

FSCA Press Release

28 February 2022

RELEASE OF FSCA DRAFT FINANCIAL SECTOR TRANSFORMATION STRATEGY FOR PUBLIC COMMENT

A strategic objective of the Financial Sector Conduct Authority (FSCA) is to promote the development of an innovative, inclusive, and sustainable financial system. This includes supporting the transformation of the financial sector. The FSCA today publishes for public comment its draft strategy for promoting transformation of the financial sector in South Africa: [FSCA Strategy for Supporting Financial Sector Transformation](#)

The overall policy framework for broad-based black economic empowerment (B-BBEE) in South Africa is the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) (B-BBEE Act). Under this, the Financial Sector Code (gazetted in 2012 and subsequently revised and gazetted in 2017) reflects the accord reached by key financial sector stakeholders regarding their joint commitment to fostering B-BBEE in the financial sector.

In recognition of the need for a stronger focus on transformation by financial sector regulators, the Financial Sector Regulation (FSR) Act, 2017 (Act No. 9 of 2017), which establishes the FSCA, includes as an object of the Act the promotion of transformation of the financial sector. The Conduct of Financial Institutions (COFI) Bill, expected to be tabled in Parliament this year, includes key proposals to further strengthen the powers of the FSCA in relation to financial sector transformation.

The FSCA's draft transformation strategy therefore aims to:

- outline the FSCA's approach to promoting financial sector transformation within the **existing** policy framework i.e. the FSR Act, B-BBEE Act, and FS Code, and
- outline an approach for the FSCA to promote transformation under the **future** COFI Act framework.

Key COFI Bill proposals include:

- promoting transformation to be made an explicit function of the FSCA and the FSCA can issue conduct standards in this regard;

Executive Committee:

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

- entities will be required to promote transformation in a manner reasonably consistent with a transformation plan, which must be aligned to the achievement of tangible targets informed by the Financial Sector Code; and
- the FSCA may issue directives and use its other supervisory and enforcement powers to ensure that a financial institution adheres to commitments made through its transformation plan, and that its governance frameworks in relation to transformation are adequate and adhered to.

These proposals will strengthen the overall framework for transformation in the financial sector, by allowing the FSCA to exercise reasonable supervisory and enforcement measures against financial institutions that do not uphold commitments to transformation.

Financial sector transformation and financial inclusion are mutually supportive objectives. The FSCA's financial inclusion strategy is also now available on <https://www.fsca.co.za/Documents/FSCA%20Financial%20Inclusion%20Strategy.pdf> and can be read in conjunction with the draft transformation strategy.

The FSCA invites comments from all interested stakeholders on the draft transformation strategy document. Comments can be sent to fsca.policy@fsca.co.za by no later than **29 April 2022**.

The draft FSCA Transformation Strategy, together with the Comment Template (Annexure B) are available on <https://www.fsca.co.za/Regulatory%20Frameworks/Pages/Policy-and-Research.aspx>

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