

Mzansi's positive impact on the economy

With almost 700 000 Mzansi Account having been opened, these largely newly banked South Africans are set to make an impact on the country's social and economic landscapes.

"The impact of the Mzansi Brand and associated Account will begin to make itself felt in the broader economy as an increasing number of previously unbanked South Africans join the formal banking sector," explained Colin Donian, Director Mzansi Initiative at the Banking Council.

Donian says the impact of the Mzansi Account has to be viewed on both micro and macro levels, namely, the impact on individuals and at an aggregated level.

"The impact will be seen on both social and economic levels. On a personal level, we are seeing thousands of people joining the formal banking sector every day. In their pocket is a card which brings them into the national banking fold, making them part of a global network."

Many of the country's unbanked have lived in a cash-based society, not necessarily out of choice, and with that comes a lack of formal financial access, security and potential for upward mobility.

"The Mzansi Account has removed the insecurity of stashing your life savings under a mattress. One cannot underestimate the feeling of financial inclusiveness and freedom of choice, and the responsibility that comes with a banking account. People no longer feel trapped in a secondary economy and with this comes a feeling of increased social status," he says.

On a macro economic level, Donian says the broader South African economy will certainly benefit from the banking activities of the newly banked, in the fullness of time.

"Banks are one of the key drivers in establishing an efficient economy. Looking ahead, as more Mzansi Accounts are opened, and the Brand is further developed, the opportunities for creating personal wealth through savings rises."

By generating wealth on an aggregated level, Mzansi Account holders will be contributing to the expansion of the South African economy. Donian believes the Mzansi Account is a good example of how the whole is greater than the sum of the parts, notwithstanding the importance of the Mzansi Account to the individual.

The ability to effectively manage one's personal finances has the potential to create employment, especially in the informal and SMME sectors. Account holders are also contributing towards Black Economic Empowerment.

"Once we see a money transfer mechanism in place, we will also see the effective and secure movement of money from

urban to rural areas which has the potential to stimulate rural growth - something which is critical for the growth of the South African economy, and to better manage rural-urban migration.

"The Mzansi Account is contributing to South Africa's spate of economic growth. While this is important, we do not have a short-term view of what we have embarked on. This is a process and not something that will deliver its full benefits immediately. However, as more Accounts are opened and effectively managed, and as Mzansi Account holders are educated and migrate to other products, we can expect to see further and ongoing effects throughout the economy," Donian concludes.

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