

The FSCA publishes Final Strategy for Promoting Financial Sector Transformation

The Financial Sector Conduct Authority (FSCA) today published its final strategy for promoting the transformation of the financial sector in line with its [Regulatory Strategy 2021-2025](#). This follows the publication of its draft strategy for public comment in February 2022. Also published is a Response Document setting out the FSCA's responses to comments received from stakeholders, which reflected broad support for the FSCA's proposed approach.

The FSCA recognises that it has an important role to play in promoting the transformation of the financial sector as envisaged in the Broad-Based Black Economic Empowerment (B-BBEE) Act, No. 53 of 2003. The Conduct of Financial Institutions (COFI) Bill, to be tabled in Parliament by National Treasury this year, contains key proposals to strengthen the powers of the FSCA in relation to financial sector transformation. These include making the promotion of financial sector transformation an explicit function of the FSCA, requiring all licensed financial institutions to have a transformation plan in place, and empowering the FSCA to take reasonable regulatory action against financial institutions that do not uphold transformation commitments as set out in their plans.

The strategy outlines how the FSCA will promote transformation within the current legislative framework (such as the B-BBEE Act and the Financial Sector Code) pending the finalisation of the COFI Bill, and how it will give effect to future proposals relevant to transformation once the COFI Bill is enacted.

Key changes made in the final strategy in response to the public comments received include the following:

- Clarification of the legislative frameworks that guided the development of the strategy;
- Reconsideration of the proposal to introduce a minimum B-BBEE Level 4 requirement;
- Further details on the FSCA's approach to ensure proportionality in its application of the strategy; and
- Clarification on the impact of transformation requirements on new institutions entering the market and institutions that are already licensed.

Executive Committee:

Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

"The FSCA remains committed to playing its part in promoting financial sector transformation. We are grateful to all those who provided inputs into our draft strategy, which were considered and taken into account in revising the document. We will continue to work closely with stakeholders to ensure that our approach to this important issue is proportionate, fair, and appropriately supportive of the sector and the people it serves," said Unathi Kamlana, Commissioner of the FSCA.

The FSCA will work in close collaboration with other relevant stakeholders, such as government departments and agencies with mandates to promote transformation, to ensure the successful implementation of its Transformation Strategy.

The Transformation Strategy and Response Document are available on the FSCA's website <https://www.fsca.co.za/Regulatory%20Frameworks/Temp/FSCA%20Transformation%20Strategy.zip>

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