



competition commission
south africa

Media Statement

Immediate Release

04 May 2022

**COMMISSION PUBLISHES A PRACTICE NOTE ON THE PROMOTION OF COMPETITION
AND INCLUSION IN SUPPLIER PANELS OF BANKS AND INSURERS**

On 28 February 2022, the Competition Commission published a Practice Note on the *Promotion of Competition and Inclusion in Supplier Panels of Banks and Insurers*. The Practice Note is available on the Commission's website, at <https://www.compcom.co.za/practice-notes/>.

The Practice Note builds on the enforcement and advocacy work that the Commission has undertaken with Insurers and Banks over the years. The Commission regularly receives complaints alleging unfair competition practices in supplier panels that relate to the provision of services to customers of banks and insurers such as conveyancers, various household repairers, automotive repairers and product suppliers.

In this regard, the Commission undertook advocacy engagements with the major banks during 2020, which addressed competition issues related to conveyancing law firms that are on the panels of the major banks. Following advocacy engagements with the Commission, the banks committed to reform their conveyancing practices by removing exclusionary conflict of interest clauses, limiting the duration of their SLAs to five (5) years to enable new conveyancers to join their panels, and review minimum investment amounts for small conveyancers as criteria in their performance scorecards.

Further, in July 2021, the Commission published a "Guideline on Competition in the South African Automotive Aftermarket," a section of the Guideline addresses supplier panel issues in automotive repairs.

The Practice Note is the culmination of this previous work and extends to all supplier panels of banks and insurers, in addition to conveyancing and automotive. The Practice Note outlines competition principles to be considered by banks and insurers in setting up or reviewing existing

supplier panels. These principles include: ensuring a fair evaluation criteria for appointments of suppliers to panels; ensuring fair allocation of work to suppliers on panels; eliminating long-term exclusive agreements and reducing contract periods to 5 years or less to enable entry and participation of new suppliers; increasing small and medium enterprises and historically disadvantaged individuals' participation on supplier panels; increasing transparency in the application and selection process; promoting consumer choice on the selection of approved suppliers; monitoring the performance of suppliers on panels; and ensuring that supplier panel sub-contracting arrangements comply with the Competition Act No. 89 of 1998 (as amended).

In developing the Practice Note, the Commission considered comments from stakeholders on panel practices, including the Banking Association of South Africa and the South African Insurance Association. The financial sector stakeholders have an important role to play in ensuring compliance with the Practice Note and in self-monitoring of reforms that are required.

“This Practice Note is part of the tools that the Commission will use to address market conduct issues of barriers to entry, transformation, and lack of inclusivity in the broader financial sector. Banks and insurers are encouraged to apply the competition principles contained in the Practice Note to conduct a self-review and reform their practices in supplier panels, particularly in relation to fair appointments and allocation of work to suppliers,” says Competition Commissioners Tembinkosi Bonakele.

[ENDS]

Issued by:

Siyabulela Makunga, Spokesperson

On behalf of: The Competition Commission of South Africa

Tel: 012 010 5547 / 067 421 9883

Email: Siyabulelam@compcom.co.za

Find us on the following social media platforms:

Twitter: @CompComSA

Instagram: Competition Commission SA

Facebook, LinkedIn and YouTube: The Competition Commission South Africa