Perspective on entrepreneurial development through banking industry: Strategic management on inflation rate currently affecting South African Reserve Bank (SARB)

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Despite the fact that South Africa is well financially resourced, there are disturbing reports on the dilemma the South African Reserve Bank (SARB) is said to face relating to the inflation rising. This paper looks into and describes those possible causes of this predicament against entrepreneurship and argues that the SARB appears to fail to optimally apply and focus on the management strategies to curb the inflation. This paper provides tangible yet descriptive reasons for this view and then illuminates on how this dilemma can suggestively be curbed as it will be apparent in the conclusion, and yet strongly believes that if implemented, these recommendations will undoubtedly erode these difficulties inclusively. It also takes hint of warning by the registrar of banks in an attempt to erode any malpractice by the bank against entrepreneurship thereby discouraging inflation escalations.

Key words: Entrepreneurialism, core banking industry, Inflation rate, managerial warning, South African Reserve Bank, strategic management.

INTRODUCTION

South Africa (SA) is claimed to be one of the well developed countries in the world with overwhelming supply of resources. Despite the fact that it is also financially well resourced, there are disturbing reports on the dilemma the South African Reserve Bank (SARB), is said to face regarding the inflation rising. This paper explores into and describes those possible causes of this predicament against entrepreneurship and argues that the SARB appears to fail to optimally apply and focus on the management strategies to curb the inflation. As indicated, this paper provides tangible yet descriptive reasons for this view and then illuminates on how this dilemma can suggestively be curbed. For this paper to achieve this purpose, it explores what the experts had to say, looks into organized scholastic literature and, most importantly, took hint of what the registrar of banks come up with, as it will be apparent in the conclusion.

This article vehemently believes that if implemented, these recommendations will undoubtedly erode these difficulties inclusively. This will be self-evident when it takes hint of warning by the registrar of banks in an attempt to erode any malpractice by the SARB against entrepreneurship thereby discouraging inflation escalations. Before illuminating on the articulations, it would serve no purpose without clarifying on some concepts underpinning contextualization into thesis of this paper in order to help wider audience arrive at its intended meaning. Overarching in the thematic evolution are the following underpinning concepts that go to the heart of this paper, namely entrepreneurialism; core banking industry; inflation rate; managerial warning and strategic management.

Entrepreneurialism: In this paper entrepreneurialism is a conglomerate term that encapsulates every aspect of management in connection with business and entrepreneurship.

Core banking industry: Core banking Industry includes all such banks within the borders of SA operating in the economic jurisdiction of SARB of which the latter is the
control body. Thus, this subsidiary body of banks [core banking industry] operates under the auspices of the SARB.

**Inflation rate:** Inflation rate should be understood as that percentage in access of the normal pricing of goods and services having a tendency of fluctuation from time to time thereby leaving the standards of life of grassroots [people on the ground] economically unpredictable and thus financially stranded and pertepped.

**Managerial warning:** This term denotes a strong warning by the registrar of banks in an attempt to erode any malpractice by the bank or banks in favour of entrepreneurship discouraging inflation escalations.

**Strategic management:** This is the innovative strategies embarked upon to ‘purify’ and promote efficiency of the banking industry.

This introductory area aimed to help ameliorate any possible and potential hurdle that might arouse obscurity against insightful understanding of thematic contextualization of the paper. However, if any inadequacy, this paper as it is a descriptive exploration, would have been clarified in the ultimate. The following area now concerns itself with what the experts had to say, looks into organized scholastic literature and, also takes hint of what the registrar of banks say, thus, styled underpinning conceptualization.

**UNDERPINNING CONCEPTUALIZATION**

The introductory area set out the mission of this paper according to the thematic approach coughed in the abstract. It further provided some definitions of some concepts underpinning the conceptual overall meaning of the purpose. This area concerns itself with what the experts had to say, looks into organized scholastic literature and then also takes hint of what the registrar of banks say, as indicated. Moreover, the articulations will also be strengthened by the contemporary insights from the Web sites in this regard.

**Expert opinion and organized scholastic literature**

As already stated, here is what the economic experts have to say. The SARB could increasingly find itself between a rock and a hard place with inflation rising and economic growth sluggish. Statistics South Africa (SA) announced recently that inflation as measured by the consumer price index (CPI) was above expectations at 4.1% year on year in March, up from 3.7% in February. It was the first time in eight months that consumer price index (CPI) inflation rose above 4%. On the same day, SARB released the latest retail sales data which show retail sales growing below expectations compared to previous months. In other words, strategic management is not so much up to scratch for entrepreneurs (Rose, 2002). Christie Viljoen, an economist at NKC Independent Economists, said the retail sales figures showed that entrepreneurs were still cautious. The fact that SA’s economic recovery still appears to be lackluster while inflation is rising makes the SARB’s decision about what to do with interest rates even tougher,’ he said.

Economists have been speculating about the timing of the first interest rate hike as the effect of rising international oil food prices are expected to filter through to local CPI inflation (Pereira and Chiarini, 2010; Pereira et al., 2010). Some economists put the first rate hike as soon as meeting of the monetary policy committee while others say it will only happen in the next year ahead. The SARB warns in its financial stability review that a return to a lower inflation rate environment presents no threat to the recovery of credit extension to entrepreneurship. For example, entrepreneurship credit extension grew by 5.4% year on year, but the growth is still driven by households (Zini, 2008). The SARB forecasts inflation to stay within the target range of 3 to 6% until at least a year to come. However, Kgotsot Radira, an economist at Investec, indicated that inflation was expected to reach the midpoint of the target band in less than an estimated period of a year and would reach 6% in just six months of inflation recovery (Van Heerden and Badenhorst, 2004). The inflation and interest rate differential narrows as inflation rises. After the recent international economic recession, the economy is still below the growth levels of above 5% that were recorded (Van der Waldt et al., 2010). Johann Els, an economist at Old Mutual Investment Group, indicated that the lack of progress in raising SA’s economic growth levels will structurally remain a concern (Vollgraaff, 2011). Having said all these, it should now be abundantly clear that the entrepreneurship generally is indeed being affected by the lack of strategic management on inflation rate on the part of the SARB as the central bank (Sakar, 2006). But what do the other banks say or rather do about this quandary over this inflation on entrepreneurship (Mishkin, 2007)?

**Strategic management as core banking industry performance**

The scenario discussed earlier indicates the lack of strategic management on inflation rate on the part of the SARB as the central bank in South Africa (Hempel and Simonson, 1999). This has also been confirmed by a variety of economists as was apparent earlier. This area now discusses what the other banks do, as part of their strategic management, to curb this conundrum against
entrepreneurship (Mapsofworld, 2007). Core banking industry surveyed include, amongst others, Standard Bank, Capitech Bank, FNB, ABSA and Nedbank.

**The Standard Bank and other banks’ strategies**

As an indication of its strategic implementation, Standard Bank has become more ‘aggressive’ in its drive to increase the market share and fight off its peers in entry-level market space in its quest to curb inflation (Chu and Lim, 1998; Thamron, 2009). The group has formed a low-cost third-party distribution channel comprising 8 000 retail agents – from so-called spaza shops to butcheries in the townships across the country (Tarawneh, 2006). A ‘spaza shop’ is a small rather than a medium-sized affordable business by people on the grassroots. This may be argued to be cheaper than setting up a branch from scratch. So next time a person goes to a spaza shop they can do their banking, and purchase milk, bread and airtime, for instance. Further, it is learnt that the bank plans to increase its footprint by partnering with at least 10 000 spaza shop owners by the end of 2011. SA’s big four banks are trying to protect and increase their presence in the low-cost banking sector since the rise of Capitech Bank, which is attracting about 70 000 new customers in just a month (Ho, 2001; Keller and Donald, 2001; Gup et al., 2007).

The reasoning here is that SA is said to have about 15 million unbanked and under-banked people and entrepreneurs and more than 12 million have never been banked. According to statistics, nearly 58% of workers receive their wages or salaries in cash – these are the people and entrepreneurs that these banks are fighting for. First National Bank (FNB) is poised to open 100 branches of EasyPlan, its low-cost bank, sometimes in mid-2011 and the network should have possibly increased to 150 by the end of 2011 (First National Bank, 2011). Amalgamated Banks of South Africa (ABSA) is said to have rolled out about 56 branches of its version of low-cost banking, called 1234, which offers transaction, savings, loans and life assurance accounts. Nedbank, on the other hand, is said to restructure its retail banking unit, which economic analysts say will take ‘a while to get it right’ (Zivković et al., 2008). Standard Bank’s low-cost branches, or bank shops, have introduced a transactional account called Mobile Banking, which enables entrepreneurs and other clients to use real-time retailer networks as well as cell-phone banking. Leon Barnard, Standard Bank’s head of inclusive banking indicated that the bank was not reacting to Capitech and African Bank. Rather, it was its (Standard Bank’s) partnership with cell-phone giants MTN that made the bank realize it could get into the low end of the market cost effectively. As another strategy, Standard Bank is reported to have subsequently bought the MTN Banking business from MTN Mobile Money SA (Gradzol et al., 2005). This adds to strategic management on inflation rate currently affecting entrepreneurship on the part of other banks other than SARB.

From what has been indicated before, it appears cheaper to open an account at a Bank Shop than in a branch (Stevanović, 2009), and this in itself beats the inflation rate currently affecting entrepreneurship. Additionally, entrepreneurs and other clients can open an account at no cost within 10 min and can purchase goods from these Bank Shops via their cell-phones in less than a minute. The Standard Bank Group reportedly has about 300 000 clients at Bank Shops and recruiting 40 000 more a month. To secure the entrepreneurs, all the risks of transporting cash are and will continue to be handled by the shop owner, who at present, has already been taken through vigorous screening process before a Standard Bank certified Banker to ensure entrepreneurial security (Fraser et al., 2001). Thus, the bank can grow its entrepreneurs and other customers while keeping additional costs to a minimum. The maximum that entrepreneurs and other clients can withdraw from a Bank Shop is R5 000 daily and R25 000 monthly with no fee charges (Standard Bank, 2011).

**ABSA and Barclays Banks’ strategy**

Financial services group ABSA and its parent company, Barclays, are reported to have agreed to implement a new Africa strategy, based in Johannesburg, SA (Lefifi, 2011). AS a long-term strategy (Gradzol et al., 2005), Lefifi further indicated that from mid-2011, the head offices of ABSA Africa and Barclays Africa will be operationally combined and a new regional office will be established in Johannesburg, SA, to deliver the ‘One Bank in Africa’ strategy (Gradzol et al., 2005; Sherman and Rupert, 2006). Matthews Warren, a banking analyst with First Avenue Investment Management, believes this will remove the ‘conflicts’ that the financial groups might have when it comes to operating on the continent (Cronje, 2007). This will also at the same time remove the ‘Flaccid’ that the SARB has by being surpassed in delivering and supporting banking performance excellence to entrepreneurs (Manandhar and Tang, 2002; Wu et al., 2006). It is said that ABSA also envisaged that the geographical and global product structure will provide a platform that will enable them to look for opportunities to serve entrepreneurs and other customers better. But it can be seen that this recent announcement may be a precursor to Barclays increasing its stake to ABSA, especially if they are going to drive their Africa strategy from SA (Gradzol et al., 2005), they definitely would need more management influence in the entire business. That would imply that the shareholding might also change in the future thereby alleviating inflation rate (Chu and Lim, 1998; Thamron, 2009).
However, Errol Kruger, the Registrar of Banks indicated that Barclays had not indicated any intention to increase its stake in ABSA from its current 56%. This paper will now show this assurance indicating what then transpired. On this note, Comfort Duna, the assistant general secretary in charge of the ABSA portfolio at Sasho, a finance union representing about 20 000 ABSA staff members, cleared up this ‘misunderstanding’ ensuring that strategic management on the threat of inflation rate currently affecting entrepreneurship will be kept under control. This announcement came less than a week after FirstRand’s confirmation that it was conducting a due diligence exercise on Nigeria’s Sterling Bank. On the assurance, FirstRand was forced to notify the market after Sterling Bank’s Chief Financial Officer (CFO), Adebimpe Olambiwonnu, told ‘Consumer News and Business Channel’ (CNBC) Africa during an interview on its financial results that discussions with FirstRand were ongoing and ‘quite positive’. FirstRand, which has representative offices in Nigeria, has stated that it would like to enter the Nigerian market through a strategic partnership. It is also reportedly believed that it is considering spending up to $400-million to fund the investment. Sizwe Nxasana, FirstRand’s Chief Executive Officer (CEO), told shareholders at the last annual meeting that the company was also targeting ‘above average domestic growth markets’ other than only entrepreneurs, and countries that were ‘strongly positioned to benefit from trade and investment flows Africa and Asia, particularly China and India’ (Chu and Lim, 1998; Mukherjee et al., 2002; Thamron, 2009). This observation indicates that strategic management by banks other than the central bank on inflation rate currently affecting entrepreneurship will soon be under control (ABSA Bank, 2011); while at the same time central bank remains surpassingly flaccid (Howland and Rowse, 2006).

**Strong warning from the registrar of banks**

What follow are just a few lines of strong warning from the registrar of banks and worth mentioning (Gawlik, 2010). SA’s registrar of banks, Errol Kruger admitted that he allows himself a wry smile when local bank executives congratulated themselves on avoiding the worst of the fallout from the global recession. Despite projecting themselves as models of restraint and responsibility by the central bank, the fact is that if they would have had their way they would have had flaccid that got their international counterparts in this trouble of poor banking performance (Rahman et al., 2004). There was once a warning by the registrar of banks, Kruger that he was ‘worried about the way things were careering down the road at a scary rate of knots’. He indicated that people (entrepreneurs and clients) who did not want credit were being given credit. People who did not know they needed credit were waking up in the morning and finding cheques in the letter boxes - phone this number, bank this cheque and you have got the R20 000 (Pinyo, 2008). To remedy this kind of situation, Kruger met urgently with bank CEO’s and their boards and these were what he literally had to say:

‘If you take 12 o’clock as when things blow up, we were at ten to, unless you close the taps and start toeing the line (The Guardian, 2008).’

He warned that they must not be surprised when he started turning down their applications to the things they needed his approval for in terms of the Banks Act. He indicated that by so doing, he curbed a lot of excesses that would have been in place when the sub-prime crises exploded and tore banks around the world apart which would have been on their balance sheets (Avkiran, 1999; Christian et al., 2008). They are experiencing bad-debt problems now, making inflation rate so uncontrollably out of hand, are a picnic compared with what they might have been, as their banks would have had contaminated balance sheets (Muliaman et al., 2008).

Kruger also warned that anybody who thinks that the SA’s banking wizards were ethically or intellectually above dabbling in the man-oeuvres that landed taxpayers overseas with such crippling bills should think again (Copelovitch and Singer, 2009). He indicated that they (the banks) should think again as they could have ended up with a lot of activity in some of those areas where those highly toxic assets were being traded (Mostafa, 2007).

He also disagreed with the common perception that the banks’ exchange controls would not allowed that state of affairs (Francis and Iyare, 2010). A number of their banks could have been participating in those markets because they have operations offshore and take deposits in those markets and can deploy them however they deemed fit (Ho and Zhu, 2004). They also most certainly could have got involved in the same toxic assets that lured their international counterparts at the expense of the local entrepreneurs (Ivanović and Bojović, 2010). That is the point and fact that they did not have a lot to do with Kruger and his bank supervision team at the Reserve Bank in Pretoria (Gilbert and Wheelock, 2007).

This was the risk management parameters, in large part guided by regulation from the home base that saved them (Murthy et al., 2008). Kruger indicated that they did not sit back as a home country regulator and not participate actively in the supervision of their banks that were hosted in other countries (Maudos et al., 2002; Beccali et al., 2006). He indicated that they had good relationships with other regulators in those jurisdictions yet SA banks still needed their approval for many of the things they wanted to do in those countries (Crone, 2010). The following discussion provides analyses of the paper holistically.
ANALYSES

In this area the paper analyses and then briefly discusses only those main points of articulations already reviewed. In order to fall squarely within the scope of this paper’s introductory, and reviewed. In this way it is hoped that the ipse dixit [or the crux] of the thematic exposition shall have significantly been arrived at.

Business and entrepreneurial management

Business and entrepreneurship according to ordinary course of events will never be able to contribute to achieve better living standards, let alone contribution to gross domestic product (GDP) unless they are assisted by the banking industry around which they exists. This phenomenon in business circles is referred to as corporate social responsibility (CSR). For business and entrepreneurship in SA to manage their financial affairs perhaps even adequately, CSR would then play a cardinal role. In the articulations it saw how these banks indeed accomplish this goal. For example, Standard Bank plans to increase its footprint by partnering with at least 10 000 spaza shop owners by the end of 2011. This should be seen to be a milestone achievement.

Core banking industry and corporate strategy

It has already been indicated that core banking industry includes all such banks within the borders of SA operating in the economic jurisdiction of SARB of which the latter is the control body. Thus, this subsidiary body of banks [core banking industry] operates under the auspices of the SARB. These banks include Standard Bank, Capitech Bank, FNB, ABSA and Nedbank. During the survey, it was, in addition to the afore-mentioned, that these banks are up in arms to financially assist businesses, especially small businesses to avoid a situation where the owners live between hand and mouth. It was also evident that First National Bank (FNB) is poised to open 100 branches of EasyPlan, its low-cost bank, sometimes in mid-2011 and the network should have possibly increased to 150 by the end of 2011. ABSA is said to have rolled out about 56 branches of its version of low-cost banking already, called 1234, which offers transaction, savings, loans and life assurance accounts very affordably to its clients.

Nedbank, on the other hand, although it was indicated that it will take ‘a while to get it right’, is said to restructure its retail banking unit. Standard Bank’s low-cost branches, or bank shops, have introduced a transactional account called mobile banking, which enables entrepreneurs and other clients to use real-time retailer networks as well as cell-phone banking. Leon Barnard, Standard Bank’s head of inclusive banking indicated that the bank was not reacting to Capitec and African Bank. Capitech Bank’s strategy to open their doors even on Sundays for its clients for instance, is such a plausible corporate strategy. Additionally, it was Standard Bank’s partnership with cell-phone giants MTN that made the bank realize it could get into the low end of the market cost effectively. As another strategy, it was seen that Standard Bank is reported to have subsequently bought the MTN Banking business from MTN Mobile Money SA. Additionally, entrepreneurs and other clients can open an account at no cost within 10 min and can purchase goods from these Bank Shops via their cell-phones in less than a minute. The Standard Bank Group reportedly has about 300 000 clients at bank shops and recruiting 40 000 more a month. To secure the entrepreneurs, all the risks of transporting cash are and will continue to be handled by the shop owner, who at present, has already been taken through vigorous screening process before a Standard Bank certified banker to ensure entrepreneurial security (Fraser et al., 2001). Thus, the bank can grow its entrepreneurs and other customers while keeping additional costs to a minimum. The maximum that entrepreneurs and other clients can withdraw from a Bank Shop is R5 000 daily and R25 000 monthly with no fee charges.

Regarding ABSA, its financial services group and its parent company, Barclays, are reported to have agreed to implement a new Africa strategy, based in Johannesburg. As a long-term strategy (Gradzol et al., 2005), Lefifi further indicated that from mid-2011, the head offices of ABSA Africa and Barclays Africa will be operationally combined and a new regional office will be established in Johannesburg, SA, to deliver the ‘One Bank in Africa’ strategy. All these innovative strategies embarked upon are obviously not only meant to ‘purify’ and promote efficiency within the banking industry, but to also curb the inflation rate.

Inflation rate

Inflation rate as was understood as that percentage in access of the normal pricing of goods and services having a tendency of fluctuation from time to time thereby leaving the standards of life of grassroots [people on the ground] economically unpredictable and thus financially stranded and pertupeed, is a world-class conundrum. One would for example take a look at the petrol price hikes in SA and even elsewhere. With this in mind, the registrar of banks saw it expedient to give a signal to the entire banking industry in SA to be mindful about due care to customers and the promotion of entrepreneurship generally, hence his strong-worded warning. It would also
be plausible how the banking industry in SA is painstaking to develop entrepreneurship. Arguably, the span of inflation growth can be cut shamefully short if our banking industry, like anywhere else internationally, can continue to operate as do. Thumps up Mzansi banks, thumps up!

Managerial warning

Term denotes a strong warning by the registrar of banks in an attempt to erode any malpractice by the bank or banks in favour of entrepreneurship discouraging inflation escalations. Here, the strong warning coughed by the registrar of banks is indicative of the manner in which the SARB as opposed to other subsidiary banks operates. Subsidiary banks, also surveyed, include, amongst others, Standard Bank, Capitec Bank, FNB, ABSA and Nedbank. The warning expounds essentially and gives a signal that unless the SARB begins to do what other banks are doing internationally, SA will end up submerged in incurable debts ending up in economic recession like that of 2008. In this regard, one would be tempted to mention that had it not been because of the so-called ‘2010 FIFA World Cup’, SA would have been in financial crises. Just in the absence of this, one would just imagine where SA would be had it not been because of the 2010 FIFA World cup. Besides this, other banks already surveyed, are actually trying their level most excellent to uplift small businesses and entrepreneurship.

Internationally, global entrepreneurship monitor (GEM) prides itself on its reputation for generating applied research of the highest standard. Central to its mission is the determination to deliver impact; GEM is committed to generating entrepreneurial research that makes a sustainable difference to people, organizations and economies. Its researchers work with businesses to develop tools and interventions that deliver tangible commercial benefits and make a lasting contribution to its success. Aston is the second largest provider of knowledge transfer partnerships (KTPs) in the West Midlands, and twelfth largest in the UK. Available online at http://www1.aston.ac.uk/aston-business-school/research/impact/. [Retrieved May 22, 2012].

Practical thought and comment

In the overall, Errol Kruger, contended that competition is good, but sustainability is the name of the game. He further thought that the biggest challenge contributing to inflation is not only the SARB but also all other SA banks is the interest rates. Appropriate interest rates helped SA save the worst of the recession although left a lot of bad debt which is not coming down. Although the growth in bad debt has slowed down, this paper indicated how other SA banks removed dents in the hard core bad debts on entrepreneurial service improvement. Total bad debt removal as a remnant of a recent international recession leaves this research futuristic and more attention needs to be focused on this aspect. If this is done, perspective on the core banking industry performance surpassing flaccid SARB on strategic management upon inflation rate currently affecting entrepreneurship, will take a different turn in banking fraternity and thus, the development of entrepreneurship in SA.

METHODOLOGY

This paper followed both qualitative and a bid of quantitative paradigms. It was qualitative in that it described some economic phenomena within the banking industry where economic expertise was rigorously considered to illuminate the economic conundrum of inflation rate hiking. It was slightly quantitative as it considered economic indices in its numeric insightful calculation of consumer price indexing. This paper essentially concerned itself with what the experts had to say, looked into organized scholastic literature and then also took hint of what the registrar of banks say. The articulations were also given strength by few contemporary insights from the Web sites.

This descriptive paper also rigorously described how the banks, other than the SARB as the central bank, treat entrepreneurs and other clients (Cooper and Schindler, 2008). It further took a look at what these banks do about the SARB’s reported quandary over the inflation rise and compared this with what the international position is. It also discussed the management strategies capable to curb the inflation rise. This paper further provided tangible and descriptive reasoning for this view spearheaded by other banks and then illuminated the ways on how this dilemma can suggestively be curbed. It also fully described and took hint of strong warning by the registrar of banks in an attempt to erode any malpractice by the bank against entrepreneurship thereby discouraging unnecessary inflation escalations (Rose and Hudgins, 2005). This paper finally provided a recommendation which it strongly believed that, if implemented, will undoubtedly help erode these difficulties inclusive of the surpassing flaccid of the SARB (South African Reserve Bank, 2011).

MANAGERIAL IMPLICATIONS AND FINDINGS

There is a vast indication that the banking industry other than the SARB, as reviewed, showed an increase in a concern about the inflation in SA. This paper looked into and described those concerns [possible causes of this predicament against entrepreneurship] and from that came up with the following:

1) Business and entrepreneurship will never be able to contribute to achieve better living standards, moreover contribution to GDP will not be possible unless they are assisted by the banking industry around which they exists.
2) Innovative strategies embarked upon by other banks other than SARB are not only meant to ‘purify’, promote efficiency and develop entrepreneurship within the banking industry, but to also curb the inflation rate.
3) As inflation rate has a tendency of fluctuation from time
4) The warning by the registrar of banks in an attempt to erode any malpractice by the bank against entrepreneurship thereby discouraging inflation escalations should be considered.
5) The paper strongly believes that if these recommendations can be implemented will undoubtedly erode these difficulties inclusively.

Regarding the SARB the following were found:

The SARB appears to have failed to optimally apply and focus on the management strategies to curb the inflation, hence the strong-worded warning by the registrar of banks. But finally, to avoid other banks to put the SARB into shame pertaining to entrepreneurial development, the SARB should follow suit as what the other banks are doing and avoid existing in vacuum.

Conclusion

This paper described how the banks, other than the SARB as the central bank in SA, treat entrepreneurs and other clients (Cooper and Schindler, 2008). It further took a look at what these banks do about the SARB’s reported quandary over the inflation rise. This it did by discussing the management strategies capable to curb the inflation rise. This paper further provided tangible and descriptive reasons for this view spearheaded by other banks and then illuminated the ways on how this dilemma can suggestively be curbed. It also fully described and took hint of strong warning by the registrar of the SA banks, Errol Kruger, in an attempt to erode any malpractice by the SARB against entrepreneurship thereby discouraging unnecessary inflation escalations (Rose and Hudgins, 2005). Finally, it is recommended that SARB should start to look at the inflation seriously by providing the necessary support and amenities to commercial banks so as to make them inculcate the spirit of competitive advantage within the international banking fraternity. This paper strongly believes that, if these recommendations are implemented, will undoubtedly help erode these difficulties inclusive of the surpassing flaccid of the SARB (South African Reserve Bank, 2011). Strategic management on inflation rate currently affecting SARB, crime currently experienced by SA and most specifically joblessness, will to a very large extent reduce.

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