

Who is bucking the transformation status quo?

I have seen some truly inspiring socio-economic development programmes run by large corporates, where staff are giving of their personal time to assist with high school math literacy tutoring for disadvantaged communities. These participating learners then have the opportunity to apply for bursaries from the corporates to access university. Once graduated, they then have the opportunity to join internship programmes at the same companies and potentially the chance at being absorbed into the very corporate which gave of their time to the learners. These are the kind of programmes which have positive impact; may they continue to grow and have even more impact.

These programmes tell me that the financial services industry is committed to achieving the target of socio-economic development and in fact the industry is innovating in how they are achieving this goal. These programmes are an example of the will to drive transformation.

BEE Scorecard

The BEE scorecard, which is not a perfect measure, but it gives us some indications on what companies are doing about transformation throughout the organisation. When looking closer at the achievement of all the BEE elements of transformation, in the asset management industry, the target with the highest success rate is socio-economic development – and this is great. However, in the other elements of the BEE certificate we are not seeing as strong performance from the industry (Ownership, Management Control, Skills development, Procurement and Enterprise and supplier development).

Disclosure of transformation

When large financial services companies are asked to see what their full company transformation picture looks throughout their businesses, we tend to see a lower willingness to provide full disclosure. Reasons given include business complexity as to why transformation is difficult to disclose. If leadership truly believes in transforming their organisation and the financial services industry in South Africa, the nature of authentic transformation should be present in all decision making

Mark's musings



and in every aspect of the way you do business. In a Country which has a population of over 60 million people of which over 90% are black people and 51% are female, we cannot continue to use group company architecture as a reason not to disclose a clear transformation journey across all the business units. And only disclosing the BEE status of the certain business units where BEE matters for winning new business is disingenuous.

The will to act

We often talk about the will of government to act in many areas, prosecution of individuals from the state capture years, the will of government to measure accountability in service delivery, etc. All of which are areas where will is required and is not be as strong as most would like. In the context of this discussion, we can certainly look at the will of the financial services industry to transform 30 years into democracy. How much will is there to support black entrepreneurial businesses through support mechanisms like broadening access, adjusting interest rates (even interest-free loans) and liquidity support, effective access to markets, balancing innovation and risk where financial services can play a meaningful role in supporting black entrepreneurs eg. fintech. If we saw will from corporate leadership for authentic transformation in ownership and management control and skills development in financial services, we would have been much further along the transformation journey.

Conclusion

The reality is walking the talk is hard. For any financial services company to buck the status quo will require a large amount of will power and authentic leadership – but it certainly can be done. We need strong leadership and innovative solutions to see meaningful strides being made in transformation. The financial services industry has the potential to meaningfully shift the three scourges plaguing South Africa – unemployment, poverty and in-equality.

See also the Financial Sector Transformation Council (FSTC) www.fstc.org.za report for 202/2021, called the State Of Transformation Report.