

Collaboration - Enhancing Inclusivity in South Africa's Financial Services through Private-Public Sector Synergy amid Macroeconomic Shifts

Since 1994, a number of measures have been implemented to cultivate a more collaborative and inclusive economy, with the main objective of promoting participation and equitable wealth distribution among previously marginalised groups. The Broad-Based Black Economic Empowerment (BBBEE) Act 43 of 2003 as amended by Act 46 of 2013, was pivotal in promoting policies directed at black inclusivity. Subsequently, Sector Charters were agreed upon in key industries, including the financial sector services as key catalysts for economic change.

The establishment of the Financial Sector Charter in 2003, which has evolved to the latest being the 2017 Amended Financial Sector Code, is aimed at addressing historical inequalities, and contains the Ownership (FS100) priority element which seeks to promote black proprietorship through voting rights and economic interests. For the financial services sector to drive social transformation, effective leadership must go beyond traditional boundaries, prioritising initiatives that create economic opportunities and enhance societal well-being, ultimately leading to a more equitable financial landscape. Leading organisations in banking, life insurance, and asset management are committed to embracing communities and workforces alike, ensuring that every stakeholder reaps the benefits of the economic ecosystem.

Absa Group, one of South Africa's financial giants, has made a bold move with one of the largest B-BBEE schemes in the industry, allocating 7% of its shareholding—worth R11.2 billion—to employees and communities. This initiative includes an evergreen Corporate Social Investment Trust and a vesting staff element, underscoring Absa's dedication to transformation, diversity, and inclusion.

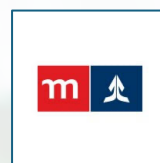


The Nedbank Eyethu Share Scheme, launched in 2005, has created R8.2 billion in value for Black business partners, employees, non-executive

directors, clients, and community groups. This initiative highlights Nedbank's unwavering commitment to ownership transformation and economic empowerment. For six consecutive years, Nedbank has maintained a level 2 B-BBEE rating and has integrated over 7,000 previously unemployed youth into the organisation, emphasising the pivotal role of youth in shaping the future economy.



Since opening its doors in Ga-Rankuwa in 1975, **African Bank** has steadfastly upheld its pioneering vision: *"An African Bank for the people, by the people, serving the people"*, with 96.5% of its staff owning 10% of the bank, and over 60% of these shareholders being Black women. This significant commitment to economic empowerment echoes its founders aspirations, reinforcing the bank's mission of inclusivity and community service.



Viewed through the transformative lens of life offices, **Momentum Metropolitan Holdings' iSabelo program** is a beacon of empowerment, allocating 44.9 million ordinary shares to over 13,000 employees in April 2022. The focus is on Black employees, who receive at least 85% of the economic benefits, with 55% specifically benefiting Black women. Current employees are allocated 80% of the shares, while 20% are reserved for new employees over the next five years. This initiative underscores Momentum's unwavering commitment to broad-based Black economic empowerment, ensuring significant Black ownership, fostering diverse decision-making, investing in training, and supporting Black-owned businesses.

In 2022, **Old Mutual** launched the **Bula Tsela** empowerment share scheme, a landmark move to bolster Black ownership by issuing approximately 205.3 million new shares. Of these, 78.1 million shares are allocated to eligible employees, including non-Black South Africans. The Bula Tsela Retail



Scheme allows Black South Africans to subscribe to 63.6 million shares, offering the choice to buy 200 shares for R2,000 upfront or 100 shares for R1,000 payable over 12 months. This initiative epitomises Old Mutual's dedication to inclusive growth and economic empowerment, ensuring that a broad spectrum of the population participates in the financial sector's success.



Sanlam has been empowering Black shareholders since 2004 through its **Ubuntu-Botho partnership**, creating R15 billion in value from an initial investment of R1.3-billion by December 2013, one of the most successful transactions of its kind in the financial services sector and in South African history. In 2020, African Rainbow Capital Financial Services (ARC FS) acquired a 25% stake in Sanlam's third-party asset management business, positioning Sanlam Investments as the largest Black-owned asset manager in South Africa. This bold move underscores Sanlam's dedication to meaningful ownership transformation and economic inclusion.

From its humble beginnings as a small start-up, Ninety-One has evolved into a global asset manager dedicated to building specialist investment teams that bring a fresh perspective to active and sustainable investing. As of March 31, 2022, employees collectively held 25% shareholding in Ninety One, reflecting their participation in the company's success as well as underscoring their alignment with its growth and performance.



AlexForbes is in lockstep with the Financial Sector Code (FSC), B-BBEE Act, and UN SDGs, driving transformation with rigorous oversight from their board and committees. Achieving majority black ownership (over 51%) for the first time in the FY2022, alongside their consecutive level 1 B-BBEE status in 2021 and 2022, as well as the Investments Transformation Policy launched in 2022, demonstrates their sustained commitment to creating opportunities beyond regulatory mandates.



As Black ownership serves as a broader mechanism for fostering inclusion, the Government develops frameworks for the adoption by private sectors, fostering collaboration among the stakeholders in supporting the empowerment of marginalised groups. These commendable efforts from government and the sector underscore the ongoing social transformation within South Africa's financial services sector, which increasingly recognises the critical importance of community engagement and workforce inclusion. By actively involving marginalised communities and ensuring a workforce that mirrors the nation's diverse demographics, the sector cultivates economic participation and shared prosperity. This collaborative endeavour promises to nurture an economy that truly reflects the rich diversity of South Africa's population.

- *Together we are stronger.*

FSTC's Editor's Notes:

As the clock ticks for the 2022/23 Reporting period deadline of **28 June 2024**, we commend the sector for its collective efforts towards realising the transformation goals and extend a heartfelt thank you to all the entities that have submitted/are in the process of submitting their B-BBEE Reports **before midnight**. Your dedication is key to driving meaningful change and fostering an inclusive financial landscape.

Together, we can achieve the shared vision of a *Transformed, Transparent and Accessible* financial services sector in South Africa.

Happy transformation!

Reference links

ABSA	https://www.absa.africa/b-bbeetransaction/
African Bank	https://www.sabcnews.com/sabcnews/previous-black-shareholders-to-reacquire-stake-in-african-bank/
Alexforbes	https://media.alexanderforbes.co.za/sites/afdocs/Transformation/23393-Transformation%20Summary-%202022-05-17.pdf
Momentum	https://investors.alexforbes.com/our-impact/
Nedbank	https://www.timeslive.co.za/sunday-times/business/2021-04-29-native-momentum-metropolitan-empowers-13000-employees-with-449-million-shares/
NinetyOne	https://www.nedbank.co.za/content/dam/nedbank/site-assets/AboutUs/Information%20Hub/Integrated%20Report/2015/2015_Nedbank_Group_Transformation_Report.pdf
Old Mutual	https://www.ninetyone.com/en/south-africa/investor-relations/facts
Sanlam	https://www.bula-tsela.co.za
	https://www.sanlam.co.za/mediacentre/media-category/media-releases/Sanlam%20and%20Ubuntu-Botho%20BBEE%20Partnership%20Delivers%20R15-Billion%20in%20Value

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