

**MEDIA RELEASE**

PSA urges Reserve Bank to consider interest rate cut to support workers and economic recovery

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**EMBARGO**

None

**ENQUIRIES**

[communication@psa.co.za](mailto:communication@psa.co.za)

The Public Servants Association (PSA), representing thousands of public-sector employees across South Africa, calls on the South African Reserve Bank (SARB) to strongly consider reducing interest rates at the Monetary Policy Committee (MPC) meeting scheduled for 29 January 2026.

The PSA believes that prevailing economic conditions justify an easing of monetary policy to support households, stimulate economic activity, and stabilise the Country's socio-economic outlook. South African workers continue to face rising costs of living driven by high food prices, escalating transport costs, and increased municipal tariffs. Elevated interest rates have compounded this pressure, placing further burdens on already-stressed households servicing home loans, vehicle finance, and personal credit. Reducing interest rates would provide immediate relief to millions of workers, improve disposable income, and help restore financial dignity amongst public servants and workers in all sectors. Sustained high interest rates have dampened consumer spending and contributed to sluggish economic performance. Small businesses, which are essential for absorbing labour and driving inclusive growth, continue to struggle with the high cost of borrowing.

Recent inflation trends have shown a steady moderation within or towards the SARB's target range. With global price pressures stabilising and domestic inflation risks receding, the PSA believes there is sufficient space for the SARB to adjust the repo rate downward without compromising price stability. Lowering interest rates now would align monetary policy with the improving inflation outlook and ensure that the central bank supports, not hinders, the path to broader economic recovery. High debt burdens and reduced household purchasing power continue to erode social stability. The PSA remains extremely concerned about growing levels of financial distress amongst employees, increased debt defaults, and the rise in mental-health challenges linked to economic insecurity. A responsible interest-rate cut would help to alleviate household debt pressure, prevent further erosion of living standards, and strengthen overall social cohesion.

The PSA respects the independence of the SARB but urges the MPC to carefully weigh the human and economic costs of maintaining restrictive monetary policy at a time when relief is possible and necessary. A rate cut would mark a critical, positive step toward restoring financial stability for millions of households.

END