



FINANCIAL SERVICES BOARD

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MANDATE

The Financial Services Board (FSB) is a public entity, currently mandated by the South African government to supervise and enforce compliance with specific laws regulating financial institutions and to promote and support financial education and awareness about financial products, institutions and services.

Acts administered by the Financial Services Board



- Collective Investment Schemes Control Act (Act 45 of 2002)
- Credit Rating Services Act (Act 24 of 2012)
- Financial Advisory and Intermediaries Services Act (FAIS Act)(Act 37 of 2002)
- Financial Institutions (Protection of Funds) Act (Act 28 of 2001)
- Financial Markets Act (Act 19 of 2012)
- Financial Services Board Act (Act 97 of 1990)
- Financial Services Ombud Schemes Act (Act 37 of 2004)
- Financial Supervision of the Road Accident Fund Act (Act 8 of 1993)
- Friendly Societies Act (Act 25 of 1956)
- Inspection of Financial Institutions Act (Act 80 of 1998)
- Long-term Insurance Act (Act 52 of 1998)
- Pension Funds Act, 24 (Act 24 of 1956)
- Short-term Insurance Act (Act 53 of 1998)
- Supervision of the Financial Institutions Rationalisation Act (Act 32 of 1996)

BRIEF OVERVIEW



Collective investment schemes (CIS):

covers 48 local CIS managers in securities with 1 053 portfolios and assets under management of over R1.5 trillion; 62 foreign CIS managers with 308 portfolios and assets under management of R212 billion; 6 CIS managers in property with six schemes and assets under management of R44 billion and four CIS managers in participation bonds with assets under management of R1.1 billion.

Financial advisers and intermediaries:

This business is written by some 10 500 authorised financial service providers with over 137 000 registered representatives and key individuals. 561 of these entities manage assets worth over R5 billion, largely for individuals and companies of all sizes.

Capital markets:

covers the JSE Limited. With around 400 companies listed on its main board and alternative exchange. The JSE is one of the world's top 20 exchanges by market capitalisation (R11 trillion) and viewed as a gateway to investing in quality listed African companies. Over 350 authorised users of the JSE and some 1 800 dealers are active in equities, commodity and equity derivatives as well as the interest rate market.

Insurers:

covers over 180 short- and long-term insurers, as well as reinsurers operating in both short- and long-term markets, in an industry sector valued at some R2.4 trillion.

Pension funds:

over 2 000 active pension funds with assets of over R1.5 trillion.



TWIN PEAKS AND NEW MANDATE

Under Twin Peaks the FSB will become the new market conduct authority, with a mandate to protect customers of financial services firms and improve the way financial services providers conduct their business. This authority will also be responsible for ensuring the integrity and efficiency of financial markets, and promoting effective financial consumer education.

TWIN PEAKS



MARKET CONDUCT

Market
integrity

Conduct of
business

Consumer
education

MCA

PRUDENTIAL

Banking

Insurance

Financial
conglomerates

SARB



Twin Peaks – Where we are going

Guiding principles

- Forward-looking
- Pre-emptive and proactive
- Outcomes-based
- Risk-based and proportionate
- Comprehensive and consistent
- Intensive, intrusive and efficient

“A safer financial sector to serve South Africa better”
February 2011

CURRENT WORK / AREA OF FOCUS



Preparing the FSB to transform into the Market Conduct Authority under the “Twin Peaks” regulatory regime:

Areas of Focus

- Legislation
- Supervisory approach
- Employees
- Stakeholders

Organisational Structure

- Move from institutional to ‘functional’ focus

Change Management

- Huge change of focus
- Prepare people for this change / information
- Use of experts

This is taking place while continuing to focus on current legal mandate and operations.

CURRENT PROJECTS (2014/15)



- Embedding Treating Customers Fairly (TCF) principles into supervisory framework
- Implementation of Solvency Assessment and Management (SAM) regime for insurers
- Professionalisation of Financial Service Providers
- Education of Pension Fund Trustees - Toolkit
- Licensing and supervision of Credit Rating Agencies
- Finalisation of process to regulate hedge funds

CONTRIBUTION TO THE NDP 2030



NDP objectives	FSB objectives aligned to the NDP objectives
Chapter 3: Economy and Employment	<p>To assist and train emerging entrants into the non-banking financial services industry environment</p> <p>Regulation of Financial Services at levels of International best practice promotes international investment</p> <p>The Financial Services Sector is a significant employer – regulation ensures this sustainability</p> <p>Annual in-take of young graduates (20) for training and possible employment in the FSB</p>
Chapter 4: Economic Infrastructure	<p>Insurance enables infrastructure investment – including sustainability (e.g. special projects on renewable energy to support NDP)</p> <p>Well-regulated long-term savings vehicles (life insurance, pension funds) provide key source of funding for infrastructure investment</p>
Chapter 5/6 : Environmental Sustainability and Resilience.	<p>Regulation ensures that risk management plans include focus on environmental issues and solutions</p> <p>The FSB regulates the prudential management of cover for crop and agri assets in the interests of sustainability, which allows for investment</p>

CONTRIBUTION TO THE NDP 2030



NDP objectives	FSB objectives aligned to the NDP objectives
Chapter 7: South Africa in The Region and the World	The FSB adheres to international Standards of Regulation of Financial Services and co-operates with fellow African regulators, which enables SA to be a gateway for financial services provision in the region
Chapter 9: Improving Education, Training and Innovation	Developed Educational Training material and workshops for teachers and learners on Mathematical Literacy and Managing your Money
Chapter 10:Heath Care for All.	The FSB through engagement with the life insurance sector achieved the removal of exclusions for HIV/ Aids, which enabled the sector to actively promote awareness, testing and health management
Chapter 11: Social Protection	<p>FSB Consumer Education and Foundation focuses on promoting a savings culture</p> <p>To ensure the fair treatment of customers of financial services</p>
Chapter 14: Fighting Corruption	To combat Crime including money laundering in the Financial Sector



Q & A