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KPMG in South Africa

Regulatory Updates for the week ended 04 October 2024

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

South Africa

Information regulator hosts iduai symposium focusing on record Keeping and access to information from public bodies

The Information Regulator of South Africa, in collaboration with the Centre for Human Rights, hosted the International Day for Universal Access to Information (IDUAI) Symposium in Pretoria in September 2024. The event emphasized the importance of the right to information, as enshrined in the Promotion of Access to Information Act (PAIA). Concerns were raised about the public sector's lack of compliance in submitting annual reports, which hinders monitoring efforts. The symposium aimed to enhance record-keeping practices and promote transparency and accountability in public bodies.

[Link](#)

The theme for the 2024 SARB Payments Conference is 'Shaping the future of payments for South Africa'

The 2024 SARB Payments Conference, themed "Shaping the future of payments for South Africa," took place on 02 and 03 October. The event focuses on creating a digitalised, modernised, and innovative national payment system in South Africa. It

features discussions on the future of payments, including insights from various global experts on emerging market developments, payment system resilience, and the role of central banks in modernising payment systems. Key sessions included panels on disruptions in the payments landscape, managing financial crime, and addressing climate change impacts. The event aims to foster collaboration and innovation for a safer, more inclusive payment environment. [Link](#)

SA still needs a year to exit greylist, says David Masondo

According to the article, David Masondo, South Africa's Deputy Finance Minister, stated that the country is still approximately a year away from exiting the Financial Action Task Force (FATF) greylist. He emphasized that while progress has been made in addressing the necessary action items, the timeline for exiting remains set for June 2025. This timeline aligns with the deadlines established in the action plan, highlighting the ongoing efforts required to enhance the country's compliance with international financial standards and combat illicit financial activities. [Link](#)

International

APRA publishes the June 2024 edition of the Quarterly Superannuation Product Statistics, Superannuation Industry Publication and Fund-level Statistics

The Australian Prudential Regulation Authority (APRA) has published the Quarterly Superannuation Industry Publication, Quarterly Superannuation Product Statistics and the Quarterly Fund-level Statistics. This report provides comprehensive data on superannuation products offered by various funds, detailing investment menus and options available to members. [Link](#)

APRA revokes International Bank of Australia's restricted banking licence

The Australian Prudential Regulation Authority (APRA) has revoked the restricted banking license of the International Bank of Australia (IBOA) following the bank's request for revocation. At the time of the revocation, IBOA had not launched any products, held no customer accounts, and had zero deposits. The decision was influenced by the new shareholders' assessment that the neobank was unlikely to proceed to a full banking license. This move reflects ongoing adjustments within the banking sector as new entrants evaluate their market strategies and regulatory compliance. [Link](#)

ASIC issues DDO stop order against Northern Territory business over concerns of financial harm to First Nations consumers

The Australian Securities and Investments Commission (ASIC) has issued a stop order against a Northern Territory business due to concerns about potential financial harm to First Nations consumers. This action is part of ASIC's commitment to protecting vulnerable communities from exploitative financial practices. The order prevents the business from offering certain financial products until further review. ASIC emphasizes the importance of ensuring that financial services are appropriate and safe for all consumers, particularly those facing heightened financial risks. [Link](#)

PRA Regulatory Digest - September 2024

The September 2024 Prudential Regulation Authority (PRA) Regulatory Digest highlights significant updates in the UK financial services sector, focusing on new regulatory guidelines and compliance requirements. It emphasizes the importance of robust reporting practices for firms regulated by the PRA. Additionally, the digest outlines recent publications and key regulatory news aimed at enhancing the understanding of prudential standards among industry professionals. This edition serves as a vital resource for staying informed about ongoing regulatory developments. [Link](#)

The end of LIBOR

The Financial Conduct Authority (FCA) announced the official cessation of LIBOR, which has been phased out due to past manipulation and changes in financial markets. The final U.S. dollar LIBOR tenors were discontinued on 30 June 2023, prompting market participants to transition to alternative risk-free rates like SOFR. This transition is crucial for ensuring stability and transparency in financial transactions, as LIBOR was widely used as a benchmark for short-term interest rates. The FCA emphasizes the importance of adapting to these new standards. [Link](#)

ASIC extends relief for employee redundancy funds

The Australian Securities and Investments Commission (ASIC) has announced an extension of relief for operators and promoters of employee redundancy funds, which is currently set to expire on 1 October 2024. This extension involves remaking the ASIC Corporations (Employee Redundancy Funds Relief) Instrument 2015/1150 for an additional five years. The relief aims to assist these funds in complying with licensing requirements under the Corporations Act, allowing them more time to secure an Australian Financial Services (AFS) license and meet other regulatory obligations. [Link](#)

APRA releases Monthly Authorised Deposit-taking Institution Statistics for August 2024

The Australian Prudential Regulation Authority (APRA) has published its Monthly Authorised Deposit-taking Institution Statistics (MADIS) for May 2023. This report provides key insights into the banking activities of individual banks, including data on housing finance and deposit trends. The statistics are compiled from monthly returns submitted by all authorised deposit-taking institutions (ADIs) with significant deposits, offering a comprehensive overview of the banking sector's performance and helping stakeholders assess market conditions and regulatory compliance. [Link](#)

Digital Securities Sandbox opens for applications

The Financial Conduct Authority (FCA) and the Bank of England have launched the Digital Securities Sandbox (DSS), inviting applications from firms. This initiative aims to facilitate the testing of innovative digital securities solutions in a controlled environment, allowing businesses to explore legislative changes in real-world scenarios. The DSS is designed to support the development of new technologies while ensuring regulatory compliance, ultimately enhancing the UK's financial market infrastructure and promoting innovation in digital securities. [Link](#)

Basel Committee reports member jurisdictions making progress in implementing Basel III

The Basel Committee on Banking Supervision reported significant progress among member jurisdictions in implementing the final elements of Basel III as of September 2024. Approximately half of the 27 member jurisdictions have published final rules for revised credit, market, and operational risk standards. Over two-thirds have finalized all Basel III elements, with implementation active in more than a third of jurisdictions. The Committee will continue to monitor the consistent application of these standards, emphasizing their importance for global financial stability. [Link](#)

Market developments

South Africa

South African Banks Show Resilience Amidst Economic Turbulence

According to the article, South African banks are demonstrating resilience amidst ongoing economic turbulence, according to recent analyses. Despite facing challenges such as high interest rates and slow growth, the banking sector has maintained stability, with financial institutions effectively providing services and managing risks. The impaired

loans ratio has only slightly increased, aided by write-offs and loan growth. This resilience is crucial as the country navigates geopolitical challenges and domestic constraints, highlighting the banks' ability to adapt and sustain operations in a volatile environment. [Link](#)

South Africa plans insurance vehicle for infrastructure projects

According to the article, South Africa is launching a credit-guarantee facility to attract private sector investment for its infrastructure plans, aiming to reduce public spending. Deputy Finance Minister David Masondo emphasized managing project risks to encourage private financing. The country needs ZAR1.6 trillion in public investment and ZAR3.2 trillion from the private sector by 2030. The initiative, in collaboration with the International Finance Corporation, will focus on projects like Eskom's grid expansion. However, Goldman Sachs cautioned against excessive public spending cuts that could harm essential services. [Link](#)

Two-pot scramble: Old Mutual sees two years' worth of early withdrawal claims in two weeks

According to the article, Old Mutual has reported an overwhelming surge in early withdrawal claims under the new Two-Pot Retirement System, processing more claims in two weeks than it typically does in two years. This spike follows the system's implementation on 01 September. [Link](#)

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