Q1

FSCA NEWSLETTER

June 2025

FSCA

Financial Sector
Conduct Authority

CONTENTS

EDITOR'S NOTE

EDITOR'S NOTE

Welcome to the first quarterly edition of the FSCA Newsletter for 2025.

We find ourselves at a powerful intersection of past lessons and future ambitions. The recent unveiling of the FSCA Regulatory Strategy 2025–2028 marks not only a strategic milestone but a recommitment to our core objectives as an organisation.

Indeed, we have been an organisation on the move, particularly on our digital transformation journey and in response to the industry's changing needs. Whether it's the imminent rollout of the Integrated Regulatory Solution (IRS), our newly revamped and interactive website, the strengthening of complaints management within the sector, or our evolving approach to digital payments, conduct supervision and consumer education, we are a regulator intent on being proactive, outcome based and people centred.

Also in this edition, colleagues share some global insights from their participation at the 31st US Securities Exchange Commission (SEC) in Washington DC, our strides in consumer protection and financial education, and a look into how regulation can also enable innovation and build resilience.

Thank you for engaging, we always love to hear from you, so please get in touch to share your feedback, thoughts or to contribute an article: publication@fsca.co.za

Best regards,

Tembisa Marele

REGULATORY FOCUS

THE FSCA PIVOTS TO A NEW TECH-DRIVEN SOLUTION FOR CONDUCT REPORTING

BY RENEILWE MTHELEBOFU, COMMUNICATIONS SPECIALIST (FSCA)

The Financial Sector Conduct Authority (FSCA) has unveiled a new chapter in its journey toward a more modern, agile, and responsive regulatory environment. In its latest Industry Communication, the FSCA outlines a sweeping transformation in the design and implementation of the sector-wide Conduct of Business Return (OMNI-CBR).

First introduced in 2021, the OMNI-CBR was envisioned as a harmonised reporting framework across the financial sector, aimed at improving the FSCA's ability to monitor and supervise market conduct effectively. However, following widespread stakeholder engagement, industry feedback flagged critical concerns regarding the structure, complexity, and data burden of the original template. The FSCA took note, and rather than proceeding with a less than ideal reporting approach chose to reflect, revise and innovate.

Over the past 18 months, the FSCA has undergone a strategic re-prioritisation in alignment with the close of its 2021–2025 Regulatory Strategy and the launch of its new 2025–2028 Regulatory Strategy.

At the core of this shift is a drive to strengthen and future-proof licensing, supervision, and enforcement in anticipation of the Conduct of Financial Institutions (COFI) Bill. Central to this vision is also the regulator's adoption of digital transformation as a key enabler of smarter, more adaptive regulation and supervision.

To this end, the FSCA has procured an end-to-end supervisory technology (SupTech) platform known as the Integrated Regulatory Solution (IRS). This new SupTech platform will consolidate and automate supervisory functions, providing a single integrated profile per supervised entity, enabling real-time data sharing, and supporting a unified risk model.

The IRS is expected to transform how the FSCA transacts with financial institutions, reduces duplication, and provides consistently reliable and actionable insights across all supervisory activities.

This evolution also signals a major change in how conduct data will be collected. Rather than implementing the original OMNI-CBR in its entirety, the FSCA has opted for a phased and agile approach.

The first component to be introduced is the OMNI-Risk Return, a streamlined risk data submission designed to feed into the FSCA's automated risk model. This model will use structured indicators, profile data, and supervisory assessments to generate consistent risk scores across the sector, ensuring more targeted oversight and resource allocation.

In the longer term, the FSCA will also explore additional sector-specific reporting needs, but these will be introduced incrementally and only where necessary. For now, financial institutions are not expected to initiate or progress any internal OMNI-CBR-related work until further guidance is issued. Insurers currently submitting conduct of business quarterly returns should continue doing so through the existing process.

This also marks a significant step in South Africa's market conduct regulatory evolution. By harnessing technology, streamlining reporting, and embracing risk-based supervision, the FSCA is positioning itself and the industry for a future in which regulation is smarter, more responsive, and better aligned with customer outcomes. With the anticipated roll-out of the IRS and revised OMNI-Risk Return in the months and years ahead, financial institutions can expect a new era of regulatory engagement: one defined not by complexity, but by clarity, collaboration, and digital innovation.

To read the full FSCA Communication 12 of 2025 (General) click here.

RESPONSIBLE FINANCE FORUM: ARE WE REALLY SERVING PEOPLE OR JUST COUNTING THEM?

BY ATHULE MPANDLE, COMMUNICATIONS OFFICER (FSCA)

For many families in South Africa, the commencement of the academic year in January does not often signify a fresh start, but rather an agonising financial cliff. There is the school uniform to buy, registration fees to pay, transport to arrange and lunchboxes to fill. The burden is particularly heaviest just after the festive season when pockets are already thin. And for some, the only option is debt.

This reality was highlighted at the Responsible Finance Forum 2025, held in Johannesburg from 20 to 22 May. Now in its 15th year, the forum is a global platform that convenes financial experts to share knowledge, confront challenges and collaborate on how financial systems and inclusivity can better serve people. Hosted in South Africa for the first time, this year's event was underpinned by the theme "Embedding Consumer Protection to Drive Responsible Outcomes."

The forum brought together regulators, financial service providers, policymakers, donors and consumer advocates with the goal to move beyond measuring inclusion by access alone, but rather how financial services contribute to financial health, resilience and trust.

One of the most sobering moments came when Her Majesty Queen Máxima of the Netherlands addressed the forum in her capacity as the UN Secretary-General's Special Advocate for Inclusive Finance for Development. She highlighted the financial pressures faced by South African families in January, leading many to take out loans just to fund the start of the school year. She also acknowledged stokvels, South Africa's informal group saving systems, and their role in enabling financial resilience. That local solutions such as community-based models were gaining recognition globally was not only an affirmation of their value, but also insightful of how meaningful financial inclusion should consider cultural and practical realities.

The Financial Sector Conduct Authority (FSCA) featured prominently in the programme, with Deputy Commissioner Katherine Gibson delivering remarks on behalf of the host country. After setting the scene with the African proverb "When the music changes, so does the dance", she challenged delegates to reflect on whether the financial sector was serving its customers best. Whereas financial inclusion was often assessed in technical metrics, the ultimate measure should be its impact on people's lives.

Gibson urged delegates to think beyond traditional measures of inclusion. "We must ask how these services are being used, and whether they are supporting financial health," she said. She explained why the FSCA is developing additional indicators that considered usage, fairness and outcomes over and above access. These indicators test whether consumers understand the products they are using, whether they are being treated fairly and whether the services they receive are helpful or causing them harm. "You get what you measure, so the focus of measurement indicates what is prioritised as well as the desired behaviours", she explained.

During a panel discussion on outcomes-oriented regulation and supervision, DC Gibson described the FSCA's move from a rules-based regulatory model to one focused on outcomes as a necessary shift to enable more agile responsiveness to emerging risks and consumer vulnerabilities. "Risk exposure is not just about earning a low income or living in a rural area," she explained. "It could also mean that someone lost their job last week."

The panel also discussed how regulatory frameworks should adapt to ensure that the products and services reaching consumers were aligned with their needs and realities. There was a strong emphasis on the role of data in identifying patterns of consumer behaviour and risk; as delegates acknowledged how customer feedback, complaints and digital analytics can all be used to shape better outcomes.

Throughout the day, a recurring narrative emerged, namely that being included was not the same as being protected. This was corroborated in my side conversation with a Kenyan delegate about digital credit and what inclusion really meant. He observed that being included in the financial system was clearly not enough if it did not lead to financial security, opportunity and trust. It was not only about robust frameworks and policies being in place, but also about continually asking hard questions: are people safer because of the work of regulators? If they are more informed, they can manage risk, plan for their futures and make financial decisions with confidence. When inclusion goes beyond numbers, it means consumers are not only counted but also supported. For me, these basic insights from the forum's engagements were the most valuable.

The Responsible Finance Forum 2025 reaffirmed that meaningful inclusion cannot stop at the opening of a bank account but must consider whether usage enabled or contributed to financial dignity. The event reminded us that responsible finance is not just frameworks but about ensuring that financial systems meet the needs of the people. "We look forward to a global system that is more inclusive, innovative and dynamic. One that supports and improves financial outcomes for the customers we collectively serve", concluded Gibson. As the music changes, so should the dance.

GLOBAL LESSONS IN SAFEGUARDING OUR MARKETS – THE FSCA PARTICIPATED IN THE U.S. SECURITIES AND EXCHANGE COMMISSION'S 31ST ANNUAL SECURITIES MARKET GROWTH AND DEVELOPMENTS TRAINING PROGRAMME

BY ATHULE MPANDLE, COMMUNICATIONS OFFICER (FSCA)

Photo: From left to right, Chwayita Mtebele, Erris van Kerken and Kedibone Dikokwe.

In May 2025, three FSCA delegates walked into the U.S. Securities and Exchange Commission's 31st Annual International Institute for Securities Market Growth and Development and emerged as storytellers with global insights from the experience.

Over 70 jurisdictions had gathered in Washington, DC to confront the urgent need for regulators to stay abreast of shifts in financial markets and the rapid pace with which technology was evolving. evolution of technology. In this article, our delegates share their reflections on how the integrity of South Africa's financial future can be anchored in innovation.

Kedibone Dikokwe, Divisional Executive for Market Integrity and Decision Sciences

1. **How would you describe your overall experience at the Institute?**
   My experience was both enriching and energising. The programme brought together a diverse group of global regulators and capital markets professionals for a meaningful dialogue about emerging regulatory challenges. The calibre of presentations from senior SEC officials and market experts was exceptional. The sessions were rigorous and practical, offering a rare opportunity to explore regulatory theory alongside real-world application in a collaborative, forward-looking environment.

2. **How does participating in this global forum help advance market integrity in South Africa?**

Engaging with international peers allows us to benchmark our practices against global standards and emerging trends. This exposure strengthens our ability to proactively address risks to market integrity in South Africa. By integrating these insights, we can enhance transparency, improve surveillance capabilities, and refine regulatory responses in alignment with global best practices. Ultimately, this will bolster investor confidence in our markets.

3. **What key lessons did you take away from interacting with your international counterparts?**

   A key takeaway was the value of collaboration, both cross border and inter-agency. The challenges faced by many jurisdictions are similar: evolving market structures, the rise of digital assets, and the increasing complexity of market abuse tactics. Sharing strategies and operational experiences helped identify practical approaches to these shared concerns, highlighting the importance of agility, data driven decision making and continuous upskilling.

4. **Were there any technological innovations or regulatory strategies that you found especially compelling?**

   Yes, I was particularly impressed by the SEC's use of advanced analytics in enforcement and surveillance, including the deployment of machine learning to detect patterns of misconduct. Also noteworthy was the integration of behavioural science into compliance and enforcement strategies, an area with great potential for regulatory innovation. These approaches illustrate how technology and human insight can be harnessed to achieve more effective outcomes.

5. **How will this experience shape the FSCA's direction in Capital Markets and Decision Sciences?**

   This programme has reinforced the importance of leveraging data science to improve regulatory effectiveness. For the FSCA, it underscores the need to deepen our investment in analytics capabilities and to foster an agile, insights driven regulatory culture. It also informs our strategic direction to prioritise investor protection, enhance market resilience, and align our supervisory practices with global innovations while addressing local risks.

Erris van Kerken, Senior Manager in the Market Abuse Department

1. **How would you describe your overall experience at the Institute?**

   It was a great learning and networking experience. Very worthwhile, and I am grateful for the opportunity to attend.

2. **Given your focus on market abuse, which international best practices stood out to you?**

   Some regulators have incentivised whistleblower programmes through which they learn of misconduct that would potentially have gone undetected. As an example, the SEC programme pays a whistleblower from 10% to 30% of amounts collected if the sanction on the wrongdoer is over $1 million. In the 2024 fiscal it awarded over $255 million to 47 individual whistleblowers.

3. **What trends in enforcement or surveillance were discussed that South Africa should be aware of?**

   There are very sophisticated persons that have become aware of the type of conduct that would flag them to regulators and have thus developed new methods that make them more difficult to detect. Without talking about specifics, this means regulators cannot afford to be complacent and must continually think out of the box to keep up.

4. **Did anything surprise you about how other jurisdictions are tackling market misconduct?**

   There were helpful learnings about how other regulators conduct investigations, though they cannot be shared here due to confidentiality. However, overall, I think our approaches largely accords to those of the leading jurisdictions.

5. **How has the experience influenced your approach to regulatory challenges?**

   In all jurisdictions face challenges, it was inspiring to see the enthusiasm with which everyone is working to find solutions. This also serves as warning to us that other regulators are working very hard to create an environment that is conducive to a strong capital market in their countries, and that we must work even harder in the interest of our country's people to stay relevant in this global race.

Chwayita Mtebele, Head of Investment Providers Department

1. **How would you describe your overall experience at the Institute?**

   My overall experience at the Institute was both enriching and professionally valuable. The programme offered a well-structured and intensive environment that supported knowledge exchange. The participation of regulators representing over 70 jurisdictions created a unique platform for robust dialogue on pressing regulatory issues and promoted an understanding of the interconnectedness of global financial markets.

2. **What inspired you most during the Institute, and why?**

   I was most inspired by the diversity of regulatory perspectives presented throughout the programme. The sessions addressed critical themes such as digital assets, cybersecurity, artificial intelligence and machine learning, and emerging regulatory concerns related to hedge funds and venture capital. These discussions reinforced the importance of aligning our regulatory frameworks with international best practices, while applying proportionality to reflect our local context. It further highlighted the need for continuous innovation and adaptability in regulatory conduct.

3. **Were there any specific sessions that changed how you view global investment regulation?**

   Yes, the sessions offering insights into capital and investment markets, and the associated benefits and challenges in securities regulation had a significant impact on my thinking. It became clear that many regulatory challenges were common across both developed and emerging markets. This recognition strengthened my understanding of the importance of cross-jurisdictional collaboration and the shared responsibility of regulators in addressing global market conduct issues.

4. **How do you see the insights from the Institute shaping your work at the FSCA?**

   The insights gained have deepened my appreciation for the balance that must be maintained between regulatory enforcement and economic facilitation. Overly restrictive regulations can inhibit economic growth, while under-regulation may lead to risks in market integrity and consumer protection. My approach at the FSCA will seek to mirror this balance, ensuring that we create a regulatory environment that supports innovation and inclusion while remaining aligned with international standards and local market realities.

5. **Can you share a conversation or moment that truly resonated with you?**

   A recurring theme in the discussions was the strategic role of the regulator in supporting emerging entities and enabling innovation within the financial sector. The emphasis on regulatory agility and the responsibility to promote an enabling environment resonated with me deeply. These insights reinforced the FSCA's dual role in both protecting consumers and encouraging the development of a dynamic, inclusive financial market.

COMPLAINTS MANAGEMENT – A CRITICAL ENABLER TO FAIR CUSTOMER OUTCOMES

BY BOITUMELO MANGANYI, COMMUNICATIONS OFFICER (FSCA)

The Financial Sector Conduct Authority (FSCA) released the highly anticipated Complaints Management Industry Review Report which provides a comprehensive analysis of the complaints management processes of Category I financial services providers (FSPs), retirement funds, and retirement fund administrators.

Central to the FSCA's mandate outlined in section 57 of the Financial Sector Regulation Act, No. 9 of 2017, is the protection of financial customers through the promotion of fair treatment by financial institutions. A critical enabler of this is the implementation of effective, accessible, and timely complaints management systems.

In South Africa, while various sectoral laws (such as the Insurance Policyholder Protection Rules, the Conduct Standard for Banks and the FAIS Code of Conduct) set out consistent principles for complaints management, adherence to these standards remains inconsistent across the financial sector.

For complaint management systems to be effective, financial institutions must ensure they are:

- Fair and satisfactory in handling and resolving complaints;
- Easily accessible to customers: and
- Efficient in resolving issues within reasonable timeframes.

Quick and fair resolution not only supports good customer outcomes but also helps protect brand reputation by reducing negative word-of-mouth and public backlash on social media or escalations to the ombuds offices.

Two-phase review: Insights from financial institutions and consumers

The Complaints Management Industry Review report was conducted in two phases between 2022 and 2023:

- Phase 1 assessed the internal complaints handling mechanisms of financial institutions, with responses from 673 Category I FSPs, 444 retirement funds, and 61 administrators.
- Phase 2 ZZgathered insights from 11 602 financial consumers on their awareness of, and experiences with, complaints handling. A total 655 of these consumers said they had lodged complaints.

Key findings from Phase 1 of the review:

- **Low complaint volumes:** The majority of FSPs (75%), did not receive complaints during the period of review. Similarly, 53% of retirement funds and 30% of retirement fund administrators reported not receiving complaints over the review period.
- **Staffing levels:** Overall, 45% of financial institutions had an average of two to five staff members handling complaints, while 19% had more than five staff members. Furthermore, 32% of financial institutions had only one frontline employee to deal with complaints.

- **Process documentation gaps:** The review found that the majority of the sampled financial institutions displayed commitment to developing and maintaining complaints management processes. However, not all financial institutions have clearly documented complaints management processes and procedures in detail, and not all have documented timelines for resolving complaints. It is important for financial institutions to clearly document the details for complaints handling processes, and for these processes to align with the overall regulatory requirements and ultimately enhance customer experiences and outcomes.
- **Accessibility efforts:** Financial institutions indicated that complaints handling processes are widely accessible through various channels such as information brochures, policy documents, websites, and branch or office walk-in. Whilst multiple avenues for lodging complaints exist, providing complaints handling information across a broad range of languages could improve accessibility because the predominant use of English may discourage some consumers from lodging complaints.
- **Escalation levels:** Financial institutions have a number of internal escalation levels ranging from Level 1 to Level 4, with varying activities and average turnaround times ascribed to each level. However, most entities resolve complaints between level 1 to 3. To enhance fair treatment of customers, details relating to escalation levels should be made available to customers.

Key findings from Phase 2 of the review:

- **Low consumer engagement:** The results from Phase 2 highlight a low complaints rate of 8% and a low awareness of internal complaints handling processes (34%). Negative customer experiences: The results also reveal that consumer experiences with internal complaints handling are mostly negative, highlighting the need to promote a positive complaints culture that encourages consumer feedback and effectively addresses dissatisfaction expressed by financial consumers. Insights from the consumer engagement further revealed that financial consumers' frustrations and pain points include delays experienced in complaint resolution and the lack of receiving regular updates or explanations regarding the status of their complaints.
- **Communication gaps:** Consumers mainly become aware of internal complaints handling processes through policy documents and documents containing terms and conditions, and financial institutions' websites.

Working towards stronger complaints management

The report revealed several gaps across the three pillars of complaints management, namely effectiveness, timeliness, and accessibility. These gaps offer valuable opportunities for the sector to build stronger, customer-centric processes. To that end, the FSCA has issued a set of practical recommendations aimed at improving institutional responses, enhancing customer experience, and reinforcing trust in the financial system.

Looking ahead, the proposed Conduct of Financial Institutions (COFI) Bill will play a key role in standardising complaints management across the financial sector. The bill promises a consistent, cross-sector complaints management framework that prioritises fair treatment and effective resolution; thus, laying the groundwork for a financial sector that listens, responds, and improves.

DIGITAL PAYMENTS IN AFRICA: CAN REGULATION KEEP UP WITH INNOVATION?

BY KEITH SABILIKA, SENIOR FINTECH SPECIALIST (FSCA)

Africa's financial landscape is experiencing significant transformation, as digital payments increasingly displace cash, and emerging crypto assets challenge traditional notions of money. Previously constrained by low banking penetration, the continent is now redefining financial inclusion, through the growth of mobile money and fintech innovation. This shift is further propelled by the increased internet and mobile phone penetration, the rise of e-commerce platforms and youthful tech-savvy population.

However, as the adoption of digital payments grows, the need for regulatory frameworks that promote innovation, protect consumers, and enhance integrity and security of the financial system has become increasingly critical.

The Digital Payments Revolution

Mobile money has changed the way people handle payments in Africa, with more than 1.1 billion registered mobile money accounts in 2024, reflecting a 19 percent increase from the previous year. Active accounts in 2024 rose by 13 percent to 286 million, demonstrating both broad adoption and growing usage. Transaction value climbed 12 percent to USD 1.1 trillion, while the number of transactions jumped 28 percent to 81 billion, indicating that users are making more, smaller payments, even as larger transfers persist. This shift reflects deeper financial engagement enabled by expanding smartphone and internet access, as well as innovative mobile money services.

Figure 1: Key Indicators for Africa

Indicator	2023	2024	Growth
Registered mobile money accounts	856 million	1.1 billion	+19%
Active mobile money accounts	237 million	286 million	+13%
Mobile money transaction value	$919 billion	$1.1 trillion	+12%
Transaction volume	62 billion	81 billion	+28%

Africa has also emerged as one of the fastest-growing regions for crypto assets adoption, recording over $125 billion in on-chain crypto transactions in recent years, a trend that underscores the continent's shift toward cheaper, faster, and more accessible remittance alternatives. Crypto-based remittances, including those facilitated via stablecoins and blockchain networks, are being explored to bypass the high costs and delays associated with traditional banking infrastructure.

Simultaneously, fintech APIs are revolutionising cross border transactions by enabling direct wallet-to-wallet interoperability across mobile money platforms, banks, and digital wallets. This significantly reduces friction and cost by eliminating the need for multiple intermediaries, particularly correspondent banks. For instance, API aggregators like Flutterwave and Onafriq facilitate streamlined digital payments for businesses and consumers alike, enhancing the speed and affordability of remittance flows across African markets.

In addition, neobanks and mobile first digital wallets are transforming the remittance experience by offering real-time, low-cost cross border transfers through app-based services. These innovations, often supported by blockchain infrastructure and mobile money integration, are helping Africa leapfrog legacy financial systems, improving financial inclusion for migrants, SMEs, and unbanked populations.

The Regulatory Landscape

Regulators in Africa are taking actions aimed at levelling the playing field and creating an enabling environment. For instance, the South African Reserve Bank's National Systems Payments Department (NPSD) is spearheading reforms aimed at broadening fintechs and non-bank participation in the national payment system (NPS). Meanwhile, South Africa's Financial Sector Conduct Authority (FSCA) has also emerged as a proactive regulatory force, prioritizing consumer, and market development over bureaucratic compliance. A key regulatory milestone in this regard is the anticipated Conduct of Financial Institutions (COFI) Bill, which is expected to be tabled in parliament this year. This legislation is designed to level the playing field across financial institutions and fintech providers through a more adaptable, activity-based regulatory framework. These efforts reflect a shift toward a dynamic regulatory ecosystem, better suited to Africa's fast-moving digital payments sector.

Recently in a landmark development, Ghana and Rwanda introduced a licensing passport system, allowing fintech's licensed in one country to expand into the other with minimal regulatory hurdles. By integrating this passport with the Pan-African Payment and Settlement System (PAPSS) and leveraging support from global partners such as the Monetary Authority of Singapore, the initiative is set to streamline cross border payments, lower transaction costs and processing times, and unlock new opportunities for intra-African trade and financial inclusion.

Cross border collaboration is critical to overcome to address the enduring challenges involved in intra-Africa payments. In this regard, regional payment systems such as the Pan-African Payment and Settlement System (PAPSS) are addressing the high cost of cross border payments and promoting intra-Africa trade. However, while the vision is comparable to Europe's Single Euro Payments Area (SEPA), an important difference is that SEPA requires participation from payments system players, while Pan-African Payment and Settlement System (PAPSS) is based on voluntary participation.

With over 25 distinct regulatory sandboxes spanning 15 African countries provide fintech innovators with structured, real-world testing environments to trial novel digital payment solutions under the supervision of regulators. These sandboxes enable firms to validate product compliance, assess consumer impact, and refine risk frameworks all within defined regulatory and operational parameters. By offering this controlled space for experimentation, sandboxes are helping to bridge the gap between innovation and regulation, fostering a safer, more adaptive path to market entry while informing regulatory reforms aligned with emerging technologies.

Challenges and Potential Solutions

The digital payment transition in Africa has made significant progress but faces challenges.

While the regulatory landscape for digital payments is evolving, in line with the continent's rapidly expanding fintech sector and increasing focus on financial inclusion, regulatory fragmentation remains a major barrier to seamless cross border fintech innovation. With 54 countries each operating their own licensing requirements, prudential rules and compliance frameworks, fintechs face a patchwork of jurisdictional hurdles whenever they expand regionally. This lack of harmonization drives up legal and operational costs, prolongs time-to-market and undermines economies of scale forcing many startups to limit their services to domestic markets. Addressing this challenge will require coordinated efforts to align licensing requirements, adopt common data-privacy and anti-money-laundering standards, and build interoperable platforms that enable fintechs to onboard customers, clear transactions and report to regulators under a unified set of rules.

Cyber fraud and data breaches are escalating across Africa's digital payments landscape, highlighting the urgent need for comprehensive consumer protection and cybersecurity regimes. In South Africa alone, incidents of digital-banking fraud rose by 45 percent year-on-year, with related financial losses up 47 percent, according to South Africa Banking Risk Information Centre's (SABRIC) Annual Crime Statistics 2023. To safeguard personal and financial data, regulators must strengthen legal frameworks such as South Africa's Protection of Personal Information Act (POPIA), Ghana's Data Protection Act (2012) and Nigeria's Cybercrimes (Prohibition, Prevention, etc.) Act (2015), while enforcing mandatory cyber risk management standards for payment-service providers. At the regional level, adopting Pan-African cybersecurity guidelines can ensure consistent incident-reporting, threat-sharing and resilience testing across borders.

Trust, access, financial and digital literacy even though they are on the rise, remain uneven and insufficient. These factors act as significant barriers to the adoption of digital payments, especially in underserved and rural communities where low financial literacy and digital unfamiliarity persist. For instance, approximately 400 million in Sub-Saharan Africa remain outside the formal financial system. In these areas, several users continue to rely on informal payment methods due to distrust of digital platforms, fear of fraud, and limited understanding of how digital financial services work. Building trust, therefore, requires more than just deploying secure platforms, it necessitates targeted consumer education initiatives that equip users with the knowledge and confidence to engage safely in digital transactions. These programs should emphasize basic digital financial skills, data protection awareness, and fraud prevention strategies. According to the GSMA, improving digital skills and user trust is key to narrowing the region's 60 percent mobile internet usage gap, which reflects both affordability and awareness challenges.

Interoperability also remains a key bottleneck to achieving seamless digital payments across the continent. While mobile money adoption has surged empowering millions with access to financial services the ability to transfer funds between different providers, platforms, and jurisdictions remains limited and fragmented. Users often face high fees, delays, and complex procedures when attempting to move money across networks or borders. This lack of interoperability undermines the efficiency of digital ecosystems, stifles innovation, and restricts the scale of inclusive financial services. Although initiatives like the PAPSS aim to address cross-border inefficiencies, participation is uneven, and technical integration across diverse platforms remains a challenge.

Looking Ahead

Africa's digital payments revolution represents one of the most transformative developments in the continent's economic history, a narrative driven by mobile money, fintech innovation, and growing demand for low-cost, real-time financial services. With over 1 billion mobile money accounts and an expanding array of digital wallets, crypto-enabled remittance platforms, and API-powered fintech infrastructure, Africa is redefining how value moves across borders and communities.

However, this progress continues to confront a fragmented regulatory oversight, high remittance costs, and cybersecurity and data breaches. At the same time, the persistence of low financial literacy and uneven digital inclusion particularly in underserved areas risks deepening rather than bridging the financial divide.

To unlock the full potential of Africa's digital payment ecosystem, a coordinated, forward-looking regulatory response is imperative.

This includes:

- Adopting harmonized, activity-based regulatory frameworks that encourage innovation while ensuring consumer protection and systemic stability;
- Accelerating regional integration efforts such as PAPSS and AfCFTA to reduce friction in cross border payments;
- Strengthening financial literacy and trust-building programs, particularly for vulnerable user groups.
- And embracing technology-neutral, risk-based regulation that supports emerging solutions like blockchain, stablecoins, and AI-enhanced compliance tools.

PUBLIC COMPLIANCE COMMUNICATION 59: BENEFICIAL OWNERSHIP AND THE APPLICATION OF SECTION 21B OF THE FINANCIAL INTELLIGENCE CENTRE ACT, 2001

Beneficial ownership presents significant challenges in the fight against money laundering and terror financing. Criminals frequently exploit legal persons, trusts, and partnership structures to conceal the true ownership or control of funds linked to, or used to facilitate, illegal activities. They achieve this by establishing complex ownership structures, making it difficult to identify the ultimate beneficial owner. Certain legal persons, trusts or partnerships are more vulnerable to abuse by criminals due to their structural complexities or inherent characteristics.

Global supervisory standards

The Financial Action Task Force (FATF), which is the global standard setting body for combatting money laundering and terror financing, addresses beneficial ownership in Recommendation 24 and 25, read together with the Interpretative Notes. The FATF has also issued guidance papers on "Beneficial Ownership of Legal Person" and "Beneficial Ownership and transparency of legal arrangements".

South African guidance

In the context of South Africa, section 21B of the Financial Intelligence Centre (FIC) Act, No. 38 of 2001 prescribes additional due diligence measures for legal persons, trusts, and partnerships. Despite the FIC Act's efforts to address beneficial ownership, it remains a challenging task to determine the ownership and control interest of legal persons, partnerships and trusts.

Accordingly, the Financial Intelligence Centre (FIC) further published Public Compliance Communication (PCC) 59, which provides guidance on beneficial ownership and the application of section 21B of the FIC Act.
PCC 59 sets out a three-step process for identifying the natural person who qualifies as the beneficial owner of a legal person under section 21B(2) of the FIC Act as follows:

- **Step 1:** Identify the natural person who independently or jointly with another person, holds a controlling ownership interest in the legal person.
- **Step 2:** If there is uncertainty about whether a natural person holds a controlling ownership interest or if no natural person holds such an interest, identify the natural person(s) who exercises control by other means, including through ownership or control of other legal persons, partnerships, or trusts.
- **Step 3:** If no natural person has been identified through the previous steps, determine the natural person(s) who exercises control over the management of the legal person.

The term "controlling ownership interest" as used in section 21B(2)(a)(i) of the FIC Act is not defined. The FIC is of the view that "controlling ownership interest" should be interpreted to mean the ability of a natural person by virtue of ownership interest in a legal person, to control and/or to take decisions regarding, or influence, the resolution, decisions and/or business operations of that legal person. Furthermore, the FIC strongly recommends that accountable institutions identify the persons who hold five percent or more of an ownership interest in a legal person, as these persons may be considered as beneficial owners for purposes of section 21B(2) of the FIC Act.

The FSCA encourages accountable institutions to consider PCC 59 when developing, maintaining, and implementing their Risk Management and Compliance Programmes. To read further on PCC 59 and other FIC Act related matters, please visit the FIC's website by clicking here

FOCUS ON YOUTH: KATHERINE GIBSON TALKS YOUTH, REGULATION AND FINANCIAL EMPOWERMENT WITH KARABO BALOYI AND THATO TEFFO

To effectively deliver our mandate, it is important to prioritise financial health for South Africa's youth. The 2025 FinScope data shows that while financial vulnerability of adults under the age of 34 has improved, their financial health overall has fallen significantly by almost 30 percent.

This requires a collective FSCA response. On the one hand, our financial education team is focusing on youth to give them the knowledge and tools to make good financial decisions, especially those who are vulnerable. The National Speech Competition focuses on no-fee schools and has reached over 20,000 scholars since 2016 - now averaging over 5,000 students per year. We've also partnered with the Department of Public Works and Infrastructure in a project that has, to date, engaged nearly 70,000 youth without jobs.

On the other hand, a more financially empowered youth is also about making sure the right financial products and services are available in the market. Our supervisors have a role to engage financial institutions about suitable products and services for young South Africans - and to motivate their development where it aligns with the entity's business model.

Young South Africans offer a significant opportunity to help the country grow and thrive, with 28% of the population under the age of 15 and a further 34% between 15 and 34. We at the FSCA can foster their effective economic participation through meaningful financial inclusion.

In celebration of Youth Month, I sat down with Thato Teffo and Karabo Baloyi from the Regulatory Policy Division - to unpack all things youth, regulation and financial empowerment and this is what they had to say in response to some of the questions posed to them.

What FSCA initiatives resonate most with you to promote financial inclusion and financial literacy among young South Africans?

Thato: The National Financial Literacy Speech Competition and Money Smart Week really stand out to me. They don't just give young people knowledge—they give them a voice. These initiatives help young South Africans build confidence in financial conversations and learn skills they'll use for the rest of their lives. Youth are often left out of these discussions because they lack experience, and that's exactly why these programmes are so critical.

Karabo: I've been moved by two initiatives in particular. First, the Grade R Financial Literacy Speech Festival. It's still early days—it only started last year—but I attended the finals and was inspired by how confidently those children spoke about money. The second is our work with tertiary institutions. I've delivered workshops at four universities, and students are deeply engaged. Some even stay after the sessions to ask more questions. You can see they're hungry for financial knowledge.

How does the FSCA engage with youth voices when developing regulatory or financial education interventions?

Thato: We use our social media platforms and do a lot of research and fieldwork to make sure interventions are aligned with the real needs of young people. We also work closely with schools and universities that are connected to youth realities. That feedback loop is critical.

Karabo: We go beyond just designing content for young people—we co-create with them. We gather insights through events, workshops, feedback emails, and even social media trends. In 2024, we launched a gambling and money-muling campaign based on what we were seeing on our timelines. That campaign really resonated with young people

What role do you believe the youth can play in shaping the future of South Africa's financial sector?

Thato: Youth can drive the change we want to see - by being financially aware, prioritising education, and reporting scams. They're the watchdogs and the innovators.

Karabo: Young people are tomorrow's earners, entrepreneurs, and regulators. They bring digital fluency and a fresh mindset. If they engage fully, they won't just consume financial products they'll reshape how those products are built and delivered.

Innovation is shaping the future of finance. What excites you most about trends like fintech, crypto, or digital banking - and how should young people approach these trends responsibly?

Thato: I'm especially interested in financial crime and cybercrime. The rise of digital banking is exciting - it's helping reach even the unbanked. But young people need to do their homework: check if a platform is licensed, understand the risks, and educate themselves before diving in.

Karabo: What excites me is the access these tools give us. With just a smartphone, a young person can now open a bank account, invest, and run a business. But it comes with risks. The "get rich quick" mindset is dangerous. Young people need to think long-term and question everything. Financial literacy is your best defense.

Scams are evolving. What should young financial consumers be on the lookout for?

Thato: There are so many - courier scams, FICA scams, loan and bursary scams, even fake emails about banking detail changes. Always check for spelling errors, sketchy email addresses, and suspicious links. Never share your OTP or PIN and avoid clicking on random links on WhatsApp or social media.

Karabo: I'd add that you need to be wary of job scams that ask for admin fees, phishing emails, and social media shopping scams. If you're being rushed to decide, that's a red flag. Take your time. Talk to someone you trust. Ask your bank. And trust your gut.

What legacy should your generation leave when it comes to money and financial services?

Thato: We must break the cycle of poverty. That means saving, investing, avoiding debt traps, and changing the narrative—saving doesn't have to be expensive, and financial literacy must become the norm.

Karabo: Intentionality. Our generation should be remembered for using financial tools not just to survive, but to grow and build wealth. And we should shape products that reflect our values - transparency, accessibility, sustainability. Let's not just use financial services. Let's redefine them..

What does financial empowerment look like to you as a young South African today?

Thato: It's about access - to products, tools, and personalised support from financial institutions. We need financial systems that work with us and for us.

Karabo: It's knowing how money works, how to make it work for you, and how to protect yourself. It's budgeting, saving, investing, and having a voice in the system. But it's also about cutting through the pressure and noise - especially from social media - and making decisions that align with your goals.

What more can the FSCA do to promote youth empowerment in the financial sector?

Thato: Host hackathons with financial institutions. These could solve real-world financial challenges and offer young people valuable work experience.

Karabo: Invest in humanised, engaging digital content. Put young faces at the front of our campaigns. Let's bring young people into the room - let them co-create with us, even outside the internship programme. And let's celebrate young financial innovators publicly. That kind of visibility inspires.

Katherine Gibson is the Deputy Commissioner of the FSCA and oversees amongst others, the Regulatory Policy Division which plays a pivotal role in creating policies and programmes aimed at the advancement of financial customers.

Karabo Baloyi is the Digital Coordinator in the Consumer Education Department - Regulatory Policy Division.

Thato Teffo is an Analyst in the Policy Support Department – Regulatory Policy Division.

REGULATORY INSIGHTS: REPORTS AT A GLANCE

This section presents brief summaries of our recently published reports or documents, highlighting the key message. For a comprehensive analysis, we encourage you to read the full reports.

AN OVERVIEW OF THE FSCA REGULATORY STRATEGY 2025–2028

BY GONTSE PHALA, COMMUNICATIONS INTERN (FSCA)

"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." – ***Unathi Kamlana, FSCA Commissioner***.

Recently the Financial Sector Conduct Authority (FSCA) published its Regulatory Strategy for 2025 – 2028 which outlines its strategic direction for the next three years. The strategy reflects the organisation's ongoing commitment to fostering a financial sector that delivers better outcomes for customers while maintaining a proactive, responsive, and forward-looking regulatory approach.

Vision and Mission

At the heart of the FSCA's 2025–2028 Regulatory Strategy lies a clear vision: to foster a fair, efficient, and resilient financial system that supports inclusive and sustainable economic growth. The mission statement centres on promoting an inclusive, customer-centric financial sector where financial customers not only have access to innovative and appropriate products and services but are empowered to make financially capable and informed decisions. This means financial markets must function fairly, effectively, and efficiently; and regulatory oversight should be proactive in conduct supervision and responsive in holding financial institutions accountable.

Strategic objectives and outcomes

The regulatory strategy outlines five overarching objectives:

- **Improve industry practices to achieve fair outcomes for financial customers** – Emphasising customer-centricity, this objective promotes TCF principles in order to foster ethical conduct across the value chain.
- **Act against misconduct to support confidence and integrity in the financial sector** – The FSCA's enforcement actions are guided by risk, severity of harm, and systemic impact through effective deterrents such as penalties and public reporting.
- **Promote an innovative, inclusive, and sustainable financial sector** – Facilitating transformation, financial inclusion and sustainable finance, this objective now also includes oversight of crypto assets, open finance, and digital innovation.
- **Empower households and small businesses to be financially resilient** – With a focus on consumer education and capacity-building, the FSCA leverages targeted campaigns and tools like the Financial Consumer Vulnerability Framework to address gaps in financial literacy.
- **Accelerate the transformation of the FSCA into a socially responsible, efficient, and responsive conduct regulator** – This internal-facing objective focuses on operational excellence, digital transformation, and being an employer of choice.

2025–2028: A proactive and risk-based regulatory and supervisory approach

Several strategic activities will test and define the FSCA's approach over the next three years:

- **Implementation of the Conduct of Financial Institutions (COFI) Bill**: The FSCA is preparing for a paradigm shift where market conduct regulation will transition towards a single, streamlined, outcomes-based framework that will harmonise existing laws and introduce licensing for new activities like payment services and debt collection.
- **Deployment of Supervisory Technology (SupTech)**: The IRS will automate regulatory submissions, enhance risk-based supervision and support real-time surveillance.
- **Financial Markets Act (FMA)**: 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, as well as enhancing market integrity and efficiency. The FSCA will also prioritise the finalisation of the central clearing framework for South Africa.

A distinctive feature of the FSCA's 2025–2028 strategy is its robust, multi-layered approach to regulation and supervision. The FSCA adopted a risk-based, outcomes-focused supervisory model designed to anticipate and respond to emerging threats while promoting fair and transparent practices. This model is guided by the principles of being pre-emptive and proactive; intensive and intrusive where necessary or in proportion to risk; transparent and consultative, and applying credible deterrents to misconduct.

This approach is further operationalised through the rollout of the Integrated Regulatory Solution (IRS)—a suptech platform that will automate regulatory reporting, improve data analysis, and enable proactive risk detection. The FSCA will leverage tools such as mystery shopping, conduct risk returns, thematic reviews, and self-assessment surveys to strengthen oversight. Importantly, the regulator is committed to providing timely regulatory guidance, more industry engagement, and ensuring that financial institutions internalise the implementation of sound conduct principles throughout their operations.

By harmonising regulatory frameworks on key conduct risks such as those related to artificial intelligence, cyber resilience, and financial product affordability—the FSCA aims to deliver consistent regulatory outcomes across the entire financial ecosystem. This also means working closely with its "Twin Peaks" counterpart, the Prudential Authority, to align regulatory standards and support a coherent supervisory environment.

Governance, partnerships, and international alignment

The FSCA remains committed to cooperative governance and regulatory harmonisation. Its partnerships with the Prudential Authority, National Treasury, the Council for Medical Schemes, and the SARB form the backbone of the Twin Peaks regulatory model. Regionally and globally, the FSCA contributes to standard-setting through active participation in bodies such as IOSCO, IAIS, FATF, and FinCoNet. Of particular importance is the FSCA's role in supporting South Africa's G20 presidency in 2025, where it will help shape global financial inclusion and regulatory agendas.

The FSCA Regulatory Strategy 2025–2028 represents more than a set of institutional goals - it is a blueprint for regulatory reform. By embracing innovation, fostering financial inclusion, strengthening enforcement, and transforming internal capabilities, the FSCA is positioning itself as a modern, proactive, and trusted market conduct regulator that promotes economic stability, public trust and sustainable growth for all South Africans.

Performance and progress (2021–2025)

The FSCA's previous strategy period laid a strong foundation for current ambitions. Some noteworthy achievements include:

- Over R943 million in penalties issued in 2023/24.
- Licensing of more than 250 Crypto Asset Service Providers.
- Launch of the Two-Pot Retirement system and related regulatory guidance.
- National consumer education efforts reaching over 67.9 million people.
- Development of a draft Financial Education Charter, designed to establish a unified framework for financial education initiatives across the sector.
- The adoption of joint regulatory standards and increased AML/CFT enforcement capacity, which contributed to South Africa's efforts to exit the FATF grey list.
- Published the Sustainable Finance Roadmap and conducted research on ESG practices within the investment sector.
- Entered into an MoU with the Broad-Based Black Economic Empowerment (B-BBEE) Commission to strengthen collaboration in promoting financial sector transformation.
- Co-hosted the 2024 IAIS Annual Conference with the PA, attracting over 600 international insurance sector participants.

To read the full FSCA Regulatory Strategy click here

COST AND FEE IMPLICATIONS OF THE TWO-COMPONENT SYSTEM

BY ATHULE MPANDLE, COMMUNICATIONS OFFICER (FSCA)

The FSCA published a comprehensive report on the costs and fees associated with implementing the Two-Component System in retirement funds, which came into effect on 1 September 2024. This reform seeks to achieve a balance between preserving retirement savings and allowing limited access to funds in emergencies.

The report is based on submissions from 76 administrators and examines once-off implementation costs, estimated at R1.63 billion, as well as ongoing administrative expenses. It also reviews the methods used by administrators to recover these costs, including increased monthly administration fees and transaction-based charges for withdrawals. The findings reveal significant variation in cost structures across the industry, with some administrators absorbing the costs while others pass them on to fund members.

The report further identifies concerns regarding cross-subsidisation, transparency, and the consistency of fee application. It also assesses administrator practices relating to withdrawal channels, fraud prevention measures, and potential fee reductions for smaller withdrawals.

The FSCA will engage further with administrators whose practices fall outside the observed norms, in order to ensure that all fees remain fair, reasonable, and justifiable.

Access the full report

FSCA THREE-YEAR ROLLING FINANCIAL EDUCATION PLAN 2025–2028

BY BOITUMELO MANGANYI, COMMUNICATIONS OFFICER (FSCA)

The Financial Sector Conduct Authority (FSCA) has unveiled its Three-Year Rolling Financial Education Plan (FEP) for 2025–2028, marking a bold step forward in advancing financial literacy, consumer protection, and economic empowerment across South Africa. Rooted in the FSCA's legislative mandate under section 57 of the Financial Sector Regulation Act.

The publication of the FEP will enable the FSCA to better fulfil its strategic goals of increasing the reach and quality of financial education in South Africa through coordination amongst stakeholders, thought leadership, and transparency of its planned financial education activities. This FEP will also be presented for discussion at the National Consumer Financial Education Forum chaired by the National Treasury.

Key financial education priorities (2025–2028)

Digital and inclusive outreach

- Shift focus to digital financial literacy while still using traditional media.
- Address fintech adoption, cyber safety, and digital banking readiness.

Integrated regulatory approach

- Embed consumer education into the FSCA's regulatory and supervisory functions.

Leadership and collaboration

- FSCA to remain a thought leader in financial education via international collaboration (e.g., OECD, INFE, GMW, WIW).

Behavioural insights and research

- Use behavioural economics and data-driven research to craft impactful education initiatives.
- Target high-impact groups: students, grant recipients, SMMEs, people with disabilities, rural communities.

Year-by-year action plan highlights 2025/26

- Campaigns on fraud/scams, digital payments, youth financial literacy, and student engagement.
- National Speech Competition & Grade R Speech Festival (GP only).
- Financial resilience campaigns: debt management, retirement readiness.
- Outreach to tribal authorities, rural municipalities, and educators.
- Launch investor education and sustainable finance campaigns.
- Develop an e-learning platform and comparison tool.
- 5 collaborative projects including EPWP and financial institutions.
- Launch Money Smart Week and finalize FE Charter.
- Begin 3-year longitudinal impact study on financial literacy.

2026/27

- Continued fraud awareness and introduction to digital banking campaigns.
- Trust-building: Digital Payments (with SARB), COFI awareness.
- Expanded outreach to people with disabilities, elderly, and students (Universities & Tech).
- National and provincial Grade R Speech Festivals.
- Add 3 modules to e-learning platform.
- 6+ collaborative partnerships.
- Money Smart Week with National Consumer Financial Education Committee.
- Interim report from the financial literacy impact study.

2027/28

- Fraud prevention and record-keeping campaign (unclaimed benefits).
- Digital money innovation awareness: web3, virtual wallets.
- Full disability outreach (deaf, blind, physically disabled).
- Full-scale provincial Grade R Festivals.
- Update e-learning and digital tools.
- Add more collaborative projects (+15 FE Charter signatories).
- Final impact study report and app usage tracking.
- To read the full Financial Education Plan 2025-2028 Click here

POWERHOUSE

MEET PHOKENG MOGASE FSCA'S TRAILBLAZING CIO

In a world rapidly shaped by digital transformation, we caught up with Phokeng Mogase, the FSCA's Chief Information Officer, whose dynamic journey and trailblazing leadership are redefining the intersection between technology and regulation.

1. **Can you describe your career journey that led you to your role as CIO at the FSCA?**

   My career has been a continuous evolution through roles that positioned me at the intersection of technology and business. I started in technology sales and customer service, managing a national client base, before moving into more strategic roles like General Manager of Applications Development and Maintenance. These roles broadened my understanding beyond technical aspects to include customer experience, operational efficiency and business impact. This foundation naturally led me to digital transformation leadership and ultimately to my current role as CIO at the FSCA, where I lead technology with a business-centric focus.

2. **What sparked your interest in ICT? Was it always a passion?**

   ICT was not initially a passion. After matric, I could not go straight to university due to financial limitations, so I spent a year at home. During that time, I looked through job listings and noticed a strong demand for IT professionals. That insight led me to study IT. However, my true passion for the field only emerged later, particularly when I started working on digital transformation. I realised then that ICT can be a tool for meaningful change, not just technical progress.

3. **How did your early years shape your leadership style?**

   As a child, I was involved in various activities like ballet, netball and athletics, but I always made sure that my schoolwork came first. That discipline, the ability to prioritise and stay committed to what truly matters, has remained with me. Even as a leader, I focus on what delivers the greatest value and lead with intention.

4. **You were recently recognised with the Chartered CIO designation and an award for visionary digital leadership. What did those achievements mean to you?**

   These accolades reminded me that leadership is not only about delivery, but also about the impact and responsibility that come with it. Too often, we work with our heads down, not realising who is watching or being influenced by our work. The Chartered CIO designation was especially validating because it confirmed that my journey had touched on all the critical pillars of CIO leadership. It was both affirming and humbling.

5. **Tell us about the IRS project and why it matters to the FSCA?**

   The Integrated Regulatory Solution (IRS) is a core digital initiative to enhance how we regulate and engage with stakeholders. It was borne from listening attentively to our internal teams and the entities we regulate, which revealed the need to become more efficient, accessible and effective. IRS enables faster turnaround times, improved user experience and better fulfilment of our mandate. It also positions us as a modern, responsive regulator.

6. **What message would you share with aspiring professionals, especially those who look up to you?**

   Be clear about your "why." Purpose provides direction and resilience. Once I understood the FSCA's strategy, I found renewed energy. We exist not just to regulate, but to create social impact by ensuring that the financial sector thrives while protecting consumers. That understanding fuels me. If you align your career with a cause greater than yourself, the journey becomes meaningful and impactful.

Phokeng Mogase is the Chief Information Officer at the FSCA.

Her multidimensional experience across technology and business continues to drive the authority's digital transformation in service of its mandate to protect financial consumers and promote market integrity.

A DIFFERENT PERSPECTIVE

CRYPTO ASSET SERVICE PROVIDERS: DRAFTING A RISK MANAGEMENT AND COMPLIANCE PROGRAMME

ARTICLE SUBMITTED BY THE FIC

Crypto asset service providers (CASPs) are deemed vulnerable to criminal abuse as a potential haven for the financial transactions of criminals and terrorists. It is for this reason that CASPs have been brought under South Africa's regulatory regime.

In December 2022, CASPs were included as accountable institutions under Item 22 of Schedule 1 to the Financial Intelligence Centre Act (FIC Act). The FIC Act lists activities under item 22 which classifies an entity as a CASP under the FIC Act. In addition, where the CASP provides financial advisory and intermediary services in respect of a crypto asset in terms of the Financial Advisory and Intermediary Services Act, 2002 (Act 37 of 2002), they must register as an accountable institution in terms of item 12 of Schedule 1 to the FIC Act which includes financial service providers.

A person who performs the business activities of a CASP, regardless of the technology platform used or the specific type of crypto asset being used for the transaction, is an accountable institution and must register with the FIC. Registering with the FIC on its electronic registration and reporting platform, goAML, is the first step towards fulfilling FIC Act obligations. These obligations are geared towards mitigating the threats of knowingly or unwittingly facilitating money laundering or financing of terrorist activities. Refer to public compliance communication (PCC) 5D for further information on registration with the FIC and the goAML user guide on registration.

Knowing your risks

All sectors listed in the FIC Act need to understand the environment in which they operate and the potential risks they face. As part of their obligations, accountable institutions must also develop and maintain a risk management and compliance programme (RMCP) containing the processes to combat money laundering (ML), terrorist financing (TF) and proliferation financing (PF). The RMCP is an all-encompassing programme which contains the processes and measures in place to mitigate ML, TF and PF risks. Guidance Note 7A provides insight into the approval process that must be followed for the RMCP as well what the entity-wide risk assessment entails.

At minimum, the RMCP should contain three parts:

- **Part 1** – Identification and assessment of the risks the accountable institution faces in terms of being abused for ML, TF and PF. Various factors such as the product offering of the entity, its client base, geographical location, and related aspects are considered. The FIC has published a sector risk assessment to assist CASPs.
- **Part 2** – Mitigation and management of the risks identified in Part 1 through implementation of appropriate controls, depending on the risk appetite of the CASP.
- **Part 3** – Ongoing monitoring of whether the controls implemented are adequate and effective to mitigate the risks identified in Part 1.

Entity-wide risk assessment

Accountable institutions, including CASPs, must include an entity-wide risk assessment in the process. This entity-wide risk assessment should include an assessment of both the inherent and residual ML, TF and PF risks, to empower the CASP to identify and implement adequate controls and make an informed decision as to what is its risk appetite. It is imperative that CASPs review their RMCP at regular intervals to ensure it is kept up to date with the risk and compliance environment within which the CASP operates.

Submission of RMCPs to the FIC

On 4 March 2025, the FIC issued a request to accountable institutions, including CASPs, to submit a copy of their RMCP on the goAML platform. Submissions for the RMCPs were due on 12 March 2025. All CASPs who have not submitted their RMCP yet are reminded to do so without delay. Note that the RMCP submissions must be done via goAML and that no other form of submission, such as an e-mail or query submission, will be accepted or considered.

In summary, CASPs must be aware of the ML, TF and PF risks they face. Once these are identified, they must implement appropriate controls to mitigate these risks and holistically evaluate the adequacy of the controls versus the risks it is meant to mitigate.

The FIC website contains further guidance notes and public compliance communications. Alternatively, contact FIC's compliance contact centre on +27 12 641 6000 or log a compliance query on the FIC website.

How to submit an RMCP

To submit your RMCP, follow the steps below:

1. Save the latest version of your RMCP document in PDF format on your computer with the following filename YYYYMMDD_RMCP.pdf (YYYYMMDD must reflect the date of approval of your latest RMCP.) For example, 20250304_RMCP.pdf.
2. The compliance officer for the institution must log on to goAML
3. Click on the "MY GOAML" Dropdown Menu.
4. Click on "My Org Details".
5. Scroll down to the "Attachment" section and click on the "Upload" button.
6. Browse to where you have saved your RMCP document on your computer and click on "Open".
7. Click on "Submit Request".
8. Click on "Continue" – which is the last step in your RMCP submission to the FIC.

AROUND THE WORLD

In this section, we bring you a selection of key financial and regulatory developments from across the globe. Stay informed about global shifts that may impact our local financial sector and regulatory landscape.

AROUND THE WORLD

European Central Bank Initiates Rate Cut Amidst Declining Inflation

The European Central Bank has cut its deposit facility rate by 25 basis points to 2%, marking its first-rate reduction in five years. The decision comes as inflation in the Eurozone fell to 1.9%, aligning with the ECB's target. ECB President Christine Lagarde noted that while the economic outlook has improved, downside risks persist due to global trade tensions, particularly in light of new U.S. tariffs.

Read more

IMF Highlights Trade Wars as Greater Threat Than Pandemic for Emerging Markets

Gita Gopinath, the IMF's First Deputy Managing Director, has warned that emerging market central banks now face more difficult conditions than during the pandemic. The resurgence of global trade wars, especially between the U.S. and China, has introduced policy uncertainty, disrupted supply chains, and created volatile capital flows.

Read more

UK Fintech Firm Wise Plans Primary Listing Move to New York

Wise, the UK-based money transfer company, is preparing to shift its primary stock market listing to the New York Stock Exchange. The move reflects a broader trend of UK fintechs seeking deeper capital markets and higher valuations in the U.S., amid concerns over regulatory competitiveness in the UK.

Read more

European Union Provides Guidance on NextGenerationEU Implementation

The European Commission has issued new guidance to EU Member States on how to successfully implement the Recovery and Resilience Facility (RRF) by the 2026 deadline. The communication forms part of the EU's Spring Package and aims to ensure strategic use of funds and completion of post-pandemic reforms.

Read more

OECD Reports Weakening Global Economic Prospects

The OECD has published a cautionary report highlighting weakening global economic prospects due to protectionist trade policies, tightening financial conditions, and persistent geopolitical tensions. These factors are dampening investment and slowing growth, especially in developing economies.

Read more

Basel III Reforms Set for Implementation

The Basel Committee has confirmed that the final Basel III reforms will come into force on 1 July 2025. These reforms, also known as Basel IV, introduce more stringent capital requirements, standardised risk models, and a floor for risk-weighted assets. The measures are designed to further stabilise the global banking system.

Read more

AI Action Summit Highlights Global Investment in Artificial Intelligence

Held in Paris this February, the AI Action Summit drew delegates from over 100 countries and led to major investment commitments. The European Union launched a €200 billion InvestAI initiative, and France secured nearly €110 billion in private sector pledges. Discussions focused on regulatory harmonisation and responsible AI development.

Read more

CONSUMER CORNER

MONEY SMART WEEK SOUTH AFRICA (MSWSA) 2025

The National Treasury, Financial Sector Conduct Authority (FSCA), and National Consumer Financial Education Committee (NCFEC) invite organisations and individuals to participate in Money Smart Week South Africa (MSWSA) 2025. The campaign will run from 25 to 31 August 2025 under the theme **"Smart Money: Financial Foundations for a Resilient Future".**

Now in its seventh year, MSWSA has grown into a national platform for advancing financial literacy through collaboration, innovation and inclusivity. Following the success of MSWSA 2024, which saw 75 partner organisations working together to deliver practical money skills to a multitude of South Africans, the 2025 campaign aims to deepen its impact with continued focus on contributing to a financially literate citizenry.

Participation in the campaign is open to multiple stakeholders, including academic institutions, employers, government departments, regulatory bodies, financial service providers, Non-Governmental Organisations, Public Benefit Organisations, community-based groups and individuals. Interested participants are encouraged to plan and host their own financial education activities during the week-long campaign, which may include:

- Face-to-face workshops and presentations
- Community activations and exhibitions
- Webinars and digital learning content
- Broadcast and social media campaigns

A pre-campaign information session will be held on 25 June 2025 to engage potential participants in the campaign. Further details regarding this will be communicated soon.

More information on MSWSA 2025 can be found on the following platforms:

Website: www.mswsa.co.za
Email: info@mswsa.co.za
LinkedIn: Money Smart Week South Africa
Facebook: Money Smart Week South Africa
Instagram: @money_smart_week_sa
X: @MSW_SA
YouTube: Money Smart Week South Africa
#MSWSA

PARTNERING IN FINANCIAL FAIRNESS - HOW COLLABORATIVE OUTREACH IS HELPING SOUTH AFRICANS EXERCISE THEIR FINANCIAL RIGHTS WITH CONFIDENCE

ARTICLE SUBMITTED BY THE OMBUDS COUNCIL

Research commissioned by the FSCA, the *Complaints Management Industry Review Report 2025*, reveals that a significant number of South Africans remain unaware of their right to financial redress, or where to turn when they feel they've been treated unfairly. The Ombud Council is established by the Financial Sector Regulation Act, with a mandate to assist in ensuring that financial customers have access to and are able to use, affordable, effective, independent and fair alternative dispute resolution processes for complaints about financial institutions. The Council accepts its responsibility to raise awareness about the financial ombud system with purpose and pride. We do this in collaboration with our valued stakeholders, like the FSCA, and the full ecosystem of financial ombud schemes to ensure that financial customers are not only informed but also empowered to seek the redress they are entitled to.

Recent Outreach Activities: Taking the Message to the People

Over the past few months, the Ombud Council has placed a renewed focus on outreach and customer education. In March, as part of Consumer Awareness Month, the Council hosted a public webinar, 'Know Your Financial Rights', in collaboration with the FSCA and the financial ombud schemes we oversee. Featuring the FSCA's Elliot Modisa, from the Consumer Education Department and the schemes, the session unpacked how financial customers have the right to fair treatment by financial institutions; financial institutions' obligation to follow the principles of Treating Customers Fairly; and that financial customers can raise complaints at any time regarding financial institutions if treated unfairly.

In April, the Council secured the presence of the National Financial Ombud; Office of the Pension Funds Adjudicator and the FAIS Ombud at the Rand Show, one of the country's biggest lifestyle expos. The financial ombud schemes came together to speak directly to the public about the types of complaints they handle and how they assist complainants. This initiative brought the concept of redress into a tangible space, creating opportunities for customers to learn, ask questions, and understand which ombud to approach for help.

Reaching Further: Outdoor, Digital and Radio Campaigns

To broaden our reach, the Council also launched an outdoor media campaign placing digital billboards at major national airports and prominent highway sites. These were followed by a digital media rollout across social platforms, digital magazines and mobile applications. The message was also amplified through a local-language radio interview on Motsweding FM, and national talk radio shows; Radio 702, Cape Talk Radio, and Power FM.

"Know Your Ombud": Real Cases, Real Lessons

The momentum has continued with the launch of the "Know Your Ombud" series, a powerful collaboration with well-known financial journalist Maya Fisher-French. The 8-part series, which began on 30 May 2025, offers customers a behind-the-scenes look at the financial ombud system through a conversation with the Chief Ombud / CEO of the Ombud Council, Leanne Jackson, followed by candid interviews with the key representatives of the ombud schemes.

Using real-life case studies, some resolved in favour of the financial customer and others in favour of the financial institution, the series provides practical insights on how to raise complaints and what to expect from the process.

Watch or listen via:
YouTube | Facebook | LinkedIn | mayaonmoney.co.za

Looking Ahead to Money Smart Week

Looking ahead, the Ombud Council is preparing to take part in Money Smart Week South Africa at the end of August; a national financial literacy initiative led by the National Treasury. During this time, various stakeholders involved in consumer education unite to deliver practical, plain-language information to the public aimed at improving the financial wellness of financial customers. The Council's participation reinforces our commitment to ensuring that financial customers not only know where to go when they're not treated fairly by financial institutions but feel confident in doing so.

Together for a Fairer Financial System

Together with our partners, including the FSCA, we are helping to:

- Extend the reach of Treating Customers Fairly (TCF)
- Use complaint data to better shape financial redress
- Drive behavioural change in financial services

The message is clear: access to justice in financial services should not be a privilege, but a right that every South African customer can confidently exercise. And with continued collaboration, public education and innovation, that vision is steadily becoming a reality.

EVENTS

HER MAJESTY QUEEN MAXIMA'S VISIT TO SOUTH AFRICA

BATSETA WINTER CONFERENCE 2025

FSCA BREAKFAST WITH CEOs FROM TIER 2 BANKS




PARTING SHOT

FSCA NEWS ROUND-UP

Public warning against fraudulent WhatsApp group impersonating Momentum Metropolitan Holdings Limited and Mr Risto Ketola

The FSCA warns members of the public to exercise extreme caution when engaging with a WhatsApp group operating under the names "Q23 Momentum Official Securities Group" and Q923 MOSG Official Securities Group".

Read more

Public warning against a platform using deep fake videos of Dr Patrice Motsepe, Ms Leanne Manas, Mr Cyril Ramaphosa and Mr Paul Mashatile

The FSCA warns the public to be cautious when conducting financial services business with investment platforms claiming to be associated with Dr Patrice Motsepe and President Cyril Ramaphosa.

Read more

Statement on Mantengu Mining Limited

The FSCA has concluded its investigation into the alleged prohibited trading practices (commonly referred to as price manipulation) in the shares of Mantengu Mining Limited (Mantengu).

Read more

FSCA imposes R3 million administrative sanction on Ninety-One Fund Managers SA (RF) (Pty) Ltd (CIS 16)

The FSCA has taken administrative action against Ninety One Fund Managers SA (RF) Pty) Ltd (91FM) for failing to comply with certain provisions of the Financial Intelligence Centre Act, No. 38 of 2001 (FIC Act).

Read more

STAFF PICKS: MUST-READ

In this section, a few staff members share articles and reports they found insightful or thought-provoking. It's a chance to discover new perspectives and deepen understanding of key topics in regulation and beyond.

MUST-READ ARTICLES

Submission by Motlalepule Peri
Project administrator: ICT Project Management Office

Title: OPFA Quarterly Digest – April issue| Visionary Digital Leadership Award

Context: I am thrilled to share that recently while rummaging for exciting news through the corridors of LinkedIn as I often do, the April issue of the OPFA Quarterly Digest by Deputy Pension Fund Adjudicator Naheem Essop caught my eye. I was fascinated to read the feature from the Adjudicator's Desk, having seen how implementation of the two-pot system impacted the number of queries OPFA handled in the later part of the past financial year. Such publications carry valuable insights into the work our sister regulators do to enforce regulation and carry out their mandate to the public.

I also enjoyed reading a snippet shared by our very own CIO Ms Mogase on LinkedIn, upon her receipt of the Visionary Digital Leadership Award for excellence in leading digital transformation, presented by the Africa Career Summit 2025. I was particularly impressed with her humility where she pointed out that in receiving the award, it was not just for her alone but for her team and she went on to acknowledge that she is because of her team. I think this is an outstanding achievement for the FSCA ICT to be celebrated."

Link: Click here
Link: Click here

Submission by Erris Van Kerken
Senior manager: Market Abuse

Title: Financial Sector Conduct Authority and Others v Deighton (A304/2022; 15703/2021) [2024] ZAGPPHC 88

Context: This important case dealt with the right of a person that is going to be interviewed to have access to all documents (including sensitive documents) that may be presented during the interview, prior to the interview. The court of first instance (High Court) initially found that the refusal to provide Mr Deighton with an opportunity to properly consider and take advice about the documents beforehand was unfair. The FSCA respectfully disagreed and lodged an appeal against the finding. On appeal, the full bench of the High Court ruled in favour of the FSCA and found that applying the fairness standard at investigation stage, the refusal to allow Mr. Deighton prior access does not fall short of the standards demanded by the Constitution." The Court also held that "the decision not to furnish Mr Deighton with documents was rationally connected to the investigation process. Dissatisfied with the ruling, Mr Deighton first filed leave to appeal to the Supreme Court of Appeal. This was declined, and he then applied for leave to appeal to the Constitutional Court. On 2 June 2025 the Constitutional Court refused Mr Deighton's application on the basis that "it is not in the interest of justice to grant leave to appeal as the application has been brought in medias res [midstream] and lacks prospects of success". This means that the judgment of the full bench of the High Court stands. The case citation is Financial Sector Conduct Authority and Others v Deighton (A304/2022; 15703/2021) [2024] ZAGPPHC 88.

Link: Click here

Submission by Zinhle Mngomezulu
Senior Analyst: Banks and Payment Providers Supervision

Title: Evolving South Africa's Payment Ecosystem: Enhancing Security in a Complex Landscape

Context: An insightful read that I find valuable for the broader audience would be on the topic of Payments and Innovation.

This article discusses the significant changes in South Africa's payment ecosystem, focusing on advancements in financial inclusion, lowering payment costs, improving accessibility, the adoption of new technologies and real-time payment systems, and the associated security challenges. Payments are emerging as a key focus as the financial industry shifts towards offering seamless payment options and innovation, with the potential of eventually becoming cashless. This is the time for the nation to adjust to evolving circumstances, but we must also recognise the dangers linked to innovation and modern technology, whilst still fighting for financial inclusivity.

Link: Click here

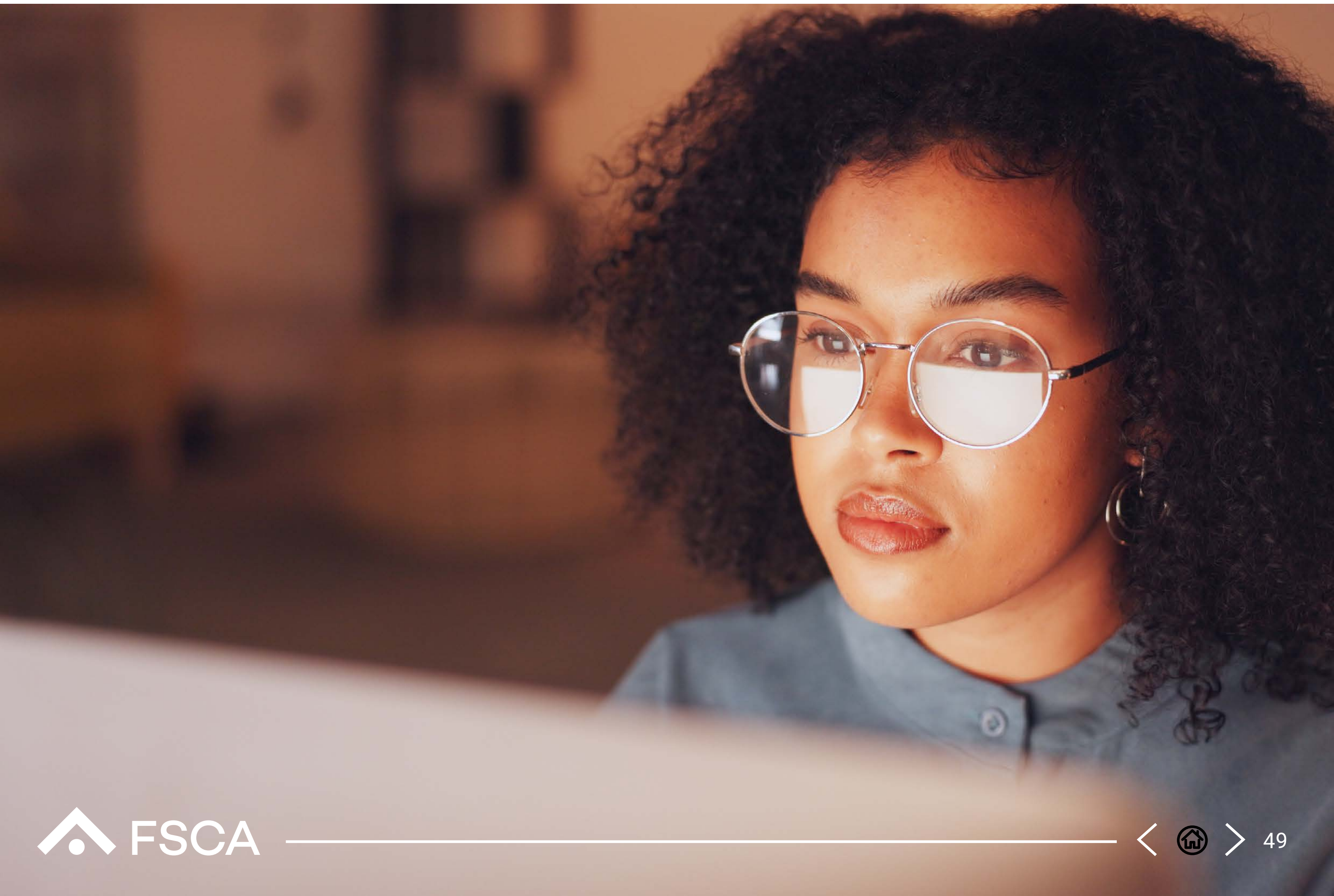
Itumeleng Modise
ICT Data Analyst: ICT Data and Analytics

Title: The Microsoft Power Platform Blog (September 2024).

Context: This article highlights inspiring real-world stories of how employees across industries are using Power Platform tools—like Power Apps, Power Automate, and Copilot—to solve business challenges and boost productivity.

The article showcases how digital transformation isn't just about technology—it's about people. It demonstrates how employees, regardless of technical background, are using low-code and AI to automate repetitive tasks, build impactful apps, and even transform their careers. It's a great example of how democratising technology can unlock innovation at every level of an organisation. Furthermore, employees can collaborate with professional developers (Automation Engineers) like me to create the innovative solutions.

Link: Click here



FSCA

Financial Sector
Conduct Authority