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## KPMG in South Africa

Regulatory Updates for the week ended 05 July 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

##### 2024 FSCA 3-year Regulation Plan

The Financial Sector Conduct Authority (FSCA) has released its 2024 Regulation Plan, providing direction for regulatory changes from 2024 to 2027. The plan, intending to ensure a robust, internationally-aligned, and appropriate regulatory framework, highlights the completion of four instruments, parliamentary submissions, and public consultation. New additions include a focus on sustainable finance, open finance, AI and machine learning, operational risk and resilience, and cloud computing. It emphasizes maintaining the fair treatment of customers and the integrity of financial markets, responding to emerging technological and business risks, and addressing deficiencies highlighted by international peer reviews. Annexure A contains a detailed regulatory calendar for next 3 years. [Link](#)

##### OSTI and OLTi annual report

The offices of the Short-Term Insurance (OSTI) and Long-Term Insurance (OLTi) Ombudsman published a combined annual report for 2023. The report covers various areas including claims and complaints handling, policy exclusions, due care and

precaution, non-payment of premiums, socio-economic data of complainants and overall customer experiences. The OSTI closed 10,534 formal complaints during the year, with most relating to motor vehicle insurance policies. It recorded a resolved ratio of 16 percent, and the total recovered amount for the customers was around ZAR102.6 million. For the OLTi, written requests for assistance received were 13,750, and full cases finalised were 3,137. The percentage of cases resolved partially or fully in favor of complainants was 26 percent. [Link](#)

#### **Joint Notice 1 of 2024 – Cybersecurity and cyber resilience**

The Financial Sector Conduct Authority (FSCA) and the Prudential Authority (PA) have declared the effective commencement date of Joint Standard 2 of 2024 - Cybersecurity and cyber resilience as 1 June 2025. This joint standard aims to enhance cybersecurity within the financial sector and boost resilience against cyber threats. [Link](#)

#### **Jibar: Code of Conduct – July 2024**

The South African Reserve Bank (SARB) has released elaborate guidelines for the Johannesburg Interbank Average Rate (JIBAR), including its governance, the roles of various entities, and conflict of interest provisions. The document specifies the committee and subcommittee responsible for the rate's governance and oversight, compliance requirements by contributors, processes for resolving disputes, cases of misconduct, and stipulations for managing conflicts of interest. Procedures regarding disputes, misconduct, record keeping, and conflict of interest management for all involved parties are also detailed. [Link](#)

#### **SA banks make changes to EFT payments**

According to the article, South African banks are implementing changes to EFT payments within the Common Monetary Area (CMA). Debit orders from cross-border will stop, and payments to CMA countries will be treated as offshore payments. The modifications aim to enhance security against fraudulent activities and compliance with international anti-money laundering rules. These changes will provide detailed information on transactions, requiring an intensive onboarding process for customers. The adjustments were earlier scheduled for April, but now they will come into effect in September. [Link](#)

#### **FSCA update on approved Crypto Asset Service Providers**

The Financial Sector Conduct Authority (FSCA) of South Africa has licensed 138 Crypto Asset Service Providers (CASPs) as of 30 June 2024, from the 383 applications received. Five applications were declined due to failure in meeting operational and competency requirements. The declined or withdrawn applicants can reapply once compliance with licensing requirements is demonstrated. [Link](#)

#### **Review Of Form 43 Annual Compliance Report Guidelines**

The National Credit Regulator (NCR) has issued a call for comments on the review of the Form 43 Annual Compliance Report Guidelines. The NCR aims to ensure credit bureaus' adherence to prescribed credit reporting standards. Concerns about auditors not providing assurance have been raised, leading to a joint project with the Independent Regulatory Board of Auditors (IRBA) to develop an assurance solution. [Link](#)

### **International**

#### **Strengthen oversight of retirement strategy implementation**

The Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC) have urged superannuation trustees to increase efforts to track and assess their strategies for enhancing retirement outcomes. Despite

signs of progress, a recent review identified significant issues with trustees' application of the Retirement Income Covenant. Trustees are asked to focus more on tracking the success of their retirement-focused strategies, amid challenges like security, cost concerns, and lack of member engagement. [Link](#)

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## Market developments

### South Africa

#### **Investec sets minimum pay at ZAR21,000 a month**

According to the article, Investec has set its employees' minimum pay at ZAR21,000 monthly (ZAR250,000 annually), starting from June 2023. [Link](#)

#### **Bidvest to sell its banking and financial migration businesses**

Bidvest is preparing to sell its banking and financial migration businesses, Bidvest Bank and FinGlobal, as part of a restructure focused on diversification. The sell-off follows the earlier announcement of the disposal of Bidvest Life and is expected to complete by end of 2024. The restructuring will, according to the article, aid capital recycling and business growth, with a focus on vehicle insurance in the financial services division, which will align with the automotive arm. [Link](#)

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