

## **FSCA COMMUNICATION 22 OF 2021 (GENERAL)**

### **Update on development of the cross-sectoral Conduct of Business Return**

#### **1. PURPOSE**

The purpose of this Communication is to:

- Provide an update on the development of the cross-sectoral Conduct of Business Return (Omni-CBR) planned for financial institutions by the Financial Sector Conduct Authority (FSCA); and
- Confirm the FSCA's intention to undertake a robust consultative process on the content and implementation of the Omni-CBR during 2022.

#### **2. BACKGROUND TO THE DEVELOPMENT OF THE OMNI-CBR**

Established as a dedicated market conduct regulator in terms of the Financial Sector Regulation Act, No. 9 of 2017 (FSR Act), the objectives of the FSCA include, among others, to:

- Enhance and support the efficiency and integrity of financial markets; and
- Protect financial customers by promoting their fair treatment by financial institutions.<sup>1</sup>

To achieve its objectives, the FSCA is required to monitor the extent to which the financial system is delivering fair outcomes to financial customers, with a focus on the fairness and appropriateness of financial products and financial services and the extent to which they meet the needs and reasonable expectations of financial customers.<sup>2</sup>

As outlined in the FSCA's inaugural Regulatory Strategy (2018-2021) published in 2018, in order to monitor whether the financial system is delivering fair outcomes to customers, the FSCA needs access to meaningful, reliable, measurable and comparable information on key conduct indicators across financial institutions.<sup>3</sup> To give effect to this the FSCA embarked on a multidisciplinary project to facilitate a process for detailed and consistent conduct of business reporting by financial institutions in future.

The FSCA has adopted an incremental approach to the implementation of this type of reporting. To date, conduct of business statutory reporting has only been formally implemented in respect of insurers. Building on the extensive work done and insights gained during the roll-out of the insurance conduct of business returns, the FSCA's supervisory team has more recently been working on the development of a broader Omni-CBR.

The Omni-CBR is intended to facilitate streamlined cross-sectoral reporting and will expand on the types of conduct indicators to be reported on in future by various financial institutions, including Banks, Collective Investment Schemes (CIS), Co-operative Financial Institutions (CFIs), Financial Services Providers (FSPs), Insurers and Micro-insurers, Section 13B Administrators and Retirement Funds.

The Omni-CBR will form a key part of the FSCA's off-site supervisory toolkit and reflects the FSCA's increasing focus on embedding an evidence-based and data-driven approach to regulation and supervision as highlighted in the FSCA's new Regulatory Strategy (2021-2025) published on 14

---

<sup>1</sup> Section 57 of the FSR Act.

<sup>2</sup> Section 58(1)(i) of the FSR Act.

<sup>3</sup> [Regulatory Strategy of the Financial Sector Conduct Authority: October 2018 to September 2021](#) at page 41.

December 2021.<sup>4</sup> This approach will assist the FSCA to be more proactive and pre-emptive in promoting the embedment of good conduct and fair customer outcomes, and improving responsiveness to potential conduct risks, consistently across the financial sector.

### **3. CURRENT DEVELOPMENTS**

The FSCA previously signalled that an initial version of the Omni-CBR was planned for industry consultation by the end of 2021. However, to ensure alignment with several key internal and external developments, and to facilitate a more meaningful engagement process, a decision has been taken to delay the publication of the draft Omni-CBR until early 2022.

Such developments include the recent finalisation of the FSCA's executive leadership structure as well as the publication of the FSCA's new Regulatory Strategy (2021-2025) as mentioned above. The FSCA also recognises the potential operational impact that the implementation of the Omni-CBR may have on financial institutions and the FSCA, as well as the implications of ongoing harmonisation efforts under the current sector-based regulatory framework and alignment with future expectations under the planned Conduct of Financial Institutions Bill.

In line with the FSCA's commitment to transparency and meaningful consultation, and to ensure a pragmatic and proportional approach to the implementation of the Omni-CBR over the longer term, the FSCA is currently working on an Omni-CBR Roadmap (the Roadmap) that will form the basis for extensive industry engagement commencing in the first quarter of 2022.

The Roadmap will comprise a package of documentation, including the following:

- Draft Omni-CBR template containing the list of conduct reporting indicators relevant to different financial institutions and financial products;
- Explanatory document providing guidance on the completion of the Omni-CBR;
- Background on the extensive local and international foundational work that helped inform the content and approach of the Omni-CBR;
- Proposed implementation milestones to facilitate an incremental phasing in of harmonised regulatory reporting through the Omni-CBR; and
- Details of various general and targeted industry consultation initiatives to solicit feedback on the content, operational impact and implementation of the Omni-CBR.

### **4. NEXT STEPS**

Further details regarding the Roadmap and the engagement process relating to the Omni-CBR will be communicated during the first quarter of 2022.

### **5. ENQUIRIES**

For more information about this Communication please contact Ms Kedibone Dikokwe ([Kedibone.Dikokwe@fsca.co.za](mailto:Kedibone.Dikokwe@fsca.co.za)) and Ms Juanita Smit ([Juanita.Smit@fsca.co.za](mailto:Juanita.Smit@fsca.co.za)).



**FARZANA BADAT  
DEPUTY COMMISSIONER  
FINANCIAL SECTOR CONDUCT AUTHORITY**

**Date of publication: 22 December 2021**

---

<sup>4</sup> [FSCA Regulatory Strategy 2021-2025](#).