TCF regulation a win-win for SA customers and techcos

By Diana Miguel

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Thanks to a growing trend that is seeing companies diversify their products and services in an effort to extract more value from a single customer, South Africans can join their grocer's mobile network, get funeral cover from their clothing retailer, and find a plumber via their banking app.

Diana Miguel, DataEQ's lead telecoms analyst | image supplied

And the telecoms industry is no exception. Most recently, telcos have added or relaunched mobile payments to their existing financial services portfolios, with the likes of VodaPay, MTN Mobile Money (MoMo) and Telkom Pay. In fact, some telcos are even looking to rebrand as tech companies – or techcos – to better reflect their expanding offering.

However, telcos don't have the best track record when it comes to mobile money in South Africa. Having enjoyed ample success in other African countries, both MTN and Vodacom have previously attempted to introduce their digital payment solutions to the South African market. The services were decommissioned in 2016 after failing to gain traction in the country.

Several factors contributed to that first unsuccessful attempt, including South Africa's sophisticated banking system and high levels of financial inclusion. But perhaps the main hurdle was, and continues to be, the country's rigid regulatory environment. Fintech players in South Africa must comply with the same strict and costly regulations as banks.

Treating Customers Fairly regulation

That being said, some regulations can actually present an opportunity for aspiring techcos. One such regulation is the

Treating Customers Fairly (TCF) framework. Introduced by the Financial Sector Conduct Authority (FSCA), TCF is an “outcomes-based regulatory and supervisory approach” designed to ensure that the fair treatment of customers is at the core of financial services providers’ culture.

Customer-centricity is an aspect where telcos are falling behind, according to [DataEQ's latest Telecoms Sentiment Index](), which analysed over 1.8 million social media and online posts about the country's major telcos. The study revealed that customers’ experience with their network providers had worsened year-on-year. Furthermore, sentiment towards South African telcos was considerably more negative than towards local banks, insurers and retailers.

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The index also analysed online conversation specifically about telcos’ financial services offerings and found it was highly relevant to the TCF regulation. Nearly 80% of complaints about these products spoke to at least one of the six TCF outcomes. However, 40% of these complaints went unanswered, pointing to a potential regulatory risk for the budding techcos.

While many companies claim customer-centricity is key to their mission, this often fails to translate into the day-to-day experiences of their customers.

Organisations which successfully embrace TCF will not only mitigate potential run-ins with the regulator but will also ensure customer experience remains a priority at every level of their business.

One way South African techcos can champion TCF is to put the necessary systems in place to identify and prioritise complaints that point at any potential unfairness in their interactions with customers.

If techcos can prove that fairness to customers is at the heart of everything they do, perhaps this time around South Africans will trust them, over their banks, insurers or retailers, with their hard-earned money.

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