

## **Time to help staff navigate financial meltdown**

*For Immediate Release*

*May 2009*

It's time for employers to take responsibility for the financial wellness of their employees because in the long run it will benefit the whole organization in the form of increased productivity, reduced fraud and absenteeism, says Peter Setou, Senior Manager: Education and Strategy at the National Credit Regulator (NCR).

Setou adds that given the grim economic conditions which were initially preceded by steep interest rates, high debt servicing costs and the rise in food prices, it makes business sense for employers to play an active role in employee financial wellness.

"It's time for collective action, the NCR can't do it alone but together we can assist. It's time to incorporate financial wellness into organization's wellness programmes," says Setou. Setou also disclosed that the NCR will be taking over a project from the German Development Aid (GTZ) where the regulator will encourage companies to join the Financial Wellness Forum. The forum will be a platform for participants to increase their knowledge on employee financial wellness programmes through case studies and sharing best practices. The Forum will be open to everybody who is interested in financial wellness (journalists, corporates, academics, members of the public etc.)

He points out that employers are the ones who receive garnishee orders on behalf of employees and the company suffers when employees are financially stretched and get distracted by debt burdens.

According to Setou, employers should monitor the influx of garnishee orders they are receiving about the employees as it gives them a clear indication that they need to intervene. Employers are also advised to determine the authenticity of garnishee orders before they process them.

He adds that the NCR is concerned about the increasing number of consumers applying for debt review which is close to 70 000, hence "we are saying it is time for collective action, it must not only be emphasised in May but should be ongoing and must be an integral part of the organisation's corporate social investment.

According to Setou, employers should inform their employees who are suffering under the yoke of over-indebtedness that they can get in touch with their credit providers to

negotiate payment or can consult a debt counsellor for advice on how to extricate themselves from the debt trap.

“During these tough economic conditions for South Africans, employers should also encourage their employees to spend their money wisely and avoid falling into the dreaded debt trap.

By introducing debt counselling, the National Credit Act made it possible for over-indebted consumers to find relief for their woes. For the first time, a South African consumer who is overextended and faces legal action from those he or she owes money to, can approach a debt counsellor for assistance.

Setou urges employers who are involved in employee financial wellness programmes to take the necessary steps to ensure that their employees are aware of the programmes and are assisted to make use of them.

*Issued by:*  
Bullion PR & Communication  
Fezile Africa

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