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| **COSATU Submission:**  **South African Post Bank Amendment Bill**  **25 July 2022** |
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1. **Introduction**

The Congress of South African Trade Unions (COSATU) welcomes and supports the South African Post Bank Amendment Bill as tabled at Parliament.

The Federation believes it will revive and capacitate the Post Bank, position it as an alternative to poor and disadvantaged customers and communities, inject badly needed competition into the banking and financial sector, support the state’s developmental mandate and provide a path for the revival of the South African Post Office itself.

1. **COSATU Support for the Bill**

COSATU’s support for the Bill is based upon the following key premises.

* 1. **Necessary Administrative Separation from the SA Post Office**

COSATU supports the provisions of the Bill which are to provide for a clearer delineation and separation between the SAPO and the SA Post Bank. This is necessary in terms of the financial challenges facing SAPO but also necessary for the Post Bank to fulfill its own requirements of the banking legislation.

We believe that once these amendments are enacted it will enable the Post Bank to operate and fulfill its own mandate and legal obligations.

The provisions provided for in the Bill are straightforward and necessary if we are to allow the Post Bank to operate and compete in a difficult market.

* 1. **State’s Developmental Mandate**

COSATU believes that once enacted, these amendments will position the Post Bank on a sustainable trajectory. This will enable it to fulfill its developmental mandate.   
  
This mandate includes providing affordable and accessible banking and financial services to the poor, the elderly, those in rural and informal areas, customers who the mainstream commercial banks have redlined and neglected for decades and who are simply of no concern to commercial banks driven solely by a profit motive.

COSATU believes that this will add to the presence of the state in the banking and financial sector, in addition to its existing banks, e.g., the Development Bank of Southern Africa, the Land Bank, the Industrial Development Corporation etc.

The Bill is clear that the Post Bank will be wholly state owned and its target market, ordinary members of the public.

This is inline with ANC resolutions calling for a fully fledged state bank for ordinary consumers.

**2.3 Injecting Competition**

COSATU believes that an active, competitive Post Bank with a wide geographic and demographic footprint will provide badly needed competition into a banking and financial sector often better known for anti-competitive behaviour, monopolistic tendencies, exorbitant bank charges, redlining of the poor, an ambivalence about support local economic growth and local procurement, and a laggard approach to transformation.

COSATU hopes that a Post Bank, owned by the state, will help address these gaps and inject competition into the sector. This will help compel commercial banks to address these weaknesses on their own side and this will be for the betterment of society and the economy as a whole.

* 1. **Partnership with SAPO**

Whilst the Bill provides for the legal distinction between the SAPO and the Post Bank, COSATU believes that the two state entities will continue to have an intrinsic link and partnership between each other.

A self-sustaining Post Bank can help reposition SAPO, expand its customer base, provide it with an expanded and more attractive commercial product stable and thus help it too to repivot itself onto a sustainable trajectory that complements the state’s developmental mandate.

The R350 Covid-19 Special Relief Dispensation (SRD) Grant has provided welcome relief to more than 9 million unemployed persons.  Its recipients will not miraculously find work when it ends in March 2022.  Government needs to extend and enhance it in the 2022 Budget.  It is a foundation for a Basic Income Grant.

* 1. **State Support**

The Bill and the repositioning of the Post Bank, will require some support from the state, in particular to recapitalize it and enable it to enter the market fully.

It will also require the state and all public entities to support its growth, and to consider it as the banking and financial vehicle to support their own commercial, banking and financial needs.

1. **Conclusion**

COSATU welcomes and supports the South African Post Bank Amendment Bill. We believe it will position the Post Bank to provide accessible and affordable banking services to the poor and marginalized, it will help the state fulfill its developmental mandate and provide badly needed competition in the banking and financial sectors.

The Post Bank will require some support from the state and public entities if it is to succeed.

COSATU urges Parliament to prioritise and pass this long overdue and progressive Bill.

Thank you.

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