



Financial Sector  
Conduct Authority

A photograph of a man with glasses and a grey beard, wearing a dark suit, white shirt, and dark tie. He is standing behind a clear acrylic podium with a microphone, appearing to be speaking. The background is a blue wall with white text, including the word 'Uthi' and 'Commissioner'.

# FSCA

## NEWSLETTER

March 2025

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# EDITOR'S NOTE

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We wrap up another busy quarter where it has become more clear that the financial sector is evolving faster than ever. From the way technology is reshaping services, to how customers are engaging with financial products, the pace of change is escalating, and regulators are making every effort to keep in step. In this bumper issue of the FSCA Newsletter, we bring you an update on what we have been doing to ensure that these changes continue to keep customer protection as our north star, and that risks are effectively mitigated.

In line with this approach, the FSCA hosted its second industry conference under the theme: “Embracing the evolving financial sector landscape: Improving industry practices for fair customer outcomes”. The conference brought together voices from across the sector discussing topics such as digital transformation, cybersecurity, sustainable finance, fair customer treatment and evolving industry practices. The discussions underscored the importance of collaboration in tackling the challenges and risks that our sector faces.

In this issue, we also explore the rise of decentralised finance (DeFi) and what it could mean for South Africa. With financial technology advancing at an unprecedented pace, there's both excitement and concern about how new digital financial models will affect businesses, regulators, and customers. These sentiments were echoed at the 2025 Africa Fintech Forum, and we bring you some of those highlights in our coverage of the event.

Beyond reflecting on policy and regulatory developments, this issue also celebrates the people making a difference in our organization. We shine a spotlight on Lezanne Botha's appointment to a key international governance group, a well-deserved recognition of her leadership in financial regulation.



We also highlight The Insurance Apprentice, an annual competition that's shaping the next generation of industry leaders, and the Financial Literacy for Tertiary Students campaign, which empowers young people with the knowledge they need to take control of their financial futures.

We hope this issue provides valuable insights, sparks meaningful discussions, and, most importantly, keeps the focus on what really matters—building a fair, transparent, and resilient financial sector for all.

Best regards,

*Tembisa Marele*

# REGULATORY FOCUS



# FSCA INDUSTRY CONFERENCE 2025: BUILDING A FINANCIAL SECTOR FOCUSED ON FAIR OUTCOMES

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**BY ATHULE MPANDLE, COMMUNICATIONS DEPARTMENT (FSCA)**

On 19 and 20 March 2025, the FSCA hosted its second annual industry conference at The Forum in Hyde Park, Johannesburg. Over two days, the FSCA brought together leaders from across the financial sector, public institutions, academia and industry associations to discuss conduct regulation, innovation, and the future of financial services.

The theme of the conference was “Embracing the evolving financial sector landscape: improving industry practices for fair customer outcomes.” It set the tone for discussions that were both insightful and strategic. The consensus was clear, the financial sector is in a period of transition and the FSCA is guiding it with intent.

## **Day One: Direction and Purpose**

Day one opened with Commissioner Unathi Kamlana’s keynote address. He welcomed the conference delegates to a shared space for dialogue and accountability. “At just two years old, this event is fast becoming the premier platform for the exchange of ideas,” he said. He emphasised the need for the financial sector to focus on outcomes, and not only on compliance.

The Commissioner also highlighted improvements in the FSCA’s enforcement approach, the introduction of the regulatory framework for crypto asset service providers, and the deepening of supervisory tools. “Our risk-based approach has led to proactive interventions that mitigate market abuse, enhance compliance and improve customer outcomes,” he said.

Regarding South Africa’s presidency of the G20, Commissioner Kamlana commented that it presents an opportunity for the country to influence global financial regulation, adding that the FSCA will continue supporting the National Treasury and SA Reserve Bank as they lead engagements in the G20 finance track.

The conference proceeded with sessions focused on innovation and inclusion. During a panel discussion on financial innovation, sector leaders explored how technology can expand access to financial services, acknowledging the need to balance the potential of fintech with effective risk mitigation. FSCA executives also provided insight into the Authority’s internal digital transformation process and explained how regulatory processes are being streamlined and enhanced to allow for better regulation.

A presentation on the results of the FSCA’s Sustainable Finance Survey followed. This led into a panel discussion that questioned whether the sector is doing enough to manage climate-related risks. Conduct risks such as greenwashing, where institutions misrepresent their sustainability efforts, have become an area of focus for the FSCA and the regulator is currently developing disclosure requirements to ensure greater transparency and accountability.

The day concluded with sessions on financial education and greylisting. A presentation on the need to integrate financial education into regulation to strengthen financial customer resilience drew strong support.

It was pointed out that financial education is a key variable to the effectiveness of conduct regulation. In the session on greylisting, it was noted that South Africa has made good progress in addressing the action items identified by the Financial Action Task Force. The expectation is that all required actions will be completed by mid-2025, which will hopefully lead to the country exiting the greylist.

## **Day Two: Responsibility and Commitment**

The second day began with a keynote address by the Minister of Finance, Mr Enoch Godongwana who affirmed the value that the financial sector adds to the country's economy but reminded financial institutions of their core obligation as custodians of funds. "That money belongs to the public. It does not belong to you," he said.

The Minister reflected on the importance of regulation, while stressing the need for proportionality. "We must regulate to the extent that is necessary," he said, reaffirming government's commitment to structural reforms. "As policymakers, industry leaders and regulators, we must continuously advocate for robust and adaptive regulatory frameworks that evolve with the ever-changing financial landscape. It is the most transformational reform we can implement."

The morning sessions included a panel discussion titled FSCA Listens, during which sector leaders shared their views on risks in the sector and how the FSCA can better support the sector in navigating those risks. This was followed by a discussion on Cybersecurity and Cyber Resilience where delegates deliberated on the increasing cyber threats and the need for coordinated action.

During the panel session focused on conduct laws, the FSCA outlined how the imminent Conduct of Financial Institutions (COFI) Bill represents a shift to a more principles-based framework. As Commissioner Kamlana explained during his keynote on day one, "The COFI Bill aims to transform the regulatory landscape into one that is more outcomes-focused."

## **A Shared Path Forward**

Across both days, the FSCA underscored the importance of shared responsibility. Regulators and industry must act together to support financial stability, customer protection and inclusive growth. Principles must lead practice, and innovation must be matched by accountability.

# THE QUIET REVOLUTION THAT IS DECENTRALISED FINANCE

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BY RENEILWE MTHELEBOFU, COMMUNICATIONS DEPARTMENT (FSCA)

In the heart of South Africa's evolving financial sector, a quiet revolution is taking shape in the form of Decentralised finance (DeFi). This blockchain-powered alternative to traditional banking is challenging the status quo, offering an unfiltered vision of financial independence. This seismic shift is captured in the FSCA's recently released market study on the subject.

The study dissects South Africa's DeFi landscape by delving into the characteristics and use cases of DeFi such as payments, lending, borrowing, and asset management. It also contrasts the benefits offered by DeFi, such as enhanced financial inclusion and increased transparency within the financial system, with the inherent risks associated with decentralisation and open systems. Effective DeFi relies on the integrity of smart contracts, the stability of its liquidity pools and the general sophistication and maturity of financial customers.

With the total value locked (TVL) in DeFi protocols in South Africa estimated to be over ZAR 500 million (approximately \$26.7 million), the study suggests that this market may still be in its infancy but is poised for expansion. The DeFi sector in South Africa is expected to reach approximately \$180.7 million by 2028.

The question is, what does this growth mean for South Africans? Will DeFi democratise finance, or will it introduce new risks into an already complex financial environment?

## What is DeFi

DeFi is a blockchain-based financial system that operates without traditional

banks or intermediaries. It enables users to borrow, lend, trade and invest through self-executing agreements written in code i.e. smart contracts.

This system allows for the creation of financial products and services on blockchain, which are accessible to anyone with an internet connection. It's a bold vision of a future where financial services are more inclusive, transparent and efficient. In theory, DeFi could democratise access to financial tools, allowing anyone to access the same financial services without the need for a traditional bank.

## Key benefits identified in the FSCA study

- **Financial inclusion** – DeFi can provide access to credit and banking services for the millions of South Africans who are unbanked or underbanked. With DeFi platforms, individuals can access loans without relying on traditional credit checks or collateral.
- **Lower transaction costs** – By removing banks and other intermediaries, DeFi can significantly reduce the fees associated with financial transactions, making remittances and cross-border payments more affordable.
- **Increased transparency** – All transactions on DeFi platforms are recorded on the blockchain, ensuring security, transparency, and immutability, reducing the risks of fraud and corruption.

- **Increased transparency** – All transactions on DeFi platforms are recorded on the blockchain, ensuring security, transparency, and immutability, reducing the risks of fraud and corruption.

The FSCA report highlights that DeFi is already being embraced in South Africa, particularly among retail consumers, who make up 71% of users. Small, micro, and medium enterprises (SMMEs) account for 19%, while larger enterprises are only beginning to explore DeFi's potential.

### What's driving DeFi's growth in South Africa?

While DeFi adoption is still relatively low, the FSCA study identifies key future drivers of the industry;

- The rising adoption of crypto assets by mainstream investors (62%) – As South Africans become more comfortable with digital assets, DeFi services are likely to grow.
- Emergence of new DeFi platforms and protocols (43%) – More fintech startups and crypto exchanges are launching DeFi offerings.
- Growing interest from the underbanked and unbanked populations (33%) – Many South Africans are exploring DeFi as an alternative to traditional banking.
- Venture capital funding in the technology sector (29%) – Increasing investment in blockchain startups could accelerate DeFi growth.
- Regulatory recognition of crypto assets as a financial product (14%) – Clearer regulation could provide a safer environment for DeFi innovation.

### DeFi use cases in South Africa

According to the FSCA's market study, the most prominent DeFi use cases in South Africa are:

- **Payments (52.38%)** – The most significant use case, DeFi payments enable fast, low-cost cross-border transactions.
- **Lending and borrowing (47.62%)** – DeFi lending platforms allow users to borrow and lend assets without traditional banks.
- **Decentralised Exchanges (DEXs) (33.33%)** – non-custodial exchanges are gaining traction for crypto trading.
- **Tokenization (23.81%)** – The process of representing real-world assets as blockchain-based tokens.
- **Stablecoins (14.29%)** – Used for transactions that require price stability.
- **Asset Management (9.52%)** – Investors are exploring blockchain-based financial products.
- **Staking (4.76%)** – Users are earning rewards by locking up assets in DeFi protocols.

### Market manipulation, fraud, and regulatory uncertainty

DeFi presents exciting opportunities, however the FSCA warns of substantial risks. The decentralised nature of DeFi means it operates outside traditional regulatory frameworks, placing consumer protection under threat.

### *Some of the key risks identified*

- Smart contract vulnerabilities: Because DeFi transactions are executed through smart contracts, coding errors or security breaches can lead to catastrophic financial losses.
- Market manipulation: The lack of regulation means DeFi markets are susceptible to price manipulation, fraud, and “pump-and-dump” schemes, where bad actors artificially inflate the price of assets before cashing out.
- Lack of consumer protection: Unlike traditional banking, DeFi does not offer deposit insurance or legal recourse in case of fraud. If a user’s funds are lost or stolen, there is little that can be done.
- Regulatory challenges: The FSCA study notes that South African regulators may struggle to enforce laws on DeFi platforms that operate globally. Since these platforms are borderless, South African authorities would need to collaborate with international regulators to implement oversight measures effectively.

## **How South Africa’s DeFi market compares globally**

South Africa’s DeFi market is growing, but lags behind global financial hubs such as the United States, Singapore and Switzerland, where DeFi platforms have attracted institutional investment. In these countries, regulatory frameworks are evolving to balance innovation with security. By contrast, South Africa is still in the early stages of crafting a regulatory approach. The FSCA has classified crypto assets as financial products, a step toward oversight, but DeFi remains largely unregulated.

Unlike in the U.S. and Europe, where venture capital is pouring into DeFi startups, South Africa’s ecosystem remains retail-driven. Without institutional backing, DeFi adoption may continue at a slower pace, limiting its broader economic impact.

The FSCA’s study suggests that South Africa must strike a delicate balance between fostering innovation and protecting consumers to ensure financial stability. Key interventions could include:

- Developing a regulatory sandbox: A controlled environment where DeFi applications can be tested under supervision.
- Enhancing investor education: Ensuring that retail investors understand DeFi’s risks before participating.
- Strengthening cybersecurity measures: Encouraging platforms to adopt stronger security protocols to prevent hacks and fraud.

### **What needs to happen next?**

- **Clearer regulations – The government must define its stance on DeFi.**
- **Stronger consumer protection – Insurance mechanisms should be explored.**
- **Education initiatives – South Africans need to understand DeFi risks.**
- **Public-private collaboration – Regulators and industry players should work together.**
- **Assessing interoperability with traditional finance – Understanding how DeFi interacts with existing financial systems and potential regulatory implications.**

## **A cautious optimism**

DeFi has the potential to reshape South Africa’s financial system, offering a more inclusive and transparent alternative to traditional banking. However, without clear regulations and investor protections, the risks could outweigh the rewards. For South Africa to fully harness the power of DeFi, policymakers must engage with industry stakeholders, develop a clear regulatory framework and educate consumers about the opportunities and dangers of decentralised finance.

As the global financial landscape evolves, South Africa’s approach to DeFi will serve as a critical test case for how emerging markets can embrace financial innovation without compromising economic stability.

To read the full study, click on the link below:  
[Market Study: Decentralised Finance in South Africa](#)

# A NEW CHAPTER IN REGULATORY REPORTING: JOINT STANDARD NOTIFICATION FORM FOR INSURERS AND MICROINSURERS

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BY THANDIWE MALEFO, INSURERS SUPERVISION DEPARTMENT (FSCA)

For years, insurers in South Africa have navigated a complex web of regulatory reporting requirements when outsourcing material functions. Each time an insurer engaged a service provider for a material function, multiple forms had to be submitted regarding the oversight and governance: one for market conduct, and another for prudential considerations. The process was cumbersome, time-consuming, and often duplicative.

Recognising the need for a more streamlined approach, the FSCA and the PA set out to change this. What followed was a collaborative effort that resulted in Joint Standard 1 of 2024 – Outsourcing by Insurers, a regulatory milestone designed to enhance governance while easing compliance burdens.

When the Joint Standard was published on 17 May 2024, one of its most notable features was a major shift in how insurers report outsourcing arrangements. Previously, regulatory notifications were scattered across five separate forms, each requiring different sets of information. Now, insurers will submit a single, standardised notification form that satisfies the requirements of both the FSCA and PA in one step.

This was not just an administrative change. Behind the scenes, teams from both authorities worked meticulously to harmonise reporting requirements, eliminate redundancies, and ensure that all critical oversight needs were met. They pored over existing forms, debated what

information was essential, and aligned their perspectives to develop a solution that balances regulatory rigour with efficiency. It was a long process, but the outcome will save insurers valuable time while ensuring that regulatory oversight remains effective.

For insurers, the benefits are clear. There is now less paperwork, greater clarity, and a more efficient way to engage with the authorities. Instead of navigating multiple reporting processes, insurers have a single, well-structured form to complete. The FSCA and PA now receive the same information at the same time, improving coordination and reducing follow-up queries. With data consolidated in a standard format, authorities can better monitor outsourcing trends, assess risks, and benchmark industry practices.

However, simplification does not mean relaxation. If anything, the Joint Standard places a sharper focus on insurer accountability. While the reporting process has been streamlined, the ultimate responsibility for outsourcing arrangements rests with insurers' boards and senior management. They must ensure that any outsourced function does not compromise governance, risk management, or consumer protection. Every outsourcing decision must be carefully considered. Insurers are required to assess potential risks before engaging a service provider, maintain proper oversight, and regularly review compliance. Any material change to an outsourcing arrangement, whether it is a termination, modification, or a new contract, must still be reported to the authorities in a timely manner.

The South African insurance industry knows what it means to adapt, to find solutions that work, and to keep moving forward. The shift to a single notification form is not just about making life easier for insurers. It is about modernising regulation in a way that allows businesses to thrive while upholding the highest standards of governance. This is a step towards a smarter, more effective financial sector, one that balances compliance with efficiency and oversight with practicality.

As insurers adjust to these new reporting requirements, one thing is clear. Regulation is evolving, and with it, a new standard of efficiency and accountability is taking shape. The Joint Standard is not just about compliance. It is about building a financial sector that is stronger, more transparent, and better equipped to serve the needs of the South African market. Just as we have always done, we move forward towards a future where regulation is not an obstacle, but an enabler of growth, trust, and long-term stability.



# THE INSURANCE APPRENTICE: THE COMPETITION THAT'S REDEFINING THE INDUSTRY

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**BYATHULE MPANDLE, COMMUNICATIONS DEPARTMENT (FSCA)**

The insurance industry is evolving, and so are the professionals shaping its future. The Insurance Apprentice (TIA) has emerged as a national initiative that shapes the sector's future leaders. It provides a platform where young professionals are tested on their ability to solve real problems, communicate clearly and apply sound judgment under pressure. The programme also highlights how cross-sector collaboration can raise professional standards and support the industry's future.

Launched in 2015 by FAnews, TIA is now entering its tenth season. Over the years, it has grown into one of the most recognised development initiatives in the South African insurance sector. Contestants are drawn from across the country and represent a diverse range of employers. The competition is structured as a series of episodes in which participants face technical and ethical challenges in front of a judging panel. Their performance is evaluated not only on the basis of technical knowledge, but also on how well they articulate their thinking, work in teams and demonstrate leadership under pressure.

This year, the FSCA once again partnered with TIA as a key sponsor, reflecting the Authority's commitment to supporting industry transformation, professional development and improved customer outcomes. It also positions the FSCA as a visible and credible contributor to building leadership capacity in the sector.

The FSCA's challenge this year focused on transparency and fairness in embedded insurance products. These products are often linked to other services or purchases and raise important questions about customer awareness, suitability, value and consent. The challenge required contestants to analyse current market practices, apply regulatory thinking and consider customer experience. It was designed to test how well contestants could balance technical knowledge with ethical decision-making.

TIA creator, Rianet Whitehead acknowledged the value added by the FSCA to the initiative. "The FSCA's involvement has significantly elevated the credibility and visibility of the competition. Having them on board as a partner aligns perfectly with the competition's objectives of promoting professionalism, transparency and innovation in the insurance industry. The challenge posed by FSCA adds depth to the competition, pushing contestants to demonstrate not only their technical knowledge but also their ability to think critically and ethically," she said.

In recent years, the FSCA has increasingly emphasised outcomes-based regulation and customer-centricity. By designing a challenge that mirrors real issues in the sector, the FSCA created a practical learning opportunity not only for contestants but also for the viewers, many of whom are professionals working in financial services.

The episode encourages reflection on regulatory expectations, ethical standards and institutional accountability.

With the season set to air from 19 June on SABC 3, this year's TIA promises to be one of the most compelling yet. Each episode will build on previous challenges, taking contestants through scenarios that reflect both complexity and the pace of change in the sector. Topics addressed in past seasons have included corporate governance, risk management, financial inclusion and crisis communication. These themes remain critical as the industry adapts to economic uncertainty, digital transformation and shifting customer expectations.

"Viewers can expect an exciting, dynamic season with diverse challenges that will test the contestants' abilities across multiple aspects of the insurance industry," says Whitehead. "Watching the entire season ensures that audiences can follow the contestants' journey, witness their growth and see how they adapt to various challenges."



# AFRICA FINTECH FORUM 2025 – AFRICA AT THE FOREFRONT OF FINTECH

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BY NOMTHANDAZO MTSHWENI, COMMUNICATIONS DEPARTMENT (FSCA)

The Africa Fintech Forum brings together fintech companies, investors, regulators and other industry leaders to promote innovation, collaboration and the development of the fintech ecosystem across the continent.

This year's event was particularly noteworthy for its thought-provoking keynote address, which centred around the theme *Beyond Borders: Aligning National, Regional & Global Frameworks for a Resilient Financial Future*.

Delivering the address, FSCA Deputy Commissioner, Farzana Badat outlined the global, national and regional fintech landscape, taking into account developments in the global financial system; the local National Development Plan 2030; the Government of National Unity, and South Africa's G20 Presidency.

On a global scale, fintech is revolutionising the financial landscape by creating more efficient, inclusive, and accessible financial services with trends such as blockchain and cryptocurrencies, cross-border payments like PayPal and digital banks rapidly taking over traditional banking systems. This poses a challenge for traditional global finance models.

"An inclusive financial future requires a fundamental shift in how the financial system operates and who it serves," said the Deputy Commissioner. Increasing financial inclusion therefore, particularly in developing regions where access to traditional banking services is limited, is one of the driving forces behind global fintech, together with the goal of harmonising regulations across jurisdictions.

This means intentionally increasing efforts to address issues related to data privacy, cybersecurity, anti-money laundering (AML) and the like.

At a regional level, the focus is on the adaptiveness of fintech to the unique needs, opportunities, and challenges of specific geographic areas. Fintech at this level, however, does not come without its challenges. Though services like M-Pesa and Flutterwave are bridging the gap where traditional financial services are limited, the challenge is in ensuring that these solutions are tailored to the needs of the local context for example mobile connectivity in rural areas.

*Is there hope?*

Though there is still room for growth, it is safe to say that through a robust regulatory framework such as Ghana's Payment Systems and Services Act; regulatory collaborations such as sandboxes (as applied in South Africa by the Intergovernmental Fintech Working Group) and the enabling of open finance and digital assets across the continent, the African fintech landscape looks promising.

Financial customers can look to the future with great expectations of a cohesive and adaptable regulatory framework that fosters innovation, ensures stability and drives inclusive growth.

FINTECH

FINTECH

# THE RELATIONSHIP BETWEEN FINANCIAL CUSTOMERS AND SUSTAINABLE FINANCE

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BY NOMTHANDAZO MTSHWENI, COMMUNICATIONS DEPARTMENT (FSCA)

As the world strives to address climate change and environmental sustainability, financial systems are evolving to support a more sustainable future. One of the most significant developments in this evolution is the growing relationship between financial customers and sustainable finance.

Financial customers are increasingly seeking to align their investment choices with environmental, social, and governance (ESG) principles, creating a demand for sustainable products. As such, the financial sector is recognised for its important role in furthering sustainable development (UNFCCC, 2015) with the FSCA playing a crucial role in guiding and regulating this shift, ensuring that both financial customers and institutions understand and contribute to sustainable finance goals.

While definitions may differ between jurisdictions, sustainable finance relates to efforts to align financial flows and financial products to a sustainable development pathway that takes into consideration the implications of economic development for the society and the environment. This is according to the OECD's Financial Customers and Sustainable Finance Policy implications and approaches. It encompasses a wide range of financial products and services, such as green bonds, ESG-focused investments, and impact funds, designed to fund projects that contribute to sustainable development.

## **Financial customers and the growing interest in sustainable finance**

The relationship between financial customers and sustainable finance is being shaped by several factors, including increased awareness of environmental issues, changing societal values, and the desire for more transparent and responsible business practices. Customers are becoming more discerning about where their money is invested and are seeking opportunities to support companies and projects that align with their ethical values.

A key factor driving this demand is the growing recognition that investments that take sustainability factors into account can be financially rewarding. As a result, financial customers are increasingly inclined to invest in sustainable finance products that not only align with their ethical values but also offer competitive returns.

The FSCA has a pivotal role in overseeing and promoting sustainable finance practices in the country. The FSCA is responsible for ensuring that financial markets are transparent, fair, and efficient, and that they serve the interests of all stakeholders, including customers. As the demand for sustainable finance grows, the FSCA is actively working to regulate and support the development of this market.

One of the FSCA's primary goals is to foster trust and confidence in the financial sector, which is essential for the growth of sustainable finance. It has been instrumental in setting guidelines for financial institutions, promoting the disclosure of ESG-related risks, and encouraging responsible investing. By doing so, it ensures that financial customers have access to reliable and transparent information, enabling them to make informed decisions about their investments..

**Financial customers and the future of sustainable finance**

The relationship between financial customers and sustainable finance is expected to continue to grow,

with more customers seeking financial products that align with their values. The FSCA's role in ensuring that the market remains transparent, trustworthy, and accountable will be crucial in building consumer confidence and ensuring that the financial sector can effectively support the global sustainability agenda..

As more financial institutions adopt ESG principles and integrate them into their products and services, financial customers will have greater access to sustainable finance opportunities. The FSCA's efforts to promote ESG integration, transparency, and consumer protection will help ensure that sustainable finance continues to evolve in a way that benefits both customers and the planet, creating a balanced eco-system.



# REGULATORY INSIGHTS: REPORTS AT A GLANCE

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



# BANKING SECTOR COMPLAINTS MANAGEMENT REVIEW

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## Overview

The FSCA reviewed the complaints management processes of 23 banks to assess compliance with Conduct Standard 3 of 2020. The review aimed to evaluate the effectiveness of complaints handling in the banking sector in ensuring the fair treatment of financial customers. This report outlines the findings from the desktop review conducted between 18 July 2022 and 17 November 2022, along with the recommendations made as a result.

## Findings

Significant gaps in compliance were identified:

- Poor categorisation: 60% of banks failed to classify complaints correctly.
- Inadequate record-keeping: 85% did not securely and accurately maintain complaints data.
- Lack of communication: 92% did not keep complainants updated on progress.
- Ombud details missing: 85% failed to provide customers with relevant escalation information.

## Recommendations

Banks must:

- Improve complaints categorisation and record-keeping.
- Strengthen customer communication and escalation processes.
- Ensure ombud details are shared at all complaint stages.

## Next steps

Following the review, banks have begun implementing improvements, including system upgrades, better oversight, and enhanced training. The FSCA will continue monitoring compliance to ensure improved customer outcomes.

## Key message

The FSCA's review of complaints management in the banking sector highlights widespread non-compliance with regulatory standards, affecting fair customer treatment. Banks must enhance their complaints handling processes by improving categorisation, record-keeping, and communication with customers. While some improvements have been made, ongoing regulatory oversight will ensure better consumer protection and accountability in the sector.

For more details, refer to the [full report](#).



# INVESTMENT PROVIDERS SUSTAINABLE FINANCE SURVEY

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## Overview

This survey assessed the integration of sustainable finance and environmental, social, and governance (ESG) considerations by investment providers. The survey examined governance, investment products, and risk and disclosure practices to determine the industry's preparedness for ESG adoption.

## Findings

Key challenges identified include:

- Limited governance structures: Only 61% of respondents have a formal ESG policy or framework in place.
- Inconsistent ESG product offerings: While 45% of providers offer ESG investment products, demand from retail investors remains unclear.
- Lack of transparency: Only 22% of respondents include sustainability-related disclosures in their marketing materials.
- Greenwashing risks: 82% of investment providers do not have structured processes to prevent misleading ESG claims.
- Regulatory uncertainty: The absence of standardised ESG ratings and disclosure frameworks limits market confidence.

## Recommendations

Investment providers should:

- Improve transparency and disclosure in ESG reporting to enhance investor confidence.
- Establish clear ESG policies and governance structures to ensure accountability.

- Align with international ESG frameworks, such as the Task Force on Climate-related Financial Disclosures (TCFD).
- Implement controls to mitigate greenwashing and ensure ethical ESG integration.

## Next Steps

The FSCA is considering regulatory interventions to strengthen ESG governance, enhance disclosure requirements, and align the South African financial sector with global sustainability standards. Stakeholders are encouraged to engage with the findings and contribute to discussions on sustainable finance regulation.

## Key Message

The survey highlights gaps in ESG integration within the investment sector, with governance weaknesses, transparency issues, and greenwashing risks being key concerns. Investment providers must prioritise structured ESG adoption, improved disclosures, and regulatory alignment to promote sustainable and responsible investment practices. The FSCA will continue monitoring progress to ensure a more transparent and accountable financial sector.

For more details, refer to the [full report](#).



# POWERHOUSE



**Lezanne Botha**

Senior manager: Regulatory Framework Department  
FSCA

# LEZANNE BOTHA, WE CELEBRATE YOU!

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Lezanne Botha, senior manager in the Regulatory Frameworks department at the FSCA, has been appointed as chair of the Switzerland-based International Association of Insurance Supervisors' (IAIS's) governance working group (GWG). We caught up with her, and this is what she had to say...

## **Congratulations on your recent appointment, please share what this role entails and its significance in the global insurance landscape?**

Thank you very much! I feel incredibly honoured to be able to represent the FSCA and South African in this way.

The role entails serving as chairperson of the International Association of Insurance Supervisors' (IAIS's) governance working group (GWG). The IAIS is a global standard-setting body with its membership base consisting of representation of insurance supervisors and regulators from over 200 jurisdictions across the globe (including the FSCA and the Prudential Authority from South Africa). The IAIS develops and assists in implementing principles, standards, guidance and supporting material for the supervision of the insurance sector. The IAIS mission is to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders; and to contribute to global financial stability.

The GWG is responsible for promoting the effective and efficient application of governance-related supervisory and supporting material to advance effective corporate governance in the insurance sector.

## **What excites you the most about this new role at IAIS?**

Being the chairperson is a particularly exciting opportunity for several reasons:

### **Influence and Representation**

- **Policy Impact:** By leading the GWGs work we can influence global policies and standards that can drive positive changes and promote growth and development in EMDEs.
- **Voice for Emerging Markets and Developing Economies (EMDEs):** As chairperson, I have the opportunity to ensure that the unique challenges and perspectives of EMDEs are represented in international standards. This can lead to more inclusive and relevant standards that consider the needs of diverse economies.

### **Networking and Collaboration**

- **Global Network:** Leading this work group will allow me to collaborate with experts from around the world, fostering relationships that can lead to future partnerships and opportunities for the FSCA and South Africa.
- **Knowledge Exchange:** I hope to share insights and learn from the experiences of other countries, which can be invaluable for addressing local challenges with innovative solutions.

### **Driving Innovation and Professional Growth**

- **Adopting Best Practices and Encouraging Innovation:** The work of the GWG provides exposure to global trends and technologies informed by universal best practices. This exposure could be used to inform local policy and framework improvements.

- Leadership Experience: On a personal level I hope that chairing the workgroup will enhance my leadership skills and allow me to learn from the extremely talented and skilled representatives that serve on the GWG.

**How do you envision your leadership shaping the GWG's initiatives and impact during your tenure?**

I aim to support the GWG to establishing clear, achievable goals and produce effective and efficient governance-related supervisory and supporting material that adds value to IAIS members and support a fair safe and stable insurance sector.

During my tenure I envisage that the work group will strengthen its partnerships with other relevant regional or international bodies, in particular the FSB, the OECD, the World Bank, the Basel Committee on Banking Supervision, IOSCO and IOPS as well as private sector stakeholders to enhance the group's initiatives and impact.

In fostering collaboration between the various jurisdictions, I aim to encourage representatives of the GWG to contribute their perspectives and expertise facilitating the exchange of best practices and lessons learned between different regions, promoting a culture of continuous improvement.

Lastly, I intend on advocating for the interests and needs of EMDEs in international forums, ensuring our voices are heard and considered in global governance standards.

**If you could implement one transformative change in the global insurance industry overnight, what would it be and why?**

I would want to making insurance more accessible and inclusive to underserved and high-risk populations.

Insurance has the incredible potential to contribute to social resilience by helping individuals and communities recover from unexpected events, manage risks, and maintain financial stability during crises.

If insurance can be more accessible to the most vulnerable communities it can lead to greater financial security, reduced poverty, and enhanced resilience against economic shocks and natural disasters. As we are increasingly confronted by the impact of climate change the world needs this now, more than ever.

**In your opinion, what are the current challenges in corporate governance within the insurance sector, and how does the GWG plan to address them?**

Corporate governance in the insurance sector faces several current challenges including –

- challenges in ensuring board effectiveness and accountability,
- challenges in embedding critical components of good governance related to corporate culture and ethical behaviour,
- risks associated with technological advancements and cybersecurity and
- sustainability and ESG considerations.

By addressing these challenges through comprehensive standards, guidance, and capacity-building initiatives, the GWG aims to enhance the overall quality of corporate governance in support of maintaining fair, safe and stable insurance markets for the benefit and protection of policyholders; and to contribute to global financial stability.

**Reflecting on your career journey—from your early legal background to your current leadership roles—what key lessons have you learned about effective governance and regulatory oversight?**

In my view, the success of an organisation is inextricably linked to the effectiveness of its governance and the robustness of its organisational culture. It all starts with the so-called ‘tone from the top’, in which regard transparency, accountability and ethical leadership are non-negotiables.

Conversely some of the most significant failures in the financial sector in recent years can be directly linked to governance failures. Think of the Steinhoff International Scandal, the VBS Mutual Bank collapse, the African Bank crisis and the Tongaat Hulett accounting scandal: all of these failures are rooted in failures related to corporate governance and effective risk management.

Stringent regulatory oversight can support strengthening corporate governance and effective risk management which will enhance the stability and integrity of the financial sector.

**On a personal note, what drives your passion for regulatory policy and governance in the financial sector? Are there any mentors or experiences that have significantly influenced your career path?**

I always say tongue-in-cheek that no one becomes a civil servant for the financial benefit. Everyone who works at the regulator are, on some level, driven by an altruistic intent with a hope to contribute to the greater good of society.

I have been fortunate enough to have had great and inspirational leaders throughout my career at the FSCA who empower their teams by allowing them to grow and develop their skills. I will always look to these leaders with utmost respect and with a hope to follow their examples.

**What’s the one thing that always makes you laugh during a particularly stressful workday?**

The memes on my teams’ WhatsApp group.

**Outside of your professional commitments, how do you spend your leisure time? Are there particular hobbies or interests that you pursue to maintain a work-life balance?**

I love being in nature and whenever time and money allows for it travelling with my spouse.

Being an extrovert, I get my energy from socialising and spending time with friends and family. I am obsessed with music, dancing and have a propensity for tequila tasting.

# A DIFFERENT PERSPECTIVE



# THE OMBUD COUNCIL: ADVANCING FAIRNESS IN FINANCIAL DISPUTE RESOLUTION

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The Ombud Council's statutory objective is to assist in ensuring that financial customers can access and use affordable, effective, independent and fair alternative dispute resolution processes for complaints about financial institutions in relation to financial products, financial services and services provided by market infrastructures.

Established in terms of the Financial Sector Regulation (FSR) Act, No.9 of 2017, the Ombud Council's vision is to ensure that a known, trusted and easily accessible ombud system exists for all in the financial sector.

## Why the financial ombud system matters

Financial customers have the right to fair treatment by financial institutions, the right to lodge complaints if they are not treated fairly, and the right to know how to access and use an ombud to address such issues.

The ombud system helps many financial customers resolve complaints and in doing so, supports consumer confidence in financial services. During the 2023/24 financial year, approximately 40 000 formal complaints were handled and R545 million returned to customers by the various ombuds that comprise the South African financial sector ombud system.

The ombud system makes a tangible difference in dispute resolution as it is able to:

- resolve complaints in a flexible manner, with minimum formality (no lawyers required) and at no cost to consumers;
- enhance financial inclusion for vulnerable and disadvantaged customers;

- provide an automatic 'add-on' advantage of using licensed financial institutions and providers;
- give substance to the Treating Customers Fairly (TCF) framework as ombuds are not confined to contractual provisions, but rather have a fairness mandate;
- enable proactive identification of emerging conduct risks through complaint data and trends;
- share information with regulators and thus enable risk-based supervision and evidence-based regulatory responses.

## A simplified ombud system for better service

Originally, the Ombud Council exercised oversight over seven ombud schemes that included statutory ombud schemes such as the Pension Funds Adjudicator, and various industry ombud schemes such as the Credit Ombud and the Banking Ombud, to mention a few.

But this was changed after a review by the World Bank which found the South African ombud system to be fragmented, and recommended simplifying it. Based on this review, the National Treasury released the policy paper entitled [A simpler, stronger financial sector ombud system](#), in February 2024.

Since 1 March 2024, the Ombud Council oversees only four schemes, namely:

- The FAIS Ombud
- The Pension Funds Adjudicator
- The Johannesburg Stock Exchange Ombud
- The National Financial Ombud

This makes it much easier for financial customers to find the right ombud to deal with their complaints. The above mentioned National Financial Ombud (NFO) came to life when the largest industry ombud schemes amalgamated their operations into a single streamlined industry ombud scheme. Consolidating the former credit, banking, long-term insurance, and short-term insurance schemes, the NFO was recognised as an industry ombud scheme by the Ombud Council in March 2024.

### **Strengthening oversight and consumer protection**

The Ombud Council monitors the performance of the four ombud schemes, safeguarding their independence and seeing to it that high standards of service delivery are maintained. The council has regulatory, supervisory and enforcement powers over ombud schemes and may set rules for ombud schemes (binding subordinate legislation).

The council may conduct on-site inspections, and impose penalties, as well as other enforcement action, should a scheme commit serious misconduct.

A key focus is resolving overlaps between ombud schemes and ensuring complaints are handled efficiently. The Ombud Council may designate specific schemes to deal with certain complaints where there is a jurisdiction gap.

In July 2024, the Ombud Council introduced new rules for the Ombud for Financial Services Providers (FAIS Ombud), which are binding regulatory instruments under the FSR Act. The FAIS Ombud Rules streamlined processes and increased the maximum compensation amount from R800 000 to R3,5 million.

### **Raising awareness**

The Ombud Council works to improve public understanding of financial dispute resolution by:

- Promoting awareness of the ombud schemes and the services they provide;
- Helping financial customers access appropriate ombuds;
- Supporting financial inclusion.

The council is committed to enhancing consumer awareness and education as a principal component of its mandate and will do so by supporting the consumer awareness initiatives of the ombud schemes, the FSCA and other consumer education partners. The aim is to ensure that more South Africans understand their rights regarding free assistance to lodge complaints about financial services and products.

In line with a comprehensive stakeholder engagement plan and a memorandum of understanding with the NFO, FAIS Ombud, Pension Funds Adjudicator and the FSCA, the Ombud Council has launched awareness campaigns, participated in financial literacy programmes, and joined initiatives such as Money Smart Week South Africa, among others.

### **Moving forward**

The Ombud Council is committed to improving access to financial dispute resolution and strongly supports the National Treasury's ombud system reforms.

Working with stakeholders such as the National Treasury, the FSCA and other regulators, the National Consumer Financial Education Committee (NCFEC), the National Consumer Financial Education Strategy (NCFES) Working Group and all the financial ombuds, the Council aims to build a more transparent and accountable financial landscape for all South Africans.

# CONSUMER CORNER



# FINANCIAL LITERACY FOR TERTIARY STUDENTS CAMPAIGN: EMPOWERING THE NEXT GENERATION OF FINANCIALLY SAVVY LEADERS

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BY BOITUMELO MANGANYI, COMMUNICATIONS DEPARTMENT (FSCA)

As the world becomes increasingly interconnected and students strive to find a balance between academic life and personal independence, financial literacy has emerged as an essential skill for navigating today's ever-evolving landscape. Recognising this crucial need, the FSCA, in partnership with the Financial Services Consumer Education Foundation, launched the Financial Literacy for Tertiary Students campaign.

## **A vision for financial empowerment**

The campaign, which kicked off in July 2024 at the University of Johannesburg, has gained momentum, extending its reach across all nine provinces in South Africa. With 10 university visits and participation from over 5,000 students, the campaign has facilitated 20 impactful workshops covering key topics such as money management, debt management, and wealth creation. The initiative is designed to help students make informed financial decisions, laying the foundation for long-term financial wellbeing.

## **Achieving key objectives**

At its core, the campaign aims to equip students with the tools and knowledge needed to make sound financial choices throughout their lives. Participants gain a comprehensive understanding of personal finance,

learning vital skills like budgeting, saving, investing, and credit management. Workshops offer practical insights into managing day-to-day expenses, avoiding debt, building credit scores, and planning for financial success.

In addition to addressing the fundamental aspects of personal finance, the campaign also focuses on wealth creation, entrepreneurship, and the importance of business acumen. Students are encouraged to take ownership of their financial futures, understand the significance of budgeting, and develop habits that will help them achieve financial independence.

## **Fostering collaborative relationships**

The success of the Financial Literacy for Tertiary Students campaign isn't just limited to the students who participate. The project also forges strong relationships with university staff responsible for student wellness. Many of these staff members have now recognised the importance of financial literacy in the academic and personal development of students and have welcomed the partnership with the FSCA and the Foundation. This collaboration has further underscored the significance of financial education within tertiary institutions.



# EVENTS



# 2025 FINANCIAL CRIME SYMPOSIUM: FORTIFYING DEFENSES AND TACKLING EVOLVING THREATS

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Fighting financial crime requires unwavering vigilance and proactive strategies from professionals worldwide. True to this demand, the recently concluded 2025 Financial Crime Symposium successfully convened experts, practitioners, and policymakers to address strengthen South Africa's collective defences against financial crime. Held on March 4th and 5th 2025, the symposium proved to be a pivotal event, reinforcing the commitment of all attendees to safeguarding the integrity of our financial systems.

Discussions tackled the escalating challenges of digital fraud and cybercrime, addressing techniques like deepfake fraud, ransomware attacks, and the illicit use of virtual assets, all fuelled by the rise of digital banking and cryptocurrencies. Experts also explored the sophisticated methods employed in money laundering and terrorist financing, including the use of shell companies, complex financial instruments, and international networks. Furthermore, the corrosive impact of corruption and bribery on financial stability was examined, with strategies for detection, prevention, and enforcement being a key focus.



# FSCA INDUSTRY CONFERENCE 2025



# PARTING SHOT



# FSCA NEWS ROUND UP

## FSCA warns public against persons impersonating RCS Cards (Pty) Ltd and Bridge Finance CC

The FSCA warns the public to be cautious when conducting financial services business with persons purporting to be Bridge Finance CC and RCS Cards (Pty) Ltd.

[Read more](#)

## The biggest South African Public-Private initiative to combat financial crime

The FSCA in collaboration with the North-West University Business School's Unit for Corruption and Integrity Studies (NWU) hosted the 4th annual South African Financial Crime Symposium, which took place on the 4<sup>th</sup> & 5<sup>th</sup> of March 2025.

[Read more](#)

## FSCA imposes penalty and debarments on Sanda Funeral Home (Pty) Ltd and its directors

The FSCA received complaints alleging that Sanda Funeral Home (Pty) Ltd and its directors, Ms Zisanda Sanda and Mr Sandile Michael Sanda, were issuing life insurance policies without being licensed as an insurer and rendering financial services without being authorised as a financial service provider.

[Read more](#)

## FSCA warns the public against Ubomi Unlimited Projects (Pty) Ltd t/a Ubomi Fire Protection Insurance

The FSCA warns the public to be cautious when taking up guarantee insurance policies issued by Ubomi Unlimited Projects (Pty) Ltd, trading as Ubomi Fire Protection Insurance.

[Read more](#)

# STAFF PICKS: MUST-READ ARTICLES

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In this section, FSCA 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.

## Submission by Sifiso Nxumalo

### **Title: Shifting risk landscape to impact cost of reinsurance even further**

**Context:** As climate disasters and economic instability intensify, South African insurers face soaring reinsurance costs. With claims surpassing R80 billion in just three years, the industry is bracing for even tougher challenges. What does this mean for businesses and policyholders? **Full article:** [Shifting risk landscape to impact cost of reinsurance even further – Moonstone Information Refinery](#)

## Submission by Muriel Breedt

### **Title: AMSA Mill Closures May Drive Up Already Hot Vehicle Claims Inflation, Warns Santam**

**Context:** ArcelorMittal South Africa's (AMSA) decision to shut down key steel mills threatens to escalate vehicle repair costs, further inflating insurance claims. Santam, a leading insurer, cautions that this development could significantly impact premiums and the broader automotive industry. **Full article:** [AMSA mill closures may drive up already hot vehicle claims inflation, warns Santam | Business](#)

## Submission by Muriel Breedt

### **Title: The World Bank's Message to South Africa**

**Context:** The World Bank urges South Africa to alleviate its heavy regulatory environment and reform Black-ownership laws to rejuvenate the economy. These changes aim to reverse economic stagnation, reduce high unemployment, and address persistent inequalities. **Full article:** [The World Bank's message to South Africa – Daily Investor](#)

## Submission by Nolwazi Hlophe

### **Title: Draft Application Paper on the Supervision of Artificial Intelligence**

**Context:** The International Association of Insurance Supervisors (IAIS) has released a draft Application Paper to guide the oversight of artificial intelligence (AI) in the insurance sector. This document addresses emerging risks associated with AI adoption and offers recommendations to ensure effective supervision. **Full article:** [Draft-Application-Paper-on-the-supervision-of-artificial-intelligence.pdf](#)

## Submission by Mxolisi Mthiyane

### **Title: Warning to South Africans with Crypto**

**Context:** In light of a recent \$1.5 billion hack targeting the Ethereum wallet Bybit, cybersecurity expert Carel de Jager emphasises the irreversible nature of cryptocurrency theft. Investors are urged to exercise caution and implement stringent security measures to protect their digital assets. **Full article:** [Warning to South Africans with crypto – Daily Investor](#)

## Submission by Athule Mpandle

### **Title: The Unclaimed Billions in South Africa's Hidden Financial Crisis**

**Context:** South Africa faces a significant issue with unclaimed financial assets, including pensions, insurance payouts, and other benefits, amounting to billions of rand. This problem deprives many citizens of their rightful funds and poses a systemic challenge to the nation's financial integrity.

**Full article:** <https://citywire.com/za/news/opinion-the-unclaimed-billions-in-south-africa-s-hidden-financial-crisis/a2458839>

