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KPMG in South Africa

Regulatory Updates for the week ended 30 April, 2021

FinWatch – A Weekly Newsletter

Find the latest edition of **FinWatch** which provides a gist of all regulatory developments impacting the financial services industry in South Africa.

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Regulatory Developments

Auditing Profession Amendment Act signed

National Treasury published an update stating that the Auditing Profession Amendment Act has been signed. The Act sets down how the investigating committee, disciplinary committee and subcommittees of the Independent Regulatory Board for Auditors (IRBA) are to be constituted. The amendments also seek to empower the investigating committee to authorise an official of the IRBA to enter and search premises or subpoena any person with information required to complete an investigation. [Link](#)

New version of the Insurance Conduct of Business Returns (CBRs) determined on the FSCA website

The Financial Sector Conduct Authority (FSCA) published a communication on its website, FSCA INS Notice 3 of 2021 and FSCA INS Notice 4 of 2021 replacing FSCA INS Notice 10 of 2020 and FSCA INS Notice 11 of 2020. These notices determine the revised form of, and information that must be contained in the CBRs to be submitted to the FSCA by short - and long-term insurers, and the frequency of such submissions. The new version of the CBRs will take effect from 1 May 2021 with the first submission on the new version due on 30 July 2021 for the reporting period April 2021 – June 2021. [Link](#)

The South African Reserve Bank modernises the National Payment System with the DebiCheck project

The South African Reserve Bank (SARB), as part of the modernisation of the National Payment System (NPS), embarked on the Authenticated Collections (AC)/DebiCheck project. This project seeks to address the increasing levels of abuse in the debit order payment system, known commercially as the early debit order (EDO) payment system. From 1 May

2021, all new and renegotiated EDO mandates will be originated in the AC/DebiCheck payment system and not in the current EDO payment system. [Link](#)

Sailing into the wind: evaluating the (near) future of Monetary Policy in South Africa

The working paper published by SARB, evaluates the main challenges faced by South African monetary policy. The paper focuses on the following three main issues: the external environment, the growth potential of the economy and its fiscal balance. [Link](#)

Market Developments

International

A strong and simple prudential framework for non-systemic banks and building societies

This discussion paper published by the Bank of England (BoE) explores options for developing a simpler prudential framework for banks and building societies that are considered by the Prudential Regulation Authority (PRA) to be neither systemically important nor internationally active. The objective of this framework would be to maintain the resilience of those firms and of the UK financial sector while using simplified prudential regulation, thereby enabling a dynamic and diverse banking sector in the UK. [Link](#)

BIS international banking statistics and global liquidity indicators at end-December 2020

The BIS published, locational banking statistics (LBS) for Q4 2020 highlights the following:

- Cross-border claims increased in Q4 2020 by ZAR6171.9 billion, up 6 percent year on year. Dollar claims rose by ZAR5985.8 billion during the quarter, whereas euro- and yen-denominated claims declined.
- Cross-border claims on advanced economies overall grew in Q4, but those on the euro area and Japan contracted. Claims on emerging market and developing economies expanded, but with dispersion across countries.
- Banks' balance sheets expanded noticeably in 2020, with increased credit to the official sector on the assets side and greater deposits from households and non-financial corporates on the liabilities side.
- Foreign currency credit growth, an indicator of global liquidity, held up in 2020. Issuance of debt securities, rather than loans, continued to be the main driver of dollar credit outside the United States. [Link](#)

APRA consults on guidance in support of prudential standard on remuneration

The Australian Prudential Regulation Authority (APRA) has started consultation on draft guidance to assist industry meet the requirements of APRA's updated prudential standard on remuneration. The draft Prudential Practice Guide CPG 511 Remuneration sets out principles and examples of better practice to help banks, insurers and superannuation licensees comply with prudential standard CPS 511 Remuneration, which will be finalised later in 2021. [Link](#)

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