



**Event:** Memorandum of Understanding between the NCC and the NLC

Programme Director

Commissioner of the National Lotteries Commission, Ms Jodi Scholtz

Senior Executives present

Distinguished guests

Ladies and gentlemen

Good morning.

*Ndi Matsheloni*

It is a privilege to stand before you today at the signing ceremony of this Memorandum of Understanding (MoU) between our institutions. This event is far more than a signing occasion; it signifies our collective determination to coordinate efforts, strengthen public trust, and, most importantly, elevate our work to protect South Africans from unfair, unlawful, and exploitative practices.

Before I proceed, allow me to extend my appreciation to the NLC for convening the Regulatory Roundtable during the National Indaba in November last year. That engagement provided a vital platform for robust discussions on consumer protection within an increasingly digital and ever-changing environment. We explored the growing risks faced by consumers from online scams and unlawful promotional competitions to deceptive schemes disguised as legitimate opportunities. Those discussions underscored one important truth: regulators cannot work in silos if we are to respond effectively to these challenges.

It was, in many ways, that engagement which became the catalyst for the partnership we formalised today. This Memorandum of Understanding represents a shared commitment between the NCC and the NLC to act collectively in the public interest. We are formalising a pact of cooperation, intelligence sharing, and unified action.

Today's consumer environment is evolving rapidly. The emerging technological changes, trading methods, patterns and methods have brought, and will continue to bring new benefits, opportunities and challenges to the market. South Africans are exposed to increasingly

sophisticated marketing practices, digital promotions, online competitions, and inducements that often blur the line between legitimate promotional activities and unlawful lotteries.

At the NCC, we have seen the rise of fraudulent schemes disguised as stokvels, farming ventures, investment packages, and online trading platforms. These schemes often use social media and digital channels to recruit unsuspecting consumers, leaving many financially harmed. This remains a serious concern.

This MoU recognises that the NLC and NCC share responsibilities for overseeing promotional competitions and related consumer issues. It acknowledges the importance of cooperation between regulators to ensure consistency, harmonised enforcement, and effective consumer protection.

The Consumer Protection Act (CPA) mandates the NCC to promote a fair, accessible, and sustainable marketplace for South Africans.

In this context, section 36 of the CPA deals with promotional competition, which is defined as any competition, game, scheme, arrangement, system, plan or device for distributing prizes by lot or chance if -

- it is conducted in the ordinary course of business for the purpose of promoting a producer, distributor, supplier, or association of any such persons, or the sale of any goods or services; and
- any prize offered exceeds the prescribed threshold irrespective of whether a participant is required to demonstrate any skill or ability before being awarded a prize.

The rules of a promotional competition must be clearly spelt out, with participants only required to pay "...reasonable costs of posting or otherwise transmitting an entry form or device."

In addition, section 43 of the CPA prohibits pyramid and related schemes, spelling out that a person must not directly or indirectly promote, or knowingly join, enter or participate in a multiplication scheme, a pyramid scheme, a chain letter scheme or any other scheme declared by the Minister or cause any other person to do so.

The NCC is therefore required to protect consumers from unfair practices, deception, and exploitation, while promoting responsible conduct among businesses and service providers.

Similarly, the NLC ensures the integrity of lotteries and promotional activities and safeguards participants from harm.

When institutions with complementary mandates unite, the result should be greater impact, stronger enforcement, and better protection for ordinary South Africans.

Ladies and gentlemen, one of the pillars of our strategic focus is building stronger partnerships and coordinated enforcement. The NCC recognises that collaboration with other regulatory bodies is essential if we are to improve outcomes for consumers.

Fraudsters, scammers, and unethical operators exploit the gaps between institutions. They move swiftly across online and digital environments. To counter this, regulators must operate with equal speed, coordination, and shared intelligence.

Over the years, the NCC has intensified its efforts to investigate scams, prohibited conduct, and unlawful schemes that prey on vulnerable consumers. We have dealt with many cases where people were promised unrealistic returns and deceived into losing their hard-earned money. The consequences have been devastating, with pensioners losing their savings, unemployed youth manipulated by false promises of easy income, and families misled through deceptive promotional schemes and misleading advertisements.

This MoU establishes a formal framework for cooperation, information sharing, coordinated interventions, and mutual support between our institutions. It provides a platform for joint responses where our mandates overlap and sends a clear message that public institutions stand united in protecting consumers and preserving the integrity of regulated activities.

Programme Director, the NCC's strategic priorities in the coming years will place strong emphasis on education and awareness. Consumers must understand their rights. Businesses must understand their obligations. And regulators must make information accessible, practical, and relevant. Enforcement alone is not enough.

Through this partnership, we will have greater opportunities for joint awareness campaigns, stakeholder engagements, and consumer education initiatives that empower South Africans to make informed decisions.

As regulators, we must continue adapting to emerging risks. Promotional competitions increasingly occur online. Artificial intelligence, digital advertising, and influencer marketing continue to reshape the consumer landscape, creating both opportunities and vulnerabilities. Consumers can easily be misled by fake competitions or deceptive promotions that spread rapidly through digital platforms. Regulatory agility and collaboration have therefore become more critical than ever.

As I close, let me acknowledge the leadership of both institutions for recognising the importance of this partnership. Institutional cooperation does not happen automatically, it

requires commitment, trust, and the courage to place the public interest above institutional boundaries.

I particularly wish to extend my sincere gratitude to Commissioner Scholtz and her team at the National Lotteries Commission for their openness and commitment to collaboration, as well as to the teams from both institutions who worked tirelessly to finalise this Memorandum of Understanding.

As we sign this agreement today, we must remember that the true measure of success lies not in the ceremony itself, but in its impact:

- In how effectively we protect consumers.
- In how swiftly we respond to unlawful conduct.
- In how well we educate the public.
- And ultimately, in whether South Africans feel safer, more informed, and more confident when participating in the marketplace.

Together, the NCC and NLC can make a meaningful contribution toward protecting consumers, strengthening regulatory integrity, and promoting public confidence in South Africa's economy and system of governance.

Today marks the beginning of a stronger partnership between our institutions, one that translates this agreement into tangible benefits for the people of South Africa.

We are tightening the screws.

Thank you.