

Revised Strategic Plan 2020-2025



Strategic Plan 2020-2025



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

ENABLING SKILLS DEVELOPMENT IN THE BANKING AND ALTERNATIVE BANKING SECTOR



INVESTORS
IN PEOPLE

List of Acronyms

AB	Alternative Banking
CBDA	Co-operative Bank Development Agency
DG	Discretionary Grants
DHET	Department of Higher Education and Training
ERRP	Economic Reconstruction and Recovery Plan
GM	General Manager
HEI	Higher Education Institutions
ICT	Information and Communication Technology
JV	Joint Venture
MFI/s	Micro Finance Institution/s
MFSA	MicroFinance South Africa
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MTSF	Medium-Term Strategic Framework
MTEF	Medium-Term Expenditure Framework
NSDP	National Skills Development Plan
OD	Organisational Development
PIVOTAL	Professional, Vocational, Technical and Academic Learning
QCTO	Quality Council for Trade and Occupations
SCM	Supply Chain Management
SETA	Sector Education and Training Authority
SETMIS	Sector Education and Training Management Information
SMEs	Small and Micro Enterprises
SSP	Sector Skills Plan
TVET	Technical and Vocational Education and Training
WSP	Workplace Skills Plan

FOREWORD

COVID-19 has spread throughout the world at an unprecedented speed and has affected all sectors. As countries seek to recover, some of the more long-term economic, business, environmental, societal and technological challenges and opportunities are beginning to become visible. The COVID-19 crisis has revealed the urgent need to shape a better world. As economies restart, there is a possibility to ensure greater societal equality and sustainability. South Africa's Economic Reconstruction and Recovery Plan (ERRP) is a direct response to the COVID-19 crisis. To ensure positive outcomes from the crisis, the immediate and longer-term emerging risks must be identified and managed effectively. The BANKSETA 2020-2025 Strategic Plan (SP) heeds to the ERRP as a response to the Covid-19 crises.

The key objective of the strategic plan is to outline the strategic priorities of the BANKSETA in accordance with its mandate as defined in the Skills Development Act and all associated national imperatives. It demonstrates the integration of the BANKSETA's primary responsibilities (sustained by the sound financial management of levy funds, human resources and internal business processes), the specific strategic objectives aligned to the skills priorities indicated in the sector skills plan (SSP) and National Skills Development Plan (NSDP) objectives as well as the management of performance thereof (inclusive of monitoring and evaluation).

The strategic plan covers a five-year period (from 2020/21 to 2024/25). It is acknowledged that the current SETA license period is until March 2030. Strategic Plans identify strategically important outcomes, goals and objectives against which the institutions' medium-term results can be measured and its impact evaluated. Annual Performance Plans identify the output indicators and targets that the institution will seek to achieve in the upcoming financial year. BANKSETA adopts a results-based planning model aligned to the Balanced Scorecard Methodology that involves the articulation of strategic choices in light of past performance and includes information on how it intends to deliver on its priorities and achieve associated results. BANKSETA's focus is on achieving outcomes, implementing output measurement, learning from past experiences, benchmarking best practice, and reporting on performance.

The BANKSETA recognises the need to be proactive in developing a clear skill planning strategy to determine how skills development interventions cohesively respond to the current and future needs of the sector as determined by the SSP and to manage the risks it might face. In the development of the strategy, the BANKSETA was also cognisant of aligning governance and organisational capacity to meet the SETA needs as well as balancing the priorities from a national and sectoral basis with the priorities prevalent in the economy.

As part of its strategic planning process, BANKSETA seeks to ensure accurate alignment of the Sector Skills Plan, Strategic Plan and Annual Performance Plan encapsulated in the development of a Strategy Alignment Matrix. The programmes in support of the strategies are outlined within the 2023/2024 Annual Performance Plan. Further to the programmes in the Annual Performance Plan, the BANKSETA has compiled a formal research strategy to support the organisational strategy. Strategic planning is also supported by continuously engaging with our stakeholder base to ensure a collaborative approach as outlined in the BANKSETA Stakeholder Engagement Plan.



Nosipho Mia Makhanya
BANKSETA Board Chairperson

Chief Executive Officer Statement

The COVID-19 pandemic has affected the entire globe and continues to alter life as we know it. South Africa has been severely affected socially and economically by the COVID-19 crisis. We have witnessed a high death rate of COVID-19 related cases countrywide. We have also witnessed the closure of businesses resulting in a high rate of unemployment.

As a direct response to the COVID-19 crisis, the South African government introduced an Economic Reconstruction and Recovery Plan (ERRP). South Africa's ERRP builds on our comprehensive health response to restore economic activity and rebuild the economy in a manner that ensures sustainability, resilience, and inclusiveness.

The BANKSETA 2020-2025 Strategic Plan (SP) heeds to the ERRP as a response to the Covid-19 crises. The Strategic Plan outlines the strategic direction and priorities of the BANKSETA per its mandate as defined in the Skills Development Act and all associated national imperatives. Strategic Plan demonstrates the integration of the BANKSETA's primary responsibilities in its endeavour to progressively realise the objectives of the National Skills Development Plan (NSDP). The strategic plan covers a five-year period (from 2020/21 to 2024/25) even though the current SETA license period is until March 2030.

Strategic Plans identify strategically important outcomes, goals and objectives against which the institutions' medium-term results can be measured and its impact evaluated. Annual Performance Plans identify the output indicators and targets that the institution will seek to achieve in the upcoming financial year.

The BANKSETA recognises the need to be proactive in developing a clear skill planning strategy to determine how skills development interventions cohesively respond to the current and future needs of the sector as determined by the SSP and to manage the risks it might face. In the development of the strategy, the BANKSETA was also cognisant of aligning governance and organisational capacity to meet the SETA needs as well as balancing the priorities from a national and sectoral basis with the priorities prevalent in the economy.

As part of its strategic planning process, BANKSETA ensures accurate alignment of the Sector Skills Plan, Strategic Plan and Annual Performance Plan encapsulated in the development of a Strategy Alignment Matrix. The programmes in support of the strategies are outlined within the 2023/2024 Annual Performance Plan. Further to the programmes in the Annual Performance Plan, the BANKSETA has compiled a formal research strategy to support the organisational strategy. Strategic planning is also supported by continuously engaging with our stakeholder base to ensure a collaborative approach as outlined in the BANKSETA Stakeholder Engagement Plan.

With a positive team and a constructive Board, we do not doubt that we shall achieve our strategic objectives as articulated in the Strategic Plan.



Eubert Mashabane Mr.
Chief Executive Officer

Official sign-off

It is hereby certified that this Strategic Plan:

- Was developed by the Management of BANKSETA under the guidance of the BANKSETA Board
- Takes into account all relevant policies, legislation and other mandates for which the BANKSETA is responsible
- Accurately reflects the Impact, Outcomes and Outputs which the BANKSETA will endeavour to achieve over the period 2023/2024 to 2024/2025.



Vuyani Ntanjana

Head: Strategy and Research

(Representing Head of Planning)

Signature: _____



Christine Fritz

GM: Operations

Signature: _____



Beaula Dziruni

Chief Financial Officer

Signature: _____



Eubert Mashabane

Chief Executive Officer

Signature: _____

Nosipho Mia Makhanya

BANKSETA Board (Chairperson)

Signature: _____



Approved by:

Dr Blade Nzimande

Executive Authority

Signature: _____



Contents

List of Acronyms.....	2
FOREWORD	3
Chief Executive Officer Statement	4
Official sign-off.....	5
1. Constitutional Mandate	7
2. Legislative and Policy Mandates	7
3. Institutional Policies and Strategies over the Five-Year Planning Period	11
Part B: Our Strategic Focus.....	12
4. The BANKSETA Vision	12
5. BANKSETA Mission	12
6. Values.....	12
7. Situational Analysis	13
7.1 External Environment.....	16
7.2 Internal Environment.....	37
7.2.1 Financial Environment.....	42
7.3 Description of the Strategic Planning Process	49
Part C: Measuring Our Performance.....	51
8. Institutional Performance Information.....	51
8.1 Measuring Impact.....	51
8.2 Measuring Outcomes.....	51
8.3 Explanation of Planned Performance Over the Five-Year Planning Period	54
9. Key Risks	58
10. Public Entities.....	61
11. Performance Indicators.....	62

Part A: Our Mandate

The Banking Sector Education and Training Authority (BANKSETA) is a statutory body established through the Skills Development Act of 1998 as amended by the Skills Development Act, 26 of 2011 to enable its stakeholders to advance the national and global position of the banking and alternative banking sector. In terms of the Skills Development Act, No 97 of 1998 as amended by the Skills Development Act, within the National Skills Development Plan (NSDP) framework; BANKSETA is mandated to develop skills in the banking and alternative banking sector. It does so by:

- Encouraging employers in its sector to develop an active learning environment in the workplace.
- Providing employees with opportunities to acquire new skills/progress their careers
- Increasing levels of investment in workplace education and training.
- Promoting transformation as guided by the NSDP equity targets of 85% Black, 54% Female and 4% disabled.

Ultimately this means that work-seekers find employment, retrenched workers re-enter the labour market and employers find qualified employees in a fair and equitable framework

1. Constitutional Mandate

The mandate of the BANKSETA is informed by the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996).

Constitutional applicability is based on the following sections:

- Section 22: Freedom of trade, occupation and profession
Every citizen has the right to choose their trade, occupation or profession freely. The practice of a trade, occupation or profession may be regulated by law.

- Section 29: Education

Everyone has the right to-

- 1) a basic education, including adult basic education; and
- 2) further education, which the state, through reasonable measures, must make progressively available and accessible

2. Legislative and Policy Mandates

The BANKSETA is established in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) and operates within the following legislative and policy mandates:

Legislation/ policy/ regulation	Applicability	BANKSETA's Contribution to Legislative and Policy Mandate
Skill Development Act Development Act 97 of 1998, (Act No. 97 of 1998)	Provides an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce;	The BANKSETA implements skills development programmes that equip the banking and alternative banking sector with relevant and appropriate skills and this is in line with the SDA.
Skills Development Levies Act, 1999 (Act No 09 of 1999)	Provides for the imposition of a skills development levy, and for matters connected therewith.	The BANKSETA uses the levies to fund skills development programmes as per the SDLA
South African Qualifications Authority Act, 1995 (Act No 58 of 1995)	Provides for the development and implementation of a National Qualifications Framework and for this purpose to establish the South African Qualifications Authority.	The BANKSETA makes sure that all qualifications funded are compliant with the SAQAA

Legislation/ policy/ regulation	Applicability	BANKSETA's Contribution to Legislative and Policy Mandate
The National Qualifications Framework Act, (Act No. 67 of 2008)	Provide for the responsibilities of the Minister of Higher Education and Training; to provide for the South African Qualifications Authority; to provide for Quality Councils; to provide for transitional arrangements; to repeal the South African Qualifications Authority Act, 1995	The BANKSETA makes sure that all qualifications funded are compliant with the NQFA.
Employment Equity Act, 1998 (Act No 55, 1998)	<ol style="list-style-type: none"> Promoting equal opportunity and fair treatment through the elimination of unfair discrimination. Implementing positive measures (affirmative action) to ensure the equitable representation of black people, women and the disabled at all levels in the workplace. 	The BANKSETA, through the Human Resources Policy, makes sure that it promotes equal opportunities, addresses the affirmative action prescripts and eliminate unfair discrimination.
Public Finance Management Act (Act No 29 of 1999)	Ensures that all revenue, expenditure, assets and liabilities of that government are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in that government	The BANKSETA, through its Governance Structures and Policies, make sure that it complies with PFMA.
Preferential Procurement Policy Framework (Act No. 5 of 2000)	This provision sets out basic principles and the regulations thereof and it provides detailed Supply Chain Management guidelines that shall be followed by all state institutions.	The BANKSETA, through its Governance Structures, Policies and Bid Committees like the Bid Specification Committee (BSC), Bid Adjudication Committee (BAC) and Bid Evaluation Committee (BEC) make sure that it complies with SCM Policy
Policy Framework for the Government-wide Monitoring and Evaluation System	This is an overarching policy framework for monitoring and evaluation in the South African Government.	The BANKSETA funded the development of the Monitoring and Evaluation Framework for SETAs. At the moment, BANKSETA is busy developing its M&E system.
Broad-Based Black Economic Empowerment (Act No. 53 of 2003)	Promotes the participation of previously disadvantaged individuals within the landscape of the South African economy.	The BANKSETA, through its Governance Structures, Policies and Bid Committees like the Bid Specification Committee (BSC), Bid Adjudication Committee (BAC) and Bid Evaluation Committee (BEC)

Legislation/ policy/ regulation	Applicability	BANKSETA's Contribution to Legislative and Policy Mandate
		make sure that it complies with SCM Policy.

Strategy and Policy Mandate

The BANKSETA also derives its skills development mandate from the following national strategies and policies:

Strategy/Policies	Applicability	BANKSETA's Contribution to Legislative and Policy Mandate
National Development Plan (NDP)	The National Development Plan commonly known (NDP), is a plan to unite South Africans, unleash the energies of its citizens, grow an inclusive economy, build capabilities, and enhance the capability of the state and leaders working together to solve complex problems.	All the BANKSETA strategies and plans are aligned NDA all our programmes are aligned to national priorities intending to strengthen the country's economy
Economic Reconstruction and Recovery Plan (ERRP).	South Africa's ERRP builds on our comprehensive health response to restore economic activity and rebuild the economy in a manner that ensures sustainability, resilience and inclusiveness.	The BANKSETA introduced 3-Year Internship Programme as a part of employment creation for economic recovery. It also strengthens the Entrepreneurship and Rural Development Programmes for job creation purposes.
Presidential Employment Stimulus	This approach recognises that there is no shortage of work to be done to address current social challenges or to improve the quality of life in communities. The intention is to create a new instrument able to support the considerable creativity, initiative and institutional capabilities that exist in the wider society to engage people in such work.	The BANKSETA introduced 3-Year Internship Programme as a part of employment creation for economic recovery. It also strengthens the Entrepreneurship and Rural Development Programmes for job creation purposes.
White Paper for Post-School Education and Training	A post-school education and training system that is responsive to the needs of individual citizens, employers in both public and private sectors, as well as broader societal and developmental objectives.	<p>Expanded access to PSET opportunities</p> <ul style="list-style-type: none"> To provide a diverse students population with access to a comprehensive and multifaceted range of PSET opportunities Bursaries for Lecturer development Programme <p>Improved efficiency and success of the PSET system:</p> <ul style="list-style-type: none"> Bursaries for Masters and PhD Learnerships and Internships Programmes

Strategy/Policies	Applicability	BANKSETA's Contribution to Legislative and Policy Mandate
		<p>Improved quality of PSET provision:</p> <ul style="list-style-type: none"> Bursaries for Lecturer development Programme <p>A responsive PSET system:</p> <ul style="list-style-type: none"> All qualifications programmes and curricula are in line with the SSP
National Skills Development Plan (NSDP)	The NSDP seeks to ensure that South Africa has adequate, appropriate and high-quality skills that contribute towards economic growth, employment creation and social development. The plan derives from the broader plan of government, namely the NDP, which aims to put in place the framework whereby, we 'build the capabilities of our citizens to make our future work'.	All the BANKSETA outcomes are aligned to the objectives and outcomes of the NSDP
New Growth Path	This framework reflects the government's commitment to prioritising employment creation in all economic policies. It identifies strategies that will enable South Africa to grow in a more equitable and inclusive manner while attaining South Africa's developmental agenda.	All the BANKSETA programmes are aligned to New Growth Path as they are focussing on skills meant for employment opportunities
National Skills Accord	<p>The National Skills Accord is based on the following commitments:</p> <ul style="list-style-type: none"> To expand the level of training using existing facilities more fully To make internship and placement opportunities available within workplaces. To set guidelines of ratios of trainees: artisans as well as across the technical vocations, in order to improve the level of training To improve the funding of training and the use of funds available for training and incentives on companies to train 	All the BANKSETA programmes are aligned to National Skills Accord as they are focussing on skills meant for employment opportunities and these include internship and learnership programmes

Strategy/Policies	Applicability	BANKSETA's Contribution to Legislative and Policy Mandate
	<ul style="list-style-type: none"> To set annual targets for training in state-owned enterprises To improve SETA governance and financial management as well as stakeholder involvement To align training to the New Growth Path and improve Sector Skills Plans To improve the role and performance of TVET Colleges 	
7 priorities to take South Africa forward	Education, skills and health;	All the BANKSETA educations and skills programmes are aligned to the 7 Priorities to take South Africa forward and these include internship and learnership programmes

Relevant Court Rulings: Business Unity South Africa vs Minister of Higher Education and Training Court Judgement

Regulations published in the Government Gazette, No.35940, 03 December 2012 regarding Monies Received by a SETA and Related Matters was updated by NT Circular 15 2017 which outlined the judgement of the Labour Appeals Court on Forfeiture on Uncommitted Surpluses and Mandatory Grants that set aside the Regulation 3(12) which pertained to uncommitted surpluses being forfeited and submitted to the NSF. Regulation 4(4) which pertains to mandatory grants is still in force and set at 20%.

3. Institutional Policies and Strategies over the Five-Year Planning Period

For the next five years the BANKSETA implementation will be guided by the following policies and strategies:

- National Development Plan
- National Skills Development Plan
- National Skills Accord

Part B: Our Strategic Focus

The BANKSETA strategic focus is on the following:

- The identification of priority skills in the sector through a credible skill planning process
- The distribution of mandatory grants to qualifying registered companies
- The distribution and management of discretionary grants that will benefit the sector at large as well as beneficiaries within the sector
- The implementation of quality assurance processes that will enhance and ensure quality provision of training that falls within the scope of the BANKSETA
- Supporting the implementation of applicable national strategic objectives as identified in the National Skills Development Plan (NSDP).

4. The BANKSETA Vision

The BANKSETA is recognised as a Centre of Excellence and innovation for Human Resource Development in the banking sector.

5. BANKSETA Mission

To enable transformation and people development and, through partnerships, enable stakeholders to advance the national and global position of the broader banking and alternative banking sector.

6. Values

The BANKSETA has adopted the following values which form the basis of its operations and functions:

- treat all people with respect.
- strive to constantly up our game and perpetual dissatisfaction with the status quo is our mantra;
- treat the stakeholder as “king”;
- strive to upgrade our information base by benchmarking and following world-class principles;
- celebrate diversity as it strengthens our cultural fabric;
- act with integrity towards all stakeholders, and support stakeholders that uphold the same values; and
- we are a seamless team in the service of our stakeholders

7. Situational Analysis

The scope of coverage of the BANKSETA, as approved and set out in the Government Gazette Notice No. 265 of 20 March 2000 and the SETA re-establishment scope for the period 2020 – 2030 is as follows:

- Central Banking;
- Other Monetary Intermediation;
- Activities of holding companies;
- Trusts, funds and similar financial institutions;
- Financial leasing;
- Other credit granting and micro-lending;
- Other financial service activities, except insurance and pension funding activities

Environmental challenges associated with BANKSETA Performance

Covid-19

There is no doubt that COVID-19 has spread throughout the world at an unprecedented speed and has affected all sectors. As countries seek to recover, some of the more long-term economic, business, environmental, societal and technological challenges and opportunities are just beginning to become visible. The COVID-19 crisis has revealed the urgent need to shape a better world. As economies restart, there is a possibility to ensure greater societal equality and sustainability become part of the recovery. To ensure positive outcomes from the crisis, the immediate and longer-term emerging risks must be identified and managed effectively. The BANKSETA as an organisation has included responses to Covid-19 to its strategic plan

Fourth Industrial Revolution (4IR)

According to the World Economic Forum (WEF), the Fourth Industrial Revolution is changing the way we live, work and think. It is bringing with it the rapid advancement of technologies, especially those related to advanced robotics, artificial intelligence, and machine learning. As technology becomes invisible it shapes the lives of young adults and workers across the globe, erasing borders and allowing people to work from anywhere. Work is no longer a place you go and requires interdisciplinary thinkers that can be creative, think critically and solve problems as they arise. These are just some of the top 10 skills the World Economic Forum has identified as being essential for success over the next decade. The 4th industrial revolution is here to stay.

The Skills Gap

As the need for the future skills economy evolves to become more interdisciplinary with critical soft skills becoming essential, organisations will need to adopt a new approach to learning. The public sector needs to consider how to better prepare students for future work integration based on skills-of-the-future today.

Higher education and organisations both need to prepare the next generation for the mindset of lifelong learning. Lifelong learning can take many forms including attending events such as conferences, team workshops, innovation challenges, as well as taking skills courses and certifications.

This shift also needs to take into account how we assess a prospective employee's qualifications. No longer is a degree sufficient, now the future employer will recognise the individual's portfolio of work, which may include start-up pitches, code projects or creative designs that can take on many forms from data visualizations to illustrations.

What happens with employment?

The characteristics of the fourth Industrial Revolution are destined to bring about different impacts on employment, which are no longer confined to one industry, but all industries. At the same time, a lot of jobs will disappear, but there will be a lot of new job requirements. It is expected that more than 65% of children entering primary school today will end up working in completely new jobs that currently do not exist when they enter the workplace 15 years from now. With the changes brought by social media, digital publications and e-commerce, the most in-demand occupations did not exist 10 or even five years ago. According to the Future of Employment report, around 47 per cent of total US employment is in the high-risk category. People may be more concerned about what types of jobs are at high risk? What jobs will be safe in the future?

Retrenchments by banks in South Africa

Major banks in South Africa have been retrenching employees due to the closure of branches. Banks have attributed their retrenchment process to the emergence of the Fourth Industrial Revolution (4IR).

Surprisingly, the major drivers of the retrenchment at the banks are digitalisation and automation which are key elements of the 3rd Industrial Revolution. Therefore, there is an argument that states that banks are using the 4IR as a scapegoat.

This argument further states that banks have been aware for years, if not decades, of the digitisation trends in the banking industry around the world and how those impact certain jobs. As such, through a partnership with organised labour, employers could have prepared their employees for this long before it was necessary to retrench staff.

Sensitizing their staff in time could have facilitated exploring various re-skilling opportunities and in some cases, the employees could have made alternative plans and preparations being fully aware that their jobs are soon to be redundant.

Implications of retrenchment to the BANKSETA and mitigation mechanisms

The Retrenchment of employees by banks has serious implications for the BANKSETA as this may have serious implications on the amount of levy BANKSETA receives from the employers. As a mechanism to deal with this challenge, BANKSETA has adequately resourced the Reskilling Programme with a particular focus on retrenched employees.

Implementation of the BANKSETA's Research Agenda (2021 to 2024) for Robust Sector Skills Plan (SSP)

No	Title of Research Project ¹	Purpose of research	Name of Service Provider/ Research Partner	Start Date (month & year)	Anticipated Completion Date (month & year)
1.	Skills analysis of FinTech and how they contribute to skills gaps in the banking sector	To analyse the skills of FinTech and how they contribute to the skills gaps in the broader banking	Cape Peninsula University of Technology	01 April 2021	31 March 2024
2.	Barriers to skills development contribution to transformation of the banking sector	To assist in the transformation of the banking and alternative banking sector	Cape Peninsula University of Technology	01 April 2021	31 March 2024

¹ In cases where there is a Research Programme, please list all the individual research projects.

No	Title of Research Project ¹	Purpose of research	Name of Service Provider/ Research Partner	Start Date (month & year)	Anticipated Completion Date (month & year)
3.	Skills needs of financial cooperatives and community led savings organisations:	To establish how the BANKSETA can create a system that is more responsive to the current skills need of the sector	BANKSETA-Nelson Mandela University Research Partnership	01 April 2021	31 March 2023
4.	Emerging and new occupations in the banking and alternative banking sectors	To determine the extent of the demand and the training needs.	Mzabalazo Advisory Services	01 April 2022	31 March 2024
5.	New Management Development models for the banking and alternative banking sector	To identify skills that would equip the managers and executives of the banking and alternative banking sector with skills that fit the current demands.	Mzabalazo Advisory Services	01 April 2022	31 March 2024
6.	Skills implications for the banking sector and skills development	To establish how banks could lend its local transaction data analytics and insights to help city planners plan and run services.	Mzabalazo Advisory Services	01 April 2022	31 March 2024
7.	Regulatory analysis of the banking and microfinance and skills implications What are the skills need for Cooperatives and Regulation of Micro-finance	To determine the extent of regulation and its implications in the banking and micro-finance sector.	Melatrend Management Consulting	01 April 2022	31 March 2024
8.	The future of work and new models for youth skills development in the banking sector	To determine the impact of robots, automation, and artificial intelligence as they perform more tasks and create massive disruption of jobs. To what extent will the wider	Melatrend Management Consulting	01 April 2022	31 March 2024

No	Title of Research Project ¹	Purpose of research	Name of Service Provider/ Research Partner	Start Date (month & year)	Anticipated Completion Date (month & year)
		array of education and skills-building programs will be created to meet new demands?			
9.	Investigating the value of professional designations within the banking sector.	To investigate the value of a professional designation within banking	Wits Commercial Enterprise (Pty) Ltd	01 April 2022	31 March 2024
10.	The implications of drastic changes brought by COVID 19 to the workplace and skills development.	To analyse the implications of COVID 19 to the banking and alternative banking sector and skills development	Redflank Solutions (Pty) Ltd	01 April 2022	31 March 2024
11.	Meeting the demand of new skills through qualifications within the banking sector.	To explore how new qualifications in the banking sector can be made available within a short timeframe and the recognition of informal learning	Melatrend Management Consulting	01 April 2022	31 March 2024
12.	Constraints in the SETA funding model and possible mitigating strategies	To establish to what extent are the current funding opportunities constrained by current legislative frameworks and requirements.	University of Venda	01 April 2022	31 March 2024

7.1 External Environment

The Banking sector forms part of the financial services sector and is classified by Statistics South Africa as part of the “financial and business services” industry. The Financial Services sector consists of all entities that manage money in some way or form. Generally, it consists of the following institutions: Banks, Insurers, Asset Managers, Stock Brokerages, Credit Unions, Micro-financiers and any other private or public sector companies capable of extending credit or other financing activities. The banking sector as a sub-set of the financial services sector consists of banking, credit unions, cooperative financial institutions and micro-financiers. Financial Services refers to the economic activities undertaken by such entities, which fundamentally encompass the access to funding/finance or the creation of wealth for consumption purposes or further

economic productivity. Banking, Savings, Investment, Insurance and Financing assist individuals to consume, save, mitigate risk and accumulate credit while enabling companies to start-up, expand and improve competitiveness both locally and internationally. Financial Services is therefore fundamental to economic development and growth and holds a linear relationship. The Financial Services sector may be categorised into three primary subsectors:

- Banking and Credit Services (Banks, Mutual Banks, Credit Unions, Microfinance institutions, etc.);
- Insurance (Long-term and Short-term Insurers covering a variety of risks); and
- Investment and Related Services (Exchanges, Security Broking companies, Asset Managers, etc.).

Banking constitutes a key component of the financial services system and the economy, as a whole. The Banking system is a key driver of the South African economy as it facilitates the liquidity (amount of capital available for investment and spending) required by households and firms for consumption and future investment. The credit and loans extended by financial institutions to the economy imply that households do not have to save up in order to make large purchases, while companies can also start hiring and making capital expenditures now, in anticipation of future demand and expansion. The banking sector can be separated into banking and non-banking services.

BANKSETA's mandate is limited to all employers who fall within the scope of the following Standard Industrial Classification Codes:

Table 1: SIC Code Classification

Code	Type	Description
64110	Central Banking	This class includes: <ul style="list-style-type: none"> • issuing and managing the country's currency, • monitoring and control of the money supply, • taking deposits that are used for clearance between financial institutions, • supervising banking operations, • holding the country's international reserves, and • acting as a banker to the government.
64190	Other monetary intermediation	This class includes the receiving of deposits and/or close substitutes for deposits and extending of credit or lending funds. The granting of credit can take a variety of forms, such as loans, mortgages, credit cards, etc. These activities are generally carried out by monetary institutions other than central banks, such as: <ul style="list-style-type: none"> • banks, • savings banks, • credit unions, • postal giro and postal savings bank activities, • credit granting for house purchase by specialised deposit-taking institutions, and • money order activities.
64200	Activities of holding companies	This class includes the activities of holding companies, i.e. units that hold the assets (owning controlling levels of equity) of a group of subsidiary corporations and whose principal activity owns the group. The holding companies in this class do not provide any

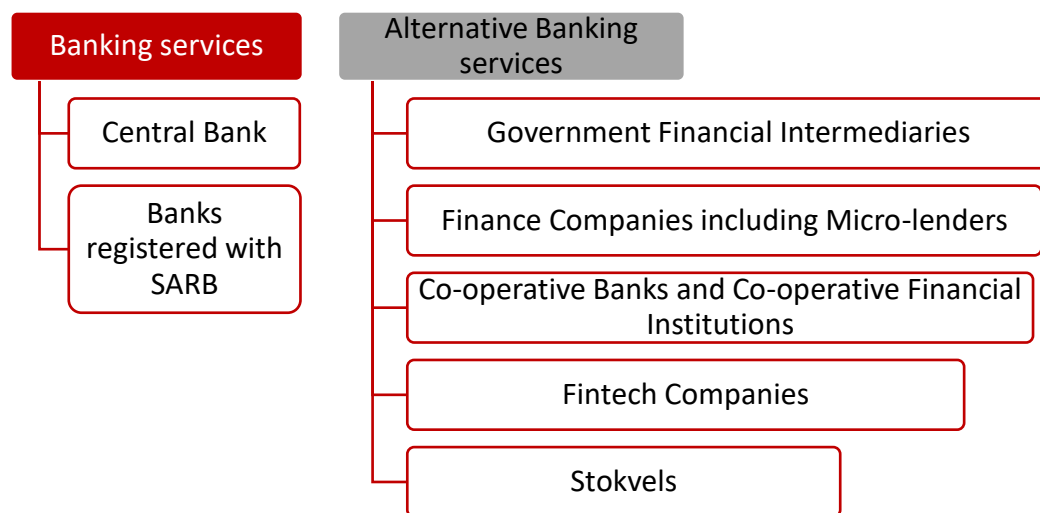
Code	Type	Description
		other service to the businesses in which the equity is held, i.e. they do not administer or manage other units.
64300	Trusts, funds and similar financial entities	<p>This class includes legal entities organised to pool securities or other financial assets, without managing, on behalf of shareholders or beneficiaries. The portfolios are customised to achieve specific investment characteristics, such as diversification, risk, rate of return and price volatility. These entities earn interest, dividends and other property income, but have little or no employment and no revenue from the sale of services.</p> <p>This class includes:</p> <ul style="list-style-type: none"> • open-end investment funds, • closed-end investment funds, • trusts, estates or agency accounts, administered on behalf of the beneficiaries under the terms of a trust agreement, will or agency agreement, and • unit investment trust funds.
64910	Financial leasing	This class includes leasing where the term approximately covers the expected life of the asset and the lessee acquires substantially all the benefits of its use and takes all the risks associated with its ownership. The ownership of the asset may or may not eventually be transferred. Such leases cover all or virtually all costs including interest.
64920	Other credit granting	<p>This class includes financial service activities primarily concerned with making loans by institutions not involved in monetary intermediation, where the granting of credit can take a variety of forms, such as loans, mortgages, credit cards etc., providing the following types of services:</p> <ul style="list-style-type: none"> • granting of consumer credit • international trade financing • provision of long-term finance to the industry by industrial banks • money lending outside the banking system • credit granting for house purchase by specialised non-depository institutions • pawnshops and pawnbrokers.
64990	Other financial service activities, except insurance and pension funding activities, NEC	<p>This class includes:</p> <ul style="list-style-type: none"> • other financial service activities primarily concerned with distributing funds other than by making loans including factoring activities, writing of swaps, options and other hedging arrangements and activities of viatical settlement companies • own-account investment activities, such as by venture capital companies, investment clubs, etc.

Source: BANKSETA SSP 2022

The monetary authority consists of the Reserve Bank which is the central bank of South Africa, governed in terms of the South African Reserve Bank Act 90 of 1989, as amended, and its subsidiary, the Corporation for Public Deposits, governed in terms of the Corporation for Public

Deposits Act 46 of 1984. For the purposes of implementing skills development interventions, the BANKSETA adopts the following sub-sector categorisation within its scope of levy-paying employers according to SARS.

Figure 1: Sub-Sectors in Banking



The functions of the BANKSETA under the Skills Development Act as outlined in its Constitution include the following:

- Develop a sector skills plan within the framework of the National Skills Development Plan for the BANKSETA;
- Implement the sector skills plan by:
 - approving workplace skills plans;
 - establishing learning programmes;
 - allocating grants in the prescribed manner to employers, education and training providers and employees; and
 - monitoring education and training in the sector.
- Promote workplace-based learning by:
 - identifying workplaces for practical work experience;
 - support the development of learning materials;
 - improving the facilitation of learning; and
 - assisting in the conclusion of learning programme agreements.
- Disburse the skills development levies in the banking and alternative banking sector in terms of the Act and the Skills Development Levies Act;
- Liaise with the National Skills Authority as well as other SETAs
- Report to the Director-General on the implementation of its sector skills plan and its income and expenditure;
- Liaise with employment services of the Department of Labour and any educational body established in terms of educational laws of South Africa to improve the quality of information about employment opportunities; and between education and training providers and the labour market.
- Appoint office bearers and staff necessary for the performance of its functions;
- Facilitate the involvement of the relevant government departments in the activities of the Authority to:
 - address the competency requirements for social delivery;
 - address the learning needs of the most vulnerable segments of the sector;
 - promote training SMEs to enable them to qualify for public contracts.
- Perform any other duties imposed by the Act or any other function not specifically mentioned, to fulfil the objectives of the BANKSETA and the Act;

- Notwithstanding the above functions and objectives, the Authority must at all times give effect to the purposes of the Act, being:
 - to develop the skills of the South African workforce;
 - to increase the levels of investment in education and training in the labour market and to improve the return on that investment;
 - to encourage employers:
 - to use the workplace as an active learning environment;
 - to provide employees with opportunities to acquire new skills;
 - to provide opportunities for new entrants to the labour market to gain work experience; and
 - to encourage workers to participate in learning programmes and other training programmes;
- to improve the prospects of persons previously disadvantaged by discrimination and to redress those disadvantages through training and education; to ensure the quality of education and training in and for the workplace;
- to provide and regulate employment services;
- to assist:
 - work-seekers to find work;
 - retrenched workers to re-enter the labour market;
 - employers to find qualified employees.
- to forge links with stakeholders and bodies in the banking sector;
- account for the effective and efficient use of public monies received from levies collected from employers, in line with the provisions of the Public Finance Management Act; and
- Report to the Minister through the Director-General of the Department on matters related to the BANKSETA.

7.1.1 Key Role-players (Service Providers)

(a) Central Bank

In South Africa, the South African Reserve Bank (SARB) plays the role of the central bank. It fulfils both the functions of a monetary authority as well as a regulatory body. The central bank, among other things, issues banknotes and coins, conducts monetary policy, provides credit to banks, manages South Africa's foreign exchange reserves, supervises and regulates the banking sector, and acts as the lender of last resort to the banking system. The Corporation for Public Deposits accepts call deposits from the public sector and invests the funds in short-term money market instruments, including Treasury bills.

(b) Banks

A bank is a public company (Limited) registered as a bank in terms of the Banks Act 94 of 1990. The business of a bank is the solicitation and advertising for, and the acceptance of, deposits from the general public on a regular basis and the utilisation of deposits accepted. Banks are classified as follows:

- South African Registered Banks: Locally Controlled
- South African Registered Banks: Foreign Controlled
- South African Registered Mutual Banks: A mutual bank is a juristic person that is registered as a mutual bank in terms of the Mutual Banks Act 124 of 1993.
- South African Branches of Foreign banks

The core banking services offered by most banks include:

- Retail banking services for individual clients in their personal capacity from current accounts, credit cards, personal loans, home loans, vehicle finance and savings and investments
- Business banking services assist businesses with business current accounts, business credit cards, business loans, tailored products and services, business relationship management, small business support including mentorship and network outreach
- Corporate banking supports large-scale organisations both locally and abroad with a range of banking services

(c) Government Financial Intermediaries

This classification includes any subsidiary or entity under the ownership or control of public entities that are engaged in financial intermediation. This classification includes any subsidiary or entity under the ownership or control of the national, provincial or local government that is engaged in financial intermediation. The Public Investment Corporation (PIC) as an example invests funds on behalf of public sector entities, including the Government Employees Pension Fund.

(d) Finance Companies including Micro-lenders

Finance companies are companies established in terms of the Companies Act 71 of 2008, with the specific purpose of obtaining funds in the form of loans, debentures or notes, and with the sole objective of lending or investing these funds again in the form of mortgage loans, hire-purchase and leasing finance. Microlenders (if incorporated) are included in this category.

(e) Co-Operative Banks and Co-operative Financial Institutions (CFIs)

Co-operative banks are member-owned banks based on the co-operative principles of voluntary and open membership, democratic member control, member's economic participation, autonomy and independence, education, information and training, co-operation between co-operatives and concern for the community. The Prudential Authority is responsible for the supervision of all registered co-operative banks, whilst the CBDA is responsible for the training needs of the sector. The Co-operative Banks Act as amended by the Financial Services Regulatory Act 2017 provides that a "co-operative financial institution" means a co-operative that takes deposits and chooses to identify itself by use of the name Financial Co-operative, Financial Services Co-operative, Credit Union or Savings and Credit Co-operative.

(f) Fintech Companies

Financial technology companies, also known as FinTechs are companies that use new technology and innovation with available resources in order to compete in the marketplace of traditional financial institutions and intermediaries in the delivery of financial services. Financial technology companies consist of both start-ups and established financial and technology companies trying to replace or enhance the usage of financial services.

(g) Stokvels and Savings Clubs

Exemption Notice No. 2173 allows informal member-based groups to pool funds and utilise the funds for the benefit of their members on the condition that a common bond exists between members within the group, relying on self-imposed regulation to protect the interests of their members. The focus of this exemption notice is on stokvels, CFIs, and employee savings clubs. Such deposit-taking institutions must be affiliated with the National Stokvel Association of South

Africa (NASASA), being the self-regulating body of the deposit-taking financial institutions operating under this exemption notice. NASASA represents the interests of the stokvels movement in South Africa.

7.1.2 Key Role-players Groupings

Role-players in the banking sector fall into one of the following groups: Regulatory, Employers, Associations, Professional Bodies and Trade Unions. The table below reflects the role each of these organisations plays in the banking sector.

Table 2: Role-player Groupings (Including other key stakeholders)

Groups	Key Role-players	Role they play
Monetary Authority and Regulatory	South African Reserve Bank	SARB is the central bank of South Africa. It is an organ of statute established by the SARB Act, and its mandate and independence are entrenched in the Constitution of the Republic of South Africa, 1996. In terms of its constitutional mandate, the Bank is required to protect the value of the currency in the interest of balanced and sustainable economic growth in South Africa. Price stability is a critical element of the foundation of an economy, contributing to economic growth, development and employment creation. The achievement of price stability is defined by the government setting an inflation target that serves as a yardstick against which price stability is measured. The achievement of price stability is underpinned by the stability of the entire financial system.
Regulatory	Financial Services Conduct Authority (FSCA)	The FSCA is tasked with protecting financial customers through supervising market conduct.
Regulatory	National Credit Regulator	The NCR is responsible for regulating the South African credit industry, including the registration of credit providers, credit bureaux and debt counsellors. It is responsible for enforcing compliance with the National Credit Act and is focused on developing an accessible credit market to meet and promote the needs of people who are marginalised, especially economically.
Regulatory	Co-operative Banks Development Agency	The CBDA is responsible for the training and support of co-operative banks and co-operative financial institutions
Associations - Banking	Banking Association of South Africa (BASA)	<p>BASA is an industry body representing all registered banks in South Africa. It is the mandated representative of the sector and represents the industry through lobbying, engagement with stakeholders and political influence.</p> <p>BASA is the mandated representative of the banking sector and addresses industry issues through:</p> <ul style="list-style-type: none"> • Lobbying and advocacy • Policy influence

Groups	Key Role-players	Role they play
		<ul style="list-style-type: none"> Guiding transformation in the sector Acting as a catalyst for constructive and sustainable change in the sector Research and development Engagement with critical stakeholders
Associations - Banking	South African Banking Risk Information Centre (SABRIC)	SABRIC is a Non-Profit Company formed by the four major banks to assist the Banking and Cash in transit companies combat organised bank-related crimes. It serves as a financial crime risk information centre.
Alternative Banking - Associations	MicroFinance South Africa	MFSA is a representative body of registered and legal Microfinance Credit Providers in South Africa. MFSA represents almost 1700 Microfinance offices registered with the NCR and the majority of significant Service Providers in the Sector.
Alternative Banking - Associations	DMASA/AMFISA	A non-profit organisation that supports the development of Microfinance institutions in South Africa.
Alternative Banking - Associations	National Stokvel Association of South Africa (NASASA)	NASASA represents the interests of the stokvels movement in South Africa.
Professional Bodies	Various	Professional Bodies provide members with professional designations, networking, educational, training and information opportunities.
Trade Unions	The South African Society of Bank Officials (SASBO)	SASBO is the Trade Union for the banking sector. The Finance Union represents employees in all the major banks and hence serves as the voice of labour within the finance sector.

Source: BANKSETA SSP 2022

7.1.3 Drivers of Change in the Banking Sector

The fourth industrial revolution is at the heart of five key drivers of change impacting the banking sector. The five major change drivers are Covid-19, Digitalisation and Technology; Changing Customer Expectations; Regulation, Risk and Cybercrime and Disruptors in banking.

COVID-19

Effects on employers and employees

The challenges brought about by COVID-19 meant that the sector had to quickly adopt the technological plans that were considered somewhat still far in the future for South Africa. The technological plans that were planned for years ahead had to be implemented immediately with minimal testing. This was to ensure that clients continue to receive banking services while also minimising the risk that comes with direct contact with clients. Despite the fact that banking has been classified as an essential service under the lockdown regulations, the banks reported that more than 50% of their employees were working from home. The work from home continued even after the restrictions were eased towards the end of 2020. This shows how adaptive the banks have become during this pandemic.

Employers have realised that remote work has benefits for both the employer and employees. The benefits for employees include quality time with family, increased employee

morale, savings on fuel and commuting time. As a result, employers in the banking sector have embraced this benefit and major banks are starting to look at a possibility of implementing a combination of remote work and office for their employees. Despite these benefits, employers also understand that there are households that may not be suitable for remote work and that employees that find themselves in this situation should also be catered for in the planning process.

Deloitte (2020) report on COVID-19 potential implications for banking and financial markets suggests the potential challenges that the banks may face during the pandemic.

Digitalisation and Technology

Digital banking is the incorporation of new and developing technologies throughout the financial services sector to provide enhanced customer services and experiences effectively and efficiently. Digitalisation in banking is driven by three major factors: Technology push, customer experience and economic benefits. Customers' adaptation to the digital environment, forces banks to relook their products and services. Digital technology is rapidly influencing the way customers engage in banking activities.

'Digital' is a collective term which refers to an integrated and collaborative platform that allows consumers, suppliers and organisations to transact using various electronic devices or technologies. It brings together emerging technologies which include social media, cloud, analytics and mobile to provide a cost-effective and convenient distribution channel for consumers to use. The use of technology to better interpret the complex and evolving needs of customers so as to better engage with them is an area that the banks are expected to continue to invest in with a view to strengthening their capabilities through smarter and deeper use of predictive data analytics and better harnessing the wealth of information that already exists within their systems.

Technological innovation is revolutionising the banking industry. There is no getting away from the fact that banks are under threat unless they can keep pace with technology. Some of these innovations are great for banks. Cloud computing, for example, can reduce costs and promote low-cost innovation. But some advances disrupt banking in a big way, like crypto-currency, which skips banks in the payment process. The four technological advances that are changing the face of banking, for better or for worse are social media, mobile banking, cloud technology and crypto-currency.

Banks traditionally operated in silo channels, with different business areas operating independently of each other. The introduction of open banking will see a new way of banking emerge. It will allow the industry to innovate and enhance customer service, and help new entrants (fintechs) to gain a share of new financial products and services. Large banks have built their technology and data around individual products and channels, and are beholden to legacy systems. To overcome this, banks must invest in technological capabilities and incorporate the right architecture to respond quickly and drive an agile culture throughout the business. In South Africa, there are reports that some banks have reduced headcount and closed some of their branches this largely being influenced by the deployment of new technologies.

Changing Customer Expectations

In his article, 'Technology: Hunting the Big Four' (2019), Mark Brown argues that the global banking industry is evolving in response to economic pressures, digital innovation and most importantly the changing way their customers use banking and financial services. While their platforms are changing, banks remain relevant. Referring to Bill Gates's famous comment in

which he stated, “We need banking not banks”, Mark Brown suggested that Bill Gates should rather have said: “We need efficient, digital banking platforms that focus on clients, not expensive bureaucracies focused on products.”

Today’s connected consumers have embraced technology to such an extent that it has become an extension of them. The influence of mobile technology, social media, rising customer experience and service expectations and lower switching costs for customers to take their business elsewhere has dramatically changed the competitive landscape for banks. With ready access to information, the influence of online retail experiences and the adoption of new technologies, customer expectations are rapidly changing. This is driving a shift in the market and forcing organisations to develop new interaction models that deliver deeper personalised service and improved customer care.

Banks need to put the customer at the heart of the design process and take new products to market quickly. They also need to be more attuned to their customers’ needs, determine how they can better engage with their clients, know the products they want and predict what’s needed rather than wait and react. This means embracing social media, giving customers more ways to interact with the business, rethinking traditional marketing tactics and mastering analytics. Tech-savvy customers are increasingly seeking a user experience that aligns with their individual needs.

Central to a bank’s success in the digital economy is, therefore, the data they accumulate about customers and intelligent ways of processing it. Data is only useful if banks can use it effectively. Banks must ensure they have easily accessible, high-quality data. It is not about the volume of data but its application that will make banks successful. By gathering meaningful insights, they can create audience segmentation and deliver innovative, customised products in a way that appeals to customers. Banks need to reach a point where they understand the needs of the customer, without taking any direct feedback.

Regulatory Changes, Risk and Cybercrime

The 2019 Deloitte Report on Banking and Capital Markets Outlook cites a growing divergence in global regulatory standards. With such a dynamic regulatory landscape, banks should buckle down and make compliance modernisation a priority focusing particularly on making regulatory systems already in place more efficient for business strategy. Throughout all compliance efforts, banks should prioritise soundness and safety. Regulatory divergence seems to be encouraging experimentation by fintechs and welcoming them to the fold. The OCC announced in July 2018 that it would begin accepting fintech bank charter applications. South Africa is also following the same path and the following regulatory bodies play a critical role in South Africa’s regulatory system.

(a) The South African Reserve Bank

The South African Reserve Bank is the central bank of the Republic of South Africa. The primary purpose of the Bank is to achieve and maintain price stability in the interest of balanced and sustainable economic growth in South Africa. The primary function of the Reserve Bank is to protect the value of South Africa’s currency. In discharging this role, it takes responsibility for:

- Ensuring that the South African money, banking and financial system as a whole is sound, meets the requirements of the community and keeps abreast of international developments;

- Assisting the South African government, as well as other members of the economic community of southern Africa, with data relevant to the formulation and implementation of macroeconomic policy; and
- Informing the South African community and all stakeholders abroad about monetary policy and the South African economic situation.

(b) Co-operative Banks Development Agency (CBDA)

The Co-operative Banks Development Agency was established to regulate, promote and develop co-operative banking, including deposit-taking and lending co-operatives

The institution was created for the following tasks:

- To register, regulate and supervise co-operative banks
- To promote, register and regulate representative bodies
- To facilitate, promote and fund education and training to enhance the work of co-operative financial institutions
- To accredit and regulate support organisations
- To provide liquidity support to registered co-operative banks through loans or grants, and
- To manage a deposit insurance fund

(c) National Credit Regulator

The National Credit Regulator (NCR) was established as the regulator under the National Credit Act No. 34 of 2005 (The Act) and is responsible for the regulation of the South African credit industry. It is tasked with carrying out education, research, policy development, registration of industry participants, investigation of complaints, and ensuring the enforcement of the Act. The Act requires the Regulator to promote the development of an accessible credit market, particularly to address the needs of historically disadvantaged persons, low-income persons, and remote, isolated or low-density communities. The NCR is also tasked with the registration of credit providers, credit bureaux and debt counsellors; and with the enforcement of compliance with the Act.

(d) The Financial Sector Conduct Authority (FSCA)

The FSCA is the market conduct regulator of financial institutions that provide financial products and financial services, financial institutions that are licensed in terms of a financial sector law, including banks, insurers, retirement funds and administrators, and market infrastructures. The FSCA is responsible for market conduct regulation and supervision. FSCA aims to enhance and support the efficiency and integrity of financial markets and to protect financial customers by promoting their fair treatment by financial institutions, as well as providing financial customers with financial education. The FSCA will further assist in maintaining financial stability.

Disruptors in Banking

Mark Brown (2019) revealed that new competitors in the banking sector have generally begun by targeting niche markets. More recently, competition has evolved from traditional competitors to Fintech disruptors to “big tech” disruptors. These disruptors are revolutionising the banking experience for clients and, if traditional players do not respond, they will continue to capture more of the banking value chain. Many Fintech players have found it difficult to scale up and are increasingly partnering with traditional banks. But “big tech” disruptors have both the financial muscle and ability to grow, presenting a greater threat to traditional banks that do not embrace change and innovation.

7.1.4 Implications for Skills Planning

The key skills change drivers have very serious implications for the skills demand. Drivers of change mean that the skills demanded will also change.

Digitisation and technology - The implications for skills planning are that the skills that will be in demand will be for high skills in computing technology, software development, artificial intelligence, robotics, etc. There will be a need for reskilling employees to meet the changes brought about by digitisation and technology.

Changing Customer Expectations - The implications for skills will focus on the appropriate ways to deal with customer queries and challenges. Customers are changing their expectations of banks and banking services and employees who work with customers must possess skills to communicate effectively with customers and resolve their queries in the shortest possible time.

Regulatory changes, risk and cyber-crime - The implications for skills planning is a greater focus on the new regulatory framework for prudential and conduct authorities, cyber security as a risk that all banks must address by ensuring they have the appropriate skills to manage these risks.

Disruptors in banking The implications for skills planning is that agility skills and skills to develop a multi-disciplinary employee is important. It is also important to develop skills for the fintechs within the banking sector in order for them to provide effective service to the banks.

The change drivers listed above indicate that a change in the occupational landscape is emerging. Many new occupations with a strong technological flair like data management, data analytics and data scientists are emerging in the sector. In addition, the soft skills required are changing to include skills like agility, innovation, creativity, problem-solving, etc. Career fit seems to be the focus in terms of the skills needed in the banking sector where re-skilling and upskilling for new job roles is currently underway.

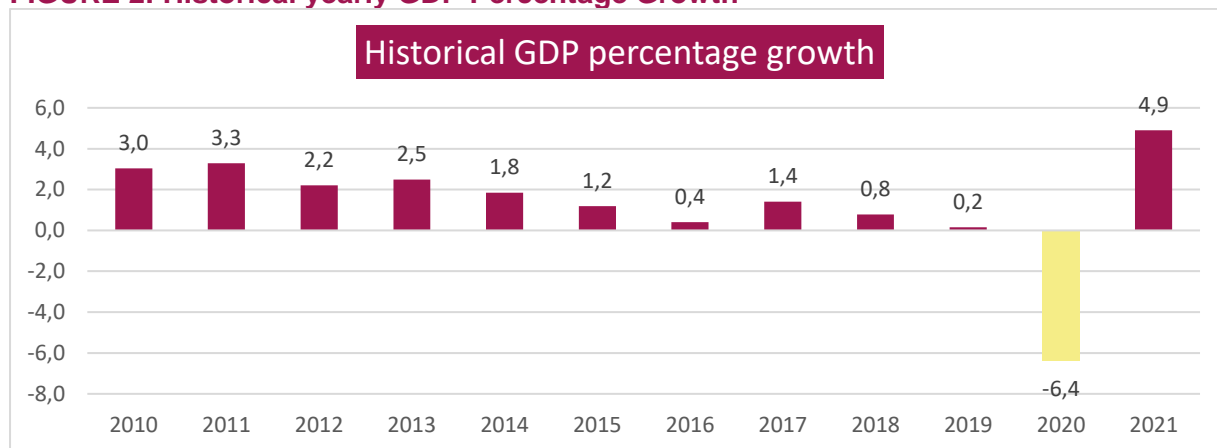
Based on the change drivers and national priorities, BANKSETA identifies the following as the five key skills change drivers for the 2022/2023 to 2024/25 period:

- Covid-19 Economic Reconstruction and Recovery Plan
- Technology, Digitisation and Innovation
- Regulation, Compliance and Risk Management
- Management and Leadership Development
- Core banking products/services

7.1.5 Performance Environment

The South African economy grew by 4,9% in 2021. Despite this growth, the economy is still less than it was prior to the COVID-19 pandemic. The economy declined by 7% in 2020, the biggest decline in known history. The latest set of gross domestic product (GDP) figures released by Stats SA provides an overview of the economic performance in 2021.

The main contributor to the growth was Finance, which contributed 0,9 of a percentage point to the overall growth. This was followed by Personal Services with a 0.8 of a percentage point.

FIGURE 2: Historical yearly GDP Percentage Growth

Source: Statistics SA 2022

The banking and alternative banking is part of the finance sector, this sector grew by 3,7% in 2021 and was the main contributor to the overall GDP growth. The finance sector continues to grow despite the challenges of COVID-19 that the country has endured recently. On the other hand, the mining sector performed better than all the other sectors in 2021 as it grew by 11,8%. This growth follows a three-year spell of contraction in this sector. The mining sector was followed by agriculture, forestry and fishing sector which grew by 8,3%. The sector remained resilient during 2020 when most the other sectors of the economy were declining. In fact, this sector together with finance, real estate and business services, and general government services were the only sectors with positive growth in 2020 (13,4%; 0,8%; 0,5% respectively).

The economy is expected to continue to rebound in 2022 and 2023 after the impact of COVID-19. The contraction of the economy in 2020 due to the lack of economic activity, has resulted in higher growth in 2021. South Africa is expected to grow by 2,1% in 2022, followed by an average growth of 1,8% in the subsequent years. This growth will enable the economy to reach the pre-COVID-19 levels in 2022. The projected growth, though promising, it is still way below the average expected global growth of 3,6% for the next two years.

The number of banking entities in South Africa stands at 40, these include 18 registered banks, 4 mutual banks, 5 co-operative banks and 13 branches of foreign banks. There are also 29 local representative offices of foreign banks in the country. The 18 registered banks include Tyme Bank, Discovery Bank and Bank Zero which were recently registered. The banking industry is dominated by the four big banks as over 83% of the industry deposits are held by these banks (Absa, Standard bank, FirstRand bank and Nedbank). On the other hand, Capitec continues to attract more clients and has surpassed the big banks with a total of over 16 million clients, but still holds only 2% of the total industry deposit.

The banking sector is expected to continue to grow as the economy rebounds from the devastating effects of COVID-19. There seems to be a consensus amongst analysts that the pandemic and its devastating effects are behind us. The current trajectory of interest rates suggests that the rates will continue to go up in 2022 as the SARB tries to bring the inflation rate down to within the targeted range. The interest rates were increased by 25 basis points in March 2022 from 4% to 4,25% and then by 50 basis points in May 2022 increasing the interest rates to 4,75%. The bullishness in the interest rates will boost the profit margins of the banks.

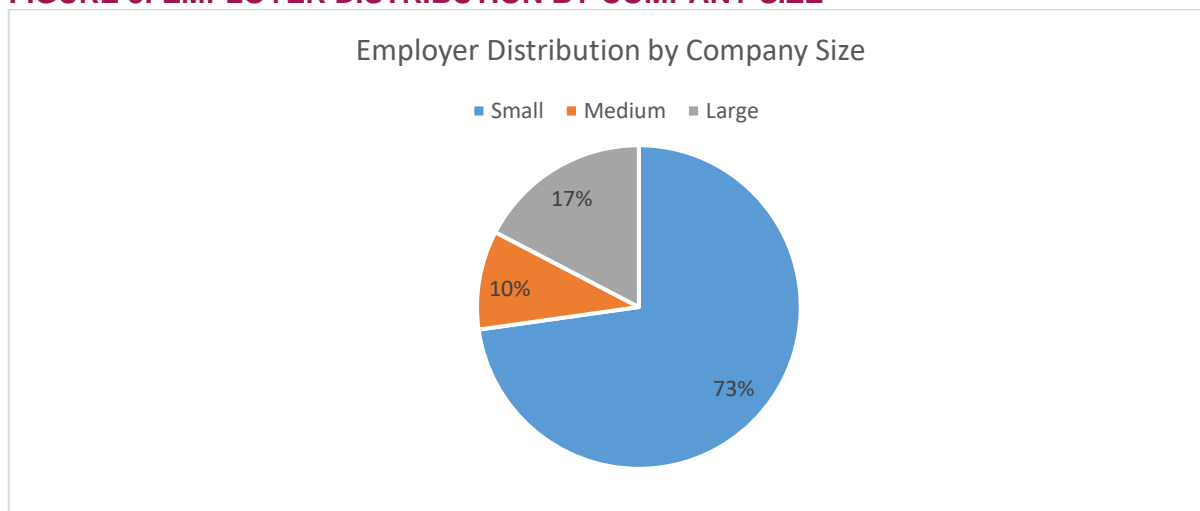
Employer Profile

In this section, we describe the number of businesses that are represented within the sector and its sub-sectors including an analysis of small, medium and large businesses. Because of the

large number of unregistered employers, it is difficult to provide a full picture of the banking sector. The data provided is for those employers who are registered with BANKSETA.

According to the SARS Levy data, over 700 companies pay skills levy to the BANKSETA. The analysis below is based on the companies that submitted their WSP data for 2022. BANKSETA received workplace skills plans from 442 companies made up of 322 small companies (both levy paying and non-levy paying), 49 medium companies and 72 large companies. It must be noted that even though Figure 3 below shows that the majority of employers (73%) are small companies, it is the large companies (16%) that employ most (96%) of the employees in the sector.

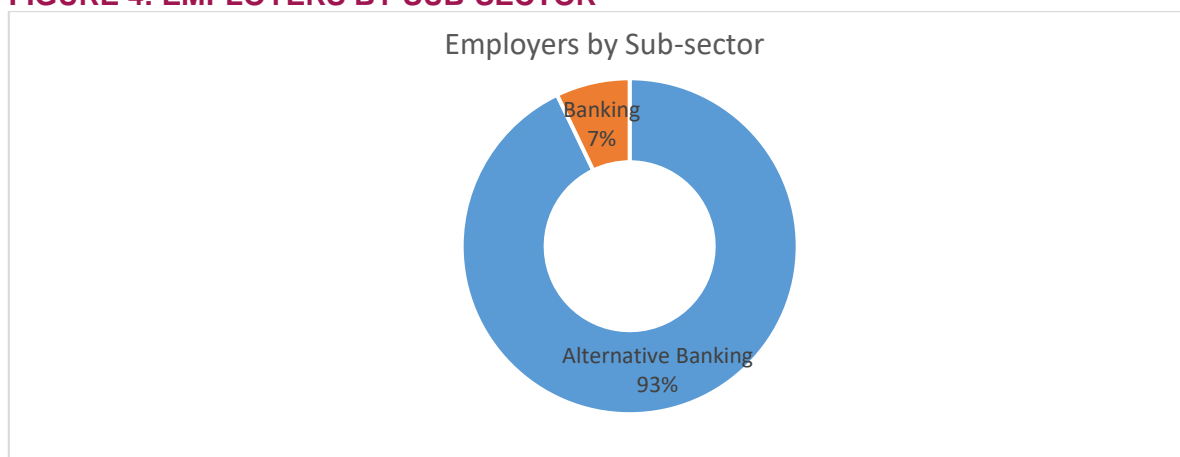
FIGURE 3: EMPLOYER DISTRIBUTION BY COMPANY SIZE



Source: BANKSETA WSP 2022

Figure 4 below shows the distribution of employers in banking and alternative banking sub-sectors. It is evident that the majority of employers are in the alternative banking sub-sector (an estimated 93% of the employers). This is mainly because alternative banking is dominated by a large number of small employers (levy payers and non-levy payers).

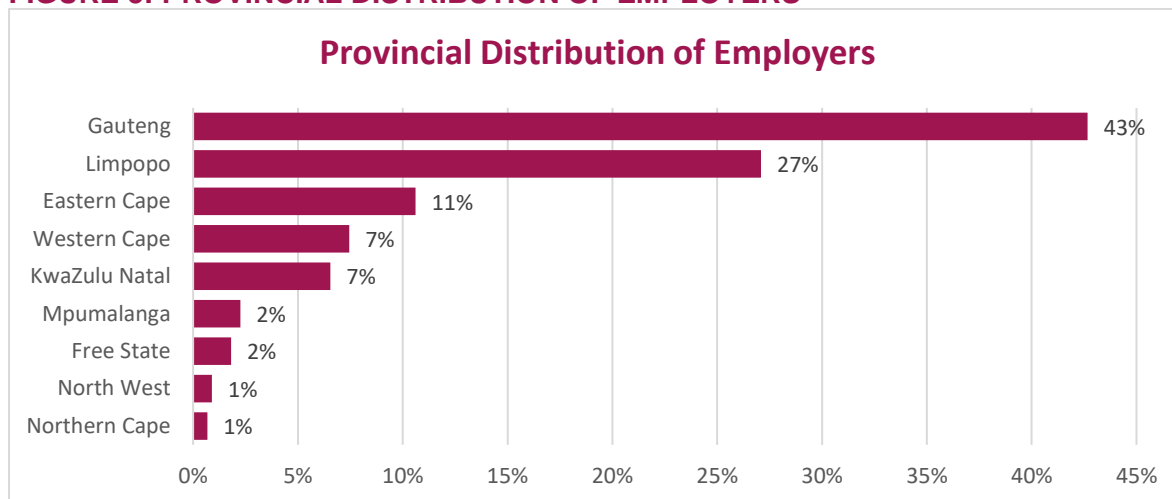
FIGURE 4: EMPLOYERS BY SUB-SECTOR



Source: BANKSETA WSP 2021

In terms of the geographic distribution of employers across the nine provinces, Figure 5 shows that most employers are based in Gauteng, which is 43% of the total employers, 27% are in Limpopo while and 11% are based in the Eastern Cape. The province with the least number of employers is the Northern Cape and North West, each at 1% of employers.

FIGURE 5: PROVINCIAL DISTRIBUTION OF EMPLOYERS



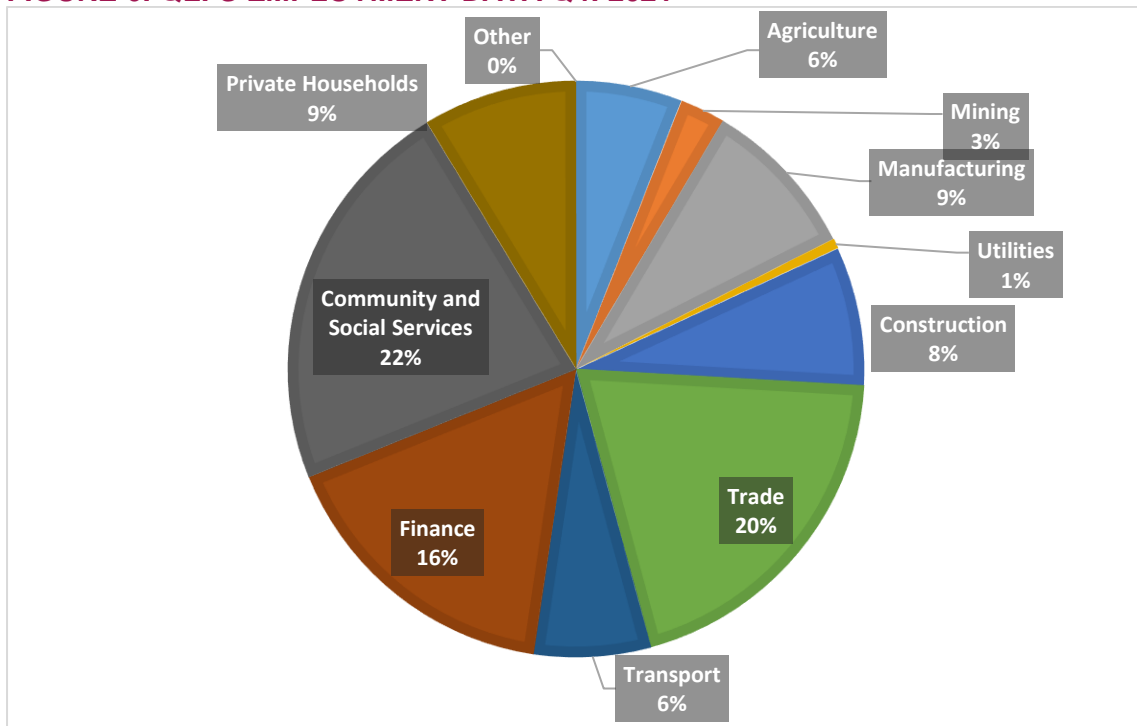
Source: *BANKSETA WSP 2021*

The proportion of employers in Gauteng grew from 40,7% in 2021 to 43% in 2022. KwaZulu Natal showed a significant decline in the number of employers in 2022. The province dropped from being the third largest province in 2021 to fifth in 2022 at around 7% of the total share. Apart from COVID-19 that affected the whole country, the province also experienced a series of disasters in 2021 and 2022. KZN together with Gauteng province experienced a wave of civil unrest between the 9th and the 18th of July 2021. The unrests were mainly attributed to the incarceration of the former president Jacob Zuma and the economic inequalities worsened by the pandemic. In April 2022 the province also experienced heavy rainfall resulting in deadly floods which saw more than 435 people losing their lives. The disaster is estimated to have cost over 17 billion rands. The significant decline in the number of employers who submitted WSPs in the province can be attributed to these events as companies may have been closed or unable submit WSPs.

Labour Market Profile

In terms of employment on a national scale, the finance sector employed just over 2,4 million people as reported in the 2020 Q4 Quarterly Labour Force Survey (QLFS). The chart below shows that this is about 16% of the total number of persons employed nationally. Community and Social Services employs most of the workforce at 22%, followed by Trade.

FIGURE 6: QLFS EMPLOYMENT DATA Q4: 2021

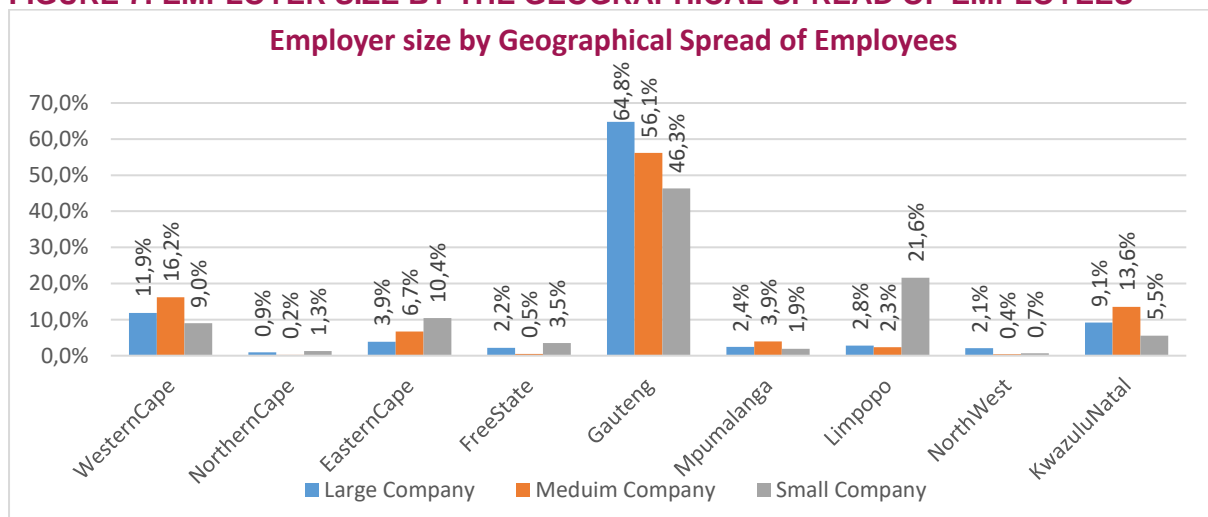


Source: Stats SA QLFS Q1 2021

Profiling of employment in the banking and alternative banking sector requires an analysis of the geographic spread of employees. The largest share of employees is in Gauteng. This is particularly true for large companies (65%), medium (56%) and small (46%) which generally would consist of a high concentration of employees in the head offices located in the large cities of Gauteng.

Other provinces representing significant shares of employees are the Western Cape and KwaZulu-Natal provinces, with branch offices most likely concentrated around the large cities of Cape Town and Durban respectively. It is clear that a more even geographic spread occurs for smaller enterprises, as these companies often do not have a number of branches, but rather operate as single office companies located close to the local customer base they serve. This is evidenced by the significant shares of employees reported for small companies located in Limpopo (22%). This may be attributed to the fact that BANKSETA has a regional office in Limpopo which made it easier for small companies to submit their WSPs. The 2022 WSP data shows that the percentage of employees for small employers in KZN dropped by more than half, from 12% in the previous year to only 5,5%. This is in line with the earlier observation regarding the decline in the number of employers in that province.

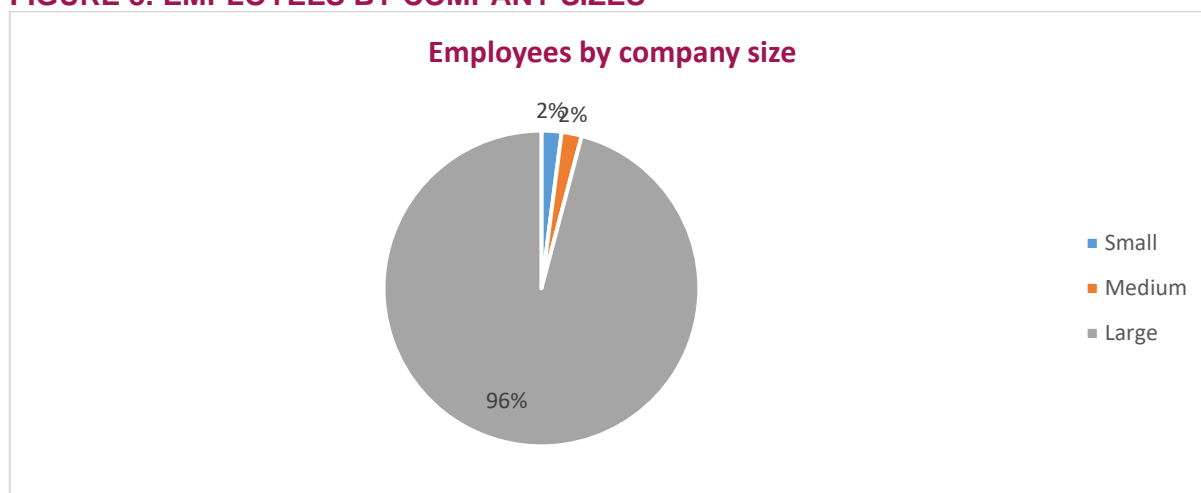
FIGURE 7: EMPLOYER SIZE BY THE GEOGRAPHICAL SPREAD OF EMPLOYEES



Source: BANKSETA WSP 2022

The workplace skills plans (WSP) data received for the year 2022 reflects that the sector currently employs about 188 565 down by 4% compared to the previous year (2021). Large employers employ more than 96% of the labour force. While medium and smaller companies employ only 4% of the labour force combined.

FIGURE 8: EMPLOYEES BY COMPANY SIZES



Source: BANKSETA WSP 2022

Table 3 shows the profile of employees in the sector by gender and equity for the different employers. The table shows that about 55% of the employees are Africans, followed by Whites at 18% of the employees.

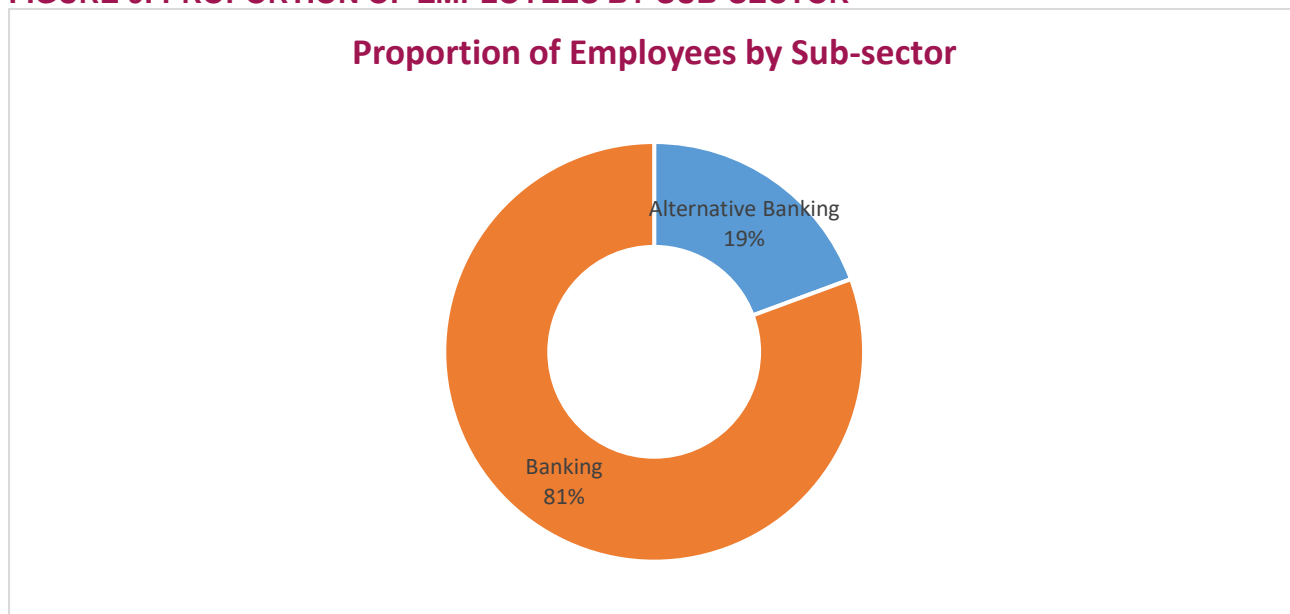
TABLE 3: EMPLOYMENT BY EMPLOYER COMPANY SIZE, EQUITY AND GENDER

Employer Size	Equity and Gender										Total
	MA	MC	MI	MW	MO	FA	FC	FI	FW	FO	
Large	37 724	9 281	9 125	14 495	1 205	62 835	17 841	10 711	16 445	694	180 356
Medium	723	232	231	538	55	1449	407	282	465	37	4 419
Small	738	86	87	381	10	1 687	186	125	505	9	3 814
Total	39 185	9 599	9 443	15 414	1 270	65 971	18 434	11 118	17 415	740	188 589
%	20,8%	5,1%	5,0%	8,2%	0,7%	35,0%	9,8%	5,9%	9,2%	0,4%	100,0%

Source: BANKSETA WSP 2022

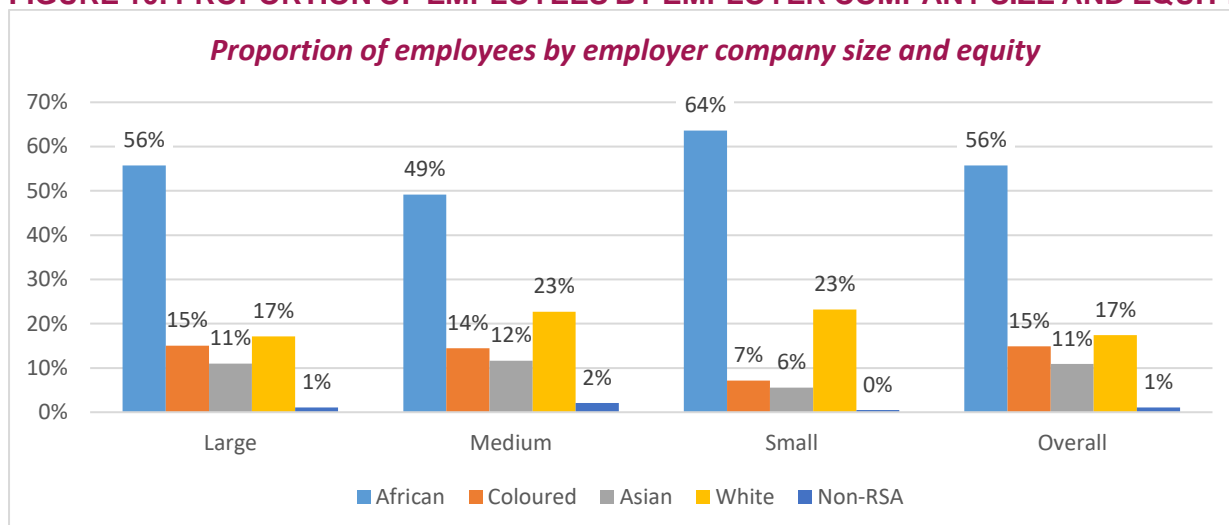
The information by sub-sector shows that although the majority of the employers are in alternative banking, the banking sub-sector employs about 81% of the employees in the sector. This can be seen in Figure 9 below. This shows that the alternative banking sub-sector is only a fraction of the overall banking sector and employs about 33 000 people.

FIGURE 9: PROPORTION OF EMPLOYEES BY SUB-SECTOR



Source: BANKSETA WSP 2022

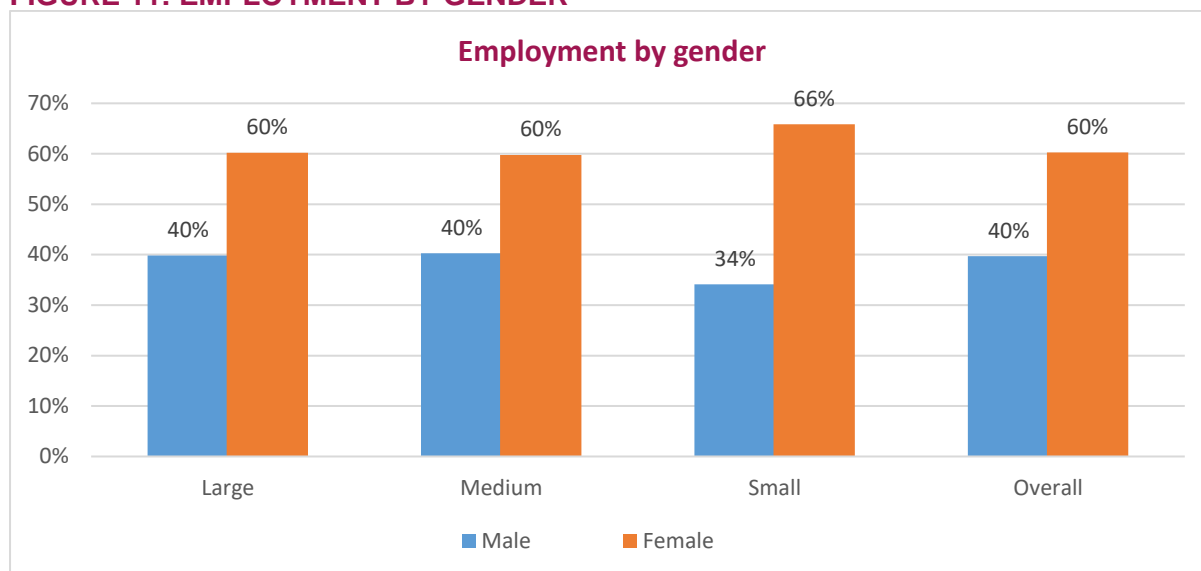
FIGURE 10: PROPORTION OF EMPLOYEES BY EMPLOYER COMPANY SIZE AND EQUITY



Source: BANKSETA WSP 2022

Figure 10 shows that large companies employ 56% Africans (males and females combined), while 15% is Coloured males and females, 11% Asian/Indian males and females, and 17% White males and females. The statistics show that smaller companies also showed a significant increase in the number of African employees, from 56% in 2020 to 62% in 2021 and currently sitting at 64% while the number of Whites employed by medium companies is at 22%.

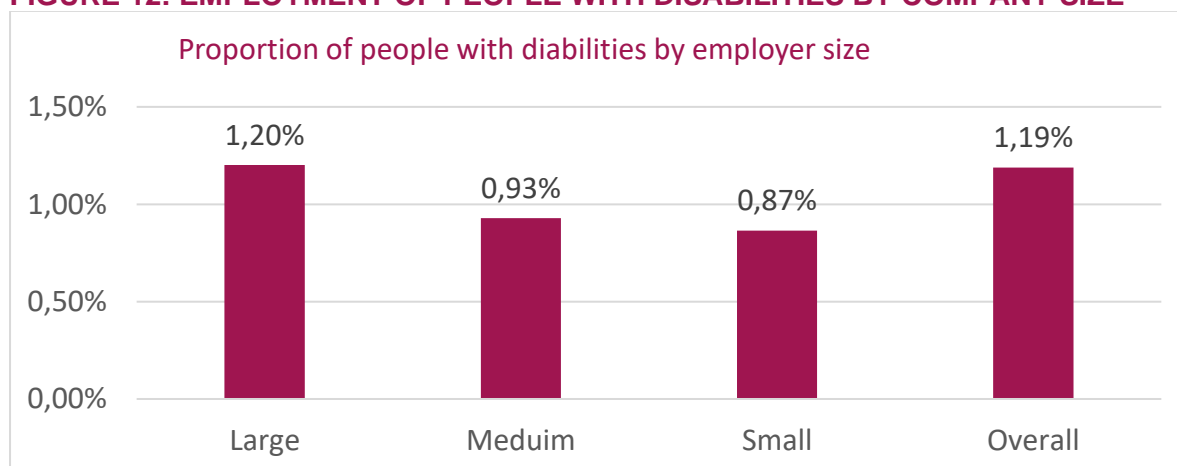
FIGURE 11: EMPLOYMENT BY GENDER



Source: BANKSETA WSP 2022

Small companies reported significant levels of transformation with 66% of people employed being females, while medium and large companies reported that 60% employed were females. This brings the proportion of females employed by all companies to 60% and 40% males employed by all companies.

FIGURE 12: EMPLOYMENT OF PEOPLE WITH DISABILITIES BY COMPANY SIZE



Source: BANKSETA WSP 2021

Figure 12 depicts the employment status of people with disabilities by companies of different sizes. The figure for the overall employment of people living with disabilities stands at 1,19%. Large companies employ 1,2% of the people living with disabilities, followed by medium companies which employ 0.93%. Small companies employ 0,87%.

Employment by Occupational Group

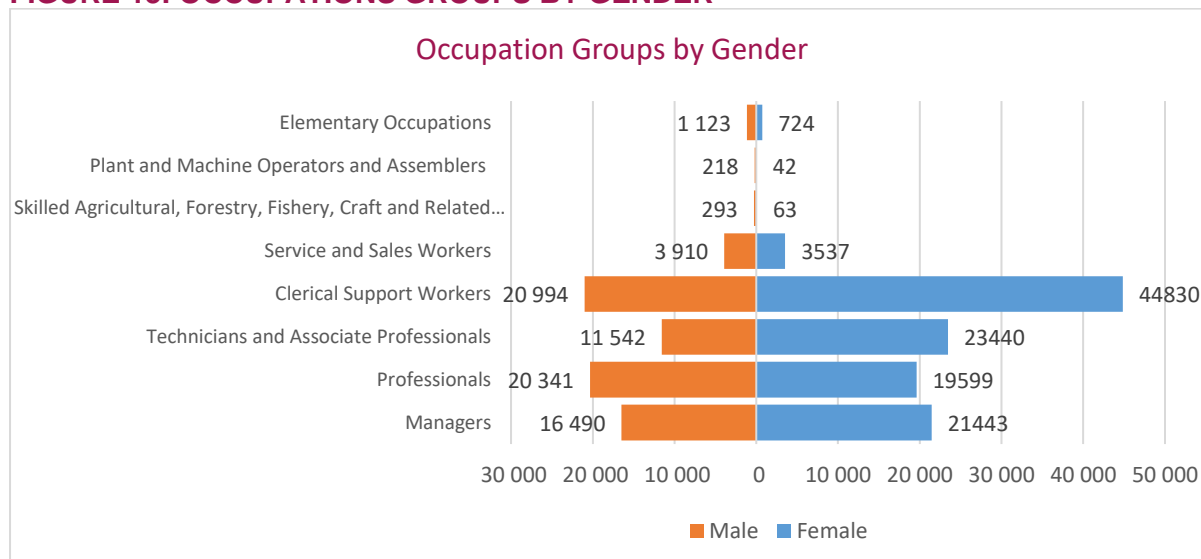
An analysis of employment by broad occupational groups is reflected in Table 4. Approximately 65 824 (35%) employees are in clerical support, and this is slightly lower than the 66 334 reported in 2021. Professionals also comprise a large number of employees at approximately 39 940 (21%) and this is 4% lower than the 41 665 reported in 2021. The sector also employs a large number of managers with a total of 37 933 (20%) that cuts across the racial groups. The statistics depict that 34 982 technicians and associate professionals are employed by the sector. The majority of people employed in the services and sales workers are African males and females.

TABLE 4: EMPLOYMENT BY OCCUPATIONAL GROUPS

Major OFO Groups	Equity					Total	%
	African	Coloured	Indian	White	Non-RSA		
Managers	15 367	5 391	5 644	10 968	563	37 933	20,1%
Professionals	17 791	4 942	5 837	10 520	850	39 940	21,2%
Technicians and Associate Professionals	20 003	5 923	3 462	5 409	185	34 982	18,5%
Clerical Support Workers	43 733	10 997	5 343	5 373	378	65 824	34,9%
Service and Sales Workers	6 117	637	233	451	9	7 447	3,9%
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	199	55	25	62	15	356	0,2%
Plant and Machine Operators and Assemblers	207	18	3	32	0	260	0,1%
Elementary Occupations	1 739	70	14	14	10	1 847	1,0%
Total	105 156	28 033	20 561	32 829	2 010	188 589	100%
%	55,8%	14,9%	10,9%	17,4%	1,1%		

Source: *BANKSETA WSP 2022*

Figure 13 illustrates the major occupational groups from a demographic perspective. Principle 3 of the National Development Plan (that is, advancing an equitable and integrated system) puts emphasis on contributing towards transformational and developmental imperatives such as gender, race, class, youth, disability and geographic location. The 2022 data depicts low levels of transformation that are still evident within the banking sector. The data indicates that across occupations, 56% are Africans, 17% are Whites, 15% Coloureds and 11% Indian/Asians are employed by the sector in 2022. For instance, the occupational category of managers depicts Africans at 41% while Whites are at 29% out of the entire occupation population of managers. Although this is quite an improvement compared to 2020, this still requires further attention considering that out of the 188 589 employed in the sector 105 156 are Africans. There seems to be a significant shift in gender profile of employees at managerial level where the current figures show that about 57% of managers are females. This is an improvement of more than three percentage points compared to 54% achieved in 2020.

FIGURE 13: OCCUPATIONS GROUPS BY GENDER

Source: *BANKSETA WSP 2022*

Out of 113 678 (60%) women employed by the sector, 21 443 (19%) women across racial groups are in managerial positions, seven percentage points better than in 2021. Out of the 21 443 women in managerial positions, only 9 499 (42%) are African women, the other 58% cuts across the other races. This is concerning considering that 58% (65 971) of the women employed by the sector are African.

The data depicts that the sector employed 74 911 (40%) males out of 188 589 total population employed. The data also depicts that the sector employed 16 490 males across races in managerial positions. Out of 16 490 males in managerial positions only 5 868 (36%) African males are in managerial positions.

Professionals

The data depicts that 11 413 (74%) of white males are managers or professionals in the entire banking sector. This means that out of the 15 414 of the entire white male population employed, only 4 001 are non-professional nor managers and about half of those fall under technician and associate professionals. The data depicts male Indian/Asians at 33% for professionals, 23% for male coloureds and 22% for male Africans.

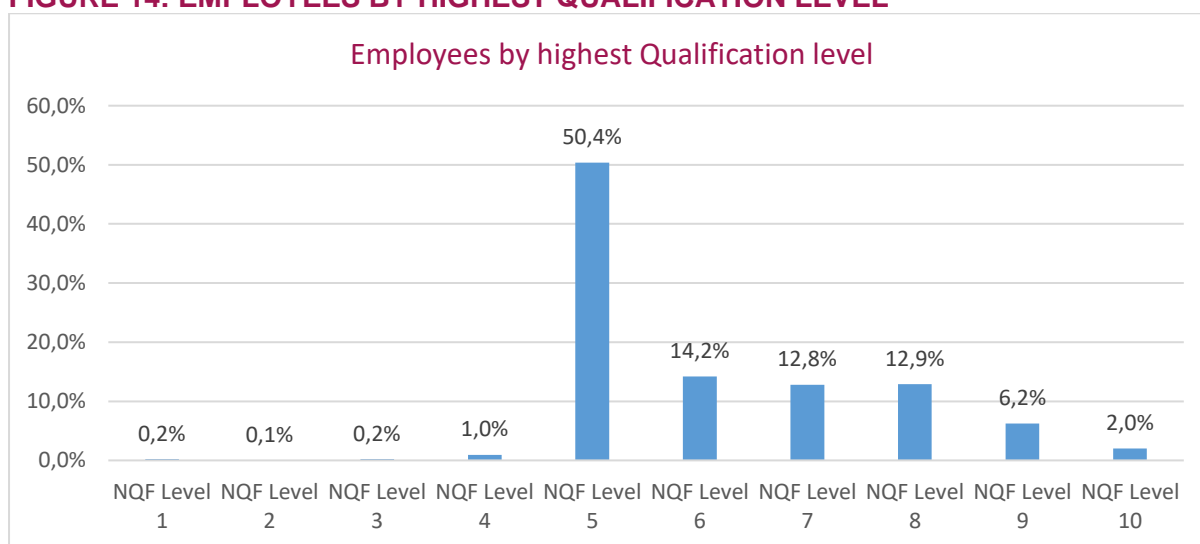
The entire female population in the professional category is 19 599 with 4 647 Whites, (9 206) Africans, 2 722 Indian/Asian, 2 747 Coloureds and 277 non-RSA citizens.

It is imperative that the BANKSETA encourages the skills development of these major groups to support the supply of skills in line with the demographic transformation targets laid down in the NSDP.

Education Levels of Employees

The figure below shows the educational levels of the employees in the sector. The majority of employees have an NQF Level 5 qualification. This category includes people with higher certificates and advanced national (vocational) certificates. The number of employees with qualifications at NQF Level 4 and below stands at 1,5%. It is also interesting to notice that more than 48% of the employees have at least an NQF Level 6 qualification.

FIGURE 14: EMPLOYEES BY HIGHEST QUALIFICATION LEVEL



Source: BANKSETA WSP 2022

Conclusion

In summary, the banking sub-sector comprises large organisations that possess a banking licence while the alternative banking sub-sector comprises some large, medium and smaller organisations. The banking sector profile shows that the alternative banking sub-sector is relatively small in terms of revenue generation and GDP contribution, but is an important component in the overarching financial services sector. As the sector is highly regulated, a substantial number of role-players exist to ensure compliance with both local and international banking regulations. Other role-players provide support services and represent smaller organisations.

The economic performance of the sector provides an indication of a strong, well-developed banking sector with local banks performing well on both the top 100 African Banking list as well as globally. This is largely due to a strong asset base. However, the banks have been exposed to downgrades in the past years. The employer and labour market profile provides key learnings on opportunities for skills development. In this chapter, we have also observed a significant change in the profile of the sector towards transformation based on the racial, gender profile of employees in managerial and professional positions within the sector.

Even though there was an expectation that COVID-19 would have huge negative effects on jobs in the banking sector, the latest WSP data reveals some marginal gains in the number of people employed in the sector. More extensive research to interrogate the issue may be necessary as job losses may still be in the pipeline.

7.2 Internal Environment

BANKSETA is located in Centurion in Gauteng with a regional footprint in Limpopo, Eastern Cape and Free State. It comprises the following core divisions: Strategy and Research; Finance incorporating Supply Chain Management and Internal Audit, Governance, Corporate Services incorporating Communications, Information Technology and Human Resources and the Operations Division that focuses primarily on the disbursement of discretionary grants and the Quality Assurance of training service provision. The BANKSETA Board provides strategic direction and guidance to the Executive Management team.

In March 2020 when the country was placed under a hard lockdown due to COVID-19, the BANKSETA employees started working mainly from home. This also coincided with the relocation of the head office to the current location. A committee was established to ensure that BANKSETA adheres to the COVID-19 regulations and limits the transmission of the virus in the office. The BANKSETA ICT systems were also enhanced to allow seamless remote access and also embracing the cloud-based architecture which resulted in the main systems migrated to the cloud platform.

(a) Service Level Agreement with DHET

On an annual basis, BANKSETA negotiates a set of targets and deliverables to be agreed on with DHET. The Service Level Agreement forms the foundation for the development of the Annual Performance Plan as most activities within the SETA are aimed at meeting/exceeding the targets set. The targets provide the benchmark for planning whilst the skills development needs/demands provide guidance in terms of the interventions/programmes/qualifications forming the basis for the PIVOTAL programmes. On a quarterly basis as mandated by the DHET, BANKSETA reports on the progress made towards the achievement of the targets set.

(b) Governance

Board members are appointed in terms of the BANKSETA Constitution, in line with the Skills Development Act (Act No. 97 of 1998) (and the Standard Constitution of SETA Regulations, Section 13 (1) of Skills Development Amendment Act, Act 26 of 2011). The Board represents organised labour, organised employers, and relevant community organisations as approved by the Minister. Organised labour and employers are equally represented on the Board. All members of the Board are bound by the BANKSETA Code of Conduct. All Board members are aware of their fiduciary responsibilities and the need for fair, transparent and accountable decisions and actions. The Board monitors BANKSETA's strategic objectives. Currently, there are four Board committees in place to assist the Board in discharging its governance obligations. These committees are the Audit and Risk Committee, the Finance and Remuneration Committee, Executive Committee and Governance and Strategy Committee which assists in the oversight and monitoring of BANKSETA operations, strategic planning and constitution requirements. The Risk Management Committee is also a sub-committee of the Audit and Risk Committee and monitors the performance of risk management.

(c) Establishment of Committees

In addition to Board Committees, several advisory committees exist to provide expert advice on various aspects to support the delivery mandate. Sector Skills Planning is supported by the Skills Planning Committee comprising of senior managers from the various employer organisations and provides human resource development expertise to inform skills planning. The Skills Development Sub-Committee comprises of Skills Development Facilitators/Managers who serve as a link with the various employer organisations and advises on skills development interventions to meet the demands of occupational shortages and skills gaps. Various ad-hoc project-specific committees which are term specific are formed to guide the operational delivery of projects. These committees also play a key role in advising on the value of the interventions and whether they should be changed, continued, etc.

(d) Stakeholder Engagement and Partnerships

The Stakeholder Engagement Strategy provides a detailed guideline on engagements with various stakeholders who influence the strategic and operational mandate of BANKSETA. Engagements with stakeholders take place at various levels to ensure the participation of all relevant stakeholders at both strategic decision making and operational levels. Stakeholder input into the strategic planning and skills planning is imperative to ensure alignment of BANKSETA strategies to sectoral needs. On an annual basis, a stakeholder engagement plan is developed and reported quarterly. The annual stakeholder satisfaction survey is conducted to evaluate and to ensure continuous improvement and to identify mechanisms to strengthen stakeholder participation and relations.

(e) Balanced Scorecard and Performance Management

To assist in strategy execution, BANKSETA has introduced a Balanced Score Card, which is directly linked to the approved strategy and the annual performance plan. The Balanced Score Card is proving invaluable assistance in ensuring that all resources are mobilised towards achieving the strategic themes and targets set for the year.

The Balanced Score Card has a dashboard consisting of four key themes and specific measures to map progress. The themes are as follows:

- Stakeholder Perspective: A professional centre of excellence for skills development in the banking and alternative banking industry
- Financial Accountability and Governance Perspective: A cost-effective, well-governed and compliant organisation striving for an optimal return on investment in skills development
- Internal Business Processes Perspective: Seamless, best practice business processes that enable high-quality skills development and credibility
- Learning and Growth Perspective: Performance is driven through a capable and resilient BANKSETA

(f) Human Resources

The approved staff complement of the SETA is 64 persons (currently with 3 vacancies) The three vacant positions include that of the Quality Management Manager, the General Manager: Corporate Services and Quality Management Specialist.

The recruitment strategy and process ensure that the appropriate expertise is sourced in line with the approved Employment Equity Plan. The table below shows the demographic composition of the BANKSETA employees.

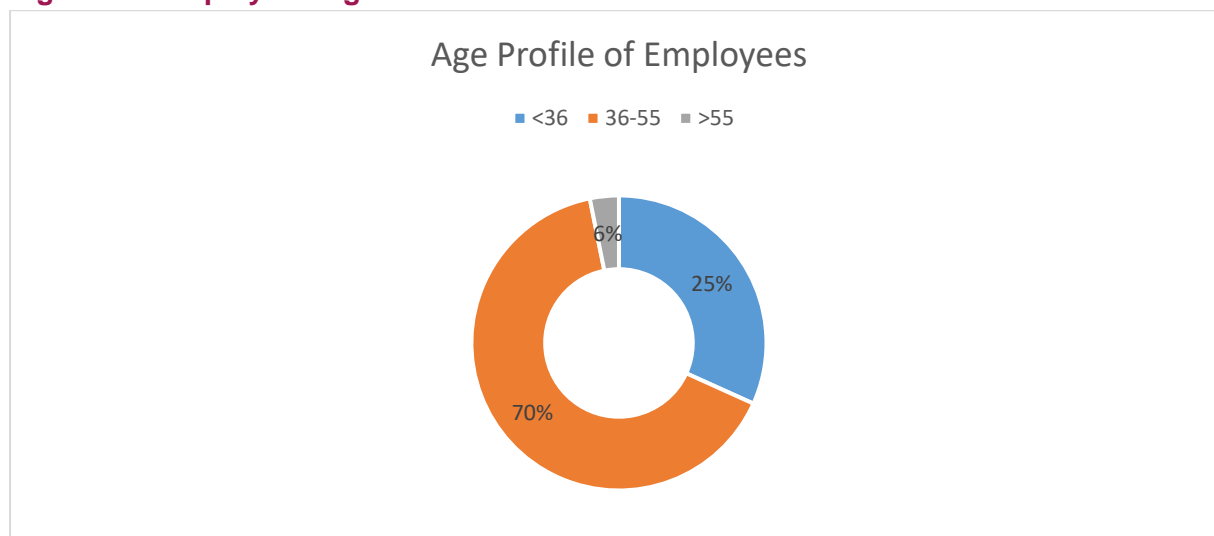
The BANKSETA employs 35 (52%) female and 32 (48%) male employees. The majority of staff members are in skilled-level positions (32 or 48%). Both executive managers at the BANKSETA are female. Currently, there are no employees with disabilities. The BANKSETA plans to achieve a target of 85% black employees by March 2023. The current target for female employees is 52% and the BANKSETA is currently sitting at 56% for female employees. BANKSETA management and staff support the principle of lifelong learning and continued professional development by providing opportunities for study and training. This leads to a workforce that is continuously upskilled and capable to advise the sector on skills-related matters. On an annual basis, BANKSETA implements a values assessment survey to measure the extent to which the staff upholds the values of the organisation.

Table 4: The BANKSETA Employment Equity

Level	Male				Female				Foreign national		Total		
	Afri can	Colou red	Indi an	Wh ite	Afri can	Colou red	Indi an	Wh ite	Fem ale	Ma le	Ma le	Fem ale	To tal
Senior Management	1	0	0	0	0	0	0	1	1	0	1	2	3
Professionals	7	1	1	0	4	1	0	2	0	1	10	7	17
Skilled	16	0	1	0	13	0	0	1	1	0	17	15	32
Semi-Skilled	4	0	0	0	3	0	0	0	0	0	4	3	7
Unskilled	0	0	0	0	2	0	0	0	0	0	0	2	2
Disabled	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Permanent	28	1	2	0	22	1	0	4	2	1	32	29	61
Total Temporary	0	0	0		6	0	0	0	0	0	0	6	6
Totals	28	1	2	0	28	0	0	4	2	1	32	35	67

The age profile of the BANKSETA employees shows that 25% of the employees are younger than 36 years with the youngest at age 26. Only 6% of the staff complement are older than 55 years.

Figure 15: Employees Age Profile



Currently, the BANKSETA does not have employees living with disabilities. The BANKSETA endeavours to advertise new positions giving preference to the most suitable candidates, especially, where applicable, those with disabilities. The lack of disclosure remains the main contributor to the low number of employees living with disabilities at BANKSETA.

BANKSETA Gender-Based Violence (GBV) Status Report

Currently, BANKSETA is using the DHET Gender-Based Violence (GBV) Framework on Post-School Education and Training System to implement the Gender-Based Violence Programme. The BANKSETA Board has approved the implementation of a three-year GBV Pilot Programme at three universities in the Eastern Cape namely, the University of Fort Hare, Rhodes and Walter Sisulu Universities. The objectives of the GBV Programme are as follows:

- **To assist** Post School Education Training and System (PSET) institutions and entities to address the occurrence of GBV
- **To promote** the safety of all students and staff by putting in place comprehensive **prevention programmes** intended to **raise awareness** of policies and services addressing GBV, as well as other measures aimed at preventing incidents of GBV in the PSET environment; and
- To provide for or refer GBV victims to comprehensive, specialised **support and other assistance**.

From an implementation strategy point of view, the project has so far reached the following milestones:

- Inception Meeting between the BANKSETA and the three universities have been held in May 2022
- Report of the status of GBV in the three institutions have been developed
- A theory of change that informs the GBV training for the institutions has been developed
- The training material is being developed and it will be piloted before the end of 2022
- The BANKSETA is also trying to source funds for the launch of the project

(g) Internal Business Processes and Systems

The BANKSETA has several systems to support its operations including a SETA Management System, a Finance and Purchase Order System, as well as HR and Payroll System. The SETA Management System is a comprehensive system that includes learner management, project management, and employer WSP/ATR management, amongst others. The HR and Payroll system allows the full human resource functions to be managed electronically. The Finance and Purchase Order System tracks all financial-related transactions. The Knowledge Bank is an online knowledge portal within the BANKSETA website utilised for the dissemination of research and skills planning outputs.

(h) Internal Audit Function

The mission of the Internal Audit function, in accordance with the Institute of Internal Auditors (IIA) is to provide independent, objective assurance and consulting services designed to add value and improve the operations of BANKSETA. Internal Audit thus assists BANKSETA to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes, as articulated in its Internal Audit Charter. In doing so, the Internal Audit function adheres to the standards as laid down by the Institute of Internal Auditors for the Professional Practice of Internal Auditing and Code of Ethics.

The BANKSETA has an in-house Internal Audit unit comprising the Head of Internal Audit, who has overall responsibility for the function and is supported by two Internal Audit specialists, with sufficient knowledge, skills, experience, and professional certifications to carry out the function's responsibilities. To ensure the independence of Internal Audit, the function reports functionally to the Audit & Risk Committee and has full and unrestricted access to the Chairperson of the Audit and Risk Committee, the Board and to the Chief Executive Officer.

(i) Materiality and Significance Framework

The Accounting Authority has prepared a materiality and significance framework in terms of the PFMA and Treasury Regulations. BANKSETA is of the view that criminal conduct should not be tolerated within the SETA environment and hence has not included any amount resulting from criminal conduct in the materiality and significance framework. In terms of fruitless and wasteful expenditure caused by gross negligence or any other circumstance, BANKSETA has taken a very strong view that fruitless and wasteful expenditure of any kind should not be tolerated within the SETA environment and hence BANKSETA has not included any amount arising from fruitless and wasteful expenditure in the materiality and significance framework. Based on the materiality and significance framework, BANKSETA has set its materiality and significance amount to 0.5% of gross revenue for the 2023/2024 Financial Year based on the budget below. The overall materiality level set for 2023/24 is R4,735,000.

(j) ICT Governance

ICT governance exists to inform and align decision making for Information and Communication Technology planning, policy and operations in order to meet business objectives, ascertain that risks are managed appropriately and verify that resources are being used responsibly and strategically. ICT Governance continues to feature highly on the agenda within many organisations as Corporate Governance increasingly realises that ICT touches every area of the organisation and contributes as an essential enabler of future business opportunities. ICT Governance comprises of the culture, organisation delivery platforms, policies and practices that provide this kind of oversight and transparency of ICT. BANKSETA adopted COBIT 5 as the governance framework for effective implementation of ICT Governance, and the organisation's culture and size are also drivers that need to be considered for governance. ICT governance is not an isolated discipline but it is an integral part of overall corporate governance.

(k) Reporting

BANKSETA ensures that all reporting protocols are strictly adhered to and that all timelines set are met. BANKSETA undertakes quarterly performance reporting to the Department of Higher Education and Training and National Treasury in accordance with SETA performance management requirements. BANKSETA adheres to the annual compliance calendar requirements and timelines. On an annual basis, the Annual Report is prepared, submitted to the Department of Higher Education, Training, Science and Technology, National Treasury and Parliament before it is tabled at the BANKSETA Annual General Meeting.

(l) Monitoring and Evaluation

BANKSETA monitors and evaluates on two levels: organisational effectiveness and efficiency as well as skills development programme performance. Organisational efficiency relates to the measurement of internal processes whilst the latter relates to the measurement of the impact of

skills development interventions using tracking and tracer studies. Monitoring and evaluation at a strategic level measure the impact and outcomes against the achievement of strategic objectives on a 3 – 5-year basis, whilst monitoring and evaluation at an operational level is largely measured annually against the achievement of targets/outputs set.

7.2.1 Financial Environment

Income

BANKSETA's operations and targets are driven by the financial resources available to achieve the training needs of the sector.

These resources are in three main categories

- Skills development levies (SDL) from sector companies paid during the year. This comprises 93,5% of the income of the year.
- Reserves – being accumulated funds from prior years which the BANKSETA has received approval from National Treasury to retain and use in future years for discretionary training programmes
- Interest and investment income

Skills development Levies (SDL)

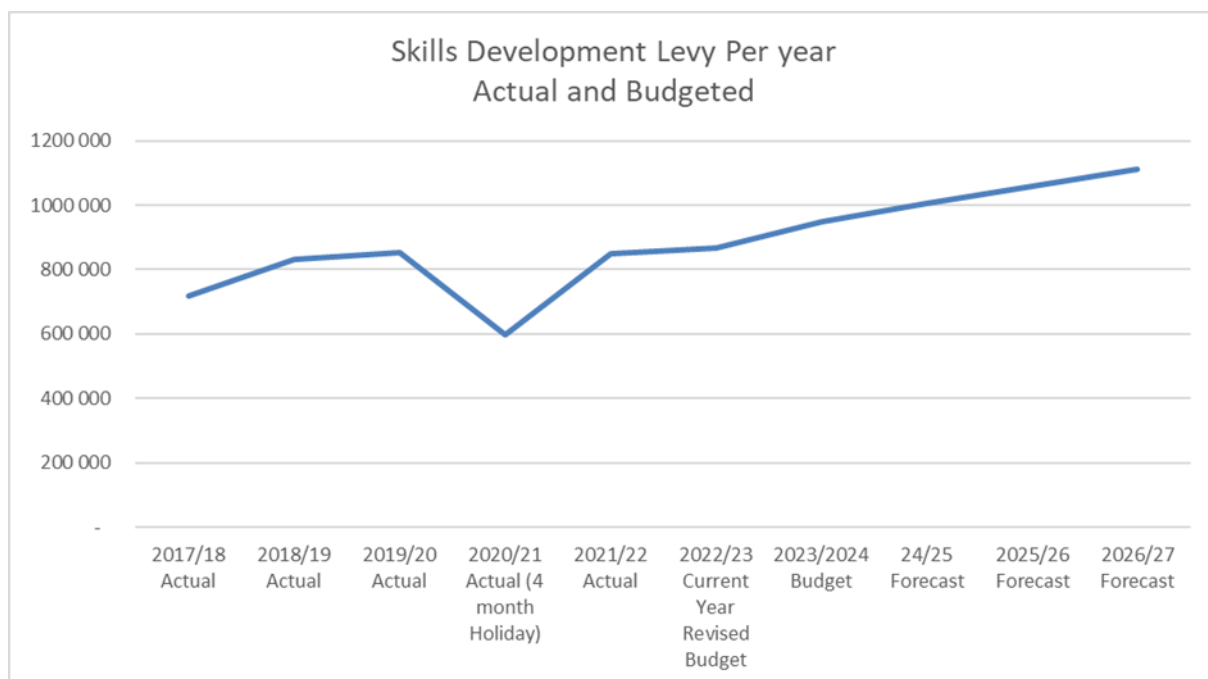
There are no changes expected in the funding framework and employers will continue to pay a 1% skills development levy on payrolls exceeding R500 000 per annum. The collection method through which SARS collects the SDL monthly remains unchanged. The BANKSETA had budgeted low levies for 2022/23 due to the negative economic conditions post the Covid recovery still being felt. However, this has not materialised and the sector's mid-year results for 2022 are very good. The BANKSETA has received levies for the first 5 months of 2022/23 at 24% above the 2022/23 budget.

The actual audited 2021/22 levies are higher than the original budgeted 2022/23 levies. The 2022/23 budget were revised upwards in October 2022.

The levy increase for 2023/24 has therefore been set at 9% increase in line with actual levy receipts being experienced in 2022/23 year.

The projections as well as the past 5-year history are as follows.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	24/25	2025/26	2026/27
Year Ended 31 March	Actual	Actual	Actual	Actual (4 month Holiday)	Actual	Current Year Revised Budget	Budget	Forecast	Forecast	Forecast
SDL Levy Int & penalties (R 000s)	716 992	832 993	853 542	599 048	848 243	868 914	947 000	1 003 820	1 059 030	1 111 982
Growth %	8,6%	16,2%	2,5%	-29,8%	41,6%	2,4%	9,0%	6,0%	5,5%	4,8%



The main drivers to the level of SDL expected from the sector are:

- Financial performance Within the Banking Sector
- Inflation scenario: banking employees normally expect at least a cost-of-living increase based on CPI on their salaries each year in about March. BANKSETA has used an inflation rate of 6.50% in the projections.
- Any reduction in sector employment numbers. Currently, the BANKSETA has not budgeted for any reduction in employment.
- BANKSETA has taken the actual levies being received in 2022/23 year as a basis to project 2023/24 levies.

Mandatory Expense

- The mandatory grants will be based on 20% of levies.
- The courts had ruled that the 20% level was invalid in 2019 and that the Honourable Minister of Higher Education, Science and Innovation, Dr. B.E Nzimande, BUSA, employers and SETAs should work towards an agreed percentage.
- The decision in regard to a new mandatory grants percentage is still pending.
- BANKSETA and all other SETAs have maintained the 20% mandatory grant in the meantime. The SETAs had proposed an increase to 25% in 2023/24 and are awaiting a response.
- BANKSETA has budgeted for a 99% mandatory grant claim ratio.

Administration expense

- The administration budget is set at the maximum legislated amount of 10.5% of SDL. BANKSETA has some administration budget contestants.
- BANKSETA has received the results of an organisational design study which has established the need for additional staff. Some of these have been factored into the

administration budget and the rest would need to be funded from the discretionary grants budget.

- The administration expenditure budget was calculated separately for each expense line.
- DHET is still to issue the letters in regard to the QCTO contribution.

Employee Costs

The BANKSETA has budgeted for the full 72-person staff complement. The BANKSETA cannot cater for the full increase in staff as per the OD study outcome. Some operations staff will be catered for under discretionary grants. Inflationary salary increases have been provided for at 6.5%. The actual increase is negotiated with the union in January 2023 and is therefore not within the National Treasury limit.

BANKSETA is not planning additional offices in the next financial year. The current leases are until 2030 except for head office where BANKSETA can terminate the lease in 2025 with no penalty. The leases have a 6% increase.

Capex

The main CAPEX items would be for ICT as well for the gradual replacement of office furniture which is over 20 years old.

Systems

The main systems are

- MIS. The BANKSETA is procuring a new licence in 2022/23 and the annual payments are expensed and included in the administration budgets.
- finance system will remain unchanged as the contract ends in November 2023.

Cost savings measures

- Admin budget was prepared and maintained within the 10.5% legislated limit.
- Wherever possible the BANKSETA reviewed its implementation methods to ensure that costs are minimised, and the economy is exercised at all levels.
- Cost containment measures were applied as per the National Treasury directives.

Management of financial assets and liabilities

ii) Management of Financial Assets and Liabilities

The BANKSETA's main assets are cash and cash equivalents being mainly fixed deposits at the CPD and major South African banks. This cash basically represents the funds retained to cover discretionary grant commitments. The BANKSETA has an investment policy which covers how these investments are sought. It covers risk mitigation of such assets. It is envisaged that in 2022 -2025 period, cash and cash equivalents will continue to be the main

assets. Other assets are other debtors due to non-exchange levy adjustments and sundry prepayments and receivables. All are raised in the normal SETA business.

Liabilities are mainly:

- non-exchange liabilities due to mandatory grant payables which would be settled within the quarter,
- non-exchange liabilities for under R500,000 levy payers
- exchange liabilities due to administration and discretionary grant payables settled within 30 days
- sundry short-term liabilities and staff-related accruals

There is no planned acquisition of any other financial assets or capital transfers. Financial assets, which potentially subject the SETA to the risk of non-performance by counterparties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable. The SETA limits its treasury counterparty exposure by only dealing with well-established financial institutions approved by the National Treasury and the Board. The BANKSETA has an approved investment policy that limits its exposure to any one counterparty. SETA's exposure is continuously monitored by the Accounting Authority.

Credit risk with respect to levy-paying employers is limited due to the nature of the income received. The SETA does not have any material exposure to any individual or counterparty. The SETA's concentration of credit risk is limited to the industry (Banking and Financial Services) in which the SETA operates. Due to the negative economic climate, a number of the BANKSETA's stakeholders' credit status' have been downgraded by international rating agencies. BANKSETA will continue to monitor the effect of these developments on levy income and accounts receivables. The SETA is exposed to a concentration of credit risk, as significant amounts may be owed by SARS and the Department of Higher Education, Science and Technology. This concentration of risk is limited as SARS and the Department of Higher Education, Science and Technology are government entities with a sound reputation.

The SETA has adequate funds to settle all liabilities as they fall due. All creditors are settled within 30 days. The SETA manages liquidity risk through proper management of working capital, capital expenditure and actual vs forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are maintained.

The BANKSETA has commitments for discretionary grant projects that stretch over the next 3 years. This is in line with the SETA business. The BANKSETA has sufficient reserves to cover these and has applied to the National Treasury to retain those surpluses.

The BANKSETA has a potential contingent liability for mandatory grants should the DHET and the sector agree to increase the mandatory grant percentage and backdate the increase. BANKSETA would not have sufficient reserves to cover such contingent liability but would need to re-order its budgets.

Overall 2023/24 Budget

Year Ended 31 March (R 000's)	2018/19 Actual	2019/20 Actual	2020/2021 Actual (4 months SDL holiday)	2021/2022 Actual	2022/2023 Current Year Revised	2023/2024 Budget	2024/2025 Forecast	2025/2026 Forecast
Income								
Discretionary levies - 49.5%	504 029	519 422	342 373	500 445	537 641	585 956	621 114	655 275
Mandatory levies - 20%	193 035	210 218	136 775	199 053	217 229	236 750	250 955	264 758
Admin levies -10.5%	105 457	110 230	72 410	105 723	114 045	124 294	131 751	138 998
SDL	802 521	839 870	551 558	805 221	868 915	947 000	1 003 820	1 059 030
SDL Interest & penalties	30 373	13 671	47 490	43 023		-	-	-
Total SDL, penalties, interest	832 894	853 541	599 048	848 244	868 915	947 000	1 003 820	1 059 030
Investment income	50 013	62 782	45 023	47 613	50 667	46 380	27 755	19 942
other income	86	47	48	106	89	120	127	135
Total Income	882 993	916 370	644 119	895 963	919 671	993 500	1 031 702	1 079 107
Expenditure								
Mandatory Grants	187 920	205 075	133 739	194 101	215 310	234 383	248 445	262 110
DG	469 452	424 054	323 419	522 670	640 318	684 824	701 505	727 999
Admin Expenditure	70 679	76 435	82 727	80 080	108 217	117 294	124 331	131 133
QCTO Expenditure	4 885	5 300	5 793	3 951	5 826	7 000	7 420	7 865
Total Expenditure	732 936	710 864	545 678	800 802	969 671	1 043 500	1 081 702	1 129 107
Surplus/(Deficit)	150 057	205 506	98 441	95 161	-50 000	-50 000	-50 000	-50 000

Main Administration Line Items

Year Ended 31 March (R000's)	2018/19 Actual	2019/20 Actual	2020/2021 Actual (4 months SDL holiday)	2021/2022 Actual	2022/2023 Current Year	2023/2024 Budget	2024/2025 Forecast	2025/2026 Forecast
Total Cost of Staff	43 863	48 023	52 712	56 052	65 776	72 212	78 347	84 612
Buidling rentals	3 099	3 254	4 319	3 543	3 791	4 020	4 261	4 517
Building Utilities	549	619	647	1 032	1 274	1 400	1 484	1 573
Audit fees	1 995	3 096	2 672	4 187	5 065	4 900	5 194	5 480
Landlines & Cellphones	1 269	787	960	1 111	1 310	1 660	1 760	1 856
Research	2 537	20	2 590	1 380	-	-	-	-
capex/depreciation	1 096	1 538	1 318	1 661	3 067	6 150	4 100	3 600
Board fees	2 654	2 797	3 440	3 480	3 890	4 123	4 371	4 611
Outsourced services	4 583	5 031	6 225	3 317	10 117	8 490	8 999	9 494
Other	9 033	11 270	7 844	4 317	13 928	14 338	15 815	15 389
Total Administration Expenses	70 679	76 435	82 727	80 080	108 217	117 293	124 331	131 133

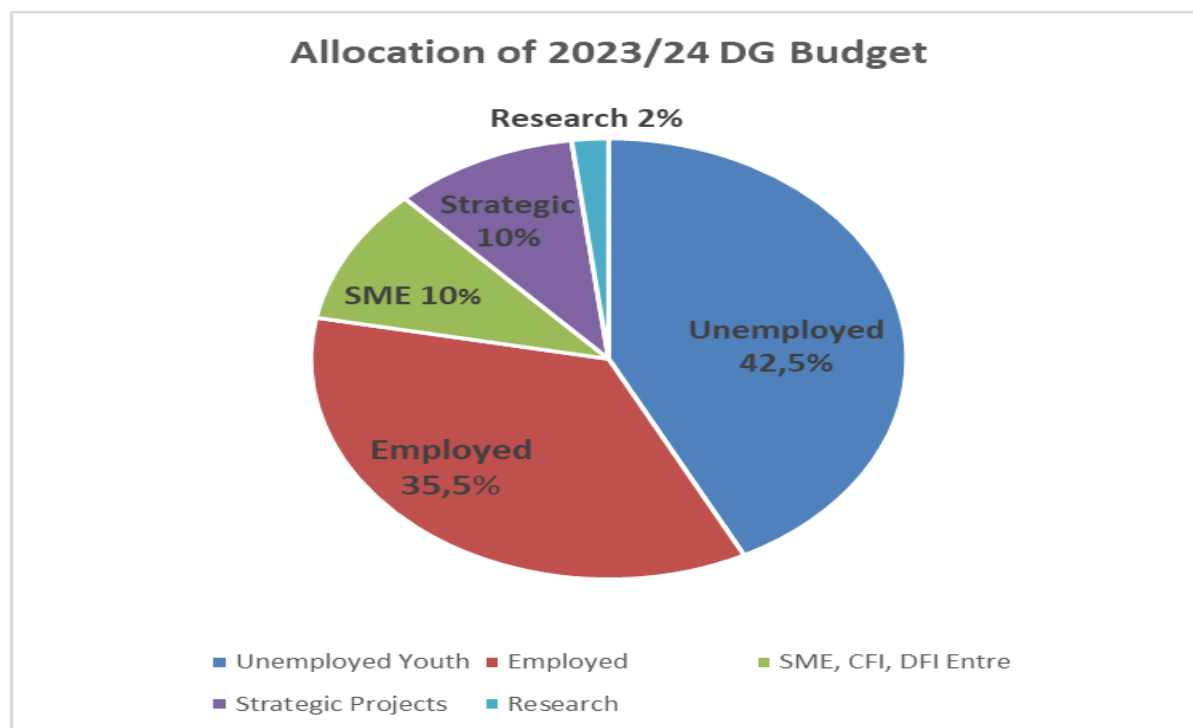
Discretionary Programmes

There has been no decision in regard to a new mandatory grant and therefore new discretionary grant percentage. The 49.5% level for discretionary grants has been maintained.

The discretionary budget is made up of the 49.5% budgeted discretionary levy income plus unspent administration expenditure, budgeted unclaimed mandatory grants and interest received from the investment. The discretionary programme expenditure budget amount will be used to fund programmes in line with NSDP and in line with the BANKSETA strategic plan and annual performance plan. The APP will detail the individual projects to be covered along the main category split shown above. Individual project charters will be tabled at the board showing the number of learners, cost per learner, target, delivery method etc.

These main categories of DG send to be included in the APP as follows:

Proposed DG Expenditure Split 2023/24			
Category	2023/24 DG Budgets R'000s	%	2022/23 Revised DG Budgets R'000s
Unemployed Youth	291 050	42,5%	259 958
Employed	243 113	35,5%	232 058
SME, CFI, DFI Entre	68 482	10,0%	133 302
Strategic Projects	68 482	10,0%	-
Research	13 696	2,0%	15 000
TOTAL	684 824	100%	640 318



BANKSETA Infrastructure Projects

Direct contribution to the Infrastructure programme is not applicable to the BANKSETA.

BANKSETA Spatial Plan

The BANKSETA Research Chair on Digitalisation and Technology, Durban University of Technology (DUT) was commissioned to conduct research on a Geographical Information System (GIS). A geographic information system is a system designed to capture, store, manipulate, analyse, manage, and present all types of geographical data. The keyword to this technology is Geography – this means that some portion of the data is spatial. In other words, data that is in some way referenced to locations on the earth.

GIS can be used as a tool in both problems solving and decision-making processes, as well as for the visualization of data in a spatial environment. Geospatial data can be analysed to determine (1) the location of features and relationships to other features, (2) where the most and/or least of some feature exists, (3) the density of features in a given space, (4) what is happening inside an area of interest (AOI), (5) what is happening nearby some feature or phenomenon, and (6) and how a specific area has changed over time (and in what way).

GIS can do the following mapping:

- Mapping where things are: GIS is used to map the spatial location of real-world features and visualize the spatial relationships among them.
- Mapping quantities. GIS is used to map quantities, such as where the most and least are, to find places that meet their criteria or to see the relationships between places.
- Mapping densities. Sometimes it is more important to map concentrations, or a quantity normalized by area or total number.
- Finding what is inside. GIS is used to determine what is happening or what features are located inside a specific area/region. We can determine the characteristics of "inside" by creating specific criteria to define an area of interest (AOI).
- Finding what is nearby. GIS can find out what is happening within a set distance of a feature or event by mapping what is nearby using geo-processing tools like BUFFER. The Buffer tool is often used in geo-processing workflows. It is a tool that is particularly sensitive to the coordinate system. Buffer operates in two modes depending on whether the coordinate system is projected (defined by a flat, two-dimensional surface) or geographic (defined by a three-dimensional spherical surface).
- Mapping change. GIS can map the change in a specific geographic area to anticipate future conditions, decide on a course of action, or to evaluate the results of an action or policy.

DUT submitted the GIS data for input to the Remote-net, a BANKSETA Management Information System (MIS) that will be used for planning purposes to address transformational matters.

Public-Private Partnership

Currently, the BANKSETA does not have any Public-Private Partnership as per the definition in the PFMA however, the BANKSETA has planned a number of partnerships for the purpose of delivering on its outcomes. Some of the partnerships include the following:

- Banking Association South Africa
- South African Banking Risk Information Centre
- MicroFinance South Africa
- Co-operative Banks Development Agency
- South African Local Government Association
- TVET Colleges
- Universities and Universities of Technology
- District and local municipalities
- Government and its entities
- SETAs

7.3 Description of the Strategic Planning Process

BANKSETA views Strategic Planning as a process and not an event. The skills planning process undertaken for the development of the Sector Skills Plan forms the foundation for the Strategic Planning activities. A detailed research agenda informs the skills planning process. Research outputs form the structure and content for the development of the Sector Skills Plan. The findings from the skills planning process as reflected in the Sector Skills Plan guides the Strategic Planning Process. An analysis of the change drivers, national priorities and sectoral priorities are key to the development of strategies for BANKSETA. Research is conducted in full consultation with BANKSETA's stakeholder constituency. The consultation takes the form of one-on-one meetings, various committees, focus group workshops and information sharing sessions.

The Annual Strategy Session held on 3 to 5 August 2022 was an opportunity for BANKSETA management and board to meet and discuss strategic issues, under the guidance of a specialist facilitator with a role to guide discussions and assist in mapping the way forward. This is intended to inform the updates required to the Annual Strategic Plan and the Annual Performance Plan, as required under the Public Finance Management Act, DPME circular no 02 of 2020 Revision and Re-Tabling of the 2020/2025 Strategic Plans and 2022/23 APP in Response to the COVID Pandemic and Special Adjustment Budget, National Treasury Instruction 10 of 2020/21 Revised Framework for Strategic Plans and Annual Performance Plans. The session was led by a Facilitator, thereby, enabling delegates to own the decisions thus concluded.

Board as the owner of the strategy

The strategy is owned by the Board and implemented by Management; hence, strategy value add is achieved when both parties are involved in the process. The Board forms the highest level of authority in the governance of BANKSETA. The Board is constituted of an equal number of employer and employee representatives from the sector; and three Ministerial representatives. Under the guidance and scrutiny of the Board, the CEO strategically aligns resources to achieve the organisation's objectives in the most efficient way. The four overarching roles and responsibilities of the Board as provided for by the King IV Code of Corporate Governance are as follows:

- Providing strategic direction;
- Approving policies to effectuate strategy
- Providing informed oversight for strategy implementation and performance, and
- Corporate disclosures

7.4 Programme Resource Considerations

Year Ended 31 March (R 000's)	2019/20 Actual	2020/2021 Actual (4 months SDL holiday)	2021/2022 Actual	2022/2023 Current Year Revised Budget	2023/2024 Budget	% Var	2024/2025 Forecast	2025/2026 Forecast
Income								
Discretionary levies - 49.5%	519 422	342 373	500 445	537 641	585 956	9%	621 114	655 275
Mandatory levies - 20%	210 218	136 775	199 053	217 229	236 750	9%	250 955	264 758
Admin levies including QCTO -10.5%	110 230	72 410	105 723	114 045	124 294	9%	131 751	138 998
SDL	839 870	551 558	805 221	868 915	947 000	9%	1 003 820	1 059 030
SDL Interest & penalties	13 671	47 490	43 023					
Total SDL, penalties, interest	853 541	599 048	848 244	868 915	947 000	9%	1 003 820	1 059 030
Investment income	62 782	45 023	47 613	50 667	46 380	-8%	27 755	19 942
other income	47	48	106	89	120	35%	127	135
Total Income	916 370	644 119	895 963	919 671	993 500	8%	1 031 702	1 079 107
Expenditure								
Mandatory Grants Expenditure								
Programme 2 - Mandatory grants	205 075	133 739	194 101	215 310	234 383	9%	248 445	262 110
Discretionary Grant Expenditure								
Programme 2 : Direct Costs	968	697	906	2 500	13 696	448%	3 000	3 000
Programme 2 : project Admin Costs	10	11	-	12	-		-	-
Total Programme 2 : DG	978	708	906	2 512	13 696	445%	3 000	3 000
Programme 3 : Direct Costs	414 366	316 827	505 470	608 289	625 128	3%	645 140	669 861
Programme 3 : project Admin Costs	6 837	5 258	16 294	29 517	46 000	56%	48 365	49 638
Total Programme 3 : DG	421 203	322 085	521 764	637 806	671 128	5%	693 505	719 499
Programme 4 : Direct Costs	1 872	624	-	-	-		5 000	5 500
Programme 4 : Project Admin Costs	1	2	-	-	-		-	-
Total Programme 4 : DG	1 873	626	-	-	-		5 000	5 500
Total Discretionary expenditure	424 054	323 419	522 670	640 318	684 824	7%	701 505	727 999
Administration Costs								
Admin costs for programme 1 related ac	55 356	49 150	50 974	78 255	72 966	-7%	77 657	82 316
Admin costs for programe 2 related acti	3 520	11 590	1 700	1 800	1 936	8%	2 061	2 185
Admin costs for programe 3 related acti	14 585	18 884	24 400	25 000	39 000	56%	41 000	42 802
Admin costs for programe 4 related acti	2 974	3 106	3 006	3 162	3 392	7%	3 613	3 830
Admin costs -QCTO Expenditure	5 300	5 793	3 951	5 826	7 000	20%	7 420	7 865
Total Admin expenditure	81 735	88 523	84 031	114 043	124 294	9%	131 751	138 998
Total Expenditure	710 864	545 681	800 802	969 671	1 043 501		1 081 701	1 129 107
Surplus/(Deficit)	205 506	98 438	95 161	-50 000	-50 000		-50 000	-50 000

The project admin expenditure budget is lower than 7.5% project management cost allowed as the BANKSETA manages its own projects but allocates all the project staff salaries to admin expenditure. BANKSETA does not allocate any staff salaries to discretionary/project budgets. The project admin budget is made out of marketing, travel, monitoring and evaluation and any learner administration contract cost.

Part C: Measuring Our Performance

8. Institutional Performance Information

8.1 Measuring Impact

Impact statement	Relevant sector skills development interventions that are aligned to identified skills priority actions designed to address occupational shortages and skills gaps
-------------------------	--

8.2 Measuring Outcomes

Outcome	Outcome Indicator	Outcome Indicator Baseline ²	5-year target
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Evaluation reports that reflect achievement of Strategic Plans	Strategic Plan 2015/16 – 2019/2020 Annual Performance Plan 2019/2020 Annual Report 2019/20	Production of BANKSETA strategic and annual plans, quarterly performance reports and annual performance reports
	Unqualified audit opinion on financial statements	Clean audit outcome on financial management and unqualified on non-financial management (AOP)	100% Compliance with Legislative frameworks relating to finance and supply chain management Unqualified audit opinion with no material findings.
A credible sector skill planning mechanism that identifies relevant skills priorities to meet the labour market demands for the banking and alternative banking sector	% of the pay-out rate of mandatory grants	95% pay-out rate of mandatory grants	Approve employer WSP/ATR submissions to ensure 96% pay-out rate of mandatory grants
	Number of research reports and working papers put on the knowledge portal	N/A	30

² The baselines for the outcomes were determined based on the aligned objectives of the 2015-2020 Strategic Plan and the outcomes of the revised Strategic Plan

Outcome	Outcome Indicator	Outcome Indicator Baseline ²	5-year target
	Approved SSP, SP and APP	SP, APP and SSP approved by DHET	Development of BANKSETA SSP, SP and APP that meets the requirements of DHET as well as alignment of skills development programmes to the needs identified in the SPP
Linking Education to Work	Number of learners completing the programme successfully	636	Number of enrolments: 5 300 Number of completion: 3180 Women: 54% Black: 85% Disabled: 4%
Increase access to occupationally directed programmes	Number of MOUs signed with UOTs, TVET and HEI	49	49
Support career development services	Number of career awareness workshops conducted	27	135
Improving the level of skills in the South African workforce	Number of workers completing the programme successfully	2023	10115 Women: 54% Black: 85% Disabled: 4%
Skills development support for entrepreneurship and cooperative development	Number of institutions trained	186	930 Women: 54% Black: 85% Disabled: 4%
Identify and increase the production of occupations in high demand	Number of learners completing the programme successfully	1116	5580 Women: 54% Black: 85% Disabled: 4%
Occupation based qualifications registered through QCTO is available to the sector	Number of occupation-based qualifications registered to address skills gaps/occupational shortages	2	Qualifications are available to address occupational shortages in response to the sector needs

Outcome	Outcome Indicator	Outcome Indicator Baseline ²	5-year target
Quality management of training provision against legacy qualifications	Number of training providers accredited (new and current re-accreditations)	None	All qualifying training providers are certificated on programmes

Note: The BANKSETA strives to work towards achieving transformational imperatives in the banking sector by ensuring that training programmes follow the transformational goals set. This resulted in the targets set above for women, blacks, youth and people living with disabilities. By deliberately disaggregating the data in this format, BANKSETA ensures that this can be monitored and reported on.

8.3 Explanation of Planned Performance Over the Five-Year Planning Period

Outcome	Outcome choice rational	Provincial priorities	Priorities of women, children and people with disabilities	Explanation of enablers to achieve the five-year targets	Outcome Contribution to the impact	The Monitoring Framework for the NDP Five Year Implementation Plan
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Governance and Accountability	N/A	Women: 58% Blacks: 75% Disabled: 4%	Compliance with all organisational and national policies (PFMA and Supply Chain) Effective Risk Management	Progressive realisation of the BANKSETA outcomes as they relate to NDP and NSDP.	The outcome contributes to Governance and Accountability of the NDP Implementation Plan
A credible sector skill planning mechanism that identifies relevant skills priorities to meet the labour market demands for the banking and alternative banking sector	Improving Education, Training And Innovation	N/A	Women: 54% Blacks: 85% Disabled: 4%	Cutting edge SSP Research, robust stakeholder engagement and strategic partnerships	Relevant skills development programmes. This is in line with the NSDP outcome 4.1.	The outcome contributes to Medium Term Development Planning of the NDP Implementation Plan
Occupation based qualifications registered through QCTO is available to the sector	Access to occupation-based qualifications registered through QCTO	N/A	N/A	Strategic partnerships and robust engagement with stakeholders	Relevant occupations that address occupational shortages and skills gaps	This outcome contributes to Improving Education, Training And Innovation of the NDP

Quality management of training provision against legacy qualifications	Access to occupation-based qualifications registered through QCTO	N/A	N/A	Strategic partnerships and robust engagement with stakeholders	Relevant occupations that address occupational	This outcome contributes to Improving Education, Training And Innovation of the NDP
NSDP Specific Outcomes						
Linking Education to Work	Improving Education, Training and Innovation	N/A	Women: 54% Blacks: 85% Disabled: 4%	Cutting edge SSP Research, robust stakeholder engagement and strategic partnerships (TVETs, UOTs, HEIs, Employers)	Relevant skills development programmes. This contributes towards the MTSF outcome of Expanded Access To PSET Opportunities and the Skills Strategy for the ERRP	This outcome contributes to Improving Education, Training And Innovation of the NDP
Increase access to occupationally directed programmes	Improving Education, Training and Innovation	N/A	Women: 54% Blacks: 85% Disabled: 4%	Cutting edge SSP Research, robust stakeholder engagement and strategic partnerships (TVETs, UOTs, HEIs, Employers)	Relevant skills development programmes. This contributes towards the MTSF outcome of Expanded Access To PSET Opportunities and the Skills Strategy for the ERRP	This outcome contributes to Improving Education, Training And Innovation of the NDP
Support career development services	Improving Education,	N/A	N/A	Cutting edge SSP Research, robust stakeholder	Relevant careers for skills development	This outcome contributes to Improving Education,

	Training and Innovation			engagement and strategic partnerships (TVETs, UOTs, HEIs, Employers) partnerships		Training and Innovation of the NDP
Improving the level of skills in the South African workforce	Improving Education, Training And Innovation	N/A	Women: 54% Blacks: 85% Disabled: 4%	Cutting edge SSP Research, robust stakeholder engagement and strategic partnerships (TVETs, UOTs, HEIs, Employers)	Relevant skills development programmes. This contributes towards the MTSF outcome of Expanded Access to PSET Opportunities and the Skills Strategy for the ERRP	This outcome contributes to Improving Education, Training and Innovation of the NDP
Skills development support for entrepreneurship and cooperative development	Improving Education, Training and Innovation Inclusive Rural Economy	N/A	Women: 54% Blacks: 85% Disabled: 4%	Cutting edge SSP Research, robust stakeholder engagement and strategic partnerships (TVETs, UOTs, HEIs, Employers)	Booming Entrepreneurial skills that boost the economy	This outcome contributes to Improving Education, Training and Innovation Inclusive Rural Economy of the NDP
Identify and increase the production of occupations in high demand	Improving Education, Training and Innovation Economy And Employment	N/A	Women: 54% Blacks: 85% Disabled: 4%	Cutting edge SSP Research, robust stakeholder engagement and strategic partnerships	Relevant occupations that address occupational shortages and skills gaps. This contributes	The outcome contributes to Improving Education, Training and Innovation

				(TVETs, UOTs, HEIs, Employers)	towards the MTSP outcome of Expanded Access to PSET Opportunities and the Skills Strategy for the ERRP	Economy And Employment of the NDP
--	--	--	--	--------------------------------	--	-----------------------------------

9. Key Risks

Outcome	Key Risk	Risk Mitigation
An efficient and effective SETA that complies with legislation, policy and good corporate governance principles	Inadequate organisational structure to implement BANKSETA mandate	<ul style="list-style-type: none"> Implement training and development of employees which is aligned to skill audit report (recommendations). OD study report to look into additional positions funded from the DG.
	Disproportionate budget to annual Performance Plan targets.	<ul style="list-style-type: none"> Engagement with DHET on funding requests. Additional requests presented to Board for budget adjustments approval. Launched additional funding windows. Partnerships (with organ of state) to accelerate project delivery approved by Board. Assist projects through change requests to improve performance. Additional Project Charters to reduce surpluses. Implementation of special projects.
	Inadequate organisational culture	<ul style="list-style-type: none"> Workshop to improve the organisational culture and team effectiveness. Finalisation of OD study/Implementation by embedding recommendation from OD study.
	Inefficient SCM processes	<ul style="list-style-type: none"> Amend SCM and DoA to cater for tenders below a certain value to be approved by the CEO. Contract report circulated monthly-all contract due to expire should be included in the RFQ and Procurement plan. And ensure Follow-up with managers regarding contract expiring. Enhance training for specification development (twice a year). SCM specialist to review RFQ for below R200 000 Final OD study report with recommended staff complement. Request interns to increase capacity on administrative activities. End users planning and consultation with the sector should be completed before the beginning of the FY. SCM to present status of the RFQ and procurement plan in the monthly MANCO meetings.

Outcome	Key Risk	Risk Mitigation
	Ineffective information security	<ul style="list-style-type: none"> • Procuring the service of a COBIT2019 expert to align ICT policies to adhere to COBIT 2019 framework. • Encrypting all BANKSETA documents of external stakeholders. • Encrypting of Hard drive of all laptops for employees. • Procuring email management, archiving and continuity solutions. • Procuring SIEM solution. • OD study to relook at ICT structure to include Information Security Officer responsibilities.
	Inadequate records management system	<ul style="list-style-type: none"> • Finalise the approval of document and record management policy and procedures. • Improving the physical filing of SCM documents • Ensure that all contracts which expired are stored in the off-site storage. • Ensure that all manual documents are scanned and stored electronically for backup. • Develop an organisational file plan. • Set clear timelines for document and records destruction (when they reach their lifespan)
Identify and increase the production of occupations in high demand.	Insufficient strategic stakeholder engagement	<ul style="list-style-type: none"> • Acquire additional resources (Stakeholder Engagement Manager) in the Office of the CEO. • To develop an annual engagement plan- track progress quarterly. • Continuous CEO stakeholder engagement sessions • Engagement with district municipalities during the SSP engagement. • Planned to engage youth NGOs to increase participation of women and youth.
A credible sector skill planning mechanism that identifies relevant skills priorities to meet the labour market demands for the banking and alternative banking sector	Inability to meet strategic objectives set on the strategic plan and the APP	<ul style="list-style-type: none"> • Quarterly monitoring of action plan to achieve targets. • Finalisation of OD study report. • Finalise succession planning consultations and approval of the policy/strategy. • OD study to look into incorporating technology, reviewing business processes and improving efficiency.
	Ineffective database programmes for	<ul style="list-style-type: none"> • Development of internal data management policy and framework

Outcome	Key Risk	Risk Mitigation
	evaluation, analysis, tract and tracing. (Biographical data of learners)	<ul style="list-style-type: none"> Setting up the M&E department that will develop an effective database. Ensure regular updating of the database and regular data cleaning by the M&E team. Acquisition of an automated learner management system. Institutionalise the M&E function upon completion of the OD study (report). Procuring the services of a provider to develop an M&E framework

10. BANKSETA's Response to the District Development Model

The BANKSETA Board has already approved a budget of more than R 96 million in support of District Development Model Projects. The purpose of this project is to support the District Development Model with skills development. The district municipalities are Capricorn, Xhariep, Lejweleputswa and Zululand with another three still to be identified.

The District Development Model Project is aligned with the following NSDP outcomes:

- Outcome 3: Improving the level of skills in the South African workforce
- Outcome6: Skills development support for entrepreneurship and cooperative development

The BANKSETA District Development Model Project is being implemented in the following municipalities:

Project description 2021-2024	District Municipality	Project leader	Social partners
Entrepreneurial Development	Capricorn	Shaun Starr	TBA
End User Computer skills Entrepreneurial Development Environmental Practice Food Security IT Technical Support	Xhariep	Shaun Starr	TBA
End User Computer skills Entrepreneurial Development Environmental Practice Food Security IT Technical Support	Lejweleputswa	Shaun Starr	TBA
Learnership Internship Training of Cooperatives Entrepreneurial Development	Zululand	Shaun Starr	TBA

For the 2023/2024 year, the Rural Skills Development Project (Sub Programme 3.15) is allocated a further R10 million to support the DDM.

The BANKSETA is also planning to extend its District Development Model projects to the following District Municipalities:

- OR Tambo, (Eastern Cape)
- Frances Baard (Northern Cape)
- Bojanala (North West)

11. Public Entities

Not applicable to the BANKSETA

Part D: Technical Indicator Description (TID)

12. Performance Indicators

Indicator Title	Evaluation reports that reflect the achievement of Strategic Plans
Definition	Conduct evaluations of the 2020/2021 – 2024/2025 Strategy and produce reports on the performance of the BANKSETA. The overall achievement of the majority of outcome indicators of the Strategy (70%)
Source of data	Strategic Plan, Annual Reports, M&E data
Method of Calculation	Outcomes of evaluations
Assumptions	A Strategic Plan and Management structures are in place
Calculation Type	Cumulative
Reporting Cycle	Five years cycle
Indicator Responsibility	Chief Executive Officer

Indicator Title	The unqualified audit opinion on financial statements
Definition	To promote overall financial efficiency as measured by prudent financial management and compliance with prescripts and policies governing public finance by strengthening financial management practices in the areas of budgeting, expenditure monitoring and reporting
Source of data	Financial statements and management reports from the AGSA
Method of Calculation	Unqualified financial statements
Assumptions	
Calculation Type	Cumulative for the year
Reporting Cycle	Annually
Indicator Responsibility	Chief Financial Officer

Indicator Title	% of the pay-out rate of mandatory grants
Definition	The number of employers participating in the compilation of the sector skills plan and updates as measured by WSP submission rates needs to be maintained for large and medium organisations and increase for small organisations
Source of data	WSP
Method of Calculation	Number of submissions made
Assumptions	
Calculation Type	Cumulative for the year
Reporting Cycle	Annually

Indicator Responsibility	GM: Operations
---------------------------------	----------------

Indicator Title	% Claim of mandatory grants (mandatory grant claim ratio)
Definition	The value of mandatory grants expensed compared to the full mandatory levies
Source of data	Management accounts. Mandatory grant expenses and mandatory levy income
Method of Calculation	% of mandatory expenses vs mandatory levies
Assumptions	
Calculation Type	Cumulative for the year
Reporting Cycle	Annually
Indicator Responsibility	Chief Financial Officer

Indicator Title	Number of research reports completed and posted on the BANKSETA Knowledge Bank
Definition	A credible sector skills plan can only be developed if adequate data is available on various aspects of the labour market, national skills priorities, etc. are available.
Source of data	Employers, training providers
Method of Calculation	Number of reports available on the knowledge bank
Assumptions	
Calculation Type	Cumulative for the year
Reporting Cycle	Annually
Indicator Responsibility	Head: Strategy and Research

Indicator Title	Approval of the SSP SP and APP by DHET
Definition	On an annual basis, the SETA must prepare a Sector Skills Plan, Annual Performance Plan and Strategic Plan in line with the DHET requirements and submit it timeously for evaluation and approval.
Source of data	Employers, training providers, stakeholders
Method of Calculation	Approval notification received
Assumptions	
Calculation Type	Cumulative for the year
Reporting Cycle	Annually
Indicator Responsibility	Head: Strategy and Research

Indicator Title	Number of MoUs signed with TVETs, UOTS, Higher Education Institutions
Definition	As part of the BANKSETA mandate, partnerships must be entered into with TVET, UoTs and universities to support learners. To achieve this, MOUs are signed with qualifying learning institutions.
Source of data	MoUs
Method of Calculation	The indicator is counted by the receipt of the above documents
Assumptions	The MOUs have an end date and addenda to extend is signed timeously
Calculation Type	The reported performance is non-cumulative
Reporting Cycle	Quarterly
Indicator Responsibility	Manager: WIL

Indicator Title	Learners / Workers entering the programme successfully
Definition	Refers to learners entering programmes
Source of data	MoAs, Learner Agreements, Proof of Learner Registrations, Copy of ID, Copy of Highest Qualification OR Supporting documents received from employer/s as per the Memorandum of Agreement.
Method of Calculation	The indicator is counted by the receipt of the above documents
Assumptions	The receipt of documents is out of the SETA's control and will only be reported on once received even if that is some time after the programme commenced
Calculation Type	The reported performance is cumulative
Reporting Cycle	Quarterly
Indicator Responsibility	Each Department Manager as indicated by the Sub-Programmes and overall the GM: Operations

Indicator Title	Learners/Workers completing the programme successfully
Definition	Refers to the successful completion of the programme (passing)
Source of data	statement of results or completion certificates
Method of Calculation	The indicator is counted by the receipt of the above documents
Assumptions	The receipt of documents is out of the SETA's control and will only be reported on once received even if that is some time after the programme ended or after the document has been issued
Calculation Type	The reported performance is non-cumulative
Reporting Cycle	Quarterly
Indicator Responsibility	Each Department Manager as indicated by the Sub-Programmes and overall the GM: Operations

Indicator Title	Number of career awareness workshops conducted
Definition	Workshops are required for the training of LO teachers and the distribution of the career guides
Source of data	Event Reports, Attendance registers
Method of Calculation	The indicator is counted by the receipt of the above documents

Assumptions	
Calculation Type	The reported performance is non-cumulative
Reporting Cycle	Quarterly
Indicator Responsibility	Marketing and Communications Manager

Indicator Title	Number of institutions (SMEs and Cooperatives) trained
Definition	Co-operative Financial Institutions are the first level to growing the number of co-operative banks. This is part of the national mandate to encourage the growth of cooperatives. In an effort to grow the economy, SME development is important for job creation. BANKSETA targets SME development to support these organisations with the required skills
Source of data	MoUs, Project reports, attendance registers, closeout reports
Method of Calculation	The indicator is counted by the receipt of the above documents
Assumptions	Sufficient number of fully completed applications
Calculation Type	The reported performance is non-cumulative
Reporting Cycle	Quarterly
Indicator Responsibility	Manager: Alternative Banking and overall the GM: Operations

Indicator Title	Percentage of women in the BANKSETA programmes
Definition	This indicator measures the percentage of women beneficiaries in the BANKSETA implemented programmes.
Source of data	SETMIS Report
Method of Calculation	The total number of women beneficiaries divided by the total number of all beneficiaries in the implemented programmes multiply by 100
Assumptions	Accurate beneficiary information
Calculation Type	Cumulative (Year End)
Reporting Cycle	Quarterly
Indicator Responsibility	GM: Operations

Indicator Title	Percentage of people living with disability beneficiaries in the BANKSETA programmes
Definition	This indicator measures the percentage of people living with disability beneficiaries in the BANKSETA implemented programmes
Source of data	SETMIS Report

Method of Calculation	Total number of people living with disability beneficiaries divided by the total number of all beneficiaries in the implemented programmes multiply by 100
Assumptions	Accurate beneficiary information
Calculation Type	Cumulative (Year End)
Reporting Cycle	Quarterly
Indicator Responsibility	GM: Operations

Indicator Title	Percentage of African beneficiaries in the BANKSETA programmes
Definition	This indicator measures the number of African beneficiaries in the BANKSETA implemented programmes
Source of data	SETMIS Report
Method of Calculation	The total number of African beneficiaries divided by the total number of all beneficiaries in the implemented programmes multiply by 100
Assumptions	Accurate beneficiary information
Calculation Type	Cumulative (Year End)
Reporting Cycle	Quarterly
Indicator Responsibility	GM: Operations