

**MEDIA RELEASE**                      **PSA urges Monetary Policy Committee to consider interest-rate reduction to ease financial constraints for South Africans**

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**EMBARGO**                                None

**ENQUIRIES**                              communication@psa.co.za

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The Public Servants Association (PSA) calls on the Monetary Policy Committee (MPC) to take firm action and consider reducing interest rates in upcoming meetings.

The PSA's appeal is based on recent observations by economists, highlighting the undue financial burden on South Africans, especially public servants, owing to the South African Reserve Bank's (SARB) unnecessary interest-rate hikes. Some economists emphasise that South Africans are bearing the brunt of inflated bond payments and increased debt-servicing costs. The PSA believes that these high interest rates are unjustifiable and detrimental to the financial well-being of citizens. South Africans are facing numerous financial challenges, exacerbated by the economic strain of the COVID-19 pandemic.

The PSA therefore urges the MPC to seriously consider a reduction in interest rates to alleviate the financial pressure on citizens. Recent interest-rate hikes, which were not imperative, resulted in an inequitable financial situation. Lowering interest rates will assist in stabilising the financial security of workers and contribute significantly to the overall economic recovery of South Africa.

Public servants play a crucial role in the functioning of society. It is essential to ensure that they are not unduly burdened by excessive financial costs, especially when such measures are avoidable. The PSA believes that a reduction in interest rates is needed to provide much-needed relief to public servants and all South Africans facing financial strain.

The PSA urges the MPC to consider various matters when making its decision. Economic recovery will be supported as lowering interest rates will encourage spending and investment, stimulating economic growth and aiding the country's recovery from the effects of the COVID-19 pandemic. A reduction in interest rates will provide immediate financial relief to workers and other South Africans, lessening the burden of high debt-servicing costs and making mortgages more affordable. With the current inflation outlook well within the target range, there is ample room for the MPC to consider a reduction in interest rates without risking inflationary pressures. Lower interest rates will also lead to increased business activity, which will promote job creation and stability, benefiting all South Africans.

It is time for the MPC to act in the best interests of the country and its citizens. The PSA trusts that the MPC will consider the Union's appeal and reduce interest rates as it is time to prioritise the financial security and well-being of South Africans.        **END**

