



Access to a database where an owner can be linked to a specific asset is crucial, as even second-hand units can be tracked.

PICKING UP WHAT eNaTIS LEFT OFF

By Susan Unsworth

A regulation gap exposed banks to the problem of double discounting, affording owners the opportunity to abscond with both the asset and the cash. Enter the Southern Africa Movable Assets Register.

It started with an unfortunate accident involving a police officer and a quad bike, the trauma exacerbated by the realisation that the Road Accident Fund would not be paying compensation since the offending vehicle was not licensed for use on a public road.

Off-road assets, including construction and mining equipment and recreational vehicles such as jet skis, found themselves in licensing no-man's-land in 2011, when the Department of Transport decreed that the eNaTIS system was to be restricted to vehicles that could pass the

roadworthy test required of mainstream vehicles.

This gap in regulation exposed the banks to the problem of double discounting, where owners seek two different financing deals for the same asset and then abscond with cash,



leaving the banks to fight over the asset. After grappling with this issue for several years, the banks mooted the idea of an alternate register for assets not covered by eNaTIS. Great interest was expressed, too, from importers of yellow metal assets.

Initially, the banks decided to run with the concept, but the reality of this additional responsibility soon had them seeking a more workable solution. They found a willing ear in a team that had a long-standing relationship with the banking fraternity and a sound understanding of the complexities of asset management. This team set about establishing the Southern Africa Movable Assets Register (SAMAR) in 2015.

SAMAR does for off-road vehicles what eNaTIS does for its passenger and cargo counterparts: protects against fraud and theft and ensures that assets can be managed throughout their life, no matter how many times they change owners.

"Across Africa, yellow metal assets are often crudely marked and haphazardly registered to businesses," says Kyle Dutton, project manager at SAMAR. "SAMAR was designed to provide the most recent reliable record of an asset by updating records in real-time as changes are made by system participants such as finance houses, dealerships, and insurers. This allows businesses to effectively manage and control the financing of items throughout their lifecycle. This greatly reduces fraud, theft, double discounting, and incorrect representation of value for insurance purposes."

South Africa would have scored a goal off the field during the Fifa World Cup of 2010 had SAMAR been in operation. One of the major banks financed 100 portable toilets worth more than R100 000 each, but after the tournament, only three could be found, the others disappearing into anonymity due to a lack of unique identifier of ownership.

Eight years later and three years down the SAMAR road, all the major banks are now on board and there are already a very encouraging 40 000 assets registered, 10 000 of which were added in the past six months alone. It is a pebble in the earthmoving bucket, though, compared to the number of vehicles trundling around the country's mines and construction sites excavating, bulldozing, hauling, and loading to build the South Africa of tomorrow.

"The insurance industry will find that SAMAR brings welcome relief amid the fraud risks associated with the substantial value

of non-motor-related movable assets financed and insured," says Dutton.

"Identification of a lost or stolen asset, especially if the purchaser still owes on it, is problematic for both financier and insurer."

Merchant West's commercial asset finance sales manager, Roxanne Mitchell, comments: "Fraud is a problem that plagues this industry as criminals become more and more creative about how they obtain assets. eNaTIS documents have proved key in preventing fraudulent acquisition of road vehicles and we believe that the SAMAR system will be equally successful. It should prevent double discounting, which is a major problem."

Nico van Heerden, director of Optimum Asset Finance, adds that an effective yellow metal assets register is long overdue. "This register will regulate the industry significantly by providing real market values, ownership history, hours in operation and condition of the asset, photos, and financier background," he says.

Access to a database where an owner can be linked to a specific asset is crucial for all parties, says Dutton. "The absence of marking of movable assets other than roadworthy and registered vehicles means millions of rands are lost not only through multiple financing on the same asset, but through the inability to claim ownership after an insurance claim payout or a failure to recover items in the second-hand market or criminal sales points."

At a registration fee of R80 per asset and no yearly licensing fees, a SAMAR mention doesn't overly dent the bottom line. Nor does it inconvenience the user, as an app is available to scan the security label that is attached to the asset to determine if the owner is on the level or trying to sell a stolen asset.

Although this will be useful for private users of the system too, SAMAR is currently exploring its potential with the South African Police Service (SAPS) to control cross-border movement of assets.

"Often only poor identification and registration stand in the way of equipment moving freely across the borders, with or without the owner's permission," Dutton explains.

"Most tracking solutions can be easily removed or hidden and, often, the remains

“ One of the biggest challenges for border officials is the lack of a system to systematically check an asset as it arrives, whether it's going in the right direction, is in the hands of the right people, and is heading to a legitimate destination.”

Kyle Dutton, SAMAR

of trackers are all that is found when police arrive at the last known location of a stolen asset. Often the theft is realised only after the assets have already left the country, with a trashed tracker or the remnants of scratched-off markings.”

With an estimated R40-billion worth of in-demand movable assets currently having no record and hundreds travelling into Africa every week, the scope for SAMAR is substantial.

“One of the biggest challenges for border officials is the lack of a system to systematically check an asset as it arrives, whether it’s going in the right direction, is in the hands of the right people, and is heading to a legitimate destination,” Dutton elaborates.

“As SAMAR has been designed to cover the entire life of an asset, the names of both the titleholder and owner are maintained and updated in real time. It also provides a certificate of registration that is similar in look and feel to that issued by eNaTIS.”

Use of the SAMAR app promises to streamline the border-crossing process significantly.

Having secured the support of all the major banks, each of which completes up to 45 000 new financing deals a year, running into billions of rands, business for SAMAR is destined to be brisk. The team is still heavily in marketing mode, says Dutton, with efforts to bring on board the smaller banks. “To ensure complete success in management of commercial assets, every financial institution and importer of equipment should be signed up,” he says.

The next step — one scheduled for completion by the end of the year — is the launch of a website on which customers can manage their ‘garages’, whether commercial or private, through sales and changes in ownership.

In an industry populated by valuable assets, clearly the SAMAR team is setting itself up to become an asset that is not only valuable, but indispensable. ■



Susan Unsworth

ABOUT THE AUTHOR

Susan Unsworth has wielded a pen for more than 35 years. Initially with *The Star*, she has written for numerous consumer and trade publications and survived a long stint in public relations. In 20 years of freelancing, she has tackled hundreds of corporate and government assignments and believes that words, regardless of subject matter, should have personality, and strives to make hers a breeze to read.

RANGE | **KEMACH JCB**

STRENGTH AND DURABILITY

0861 KEMACH (536 224)
www.kemachjcb.co.za

[f](#) [in](#) [t](#)

- Genuine parts
- 24/7/365 Service
- Top Build Quality
- High Performance
- Low Running Costs
- Various configuration options available

Best Business Decision

KEMACH