Banking Monthly

South Africa

31 MAY 2022

Welcome to the second edition of the Intellidex Banking Monthly.

In this issue:

Stat of the month *– Retail mortgage volumes have been compensating for plummeting commercial mortgages, but now looks set to succumb to higher rates*

Intellidex Momentum Index *– Our proprietary measure of the growth trajectory of the banking sector shows a bounce back in the first month of the year after weakness in Q4*

Global perspective – *Central banks are baking in a longer term view on higher inflation, while shareholders are pushing back against bank executive remuneration*

Home front – *Ubank's curatorship, Investec and African Bank results, and African Bank's acquisition of Grindrod, AGM outcomes and the Financial Stability Review*

In or out the money – *Bank share options have generally had a good month*

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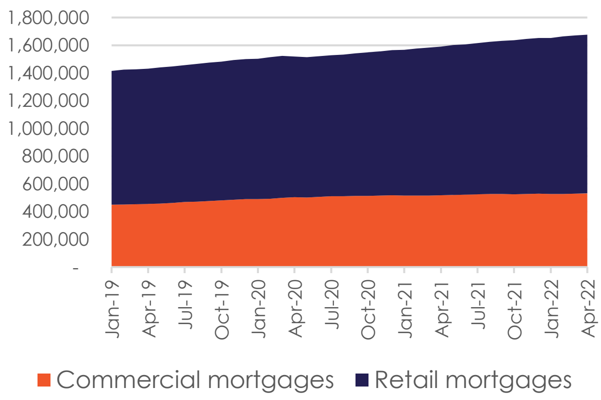
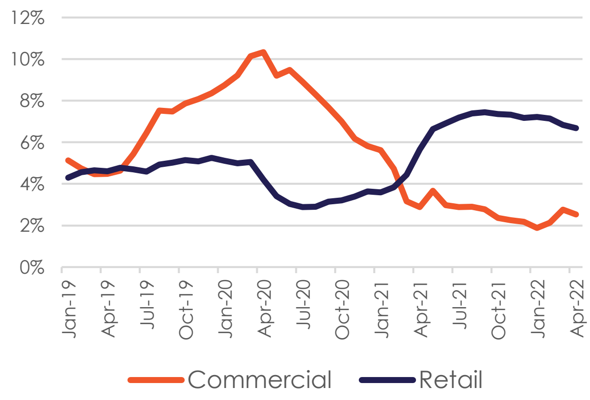
Stat of the month

With the prime rate now 125 basis points from its pandemic trough, the implications for lending are emerging clearly in mortgage trends. The latest Financial Stability Review (which we unpack further below) shows that commercial property prices are under pressure as more staff work from home. This has also been reflected in commercial property advances made by the banking sector. Prior to the pandemic, increased competition supported growth in commercial advances. However, the pandemic not only slowed demand but also knocked property values. The opposite happened with residential mortgages, as record low interest rates resulted in increased activity in the sector, compensating for falling growth in commercial mortgages. In 2022, growth in mortgage lending has started to slow as interest rates rise and growth in commercial mortgages remains subdued.

Banking sector mortgage advances



YoY growth



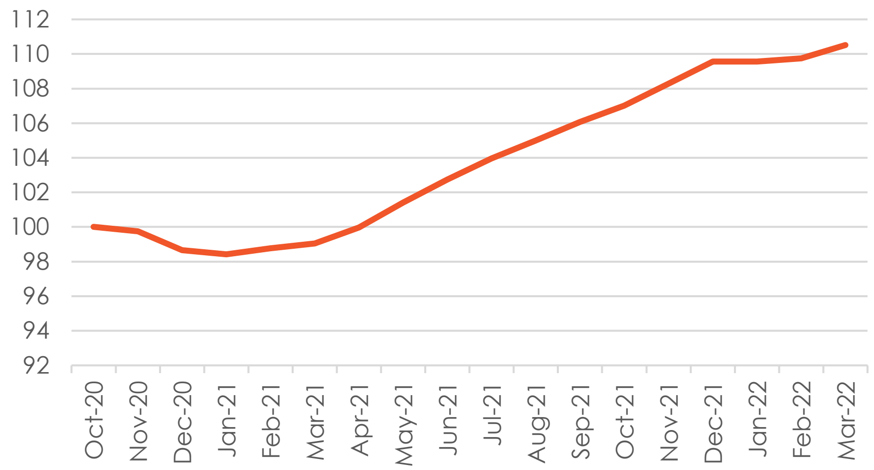
Source: SARB, Intellidex BankAnalyser

We expect retail mortgage growth to track closer to commercial growth over the rest of this year as higher rates constrain appetite. The lower demand for office rentals will also result in the low growth in commercial advances being sustained. This trend poses no systemic risk to the banking sector but it may affect investor sentiment for banks with higher commercial property exposure.

Intellidex Bank Performance Index

How are SA banks doing? Our Osimple composite indicator reflects bank health at large. It factors in balance sheet growth, impairments, revenue growth and return on equity of registered banks as a group.

Intellidex Bank Performance Index



Source: Intellidex

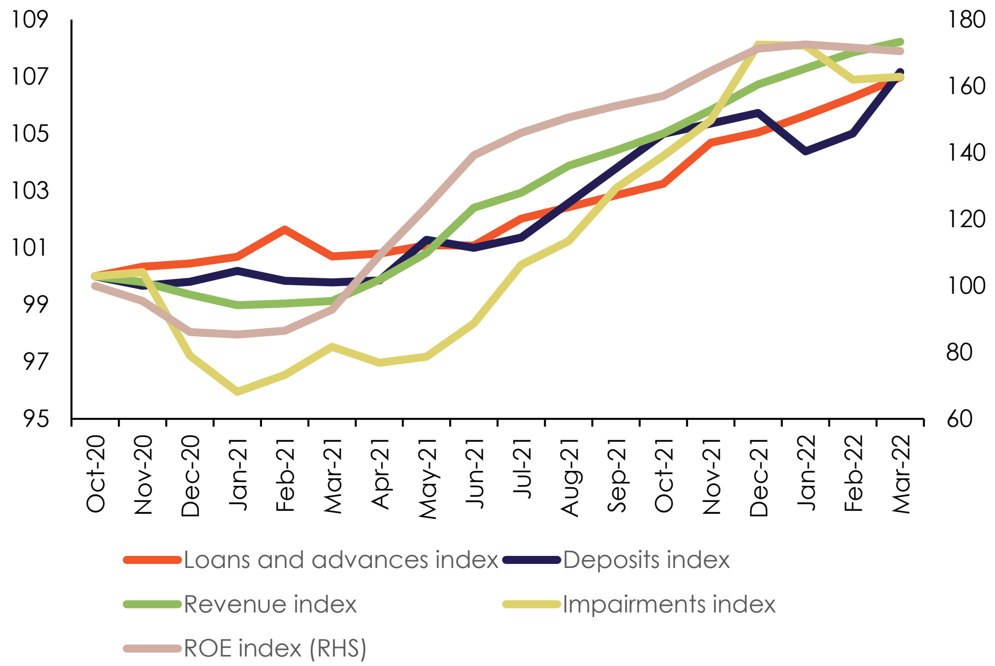
The index shows a significant recovery of banks over the past year, with an acceleration of the positive upward momentum in March.

A decomposition shows the main drivers of the performance. The graph below shows strong upward momentum in several drivers: balance sheet growth (both loans and deposits) and good topline revenue growth (net interest + non interest revenue). However, ROE is a standout performer, showing sharp improvements in profitability over the previous year (the index is based on the percentage change of rolling 12-month ROE in the latest month compared to the same period the previous year) so much so we've put it on the right hand side in the graph below. This is obviously helped by the low base effect of early 2021, when performance was sharply negative on the back of Covid fallout. The other main driver has been an improvements in impairments with a sharp decline in the costs of monthly impairments[1].

In March there was an acceleration in deposit growth. Both lending and revenue continued to show positive growth trends. Impairments and ROE tracked sideways. While topline growth seems to follow the economic recovery, the improvements in the level of impairments has slowed. We think there's an element of conservatism by the sector due to the weak economic fundamentals, that may lead to a slower release in provisions.

[1] The technically minded will want to understand how our index is made up: a 25% weighting for loans; 25% for revenue; 25% for deposits; 12.5% for impairments (inversed) and 12.5% for ROE. The composite should be a reliable indicator of overall bank health.

Intellidex Bank Performance Index Decomposition



Source: Intellidex

Global perspective

More central banks capitulate to stubborn inflation

The risks to global inflation continue to be on the upside. With the Russian invasion of Ukraine in its third month, many policymakers have no choice but to factor in higher fuel and food prices. It's very tempting to assume that there may be global coordination in the central banks' policy decisions, however some central banks are viewing market dislocations as temporary and forecasting normalisation in 2023. Those have taken a dovish stance. However, inflationary risks remain to the upside and other central bankers have capitulated into longer term inflationary outlook.

This month Australia raised its policy rate for the first time in a decade in response to the 21-year high inflation rate. The governor of the Reserve Bank of Australia (RBA) guided that there were likely to be more hikes in the coming months. The European Central Bank (ECB) president signalled that the bank's first rate rise may take place at its July meeting. The move is guided to be gradual, which indicates that changes will be in quarter-point increments. Among emerging economies, India, Brazil and South Africa all hiked rates in May. India's policy move was the first in two years as the central bank responded to a rapidly evolving macro-economic environment.

Below we list the latest policy decision of 12 countries. The sample set represents some of the largest developed and emerging market economies. Five of the central banks listed below are yet to raise rates in 2022.

	Previous rate	Current rate	Change	Date of policy decision
United States	**0.50 %**	**1.00 %**	**+0.50%**	**4 May 2022**
England	**0.75 %**	**1.00 %**	**+0.25%**	**5 May 2022**
Australia	**0.10 %**	**0.35 %**	**+0.25%**	**3 May 2022**
Japan	0.00 %	-0.10 %	-0.10%	01 February 2016
EU	0.05 %	0.00 %	-0.050%	10 March 2016
Canada	**0.50 %**	**1.00 %**	**+0.50%**	**13 April 2022**
China	3.70 %	3.80 %	-0.10%	20 January 2022
Brazil	**11.75 %**	**12.75 %**	**+1.0%**	**4 May 2022**
South Africa	**4.25 %**	**4.75 %**	**+0.50%**	**19 May 2022**
India	**4.00%**	**4.40 %**	**+0.40%**	**4 May 2022**
Turkey	14.00 %	15.00 %	-1.0%	16 December 2021
Indonesia	6.50 %	6.75 %	+0.25%	16 June 2016

Shareholders vote against pay bump for JPMorgan CEO

At the bank's annual general meeting (AGM), over two thirds of shareholders voted against the CEO's 2021 pay. The total compensation of $84.4m was more than double the prior year's $31.7m. While the banking sector's profitability has increased significantly since the start of the pandemic, shareholders remain opposed to rapid executive pay growth. A large part of the increase was due to a retention bonus of $52.6m. The board was criticised for paying a retention bonus to somebody close to retirement age. Additionally, Jamie Dimon has been CEO since 2006 raising questions over succession planning.

Some South African banks had similar shareholder pushback as discussed below.

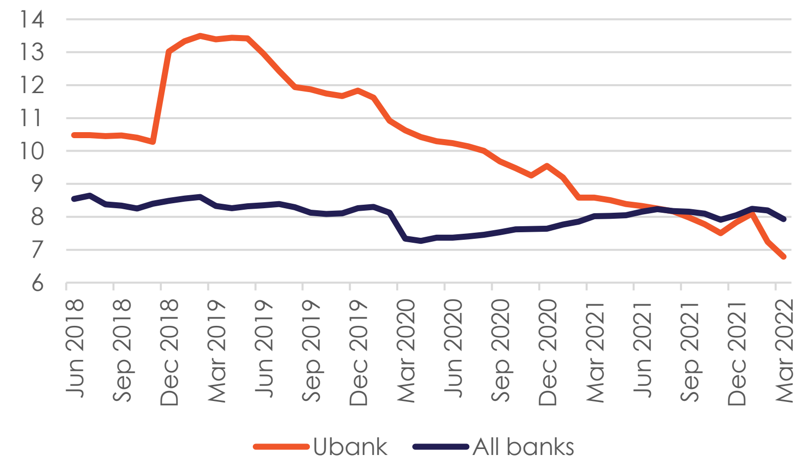
Home front

Ubank placed under curatorship

On 16 May the Reserve Bank announced that Ubank was placed under curatorship. This follows two years of intense supervision on account of its declining capital levels. Ubank services mainly mining communities and the sustainability of its business model had been questioned by the regulator since 2011, according to responses by the Governor at a recent public engagement.

Several efforts were made to raise capital by the bank in the last few years and a few deals came close to fruition though ultimately fell at shareholder level. Control is shared between the Minerals Council and the National Union of Mineworkers, which made it difficult to agree to dilution. Shortly before curatorship discussions had been underway for Access Bank to support a recapitalisation.

Equity as a percent of total assets, Ubank vs market



Source: SARB, Intellidex BankAnalyser

Questions may arise as to why the bank wasn't placed into curatorship sooner, especially as Ubank was under intense supervision for two years. Ubank's capitalisation had fallen steadily during that period as losses consumed capital, leaving it below regulatory minimums at the point of curatorship. In general smaller banks have significantly higher capital ratios than the bigger banks and a failure of Ubank may contribute to market and regulator pressure to maintain high ratios.

We anticipate the curatorship will lead to the disposal of the banks assets and winding up. African Bank is in our view the most likely buyer, given its appetite for acquisitions (demonstrated by its acquisition of Grindrod Bank, discussed below) and the overlap in business areas, as well as the SARB and general banking sector influence in African Bank.

Investec results

Earlier in May Investec released for its year ended 31 March 2022.

Crunching the numbers

Adjusted earnings per share were up 90% to 55.1p. The strong performance was driven both by a 71% fall in the impairment charge (group credit loss ratio of 8bps) and good operational momentum in the execution of its strategy.

UK specialist bank & wealth management

The UK contributes 55% to group revenues and 44% to group profits. The bank reported profit growth exceeding 100%. On the private banking side, there was continued positive momentum in book growth and client acquisition. The additional 1,137 new clients resulted in an 18% increase the number of clients and 35.5% growth in the HNW loan book. Pre-provision profit was impressively up 90% on strong revenue growth and flat costs. CIB book growth was also strong at 10%.

The wealth management operations delivered 18% growth in adjusted operating profit. This was underpinned by favourable market movements as well as net inflows of £1.2bn.

South Africa specialist bank & wealth management

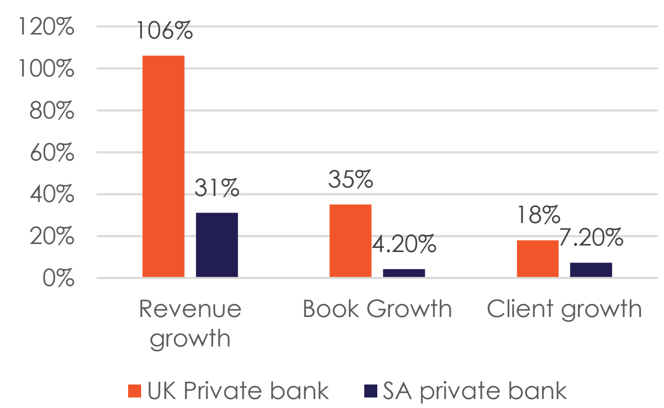
The South African bank also delivered a good performance with pre-provisioning profit up 31% and adjusted operating profit up 45%. Net core loan growth was weaker at 3.9%. In private banking, there was a 7% increase in the core client base and there are now 92,882 clients. The private banking loan book grew 4.2% with lending turnover being 27% higher than the prior period.

The wealth and investment operations experienced record net inflows of R13.3bn. Funds under management were up 9.5% to R365bn. Operating profit was 30% higher than the prior period.

Unpacking the strategy

Investec has adopted a "leading with balance sheet" strategy and has executed this well. The robust growth in pre-provisioning profit is evidence of this. The UK private client base of 6,112 is close to the 6,500 target. In addition to advancing residential mortgages, new flexible capital solutions (Private Capital) have been established for businesses. Some new opportunities identified include the integration and cross-selling between Wealth & Investments and the bank. The growth in the client base in the SA business is evidence of market share gains, given how small the pool of the target market is. We think the positive momentum will carry into the current financial year as the group eyes the ROE target of 12-16% (FY22: 11.4%).

Private bank performance



Source: Investec

African Bank results and acquisition of Grindrod Bank

African reported its interim results for the half-year ended 31 March 2022. Following the results there was announcement of African Bank wholly acquiring Grindrod Bank for R1,5bn.

Crunching the numbers

African Bank reported 145% growth in profits. A reduction in wholesale funding helped cut funding costs, leading to a 9% increase in net interest income. Non-interest revenue growth was lacklustre at 4%. As expected, a 23% decline in the impairment charge boosted profits. After the last year-end, African Bank began opening up the taps, which resulted in gross advances increasing13%, but half of the new lending was a corporate advance to a strategic partner. While we know former Standard Bank retail executive Zweli Manyathi joined African Bank to head up the business bank, the CEO was mum on these plans during the results. The announcement on the acquisition of Grindrod Bank came two days later.

The reported credit loss ratio of 4.6% is low for an unsecured lending franchise and as such we see some upside pressure to this. Through the cycle range we expect it will be closer to 8-10%.

With plans of a listing ahead, we see the ROE being far more telling of the quality of the business. At 6.6% there's currently no value creation. This metric will be a major focus for potential investors.

Unpacking the strategy

The CEO was passionate and excited about the new strategy but we're not seeing any real innovation that makes us feel African Bank is now a competitive threat to other retail banks. The targets set for 2025 are:

- Non-interest income to expenses ratio going from 29% to 80%
- ROE of RSA 10Y+ 3-6% (=12%)
- Cost to income below 40%, from 55% as reported in these results
- Net profit of R2.5bn, compared to R372m achieved in these results
- CET ratio of 30%, which is lower than the current 44.9%

What immediately stands out is lower capital levels, which will boost ROE. We remain sceptical that the cost-to income target can be achieved.

We see the acquisition of Grindrod Bank as a foray into building a business bank. The macroeconomic environment makes it very challenging to build an offering, especially with the funding required to service SMMEs. They key question is what value add can African Bank management bring to Grindrod Bank? CEO Kennedy Bungane may bring corporate banking experience (given his history at Standard Bank then Phembani) to complement that of Manyathi and grow Grindrod Bank.

Below we unpack some of the strategic themes it has prioritised as part of the 2025 strategy.

Strategic Theme	Explanation	Our take
Expand the core	Updating product range and customer reach through **partnering with fintechs, non-bank financial institutions (NBFIs) and telcos**	Banking has become about forming partnerships both with fintechs, as well as other sectors (retailers and telcos). What is importance is who you partner with and how you leverage that partnership. Question in our minds is how African Bank will attract best-of-breed partners, which the larger banks will also be eager to

		partner with. It will need to focus on gaps where banks have existing infrastructure.
Strengthen the core	• **Digitisation:** Building on existing digital and analytics; • **Sales transformation:** Delivering a front-line sales programme to increase cross-sell and drive growth; • **IT systems**: Enhancing the technology platform and cyber security practices; • **Distribution**: Optimising the branch footprint through additional distribution opportunities	We see African Bank mostly playing catch up with the rest of the sector under this strategic theme. Surprisingly, IT spend makes up less than 6% of expenses and this expense was down yoy. This could be a signal of underspending on systems, given how the entire sector has ramped on IT spend over the last decade. Given the focus on keeping costs down, we question how it will achieve these IT ambitions.
Expand the core	**Digital SMME**: Developing a digital offering for the small, medium and micro enterprises (SMMEs) market beyond unsecured lending	We'd like to see this part of the strategy being fleshed out a little bit more. The recently announced acquisition of Grindrod Bank seems to be a step in the right direction in building out a business bank.

Why is the ROE so low?

One of the things African Bank needs to manage is its low ROE, particularly if its IPO is ever going to materialise. We did a simple decomposition of elements of African Bank's ROE and compared that to some peers to see why the ROE was so low. We used latest results and annualised the numbers, where the results used were interims:

	African Bank	Capitec	Nedbank	FNB
NII/Average interest-earning banking assets	19.9%	9.0%	5.4%	8.0%
NIR/Average interest-earning banking assets	3.0%	8.7%	3.3%	7.1%
Total expenses/Average interest-earning banking assets	-14.2%	-8.4%	-5.6%	-7.9%
Impairments/Average interest-earning banking assets	-6.2%	-2.3%	-1.4%	-1.2%
Headline earnings/ave assets	2.6%	5.0%	1.1%	3.9%
Leverage	2.6	5.1	12.9	10.2
ROE (given)	**7%**	**26%**	**14%**	**40%**

The above tells us that African Bank's profit margin is depressed by both the low contribution of NIR and relatively higher expenses compared to peers. Impairments are also higher. Additionally, African Bank has much lower gearing than peers, due to the high CET1 ratio. With CET1 targeted to be reduced by 2025, we see this is providing a meaningful uplift to the ROE.

Bank AGM outcomes

Three banks held AGMs this month – Nedbank, Capitec and Standard Bank. Absa will hold its AGM on 3 June and will be covered next month. Below we highlight the outcomes of the non-binding shareholder votes on remuneration. Both Nedbank and Capitec had votes above the 25% threshold for the implementation of the remuneration, with shareholders strongly opposing Capitec's implementation of its remuneration policy. Capitec's remuneration policy had over 75% support, while Nedbank had only 72%. Both banks will have to engage with shareholders on concerns around remuneration. Standard Bank obtained over 75% approval on both resolutions by slim margins. With bank profitability continuing to recover, we expect remuneration to also grow, however shareholders are still opposed to what they perceive as excess pay, regardless of outperformance. Striking a balance remains a challenge for remuneration committees especially with Covid causing extreme volatility in both earnings and share price performance. We expect shareholder pushback to continue as long as economic growth is low and unemployment is high.

Bank	**Date**	**Remuneration policy**		**Implementation report**	
		Votes For	Votes Against	Votes For	Votes Against
Nedbank	27 May 2022	71.70%	28.30%	72.86%	27.14%
Capitec	27 May 2022	79.08%	20.92%	52.54%	47.46%
Standard Bank	31 May 2022	75.50%	24.50%	75.91%	24.09%

2022 first edition of the Financial Stability Review

Last week the SARB launched its semi-annual Financial Stability Review. The FSR provides an assessment of the stability of the financial sector and is required by the Financial Sector Regulation Act. The overall theme was that financial sector remains resilient with no imminent threats to financial stability. Below we list some of the risks highlighted in the review.

- **Spill overs from the Russia-Ukraine war** have resulted in several risks to global financial stability. These include slowing global recovery following the pandemic, as well exacerbation of the pre-existing risks to inflation. There could also be broader spill over effects to emerging markets as a result of the sanctions imposed on Russia. The FSR highlights heightened market volatility and the effect of this on emerging market currencies. While South African financial institutions have limited direct exposure to both Russia and Ukraine, the SARB is more concerned about the impact the war has on economic growth, inflation and investor sentiment.
- An **unfavourable outcome of the FATF mutual evaluation** of South Africa has emerged as a threat. Failure to remediate the deficiencies identified in the FATF report will result in a recommendation to the FATF Plenary that South Africa be publicly identified in the list of Jurisdictions under Increased Monitoring by the FATF. Some of the consequences of such action are the severing of international relations with some of our financial institutions as well as higher funding costs for the banking sector. The SARB has taken the step of proposing quarterly AML/CFT reporting by financial institutions under its supervision, however more interventions are required by other arms of government to mitigate this risk.
- The high level of **government debt** remains a risk to domestic debt sustainability. The slow and inequitable recovery from the pandemic has puts further pressure on government social spending. Despite the improved fiscal outlook, the decline in **liquidity of the SAGB market** is

a concern, especially in light of the **sovereign-banking nexus**. If the low liquidity persists we expect the regulator to intervene.
- There has been an elevated level of cyber activity resulting in **cyberthreats and associated attacks** being a key threat to financial institutions. South African financial institutions have indirect exposure to global cyber activity by being users of major international financial market infrastructures and networks. There have been multiple instances of cyber attacks in the South African financial industry in the last year, which rightly gives SARB cause for concern.

Key findings on various sectors:

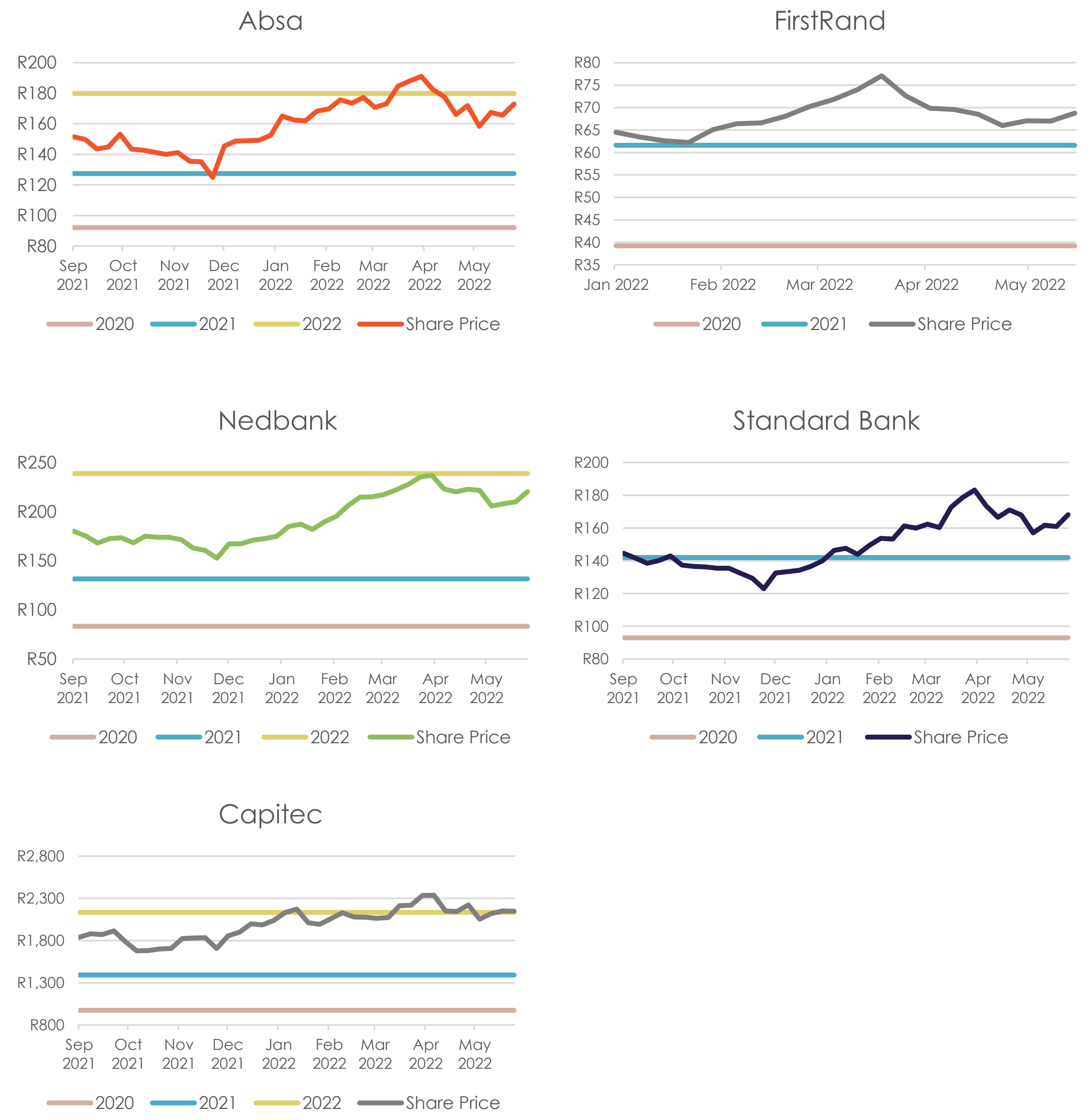
- While house prices have increased, **commercial property** has been affected by the prevalence of work from home arrangements. Despite banks easing deposit requirement for residential property purchases, there hasn't been significant risk identified. The finding for commercial real estate however did caution on potential declines in valuations. If these materialise they could introduce credit risk and further vulnerabilities to the sector. Banks' credit exposure to the commercial real estate sector remains low at around 6%, as such it does not pose systemic risk.
- Banking sector **profitability and book quality** continued to improve. The recovery was stronger among systemically important financial institutions (SIFIs) compared with non-SIFIs. This is because non-SIFIs usually operate in niche segments and have monoline business models, while SIFIs have more diverse operations.
- **Non-financial corporations** have experienced an uneven recovery across industries as the effects of the pandemic were varied. The quarrying and mining sectors benefit from surging commodity prices and as a result had a good recovery. Other sectors that also improved profitability were agriculture, forestry and fishing, and manufacturing. The construction and transport sectors continue to lag as activity remains depressed.

The thematic focus in this review was the new resolution and deposit insurance framework which will improve the Bank's ability to manage the resolution of future failed banks (and would have been useful for Ubank). The review discusses the new resolution powers bestowed upon the regulators such as the bail-in mechanism and the ability to take over control and mechanisms of a failing institution. The review also covered the coverage limit of R100,000 per depositor under the proposed deposit insurance. Research done by the bank found 90% of the population held deposits below R100,000.

In or out the money

Remuneration of executives has always been a topical issue, especially when Covid-19 resulted in many share awards being under water. As a result we are tracking the performance of share awards awarded from 2020. We consider long-term incentive (LTI) awards which usually vest in two or three years. Where banks have a December year-end, we expect awards to be granted during April. In the case of a June year-end such as FirstRand, the awards are issued around October and in July for Capitec, which has a February year-end.

Figure 1: Bank LTI performance



*Source: Intellidex, Infront *Share prices as at 27 May 2022*

In the table below we show total price return of the awards since grant date. Vesting period will vary from three to five years. As at end-April 2022, of the options awarded in 2020 and 2022, Nedbank and Capitec options were the most in the money. This month, new options were awarded for the four banks that released annual results in this year and we have added the performance of these; however Standard Bank's grant price has not been provided.

	2020	2021	2022
Absa	88%	36%	-4%
FirstRand	75%	12%	
Nedbank	164%	67%	-8%
Standard Bank	81%	18%	
Capitec	121%	54%	1%

SENS roundup

The following announcements were made in May:

	Date	Announcement
Absa	24 May	Notice of Annual General Meeting on 3 June 2022
Capitec	17 May	Dealings in securities by a director
	27 May	Issuer Credit Ratings Affirmed And Outlook Revised: Capitec Bank's global scale issuer ratings were changed to positive from stable.
	27 May	Voluntary Trading Update for the four months ended 30 April 2022
		Results of Annual General Meeting
Nedbank	26 May	Credit Ratings Action by Standard and Poor's: S&P revised the outlook on Nedbank Limited to positive from stable
	27 May	Issue of Nedbank Group integrated report, no change statement, Confirmation of annual general meeting on 27 May 2022
		Pillar 3 Risk and Capital Management Report for the Quarter ended 31 March 2022
		Results of Annual General Meeting
Investec	19 May	Unaudited Combined Consolidated Financial Results for the year ended 31 March 2022 and Dividend Declaration
	20 May	Update in relation to the Proposals for the Distribution of Ninety One Shares to Investec Ordinary Shareholders
	31 May	Effective Date of the Distribution of shares in Ninety One to Investec Ordinary Shareholders
Firstrand	5 May	CEO change at RMB
	31 May	Renewal of cautionary announcement relating to the repurchase of Firstrand's B preference shares
		Pillar 3 Quarterly Disclosures as at 31 March 2022
Standard Bank	10 May	Announcement of Chairman Elect
	25 May	Basel III capital adequacy, leverage ratio, liquidity coverage ratio and net stable funding ratio disclosure
	31 May	Results of Annual General Meeting and Retirement of Director

Regulation update

Below are the reforms we are tracking:

Reform	Date Released / Gazetted	Due date for consultation	Status	Next steps	Forecast implementation	Explanation
Specific reforms						
Financial Sector Laws Amendment Bill	17-Jun-20	17-Aug-20	Under consideration by the NCOP	President signing	2022	The bill aims to bolster consumer protection. Among other things it proposes a deposit insurance payable by banks operating in SA to prevent the repercussions of any reckless behaviour.
Pension Funds Amendment Bill	18-Sep-20	02-Nov-20	Under consideration by the National Assembly	NCOP	2022	The draft Bill therefore seeks to amend the Act in order to allow for pension fund members to obtain a loan, secured by a guarantee from a registered pension fund. A max of 75% of value of the members fund may be accessed to secure such loan
South African Reserve Bank Amendment Bill	02-Nov-20	16-Nov-20	Under consideration by the National Assembly	?	Not within forecast horizon	The EFF bill aims to provide for the appointment of certain board directors by the Minister, makes the State the sole holder of the shares in the Bank and gives the Minister the power to appoint auditors of the Bank.
Cofi (Second draft of the COFI Bill)	13-Oct	30-Oct-20	Awaiting final version sign off by cabinet post consultations - To be introduced later this year to parliament	Cabinet approval then National assembly	2024	The Bill, which theoretically aims to bolster the financial sector's regulatory framework through underpinning customer treatment as well as general market conduct, details some of the main principles that both industry players and consumers can expect from financial institutions.
Draft Amendments To Regulation 28 In Terms Of Pension Funds Act	01-Mar-21	29-Mar-21	Closed for comments	Second draft, consultation response document	2022/23	The regulation maximum holdings of asset classes for funds to spread risk and protect savers from over-concentrated investments. The proposed amendment does not add infrastructure investments as a specific asset class alongside the existing list of asset classes but makes provision for infrastructure investment to be recognised within the asset classes
Financial Sector and Deposit Insurance Levies Bill	24-Feb-21	31-Mar-21	Under consideration by the National Assembly	NCOP	2022/23	With the implementation of the Twin Peaks regulatory system since 1 April 2018, regulated companies in the financial sector will be expected to pay a levy towards the regulatory costs. The bill imposes levies on the financial sector and the resulting revenue will fund the Prudential Authority, the Financial Sector Conduct Authority and other entities
South African Postbank Amendment Bill	12-Mar-21	12-Apr-21	Closed for comments	Cabinet approval then National assembly	2023	The Amendment Bill provides for the amendment of the shareholding arrangements for the Postbank through the creation of a new holding company to facilitate its establishment and registration as a Bank Controlling Company (BCC) in terms of the Banks Act and for matters connected therewith and other sections of the Postbank Act impacted by the change in the Postbank ownership structure.
Draft Financial Inclusion Policy	28-Oct-20	04-Dec-20	Closed for comments	New draft?	>2023	The draft Financial Inclusion Policy establishes a policy framework for financial inclusion in South Africa, sketches the approach to implementing the policy, and provides a basis on which the financial services sector, regulators and all relevant stakeholders will promote and support financial inclusion.
Deposit insurance	18-Feb-21	16-Apr-21	Closed for comments	Draft Amendment Bill	2023/2024	The document provides details about the membership of the proposed deposit insurance scheme (DIS) for South Africa. The paper also presents proposed coverage rules for different types of depositors, types of accounts, product types and account features
Reform workstreams						
Domestic card scheme consultation	02-Mar-21	31-Mar-21	Closed for comments	Policy white paper	Unlikely	The consultation paper seeks to gather input on the feasibility of establishing a domestic card scheme
Platform competition commission review	Feb-20	12-Mar-21	Full TOR for inquiry published, inquiry launched	Publishing of final report	Ends 2022	The competition commission review has important implications of online platform businesses including those being developed by banks
Climate taxonomy			Ongoing	Draft publication H2 2021	2023	A green taxonomy is a tool that sets out the rules and results for what is green (included as taxonomy-aligned) mutually for all actors
Climate disclosure			Ongoing	Strategy paper H2 2021	2022 voluntary 2025 mandatory?	South Africa is likely to be forced by global regulatory norms and a ratchet on commitments being made at UN.
Climate stress tests			Internal SARB PA work	Launch end 2021?	2022	The SARB will be undertaking climate related stress testing of the banks as outlined in the Sustainable Finance paper from NT.
Crypto/disruption regulatory workstream			Position paper published by working group	Overarching Crypto legal structure	2022/23	Ongoing multilateral work between NT, SARB, FSCA, SARS, CompCom. Looking to put in place a cross body white paper first and then an overarching regulatory framework.
Exchange control reform			Ongoing	Republication of circular	2022	Exchange control is one of the low hanging fruits on the policy reform front and liberalisation could help unlock more robust activity in the financial services industry, especially if the political will can be found to pursue a regional financial hub strategy.
Fx listing reforms			Ongoing	Action from JSE/SARB circular	2022	A new capital flow management framework will replace exchange controls
Financial centre policy			Ongoing	Further direction from NT and Presidency	>=2023	NT and Presidency remain interested and the exchange control and FX listing reforms were a step on this path, but much more concerted work is needed, as well as public marketing, yet for now NT prefer to work below the surface
State bank/Post bank			Cabinet memo being considered	Policy white paper, launch of bank entity	2022	We believe that NT has recommended that the Post Bank become the state banks and that it proceed will setting up a holding company and apply for licencing