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# Financial regulations, financialization, and inequalities – the case of South Africa

Deniz Kellecioglu\*<sup>1</sup>

<sup>1</sup>United Nations Economic Commission for Africa – Éthiopie

## Résumé

This paper examines the financial regulations and associated financialization that occurred in South Africa since the early 1980s with the aim of analysing their socio-economic outcomes. It utilises scholarly material, datasets, official documents, private sector reports, but also responses based on semi-structured interviews with experts in government bodies, in academia, and the private sector. The findings suggest that implemented economic policies and financial regulations have generated a massive financialization process, but which have had negative effects on the overall economy, while having disastrous effect on the social economy.

This is mainly because the economic structures in general and financialization in particular have entrenched and widened the inequalities of income, wealth, unemployment, under-employment, investment patterns, and household debt. The inequality effects in particular are evident from the vantage points of population groups, gender, and geography - the financial markets are dominated by upper class white men in Johannesburg and Cape Town, the two main urban centres. The dismal effects are also due to the dominance of short-term and speculative character of financial activities worsening an already volatile and continuously depreciating currency and foreign and domestic disinvestments in productive sectors. Financial regulations and markets have also failed, or rather neglected, consumer protection; prudential conduct; lowering of bank and financial fees; and access to credit for SMEs and low-income groups. There have been some improvements in terms of insurance services and Housing Finance, but with the flip-side of higher debt levels and increased financial vulnerability. Moreover, the explicit policy priority of combating financial crime have had no visible success, given that the financial developments have helped to intensify Illicit Financial Flows from the country.

In fact, regulations are actively in support of the financial sector, not only by allowing a favourable market environment, but also through lower tax rates and increasing amounts of government subsidies and transfers. These negative developments adds to the position that there is deliberate agenda to advance the interests, incomes, and wealth of the already powerful in the country. This appraisal ends with a recommendation that constructive and people-oriented activists, scholars, institutions, and organizations should pay closer attention to the force of financialization and associated actors in order to advance their advocacy efforts. This is especially imperative as there are indicators for a looming financial crisis, which always lead to more economic inequality.

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**Mots-Clés:** Financialisation, South Africa, Illicit Financial Flows, Elites, Inequality, Poverty

\*Intervenant