

Unpacking the FSCA's mandate as a conduct regulator

By [Kedibone Dikokwe](#)

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South Africa is known globally for having an efficiently run, well-regulated and stable financial services industry. And the enterprise tasked with regulating this robust sector, the Financial Services Board (FSB), was largely successful - which begs the question: why change this regulator to the Financial Sector Conduct Authority (FSCA) in 2018?



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The answer is simple. Despite the FSB's successes, there was a clear need for South Africa to have a regulator dedicated to supervising how financial firms conduct their business and interact with their customers (the FSCA), and another one focusing on the financial soundness of financial entities (the Prudential Authority). Changing the regulatory landscape in this way makes financial services safer, reduces potential threats to financial stability and ensures the sector is working in the interest of all South Africans. This change is called the Twin Peaks model of financial regulation.

The FSCA, has recently launched its [Perimeter Report](#) to help clarify what activities it regulates. The core mandate of the FSCA is to:

- promote fair customer outcomes;
- provide financial education;
enhance the efficiency and integrity of financial markets; and,
- assist in maintaining financial stability in South Africa.

We also have oversight of financial products and services not previously overseen by the FSB – including banking, life and non-life insurers, collective investment schemes (CIS), services related to credit, retirement funds, investment managers, financial advisers, credit rating agencies and the buying and selling of foreign exchange.

Due to the expanded responsibilities, we needed an approach that evolved to reflect this change, one that is grounded in proactiveness, is pre-emptive, risk-based and outcomes-focused, rather than the traditional compliance-driven model we saw during the FSB's tenure.

A critical part of this new model is financial inclusion and the transformation of the financial sector. Our end goal is to remove the barriers that exclude people from participating in the financial sector and get them to make use of the services that will help improve their lives. We take this responsibility seriously and, as such, are working to develop best practice for monitoring and evaluating the impact of consumer education initiatives in the sector.

This is why we are driving better coordinated industry initiatives to maximise the impact of the sector's spend on financial education, and ensure that this leads to long-term changes in the behaviour of South Africans when it comes to money – a relationship that we know many struggle with, leading to a low savings rate and growing debt levels in the country.

Our consumer education initiatives include Taking Regulation to the People, an initiative that makes the regulator more accessible to both financial customers and regulated entities. We've also partnered with the Department of Public Works to provide financial literacy to participants of the Expanded Public Works Programme (EPWP), and we're coordinating and implementing national financial education projects such as Money Smart Week and the Financial Literacy Schools Speech Competition.

The increased emphasis on initiatives to aid financial education and our overall change in focus meant a significant change in how the FSCA is structured, resourced and skilled, as well as how regulatory and supervisory frameworks are designed.

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