



competition commission
south africa

Media Release

For Immediate Release

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**THE COMPETITION COMMISSION HOLDS A WORKSHOP ON PROMOTING
COMPETITION AND INCLUSION IN SUPPLIER PANELS OF BANKS AND INSURERS**

Today on 12 November 2021 at 10:00 – 12:00 am, the Competition Commission of South Africa (“Commission”) hosted a virtual workshop with various South African insurers and banks (“financial institutions”), as well as key financial sector stakeholders, aimed at kicking off an advocacy project to promote competition and inclusion in the financial institutions’ supplier panels.

The project builds on the advocacy work that the Commission undertook with the major banks during 2020, which addressed competition issues arising in conveyancing panels of banks. Over the years, the Commission has investigated complaints and found that certain aspects of supplier appointment processes of various financial institutions raise competition concerns. In the main, the Commission found that there are long-term exclusive agreements as well as standards and specifications that create barriers which prevent the entry, expansion and meaningful participation of small and medium enterprises (“SMEs”) and companies owned or controlled by historically disadvantaged individuals (“HDIs”) in the financial sector.

In today’s workshop, the Commission highlighted competition concerns identified in the financial sector and paved the way for the introduction of a draft Practice Note, which sets out the principles that financial institutions need to adhere to when setting up and managing their supplier panels. The competition principles which the Commission is advocating for include the following:

- Fair evaluation criteria and processes for panel appointments
- Fair allocation of work
- Eliminating exclusive long-term agreements

- Increasing the participation of SMEs and HDIs
- Transparent application and selection criteria
- Increasing consumer choice
- Monitoring the performance of a supplier panel

The workshop also witnessed a panel discussion by representatives from the Banking Association of South Africa (“BASA”), South African Insurance Association (“SAIA”), Black Business Council (“BCC”), and the Department of Small Business Development (“DSBD”).

Following this workshop, the Commission intends to publish an official Practice Note and continue engagements with industry stakeholders. The Commission will require financial institutions to conduct self-reviews of their panel composition and processes to ensure that they align with the Practice Note. The Commission will undertake an impact assessment on the reforms undertaken by financial institutions on their panel practices from June 2022.

In his opening remarks during the workshop, the Deputy Commissioner, Hardin Ratshisusu highlighted that “while the Commission has opted to engage with the industry through advocacy, it retains its rights to scope for enforcement action in this area and to exercise its prosecutorial discretionary power under section 49B of the Competition Act in relation to firms that are not willing to reform their practices.”

[ENDS]

Issued by:

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