



ECONOMIC COMMENTARY

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*For every one to attain
financial well-being*

SA CANNOT REDISTRIBUTE ITS WAY TO PROSPERITY

The world economy is entering a dangerous new phase. Countries are pulling apart, while companies are growing larger. Payment systems are becoming political. Capital is concentrating in a handful of corporate giants. Governments want more control, investors want more scale, and ordinary citizens increasingly suspect that the system no longer works for them. This is not merely a story about the United States (US), China, or Europe. It is a warning for South Africa (SA).

For decades, the US' financial power rested on more than just the dollar. It rested on the invisible infrastructure of global commerce: Visa, Mastercard, correspondent banks, and payment networks through which money moves. These systems were efficient because everyone used them. They were powerful for the same reason. But, dependence creates vulnerability. Brazil's Pix, India's Unified Payments Interface, China's Cross-Border Interbank Payment System, and Europe's new payment initiatives are all attempts to reduce reliance on US-controlled infrastructure. They are not simply fintech innovations. They are political insurance policies.

The paradox is obvious. The more the US uses financial access as a weapon, the stronger the incentive for other countries to build alternatives. Yet, the more countries retreat into separate systems, the greater the risk that global payments become slower, more expensive, and less compatible. Sovereignty may offer protection, but fragmentation carries a price.

At the same time, the private sector is becoming more concentrated. A handful of technology firms now dominate investment, artificial intelligence, stock-market returns, and, increasingly, even national industrial policy. Their scale is extraordinary. But, so is the risk. When one company can spend more on data centres than some countries spend on infrastructure, it is no longer merely a business. It becomes a systemically important institution. If that company succeeds, markets celebrate. If it fails, the damage may spread far beyond its shareholders.

Europe offers another useful warning: A weak economy can still contain strong companies. SA must, therefore, distinguish between national failure and corporate capability, while fixing the conditions that prevent more firms from becoming globally competitive.

This brings us to the real issue: Productivity and ownership are not the same thing.

A country does not become prosperous merely by redistributing the output of a weak economy more aggressively. SA already relies heavily on taxes, grants, and transfers. These may soften hardship, but they cannot create sustainable prosperity when economic growth is weak, investment is hesitant, infrastructure is failing, and unemployment remains extraordinarily high. We cannot redistribute our way out of a productivity crisis.

The central economic question is not how to divide a stagnant pie more creatively. It is how to produce a much larger pie. That requires reliable electricity, efficient ports and railways, better education, practical skills, competitive markets, secure property rights, and a government that rewards enterprise rather than political access. It also requires a change in mindset. Wealth is not created by policy declarations, ownership targets, or administrative formulas. It is created when people solve problems, produce goods, deliver services, take risks, and use capital more effectively than before.

Digital finance can support this process, but only if it lowers the cost of doing business, expands access to markets, and increases competition. If it becomes another layer of bureaucracy, political control, or corporate gatekeeping, it will entrench the very exclusion it claims to solve. SA should, therefore, pursue resilience without isolation, sovereignty without nationalism, and inclusion through productivity rather than redistribution.

The old global economy worshipped efficiency. The new one worships scale, control, and security. Our task is not to imitate either blindly. A country becomes powerful not when it controls more of a shrinking economy, but when it gives more people the chance to produce, trade, invest, and build. That is the difference between dividing wealth and creating it.

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