

WesBank CEO GHANA MSIBI: COLLABORATION KEY TO AUTOMOTIVE INDUSTRY RECOVERY

Providing his perspective on the local automotive sector, [WesBank CEO Ghana Msibi](#) has commended stakeholders across the entire value chain for their collective efforts in driving industry progress. According to Msibi, collaboration has been instrumental in lifting the sector from its recent downturn and will remain essential in overcoming current challenges to return to pre-COVID-19 levels of activity.

Msibi's optimism is rooted in an economic analysis presented by FNB Senior Economist Thanda Sithole, who cited International Monetary Fund (IMF) data forecasting global economic growth of 3.3% between 2025 and 2026. Despite geopolitical tensions and aging populations in developed nations, Sithole highlighted that slowing inflation and anticipated interest rate cuts would support this growth trajectory.

Sithole noted that while concerns over a potential tariff war have made the US Federal Reserve more cautious, further rate cuts are still expected, which in turn would likely prompt the South African Reserve Bank to implement two 25 basis-point reductions, bringing the repo rate to 7% by the end of 2025.

While acknowledging high unemployment, gross inequality, and low per capita GDP as constraints on automotive market expansion, Sithole pointed to positive indicators that could drive inclusive growth. These include:

- A diversified economy
- A flexible exchange rate
- Abundant mineral wealth
- An improved energy availability factor
- Credible inflation targeting policies

Most notably, Sithole projected a 2% growth rate for the South African economy in 2025, reinforcing the outlook for a cyclical upturn.

Historical data shows a direct correlation between interest rate cuts and an upswing in new passenger vehicle sales, a trend that is already evident in recent market reports. Msibi expects this momentum to continue in 2025, with the entry-level vehicle segment benefiting the most.

He pointed out that 5.8 million individuals in South Africa earn between R100 000 and R500 000 annually, contributing a combined gross income of R1.4 trillion - 40.2% of total taxable income. This demographic remains a key driver of demand in the entry-level segment.

Asian automotive brands - particularly those from China, Japan, and India - are poised to be the biggest beneficiaries of this growth. However, Msibi warned that the intensifying competition among these brands will make the segment highly contested.

Msibi expressed concern over South Africa's position in global automotive manufacturing. While countries like Mexico, Morocco and Egypt are rapidly emerging as dominant export hubs, South Africa risks falling behind. He cautioned that without swift and strategic decisions, the country's role in global vehicle production, and the economic benefits it brings, could be significantly diminished.

The National Automobile Dealers' Association (NADA) represents South African business owners managing new vehicle dealerships and qualifying used vehicle outlets.

Turning to electric vehicles, Msibi acknowledged the stagnation of global EV sales but emphasized the strong local growth seen in recent months. He remains confident that this upward trajectory will continue, particularly as more affordable EV models enter the market and narrow the affordability gap.

However, he pointed out that affordability concerns are not exclusive to EVs. The extension of vehicle finance terms to 96 months is a clear sign of financial strain among car buyers. Msibi urged the industry to reassess pricing structures and financing models to address the prolonged vehicle replacement cycles.

Despite economic pressures, Msibi highlighted opportunities for competitive dealerships, driven by an improving Prism Score, which reflects customer credit health based on WesBank's finance application data.

In conclusion, Msibi called for greater collaboration between manufacturers, dealers, and banks to lower the total cost of vehicle ownership. He stressed that a more integrated approach would accelerate the recovery of the local automotive sector and ensure long-term sustainability.

Click on [this video link](#) to view Ghana Msibi's full presentation

The National Automobile Dealers' Association (NADA) represents South African business owners managing new vehicle dealerships and qualifying used vehicle outlets.