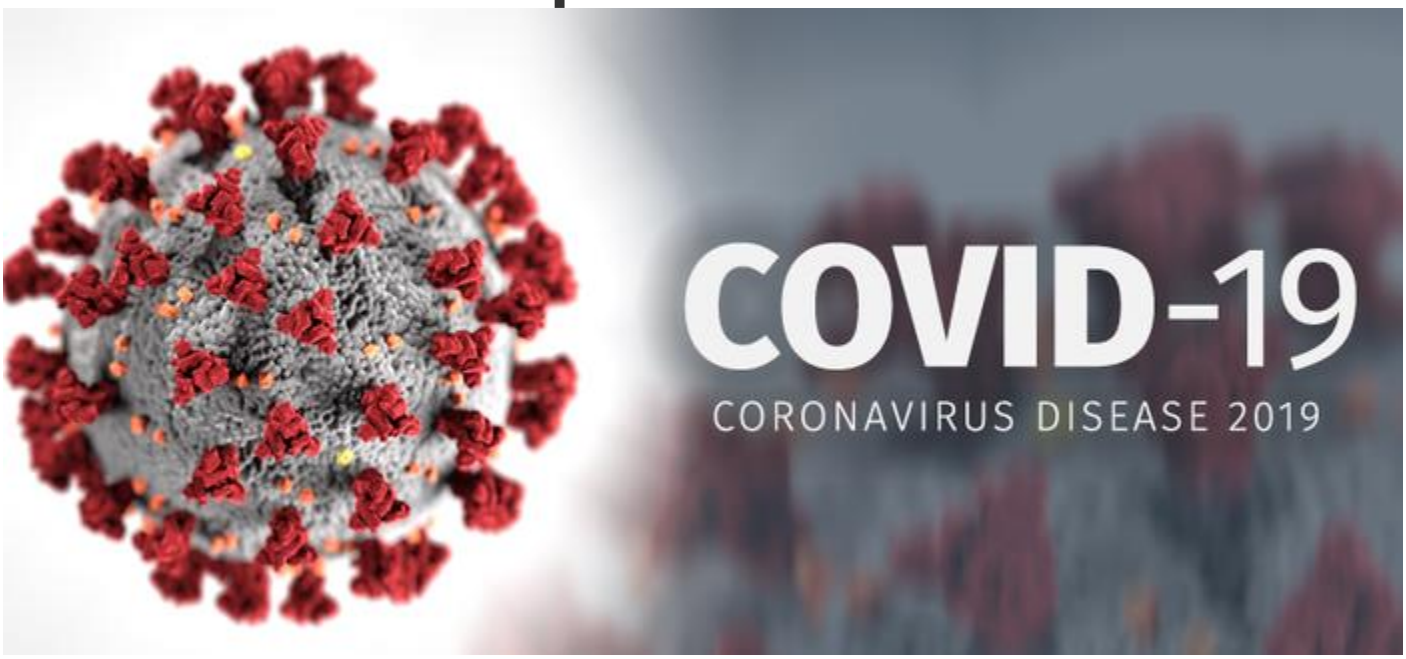
MFSA: COVID-19 INFORMATION: Essential Financial Services classification 30 April 2020



MFSA COVID-19: LEVEL 4 ESSENTIAL FINANCIAL SERVICES:

The latest Regulations under the Disaster Management Act, 2002 was issued on 29 April 2020 and aim to deal with COVID-19 and the Lockdown under Level 4 of the Risk Adjusted Strategy.

Regulation 28 deals with the operation of economic sectors. This regulation must be read with Table 1, Part H and items 1 and 2.

The general principles are:

1. Employees should work from home as far as possible.
2. Essential financial services are named in Part H, Items 2 i – viii
3. Micro Financiers have not explicitly been included as Essential Financial Services.
4. Micro Financiers have not explicitly been excluded, as with the Debt Collectors.
5. The above portrays the dilemma that the MFSA continuously attempts to resolve with Government Departments.
6. Of great importance is Part H, Item (2) IX which clearly allows for the Minister of Finance to designate additional services. It is important to understand that that the Government, the Command Council and the Natjoints continuously re-evaluate the existing situation based on the state of Health. Item 2 ix opens the door for the Minister of Finance to include additional services, such as micro lending, into the pool of essential financial services.
7. The MFSA will continue communication and engagement with the Minister of Finance to have Micro Lending included into the collective of Essential Financial Services.

In light of the above, Members are advised to proceed with extreme care, taking into consideration all the risks impacting on themselves, their staff, their clients and ultimately the Micro Finance Sector. Please be assured that the MFSA will continue to vigorously pursue all legal channels at our disposal.

Best wishes,
Hennie Ferreira
CEO | MicroFinance South Africa
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