

## **FSCA Press Release**

**15 May 2019**

### **Invitation for public comments on a draft Conduct Standard for banks**

The FSCA has published for comment a draft Conduct Standard for banks, which outlines the proposed regulatory approach to market conduct in the sector. The standard has been published in terms of section 106(2) (b) of the Financial Sector Regulation Act, 2017 (FSR Act), and relates to banks, mutual banks, and co-operative banks.

Over the past decade a number of conduct weaknesses have been identified in the South African banking sector. These include the findings of the Competition Commission's Banking Enquiry in 2008 (the Jali Commission), a World Bank Group report on "Financial Inclusion: A Payments Perspective" in 2008, and more recently the World Bank's 2018 "Retail Banking Diagnostic" commissioned by the National Treasury.

With the advent of the FSR Act in 2018, the FSCA has been given the explicit mandate of regulating and supervising the conduct of banks. For the FSCA to meaningfully supervise the conduct of banks, there must be an enforceable market conduct regulatory framework against which the FSCA can monitor conduct across the banking sector. Bearing in mind the identified risks to fair customer outcomes in the sector, as highlighted by the above-mentioned reports, comparable conduct measures in other financial sectors and the FSCA's own engagements with the banking sector and its stakeholders; the FSCA has developed the proposed Conduct Standard for banks. The draft Standard is the first step towards rolling out a comprehensive market conduct regulatory framework for the banking sector.

The objective of the proposed Standard is to introduce requirements to promote the fair treatment of financial customers of banks. The requirements have been designed to give effect to the target outcomes of the FSCA's Treating Customers Fairly (TCF) consumer protection framework and to broadly follow the sequence of the typical financial product lifecycle. The conduct requirements are mainly principle-based, although certain

requirements such as those for complaints management are more detailed as a result of prior cross-sector consultations on these elements of the TCF framework.

Comments can be submitted using the template that can be found [here](#) until 18 June 2019. Submissions should be sent to [FSCA.RFDConductStandardBanks@fsca.co.za](mailto:FSCA.RFDConductStandardBanks@fsca.co.za)

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