

# SA finance industry unfairly targeted, says Sanlam

By [Gillian Jones](#)

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South African financial institutions are being unfairly targeted by regulators given their excellent ranking for being among the most competitive in the world, Sanlam's group chief executive Johan van Zyl said.



"We (financial institutions) are number one, two and three in the world, yet this is where most of the regulation is focused," he said in an interview in Johannesburg following the release of Sanlam's interim results.

South Africa fell one place on the World Economic Forum's latest global competitiveness index, dragged down by poor rankings on education, health and labour.

The survey, released on Wednesday (4 September), showed South Africa in first place on the regulation of securities exchanges and in second place on the availability of financial services. The country was ranked second out of 148 nations for the availability of financing through local equity markets.

Van Zyl said no financial institutions in South Africa had collapsed during the 2008 financial crisis. Despite this, there is a raft of regulatory changes on the agenda. These include retirement reform and the Treating Customers Fairly policy introduced by the Financial Services Board.

## Regulations

Also on the cards are a new solvency assessment and management regime for short- and long-term insurers and new commissions models. "Each of these by itself can change the industry," he said. "If you look at the UK, it's taken 10 years to implement any one of them. Yet we would like to do all four of them simultaneously within two years. It's crazy," Van Zyl said.

He said regulators had good intentions but were not considering the unintended consequences. "We should really think much harder about the three or four things that will make a difference rather than the 200 or 300 others," he said.

He suggested the focus should rather be on tackling education and labour market fragility.

On the World Economic Forum index, South Africa was ranked bottom of the list on labour market efficiency, with the index

placing the country 148th, in last place, in labour-employer relations, 144th in flexibility of wage determination and 147th in hiring and firing practices.

The country was placed 132nd out of 144 on primary education.

Sanlam's normalised headline earnings a share rose 35% in the six months to June. New business volumes increased 37% to R83bn and net operating profit was up 24% to R2.4bn. Van Zyl said all segments, except for short-term insurer Santam, had reported satisfactory growth.

Santam had operated in a "tough" environment hit by floods, crop failures, droughts and an under-performing motor insurance book and was also hit by the weak rand.

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