

Press Release

20 February 2025

Financial Sector Conduct Authority (FSCA) releases Market Study on Decentralised Finance (DeFi) in South Africa

The FSCA has published the findings of its Decentralised Finance (DeFi) Market Study, aimed at assisting the Authority to better understand DeFi related activities taking place in South Africa. DeFi applications or protocols are blockchain based and are typically built using smart contracts which are given effect through pieces of code that determine the rules of the DeFi product. Users who interact with DeFi smart contracts do what they would usually do in traditional finance such as borrow money, make loans, or trade assets without traditional intermediaries (like commercial banks), and the entire operation runs on code.

The Market Study reveals that DeFi activities are gaining traction in South Africa, with market participants expressing both optimism and caution about its future. The DeFi market in South Africa is projected to reach revenue of approximately US\$ 2.8 million (R51 561 720.00) in 2025, indicating a nascent but expanding market. Retail customers are identified as the primary users of DeFi services, followed by small and medium-sized enterprises (SMMEs). Key potential DeFi benefits highlighted in the report include enhanced financial inclusion, increased transparency, and reduced transaction costs.

The report also underscores the inherent risks associated with DeFi. These include security vulnerabilities in smart contracts, market manipulation, and the potential for significant financial losses due to fraud or platform failures. The lack of robust regulatory oversight and clear consumer protection measures further exacerbate these risks, leaving users vulnerable and potentially undermining market trust.

The Market Study provides valuable insights into the opportunities and challenges presented by this emerging financial technology. The FSCA remains committed to monitoring the DeFi sector closely and engaging with stakeholders to develop appropriate regulatory frameworks that support the growth of a safe and inclusive financial system.

Executive Committee:

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

Notes to the editor

- The FSCA is the member of the Intergovernmental Fintech Working Group (IFWG). The IFWG was established in 2016 with the objective to create a forum for regulators to gain deeper insights into fintech innovation to regulate and foster responsible innovation to help ensure the continued efficient functioning of financial markets and financial stability, and the safeguarding of customers' interests. Other members of the IFWG are, the Financial Intelligence Centre (FIC), the National Credit Regulator (NCR), Competition Commission, the National Treasury, South African Revenue Service (SARS) and the South African Reserve Bank (SARB).
- [Click here to access the paper](#)

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