

NATIONAL ASSEMBLY
QUESTION FOR ORAL REPLY
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★650.Ms L S Makhubela (ANC) to ask the Minister of Finance:

Given that the financial sector transformation is one of the critical pillars for the creation of an inclusive economy with increased black ownership and noting the discriminatory practices in the banking system in (a) accessing affordable home loans and (b) access to business finance which largely stifles the growth of small-, medium- and micro enterprises and the efforts at economic transformation, what steps will the National Treasury take with regard to discriminatory practices in the banking system? NO3449E

REPLY:

It has been 20 years since the establishment of the Financial Sector Charter Council, renamed as the Financial Sector Transformation Council (FSTC) in September 2018. Through this platform, we have made a clear declaration that “*Transformation is not a future event, it is a present-day activity*”. Over the past 20 years, government has continued to engage with other constituencies to accelerate transformation in the financial sector. We recognise the important role played by the financial sector in building an inclusive and sustainable economy that provide employment and business opportunities to all South Africans. We are also committed to supporting small, medium and micro enterprises, given their important role in employment creation and contribution towards sustainable economic growth and development.

Although progress has been slow in financial sector transformation, the latest State of Transformation Annual Report by the FSTC reveals meaningful movements towards achieving the targets.

South Africa's financial services sector is sophisticated and well-regulated, however, any form of discriminatory practice, not only in the banking system, should be addressed swiftly and eradicated. Addressing such practices fall within the ambit of the financial sector regulators, that are empowered in terms of the Financial Sector Regulation Act.

National Treasury has through the reform of the financial sector towards Twin Peaks model of financial regulation in South Africa, empowered the regulators to improve the customer outcomes by placing equal and dedicated focus on managing risks in the financial sector with a core focus on financial stability, prudential and market conduct regulation. This model is designed to leverage the benefits of an integrated regulatory approach and emphasises regulatory consistency, jurisdictional clarity, and informational efficiency, while effectively managing the inherent conflicts between prudential regulation and consumer protection.

In previous engagements between National Treasury, Ombud Council and the National Financial Ombud on complaints received from consumers, they indicate that their investigations found that “Affordability” was usually the reason for refusal of the applications for loans and they have not found it to be related to any discriminatory practices by the banks or lending institution.