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KPMG in South Africa

Regulatory Updates for the week ended 19 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

Interest rates unchanged

The Reserve Bank's Monetary Policy Committee has decided to maintain the current interest rates despite inflation falling below the upper target for the year. [Link](#)

International

Joint call for information on big tech and digital wallets

The Payment Systems Regulator (PSR) and Financial Conduct Authority (FCA) are seeking feedback on the implications of increased digital wallet use. Digital wallets, such as Apple Pay and Google Pay, become a critical interface between tech firms and UK consumers. The authorities aim to grasp the benefits, potential drawbacks, and potential competition or market integrity issues that digital wallets pose. Digital wallet's role in facilitating account-to-account payments and its impact on payment systems competition is also a concern. [Link](#)

Basel Committee publishes final disclosure framework for banks' cryptoasset exposures

The Basel Committee has finalised its disclosure framework for banks' exposure to cryptoassets, expected to be implemented by 01 January 2026. This includes a set of standardized disclosure regulations, enhancing data accessibility and promoting market discipline. It has also revised its cryptoasset standard, refining the criteria for certain stablecoins to receive preferential regulation. The Committee intends to regularly monitor cryptoasset market developments. [Link](#)

Better banking for indigenous consumers

The Australian Securities and Investments Commission (ASIC) published report on banking for indigenous consumers, which discusses measures taken under the Better Banking for Indigenous Consumers project to alleviate financial hardships faced by indigenous populations and those with low-incomes. It emphasizes the threat of high-fee banking accounts to low-income consumers, particularly indigenous customers. The report shows how participating banks have sought to rectify this by migrating customers to low-fee accounts, reducing fees and increasing accessibility. The report underscores the importance of a simple, convenient process for ACCHS customers to shift to low-fee accounts, and suggests further improvements to better serve these vulnerable communities. [Link](#)

Market developments

South Africa

BankservAfrica looks at satellites to connect banking systems

BankservAfrica is contemplating utilizing satellite connectivity for South Africa's banking and payment network after successfully testing this concept with Avanti Communications and Capitec Bank. The test confirmed the technology is capable of handling necessary financial transactions and provides resilience to issues related to land and undersea connectivity. However, the satellite technology has some drawbacks such as latency and limited bandwidth. Avanti's solution, mimicking Elon Musk's Starlink, offers direct satellite connection to European hubs, reducing dependency on local infrastructure. [Link](#)

Global cyber outage

According to the article, a global cyber disruption has impacted multiple industries, including the financial sector alongside airlines, media, and telecommunication companies. The potential source of the outages was linked to a Microsoft Cloud service issue problems with cybersecurity firm CrowdStrike. The connection between all the reported interruptions, including the financial systems, is still being investigated for clarity. [Link](#)

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