



Regulatory Roundup

May 2023

South Africa

Botswana

Mauritius

Namibia

United Kingdom

KPMG's Africa Regulatory Centre of Excellence presents the "Regulatory Roundup", a quarterly comprehensive compilation of the significant regulatory updates, impacting the financial services sector in South Africa, our neighbouring Southern African countries, and abroad.

Our inaugural compilation includes links to our flagship publication, The ten key regulatory challenges of 2023 which is a must read for all stakeholders in the financial sector. The publication identifies ten significant challenges facing financial services firms this year and suggests proactive actions that could be considered to mitigate risk. We also include a link to register for our upcoming webinar: Anticipate, adapt and thrive, a webinar taking an in-depth view on what operational resilience means for financial services firms and how this strategy can align with their business objectives, allowing them to thrive in today's challenging environment.

Webinar: Operational resilience for financial services



[Click to register](#)

The video links below provide insight from our subject matter experts on the impact of the economic and political environment on the regulatory landscape, a guide on next steps for firms regarding the critical issue of South Africa's inclusion on the FATF grey list and a thought-provoking view on the interplay between KYC and protecting clients personal information.

We encourage you to reach out to us to learn more about any of these regulatory topics.



Ten key regulatory challenges of 2023

Strengthening the links



This year we focus on strengthening the links between the various regulatory challenges facing the financial services sector for maximum strategic advantage.

[Click here to learn more](#)



 Watch here



 Watch here



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South Africa

FSCA'S strategy for promoting Financial Sector transformation

The Financial Sector Conduct Authority (FSCA) published a report on its final strategy for promoting the transformation of the financial sector. The strategy entails a phased approach. Phase 1 includes engagement with financial institutions, improving data availability, building relationships with relevant organisations, supporting small businesses, and developing regulatory frameworks. In phase 2, the FSCA will undertake regulatory and supervisory actions to promote transformation, require plans at licensing stage, and evaluate the effectiveness of the frameworks. [Link](#)

South Africa under FATF's increased monitoring

South Africa has been “grey-listed” by the Financial Action Task Force (FATF) due to concerns over its Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) framework. This increased monitoring by the FATF follows its Mutual Evaluation Report (MER), which revealed significant deficiencies in the country's AML/CFT regime, including inadequate risk reporting, lack of coordinated policies, and a failure to identify and prosecute perpetrators of financial crime, including terrorism financiers.

In response to the grey-listing, South Africa has made a commitment to work with the FATF to strengthen the effectiveness of its AML/CFT regime. The FATF has instructed South Africa to implement a series of measures to demonstrate its commitment to AML/CFT best practices. These measures include:

- Improve risk-based supervision of designated non-financial businesses and professions and apply effective and proportionate sanctions for non compliance;
- Ensure that competent authorities have timely access to accurate and up-to-date Beneficial Ownership (BO) information on legal persons and arrangements and apply sanctions for breaches of BO obligations;
- Demonstrate a sustained increase in law enforcement agencies' requests for financial intelligence from the Financial Intelligence Centre (FIC) for its money laundering and terrorism financing investigations;
- Demonstrate a sustained increase in investigations and prosecutions of serious and complex money laundering and the full range of terrorism financing activities in line with its risk profile; and
- Update its terrorism financing risk assessment to inform the implementation of a comprehensive national counter-financing of terrorism strategy.

These measures require a concerted effort from the South African authorities and a partnership with the private and public sectors to improve its AML/CFT framework, and it will be of utmost priority that they are implemented as soon as possible. [Link](#)

Launch of PayShap - a digital payment service

The South African Reserve Bank (SARB) announced in a press release, the launch of PayShap, a low-value, real time digital payment service, to promote financial inclusion for consumers and small businesses, reduce reliance on cash, and enhance interoperability. The initial phase of PayShap allows instant real-time payments of up to ZAR3000. [Link](#)

Prudential Authority announces flavour of the year (FOTY)

The Prudential Authority has communicated to banks and insurers that “flavour of the year” meetings will be held with the boards of directors and executive management to discuss “organisational resilience” and “climate-related risks”. Organisational resilience is defined as the ability of organisations to adapt in a changing environment to survive and prosper.

The PA requires a high-level presentation from the chairperson of the capital and risk management subcommittee (or equivalent) in case of banks, and chairperson of the board or relevant committee (or equivalent) in case of insurers. The presentation should include the following areas:

- Governance and leadership;
- Risk management;
- Mapping of interconnections and interdependencies;
- Change readiness;
- Situational awareness;
- Information and communication technology (ICT), including cybersecurity; and
- Third-party dependence and supply chain [Link](#)

Prudential Authority shares list of surveys to be completed in 2023

The Prudential Authority has released a communication providing a list of surveys and questionnaires that regulated financial institutions will be requested to submit during 2023. The purpose of this release is to allow institutions to adequately plan and allocate their resources. The information gained from these surveys will inform the refinement and development of regulatory instruments and guidance. [Link](#)

Final guidelines on the exchange of competitively sensitive information

The Competition Commission has released guidelines in response to requests from stakeholders, outlining what kind of information exchange may pose a risk to competition and when it may enhance efficiencies. These guidelines clarify the Commission’s approach to determining whether information exchanged between competitors violates the Competition Act. [Link](#)

SA to get beneficial ownership database to fight financial crime

The Companies and Intellectual Property Commission (CIPC) plans to establish a beneficial ownership registry database to counter financial crimes such as terrorism financing and money laundering. The CIPC has stated in the article, that the establishment of a registry will help investigators to fight crime committed by criminal syndicates, provide transparency for law enforcement agencies, and assist in complying with FATF requirements. [Link](#)

FAIS Ombud now able to take on crypto asset complaints

The Financial Advisory and Intermediary Services (FAIS) Ombud in South Africa has committed to handle complaints about cryptocurrencies in an efficient, informal, fair, and quick manner. The article states that this commitment follows a difficult year for the

cryptocurrency market in which various companies failed, leading to significant losses for investors and calls for increased consumer protection. [Link](#)

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Botswana

Bank of Botswana published Banking Bill, 2023

The Bank of Botswana has released a draft of the Banking Bill, 2023, which aims to provide a framework of regulations for banking activities in the country. The Bill establishes provisions for licensing and enforces rules for banks operating in Botswana. It aims to strengthen legal frameworks and ensure compliance with Basel core principles. [Link](#)

Preparations for discontinuation of cheques in Botswana

The Bank of Botswana and the Bankers' Association of Botswana have jointly announced that the Botswana Automated Clearing House (BACH) will cease to accept cheques as a means of payment in Botswana as from 31 December 2023. [Link](#)

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Mauritius

Bank of Mauritius - new framework for the conduct of monetary policy

The Bank of Mauritius implemented a new Monetary Policy Framework (MPF) from 16 January 2023 to improve its monetary policy operations and transmission mechanism. The new MPF will focus on key operational and strategic elements such as flexible inflation targeting, inflation forecasts, a review of operational targets, greater clarity on foreign exchange and money markets and appropriate institutional design. [Link](#)

Launch of an AI powered due diligence platform in Mauritius

The Financial Services Commission in Mauritius has launched an AI-powered due diligence platform, in collaboration with the Mauritius Research and Innovation Council. The platform aims to automate some steps in the due diligence process and provide supervisors with higher quality data, thereby enhancing credibility and trust in regulatory activities. [Link](#)

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Namibia

Amendments to address findings of the mutual evaluation of Namibia

The Bank of Namibia released a public consultation to address findings related to its Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation Framework in order to avoid being grey-listed by the Financial Action Task Force (FATF). The proposed amendments and bills include the Financial Intelligence Act, 2012, Prevention and Combating of Organized Crime Act, 2004 and Prevention and Combating of Terrorist and Proliferation Activities Act, 2014, among others. [Link](#)

Bank of Namibia launches automated regulatory reporting system

The Bank of Namibia has announced the launch of Namibia's first Automated Regulatory Reporting System, to assist regulators and supervisory authorities in their monitoring of

financial institutions which are charged with safekeeping of public deposits and lending activities. It is expected to improve effectiveness in addressing the irregularities at scale. [Link](#)

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United Kingdom

FCA consults about protections for insurance customers in financial difficulty

The Financial Conduct Authority (FCA) is proposing updates to the guidance for insurance companies to assist customers struggling financially, such as waiving cancellation fees, and other charges. [Link](#)

FCA highlights areas of focus for firms implementing the Consumer Duty

The Financial Conduct Authority (FCA) published a review of how firms are planning to implement the Consumer Duty. The FCA found that many firms understand and embrace the shift to delivering good customer outcomes, but some are further behind in their planning and may struggle to apply the duty effectively. Sheldon Mills, Executive Director of Consumers and Competition at the FCA, urged firms to prioritise effectively and make the necessary changes to ensure consumers receive fair value, and the customer support they need. [Link](#)

FCA supports firms through the Consumer Duty

The Financial Conduct Authority (FCA) has praised financial institutions for their efforts in implementing the Consumer Duty. The FCA believes that the duty will result in a simpler and less reactive form of regulation, promoting innovation and competition in the industry. [Link](#)

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Kind regards



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