

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 2703 [NW3204E]

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2703. Mr T Botha (Cope) to ask the Minister of Finance:

What effect did the 18 Ponzi schemes which are under investigation have on the country's financial stability?

NW3204E

REPLY:

I assume that the reference to Ponzi schemes refers to pyramid and related schemes as described in section 43 of the Consumer Protection Act, No 68 of 2008 ("CPA").

It is not clear which 18 schemes are referred to and therefore the extent of the schemes cannot be determined. However, in principle it is our experience that financial institutions do not invest in these schemes (do not become victims to these schemes). The investors in these schemes are generally private individuals and therefore it is highly unlikely that these schemes in general will have an impact on the financial stability of the country.