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Article

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Overview Analysis of Policy and Related Measures for the Promotion of Financial Inclusion for the Poor and Low-Income Earners in South Africa[1]

Howard Chitimira[2]

Abstract: The article discusses some policies and related measures that were adopted to directly or indirectly promote financial inclusion for the poor and low-income earners in South Africa. In this regard, it is prudent to note that most of the poor and low-income earners are still financially excluded from accessing basic financial products and financial services in South Africa. Owing to this, policies and measures such as the Reconstruction and Development Programme (RDP), the Broad-Based Black Economic Empowerment policy (BBEE), the Financial Services Charter (FSC), the mobile banking and Internet banking are discussed. This is done to investigate whether such measures are adequate enough and consistently enforced by the relevant enforcement authorities to promote financial inclusion for the poor and low-income earners in South Africa. Thereafter, possible recommendations to curb financial exclusion of the poor and low-income earners in South Africa are provided.

Keywords: financial inclusion; poor and low-income earners; financial exclusion; stokvel, regulation

1. Introductory Remarks

Financial inclusion generally refers to the promotion, development and provision of affordable financial products and financial services to all persons by the relevant government, banks and/or other role-players in any country (Mohieldin, Iqbal, Rostom and Fu, 2011, pp. 1-55). This could imply that the mere development and/or promotion of financial services is not enough. Instead, there must be actual provision of cheap financial products and financial services to all persons by the relevant authorities, the government, banks and/or other role-players in any country.

On the contrary, financial exclusion refers to the inability of certain persons such as the poor and low-income earners, to access and use formal financial services and financial products at reasonably cheap and affordable prices in their countries (Warsame, 2009, pp. 16-46; Chitimira and Ncube, 2020, pp. 25-26). Accordingly, the article discusses some policies and related measures that were adopted to directly or indirectly promote financial inclusion for the poor and low-income earners in South Africa (Abrahams, 2017, pp. 632-661). In this regard, it is prudent to note that most of the poor and low-income earners are still financially excluded from accessing basic financial products and financial services in South Africa (Chitimira and Ncube, 2020, pp. 24-36). Owing to this, policies and measures

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such as the Reconstruction and Development Programme (RDP), the Broad-Based Black Economic Empowerment policy (BBEE), the Financial Services Charter (FSC), the National Development Plan ("NDP", see National Planning Commission, 2012, pp.109-217; Mathe, 2017, page number unknown), the introduction of mobile banking and Internet banking services are discussed (Ncube, 2018, pp. 37-43; Chitimira and Ncube, 2020, pp. 24-36). In other words, the policy rationale and measures that were adopted to, inter alia, curb financial exclusion and enhance financial consumers' rights in South Africa under the National Credit Act 34 of 2005 as amended ("NCA", see ss 3; 4; 60-66; 72), the Consumer Protection Act 68 of 2008 as amended ("CPA", see ss 3; 4 & 8-78), the now repealed Financial Services Board Act 97 of 1990 as amended ("FSB Act", see ss 2-29), the South African Reserve Bank Act 90 of 1989 ("SARB Act", see ss 3-38), the Financial Intelligence Centre Act 38 of 2001 as amended ("FICA", see ss 21; 22 & 22A), the Financial Institutions (Protection of Funds) Act 28 of 2001 as amended ("Protection of Funds Act", see ss 6A-6I) and the Financial Sector Regulation Act 9 of 2017 ("FSRA", see ss 57(b) & 58), are discussed (Sithole, 2018, pp. 3-60). This is done to investigate whether such policies and measures are adequate enough and consistently enforced by the relevant enforcement authorities to promote financial inclusion for the poor and low-income earners in South Africa. Thereafter, possible recommendations to curb financial exclusion of the poor and low-income earners in South Africa are provided.

2. The Reconstruction and Development Programme and the Broad-Based Black Economic Empowerment Act

The Reconstruction and Development Programme (RDP) was launched by the African National Congress (ANC)-led government on 23 November 1994, as a policy framework for the integration and coherent provision of socio-economic development to all South African citizens, especially, the previously disadvantaged black persons who were marginalised by apartheid and barred from enjoying their human rights and unfairly excluded from accessing most basic financial services and financial products in South Africa (Parliament of the Republic of South Africa, 1994, pp. 7-49). The RDP was, among other things, aimed at reversing the negative effects of apartheid and promote the socio-economic rights of previously disadvantaged black persons in South Africa (Luiz, 2002, pp. 594-614; Wessels, 1999, pp. 235-243). The RDP was the initial step towards a fundamental transformation of the political, economic and socio-economic outlook of South Africa. The government introduced some macro-economic policies to promote the RDP, in a bid to increase development for the benefit of previously disadvantaged persons in South Africa. Nonetheless, the RDP has so far failed to address all the socio-economic problems and financial exclusion challenges that were caused by apartheid. For instance, the RDP has failed to alleviate poverty and provide adequate basic socio-economic services to all the victims of apartheid in South Africa. The poverty levels have remained high among black people, especially in rural areas and informal settlements of South Africa (Luiz, 2002, pp. 594-614; Wessels, 1999, pp. 235-243). Most of the poor and low-income earners are still excluded from accessing basic financial services and financial products due to a number of factors such as high bank fees, mistrust of the banking system, a lack of relevant national identity documents, unemployment, poverty, financial illiteracy, over-indebtedness and a poor legislative framework for financial inclusion in South Africa (Chitimira and Ncube, 2020, pp. 24-36). This indicates that the RDP was financially unsustainable since it failed to adequately address the poverty challenges and the gross inequalities that were brought by apartheid in South Africa.

On the other hand, the Broad-Based Black Economic Empowerment (BEE) is a socio-economic policy that was adopted and introduced by the South African government in 2003. The BEE was mainly introduced to advance economic transformation and promote the participation of previously disadvantaged South African black people in the South African economy (Kruger and Kleynhans, 2014, pp. 1-10). The BEE is generally aimed at restructuring and transforming the economy to enable the full participation of the majority of the South African citizens, especially, those who were previously disadvantaged by apartheid (Mbeki, 2009, pp. 207-218). This could further suggest that the BEE is also indirectly targeted at promoting financial inclusion for the previously disadvantaged poor black people and low-income earners in South Africa. Moreover, the South African policy makers enacted the Broad-Based Black Economic Empowerment Act 53 of 2003 ("BEE Act", ss 2-14), to legally promote the economic participation of all people who were negatively affected by the injustices of apartheid and unfairly barred from ownership of businesses and/or from accessing basic financial services in South Africa. The BEE provides a legal framework for the promotion of black people's economic empowerment and it empowers the Minister of Trade and Industry to issue codes of good practice; publish transformation charters and establish the Black Economic Empowerment Advisory Council (ss 2-14 of the BEE). The BEE also seeks to create and enhance skills development, employment equity, socio-economic development, development of small and medium enterprises and the entry of black entrepreneurs into the mainstream economic activities in South Africa (ss 2-14 of the BEE).

However, both the BEE and the BEE Act has so far failed to combat poverty, redress the injustices of apartheid and to promote financial inclusion of the poor and low-income earners in South Africa. The BEE policy has been unsustainable and unprofitable to comply with for many companies due to its high compliance costs (Kruger and Kleynhans, 2014, pp. 1-10). Both the BEE and the BEE Act have failed to increase economic participation and access to basic financial services and financial products for the poor and low-income earners whose majority are black people from the rural areas, semi-urban and informal settlements of South Africa (Mbeki, 2009, pp. 207-218). This failure is also largely attributed to corruption in the tender processes and the adoption of poor enforcement methods on the part of the South African government (Pike, Puchert and Chinyamurindi, 2018, pp. 1-10).

3. The Financial Sector Charter and the NDP

The Financial Sector Charter (FSC) is a transformation policy that is mainly anchored on the BEE Act. The FSC came into effect in January 2004 as a voluntary agreement of all National Economic Development and Labour Council (NEDLAC) members. NEDLAC is a multilateral social dialogue forum on social, economic and labour policy and it seeks to promote socio-economic integration and the access to the financial services sector by all persons, particularly the poor black persons and other low-income earners who were excluded from accessing such services due to apartheid (Kirsten, 2006, pp. 2-11). The FSC obliges its members to effectively promote a globally competitive financial sector that comprises all South African people. It is hoped that this approach will establish an equitable financial sector which provides affordable and accessible financial services to black people and other persons who were prejudiced by apartheid in South Africa (Rogerson, 2008, pp. 61-81). The FSC is a transformation charter that is modelled on the advancement of the objectives of the BEE Act. The FSC seeks to establish best principles that implements the BEE policy in the South African financial sector in order to promote the robust engagement of all the relevant stakeholders. In this regard, the FSC also seeks to establish practical targets for such principles so as to enforce the relevant mechanisms to monitor and report on the progress for inclusive engagement in the South African financial sector for the benefit of the poor and low-income earners in South Africa (Rogerson, 2008, pp. 61-81). Nonetheless, despite these positive efforts, the FSC has to date failed to effectively promote financial inclusion for the poor and low-income earners in South Africa. This follows the fact that a majority of the poor and low-income earners are still excluded from accessing formal financial services and financial products in South Africa (Nanziri, 2016, pp. 109–134).

In addition, the NDP is mainly aimed at the eradication of poverty and all inequalities in South Africa by 2030. Thus, the NDP is a long term policy that was adopted by the South African government to introduce adequate measures for the progressive combating of poverty and all inequalities that were brought by apartheid in South Africa. It is submitted that these goals could be achieved by establishing an inclusive economy and promoting ethical leadership and sound partnerships between the government and all sectors of the South African society (National Planning Commission, 2012, pp.109-217). Notably, the NDP stipulates that South Africa should achieve at least 90% financial inclusion of all people by 2030 (National Planning Commission, 2012, pp.109-217). The NDP requires the government to diversify the economy and focus on job creation in order to curb poverty and help vulnerable persons in South Africa. The NDP is also designed to reduce developmental inequalities by enhancing equal opportunities and participation in mainstream activities of the South African economy for all persons. In other words, the NDP advocates for the creation of a conducive environment for a diversified economy that effectively combat poverty and reduce inequalities in South Africa by 2030 (National Planning Commission, 2012, pp.109-217; Mathe, 2017, page number unknown).

However, notwithstanding the fact that the NDP is a noble policy, it remains to be seen whether this policy will be successfully enforced to curb poverty, gross inequalities in the society and promote financial inclusion for the poor and low-income earners in South Africa. A number of factors have so far affected the enforcement of the NDP. For instance, corruption, the adoption of poor enforcement approaches and the lack of adequate resources have negatively impeded the implementation of the NDP since its inception to date (National Planning Commission, 2012, pp.109-217; Mathe, 2017, page number unknown).

4. Mobile and Other Financial Measures

4.1. The Mzansi Account

The Mzansi account was launched by the South African banking industry in October 2004 as an entry-level bank account that utilises a magnetic stripe debit card platform to enable all persons to easily access basic financial services and financial products in South Africa (FinMark Trust, 2018, pp. 1-103). The Mzansi account was introduced in line with the objectives of the FSC, as a low income transactional banking account for all relevant persons in South Africa. The FSC requires all banks to be accessible to all persons, especially, those that reside in the rural areas and informal settlements in South Africa. The Mzansi account obliged all major South African banks to work together to provide affordable and readily accessible new bank accounts to the poor, low-income earners and unbanked persons in South Africa (Kostov, Arun and Annim, 2015, pp. 34-42). Accordingly, Amalgamated Banks of South Africa Group Limited (Absa), First National Bank (FNB), Nedcor Limited, Standard Bank of South Africa (Standard Bank) and Postbank established their separate competitive and affordable Mzansi account charges in a bid to curb financial exclusion of the poor and low-income earners in South Africa. Notably, about 3.3 million persons opened Mzansi accounts between year 2004 and 2007 in South Africa (FinMark Trust, 2018, pp. 1-103). Likewise, more than six million Mzansi accounts were opened in South Africa by December 2008. It is submitted that a considerable number of persons were actively using Mzansi accounts between 2004 and 2008 (FinMark Trust, 2018, pp. 1-103).

The Mzansi account was mainly aimed at providing affordable financial services and financial products to the poor and low-income earners in South Africa (Kostov, Arun and Annim, 2015, pp. 34-42). Notably, the Mzansi account encouraged the poor and low-income earners to open bank accounts with formal banking institutions that provided low bank fees (Kostov, Arun and Annim, 2015, pp. 34-42; Finmark Trust, 2009, pp. 1-11; Claessens, 2006, pp. 207-240). However, the Mzansi account was expensive and unsustainable for most banks in South Africa. As a result, the effectiveness and reliance on the Mzansi account by banks to promote financial inclusion of the poor and low-income earners in South Africa has declined and most Mzansi accounts are now inactive since 2009 to date (Claessens, 2006, pp. 207-240; Kostov, Arun and Annim, 2015, pp. 34-42; Finmark Trust, 2009, pp. 140-144).

4.2. Mobile Banking and Internet Banking

Mobile banking services are offered by most banks and/or related financial institutions to enable their customers to conduct financial transactions remotely using mobile devices. Therefore, financial consumers may utilise their smart cell phones, tablets and related devices to make financial or bank transactions such as receiving bank fraud-related messages on a mobile device, paying bills, receiving or sending money through mobile devices. Despite the possible security risks, mobile banking empowers bank clients with the convenience to bank anywhere and at any time in any country.

On the other hand, Internet banking or online banking empowers bank clients to conveniently conduct their financial transactions electronically through the Internet. Thus, bank customers may undertake electronic payments and/or different financial transactions on the Internet anywhere, at any time in any country.

The advent of both mobile and Internet banking has been fairly utilised to promote financial inclusion for the poor and low-income earners in South Africa (Lawack, 2013, pp. 320-345). For instance, mobile banking has enabled people in the rural areas and informal settlements to send or receive money on their mobile devices and to make payments through their mobile devices (Kersop and Du Toit, 2015, pp. 1640-1668). Likewise, the Internet banking has also enabled banks and other financial institutions to extend the access to financial services and financial products to more persons in South Africa, especially in urban and semi-urban areas (Lawack, 2013, pp. 320-345). Nevertheless, both mobile banking and Internet banking have so far failed to effectively combat financial exclusion of the poor and low-income earners in South Africa.

4.2.1. Mobile-Money (M-Pesa)

M-Pesa refers to mobile money. For instance, M stands for mobile and Pesa means money in Swahili. Therefore, M-Pesa is a mobile phone-based money transfer and micro-financing service that enables customers to make payments and other transactions on their mobile cell phones (Ismail and Masinge, 2012, pp. 98-127). For instance, M-Pesa enables customers to deposit, withdraw, transfer money, pay for goods and services and access credit services on their mobile devices in a bid to enhance and promote financial inclusion for the poor and low-income earners (Ismail and Masinge, 2012, pp. 98-127). M-Pesa also uses short message service (sms)-based money transfer system that enables customers to deposit, send and withdraw money using a mobile cellular device (Buku and Meredith, pp. 375-400). M-Pesa allows registered customers to make deposits and utilise electronic money (e-float or e-money) transfers (Buku and Meredith, pp. 375-400). M-Pesa was initially launched in 2007 by Vodafone Group plc and Safaricom in Kenya and it was a huge success among the Kenyan people. M-Pesa was later extended to other countries such as Tanzania, Uganda, Mozambique, Democratic Republic of Congo (DRC), Lesotho, Ghana, Egypt, Afghanistan and South Africa (Lourie, 2010, pp. page number unknown). Notably, M-Pesa was first introduced in South Africa by Vodacom in 2010. The initial subscription and use of M-Pesa in South Africa was relatively good since more than one million people were subscribed to Vodacom M-Pesa between 2010 and 2014 (Buku and Meredith, 2013, pp. 375-400).

However, in 2014, the use and reliance on M-Pesa declined significantly in South Africa. As a result, Vodacom relaunched and restricted the functions of M-Pesa in 2014. M-Pesa was eventually discontinued in South Africa in 2016, owing to its unprofitability which made it unsustainable for Vodacom. Thus, although M-Pesa was convenient and less onerous in its requirements because it did not require customers to have identification and verification documents, it failed to effectively curb financial exclusion of the poor and low-income earners in South Africa (Ismail and Masinge, 2012, pp. 98-127). Moreover, although the most people with bank accounts use mobile money services, M-Pesa was short-lived in South Africa and it failed to positively enhance the promotion of financial inclusion for the poor and low-income earners in all the South African communities (Hughes and Lonie, 2007, pp. 63-81; Arun and Kamath, 2015, pp. 267-287).

4.2.2. Wizzit Mobile Banking Services

Wizzit International (Wizzit) is a service provider of basic banking and related services, especially to the unbanked, the poor and underbanked persons who have limited or no access to such services in South Africa (Ivatury and Pickens, 2006, pp. 1-19). Wizzit empowers its registered customers to use their mobile phones to access bank accounts and remotely conduct related transactions in South Africa. Wizzit customers may conveniently conduct their transactions anywhere without necessarily visiting bank branches. Wizzit also assists banks and other financial institutions to extend their financial services and financial products to a wider range of customers easier through the use of mobile phones. This cost effective approach has helped banks and related financial institutions to promote financial inclusion in South Africa (Keene, 2016, pp.15-271). However, it is submitted that Wizzit operates under the South African Bank of Athens and as such, it is mostly employed by high-income earners in South Africa (Ismail and Masinge, 2012, pp. 98-127). Accordingly, this could imply that Wizzit is not readily accessible to the poor and low-income earners in South Africa (Ismail and Masinge, 2012, pp. 98-127). Moreover, Wizzit mobile banking services requires a transaction banking account that is accessible through a mobile phone and/or debit card and it requires its customers to pay some interest and maintain a minimum bank balance making it difficult for most low-income earners and the poor to utilise it (Ivatury and Pickens, 2006, pp. 1-19). Given this status quo, it is clear that although Wizzit somewhat helps certain persons to access basic formal financial services and products, it does not adequately promote financial inclusion for the poor and low-income earners in South Africa.

4.2.3. Cell Phone Banking

Cell phone or mobile banking refers to the making of financial or banking transactions on a mobile device. Internet and cell phone banking are provided by most banks such as the Absa, FNB, Standard Bank, Capitec Bank and Nedbank in South Africa (Mlitwa and Tshetsha, 2012, pp. 362-369). Nonetheless, cell phone banking may only be utilised by financial customers that have accounts with the relevant banks. As a result, the poor and low-income earners that do not afford bank fees and the minimum balance required to maintain a bank account are excluded from accessing most of the formal financial services and financial products that are offered by banks and related financial institutions in South Africa (Mlitwa and Tshetsha, 2012, pp. 362-369; Fanta and Mutsonziwa, 2016, pp. 1-24).

4.2.4. E-Wallet and Instant Money

Electronic wallet (e-wallet) utilises electronic devices, online services and/or software programmes that enables financial customers to make electronic transactions or send money to other persons in any country. Most banks provide e-wallet banking services which allows their customers to send or receive money from anyone through mobile devices (Lawack, 2013, pp. 320-345). It is submitted that e-wallet also caters for the poor and low-income earners who are sometimes not able to pay transaction costs (Lawack, 2013, pp. 320-345; Atkinson and Messy, 2013, pp. 1-55). For example, FNB has a pay-wallet that makes it possible for the commercial and public sectors to pay money to persons without bank accounts directly into their mobile phones (Ismail and Masinge, 2012, pp. 106-127). The pay-wallet promotes financial inclusion of the poor and low-income earners who do not have bank accounts and those who do not afford bank account charges (Carrim, Fubbs & Wicomb, 2017, pp. 1-31). Similarly, instant money service is employed by Standard Bank to enable its account holders to send money to anyone with a valid mobile number and a mobile device in South Africa (Lawack, 2013, pp. 320-345). Instant money is a convenient cost-free service to the recipient and this empowers the poor and low-income earners to have access to the formal financial services and financial products in South Africa. Therefore, e-wallet, pay-wallet, instant money and other related initiatives have to date played a crucial role in the fight against financial exclusion of the poor and low-income earners in South Africa (Ismail and Masinge, 2012, pp. 106-127).

4.2.5. Internet Banking

Internet banking is a banking measure that enables customers to conduct their financial transactions via the Internet. Thus, Internet banking provides an electronic platform to all eligible users for them to conduct a wide range of banking transactions on appropriate Internet platforms in South Africa and other countries (Singh, 2004, pp. 187-195). Internet banking offers convenient banking because it enables customers to transact anywhere and anytime at affordable costs (Maduku, 2013, pp. 76-100; Mujinga, Eloff and Kroeze, 2018, pp. 1-8). Internet banking is used by some people to conduct financial transactions in South Africa (Mujinga, Eloff and Kroeze, 2018, pp. 1-8). However, the majority of the people do not use Internet banking due to, inter alia, fears of online fraud and scams, illiteracy and lack of Internet facilities, especially in the rural and informal settlements of South Africa (Morgan, Zhang & Kydyrbayev, 2018, pp. 1-32; Maduku, 2013, pp. 76-100; Singh, 2004, pp. 187-195; Rootman & Antoni, 2015, pp. 474-494). This suggests that most illiterate low-income earners and the poor are still not able to utilise Internet banking to access basic financial services and financial products in South Africa. Consequently, the poor and low-income earners are still financially excluded from accessing most financial services and financial products that are offered through the Internet in South Africa (Sibanda & Sibanda, 2016, pp. 1-36).

5. Selected International Aspects of Financial Inclusion

It is important to note that the Basel Committee on Banking Supervision (BCBS), the Financial Action Task Force (FATF) and the International Association of Insurance Supervisors (IAIS) have all made significant efforts to revamp their best practices and standards for financial inclusion by carefully balancing the advantages of regulation against the possible negative risks and costs of such regulation (Khandare, 2019, pp. 3319-3331). For instance, the FATF has recently introduced amendments to recommendation 1, which seeks to extend risk-based measures to proliferation financing (De Koker, 2020, pp. 2-21). In this regard, the author argues that although South Africa is a member of the FATF, it should not blindly adopt the recently proposed amendments to the FATF recommendation 1 without the FATF conducting an adequate impact assessment on the proposed amendments prior to their adoption. This follows the fact that there are possible severe risks and negative effects that these amendments could have on financial service providers to the poor and low-income earners as well as financial institutions in developing countries and/or poor jurisdictions such as South Africa that have little or no risk of possible abuse by those evading targeted financial sanctions that are stipulated in recommendation 1 of the FATF (De Koker, 2020, pp. 3-21).

South Africa joined the Brazil, Russia, India and China on 24 December 2010 to launch BRICS. BRICS stands for Brazil, Russia, India, China and South Africa. It was formed in 2011 by these emerging economies as an independent international organisation that promotes commercial, political and cultural cooperation between member countries. Prior to this, the BRIC was formed with the same mandate in 2001. The BRICS recognises and encourages the regulation of financial inclusion to curb poverty and promote inclusive economic growth in the member countries (Bhurat, 2019, pp. 6-21). Put differently, BRICS employs financial inclusion as measure to enhance and promote sustainable socio-economic development in all member countries. Nevertheless, BRICS has so far failed to empower the underprivileged, the vulnerable, the poor and low-income earners with financial incentives, jobs and financial education for them to make better financial decisions and access basic financial services in their countries (Khandare, 2019, pp. 3319-3331). Financial exclusion has remained a big challenge in

BRICS countries, especially, in India and South Africa where the poor and low-income earners are still struggling to access most basic financial services and financial products (Khandare, 2019, pp. 3319-3331; World Bank, 2013, pp. 1-34).

The Group of Twenty (G20) is an international organisation that promotes economic cooperation between its member countries. The G20 comprises both developed and developing countries from any continent. The G20 promotes economic development and economic stability in both developed and developing countries. The G20 recognises the importance of financial inclusion in the fight against poverty in all its member countries and it encourages the adoption of viable policies by such countries to promote financial inclusion (Morgan and Pontines, 2014, pp. 2-16). Notably, South Africa is a member of the G20. The G20 has developed a Global Partnership for Financial Inclusion (GPFI) as an inclusive platform to enable its member countries to co-operatively work together to enhance and promote financial inclusion (Wentzel, Diatha & Yadavalli, 2016, pp. 203-214). The GPFI has to date developed a comprehensive set of financial inclusion indicators to help member countries to understand the importance of financial inclusion. The GPFI helps G20 member countries to assess and develop adequate measures for the provision of basic financial services such as bank accounts and loans to all persons in such countries (Bhurat, 2019, pp. 7). The GPFI provides the financial inclusion indicators to G20 countries to enable them to assess and compare the effectiveness of their respective financial inclusion approaches (Bhurat, 2019, pp. 7). However, despite its membership to the G20, South Africa has so far struggled to extend credit to small and medium enterprises for them to create employment for the poor and low-income earners (World Bank, 2013, pp. 1-34). Consequently, majority of the poor and low-income earners have remained excluded from accessing most financial services and financial products in South Africa (World Bank, 2013, pp. 1-34; Bhurat, 2019, pp. 7; Morgan and Pontines, 2014, pp. 2-16).

6. Concluding Remarks

From the discussion above, it is evident that a number of policies and measures such as the RDP, the BBEE, the FSC, the NDP, enactment of relevant legislation, the introduction of mobile banking, Internet banking and other related financial services were adopted in South Africa in a bid to, inter alia, promote financial inclusion (Ncube, 2018, pp. 37-43; Chitimira and Ncube, 2020, pp. 24-36). This indicates that both statutory and related measures were introduced from time to time by the South African government, policy makers and financial institutions so as to curb financial exclusion in South Africa (Coovadia, 2017, pp. 1-15). Notwithstanding these developments, several flaws and challenges impeded the effective enforcement of the polices and measures that were adopted to curb financial exclusion in South Africa, especially in respect of the poor and low-income earners. For instance, the RDP was expensive and unsustainable for the government to effectively enforce since its inception to date. As a result, the RDP did not adequately promote financial inclusion of the poor and low-income earners who were negatively affected by the gross inequalities of apartheid in South Africa (Abrahams, 2017, pp. 632-640; Coovadia, 2018, pp. 8-9). Likewise, both the BEE and the BEE Act failed to combat financial exclusion of the poor and low-income earners, particularly black people from the rural areas, semi-urban and informal settlements of South Africa owing to corruption and the adoption of poor enforcement methods on the part of the South African government (Mbeki, 2009, pp. 207-218; Pike, Puchert and Chinyamurindi, 2018, pp.1-10). The FSC and the NDP also failed to effectively promote financial inclusion of the poor and low-income earners in South Africa.

Consequently, it is recommended that the government and policy makers should seriously consider reviewing the RDP, the FSC, the BEE and other related policies and measures in order to curb corruption and adopt adequate enforcement approaches to curb financial exclusion of the poor and low-income earners in South Africa. The government should also provide adequate resources to the relevant regulatory bodies to enable them to effectively enforce any policies and/or measures for the financial inclusion of the poor and low-income earners South Africa (Kessler, et al, 2017, pp. 1-15). Another option is for the policy makers to consider enacting an adequate and separate statute that specifically and expressly deals with financial inclusion to empower a regulatory body to exclusively promote financial inclusion of the poor and low-income earners in South Africa. This statute should be robustly and consistently enforced to effectively combat financial exclusion of the poor and low-income earners in South Africa. The specific regulatory body for financial inclusion should be empowered to impose harsher penalties upon financial institutions that do not comply with the provisions for financial inclusion. Lastly, banks and related financial institutions should provide adequate financial information in simplified languages to enable all persons, especially the poor and low-income earners to understand, make informed decisions and access basic financial services and financial products in South Africa.

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