

# Bridge Taxi Finance provides cash relief to taxi industry

Minibus taxi financier Bridge Taxi Finance is providing financial relief to taxi drivers and owners in the form of a R175 million cash injection directly into their clients' pockets.



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With the support of its holding company Mokoro Holdings and shareholders, Bridge Taxi Finance has taken the bold decision to settle 50% of its clients' monthly finance instalments on their behalf throughout the lockdown period.

Rather than offer clients the false assistance of a so-called payment holiday, which would increase their indebtedness after the Covid-19 lockdown, Bridge Taxi Finance is ensuring that its clients will be able to survive the lockdown and thrive once they are able to operate again without the added burden of increased debt.

In line with Bridge Taxi Finance's founding policy to provide affordable, cost-effective finance for the most highly visible form of entrepreneurship in South Africa, the company has committed more than R175 million to provide meaningful relief to the 2,500 taxi operators it finances.

## **Direct cash injection**

“Instead of a payment holiday, we have chosen to rather direct R175 million straight to clients, effectively paying off their interest,” says Vincent Raseroka, chairman of Bridge Taxi Finance. “This direct cash injection equates to a benefit of over R450 million in interest over the credit lifetime on the accounts of the customers currently on our books.”

Bridge Taxi Finance views the taxi industry as a critical component of South Africa’s economy as more than 70% of the country’s workforce is transported to and from work by taxis on a daily basis. Since the company’s inception, it has been Bridge Taxi Finance’s policy to not request payment from clients if they are not trading.

“We do not penalise or proceed against clients if they have a valid reason to not trade. We look at our clients’ recent taxi operations’ activity and the frequency of trading to determine if they have a valid reason not to pay instalments,” says Raseroka.

## **Restricted operations**

During the Covid-19 lockdown, most of the taxi operators on Bridge Taxi Finance’s books have clocked up less than 50% of their normal mileage and carried restricted loads of less than 50% capacity. Bridge Taxi Finance will settle 50% of the taxi operators’ finance instalments on their behalf.

A so-called payment holiday of six months will on average add R311,000 to the total payment due by a minibus taxi operator and would add 21 months to the client’s payment term. For new clients, the effect is even more severe, with an addition of more than R600 000 to the client’s total payment obligations as well as an extended repayment term of more than 42 months to settle the debt.

Bridge Taxi Finance will backdate these support measures to the start of the lockdown in April and continue with them until the taxi industry is up and running, which is expected to happen at level 1 of the lockdown.

Bridge Taxi Finance is in the process of being granted emergency dispensation from SARS, which will allow it to work with the Solidarity Fund to give a total of R450 million of relief to its clients. Bridge Taxi Finance has committed a further R12 million to the provision of sanitisers to be retro-fitted into clients’ taxis and for the ongoing monthly sanitation of taxis.

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