches the property rights and encumbrances registered against the property at the Registry of titles	A conveyancer prepares the transfer deed
Lawyer of the buyer conducts an investigation of Title and Search at the Land Registry	Notary conducts a search on the representation of the parties	File for zoning certificate from the Municipal Council	Buyer pays the Deed tax at the Municipality	Obtain rates clearance certificate from local authority
Obtain Land Tax Certificate	Execution of the transfer deed	File for a drainage diagram from the local water authority	Registration of transfer of title at the Land Registry	The conveyancer prepares and collects all the required documentation
Stamp Notice of the Transfer of Ownership at the Land Tax Dept	Registration of the deed	Stamp contract with ad valorem stamp duty at the Office of State Revenue		Obtain transfer duty receipt from the SA Revenue Services
Stamp Section 12A Form	Registration with tax authority, Dept Registration			Parties sign all the documentation at the conveyancer's office
Record the conveyance at the Land Registry and pay transfer fees and stamp duties				The conveyancer lodges the deed at the Deeds Registry
Rankings:				
2013 DB Rank 154	2013 DB Rank 49	2013 DB Rank 37	2013 DB Rank 32	2013 DB Rank 79
DB Time in days = 153	DB Time in days = 7	DB Time in days = 5	DB Time in days = 5	DB Time in days = 23
DB Cost (% of property value) = 7.3	DB Cost (% of property value) = 6.1	DB Cost (% of property value) = 5.1	DB Cost (% of property value) = 6.2	DB Cost (% of property value) = 5.9

Source: www.doingbusiness.org

6.4 SURVEY DATA

Descriptive Statistics data tables

Descriptive statistics describes the main features of a collection of data. Descriptive statistics summarises the general nature of the data obtained (Leedy and Ormrod, 2013). Descriptive statistics provide simple summaries about the sample and about the observations that have been made. The information below describes the feedback received from the six respondent groups.

Table 6.2 indicates the distribution of respondents that completed the questionnaires for this research.

Table 6.2: Respondents of questionnaires

	Number	%
Conveyancer	146	51.2%
Estate agent	19	6.7%
Mortgage Originator	6	2.1%
Seller	36	12.6%
Bank	8	2.8%
Buyer	70	24.6%
	285	100.0%

As indicated in Table 6.2, the largest group of respondents were conveyancers that account for more than half of the total number of respondents that participated in this research. The bigger estate agencies and mortgage originators were approached to participate in the study. Although 17 banks are registered with the South African Reserve Bank, not all of the banks are involved in mortgage lending. Also two of the four major banks in South Africa did not consent to take part in the study.

Table 6.3 on the following page indicates the age distribution of the respondents for the different respondent groups.

Table 6.3: Age distribution of respondents

Age	Conveyancer		Estate Agent		Mortgage Originator		Seller		Banks		Buyers	
	N	%	N	%	N	%	N	%	N	%	N	%
19-25	2	1.4	1	5.3	0						2	2.9
26-35	38	26.6	4	21.1	2	33.3	8	22.2	2	25	30	42.9
36-45	46	32.2	2	10.5	2	33.3	16	44.4	1	12.5	21	30
46-55	29	20.3	5	26.3	2	33.3	5	13.9	5	62.5	10	14.3
56-65	23	16.1	3	15.8	0		5	13.9			4	5.7
66-75	4	2.8	4	21.1	0		2	5.6			3	4.3
Older than 75	1	0.7			0							
Total	143	100	19	100	6	100	36	100	8	100	68	100

Table 6.3 shows the ages of the respondents that participated in this study. The bulk of the ages are between 25 and 55 years in all respondent groups. However, estate agents also make up more than 20% of the respondents between the ages of 66 and 75. The interview with the Estate Agency Board pointed out that an estate agent often chose to become an estate agent as a means of last resort or as an after-retirement job. The accreditation process that has been embarked on has been aimed at changing this perception and aims to position estate agency as a viable career which could become the career or choice. People who sell their homes could need to purchase a bigger property to cater for a growing family, whereas people nearing retirement would prefer to relocate to a smaller and more manageable property, or even acquire a property within a retirement village. Most of the buyers who completed the survey was between the ages of 26 and 35. This could indicate that buyers have now reached a stage where they were able to afford a property, or that they needed to acquire a bigger property to cater for a bigger family.

Table 6.4 shows a distribution of the average time it takes for a property to be advertised before a qualified buyer is identified. The responses from estate agents and sellers were recorded.

Table 6.4: The average time a property is on the market

		Estate Agent		Seller	
		Frequency	%	Frequency	%
Valid	1-3 months	10	52.6	16	44.4
	4-6 months	5	26.3	8	22.2
	7-9 months	2	10.5	4	11.1
	10-12 months			1	2.8
	More than a year			7	19.4
Missing	System	2	10.5		
Total		19	100	36	100

Table 6.4 indicates the average time that it takes for a property to be sold. It seems as if the majority of the properties sell within 1-3 months, followed by a period of 4-6 months. This trend is supported by both sellers and estate agents. This may point to the availability of property that is available to be sold. A bigger number of properties would allow for a bigger choice and variety of properties which may take longer to sell. Affordability may also be a factor to be taken into consideration. Where many properties are available for sale, buyers may have the upper hand in bargaining for better prices which may cause properties to sell quicker if the seller agrees to drop the asking price.

Table 6.5 describes the number of people that viewed properties before they purchased a property or before a signed offer to purchase was received for the purchase or sale of a property.

Table 6.5: The number of potential buyers viewing a property before it is sold

		Estate Agent		Seller		Buyers	
		Frequency	%	Frequency	%	Frequency	%
Valid	1-5 buyers	3	15.8	15	41.7	26	37.7
	6-10 buyers	9	47.4	10	27.8	26	37.7
	11-20 buyers	4	21.1	3	8.3	10	14.5
	21-40 buyers	1	5.3	6	16.7	5	7.2
	More than 50 buyers			1	2.8	2	2.9
Missing	System	2	10.5	1	2.8	1	
Total		19	100	36	100	70	100

Table 6.5 indicates the number of viewings per property that is on the market for sale. Estate agents indicate that 6-10 potential buyers would view a property before it is sold, followed by 11-20 viewings and then 1-5 viewings. Sellers, however, are of the opinion that their properties sold after 1-5 viewings, followed by viewings as the second highest figure. Buyers seem to be equally divided between having viewed 1-5 and 6-10 properties before they made their purchase. It is of interest to note that all three respondent groups have approximately 60% of respondents agreeing that properties are sold between 1-10 viewings. The number of viewings may also point to the availability of property that is for sale. More properties on the market may provide buyers with choice, which could increase the number of viewings per property.

Table 6.6 is a summary of responses received from estate agents and mortgage originators regarding the sale of property that is dependent on the sale of another property. This means that an existing property needs to be sold first before a new property can be purchased as the buyers may not qualify for credit with the bank for both properties. These properties are referred to as linked transactions.

Table 6.6: Summary of linked property transactions

		Estate Agent		MO	
		Frequency	%	Frequency	%
Valid	1-5% of the time	1	5.9		
	6-10% of the time	7	41.2	2	33.3
	11-20% of the time	3	17.6	1	16.7
	21-30% of the time	6	35.3	2	33.3
	More than 50% of the time			1	16.7
	Total	17	100		
Missing	System	2			
Total		19		6	100

According to Table 6.6 both estate agents and mortgage originators are of the view that 6-10% of their total transactions involve linked property transactions. This means that up to one out of ten clients need to sell their property before they are able to purchase the new property. The introduction of the National Credit Act contributed to a stricter approach to credit lending by banks.

Table 6.7 provides the responses from buyers and sellers regarding their own involvement with linked property transactions.

Table 6.7: Buyer and seller linked property transactions

		Buyer		Seller	
		Frequency	%	Frequency	%
Valid	Yes	7	10.1	6	16.7
	No	62	89.9	30	83.3
	Total	69	100	36	100
Missing	System	1		0	0
Total		70		36	100

It is of interest to note that both buyers and sellers that completed questionnaires for this study did not have to sell a property before they could purchase the new property. Their views, therefore, do not support the estate agent and mortgage originator views in the previous table. This may only indicate that the buyers and sellers included in this study were able to afford both the existing and the new property at the time of applying for property finance with the bank. It does not necessarily nullify the findings of the bigger estate agencies and mortgage originators who work with many more clients across South Africa.

Figure 6.1 below illustrates the number of cash sales that estate agents have encountered. It is representative of the average percentage cash sales of their entire sales.

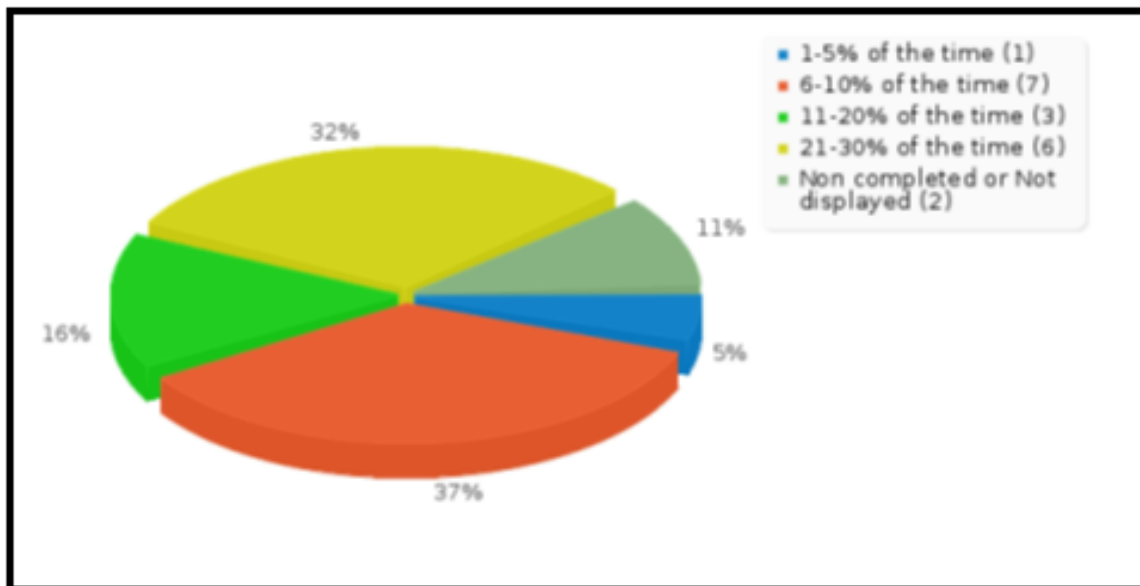


Figure 6.1: The number of cash sales by estate agents

Figure 6.1 shows that Estate agents sell up to 30% of their properties for cash. These transactions therefore do not go to banks for the approval of finance. An estate agent would instead forward the signed offer to purchase to a conveyancer. The buyers normally deposit the value of the purchase price into a conveyancer's trust account. As a result, cash transactions are normally registered faster than an application where a bank had to finance the property transaction. The cash sales could indicate that the

estate agents who took part in this study had serviced buyers who more readily purchased properties for cash rather than obtaining a loan. This could especially be the case where properties are purchased for speculation purposes. This means that the buyer buys property at a much lower value than the market price with the aim of reselling the property at a huge profit later on. A buyer could also own a property where the increased value of the property allows them to access finance on their existing home loan. This finance often pays for additional properties without having to register another loan with the bank.

Figure 6.2 is a view of how the buyers fund the properties they purchase. As the figure shows, most transactions are financed by means of a loan from a bank.

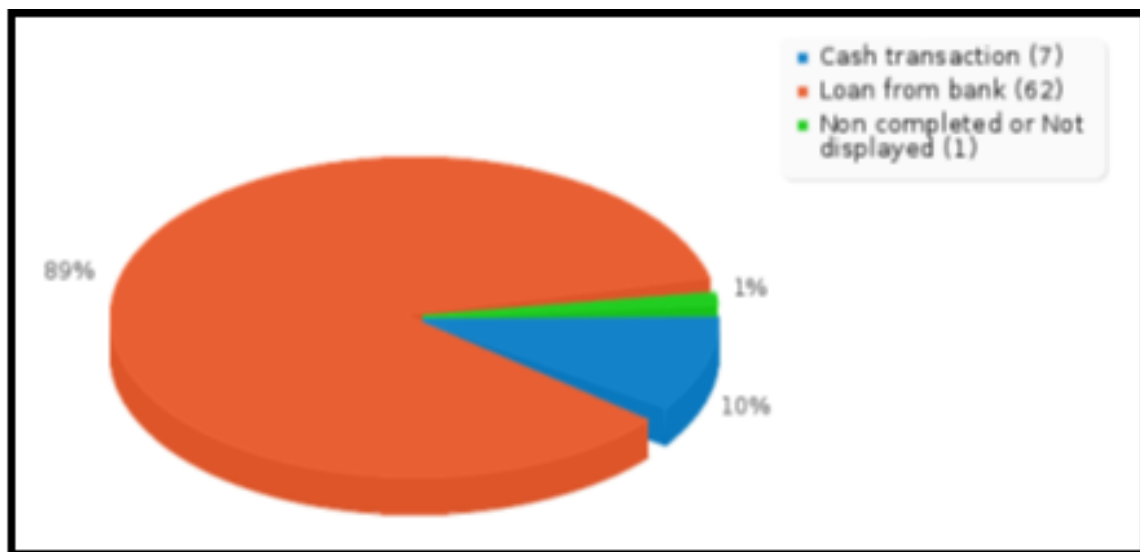


Figure 6.2: The purchasing mechanisms of buyers

The buyers who responded to the survey did not confirm the estate agents' views that up to 30% of properties are sold for cash. Of the buyer respondents, 89% obtained a loan to pay for their properties. This does not necessarily nullify the estate agent findings as the buyers who participated in the study may have exercised a preference to borrow money from a bank in order to finance the new property transaction. Table 6.7 indicated that the buyers were able to afford both their existing and the new property and did not have to sell their existing property before purchasing a new one. Buyers

may also use the proceeds of the sale of an existing property to provide a bigger own contribution. This would imply that they would need a smaller loan from a bank. Alternately the full purchase price could be obtained as a loan and the proceeds deposited into the loan account. This additional amount then becomes available for withdrawal as and when needed by the buyer.

Table 6.8 below indicates how buyers would apply for their loans at the bank.

Table 6.8: Loan applications

		Estate Agent		Seller		Buyers	
		Frequency	%	Frequency	%	Frequency	%
Valid	Applied in person					24	39.3
	Estate Agent	3	17.6	30	83.3	18	29.5
	Attorney			3	8.3	2	3.3
	Mortgage Originator	14	82.4	3	8.3	17	24.3
	Total	17	100	36	100	61	100
Missing	System	2				9	
Total		19				70	

The bulk of the estate agents’ applications for finance are processed through mortgage originators. Less than 20% of estate agents submit the application themselves on behalf of the buyer. The bulk of the sellers’ applications were sent through estate agents. There is unfortunately no indication that the estate agents processed the applications themselves, or whether they forwarded the transaction to a mortgage originator to process. Buyers were almost equally submitting their applications via estate agents and mortgage originators, although most of them (39,3%) preferred to apply for their loans at the bank themselves. Some buyers may prefer to apply directly at their own banks due to an excellent relationship and good track record they hold with the bank.

Figure 6.3 shows a breakdown of the percentage loans that are approved by banks.

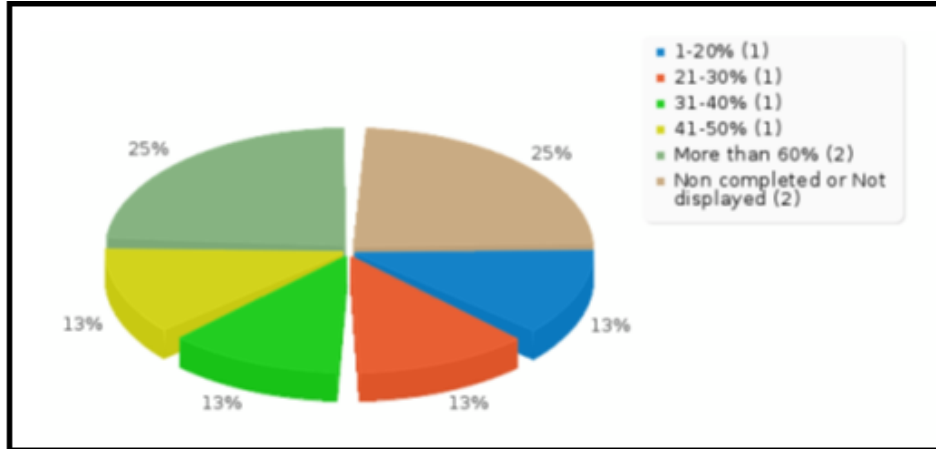


Figure 6.3: Percentage loans approved by banks

Figure 6.3 shows a distribution where one of the banks approves as little as 20% of the loan applications that they receive from buyers. Another bank approves up to 30% and another up to 40% of the loan applications received by them. Another bank approves up to half of their volumes received, while two banks appear to be less conservative and are approving more than 60% of the loans they receive. When banks do not approve the entire loan, an own contribution from the buyer is expected. Many buyers are unable to afford their own contribution and the loan would be declined as a result. The result of the introduction of the National Credit Act has been stricter compliance policies and lending criteria. This has made it more difficult for some buyers to acquire property. Banks have a responsibility to ensure that consumers do not become over indebted and therefore unable to service their loans.

Table 6.9 on the following page, records information from estate agents as to the average own contribution required by buyers, shown as a percentage in relation to the percentage of the application for loans received from prospective buyers.

Table 6.9: Own contribution needed by prospective buyers – Estate agents

		Estate Agent									
		1-10%		11-20%		21-30%		31-40%		50% +	
		Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Valid	1-10% of the applications received	3	18.8	8	50	13	81.3	14	87.5	15	93.8
	11-20% of the applications received	2	12.5	4	25	1	6.3	1	6.3		
	21-30% of the applications received	2	12.5	2	12.5	1	6.3	1	6.3		
	31-40% of the applications received	3	18.8	1	6.3	1	6.3	0	0		
	More than 50% of the applications received	6	31.6	1	6.3	0	0	0	0	1	6.3
	Total	16	100	16	100	16	100	16	100	16	100
Missing	System	3		3		3		3		3	
Total		19		19		19		19		19	

Table 6.9 indicates that some buyers are expected to contribute up to 50% of the loan value as a deposit. More than 50% of the applications received need to pay 1-10% deposit, and 10% of the applications require up to 20% deposit. Some indicated that 10% of the applications require a 31-40% deposit, while a further 10% of the applications need up to a 50% own contribution. Buyers can fund their own contributions by means of a cash payment made to the conveyancer who will disperse all funds to the relevant role players and thereafter pay the profit to the seller. An own contribution may also be borrowed by the buyer on an additional short term loan or from a pension fund held with his/her employer. Without the own contribution, property transfers cannot be finalised.

Table 6.10 on the following page, records information from mortgage originators as to the average own contribution required by buyers, shown as a percentage in relation to the percentage of the applications for loans they received from buyers.

Table 6.10: Own contribution needed by prospective buyers – Mortgage originators

		Mortgage Originator (MO)									
		Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
		1-10%		11-20%		21-30%		31-40%		50% +	
Valid	1-10% of the applications received					2	33.3	3	50	6	100
	11-20% of the applications received	2	33.3	2	33.3	2	33.3	3	50		
	21-30% of the applications received	0		2	33.3	2	33.3				
	31-40% of the applications received	1	16.7	2	33.3						
	More than 50% of the applications received	3	50								
	Total	6	100	6	100	6	100	6	100	6	100

Table 6.10 indicates that 11-20% of the number of applications they receive require an own contribution of 1-10%. Up to 20% of the applications require a deposit of 11-20%, about 20% need a deposit of 31-40%, while 10% of the applications require 50% and more own contribution. These figures from mortgage originators differ slightly from the estate agent figures in Table 6.10 on the previous page, although not significantly.

Table 6.11 indicates the time that it takes for the approval-in-principle to be decided and communicated by banks. The approval-in-principle measures the time from receipt of the loan application to the approval of finance before the property valuation has taken place. The responses of estate agents, mortgage originators, sellers, banks and buyers have been recorded.

Table 6.11: The Approval-in-principle turnaround time

		Estate Agent		MO		Seller		Banks		Buyers	
		Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
	1-8 hrs			2	33.3	3	8.3	5	62.5	8	13.1
Valid	9-12 working hrs	2	13.3							3	4.9
	13-15 working hours	1	6.7								
	16-24 working hours	2	13.3			5	13.9	1	12.5	14	23
	More than 24 working hours	10	66.7	4	66.7						
	25-36 working hours									12	19.7
	More than 48 working hours					28	65.8			24	39.3
	Total	15	100	6	100					61	100
	Missing	System	4								9
Total		19								70	

Table 6.11 above indicates that both estate agents and mortgage originators obtain an approval-in-principal from banks after more than 24 hours. This trend is confirmed with buyers and sellers that indicated that they waited for more than 48 working hours to receive an approval-in-principle from banks. Banks, however, indicate that they provide feedback within 1-8 hours which is not in line with the other respondents' feedback. 1-8 hours would mean that the bank responds to its source (either the estate agent, mortgage originator or the buyer) with feedback on the same day that the loan application was sent to them. This could indicate that a bank provides feedback to

estate agents or mortgage originators within 1-8 hours, and the estate agent or mortgage originator only updates the buyer and seller much later. Where the buyer has applied for finance him/herself, the bank's claim of approval within 1-8 hours would be refuted.

Table 6.12 illustrates the time that it takes for a rate clearance certificate to be returned to the attorney by a municipality. The responses of estate agents, mortgage originators, sellers, banks and buyers have been recorded.

Table 6.12: Rates clearance certificate turnaround time

		Estate Agent		MO		Seller		Banks		Buyers	
		Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Valid	1 week					2	5.6			5	7.2
	2-3 weeks	6	40	2	40	12	33.3	3	50	11	15.9
	4-5 weeks	4	26.7	2	40	2	5.6	1	16.7	10	14.5
	6-8 weeks	4	26.7			7	19.4	1	16.7	11	15.9
	Don't know	1	6.7	1	20	13	36.1	1	16.7	32	46.4
	Total	15	100	5	100	36	100	6	100	69	100
Missing	System	4		1				2		1	
Total		19						8		70	

Forty per cent of estate agents indicated that it takes 2-3 weeks for this process to be completed, while 26.7% held that it can take up to 5 weeks, and 26.7% up to 8 weeks. Mortgage originators differ from estate agents in that 40% of the certificates are returned with 2-3 and 4-5 weeks each, and 20% indicated that they didn't know. Sellers shows that the majority of clearances (33.3%) were returned within 2-3 weeks, while 36.1% didn't know how long it took. Of the buyers 32% didn't know how long it took and there was an almost equal distribution of approximately 15% each voting for the 2-3, 4-5 and 6-8 week categories respectively. Half of the bank responses indicated that the certificates were returned within a week.

Each municipality has its own technical and computer system which is not controlled centrally. This causes different municipalities to work at different speed in provided rates clearance certificates. According to the questionnaires, waiting for rates clearance certificates to be provided by municipalities were also cited as one of the biggest delays in the conveyancing process.

Table 6.13 below captured the responses of the conveyancers regarding turnaround time of the rates clearance certificates.

Table 6.13: Turnaround time for rates clearance certificates - Conveyancers

		Conveyancer	
		Frequency	%
Valid	1 week		
	1-2 days	2	1.6
	2-5 days	14	10.9
	6-10 days	36	28.1
	11-15 days	21	16.4
	More than 15 days	55	43
Missing	System	18	
Total		146	100

The conveyancers, however, indicate that 43% of the rates clearances take more than 15 days to obtain, while 16.4% are received within 11-15 days and 28% within 6-10 days. The questionnaires also listed the issuing of rates clearance certificates as a big delay in the conveyancing process.

Table 6.14 illustrates the time that it takes for a tax certificate to be returned to the conveyancer by the Receiver of Revenue. The responses of estate agents, mortgage originators, sellers, banks and buyers have been recorded.

Table 6.14: Turnaround time for a tax clearance certificate

		Estate Agent		MO		Seller		Banks		Buyers	
		Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Valid	1 week	3	20			2	5.6			5	7.2
	2-3 weeks	7	46.7	3	60	6	16.7	4	66.7	15	21.7
	4-5 weeks	1	6.7	2	40	4	11.1			9	13
	6-8 weeks	2	13.3		100	6	16.7			5	7.2
	Don't know	2	13.3			18	50	2	33.3	35	50.7
	Total	15	100	5	100	36	100	6	100	69	100
Missing	System	4		1				2		1	
Total		19		6				8		70	

Of the estate agents, 46.7% indicate that tax clearance certificates take two to three weeks to receive from SARS. 13.3% did not know and 13.3% reflected that it takes 6-8 weeks to return. Mortgage originators indicated that 60% of the certificates are received back within two to three weeks while 40% were received within 4-5 weeks. Fifty per cent of the responses were that sellers didn't know. The remaining 50% of the sellers that responded to this question indicated that 16,7% were received back within two to three and 6-8 weeks respectively, while 11,1% were received back within 4-5 weeks. Banks indicated that 66,7% of the certificates were received back within two to three weeks while the balance indicated that they did not know. Of the buyers, 50,7% did not know how long it took for the clearance certificates to be returned, 7,2% indicated that they were returned within a week, 21,7% indicated they were returned within two to three weeks, 13% indicated that they were returned within 4-5 weeks and 7,2% stated that they were returned with 6-8 weeks.

Capital gains tax is payable on the proceeds of transactions that is an "income of nature" or "capital of nature" transaction. If the dominant intention of buying an immovable property is to do so as an investment, the profit resulting from the transaction is normally regarded as capital in nature and thus subject to capital gains tax. If a property is purchased with the intention of selling it in order to make a profit (i.e. speculation), the profit thus generated is deemed to be revenue, i.e. income. Revenue gains are subject to taxation at the full marginal tax rate of the taxpayer. These calculations are done by SARS and should be in place before the property transfer can be concluded.

Table 6.15 on the next page captures the responses of the conveyancers regarding the turnaround time of the rates clearance certificates.

Table 6.15: Turnaround time for a tax certificate - Conveyancers

		Conveyancer	
		Frequency	%
Valid	1 week		
	1 day	3	2.6
	2-5 days	46	40
	6-10 days	37	32.2
	11-20 days	17	14.8
	More than 20 days	12	10.4
Missing	System	31	
Total		146	100

As seen in Table 6.15, the conveyancers indicated that 40% of the tax clearance certificates were received back within 2-5 days, while 32,2% were received within 6-10 days. At the other end of the scale, 2,6% indicated that the tax clearance certificate was received within 1 day, 14,8% stated it was received within 11-20 days, while 10,4% indicated that it took more than 20 days to receive the certificate. Obtaining a tax clearance certificate was cited as a delay in the conveyancing process.

Table 6.16 illustrates the period of time taken for a power of attorney to be returned to the attorney from the Master's Office. This power of attorney is necessary for the conveyancer to finalise the transfer of a property that is part of a deceased or insolvent estate. Responses of estate agents, mortgage originators, sellers, banks and buyers have been recorded.

Table 6.16: Turnaround time for a power of attorney

		Estate Agent		MO		Seller		Banks		Buyers	
		Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Valid	1 week	1	7.1	1	25	1	14.3	1	16.7	1	12.5
	2-3 weeks	1	7.1			1	14.3	1	16.7	3	37.5
	4-5 weeks	2	14.3	1	25	1	14.3	1	16.7	4	50
	6-8 weeks	2	14.3			1	14.3				
	Don't know	8	57.1	2	50	3	42.9	3	50		
	Total	14	100	4	100	7	100	6		8	100
Missing	System	5		2		29		2		62	
Total		19		6		36		8		70	

Of the estate agents, 57.1% did not know how long the power of attorney took to be returned to conveyancers, although 14.3% indicated that it took 4-5 and 6-8 weeks respectively, while 7.1% indicated that it took 2-3 weeks. Half of the mortgage originators did not know when the powers of attorney were returned. A quarter stated that they were returned within a week, while the other 25% indicated 4-5 weeks. Of the sellers, 42.9% did not know when the powers of attorney were returned, while 14.3% indicated within 1 week, 2-3 weeks and 4-5 weeks respectively. Half of the banks indicated that they did not know, while 16.7% stated within 1 week, 2-3 weeks and 4-5 weeks respectively. Half of the buyers indicated that they were received within 4-5 weeks, 37.5% said within 2-3 weeks and 12.5% said they were received within one week.

Table 6.17 captured the responses of the conveyancers regarding the turnaround time for a power of attorney from the Master's Office. This power of attorney is necessary for the conveyancer to complete the transfer of a property that is part of a deceased or insolvent estate.

Table 6.17: The turnaround time for a power of attorney - Conveyancer

		Conveyancer	
		Frequency	%
Valid	1-2 weeks	62	58.5
	3-4 weeks	23	21.7
	5-6 weeks	13	12.3
	7-8 weeks	6	5.7
	More than 8 weeks	2	1.9
	Total	106	100
Missing	System	40	
Total		146	

Of the conveyancers, 58.5% stated that powers of attorney were received back within 1-2 weeks, 21.7% said within 3-4 weeks, 12.3% indicated within 5-6 weeks, while 5.7% said within 7-8 weeks and 1.9% indicated that it took more than 8 weeks to receive the powers of attorney from SARS.

Table 6.18 gives information as to how different role players were updated with regard to the progress of the property transfer transaction.

Table 6.18: How buyers were kept informed

		Estate Agent		MO		Seller		Buyers	
		Frequency	%	Frequency	%	Frequency	%	Frequency	%
Valid	Followed up yourself	3	18.8	2	40	6	17.1	18	26.9
	Bank	2	12.5	2	40	2	5.7	19	28.4
	Mortgage Originator	9	56.3			2	5.7	1	1.5
	Estate Agent					20	57.1	14	20.9
	Attorney	2	12.5	1	20	5	14.3	15	22.4
	Total	16	100	5		35	100	67	100
Missing	System	3		1		1		3	
Total		19		6		36		70	

According to Table 6.18, 56.3% of estate agents were informed of the progress of their home loan applications via a mortgage originator. Of the estate agents, 1.8% followed up themselves, while 12.5% received updates from banks, and 12.5% were kept informed by attorneys. Mortgage originators indicated that 40% of their updates came from the banks, while they followed up on 40% of the applications themselves, and attorneys updated them with regard to 20% of their applications. Of the sellers, 57.1% were kept updated by estate agents, 14.3% by the attorney, 5.7% by the bank, and 5.7% by the mortgage originator, while 17.1% followed up themselves. Of the buyers, 28.4% were updated by the bank, 22.4% by the attorney, 20.9% by the estate agent and 1.5% by the mortgage originator, while 26.9% followed up themselves regarding the progress of the transactions. This is quite thought-provoking, as data about mortgage originators in a previous table illustrated that mortgage originators seemed to deal with a bigger portion of the loan application submissions to banks. These submissions are done on behalf of a buyer. Yet, only 1.6% of the buyers were kept informed of the status of their applications via mortgage originators.

Table 6.19: Number of times a role player was updated

		Estate Agent		MO		Seller		Buyers	
		Frequency	%	Frequency	%	Frequency	%	Frequency	%
Valid	Every week	13	81.3	2	40	10	27.8	28	41.2
	Every second week	2	12.5			7	19.4	10	14.7
	Every month					3	8.3	3	4.4
	Only when the status changed			2	40	8	22.2	14	20.6
	Only when an update was requested	1	6.3	1	20	8	22.2	13	19.1
	Total	16	100	5	100	36	100	68	100
Missing	System	3		1				2	
Missing	System	19		6				70	

Table 6.19 above, shows how many times each role player was updated regarding the progress of his/her property transfer application.

Of the estate agents, 81.3% were informed on a weekly basis. Forty per cent of mortgage originators were informed every week and 40% were informed only when the status changed, while 20% were only updated when they asked for feedback. Of the sellers, 27.8% received feedback every week, 19.4% every second week, 8.3% on a monthly basis, while 22.2% received updates only when the status changed or when they requested feedback, respectively. Of the buyers, 41.2% received updates every week, 14.7% every second week, 4.4% were informed every month, while 20.6% received updates only when the status changed and 19.1% received updates only when they requested feedback.

Table 6.20 indicates the percentage of reconsiderations that were sent through to a bank in relation to the entire property portfolio of the respondents. Reconsiderations may be requested when a buyer requires the bank to amend certain conditions of the loan. These conditions may include changing loan amounts, changing own contribution amounts, entity changes or for property valuation amounts to be increased.

Table 6.20: Reconsiderations received by the role players

		Estate Agent		MO		Banks	
		Frequency	%	Frequency	%	Frequency	%
Valid	0-10%					4	66.7
	11-20%	2	33.3	2	33.3	1	16.7
	21-30%	3	50	3	50		
	31-40%	1	16.7	1	16.7		
	More than 50%	6	100	6	100	1	16.7
	Total					6	100
Missing	System					2	
Total		10		12		8	

Thirty-three per cent of estate agents who responded to the questionnaire indicated that 11-20% of their applications needed to be submitted for reconsideration, 50% of them indicated that 21-30% of their work was sent back for reconsideration, while 16.7% of the estate agents stated that 31-40% of their work received reconsiderations. Of the mortgage originator respondents, 33.3% stated that 11-20% of their work received reconsideration by banks, half of the MOs stated that 21-30% of their work received reconsiderations, and 16.7% stated that 31-40% of their work received reconsiderations. Of the banks, 66.7% stated that up to 10% of the loan applications they received, needed reconsideration, 16.7% stated that 11-20% of their total workload received reconsiderations and 16.7% stated that more than 50% of their workload received reconsiderations. A reconsideration implies that the same application must be viewed again, which could contribute to the delayed turnaround times that may be experienced by banks.

Figure 6.4 below illustrates the responses received from estate agents regarding the number of changes that are requested by buyers after the attorney has been instructed. An attorney is only instructed after the buyer has signed a quotation from the bank which indicates an acceptance of the terms and conditions approved by the bank before the attorney has been instructed. These amendments could be for the loan amounts, own contribution amounts, property valuation amounts to be amended, or it could be a request for an entity change.

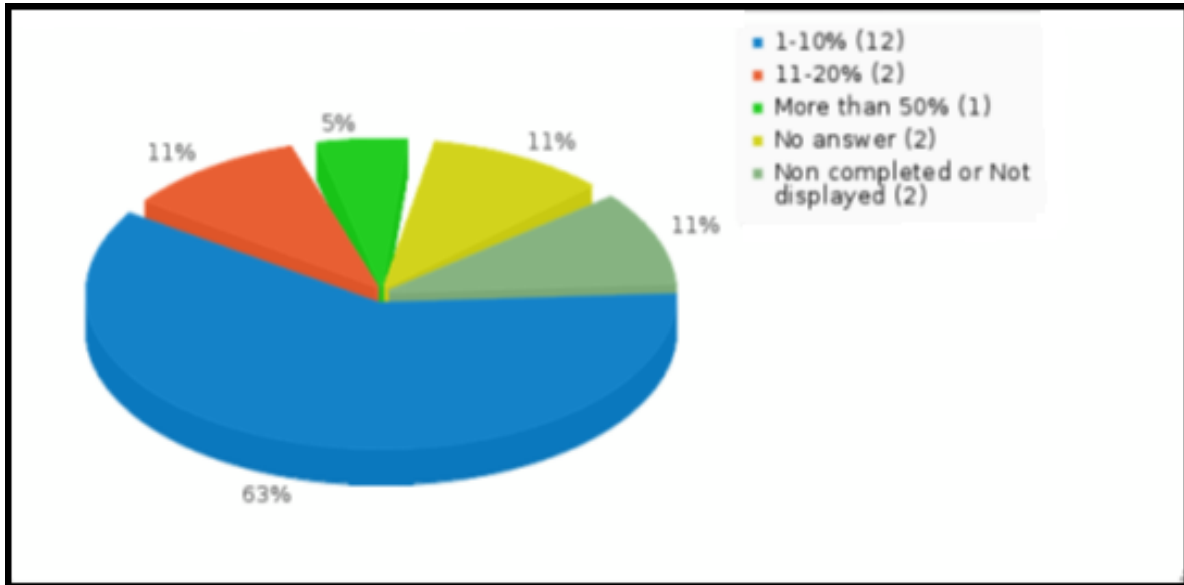


Figure 6.4: Amendments received after attorney instruction

During this study, 63% of the attorneys indicated that 1-10% of all the instructions they received for registration were sent to the bank for an amendment of the loan conditions. Eleven of the attorneys stated that 11-20% of their instructions were sent back to the bank for amendments, while 5% stated that more than 50% of their work was sent back and 11% did not answer the question. These amendments cause delays, both for attorney offices and the banks. It also raises the risk associated with the transaction as the client had already assented to the conditions that were approved with the loan before the attorney received instructions for registration.

Table 6.21 on the following page indicates the average time that it takes for a new property purchase to be registered. Responses from estate agents, mortgage originators, sellers and buyers have been recorded.

Table 6.21: Average turnaround time for a new property registration

		Estate Agent		MO		Seller		Buyers	
		Frequency	%	Frequency	%	Frequency	%	Frequency	%
Valid	1 month					1	2.9	4	5.9
	2 months	1	20	1	20	16	47.1	19	27.9
	3 months	2	40	2	40	9	26.5	24	35.3
	4 months	2	40	2	40	6	17.6	8	11.8
	More than 5 months					2	5.9	13	19.1
	Total	5	100	5	100	34	100	68	100
Missing	System	1		1		2		2	
Total		6		6		36		70	

Forty per cent of estate agents indicated that it takes three months and four months respectively for new property purchases to be registered, while 20% indicated that it takes two months to register. Mortgage originators reflect exactly the same statistics. Of the sellers, 47.1% indicated that their property registered within two months, 26.5% stated within three months, 17.6% stated within four months, 5.9% said that it took more than 5 months and 2.9% registered within 1 month. Of the buyers, 6.9% stated that their properties registered within 1 month, 27.9% stated within two months, 35.3% stated within three months, 11.8% indicated within four months, while 19.1% said that the registration took more than five months to be finalised.

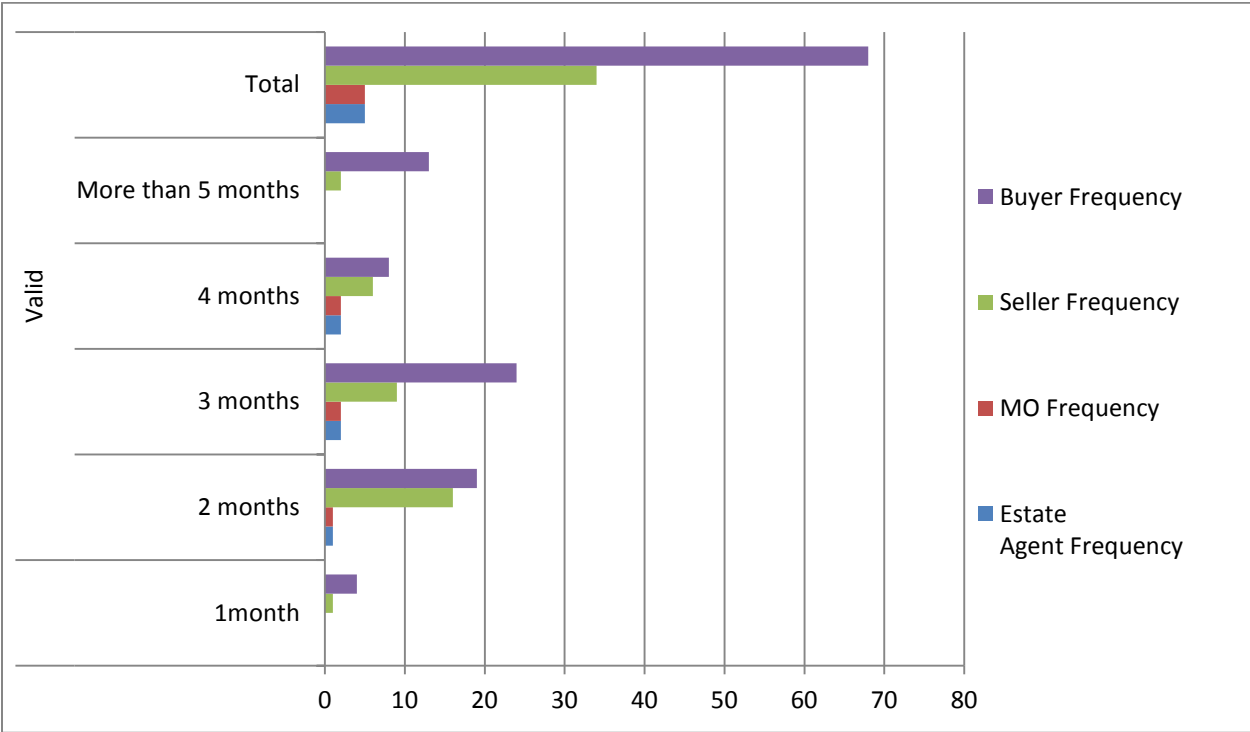


Figure 6.5: Analysis of registration turnaround times

According to the questionnaire responses, the majority of transactions register within three months from the time of submission, as per Figure 6.5. This is not quite in line with the DB website figures. However the turnaround time seems too long when compared to The Netherlands and Australia which records seven and five days respectively as per the DB statistics.

Table 6.22 below reflects the reasons for property transfers delays that have been put forward by conveyancers in the questionnaire they completed.

Table 6.22: Delay reasons offered by respondent groups

Delay reasons put forward by respondent groups	Responsible Party
90-day penalty	Bank
Agents, seller and purchaser tax no for SARS	Municipality / Bank
Amended instructions	Bank
As at 30 April: Deeds Office taking up to 15 working days for registration	Deeds Office
Attachments	Bank
Awaiting proceed from bank to register	Bank
Bank cancellation amounts	Bank
Bank delays - amendments, deeds, etc.	Bank
Bond Cancellation Attorneys that do not sign their own consents	Attorney
Bond instructions sent to attorneys not in same town as client	Attorney
Bond not approved for correct amounts	Bank
Bond instructions with life insurance condition	Bank
Bond registration formalities	Attorney
Bonds: incorrect instructions that have to be amended	Bank
Building Loans and Developments	Municipality / Bank
Building loans: Valuations Reports	Valuers
Buyer and seller to sign	Buyer / Seller
Cancellation attorney	Attorney
Cancellation figure dependent on bank	Bank
Cancellation instructions sent to attorneys not in same town	Attorney
Cancellation of bonds at other banks	Banks / Attorneys
Cancellation proceed to lodge	Banks
Cancellation where FICA not in place	Buyer / Seller

Delay reasons put forward by respondent groups	Responsible Party
Cancellations/Release figures	Bank
Certified copies and endorsed Power of Attorney (Transfer) from Master	Master
City council clearance certificate	Municipality
City of Johannesburg - obtain clearance certificate	Municipality
Clearance (Council) and HOC Clearance	Municipality / Bank
Client delays (finances, etc.)	Buyer / Seller
Client not appreciating urgency of co-operation	Buyer / Seller
Client not paying costs timeously	Buyer / Seller
Clients are not FICA compliant	Buyer / Seller
Clients furnishing the Attorneys with the correct FICA documentation	Buyer / Seller
Clients not properly informed of Rights and Obligations, e.g. Costs, COC, etc. when a deal is concluded	Estate Agent
Clients signing abroad	Buyer / Seller
Clients who don't perform on time	Buyer / Seller
Companies Office	CIPRO
Complying with suspensive conditions and contractual disputes	Attorneys
Title deed Copies from Vryburg Deeds Office if the original is lost	Deeds Office
Copy deed from transfer attorneys	Attorney
Dealing with government and some government institutions	Government institutions
Deceased/insolvent estate delays at Master	Master
Deed of sale / Application of bond	Bank
Deeds office delays - they take too long to register	Deeds Office
Deeds Office occasionally	Deeds Office
Deeds Office rejections	Deeds Office
Delays in receiving title deeds from bondholder	Bank
Delays in receiving Transfer Duty receipt from SARS	SARS

Delay reasons put forward by respondent groups	Responsible Party
Deposit and costs not paid	Buyer / Seller
Dispute between parties	Buyer / Seller
Distances between clients, our offices and the deed's offices	Attorney
Divorce	Buyer / Seller
Documents lost	All
Draft deed and G/tee requirements from transferring attorneys (on bonds)	Attorney
Electrical Compliance Certificates	Seller
Endorsed Power of attorney - Subdivision	Municipality
Endorsement Master	Master
Erroneous instruction from the bank	Bank
Estate late / insolvency / sheriff transfers	Master / Sheriff
Estate Transfer/Insolvent transfer/Divorce Transfer	Master / Sheriff
Existing property to be sold	Buyer / Seller
External life cover noting letter	Buyer / Seller
FICA compliance	Buyer / Seller
Finance	Buyer / Seller
Fulfilment of restrictive conditions	Attorney
Getting POA endorsed by the Master	Master
Guarantees from bond attorneys	Attorney
HOAs or Body Corporates	Body corporates, Insurance companies
Holiday	All
Huge outstanding amount with council	Seller
If finances are linked to another sale of property	Buyer / Seller
Income tax issues	SARS
Incomplete documents	All

Delay reasons put forward by respondent groups	Responsible Party
Incorrect / Unclear Instructions	Bank
Incorrect bond instructions iro home owners insurance	Bank
Incorrect details on Bond instructions / Sale Agreements	Bank
Information from clients	Buyer / Seller
Instruction from Transferring Attorney	Attorney
Internet (All programs linked)	Technology
Lack of knowledge, unavailability and non co-operative clients	Buyer / Seller
Levy and home owners ass clearance certificate	Body Corporate
Life Assurance Policies + noting of interests	Life Insurance companies
Life Cover and Home Owners Cover	Life Insurance Companies
Link transactions taking too long / Simultaneous attorneys taking too long	Attorneys
Linked to sheriff / PIP transfers	Sherriff / Bank
Linked transfers	Attorneys
Linking with other attorneys	Attorneys
Linking with slow unqualified (Non-Conveyancers) transferring attorneys	Attorneys
Lost deeds and Deeds Office delays, slow reaction times of parties	All
Lost title deed and mortgage bond documents	Bank
Marital Status that change after signing	Buyer / Seller
New development	Municipality
Non reading of metres by Municipality resulting in "interim" figures - BIG DELAY	Municipality
Not receiving proper instructions and then later you have to obtain and supply further documents	Bank
Obtain building documents	Bank / Buyer / Seller
Obtaining draft deed and guarantee requirements from transferring attorneys	Attorney
Obtaining rates clearance figures from Marigaling	Municipality

Delay reasons put forward by respondent groups	Responsible Party
Obtaining supporting docs from client	Buyer / Seller
Old Mortgage Bonds where the account number cannot be traced	Bank
Original title deed from bank for further loan	Bank
Outstanding taxes or not registered with SARS	SARS
PIP, Foreclosure and Eviction	Bank / Sheriff
Poor instructions and preparation by Estate Agents	Estate Agents
Postal delays	Post Office
Rejections at deeds office	Deeds Office
Securities	Bank
Simultaneous transfers of other properties	Attorney
Special conditions on deed of sale	Attorney / Bank
Striking of relevant organisations	Attorney
Sub-divisional transfers	Municipality
Subject to sale, Funds to come from proceeds	Attorney / Buyer / Seller
The City of Johannesburg - when obtaining a rates clearance certificate	Municipality
Transferring Attorney	Attorney
Trustees in insolvent estates	Trustees
Tshwane-change of owner's details	Municipality
Uplifting Interdicts against the Property	Bank / Court
Valuations of the property	Valuer
Waiting bond approval and subsequent instruction	Bank
Waiting for other firms	Attorney
Waiting on parties to complete financial matters	Buyer / Seller
Waiting on parties to sign documents	Buyer / Seller
Waiting out penalty periods	Buyer / Seller

Delay reasons put forward by respondent groups	Responsible Party
When seller's liabilities exceeds purchase price	Buyer / Seller

The delay reasons put forward by the different role players occur throughout the end-to-end service chain. The delays are also caused by different role players and no one particular group can take responsibility for the delays. This makes it all the more important for the end-to-end conveyancing service chain to be managed in terms of a supply chain.

6.5 INTERVIEW DATA

6.5.1 CONTENT ANALYSIS

Content analysis is a methodology that studies the content of communication. Themes are identified from the respondent responses (Hsieh and Shannon, 2005). Interviews were conducted with the following groups and analysed, using content analysis:

- Bank A
- Bank B
- Estate Agency Affairs Board
- Services SETA
- Mortgage Originator

The tables with the content analysis of the different interviews that follows on the next page, have been divided into three columns. The first column describes the components of the problem statement in Section 1.3 which stated that conveyancing in SA is complex, cumbersome and tedious. The empirical research in Section 1.4.2 aimed to develop a framework in order to improve the efficiency and effectiveness of the SA conveyancing process. The first column, therefore, reflects the research themes of the study. The second column describes the theme that was identified from the interview with the respective respondent. The third column reflects the actual words spoken by the respondent during the interview that reflects the themes in Columns 1 and 2.

6.5.1.1 Content Analysis of Interview with Bank A

An interview was conducted with one of the four major banks in SA. The interview was transcribed (See Appendix W) and analysed using content analysis. Table 6.23 reflects the content analysis from this interview.

Table 6.23: Content analysis of interview with Bank A

Research Theme	Sub-theme	Respondent’s response
Complex	Compliance	<i>... quite controversial for us...no external or internal party can appoint an attorney any longer. The bank reserves the right to appoint an attorney.</i>
Complex	Compliance	<i>According to performance you now get work allocated to you.</i>
Complex	Compliance	<i>Also the customer can no longer appoint an attorney.</i>
Complex	Compliance	<i>...only the bond attorney because it is our agent...we have the right and it’s our own security.</i>
Complex	Compliance	<i>We will try and accommodate the customer in terms of where he works and where he stays and then appoint the attorney as close by as possible.</i>
Complex	Compliance	<i>We try and accommodate the customer as to where he wants to sign his documents.</i>
Complex	Compliance	<i>So every month the attorney consultant will give the production centre a list to say this and this attorney must get work and this is his quota.</i>
Complex	Compliance	<i>No longer going to allow the bond and transfer attorney to do the same transaction...the only exception is developments...we were of course very popular...very, very popular.</i>
Complex	Compliance	<i>Every attorney on the panel must subscribe to LAW.</i>
Complex	Compliance	<i>...must phone our customer within 24 hours...once she receives the instruction...</i>
Complex	Compliance	<i>We have now a set scorecard in place, where they’ve got specific things they’re measured against.</i>
Complex	Compliance	<i>...if it falls in anyone of those categories then we won’t</i>

Research Theme	Sub-theme	Respondent's response
		<i>penalise them when they do the calculation of the score.</i>
Complex	Compliance	<i>They live in fear the attorneys as a result of this scorecard.</i>
Complex	Compliance	<i>We have given them the measurements, the weightings...</i>
Complex	Compliance	<i>They live in fear because of that scorecard, because then they don't get work.</i>
Complex	Compliance	<i>He cannot do the bond and the transfer.</i>
Complex	Compliance	<i>Say he is doing the transfer and he is delaying the matter at least I can intervene and say listen you are on my panel why are you delaying the matter.</i>
Complex	Compliance	<i>If there is an error the attorney gets a rejection and immediately an error is logged against him, on his scorecard.</i>
Complex	Compliance	<i>There is a measurement on your scorecard 'outstanding bond and title deeds'.</i>
Complex	Compliance	<i>NTU's...the attorneys got no control over that. So I can't penalise him for that.</i>
Complex	Compliance	<i>They are not allowed to change conditions, anything on our mortgage loan agreement. It must come back for an amendment.</i>
Complex	Compliance	<i>The attorneys like the scorecard. In a sense that it gives them a good idea of...how things go in their offices. They like to see how they compare to other firms.</i>
Complex	Compliance	<i>Passwords need to be protected.</i>
Complex	Impact of legislation	<i>FICA will be different if you have company, CC or trust documents.</i>
Complex	Compliance	<i>They even sign a declaration, risk, rights and obligation...so the client signs that the attorney has explained the documents to him.</i>
Complex	Impact of legislation	<i>...the NCA definitely had an impact...definitely, definitely</i>

Research Theme	Sub-theme	Respondent's response
Efficiencies	Electronic Interventions	<i>The bond attorney now gets instructed electronically via our vendor.</i>
Efficiencies	Electronic Interventions	<i>The attorney can then draw the instruction electronically...he then prints the instruction to register, your mortgage loan agreement and the home loan application form.</i>
Efficiencies	Electronic Interventions	<i>What they do is on the software they will then classify the bond</i>
Efficiencies	Electronic Interventions	<i>It is all measured electronically and at the end of the month we will have the scorecards populated per attorney.</i>
Efficiencies	Electronic Interventions	<i>The attorney will now upload all his FICA documents...</i>
Efficiencies	Electronic Interventions	<i>The customer had to sign the application for. This is now electronically.</i>
Efficiencies	Electronic Interventions	<i>They generate an electronic copy, remember it is not signed né, because we get it via our originators.</i>
Efficiencies	Electronic Interventions	<i>...electronically generated and then the customer must say all of his information is correct.</i>
Efficiencies	Electronic Interventions	<i>Now we have implemented the Deeds Office Tracking System so in the Deeds Office if it is registered they can scan it. The vendor packages are now automatically updated with the registration date.</i>
Efficiencies	Electronic Interventions	<i>No it is all electronic, once the registration date is loaded the guarantees via the LAW system.</i>
Efficiencies	Electronic Interventions	<i>It is all systematically and via LAW it updates the bank system to say it is registered and then payments are made...but it is all electronic.</i>
Efficiencies	Electronic Interventions	<i>Previously between our bond centres there were no integration... that was a huge inefficiency.</i>
Efficiencies	Electronic Interventions	<i>...we will do integration, so seamlessly LAW is still as an engine at the background.</i>
Efficiencies	Electronic Interventions	<i>It is one platform that he works on, he doesn't have to go and capture here and capture in the vendor package.</i>

Research Theme	Sub-theme	Respondent's response
Efficiencies	Electronic Interventions	<i>He will communicate back electronically, which again will speed up the process.</i>
Efficiencies	Electronic Interventions	<i>We can then electronically apply for a signature, a digital signature.</i>
Efficiencies	Electronic Interventions	<i>There can still be manual applications...they will then capture the manual applications.</i>
Efficiencies	Electronic Interventions	<i>...the Deeds Office project, there is mos a project undergo there the scanning and whatever of the deeds. I don't know how far they are with that.</i>
Efficiencies	Electronic Interventions	<i>Electronic lodgements...no definitely nor from our side.</i>
Efficiencies	Electronic Interventions	<i>...we really put a lot of stuff into place, stuff they sometimes hated us for.</i>
Efficiencies	Electronic Interventions	<i>Even if we send it electronically someone must still sit and explain to the customer what the conditions of the loan is and what the clauses means. According to NCA that must be done.</i>
Cumbersome	Fraud	<i>(re attorney allocation) But they are looking at that because of fraud</i>
Cumbersome	Fraud	<i>The fraud was with the attorneys involved with developments and not attorneys doing normal bonds.</i>
Cumbersome	Fraud	<i>They would say to you openly, listen I will bribe the person to just get my figures.</i>
Cumbersome	Fraud	<i>'bond registered'...some of them captured fictitious registration dates, it was fraud.</i>
Cumbersome	Fraud	<i>As a result of all the fraud we had, they've implemented a fraud team.</i>
Cumbersome	Fraud	<i>They will undertake fraud checks and they will then stop applications from going through.</i>
Cumbersome	Fraud	<i>Mainly they will see something suspicious on an ID</i>
Cumbersome	Fraud	<i>We don't really find that attorneys pick up a lot of suspicious transactions.</i>

Research Theme	Sub-theme	Respondent's response
Cumbersome	Fraud	<i>So a lot of measures are in place to pick up fraud as well.</i>
Cumbersome	Fraud	<i>I think it's helped the fraud, but it definitely prevents fraud...previously they would just take an ID and make a copy and that was it.</i>
Cumbersome	Fraud	<i>Allocations...but there were bribes...</i>
Cumbersome	Fraud	<i>There were huge issues with bribes and originators and attorneys and you know overseas trips and stuff like that.</i>
Cumbersome	Process Risk	<i>It makes it so much easier if the same attorney can then do the bond and the cancellation as well. But now they say the risk is too high.</i>
Cumbersome	Process Risk	<i>Many people often say that attorneys delay the process on purpose.</i>
Cumbersome	Process Risk	<i>They registered without seeing any, any piece of paper</i>
Cumbersome	Process Risk	<i>And they paid out, then we would get our security documents after the fact.</i>
Cumbersome	Process Risk	<i>The documents get to our security centre then now they start checking, now there is errors on our documents</i>
Cumbersome	Process Risk	<i>Yes our attorneys do make errors believe it or not...and its mistakes they can manage.</i>
Cumbersome	Process Risk	<i>That is a big concern for us, because the secretary is doing the work and now the conveyancer is supposed to sign all the work off. I don't think they really sit and go through all that. They just sign and the documents go.</i>
Cumbersome	Process Risk	<i>We had thousands of document packs outstanding; security documents, FICA documents, thousands of them outstanding. Of course it placed the bank at huge risk.</i>
Cumbersome	Process Risk	<i>Multi-sourcing...he says to us ok...in the meantime Bank Z confirms to give him a better rate.</i>
Cumbersome	Process Risk	<i>We've got 11 loan types that we cannot register in those 58 and 28 days...now she goes and classifies it...LAW will now exclude that from calculations when we look at turnaround time...we won't know.</i>

Research Theme	Sub-theme	Respondent's response
Cumbersome	Process Risk	<i>Month end she sees it's a problem, classify it and we do the run and the next day it's unclassified again.</i>
Cumbersome	Process Risk	<i>...the risk, they don't understand that an ID copy can be taken out of a folder and fraud can be committed.</i>
Cumbersome	Process Risk	<i>...and they will make the stupidest mistakes that you can imagine.</i>
Cumbersome	Process Risk	<i>We had 1005, 1508 firms brought down to 580 now those firms that closed down and we never got our securities back from them.</i>
Cumbersome	Process Risk	<i>It is millions and millions of security documents in the security centre.</i>
Cumbersome	Process Risk	<i>If they maybe misfile it...you are measured on your scorecard.</i>
Cumbersome	Process Risk	<i>We don't include cost anymore. It is not allowed because of the risk it imposes for us.</i>
Cumbersome and Complex	Process Inefficiencies	<i>So you see again if it was the same person it is all this writing to and from. Now the bond attorney sits. The bond attorney waits.</i>
Cumbersome and Complex	Process Inefficiencies	<i>Yes and they can take their time, especially if the transferring attorney and cancellation attorney are not on our panel.</i>
Cumbersome and Complex	Process Inefficiencies	<i>But if he's not on the panel I really can't do anything</i>
Cumbersome and Complex	Process Inefficiencies	<i>But still an inefficiency in the process is that now the registrar although he has said this bond is registered he now goes and retracts and if it is not registered it is an error...it did happen a few times.</i>
Cumbersome and Complex	Process Inefficiencies	<i>Previously between our bond centres there were no integration... that was a huge inefficiency.</i>
Cumbersome and Complex	Process Inefficiencies	<i>...but you are forcing me to use one vendor and you are forcing me to switch between screens, because they had to do a certain amount of work there ...</i>
Cumbersome and Complex	Process Inefficiencies	<i>The inefficiency for me is if you go through the whole process and that instruction gets to your attorney ...the</i>

Research Theme	Sub-theme	Respondent's response
		<i>customer indicates 'I don't want to proceed'.</i>
Cumbersome and Complex	Process Inefficiencies	<i>...but an amendment, sometimes 8.9.12 days that the attorney has to wait...it is just inefficiencies internally.</i>
Cumbersome and Complex	Process Inefficiencies	<i>I find inefficiencies say around fraud...non-compliance in terms of data privacy where we prescribe to the firms your documents packs must be behind a lock.</i>
Cumbersome and Complex	Process Inefficiencies	<i>The errors were a huge frustration and still is a frustration.</i>
Cumbersome and Complex	Process Inefficiencies	<i>Conveyancing is conveyancing but it's just the way how the different banks want stuff to be done. That is also what's making it so hard for them especially if you work on more than one bank. ..this is also causing the inefficiency and the errors.</i>
Cumbersome and Complex	Process Inefficiencies	<i>...the title deed is now gone...attorney request the replacement...in most cases we refund because an attorney may never have returned it to us and is no longer on the panel.</i>
Cumbersome and Complex	Process Inefficiencies	<i>An attorney may have lost it...was also causing huge inefficiencies in our process.</i>
Cumbersome and Complex	Process Inefficiencies	<i>Our document centre does not cater for after registrations.</i>
Cumbersome and Complex	Process Inefficiencies	<i>...a customer comes to an attorney not knowing that 'I must still pay all those fees'.</i>
Cumbersome and Complex	Process Inefficiencies	<i>Ja it's too late but the customer is not informed upfront of all the cost.</i>
Cumbersome and Complex	Process Inefficiencies	<i>...our quotation does not include a quote on attorney cost.</i>
Tedious	Turnaround time	<i>They work according to a scorecard. They now have 60 days, 58 days to register a new bond and they've got 25 days for a further advance.</i>
Tedious	Turnaround time	<i>Of course it is very important to us the days they take to register</i>
Tedious	Turnaround time	<i>Of course we realise that loans like developments and PIP's, insolvencies take longer.</i>

Research Theme	Sub-theme	Respondent's response
Tedious	Turnaround time	<i>...how do you get your loans fast-tracked in the Deeds Office.</i>
Tedious	Delays	<i>Very often they will say to you the transferring attorney is delaying</i>
Tedious	Delays	<i>I don't find attorneys on purpose delay a registration.</i>
Tedious	Delays	<i>Now the process takes longer.</i>
Tedious	Delays	<i>It does take long if you have your company, CC or trust documents. That can take two to three hours to upload.</i>
Tedious	Delays	<i>On a further bond of course our attorney wait for the title deed.</i>
Complex	Supply chain dependencies	<i>The bond attorneys not only rely on those two attorneys...</i>
Complex	Supply chain dependencies	<i>She now relies on SARS because of rates clearances</i>
Complex	Supply chain dependencies	<i>At one stage how long it took in municipalities for rates clearances. It's a problem, it is really a problem.</i>
Complex	Supply chain dependencies	<i>..when you go there the next time, that person is gone.</i>
Complex	Supply chain dependencies	<i>There is really so much that our bond attorney doesn't have control over.</i>
Complex	Supply chain dependencies	<i>The problem is that the customer does not always tell the attorney why he wants to NTU.</i>
Complex	Supply chain dependencies	<i>The attorneys have no control over that NTU.</i>
Complex	Supply chain dependencies	<i>They say I don't want my bond in joint names I want it in a trust. There is absolutely nothing that an attorney can do.</i>
Complex	Supply chain dependencies	<i>There was huge resistance from the attorneys when this first came in.</i>
Complex	Supply chain dependencies	<i>...the municipalities, the registrar of course is a big challenge for us...</i>

Research Theme	Sub-theme	Respondent's response
Complex	Supply chain dependencies	<i>Generally we hardly have any problems with SARS.</i>
Complex	Supply chain dependencies	<i>Municipalities especially the one here in Gauteng is a huge problem...</i>
Efficiency	Process efficiencies	<i>...just from feedback that I am getting from our attorneys apparently our conveyancing process is the best in the world.</i>

Compliance seems to be a key area of focus for Bank A. The bank has strict measurements in place to manage the registration process once they have approved the finance for the transaction. The banks also seem to have introduced additional measures to curb fraud and minimise transactions delays.

6.5.1.2 Content Analysis of Interview with Bank B

An interview was conducted with a second of the four major banks in SA. The interview was transcribed (See Appendix X) and analysed using content analysis. Table 6.24 reflects the content analysis from this interview.

Table 6.24: Content analysis of interview with Bank B

Research Theme	Sub-theme	Respondent's response
Efficiencies	Electronic interventions	<i>Property assessment could be done either desktop which means we link into Lightstone or it could be that a property assessor will have to go out and physically assess...</i>
Efficiencies	Electronic interventions	<i>..got what we call DOTS...we can see the different stages of the Deeds Office processes</i>
Efficiencies	Electronic interventions	<i>...so we can see on exposure that helped us make a credit decision. Previously before that clients were getting home loans from two different banks. We were not as interlinked as what we are now.</i>
Efficiencies	Electronic interventions	<i>...we have our new digital process...</i>
Efficiencies	Electronic	<i>We can link into the Deeds Office...</i>

Research Theme	Sub-theme	Respondent's response
	interventions	
Efficiencies	Electronic interventions	<i>...we can talk to our attorneys...</i>
Efficiencies	Electronic interventions	<i>We have footage now with various projects into the municipalities...but it's normally a manual exercise in those areas as to what's wrong and what's going on and what the interpretation is.</i>
Efficiencies	Electronic interventions	<i>Lightstone gives us all the property information just by a touch of a button.</i>
Efficiencies	Electronic interventions	<i>A lot of clients very rarely use electronic process to apply for a home loan...they like the touch and feel.</i>
Tedious	Delays	<i>We will not move forward to actually appoint a conveyancer to do your bond side of the application until you accept that quote</i>
Tedious	Delays	<i>The death of a seller</i>
Tedious	Delays	<i>A divorce coming through</i>
Tedious	Delays	<i>... on the seller side... he hasn't got rates and taxes clearances</i>
Tedious	Delays	<i>... on the seller side... he hasn't got money for SARS clearances...</i>
Tedious	Delays	<i>Bond cannot proceed until all those internal processes within all the three attorneys are sorted out.</i>
Tedious	Delays	<i>The second batch is the title deed and the mortgage bond where we often pick up there could be errors... we need rectifications done...</i>
Tedious	Delays	<i>...often most of the delays are on the transfer side</i>
Tedious	Delays	<i>...often the client holds up his own loan.</i>
Tedious	Delays	<i>If the docs come in wrong at the beginning it's going wrong right through the process.</i>
Tedious	Delays	<i>If properties are built over two erf's, it affects the client.</i>
Cumbersome	Process Risk	<i>...one slip of the finger in registrations you are paying the</i>

Research Theme	Sub-theme	Respondent's response
		<i>wrong seller</i>
Cumbersome	Process Risk	<i>...all of our areas have two over one check clerks.</i>
Cumbersome	Process Risk	<i>We run a tight team here...</i>
Cumbersome	Process Risk	<i>People are using credit to pay off credit</i>
Cumbersome	Process Risk	<i>...how many clients even read their title deed...look at the restrictions in your title deed...clients don't know until they want to build.</i>
Complex	Supply chain dependencies	<i>We won't touch on the transfer side of the actual application...</i>
Complex	Supply chain dependencies	<i>...the bond attorney is normally a different attorney than the transferring attorney...</i>
Complex	Supply chain dependencies	<i>Often things go wrong on the transfer side...</i>
Complex	Supply chain dependencies	<i>The watchdog in the whole process is the transferring attorney... that will determine when they lodge</i>
Complex	Supply chain dependencies	<i>...we rely heavily on the attorney...</i>
Complex	Supply chain dependencies	<i>There's more and more pressure being put on the attorney's leg of the process to assist the bank to reduce fraud.</i>
Complex	Supply chain dependencies	<i>On the attorney side...we're making sure that our documentation was downloading into their offices and they literally had to comply to our conveyancing guide.</i>
Complex	Supply chain dependencies	<i>The conveyancer... they merely would act on our instruction.</i>
Complex	Supply chain dependencies	<i>With multi submissions coming from all banks we were all chasing after the same client.</i>
Complex	Supply chain dependencies	<i>Obviously the attorneys are governed by the transfer side</i>
Complex	Supply chain dependencies	<i>We are then reliant on the Deeds Office and then the conveyancing leg.</i>

Research Theme	Sub-theme	Respondent's response
Complex	Supply chain dependencies	<i>...but once it hits external parties we are beholding to the conveyancing leg. They are beholding obviously to the Deeds Office, the others, municipalities, SARS, you name it...all those outside factors as well.</i>
Complex	Supply chain dependencies	<i>...transferring attorney... they're not obliged to give us information because they're acting on behalf of the seller.</i>
Complex	Supply chain dependencies	<i>We rely heavily on the attorney on dealing closely with the transfer side.</i>
Complex	Supply chain dependencies	<i>...municipalities...they're a law unto themselves</i>
Complex	Supply chain dependencies	<i>Through our banking councils we put pressure through the Deeds Office</i>
Complex	Supply chain dependencies	<i>I've been in meetings with registrars before who have their own concerns because they are reliant on the conveyancing work from the various conveyancers which is also a problem.</i>
Complex	Supply chain dependencies	<i>Everybody seems to have a supply-customer-type of need through the process.</i>
Complex	Supply chain dependencies	<i>I think the municipality leg is the worst.</i>
Complex	Supply chain dependencies	<p><i>Problems with municipalities:</i></p> <ul style="list-style-type: none"> ▪ <i>They don't know when you need clearances for rates and taxes</i> ▪ <i>Accounts have been outstanding that's been paid</i> ▪ <i>You only need to open the newspaper to see there is a huge problem there</i> ▪ <i>The registrar got problems with them and that is a whole government area that needs to be changed</i> ▪ <i>There are backlogs</i> ▪ <i>They're getting clearances on property figures that we don't even know the clients are not owing</i> ▪ <i>They're coming out with fictitious figures</i> ▪ <i>Encroaching on property. There is a whole street in Pretoria where each house is built encroaching on the next one's erf and they don't know how to fix it...town planning side</i>

Research Theme	Sub-theme	Respondent's response
Complex	Supply chain dependencies	<i>Any changes on the municipality on the planning side also impacts the conveyancing leg</i>
Complex	Supply chain dependencies	<i>The NHBRC is also a portion that affects the building loan. They're also a governance on their own.</i>
Complex	Supply chain dependencies	<i>Estate Agency Affairs Board side...they are looking at taking more and more conveyancing part onto their shoulders of the estate agent...the estate agents that can't even get it right where they are in this point in time.</i>
Complex	Supply chain dependencies	<i>The client experience...start off wrong right at the beginning.</i>
Complex	Supply chain dependencies	<i>They don't know their areas, they don't link in with the municipality to know what exactly is happening in their areas and they are not subject matter experts.</i>
Complex	Supply chain dependencies	<i>Estate late...the Master also impacts on the property doing the endorsement into the remaining spouse. Their processes are also really cumbersome, huge holdup...outside influences again.</i>
Complex	Supply chain dependencies	<i>So we're always governed by external. We're only the financiers...</i>
Complex	Supply chain dependencies	<i>We're not responsible to say what the square meterage of the house is, we rely on the municipality and the Deeds Office. When square meterage wrong in the title deed...you have to change the plans with the municipality to change the Deeds Office registers.</i>
Complex	Supply chain dependencies	<i>...but it's the dependencies of getting the client through the end-to-end process as quick as possible...because we don't earn any income until we've...got the client sorted out.</i>
Complex	Competition	<i>It is as if they always want to be ahead of the banks...</i>
Complex	Compliance	<i>The bank earns no income until the bond is registered in the Deeds Office.</i>
Complex	Impact of legislation	<i>We had to ensure that everything was aligned to NCA</i>
Complex		<i>I think from the bank's side it affected us in terms of what we could do for the client</i>

Research Theme	Sub-theme	Respondent's response
Cumbersome	Fraud	<i>We have our own fraud team here...you have to be a crook to catch a crook...</i>
Cumbersome	Fraud	<i>ID's are not the client's ID</i>
Cumbersome	Fraud	<i>The ID is so bad that actually you can sign them up as being the client</i>
Cumbersome	Fraud	<i>We find that it could have been a fraudulent syndicate that is going around.</i>
Cumbersome	Fraud	<i>Attorney...often they pick up the fraud and refer back to the bank</i>
Cumbersome	Fraud	<i>FICA has helped because you know with money laundering and everything else...</i>
Cumbersome	Knowledge	<i>I think there is such a lack of knowledge in the market now.</i>
Cumbersome	Knowledge	<i>...industry is dying out with the knowledge...</i>
Cumbersome	Knowledge	<i>...level of expertise. To me it's a huge threat right across the end-to-end home loans.</i>
Cumbersome	Knowledge	<i>...also the interpretation of what you're viewing, coming back to the knowledge factor.</i>
Cumbersome	Knowledge	<i>People don't like to stay in home loans because it takes too long to understand it.</i>
Cumbersome	Knowledge	<i>We've relooked at whether we've got specialists that deal with the estate agent bring the application in...</i>
Cumbersome	Knowledge	<i>...people that are entrenched that are getting older...</i>
Cumbersome	Knowledge	<i>Pockets of people that have got the industry knowledge</i>
Complex	Compliance	<i>When you're dealing with somebody that doesn't know what they're doing...that is why we rely on SLA's and start checking what's going on...</i>
Effectiveness	Reengineering	<i>We've reengineered a lot of our processes</i>
Effectiveness	Reengineering	<i>Municipality... somebody needs to go in and reengineer them</i>

Research Theme	Sub-theme	Respondent's response
Effectiveness	Reengineering	<i>...I think it is that huge area of municipalities and obviously they have merged into one another.</i>
Effectiveness	Reengineering	
Complex	Compliance	<i>I would probably say we're compliant to death, we had to be.</i>
Complex / Tedious	Compliance	<i>...we're trying to keep our own client these days rather than bring on new clients because it cost more money to bring on a new client on board...</i>
Effectiveness and Efficiencies	Management of effectiveness and efficiencies	<i>We do it by service level agreements which is set</i>
Effectiveness and Efficiencies	Management of effectiveness and efficiencies	<i>We manage our relationships well...</i>
Effectiveness and Efficiencies	Management of effectiveness and efficiencies	<i>...particularly going back to relationship...</i>
Cumbersome + Complex	Process inefficiencies	<i>Land claims are a huge problem. A third of the country is practically under claim</i>
Cumbersome + Complex	Process inefficiencies	<i>We don't know who really legally owns all those properties.</i>
Cumbersome + Complex	Process inefficiencies	<i>No 1 is municipalities</i>
Cumbersome + Complex	Process inefficiencies	<i>No 2 is land claims</i>
Cumbersome + Complex	Process inefficiencies	<i>The bank take back the property but we don't own it either</i>
Cumbersome + Complex	Process inefficiencies	<i>SARS...there can be an impact particularly if the client doesn't keep their SARS area up to date...</i>
Cumbersome + Complex	Process inefficiencies	<i>But the municipality leg is huge. Big. They've been on strike again recently.</i>
Cumbersome + Complex	Process inefficiencies	<i>We ate paper driven...even the ombudsman wants the documentation</i>

Research Theme	Sub-theme	Respondent's response
Cumbersome + Complex	Process inefficiencies	<i>...have to deal with multiple languages...I battle with the Afrikaans myself...when it comes to African languages we are going to have our challenges.</i>
Cumbersome + Complex	Process inefficiencies	<i>Moving into affordable housing...that will probably have its own challenges because you're dealing with a different market and client.</i>
Cumbersome + Complex	Process inefficiencies	<i>FICA...and it is not an easy process. The clients hate it, going in with lights and water accounts to prove who you are, where you are.</i>
Cumbersome + Complex	Process inefficiencies	<i>...but also it put pressure on the actual process</i>
Cumbersome + Complex	Process inefficiencies	<i>Originators were obviously dealing on behalf of the client. We couldn't verify the signature on the application because our application really was only received with the client when he signs at the attorney.</i>

Bank B seems to be more focused on process efficiencies and has introduced electronic interventions to better manage the process and supply chain dependencies. The bank also seems to be concerned about the apparent lack of knowledge in the industry.

6.5.1.3 Content Analysis of interview with Estate Agency Affairs Board

The Estate Agency Affairs Board is a body that manages and controls the conduct and training interventions of the estate agents who are registered with them in order to maintain standards for the profession. They are responsible for issuing fidelity fund certificates that enable an estate agency to practice.

Table 6.25: Content analysis of interview with the Estate Agency Affairs Board

Research Theme	Sub-theme	Respondent's response
Complex	Benchmarking	<i>Internationally it compares very favourably in so far as the PDE is concerned very favourably.</i>
Complex	Benchmarking	<i>Where the CPD, that's continuous professional development, is concerned there we lack very much behind many of the other international regulatory jurisdictions</i>
Complex	Benchmarking	<i>...but you will find that particularly in the developed countries like America, Australia and Canada, they have to do almost three times as much CPD as we're asked to do</i>
Complex	Benchmarking	<i>Because it is a new and innovative intervention for estate agents in SA we did not want to make it too onerous for them. We also again make it a transformation tool, so to ensure that the new entrants are kept abreast and are assisted and guided to make estate agencies successful</i>
Complex	Benchmarking	<i>...we looked at the legislation of Jamaica... they've got an incredibly, incredibly good legislative program for the regulatory estate agents</i>
Complex	Benchmarking	<i>We really are going to concentrate more on developing countries like Jamaica where we can learn a lot than the developed countries</i>
Complex	Benchmarking	<i>...when we go to their conferences in America usually... They learn a lot from us, because we are in the situation where they don't have the problem of transformation. They don't have the problem of educating new entrants who may be studying in a third language. They don't have these problems and so we are quite innovative. I think they learn more from us than we from them.</i>
Complex	Benchmarking	<i>The lesson that we're learnt is don't only look at the developed countries lets also look at developing countries and that is what we doing now</i>
Complex	Benchmarking	<i>Last year for instance we sent a delegation to Thailand and Malaysia who came back with brilliant information. That's the path we're going at the moment</i>
Complex	Compliance	<i>The very first thing is the estate agent needs to conclude the sale agreement properly and professionally</i>

Research Theme	Sub-theme	Respondent's response
Complex	Compliance	<i>Where the estate agent also plays a vital role is getting the documentation and having the document signed</i>
Complex	Compliance	<i>an estate agents actual functions and duties end when the sales agreement is concluded</i>
Complex	Compliance	<i>Give them an indication of how long the process will take</i>
Complex	Compliance	<i>They normally have a template which they design, which is a comparative market analysis</i>
Complex	Compliance	<i>They're not allowed to overreach. In other words they cannot tell you that your property is much more than they reasonably believe it to be simply to get the mandate</i>
Complex	Compliance	<i>parties agree on the insertion of some or other clause which may be new and innovative to an estate agent and they don't do it properly</i>
Complex	Compliance	<i>an estate agent cannot force a seller to use the service of a particular conveyancer</i>
Complex	Compliance	<i>The sector is overwhelmingly still white dominated. I think our last figures were something like 88% of the sector still comprises of whites</i>
Complex	Compliance	<i>In terms of our code of conduct, estate agents are not allowed to be paid the commission until registration of transfer</i>
Complex	Compliance	<i>in KZN where it is the buyer who appoints the conveyancer</i>
Complex	Compliance	<i>In every other province the seller appoints the conveyancer</i>
Complex	Compliance	<i>estate agents are not supposed to do valuations</i>
Complex	Compliance	<i>There is nothing wrong with estate agents doing one-off valuation, provided they don't charge for that service</i>
Complex	Compliance	<i>Remember they express an opinion and an opinion is an opinion. We don't mind estate agents expressing an opinion in terms of the code of conduct though</i>
Complex	Compliance	<i>Estate agents really have to abide with the ethical requirements of the code of conduct, be honest and have integrity</i>

Research Theme	Sub-theme	Respondent's response
Complex	Compliance	<i>Normally an estate agent got what they call a sole mandate which is a mandate granted solely to that estate agent... but the seller can him/herself also market the property for sale</i>
Complex	Compliance	<i>Sole and exclusive mandate exits the seller from the process, so even the seller is not entitled to sell his property</i>
Complex	Compliance	<i>The normal thing is that an estate agent will market a property after having obtained a mandate</i>
Complex	Compliance	<i>The other mandate you can get is an open mandate which estate agents don't like because an open mandate means that it is open to a whole gammat of different estate agents.</i>
Complex	Compliance	<i>Multi-listing mandate... The estate agent in the group that sell the property gets the commission but gives the introducing person a referral fee</i>
Complex	Compliance	<i>...the Board exercises has no jurisdiction or control over the obtaining of that NQF Real Estate qualification</i>
Complex	Compliance	<i>...the 2013 cut-off date, because there is a lot of confusion out there, is only in respect of those people who held a fidelity fund certificate on 15 July 2008. It does not apply to anybody else.</i>
Complex	Compliance	<i>The biggest exemption against a NQF level 4 and 5 qualification is what we call the equivalency exemption</i>
Complex	Compliance	<i>If they have a tertiary qualification such as a B Com, LLB, MBA with appropriate subjects they can get a full exemption from the NQF 4 and 5 depending on their qualification. That exemption does not apply however to the professional designation exam</i>
Complex	Compliance	<i>If they held a fidelity fund certificate for 5 years they were exempt from the professional designation exam.</i>
Complex	Compliance	<i>There were approximately 6500 of those people exempt from the PDE. Exemption from the PDE did not however grant exemption from NQF level 4 and 5 qualifications</i>
Complex	Compliance	<i>There is another exemption that we grant to estate agents that are 60 years of age and over. If they had held a valid</i>

Research Theme	Sub-theme	Respondent's response
		<i>fidelity certificate for 5 years and hold a current fidelity certificate they can apply for what we call an over-60 education exemption</i>
Complex	Compliance	<i>They have to compile a portfolio of evidence so that we can see what they basically do during their day to day functions as an estate agent, which is assessed. They are then called for an interview so that we can determine the veracity of what they have given us in the portfolio evidence and also determine whether they are fit and proper people to get the exemption. That exemption is a NQF exemption and a PDE exemption</i>
Complex	Compliance	<i>...we are probably going to make representation to the FSB for the regulation of bond originators.</i>
Complex	Compliance	<i>Prior to this date the examination consisted of a 40 multiple question examination paper</i>
Complex	Compliance	<i>Having passed that multiple choice exam, estate agents were then accredited to do all work of an estate agents, whether as a Principal or as a non-principal estate agent</i>
Complex	Compliance	<i>A new entrant coming into the sector cannot just immediately become an estate agent</i>
Complex	Compliance	<i>They have to become what we call an intern estate agent for a period of 12 months. During which time they act under the active supervision and control of a principal estate agent.</i>
Complex	Compliance	<i>There is a log book for these intern estate agents to keep</i>
Complex	Compliance	<i>...during that one year internship, they do the further education and training certificate Real Estate which is a NQF level 4... for non-principal estate agents</i>
Complex	Compliance	<i>The quality assurer of that NQF level 4 is a Services SETA. They ensure that the providers are properly set up, that the providers can deliver a proper educational service</i>
Complex	Compliance	<i>...the person will then come back to us with the certificate. They've now got NQ4. The next thing is what we call the professional designation exam which is the final summative assessment of practical competency as a non-principal estate agent</i>

Research Theme	Sub-theme	Respondent's response
Complex	Compliance	<i>...in terms of the SAQA laid down requirements. 30% of the time needs to be devoted to in classroom theoretical study and 70% of the time on on-the-job training. That is where the internship comes in</i>
Complex	Compliance	<i>While they're doing the NQF level qualification spending their 30% of time in classroom study, the 70% of the time that they are working as an estate agent, qualifies them for that practical on-the-job training</i>
Complex	Compliance	<i>Once they pass that professional designation exam they can now have a status upgrade, from an intern estate agent to a full status professional non-principal estate agent</i>
Complex	Compliance	<i>...their next qualification is a NQF level 5 and that is the National Certificate in Real Estate. They need to be certificated against that National Certificate in Real Estate. This they will do through one of these Services SETA accredited providers or RPL assessment centres</i>
Complex	Compliance	<i>Once they've got that NQF 5 qualification we can then issue them with the principal's fidelity fund certificate</i>
Complex	Compliance	<i>They are then given two years within which to do the professional designation exams for principals. Now they have gone through the whole educational process and all they have to do now is comply with professional development requirements.</i>
Tedious	Delays	<i>Talk about things like obtaining clearing certificates which is a terrible time consuming process in some metropolitan areas</i>
Cumbersome	Fraud	<i>we had problems with kickbacks being paid by conveyancers to estate agents for the referral of work</i>
Complex	Impact of legislation	<i>In terms of the Valuers Act, valuations are a specific profession reserved for registered valuers</i>
Complex	Impact of legislation	<i>on the 15 July 2008, the new education regulations that dealing with education for estate agents came into effect</i>
Cumbersome	Knowledge	<i>One of the things that we try and do..., is to educate estate agents on understanding the importance of concluding the sale agreement correctly so that it will reflect the party's intentions, so it is understandable and most important of</i>

Research Theme	Sub-theme	Respondent's response
		<i>all, legally enforceable</i>
Efficiencies	Process efficiency	<i>Sole mandate...does encourage the estate agent to spent more on the marketing effort and it rules out the possibility of double commission disputes</i>
Efficiencies	Process efficiency	<i>...the funny thing that we found is the people who fail PDE the most are those that were granted equivalency exemption... The estate agents that went through the NQF level 4 and 5 pass the PDE</i>
Cumbersome + Complex	Process inefficiencies	<i>I've seen quite a lot of sale agreements concluded that make no sense at all</i>
Cumbersome + Complex	Process inefficiencies	<i>Open mandate...We then have a problem when the property is sold; who was the effective cause of the sale</i>
Cumbersome + Complex	Process inefficiencies	<i>...sometimes consumers have really found themselves facing double commission disputes.</i>
Cumbersome + Complex	Process inefficiencies	<i>Estate agency what had happened it had become a job of last resort. A person who is retrenched, a person who has retired, a pensioner, one of these ladies of leisure, got tired of playing bridge every afternoon, became estate agents</i>
Cumbersome	Process risk	<i>We also have some problems in terms of our code of conduct</i>
Cumbersome	Process risk	<i>The conveyancer is actually acting for the seller and is paid by the buyer. That creates an inherent conflict</i>
Cumbersome	Process risk	<i>a property that is overpriced in the first place is very difficult to sell and a property that does not sell for quite a while becomes stigmatised</i>
Cumbersome	Process risk	<i>there are a lot of the estate agents who will overvalue a property purposely to get the mandate</i>
Cumbersome	Process risk	<i>Up to a few years ago the median age of estate agents was about 58</i>
Cumbersome	Process risk	<i>Who was forced into estate agency probably 75% of them</i>
Cumbersome	Process risk	<i>Bond originators are not regulated. They don't fit in anywhere at the moment, our view is that bond originators should be regulated by the Financial Services Board in terms of the Financial Services Intermediary Act</i>

Research Theme	Sub-theme	Respondent's response
Effectiveness	Reengineering	<i>We want to create an estate agency as a career of choice that appeals to youth. Youth, the woman and people with disabilities, because we feel a person with a disability can be just as good an estate agent as anybody else so we're trying to ensure that estate agencies are no longer regarded as a job of last resort</i>
Effectiveness	Reengineering	<i>Obviously this was not sustainable as we were moving into an era of (a) professionalisation and (b) transformation of the sector</i>
Complex	Supply chain dependencies	<i>I don't think an estate agent as such plays an active role as such in the conveyancing process</i>
Complex	Supply chain dependencies	<i>But an estate agent plays a very important facilitation role</i>
Complex	Supply chain dependencies	<i>conveyancers rely to a large extent on the information and documentation they receive from an estate agent</i>
Complex	Supply chain dependencies	<i>According to the lady from the Black Conveyancer Association, they rely to a large extent on estate agents to run around and get these things done, and to get them done properly and on time and first time</i>
Complex	Supply chain dependencies	<i>... the mandate of an estate agent by a seller is find me a purchaser for this property at a purchase price of Rx</i>
Complex	Supply chain dependencies	<i>Once the estate agent has located that purchaser and has concluded that transaction the estate agent has fulfilled the mandate</i>
Complex	Supply chain dependencies	<i>most estate agents now go the extra mile</i>
Complex	Supply chain dependencies	<i>Another very important role that the estate agent will play... they play an informational role as well</i>
Complex	Supply chain dependencies	<i>As the parties are agreeing and signing up that sale agreement the estate agent will generally tell them what the conveyancing process is</i>
Complex	Supply chain dependencies	<i>Obviously it is their best interest to facilitate the transfer to get their commission as quickly as possible and basically that is where they come in</i>
Complex	Supply chain	<i>At least the parties go into the whole transfer situation</i>

Research Theme	Sub-theme	Respondent's response
	dependencies	<i>aware of what is going to happen. Aware of the possible time lags, aware of the fact that there could be different parties involved</i>
Complex	Supply chain dependencies	<i>Because on the normal sale agreement... there will be three conveyancing attorneys</i>

The interview with the Estate Agency Affairs Board (EAAB) reflected that compliance is a major focus of the profession. Benchmarking is also important for the EAAB and they have undertaken international benchmarking initiatives. They are very aware of process inefficiencies and process risks, and do their best to manage these to the best of their ability. As per the Estate Agency Affairs Board interview, the new NQF qualification for estate agents is receiving priority at the moment.

6.5.1.4 Content Analysis of interview with Services SETA

The Services SETA is responsible for skills development in the services sector. They have been very involved in the up-skilling and training of estate agents in terms of the new NQF professional qualifications that have been put in place for the industry.

Table 6.26: Content analysis of interview with Services SETA

Research Theme	Sub-theme	Respondent's response
Complex	Compliance	<i>We are in existence because of the Skills Development Act, which defines where our role in education and training and stipulates other various roles that the SETA will do</i>
Complex	Compliance	<i>we will fund from training in very intermediary programmes like the NQF level 4 Real Estate qualification</i>
Complex	Compliance	<i>You will find up a qualification at a university level, a Masters or a PhD, often an individual within an entity</i>
Complex	Compliance	<i>I think in the next 5 years we will probably monitor very closely how many new entrants have come in and how are they finding the industry.</i>
Complex	Compliance	<i>There is a monitoring site visit that is done on an annual basis</i>

Research Theme	Sub-theme	Respondent's response
Complex	Compliance	<i>...every time they upload learner achievements and we have to validate that indeed the process was followed.</i>
Complex	Compliance	<i>...we will send a verifier out to go and validate these details. And the verifier will then come back to us and say yes they are indeed competent or no they are not competent because the assessor who was assessing didn't look at a, b and c. So we will be back for mediation</i>
Complex	Compliance	<i>The system is quite strict and we just hope that people can understand that this is the qualification and it has credits</i>
Complex	Compliance	<i>And people say that it is a gatekeeping by the Estate Agency Affairs Board and SETA is not helping and we are killing their businesses. No we're not. At the end of the day we have a responsibility to also protect the consumer because the consumer</i>
Complex	Compliance	<i>...our people being more responsible in terms of compliance making sure the service they provide to the consumer is of quality</i>
Complex	Impact of legislation	<i>In terms of the Skills Development Act any employer paying, with the payroll exceeding R500 000, is expected to pay a skills development levy of 1% every month on an annual basis or monthly basis to SARS. When the levies are collected from SARS, it's directed back to us. In terms of us, we're then given a mandate basically in terms of how we can use the funds</i>
Complex	Impact of legislation	<i>the real estate agency has got a regulator that is the Estate Agency Affairs Board, which has got an act, the Estate Agency Act of I think 1975.</i>
Complex	Impact of legislation	<i>If you know, how the SAQA Act stipulates accreditation, you go to the SETA or the Quality Assurance Body, you apply for accreditation. And there's criteria that you must meet. You must have industry experts who are assessors and moderators, who are familiar with the subjects that are to be taught. They must have one level above what they are assessing or facilitating</i>
Complex	Impact of legislation	<i>We are a regulating body and we must play our regulatory function as given in the Act.</i>
Cumbersome + Complex	Process efficiencies	<i>But with the youngsters that we funded we can see the value from their side in terms of going through the</i>

Research Theme	Sub-theme	Respondent's response
		<i>education</i>
Cumbersome	Process risk	<i>You know this is one of the easiest industries to get into</i>
Cumbersome	Process risk	<i>...because of the nature of the industry an average age of 60, and with this average age most people are finding it as a second option to life, type of career</i>
Cumbersome	Process risk	<i>The industry is not attracting young talent they are just not attracting young talent.</i>
Cumbersome	Process risk	<i>Whether blue, green, yellow, we're just not attracting young talent That is one of the challenges within the industry.</i>
Cumbersome	Process risk	<i>The other challenge is the supply side in terms of the education</i>
Cumbersome	Process risk	<i>We have a challenge, we have a challenge with the training providers.</i>
Cumbersome	Process risk	<i>Now with an industry where there was no qualifications before it's hard to find these people</i>
Cumbersome	Process risk	<i>Again you're left with very few people because people didn't prepare themselves towards that type of regulation</i>
Cumbersome	Process risk	<i>So there are all those things that are factors. Now you would know there is a big problem at university level, the qualification of real estate is only supplied by is WITS, University of Pretoria, UCT... Then we have the University of Technology</i>
Cumbersome	Process risk	<i>Of the 4 we are supplying property developers, we are supplying business analysts of the back level, we are supplying all sorts, you're not really getting the skills sectors acquired</i>
Cumbersome	Process risk	<i>Also the other problem we have is with the education dispensation. Now Higher education is not talking to each other and you go from a SETA qualification to a NQF4... do you recognise the two levels that I've got? No! Why? Why? Its accredited</i>
Cumbersome	Process risk	<i>And recognition of prior learning; it's a big challenge. It is a big challenge. So I think it's something the ministry is looking in to.</i>

Research Theme	Sub-theme	Respondent's response
Cumbersome	Process risk	<i>So you will find that sometimes learners don't get their qualifications because we've asked them to go and remediate</i>
Effectiveness	Reengineering	<i>We need to continuously work together in terms of professionalising the sector, determining qualifications, determining what is the way forward for the sector, looking at continuous development for the sector for estate agents</i>
Effectiveness	Reengineering	<i>A lot of lawyers were the ones that were starting estate agencies because they were working within the industry and then they saw the opportunities within the industry and made use of them</i>
Effectiveness	Reengineering	<i>I think the industry will shape itself in the next 4/5 years and looking at younger fresh talent coming into the industry.</i>
Complex	Supply chain dependencies	<i>Because of the services it is so big we have at least 16 sub sectors that we are dealing with and part of the 16 sub sectors it is the real estate industry</i>
Complex	Supply chain dependencies	<i>The Real Estate industry is then classified in different specialisations... Real Estate is one of the 8 sec codes, we call them sec codes.</i>
Complex	Supply chain dependencies	<i>So what makes it easier on us is that focus less on looking at the sector, we focus on looking at the people within the sector. Looking at the occupations within the sector, so you get an estate agent, you get a principal estate agent, you get almost 20, over 30 different occupations within the sector.</i>

The interview with the Services SETA indicated that they are not involved with estate agents beyond the current NQF training initiative.

6.5.1.5 Content Analysis of interview with mortgage originator

An interview was conducted with the oldest mortgage originator in SA. They have a national footprint and concluded contracts with the four major banks and Investec Bank.

Table 6.27: Content analysis of interview with a mortgage originator

Research Theme	Sub-theme	Respondent's response
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Research Theme	Sub-theme	Respondent's response
Complex	Competition	<i>MO from day one didn't have one cent of debt so I think we came out er the better of the pack</i>
Complex	Compliance	<i>SA home loan transactions which we do er totally for free...because we don't have an agreement with them</i>
Complex	Compliance	<i>First round of approval our strike rates are currently 45% of all deals are granted within the first round and then we start arbitrating transactions and our current conversion rate is then 67% after we finished with the bond</i>
Complex	Compliance	<i>If a client goes directly with a bank the current conversion rate in their world differs between uhm 41% and and and and 43%.</i>
Complex	Compliance	<i>so it's not only by just filling in a form and submitting the application. It's far more, it's far more complex</i>
Complex	Compliance	<i>So you get a final quotation from the bank. That you have to discuss with the client in detail</i>
Complex	Compliance	<i>...we prompt now more than ever that if there is a potential client out there start looking for properties that we already do a, go through a pre-qualification process.</i>
Complex	Compliance	<i>...pre-qualification... it's a full blast interview. So it's interviews, it's I.D's, it's payslips, it's bank statements</i>
Complex	Compliance	<i>Physical pre-qualification, we sit with the client, do the ID, the payslip, the bank statement, the physical interview we, it varies between 4 – 8 a day.</i>
Complex	Compliance	<i>And we do not submit applications if the client uhm uhm did not sign the interview form, or the client did not sign the final quotation, the final approval that he he accepts it</i>
Complex	Compliance	<i>...we don't get paid unless the bond registers. Nobody gets paid. Uhm. Not the attorney, not the agent, not the originator.</i>
Complex	Compliance	<i>So we only get paid after registration. So we are uhm involved up until the registration of the bond</i>
Complex	Compliance	<i>So we make sure that the instruction uhm goes out to the attorney,</i>
Complex	Compliance	<i>...obviously the client has to sign and give us approval to</i>

Research Theme	Sub-theme	Respondent's response
		<i>do that. To draw his score card and his payment profile of the specific client.</i>
Complex	Compliance	<i>...very well regulated by the banks because all our contracts with all the different banks are very strict</i>
Complex	Compliance	<i>...quality plays a huge role so all our contracts are also linked to quality and and and conversion.</i>
Complex	Compliance	<i>...if there is any irregular uhm irregularities that's hanging or that the bank picks up, we can lose our contract like this (click of the fingers).</i>
Complex	Compliance	<i>...sometimes it's very frustrating but also very conservative if it get to, you know, smaller than "narrow" and you stay on the tar road and you don't go into the gravel roads.</i>
Complex	Compliance	<i>...if you buy, below 1.5 million and you're a very good client, you would be able to get 100% bond.</i>
Complex	Compliance	<i>It's above 1.5 then we need a 10%. Or not us the bank need er requires a 10% deposit.</i>
Complex	Compliance	<i>...previously you could register up until 4 units on one bond. Now you can't.</i>
Complex	Compliance	<i>...every banks got their own criteria and their own rules and regulations</i>
Complex	Compliance	<i>So you have to pre-valuate every single development and get a certain exposure at a specific bank before they can start selling, before they can think about a sole mandate to give to an estate agent</i>
Complex	Compliance	<i>As long as the client has signed upfront authorisation that Bank B,C and D can see my statements from Bank A... So that's gonna smooth the process.</i>
Complex	Compliance	<i>And that also influence their turnaround time which could determine if they're still gonna be on that banks' panel.</i>
Tedious	Delays	<i>There's a lot of bottle necks</i>
Tedious	Delays	<i>there are so many things that could, that could bottle neck the transactions.</i>

Research Theme	Sub-theme	Respondent's response
Tedious	Delays	<i>I'm sure you're aware that all the estate agents needs to uhm get qualified to a certain period... apparently they extended the date again... so they got a little bit more time to to to qualify.</i>
Tedious	Delays	<i>I also believe there are a lot of fly by nights, a lot of rookies that have no clue what they are doing. They just sign offer, offer, we talk about OTP's, Offer To Purchases, left right and centre, and then make it our problem to get the applications through.. And sometimes it's a dead horse before you start</i>
Tedious	Delays	<i>It could be an estate late transaction. Now that could take up to 6 / 12 months. Uhm that could be a bottle neck in the, in the, in the transaction.</i>
Tedious	Delays	<i>...the uhm husband and wife, sellers, were married in community of property. Mom passed away a year ago... nothing can go nowhere because the transfer needs to take place first before we can even apply for a bond.</i>
Tedious	Delays	<i>...if the stand number doesn't because the minute I apply on on on on the system, for example to Bank A and that stand number doesn't collate with Bank A's deeds search they did, the application stops right there.</i>
Tedious	Delays	<i>So it could be that the offer to purchase has been filled in incorrectly</i>
Tedious	Delays	<i>It could be uhm uhm the agent put the wrong, this happened the other day, the agent had the wrong stand number. Or the unit number of a complex.</i>
Tedious	Delays	<i>So bottom line is, you "can" that bond, you start all over again. You can't change just the unit number.</i>
Tedious	Delays	<i>...that potential buyer, which we assisted, which was a border line case went bananas on his credit card, didn't pay his Edgars in the meantime, now we re-applied again, now it's declined.</i>
Tedious	Delays	<i>I can keep you here until next week this time to tell you all the different things that can go wrong</i>
Tedious	Delays	<i>And there's so many bottlenecks e.g. developments. You cannot finance in a development unless all the banks have approved the development upfront. It's a huge</i>

Research Theme	Sub-theme	Respondent's response
		<i>process.</i>
Tedious	Delays	<i>...and then if the developer decides on nee, he wants to increase the price with R5, and we have already done the pre-valuation, the transaction will be granted in principle but will go no further because the price has now changed.</i>
Tedious	Delays	<i>It could be that we don't find valuation.</i>
Tedious	Delays	<i>...in the old days the valuer made an appointment, the agent or the seller wasn't there, or they missed each other, now it's taking another 2 days to do a valuation</i>
Tedious	Delays	<i>I hear them moaning and groaning as far as I go...previously where after instruction the attorney will know prepare the documentation for lodging, submitting applications that was granted they these days cant submit unless they get the green light from the bank and that could take a month and a day.</i>
Efficiencies	Electronic interventions	<i>...obviously the instruction with the attorney goes out electronically</i>
Efficiencies	Electronic interventions	<i>...our systems are so jacked up and "ricked" that all if I press the enter button, here it pops up immediately at the four different major banks as well as RMB and Investec as well.</i>
Efficiencies	Electronic interventions	<i>So everything is electronic and out systems are built in such a way that you can't go to the next field unless you have not filled out the previous field.</i>
Efficiencies	Electronic interventions	<i>...and then obviously your electronic systems, eh eh computers.</i>
Efficiencies	Electronic interventions	<i>...when I submit say for example an Bank A client, the client signs a XDS form, where, and I submit to Bank B as well, then Bank B could see the Bank A Bank statements. So that's gonna shorten the process... so in three years' time hopefully</i>
Efficiencies	Electronic interventions	<i>Secondly that's already busy which they use hugely, they call it desk valuations. So the valuer does not have to go out</i>
Efficiencies	Electronic	<i>It's according to SAPTG, Lightstone etc. They obviously Google. They go into Google and see and specifically in</i>

Research Theme	Sub-theme	Respondent's response
	interventions	<i>complexes that assists hugely, that assists hugely</i>
Efficiencies	Electronic interventions	<i>Knowledge and electronic systems. Ja. IT, that's the IT part.</i>
Efficiencies	Electronic interventions	<i>I'm sure there's always space for improvement... They've changed the attorney processes and computers and IT like a 360 degrees since I've been there 10 years ago</i>
Complex	Impact of legislation	<i>immediately after the uhm the NCA came in June 2008, everything changed rapidly</i>
Complex	Impact of legislation	<i>...new thing that came in that the client at any stage, the potential buyer or the buyer at any stage can pull out and say that the agent didn't tell him about this or there were hidden clauses, or the roof leaked and now he doesn't want the property anymore and now he wants, uhm damages paid out.</i>
Cumbersome	Knowledge	<i>your knowledge must be top notch, uhm you must know exactly how to position a transaction</i>
Cumbersome	Knowledge	<i>you have to be able to read financial statements, use financial calculators, etc. etc.</i>
Cumbersome	Knowledge	<i>you have to have er a huge and a wide variety of knowledge today to be able to submit an application</i>
Efficiencies	Process efficiencies	<i>...the role of the bond originator basically is to take all the paper work out for the potential buyer. In other words that the the, the potential buyer goes from branch to branch into different banks and apply for their own bonds.</i>
Efficiencies	Process efficiencies	<i>With us it's convenient, quickly and easier, and far less a turnaround time and take all the hassle out of a out of a bond application.</i>
Efficiencies	Process efficiencies	<i>...we look at to see what is the best possible transaction we could put on the table for the client</i>
Efficiencies	Process efficiencies	<i>...loan to valuation as well as the best possible rate</i>
Efficiencies	Process efficiencies	<i>In fact, I have a consultant that is just focusing on pre-qualifications.</i>

Research Theme	Sub-theme	Respondent's response
Efficiencies	Process efficiencies	<i>... we get that show house list and then we phone the clients and see how we could assist</i>
Efficiencies	Process efficiencies	<i>... the originator can take so many problems out of the process going forward</i>
Efficiencies	Process efficiencies	<i>So that's a lot of stuff we do up front to help and assist the... potential client... then there's far less disappointment at the end of the day</i>
Efficiencies	Process efficiencies	<i>When an application goes into the bank the client gets a score card. Now the score and that was a guide line of the scoring as well.</i>
Cumbersome + Complex	Process inefficiencies	<i>Now, it's not necessarily a bad neighbourhood but neighbour on the left hand side and neighbour at the back and neighbour across the street didn't pay their bond, their property was sold on an auction for far less now it brings down everything down.</i>
Cumbersome	Process risk	<i>Back to your question of the recession. Obviously it did. It it it played a huge role but I also said at that stage er it might be heart sore and it was very tough out there</i>
Cumbersome	Process risk	<i>... the seller is not necessarily going to sell it at that price because he's got an amount and a figure in his head.</i>
Cumbersome	Process risk	<i>... also knowledge, I'm telling you now is a huge, is a huge factor. Most definitely knowledge. Uhm "in all ..." there are so many pitfalls in a uhm estate agency world</i>
Cumbersome	Process risk	<i>Your agents need to be knowledgeable and now I'm talking about serious knowledgeable, as well as your originators.</i>
Effectiveness	Reengineering	<i>... all those originators that popped up like mushrooms and everybody thought if they can just spell the name bond they would be able to do a bond and it's now far more a professional game.</i>
Effectiveness	Reengineering	<i>And obviously we did diversify. We not only did home loans.</i>
Complex	Supply chain dependencies	<i>... and they give us then also feedback, on uhm on those transactions at the different attorneys and where are they in uhm in a specific process and so we take it up until registration</i>

Research Theme	Sub-theme	Respondent's response
Complex	Supply chain dependencies	<i>...not only originators but aggregators. Now an aggregator is someone that don't have a direct contract with the bank but use bigger originators contract to aggregate. Now those ones, you can't necessarily uhm monitor.</i>
Complex	Supply chain dependencies	<i>...then we are the piggy in the fairy tale because we can't make this work.</i>

It is clear from the interview that mortgage originators become involved with a transaction from the beginning of a mortgage transaction. In fact, they are sometimes involved in the buyers' pre-qualification process, even before a property has been identified to purchase. The mortgage originators also play a crucial role in new property developments where a new township needs to be proclaimed, long before the units are sold to end customers. The mortgage originators follow through on the transaction until the transfer of ownership to the buyer has been completed. As a result, it seems as if mortgage originators are able to play a bigger, more formalised role in the end-to-end conveyancing process.

Figure 6.6 on the following page, sets out the delay reasons that have been put forward by the different respondent groups in the questionnaires. These delay reasons play out in the capacities of all the different role players involved in the end-to-end conveyancing process, whether intentional or not. It also illustrates the bottlenecks and delays extracted from the content analysis of the different interviews (Section 6.5.1).

Figure 6.6: Bottlenecks in the SA conveyancing processes

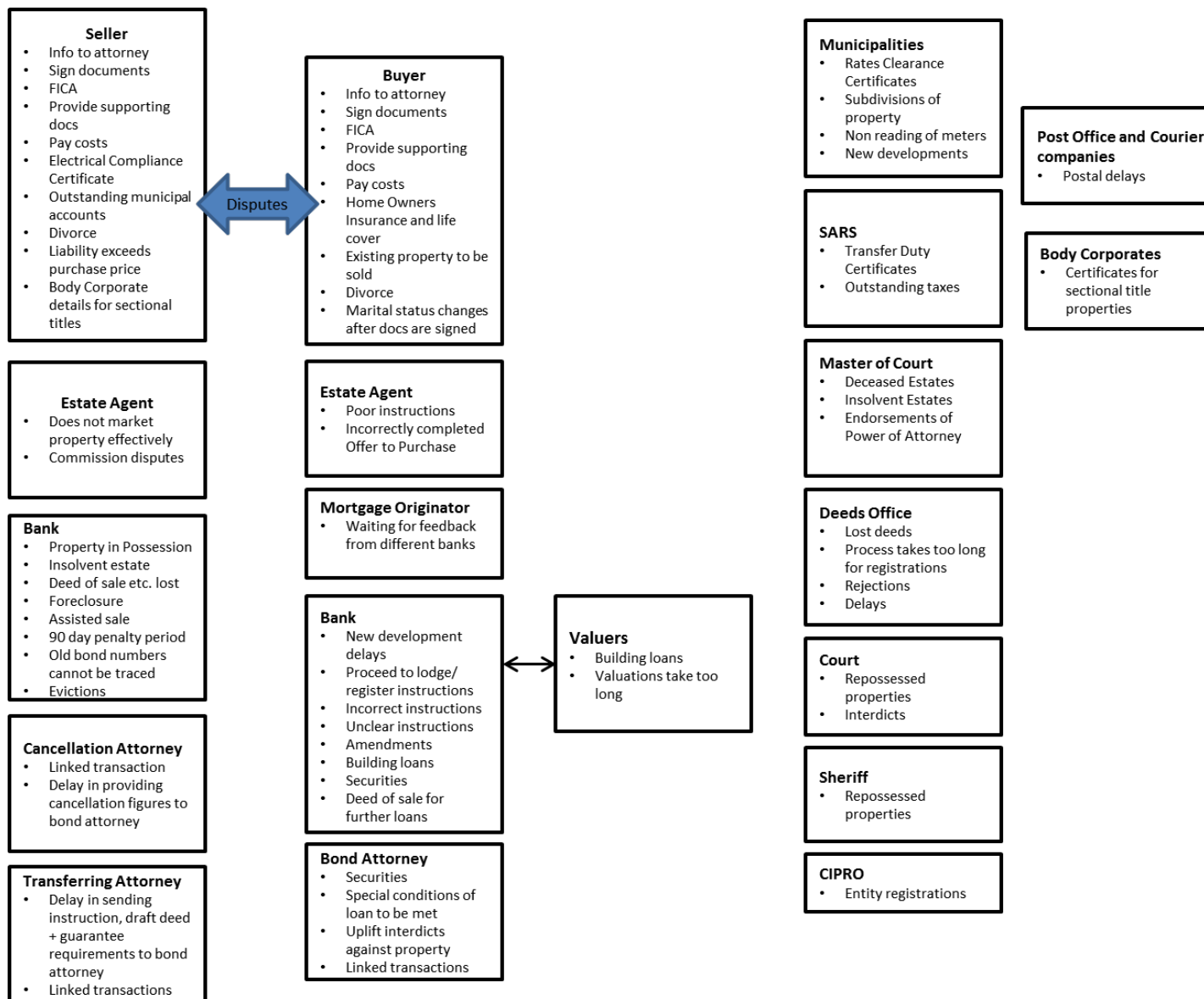


Figure 6.6 illustrates that bottlenecks occur throughout the end-to-end conveyancing process. It is clear that each entity manages their own processes only, with little regard for the processes of others, unless those actions or processes are regulated by a service level agreement. Taking into account the role that mortgage originators play in the property process in The Netherlands, it seems appropriate to propose that the mortgage originators in SA take accountability of managing the property transactions throughout the service chain until property transfer of ownership has been completed by means of registration in the Deeds Office. Furthermore, a further recommendation is the introduction of integrated electronic systems to increase transparency in the process to all stakeholders involved. An interfaced system will assist in sharing common information among the various stakeholders; it will increase communication exchanges, as well as decrease the common errors by the different role players across the property service chain.

The following Figure 6.7 on the next page sets out the delay reasons as per Table 6.6 as they occur among the different role players. It is based on the process flow depicted in Figure 6.6 as well as the content analysis of the interviews (Section 6.5.1). They have been grouped under main headings for ease of reference.

Debottlenecking framework

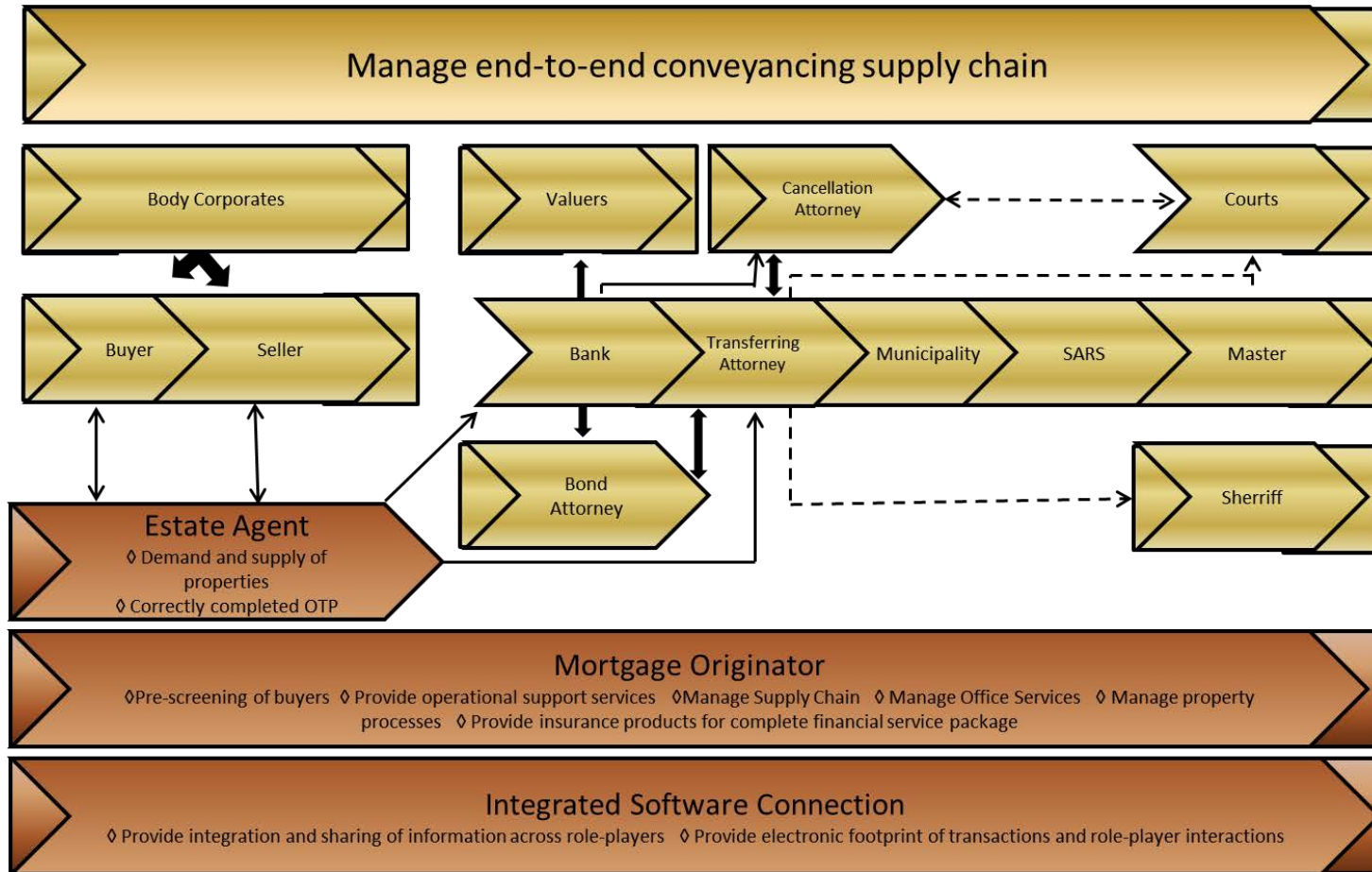


Figure 6.7: Proposed framework for improving conveyancing processes in South Africa

Source: Own work

6.6 SUMMARY

This chapter presented the data that were gathered in this mixed-methods study which was conducted with six respondent groups within the conveyancing process in South Africa. The first section focused on the data gathered from literature. The second part focused on quantitative feedback received via surveys. The third part of the chapter focused on the qualitative feedback received from interviews conducted with two of the four major banks in SA, The Services SETA, The Estate Agency Affairs Board and a mortgage originator. Chapter 7 will conclude the study.

CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

7.1 OVERVIEW

Chapter 6 presented the data that were collected for this study. The purpose of this study was to investigate the SA conveyancing process to identify aspects that could improve the effectiveness and the efficiencies of the process. The study was conducted in the epistemological paradigm.

The population consisted of estate agents, mortgage originators, buyers, sellers, banks and conveyancers who have been involved in property transfers. A purposive sample was used which consisted of respondents with subject knowledge and experience with regard to property transfers. Questionnaires were developed for each respondent group. In addition, interviews were conducted with two of the four major banks in SA.

The responses to the questionnaires were captured on the Lime survey and SPSS was used to calculate statistical data. Descriptive statistics were used to analyse the quantitative data obtained from the questionnaires. Content analysis was used to analyse the qualitative interviews conducted with the two banks.

7.2 INTRODUCTION

Chapter 1 provided an overview of the background to the study, the problem statement, primary and secondary research objectives and research method used in the study.

Chapter 2 formed part of the literature review for this study. This chapter looked at business management concepts that relate to processes, business process reengineering, supply chain management, total quality management and operations management.

Chapter 3 focused on the general conveyancing process and went on to discuss the conveyancing process in SA.

Chapter 4 focused on conveyancing processes in international practice. The conveyancing processes in Barbados, The Netherlands, Australia and Taiwan were discussed. It further also looked at innovative developments in these countries that

pertain to electronic conveyancing. The processes of these four countries were contrasted with each other and an international framework was developed that is based on the common steps in the conveyancing processes in these four countries.

Chapter five outlined the research design that was used in this research. It outlined the quantitative and qualitative methods that were used to gather data, the method of data analysis, research ethics and the delimitations of the study.

Chapter 6 reported on the data and the findings of the six respondent groups that were used in the study. The data included descriptive statistics based on the quantitative data gathered and content analysis for the qualitative data that was gathered.

This chapter summarises the findings, and outlines the delimitations of the study. It also contains a process improvement framework that was developed from feedback received from the respondent groups that participated in the study. The chapter further outlines recommendations for future study.

The main research statement for this research is that the conveyancing processes in SA involve cumbersome (i.e. difficult to use or deal with because of length or complexity), tedious (i.e. continuing for too long; monotonous) and complex (i.e. made up of many interrelated parts) transactions.

The main objective was to investigate the SA conveyancing systems with a focus on how to improve the efficiency (i.e. producing a specified effect) and effectiveness (i.e. achieving results without waste of time or effort) of the conveyancing processes so that the South African context can adhere to innovative global practices.

The secondary empirical research objectives were to:

1. Identify issues and factors that influence the transactions necessary for the conveyancing processes to be completed in order to assess the end-to-end conveyancing process
2. Identify the bottlenecks within the South African conveyancing processes
3. Determine a process improvement framework to improve the efficiency and effectiveness of the conveyancing processes in SA

The first part of this chapter focuses on interpretations that can be made from the data that were gathered and presented in Chapter 6. The chapter continues to discuss the findings, which include a conceptual model for conveyancing processes in SA.

7.3 INTERPRETATION OF RESULTS

According to the *Doing Business* (DB) website, South Africa is ranked 79th in 2013 and takes 23 days to finalise an immovable transfer transaction. When assessing the steps recorded by the website for the conveyancing in the various countries that were studied (See Table 6.1), Taiwan reflects the shortest process with the fewest steps, which include half of the steps outlined by the same website for the South African process. Taiwan is ranked 32nd, which places it 47 places above SA in the rankings. The DB states that the Taiwan process takes five days. It appears as if the number of steps involved in the process has a direct impact on the ranking, as well as the number of days it takes for a transaction to be finalised.

The literature showed that conveyancers in Barbados need to advertise the sale of a property and that the title needs to be proven, namely, ownership traced from owner to owner, for at least 20 years. This all seems to account for the 154th ranking and 153 days that the DB website records for property transfer in Barbados.

According to the questionnaire responses, the majority of transactions in SA register within three months from the time of submission. This is not quite in line with the DB website figures. Delays are also an issue that is mentioned across the board. Table 6.22 sets out the reasons for delays that were collected via the questionnaires. Many of these delays, whether intentional or unintentional, are caused by banks, attorneys and buyers and/or sellers. The interviews also confirmed numerous delays, such as municipal clearance certificates, estate transfers via the Master of the Court, insolvency transfers and new developments that need to be proclaimed as a new township by the Municipality in that region.

Mortgage Originators in SA are not regulated by any professional body; however their agreements and contracts with the various banks are strictly managed. This ensures compliance to certain behaviours and processes. In the Netherlands, the mortgage

originator is regulated by a professional Body and is also regulated by government. The mortgage originator is responsible for the insurance that a buyer is required to have. In other words, the total financial facilitation role is played by this person in the Netherlands. This assists in streamlining the process to a large degree, as fewer role players are necessary. The accountability of the mortgage originator is also increased. Different levels of training and assessment allow for the selling of specific product types by these agents in the Netherlands. In SA, the Estate Agency Affairs Board (EAAB) has embarked on rolling out such an initiative for estate agents. Perhaps the same type of regulation in the mortgage origination arena would be of value in SA.

It is also clear that service level agreements are used by banks to control the actions and processes of the role players that they interact with in the conveyancing end-to-end process.

7.4 FINDINGS

The main objective was to investigate the SA conveyancing systems with a focus on how to improve the efficiency and effectiveness of the conveyancing processes, so that the South African context can adhere to innovative global practices.

The empirical research objectives were to:

1. *Identify issues and factors that influence the transactions necessary for the conveyancing processes to be completed*

Figure 3.7 illustrates the steps that are followed in the SA conveyancing process. Table 4.2 is an international framework that was compiled, based on the conveyancing processes followed by Barbados, The Netherlands, Australia and Taiwan.

2. *Identify the bottlenecks within the South African conveyancing processes*

Figure 6.1 sets out the reasons for delays that have been accumulated from the feedback received from the different respondent groups of the surveys.

3. *Determine a process improvement framework to improve the efficiency and effectiveness of the conveyancing processes in SA*

Figure 6.7 illustrates a proposed framework to improve the conveyancing processes. It is based on the bottlenecks and delay reasons extracted from Figure 6.6 and the content analysis of the different interviews (Section 6.5.1).

7.5 IMPLICATIONS TO THE DIFFERENT ROLE PLAYERS IN THE PROPERTY SERVICE CHAIN

7.5.1 INTERNATIONAL DATA FROM THE LITERATURE REVIEW

According to the DB website, SA is ranked 79th on the list. A comparison of the SA process steps (Figure 3.7) and the conceptual international framework (Table 4.2) indicates that the SA conveyancing process does not have additional steps to follow, other than what is deemed necessary for the four countries included in this study.

7.5.2 SURVEY DATA

7.5.2.1 BUYERS

More than 70% of the buyers that completed the survey are between the ages of 26 and 45. This may indicate the age that buyers become financially able to afford purchasing their own property. It may also be indicative if a growing family that need a different type of property. Of the buyers, 88% applied for a loan to finance the purchasing of the new property. The survey indicates that 88% of the buyers did not have to sell an existing property before they could purchase the new property. Also, 64% of the buyers did not apply for any condition of the loan to be reconsidered. This means that there were no undue delays to extend the turnaround time of the application. The majority of the buyers (58%) signed their documents with the conveyancer between 2-7 weeks after the attorney had been instructed. This could indicate that the conveyancer collects all the relevant documentation before a client comes to sign, or that the attorney delays the transaction and only starts working on it 2-7 weeks after he/she has received the instruction to register a bond. Of the buyers, 45.7% and 50% did not know how long their rates clearance certificates and tax clearance certificates respectively, took to obtain. This may indicate that buyers were not kept informed of the entire process, or that they simply did not take an interest in external factors that affected their application turnaround time. Sixty-one per cent of the transactions registered within two to three

months from the time that the offer was made to purchase their property. Obtaining rates clearance certificates, lack of communication and lack of knowledge was cited as some areas in which the property transfer process can be improved.

7.5.2.2 SELLERS

Sixty-six per cent of the sellers who completed the survey are between the ages of 26 and 45 years. This could indicate that sellers in this age bracket sell their property to acquire a larger property for a bigger family. It could also mean that sellers are able to afford a more expensive property and sell their existing home in order to acquire a property more suited for their lifestyle and needs. Sixty-six of the sellers indicated that their property stayed on the market for one to six months before selling, and 59% stated that one to ten buyers viewed their property before they received an offer to purchase. Of the sellers, 83% did not have another property linked to the sale transaction, which meant that the transactions were not unduly delayed as a result of that. Of the sellers, 72% provided the attorney with an electrical certificate within one to six weeks. Thirty-six per cent and 50% did not know how long it took for rates clearance and tax clearance certificates to be received. This is more or less in line with the results reflected by buyers. It may indicate that sellers were either not informed of such progress, or that they simply did not take an interest in knowing the extent of external stakeholder influence on the property process. Sixty-nine per cent of the sellers indicated that the property transfer took place within two to three months from the time that the loan was approved. Of the sellers, 78% signed their documents with the conveyancer within one to six weeks after the loan was approved. This may indicate that the conveyancer only starts to work on the transaction within one to six weeks of receiving the instruction from the bank, or that the attorney had collected all the relevant documents and may be able to lodge. These conclusions are drawn with regard to feedback received from the conveyancers' survey. These aspects were not tested in the survey. Informing all parties of the requirements and expectations, a proper understanding of the role player processes, an increased urgency by conveyancers and improving the municipal clearance process were some aspects noted by sellers that would improve the property transfer process.

7.5.2.3 ESTATE AGENTS

Of the estate agents who completed the survey, 58% are between the ages of 26 and 55 years. This age difference shows a distribution between young estate agents who may have chosen estate agency as a career, versus older estate agents who may have chosen the industry after retirement. The statistics somewhat contradict the perception that the estate agency industry has been largely dominated by older agents, as stated in the interviews with the Services SETA and the Estate Agency Affairs Board. Seventy-nine per cent of the estate agents indicated that properties stay on the market for an average of one to six months. This is in line with the observations from the sellers. Eighty-four per cent of the estate agents indicated that 1-20 properties are viewed by buyers before a property is sold. This also seems longer when compared to the figures given by buyers. The same percentage of estate agents also stated that linked property transactions (where the sale of one property is dependent on the sale of another property), make up 6-30% of the transactions they deal with. This figure is also much higher than the figures stated by buyers and sellers. Seventy per cent of estate agents indicated that up to 10% of the properties they sell are sold for cash. This seems to be in line with the buyer and seller observations. Of the estate agents, 73.7% indicated that mortgage originators become involved in the transactions of properties they have sold. This is significant and proves to be in line with the conceptual model in Figure 6.7.

Just more than 42% of the estate agents indicated that up to 10% of their transactions receive reconsiderations, 15.8% indicated up to 20%, 10.5% indicated up to 30% and 10.5% indicated that more than 50% of their finance applications receive reconsiderations. This may indicate that applications for finance may be of poor quality (i.e. not prepared properly), or the clients are perhaps not qualified properly upfront. Reconsideration means that the same application is assessed again, possibly with new information that was not submitted in the initial application. Of the estate agents, 57.9% indicated that valuations take more than 15 working hours to be completed. According to interviews with banks and a mortgage originator, valuers make use of Lightstone and SAPTG figures to do valuations, which implies that they no longer do site inspections for all properties. As a result, the turnaround time for valuations should have shortened. Fifty-three per cent of the estate agents indicated that it takes between two to three

months to register a new loan application, which is in line with the data obtained from buyers and sellers.

7.5.2.4 MORTGAGE ORIGINATORS

Thirty-three per cent of mortgage originators indicated that they encounter linked property transactions 6-10% of the time, 16.7% indicated 11-20%, and 33.3% indicated 21-30% of the time. This is slightly higher than the other role players. However, mortgage originators apply for finance to banks on behalf of buyers and would probably have more accurate information at hand than the other role players. A third of them indicated that 11-20% of their applications receive reconsiderations, half indicated that 21-30% receive reconsiderations and 16.7% indicated that 31-40% of their total applications receive reconsiderations. A reconsideration is done before the conveyancer is instructed to register a bond. It is disturbing that 66.7% stated that up to 10% of their work receives an amendment after the conveyancer has been instructed, while 33.3% indicated that up to 20% of their work receives amendments. This means that up to 20% of all applications received need to be reviewed. This duplication of work and processes can cause delays in the end-to-end process. Buyers sign a quotation to accept the terms and conditions of the loan as approved by the banks before a conveyancer is instructed. After the terms have been accepted by buyers, an application is sent back to the bank for certain terms to be changed with an amendment. This is an additional time delay and also increases the cost involved for both the bank and conveyancer. Mortgage originators indicated that it takes two to four months for a new property transaction to be transferred in ownership.

7.5.2.5 BANKS

Although 17 banks are registered as banks with the South African Reserve Bank, not all 17 banks are involved with home loan transactions. Eight banks who are involved in property transactions completed the survey, while two of the four major banks in SA declined to participate in the study. The banks indicated that they receive the bulk of home loan applications from their own clients who apply via branches, mortgage originators or estate agents. The percentage distribution differs from bank to bank. Half of the banks indicated that up to 10% of their entire workload receives reconsiderations,

while 12.5% of the banks indicated that 11-19% of their workload receives reconsiderations, and 12.5% indicated that more than 50% of their entire workload receives reconsiderations. These figures are very high and may cause significant delays in the process. Seventy-five per cent of banks indicated that they require up to 20% deposits or own contributions from buyers. Of the banks, 12.5% and 25% did not know how long it takes for a rates clearance certificate and tax clearance certificate, respectively to be obtained.

7.5.2.6 CONVEYANCERS

Just more than two-thirds (68.5%) of the conveyancers indicated that they apply for a rates clearance certificate within five days of receiving the instruction to register from the bank. More than 37% indicated that it take more than 15 days for a rates clearance certificate to be returned from a municipality, while 56% indicated that it takes between two to ten days for a tax clearance certificate to be returned to them by SARS. While 15.1% indicated that they draft buyer and seller documents immediately upon receipt of the instruction from the bank, 42.5% indicated that they draft the documents on receipt of all supporting documentation from the buyer and seller, and 31.5% draft the documents on receipt of all the supporting documents from all external parties. Of the conveyancers, 39% indicated that buyers and sellers sign documents within a week after receiving the instruction, while 24.7% indicated that documents are signed within two to four weeks. Three-quarters of the conveyancers indicated that it takes between 41 and 80 days to register a new property transaction.

If the documents are signed within four weeks of instruction and tax and rates clearance certificates are applied for within five days of instruction and received within 10 days to 30 days, why are transfers only effected within two to four months? It is noteworthy that 43% of the conveyancers indicated that the urgency of applications is mostly experienced as a result of pressure that is applied by banks.

7.5.3 INTERVIEWS

7.5.3.1 BANKS

The interviews with the two banks clearly identified specific themes. The more prevalent themes relate to compliance, risk, delays, fraud and supply chain dependencies. The banks seem to have proactively assisted in streamlining a large number of the processes. They manage their role players in the property service chain by means of strict service level agreements, and they have linked workload supplied and commission payments to the adherence to these agreements. The banks seem to have lost some of the direct control over the buyers due to estate agents and mortgage originators that are involved in the earlier part of the process and who view the client as 'their' client. The client only becomes the bank's client when the client has accepted the loan conditions by signing the quotation. Borrower's education is not given to buyers by banks as a result.

7.5.3.2 ESTATE AGENTS

The estate agency industry has always been regulated by the estate Agency Board. This industry is in the process of receiving accreditation for qualifications which are being introduced as minimum standards in the industry. This is aimed at regulating some of the quality and competency issues that have been evident in the industry for a number of years. The Services SETA is assisting with the up-skilling and qualification of the estate agents. The estate agent's mandate stops when a suitable buyer has been found for a seller's property. A crucial part of this process is the signing of an offer to purchase between the relevant parties. This contract should reflect the intentions of the parties. A lack of knowledge and experience, however, has resulted in many incomplete and/or incorrect offer to purchase agreements which may lead to unnecessary delays and/or disputes between the relevant parties. It seems as if very few estate agents apply to banks for finance on behalf of buyers.

7.5.3.3 MORTGAGE ORIGINATORS

Mortgage origination came to South Africa from Australia. These agents are not regulated by any professional body and are only regulated by strict service level

agreements that are signed with banks. Originators are responsible for applying for finance to various banks to offer the client the best deal in terms of loan amount, loan conditions and rate. They have, however, extended their role to pre-qualify buyers even before they have identified a property to buy. They also seem to follow through on applications until the transfer of ownership has taken place, as they only receive their commission on registration of the property. It may be of value for the property industry to have more formal roles allocated to mortgage originators by means of the regulation of this industry, as mortgage origination has already been up and running for the past 15 years. Mortgage originators may be the 'glue' that holds the entire end-to-end process together and assist in managing the flow of mortgage transactions through the end-to-end process.

7.6 IMPLICATIONS TO EFFICIENCY AND EFFECTIVENESS IMPROVEMENTS IN SA CONVEYANCING

The second research question asked how the efficiency and effectiveness of conveyancing might be improved in the South African context. Efficiency was defined as the extent of resources needed to achieve the desired result (Davenport, 1993). Effectiveness was defined as the extent to which the output of a process meets the need and requirement of customers (Harrington, 1991).

Numerous references were made to electronic interventions by different respondents during the interview process. These electronic interventions were positioned to have improved and expedited the property processes of the respective respondent groups. As a result, they can be grouped under efficiencies as a common theme. Much reengineering of processes had taken place while the number of property transfers decreased over the last few years. This has been grouped under effectiveness. Estate agents manage efficiencies by promoting sole mandates, while banks try to manage efficiencies and effectiveness across the property service chain by using service level agreements which are strictly enforced. Mortgage originators try to improve efficiencies in the property service chain by "taking the paperwork out of the process for the potential buyer." They also try to proactively assess buyers by introducing a prequalifying process as part of their function. The interview with the mortgage

originator also made reference to the implementation of an electronic system that would enable banks to view the bank statements of other banks for the transactions that they need to assess. Particular emphasis was placed on the perception of how this would assist to expedite the financial side of the process.

It is, therefore, suggested that the integration of electronic systems across the different role players in the property service chain, as well as proactive actions by various role players can do much to improve and enhance the efficiency and effectiveness of conveyancing processes in SA. In addition to the digitisation of deeds documents, it is advisable for the SA Deeds Registry to investigate an electronic system that will allow for the electronic lodgement of a property transfer as a first phase. It is recommended that this system should exist independently of the current role players operating in the SA conveyancing service chain, to enable support from all stakeholders and also to avoid the forming of monopolies in the conveyancing service chain. The relevant statutes that need to cater for electronic communication and digital signatures should be amended in order to overcome the barriers that would delay the introduction of an e-conveyancing system in SA. It is recommended that the automatic electronic registrations of property transfers should be implemented with corresponding automatic and electronic payments to all relevant parties to the transaction.

7.7 IMPLICATIONS TO COMPLEXITY, CUMBERSOMENESS AND TEDIUSNESS OF LANDED PROPERTY TRANSFERS AND THE IMPACT ON BUSINESS OPERATIONS

The problem statement of this study indicated that preliminary evidence suggested that conveyancing in South Africa is complex (i.e. made up of many interrelated parts), cumbersome (i.e. difficult to use or deal with because of length or complexity and various stakeholders that are involved in the process) and tedious (i.e. continuing for too long) [The Free Dictionary, n.d, Kernerman English Multilingual Dictionary 2006-2013, Merriam-Webster.com. Merriam-Webster, n.d).

During the data gathering process, the following aspects were grouped under 'complexity' as a theme: compliance, the impact of legislation, supply chain dependencies, process inefficiencies, benchmarking and competition. Service level

agreements and mandates are used to manage processes across different role players in the end-to-end conveyancing process. Much effort and emphasis is placed on these aspects and reward and recognition strategies have also been linked to performance in terms of service level agreements and mandates. This forces role players to comply with these agreements and results in competition between role players, especially if they operate on the same playing field. Benchmarking was only mentioned by the Estate Agency Board during their interview. This gives the impression that all the other role players are more internally focused and they do not necessarily take learning from other countries or entities that appear to be more successful.

The following aspects were linked to 'cumbersomeness' as a theme: fraud, process risk, process inefficiencies and knowledge. Many additional processes have been put into place, predominantly by banks, to try and curb fraudulent activities. The use of ultraviolet lights in attorney offices has been made mandatory by one of the major banks in SA. These additional processes have a time and cost implication for banks and attorneys. This process becomes even more cumbersome where non-individual entities are involved. Process risk refers to those activities where an oversight may result in errors that can have financial implications for various role players, as well as delays and other associated frustrations. It also is indicative of strict control and high bureaucracy – *'we run a tight team here...'*. The level of expertise in the industry should be able to interpret information correctly and assist the buyers without undue errors that result in delays - this is also noted by different role players. The estate agent industry is also implementing an accreditation process whereby estate agents will not be recognised by the industry unless they comply with stated requirements by a certain date.

Turnaround time and delays were grouped under 'tediousness' as a theme. Turnaround time has been incorporated into the service level agreements administered to particularly attorneys. Table 6.22 and Figure 6.6 set out the various delays that can occur across the end-to-end conveyancing process. The delays occur in different areas and are caused by different role players across the property service chain.

7.8 RELIABILITY AND VALIDITY OF THE RESEARCH

Reliability analysis was not conducted because of the following:

- The sample size was small for some entities. For example, Banks n=8.
- The questionnaire was not structured to measure constructs or dimensions.

The items or questions are independent and they measure different aspects.

An instrument is valid if it can be shown that the measures are accurately measuring what they are supposed to measure. Validity is the degree to which the empirical measure sufficiently reflects the true meaning of the concept. According to Saunders et al. (2003, p.101), in terms of validity, the concern is whether the findings are really about what they appear to be about. One of the objectives of this study was to analyse and interpret data from qualitative data obtained through interviews at two of the four major lending banks in South Africa. The process issues were also tested in a questionnaire that was handed to relevant respondents. Various steps were taken to ensure the validity of the results. These included consultation with an expert in questionnaire design.

7.9 LIMITATIONS OF THE RESEARCH

The following issues limit the research outcomes:

1. Many regard conveyancing as legal and as a result not much previous academic research is available on the topic.
2. A wide range of role players covering different disciplines are involved in the end-to-end conveyancing process. As a result no common language is used across all these entities.
3. The same questions could not be addressed to the respective respondent groups. The survey questions needed to be tailored to each group into the terminology and language that best suited each group.

4. Although buyers and sellers were approached at random, the number of respondents from each of these groups only forms a very small sample of the respective populations.
5. The international perspective is limited to a few countries only with the only selection criteria their innovation with regard to the conveyancing process.
6. Language may have been a limiting factor when conducting interviews in the various countries. Some countries like the Netherlands and Taiwan struggled to express themselves in English which may have caused a barrier in this study.

7.10 FURTHER RESEARCH

Dematerialisation of the title deed may be a useful study. This refers to taking the paper completely out of the system. Naturally legislation would need to be amended to accommodate the electronic transfer of immovable property.

A further study could also be done by building on the existing study, where similar questionnaires could be distributed to more countries to see if the results would differ.

7.11 CONCLUSION

Not much previous academic research and literature is available on conveyancing as a business concept. As a result, this study could become the basis of further study in this regard. This chapter explored the implications of this study on the different respondent groups of the study. The impact was assessed in terms of the literature, qualitative surveys and qualitative interviews that were used to gather data. The research objective was to investigate the SA conveyancing systems with a focus on how to improve the efficiency and effectiveness of conveyancing processes, so that the SA context can adhere to global practices. A framework to improve the SA conveyancing end-to-end process was developed, based on delay reasons put forward by the various respondent groups. The framework suggests that mortgage originators should be regulated and their roles and responsibilities formalised in terms of legislation and code of conduct regulations. It is further suggested that their role be expanded to take ownership of the entire end-to-end administration, as well as additional financial and additional insurance

responsibilities. This would, of course, imply further specialised training and accreditation for mortgage originators.

Implications to the effectiveness and efficiencies of the SA conveyancing system were further discussed in this chapter to address the objective of this study. The emergent themes of complexity, cumbersomeness and tediousness were identified as primary forces to debottleneck a slow process with the negative SA conveyancing system. Putting the debottlenecking framework into place in this system will likely advance the effectiveness and efficiency of such a system.

Implications to complexity, cumbersomeness and tediousness of landed property transfers and the impact on business operations were thereafter discussed in response to the research question as per Section 1.3. The chapter concluded by summarising the findings and providing a discussion regarding the reliability and validity of the research, the limitations and the scope for future research in this area.

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APPENDICES

APPENDIX A: LETTER TO ORGANISATIONS

P O Box 2100

Brooklyn Square

0075

20 February 2013

Mr.....

Gauteng

2001

Request for permission to conduct a study

Dear Sir/Madam

I hereby invite you to participate in research which I am conducting as part of my Masters Degree course in Business Management at the University of South Africa.

I enclose an information leaflet which explains the title and aims of the project. If you have any queries which are not explained in the leaflet, please feel free to ask me.

Yours sincerely

Anthea Amadi-Echendu (student)

Email: amadiap@unisa.ac.za

Prof René Pellissier (supervisor)

Email: Pellir@unisa.ac.za

APPENDIX B: LETTER TO ASK FOR PERMISSION TO CONDUCT STUDY

P O Box 2100

Brooklyn Square

0075

20 February 2013

Mr.....

Gauteng

2001

Request for permission to conduct the study in the attorney community

Dear Sir/Madam

My name is Anthea Amadi-Echendu, a Masters student from the University of South Africa. My supervisor is Prof René Pellissier. I am herewith requesting permission to conduct a study in the attorney community entitled:

A study into the efficiencies and effectiveness of the South African conveyancing processes

I enclose an information leaflet which explains the title and aims of the project. If you have any queries which are not explained in the leaflet, please feel free to ask me.

Yours sincerely

Anthea Amadi-Echendu (student)

Email: amadiap@unisa.ac.za

Prof René Pellissier (supervisor)

Email: Pellir@unisa.ac.za

APPENDIX C: PARTICIPATION LEAFLET AND INFORMED CONSENT

DEAR PROSPECTIVE PARTICIPANT

My name is Anthea Amadi-Echendu, a master's student from the University of South Africa. My supervisors are Prof René Pellissier. I am inviting your organisation to participate in the study entitled:

A study into the lead times in the South African conveyancing environment

Before you agree to participate in this study, you should know what is involved and this information leaflet is to help you decide. If you have any questions which are not explained in this information leaflet, please feel free to ask me. You should not agree to participate in this research unless you are happy with all the aspects of this study that may affect your organisation.

WHY AM I CONDUCTING THE RESEARCH?

Studies in other parts of the world suggest that processes in the South African conveyancing environment are too long. I am doing the research to involve stakeholders in the conveyancing environment in order to extract information in order to improve the conveyancing process.

WHAT DOES THE STUDY INVOLVE?

I will visit stakeholders in order to get information about the existing process and how it can be improved. I will be asking stakeholders to share their perspectives about possible reasons why the process is so long and where it could be improved. Stakeholders will take part in individual interviews.

HOW LONG WILL THE STUDY LAST?

Individual interviews will last for about an hour. The entire study will last for about a year.

WHAT ARE THE RIGHTS OF THE PARTICIPANTS IN THIS STUDY?

Your organisation has a choice to take part in this study. You may refuse to take part at any time. You can also withdraw your consent at any time, before, during or at the end of the interview and **discussions. Your withdrawal from the study will be without any adverse effect of any kind.**

WILL ANY OF THE STUDY PROCEDURES RESULT IN DISCOMFORT OR INCONVENIENCE FOR THE ORGANISATION OR THE PARTICIPANTS?

Being part of an interview may make some participants feel uneasy as some of the questions deal with sensitive issues such as turnaround times and delays. If you feel unhappy with certain questions, you may refuse to answer them. A list of the research questions will be provided to participants to assist you in making an informed choice as to whether you would like to participate in the study or not.

WHAT ARE THE BENEFITS INVOLVED IN THIS STUDY?

This study will help stakeholders and the researcher to understand the issues or factors that influence service lead times with regard to the registration of mortgage transactions within the conveyancing environment. It will assist in determining the current workflow within the South African conveyancing environment. It will empower participants on with understanding where the bottlenecks are within the South African conveyancing process. The information that is gained from this study will help to develop recommendations in order to improve the process.

HOW CAN YOU GET MORE INFORMATION FROM RESEARCHERS?

You can contact Anthea Amadi-Echendu on 012 429 2627 if you need more information or would like to discuss this further. Alternatively you may email her on amadiap@unisa.ac.za. You can alternatively contact my supervisors at the University of South Africa:

Prof René Pellissier

Email: Pellir@unisa.ac.za

CONFIDENTIALITY

The interviews will be held in private and all information gathered during the course of the study will be kept confidential. The written information and the audio tapes will be stored in a locked filing cabinet in the office of the researcher when not in use. All forms will only be seen by the members of the research team. After five years, all audio tapes will be destroyed. We will write up on the results of the study in reports and journals. However, we will not include the name of the organisations where the research was carried out, nor will we include the names of any people who take part in this study. If you are happy to participate in the study, please read and sign the attached consent form.

INFORMED CONSENT

I hereby confirm that I have been informed by the researcher Mrs Anthea Amadi-Echendu about the nature, conduct, benefits and risks of the study. I have also received, read and understood the Participant leaflet and the Informed Consent regarding this study. I am aware that the results of the study, including any personal details, address and the name of the organisation in which the study will take place will not be stated in any study reports. I have also been informed that only relevant research team members will have access to the information.

I understand that I may at any time withdraw my consent and participation in the study, without having to give a reason. I am aware that I will not suffer any consequence if I withdraw my permission at any time. I have had sufficient opportunity to ask questions. I

freely declare myself prepared to give permission for our organisation to be involved in this research.

Stakeholder 's name (Please print)

Stakeholder Signature

Date

APPENDIX D: EMAIL GRANTING ETHICAL CLEARANCE

-----Original Message-----

From: Strydom, Johan
Sent: 18 July 2012 11:22
To: Pillay, Anthea
Subject: RE: Ethics Clearance for MCom Questionnaires

Ms Pillay

Your application was screened by the members of the Departmental ethics committee and we are satisfied that you will not contravene any rules as set out by the UNISA ethics committee. You may proceed. Best of luck with your research.

Sincerely

Prof Johan W Strydom,
Department of Business Management
Unisa
AJH vd Walt Building
E Mail: Strydjw@unisa.ac.za

-----Original Message-----

From: Pillay, Anthea
Sent: 17 July 2012 12:28
To: Strydom, Johan
Subject: FW: Ethics Clearance for MCom Questionnaires

Prof Strydom,

I forwarded my questionnaires to the Ethical Committee and only today found out that I should have in fact sent it to you instead.

Please find herewith the questionnaires I would like to send out to respondents as part of my MCom studies.

Kindly advise if you require anything further in this regard.

Best wishes,

Anthea Pillay

Lecturer: Operations Management

Department of Business Management

Tel: +27 12 429 2627

Fax: +27 86 580 4598

pillaap@unisa.ac.za

-----Original Message-----

From: Pillay, Anthea

Sent: 25 May 2012 14:06

To: Uys, Marie

Subject: Ethics Clearance for MCom Questionnaires

Good day,

Please find herewith an application for ethical clearance for the quantitative questionnaires and the quantitative interview questions for Banks.

Warm regards,

Anthea Pillay

Lecturer: Operations Management

Department of Business Management

Tel: +27 12 429 2627

Fax: +27 86 580 4598

pillaap@unisa.ac.za

APPENDIX E: EMAIL FROM MAJOR BANK 1 RE NON-PARTICIPATION

From: [REDACTED]
Sent: 07 March 2013 23:04
To: Amadi- Echendu, Anthea
Subject: RE: Interview for MCom studies

Good day Anthea

I trust that you are well. I have reviewed your request below together with my Risk Manager and have decided to not partake in this survey given the fact that your request is to examine our existing processes and business rules in detail which we are not comfortable to do.

Regards

[REDACTED]

From: Amadi- Echendu, Anthea [mailto:amadiap@unisa.ac.za]
Sent: 07 March 2013 09:20
To: [REDACTED]
Subject: Interview for MCom studies

This message (and attachments) is subject to restrictions and a disclaimer. Please refer to <http://www.unisa.ac.za/disclaimer> for full details.

Good day [REDACTED],

I am a Masters student at the University of South Africa and I am investigating the South African conveyancing processes as part of my studies. I need to conduct interviews with the 4 big banks as part of my studies and would appreciate it if you could assist me in this regards.

I enclose an information leaflet which explains the title and aims of the project, as well as the questionnaire that needs to be completed and the interview questions. If you have any queries which are not explained in the leaflet, please feel free to ask me. I do not mind signing any confidentiality agreements and you also may view the outcome of the studies as soon as I have completed it.

Please advise which date and at what time it would be convenient for us to meet.

Thank you in advance.

Yours sincerely,

Anthea Amadi-Echendu

Lecturer: Operations Management

Department of Business Management

Tel: +27 12 429 2627 FREE +27 12 429 2627

Fax: +27 86 580 4598

amadiap@unisa.ac.za

University of South Africa
Preller Street, Muckleneuk Ridge, Pretoria
PO Box 392, UNISA, 0003, South Africa
Call centre 0861 670 411 / +27 11 670-9000
www.unisa.ac.za



[Redacted signature line]

[Redacted contact information]

APPENDIX F: EMAIL FROM MAJOR BANK 2 RE NON-PARTICIPATION

From: [REDACTED]

Sent: 05 April 2013 05:10

To: Amadi- Echendu, Anthea

Subject: RE: Interview for MCom studies

Good morning Anthea

Thank you for your email, I have perused and checked with my manager. Unfortunately I am not in a position to assist you with any information.

I wish you well with your studies.

Regards

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: Amadi- Echendu, Anthea [mailto:amadiap@unisa.ac.za]
Sent: 03 April 2013 03:02 PM
To: [REDACTED]
Subject: Interview for MCom studies

This message (and attachments) is subject to restrictions and a disclaimer. Please refer to <http://www.unisa.ac.za/disclaimer> for full details.

Good day [REDACTED],

I am a Masters student at the University of South Africa and I am investigating the South African conveyancing processes as part of my studies. I need to conduct

interviews with banks as part of my studies and would appreciate it if you could assist me in this regard.

I enclose an information leaflet which explains the title and aims of the studies, as well as the questionnaire that needs to be completed and the interview questions. If you have any queries which are not explained in the leaflet, please feel free to ask me. I do not mind signing any confidentiality agreements and you also may view the outcome of the studies as soon as I have completed it.

Please advise which date and at what time it would be convenient for us to meet.

Thank you in advance.

Yours sincerely,

Anthea Amadi-Echendu

Lecturer: Operations Management

Department of Business Management

Tel: +27 12 429 2627

Fax: +27 86 580 4598

amadiap@unisa.ac.za

University of South Africa
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www.unisa.ac.za

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university
of south africa

APPENDIX G: ATTORNEY QUESTIONNAIRE

South African Conveyancing Process Study

RESEARCH OBJECTIVES

Purpose

To study the conveyancing process in order to determine the reasons why the process is regarded as tedious, cumbersome and complex. The aim is to establish improvement opportunities.

Objectives

To determine the influence of the different role players involved in transactions relating to the exchange of landed property

To determine bottlenecks in the conveyancing processes

To determine what can be done to improve the process

Dear Sir/Madam,

As a Masters degree student in Business Management at the University of South Africa, I am conducting a research study into conveyancing processes involved in the exchange of landed property. I value your participation and would appreciate it if you could spare about 15 minutes to complete the questionnaire.

Thank you for your co-operation.

Anthea Amadi-Echendu

Researcher

Prof René Pellissier

Study leader

BIOGRAPHIC INFORMATION

Are you a:

Buyer	Seller	Estate Agent	Mortgage Originator
Attorney	Bank/Financial institution	SARS Official	Municipality Official

Age in years:

18 or younger	19-25	26-35	36-45
46-55	56-65	66-75	76+

Your place of residence: Town/City _____

Your e-mail address (optional) _____

Please complete the survey by circling the block that best represent your choice. You may circle more than one block where necessary. Attorney in this survey will refer to a qualified conveyancer.

Attorney Questionnaire:

1. How many days after receiving bond instruction do you apply for rates clearance certificate?

1 -5 days	6-10 days	11-20 days	21-30 days	More than 30 days
-----------	-----------	------------	------------	-------------------

2. How many days does a rate clearance certificate take to be returned to you from time of application?

1-2 days	2-5 days	6-10 days	11-15 days	More than 15 days
----------	----------	-----------	------------	-------------------

3. How many weeks after receiving bond instruction do you apply for power of attorney from the Master's Office in the case of a deceased estate?

1-2 weeks	2-3 weeks	4-5 weeks	6-8 weeks	More than 8 weeks
-----------	-----------	-----------	-----------	-------------------

4. How many weeks does a power of attorney (including certified copies) from the Master's Office take to be returned to you in the case of a deceased estate?

1-2 weeks	3-4 weeks	5-6 weeks	7-8 weeks	More than 8 weeks
-----------	-----------	-----------	-----------	-------------------

5. How long does a tax clearance certificate take to be returned to you?

1 day	2-5 days	6-10 days	11-20 days	More than 20 days
-------	----------	-----------	------------	-------------------

6. How many days does a further loan take to register from the time of receipt of instruction?

1-14 days	15-30 days	31-40 days	41-60 days	More than 60 days
-----------	------------	------------	------------	-------------------

7. How many days does a new loan take to register from the time of receipt of instruction?

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

8. Please list the five (5) biggest delays in the conveyancing process. Please rank from the most common to the least.

- i. _____
- ii. _____
- iii. _____
- iv. _____
- v. _____

9. How many times do you contact the buyer regarding the progress on the home loan application?

1-2 times	3-5 times	6-10 times	11-12 times	13-15 times
-----------	-----------	------------	-------------	-------------

10. Please list the stages at which you contact the buyer on the progress of the registration process.

- i. _____
- ii. _____
- iii. _____
- iv. _____
- v. _____

11. Which parties do you inform of progress if the transaction?

Buyer	Seller	Bank	Estate Agent	Mortgage Originator
-------	--------	------	--------------	---------------------

12. How many weeks after registration of the bond do you forward the title deeds to the relevant party?

Within 1 week	Within 1-2 weeks	Within 2-3 weeks	Within 3-4 weeks	More than 5 wks
---------------	------------------	------------------	------------------	-----------------

13. When do you draft the documents for the parties to sign?

Immediately upon receipt of the bond instruction	On receipt of all the supporting documents from buyer and seller	On receipt of all the supporting documents from all external parties	On request of one of the parties	Shortly before lodgement
--	--	--	----------------------------------	--------------------------

14. How soon after receiving the instruction to register a bond do you draft the documents to be signed by the parties?

Within a day	Within a week	Within 2-4 weeks	Within 5-6 weeks	Within more than 6 weeks
--------------	---------------	------------------	------------------	--------------------------

15. When do the buyer and the seller sign their documents?

Buyer signs before the seller	Seller signs before the buyer	Buyer and seller signs documents on the same day	Buyer only signs after he has paid his deposit and fees	Seller signs documents shortly before lodgement only
-------------------------------	-------------------------------	--	---	--

16. What would mostly affect the urgency of an application to be lodged?

Pressure from buyer	Pressure from seller	Pressure from bank	Cash flow of attorney firm	Size of the loan
---------------------	----------------------	--------------------	----------------------------	------------------

17. What could be done to speed up the turnaround time for registration?

Thank you for participating in this survey!

APPENDIX H: BANK QUESTIONNAIRE

South African Conveyancing Process Study

RESEARCH OBJECTIVES

Purpose

To study the conveyancing process in order to determine the reasons why the process is regarded as tedious, cumbersome and complex. The aim is to establish improvement opportunities.

Objectives

To determine the influence of the different role players involved in transactions relating to the exchange of landed property

To determine bottlenecks in the conveyancing processes

To determine what can be done to improve the process

Dear Sir/Madam,

As a Masters degree student in Business Management at the University of South Africa, I am conducting a research study into conveyancing processes involved in the exchange of landed property. I value your participation and would appreciate it if you could spare about 15 minutes to complete the questionnaire.

Thank you for your co-operation.

Anthea Amadi-Echendu

Researcher

Prof René Pellissier

Study leader

BIOGRAPHIC INFORMATION

Are you a:

Buyer	Seller	Estate Agent	Mortgage Originator
Attorney	Bank/Financial institution	SARS Official	Municipality Official

Age in years:

18 or younger	19-25	26-35	36-45
46-55	56-65	66-75	76+

Your place of residence: Town/City _____

Your e-mail address (optional) _____

Please complete the survey by circling the block that best represent your choice. You may circle more than one block where necessary. Attorney in this survey will refer to a qualified conveyancer.

Bank Questionnaire:

1. Where does the Bank receive the bulk of applications from? (Please rank from highest to lowest)

Bank's client	own	Other client	Bank's	Estate Agent	Mortgage Originator	Attorneys
---------------	-----	--------------	--------	--------------	---------------------	-----------

2. How many working hours does an Approval in Principal take?

1-8 working hrs	9-12 working hrs	13-15 working hrs	16-24 working hours	More than working 24 hrs
-----------------	------------------	-------------------	---------------------	--------------------------

3. (a) What percentage of the applications you work with receive reconsideration after the loan has been approved?

10%	10-19%	20-29%	30-49%	More than 50%
-----	--------	--------	--------	---------------

(b) Please rank the reasons for the reconsiderations:

Loan amount	Interest rate	Property Valuation	Deposit required	Other (Please specify)
-------------	---------------	--------------------	------------------	------------------------

Please specify Other:

(c)How many days does each type of reconsideration take?

Loan amount:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Interest rate:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Property Valuation:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Deposit required:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Entity change:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

4. (a) What percentage of the applications you work with receive amendments after the attorney has been instructed?

10%	10-19%	20-29%	30-49%	More than 50%
-----	--------	--------	--------	---------------

- (b) Please rank the reasons for the reconsiderations:

Loan amount	Interest rate	Property Valuation	Deposit required	Entity change
-------------	---------------	--------------------	------------------	---------------

- (c) How many days does each type of amendment take?

Loan amount:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Interest rate:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Property Valuation:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Deposit required:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Entity change:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

5. How many working hours does the average property valuation take to complete?

1-8 working hrs	9-12 working hrs	13-15 working hrs	16-24 working hrs	More than 48 working hrs
-----------------	------------------	-------------------	-------------------	--------------------------

6. What is the range of turnaround time for the following loan applications:

a. < R200 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

b. >R200 000 and <R800 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

c. >R800 000 and <R1 500 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

d. R1 500 000 and <R3 000 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

e. >R3 000 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

7. On average, how long does it take to arrive at the following milestones for a new property purchase?

a) Submission to Approval in principle

1-5 hrs	6-8 hrs	8-12 hrs	13-15 hrs	More than 15 hrs
---------	---------	----------	-----------	------------------

b) Approval in Principal to Property Valuation

1-5 hrs	6-8 hrs	8-12 hrs	13-15 hrs	More than 15 hrs
---------	---------	----------	-----------	------------------

c) Property Valuation to Final Approval

1-5 hrs	6-8 hrs	8-12 hrs	13-15 hrs	More than 15 hrs
---------	---------	----------	-----------	------------------

8. Which loan type takes the longest to obtain approval for finance from the bank? (Please rank from most to least)

All the same	Free standing house	Sectional Title	Smallholding or farm	Commercial property
--------------	---------------------	-----------------	----------------------	---------------------

9. What percentage of loan applications is typically approved by banks?

1-20%	21-30%	31-40%	41-50%	More than 60%
-------	--------	--------	--------	---------------

10. How many working hours does a Final Approval take from time of submission?

1-24 working hrs	25-36 working hrs	37-48 working hrs	48-60 working hours	More than 60 hrs
------------------	-------------------	-------------------	---------------------	------------------

11. (a) In the case of bonded properties, how does the buyer mostly apply for finance?

Applies in person at Bank	Estate Agent	Mortgage Originator	Attorney	Other (Please specify)
---------------------------	--------------	---------------------	----------	------------------------

(b) Please specify what Other is:

12. In the case of bonded properties, what is the average own contribution needed by a prospective buyer?

1-10%	11-20%	21-30%	31-40%	More than 50%
-------	--------	--------	--------	---------------

Please list the five (5) most occurring reasons as to why applications are declined. Please rank from the most common to the least.

- i. _____
- ii. _____
- iii. _____
- iv. _____
- v. _____

13. What percentage of loan applications is typically approved by banks?

1-20%	21-30%	31-40%	41-50%	More than 60%
-------	--------	--------	--------	---------------

14. How many months does the average new loan application take to register from time of the Bank's approval?

0-1 month	1-2 months	2-3 months	3-4 months	More than 5 months
-----------	------------	------------	------------	--------------------

15. How many weeks did it take from the approval of the loan, for the following to be obtained:

1. Rates Clearance Certificate:

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
--------	-----------	-----------	-----------	------------

2. SARS Clearance Certificate:

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
--------	-----------	-----------	-----------	------------

3. Power of attorney (in the event of a deceased or insolvent estate):

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
--------	-----------	-----------	-----------	------------

16. How many weeks did it take for the attorney account to be settled?

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Longer than 8 weeks
--------	-----------	-----------	-----------	---------------------

17. Who informs you of the progress of the home loan application?

Followed up yourself	Bank	Client	Estate Agent	Attorney
----------------------	------	--------	--------------	----------

18. How often did each role player inform you of the progress of the property exchange transaction?

Every week	Every second week	Every month	Only when there was a status change	Only when you requested an update
------------	-------------------	-------------	-------------------------------------	-----------------------------------

19. How many months does the average further loan take to register from the time the Bank approves the loan?

1 month	2 months	3 months	4 months	More than 5 months
---------	----------	----------	----------	--------------------

20. How many days does a new loan take to register?

1-30 days	31-60 days	61-90 days	91-120 days	More than 120 days
-----------	------------	------------	-------------	--------------------

21. Please list the five (5) biggest delays in the conveyancing process. Please rank from the most common to the least.

- i. _____
- ii. _____
- iii. _____
- iv. _____
- v. _____

22. When does the Bank check the attorney documents?

Before lodgement	After lodgement but before registration	After registration but before payment	Does not check documents	Before filing of documents
------------------	---	---------------------------------------	--------------------------	----------------------------

23. How many days does a further loan take to register?

1-14 days	15-30 days	31-40 days	41-60 days	More than 60 days
-----------	------------	------------	------------	-------------------

24. What can be done by the various role players to speed up the application registration time?

The following questions will be asked during a face-to-face interview:

- Describe the conveyancing process.
- How do you monitor the efficiencies and effectiveness of the process?
- Where in your opinion are the bottlenecks of the South African conveyancing process?
- What can be done to improve the process?
- What impact has the NCA had on the conveyancing process as a whole?
- How often does the FICA information help to identify incorrect data?

Thank you for participating in this survey!

APPENDIX I: BUYERS' QUESTIONNAIRE

South African Conveyancing Process Study

RESEARCH OBJECTIVES

Purpose

To study the conveyancing process in order to determine the reasons why the process is regarded as tedious, cumbersome and complex. The aim is to establish improvement opportunities.

Objectives

To determine the influence of the different role players involved in transactions relating to the exchange of landed property

To determine bottlenecks in the conveyancing processes

To determine what can be done to improve the process

Dear Sir/Madam,

As a Masters degree student in Business Management at the University of South Africa, I am conducting a research study into conveyancing processes involved in the exchange of landed property. I value your participation and would appreciate it if you could spare about 15 minutes to complete the questionnaire.

Thank you for your co-operation.

Anthea Amadi-Echendu

Researcher

Prof René Pellissier

Study leader

BIOGRAPHIC INFORMATION

Are you a:

Buyer	Seller	Estate Agent	Mortgage Originator
Attorney	Bank/Financial institution	SARS Official	Municipality Official

Age in years:

18 or younger	19-25	26-35	36-45
46-55	56-65	66-75	76+

Your place of residence: Town/City _____

Your e-mail address (optional) _____

Please complete the survey by circling the block that best represent your choice. You may circle more than one block where necessary. Attorney in this survey will refer to a qualified conveyancer.

Buyers:

1. How many properties did you view before you made your decision to buy?

1-5	6-10	11-20	21-40	More than 50
-----	------	-------	-------	--------------

2. (a) Was the sale of your property dependant on the sale of another property?

Yes	No
-----	----

(b) If yes, what was your alternative temporary measure?

3. (a) How was the property financed?

Cash transaction	Loan from bank	Other source
------------------	----------------	--------------

(b) Please indicate what the other source was:

Questions 4 - 8 need only be answered if a bank/financial institution was involved in the process

4. (a) Which role players were involved in the application for finance?

Applied person at Bank	in	Estate Agent	Mortgage Originator	Attorney	Other
------------------------	----	--------------	---------------------	----------	-------

(b) Please indicate what the other source was:

5. How many working hours did the Approval in Principal take to be obtained?

1-8 working hrs	9-12 working hrs	11-24 working hrs	25-36 working hrs	More than 48 working hrs
-----------------	------------------	-------------------	-------------------	--------------------------

6. (a) Did you request for reconsideration of certain terms after the bank had made a decision regarding the loan?

Yes	No
-----	----

(b) If so, please state what needed to be reconsidered:

(c) How many days did the reconsideration take?

1 day	2 days	3 days	4-5 days	More than 5 days
-------	--------	--------	----------	------------------

7. How many working hours did the bank take from the time of application for the loan before they issued a quotation for you to accept?

1-24 working hrs	25-36 working hrs	37-48 working hrs	49-60 working hrs	More than 60 working hrs
------------------	-------------------	-------------------	-------------------	--------------------------

8. (a) Did you have an amendment request to change any terms of the loan after the bank had instructed the attorney to register a bond?

Yes	No
-----	----

(b) If so, please state what needed to be reconsidered:

(c) How many days did the amendment take?

1 day	2 days	3-4 days	5 days	More than 5 days
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9. What was the value of the property you bought?

Affordable Housing	0-R800 000	R800 000- R1 500 000	R1 500 000- R3 000 000	R3 000 000 +
--------------------	------------	-------------------------	---------------------------	--------------

10. How many weeks did it take between the bond approval by the Bank and the signing of your documents with the attorney?

Within 1 week	2-3 weeks	4-7 weeks	6-8 weeks	Longer than 8 weeks
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11. How many weeks did it take from the approval of the loan, for the following to be obtained:

(a) Rates Clearance Certificate:

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
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(b) SARS Clearance Certificate:

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
--------	-----------	-----------	-----------	------------

(c) Power of attorney (in the event of a deceased or insolvent estate):

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
--------	-----------	-----------	-----------	------------

How many weeks did it take for the attorney account to be settled?

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Longer than 8 weeks
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12. Who informed you of the progress of the home loan application?

Follow yourself up	Bank	Client	Estate Agent	Attorney
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13. How often did each role player inform you of the progress of the property exchange transaction?

Every week	Every second week	Every month	Only when the status changed	Only on request for an update
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14. How many months did it take for the property to be registered from the time the offer on the property was made?

1 month	2 months	3 months	4 months	More than 5 months
---------	----------	----------	----------	--------------------

15. What renovations did you have to effect before moving into the property?

None	Structural improvements	Addition to house	Fixed fittings inside the property	Landscaping
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16. (a) What type of property did you buy?

House	Sectional Title	Smallholding	Farm	Other
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(b) Please indicate what other means:

Thank you for participating in this survey!

APPENDIX J: ESTATE AGENT QUESTIONNAIRE

South African Conveyancing Process Study

RESEARCH OBJECTIVES

Purpose

To study the conveyancing process in order to determine the reasons why the process is regarded as tedious, cumbersome and complex. The aim is to establish improvement opportunities.

Objectives

To determine the influence of the different role players involved in transactions relating to the exchange of landed property

To determine bottlenecks in the conveyancing processes

To determine what can be done to improve the process

Dear Sir/Madam,

As a Masters degree student in Business Management at the University of South Africa, I am conducting a research study into conveyancing processes involved in the exchange of landed property. I value your participation and would appreciate it if you could spare about 15 minutes to complete the questionnaire.

Thank you for your co-operation.

Anthea Amadi-Echendu

Researcher

Prof René Pellissier

Study leader

BIOGRAPHIC INFORMATION

Are you a:

Buyer	Seller	Estate Agent	Mortgage Originator
Attorney	Bank/Financial institution	SARS Official	Municipality Official

Age in years:

18 or younger	19-25	26-35	36-45
46-55	56-65	66-75	76+

Your place of residence: Town/City _____

Your e-mail address (optional) _____

Please complete the survey by circling the block that best represent your choice. You may circle more than one block where necessary. Attorney in this survey will refer to a qualified conveyancer.

Estate Agent Questionnaire:

1. What is the average time for a property to be advertised before a qualified buyer is identified?

1 month	2-3 months	4-6 months	7-9 months	More than a year
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2. On average, how many properties does a prospective buyer view before they complete an offer to purchase?

1-5	6-10	11-20	21-40	More than 50
-----	------	-------	-------	--------------

3. How often do you encounter linked property transactions? (one property's transfer is dependent on another property)

1-5% of the time	6-10% of the time	11-20% of the time	21-30% of the time	More than 50% of the time
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4. What percentage of the properties that you deal with are sold for cash?

1%	2-5%	6-10%	11-20%	More than 25%
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5. (a) In the case of bonded properties, how does the buyer mostly apply for finance?

Applies in person at Bank	Estate Agent	Mortgage Originator	Attorney	Other
---------------------------	--------------	---------------------	----------	-------

(b) Please specify what Other is:

6. In the case of bonded properties, what is the percentage of own contribution needed by a prospective buyer for the following categories:

a) 1-10% Deposit required

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

b) 11-20% Deposit required

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

c) 21-30% Deposit required

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

d) 31-40% Deposit required

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

e) 50% and more Deposit required

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

7. What is the percentage of the average loan-to-value approved by banks for the following brackets:

a) 90-100% Loan-to-value approved

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

b) 80-89% Loan-to-value approved

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

c) 70-79% Loan-to-value approved

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

d) 60-69% Loan-to-value approved

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

e) Less than 60% Loan-to-value approved

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

8. How many working hours does an Approval in Principal take?

1-8 working hrs	9-12 working hrs	13-15 working hours	16-24 working hours	More than 24 working hours
-----------------	------------------	---------------------	---------------------	----------------------------

9. (a) What percentage of the applications you work with receive reconsideration after the loan has been approved?

0-10%	11-20%	21-30%	31-40%	More than 50%
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(b) Please rank the reasons for the reconsiderations:

Loan amount	Interest rate	Property Valuation	Deposit required	Entity change
-------------	---------------	--------------------	------------------	---------------

(c) How many days does each type of reconsideration take?

Loan amount:

1 day	2 days	3 days	4 days	More than 5 days
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Interest rate:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Property Valuation:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Deposit required:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Entity change:

1 day	2 days	3 days	4 days	More than 5 days
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10. (a) What percentage of the applications you work with receive amendments after the attorney has been instructed?

1-10%	11-20%	21-30%	31-40%	More than 50%
-------	--------	--------	--------	---------------

(b) Please rank the reasons for the amendments:

Loan amount	Interest rate	Property Valuation	Deposit required	Entity change
-------------	---------------	--------------------	------------------	---------------

11. How many working hours does a Final Approval on an application take?

24 working hours	36 working hours	48 working hours	60 working hours	More than 60 working hours
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12. What is the range of turnaround time for the following loan applications: Application to Registration

a. < R200 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
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b. >R200 000 and <R800 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

c. >R800 000 and <R1 500 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

d. R1 500 000 and <R3 000 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

e. >R3 000 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

13. On average, how many days does it take to arrive at the following for a new property purchase?

Approval in principle

1-5 hrs	6-8 hrs	8-12 hrs	13-15 hrs	More than 15 hrs
---------	---------	----------	-----------	------------------

Property Valuation

1-5 hrs	6-8 hrs	8-12 hrs	13-15 hrs	More than 15 hrs
---------	---------	----------	-----------	------------------

Final Approval

1-5 hrs	6-8 hrs	8-12 hrs	13-15 hrs	More than 15 hrs
---------	---------	----------	-----------	------------------

14. Which loan type takes the longest to obtain approval for finance from the bank? (Please rank from shortest to longest)

All the same	Free standing house	Sectional Title	Smallholding or farm	Commercial property
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15. What percentage of loan applications is typically approved by banks?

1-20%	21-30%	31-40%	41-50%	More than 60%
-------	--------	--------	--------	---------------

16. How many months does the average new loan application take to register from time of the Bank's approval?

1 month	2 months	3 months	4 months	More than 5 months
---------	----------	----------	----------	--------------------

17. How many weeks did it take from the approval of the loan, for the following to be obtained:

(a) Rates Clearance Certificate:

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
--------	-----------	-----------	-----------	------------

(b) SARS Clearance Certificate:

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
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(c) Power of attorney (in the event of a deceased or insolvent estate):

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
--------	-----------	-----------	-----------	------------

18. How many weeks did it take for the attorney account to be settled?

1 week	2-3 weeks	4-5 weeks	7-8 weeks	Longer than 8 weeks
--------	-----------	-----------	-----------	---------------------

19. Who informed you of the progress of the home loan application?

Followed up yourself	Bank	Client	Estate Agent	Attorney
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20. How often did each role player inform you of the progress of the property exchange transaction?

Every week	Every second week	Every month	Only when there was a status change	Only when you requested for an update
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21. How many months does the average further loan take to register from the time the Bank approves the loan?

1 month	2 months	3 months	4 months	More than 5 months
---------	----------	----------	----------	--------------------

Thank you for participating in this survey!

APPENDIX K: MORTGAGE ORIGINATOR

South African Conveyancing Process Study

RESEARCH OBJECTIVES

Purpose

To study the conveyancing process in order to determine the reasons why the process is regarded as tedious, cumbersome and complex. The aim is to establish improvement opportunities.

Objectives

To determine the influence of the different role players involved in transactions relating to the exchange of landed property

To determine bottlenecks in the conveyancing processes

To determine what can be done to improve the process

Dear Sir/Madam,

As a Masters degree student in Business Management at the University of South Africa, I am conducting a research study into conveyancing processes involved in the exchange of landed property. I value your participation and would appreciate it if you could spare about 15 minutes to complete the questionnaire.

Thank you for your co-operation.

Anthea Amadi-Echendu

Researcher

Prof René Pellissier

Study leader

BIOGRAPHIC INFORMATION

Are you a:

Buyer	Seller	Estate Agent	Mortgage Originator
Attorney	Bank/Financial institution	SARS Official	Municipality Official

Age in years:

18 or younger	19-25	26-35	36-45
46-55	56-65	66-75	76+

Your place of residence: Town/City _____

Your e-mail address (optional) _____

Please complete the survey by circling the block that best represent your choice. You may circle more than one block where necessary. Attorney in this survey will refer to a qualified conveyancer.

Mortgage Originator questionnaire:

1. What is the average time for a property to be advertised before a qualified buyer is identified?

1 month	2-3 months	4-6 months	7-9 months	More than a year
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2. How often do you encounter linked property transactions?

5% of the time	6-10% of the time	11-20% of the time	21-30% of the time	More than 50% of the time
----------------	-------------------	--------------------	--------------------	---------------------------

3. What percentage of the properties that you deal with are sold for cash?

1%	2-5%	6-10%	11-20%	More than 25%
----	------	-------	--------	---------------

4. (a) In the case of bonded properties, how does the buyer mostly apply for finance?

Applies in person at Bank	Estate Agent	Mortgage Originator	Attorney	Other
---------------------------	--------------	---------------------	----------	-------

(b) Please specify what Other is:

5. In the case of bonded properties, what is the percentage of own contribution needed by a prospective buyer for the following categories:

f) 1-10% Deposit required

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

g) 11-20% Deposit required

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

h) 21-30% Deposit required

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

i) 31-40% Deposit required

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

j) 50% and more Deposit required

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

6. What is the percentage of the average loan-to-value approved by banks for the following brackets:

f) 90-100% Loan-to-value approved

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

g) 80-89% Loan-to-value approved

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

h) 70-79% Loan-to-value approved

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

i) 60-69% Loan-to-value approved

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

j) Less than 60% Loan-to-value approved

1-10% of the applications received	11-20% of the applications received	21-30% of the applications received	31-40% of the applications received	More than 50% of the applications received
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--

7. How many working hours does an Approval in Principal take?

1-8 working hrs	9-12 working hrs	13-15 working hours	16-24 working hours	More than 24 working hours
-----------------	------------------	---------------------	---------------------	----------------------------

8. (a) What percentage of the applications you work with receive reconsideration after the loan has been approved?

0-10%	11-20%	21-30%	31-40%	More than 50%
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(b) Please rank the reasons for the reconsiderations:

Loan amount	Interest rate	Property Valuation	Deposit required	Entity change
-------------	---------------	--------------------	------------------	---------------

(c) How many days does each type of reconsideration take?

Loan amount:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Interest rate:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Property Valuation:

1 day	2 days	3 days	4 days	More than 5 days
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Deposit required:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

Entity change:

1 day	2 days	3 days	4 days	More than 5 days
-------	--------	--------	--------	------------------

9. (a) What percentage of the applications that you work with receive amendments after the attorney has been instructed?

1-10%	11-20%	21-30%	31-40%	More than 50%
-------	--------	--------	--------	---------------

(b) Please rank the reasons for the reconsiderations:

Loan amount	Interest rate	Property Valuation	Deposit required	Entity change
-------------	---------------	--------------------	------------------	---------------

10. How many working hours does a Final Approval on an application take?

24 working hours	36 working hours	48 working hours	60 working hours	More than 60 working hours
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11. What is the range of turnaround time for the following loan applications:

a. < R200 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
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b. >R200 000 and <R800 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

c. >R800 000 and <R1 500 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

d. R1 500 000 and <R3 000 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

e. >R3 000 000

1-30 days	31-40 days	41-60 days	61-80 days	More than 80 days
-----------	------------	------------	------------	-------------------

12. On average, how many days does it take to arrive at the following for a new property purchase?

a) Approval in principle

1-5 hrs	6-8 hrs	8-12 hrs	13-15 hrs	More than 15 hrs
---------	---------	----------	-----------	------------------

b) Property Valuation

1-5 hrs	6-8 hrs	8-12 hrs	13-15 hrs	More than 15 hrs
---------	---------	----------	-----------	------------------

c) Final Approval

1-5 hrs	6-8 hrs	8-12 hrs	13-15 hrs	More than 15 hrs
---------	---------	----------	-----------	------------------

13. Which loan type takes the longest to obtain approval for finance from the bank?

(Please rank from most to least)

All the same	Free standing house	Sectional Title	Smallholding or farm	Commercial property
--------------	---------------------	-----------------	----------------------	---------------------

14. What percentage of loan applications is typically approved by banks?

1-20%	21-30%	31-40%	41-50%	More than 60%
-------	--------	--------	--------	---------------

15. How many months does the average new loan application take to register from time of the Bank's approval?

1 month	2 months	3 months	4 months	More than 5 months
---------	----------	----------	----------	--------------------

16. How many weeks did it take from the approval of the loan, for the following to be obtained:

a) Rates Clearance Certificate:

1 week	2-3 weeks	4-5 weeks	7-8 weeks	Don't know
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b) SARS Clearance Certificate:

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
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c) Power of attorney (in the event of a deceased or insolvent estate):

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
--------	-----------	-----------	-----------	------------

17. How many weeks did it take for the attorney account to be settled?

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Longer than 8 weeks
--------	-----------	-----------	-----------	---------------------

18. Who informed you of the progress of the home loan application?

Followed up yourself	Bank	Client	Estate Agent	Attorney
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19. How often did each role player inform you of the progress of the property exchange transaction?

Every week	Every second week	Every month	Only when there was a change in status	Only when you requested an update
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20. How many months does the average further loan take to register from the time the Bank approves the loan?

1 month	2 months	3 months	4 months	More than 5 months
---------	----------	----------	----------	--------------------

Thank you for participating in this survey!

APPENDIX L: SELLER QUESTIONNAIRE

South African Conveyancing Process Study

RESEARCH OBJECTIVES

Purpose

To study the conveyancing process in order to determine the reasons why the process is regarded as tedious, cumbersome and complex. The aim is to establish improvement opportunities.

Objectives

To determine the influence of the different role players involved in transactions relating to the exchange of landed property

To determine bottlenecks in the conveyancing processes

To determine what can be done to improve the process

Dear Sir/Madam,

As a Masters degree student in Business Management at the University of South Africa, I am conducting a research study into conveyancing processes involved in the exchange of landed property. I value your participation and would appreciate it if you could spare about 15 minutes to complete the questionnaire.

Thank you for your co-operation.

Anthea Amadi-Echendu

Researcher

Prof René Pellissier

Study leader

BIOGRAPHIC INFORMATION

Are you a:

Buyer	Seller	Estate Agent	Mortgage Originator
Attorney	Bank/Financial institution	SARS Official	Municipality Official

Age in years:

18 or younger	19-25	26-35	36-45
46-55	56-65	66-75	76+

Your place of residence: Town/City _____

Your e-mail address (optional) _____

Please complete the survey by circling the block that best represent your choice. You may circle more than one block where necessary. Attorney in this survey will refer to a qualified conveyancer.

Mark the appropriate box with an X.

Sellers:

1. How many months did you advertise your property before a qualified buyer was identified?

1-3 months	4-6 months	7-9 months	10-12 months	More than a year
------------	------------	------------	--------------	------------------

2. How many different buyers viewed your property before you received a signed offer to purchase?

1-5 times	6-10 times	11-20 times	21-40 times	More than 50 times
-----------	------------	-------------	-------------	--------------------

3. (a) Was the sale of your property dependant on the sale of another property?

Yes	No
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- (b) If yes, what was your alternative temporary measure?

4. After the Offer to Purchase was signed, how many days did it take before you were informed that the buyer's loan has been approved?

1 day	2-5 days	6-10 days	11-15 days	More than 20 days
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5. Which role players were involved in the sale of your property?

Estate Agent	Bank	Attorney	Mortgage Originator	Curator
--------------	------	----------	---------------------	---------

6. Following the bond approval by the Bank/financial institution, how many weeks afterwards did you sign your documents with the attorney?

Within a week	1- 3 weeks	4-6 weeks	7-8 weeks	Longer than 8 weeks
---------------	------------	-----------	-----------	---------------------

7. How many weeks after the bond approval did you furnish the attorney with an electrical certificate?

Within a week	1- 3 weeks	4-6 weeks	7-8 weeks	Longer than 8 weeks
---------------	------------	-----------	-----------	---------------------

8. How many weeks did it take from the approval of the loan, for the following to be obtained:

a. Rates Clearance Certificate:

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
--------	-----------	-----------	-----------	------------

b. SARS Clearance Certificate:

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
--------	-----------	-----------	-----------	------------

c. Power of attorney (in the event of a deceased or insolvent estate):

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Don't know
--------	-----------	-----------	-----------	------------

9. How many months did it take for the property to be registered from the time that the buyer's loan was approved?

1 month	2 months	3 months	4 months	More than 5 months
---------	----------	----------	----------	--------------------

10. How many weeks did it take for the attorney account to be settled?

1 week	2-3 weeks	4-5 weeks	6-8 weeks	Longer than 8 weeks
--------	-----------	-----------	-----------	---------------------

11. Who informed you of the progress of the home loan application?

Followed up yourself	Bank	Client	Estate Agent	Attorney
----------------------	------	--------	--------------	----------

12. How often did each role player inform you of the progress of the property exchange transaction?

Every week	Every second week	Every month	With every status change	Only when you requested for an update
------------	-------------------	-------------	--------------------------	---------------------------------------

13. How much did you sell your property for?

Affordable Housing	0-R800 000	R800 000-R1 500 000	R1 500 000-R3 000 000	R3 000 000 +
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14. (a) What type of property did you sell?

House	Sectional Title	Smallholding	Farm	Other
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(b) Please indicate what other means:

Thank you for participating in this survey!

APPENDIX M: EMAIL FROM CONVEYANCER 1 IN BARBADOS

Hi,

Your prerequisites are in order.

I am looking to build an international framework to then make recommendations to our SA conveyancing process after a comparison. Any information in this regard would be appreciated, I will reference your firm where applicable.

Regards,

Anthea

From: Savitri St. John [mailto:Savitri@clarkes.com.bb]

Sent: 13 December 2011 15:17

To: Pillay, Anthea

Subject: RE: Study on real estate in Barbados

Dear Anthea;

I took a brief look at your outline. Our procedure is quite different and is manual for the most part. I can send you a set of notes from a seminar I held for one of our clients, which may help you, but before doing so I must settle a few things with you for general housekeeping purposes:

1. We retain the copyright on any material I send you. You may not reproduce it without our permission, whether in its entirety or by extract.
2. We must receive credit for our assistance with your paper.
3. You must respect our client confidentiality - if names appear through inadvertence in any paperwork you receive, you must keep the same confidential.

Once you confirm the foregoing I will send you the seminar notes which you may refer to but not share with anyone else.

Kind Regards;

Savitri St John
Partner
Clarke Gittens Farmer
Parker House, Wildey Business Park
Wildey Road, St. Michael BB14006,
Barbados
Tel: 246-436-6287
Fax:246-437-8979
Email: ssj@clarkes.com.bb

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>>> "Pillay, Anthea" <pillaap@unisa.ac.za> 12/13/11 8:30 AM >>>

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Good day,

Thank you for your email.

Yes, I was referring to your article for Lex Mundi.

I have drafted an outline of the process that is followed in SA. Would you mind checking that to your processes and assist me with timelines for each step?

Also please advise whether you use the manual or the electronic system. It is my understanding that the manual system is still widely used. Is this correct? What is the electronic system used for?

How is previously unregistered land dealt with in the conveyancing side in Barbados? South Africa also still has lots of unregistered land and I would like to draw a comparison.

Your assistance is greatly appreciated.

Warm regards,

Anthea Pillay

Lecturer: Operations Management

Department of Business Management

Tel: +27 12 429 2627

Fax: +27 86 580 4598

pillaap@unisa.ac.za

University of South Africa
Preller Street, Muckleneuk Ridge, Pretoria
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From: Savitri St. John [mailto:Savitri@clarkes.com.bb]

Sent: 12 December 2011 15:47

To: Pillay, Anthea

Subject: Re: Study on real estate in Barbados

Dear Anthea;

There was no collection of data as such. Our report (I am assuming you are referring to the one we did for Lex Mundi) was based on the long experience of our firm, which is the largest in Barbados and which consequently has the largest conveyancing department in Barbados.

We generally quote the turnaround time for mortgages, from the time we receive instructions from the lending bank, at an average of 3 months from instructions to disbursement. If there are problems to be resolved or ancillary items such as insurances that the borrowers have difficulty with, the closing may take longer. That said, we have also managed to close (disburse) a mortgage matter in less than a week, where there was good title, co-operation from all involved and an urgency.

There is a further period of about 2 weeks to get the recorded deeds back from the Land Registry (where the borrower is not a company - if it is this can take over 6 months due to delays at the Companies Registry).

You should also factor in the time the Banks take to approve the application from the borrower and issue us with instructions in the first instance - this varies from Bank to Bank.

I hope this is helpful.

Regards;

Savitri St John

Partner

Clarke Gittens Farmer

Parker House, Wildey Business Park

Wildey Road, St. Michael BB14006,

Barbados

Tel: 246-436-6287

Fax:246-437-8979

Email: ssj@clarkes.com.bb

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>>> "Pillay, Anthea" <pillaap@unisa.ac.za> 12/12/11 6:28 AM >>>

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Good day,

I am a student at University of South Africa and am currently busy with my Masters titled: A study into the improvement of efficiencies and effectiveness of the South African conveyancing processes

I would like to use Barbados as one of the international benchmarks and came across a study you have done. Could you please share with me what types of data you collected

that could be of any use to me? Do you have any turnaround times of mortgage applications that you can share with me?

Warm regards,

Anthea Pillay

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Department of Business Management

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pillaap@unisa.ac.za

APPENDIX N: EMAIL FROM CONVEYANCER 2 IN BARBADOS

Dear Anthea

Please accept my apologies for not responding sooner. Please see if the attached article assists you.

Kind regards

Vidisha K. Hathiramani

Partner

LEX CARIBBEAN

Barbados Office | Worthing Corporate Centre,

Worthing, Christ Church BB15008, Barbados

Tel: 246 430-3755

PBX: 246 430-3750

Fax: 246 430-3899

vidisha.hathiramani@bb.lexcaribbean.com

www.lexcaribbean.com

From: Pillay, Anthea [mailto:pillaap@unisa.ac.za]

Sent: Tuesday, November 29, 2011 12:05 PM

To: Vidisha Hathiramani

Subject: RE: Conveyancing information for Barbados

Hi,

I have not touched base in a while and would like to follow up on the process information we last discussed.

My first draft needs to be submitted by first week in December. Have you managed to document the Barbados conveyancing processes with timelines yet? Can you please forward to me what you have put together in the meantime so that I can start working on a framework?

Thanks again for all your help and your willingness to help.

Warm regards,

Anthea Pillay

Lecturer: Operations Management

Department of Business Management

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Fax: +27 86 580 4598

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www.unisa.ac.za



From: Vidisha Hathiramani [mailto:Vidisha.Hathiramani@bb.lexcaribbean.com]

Sent: 20 October 2011 23:13

To: Pillay, Anthea

Subject: RE: Conveyancing information for Barbados

Hi Anthea

Sorry for the delay in responding. The lawyer I was going to put you in touch with is not available, so I am trying to find someone else. I have been very busy recently and have not yet put together the information, but will try to do so as soon as possible.

Kind regards

Vidisha

Vidisha K. Hathiramani

Partner

LEX CARIBBEAN

Barbados Office | Worthing Corporate Centre,

Worthing, Christ Church BB15008, Barbados

Tel: 246 430-3755

PBX: 246 430-3750

Fax: 246 430-3899

vidisha.hathiramani@bb.lexcaribbean.com

www.lexcaribbean.com

From: Pillay, Anthea [mailto:pillaap@unisa.ac.za]

Sent: Thursday, October 20, 2011 6:18 AM

To: Vidisha Hathiramani

Subject: RE: Conveyancing information for Barbados

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Good day,

Trust you're well.

Just thought I'll touch base with you regarding the attorney you were going to put me into contact with so that I could find out more about the unregistered property in Barbados. Have you managed to make contact with him yet?

I now have formal supervisors allocated to me and need to hand in my first chapter by next month. Have you been able to draft the workflow of an home loan transaction from a conveyancer perspective yet? I do not mean to put any undue pressure and so grateful for your assistance in this regard.

Best wishes,

Anthea Pillay

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Department of Business Management

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www.unisa.ac.za



From: Vidisha Hathiramani [mailto:Vidisha.Hathiramani@bb.lexcaribbean.com]

Sent: 03 October 2011 14:47

To: Pillay, Anthea

Subject: RE: Conveyancing information for Barbados

Dear Anthea

You are welcome. We will be in touch again soon.

Kind regards

Vidisha K. Hathiramani

Partner

LEX CARIBBEAN

Barbados Office | Worthing Corporate Centre,

Worthing, Christ Church BB15008, Barbados

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Fax: 246 430-3899

vidisha.hathiramani@bb.lexcaribbean.com

www.lexcaribbean.com

From: Pillay, Anthea [mailto:pillaap@unisa.ac.za]

Sent: Monday, October 03, 2011 1:32 AM

To: Vidisha Hathiramani

Subject: RE: Conveyancing information for Barbados

Good morning,

Just a note to thank you for availing yourself on Friday to talk to me and being so willing to share information to contribute to my research.

Have a lovely week.

Regards,

Anthea Pillay

Lecturer: Operations Management

Department of Business Management

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pillaap@unisa.ac.za

University of South Africa
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Call centre 0861 670 411 / +27 11 670-9000
www.unisa.ac.za



From: Vidisha Hathiramani [mailto:Vidisha.Hathiramani@bb.lexcaribbean.com]

Sent: 29 September 2011 11:38 PM

To: Pillay, Anthea

Subject: RE: Conveyancing information for Barbados

Dear Anthea

Does 12:00 Barbados time suit you? If not, let me know what time works.

Kind regards

Vidisha

Vidisha K. Hathiramani

Partner

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Barbados Office | Worthing Corporate Centre,

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Tel: 246 430-3755

PBX: 246 430-3750

Fax: 246 430-3899

vidisha.hathiramani@bb.lexcaribbean.com

www.lexcaribbean.com

From: Pillay, Anthea [mailto:pillaap@unisa.ac.za]

Sent: Thursday, September 29, 2011 2:33 AM

To: Vidisha Hathiramani

Subject: RE: Conveyancing information for Barbados

This message (and attachments) is subject to restrictions and a disclaimer. Please refer to <http://www.unisa.ac.za/disclaimer> for full details.

Good day,

I do not mind calling you on Friday. Barbados is 6 hours earlier than South Africa. What would be a suitable time for me to call you?

Regards,

Anthea

From: Vidisha Hathiramani [mailto:Vidisha.Hathiramani@bb.lexcaribbean.com]

Sent: 28 September 2011 11:40 PM

To: Pillay, Anthea

Subject: RE: Conveyancing information for Barbados

Hi Anthea

Perhaps you can give us a call on Friday, or let us know what time to call you and at what number.

Thanks.

Vidisha

Vidisha K. Hathiramani

Partner

LEX CARIBBEAN

Barbados Office | Worthing Corporate Centre,

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PBX: 246 430-3750

Fax: 246 430-3899

vidisha.hathiramani@bb.lexcaribbean.com

www.lexcaribbean.com

From: Pillay, Anthea [mailto:pillaap@unisa.ac.za]
Sent: Wednesday, September 28, 2011 5:08 AM
To: Vidisha Hathiramani
Subject: RE: Conveyancing information for Barbados

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Hi,

Thank you for your reply.

Yes, I am available to discuss. How do you want to go about that?

Regards,

Anthea

From: Vidisha Hathiramani [mailto:Vidisha.Hathiramani@bb.lexcaribbean.com]
Sent: 27 September 2011 12:31 AM
To: Pillay, Anthea
Subject: RE: Conveyancing information for Barbados

Dear Ms. Pillay

This note is to acknowledge receipt of your email. Please let us know if you are available to discuss it, as this may be easier.

Kind regards

Vidisha K. Hathiramani

Partner

LEX CARIBBEAN

Barbados Office | Worthing Corporate Centre,

Worthing, Christ Church BB15008, Barbados

Tel: 246 430-3755

PBX: 246 430-3750

Fax: 246 430-3899

vidisha.hathiramani@bb.lexcaribbean.com

www.lexcaribbean.com

From: Pillay, Anthea [mailto:pillaap@unisa.ac.za]

Sent: Monday, September 26, 2011 2:15 AM

To: Vidisha Hathiramani

Subject: Conveyancing information for Barbados

This message (and attachments) is subject to restrictions and a disclaimer. Please refer to <http://www.unisa.ac.za/disclaimer> for full details.

Good day,

I received your contact information from Monique Truss.

I am employed at University of South Africa and am looking to complete research where I collate relevant conveyancing information from overseas countries in order to build a standard framework which I can then compare to the South African conveyancing system. I am particularly interested in Barbados due to the vast amounts of unregistered land that existed at the time when an electronic system was successfully introduced. South Africa also battle with such issues.

I would be grateful if you are able to assist me with any relevant information that may assist in this regard. I am particularly interested in the following:

- The conveyancing process prior to the introduction of an electronic system
- The conveyancing process after the introduction of the electronic system
- Any data that may assist in measuring the turnaround times and the impact the electronic system have had

- Any proven benefits of the introduction of the electronic system
- How Barbados managed with the unregistered properties
- The stakeholders involved in the process and their job functions
- Any other relevant information

Please advise if you are able to assist with any of the above or if you are able to point me in a direction where I could obtain this information from.

Your assistance is appreciated.

Warm regards,

Anthea Pillay

Lecturer: Operations Management

Department of Business Management

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pillaap@unisa.ac.za

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APPENDIX O: INTERVIEW WITH PROF ROLAND ORTT

Interview with Prof Roland Ortt from Delft University of Technology regarding the conveyancing process in The Netherlands - May 2013

Please explain the real estate process in The Netherlands

We bought a new house from a developer who was the seller. The developer and I had an open session in a restaurant. We signed a standard contract. There were different homes in the development. Banks were linked to the development. One can apply for financing using a real estate agent that is linked to the developer or in person at the bank. I went to apply and the banks checked my affordability. I signed a contract with the bank and then went to a notary. The full loan was not paid out to cater for additional issues that may arise (5-10% were retained). This difference was only paid out 3 months later. The valuer did a valuation within 3-4 hours and made a list and notified the developer of all the things that the developer needed to fix. The buyer can also choose the valuer. In the development there was a community of buyers and they formed a body corporate to manage the affairs of the area where we bought. There is a guarantee in case something is wrong with the structure. The developer bears this cost for a few years. The buyer also chooses the notary he wants to work with. The notary will deal with the Municipal Offices, Revenue Services and the Deeds Registry.

Banks generally grant a full loan where no deposit is required. An investment fund is created to pay off the loan. The buyer pays interest only to the bank. The buyer also has the option to pay back interest and capital, however the interest is paid to the bank and the balance is paid to another account to pay off the loan 30 years later. The buyer pays a fixed interest rate for 10 years. He can renegotiate the terms of a new loan afterwards, or he may pay the loan off during this time when the interest rate had matured. Capital payments cannot be made into the loan during the fixed term contract, unless the conditions agreed to between the bank and the buyer provided for this. If not the buyer would pay a fee for breaking the contract conditions to pay off the loan or pay extra into the loan. The buyer can choose to pay back a certain percentage annually. If you pay back more, you pay a penalty.

In The Netherlands, the interest you pay on your mortgage can be deducted from your salary and can be claimed back from the Revenue Services.

APPENDIX P: INTERVIEW WITH PROF BERNARD KATZY

Interview with Prof Bernard Katzy regarding The Netherlands' conveyancing process - May 2013

Please explain the conveyancing process in The Netherlands

Real Estate Agents assist the buyer and the seller with regard to the sale and purchase of property. Two real estate agents will be involved in the process – one who represents the buyer and one who represents the seller. Financing can be obtained either when the buyer goes to apply at a financial institution himself, the application can be done online, or a real estate agent can assist with the process. The entire application will take about 2 weeks, including a valuation being done by the real estate agent who issues a certificate regarding the value of the property.

The mortgage law was changed in 2013 due to the recession and the problems that was experienced in the real estate market. Financial institutions now only provide 70-80% loans and the rest needs to be paid in cash by the purchaser. Buyers also always had the option to only pay back interest and never pay towards the outstanding capital amounts. Buyers now need to pay the loan back in 30 years.

The database in The Netherlands is very effective. It is linked to your fiscal social number and all your information is linked. It keeps strict records of all transactions that take place in The Netherlands. All your information is available in this system and can be accessed by banks and many other institutions that provide finance and other services, which include applying for a passport. For example, if you wish to purchase a car, the details of the current owner and all previous owners of the car, as well as the colour, make and model of the car will be displayed in this system.

The bank informs the buyer whether his loan has been approved. The buyer then goes to a notary and the bank will transfer the money of the loan to the notary. The notary drafts a single document which includes municipal rates and revenue information. The notary works for the Queen, which means that he is a public official.

Most Dutch people live in their own houses. Few people rent. People also move very often. This is made possible due to the fact that people only used to pay the interest on their loans. This situation will probably now change due to the change in legislation.

After buying the property we wanted to effect some changes to the property. It took very long to obtain approval for the alterations. We had to make use of many different professionals. There are very strict rules as to how properties should look in The Netherlands. Houses were built in different eras and the structure and look of that era must be maintained, or you would not receive permission to change anything. The windows, finishes, roof, etc. must be kept to reflect the original design. As a result alterations to a property can be very expensive. After you have obtained all the permissions necessary, the rest of the process is very quick.

APPENDIX Q: INTERVIEW WITH ESTATE AGENCY IN THE NETHERLANDS

Interview with Mr MJP Borgdorff from Borgdorff Makelaars (estate agency) in The Hague, The Netherlands

In the Netherlands, the estate agents do property valuations. There are two types of valuations:

Waardering

Used to compare the value of the property with that in the neighbourhood

Little training needed – part-time training for two years

Done on the Reworks system

Taxation

This valuation is necessary for someone to obtain a mortgage loan

More training needed – one year after the two years training for a waardering agent

The Nederlandse Veeniging vir Makelaars is the body that oversees the profession.

To be a makelaar someone needs to train for a period of four year and then do a year's practical work before he/she is certified as a makelaar.

The property process:

A potential buyer places a bid. The seller may counterbid and the makelaar assists with negotiation between the two parties. It takes an average of four days for the parties to reach an agreement. The makelaar then draws up a contract, but in Amsterdam the notary would draw up the contract. A party may abandon the contract within three days of its signing.

106% of the contract price is payable. This includes the notary cost and 2% transaction cost. Banks give loans of 105%. It takes approximately six weeks for banks to approve the loan, but eight weeks if the person is self-employed. The finance must however be approved within six of signing the offer to purchase. The same makelaar may not sell a property and do the taxation of the same property. The bank arranges for the taxation to be done. The bank also decides on which notary to use.

The agent will send the signed offer contract to the notary. The notary will then draft the transportakte. The parties would come and sign the contract. The notary then registers the transportakte in the Kadaster. This registration in the Kadaster takes one day.

All moneys are paid to the notary for disbursement. A notary must do law school for four years on a fulltime basis. He must then specialise for two years and start working to gain working experience. This is a form of inside training.

APPENDIX R: INTERVIEW WITH NOTARY IN THE NETHERLANDS

Interview with Mr MJJR Lentze from Ellens and Lentze Notariaat Mediation in The Hague, The Netherlands

A consumerhome is a home that someone buys for himself. A written contract is signed by both parties. The purchaser has three days in which to think it over and terminate the contract if he/she so wishes, unless the conditions of the loan has not been met. For example, the mortgage loan should be approved by a specified date without any consequences. This is normally a standard clause that is inserted in the initial contract signed between the two parties. Overmagt is acts of God for which provision is also made in the contract. The standard is for a 10% penalty to be paid, ,but the courts may rule otherwise. Damages are also payable in some instances.

A notary has to do an undergraduate degree. Then he studies the law of notary which is offered as a Masters degree. He is able to draft marriage contracts, as well as exercise inheritance law, property law, company law and taxes. This takes four years to complete. Thereafter he applies to work with a notary firm as a kandidaat notaris for the first three years. During this time he does extra studies which are arranged by the Orde. He writes an exam after a year and the final exam after three years. At this point he is still a junior notary. After six years of fulltime working experience as a junior notary, he/she may apply to become a notary. He/she must then put together a business plan that must be approved by a Special Finance Committee which is a deskundige committee. He/she must also do psychological testing to test his/her stamina, etc. approval will mean appointment by the King. Officially you are then a civil servant, but you are paid by your clients. You need to make sure there are securities in the system.

A notary uses an account that is protected by law. Monies are paid into this account before the signing of the deed of transfer. The deed documents are sent to the Land Registry electronically. The notary waits 1-2 days before he/she does a search. If all is in order with the property transfer, he pays all parties to the transaction.

The purchaser can choose the notary. It can be made a condition of contract for the seller to appoint one. Either the estate agent or the makelaar or the client may inform the notary of a coming application. They sometimes request fees before proceeding. The fees are not fixed or regulated by law. The offer contract can be either sent to the notary or the notary may be asked to draft the contract. The bank sends confirmation of the loan via fax, email or via a specific

system called the Electronic Communication of Mortgages. This system is a development between banks and notaries and are usually used by the bigger banks.

The notary manually drafts the documents. Notaries are liable and responsible for the correctness of the document and mortgage being put on the property. The notary has liability cover which is arranged by the Notary Organisatie.

- Functions of the notary:
- Title search
- Check owners association
- Check city taxes (sends an email to municipality and has response within one week)
- Mortgage on the vendor side – can take up to a month
- Bond documents
- Transfer
- 2% transfer tax
- Draft documents (can take up to 15 hours to do)

Lodgement is done with the Kadaster. Documents (transport akte, mortgage agreements and deed) are sent through a special programme. Transfer documents are signed with an electronic signature. There are two systems now. The Kadaster checks and registers the documents usually within one day. The Kadaster then sends a confirmation back to the notary.

The new system will automatically update the title register. The notary will log in directly to the register and will no longer send documents to the Kadaster with an electronic signature. The Union of Brokers regulates the process and every dossier is audited. An independent agency audits the documents for the entire agency.

APPENDIX S: INTERVIEW WITH MORTGAGE ADVISOR

Interview with Mr Alexander PF Kuling from De Hypotheek Shop (mortgage / financial advisor) in The Hague, The Netherlands

One needs a special license to be a financial advisor to private people. This is regulated by law for rentals and purchases of property. One can work independently and then works with all the banks. The value proposition to clients is to show the best options of different banks for the different loan terms. He/she can look after the personal situation of the client. About 6-7 years ago the advisors multi-submitted applications to different banks. The banks now have a gedragcode which is regulated by government.

Loan to value must not exc100% by 2018. The loan to value percentage lowers by 1% every year. Overdrachtbelasting is 2% for private property and 6% for commercial property. These values are paid for property purchases. The notaris will pay these amounts to the tax office.

Until December 2012 the mortgage advisor received commission from banks. It is now forbidden. The government stopped it. Instead they calculate the hours worked on a transaction and charge a fixed fee. The advisor drafts a separate agreement with the buyer for this purpose.

Duties of the mortgage advisor:

- Submit finance application to bank
- Do life insurance
- Do fire insurance, car insurance, household content insurance
- A buyer should visit the mortgage advisor before purchasing a property in order to:
- Identify the papers needed
- Work out the monthly payments
- Understand the process
- Establish if he/she can afford the purchase price

The mortgagee advisor uses a special programme called Mortgage Data Network (HDN). The system is owned by the banks, financial advisor companies and mortgage brokers. There are three companies in Holland that does mortgage administration for banks. They are:

- Starter which is owned by ABN Amro

- Quion which is a Dutch company
- Cims which is a US company

The financial Advisor System is regulated and helps to manage milestones. The system is linked to the bank, but is not yet linked to the notaris.

The mortgage advisor has contact with the Kadaster to receive updates regarding property transactions. The Financial Advisor has a license from the AFM (Authorities Financial Markets) and must be insured. He/she needs a diploma which takes 3-4 years to obtain. One has the option of becoming an insurance advisor without the financial products, or one can become an insurance advisor and also do financial products. There will be yearly exams at the AFM from 2014. Losses are monitored by the AFM.

APPENDIX T: INTERVIEW WITH ROTTERDAM KADASTER AND BANK

Interview with Chris den Hollander – Rotterdam Kadaster



The Kadaster head office is in Appeldoring. They receive an instruction to register on the system (Kadaster-on-live). The notaris pays per month to use the system. The system helps them to do property searches and to electronically send through instructions and documents or registration. Dokumente word gekontroleer. Goedkeuring word gegee en registrasie is dieselfde dag. Register word digitaal opdateer. Akte kry digitale merk en 'n digitale handtekening om online te stuur na notaris. Notaris is verantwoordelik vir die regte, e.g. reg van overpad.

Interview with Mr K van der Poel at ABN Amro Bank, The Hague, Netherlands

The bank requires salary information, en employer's' declaration that the buyer is employed by the,, details of the property being bought and tax certificate. The tax certificate can be obtained through the notary or from the taxation office. The buyer also completes an application form and at the same time supplies the notary with the same details. the notary can be an independent one or can be arranged by the buyer. The loan size depends on the value of the property and the income of the buyer. Execution of the house is approximately 85% of the market price. The complete application is then sent to the mortgage department which is a centralised unit outside the branch. They will verify and authorise the loan.

The bank transfers the money from the loan to the notary a day before the meeting with the buyer, seller and notary. The notary will make all necessary payments. The bank only advises the buyer of progress of the loan, not the notary.

APPENDIX U: INTERVIEW WITH PROF ARUN KUMAR FROM QUEENSLAND UNIVERSITY OF TECHNOLOGY IN AUSTRALIA

Interview with Prof from University, Melbourne, Australia

Please explain the property process in Australia.

A property agent normally would sell property in Australia. He charges 2-2,5% on the sale price. The property can be sold as a private sale. For this process the agent will do an estimate of the property price. Open house inspections will be held. The agent will provide a price range and people viewing can make an offer. Alternatively a property can be sold on auction. The cost involved here would be about A\$2000. An auctioneer starts the bidding price. The owner can also bid and this is known as the bidder's price. The owner may also decide not to sell which is known as the property has been 'passed in'.

The buyer must pay 10% of the price into a trust fund. This fund is administered by the agent. The balance should be paid within 30-40 days. The settlement should happen within 6 months. The conveyancing is done by each party's conveyancer. The bank that is giving the loan for the property will use their own attorney to ensure that all the paperwork is correct. The title is changed at the Deeds Registry. The deed is kept by the bank. The loan can be up to 20 years and the owner has the choice of paying interest only on the loan, or he can pay the interest and an additional amount to reduce the capital. A fixed or variable interest rate may be chosen for the repayment of the loan.

However a client can do his/her own conveyancing and can save A\$300 in the process. This can be done by purchasing a conveyancing kit in a shop that is freely available. Conveyancers are not always qualified. There is no minimum qualification to be able to do conveyancing transactions in Australia. There's no term involved for any training to be done either. The banks take the responsibility to look into the paperwork effectively to ensure that it is correct.

APPENDIX V: INTERVIEW WITH TISU, BANK AND ESTATE AGENT IN TAIWAN

Please explain the property transfer process in Taiwan.

An estate agent will help to sell a property. A tisu will become involved to draft the offer to purchase agreement between the parties. An offer to purchase is signed between the buyer and seller. The buyer needs to pay 1/3 of the purchase price into a savings account that is opened with the bank immediately after signing the offer to purchase. The agent will receive a commission of 2%. This is done within a day. The buyer will then apply for finance with the bank. The tisu will forward the land information to the bank. The tisu works for the buyer not the bank. The bank will take 3 days to advise that the loan is approved. The bank will then request for a valuation to be done which can take 2 weeks. The bank then opens the loan account for the buyer which is normally over 20 years. The buyer has 32 working days within which to transfer the property. Transaction tax must be paid.

The buyer makes sure that the property is suitable and that the condition of the house is good, e.g. no leakages etc. This should be done within 6 months. The parties then sign the final declaration. The deposit is then transferred into the loan account. The money is paid to the seller where necessary. The buyer will receive a certificate of transfer which is issued by the Land Offices (government office). The buyer starts to repay the loan. The tisu and the agent are paid separately by the buyer. The tisu receives thirty thousand Taiwanese dollars.

If the buyer does not proceed with purchasing the property and cancels the deal, he/she is responsible for paying 6% to the seller. The estate agent and tisu will then receive no money. The tisu also need to pay back the transaction tax if it was already paid over to him/her. The transfer process for locals takes about 1 month to complete end-to-end. It may take longer for foreigners due to exchange control regulations that must be followed. For a T\$8 mil property, the bank may generally finance T\$6mil and the buyer T\$2mil.

In Taiwan an attorney studies for 4 years and deals with civil and criminal matters. A tisu does not have to be an attorney of law. They can buy books in the bookstore and write an exam to qualify to become a tisu. Thereafter they must attend classes for 30 hours. The tisu is managed by Central Government and the certification is issued by local government.

Functions of the tisu:

- Drafts contracts between the parties

- Buyer and seller
- Bank and buyer
- Mortgage documents
- Property documents
- Transaction documents
- Makes sure deposits are paid
- Apply for certificate of transfer from Land Offices

APPENDIX W: INTERVIEW WITH BANK A IN SOUTH AFRICA

Interview 1 – Bank A

Interviewer: Good afternoon Sonja. Thank you very much for being willing to meet with me today. I am Anthea Amadi-Echendu and I am doing my Masters study at the University of SA. I am investigating the conveyancing process and as part of that process I need to interview banks so that I can understand the process from a bank's perspective and this is why we are meeting today. I'll be asking you a few questions. I'm going to make notes as we go along. As you can see we are recording the conversation as well. It is not going to be heard by anybody. The recording is really just for me to write down all the information that you have said, so that I can be in a better position to analyse the information.

Also I want to just point out that this completely voluntary. You can withdraw at any time from this interview and it will not be held against you. It is absolutely voluntary that you are giving me this information. Do you have any questions you want to ask me before we start?

Respondent: No, I think I'm happy Anthea. I just need to understand, you also want me to focus on like the bank's processes? Like from the bank's side what do we do? Where it also starts off from our side?

Interviewer: Yes, you can please from a bank's perspective answer the questions. I'm going to ask you and we can discuss it while we're busy.

Respondent: Ok.

Interviewer: Thank you again. Let's get right into it. Please describe the conveyancing process from the moment the buyer fills in an offer to purchase and sends it to the bank, to the point where it registers.

Respondent: I just quickly want to make this point to you which is quite controversial for us. I just want to state that no external or internal party can appoint an attorney any longer. The bank reserves the right to appoint an attorney. We will get the instruction in our production centre and we will allocate a bond attorney based on the performance as per the performance scorecard. I see you have got on your second point efficiencies and effectiveness of the process. We can then talk

about the process. According to performance you now get work allocated to you. If you 90% and above you get of course more work than when you score 90% and below. Also you know the customer can no longer appoint an attorney.

Interviewer: That also means the transport attorney as well?

Respondent: Only the bond attorney because it is our agent we have the right and at our own security. We will try and accommodate the customer in terms of where he works and where he stays, and then appoint an attorney as close by possible.

Interviewer: Sorry to stop you here but I need to be clear, you say that the attorney will be allocated near where the customer works and stays. What happens if the property is not in the area where the customer works and stays?

Respondent: It doesn't matter we try and accommodate a customer as to where he wants to sign his documents. So every month an attorney consultant will give the production centre a list to say this and this attorney must get work and this is the quota. When the bond gets granted the bond attorney now gets instructed electronically via our vendor which is LAW. Every attorney on the panel must subscribe to LAW. The attorney then via his vendor software can then draw the instruction electronically and he then prints the instruction to register, your mortgage loan agreement and the home loan application form. He then prints those three documents and now he can start preparing the documents.

Interviewer: When this attorney receives this instruction is this the first time ever that he knows he is going to be getting this transaction.

Respondent: Unless he is doing the transfer and he sits with the offer to purchase. But also, we're also no longer going to allow the bond and transfer attorney to do the same transaction. This is a rule and the only exception is developments. But they are looking at that because of fraud, the big risk of fraud. That is why they implemented that. And we were of course very popular. Very, very popular. What we use to say is the seller appoints the transporting attorney so if the transferring attorney is on the panel of BANK K it makes it so much easier if the same attorney can then do the bond and the cancellation as well. But now they say the risk is too high.

Interviewer: But did that not also expedite the process, did it not make it shorter if the same attorney was involved.

Respondent: Absolutely, absolutely and I think from me personally they did it the wrong way around, the fraud was with the attorneys involved with development and not attorneys doing your normal bonds. Now she can start preparing her documents. She must phone our customer within 24 hours. Once she receives the instruction. They work according to a scorecard they now have 60 days, 58 days to register a new bond and they've got 25 days for a further advance. We have now a set scorecard in place, where they've got specific things that they're measured against. Of course it is very important to us the days they take to register. Of course we realise that loans like developments and PIP's, insolvencies take longer. What they then do is on the software they will then classify the bond if it falls in anyone of those categories then we won't penalize them when they do the calculation of the score. They live in fear the attorneys as a result of this scorecard.

Interviewer: Who develops the scorecard?

Respondent: Us, we have given them the measurements, the weightings. LAW has built the scorecard for us. It is all measured electronically and at the end of the month we will have the scorecards populated per attorney. Now remember in terms of allocations you only get more work if you get 90% and above. Many people often say that attorneys delay the process on purpose and attorneys this and attorneys that. They live in fear because of that scorecard, because then they don't get work. Now she prepares all the documents they write to the transport attorney requesting the draft deed and get your cancellation figures. They now write to the cancellation attorney to get cancellation figures. So you see again if it was the same person it is all this writing to and from. Now your bond attorney sits, the bond attorney waits.

Interviewer: Yes cause the transferring attorney needs to advise him as to where they are

Respondent: Yes and they can take their time, especially if the transferring attorney and cancellation attorney are not on our panel.

Interviewer: And you only manage the bond attorney with the scorecard, not the transferring attorney, even if that transferring attorney is on your panel you don't measure?

Respondent: No, I will because remember he will do the bond for me. He cannot do the bond and transfer. He will always do the bond for me but if he, say he is doing the transfer and he is delaying the matter at least I can intervene and say listen you are on my panel why are you delaying the matter.

Interviewer: Yes but you do that on a one by one basis?

Respondent: Yes. Yes, but if he is not on the panel then I really cant do anything and very often they will say to you the transferring attorney is delaying.

Interviewer: And how is the cancellation attorney appointed?

Respondent: That is also by the bank.

Interviewer: But it is a separate process from the bond attorney.

Respondent: It is s separate process ja, so now our attorney waits for the documents, she gets the draft deed back, the guarantee requirements, they start now drawing up the guarantees. They draw up their authority to pay according to the loan. It will determine what documents are generated. This is all prepared on the vendor packages. Now remember also the bond attorney not only relies on those two attorneys she now relies on SARS because of rates clearances. Rates and taxes must be paid. Now you know at one stage how long it just took in the municipalities for rates clearances. It is a problem, it is really a problem.

Interviewer: Is it still a problem?

Respondent: It is better than at one stage. They would say to you openly, listen I will bribe the person to just get my figures. And then when you go there the next time, that person is gone.

Interviewer: And the banks could not intervene in that process, and try to make it a bit more efficient?

Respondent: They did and had meetings with them but it is government. There is really so much that our bond attorney doesn't have control over. We've also now implemented document storing system. Now what happens is that our attorneys for BANK K they registered without us seeing any, any piece of paper. And they paid out, then we would get our process, our security documents after the fact. Now you must remember now your money has been paid out, the customer has signed. The customer is happy. The documents get to our securities centre then now

they start checking, now there is errors on our documents. Yes our attorneys do make errors believe it or not. That is a concern for us in that and it is mistakes they can manage. The sureties, in words it can say 5 million, but then in rand it is five hundred thousand it is mistakes like that. That is a big concern for us, because the secretary is doing the work and now the conveyancer is supposed to sign all the work off. I don't think they really sit and go through all that. They just sign and the documents go.

Interviewer: What do you do in cases like that?

Respondent: Now we have got document storing system, so the attorney will now upload all his FICA documents, all the security documents and all the registration documents. He will now go and he will upload it on document storing system, this is before lodgement. In the security centre they will then open up the documents, they then go through the documents. If there is an error the attorney gets a rejection and immediately an error is logged against him, on his scorecard. Only when all the documents are correct that attorney will get a proceed to lodge. So the only documents outstanding for us is the bond and title deed because we've given them 180 days, after registration.

Interviewer: And these documents that was sent to you electronically via your document storing system. Is that now stored electronically as well? You don't print it out and file it somewhere anymore, it is all electronic.

Respondent: Yes, so there is no longer a Document pack. No longer a file going. At the beginning of the process where they print off the documents one of the documents is the application form, so now that is one of the documents that is critical that was in the Document pack. The customer had to sign the application form. This is now electronically.

Interviewer: So the documents that is saved electronically is it signed documents that is scanned in or do you just generate another electronic document with the information and the client signs it at the attorney?

Respondent: They generate an electronic copy, remember it is not signed né, because we get it via our originators. What we then say is generated, captured electronically generated and then the customer must say all of this information is correct. Based on this and this information the bond was granted, and then he signs for

that. So now there is no longer, because we had thousands of Document packs outstanding, security documents, FICA documents, thousands of them outstanding. Of course it placed the bank at huge risk.

Interviewer: Coming back to the title deeds and the bond documents that are sent through afterwards how are your figures looking on those outstanding documents?

Respondent: They are much better because there is a measurement on your scorecard outstanding bond and title deeds. So now when they have their 'proceed to lodge', they go and lodge. That's also what we implemented. The attorney can no longer when they've been to the Deeds Office now they sign 'bond registered' at the back and then we could capture the registration date in the vendor package. Some of them captured fictitious registration dates, it was fraud, for whatever the case was. Now we have implemented the deeds office tracking system so in the Deeds Office if it is registered then they scan it. The vendor packages are now automatically updated with the registration date. But still an inefficiency in the process in that now the registrar although he has said this bond is registered he now goes and retracts and if it is not registered there is an error.

Interviewer: You have been updated electronically that it's registered.

Respondent: Ja, and we have already paid out. So that can be a problem.

Interviewer: How often does that happen?

Respondent: We wouldn't really know. Why would he register, say it is registered and goes back and say, I really think it is exception. It did happen a few times.

Interviewer: If I can just clarify now, your vendor packages become updated via the DOTS information? Those DOTS information are then updating the bank as to the transactions registered. How does the payments comes into place, does it send an electronic notification to a department that knows now they've got to pay based on this or does the attorney still have to advise you separately. How does the payment thing work?

Respondent: No it is all electronic, once the registration date is loaded the guarantees via the LAW system. There's a final check to make sure the guarantees don't exceed the loan amount.

Interviewer: Who does the final check?

Respondent: It is all systematically and via LAW it updates the BANK K system to say it's registered and then payments are made. That gets done in Johannesburg but it is all electronic. So they just get the advice and then they see how the guarantees need to be paid out.

Interviewer: So this system, your vendor package is then installed on the bank side

Respondent: No that is the attorneys. Remember our interface is LAW and Bank K.

Interviewer: If you say LAW and Bank K is there an interface with Johannesburg to advise them of the payments and there is an interface with Head office for you to get your stats, and there is an interface with operations for the instruction to be send off. How is that happening?

Respondent: This is Bank K then you've got LAW, then you've got vendors, your Korbitec, Legal Suite, Legal Perfect, Veri-agent. Previously there was no interaction with Bond centre. So this, your attorneys must have LAW. All the stats, our reports everything gets generated from LAW. Previously between our bond centres there were no integration. That was a huge inefficiency, they then said but you are forcing me to use one vendor and you are forcing me to switch between screens, because they had to do certain amount of work there what we then said is ok we are now happy LAW bonds is here. You can now go and we will do integration, so seamlessly LAW is still as an engine at the background. But it now goes via there or anyone there and the attorney opens up his instruction and he completes his instruction on his vendor package. It is one platform that he works on, he doesn't have to go and capture here and capture in the Bond Centre because that is what happened. So now the attorney comes and captures his registration date, now this is all happening in the background. The registration date goes there and it updates LAW system. They do a final check on the guarantees and from there it goes into the Bank K system, Vendor package or whatever it's called. In Johannesburg they sit and just open up their system and they start paying.

Respondent: I just want to talk to you about the guarantees. Currently there is a project also in place where we want to automate and maybe, I don't know if you must make this part of your interview, maybe just drive it in that way. We have a project with Korbitec where we want to have a guarantee hub. When the instruction is

generated this guarantee sits on the hub and it now gets populated with information that we have available at that stage. Then the idea is that instead of now writing to your transfer attorney requesting guarantee requirements it will be via the hub be sent to him. He will communicate back electronically, which again will speed up the process. When that guarantee is ready we can then electronically apply for a signature, a digital signature. Huge benefit there because we can now say you in this firm, it's only A,B and C that's allowed to sign a guarantee, and we can say you can only sign up to R500 000 if you can sign more. Currently we don't have that. Anyone can sign that guarantee, we wouldn't know. And if it is over the limit we wouldn't know. In Johannesburg they get the guarantee, they check that the calculations are correct, but they don't know.

Interviewer: How will the hub recognise who the signatory is, is there a matrix information involved or how would you know, who is the electronic signature from?

Respondent: That is still the big question, because they want the leverage off the LAW digital certificates. That is how they will authenticate a user and then also the banks, if the other banks don't participate, it becomes meaningless.

Interviewer: So the banks would need to have a digital key to open that information so it's not to say that all the banks participate and there is one hub that all the banks have access to all the information. Or will the banks have access only to their information because they have a digital key to open only their information.

Respondent: Accept guarantees your digital certificate and accept guarantees electronically. There are still lots of questions that can fraud be committed on this. If I want to request a guarantee from a Bank X attorney and then the Bank X attorney is not on the hub then I still have to request it from him manually, which defeats the object. I believe there were discussions with Bank X and Bank Y on this.

Interviewer: I just want to backtrack a little bit to the pre-grants side of the process. Your transactions that you receive, you receive majority from an internal stakeholder or are there external stakeholders that send you transactions.

Respondent: Still external. 60/40 I would say.

Interviewer: Because that also affects your security and the risk component, or not really??

Respondent: As a result of all the fraud that we had, they've implemented a fraud team, so in the production centre they will undertake fraud checks and they would then stop applications from going through. That has saved a lot, they've really especially at that time they really stopped a lot of deals. We don't really find that attorneys pick up a lot of suspicious transactions. Mainly they will see something suspicious on a ID. We have said to them you just report it to us and continue as normal.

Interviewer: The applications that you've received from the bond originators, estate agents and even the branches that is now all coming electronically into the production centre and the production centre would then assess it online or do they still print the documents?

Respondent: These are all online, remember there can still be manual applications. They are our bank staff that go around to customers to their premises, they can still come in electronically and then from our bank staff our branches or private bankers do manual application forms.

Interviewer: Most of the applications are then done electronically?

Respondent: Ja they will then capture the manual applications.

Interviewer: So the credit managers will also do the assessment online and the client is informed of whether it is approved or declined or whatever the case maybe. Is that an automatic process? Once the credit manager has approved it or must a clerk intervene to type out a document that is sent off to the source?

Respondent: You know they have access to a template and that template is generated systematically. I'm not sure exactly how they work in the granting process, but as far as I know to grant it, it just generates a template.

Interviewer: This is then also the template that is sent off to the attorneys in place of the Document pack.

Respondent: Not the template, the actual instruction. When they press grant it means it is granted. So our attorney gets her instruction to register.

Interviewer: If you had to look at the overall process from the time that the client signs to offer the to the time of registration where would you say are the biggest hold-ups?

Respondent: I'll just start from registration point of view. The inefficiency for me is if you go through your whole process and that instruction gets to your attorney why is it

that we still have loans if the customer indicates I don't want to proceed. Considering there is a welcome call and an acceptance of quote. Then he gets a phone call and he is been asked, listen this and this is the conditions are you happy do you want to continue, yes. Then it gets to the attorney.

Interviewer: Do you still have a lot of transactions that are not taken up there?

Respondent: Yes, we do, you know they gave me the figure the other day. I know the amendments are about 30 or 35 which we must also talk about. Someone gave me a figure on the NTU's, we can just ask someone. Please make a note for me. The problem is that that customer does not always tell the attorney why he wants to NTU. Again a lot of pressure from the bank side, why don't you save the deal. Did you bring it to our attention immediately? That attorney has got no control over that NTU.

Interviewer: Is that not perhaps linked to the 60% external annual applications.

Respondent: Multi-sourcing ja. He says to us ok I'll accepting but in the meantime Bank Z confirms to give him a better rate. Rate is a huge thing. Rate and 100% bonds. That is a huge thing.

Interviewer: Tell me the 100% bonds, does the bank approve most of the applications that are 100% or do you still acquire a lot of deposit.

Respondent: Only risk grades 1 or 2, that means a really good record with the bank. What they want to do now is put a score on your scorecard. On NTU's they can't. The attorney's got no control over that. So I cannot penalise him for that.

Interviewer: There can't be a score placed put in place with the originator where perhaps the originator is penalised if the transaction that originated from that source is NTU'd from your bank. Is there such a measure in place to try and curb it on the bond side?

Respondent: No, the same with our amendments.

Interviewer: So the amendment is the transactions before the attorney is instructed?

Respondent: Nee, I talk about after instruction. Again they come and they want to sign with the attorney. They say I don't want my bond in joint names I want it in a trust. There is absolutely nothing that an attorney can do. They are not allowed to change

conditions, anything on our mortgage loan agreement. It must come back for an amendment.

Interviewer: But you also need to update your systems?

Respondent: Yes, that is understandable. It is affecting our security. But an amendment, sometimes 8, 9, 12 days that the attorney has to wait.

Interviewer: Why is the amendment taking so long?

Respondent: It is just inefficiencies internally.

Interviewer: In the processing centre?

Respondent: Ja. Our SLA really depending on the type of amendment it must not take you longer than between one to three days.

Interviewer: So I know a few years ago there was a whole lot of media hype around the quick approvals that banks were giving to customers and I know that if I remember correctly the final grants was going to be done within 5 days, are those things still upheld or is it not working anymore?

Respondent: Anthea I would rather not comment on that. I see that some of your questions pertain to the processing centre. I would rather get the expert on that to comment for you. It is very sensitive on how long that take. How long they say they take to grant a loan and how long the customer say they take to grant a loan. So it is the amendments, it's the NTUs, it's the inefficiency around the welcome call. There I want to discuss the scorecard. The attorneys like the scorecard. In a sense that it gives them a good idea of how it is operating. How things go in their offices. They like to see how they compare to other firms.

Interviewer: So every firm can see how the other firm is doing on the system?

Respondent: No. What our attorney consultants will do as part of their newsletter they will publish all your firms who score 90% and above, and that poor secretary if that firm is not on that 90% list, she just get blown away by that. Generally they like it. It really is a good tool for them. I don't know if the other banks have such a solid scorecard in place. I believe Z Bank may have one. The only thing is just that they are really so scared they're making a mistake, when they do their work. Now what some of the firms do and that is why it is so important that the consultants check when they do their visits. Remember I said to you, I think

we've got 11 loan types that we cannot register in those 58 and 25 days. When she receives the instruction she see it is a PIP now she go and classifies it. When I do my calculations, LAW will now exclude that from calculations when we look at turnaround time. So obviously what will you do?

Interviewer: You can classify any loan that is taking longer and then you won't be penalized even if it is not that particular type. Does that happen a lot?

Respondent: No I can't say that it happens a lot, but they can do it. So it is a normal loan and she goes and she classifies it as a PIP. So from where we are sitting we wouldn't know like we can see the work in progress but we won't know loan so and so is a PIP and not a normal or vice versa. Say she hasn't classified and the days are now counting, come month end then she sees it's a problem, classify it and we do the run and the next day it unclassified again.

Interviewer: Will you be able to pick that up from the system. So that definitely add to the inefficiency of the process.

Respondent: No. But I must say in general I don't find that attorneys on purpose delay a registration. I must still see that. I find inefficiencies say around fraud, non-compliance in terms of data privacy where we prescribed to the firms your Document packs must be behind a lock, please it can't lie around on the floor, don't leave them in your toilets which I have seen with my own eyes. Passwords need to be protected, but for many of them those are like new rules for them it is my Document packs are all around me here. I mean what is the risk, they don't understand that an ID copy can be taken out of a folder and fraud can be committed. I find that and of course the errors were a huge frustration and still a frustration. We have training sessions with attorneys, we do road shows, we have visitations, we've got procedural guides for basically every single thing and they will still make mistakes. And they will still make the stupidest mistakes that you can imagine, and they can absolutely drive you crazy with your queries. If we must have court cases on some of those files that went through that was registered, with all the errors, because remember we had 1005, 1508 firms brought down to 580 now those firms that closed down and we never got our securities back from them. We never got our Document packs back from them.

Interviewer: So what happens in a situation like that if there had to be a courtcase and the securities are all gone?

Respondent: Then I don't know.

Interviewer: So you didn't have one of those?

Respondent: Ek weet nie, really I don't know. But I believe just from feedback that I am getting from our attorneys apparently our conveyancing process is the best in the world. Obviously from a legal point of view they can compare it now with the systems from other banks in other countries. Conveyancing is conveyancing but it's just the way how the different banks wants stuff to be done. That is also is what's making it so hard for them especially if you work on more than one bank. BANK K has DOCUMENT STORING SYSTEM but Bank Z has still a manual process. This is what is also causing the inefficiency and the errors. I must say our FICA process is well documented, very good training has been provided on what to look out for in a case of fraud. A fraudulent ID, they've got the scanners, they've got the ... In each attorney's office they have a DOCUMENT STORING SYSTEM, name it a FICA desk so that customer comes and customer sits with his ID. The attorney will take the ID and immediately put it under the ultra violet light. As the customer sits there uploads the customer's FICA documents. So a lot of measures are in place to pick up fraud as well.

Interviewer: Is the FICA document that the attorney then scans into that system goes into the DOCUMENT STORING SYSTEM and you have access to that whenever you need to check on it. Does the bank actually check that as well?

Respondent: When they proceed to lodge they go and they check all those documents. Also according to loan type because your FICA will be different if you are an individual as to company, CC and trust.

Interviewer: Has this system helped to identify some of the fraud and incorrect documentation, has it helped to streamline that process?

Respondent: I think it's helped like the fraud, but it definitely prevents fraud. I can't say it has picked up cases, maybe our attorney consultants will have more info but certainly from where we sit we didn't suddenly have an influx from our attorneys, but there is fraudulent ID's. It is much more preventative in that previously they would just take a ID and make a copy and that was it. We are the only bank that is on

document storing system. I believe that Bank Z is going next. There is huge resistance from the attorneys when this first came in.

Interviewer: Because they also had to get the equipment on their own cost?

Respondent: Now the process takes longer.

Interviewer: And they seem to have bought into it now? Are they happy with the system?

Respondent: Ja, in general yes, some of them love it.

Interviewer: That is great and I suppose also they have incorporated this into the process and it doesn't seem so long anymore. They have discovered that it is not so long anymore.

Respondent: It just does take long if you have your company CC or trust documents. That can take two to three hours to upload. What I will do for you as well is, a lot of work was done on what do you think causes delay in conveyancing, that I just want to go through and kind of summarise for you and see if there is anything that we did not talk about. There is a lot of repetitive stuff in here.

Interviewer: Is it possible for me to get a copy of that and I can read through it at home?

Respondent: Can I give it to you like this, it is not very neat, like I said you will find repetitiveness.

Interviewer: I am also particularly interested to understand where in the process the bottlenecks are and what can be done to improve this process. It seems that BANK K is very proactive in they have rally tried to do what is in their power to try and make this process a little bit more efficient and to have as little handovers as possible and to try and put it all on the electronic system so that it is more transparent and that it goes quicker and so on. But is there anything anywhere even with the external party perhaps that you know or that you can identify that is still a really big constraint in this process and that is holding up this process or that is adding on days to the registration time. Or anything that can still be changed to make this process better.

Respondent: Ok, I think we did talk about the municipalities, registrars of course is a big challenge for us because how do you get your loans fast-tracked in a Deeds Office.

Interviewer: So does SARS not work electronically now?

Respondent: They do at one stage there was also a delay there but generally we hardly have any problems with SARS. Municipalities especially the one here in Gauteng is a huge problem, we try to be also proactive and to know what is going out in the market. So we also can understand why is our matters been delayed.

Interviewer: And the Master's office do you have lots of issues with the Master's office when it comes to diseased estates and so on? Is there huge delays there?

Respondent: That is on the attorneys side. That is one of our classifications. Then on a further bond of course our attorney wait for the title deed.

Interviewer: What happens if a title deed is now gone?

Respondent: Then they must ask for a replacement.

Interviewer: Does the attorney request the replacement? Does he request it from the Deeds Office?

Respondent: Ja he is doing it, he request it on our behalf and if we have lost it then we will refund him.

Interviewer: So you will let the attorney know sorry we can't find it and the attorney will then request it from the Deeds Office if the bank lost it then the bank will refund.

Respondent: Ja, but in most of the cases we refund because an attorney may never have returned it to us and is no longer on the panel. An attorney may have lost it and the attorney might say but I did send it to you then we will say but I never receive it that was also causing huge inefficiencies in our process. The one will say I have sent it and the other one will say but I have never received it.

Interviewer: And now when they send it to you do they upload it onto the document storing system

Respondent: Not the bond and title deeds, no. They just bring the originals. Our document storing system does not cater for after registrations.

Interviewer: Isn't that also a constraint as well?

Respondent: It is possible an enhancement that they can look at, ja.

Interviewer: I'm just wondering because if you have a copy at least you would have some information that is electronically accessible, versus just receiving the original. So the originals you still file and surely that must be a huge cost to the bank because

you have to make sure that it is fire proof places and you have to go and file and have to go and fetch it

Respondent: It is millions and millions of security documents in the security centre.

Interviewer: And isn't that also a big risk and a huge inefficiency in the process? I'm talking in the entire conveyancing process having this paper documents

Respondent: It was, it really was.

Interviewer: But it still is because you still get in your title deeds manually.

Respondent: My bond title deeds yes. If they maybe misfile it and like I say they will say but I have send it and the security centre will say but I haven't received it and then they will say but here is my Docex number. Those kind of debates are still there but then again we say you are measured on your scorecard. So the system know this has been registered 180 days later and I'm looking for a title deed so immediately systematically it throws out as an error.

Interviewer: So how do you overcome all these manual documents now going forward?

Respondent: It is probably an enhancement to the

Interviewer: But besides the document storing system currently the law says that you need to have the paper documents. But doesn't this paper document create a lot of inefficiency in the system as well? How do we take this forward to eliminate the paper?

Respondent: What is the Deeds Office project, there is mos a project undergo there the scanning and whatever of the deeds I don't know how far they are with that.

Interviewer: And there is no talk of electronic lodgements and things like that yet?

Respondent: Not yet no, definitely not from our side. You know we really put a lot of stuff from our side in place, stuff that they sometimes hated us for. Like I said the bond and transferring attorney. That really caused a huge stir in the market. Allocations also, but there were bribes. You would build up a relationship with me and I'm the express agent and you would say to me for every bond that you refer to me I will give you extra R200, why won't you do it, you just a clerk at BANK K. There were huge issues with bribes and originators and attorneys and you know overseas trips and stuff like that. And then further reduction of the panel that is

something that Bank E is looking at and also a bit of a challenge for us is what do you do in your rural areas? You know you still need a footprint.

Interviewer: And going more electronic is not helping that process because the client still needs to sign the manual document and that is not going to change.

Respondent: Even if we send it electronically someone must still sit and explain to the customer what the conditions of the loan is and what the clauses means. According to NCA that must be done.

Interviewer: So what has the impact of the NCA been on this process for the bank.

Respondent: you know for the bank, of course I think that will be more on your new loans, your processes side, affordability that is why many of the loans don't get granted because affordability is a huge problem.

Interviewer: Then you mentioned now about the attorneys having to explain to clients, I suppose that is something that they have done before but because of the NCA perhaps now more focus is placed?

Respondent: They even sign a declaration, risk, rights and obligation.

Interviewer: Who signs the declaration?

Respondent: The client and the attorney, so the client signs that the attorney has explained the document to him. That is a document that we must have on every single loan, so that is one of the documents that must be uploaded on DOCUMENT STORING SYSTEM. Then of course the explanation of the fees, a customer comes to an attorney not knowing that I must still pay all those fees. Bond and transfer, then I must still pay my FICA deposit, postage and petties.

Interviewer: Does the payment of fees holds up the transaction?

Respondent: It can, it can ja.

Interviewer: So how would we alleviate this problem?

Respondent: The attorney try and accommodate, we can't. We don't include cost anymore. It is not allowed because of the risk it imposes for us. If we need to sell the house on a auction we may not get our value back. Ja it is too late but the customer is not informed upfront of all the cost.

Interviewer: So when you say upfront, it is the responsibility of the originator and the estate agent or is it the processing department with the quotation?

Respondent: I would say it is all over but remember our quotation does not include a quote on attorney cost. That is merely "This is your rate, this is what your instalment will be over so many years, this is what it will be with insurance. I see you want life as well."

Interviewer: So it doesn't sensitise the client that there will be some or other cost at the attorney in addition to what he pays at the bank?

Respondent: But if there is it is so vague that and you know what bond fees and transfer fees are. You will see cost come up here then some will say pay me off and others will say take up bridging finance or go and take out a loan.

Interviewer: You mentioned the affordability for a loan; did you see more loans being declined after the NCA came into existence? Or was the loans declined predominantly of the economic down turn

Respondent: I would say the NCA definitely had an impact. Definitely, definitely.

Interviewer: So thank you I think I got quite a lot of information. Is there anything else that you still want to highlight to me? I think we have covered all of the questions that I needed to ask. Is there anything else you want to point out to me?

Respondent: No I think we covered a lot I am sure if you go through your tape and notes I am sure you will have more questions, I am sure I will think of more things afterwards. This was interesting and I really hope it helps.

Interviewer: Your confidentiality will be upheld. Your information is safe and will not be made known to others. Thank you very much for taking the time to talk to me and so freely sharing the information and even your willingness to clarify more information if I still have any questions going forward. All of the vest to you. You've certainly made big strides in the home loan market and I know this is not going to be the end of it. So all of the best with all those ventures. Thank you.

APPENDIX X: INTERVIEW WITH BANK B IN SOUTH AFRICA

Interviewer: Thank you for the opportunity to do the interview. I am Anthea Amadi-Echendu, I am a Masters student at UNISA and I am investigating the conveyancing process. I would appreciate it if you can please start by describing the conveyancing process to me.

Respondent: The normal point of departure would be that being a client you would sign an offer to purchase with a buyer. With a seller completed by an estate agent and one or two channels could be followed. It could be that once you sign your offer to purchase you may decide to apply for your own finance to Bank Z or to which ever bank you feel or wherever you banking. Or the mortgage originator who is normally linked to the estate agent would do the application on your behalf and then it could end up with any of the four major banks. But the application, if you decide to go into a branch, the branch would complete the application, send it in to Home loans for processing. Part of the processing would be, there would be credit checks, credit assessments to determine affordability which obviously is the financial piece of the application. Depending on the financial aspect of your background and history would determine in principal that the loan will continue to move in for a property valuation on the property that you have decided that you want to purchase. Property assessment could be done either desktop which means we link into the Lightstone which is one of the many systems that we use from Deeds Office information or it could be that a property assessor will have to go out and physically assess your application and the property. Once the application has been assessed in terms of the property side it will go back into credit assessment to determine we happy with the assessment on your finances, we happy with the assessment in terms of your property assessment and the two will then determine the outcome that which will be a formalised approval.

A quote will be send to you as the client, to make sure you accept all the terms and conditions of the approval and we will **not** move forward to actually appoint a conveyancer to do your bond side of the application until you accept that quote. Otherwise we move into a very expensive conveyancing process. You will then accept the quote, it will comes back into the home loans world. The account will be opened on the systems but it will not be activated at this point in time. All the

information regarding the actual approval, loan amount, property evaluation, rate, everything else will be loaded on the system, but in this point in time the application is not live.

A phone call will be given to the client, a happy call as we call it, to determine are you going to continue, and are you happy with certain aspects of the loan. The rates, the approved amount, etc, etc and on your principal of going forward still we will then, only, then instruct the conveyancing attorney.

The conveyancing attorney panel is handled in the area of the bank called attorney liaison. Attorney liaison after it's been allocated to an attorney manages that attorney panel. The attorney panel deals with the conveyancing side of the bond only which is the bank being the financier. We won't touch on the transfer side of the actual application at this side because it is between the purchaser and the seller and the transferring attorney is normally appointed by the seller.

But at this point the bond attorney is normally a different attorney than the transferring attorney because theoretically if you were to use the same attorney for all transactions who is he going to if things go wrong. Who is he going to favour the buyer or the seller? Often things go wrong on the transfer side because of offer to purchase conditions have to be met. But the attorney panel managed by the attorney liaison. We look at the panel and we determine how many violations, have FICA requirements been met. Has the attorney, are they good with turnaround time, because obviously the bank earns no income until the bond is registered in the Deeds Office. We also look at other aspects of the attorney, do they have their trust accounts with us in terms of finances, because obviously BANK B require a trust account to be opened. We also require that they meet certain requirements in terms of using our systems our conveyancing system. WebConvey is a system that we use, where we talk to the attorney via the system. We have a pool of people in attorney liaison and purely what they do is they liaise between the attorney and the bank to try and move that client on to registration as quick as possible.

Bearing in mind the watchdog in this whole process is the transferring attorney. The bond is only one aspect of it. The transferring attorney is the watchdog that will determine when they're ready to lodge and carry all the other checks and balances because the seller often has got his own bond registered. It could be

with Bank B it could be with one of the other banks. So the financial transaction of a cancellation for the seller and the registration with a new purchaser. So both legs have to be sorted and then there is the transfer which is purely the transfer of ownership from me to you, ok. That is the high level process in a nutshell without going into detail of all the attorneys do within all of those processes.

What we do tend to find there is a client service aspect which I get involved with where we have clients that can't move to the process. It could be because of the death of a seller, there is a divorce coming through or there could be many other reasons on the seller side that he hasn't got rates and taxes clearances he hasn't got money for SARS clearances, which means a bond cannot proceed to registration until all those internal processes within all the three attorneys are sorted out.

Everything is ok, our bond attorney is ready to register, gets registered in the Deeds Office. The attorney also advises our registration team which also sits in our process. Yes, it's registered. We actually have got what we call DOTS which is a Deeds Office transaction process tracking system and they advise. We can see the different stages of the Deeds Office processes. On registration the bank has advised normally the day before that the home loans are ready on Prep, ready to register from the attorney's side, we are advised, notified and what happens is, on registration our home loan account becomes active. On activation obviously the guarantees that were part of the conveyancing process has to be honoured, which means our home loan will be debited and obviously the sellers account through ACB system, which is a interbank system, will be credited. Home loan insurance will be activated. Life cover will be activated where we work and liaise with the other divisions of Bank B. If the client decided to choose our own homeowner cover which is SHELL insurance and obviously life cover is for your death, disability if anything happens, should you die with money outstanding to the bank.

So after our account has been activated from registrations area, we then have a process called audit and binding. Audit and binding are, we call it batch 1 and batch 2. Batch 1 is your loan agreement and everything that is part of the conveyancing process where we instruct the attorney. Does a loan agreement generated all the supporting docs as required from the bank perspective which

could be your life cover your HOC, all the bank's documentation comes back in batch 1. It's normally two weeks after you have signed at the attorney. Batch 2 is title deed, mortgage bond which rely on the Deeds Office releasing often via the transferring attorney to the bond attorney to the bank.

We audit that file twice. First to check if our loan agreement is correct and everything is in place, matching the account that's on the system. The second batch is the title deed and the mortgage bond where we often pick up there could be errors. Property descriptions, it could be anything, that we picked up is not matching our loan agreements which would mean that audit and binding would return what we call 'the matter' back to the attorney liaison to liaise with the attorney to say we need rectifications done because something has gone wrong. We will not home files or any of that documentation done before those two checks and balances. From there it would then moves into the security area where it will stay. All the documentation until you either apply for a further loan where your title deed and mortgage bond will then be forwarded back to an attorney who is going to do your further loan, or should you sell the property, obviously instruction will be given on the cancellation of your mortgage bond where an attorney will be appointed to cancel the mortgage bond and all the documentation will be released from securities. They will be released obviously to the next transferring attorney who is going to handle the next part of the process.

Interviewer: Do you find that your two batch teams curb or perhaps pick up fraudulent actions?

Respondent: The problem with fraudulent transactions is we haven't touch FICA and I could see it is one of your points of reference. Part of that attorney process is to deal with our FICA team which is on the floor who gives the go ahead that FICA is in order. That we can move into the process because it is part of the conveyancing process is to FICA the client. But it is very difficult because we find that we deal with a lot of fraudulent matters and we have our own fraud team here where items can come to our attention, where, for want of a better word, you have to be a crook to catch a crook. Because what we find is it's very much IDs are not the client's ID and we have matters that's gone right through the whole end-to-end process purely but the ID has not of the right person when he's gone to sign at the attorney. So we look at that very harshly with the attorney and often to do with the ID and viewing the client, the pictures on the ID is so bad that actually you

sign them up as being the client and it's gone through. How on earth it's gone through, we don't know. Matters have gone all the way through and we find that it could have been a fraudulent syndicate that is going around. We noticed it more when the market was really flushed with home loans. When the market was hugely under pressure, then so were the fraudsters under pressure, because obviously they knew the banks were busy. Originators were obviously dealing on behalf of the client. We wouldn't verify the signature on the application because our application really was only received with the client when you signs at the attorney. So there are a lot of checks and balances, this is now in Joe Soap's area upstairs. They've got that whole verification process where they will check the colour of your eyes, dot the l's and cross the t's. So it is a lot more controlled. So even business is down in the market though, we've had now time to check for any holes in our processes. So yes, coming back to the point, FICA has helped because obviously you know with money laundering and everything else, you as the client would have to be FICA'd and it is not an easy process. The clients hate it, going in with lights and water accounts to proof who you are, where you are. It has helped quite a lot. But also it put pressure on the actual process. But long term it's been able to prevent a lot more losses to the bank. We've used this time wisely as a bank and we've reengineered a lot of our processes to see this is very much a two over one process even paying out on registration. We don't just allow a clerk to do our check work all of our areas have a two over one check clerks.

We have the old building society still in our area because one slip of the finger in registrations you are paying the wrong seller, monies are going over and we haven't had any losses. We've had 8, nearly 9 years of no audit findings. We run a tight team here and we're quite proud of that. But theoretically it means that we're able to pick up any matters much quicker that's out of the norm. From a client identification we rely heavily on the attorney which is part of the conveyancing guide and often they pick up the and refer back to the bank and we'll put the account on hold to say we are not proceeding with this registration, until we've gone into a proper fraud team, saying is this person a problem?. Particularly when it comes to foreign nationals and people living offshore. You know where we can't always verify as tightly as we could, we weight it, we pause and we'll either decide to withdraw from it or we will carry on with the process.

Interviewer: Don't you engage in any biometric identification?

Respondent: Biometrics is coming with attorney liaison. We're very far into that, we deal a lot with Korbitec. You know that they're looking at biometrics at the moment. That's due to be launched at some point. Yes, the whole bank is moving into that. You see it all when you go into a branch at the moment. Even by having to use the double door and also the biometrics we moving into that. You know in terms of that attorney leg process, I am sure they always find a way around everything. Just when I think I've seen everything with home loans something new comes up. It is as if they always want to be ahead of the banks but you know with all the regulators, the ombudsman and everything else, there are so many platforms now. There's more and more pressure being put on the attorney's leg of the process to assist the bank to reduce risk and fraud.

Interviewer: The bank doesn't physically pay the attorney he recoups his cost from the client, the end user?

Respondent: Absolutely we charge the client an initiation fee which is basically an on boarding fee which is all of our product costs and everything are linked to NCA. The NCA governs with us is obviously the banking councils and everything. The fact that a product are fitting in with the NCA rules our loan agreements fit in with NCA rules so we're very, very far compliant. In fact I would probably say we're compliant to death, we had to be.

Interviewer: How did the NCA impact on the conveyancing process as such?

Respondent: I think it affected the bank more than the conveyancing process. We had to ensure that everything was aligned to NCA. It was a huge product. Projects, because obviously our products and all our checks and balances, they are governors, was obviously corporate governance with legal that we are aligned. I think from the bank side it affected us in terms of what we could do for the client what we can't do what charges we can charge what we need to do with statements, etc. Admin fees and I think for conveyancing side if you look at NCA, I think and probably by asking on the attorneys' side I am not sure that the effect was so heavily. Because we're making sure that our documentation was downloading into their offices and they literally had to comply to our conveyancing guide. So we were

spelling out the rules. Because it is the credit act so we are actually in charge of approving credit or declining credit. The conveyance will basically whatever our terms and conditions are they would make sure that the client coming, if we say we wanted life cover we would obviously say get your own life cover or take the banks. So they merely would act on our instruction.

Interviewer: Did you see with the NCA coming into play that it affected your transaction volumes?

Respondent: No, I think what we did find with multi submissions coming from all banks we were all chasing after the same client. I think the fact that the market was flooded with credit. You know even from a client perspective you would get offerings before NCA and clients were not meant to be approached for reckless lending and selling but you can see it is happening again. Because if you look at the personal loan side as suppose to the home loans a lot of clients got 5, 6, 7 personal loans. You know if you look at the financial part of the staff you get Joe Soap in there every week. Personal loans come up, all banks, all the sharks, everything is a concern. People are using credit to pay off credit. We find as Bank B we're pretty conservative. We've got a lot of links in that we can see the customer. If anything we can see a better picture of what the client has got with the other banks. So we can see on exposure that helped us to make a credit decision. Previously before that clients were getting home loans from two different banks. We were not as interlinked as what we are now. I think from credit side I think it's become more controllable. But the marketing part of it is to me starting again. Do you need a personal loan or we'll offer you a home loan when you open your email we'll give you a loan for 3 %. So, and of course the cost of credit. With the rates coming down we found that we're trying to keep our own client these days rather than bring on new clients because it cost more money to bring on a new client on board that to actually keep and retain your existing one. We heavily enter into relationship banking again. This is a plus for the client and a plus for the bank.

Interviewer: If we had to look at the entire process and how to manage the process, how would you monitor the efficiency and effectiveness of the process. All of your efforts that you are applying

Respondent: We do it by service level agreements which is set. You know, not only within our own end-to-end. Look the industry norm use to be 90 days for a registration

process for the conveyancing. Obviously the attorneys are governed by the transfer side. They can only move if all checks and balances are in place. So our attorney liaison leg work, I work a lot on that leg, we try and move our matters along our older matters to see what we can do to manage the client in the process which is client driven. SLA, there are so many other parties involved once it leaves the bank. We are then reliant on the Deeds Office and then the conveyancing leg. Where we can we drive our SLAs the whole bank has got SLA's you know, registrations have their own SLA's for the end-to-end process, but once it hits external parties we are really beholding to the conveyancing leg. They are beholding obviously to the Deeds Office, the others, municipalities, SARS you name it; all those other outside factors as well.

Interviewer: You have mentioned previously that your focus really is on the bond side of it but the transfer side can very often delay the transaction quite substantially. Do you at all get involved in at some point in the transfer leg particularly if that attorney is on your panel list

Respondent: I find that yes we do, in fact these girls know me. If something is sticking get that transferring attorney on the shore. They're not obliged to give us information because they acting on behalf of the seller. If they are on our panel I use that as leverage to try and see because I find that transfer side is often, and we do it at road shows every year we do attorney road shows where often most of the delays are on the transfer side because they like to correspond with the bond attorney or the cancellation attorney. Often you dealing with the girls in the office and I say its girls because this is normally a female industry and often the main directors of the firm I deal with because they know I am not going to deal with Suzie in the office, because if there is something that is not moving I want to know why. Because if we don't get any payment we don't start earning interest we move it. So we interact with both. They don't always like it but we do it.

I also manage the commitment report monthly. Commitment report is a report where all home loans being approved and are committed as finance that the bank will pay out on registration. The old matters on there, we have a 180 day clause in our loan agreement that actually we will move it off the system and advise the client this is not going anywhere. You need to reapply for finance because we have it for a year, we've had it for two years. We normally like to work on a two

year process so I clean up that report often and a lot of matters that are later and longer it could be development loans where we're waiting for proclamation and all of that. Our further loans we like to push through within 3 weeks because we have the title deed obviously within our possession. Then we rely heavily on the customer for cost and often the client holds up his own home loan. We manage wherever and we are very lucky we one of the only banks that do not have a call centre to deal with the attorneys. We have an attorney liaison area. We manage our commitment pipeline. Theoretically to the executives of the bank they think that is the money the banks committed to pay out. We manage it tightly. We know what our provisions are.

Interviewer: And your classifications, how often is that updated?

Respondent: It is updated once a month; only if there should be a change. The attorneys talk to us through the commitment report and we talk back to the attorney on the commitment report. Those reports then link in to my monthly sessions that I have with the teams. I've got a report on normal matters proceeding and I've got a report where we could be making changes after bond registration, where we're doing rectifications and attorneys are being appointed. I manage that report as well with the team that deals with it. We do a lot of rectifications at the moment from the Deeds Office side.

Interviewer: Errors happening in the Deeds Office or the attorney passing through information?

Respondent: Well I was with attorneys yesterday. A lot of the conveyancers are saying there is such a lack in the industry now. You know you've got a little bit of a little bit helping the people through the process. And then you've got a good attorney that knows what they doing. Obviously they highlight any problems from offer to purchases much quicker. Often if the docs come in wrong at the beginning it's going wrong right through the process. We rely heavily on the attorney, on dealing closely with the transfer side. That transfer side is crucial and I think there is such a lack of knowledge in the market now.

Interviewer: If you look at the process there is a lot of external parties that is involved in the end-to-end process. Do you at all as the bank interact with any of those parties like the Deeds Office directly, or the municipalities or SARS or any other parties?

Respondent: We don't deal a lot with SARS we have got projects where we doing sale and execution transfers, where we've had to link into the municipalities to try and push things along. But they're a law unto themselves. Through our banking councils we put pressure through the Deeds Office. I've been in meetings with the registrars before, who have their own concerns because they are reliant on the conveyancing work from the various conveyancers which is also a problem. Everybody seems to have a supply customer type of need through the process. If it comes in right it goes through correct. It is a problem even on the offer to purchase if the erf has been changed or it's been divided. It affects the title deed at the end. If properties are built over two erf's, it affects the client. A lot comes in from the banking's ombudsman. To say your client's got a problem here and you can see where it's gone wrong all the way through. It is an interesting leg like that.

Interviewer: Tell me if you had to look at the process, where would say are the bottlenecks that are delaying the transactions

Respondent: The external areas, the municipalities and I think the municipality leg is the worst. Somebody needs to go in and reengineer them. They don't know when you need clearances for rates and taxes. Accounts has been outstanding that's been paid. You only need to open a newspaper to see there is a huge problem there. The registrar got problems with them and that is a whole government area that needs to be changed. Plus we're dealing a lot at the moment with land claims. Land claims are a huge problem. A third of the country is practically under claim and even though there was a deadline of claims being processed through the commissioners area nothing is coming out. We don't know who really legally owns all those properties. I think we need a whole group of graduates that need to go in and see what is going on. Number 1 is municipalities and then obviously nr two is the land claims area of the business. That is a huge part that is external that affects the internal client.

It is very interesting, if you think about it we have actually mortgaged the land. So the client is under land claim now with the commissioners to say there is a court application. We have a huge one between all four banks at the moment. That application has been going on now where the clients have their land now for ages. Paying their home loans, paying diligently their levies and yet only a

portion goes to the rates and taxes and the body corporate holds the rest. Clients now can't hold on to find out who owns the land on a defaulting. We the bank take back the property but we don't own it either. This is a huge area that can be focused on.

Interviewer: Ok, so besides the municipality, there are no other areas

Respondent: SARS is okay, as long as the client isn't playing ball with SARS. There can be an impact particularly if the client doesn't keep their SARS area up to date, etc. A lot of it falls on the seller's responsibility. Transfer side is your seller side. You can't even get matters through the Deeds Office and if those checks and balances are not in place. But the municipality leg is huge. Big. They've been on strike again recently. There are backlogs and they getting clearances on property figures that we don't even know the clients are not owing, but they coming out with fictitious figures. So this is a big area of impact for us. We can't move the stuff along even on an estate late when you need to do an endorsement. The Master also impacts on the property doing the endorsement into the remaining spouse. Their processes are also really cumbersome, huge holdup. With an estate late, you're waiting for an estate to be wound up but that Master process is affecting us being able to help the client get the title deed moved into their own name only. Outside influences again.

Interviewer: If you had to look at the process what do you think can be done to improve the process?

Respondent: I think it is all those external parties.

Interviewer: So to reengineer the municipalities, but is there anything else?

Respondent: I think the Deeds Office has improved considerably, now that they have split the Pretoria Deeds Office, they have the one in Mpumalanga and they have actually levelled the loads out quite a bit. I think it is that huge area of municipalities and obviously they have merged into one another. I think that is the area of work. The finance side with the approval of the home loan, you've the finance in terms of your financial side and you have the property side. The property side is basically under control but if the municipality start changing their side in terms of you know we do a lot of sub divisions, where you might have an erf that is sub divided. So if

any change is on the municipality on the planning side changes also impacts the conveyancing leg.

Obviously the Deeds Office change has to be done from the municipality again. Particularly section title registers to be opened where you have applied, plans have been drawn up. Now there is a problem. Also encroaching on property. There's a whole street in Pretoria where each client's house is built encroaching on the next one's erf and they don't know how to fix it. You know it's that town planning side. It has an impact particularly when it comes to building loans. We are also with the NHBRC and the NHBRC is also a portion that affects the building loan. They're also a governance all on their own.

If you ask me if we need them; we would probably do, how effective they are? Maybe it will be getting better. It all is the level of expertise. To me it's a huge threat right across the end-to-end home loans. You know we're predominantly from old building societies staff and most of us are in our 50's now, so the industry is dying out with the knowledge because you don't learn a home loan industry. It is not a product it's an industry. You don't learn it in a couple of years. Twenty years later and I'm still learning. Something different legislation comes out, sectional title act changes, all of that stuff like NCA came in. Now you got the Consumer Protection Act that is coming in where you got to protect all of the information. Then you also got on the Estate Agency Affairs Board side. You know your NQF processing that needs to come up. They are looking at taking more and more conveyancing part onto the shoulders of the estate agent; the estate agents that can't even get it right where they are in this point in time. I say that as an estate agent sitting here. You know when you look at what they are supposed to do in the industry and what they actually do you get pockets of very good ones but unfortunately as the client experience and journey start off wrong right at the beginning. They don't know their areas, they don't link in with the municipality to know what exactly is happening in their areas and they are not subject matter experts.

Interviewer: Would an electronic system that would link all the parties help to provide transparency, to speed up the process?

I think there's a lot already there. We have our new digital processes, but the problem is we are very paper driven. We have looked at it because you get

compliance and governance and legal and even the ombudsman wants the documentation and then it's also the interpretation of what you're viewing, coming back to the knowledge factor. It is huge. For now we can link into the Deeds Office we can talk to the attorneys, we have footage now with various projects into the municipalities. But it's normally a manual exercise in those areas as to what's wrong and what's going on and what the interpretation is. So I think most of the banks we're always marketing faster but goes through wrong much quicker. We are still driven by the data source area. Like Lightstone gives us all the property information just by a touch of a button. We can see what's happening but we don't know if it is correct. You've got to look and cross reference, I mean how many clients even read their title deed. Look at the restrictions in your title deed. Clients don't know until they want to build. Then you've got exclusive rights and you've get many, many servitude issues, right of way issues, all of those issues, that are affecting and it is only when a client goes to build and deal with the municipalities that he finds out. So we're always governed by external. We are only the financiers. Even if things go wrong with a building loan we are the financiers only. We are not responsible to say what the m² of the house is. We rely on the municipality with the Deeds Office when they actually open the registers in the Deeds Office at the beginning. If it is wrong then it's wrong. We're doing a lot of corrections now. Square meterage (m²) is just wrong in the title deed and what happens is you have to change the plans with the municipality to change the Deeds Office registers goes wrong much quicker. But it's not all that goes wrong. It's just we always joke to say simpler, better, faster. It is the industry knowledge end-to-end and people don't like to stay in home loans because it takes too long to understand it. You can train and train as we do on our branch network, but you're dealing with one area of a vast range of products. We've relooked at whether we've got specialists again that deal with the estate agent bringing the application in. So we've made the change. And we have digital channels and we have the client that likes to walk straight into the branch, which is not often. Clients don't naturally like to view their branch, go in unless to pick up a credit card or a cheque book. We have done all of that customer experience, we have read, we have listened to clients and we listen to stuff. We are on client base theoretically. It is huge end-to-end.

Interviewer: Thank you very much. I appreciate the information that you've shared. I think we've covered all our topics. Is there anything else that you still want to make mention of; anything that we haven't touched on?

Respondent: I think we manage our relationships well but I think every area of the end-to-end process whether it is the branch, whether it is credit, the property assessors. You're dealing with people that are entrenched that are getting older and I think this pockets of people that have got the industry knowledge right through the end-to-end and if you should happen to hit those people, it goes through much easier, because they know what they're doing when something goes wrong. When you're dealing with somebody that doesn't know what they doing that is why we rely on our SLA's and start checking what's going on here. We deal with client service, home loans very effectively and we come out tops with the banking ombudsman. We deal our matters when things go wrong as well. We fix, we liaise with the other banks as well. But it's the dependencies of getting that client through the end-to-end process as quick as possible, because we don't earn any income until we've got it, got the client sorted out. And then the process comes back as a cycle, depending. You know you upsize when you young and you down size when you get older depending on your family, where you sit in the age group. A lot of clients very rarely like to use electronic process to apply for a home loan. They like the touch and the feel. They want to know is it okay what I am doing because it's the biggest red label item you'll ever buy. They want to know. But also what I think is going to be a bit of a problem is on the conveyancing leg is when we have to deal with multiple languages because predominantly a lot of people in home loans cannot speak all the languages. So that is going to be a challenge.

Interviewer: Do you think it will get to that stage at some point?

Respondent: I think English is still very much the business language. I battle with the Afrikaans myself. I find I can deal with things but when it comes to the African languages we are going to have our challenges. And now we're moving into affordable housing. All the banks have been given a task. We're getting money from France to try and help that affordable leg. That will probably have its own challenges because you're dealing with a different market and client. And that we try and manage our business as best we can and it helps the fact that we have

everything in a monocline. You know that we can deal with it. Bank B particularly are going back to relationship, where when you deal with me for the home loan you deal with me for the credit card, asset-based finance and etc. That is going to be the trick of relationship banking versus the monocline. We're now basically product support. I think we basically covered everything, but an interesting process.

Interviewer: Yes, absolutely. Thank you very much.

Respondent: No, it's a pleasure

Interviewer: Thank you for the time you've set aside to speak to me. I wish you everything of the best with your ventures with Bank B. I'm sure you'll continue to grow from strength to strength.

Respondent: Thank you and the same for you with your studies.

APPENDIX Z: INTERVIEW WITH ESTATE AGENCY AFFAIRS BOARD

Interviewer: Thanking for meeting me today. My name is Anthea Amadi-Echendu, I am busy with my Masters Degree at UNISA. I am investigating the conveyancing process. I have given through a few questions that I would like us to discuss today, if you can please elaborate and then if there is anything that you would like to add please feel free to do that.

Respondent: Thank you it is a great pleasure. If I can assist, I'll only try.

Interviewer: Can you explain to me what the role of the estate agent is in the conveyancing process.

Respondent: I don't think an estate agent as such plays an active role as such in the conveyancing process. But an estate agent plays a very important facilitation role, because conveyancers rely to a large extent on the information and documentation they receive from an estate agent. The very first thing that obviously the conveyancer looks at where an estate agent is crucial is the sale agreement. If the sale agreement is a mess it gets to the conveyancer, the conveyancer looks at it and tears his/her hair out and say I can't use this, and basically redraft a sale agreement. The very first thing is the estate agent needs to conclude the sale agreement properly and professionally. Normally estate agents will use standard agreements that have probably been vetted by a conveyancer, often you will find that the parties agree on the insertion of some or other clause which may be new and innovative to an estate agent and they don't do it properly. One of the things that we try and do in our educational material for estate agents, of which I'm happy to give you a copy, is to educate estate agents on understanding the importance of concluding the sale agreement correctly so that it will reflect the party's intentions, so it is understandable and most important of all, legally enforceable.

I've seen quite a lot of sale agreements concluded that make no sense at all. We've been dealing a lot with the Black Conveyancer Association and one of the points that they frequently make to us is that there is nothing worse than receiving a sales agreement from an estate agent which needs really serious attention and in fact they can't rely on the original and they virtually have to

renegotiate the terms of the sale between the two parties. They don't like doing that. That is the very first thing, the estate agent plays a facilitation role; must ensure that the documents are correct; that the agreement is correctly completed.

What you will find at the end of every sale agreement usually is a list of questions to facilitate the conveyancing process. The names of the parties, their ID numbers, their addresses, details regarding bonds if there are bonds registered over the property. Remember bonds have to be cancelled and bonds have to be registered. It helps the conveyancer so much if these details are correctly and adequately provided. They then know phone so and so at a bank, the reference number is XYZ and immediately you can get what they call a settlement figure on the bond, start briefing the different sets of conveyancers. Because on the normal sale agreement and we talking about the average little sale agreement between a purchaser and a seller there will be 3 conveyancing attorneys or two but normally 3. You will find that there is depending where the bond is coming from by the buyer, you'll find there is the attorney that is doing the transfer, there is the attorney that is doing the cancellation of the existing bond or there is the attorney, I use the terms attorney and conveyancer interchangeably, there is a conveyancer doing the registration of the new bond. In any simple average little purchase or sale of immovable property generally you'll find that there are three conveyancing firms involved. Where the estate agent also plays a vital role is getting the documentation and having the document signed. You will normally find that the conveyancers once they've been briefed open a file and start preparing the documents to lodge the registration. They need affidavits signed, they need power of attorneys signed and they need documentation signed and they need information.

According to the lady from the Black Conveyancer Association, they rely to a large extent on estate agents to run around and get these things done, and to get them done properly and on time and first time. So estate agents although remember an estate agents actual functions and duties end when the sales agreement is concluded. Remember the mandate of an estate agent by a seller is find me a purchaser for this property at a purchase price of Rx. Once the estate agent has located that purchaser and has concluded that transaction the estate agent has fulfilled the mandate. In a normal cause of events it be quite in order to

just exit from that transaction, wait until registration takes place and then receive the commission. You'll find that most estate agents now go the extra mile. They add value because there is something in it for them as well.

In terms of our code of conduct, estate agents are not allowed to be paid the commission until registration of transfer. Obviously it is their best interest to facilitate the transfer to get their commission as quickly as possible and basically that is where they come in. We also have some problems in terms of our code of conduct, an estate agent cannot force a seller to use the service of a particular conveyancer. It is up to the seller to decide on the conveyancer they wish to appoint. It is only when a seller doesn't know of a conveyancer, and ask the estate agent for advise that the estate agent can basically recommend a conveyancer.

This was put in because we had problems with kickbacks being paid by conveyancers to estate agents for the referral of work. It reached endemic proportions up to 3 or 4 years ago. Now the Law Societies and the EAAB have tried to sort this whole problem out. It always been a requirement that the seller, except in KZN where it is the buyer who appoints the conveyancer. In every other province the seller appoints the conveyancer. Now you can see that leads to a problem. There is an inherent problem in that situation. The conveyancer is actually acting for the seller and is paid by the buyer. That creates an inherent conflict. Mostly conveyancers get around it but sometimes they don't. That's when problems can arise.

Basically to reiterate the estate agent will play a very vital facilitation role. Another very important role that the estate agent will play as you will see from the study material is that they play an informational role as well. As the parties are agreeing and signing up that sale agreement the estate agent will generally tell them what the conveyancing process is. Give them an indication of how long the process will take. Talk about things like obtaining clearing certificates which is a terrible time consuming process in some metropolitan areas. At least the parties go into the whole transfer situation aware of what is going to happen. Aware of the possible time lags, aware of the fact that there could be different parties involved.

Interviewer: If I can just recap the functions that is expected of an estate agent to be performed would be predominantly in a facilitation capacity but they would be responsible for

advertising specific properties that had been given to them to sell. They would then take prospective buyers through these properties and they would then get the offer to purchase signed.

Respondent: So far you are correct but as I understand the question where the conveyancing process comes in you 100% right the conveyancing process comes in once the sales agreement has been signed. I wasn't worrying too much about obtaining the mandate, marketing the property for sale, finding a seller and concluding a sale, but you are 100% correct.

Interviewer: Tell me, valuations, does the estate agent do valuations as well, are they equipped to do that?

Respondent: Look, estate agents are not supposed to do valuations. Estate agents are actually not supposed to do valuations. In terms of the Valuers Act, valuations are a specific profession reserve for registered valuers. There is nothing wrong with estate agents doing one-off valuation, provided they don't charge for that service. You'll normally find what estate agents do is they make use of what they call the CMA (Comparative Market Analysis). They normally have a template which they design, which is a comparative market analysis, and they will then compare properties. You will find something in the study material how to compare properties. They will then compare properties to see that the properties that they are using are in fact comparable, juggle a bit with the figures and come up to what they think. Remember they express an opinion and an opinion is an opinion. We don't mind estate agents expressing an opinion in terms of the code of conduct though. They're not allowed to overreach. In other words they cannot tell you that your property is much more than they reasonably believe it to be simply to get the mandate. That has inherent problems, a property that is overpriced in the first place is very difficult to sell and a property that does not sell for quite a while becomes stigmatised.

People are then saying why isn't this property selling. It is very difficult to say but the estate agent told me it's worth R1m while it's worth R500 000. Estate agents really have to abide with the ethical requirements of the code of conduct, be honest and have integrity. We do have problems that not all estate agents are like that and you will find that there are a lot of the estate agents who will overvalue a property purposely to get the mandate. What happens then is that in

due course a whole lot of prospective purchases will look at the property. Take the example of a R500 000 property, that the estate agent valued at a R1m. Eventually somebody will say I'm offering R500 000, now the estate agent has to backtrack and now tell the seller XYZ, sorry, and you know it just creates a real problem for the whole sector and the professionalism of the estate agents.

Interviewer That is great, and then the actual performance, the actual things that the estate agent has been doing to date was then in terms of his mandate there was not anything that he should have done that he hasn't been doing, prior to the accreditation process.

Respondent: An estate agent will normally try and get a mandate and it depends how they go about. Are we talking about a residential property? Normally an estate agent got what they call a sole mandate which is a mandate granted solely to that estate agent. Sometimes you have a sole and exclusive mandate. A sole mandate is a mandate granted to an estate agent but the seller can him/herself also market the property for sale. Sole and exclusive mandate exits the seller from the process, so even the seller is not entitled to sell his property. The normal thing is that an estate agent will market a property after having obtained a mandate. The other mandate you can get is an open mandate which estate agents don't like because an open mandate means that it is open to a whole gammat of different estate agents.

We then have a problem when the property is sold; who was the effective cause of the sale? And sometimes consumers have really found themselves facing double commission disputes. Where they granted an open mandate one estate agent sells but the other estate agent says but I introduced the purchaser, and some or other estate agency then sold. Open mandates are actually, probably good if you want a quick sale, but that they can result in legal disputes.

Sole mandate normally will be for an extended period of time say for 3 to 6 months. It does encourage the estate agent to spent more on the marketing effort and it rules out the possibility of double commission disputes.

Interviewer: RNS mandate where do those come in to place?

Respondent: Those are called a multi-listing mandates. What happens with a multi-listing mandate it is also in the material. A multi listing mandate is where you basically

give a mandate to an estate agent. That estate agent belongs to what they call a multi-listing organisation. So what that estate agent does is when they take that mandate they tell the seller that this is a multi-listing mandate. What they then do is they hold a show day of that property and invite all the other estate agents who belong to this multi listing organisation. They all then try and sell that property. The estate agent in the group that sell the property gets the commission but gives the introducing person a referral fee. It's almost like it has the benefits of an open and a sole mandate, in that more than one estate agency firm is involved but they settle any commission dispute amongst themselves.

Interviewer: Ok, that is excellent, thank you. Tell me the current accreditation process that is being put into place, I believe that the dead line is December this year. How did that come about and what is it all about.

Respondent: Let me give you copy of our education regulations because you going to need that. What happened was on the 15 July 2008, the new education regulations that dealing with education for estate agents came into effect. Prior to this date the examination consisted of a 40 multiple question examination paper. Having passed that multiple choice exam, estate agents were then accredited to do all work of an estate agents, whether as a Principal or as a non-principal estate agent. A non-principal estate agent is someone who works or is in the service of a principal, and a principal is someone who runs their own estate agency enterprise. Could be a director of a company or a member of a close corporation, a partner in a partnership or a sole proprietor. These could all be classified as principals. Obviously this was not sustainable as we were moving into an era of (a) professionalisation and (b) transformation of the sector. The sector is overwhelmingly still white dominated. I think our last figures were something like 88% of the sector still comprises of whites.

In an effort to both professionalise and transform a new educational dispensation was introduced as from 15 July 2008. Where this cut-off date of 31 December 2013 comes in operation any estate agent who holds a fidelity licence to act on 15 July 2008, whether as a principal or as a non-principal estate agent needs to be certificated, against the national qualifications framework real estate qualifications. There is one for principals and one for non-principals, originally by 15 July 2011. You'll see the regulations say 2011. The regulations do say that the

Board may on good cause extend that date. Towards the middle of 2011 we were seen that the uptake was not very good. There was still of the probably between 40 000 or 50 000 estate agents who were registered on the 15 July 2008, very few of them had been certificated. We then granted an extension of two years until 31 December. From the regulations you will see, forget about those who exists, let me just tell you how it works, let's say for a new entrance. A new entrant coming into the sector cannot just immediately become an estate agent. They have to become what we call an intern estate agent for a period of 12 months. During which time they act under the active supervision and control of a principal estate agent.

They're supposed to keep a log book and you and you can access the log book on our web page. There is a log book for these intern estate agents to keep and what we then suggest is that during that one year internship, they do the further education and training certificate Real Estate which is a NQF level 4. NQF level 4 qualification for non-principal estate agents. I can use the analogy of an attorney, the board exercises has no jurisdiction or control over the obtaining of that NQF Real Estate qualification. It is like me if I want to become an attorney, I would go to the Law Society they would say get yourself off to university, get your LLB degree and then come back to us. That is exactly the same. I want to be an estate agent, we will register you as an intern, go and get your NQF level 4 qualifications and then come back to us. The quality assurer of that NQF level 4 is a Services SETA. They ensure that the providers are properly set up, that the providers can deliver a proper educational service.

What happens is the person will then come back to us with the certificate. They've now got NQ4. The next thing is what we call the professional designation exam which is the final summative assessment of practical competency as a non-principal estate agent. In other words you'll find that as far as the NQF level 4 qualifications is concerned, in terms of the SAQA laid down requirements. 30% of the time needs to be devoted to in classroom theoretical study and 70% of the time on on-the-job training. That is where the internship comes in. While they're doing the NQF level qualification spending their 30% of time in classroom study, the 70% of the time that they are working as an estate agent, qualifies them for that practical on-the-job training.

Now the professional designation exam we say we know you've been certificated, we know you've gone through the academic side, now you can practically apply, what you have learnt, not only academically but also in the workplace situation. So they do the professional designation exam. It is quite a comprehensive exam, you will get detail also on our website. Once they pass that professional designation exam they can now have a status upgrade, from an intern estate agent to a full status professional non-principal estate agent. Now the guy or the lady decides, I have come this far I now want to become a principal estate agent.

What they have to do then, their next qualification is a NQF level 5 and that is the National Certificate in Real Estate. They need to be certificated against that National Certificate in Real Estate. This they will do through one of these Services SETA accredited providers or RPL assessment centres. Once they've got that NQF 5 qualification we can then issue them with the principal's fidelity fund certificate. They are then given two years within which to do the professional designation exams for principals. Now they have gone through the whole educational process and all they have to do now is comply with professional development requirements.

That is basically how it works, but the 2013 cut-off date, because there is a lot of confusion out there, is only in respect of those people who held a fidelity fund certificate on 15 July 2008. It does not apply to anybody else. A lot of people also think that they have to do the professional designation exam by that date which is not so. They have to do the professional designated exam within two years after have being certificated against the NQF level qualification.

Interviewer: So the 40 000 to 50 000 that was registered, a lot of them probably didn't have fidelity certificates.

Responder: They did, those were people that had fidelity certificates. While we are talking let me just tell you that there are what we call exemptions that they can get. The biggest exemption against a NQF level 4 and 5 qualification is what we call the equivalency exemption that they will get. You'll find the two equivalency exemptions matrixes on our website. If they have a tertiary qualification such as a B Com, LLB, MBA with appropriate subjects they can get a full exemption from the NQF 4 and 5 depending on their qualification. That exemption does not apply however to the professional designation exam. Likewise in terms of the education

regulations if on 15 July 2008 they had held a certificate for 5 years and it is not a moving date as at 15 July 2008. If they held a fidelity fund certificate for 5 years they were exempt from the professional designation exam. There were approximately 6500 of those people exempt from the PDE. Exemption from the PDE did not however grant exemption from NQF level 4 and 5 qualifications. So you're going to find that some people through the equivalency exemptions got exemptions from the NQF 4 and 5, had to do the PDE. Then other people that got the PDE exemption because they held the certificate for 5 years but still had to do the NQF.

There is another exemption that we grant to estate agents that are 60 years of age and over. If they had held a valid fidelity certificate for 5 years and hold a current fidelity certificate they can apply for what we call an over-60 education exemption. They have to compile a portfolio of evidence so that we can see what they basically do during their day to day functions as an estate agent, which is assessed. They are then called for an interview so that we can determine the veracity of what they have given us in the portfolio evidence and also determine whether they are fit and proper people to get the exemption. That exemption is a NQF exemption and a PDE exemption.

If they are over 60 now a lot of them would have applied for the full NQF plus PDE, some of them have done the NQF and applied for the PDE, some have done the PDE and have just applied for the NQF. That over 60's exemption runs the whole gamut of the qualifications.

Interviewer: Sjoel, that is quite interesting and it is good that it been regulated that way as well because I think it will just lift the standards of the entire industry.

The whole idea is to professionalise as I said, but also transformation. We've had some estate agents who have come in and said I've been an estate agent for 27 years blah, blah, blah. We say well and good, and I will tell you where that 27 years comes in. That comes in with recognition of prior learning if you know about RPL, you can get a lot of that stuff from the SAQA website. We basically saying to ourselves we don't want new entrance that you have to go through 27 years to get of some degree of professionalism.

We say under this system if a new entrant comes in, does the internship, does the NQF level 4, does a PDE, they should then after 1 year to 18 months depending on how long they take have the same knowledge skills and competencies of the guy who took 27 years to get there. Basically we are fast-tracking professionalism to accommodate transformation, but without lowering standards.

Interviewer: How does that compare internationally?

Respondent: Internationally it compares very favourably in so far as the PDE is concerned very favourably. Where the CPD, that's continuous professional development, is concerned there we lack very much behind many of the other international regulatory jurisdictions. Our CPD requires 60 CPD points over a rolling three year cycle. A point does not necessarily equate to one hour of CPD activities, but you will find that particularly in the developed countries like America, Australia and Canada, they have to do almost three times as much CPD as we're asked to do. Because it is a new and innovative intervention for estate agents in SA we did not want to make it too onerous for them. We also again make it a transformation tool, so to ensure that the new entrants are kept abreast and are assisted and guided to make estate agencies successful.

Up to a few years ago the median age of estate agents was about 58. We were saying that is not on and if you would go to any of the road shows that we conduct countrywide, and you would say to them who of you actually at school or at university said I am studying to become an estate agent. You may have one hand out of 600 people. Who was forced into estate agency probably 75% of them. Estate agency what had happened it had become a job of last resort. A person who is retrenched, a person who has retired, a pensioner, one of these ladies of leisure, got tired of playing bridge every afternoon, became estate agents.

Now effectively that door has been closed. We want to create an estate agency as a career of choice that appeals to youth. Youth, the woman and people with disabilities, because we feel a person with a disability can be just as good an estate agent as anybody else so we're trying to ensure that estate agencies are no longer regarded as a job of last resort. The thing of the new educational dispensation is that the bridge playing lady will never become an estate agent.

The pensioner who suddenly sees files and files of study material will never become an estate agent. Basically what we have left are the committed professionals which are the ones that wanted to be in the first place.

Interviewer: If you had to look at the impact that this accreditation has had on the numbers, have you got any sense of?

Respondent: It hasn't decreased the numbers. In fact at the moment, I am speaking on the subject of correction, we've got about 11 000 intern estate agents, which means new entrants who are starting with the process. One thing about the internship I must say is the internship applies to anybody. If you came in tomorrow and said you wanted to be an intern estate agent and you've got your MCom, you wanted to be an estate agent I'd say great, on the basis of your qualifications, the strong likelihood, in fact almost certainly you'll get an exemption from the NQF 4 and NQF 5. You'd still have to do the PDE but you have to do the 1 year internship. We say you are a brilliant lecturer, you know your theory back to front but you have never been an estate agent. And this is where we pick up a lot of flack. I'm sick and tired of lawyers phoning me up and saying, I'm a lawyer, I'm an attorney, I'm an advocate. We have to study on a much higher level, why must I be an intern. Because the rule say you must be an intern, you may be a brilliant lawyer or you may be a brilliant advocate, but what really do you know about practical estate agency. I can tell you something, the funny thing that we found is the people who fail PDE the most are those that were granted equivalency exemption.

The estate agents that went through the NQF level 4 and 5 pass the PDE. The people who tell you how bight and clever and wonderful they are, are the ones that fail the PDE and then they appeal and say it can't be how can I fail, I am an advocate, but you failed. That is the fun and games of being in the education department.

Interviewer: My goodness, sjoe, I think those are all the questions really that I wanted to ask. Perhaps just one more; bond originators, where do they fit into?

Respondent: Bond originators are not regulated. They don't fit in anywhere at the moment, our view is that bond originators should be regulated by the Financial Services Board in terms of the Financial Services Intermediary Act. We believe that through bond

originators, they're providing an intermediary financial service to purchasers of property. Therefore we are probably going to make representation to the FSB for the regulation of bond originators. The whole idea of the Estate Agency Affairs Act, the education and everything else is basically: there's one reason for this whole organisation to exist. It is consumer protection. And we were looking at it and we were saying what harm can a bond originator really do to a consumer, not too much. But nevertheless we do believe that they perform an intermediary financial service. They should be regulated but that the EAAB is not the appropriate body for the regulation of bond originators but rather the FSB. The FSB, I think will buy into that and hopefully we will get these bond originators regulated but not by the EAAB.

Interviewer: Are you aware of any other countries that make use of a bond originator?

Respondent: Again the western countries and funny enough we are always stuck in the western developed countries but they do; United States, Canada, Australia, New Zealand, UK. Funny enough, we were looking, we're doing a review of our legislation as we speak through the Dept of Human Settlements and we went to the normal, the developed countries and we looked at the legislation of Jamaica. Jamaica incredibly or not, your first inclination is Jamaica why bother, they've got an incredibly, incredibly good legislative program for the regulatory estate agents. We really are going to concentrate more on developing countries like Jamaica where we can learn a lot than the developed countries. They're very westernised. They're very developed and a lot of their thinking is not applicable to us. We belong to an organisation called ARELLO, the Association of Real Estate Licence Law Officials. You can get them on arello.com. They are an association of real estate regulatory jurisdictions of which we are a member. We have found when we go to their conferences in America usually, we learn a little bit from them not too much I must be honest. They learn a lot from us, because we are in the situation where they don't have the problem of transformation. They don't have the problem of educating new entrants who may be studying in a third language. They don't have these problems and so we are quite innovative. I think they learn more from us than we from them. The lesson that we're learnt is don't only look at the developed countries lets also look at developing countries and that is what we doing now. Last year for instance we sent a delegation to Thailand and Malaysia

who came back with brilliant information. That's the path we're going at the moment. What I will suggest is go through the study material if you find anything that you want additional information on, let me know with pleasure. Have a look at our website, there is a lot of information there and go onto the SAQA website (saqa.org.za). Go to the Services SETA website (serviceseta.org.za) and you will pick up a lot of information on the real estate sector there.

Interviewer: Thank you very much Mr Ashpol. I appreciate you taking the time to talk to me. I definitely will contact you if I need more information. Thank you very much.

Respondent: It's a great pleasure. I hope it helps.

Interviewer: Thank you.

APPENDIX AA: INTERVIEW WITH SERVICES SETA

Interviewer: Good morning Nonthokozi. Thank you very much for meeting me today. My name is Anthea Amadi-Echendu, I am busy with my Masters Degree at UNISA. I am investigating the conveyancing process. You are at the Services SETA and you are involved in the estate agency component. Please won't you be so kind as to just explain to me what your role is and your interaction in terms of the estate agency and also touch on the accreditation process and how in your view that would influence the market and the process on the estate agency side please.

Respondent: Let me start by why we are in existence as the Services SETA. We are in existence because of the Skills Development Act, which defines where our role in education and training and stipulates other various roles that the SETA will do. In terms of the Skills Development Act any employer paying, with the payroll exceeding R500 000, is expected to pay a skills development levy of 1% every month on an annual basis or monthly basis to SARS. When the levies are collected from SARS, it's directed back to us. In terms of us, we're then given a mandate basically in terms of how we can use the funds. Because of the services it is so big we have at least 16 sub sectors that we are dealing with and part of the 16 sub sectors it is the real estate industry. The Real Estate industry is then classified in different specialisations. If you look at how we work, we've got sector industrial classification codes, that determine where a company can pay their levies to. I am looking after I think about 8 different industrial classification codes that link to real estate industry. Real Estate is one of the 8 sec codes, we call them sec codes.

Then in terms of, then the real estate agency has got a regulator that is the Estate Agency Affairs Board, which has got an act, the Estate Agency Act of I think 1975. This act specifically talks about what an estate agent is, the definition of an estate agent and then regulates the functions of an estate agent via the means of the fidelity fund certificate. In terms of the two bodies because we both regulatory bodies and it means our common friend is the estate agents. We need to continuously work together in terms of professionalising the sector, determining qualifications, determining what is the way forward for the sector, looking at continuous development for the sector for estate agents. There are

various fields and various maturities within each one. So what makes it easier on us is that focus less on looking at the sector, we focus on looking at the people within the sector. Looking at the occupations within the sector, so you get an estate agent, you get a principal estate agent, you get almost 20, over 30 different occupations within the sector. There must be a programme for each in terms of career pathing, in terms of what's supposed to happen for them, actually also enticing young people to come into the industry. So we will fund from training in very intermediary programmes like the NQF level 4 Real Estate qualification. You will find up a qualification at a university level, a Masters or a PhD, often an individual within an entity. So that's basically more or less what our role is in terms of the profession.

Interviewer: With the new accreditation, how is that influencing the number of estate agents, practising and the calibre of person that you are attracting into the industry?

Respondent: I think because of the nature of the industry an average age of 60, and with this average age most people are finding it as a second option to life, type of career. After retirement you get your big package and you go and open an estate agency firm. The industry is not attracting young talent they are just not attracting young talent. Whether blue, green, yellow, we're just not attracting young talent. That is one of the challenges within the industry. But in terms of the professionalisation because the new education regulation dispensation was promulgated by regulation in 2008 and it then put a cut-off date to say anybody who is an estate agent must acquire qualification by end of 2011. In 2011 they realised, the Estate Agency Affairs Board realised a lot of estate agents are not ready. They haven't acquired the minimum qualification, the qualification in order to practice. So they extended the deadline by further two more years and unfortunately we are approaching now the deadline 2013. Unfortunately because of the stats not being available we are not sure at this stage how many will be remaining in the industry after December 2013, or how many we'll have. Will we have more or will we have less. However with the new comers they appreciate, especially the previous disadvantaged individuals.

They're appreciating that they can learn more in terms of what this industry is about through the qualification. It can help them say in 5 years' time, I can open

my own firm because I have been exposed to the education requirements that are reflecting on my practical experience. Then I can feel confident to go into business. In the past if you couldn't get in through another estate agency you wouldn't know what the industry is about, because there were no qualifications what so ever. Unless you're probably like in business. A lot of lawyers were the ones that were starting estate agencies because they were working within the industry and then they saw the opportunities within the industry and made use of them. In terms of just an ordinary man starting off and dreaming that I want to be in real estate that has just been in phase since the 2008 regulation. I think in the next 5 years we will probably monitor very closely how many new entrants have come in and how are they finding the industry.

Monitoring and evaluation type of exercise will have to be conducted. But with the youngsters that we funded we can see the value from their side in terms of going through the education. The other challenge is the supply side in terms of the education, the departments, no not the departments. There's a word I'm looking for, the training providers. We have a challenge, we have a challenge with the training providers. If you know, how the SAQA Act stipulates accreditation, you go to the SETA or the Quality Assurance Body, you apply for accreditation. And there's criteria that you must meet. You must have industry experts who are assessors and moderators, who are familiar with the subjects that are to be taught. They must have one level above what they are assessing or facilitating. If you are facilitating a NQ level 4 you must have a NQ level 5 type of qualification. Now with an industry where there was no qualifications before it's hard to find these people. The industry decided that they will not be that strict in terms of the criteria up until a particular date and there was a cut off. You pass the immaturity part of the particular date. So now we're saying we are going back to SAQA regulation in terms of one level above what you are assessing. Again you're left with very few people because people didn't prepare themselves towards that type of regulation. So there are all those things that are factors. Now you would know there is a big problem at university level, the qualification of real estate is only supplied by is WITS, University of Pretoria, UCT, and those are the three universities. Then we have the University of Technology which is Cape

Peninsula (CPUT), those are the only 4 institutions that are supplying real estate related qualifications.

Of the 4 we are supplying property developers, we are supplying business analysts of the back level, we are supplying all sorts, you're not really getting the skills sectors acquired. Now previously UNISA was a supplier, but they stopped. Don't know if they're going to look at it or not because practitioners are still wanting a level 6 above qualification. Also the other problem we have is with the education dispensation. Now Higher education is not talking to each other and you go from a SETA qualification to a NQF4. You get another SETA qualification NQF5. Now you go to UNISA and you say for example, I want to do a NQF6 related qualification in real estate do you recognise the two levels that I've got? No! Why? Why? It's accredited, it's at NRID, everything's been done accordingly. So we have the articulation type of a problem, because where employers are saying yes, we will employ them. Whereas that articulation in your own system in terms of what you are doing. And recognition of prior learning; it's a big challenge. It is a big challenge. So I think it's something the ministry is looking in to. In terms of making sure that any program, whether you do it at an FET, it articulates to something. That is then basically it.

Interviewer: Sjoie that is quite interesting. The facilitators that now assist with the program that are being taught, do you check to make sure that they maintain the levels, or things like that or do you just leave it over to the Estate Agency Board, or once they accredited, they just carry on, on their own. How does it work? Is there any monitoring and evaluation on that level?

Respondent: There is a monitoring site visit that is done on an annual basis. Just monitoring. And then every time they upload learner achievements and we have to validate that indeed the process was followed. So we will send a verifier out to go and validate these details. And the verifier will then come back to us and say yes they are indeed competent or no they are not competent because the assessor who was assessing didn't look at a, b and c. So we will be back for mediation.

Interviewer: So Services SETA takes this responsibility?

Respondent: So you will find that sometimes learners don't get their qualifications because we've asked them to go and remediate. The system is quite strict and we just hope that people can understand that this is the qualification and it has credits. And there's some sort of responsibility as a regulatory body that's what we are doing.

Interviewer: This should definitely help to lift the standard within the industry. I think previously any person could just write the exams and off you go and start doing whatever business, there wasn't really much control in terms of what you do and the roles and responsibilities of an estate agent. This is the perceived market view. The roles and responsibilities that they had to fulfil they didn't and nobody really monitored to clamp down on that behaviour and I think with the studies perhaps that will be one angle to try and make sure that the standards are lifted and the roles are actually performed.

Respondent: That is the whole point; if you are serious about an industry you make sure that you comply. You know this one of the easiest industries to get into. And people say that it is a gatekeeping by the Estate Agency Affairs Board and SETA is not helping and we are killing their businesses. No we're not. At the end of the day we have a responsibility to also protect the consumer because the consumer. This is one asset, sometimes it is the only asset they'll ever own in their life and they're expected to pay for it for how many years. 20 Years? It's a whole life thing for just one asset that you probably live in and die in. So you need to also think of the consumer side of the perspective to say if we just push people in within the industry and say we're just going to certificate you and give you whatever you need to practise with, without you being competent, then we're just wasting everybody's time. We cannot allow that. We are a regulating body and we must play our regulatory function as given in the Act.

So I agree with you in terms of our people being more responsible in terms of compliance making sure the service they provide to the consumer is of quality. I think the industry will shape itself in the next 4/5 years and looking at younger fresh talent coming into the industry. It will also be one of those exciting things that the industry will look into. The industry will also appreciate once it start happening. So there is a lot of things happening and I think we're very excited

about the developments. It's professionalization at its best. Hopefully you can do your PhD on this and hopefully we can talk about the steps it took for us to get to professionalism of this particular kind.

Interviewer: Just another quick question, bond origination, are you at all involved in that process? Are there any regulations or any training programmes or anything envisaged for that industry?

Respondent: That doesn't fall within our scope. It falls within the Safety and SAL SETA, Safety and Legal SETA and legal SETA I think. I'm not sure what their full name is but it's called SAL SETA, because it goes with the legal component so conveyances will be part of the legal component of type of profession.

Interviewer: That is very interesting I don't understand why though because they are not physically making any decisions they are only applying for finances on behalf of either the estate agent or the buyer.

Respondent: But, don't they also register in terms of sending to the Deeds Government?

Interviewer: I am not aware that there's any legislation. I am not aware and that is why I'm asking

Respondent: They are not with us unfortunately, because we've looked at that in the past and we were told they fall within the legal SETA

Interviewer: Is there anything else that you would like to highlight to me regarding your work, your interaction with the estate agents? Anything you would like to mention to me that you think may be important?

Respondent: I don't think I let anything out, I said a mouthful already. I said a mouthful already.

Interviewer: Thank you I appreciate the time that you took to talk to me and explain some of these issues to me. Really, let's keep this relationship open and see where it takes us.

Respondent: Hopefully you'll also assist us with our studies.

APPENDIX AB: INTERVIEW WITH MORTGAGE ORIGINATOR

Interviewer: Good morning Mrs. Van Dyk. My name is Anthea Amadi-Echendu; I am a student at Unisa. I'm busy with my Maters's degree and I'm investigating the property process end-to-end from the time that uhm the buyer buys property that is identified right up to the time that it registers his in his name in the deeds office. Uhm, I really appreciate the time that you have given me to, to highlight the bond origination side today. Uhm, and so if we can please just get straight into the uhm the, the interview. Please if you could explain to me what the role of a bond originator is in the property process.

Respondent: Uhm morning Anthea, thank you. Uhm, the role of the bond originator basically is to take all the paper work out for the potential buyer. In other words that the the, the potential buyer goes from branch to branch into different banks and apply for their own bonds. With us it's convenient, quickly and easier, and far less a turnaround time and take all the hassle out of a out of a bond application. So that is basically what we do and obviously then we look at to see what is the best possible transaction we could put on the table for the client and if I say best possible transaction, it's er loan to valuation as well as the best possible rate. Now what we currently offer is uhm the four traditional banks, Absa, First National, Nedbank, and Standard Bank, as well as we have an agreement now with RMB and Investec. I always joke and say that we also do some church transactions and those are there is SA home loan transactions which we do er totally for free. Why I'm say for free is because we don't have an agreement with them but we also believe that uhm if all the other options doesn't work and we can get a deal at SA home loans that the potential client will obviously refer us to another client and as well as the agent. So we do that for free uhm and that's more or less what a bond originator does. Now we've uhm Ooba itself has been the oldest originator in South Africa, it flew over from uhm Australia, that's where originating come from and I think we the, we the oldest originator I think exactly four weeks uhm Ooba's first and then it was Betterbond so and and we still here today 15 years later.

Interviewer: Oh wow, that's amazing. Can you imagine? And with the. Uhm just for interest sake the uhm, er recession that we had. The world-wide recession, that has uhm not influenced your business in any way? Are you...

Respondent: obviously it did, obviously it did because immediately after the uhm the NCA came in June 2008, everything changed rapidly. I also say, always say, you know, in those days when you threw up 10 bonds in the air, 9 was approved or were approved if you arbitrate the 10th transaction that one would have gone through as well and uhm but now it's a total different story so if you if you just look at Ooba's stats currently is we have a first er round of approval and a second round of approval. First round of approval our strike rates are currently 45% of all deals are granted within the first round and then we start arbitrating transactions and our current conversion rate is then 67% after we finished with the bond. If a client goes directly with a bank the current conversion rate in their world differs between uhm 41% and and and and 43%. So you can see the er difference between going directly doing your own thing versus MO assisting you on a 67%. Uhm you see our other benefit that we do have is all the bank PRO's will liaison officers, sit in our office every day. 3 – 4 hours. So we have a direct link with all the liaison officers of the 3, 4 different banks to assist us and to be able to put the best possible transaction on the table. Back to your question of the recession. Obviously it did. It it it played a huge role but I also said at that stage er it might be heart sore and it was very tough out there but uhm all those originators that popped up like mushrooms and everybody thought if they can just spell the name bond they would be able to do a bond and it's now far more a professional game. Uhm your knowledge must be top notch, uhm you must know exactly how to position a transaction. It's specifically in your more bigger cities. It's uhm we've got a huge component of self-employed applications now you have to be able to read financial statements, use financial calculators, etc. etc. so it's not only by just filling in a form and submitting the application. It's far more, it's far more complex, it's far more er, you have to have er a huge and a wide variety of knowledge today to be able to submit an application, so yes it did. It did have a huge influence on our on our market, luckily in our lives, uhm, MO from day one didn't have one cent of debt so I think we came out er the better of the pact. Let's put it that way. And obviously we did diversify. We not only did home loans. We the only originator that's uhm, that's uhm, what would the right word be. Uhm authenticated to sell home owner insurance, that, building insurance, you know the home owner cover on your normal bond. If it's a. If it's not a sectional title. Uhm. So we do sell that as well. And we also sell life insurance as well. On the

on the bond specifically. Uhm. We do that. Ag and then we got a side. We've have a side line of short term insurance as well and uhm a couple of other incentives that or inventions that we busy with.

Interviewer: That's very encouraging. Wow! That's very good.

Respondent: We also link to Bank A as well where we have uhm a credit card as well.

Interviewer: Oh, I didn't even know about that. That's excellent.

Respondent: It's a little bit in a, in a in a, the credit card in a sleeping mode currently but uhm, it's a Bank A credit card it's banked, you know with Bank A, but it's a credit card.

Interviewer: Oh wow! That's very good. Okay. So if I could perhaps just recap. The bond originators role would then be to uhm, apply on behalf the buyer for finance and his uhm role ends as soon as the buyers' finances have been approved? Uhm or is there any other steps you still take after?

Respondent: Most definitely, most definitely because remember we don't get paid unless the bond registers. Nobody gets paid. Uhm. Not the attorney, not the agent, not the originator. So we only get paid after registration. So we are uhm involved up until the registration of the bond. So we make sure that the instruction uhm goes out to the attorney, we make sure because these days you don't call it a final grant anymore. You call the uhm grant, you call uhm a quotation. So you get a final quotation from the bank. That you have to discuss with the client in detail and then obviously the instruction with the attorney goes out electronically and they give us then also feedback, on uhm on those transactions at the different attorneys and where are they in uhm in a specific process and so we take it up until registration. It's specifically on building bonds because that's total different ball game uhm then you are far more uhm in those as well and obviously end user finance in developments as well.

Interviewer: Okay, you, you don't at all get involved on the estate agency component, it's only once the property is identified that you get involved in the process.

Respondent: no. no no no. and that's one thing that we advertise hugely in that, that could go down to your other uhm uhm questions that you might have is that uhm we prompt now more than ever that if there is a potential client out there start looking for properties that we already do a, go through a pre-qualification process. In fact,

I have a consultant that is just focusing on pre-qualifications. So that could be a potential buyer that phones in for a specific property, that could be a potential buyer that went around a show house on a Sunday and we get that show house list and then we phone the clients and see how we could assist. Now when we do a pre-qualification our lives, it's a, it's a full blast interview. So it's interviews, it's I.D's, it's payslips, it's bank statements. Uhm we don't do pre-qualifications on self-employed and we don't do pre-qualifications on commission earners because every bank looks applicants in a total different way. So you could, if I say you, it's the agent as well as the originator can take so many problems out of the process going forward because after you've signed the offer to purchase, you've got an excited buyer, you've got an excited seller, you've got an excited MO consultant, and you've got an excited estate agent. And if that thing went sour or goes sour, or if we can't get approved, there is such a big negativity around it and disappointment. So we are really trying to, as far as possible, to up front, pre-qualify the client. Now when we do pre-qualify the client. We still got a uhm service level agreement with a company called Lusit. It's a uhm attorney firm which we could draw the client with his authorisation obviously the client has to sign and give us approval to do that. To draw his score card and his payment profile of the specific client. Now that gives us a very good vast background of that uhm particular client. We can see back uhm as far back as 24 months, how the client handled his retail accounts, which gives us a very good, uhm how the client pays his cell phone, his motor vehicle, his credit card, his overdraft, previous bonds. Etc. etc. as well as the second bond. Lucit report gives us the scoring. I don't know if you heard about the scoring. When an application goes into the bank the client gets a score card. Now the score and that was a guide line of the scoring as well. Obviously of it's above 800 points, they will give you a low risk, and then you've got a great client and then it depends on how, how big the bond is he's looking for or how big is the rand cent of the property his going to buy on what percentage loan the client will get. And that gives you a good graph and that is a great tool for the agent uhm and and atleast you have a 8 to 10 say 75 to 80% surety that we will get a bond for the client not necessarily always a 100% bond. All depends, like I said if you buy, below 1.5 million and you're a very good client, you would be able to get 100% bond. It's above 1.5 then we need a 10%. Or not us the bank need er requires a 10% deposit. So, so that we do a lot

uhm on a daily basis. Lusits we do up to uhm lusits reports, uhm that's only Lusit reports that's only the ,the payment profile of the client just in my province we do between 40 – 60 of those per day. And then pre-qualifications. Physical pre-qualification, we sit with the client, do the ID, the payslip, the bank statement, the physical interview we, it varies between 4 – 8 a day. It depends on on on on the month end or is the Monday or is the Friday that plays a big role. So that's a lot of stuff we do up front to help and assist the a the potential agent to uhm sit with the potential client. You know, are they, are they traveling with the guy that's a no go, you know, what are they busy with it costs money, and now, you know, it's travel and it's petrol and it's cell phones, and it's advertising, you know, and then there's far less disappointment at the end of the day

Interviewer: Okay. Ah, that's very interesting. Thank you for, for the explanation. And tell me, uhm. On the estate agency side there's the Estate Agency Affairs Board that looks after all the estate agents. Do you have a body that regulates bond origination?

Respondent: I know they, they busy to to to to bring up a body but I must tell you they very well regulated by the banks because all our contracts with all the different banks are very strict and obviously it's also not like in the old days where quality plays a huge role so all our contracts are also linked to quality and and and conversion. Quality and conversion. And uhm you see our systems are so jacked up and "ricked" that all if I press the enter button, here it pops up immediately at the four different major banks as well as RMB and Investec as well. So everything is electronic and our systems are built in such a way that you can't go to the next field unless you have not filled out the previous field. And we do not submit applications if the client uhm uhm did not sign the interview form, or the client did not sign the final quotation, the final approval that he he accepts it. So and and and with the banks as well and if there is any irregular uhm irregularities that's hanging or that the bank picks up, we can lose our contract like this (click of the fingers). And it's uhm, and I think of all the originators, sometimes it's very frustrating but also very conservative if it get to, you know, smaller than "narrow" and you stay on the tar road and you don't go into the gravel roads.

Interviewer: okay, so tell me, uhm in term of the end-to-end process, from the time that the buyer identifies the property up to the time that uhm the property registers in his

name. his or her name. what in your opinion are the bottle necks that are currently in the process?

Respondent: There's a lot of bottle necks and it's and it's it's it's uhm it's, I think it's difficult to say this is a bottle neck there's there's a lot of factors that plays a role in bottle necks. Now bottle necks could if you talk about timing is is is is that what is that what your. Or is it just uhm

Interviewer: It could be anything that could complicate or delay the application.

Respondent: There's a lot of things. There is, there are so many things that could, that could bottle neck the transactions. Uhm. For example, uhm I'm sure you're aware that all the estate agents needs to uhm get qualified to a certain period. In fact, I got a mail yesterday, I didn't read the detail, but apparently they extended the date again. So it's not November 2013 anymore, so they got a little bit more time to to qualify. I also do know that there's older agents that's just hanging around until they don't

Interviewer: Until they can't practise anymore

Respondent: Ja they can't practise anymore. so they just go on, and they extend the periods every time. So but be that may. There's a lot of bottle necks. I think uhm there great quality, qualified, agents out there. I also believe there are a lot of fly by nights, a lot of rookies that have no clue what they are doing. They just sign offer, offer, we talk about OTP's, Offer To Purchases, left right and centre, and then make it our problem to get the applications through. And sometimes it's a dead horse before you start. Alright so, so that is one. Then secondly, yes, you do have uhm originators, still out there and not only originators but aggregators. Now an aggregator is someone that don't have a direct contract with the bank but use bigger originators contract to aggregate. Now those ones, you can't necessarily uhm monitor. Or make 110% sure that they abide you know, all the rules. Obey all the rules. So so that also knowledge, I'm telling you now is a huge, is a huge factor. Most definitely knowledge. Uhm "in all ..." there are so many pitfalls in a uhm estate agency world especially that uhm uhm that new thing that came in that the client at any stage, the potential buyer or the buyer at any stage can pull out and say that the agent didn't tell him about this or there were hidden clauses, or the roof leaked and now he doesn't want the property anymore and now he

wants, uhm damages paid out. There are so many things that could go wrong into the bottle neck. Uhm. It could be an estate late transaction. Now that could take up to 6 / 12 months. Uhm that could be a bottle neck in the, in the, in the transaction. I had a simple thing last week where the uhm husband and wife, sellers, were married in community of property. Mom passed away a year ago. Nobody thought of changing the title deed just into the husbands name, now the, another clients is buying the property. Now, nothing can go nowhere because the transfer needs to take place first before we can even apply for a bond. Uhm for example, in the Bank A world if the stand number doesn't because the minute I apply on on on on the system, for example to Bank A and that stand number doesn't collate with BANK A's deeds search they did, the application stops right there. So it could be that the offer to purchase has been filled in incorrectly, and we've gone through all this "pro pro" and nobody picked it up. Now they only pick it up the minute they want to register in the deeds office. Then it's then that's a bottle neck. It could be uhm uhm the agent put the wrong, this happened the other day, the agent had the wrong stand number. Or the unit number of a complex. It went right through until final grant and that specific bond wasn't with Bank A because in the Bank A world the deeds office talks to the application we submit but not the other banks. And it went to the other bank. So it was approved and then they realised but it's the wrong unit. So bottom line is, you "can" that bond, you start all over again. You can't change just the unit number.

Interviewer: Because the valuation was done on the wrong property.

Respondent: Daarsy. So what happened now is, that potential buyer, which we assisted, which was a border line case went bananas on his credit card, didn't pay his Edgars in the meantime, now we re-applied again, now it's declined. Hear what I'm saying. There are so many factors. I can keep you here until next week this time to tell you all the different things that can go wrong. And unfortunately, then we are the piggy in the fairy tale because we can't make this work. It's not like in the old days, you go sit in front of somebody and they go make a few "twigs" there on the computer. And and and and it works out. Another thing to go back to I can give you an example in the Bank A world, previously you could register up until 4 units on one bond. Now you can't. Now it's a total different story. You can't do that anymore and especially if you take over, if you do a bond where they haven't

consolidated 2 stands next to each other and you want to do 2 bonds, one bond, it's not gonna happen. It's 2 bonds. Now there are so so many, and every banks got their own criteria and their own rules and regulations. And there's so many bottlenecks e.g. developments. You cannot finance in a development unless all the banks have approved the development upfront. It's a huge process. If you can look just behind you. That's how a pack looks like in a pre-valuation of a development before you can sell one unit. So you have to pre-valuate every single development and get a certain exposure at a specific bank before they can start selling, before they can think about a sole mandate to give to an estate agent and then if the developer decides oe nee, he wants to increase the price with R5, and we have already done the pre-valuation, the transaction will be granted in principle but will go no further because the price has now changed. So then if you want to change your price, then I do a pre-val again before anything can go ahead. So so many things have changed over the years. There's so many bottlenecks. Um um It could be that we don't find valuation. Er that could be a bottleneck. So what do they use these days on comparatives? They use the Lightstone figures and they use SAPTG figures. Ah which they use eh you know to get comparables. Eh and I do know that the valuers have sort of a 10% leverage which they could increase with but not more than that.

Now, it's not necessarily a bad neighbourhood but neighbour on the lefthandside and neighbour at the back and neighbour across the street didn't pay their bond, their property was sold on an auction for far less now it brings down everything down. And poor me that's buying this property now, on the one hand its good because I can get it at a lower price but on the other hand the seller is not necessarily going to sell it at that price because he's got an amount and a figure in his head. So Anthea I don't know whether I've answered a few of you're a few of the bottlenecks, there are so many bottlenecks hoor.

Interviewer: Ja, yes. There's just one more question that I would like to ask please. If you had to look at this process and think of some of these bottlenecks that you've mentioned, what in your view can be done to improve the process, to do away with the bottlenecks?

Respondent: the only thing you can really make a difference on is 2 things. The one is knowledge. Your agents need to be knowledgeable and now I'm talking about

serious knowledgeable, as well as your originators. Serious, serious, serious knowledge. And the second thing would be what. What was the one I thought about quickly. It was knowledge and then obviously your electronic systems, eh eh computers. Computers!

Interviewer: When you say computers do you mean that more of the processes must be computerised?

Respondent: ja, ja, because we are so far in the process already. I think they call it XDS, XYS or something like that where when I submit say for example an Bank A client, the client signs a XDS form, where, and I submit to Bank B as well, then Bank B could see the Bank A Bank statements. So that's gonna shorten the process. So when I apply, so in 3 years' time hopefully that will be sorted, so all 4 banks will see the other bank's statements. As long as the client has signed upfront authorisation that Bank B,C and D can see my statements from Bank A. So that's gonna smooth the process. Secondly that's already busy which they use hugely, they call it desk valuations. So the valuer does not have to go out. Remember in the old days the valuer made an appointment, the agent or the seller wasn't there, or they missed each other, now it's taking another 2 days to do a valuation that story, so a lot of valuations are done is desk valuations. It's according to SAPTG, Lightstone etc. They obviously Google. They go into Google and see and specifically in complexes that assists hugely, that assists hugely. Um, what else? That is in a nutshell. Knowledge and electronic systems. Ja. IT, that's the IT part.

Interviewer: and if you had to look at the further end where the attorneys are involved, and other external parties is there nothing on that side? Are you happy with the process there?

Respondent: Listen I'm sure there's always space for improvement. Um, my knowledge on there, because they've changed the the the attorneys since I've been in the bank in any case. They've changed the attorney processes and computers and IT like a 360 degrees since I've been there 10 years ago. But I'm sure there will, there has to be improvement there as well. I'm sure because I hear them moaning and groaning as far as I go. So previously where after instruction the attorney will know prepare the documentation for lodging, submitting applications that was granted they these days cant submit unless they get the green light from the bank

and that could take a month and a day. Hear what I'm saying? And that also influence their turnaround time which could determine if they're still gonna be on that banks' panel. You hear what I'm saying? So there are so many things hoor.

Interviewer: Thank you very much for the information that you shared

Respondent: Pleasure, absolutely a pleasure

Interviewer: I will uphold your confidentiality and this interview will only be used for my research as such. Nobody else is going to listen to it.

Respondent: Well good luck.

Interviewer: Thank you very much again.

Respondent: It's a pleasure.

APPENDIX AC: INTERVIEW WITH MUNICIPALITY

Telephonic discussion with Pieter Wagenaar and Theresa Pietersen-Samuels from Stellenbosch Municipality

Interviewer: Please explain the role that municipalities play in the property transfer process.

Respondent: Municipalities are governed by the Local Government Municipal Systems Act of 2000. And section 118 of the Systems Act. In terms of these Acts, all outstanding monies must be collected before transfer of property may take place. All monies that were written off by the municipalities five years prior to a property transfer transaction may be reversed by the Municipality. All of these aspects need to be taken into consideration when issuing a rates clearance certificate. As a result this process of issuing the certificate can take a week to two months. The debtor may also sign an acknowledgement of debt or an agreement to repay outstanding monies to the Municipality. This practice is however the exception and not the rule, and is normally done for municipal buildings rather than privately owned residential properties. The buyer also signs an additional form for the transfer of services to the new owner of the property.

The municipality is informed on a daily basis of properties that has been transferred in the Deeds Office by the Actex system. On receipt of this advice, the account is monitored for two weeks before the 'old' account is closed and all credit amounts are paid back to the seller.