



Mr Allen Wicomb

Parliament of the Republic of South Africa

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Dear Allen

Comment on the Proposed FICA Changes

The National Stokvels Association of South Africa (NASASA) is a Self Regulatory Organisation operating under Government Notice 404 in Gazette 35368 on the authority of the Registrar of Bank. It is the sole such approved association in South Africa.

Our vision is to build an affinity-based aggregated community that generates positive social externalities. Our mission is to improve our members' lives by delivering enabling products and services that will create wealth or reduce their cost of living. Our strategy is to harness the co-operative force of stokvel groups to structurally change risk pricing and bargaining power in favour of stokvels.

Much of our work involves working against the structural legacies of Apartheid, which deliberately excluded the majority of South African from the formal sector. One of the off shoots of this was the galvanisation of stokvels, as community based savings and credit unions. Today there are over 800'000 stokvels with 11.5m members in South Africa saving in the order of R50bn per annum.

Our comment concerns section 21B and the definition of "legal person". If this includes stokvels, we fear that the administrative burden will be too much to bear. Consider that friends who put money together to save for groceries, travel or investment would fall under the ambit of the Act. We beg you to exclude stokvels from the definition of "legal person". A precedent



for such is the exclusion of stokvels from the definition of “person carrying on the business of a bank.” (Gazette 35368).

NASASA is a self sustaining SRO which does not levy fees from its 110'000 members. We believe that we are able to serve the interests of our members without compromising the objects of the Act.

An example of such is the provisioning of cell phone contracts to our members. Many individuals who are on prepaid are excluded for the benefits of contracts because they fail the credit score on grounds such as not having proof of residence or proof of income. NASASA pioneered a scoring system that was accepted by GloCell and CellC, which relies on the scoring of a member within his or her group. The result of the pilot was outstanding. Whereas 80% of the individuals failed the individual credit test, there was a zero default ratio when the contracts were written through their stokvel.

Yours faithfully

Mr. Andile Mazwai

CEO