



# FINANCIAL SERVICES AND THE SDGs

## A Brief Examination of their Relationships

### DISCUSSION POINTS FOR MEETINGS WITH REPRESENTATIVES OF SOUTH AFRICA'S FINANCIAL SERVICES SECTORS

1. With more than 50% of South Africans and more than 60% of their children living in poverty; the highest levels of income inequalities in the world; amongst the world's worst national educational outcomes; amongst the highest levels of unemployment in the world; and the unenviable reputation of hosting the murder and rape capitals of the world, ALL of which are heavily skewed along highly provocative racial lines, South Africa's Sustainable Development Challenges are severe.
2. There are no quick fixes or any entities in both the public and private sectors working alone or in small groups, that will successfully address the immense challenges faced by the nation.
3. The challenges demand a "call to arms" by all competent individuals and entities in the country. **The consequences of doing nothing are grim.**



### FINANCIAL SERVICES AND SDGs Multidimensional Interdependencies

#### Depends on/Drives/Supports all 17 SDGs

From Homo Erectus, through Homo Sapiens, to Homo Economicus and Homo Technologicus, the world as we knew it has changed.....

- Technological Developments Depend on Financial Services, but.....
- Financial services depend on and are shaped by Technological Developments
- Both Financial Services and Technological Developments depend on Human Creativity, Ingenuity, and innovation – i.e. PEOPLE, Communities, Societies!



- Satisfies key elements of Human Needs
  - Depends on Human Capabilities/Capacities whilst developing them at the same time
  - Massive Impact on: Climate; Environment; Nature and Natural Resources: Today impact is mostly negative, can be changed to positive
  - Massive Social Responsibilities for existing, future, and potential customers, staff, and communities served
- Techno-interdependencies:**
- **Positive:** Massive productivity gains for the whole Economy & Society
  - **Negative:** Massive Job Losses through 4IR Automation
  - **Destructive:** Growing Abuse and Misuse of Technology: Cyber crime; Socio-political disruption

**Financial Services: one of the many critical tools for Sustainable Development for ALL PEOPLE...**





# SUSTAINABLE DEVELOPMENT GOALS

## 17 GOALS TO TRANSFORM S. AFRICA

**1 NO POVERTY**



**2 ZERO HUNGER**



**3 GOOD HEALTH AND WELL-BEING**



**4 QUALITY EDUCATION**



**5 GENDER EQUALITY**



**6 CLEAN WATER AND SANITATION**



**7 AFFORDABLE AND CLEAN ENERGY**



**8 DECENT WORK AND ECONOMIC GROWTH**



**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**



**10 REDUCED INEQUALITIES**



**11 SUSTAINABLE CITIES AND COMMUNITIES**



**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**



**13 CLIMATE ACTION**



**14 LIFE BELOW WATER**



**15 LIFE ON LAND**



**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**



**17 PARTNERSHIPS FOR THE GOALS**



**A summary of the most critical and immediate people-centred SDG challenges facing South Africa. Solving these will help ameliorate all other challenges: How can Financial Services Help?**

**SDG1 – Poverty (includes SDG2 – Hunger, and SDG 10 - Inequality); SDG4 – Education; SDG5 – Gender Equality; SDG8 – JOBS. The most insidious threats facing S. Africa today**

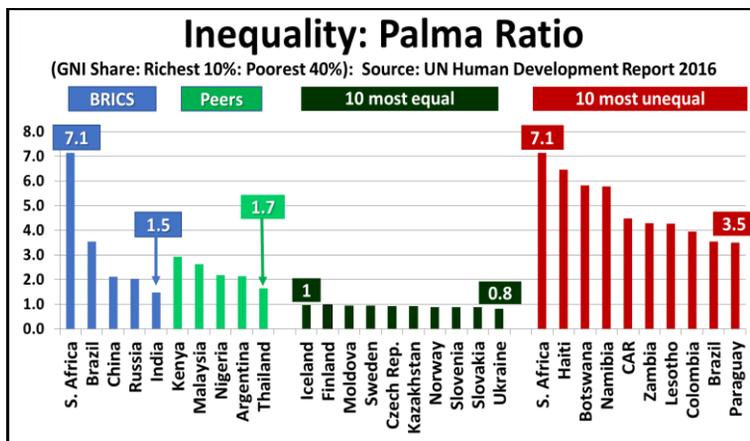


## FINANCIAL SERVICES AND SDG10

### Inequality – The root of Poverty & Hunger

The FS Sector cannot resolve this threat on its own – but without it, the threat cannot/will not be resolved

*“There should exist among the citizens neither extreme poverty nor, again, excessive wealth, for both are productive of great evil.” – Plato, about 400 BC*



### South Africa has the highest income disparities in the world

- The PALMA Ratio measures the cumulative income of the top 10% earners versus the poorest 40%
- A ratio of 1:1 is good – richest 10% and poorest 40% share 50% of national wealth, the middle income population shares 50%
- Excessive inequality leads to revolution, or worse – South Africa should know this!

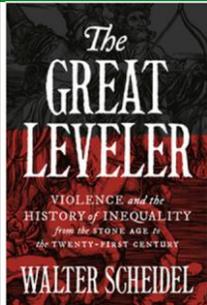
Inequality is fueled by: Poverty; Hunger; Poor Education; Gender Abuse; Joblessness: They all need investments for reduction – an FS Sector Competency.....



# FINANCIAL SERVICES AND SDG10

## Inequality – The root of Poverty & Hunger

Which should S. Africa choose? Scheidel's Pessimism or Stiglitz's Optimism?



Violence and the History of Inequality from the Stone Age to the Twenty-First Century.....

- High levels of inequality are the norm in history;
- Only reductions via catastrophic events: (a) state collapse; (b) massive plague; (c) violent revolutions (d) mass-mobilization warfare;
- Exceptions: Civil wars “captured” & perpetuated by strong men in developing countries, e.g. Somalia, Venezuela.

- Older exceptions: Pre-agricultural hunter gatherer egalitarian societies: Zero gender or other inequalities; 100% resource sharing

**INEQUALITY is the default social order today:**  
Violence has been the single most important means of leveling wealth and income inequality in human history ([Click here](#) or [picture](#) for LSE Video)

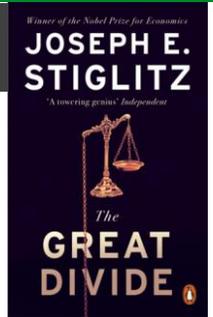
Princeton University Press, 2017 [Book review in the Cato Journal](#)

Inequality is a choice: fueled by “trickle-down economics”; reduced by “pull-them-up” economics.....

The good news - according to Stiglitz - is that, if inequality is the result of our actions, then we can reverse course by changing the rules. We can restructure our economy so as to restore more equitable conditions and govern the Fourth Industrial Revolution in a more sustainable manner, distributing - or redistributing - the benefits of technology, and avoiding a further increase in inequality” ([Click pic or here for video](#))

**Technology** can be positioned to reduce inequality, BUT – education must keep up or else more people will be left behind – more inequality

Penguin, April 2016: Available at [exclusive books South Africa](#)



# FINANCIAL SERVICES AND SDG1

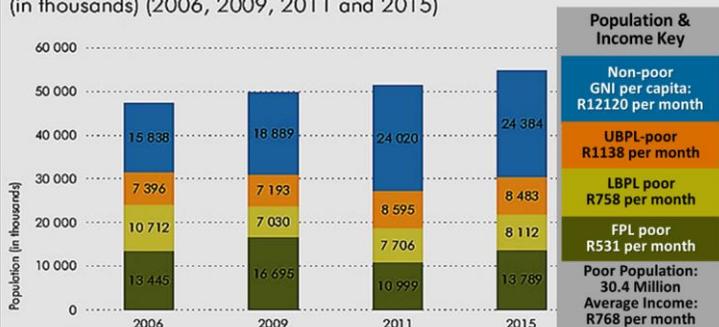
## Poverty: Much more than just money needed!

Invest in Poverty Reduction to Reduce Economic Costs of Poverty and Fuel Economic Growth

### Poverty Trends in South Africa

An examination of absolute poverty between 2006 and 2015

Figure 2.2: The number of poor and non-poor persons in South Africa (in thousands) (2006, 2009, 2011 and 2015)



As an “Upper-middle-income” economy, South Africa’s International Poverty Line is US\$5.50 PPP per day, or ZAR918 per month ([2019 rate](#))

- In 2015, 30.4 Million South Africans (55.5%) lived in poverty – R768 per month to live; bring up their children; build the country and its economy
- Clearly, they need money to escape these extreme poverty traps – but “throwing money” at the problem will not reduce the crisis – Social Grants must be a planned temporary solution
- The future is bleak when considering the nation’s children: More than 60% live in poverty, suffer extremely poor education and therefore growth opportunities – what prospects for SA’s future?

Poverty is ultimately rooted in the Financial Services: Can the FS Sector provide creative, innovative expertise to reduce the crisis?



[STATS SA Report-03-10-06 2017](#)





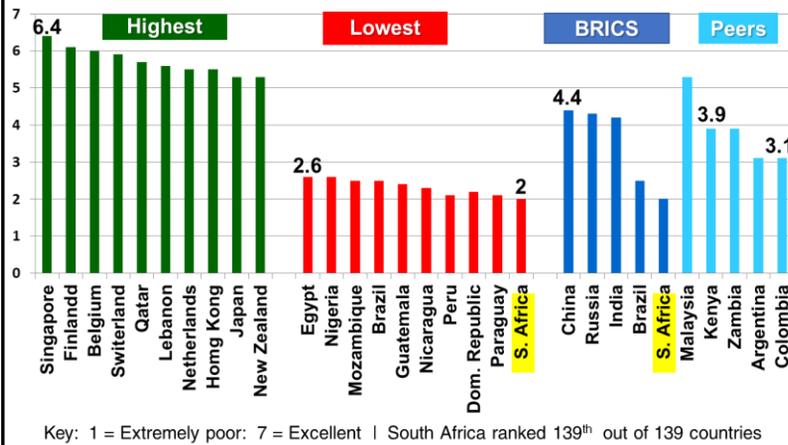
# FINANCIAL SERVICES AND SDG4

Education: A debilitating threat to S. Africa's Future

Education is the main escape route out of poverty and into the future 4IR world

## Quality of math and science education

### Vital for survival in the 4IR



- South Africa's education is severely challenged: 78% grade 4's cannot read!
- Math and Science are vital foundation skills for this 4IR age – South Africa came last in the 2016 World Classroom.
- The nation's school system will need generations to "catch up" – urgent action needed now – see ref. [ICT4SDG4](#).
- Financial Services for Education of the poorest children is vital for sustainable growth of country AND the FS Sector

As 4IR automation unfolds, the FS Sector requires less high level expertise, but a very large population of informed users of its services: An educated informed populace that drives economic growth

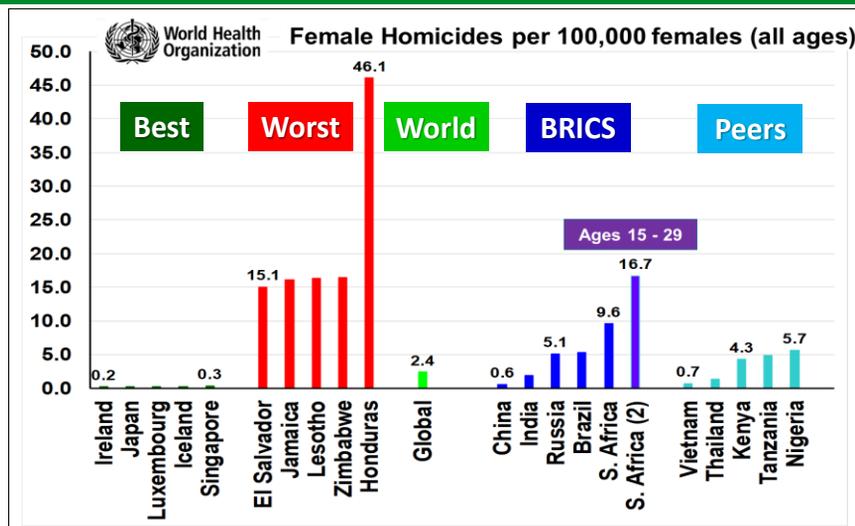
[http://www3.weforum.org/docs/GITR2016/WEF\\_GITR\\_Full\\_Report.pdf](http://www3.weforum.org/docs/GITR2016/WEF_GITR_Full_Report.pdf)



# FINANCIAL SERVICES AND SDG5

Women and child violence guarantees societal decay!

Gender equality is much more than promoting women to executive positions



### A Massive Challenge

- Gender and child violence is a particularly debilitating threat – Is South Africa the "Rape Capital" of the World?
- Impact on Economic Growth and Social Stability severe.
- A significant intellectual capacity undermined by Gender Discrimination as a whole, and Gender Violence in particular.
- Detailed discussion at [ICT4SDG5](#)

Reversing this debilitating long-term challenge is extremely difficult - EVERYONE, including the FS Sector, must heed the call to arms - NOW!

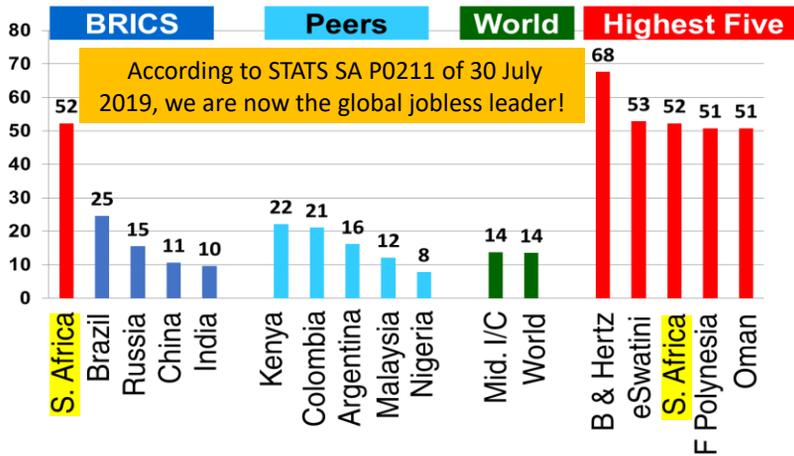


## FINANCIAL SERVICES AND SDG8

### Youth Unemployment: S. Africa's Achilles Heel?

Adult Unemployment is a problem: Youth Unemployment is a much bigger one

#### Youth Unemployment: 15-24 years (%)



Source: <https://data.worldbank.org/indicator/SL.UEM.1524.ZS>

#### Potential for State Failure?

- Adult unemployment is already high, second only to the [West Bank and Gaza in 2017](#), 189<sup>th</sup> out of 190!
- Youth unemployment **WILL** be devastating on future economic growth with social stability.
- All unemployment fueled by ineffective educational systems.
- Technology changes the nature of work – education prepares the workforce for these changes.

The South African Financial Services Sector depends on an educated highly skilled populace – for its own skills needs, and for informed, highly productive customers and users.



## FINANCIAL SERVICES AND THE SDGs

### CONCLUSIONS: A trigger for more action-oriented discussions

1. There are no “one size fits all” solutions for South Africa’s Sustainable Development **Challenges** and **Threats** – many multidisciplinary institutions and teams applying multidimensional solutions simultaneously is the best way forward (see [ICT4SDG](#)).
2. Numerous nations have overcome the challenges – what can S. Africa learn from them?
  - a. **Netherlands**: a “Capitalist-Socialist” economy with zero poverty – but a very strong focus on the SDGs: Launched the [SDGI \(Investment\) initiative](#) for the FS Sector at the launch of the SDGs in 2016.
  - b. **Japan**: Palma Inequality Ratio 1.2:1 (S. Africa 7.1:1); 0% population below US\$1.90 PPP (S. Africa ≈20%); Conceived “[Japan Society 5.0](#)” programme in 2013, updated 2017, to deal with SDG Threats, with strong ICT/FS components.
  - c. **South Africa**: Severe SDG challenges and threats, yet to develop an effective containment/reversal strategy.
3. South Africa’s Financial Services Sector cannot fix the nation’s SD challenges, but it can help – the purpose of this discussion document is finding an answer to “HOW?”
4. Traditional approaches of helping “the best” to do better will fuel inequality further – we must uplift “the worst” to “catch up” with the “best” while creating an environment for ALL to excel through their own initiatives.
5. This demands exceptional levels of Collaboration; Communication; Cooperation; Coordination (the critical 4 “Cs”) – Can the S. African FS Sector begin this vital process of development?