

In pursuit of win-win

A minor modification to FICA could make a major difference to many, writes **Kanthan Pillay**.

Stop me if you've heard this one before. A friend's daughter, who is studying fashion at a private college, burst into his office in tears the other day complaining he'd given her terrible financial advice. When he asked her what she meant, she wailed, "You said to put all my money in the same bank you use. Now it's in trouble!"

"What?" exclaimed my friend. "Surely you're mistaken? It's one of the largest organisations in the country."

"Well," snivelled his daughter. "Why, when I tried to transfer funds to pay for a new dress yesterday and went to draw cash from the ATM today, did the bank respond, both times, with the message, 'Insufficient funds?'"

Fortunately, I have no problem with banks. My portfolio includes two JSE-listed banking shares and I've been quite delighted with their performance. I'm also privileged enough to be in that category where my banking charges are almost non-existent. Win-win.

But, this is not the case of my occasional domestic worker (who I inherited from a friend who quit his job as an economist at Eskom and emigrated to Canada around the time of my moving back to Johannesburg in 2004, but that's a story for another day. And yes, I know the idea that Eskom once had economists on its payroll has left you disconcerted, but please stay focused).



Kanthan Pillay, director of companies and chief executive of YFM radio station.

Said domestic worker is a Zimbabwean. She lives in Tembisa, northeast of Sandton, behind Grand Central Airport. Until last month, she was one of our unbanked. In effect, she was a victim of the Financial Intelligence Centre Act (FICA) (38 of 2001).

FICA, which came into effect mid-2003, has the objective of fighting financial crime, such as money laundering, tax evasion and terrorist-financing activities. This is quite noble, I suppose. Every so many years, my bank gives me a call, I provide a copy of my Eskom bill (which ostensibly proves that I live where I say I live), and my banking services continue uninterrupted.

However, my occasional employee (let's call her Grace) has a work permit in her passport from the Department of Home Affairs, but no utility bill or lease agreement. The consequence for her (and millions of other Zimbabweans working

in SA) is that her life revolves around cash. It means that her wages (from me and her other employers) are either carried on her person or stashed under her mattress. She has been mugged and had her home broken into a few times during the time she has worked for me. Access to a bank account would have created a margin of safety, but FICA rules make that well nigh impossible.

This needs to change

I doubt Grace earns more than R6 000 per month from all her employers. It's a nonexistent amount from a money launderer's viewpoint, but it's her entire universe. Surely the time has come to amend FICA so that the rules of identification only kick in when a threshold of suspicion is breached? This could be as low as R10 000 per month.

The knock-on effects of having such workers – legal and illegal – within the system are huge. It cuts down on crime. It allows access to cashless payments and the internet economy. It allows money to circulate. (A million Zimbabweans with R2 000 apiece in the bank is R2-billion that bankers then don't need to borrow from the Reserve Bank.)

Meanwhile, Grace now has a bank account. A South African benefactor agreed to provide proof of residence that she lives at their home. Win-win. ●

Kanthan Pillay is a director of companies and chief executive of YFM radio station.