

Reserve Bank warns public of pyramid schemes

The South African Reserve Bank yesterday launched an awareness campaign aimed at educating members of the public about the risks of investing in pyramid schemes.



South African Reserve Bank

Speaking at a media briefing in Johannesburg, head of group strategy and communications at the Reserve Bank, Hlengani Mathebula, strongly warned the public about illegal deposit-taking schemes.

"These schemes hook the public by convincing them of high returns in a short space of time. The scheme involve payment of purported returns to existing investors from the funds contributed by new investors," he said.

Mathebula said the schemes mostly targeted pensioners, people who have just received bonuses and even those who have received pay-outs from the Road Accident Fund.

However, most of the schemes collapse when they can no longer pay their clients - only the first group of people are paid.

"My appeal to all is to speak to an accredited financial service provider before investing and to report any suspected ponzi and pyramid schemes to the South African Police Service or to the South African Reserve Bank."

According to the Reserve Bank, more than 198 illegal schemes are currently being investigated and millions of rands are involved, affecting the economy.

Mathebula called on all banks in the South Africa to support the campaign and to work with the Reserve Bank to publicise the campaign's messages.

The campaign - "Beware of Mashayana, If it sounds too good to be true, it probably is" - will encourage members of the public to report any information on pyramid or ponzi schemes.

Members of the public are advised to report illegal schemes on 0800 677 772 or SMS the Primedia Crime line on 32211 or alternatively to email: sarb-banksup@resbank.co.za.