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KPMG in South Africa

Regulatory Updates for the week ended 18 March, 2022

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

Flavour-of-the-year topic communication to insurers

The Prudential Authority (PA) has issued the Flavour of the year communication for insurers and the topic is succession planning. It covers strategically identifying and developing new and possible leaders and key talent who can move into leadership roles when required, and is therefore critical for boards, executives, key individuals/persons responsible for risk management, compliance, and internal audit functions, and other business-critical roles. [Link](#)

Prescription of revised registration, re-registration and annual renewal requirements, in terms of the auditing profession act 26 of 2005

The Independent Regulatory Board for Auditors (IRBA) has published a communication recommending that South Africa addresses the key deficiencies identified during the evaluation by the Financial Action Task Force (FATF). These deficiencies included the lack of criminal verifications in relation to beneficial owners. It has also noted increased cases of non-compliance, and has prescribed revised registrations, and annual renewal requirements.

[Link](#)

Central banks, BIS develop digital currencies platform prototype

The Bank of International Settlements (BIS), along with the Reserve Bank of Australia, Bank Negara Malaysia, the Monetary Authority of Singapore, and the South African Reserve Bank (SARB), has developed a prototype for a common digital currencies platform that will enable efficient cross-border payments. It has been codenamed Project Dunbar, and proves

that financial institutions could transact directly via a common platform thus eliminating transaction costs and time. [Link](#)

International

Warning on illegal crypto ATMs operating in the UK

The Financial Conduct Authority (FCA) has warned that crypto ATMs offering crypto asset exchange services in UK should be shut down or face enforcement action. [Link](#)

ASIC consults on financial services licensing requirements for corporate collective investment vehicles

The Australian Securities and Investments Commission (ASIC) has released a consultation paper requesting feedback on the proposed licensing requirements for corporate collective investment vehicles (CCIVs) which is due to come into effect on 1 July, 2022. The proposals cover how ASIC would assess Australian Financial Services (AFS) license applications from corporate directors seeking to operate CCIVs, assessing AFS license applications from persons seeking to provide financial product advice on and/or deal in CCIV securities, and administering licensee obligations that apply to CCIV corporate directors. [Link](#)

Market developments

South Africa

Life insurers well capitalised despite historic pay-outs of ZAR608 billion in 2021

According to the Association for Savings and Investments in South Africa (ASISA), South African insurers have paid out claims and benefits worth ZAR608.0 billion in 2021. This covers claims against life, disability, critical illness, income protection policies, retirement annuity and endowment policy benefits. [Link](#)

South Africa sees a surge in contactless payments via smart devices

First National Bank (FNB) has witnessed the increased use of contactless payments via smart devices. Compared to payments worth ZAR640.0 million in 2020, its retail clients processed ZAR4.20 billion as tap-to-tap payments in 2021. [Link](#)

TransUnion believes breach of 54 million SA records unrelated to current hack

TransUnion has reportedly been hacked. According to the article, the hackers allegedly gained access to an isolated server holding limited data from the South African business by misusing an authorised client's credentials. [Link](#)

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