FSCA

REGULATORY STRATEGY 2025 - 2028

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1. Foreword by the Commissioner

The journey of the Financial Sector Conduct Authority (FSCA) since its establishment on 1 April 2018 has been one of persistence and progress, even in the face of significant challenges. We transitioned from the Financial Services Board, which had a specific but limited legal mandate, into a dedicated market conduct regulator that introduced new and expanded functions, embraced innovation, and built an organisation fit for purpose. Our work has been driven by a commitment to creating a fair, efficient, and resilient financial system that promotes inclusive and sustainable economic growth.

The 2018–2021 regulatory strategy reached its peak during a period of major disruption, marked by the COVID-19 pandemic and significant leadership changes. In response, the 2021–2025 regulatory strategy was developed as a framework for renewal, recovery, and resilience. It unfolded in the aftermath of these disruptions, requiring a strong focus on adaptability and responsiveness.

The pandemic accelerated technological advancements, changing how financial services are accessed and delivered. Financial institutions had to innovate without compromising their ability to deliver fair outcomes to customers, who found themselves facing increasing levels of economic distress. At the same time, the regulatory environment evolved rapidly, with emerging risks such as those associated with technological advancements, sustainability considerations and South Africa's greylisting by the Financial Action Task Force (FATF), requiring increased attention and action.

Unathi Kamlana

Commissioner

Financial Sector Conduct Authority

Despite the challenges we faced, we remained focused on achieving our strategic objectives. We focused on interventions aimed at improving industry practices to embed fair outcomes for financial customers consistently across the sector. We also strengthened oversight mechanisms and increased our visibility by taking firm and decisive action against misconduct, helping to build trust and confidence in the financial system. To ensure efficiency and integrity in our financial markets, we reviewed and updated our regulatory framework to align with international standards. In line with our mandate to promote financial literacy and consumer education, we rolled out several initiatives to enhance the financial resilience of households and small businesses.

Internally, we prioritised transforming the FSCA into a socially responsible, efficient, and responsive regulator. This transformation included adopting a Digital Transformation Strategy and making significant investments in technological enhancements. One of the most notable developments was the procurement of a supervisory technology (suptech) platform, the Integrated Regulatory Solution (IRS), to streamline and enhance our regulatory and supervisory capabilities. To ensure our operations remain aligned with our strategic objectives, we conducted a review of our Targeted Operating Model (TOM), the outcomes of which will pave the way for greater efficiency and effectiveness in the coming years.

Reflecting on our achievements, we remain mindful of the dynamic and ever-evolving nature of the financial sector. Rapid advances in technology are reshaping how financial products and services are designed, delivered and consumed, bringing both opportunities and challenges. The emergence of financial technology (fintech) providers and expanded artificial intelligence (AI) applications are disrupting traditional ways of doing business, requiring regulators to remain agile and keep pace with these developments to ensure they are harnessed responsibly.

At the same time, customer expectations are shifting significantly. Today's financial customers demand more personalised, transparent and accessible services. These expectations require financial institutions to adapt, while also compelling regulators to prioritise fairness, protection, and inclusivity across industry practices.

Additionally, the sector is continually confronted with emerging risks, including cyber threats, climate change-related impacts, and global economic and political uncertainties. These risks demand a proactive and forward-looking regulatory approach that not only addresses immediate challenges but also anticipates long-term implications for the financial sector and the well-being of its customers.

In the period ahead, the FSCA is committed to building on the successes of its previous strategic cycles while remaining agile and proactive. Recognising the importance of continuity in a dynamic environment, our strategic objectives from the previous period remain relevant and will continue to guide our work over the next three financial years (2025–2028). This will allow us to properly embed existing initiatives, reinforce established priorities and ensure continuity in achieving them.

A major focus will be preparing for the implementation of the Conduct of Financial Institutions (COFI) Bill. This involves developing a regulatory framework that is robust yet streamlined, refining our licensing and supervisory approaches to remain adaptive to industry changes and aligning them with the principles of the COFI Bill. As part of this, we are also preparing to regulate new activities that will fall within our jurisdiction under the COFI Bill. These efforts will further build on the work done to date to ensure more consistent and predictable delivery of desired outcomes for all financial customers across the financial sector.

Another priority is the successful implementation of the IRS, which will significantly improve how we engage with the financial sector. The IRS will streamline regulatory processes, facilitate better data collection and analysis, and enable the FSCA to make informed, timely decisions to strengthen oversight across the financial sector. We are committed to ensuring transparent and ongoing engagement with the sector as the implementation progresses.

We remain committed to promoting responsible innovation and sustainability. Over the next three years, we will refine our approaches to crypto assets and open finance and continue implementing our Sustainable Finance Roadmap, ensuring a more inclusive financial sector that integrates environmental, social, and governance (ESG) principles into its operations and promotes transparency.

As we extend our strategic objectives, we remain committed to empowering financial customers; improving the efficiency and integrity of financial markets; and promoting an inclusive and innovative financial sector. Key to this will be intentional efforts to strengthen collaboration with our key stakeholders and better leverage our internal strengths.

This will include close collaboration with the Prudential Authority (PA) on the transition of prudential regulation and supervision of collective investment schemes (CIS) and retirement funds, ensuring a seamless and well-coordinated process. Similarly, we continue to engage with the Council for Medical Schemes (CMS), National Treasury, and other stakeholders to facilitate the transition of medical schemes regulation and supervision. These transitions will significantly shape the regulatory framework, reinforcing the need for strong partnerships to maintain stability. Through these efforts the FSCA remains committed to fostering a resilient, well-regulated financial sector that supports sustainable growth and protects the interests of all South Africans.

> "Our journey since 1 April 2018 has been one of persistence and progress - transforming from a limited-mandate regulator into a dynamic institution driven by fairness, resilience, and innovation, committed to building a financial system that supports inclusive and sustainable economic growth."

2. Executive summary

The FSCA's Regulatory Strategy for 2025–2028 builds on the progress made in the previous strategic periods. Using the lessons we have learned and the challenges we have overcome, this new strategy looks ahead to meet the changing needs of South Africa's financial sector and its customers. It also considers ongoing efforts to address the recommendations of the 2022 Financial Sector Assessment Program (FSAP), ensuring alignment with international best practices. This work forms part of our broader preparation for the next FSAP and reflects our continued commitment to robust and responsive regulation.

As the financial sector continues to evolve, our strategy focuses on continuity, adaptability, and proactive responsiveness in our regulatory, supervisory and enforcement approaches. Our goal is to achieve meaningful and consistent outcomes for financial customers and maintain trust and integrity in the financial sector.

Over the period ahead, the FSCA will focus on preparing for the implementation of the COFI Bill, which will bring significant changes to how market conduct is regulated in South Africa. Key priorities include transitioning existing conduct-focused financial sector laws in a harmonised and rationalised manner into a holistic conduct regulatory framework under the COFI Bill. As part of this work, we will leverage our suptech investment through the IRS to simplify and modernise our licensing processes, improve our risk-based supervisory approach, and strengthen our oversight capability through enhanced data collection and analysis.

Through our proactive, responsive, and innovative regulatory approaches, we will continue to promote a financial sector that empowers South Africans and contributes to a resilient, inclusive, and sustainable economy. The following five strategic objectives, along with their associated outcomes, remain essential to our strategy:

Strategic Objectives	Intended Outcomes
Improve industry practices to achieve fair outcomes for financial customers.	• Good conduct and Treating Customers Fairly (TCF) principles embedded consistently across the financial sector. • Conduct risks mitigated.
Act against misconduct and support confidence and integrity in the financial sector.	• Trust in the financial sector maintained.
Promote the development of an innovative, inclusive and sustainable financial sector.	• Transformation in the financial sector supported. • Financial inclusion of low-income households and small businesses deepened. • Greater competition and contestability in the financial system enabled. • Sustainable finance and investment in the financial sector fostered.
Empower households and small businesses to be financially resilient.	• Financial customers able to make better and more informed financial decisions.
Accelerate the transformation of the FSCA into a socially responsible, efficient, and responsive conduct regulator.	• Operational excellence embedded across all functions of the FSCA. • FSCA is recognised and trusted by financial institutions, financial customers, financial sector ombuds and other financial sector regulators in South Africa and internationally.

Our approach remains guided by the principles of being pre-emptive and proactive, intensive and intrusive, risk-based and proportional, transparent and consultative, outcomes-focused, comprehensive and consistent, and acting as a credible deterrent.

Collaboration remains integral to our approach. We will deepen engagement on issues impacting financial customers through collaboration with key role players such as financial institutions, policymakers, ombuds, and international bodies to ensure the alignment of our initiatives with the needs of the sector and broader society.

3. Introduction

Section 70 of the Financial Sector Regulation Act, No. 9 of 2017 (FSR Act) requires the FSCA Executive Committee (EXCO) to periodically review, amend, or adopt, and publish a regulatory strategy.

The regulatory strategy is intended to provide general guidance on the fulfilment of the FSCA's objectives and the performance of its regulatory and supervisory functions under the FSR Act. It does so by outlining the FSCA's priorities, focus areas, and intended outcomes for the next three years. The strategy also reinforces the FSCA's commitment to transparency, consultation and accountability thereby strengthening trust among key stakeholders. Additionally, it ensures that the FSCA's operational activities are closely aligned with its mandate, thus promoting clarity and predictability within the financial sector's regulatory environment.

This Regulatory Strategy covers the period from 1 April 2025 to 31 March 2028 and is designed to align with the medium-term priorities of South Africa's Government of National Unity (GNU) and to ensure that our work contributes meaningfully to inclusive economic growth, poverty reduction, and the development of a capable, ethical, and developmental state. Through our work on financial inclusion, consumer protection and empowerment, and institutional strengthening, we strive to support national efforts aimed at promoting economic resilience, sustainable and inclusive growth, and improved financial well-being for all South Africans.

To translate this strategy into concrete actions, the FSCA's Strategic Plan (2025–2030) provides a structured framework that ensures cohesion between the FSCA's long-term objectives and the activities required to achieve them. The strategy will further be operationalised through annual performance plans and other operational plans, such as the FSCA's rolling Three-year Regulation Plan, published annually. This will ensure that the FSCA's strategic activities are monitored in a transparent manner through clear performance indicators and are adapted when necessary to respond to an evolving financial sector landscape.

4. Who we are

The FSCA is the market conduct regulator of financial institutions in South Africa, established under the FSR Act which introduced the twin peaks model of financial sector regulation.

4.1. Our objectives and what we strive for[1]

The FSCA was established to:

- enhance and support the efficiency and integrity of financial markets;
- protect financial customers by:
  - promoting their fair treatment by financial institutions; and
  - providing financial customers and potential financial customers with financial education programs, and otherwise promoting financial literacy and the ability of financial customers and potential financial customers to make sound financial decisions; and
- assist in maintaining financial stability.

We must fulfill our objectives through the following:

- Regulating and supervising the conduct of financial institutions in accordance with financial sector laws.
- Cooperating with, and assisting, the South African Reserve Bank (SARB), the Financial Stability Oversight Committee, the PA, the National Credit Regulator (NCR), and the Financial Intelligence Centre (FIC), as required in terms of the FSR Act.
- Cooperating with the CMS in the handling of matters of mutual interest.
- Promoting, to the extent consistent with achieving our objectives, sustainable competition in the provision of financial products and financial services, including through cooperating and collaborating with the Competition Commission.
- Promoting financial inclusion.
- Reviewing the perimeter and scope of financial sector regulation and taking steps to mitigate risks identified to the achievement of our objectives or the effective performance of our functions.
- Conducting and publishing research relevant to our objectives.
- Monitoring the extent to which the financial system is delivering fair outcomes for financial customers, with a focus on the fairness and appropriateness of financial products and financial services and the extent to which they meet the needs and reasonable expectations of financial customers.
- Formulating and implementing strategies and programs for financial education for the general public.

[1]Per sections 56, 57 and 58 of the FSR Act.

4.2. Our vision, mission and values are as follows:

Our vision

To foster a fair, efficient and resilient financial system that supports inclusive and sustainable economic growth in South Africa.

Our mission

The FSCA's mission is to promote an inclusive, customer-centric, and competitive financial sector wherein:

- Financial customers have access to innovative and appropriate products and services and are empowered to make financially capable and informed decisions;
- Financial markets function fairly, effectively, and efficiently; and
- Proactive and responsive regulation, supervision, and enforcement results in accountable financial institutions.

Our values

- **Agility:** We respond promptly, innovatively and smartly to changing needs and circumstances.
- **Collaboration:** We work together in a spirit of consultation, cooperation, mutual respect and trust.
- **Sustainability:** We meet the needs of the present without compromising the ability of future generations to meet their own needs by adopting socially responsible practices.
- **Integrity and accountability:** We are transparent, honest, fair and consistent in our actions and decisions.
- **Excellence:** We set high standards for ourselves and strive to perform our functions with professionalism.

Our scope of responsibility in complaint handling

The FSCA's primary role is to promote the fair treatment of financial customers and maintain the integrity of financial markets in South Africa. However, the FSCA is not mandated to resolve individual complaints or disputes between consumers and financial institutions. Our focus is on regulating financial institutions at a systemic level, setting conduct standards, and enforcing compliance with the market conduct and integrity regulatory framework.

Consumer complaints fall within the jurisdiction of financial ombud services or other designated dispute resolution bodies, which were specifically established to address and resolve individual grievances. These entities provide consumers with an avenue to seek redress, ensuring that financial disputes are handled fairly and effectively.

The FSCA relies on a combination of sources to identify and monitor consumer risks, including ombud reports, as well as conduct of business returns and social media scanning.

4.3. Who we regulate[2]

We regulate the conduct of financial institutions, including:

31	Banks
145	Insurers
117	Section 13B Administrators
256	Crypto Assets Service Providers
12	Micro-insurers
197	Friendly Societies
5	Cooperative Banks
20	Cooperative Financial Institutions
12 368	Financial Services Providers
2	Central Security Depositories
4	Exchanges
2	Associated Clearing Houses
42	Over-the-Counter Derivative Providers
4 766	Retirement Funds
5	Credit Rating Agencies
2	CISs in Participation Bonds
3	CISs in Property
13	CISs in Hedge Funds
45	CISs in Securities
161	Foreign CISs

[2]The number of regulated entities is as of 31 January 2025. Please note that there may be double counting in the number of entities, as a single entity can hold multiple licences.

The FSCA will expand its regulatory jurisdiction to include certain financial services envisaged under the FSR Act, such as payment services, debt collection services, and services related to the provision of credit, once the relevant licensing provisions take effect. These provisions are expected to be implemented through the COFI Bill framework.[3] However, given the uncertainty around the timing of finalisation of the COFI Bill, the FSCA has initiated the development of an incremental roadmap to outline how, and which activities will be brought under its regulatory purview in the interim, with indicative timelines for their inclusion. This process involves close collaboration and consultation with other impacted regulators and stakeholders to ensure proper coordination and alignment.

As this framework evolves, the FSCA will provide further clarity on the extent of its oversight and the specific additional financial services it intends to regulate. Additionally, work will continue to clearly delineate roles and responsibilities among regulators with potentially overlapping mandates to ensure streamlined engagement processes, minimise regulatory duplication and ease compliance burdens on financial institutions.

In line with the FSR Act's transitional arrangements, the prudential regulation and supervision functions for retirement funds, collective investment schemes, and friendly societies will move to the PA. This transition is set to take effect by 31 March 2026, with medical schemes following by 31 March 2027. To facilitate this process, the FSCA and PA have established a joint working group that will develop detailed roadmaps outlining the steps for an orderly transition. These roadmaps will consider the transfer of prudentially-focused frameworks currently under FSCA regulations and supervision to the PA, the conversion of certain frameworks into Joint Standards, and the potential development of new prudential frameworks by the PA.

The FSCA will collaborate closely with the PA to ensure a seamless transfer of data, human resources, and institutional knowledge. While the PA takes on prudential regulatory functions, the FSCA will continue to fulfil its mandate for conduct regulation.

[3]The COFI Bill proposes a new licensing schedule for all persons that are regulated by the FSCA and will be licensed by the FSCA in future. The licensing categories are in line with the FSR Act but may be subject to change with the finalisation of the COFI Bill and other policy developments. This will take account of other legislation where applicable – e.g. legislation regulating debt collectors and credit providers such as the National Credit Act, Debt Collectors Act, Superior Court Act, Magistrates' Courts Act, Courts of Law Amendment Act and the rules of court.

4.4. Our leadership

Unathi Kamlana
Commissioner

Astrid Ludin
Deputy Commissioner

Farzana Badat
Deputy Commissioner

Katherine Gibson
Deputy Commissioner

The FSCA's EXCO comprises the Commissioner and three Deputy Commissioners appointed by the Minister of Finance. [4] The EXCO is responsible for overseeing the management and administration of the FSCA to ensure that it is efficient and effective. This includes providing day-to-day strategic and operational oversight of the FSCA.

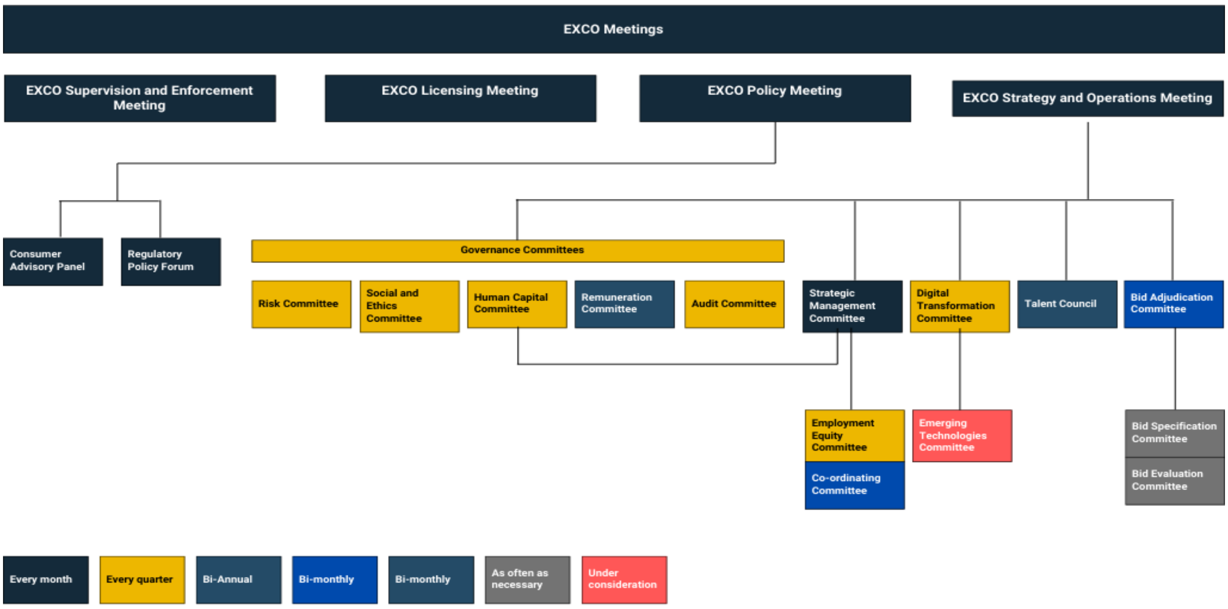
The EXCO is also required to act for the FSCA in the following matters:

- Authorising the Commissioner to sign on behalf of the FSCA, memorandum of understanding (MOU) and any amendments to such a memorandum;
- Delegating powers of the FSCA to the PA in terms of a MOU;
- Adopting the regulatory strategy of the FSCA, and any amendments to the strategy;
- Adopting the administrative action procedures of the FSCA, and any amendments to these procedures;
- Appointing members of subcommittees of the FSCA as required or permitted by law, and giving directions regarding the conduct of the work of any subcommittee;
- Making conduct standards, joint standards and other regulatory instruments in terms of financial sector laws for which the FSCA is the responsible authority;
- Granting, varying, suspending and revoking licences in terms of a financial sector law;
- Making determinations of fees in terms of financial sector laws; and
- Any other matter assigned to it in terms of a financial sector law.

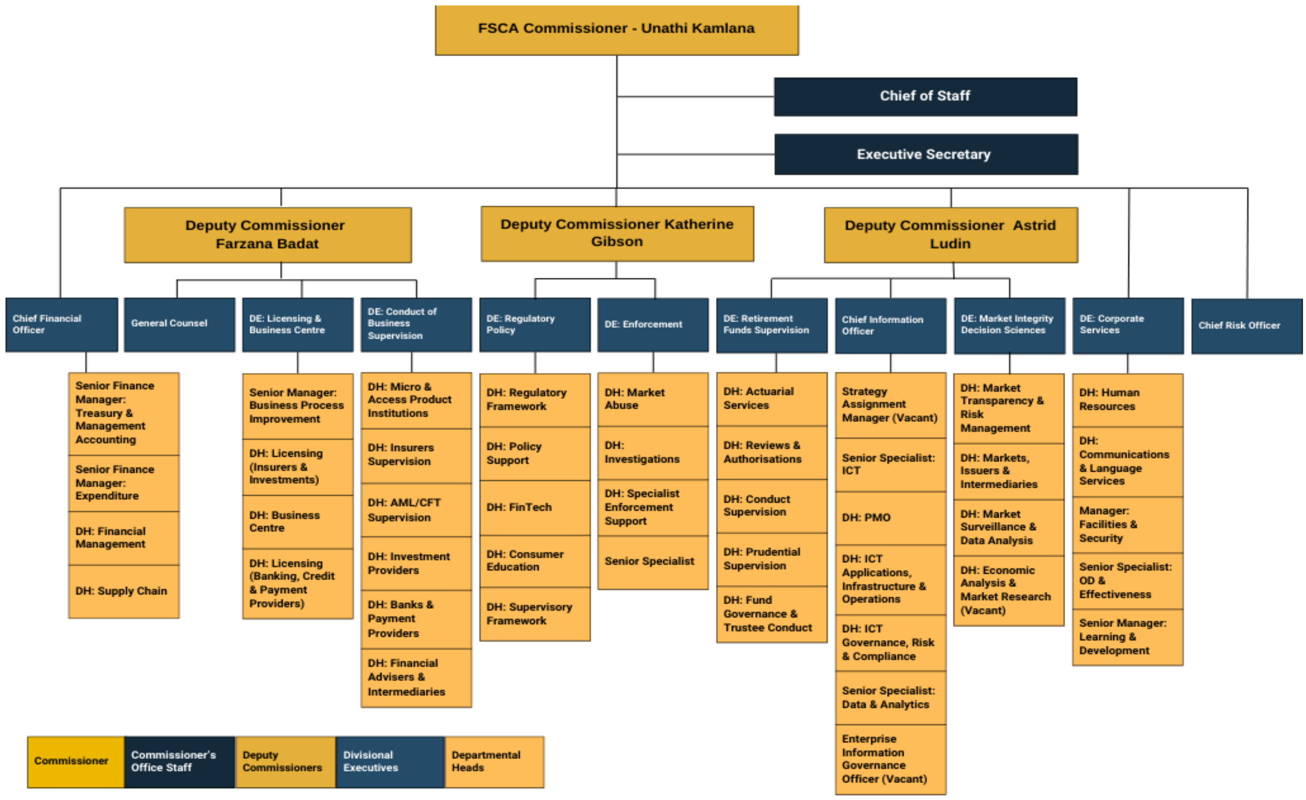
[4] See Sections 60, 61 and 62 of the FSR Act.

4.5. Our governance structure

The EXCO is supported by the FSCA's management team (who engage with the EXCO through several internal subcommittees), as well as external governance subcommittees made up of independent members, as depicted below. These external governance subcommittees include the Remuneration Subcommittee and the Risk Subcommittee, both established by the Director-General of National Treasury, and the Audit Subcommittee, Human Capital Subcommittee and Social and Ethics Subcommittee established by the EXCO. The EXCO also obtains consumer-related insights into the FSCA's work programme through the Consumer Advisory Panel, made up primarily of external experts who are experienced in financial consumer advocacy issues.



4.6. Our organisational structure[5]



[5]The organisational design may change as a result of the FSCA's review of its targeted operating model.

DIVISIONAL EXECUTIVE:
FELICITY MABASO

Licensing and Business Centre Division

The division consists of three departments, each with distinct functions. The Licensing Department is responsible for processing applications from financial institutions and individuals in accordance with the financial sector laws under the FSCA's jurisdiction. The Business Centre serves as the primary point of entry for external stakeholder interactions, handling queries, complaints, statutory submissions, and various applications for financial services activities. Additionally, it functions as the FSCA's information hub, maintaining a central repository of regulated persons' information. The Business Process Improvement Department focuses on analysing and optimising business processes to enhance operational efficiency and effectiveness.

DIVISIONAL EXECUTIVE:
VACANT (under care of Deputy Commissioner Astrid Ludin)

Retirement Fund Supervision Division

The division oversees the conduct and prudential regulation of retirement funds. It also comprises departments responsible for retirement fund reviews and authorisations, and for fund governance and trustee conduct.

DIVISIONAL EXECUTIVE:
GERHARD VAN DEVENTER

Enforcement Division

The division is responsible for the investigation and enforcement of instances of material misconduct or dishonesty. As such, the division consists of forensic lawyers, accountants, and other professionals, organised into investigation teams. These teams are supported by a Specialised Enforcement Support Unit, which consists of forensic analysts.

DIVISIONAL EXECUTIVE:
VACANT (under care of Deputy Commissioner Farzana Badat)

Conduct of Business Supervision Division

The division is responsible for supervising the conduct of specified financial institutions through the following six departments: Banks and Payment Providers; Insurers; Micro and Access Product Institutions; Financial Advisors and Intermediaries; Investment Providers. The division is also responsible for supervision relating to anti-money laundering and combatting the financing of terrorism (AML/CFT).

DIVISIONAL EXECUTIVE:
KEDIBONE DIKOKWE

Market Integrity Supervision and Decision Sciences Division

The division is responsible for capital markets supervision and certain research through four departments, namely Market Risk and Transparency (responsible for post-trade market infrastructures, credit rating agencies and benchmarks); Markets, Issuers and Intermediaries (responsible for exchanges and OTC markets), Market Surveillance and Data Analysis, Market Research and Data Analysis (which includes mystery shopping and consumer surveys).

DIVISIONAL EXECUTIVE:
VACANT (under care of Deputy Commissioner Katherine Gibson)

Regulatory Policy Division

The division comprises five departments: Regulatory Frameworks; Fintech; Consumer Education; Policy Support; and Supervisory Frameworks departments.

DIVISIONAL EXECUTIVE:
PAUL KEKANA

Chief Financial Officer

The CFO's office incorporates Treasury and Management Accounting; Financial Management; Supply Chain; and Expenditure.

DIVISIONAL EXECUTIVE:
JABULANE HLALETHOA

Corporate Services Division

This division incorporates Human Resources; Communication and Language Services; and Facilities and Security. It is also responsible for Organisational Design and Effectiveness.

DIVISIONAL EXECUTIVE:
PHOKENG MOGASE

Chief Information Officer

The CIO is responsible for ICT Governance, Risk and Compliance; ICT Applications, Infrastructure and Operations; Project Management Office; Enterprise Information Governance; Data Analytics; and ICT Security.

DIVISIONAL EXECUTIVE:
RAMI MPETE

Chief Risk Officer

The CRO’s office provides second-line assurance on risk management, compliance, business continuity, and corporate governance to FSCA management and governance structures. It also reports on performance against strategic objectives to the National Treasury and oversees the FSCA’s secretariat, internal audit, combined assurance, and business insurance functions.

DIVISIONAL EXECUTIVE:
STEFANUS ROSSOUW

General Counsel

The Office of General Counsel plays a critical advisory role within the FSCA, with its primary responsibility being to mitigate legal risks across all aspects of the organisation’s operations. It provides legal support, including managing litigation processes, overseeing legislative development and compliance, offering legal advice and guidance to various departments, and ensuring the FSCA’s adherence to regulatory requirements.

5. Our commitment to cooperation, coordination and collaboration

Working closely with other regulatory agencies and relevant bodies, locally and internationally, is integral to ensuring the effective execution of our mandate.

The FSCA's approach to cooperation, coordination and collaboration is primarily guided by the FSR Act, which requires the FSCA to work closely with other key financial sector regulators to ensure effective and efficient oversight of the financial sector. This includes ensuring alignment, minimising duplication, and reducing the regulatory burden of reporting and oversight on regulated entities.

In line with the Twin Peaks model of financial regulation, the FSCA collaborates extensively with the PA, its regulatory "twin", to ensure seamless oversight of financial institutions. While the FSCA focuses on market conduct and consumer protection, coordinated efforts with the PA ensure that prudential and market conduct risks are addressed holistically. This collaboration includes joint supervisory reviews, cross-training initiatives, the development of joint standards and the sharing of regulatory insights to enhance oversight practices, particularly in light of the increasingly interconnected nature of the financial system.

Additionally, the FSCA engages closely with the SARB as part of its mandate to assist in maintaining financial stability. This collaboration is intended to facilitate a more integrated and robust approach to identifying and addressing potentially systemic risks that could disrupt the financial sector.

An important part of acting against misconduct and strengthening trust in the financial system entails close cooperation between the FSCA's enforcement team and various law enforcement agencies, including the South African Police Service (SAPS), the National Prosecuting Authority (NPA), and its Asset Forfeiture Unit. This includes supporting and assisting these authorities with investigations, providing litigation support, and facilitating multi-stakeholder dialogue through initiatives such as our Financial Crime Symposium, hosted in partnership with the North-West University. This level of inter-agency cooperation, which also includes active engagement with the FIC, is a key contributor to South Africa's national efforts to combat money laundering and terrorist financing risks.

The FSCA also collaborates with various stakeholders on financial education issues through active participation in key forums such as the National Consumer Financial Education Committee (NCFEC) and the Consumer Protection Forum. These platforms facilitate open dialogue and engagement between the FSCA, industry associations, and other role players, enabling the sharing of best practices and the development of collective strategies to enhance consumer financial education and protection

On international level, the FSCA has entered into MoUs with several foreign regulators to facilitate information sharing, collaboration on investigations and enforcement actions, and alignment of regulatory practices. These agreements enable the FSCA to respond effectively to cross-border regulatory challenges and ensure consistency in oversight. Additionally, the FSCA is well-represented at international standard-setting bodies such as the International Association of Insurance Supervisors (IAIS), the International Organisation of Securities Commissions (IOSCO), the International Organisation of Pension Supervisors (IOPS), the FATF and the Financial Consumer Protection Network (FinCoNet) ensuring that its regulatory approach aligns with emerging and leading global practices.

At a regional level, the FSCA actively participates in the Committee of Insurance, Securities, and Non-banking Financial Authorities (CISNA), contributing to regulatory harmonisation and enhanced supervision across southern Africa.

These international and regional engagements position the FSCA to effectively contribute to global financial sector developments. In this context, the FSCA will support the National Treasury and the SARB during South Africa's G20 presidency in 2025, particularly with engagements on key financial sector issues, the G20 Finance Track and the Global Partnership for Financial Inclusion (GPFI).

South Africa's G20 Presidency

This strategy is adopted during a crucial year (2025) for South Africa. The country assumes the presidency of the G20, which presents a significant opportunity to shape global financial policy discussions. Of particular relevance to the FSCA is the G20 Finance Track, including the work of the GPFI. Under South Africa's G20 presidency, the Financial Sector Issues Work Programme will assess risks and vulnerabilities in the financial system, focusing on non-bank financial intermediation, cybersecurity and cyber resilience, cross-border payments, crypto assets, exponential technologies, and AI.

Additionally, it will review the implementation of the Financial Stability Board recommendations to ensure continued alignment with global regulatory standards. The GPFI will continue to advance critical financial inclusion priorities, with a focus on remittances and the transition from access to the usage of financial services.

The FSCA will provide input into South Africa's contributions, supporting National Treasury and the SARB as they lead the country's engagement in the G20 Finance Track. The support will include offering technical insights and regulatory perspectives to inform South Africa's participation in key discussions.

How the FSCA supports the Government of National Unity Medium-Term Plan

The FSCA plays a crucial role in supporting South Africa's broader national priorities by promoting a financial sector that enables inclusive growth, helps address the high cost of living, and upholds strong and ethical governance:

- **Driving inclusive growth and job creation:** To drive inclusive growth and job creation, the FSCA will continue to focus on creating an enabling regulatory environment that promotes innovation, while maintaining robust consumer protection. We will implement proportional regulation and streamlined licensing processes to reduce barriers to entry, particularly for new and smaller market entrants that can create employment opportunities in the digital economy. Working in support of the Competition Commission, we will monitor market dynamics to encourage fair competition and inclusivity. Our approach encompasses advancing sustainable finance through the implementation of our Sustainable Finance Roadmap, enabling green finance initiatives, and developing frameworks for sustainable investment products. Additionally, we will partner with key public and private sector stakeholders to promote skills development and employment opportunities in the financial sector, with a particular focus on women's and youth participation and work-integrated learning programs, ultimately contributing to a more inclusive and financial services industry that supports South Africa's economic growth objectives.

- **Reducing poverty and tackling the high cost of living:** To support national efforts in reducing poverty and addressing cost-of-living challenges, the FSCA will enhance its regulatory framework to promote financial inclusion and market efficiency. Our approach centres on promoting an environment where financial institutions can innovate and develop accessible, value-driven products that meet diverse customer needs. Through collaborative engagement with the sector, we will work to optimise the efficiency of financial services delivery, particularly in essential services like banking, insurance, and payments. Our market conduct framework will continue to emphasise positive consumer outcomes, including for vulnerable and previously underserved segments, while supporting sustainable business practices. Through our supervisory engagements, we will drive senior leadership accountability across the sector to ensure that the needs of these segments are actively considered in their strategic approaches to embedding a customer-centric culture within financial institutions. Through our consumer education mandate, we will partner with financial institutions to strengthen financial literacy and capability, empowering South Africans to make more informed financial decisions that build long-term resilience. Working constructively with industry stakeholders and other regulatory agencies, we will promote innovation and digital transformation that can enhance service delivery while improving accessibility and affordability. This balanced approach aims to achieve positive outcomes for both consumers and financial institutions while contributing to broader national development goals.

- **Building a capable, ethical, and developmental state:** To advance the priority of building a capable, ethical and developmental state, the FSCA will strengthen its governance frameworks and enhance transparency across all regulatory processes. This will be achieved through several key initiatives: implementing enhanced stakeholder consultation mechanisms that ensure meaningful participation in regulatory development; establishing clear service level commitments for licensing and other regulatory decisions; publishing detailed regulatory guidance that provides certainty and clarity to the sector; and maintaining open channels of communication with all market participants. We will further strengthen our accountability through regular public reporting on our core activities and intended outcomes. Our decision-making processes will be supported by robust impact assessments and evidence-based policymaking, ensuring that regulatory interventions are both necessary and proportionate. Through the implementation of the IRS, we will digitalise and streamline our processes, making regulatory compliance more efficient and transparent. These measures will be complemented by continued investment in our human capital and technological capabilities, ensuring we maintain the highest standards of competence, excellence and integrity while supporting the development of a thriving and inclusive financial sector.

6. Progress in achieving the outcomes of our 2021–2025 Regulatory Strategy

During the 2021–2025 Regulatory Strategy period, the FSCA made significant progress in establishing itself as a respected market conduct regulator of the financial sector, with an expanded mandate and an outcomes-focused approach to regulation and supervision. This period saw the establishment of the FSCA's first permanent leadership structure in the form of the EXCO and was characterised by efforts to reinforce organisational stability, embed a coherent and cohesive functional structure, refine regulatory, supervisory and enforcement approaches and deepen internal capabilities to align with the FSCA's longer-term vision and objectives.

Over 80% of the targets set out in our Annual Rolling Regulation Plans were successfully met, reflecting a strong commitment to strategic priorities. Significant progress was also made in transitioning and harmonising regulatory frameworks in preparation for the implementation of the COFI Bill. This work ensured that the regulatory framework remained relevant, forward-looking, and outcomes based.

As part of the enhanced supervisory approach, thematic reviews were conducted to strengthen oversight of financial institutions and assess key market conduct issues. Among the areas reviewed were bank account terminations, where the fairness of account closure practices and their implications for financial inclusion were assessed. Thematic reviews also examined insurance broker fees to ensure that remuneration structures were fair and did not place unnecessary financial strain on consumers. Similarly, consumer credit insurance was reviewed to determine its transparency, fairness and effectiveness in addressing consumer needs.

The enforcement approach was also reinforced, with regulatory interventions increasing over the reporting periods. Two FSCA Regulatory Actions Reports were published, providing transparency on enforcement trends, penalties imposed, and compliance actions taken. To drive compliance awareness, enforcement roadshows were conducted throughout the country. The roadshows directly engaged stakeholders on issues covered in the Regulatory Actions Reports, ensuring a clearer understanding of compliance expectations and regulatory obligations.

FSCA Regulatory Actions Report

The FSCA initiated the publication of the FSCA Regulatory Actions Report in 2023 as part of its commitment to transparency, openness, and accountability—principles that are fundamental to its enforcement approach. These reports highlight key enforcement trends, penalties imposed, and compliance actions taken over a financial year. To date, two reports have been published, covering 1 April 2022–31 March 2023 and 1 April 2023–31 March 2024.

The 2023/24 report reflects a significant increase in regulatory actions, with R943 million in administrative penalties imposed on 31 entities, compared to R153.8 million in 2022/23, where 44 entities were penalised. Notable cases in 2023/24 included R475 million imposed on Markus Jooste and R216 million on Coenraad Botha for market abuse. Additionally, the FSCA issued 104 public warnings, more than double the 47 warnings issued in 2022/23, reinforcing its focus on curbing fraudulent financial activities.

The FSCA also took strong action against non-compliant financial services providers, suspending 1 061 FSP licences in 2023/24, an increase from 984 in 2022/23. However, licence withdrawals declined significantly, from 420 in 2022/23 to 75 in 2023/24, reflecting a greater emphasis on remedial enforcement rather than outright revocation. The number of debarments dropped from 210 to 156, while market conduct investigations remained steady with 483 new cases opened in 2023/24, compared to 481 in the prior year. The FSCA further intensified its enforcement efforts by referring 21 cases to SAPS and 12 cases to law enforcement agencies for potential prosecution.

The FSCA also played a crucial role in supporting South Africa's efforts, led by National Treasury, to exit the FATF grey list. This included enhancing supervisory resources and capacity, which led to an increase in financial institution inspections and the imposition of strict penalties on entities for non-compliance with the AML/CFT regulatory framework.

To encourage innovation, the FSCA actively participated in the Intergovernmental Fintech Working Group (IFWG) and its regulatory sandbox, collaborating with other regulators to test and assess the regulatory implications of emerging financial technologies within a controlled environment. As a result of the extensive work done by IFWG, the FSCA declared crypto assets a financial product in 2022 under the Financial Advisory and Intermediary Services (FAIS) Act. This milestone brought greater certainty to the sector, ensuring that crypto asset-related financial services operate within a well-regulated environment. Following this declaration, more than 250 crypto asset service providers (CASPs) were successfully licensed. These entities are now subject to robust regulatory oversight, requiring them to adhere to fit-and-proper requirements, implement robust risk management protocols, and comply with disclosure obligations.

Recognising the need for evidence-based decision-making, the FSCA conducted research across various areas, leading to the publication of several studies, including the South African Retail Financial Customer Behaviour and Sentiment Study. This study provided key insights into consumer confidence, financial decision-making, and trust in financial institutions, helping the FSCA better understand the challenges financial customers face. Additionally, the Consumer Advisory Panel was established as a platform for ongoing engagement with consumers, ensuring that their perspectives inform the FSCA's policy development, regulatory decisions, and regulatory framework reforms.

To strengthen its commitment to financial education, the FSCA hosted the inaugural Financial Education Summit, bringing together leaders and decision-makers from the financial sector to explore collaborative strategies and innovative approaches to improving financial literacy. A key outcome of this engagement was the development of a draft Financial Education Charter, designed to establish a unified framework for financial education initiatives across the sector. The Charter aims to promote a coordinated and structured approach so that industry efforts are aligned for maximum impact and will be finalised through formal commitments and endorsements from industry leaders. Further advancing consumer education, the FSCA developed the Conduct Standard for Consumer Education to ensure that financial institutions implement consumer education initiatives that are meaningful, measurable, and effective.

On the retirement fund front, the FSCA played a pivotal role in implementing the Two-Pot Retirement System, introduced in September 2024, marking a major shift in retirement fund regulation. A key focus was on processing rule amendments to ensure that retirement funds complied with the new framework and restructured benefits accordingly. To facilitate a smooth transition, the FSCA issued regulatory guidance, worked closely with fund administrators to expedite the approval of rule amendments, and provided technical support to address compliance complexities. Industry workshops and stakeholder engagements were conducted to equip fund administrators and financial advisors with the necessary knowledge for effective implementation. Additionally, consumer awareness initiatives were intensified to help fund members understand the implications of the new system and make informed financial decisions.

Efforts to address pension fund arrears contributions were also intensified, as concerns still persist in this area. The FSCA published the lists of non-compliant employers, which increased public scrutiny and pressure on those who fail to meet their obligations. Following the publication of these names, some employers took steps to clear their arrears, while others entered into settlement arrangements with pension funds, lodged complaints with the Pension Fund Adjudicator, or initiated legal proceedings, including obtaining court orders and filing criminal cases with SAPS.

In line with efforts to promote financial market integrity and efficiency, the FSCA enhanced financial market oversight through a series of supervisory inspections and regulatory reviews. Several targeted post-licensing reviews and onsite inspections were conducted, focusing on market infrastructures and over-the-counter (OTC) derivative providers (ODPs) to assess compliance and ensure adherence to market conduct standards. Furthermore, financial market regulatory frameworks were reviewed and refined to align with global best practices, reinforcing South Africa's commitment to international standards. A key development during this period was the introduction of a licensing framework for Trade Repositories (TRs) and Central Counter-Parties (CCPs), which was followed by the successful licensing of a Trade Repository to collect OTC derivative trades in accordance with G20 commitments and international best practices.

An overview of key FSCA achievements against its previous 2021–2025 strategic objectives is set out below:

Strategic Objective 1: Improve industry practices to achieve fair outcomes for financial customers

Intended outcomes	Achievements
• Good conduct and Treating Customers Fairly (TCF) principles embedded consistently across the financial sector. • Conduct risks mitigated. To achieve this, the FSCA committed to: • Developing clear and coherent conduct standards applicable across the financial sector. • Collaborating with the PA to develop a cross-cutting regulatory framework for culture and governance. • Increasing awareness of conduct requirements and expectations for embedding good conduct through a risk-based supervisory approach. • Measuring, testing, and tracking conduct outcomes through research on financial customer experiences and the suitability of financial products and services. • Ensuring efficient processes for returning unclaimed or lost assets of financial customers to their rightful owners. • Developing and implementing systems and approaches to collect and analyse relevant data to address emerging and systemic conduct risks in a timely manner.	• Together with the PA, we developed and published several joint standards, including those on IT Governance and Risk Management, as well as Cybersecurity and Cyber Resilience. • Developed and published several conduct standards, including requirements ensuring that financial institutions' financial education initiatives are meaningful, measurable, and effective. • Published and implemented the abbreviated version of the rolling three-year Regulation Plan annually. • Published two communications listing employers with arrear pension fund contributions, promoting transparency, accountability, and compliance with Section 13A of the Pension Funds Act. • Conducted industry-wide awareness campaigns, regulatory workshops, and compliance training sessions to improve understanding and implementation of the conduct regulatory framework. • Refined risk-based supervisory approaches with an increased emphasis on targeted data collection, focused thematic reviews, an enhanced supervisory engagement model, and prioritisation of emerging and overarching risks. • Undertook thematic reviews on potential conduct concerns regarding bank account terminations, insurance broker fees, consumer credit insurance, and financial institutions' complaints management processes. • Conducted several immersive deep-learning training interventions facilitated by the World Bank to enhance supervisory capacity for risk- and outcomes-based supervision. • Published the South African Retail Customer Behaviour and Sentiment Study Report to assess

customer engagement and the suitability of financial products.

- Improved processes for handling unclaimed benefits and published a discussion paper outlining key challenges and recommendations for establishing a consistent approach to unclaimed assets across the financial sector, followed by ongoing stakeholder engagements.

Strategic Objective 2: Act against misconduct to support confidence and integrity in the financial sector

Intended outcomes

Trust in the financial sector maintained.

To achieve this, the FSCA committed to:

- Acting decisively and visibly against misconduct in the South African financial sector
- Enhancing the ability to proactively detect misconduct and poor practices through targeted surveillance, enhanced enforcement activity, and proactive reviews of financial information.
- Communicating plans and timelines regarding transitional arrangements, especially for payment services and financial benchmarks.
- Strengthening financial regulation by implementing a roadmap for central clearing of derivatives, enhancing Collective Investment Scheme regulation, introducing reporting requirements for OTC Derivative Providers, and collaborating with the PA and SARB to explore frameworks for short

Achievements

- Imposed significant administrative penalties totalling just over R943 million for the 2023/24 financial year, a substantial increase from approximately R100 million in 2022/23.
- Published two Regulatory Actions Reports (2022/23 and 2023/24), detailing key enforcement actions, supervisory interventions, and compliance outcomes, and conducted a national roadshow across various regions in South Africa to engage stakeholders on these reports.
- Successfully hosted three Financial Crime Symposiums in collaboration with the North-West University, providing a critical platform for knowledge-sharing, enhancing financial crime detection, and improving compliance efforts.
- Increased enforcement capacity to conduct investigations into unregistered entities, including unregistered funeral insurance providers and CASPs.

selling, securities financing, and recovery plans for non-systemic infrastructures and finalising a Conduct Standard for Exchanges to address challenges in a multi-exchange environment.

- Strengthened market surveillance capabilities by establishing a dedicated Market Surveillance Department.
- Conducted several supervisory inspections, including those on market infrastructures and OTC derivative providers ODPs, through targeted post-licensing reviews and on-site inspections.
- Published and implemented a Joint Roadmap for the Development of a Regulatory Framework for Central Clearing in South Africa, followed by:
  - A draft licensing framework for TRs and CCPs.
  - Criteria for the exemption of external CCPs and TRs.
  - A draft Equivalence Framework.
  - Technical work exploring mandating central clearing.
- Published new reporting requirements for OTC derivatives and securities in line with the Joint Standard on margin requirements for non-centrally cleared OTC derivative transactions.
- Developed and published several draft conduct standards and joint standards for public comment, including:
  - Minimum requirements for the recovery plans for Market Infrastructure.
  - Requirements related to the provision of a benchmark.
  - Reporting and disclosure of short sales.
- Increased AML/CFT supervisory capacity by 257% (from 7 to 25 staff between 2022 and 2024), contributing to South Africa's progress in addressing FATF grey list action items.

Strategic Objective 3: Promote the development of an innovative, inclusive and sustainable financial sector

Intended outcomes

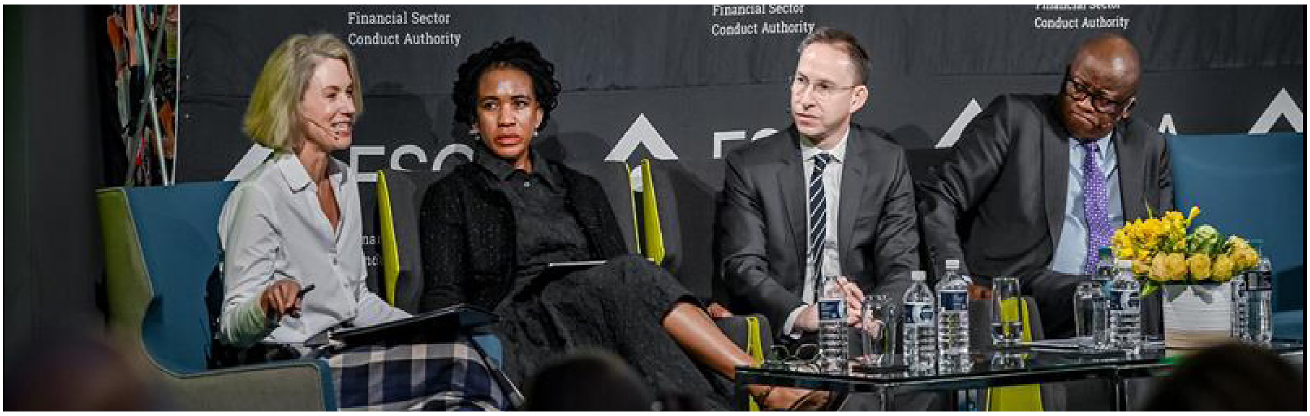
- Transformation in the financial sector supported.
- Financial inclusion of low-income households and small businesses deepened.
- Greater competition and contestability in the financial system enabled.
- Sustainable finance and investment in the financial sector fostered.

To achieve this, the FSCA committed to:

- Maintaining and building on relationships with key stakeholders responsible for transformation, such as the FSTC, the Employment Equity Commission and the B-BBEE Commission.
- Implementing processes for collecting data on transformation and monitoring changes over time.
- Monitoring changes in levels of access and usage of financial products and services and encouraging innovation in the sector.
- Ensuring that the regulatory framework enables new entrants and facilitates the proportional application of the law, including supporting the development of new entrants into sectors with established market infrastructure.
- Enabling sustainable finance, through disclosure but also through enabling regulation and conducting targeted research in identified areas.
- Supporting the development of a sustainable finance market in South Africa by enabling new entrants.

Achievements

- Published the final strategy for promoting financial sector transformation, outlining the FSCA's role in supporting transformation within the financial sector.
- Entered into an MoU with the Broad-Based Black Economic Empowerment (B-BBEE) Commission to strengthen collaboration in promoting financial sector transformation.
- Conducted workshops and webinars on small business regulatory education and initiated a review of the regulatory framework related to the provision of funeral insurance by funeral parlours, in collaboration with the PA.
- Participated in the FinScope Survey to track financial inclusion levels for individuals and MSMEs.
- Conducted a study on competition, contestability, and affordability in transactional banking and payment services.
- Published the Conduct Standard on Requirements relating to Third-Party Cell Captive Insurance Business, which, among other objectives, facilitates market entry for new participants.
- Published the Draft Position Paper on Open Finance and Policy Recommendations, outlining the FSCA's policy approach regarding Open Finance.
- Declared crypto assets as a financial product under the FAIS Act and licensed over 250 CASPs since the declaration.
- Published the Sustainable Finance Roadmap and conducted research on ESG practices within the investment sector.



Strategic Objective 4: Empower households and small businesses to be financially resilient

Intended outcomes	Achievements
Financial customers able to make better and more informed financial decisions. To achieve this, the FSCA committed to: • Developing a framework to monitor consumer resilience and vulnerability. • Making resources and information available and undertaking targeted campaigns based on identified needs.	• Published the Financial Consumer Vulnerability Framework to identify and support vulnerable financial customers. • Conducted various financial education awareness campaigns, reaching 67,9 million consumers in 2023/24 through webinars, outreach programs, media broadcasts, and social media campaigns, a significant increase from the 27,7 million consumers reached in 2022/23.[6] • Conducted targeted financial education programs, including workshops for youth not in education, employment, or training (NEET) and rural outreach initiatives. • Implemented the National Financial Literacy Speech Competition, reaching over 5 500 learners, along with other campaigns such as the Two-Pot Retirement System Awareness Campaign and the Scams Awareness Campaign. • Successfully executed Money Smart Week South Africa, a public awareness campaign aimed at promoting financial education, engaging multiple stakeholders and consumers on key financial topics. • Developed and distributed financial literacy resources in various formats, including digital tools. • Conducted longitudinal and feasibility studies on financial education and digital platforms to inform future initiatives. • Hosted the inaugural Financial Education Summit, bringing together stakeholders to align efforts and develop unified strategies for consumer education.

[6] The total reach of 67,9 million consumers in 2023/24 includes individuals engaged through various financial education initiatives, such as in-person workshops, webinars, community outreach programs, media broadcasts (radio and television), print publications, and social media campaigns. This figure represents cumulative audience exposure across multiple platforms, factoring in repeated interactions with financial education content. The FSCA continues to work on ensuring the consistency and integrity of these reported numbers, acknowledging its reliance on third-party sources.

Strategic Objective 5: Accelerate the transformation of the FSCA into a socially responsible, efficient, and responsive conduct regulator

Intended outcomes

- Operational excellence embedded across all functions of the FSCA.
- FSCA is recognised and trusted by financial institutions, financial customers, financial sector ombuds and other financial sector regulators in South Africa and internationally.

To achieve this, the FSCA committed to:

- Improving service delivery through increased digitalisation and optimised business processes.
- Implementing measures to improve the availability and quality of data for regulatory and supervisory insights.
- Maintaining focus on talent management within the organisation.
- Enhanced communication and dialogue efforts with external stakeholders, including the general public, financial customers, regulated entities, policymakers, and other financial sector regulators.
- Leveraging opportunities for enhanced thought leadership and broader engagement through relevant policymaking fora.

Achievements

- Achieved a clean audit every year during the strategy period.
- Adopted a Digital Transformation Strategy and successfully implemented digital transformation initiatives, including the deployment of Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) systems.
- Successfully implemented the FSCA's People Strategy, focusing on talent management, employee wellness, and training initiatives.
- Certified as a Top Employer for 2024 and 2025.
- Hosted the inaugural FSCA Industry Conference under the theme "Inspiring Trust".
- Engaged extensively through media campaigns, stakeholder consultations, and public communication initiatives to enhance transparency and outreach.
- Developed and implemented an Internal Sustainability Strategy, aligning FSCA's practices with ESG principles.
- Senior FSCA representation in various international organisations, including IOSCO, IAIS, IOPS, FinCoNet, FATF, and CISNA.
- Procured a new suptech platform, aimed at streamlining efficiencies and enhancing data collection and analysis capabilities across core FSCA functions.
- Co-hosted the 2024 IAIS Annual Conference with the PA, attracting over 600 international insurance sector participants.
- Hosted leadership engagements with key players in the banking, insurance, retirement funds, and investment sectors to discuss market conduct issues, regulatory changes, and industry developments.
- The Commissioner delivered public lectures at various universities, including the University of South Africa, North-West University, and Stellenbosch University, on financial sector regulation issues.

7. Our strategic priorities for 2025–2028

In the period ahead, we will intensify our focus on enhancing and refining our approaches to market conduct, financial markets regulation, supervision, and enforcement. A key element of this effort is ensuring preparedness for the implementation of the COFI Bill framework, which will introduce a streamlined and outcomes-based approach to conduct regulation in the financial sector. This includes planning for the development of a subordinate regulatory framework under the COFI Bill and transitioning existing financial sector laws into this framework. It also involves developing a consolidated and harmonised approach to licensing, preparing for the transition of licenses, and granting licenses for new activities.

In parallel, the FSCA will continue to support National Treasury in finalising the review of the Financial Markets Act (FMA). The legislative interventions stemming from this review will play a critical role in shaping the future of financial markets regulation, enhancing market integrity and efficiency. The FSCA will also prioritise the finalisation of the central clearing framework for South Africa.

We aim to advance our risk-based supervisory framework for conduct and money laundering/terror financing risks that incorporates a range of supervisory tools such as conduct risk returns, general and thematic onsite and desk-based reviews, mystery shopping and self-assessment exercises alongside a continued emphasis on active and transparent enforcement.

The FSCA will also focus on the successful operationalisation of our new suptech platform, the IRS, integrating it seamlessly into our workflows to optimise data collection, analysis, and reporting. The IRS will enable proactive interventions by supporting more informed decision-making and improving the efficiency of regulatory processes. As part of our commitment to modernisation, the IRS will enhance our capacity to address evolving risks and promote efficiency in oversight. An important precursor to the full deployment of the IRS will be the implementation of a comprehensive and targeted engagement and change management plan to ensure the sector's awareness and readiness for future regulatory interaction with the FSCA through this platform.

Strengthening supervision through implementation of supervisory technology

The implementation of the IRS will deliver a comprehensive end-to-end suptech solution, covering the entire supervisory lifecycle from licensing onwards. The system will consolidate regulatory and supervisory data across multiple financial sectors, providing a holistic view of each regulated entity, particularly those operating across multiple sectors.

One of its core features is the automated Risk Model, designed to strengthen the FSCA's risk-based approach by identifying high-risk entities and priority areas at both the entity and sector levels. This model leverages clearly defined risk indicators drawn from regulatory returns, profile information, and other data sources to generate initial risk ratings.

The system will also streamline regulatory return submissions, with updated and newly introduced returns enhancing the effectiveness of risk assessments. A centralised data repository will improve information access and analysis, supported by user-friendly dashboards that present data intuitively. These dashboards will provide insights into risk indicators, trends, and outliers, facilitating more proactive and coordinated supervision.

The strategic objectives and intended outcomes identified in our previous strategy have proven effective in guiding our efforts to effectively execute our mandate and therefore remain relevant in for the next three years. Below, we outline our strategic priorities under each objective, detailing how we intend to meet them and achieve the intended outcomes:

1 Improve industry practices to achieve fair outcomes for financial customers

Outcomes

- Good conduct and TCF principles embedded consistently across the financial sector.
- Conduct risks mitigated.

The South African financial sector operates in a dynamic environment characterised by market concentration, rapid technological advancements, and evolving customer expectations. The dominance of a few players, particularly in banking and insurance continues to influence the competitive landscape[7], often leading to low-value, high-cost financial products and services due to poor price transparency and limited comparability. At the same time, emerging technologies such as AI, machine learning (ML), and digital platforms are changing the way financial services are delivered, with customers increasingly exposed to new business, delivery, and distribution models.

While technological advancements have enhanced accessibility, efficiency, and innovation, they also introduce significant conduct risks, including data privacy breaches, inadequate disclosure of digital product terms, misleading advertising, biases in automated decision-making, insufficient customer recourse mechanisms, and heightened vulnerabilities to cybersecurity and fraud threats.

Improving industry practices is critical to addressing these challenges and ensuring that financial institutions deliver the desired customer and market outcomes, irrespective of the models or channels used to provide financial products and services. This involves embedding good conduct and prioritising fair customer outcomes at all levels of a financial institution and across all aspects of the financial services value chain, from strategy setting to product design and pricing, customer engagement and dispute resolution. Governance and culture play a crucial role in achieving these outcomes, as strong leadership is essential to prioritising accountability and aligning business practices accordingly.

In this regard, the FSCA will continue to promote the consistent embedding and monitoring of good conduct and fair customer outcomes by developing clear and coherent conduct standards and supervisory frameworks applicable across the financial sector. This includes the COFI Bill transition work, which focuses on harmonising and consolidating laws governing cross-cutting themes while transforming the legislative framework into one that is more outcomes-focused and principles-based. As part of this broader regulatory shift, we will also enhance the role of regulatory guidance, ensuring that financial institutions receive clear expectations and support in implementing sound conduct practices. This will include enhanced guidance to industry on the practical application of conduct standards.

To drive meaningful conduct improvements, a critical focus area will be on strong cultural and leadership commitment to customer centricity throughout all levels within financial institutions. In conjunction with the PA, we will continue to work on finalising the regulatory framework for culture and governance, which sets clear expectations for leadership, accountability, and ethical behavior within financial institutions.

[7] According to the PA Annual Report 2023/24, the South African banking sector is dominated by the five largest banks, which collectively held 89,69% of the total banking sector assets as at 31 March 2024 (March 2023: 89,50%). The report also indicates that the life insurance sector is dominated by the five largest insurers, which collectively held 72% of the total assets, while the 10 largest non-life insurers contributed 64,9% of gross premiums as at 31 December 2023.

With the growing adoption of emerging technologies, such as AI in financial services, strong governance is essential to ensure that these innovations are deployed responsibly, transparently, and in a manner that upholds fair customer outcomes. It is therefore important for governance frameworks to evolve to address the unique risks posed by AI and ML, including unintended biases, ethical considerations, accountability gaps, and the need for explainability in automated decision-making processes. As part of its focus on strong governance, the FSCA and the PA will explore the integration of high-level governance principles related to the use of AI and ML by financial institutions into the regulatory framework for culture and governance.

Recognising the impact of cost structures on fair customer outcomes, the FSCA will continue its work in addressing concerns around high transaction fees associated with accessing the Savings Pot under the Two-Pot Retirement System. Following the issuance of a Request for Information to all administrators and self-administered funds requiring the submission of detailed data on fees and charges applicable to the two-pot system, the FSCA will continue its work in this area to better understand the underlying cost structures. The information received will be analysed to identify trends, anomalies, and areas of concern. Insights gained from this process will inform future regulatory and supervisory interventions to ensure that fee structures are transparent, reasonable, and do not erode the value of member benefits.

As part of our broader mandate, we will expand our regulatory oversight to include new areas of regulation, as designated in the FSR Act. This includes bringing the regulation and supervision of activities such as payment services, services related to credit (including debt collection), services related to foreign exchange and medical schemes under the FSCA's conduct framework.[8] A key focus will be ensuring that our approaches are developed in consultation with other regulators who are already active in these industries – for example, the NCR, Council for Debt Collectors, the SARB and CMS.

While payment services are expected to be a key area of initial focus, the sequencing of regulatory oversight will be guided by ongoing discussions, including engagement with the SARB's National Payments Systems Department and other relevant stakeholders. More concrete details on implementation timelines and processes will be shared as discussions progress.

To complement the ongoing refinement of our risk-based supervisory approach, the FSCA will continue conducting research to measure and track customer experiences. This research will assess the suitability and affordability of financial products and services, as well as evaluate how financial institutions deliver fair outcomes.

Additionally, we will continue to undertake thematic supervisory reviews to address emerging risks and specific areas of concern. Insights from research, statutory reporting, and thematic reviews will guide the development of targeted regulatory interventions at both the sector-wide and institutional levels.

[8] The COFI Bill proposes additional activities for licensing by the FSCA, and the transitional licensing arrangements will need to ultimately be crafted to include these activities as well.

Harmonised regulatory and supervisory frameworks

An active component of the FSCA's regulatory and supervisory approach is ensuring that, where possible, existing frameworks are harmonised and developed to be more outcomes-focused and principles-based. This reflects a shift from a silo, sectoral approach, which can lead to fragmented supervision and regulatory arbitrage, towards ensuring more consistent outcomes across the financial sector. A key objective is also to facilitate a proportional approach to regulation and supervision, recognising the differing levels of risk and complexities across the universe of entities supervised by the FSCA.

Importantly, harmonising the FSCA's regulatory and supervisory frameworks and transitioning to a more outcomes-focused and principles-based approach is not solely dependent on the finalisation of the COFI Bill.

While the Bill presents the clearest path to a coordinated and consistent transition, potential delays in its enactment will not prevent the FSCA from continuing its efforts to ensure the future readiness of its regulatory and supervisory frameworks. This may be achieved through conduct standards, joint standards and regulatory guidance issued under the FSR Act, which already grants the FSCA the necessary powers to license and supervise a broad range of institutions.

We will continue to ensure that unclaimed or lost assets of financial customers are returned to their rightful owners across the financial sector. After the publication of the 2022 discussion paper titled "A Framework for Unclaimed Financial Assets in South Africa", which outlined proposals for the management and treatment of these assets, we engaged extensively with stakeholders to refine our approach. As a result, we subsequently published the FSCA's Response to Comments on the Discussion Paper, summarising key stakeholder feedback and outlining the next steps.

As highlighted in the response document, our immediate focus will be on developing a regulatory framework that establishes clear and enforceable requirements for the identification, monitoring, tracing, and reporting of unclaimed assets or lost accounts. This framework will likely include the development of common definitions tailored to different asset classes, ensuring consistency and clarity in how unclaimed financial assets are classified and managed across the sector. Other areas of focus will include the establishment of a central database and supporting work related to National Treasury's mooted central fund.

2 Act against misconduct to support confidence and integrity in the financial sector

Outcomes

- Trust in the financial sector maintained.

The FSCA's effectiveness as a regulator depends largely on our ability to take meaningful action against those who breach regulations and engage in misconduct. It is, therefore, important that we ensure our approach to enforcement is designed to act as a strong and credible deterrence against conduct that is harmful to financial customers and that is fair, appropriate, consistent and dissuasive.

To support these efforts, we will enhance our surveillance capabilities, leveraging technology and advanced data analytics to proactively detect misconduct and undesirable practices. This includes conducting targeted investigations, thematic reviews, and proactive assessments of financial information to detect and mitigate risks early.

In executing our enforcement responsibilities, we will prioritise cases based on the severity of consumer harm, systemic risks, and broader market impact, while deprioritising matters where enforcement action would be disproportionate or where alternative regulatory interventions may be more effective. This risk-based approach ensures that our enforcement efforts are strategic, resource-efficient, and impactful.

Equally important is maintaining transparency and accountability in our enforcement approach. To this end, we commit to sharing ongoing information about regulatory actions as they occur. We will also continue publishing our annual Regulatory Actions Report, which provides an overview of all enforcement actions taken in the preceding year and their outcomes. This ensures that our decisions remain visible, accessible, and open to scrutiny.

We will advance financial market regulation to enhance and support the efficiency and integrity of financial markets. A key focus will be ongoing support for National Treasury in finalising the review of the FMA. This will ensure that the legislative framework aligns with international standards and promotes strong and inclusive market practices. The implementation of a roadmap for the central clearing of derivative instruments and the implementing reporting requirements for OTC Providers engaging in OTC derivative transactions that are not centrally cleared, will remain focus areas. In collaboration with the PA and the SARB we will finalise regulatory frameworks setting out requirements for market infrastructures, reporting and public disclosure of short sales, and securities financing transactions.

As part of our broader efforts to strengthen market integrity and following South Africa's anticipated removal from the FATF grey list during the upcoming period, the FSCA will continue to build on the significant progress already made to strengthen its supervisory and enforcement capacity and approaches to combatting AML/CFT risks relating to entities within our supervisory mandate. This is aimed at further supporting enhanced trust and integrity in the financial system, as well as ensuring readiness for the next round of FATF assessments planned for the period.

3 Promote the development of an innovative, inclusive, and sustainable financial system

Outcomes

- Transformation in the financial sector supported.
- Financial inclusion of low-income households and small businesses deepened.
- Greater competition and contestability in the financial system enabled.
- Sustainable finance and investment in the financial sector fostered.

The FSCA remains committed to supporting the transformation of the financial sector[9] as we continue implementing Phase 1 of our transformation strategy, ahead of the anticipated COFI Bill, which will empower the FSCA to take on a more active regulatory role.

As part of this phase, we are engaging with financial institutions during supervisory interactions to assess their approach to transformation and track their progress in achieving transformation-related outcomes. In preparation for a more active regulatory role under the COFI Bill framework (Phase 2), we are enhancing internal readiness by upskilling frontline supervisory teams on the FS Code and refining supervisory methodologies to ensure an effective regulatory approach that drives meaningful transformation.

To further support these efforts, the FSCA will maintain and strengthen its relationships with key stakeholders responsible for transformation, such as the Financial Sector Transformation Council, the Employment Equity Commission, and the B-BBEE Commission. A continued focus will also be placed on collecting and analysing transformation data, which will be used to monitor changes over time, inform policy decisions, and drive meaningful discussions with stakeholders on enhancing transformation efforts.

Our role in promoting financial inclusion will continue to focus largely on monitoring changes in the levels of access, usage and quality of financial products and services and encouraging innovation in the sector in a way that supports deeper financial inclusion of low-income households and small businesses.

To ensure that financial inclusion efforts are supported by innovative and technology-driven solutions, the FSCA is advancing its work in open finance to enable secure and consumer-driven data sharing.

Following the publication of the 2021 Draft Position Paper on Open Finance and the 2024 Open Finance FSCA Policy Recommendation, the FSCA will continue collaborating with the IFWG to develop an enabling open finance environment and infrastructure. This includes establishing a common understanding of priority use cases, assessing the impact of open finance on market participants, and designing suitable consent, risk management, and disclosure frameworks.

Building on the FSCA's work to date around the licensing of crypto asset-related activities, an important focus area for the upcoming period will be the refinement and implementation of an approach for supervising CASPs going forward. This will include identification and roll-out of opportunities for enhanced guidance and implementation support to newly licensed entities.

[9]Transformation of the financial sector is defined in the FSR Act as the transformation envisaged by the Financial Sector Code for Broad-Based Black Economic Empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)

Our focus on fintech

The FSCA also aims to support responsible innovation in the sector, that benefits customers and contributes to efficient market dynamics. Fintech innovations have the potential to expand financial inclusion by improving access and enhancing suitability of product and service offerings.

Our Fintech Department focuses on the following, in collaboration with other financial sector regulators through the IFWG:

i. **The Regulatory Guidance** Unit provides regulatory guidance for market participants and generates data and insights for policy development.

ii. **The Regulatory Sandbox** provides a live and "safe" regulatory testing environment for new market participants and innovative solutions

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iii. **The Innovation Accelerator** drives both internally oriented and market-facing innovation with the potential to deliver benefits across the regulatory and broader financial services.

iv. **Research, monitor and assess technological trends and innovations** to understand their external impact on financial sector business models, products, and solution design and customer outcomes, in order to inform agile and appropriate regulatory and supervisory responses to technological innovations.

During the upcoming period, priority fintech focus areas will include open finance, artificial intelligence, digital assets (especially stable coins and tokenisation) and blockchain.

The FSCA remains committed to promoting contestability and competition in the financial sector. We will continue to ensure that our regulatory frameworks enable new entrants, particularly in sectors dominated by established market players. A proportional approach to regulation will be applied to lower barriers for new entrants while maintaining appropriate safeguards for market integrity and customer protection. In addition to regulatory reviews, the FSCA will also conduct targeted research to identify and address specific challenges and opportunities to expand market participation, encourage innovation, and promote fair competition across the financial sector.

Promoting sustainable finance remains a priority for the FSCA. To this end, we will advance the implementation of our Sustainable Finance Roadmap, focusing on its five pillars to drive meaningful progress. This includes the development of a robust regulatory framework that integrates sustainable finance principles into the broader financial sector, with a particular on sustainability disclosure and reporting requirements to enhance transparency and accountability among financial and non-financial entities, particularly those listed on South African exchanges. Additionally, the FSCA recognises the role of carbon markets in supporting the transition to a low-carbon economy and is committed to understanding their risks, opportunities, and regulatory implications. In collaboration with the National Treasury and other stakeholders, we will explore appropriate regulatory approaches to carbon markets, ensuring market integrity, investor protection, and alignment with climate finance objectives.

4 Empower households and small businesses to be financially resilient

Outcomes

- Financial customers able to make better and more informed financial decisions.

South African households continue to suffer from poor financial resilience, characterised by low savings rates and high indebtedness. [10] These challenges are compounded by ongoing economic pressures, leaving many households financially vulnerable and ill-prepared to withstand economic shocks. Similarly, small businesses face increasing pressures due to limited cash flows and their lack of ability to access appropriate financing mechanisms, which undermine their sustainability and growth potential. [11] As part of our core mandate, the FSCA is committed to promoting financial literacy and the capability of financial customers.

In fulfilling this mandate, the FSCA sees its role as broadly supporting the financial resilience of households and small businesses by enabling them to make well-informed financial decisions, with a strong focus on building savings habits and encouraging wealth creation. This involves making resources and information available and undertaking targeted campaigns based on identified needs, especially for those households and businesses that are vulnerable. A key focus will be on digital financial literacy, equipping consumers with the knowledge and skills to manage increasingly sophisticated digital financial products and services, including empowering them to protect themselves from rising levels of scams and digital fraud.

Following the successful Financial Education Summit held in August 2024, the FSCA intends to formalise the summit's commitments through a Charter, working collaboratively with the financial sector, National Treasury, and other key stakeholders. This initiative will promote a sustained and coordinated approach to promoting financial literacy and education.

Additionally, the FSCA will deepen partnerships with various stakeholders to expand the reach and impact of financial education initiatives. For example, our partnership with the Department of Public Works and Infrastructure (DPWI) equips participants, many of whom are from vulnerable communities, with essential financial knowledge and skills to improve their financial resilience and long-term economic prospects.

Through Money Smart Week South Africa, a collaborative effort with the NCFEC, National Treasury, financial institutions, regulators, and other key stakeholders, the FSCA will continue to drive nationwide financial literacy campaigns that provide accessible and relevant consumer education. These initiatives leverage multi-channel engagement, including digital platforms, community outreach, and media campaigns, to ensure broad participation and impact.

Recognising the importance of fostering financial literacy from an early age, the FSCA will also continue investing in school-based financial education initiatives, including the National Financial Literacy Speech Competition and the Grade R Financial Literacy Speech Festival pilot in partnership with the Department of Basic Education and Provincial Departments of Education. These competitions enhance financial literacy among young learners and serve as a platform to instill responsible financial habits that contribute to long-term financial resilience.

[10] According to the Old Mutual Savings & Investment Monitor (OMSIM) 2024, only 16% of South Africans consistently save on a monthly basis, while the NCR Credit Bureau Monitor for Q3 2024 reveals that 35,98% of the 28,32 million credit-active consumers have impaired records, reflecting significant financial strain.

[11] According to the IFC MSME Voice 2020 report, 41% of MSMEs cite access to financial services as a key challenge, with 79% of informal and 58% of formal businesses having never borrowed due to complex applications, lack of documents, and low financial literacy.

To enhance the effectiveness of our financial education initiatives, the FSCA will integrate behavioural economics and data analytics into its approach. This evidence-based approach will allow the FSCA to design and deliver financial education programs that are targeted, impactful, and tailored to address the unique needs of vulnerable groups.

The FSCA will continue its work on integrating consumer vulnerability considerations into its regulatory and supervisory framework. This initiative aims to ensure that financial institutions adopt practices that prioritise fair treatment, equitable access, and the protection of vulnerable consumers. We will engage with stakeholders to deepen our understanding of the unique challenges faced by vulnerable groups and to identify effective strategies for addressing these challenges. We will also focus on developing tools and guidance to help institutions embed vulnerability considerations into their strategic and operational decisions, including product design processes, customer engagement models and governance arrangements.

Through our supervisory engagements, we will also monitor the effectiveness of financial education initiatives undertaken by financial institutions in enhancing the resilience of their customers as part of overseeing implementation of the newly developed Conduct Standard for Consumer Education.

5 Accelerate the transformation of the FSCA into a socially responsible, efficient, and responsive organisation

Outcomes

- Operational excellence embedded across all functions of the FSCA.
- FSCA is recognised and trusted by financial institutions, financial customers, financial sector ombuds and other financial sector regulators in South Africa and internationally.

The FSCA is committed to enhancing its visibility, efficiency and responsiveness as an institution and strengthening trust with its stakeholders. A key focus will be the continued implementation of our digital transformation strategy, including the deployment of our new suptech platform (the IRS) and other automation initiatives, all of which aim to improve internal and external service delivery through increased digitalisation and streamlined front and back-end processes. This will also improve our ability to collect, use and manage data for more precise and timeous responsiveness.

Our digital transformation journey

The FSCA has adopted a Digital Transformation Strategy with the vision to transform the FSCA into an insight-driven digital entity that is responsive, accessible, efficient, and effective. The strategy focuses on:

- Enhancing internal and external customer experience by standardising processes and improving convenience through digital accessibility.
- Increasing efficiency by simplifying processes and adopting a more agile approach to design and implementation.
- Ensuring data accuracy, credibility, and reliability to support swift, proactive decision-making in regulatory and supervisory duties.

Achieving these strategic goals requires tracking customer experiences, re-engineering and automating processes, implementing smart tools, and rethinking data collection, storage, and analysis.

The objectives of the Digital Transformation Strategy are to:

- **Improve customer experience** – Enhance effectiveness and efficiency to deliver a seamless, end-to-end customer experience, ensuring consistency at every interaction with the FSCA.
- **Increase operational efficiency and agility** – Enhance productivity by optimising resources, maintaining quality and consistency, and adopting innovative ways of working while executing the FSCA’s mandate.
- **Improve effectiveness and decision-making** – Streamline data and information usage by integrating FSCA’s systems and processes, leveraging technological capabilities to fast-track decision-making across the organisation.

Combining the effective use of technology and leveraging data insights is a key driving force behind our digital transformation and the improvement of operational efficiency through the implementation of a new suptech platform as well as other initiatives such as the introduction of a new transactional website To fully utilise the data collected by the FSCA and other stakeholders in the financial sector ecosystem, we have acquired a new integrated regulatory solution, which will serve as the technological backbone of the enterprise for core regulatory functions.

Building advanced analytical capabilities is crucial for gaining a comprehensive regulatory perspective. The FSCA is driving customer-centric innovations that aim to improve accessibility, responsiveness, and trust among stakeholders, ultimately strengthening regulatory effectiveness.

Following the adoption of our internal sustainability strategy, we will deepen our focus on implementing environmentally and socially responsible policies. This includes minimising or offsetting the environmental impact of our business operations and promoting socially responsible practices among our staff. We will continue leveraging the collective expertise of our Social and Ethics Subcommittee to guide our efforts in this regard.

As we strive for operational excellence, our commitment to our employees remains a key priority in these efforts. The FSCA will continue to prioritise talent management and enhance our employee value proposition to attract, develop, and retain top talent. This includes aligning our people practices with global benchmarks and pursuing ongoing certification as a Top Employer.

We will continue to strengthen our relationships with external stakeholders, including the general public, financial customers, regulated entities, policymakers and other regulatory agencies, through active communication and engagements. This includes hosting our Annual Industry Conference, Financial Crime Symposium, Regulatory Action Roadshows and other targeted engagements to facilitate meaningful dialogue with our stakeholders. Additionally, we will leverage opportunities for enhanced thought leadership and broader engagement through relevant policymaking and other forums, both locally and internationally, as well as increasing platforms for strategic industry engagements.

The FSCA will continue to participate in, and find opportunities to lead, work undertaken by international standard-setting bodies such as the IAIS, IOPS, FinCoNet, FATF and CISNA.

8. Our guiding principles and how we will undertake our work

The FSR Act requires the FSCA to consider the need for a primarily pre-emptive, outcomes-focused and risk-based approach to carrying out its functions, and to prioritise the use of resources in accordance with the significance of risks to the achievement of its objectives.

The FSR Act also requires the FSCA to describe its guiding principles, including how we will perform our regulatory and supervisory functions; matters which we will have regard to in performing those functions; our approach to administrative actions; and how we will give effect to the principles of transparency, openness to consultation, and accountability. Our guiding principles, and how we continue to incorporate them into our work, are set out below[12] :

a) Preemptive and proactive

The FSCA must not only mitigate risks that have already resulted in prejudice to financial customers, but also adopt a forward-looking approach by pre-empting prejudice and proactively identifying and responding to emerging conduct risks. This forward-looking approach is inherent to the licensing "gatekeeper" function and is being embedded across supervisory practices, including through enhanced reporting frameworks (for financial institutions) and research capabilities.

b) Intensive and intrusive

Intensive and intrusive principles are applied in a judgment-based style of supervision to interrogate - and where necessary, challenge – the strategic decisions and business practices of supervised entities. From a conduct perspective this requires having a deep insight into the culture, business models and drivers of behaviour in these entities, to ensure that they understand, effectively identify and mitigate the resulting risks posed to customers and financial markets.

c) Risk-based and proportional

The risk-based and proportional principle requires the FSCA to identify key risks to the achievement of its objectives and prioritise the use of resources according to the significance of these risks. The risk-based approach therefore requires the use of regulatory, supervisory and enforcement tools in a way that enables the FSCA to proactively assess sources of potential conduct risk and respond to them appropriately and proportionately. This means that regulatory, supervisory and enforcement interventions should be proportional to the scale and impact of the risk observed and being addressed. Interventions should positively contribute to the operation of the South African financial sector, whilst minimising regulatory burden. The sector should be encouraged to self-regulate, taking responsibility for promoting positive customer and market outcomes.

d) Outcomes-based

The outcomes-based principle implies monitoring the extent to which the financial system is delivering fair outcomes to customers, with a focus on the fairness and appropriateness of financial products and financial services and the extent to

[12] These principles carry through from the previous Regulatory Strategies, as are equally important and relevant today and for future work.

which they may meet the needs and reasonable expectations of financial customers. Expectations for desired customer and market outcomes are being embedded in our regulatory frameworks and supervisory approaches.

What are desired customer and market outcomes?	
Customer-centric culture and governance	Customer-centric decision-making is central to the culture and governance of financial institutions.
Suitability, appropriateness, and increased access	Suitable and appropriately designed financial products and services are increasingly accessible to wider segments of financial customers.
Clear communication, transparency, and financial empowerment	Financial customers are empowered to make informed financial decisions by being provided with clear, adequate, and easily understandable information throughout the financial product lifecycle.
Fair and sustainable advice and distribution models	Financial customers have access to professional, unconflicted financial advice and intermediation necessary to support their long-term financial goals.
Quality and performance of products and services	Financial products and services perform reliably and in line with the expectations and needs of financial customers.
Post-sales responsiveness and support	Financial customers can have their post-sales queries, claims, and disputes resolved swiftly and with minimal cost and effort.

e) Comprehensive and consistent

The risk-based approach will ensure a consistent response to entities, products and services that pose similar levels of risk. The comprehensive principle implies that the FSCA is vigilant that all relevant activities in the financial markets – including innovative products and services and relevant activities from non-financial entities - are covered by adequate regulations and are appropriately supervised and enforced. The consistency principle implies implementation of fair and coherent supervision and enforcement actions that are informed by consistent judgment-based decision making.

f) A credible deterrent

The credible deterrent principle requires at least the following:

i. The FSCA promotes **compliance with legislation** with a focus on deterring poor and harmful conduct.

ii. **Enforcement action** must discourage financial institutions or regulated persons from non-compliance, and more generally discourage conduct that leads to poor customer and market outcomes.

iii. Enforcement processes must be **fair and consistent.**

iv. **Administrative penalties and other sanctions** must be meaningful, but appropriate.

v. Where suitable, enforcement action will **support redress to financial customers.**

vi. **Monitoring perceptions** of the supervision and enforcement regime.

g) Aligned with applicable international standards

The FSCA participates in the international regulatory community and keeps track of relevant international standards and developments. It adopts the principles and methodologies of the international standard setting bodies, as they relate to financial institutions and persons supervised by the FSCA, to inform its regulatory, supervisory and enforcement approaches.

These principles and methodologies specify international expectations for conduct, financial consumer protection, the safety and soundness of financial institutions, the integrity of the financial system and financial stability. The FSCA applies these principles and methodologies within the scope of its mandate and considers the unique characteristics of South Africa's financial sector to build trust and confidence.

8.1. Our approach to regulation

The conduct regulatory framework is the body of laws and supporting instruments for which the FSCA is responsible, that governs the conduct and integrity of financial institutions. The regulatory framework comprises primary laws, subordinate legislation[13] , documents that impose legally enforceable requirements[14] and documents that support the interpretation and implementation of financial sector laws, such as interpretation rulings, guidance notices, general directives, and the like.

The regulatory framework therefore sets the legal parameters within which financial institutions must operate and underpins and facilitates the licensing, supervisory and enforcement approach. A weak regulatory framework constrains the ability of a financial sector regulator to effectively supervise financial institutions and ensure good and consistent outcomes for financial customers and markets. Similarly, an inflexible regulatory framework impedes a financial sector regulator from acting proactively in addressing identified risks and hinders the proportional (risk-based) application of the law. As such, it is critical for the FSCA to ensure that the conduct regulatory framework is robust, flexible, and all-encompassing.

In developing and enhancing the conduct regulatory framework over the next three years, the FSCA will focus on:

- harmonising, consolidating and rationalising the conduct regulatory framework to ensure more consistent outcomes for financial customers across the financial sector. Where common themes exist that cut across conduct and prudential regulation (for example culture and governance), the FSCA will strive for the harmonisation of regulatory frameworks in this regard, specifically in the form of Joint Standards between the FSCA and PA;

- ensuring the conduct regulatory framework is proportional and aligns to international standards;

- ensuring the conduct regulatory framework addresses emerging risks and sector specific gaps;

- ensuring that the conduct regulatory framework is sufficiently flexible to facilitate the proportional application of the law, recognising the spectrum of scale, size and complexity across financial institutions, and enabling the FSCA to respond swiftly and appropriately to emerging risks; and

- creating an enabling environment to support financial inclusion, transformation, sustainability, responsible innovation and competition.

[13] Such as conduct standards
[14] Such as Notices made under specific empowering provisions

8.2. Our approach to supervision

The FSCA's supervisory framework outlines how the FSCA licenses and supervises the conduct of financial institutions and strives to maintain a balance between ensuring harmonised supervisory approaches across sectors, while also recognising the need for sector-specific approaches in certain instances. In line with our guiding principles, we have adopted a risk-based approach that is applied throughout the lifecycle of a financial institution, from licensing to exit.

The framework provides a structured and systematic approach for identifying and prioritising risk areas that require supervisory attention and remediation. It also fosters accountability by encouraging financial institutions to take responsibility for their own risk management and ensures optimal utilisation of limited supervisory resources by the FSCA.

Promoting trust and confidence in the financial sector - FSCA as a "gatekeeper"

Licensing is a critical component of the supervisory cycle, serving as the first line of defence against potentially rogue financial institutions. By identifying key risk indicators at licensing stage, the FSCA strengthens its gatekeeping functions, either denying entry to unsuitable institutions or, where appropriate, permitting access while implementing monitoring mechanisms through intensive and intrusive supervision, so that harmful practices are detected and addressed early.

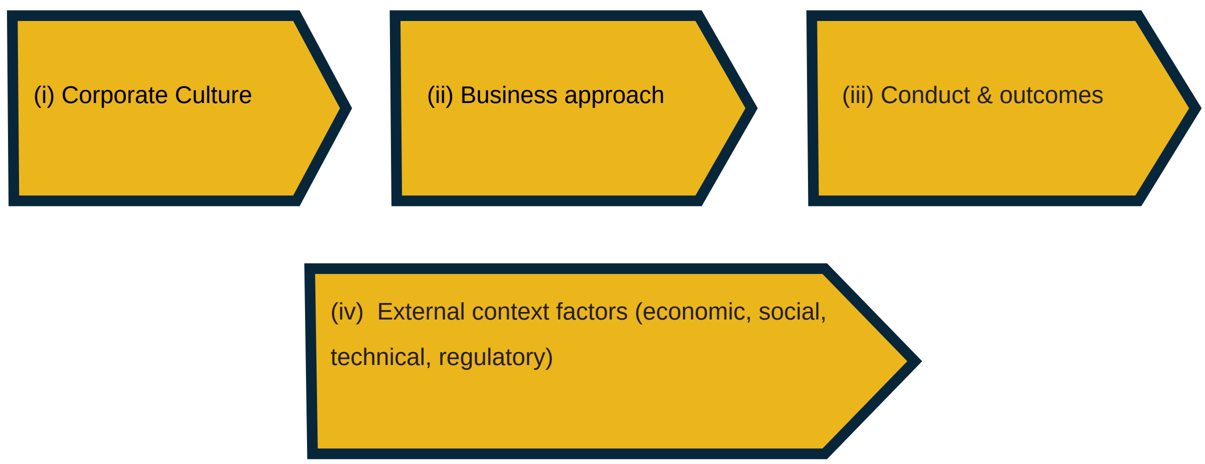
The key objectives of the risk-based supervisory approach are to:

a. *Identify and assess risks pre-emptively*, including cross-sector risks, risks specific to financial subsectors, and risks related to individual financial institutions;

b. *Intervene in a timely manner*, where governance, culture or practices pose risks to market integrity, financial stability, or fair customer outcomes; and

c. *Address risks systematically*, prioritising the most critical issues to ensure effective regulatory intervention.

HOLISTIC RISK ASSESSMENT FRAMEWORK

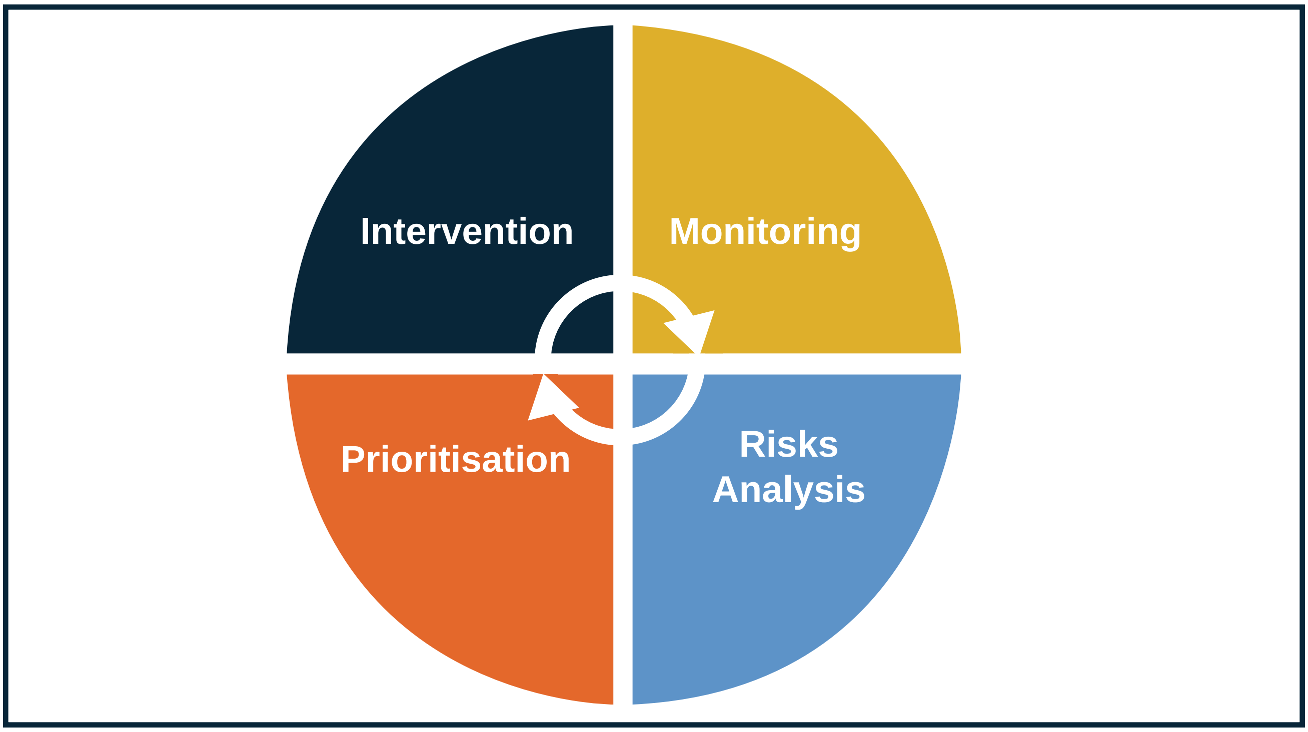


These objectives will be achieved by implementing an effective process for:

a. the assessment of financial institutions' strategies, conduct and practices by evaluating their risk profiles, financial positions, risk management processes, governance structures and processes, and level of compliance with applicable legislation, and
b. supervisory and enforcement interventions where needed in line with our guiding principles.

The FSCA's risk-based supervision process

The FSCA's supervision of market conduct follows a continuous and cyclical process that consists of four core phases: market monitoring, risk analysis, prioritisation, and intervention. In practice these phases are executed partially in parallel and often overlap. For example, insights from interventions such as investigations may provide guidance and inform ongoing monitoring efforts.



The above is achieved through the use of various supervisory tools, including a combination of reviews that may be:

a. conducted off-site or on-site (physically or virtually);

b. undertaken in a standardised or ad hoc manner;

c. risk-based, thematic or comprehensive in nature and scope;

d. aimed at direct verification (i.e., achievement of specific market conduct outcomes) or enquiring into entities' underlying systems and controls; or

e. entity-specific or sector wide.

Our risk analysis process is dynamic and continuous, designed to keep pace with the ever-evolving regulatory and external risk landscape. This allows the FSCA to adapt to changes, proactively identify risks, regularly reassess potential threats, and respond effectively to emerging challenges. Risk assessments consider multiple factors, including the size and complexity of financial institutions, business models, product propositions, target markets, the potential impact of identified risks, and the probability of those risks materialising. We further evaluate entity-specific risks from multiple angles, using both qualitative and quantitative risk indicators. By benchmarking institutions against their peers, we can identify outliers and emerging trends that may warrant closer scrutiny.

The outcomes of entity-specific or sector-wide risk assessments help to guide the intensity and intrusiveness of specific supervisory activities and inform the allocation and prioritisation of supervisory resources accordingly. This requires the FSCA to have a coordinated and coherent approach to risk profiling across supervised entities to the extent possible.

In the upcoming period, the FSCA will continue work on embedding a harmonised and consistent risk assessment methodology across the various sectoral areas, including the development of a coherent approach for the supervision of financial conglomerates and groups.

Additionally, the FSCA will continue to refine the development and roll-out of conduct of business risk returns and other supervisory data collection mechanisms. These form a key part of the FSCA's off-site supervisory toolkit, which is supplemented by complaints data analysis, irregularity reports, and the monitoring of legacy and social media sources.[15] This reflects the FSCA's increasing focus on embedding an evidence-based and data-informed approach to supervision, enabling us to be more proactive and pre-emptive in promoting the embedment of good conduct and fair customer outcomes, and improving our responsiveness to potential market conduct and integrity risks across the financial sector.

While compliance-based supervision remains a core component of our day-to-day supervisory activities, our approach is increasingly shifting towards a focus on outcomes, which is essential for pre-emptively detecting and deterring misconduct. The approach includes assessing the commitment of senior management to embedding good conduct and fair customer treatment, the effectiveness of governance structures in overseeing the delivery of positive customer outcomes and the actual monitoring of these outcomes over time, regardless of whether a direct regulatory breach has taken place. This aligns closely with the supervisory expectations of financial institutions envisaged under the future outcomes-focused COFI Bill framework.

[15]Other data sources include the analysis of financial reports, statutory filings, incidental inquiries, mystery shopping, self-assessments, management meetings, off-site and on-site inspections, licensing risk assessments, data from ombud schemes, customer complaints, demand-side surveys, web-based databases for tracking agreements, fees, and new products across various industries, customer experience testing and analysis and investigations.

8.3. Our approach to administrative actions and enforcement

The FSCA is responsible for carrying out investigations and enforcement as contemplated in the FSR Act. We are therefore accountable for assessing allegations against regulated or unregistered persons in the financial sector that may point to wider regulatory concerns or patterns of misconduct, as well as the investigation of potential transgressions identified through supervisory activities. We are committed to enforcement that is consistent, efficient, effective and fair. This includes reducing the time taken to close cases and more rapidly hold wrongdoers accountable, as longer case times may amplify any harm already suffered.

To optimise impact, the FSCA has adopted a risk-based approach to enforcement by categorising cases based on various factors, including the strategic significance of addressing the alleged conduct, whether the behaviour caused or had the potential to cause poor outcomes for financial customers, the benefits of pursuing the misconduct relative to the expense, the severity and extent of the misconduct, the opportunity to recover customers' funds, and whether the misconduct was to the detriment of vulnerable financial customers.

New proactive approaches are being introduced, such as monitoring social media platforms to obtain earlier warnings of unregistered and unlawful operations and applying intelligence to financial data to identify suspicious transactions in the financial markets which could imply market manipulation.

The teams carrying out investigations and enforcement are multi-disciplinary in nature, with a high level of forensic investigative skills to properly investigate contraventions of financial sector laws. These teams work closely with the licensing, regulatory and supervisory divisions of the FSCA to identify problems which can and should be rectified by regulatory or supervisory interventions to mitigate conduct risks or prevent further harm.

We also engage other regulators, the NPA and SAPS, to ensure a shared understanding of challenges, exchange information to coordinate responses. Engagement with counterparts in other jurisdictions ensures that we stay abreast of developments in financial crime and of new ways in which enforcement is applied. Our internal, external, domestic, and foreign liaison efforts are also aimed at ensuring more effective investigations and enforcement.

Implementing an effective enforcement regime also requires the FSCA to maintain transparent and cooperative relationships with the financial institutions we regulate. Regulated entities must have clarity on what is expected of them and be confident that we will act in a fair and consistent manner when taking decisions under applicable financial sector laws.

We have adopted an administrative actions procedure, published on our website, setting out the principles informing the FSCA's approach to administrative actions. Examples of administrative actions include the following:

- Issuing a directive
- Issuing a debarment
- The imposition of a penalty
- The decision not to grant a licence
- The decision to suspend or withdraw a licence.

The purpose of our administrative actions is to change the behaviour of the person who is the subject of its action, deter future non-compliance by that person and others; to eliminate any financial gain or benefit from non-compliance; where appropriate, remedy the harm caused by the non-compliance; and to ultimately protect financial customers.

The Administrative Actions Procedures sets out that the FSCA will seek to take administrative action in a manner that is transparent, proportional, responsive to the issue and consistent with its objectives and statutory mandate. We also seek to ensure fair administrative action as required by the Constitution and Promotion of Administrative Justice Act, 2000.
The proposed process to be followed in taking an administrative action is depicted below:

Notice of proposed administrative action (Notice of intent)	Reasonable opportunity to make representations	Final decision (Notice of Administrative Action)
The notice contains: a. clear statement of the proposed administative action b. reasons for proposed administrative action c. specified information	Affected person afforded: a. reasonable period to submit representations b. option to be assisted by a legal representative c. option to present and dispute information	Final decision to contain: a. clear statement of the administrative action b. reasons of administrative action c. adequate notice of internal remedy d. adequate notice of the right to request

Financial Services Tribunal

As part of ensuring that persons aggrieved by enforcement actions are afforded an internal remedy as part of a fair administrative action regime, the FSCA's administrative decisions may be taken for reconsideration to the Financial Services Tribunal (FST).

The FST is an independent body established under the FSR Act to hear and decide reconsideration applications brought by persons aggrieved by decisions taken by financial sector regulators. It offers an accessible, expeditious, and cost-effective internal remedy, which is not constrained by formality and technicality, prior to court proceedings for reviewing administrative decisions such as debarments, licence refusals, or penalties.

The FST process offers aggrieved persons a complete rehearing, reconsideration and fresh determination of the entire matter that was before a financial regulator, with or without new evidence or information. The FST is composed of experienced professionals, including retired judges, senior legal practitioners, and financial experts. Decisions of the FST may be further reviewed by the High Court.

It should be noted that enforcement actions taken by the FSCA under the FIC Act, in relation to anti-money laundering and counter-terrorist financing (AML/CFT) sanctions, are not subject to review by the FST but may instead be taken on appeal to the FIC Appeal Board.

8.4. Openness through consultation

Input from external stakeholders are crucial to ensure that the conduct framework is fit for purpose and improves customer and market outcomes, whilst at the same time does not unnecessarily impede business activities or create undue operational challenges for regulated persons.

The FSCA has well-established channels for communicating with industry stakeholders and public sector representatives, including industry workshops and targeted consultations. Structures like the Market Conduct Committee and the NCFEC include representation across trade associations, National Treasury, and regulators such as the PA, NCR, and SARB. In addition, the FSCA is considering establishing more regular industry reference groups to support the development of regulatory and supervisory approaches.

We regularly engage with the financial sector ombuds[17] that provide alternative dispute resolution channels to customers in South Africa, and have formalised our engagement with Ombud Council. The Ombud Council oversees the ombuds system with a view to ensuring greater coordination amongst the various ombuds offices.

Our ability to gain more direct insights on issues impacting financial customers will continue to be strengthened. The Consumer Advisory Panel, comprising a range of suitable consumer representatives, ensures that the FSCA formally considers and incorporates consumer views and experiences in its work. The panel also alerts the FSCA to emerging trends and risks facing financial customers in South Africa. Furthermore, the FSCA engages customers directly through customer education and awareness campaigns.

[17] This includes the National Financial Ombud Scheme, the FAIS Ombud and the Pension Funds Adjudicator.

LIST OF ABBREVIATIONS

AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
B-BBEE	Broad-Based Black Economic Empowerment
CASPs	Crypto Asset Service Providers
CCP	Central Counterparty Parties
CIS	Collective Investment Schemes
CISNA	Committee of Insurance, Securities, and Non-banking Financial Authorities
CMS	Council for Medical Schemes
COFI Bill	Conduct of Financial Institutions Bill
DPWI	Department of Public Works and Infrastructure
EPWP	Expanded Public Works Programme
ESG	Environmental, Social, and Governance
EXCO	Executive Committee
FAIS Act	Financial Advisory and Intermediary Services Act
FATF	Financial Action Task Force
FIC	Financial Intelligence Centre
FinCoNet	Financial Consumer Protection Network
Fintech	Financial Technology
FMA	Financial Markets Act
FS Code	Financial Sector Code
FSCA	Financial Sector Conduct Authority
FSP	Financial Services Provider
FSR Act	Financial Sector Regulation Act
FST	Financial Services Tribunal
FSTC	Financial Sector Transformation Council
G20	Group of Twenty
GNU	Government of National Unity
GPFI	Global Partnership for Financial Inclusion
IAIS	International Association of Insurance Supervisors
IFWG	Intergovernmental Fintech Working Group
IOSCO	International Organisation of Securities Commissions
IOPS	International Organisation of Pension Supervisors
IRS	Integrated Regulatory Solution
MoU	Memorandum of Understanding
MSMS	Micro, Small, and Medium Enterprises
NCR	National Credit Regulator
NCFEC	National Consumer Financial Education Committee
NPA	National Prosecuting Authority
ODP	Over-the-Counter Derivative Provider
OTC	Over the Counter
PA	Prudential Authority
SAPS	South African Police Service
SARB	South African Reserve Bank
Suptech	Supervisory Technology
TCF	Treating Customers Fairly
TOM	Targeted Operating Model

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