**Financial Sector Campaign Coalition (FSCC)** **Input to the National Assembly Finance Committee 3 May 2016**

**Briefly about the FSCC : The FSCC is a coalition formed in 2002 made up, then out of around 80 progressive civil society formations representing tens of thousands of members in the political, religious, labour, community, and cooperatives sectors to drive issues aimed at the need for the transformation of the financial sector as well as to pursue changes necessary for the development of an alternative people focussed economy in South Africa.**

1. The FSCC commends and takes note of the fact that the FSR bill is presented to parliament for the third time now after extensive changes to the first and second bills were effected following due consideration of relevant public comments. We trust that this process will continue to indeed ensure meaningful participation of the general public in the processes of the formulation of legislation as part of the dictates of the constitution of the country.
2. We note, with due appreciation too, the extent to which the bill now emphatically provides for the independence and added potential effectiveness of the Credit Regulator, in particular, within the envisaged Twin Peaks model. This, factor among others, has been and continues to be a key bone of contention for the FSCC all along – given the relentless campaigns that have been waged by the FSCC to date which have, directly contributed to the creation of the current credit regulation regime.
3. Paradoxically, it is further noted with measured reservations, that while the bill correctly seeks to empower the minister with wide and far reaching powers for the further regulation of the financial sector, most of this is to be done through the same Reserve Bank which continues to be an entity that is saddled with somewhat opaque private investors, some of whom are foreigners that include one powerful European family which owns shares in over 100 other central banks around the world and is a major player in the globe with regard to thought control.
4. Interestingly, the bill appears to skirt around tampering with matters related to the pending review of the banks act and the payment systems act – the latter being, in our view, a key tool used for the maintenance of the status quo and the slow pace of the transformation of the sector.
5. The bill very eloquently makes no bones about its main purpose – which we understand as to regulate, supervise and to stabilise financial sector institutions (perhaps so that they may mainly continue to make even bigger profits) but it also continues to fall short with respect to elevating most of the intrinsic interests of especially the poor beyond somewhat glibly promising to protect customers and or to provide added proverbial “customer education etc.” To briefly illustrate this critical point – the bill does not appear to provide for any mechanisms save for “consumer education” which can meaningfully begin to transform the low savings culture of South Africans at this stage or it does not mention how the poor would afford to ensure a court may enforce the recovery of their losses from what any rogue institutions may visit upon them while it seems to clearly enhance measures for what would essentially be bail outs for ailing or even errant financial institutions.
6. The clamour to set high international standards for the sector, while it is in itself, commendable has to be balanced with the conditions prevailing in our country now and perhaps into the near future - such as the low literacy rate as well as the widespread absence of financial literacy since stringent bars tend to feed the un-intended proliferation of, for instance, questionable funeral parlour operators who exist in large numbers, precisely because they serve a dire need – to mention but one example.
7. The notion of both the ombuds schemes and the Financial Sector Tribunal have to be supported by measures that will provide for affordability as well as the widest possible accessibility by the poorest of the poor to ensure economic justice which is currently denied.
8. We welcome the approach to enter into leniency agreements with co-operative persons who may be deemed willing to assist the authorities to investigate those entities whose operations may be found to be outside specific financial sector laws.
9. The intention to regulate financial conglomerates is highly welcomed with the hope that it will, among others, lead to unravelling the widespread tendencies to evade tax and channel profits into tax havens.
10. Overall – the bill appears to have numerous merits on the whole and we eagerly await its regulations which we hope will provide it will real teeth. **Presented by ; Tebello Radebe – FSCC National Coordinator :** **tebelloradebe@gmail.com** **076 918 8670.**