

COFI carrot to be replaced by COFI stick!

I recently came across a declassified book issued by the United States of America's government body called the CIA (Central Intelligence Agency). The book, issued in 1944, was handed, as a field manual, to CIA field operatives and was titled, "Simple Sabotage Field Manual". It detailed advice to operatives on how to sabotage productivity in resistant governments. Having read excerpts of the book, I observed some awkwardly familiar behaviour in some of the meetings which I have sat in where the topic of discussion was economic transformation and broad based black economic empowerment.

Some of the tactics proposed in the book are:

- When possible, refer all matters to committees, for "further study and consideration."
- Attempt to make the committee as large as possible — never less than five.
- Refer back to matters decided upon at the last meeting and attempt to re-open the question of the advisability of that decision.
- Advocate "caution".
- Be "reasonable" and urge your fellow-conferrees to be "reasonable" and avoid haste which might result in embarrassments or difficulties later on.

Having sat in many meetings, too often have I seen these tactics being used as means to "think through" the matters more clearly. And I should mention that I have seen this type of behaviour come from all sections of representative bodies to the discussion.

Perhaps normal discourse has moved into this slow and painful method of discussion and problem solving; or perhaps the complexity of the topic has necessitated the need for this slow approach to decision making. My cynical mind tells me that it is all a ploy to delay the economic transformation our country desperately needs.

Mark's musings



Coming from the apartheid past that South Africans do, economic transformation and broad based black economic empowerment was always going to be a politically charged discussion. However, looking past the politics (which is hard) one is able to see the positives of broad based black economic empowerment, but we cannot ignore the negatives which we know all too well – wealthy elites, tenderpreneurs, among others. Focusing on the positives, B-BBEE has allowed more organically grown black owned businesses to spawn and grow. This is what South Africa needs more of, competitive new companies which are able to compete with the establishment and bring new ideas to the table for more South Africans to be absorbed into the formal financial sector.

Looking more closely at the long-term savings and investment industry and specifically the retirement fund industry (which sits with approximately R6 Trillion in assets – of which the 3 largest consultants control over 60% and 6 asset managers control over 50%), much of the economic transformation responsibilities has and will continue to fall onto the shoulders of the retirement fund industry (long-term savers) and indirectly onto the desks of the industry gate keepers (advisers to the long-term savers), ie, the powerful individuals and companies which decide, on behalf of long-term savers, how and where money is allocated.

My wish is that more of these decision makers take account of the imperative of financial inclusion as an integral part of the need for economic transformation and spend less time focusing on the perceived complexity in economic transformation.

Interpreting the behaviour of the Regulator through upcoming regulation – think COFI (Conduct of Financial Institutions bill); it is interesting to note that we are already seeing strides being made preparing the transformation "stick", for sadly the "carrot" has had too little influence.