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2016

FSB – PRESENTATION TO SCoF

ADDITIONAL INFORMATION



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1 Introduction

The FSB is pleased to present its Strategic Plan, 2015-2017, and Annual Performance Plan for 2016/17 to SCoF. Both of these documents have been prepared in accordance with the National Treasury guidelines. The Strategic Plan, however, does not cover a 5 year period due to the eminent implementation of the Twin Peaks model of financial regulation. As you are aware the FSB will cease to exist when the FSR Bill is enacted and the Financial Sector Conduct Authority (FSCA) will be established.

The Strategic Plan addresses the FSB's objectives and risks during the period of the transition to the FSCA - the overriding objective being the smooth and seamless transition from the FSB's current mandate to that of financial services market conduct regulator, including the market conduct of the retail banking sector which has heretofore been unregulated. Much progress, both with regard to finalising the empowering legislation (FSR Bill) and addressing the business and logistical aspects of the twin peaks implementation have been made since the date that the Strategic Plan was prepared. An update of this strategic plan was approved by the FSB board on 29 March 2016. In the updated plan the anticipated legislative imperatives in the FSR Bill have been addressed in the strategy developed for the effective transition of the FSB to the FSCA.

2 Strategic Plan

2.1 Vision

To promote and maintain a sound financial environment in South Africa

2.2 Mission

To promote:

- Fair treatment of consumers of financial services and products;
- Financial soundness of financial institutions;
- Systemic stability of financial services industries;
- Integrity of financial markets and institutions, and
- Consumer financial education.

2.3 Legislative mandate

The mandate of the FSB is primarily derived from the Financial Services Board Act (Act 97 of 1990 as amended), which defines its functions as:

- to supervise and enforce compliance with laws regulating financial institutions and the provision of financial services;
- to advise the Minister of Finance on matters concerning financial institutions and financial services, either of its own accord or at the request of the Minister; and
- to promote programmes and initiatives by financial institutions and bodies representing the financial services industry to inform and educate users and potential users of financial products and services.

Since coming into existence in 1991 the FSB has been a sector-focused regulator, covering both the prudential and market conduct regulation and supervision of the non-banking financial sector.

By contrast, the FSCA will be a dedicated market conduct regulator. Its legislative mandate is reflected as follows in provision 57 of the FSR Bill:

The objective of the FSCA is to -

- enhance and support the efficiency and integrity of the financial system, and
- protect financial customers by -
 - promoting fair treatment of financial customers by financial institutions; and
 - providing financial customers and potential financial customers with financial education programs, and otherwise promoting financial literacy and the ability of financial customers and potential financial customers to make sound financial decisions; and
- assist in maintaining financial stability.

2.4 The Strategic context of the FSB/FSCA

The National Development Plan (NDP) sets out the government's approach to growth to 2030. It provides an integrated approach for business, government and civil society to address the critical issues of income inequality, poverty and unemployment in South Africa. Given its regulatory mandate, the FSB has a role to play in the financial sector in promoting growth, employment and poverty reduction.

The FSB is able to contribute to the area of poverty reduction through:

- The use of regulatory and supervisory measures to promote more 'value for money' financial products and services and reduce the abuse of savings and investments by unscrupulous providers of financial products and services.

- Providing assistance to government in designing and implementing measures in support of social security for all, particularly in relation to retirement reform and roles that can and should be played by persons and entities subject to supervision by the FSB, including retirement funds, friendly societies and insurers.
- Supporting the design and implementation of cost effective measures to promote savings, investments and risk reduction and thereby to increase asset ownership and asset protection by the historically disadvantaged.
- Supporting measures to promote 'active ownership' and sustainable and responsible investments by retirement funds for the benefit of their members and other stakeholders.
- Reducing the cost of regulatory compliance, especially for small and medium sized firms
- Strengthening financial services to bring down their cost and improve access for small and emerging businesses.
- Developing an appropriate regulatory framework to support innovation in the system consistent with the growth strategy, and
- Promoting financial inclusion and education. The NDP envisages that small and new entrepreneurs will account for the creation of the majority of new jobs in the economy. An important strategy for the FSB is the promotion of new entrants to the financial services industry.

2.5 Transformation and financial inclusion

An important focus for the FSB, and the future FSCA, is that of transformation in line with government policy. Internally, the FSB is largely transformed, as indicated by its employment and supply chain policies and practices. The FSB/FSCA will continue to offer employment opportunities to skilled Black professionals promote the development of skills in all its employees and support emerging business when procuring goods and services.

Financial inclusion and the formulation and implementation of strategies and programmes for financial education for the public are stated objectives of the FSCA in the FSR Bill. The financial services industry is largely untransformed, with barriers to entry for Black owned businesses.

The strategy of the FSB and future FSCA will include strategies to address these realities, including short-term and long-term plans to address transformation in each sector in which the FSB operates.

2.6 Additional financial sector objectives

In addition, the FSB is expected to contribute to the following relevant strategic outcomes:

- Improving the quality of basic education via the FSB's financial literacy programme;
- Developing a skilled and capable workforce.

2.7 FSB transition to FSCA

The FSB has established the Regulatory Strategy Committee (RSC), a sub-committee of the FSB EXCO to assist in facilitating a smooth transition from the FSB's current mandate, strategy and structure to that of the FSCA.

Over the past year the RSC has overseen the development of a functional design for the FSCA. This functional design will be used as the basis for a recommended organisational structure. The notable feature of the proposed functional design for the FSCA is the centralisation of business functions (such as licensing, supervision and enforcement) compared to the current decentralised operation model of the FSB. Task teams have been established to oversee the various projects currently underway to guide the transition to the new organisational structure of the FSCA.

The RSC will also oversee the development of recommendations on a regulatory strategy for the FSCA, as required by the FSR Bill

2.8 Strategic Plan Pillars

The FSB strategy in the transition period continues to be anchored on 5 pillars, being:

- Empowered consumers
- Proactive stakeholder management
- Sound financial institutions
- Improved internal policies, systems, processes and procedures
- Effective transition to the market conduct regulator.

This is elaborated on below.

PILLARS	STRATEGIC CHALLENGES/ IMPERATIVES TO BE ADDRESSED
Empowered consumers of financial products and services	<p>Ensure financial literacy interventions meet the need of consumers of financial services and products. Development of thought leadership strategies around the delivery of financial literacy interventions.</p> <p>Ensuring that regulatory frameworks are proportionate to the risks posed to the achievement of regulatory objectives, and that regulatory guidance is provided to emerging financial product and services providers, thereby supporting:</p> <ul style="list-style-type: none"> • financial inclusion and broadening access to the previously excluded; and • transformation of the financial sector.
Proactive stakeholder management	<p>Improving co-ordination and communication with all stakeholders in order to improve the effectiveness of our regulatory and supervisory activities.</p>
Sound financial institutions that treat their customers fairly.	<p>Updating regulatory frameworks to maintain alignment with international standards, adapted as appropriate for local circumstances.</p> <p>Adapting internal processes with regard to risk-based supervision and enforcement to improve the effectiveness of prudential and market conduct regulation, given the large number of financial institutions that are regulated by the FSB.</p>
Sound internal policies, systems, processes and procedures	<p>Internal policies and processes to achieve goals</p>
Effective transition of the FSB to the FSCA	<p>Facilitating a smooth transition from the FSB's current mandate, strategy and structure to that of the FSCA under the twin peaks regulatory model. The issues that will need to be addressed include the following:</p> <ul style="list-style-type: none"> • Addressing staff anxieties in preparation for, during and after the transition to the FSCA (change management and labour relations management) • Ensuring that current systems are adequate to address elements of the transition i.e. winding down of the current business and ramping up of the new business

PILLARS	STRATEGIC CHALLENGES/ IMPERATIVES TO BE ADDRESSED
	<ul style="list-style-type: none"> • Ensuring that strategies, processes, policies and procedures are in place to accommodate new functions/ changes to functions • Developing an ideal organisational design for the new business • Identifying/developing information systems that support the new proactive, pre-emptive and outcomes-focused approach to supervision • Building the necessary supervisory capacity and skills to be able to follow a proactive, pre-emptive and outcomes-focused approach to supervision • Implementing robust checks and balances, including consultation and review, to ensure the consistency of judgment-based supervisory decision-making

The following diagram outlines the key strategic outcomes that will guide the FSB over the transition period and the key focus areas (goal statement) per strategic outcome:

Strategic outcome 1	Empowered consumers of financial products and services
Goal Statement 1	Promote financial education to consumers of financial services and products by way of focused financial literacy interventions using the media, workshops, exhibitions, etc.
Goal Statement 2	Promote transformation and financial inclusion in industries regulated by the FSCA.
Strategic outcome 2	Proactive stakeholder management
Goal Statement	Implement a stakeholder management strategy which ensures proactive, timely and transparent communication with stakeholders in order to enhance trust and respect for the FSCA brand.

Strategic outcome 3	Sound financial institutions that treat their customers fairly
Goal Statement 1	Ensure that the regulatory and supervisory framework (prudential and market conduct) is in line with international standards and best practices.
Goal Statement 2	Ensure effective and efficient prudential and conduct supervision processes.

Strategic outcome 4	Sound internal policies, systems, processes and procedures
Goal Statement	Internal policies, systems, processes and procedures that meet the operational requirements of the FSB.

Strategic outcome 5	Effective transition of the FSB to the FSCA
Goal Statement	Develop recommendations on the future organisational structure and regulatory strategy and manage the transition from the FSB to the FSCA.

2.8.1 Empowered consumers of financial services and products

Strategic objective	Promote financial education to consumers of financial services and products.
Objective statement	Implement programs for financial education for the general public.
Baseline	Financial literacy interventions achieved in 2015/16.
Performance indicator	Number of interventions to promote financial education.

Strategic objective	Promote transformation in the industries regulated by the FSCA.
Objective statement	Promote transformation of the financial services industry by addressing barriers to entry to the industry for emerging entrepreneurs and small businesses.
Performance indicator	Transformation strategy and plan.

Strategic objective	Promote financial inclusion in the industries regulated by the FSCA.
Objective statement	Promote inclusive insurance markets by implementing a proportionate regulatory framework for microinsurance.
Performance indicator	Microinsurance regulatory framework in place.

2.8.2 Proactive stakeholder management

Strategic objective	Maintaining an effective communication, brand, reputation and stakeholder management strategy during the transition to the FSCA.
Objective statement	To ensure all communication issues are effectively managed during the transition to FSCA.
Baseline	Interventions achieved during 2015/16
Performance indicators	Marketing and Brand awareness programme / campaign for the FSB. Stakeholder outreach plans.

Strategic objective	An effective communication, brand, reputation and stakeholder management strategy for the FSCA.
Objective statement	Development of an FSCA brand management strategy to address issues that might impact on the reputation of the FSCA.
Baseline	FSB brand and communications strategy
Performance indicator	Recommendations on a FSCA brand and communications strategy

2.8.3 Sound financial institutions that treat their customers fairly

Strategic objective	Regulatory framework in line with international standards. 80% of principles partly, broadly or fully implemented.
Objective statement	Annual review of regulatory framework to identify gaps and ensure appropriate alignment with relevant principles and standards recommended by international standard setting bodies.
Baseline	Current regulatory framework.
Performance indicator	Departmental regulatory development plans

Strategic objective	Risk-based supervision to monitor and improve the financial investment environment.
Objective statement	To meet the targets as identified in the supervisory plans for departments.
Baseline	Current approved and implemented risk-based supervisory plans.
Performance indicator	Departmental risk-based supervisory plans Performance against the risk-based supervisory plans

Strategic objective	Effective and efficient prudential and market conduct supervision processes.
Objective statement	Service level commitment (SLC) timeframes for registrations, issuing of licences and other applications are met.
Baseline	SLC performance in 2015/16.
Performance indicator	Service level agreements (Supervision)

	Performance against the timelines provided for in SLCs
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Strategic objective	Effective enforcement of compliance with legislation.
Objective statement	Institute enforcement action in 100% of the cases identified, within agreed SLA timeframes.
Baseline	Enforcement action and SLA performance in 2015/16
Performance indicator	Service level agreements (Enforcement and Inspectorate) Performance against the timeframes provided for in SLAs

2.8.4 Sound internal policies, systems, processes and procedures

Strategic objective	Internal policy framework updated annually
Objective statement	Annually review and update the internal policy framework
Baseline	Current FSB approved policies
Performance indicator	Updated internal policies

Strategic objective	Effective and efficient systems, processes and procedures.
Objective statement	ICT systems and processes that meet the business requirements of the entity.
Baseline	Current systems and processes.
Performance indicator	Percentage implementation of approved projects and percentage of ICT SLC met.

2.8.5 Effective transition of the FSB to the FSCA

Strategic objective	Full readiness for transition to the FSCA, with minimum disruption to the FSB's on-going functions.
Objective statement	Development and implementation of an overarching transition program to ensure a smooth transition to the FSCA
Baseline	None
Performance indicator	Overarching transition program developed Achievement of targets relative to the transition program

Strategic objective	Recommended regulatory strategy for the FSCA developed to support strategic readiness for transition to the FSCA.
Objective statement	Develop recommendations on a Regulatory Strategy for the FSCA.
Baseline	None

Performance indicator	Final recommendations on a regulatory strategy for the FSCA
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Strategic objective	Recommended organisational design for the FSCA developed, to support organisational readiness for transition to the FSCA.
Objective statement	Develop recommendations on the future organisational design for the FSCA.
Baseline	None
Performance indicator	Final recommendations on an organisational design for the FSCA.

A summary of the top risks associated with the strategy is summarised below:

#	Strategic risk
1	Excessive litigation exposure. Litigation arising from regulatory mandate.
2	Data integrity. Inaccurate / unreliable management information.
3	Recruitment and retention of skilled staff. Failure to attract and retain employees with the right knowledge, skills, experience and attributes.
4	Knowledge/skills base. Lack of succession planning to ensure sustainability of FSB. Loss of knowledge/skills base.
5	Integrity, credibility and visibility of the FSB. Lack of confidence in the FSB by stakeholders.
6	Cyber-crime. Inappropriate/unauthorised access to FSB information by internal/external parties.
7	Implementation of legislation. Failure to implement legislation.
8	Enforcement of legislation. Inadequate enforcement structure and inadequate preparation of Enforcement Committee documents
9	Business shutdown. Inability of business to continue functioning effectively after a disaster.
10	Financial exposure of the FSB. Inability of the FSB to sustain itself financially.
11	Legal and regulatory compliance. Failure to comply with all relevant legislation.
12	ICT infrastructure and capability to support the business. ICT service failures which impacts on the ability to honour SLCs with user departments.
13	Fraud and Corruption. . Instances of fraud and corruption against the FSB by internal or external parties.

2.9 SWOT analysis

As it has done during the 24 years since its establishment, the FSB will continue to develop its technology, processes and resources to ensure that they enable the FSB to effectively fulfil its mandate. This includes ensuring that our regulatory and supervisory approach remains robust and relevant in response to new financial products and processes, new technology, and emerging risks. To this end, the SWOT analysis reflected hereunder has been compiled by using a thorough interactive process.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Adherence to mandate; • Collaborative and consultative regulator; • Committed and professional staff; • Compliance with regulations applicable to the FSB; • Regulatory and supervisory framework in line with international best practice; • Sound financial management; • Willingness to confront regulatory issues / Supervising without fear or favour; • Good standing with domestic and international bodies; • Caring organisation; • Institutional knowledge and understanding of industries; • Strong business and ICT alignment through ICT governance; • Appetite for change. 	<ul style="list-style-type: none"> • Supervisory methods are too reactive in some divisions; • Limited collection of market conduct data to perform data analytics; • Some legacy IT systems; • Ineffective communication; • Weak intelligence gathering with regards to industry financial innovation; • Inconsistent visibility as a regulator among consumers; • Working in silos; • Inability to respond to financial innovation in a timely manner.

Opportunities	Threats
<ul style="list-style-type: none"> • New responsibilities arising from the twin peaks regulatory model; • Opportunities presented by changes in the FSB's organisational design to harmonise and improve regulatory and supervisory standards, break down silos that impede effective supervision and promote the FSCA as employer of choice for both highly skilled and 	<ul style="list-style-type: none"> • Gaps in the regulatory framework; • Inability to respond to financial innovation in a timely manner; • Litigation against the FSB; • Non-availability and mobility of scarce skills to support regulatory and supervisory functions; • Delays in criminal justice system processes undermining the FSB's enforcement activities;

experienced professionals and young professionals seeking opportunities for learning and development while serving the country.

- Opportunity to improve the profile of the FSB due to the broader recognition and buy-in into financial regulations/ stronger political backing/ expanded scope of financial regulation;
- Support National Treasury on financial inclusion through consumer protection and financial education;
- Expansion and strengthening of stakeholder relationships;
- Strengthening collaboration with other relevant regulatory bodies;
- Responding to financial innovation.

- Overlaps and gaps in legislative mandates;
- Compliance to the Protection of Personal Information Act regarding the sharing of information with foreign regulators;
- Cyber-attacks.

3 Annual Performance Plan 2016/17

The Annual Performance Plan (APP), which has been prepared in line with National Treasury requirements, elaborates on how the FSB will implement its Transition Strategic Plan during the 2016/17 financial year. This plan is the basis for monitoring progress against the FSB's Transition Strategic Plan and the reporting of performance against the targets on a quarterly and annual basis.

The enabling legislation for the FSCA, the FSR Bill, was tabled in Parliament on 27 October 2015 and it is expected that the FSCA will commence operations during the 2016/17 financial year. Accordingly, this plan has been prepared on the basis that the FSB will commence the 2016/17 financial year on the basis of "business as usual" but acknowledging that its majority business operations will continue as the FSCA.

The FSB's APP for 2016/17 is presented below in the order of its goal statements.

3.1 Strategic outcome 1: Empowered consumers of financial products and services

Strategic objective	Performance indicator	Estimated performance 2015/16	Estimated performance 2016/17
1. Promote financial education to consumers of financial services and products.	Number of interventions to promote and provide financial education.	250 workshops. 16 Exhibitions. 370 web content uploads/edits. 33 media activities.	250 workshops. 16 Exhibitions. 370 web content uploads/edits. 33 media activities.
2. Promote transformation in the industries regulated by the FSB.	Number of interventions to promote transformation	12 workshops with emerging FSPs	12 workshops with emerging FSPs

3.2 Strategic outcome 2: Proactive stakeholder management

Strategic objective	Performance indicator	Estimated performance 2015/16	Estimated performance 2016/17
3. An effective communication, brand, reputation and stakeholder management strategy during the transition to FSCA	Number of media engagements	Content development for consumer and Twin Peaks communication plan. -12 media releases -4 FSB bulletins -4 Round table discussions with media. -12 media lists updates. -4 media monitoring reports. -4 EO reports.	Content development for consumer and Twin Peaks communication plan. -12 media releases -4 FSB bulletins -4 Round table discussions with media. -12 media lists updates. -4 media monitoring reports. -4 EO reports.

3.3 Strategic outcome 3: Ensure sound financial institutions

Strategic objective	Performance indicator	Estimated performance 2015/16	Estimated performance 2016/17
4. Regulatory framework in line with international standards. 80% of principles partly, broadly or fully implemented.	Number of progress reports of findings and recommendations of peer review considered by the FSB Exco.	4 reports on progress with implementation of findings and recommendations of international peer review bodies.	4 reports on progress with implementation of findings and recommendations of international peer review bodies.
	Adherence to the legislative review deadline for the year.	Submit legislative review programme to NT by 30 September 2015. Exco review of progress with legislative review.	Submit legislative review programme to NT by 30 September 2015. Exco review of progress with legislative review.
5. Conduct risk based supervision to monitor and improve financial investment environment.	Percentage achievement of targets set out in risk based supervision plans.	Achieve 80 % of the targets set out in risk based supervision plans.	Achieve 80 % of the targets set out in risk based supervision plans.
6. Effective enforcement of compliance with legislation	Percentage achievement of commitment time lines in the service level agreement/commitment (Inspectorate and Enforcement)	80% achievement of commitment time lines in the service level agreement/commitment (Inspectorate and Enforcement)	80% achievement of targets.
	Percentage compliance with timelines set out in each division's SLCs.	Achieve the turnaround times set in each division's SLCs with regard to licensing, registrations and other applications/submissions, for at least 90% of the cases received. (Where all information necessary for the processing has been provided.)	Achieve the turnaround times set in each division's SLCs with regard to licensing, registrations and other applications/submissions, for at least 90% of the cases received. (Where all information necessary for the processing has been provided.)

3.4 Strategic outcome 4: Improved internal policies, processes and procedures

Strategic objective	Performance indicator	Estimated performance 2015/16	Estimated performance 2016/17
7. Internal policy framework updated annually.	Annual review and updating of policies relating to: Human Resources, Finance, ICT, Supply Chain, Security and Risk Management	Annual review and updating of policies relating to: Human Resources, Finance, ICT and Risk Management.	Annual review and updating of policies relating to: Human Resources, Finance, ICT and Risk Management.
8. Effective and efficient systems, processes and procedures.	Percentage of implementation of approved projects and percentage of ICT SLC met.	90% implementation of approved projects and 90% of ICT SLC met.	90% implementation of all approved projects with business sign-off. 90% of ICT SLC met.

3.5 Strategic outcome 5: Effective transition to market conduct regulator.

Strategic objective	Performance indicator	Estimated performance 2015/16	Estimated performance 2016/17
9. Full readiness for transition to the FSCA, with minimum disruption to the FSB's on-going functions.	Overarching transition program. Achieve targets relative to the transition program.	N/A	Achieve targets relative to the transition program.
10. Recommended regulatory strategy for the FSCA developed to support strategic readiness for transition to the FSCA.	Final recommendations on a regulatory strategy for the FSCA	N/A	Recommendations on the regulatory strategy for the FSCA.
11. Recommended organisational design for the FSCA developed, to support organisational	Final recommendations on an organisational design for the FSCA.	N/A	Recommendations on an organisational design for the FSCA.

readiness for transition to the FSCA.			
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4 Mapping Strategic Objectives to NDP goals

Strategic goal/outcome	Strategic objectives	Key activities	NDP goal
1. Empowered consumers of financial products and services	Promote financial education to consumers of financial services and products.	Focused financial literacy interventions using the media, workshops, exhibitions, internet web, etc.	-Increase literacy. -Skills development. -Promote accountability.
	Promote transformation in the industries regulated by the FSB.	Conduct workshops with small and emerging FSPs. Provide coaching assisting to comply with regulatory requirements.	-Reduce inequality. -Reduce poverty. -Skills development. -Broaden asset ownership by historically disadvantaged.
2. Proactive stakeholder management	An effective communication, brand, reputation and stakeholder management strategy during the transition to FSCA	Implement a stakeholder management strategy which ensures proactive, timely and transparent communication with stakeholders in order to enhance trust and respect for the FSB/FSCA brand. This includes media releases (press and radio), monitoring the media, bulletins, roundtable discussions, etc.	-Relations with stakeholders improved through a more proactive approach.
3. Sound financial	Regulatory framework in line with international	On-going review of supervisory framework	-Promote confidence in the economy.

institutions that treat their customers fairly	standards. 80% of principles partly, broadly or fully implemented.	and implementation of findings of peer reviews to ensure consistency with international standards and best practice.	-Strengthen the financial sector. -Promote investment in the economy. -Job creation.
	Conduct risk based supervision to monitor and improve financial investment environment.	On site and off site supervision of regulated industries.	-Promote confidence in the economy. -Promote investment in the economy. -Job creation
	Effective enforcement of compliance with legislation	Investigations and enforcement of non-compliances with regulations by FSPs.	-Promote confidence in the economy. -Promote investment in the economy. -Job creation
4. Sound internal policies, systems, processes and procedures	Internal policy framework updated annually.	Internal policies, systems, processes and procedures that meet the operational requirements of the FSB.	-Promote confidence in the public entity. -Sustainability of the FSB/FSCA.
	Effective and efficient systems, processes and procedures.	Development and maintenance of ICT systems, processes and procedures that meet operational requirements of the FSB.	-Promote confidence in the public entity. -Sustainability of the FSB/FSCA.
5. Effective transition of the FSB to the FSCA	Full readiness for transition to the FSCA, with minimum disruption to the FSB's on-going functions.	Develop an overarching transition programme. Set targets relative to the transition programme and manage the transition from FSB to FSCA.	-Sound financial regulatory framework. - Confidence in financial sector industries. - Skills development. - Create jobs.
	Recommended regulatory strategy for the FSCA developed to support strategic	Develop final recommendations on the future regulatory strategy of the FSCA.	-Sound financial regulatory framework. - Confidence in financial sector

	readiness for transition to the FSCA.		industries. - Skills development. - Create jobs.
	Recommended organisational design for the FSCA developed to support organisational readiness for transition to the FSCA.	Develop final recommendations on the future organisational structure of the FSCA.	-Sound financial regulatory framework. - Confidence in financial sector industries. - Skills development. - Create jobs.

5 Quarterly performance information 31 March 2016

The detailed FSB performance information together with the Expenditure Report is presented below.

Please note that the information covers the 12 months to 31 March 2016 and is unaudited.

The FSB's APP is driven by its strategic objectives. This is primarily because the industries it regulates are sectoral and the FSB's business model follows this structure. Also, the FSB is funded by the industries it regulates. Hence it was considered to be more practical for the FSB to structure its strategic plan in a manner that addressed both government and industry imperatives through its strategic objectives which cut across the common needs of the non-banking financial sector.

Strategic objective	Performance indicators	Target 2015/16	Unaudited Achievement 2015/16	Variance	Comment/Reason for variance
Strategic outcome 1: Informed and protected consumers					
Goal statement 1: Empowered consumers of financial products					
Promote financial education to consumers of financial services and products.	Number of interventions to promote financial education.	<ul style="list-style-type: none"> 250 workshops. 16 Exhibitions. 370 web content uploads/edits 33 media activities. 	Achieved: <ul style="list-style-type: none"> 218 workshops. 29 Exhibitions. 437 web content uploads/edits 40 media activities. 	Targets exceeded by <ul style="list-style-type: none"> 18 workshops. 13 Exhibitions. 67 web content uploads/edits 7 media activities. 	The target for workshops was reduced to 200 during the year as it was decided to use the available resources to undertake additional exhibitions.
Promote transformation in the industries regulated by the FSB.	Number of interventions to promote transformation.	12 workshops with emerging FSPs	Achieved – 14 workshops with emerging FSPs	Exceeded by 2 workshops.	2 additional workshops hosted at the FSB as requested by the industry.
Strategic outcome 2: Stakeholder management					
Goal statement: Pro-active stakeholder management					

Strategic objective	Performance indicators	Target 2015/16	Unaudited Achievement 2015/16	Variance	Comment/ Reason for variance
A fully implemented communication, brand, reputation and stakeholder management strategy by end 2017.	Percentage of the Stakeholder Outreach Program achieved.	Achieve 90% of the targets for stakeholder outreach as set out in the business plans of CIS, FAIS, Investment Institutions, Insurance and Pensions divisions.	Achieved – 91.5%	Exceeded by 1.5%.	
		Communications and Liaison Department will hold 4 meetings with line departments.	Achieved - 5 meetings with line departments.	Exceeded by 1 meetings	1 additional meeting held due to additional news items that needed to be discussed with the HoDs.
	Number of media engagements	Content development and approval for consumer and Twin Peaks Communication Plan.	Not achieved – Content not developed, nor approved.	Content development and approval.	The Plan is yet to be finalised, still in the supply chain process pending finalisation of FSR Bill.
		12 media releases distributed to the media on key issues affecting the FSB and the public.	Achieved – 43 media releases distributed to the media on key issues affecting the FSB and the public.	Exceeded by 31 media releases distributed to the media on key issues affecting the FSB and the public.	The additional releases were the result of increased news worthy activities relating primarily to warnings about entities conducting unauthorised business.
		4 FSB Bulletin	Not achieved – 3 FSB Bulletin	1 FSB Bulletin	Unavailability of article authors.

Strategic objective	Performance indicators	Target 2015/16	Unaudited Achievement 2015/16	Variance	Comment/Reason for variance
		4 Buzz from the Board	Not achieved – 3 Buzz from the Board	1 Buzz from the Board	As above
		Radio/TV interviews	44 Radio/TV interviews	N/A	Unable to set a target for the number of interviews as it all depends on the requests received from media houses.
		4 Roundtable discussion	Achieved - 4 Roundtable discussion	N/A	N/A
		1 Media list updated monthly	Achieved - 1 Media list updated monthly	N/A	N/A
		4 Media Monitoring Reports to CCM	Achieved - 12 Media Monitoring Reports to CCM	Exceeded by 8 Media Monitoring Reports to CCM	The reports were sent to CCM as a result of increased news worthy activities.
		4 Report to EO	Achieved - 4 Report to EO	N/A	N/A
Strategic outcome 3: Sound Financial Institutions					
Goal statement: Ensure sound financial institutions					
Regulatory framework principles in line with international standards.	Number of progress reports monitoring the findings and recommendations of peer review	4 reports on progress with implementation of findings and recommendations of international peer	Achieved – reports on progress with implementation of findings and recommendations of international peer	N/A	N/A

Strategic objective	Performance indicators	Target 2015/16	Unaudited Achievement 2015/16	Variance	Comment/Reason for variance
	considered by FSB Exco.	review bodies.	review bodies.		
	Adherence to the legislative review deadline for the year.	Submit legislative review programme to NT by 30 September 2015. Exco review of progress with legislative review.	Achieved - legislative review programme to NT by 30 September 2015.	N/A	N/A
Risk based supervision to monitor and improve financial investment environment.	Percentage achievement of targets set out in risk based supervision plans.	Achieve 80 % of the targets set out in risk based supervision plans.	Achieved – 91%	Exceeded by 11%.	
Effective enforcement of compliance with legislation	Percentage achievement of commitment time lines in the service level agreement/commitment (Inspectorate and Enforcement)	80% achievement of commitment time lines.	Achieved – 91.5% achievement of commitment time lines. (Enforcement - 97.45% and Inspectorate – 85.64%)	Exceeded by 11.5%.	

Strategic objective	Performance indicators	Target 2015/16	Unaudited Achievement 2015/16	Variance	Comment/Reason for variance
	Percentage compliance with timelines set out in each division's SLCs.	Achieve the turnaround times set in each division's SLCs with regard to licensing, registrations and other applications/submissions, for at least 90% of the cases received. (Where all information necessary for the processing has been provided)	Achieved – 92.7%	Exceeded by 2.7%.	
Strategic outcome 4: Improved internal policies processes and procedures					
Goal statement: Improved internal policies processes and procedures					
Adequately resourced FSB to deliver on strategic plan	Vacancy rate.	<10% vacancy rate	13%	3%	Lack of readily available skills
	Percentage expenditure variations actual expenditure from budget expenditure.	Variation not more than 5% over or under budget.	-7.71%	Variance of 2.71% (underspent)	

Strategic objective	Performance indicators	Target 2015/16	Unaudited Achievement 2015/16	Variance	Comment/Reason for variance
	Invoice % of budgeted income.	Invoice 100% of budgeted income.	Achieved – 102%	Exceeded by 2%.	
	Collection % vs. invoiced amounts.	95%	Achieved – 99%	Exceeded by 4%.	
	Demand plan in place by end of February – assessing the service landscape then planning and budgeting accordingly	Demand plan in place by end of February – assessing the service landscape then planning and budgeting accordingly	Achieved – Demand Plan approved.	N/A	N/A
Internal policy framework updated annually.	Annual review and updating of operational policies.	Annual review and updating of policies relating to: Human Resources, Finance, ICT and Risk Management	Achieved	N/A	N/A
Effective and efficient systems, processes and procedures.	Percentage implementation of approved projects and percentage of ICT SLC met.	90% implementation of all approved projects with business sign-off 90% of ICT SLC met.	Achieved – 96% Implementation of all approved projects with business sign-off 96.2% of ICT SLC met	Implementation of all approved projects with business sign-off exceeded by 6% and ICT SLC exceeded by 6.2%.	

Strategic objective	Performance indicators	Target 2015/16	Unaudited Achievement 2015/16	Variance	Comment/ Reason for Variance
Strategic outcome 5: Effective transition to the market conduct regulator					
Goal statement: Effective transition to a market conduct regulator					
Full readiness for transition to the FSCA, with minimum disruption to the FSB's on-going functions.	10 RSC meetings. Achieve targets relative to the transition program.	10 RSC meetings. Overarching transitional program.	Achieved – 16 RSC meetings held.	Target exceeded by 6 RSC meetings.	Comment as at 31 March 2016: A total of 16 RSC meetings was held during the financial year, with standing agenda items relevant to the transition from the FSB to the FSCA; the recommended regulatory strategy for the FSCA; and recommendations on an organisational design for the FSCA. Achievement in respect of each of these deliverables is as follows:
Recommended regulatory strategy for the FSCA developed to support strategic readiness for transition to the FSCA.	Number of RSC meetings	10 RSC meetings to agree the high level recommended regulatory strategy for the FSCA.	Achieved – 16 RSC meetings held.	Target exceeded by 6 RSC meetings.	1. <i>Overarching transitional program:</i> The RSC discussed and approved the overarching project program outline and key sub-project activities for transition from the FSB to the FSCA at its meetings of 3 March 2016. Project teams for each sub-project were established and began project planning during March 2016. Detailed project plans for each sub-project are due to be finalised by 30 June 2016,
Recommended organisational design for the FSCA developed, to support organisational readiness for transition to the	Number of RSC meetings	10 RSC meetings to agree recommendations on an organisational design for the FSCA.	Achieved – 16 RSC meetings held.	Target exceeded by 6 RSC meetings.	

Strategic objective	Performance indicators	Target 2015/16	Unaudited Achievement 2015/16	Variance	Comments / Reason for Variance
FSCA					<p>incorporating specific targets to be met during the 2016/17 year (see 2016/17 Business Plan).</p> <p>2. <i>High level recommended regulatory strategy for the FSCA:</i> The RSC established a dedicated working group to develop a high level outline of the recommended strategy in October 2015. A proposed outline developed by the working group was tabled at the RSC meeting of 16 February 2016, and more detailed proposals for priority focus areas to be included in the strategy were tabled at the RSC meeting of 3 March 2016. A complete draft of the strategy (as opposed to the high level outline) is targeted to be tabled by end June 2016, with the final recommended strategy due for completion in September 2016 (see 2016/17 Business Plan).</p> <p>3. <i>Recommendations on an organisational design for the FSCA:</i> A proposed functional organisational design for the future FSCA as proposed by consultants KPMG was discussed and agreed in</p>

Strategic objective	Performance Indicators	Target 2015/16	Unaudited Achievement 2015/16	Variance	Comment / Reason for Variance
					<p>principle by the RSC in a series of meetings from July 2015 onwards (with earlier drafts having been discussed previously), on the understanding that the functional design will be used to inform a detailed structural organisational design (organogram). A proposed high level organogram was tabled at the RSC meeting of 15 March 2016. A comprehensive recommended organogram, including detailed job levels and role descriptions, is targeted for completion by December 2016.</p>

