

Media Statement

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Commission welcomes Treasury's initiative on the Banking Enquiry

The Competition Commission (CC) welcomes the Minister of Finance's commitment to more pro-active market conduct regulation in the South African retail banking market. Today's commitments from South Africa's major banks, made to the Minister, represent a significant step forward in implementing the CC's Banking Enquiry, released in December 2008.

The Banking Enquiry diagnosed a number of competition problems and consumer protection challenges in the South African retail banking market. The Enquiry Panel proposed 28 remedies, encompassing regulatory and rule changes, structural reforms to the ways certain prices are set, and a raft of improvements to the consumer experience.

Certain important recommendations of the Enquiry relate centrally to the regulatory environment in which the retail banking and payments industries operate. For this reason, their implementation requires the involvement and leadership of policymakers and regulators. Therefore, since early 2009, the CC has been working in conjunction with National Treasury (NT) and the Department of Trade and Industry (dti), and in consultation with the South African Reserve Bank (SARB), to take the Panel's recommendations forward. This has been a complex process, resulting in a greater degree appreciation amongst these institutions of each other's mandate, as well as the need for change.

At the time of releasing the Banking Enquiry Report, the CC and NT encouraged banks to begin implementation of those recommendations not requiring government leadership, particularly those aimed at improving consumer protection. The Commission is disappointed by the uneven, and in some respects slow, responses by industry. The Minister of Finance's meeting with bank executives last night represents a milestone towards speeding up implementation.

The Commission will continue to work closely with NT to take forward the more complex recommendations. These include payment system regulation and interbank payment arrangements. These policy issues are debated internationally, and it is important to devise appropriate solutions for South Africa.

ENDS

Further info:

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