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Researching Capital Markets and Financial Services

BANKING SECTOR RESEARCH
For Subscribers Only

Banking Monthly

South Africa

Welcome to the September edition of the Intellidex Banking Monthly.

6 SEPTEMBER 2022

In August, three of the big banks reported results. While the sector showed good earnings growth in line with the economic recovery, some stress on households began to emerge. Additionally, banks must take on increased interchange fees from Visa and Mastercard which we explore this month. Competition is also heating up to service both small businesses and consumers. Banks are now fighting off insurers, retailers and telcos for a share of wallet. In our competitor watch we detail the M&A activity.

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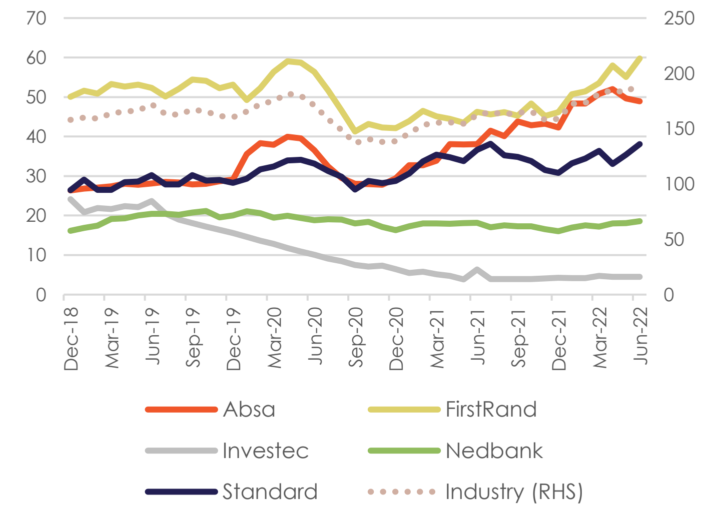
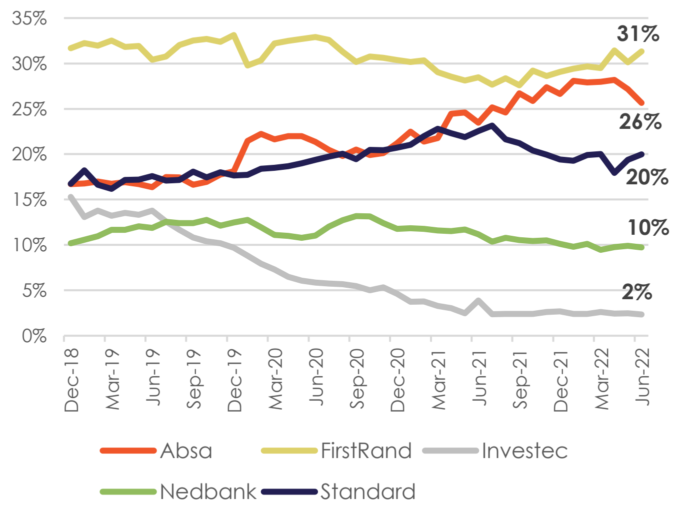
Stat of the month

The recent SARB credit extension data as well as bank financial results show that demand for credit has picked up. In July, total credit supplied by banks to corporates increased by 9.4% year-on-year. In the chart below we show **loans to the non-financial corporate sector**. The industry loan book is now back at the pandemic peak, when companies accessed additional facilities in order to acquire enough liquidity to weather the storm. If we take a step back to assess the market share dynamics over the last few years, there are some big losers. Investec has suffered the biggest market share loss, having gone from 15% in 2018 to just 2% in 2022. Since separating from Barclays, Absa has increased market share by almost 10%. The total market share of the Big Five is two percentage points lower at 89% in 2022 compared to 91% in 2018. This tells us that smaller lenders are steadily nibbling some market share. However, the trend in the last few months shows that banks are defending their market share. Most notably, FirstRand has opened up the taps again and is showing significant growth year to date, which is what its results will illustrate when they report this month.

Loans to the non-financial corporate sector



Big 5 market shares



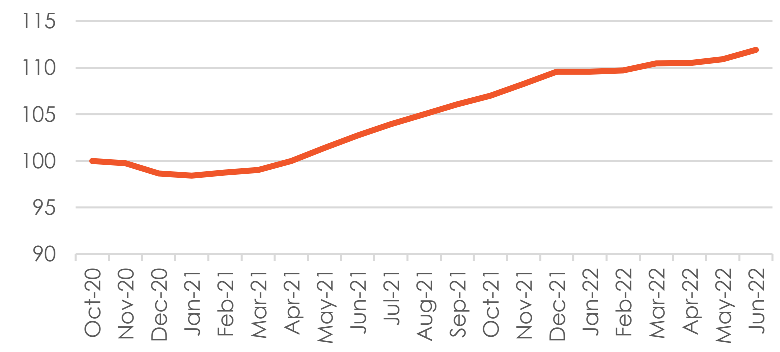
Source: SARB, Intellidex BankAnalyser

Intellidex Bank Performance Index

How are SA banks doing? Our 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.

The index shows the significant recovery of banks over the past year, however momentum has slowed clearly since the start of 2022.

Intellidex Bank Performance Index



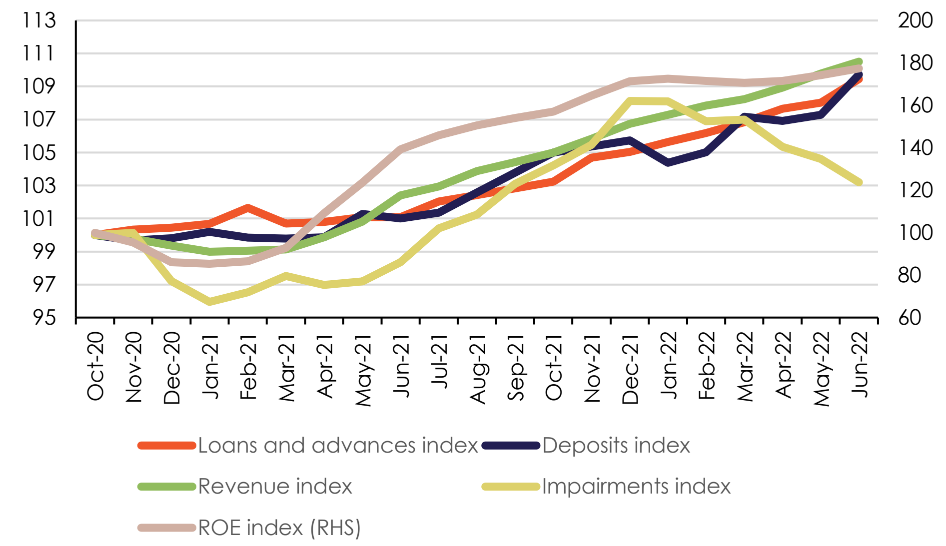
Source: Intellidex

A decomposition, shown in the graph below, indicates the main drivers of performance. Over the last 12 months there has been strong upward momentum in several drivers: balance sheet growth (both loans and deposits) and top line 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 that 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 improvement in impairments with a sharp decline in the costs of monthly impairments[1]. The impairments have however taken a negative turn since the start of 2022.

In **June**, four of the five indices that we track showed positive momentum. There was an acceleration of growth in both loans and deposits, and this is shown by the change in steepness of these two indices in the graph below. Revenue momentum continued to be strong, with endowment underpinning growth. Impairments continue to rise as macro conditions place pressure on households. In the earnings results, which we discuss further below, credit loss ratios were higher in the sector. While impairments are showing an upward trend, the levels remain manageable and within industry risk appetite. The increased profitability helped drive up ROE.

[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

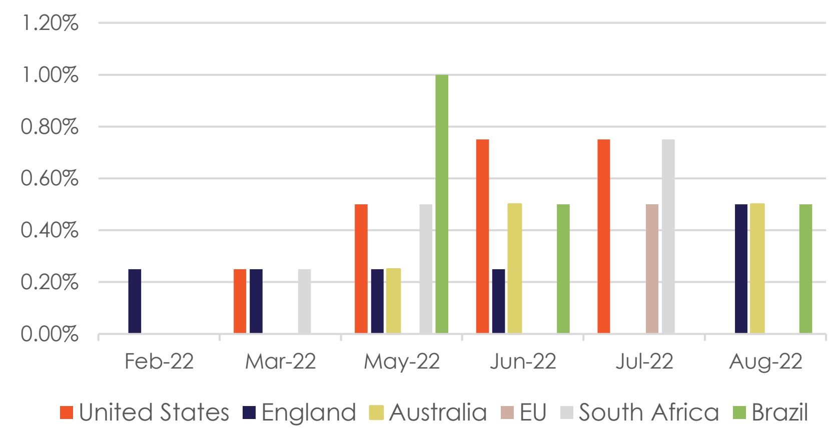
Looking towards July, we see many of these trends being sustained. Data released last month show that both loan and deposit growth are still strong. Some of the effects of higher inflation are still to reflect in household spending. As such we still see some pressure on impairments.

Global perspective

Tracking central bank hikes

In August, three of the central banks that we track made policy decisions. Each hiked rates by 50 basis points. In the Bank of England's (BoE) rate decision, the votes were 8-1 for the hike after July inflation came in at 10.1%. As shown in the chart below, the BoE turned more hawkish this time after raising rates by 25bps at the three preceding meetings. The Bank expects inflation to start falling next year. As Australia's inflation accelerated to 6.1% in July, the Reserve Bank of Australia (RBA) put through another hike, with expectations for a peak of 7.75% in the final quarter of the year. Brazil is another economy with market expectations for inflation to peak towards the end of the year. So far there are different expectations of the peak across the different economies. In the US, some in the market think inflation has already peaked. Recent comments suggest the Fed will stick to its guns and maintain a hawkish stance to tame inflation.

Central bank hikes



In September there will be interest rate decisions from the RBA, the ECB, the Fed, the BoE and the SARB. The dates are as follows:

Bank	Date
Reserve Bank of Australia	6 September
European Central Bank	8 September
Federal Reserve	21 September
South African Reserve Bank	22 September

Visa and Mastercard raise fees

In the bank results just reported, one of the drivers of high operating expense growth cited by the Standard Bank management team was the higher interchange fees charged by Visa and Mastercard. With this higher cost affecting the entire sector, we review recent events around interchange fees.

Background

Whenever a credit or debit card is swiped, a processing fee known as the interchange fee is charged to the merchant (retailer). While banks may charge an interchange fee, a portion of it is paid over to Mastercard, Visa or American Express for the use of their network for the processing of transactions. Visa and Mastercard process over 70% of global card purchase volumes.

In March 2021, Visa and Mastercard announced that due to the pandemic they would be delaying merchant fee increases by another year to April 2022. The fee increases were indeed put through this year, and in some cases fees have tripled. This has resulted in a backlash from regulators globally as the high inflationary environment makes the timing of these increases inopportune for small businesses and consumers.

How has this affected the South African banking sector?

South African banks are now charged higher processing fees each time clients make a credit or debit card transaction. In our market, these costs have typically been absorbed by the banks. The increased adoption of digital banking, as opposed to cash transactions, during the pandemic has meant that Mastercard and Visa have grown revenue due to higher volumes. More recently there have been multiple media reports of additional charges being levied by banks on payments for international services such as video and music streaming. This has been adopted by FNB to recoup higher costs from processing transactions.

What happens next?

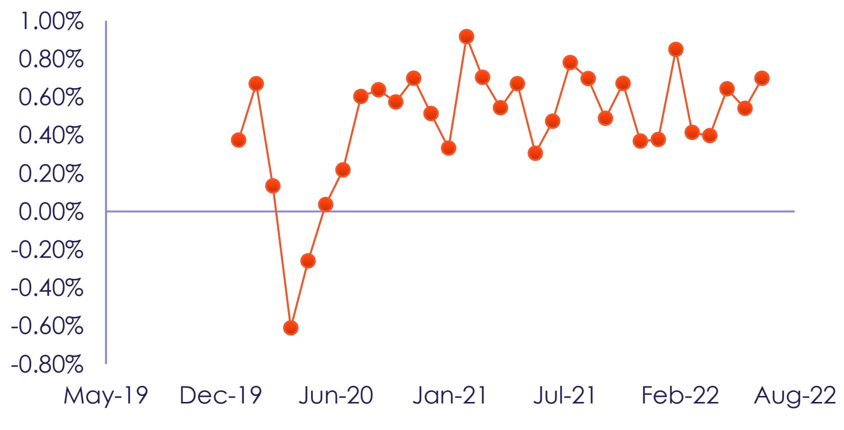
FNB is the first bank to pass on costs to consumers and there is a risk that other banks may follow suit. FNB has made an effort to placate customers by allocating points in its recently updated loyalty rewards programme to clients that have signed up for multiple streaming services such as Netflix and Spotify, though we doubt this will change client behaviour as there is a limit to how many services that clients will subscribe to. These charges are in many instances less than R2, so we don't think they are enough to drive customers away. If other banks introduce these charges they will have to be carefully balanced with other fee increases passed on to customers, as well as where we are in the inflation cycle. Banks also need to communicate carefully ahead of time, as many FNB clients were caught unaware.

US new home loan sales hit six-year low

With central banks increasing rates, we can expect credit demand in loan categories such as mortgages to cool off, as mortgage bond repayments increase. This has started to play out in the US, as latest reports show a 12.6% drop in new home sales in July compared to June. As shown in our central banks hike tracker, the Fed has increased rates by 225 basis points in the last six months and this is affecting credit demand. With central banks globally raising rates, we expect other economies to follow the pattern.

In South Africa we haven't seen a sharp drop in mortgages such as that seen in the US. We think mortgage disbursements in South Africa are yet to fully reflect the higher rates. As seen in the chart below, while the MoM growth rate is below the peak, it has not significantly fallen. We expect this to take place over the next few months, especially with two more rate hikes on the cards.

MoM industry mortgage loan growth



Source: SARB

Home front

Earnings wrap

In August, Absa, Nedbank and Standard Bank reported interim results. In the table below we show operational metrics and in the colour scales, green represents the best outcome relative to peers for that metric, while red represents the worst.

	Absa				Nedbank				Standard Bank			
	Jun-19	Jun-20	Jun-21	Jun-22	Jun-19	Jun-20	Jun-21	Jun-22	Jun-19	Jun-20	Jun-21	Jun-22
Operational metrics												
NIM	4.52%	4.23%	4.41%	**4.54%**	3.57%	3.33%	3.68%	**3.85%**	4.44%	3.87%	3.61%	**3.83%**
Cost to income	56.70%	53.90%	54.90%	**51.4%**	55.40%	56.40%	58.50%	**56.2%**	57.00%	56.40%	58.30%	**56%**
NPL ratio	4.80%	5.60%	5.64%	**5.29%**	3.57%	4.87%	5.22%	**5.28%**	3.90%	4.60%	5.50%	**4.80%**
Credit loss ratio	0.79%	2.77%	0.88%	**0.91%**	0.70%	1.94%	0.85%	**0.85%**	0.76%	1.69%	0.88%	**0.82%**
RBB	1.33%	3.88%	1.33%	**1.44%**	1.28%	2.69%	1.22%	**1.52%**	1.05%	2.31%	1.65%	**1.34%**
CIB	0.24%	1.30%	0.24%	**0.13%**	0.16%	1.18%	0.38%	**0.20%**	0.30%	0.68%	-0.04%	**0.24%**
ROE	16.40%	2.60%	15.30%	**17.70%**	16.80%	4.80%	11.70%	**13.60%**	16.20%	8.50%	12.90%	**15.00%**
CET ratio	12.40%	13.10%	12.40%	**13.10%**	11.30%	10.60%	12.20%	**13.50%**	14.00%	12.60%	13.50%	**13.70%**
NIR % of income	42.10%	40.10%	37.90%	**39.20%**	46.50%	44.90%	42.70%	**43.60%**	42.50%	44.10%	45.00%	**44.60%**

The following stood out for us when we compared the performance of the banks:

- Nedbank had the biggest **NIM** expansion, coming in much higher than pre-pandemic levels. It is now the second highest of the three banks reporting thus far;
- The **cost to income ratio** at 56% achieved by both Nedbank and Standard Bank is still relatively high. This is due to the lower pre-provision profit growth achieved by the two banks compared to Absa, which was the standout performer in these results;
- All the banks reported a healthy **CET 1 ratio**. Nedbank previously had the lowest CET 1 ratio and now it is in line with Standard Bank which historically had the highest. We expect higher dividend payouts to lower the capital levels, however this is not a concern as the sector target range is around 11-12.5%
- Group **credit loss ratios** were higher in these results as provisioning increased in retail books. The increases aren't enough to cause concern, however there are some product-specific increases that are higher than we would like - particularly in VAF and personal loans. We find NPL ratios to be slightly elevated across the sector and would like to see these start improving in the second half, especially given how much higher these still are compared to pre-pandemic levels.
- **ROEs** have shown a good rebound, however we'd like to see them greater than 15%, to be higher than the cost of equity.

Before making a detailed assessment of sector performance in key areas, it is worth taking a step back and reflecting on how the pandemic affected bank revenue.

The following affected **NIR:**

- Economic transactional activity was hit by lockdowns and higher unemployment, affecting fee and commission income which is the largest component of NIR, typically contributing anywhere from 50-70%;

- Insurance income was down due to increased mortality and retrenchment claims;
- Trading income benefitted from market volatility and grew strongly at the height of the pandemic;
- Equity revaluation losses were recognised. In some instances, gains were subsequently recognised.

We focus on two sub-components of NIR - trading revenue and fee & commission income. We think these line items are a good reflection of business and consumer activity respectively. The bars in the charts below reflect revenue generated during the six-month periods.

Figure 1: Trading income (Rm)

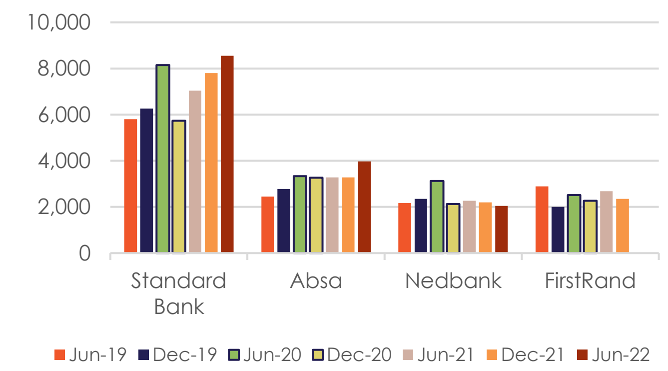
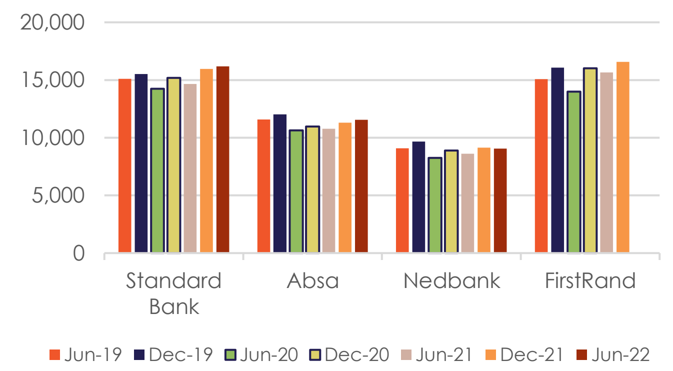


Figure 2: Net fee and commission income (Rm)



Source: Companies

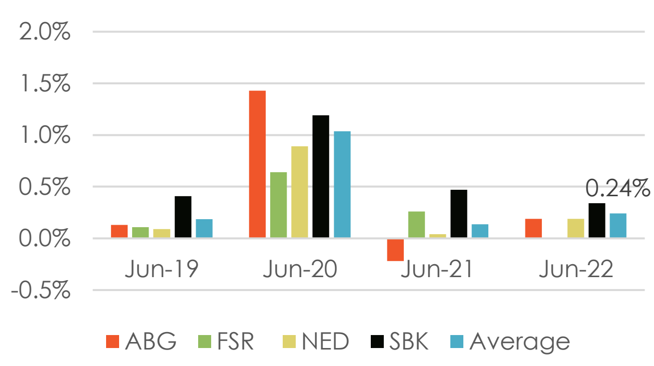
The pandemic resulted in high volatility which boosted **trading income**. The high base set when the pandemic began has proven challenging to top for the majority of the sector and Nedbank has lagged the strong performance of peers. There has been a downward trend in the last two half periods and revenue generated in 1H22, is now below pre-pandemic levels. The results booklet commented that trading income was affected by global, political and macroeconomic events however competitors have used these to their advantage to gain flows. Most notably, Standard Bank has bucked the trend and has steadily grown trading revenue, not only capitalising on volatility but also likely gaining market share. Absa saw good growth in these results; however, performance had been lacklustre in the preceding two periods.

The trend of the economic recovery should be reflected in the **net fee and commission income**. Not only is revenue growth in this segment a reflection of customer growth, but also increased digital activity, and effective cross sell. This has been the case with both Standard Bank and Absa, but Nedbank's revenue is flat compared to the previous six months. After freezing fee increases and making various concessions during the pandemic, most of the banks have started passing through price increases in transactional products. While volumes have recovered, revenue recovery has been slower. Some of this is due to higher costs such as interchange fees. This will likely also affect second half performance, as such banks will need stronger growth in other elements of NIR to achieve good revenue growth.

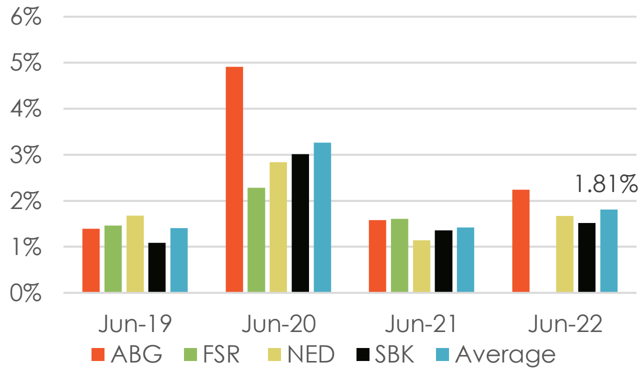
Unpacking retail credit loss ratios

In these results, banks have increased provisioning in anticipation of a weaker consumer outlook, as some of the effects of the rate hikes come through in the second half. Below we compare retail credit loss ratios across the sector. FirstRand has not yet reported June results.

Mortgage loans



VAF

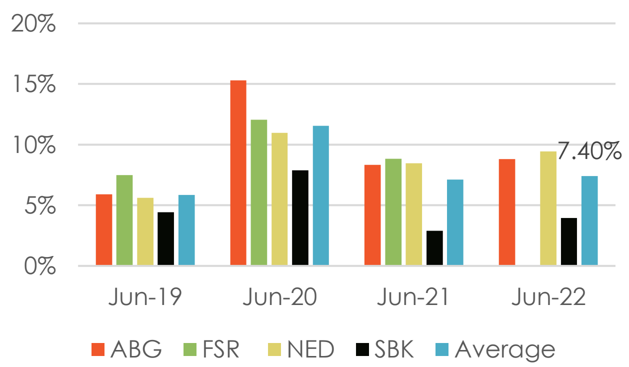


Source: Companies, Intellidex

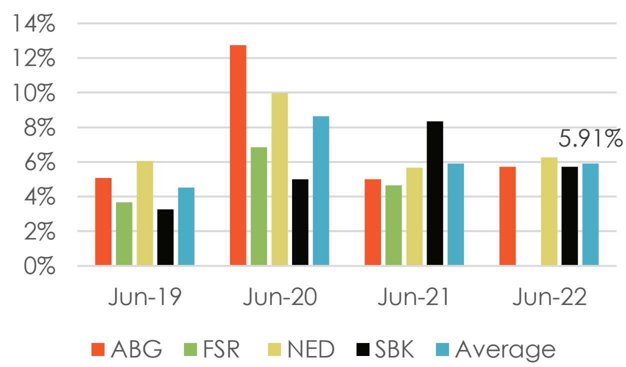
The sector average for mortgage loan book ratios at 0.24% is close to pre-pandemic levels of 0.19%. Standard Bank has had the highest ratio, other than in 2020, when Absa did. The ratio reported by Standard Bank of 0.34% was lower than both pre-pandemic levels and the 0.47% reported in June 2021. Absa and Nedbank had higher ratios compared to June 2021.

When it comes to VAF, all the banks reported higher loss ratios in June 2022 compared to the prior period. Commentary during the results suggest that the stress of higher inflation and rates was felt more in vehicle financing categories, and banks have put through higher provisioning. Absa had the highest increase in provisioning as the loss ratio increased by 66 bps to 2.24%. Nedbank and Standard Bank increased their credit loss ratios by 53bps and 16bps respectively.

Personal loans



Credit card



Source: Companies, Intellidex

Credit loss ratios increased in both personal loans and credit cards. During the pandemic, risk appetite for unsecured products was lower compared to secured lending products which benefitted from lower rates. Standard Bank's personal loans ratio is not only the lowest of the peers at 3.94%, but it has also managed to bring it below pre-pandemic levels of 4.42%. This stands out as being far below the sector average of 7.4%. Nedbank's ratio of 9.45% is the highest, being 66 bps higher than Absa.

Interestingly, the loss ratios for credit cards were more or less in line in the sector with no major outliers. The sector average was 5.91%. While Nedbank's may be the highest, this is not a concern as the reported ratio of 6.26%, is not too far off from the pre-pandemic level of 6.05%. It seems like the sector took on less risk during the pandemic when growing credit card books.

Overall, we think credit risk has been well managed over the last two years. In these results VAF was the worst performing lending product with Absa being the bank that increased provisioning the most. Despite the increase in the credit loss ratio of other lending products, we still think this is within risk appetite and appropriate for the higher-than-expected inflationary environment. Further pressure on households remains with two more hikes expected this year As such, there are further upside risks to the ratios in the second half.

Competitor watch

M&A activity

Below we highlight recent mergers and acquisitions:

1. **Tyme Bank** acquired Retail Capital, a fintech company that provides funding to SMEs. This is the first move by Tyme to bolster its business bank offering. More on Retail Capital can be found here.
   The news about the acquisition was also accompanied by an announcement about the launch of TymePOS, a mobile point-of-sale app that turns an NFC enabled cell phone into a tap-and-go payment device. We are seeing a good deal of innovation in payments from fintechs that are targeting SMMEs. There's also a platform for business to access a range of business tools, courses and education services called TymeTrybe that is now available.
2. **Old Mutual** acquired a minority stake in Preference Capital for R350m. Preference Capital provides financing solutions to SMEs. The cheque size of this acquisition tells us that Old Mutual has ambitions for the SME space. Additionally, Old Mutual will have the option to purchase a bigger stake. Old Mutual also recently entered into a strategic partnership with Bridge Taxi Finance that will allow it to expand the marketing of its products.
3. **African Bank** will acquire the majority of Ubank's assets and liabilities for R80m. We think this is a good fit for African Bank and will not affect the bank's existing operations or strategy. The acquisition is relatively small with African Bank's NAV being R11.5bn as at the end of March 2022. This buy is no doubt opportunistic with Ubank being placed under curatorship. It follows African Bank's acquisition of Grindrod Bank in May.

Vodacom's foray into financial services

When you already have over 40% market share of mobile network operations in the country, it seems the obvious next step is to enter financial services. When Vodacom hired former Nedbank CFO, Raisibe Morathi in 2020 there was much speculation that her banking experience was key in securing her appointment as Vodacom was already talking up its financial services ambitions. Two years later, Vodacom has made progress and has launched the following:

- VodaPay, its "super app" which is a platform that provides a range of products and services for consumers. It also has a digital wallet that allows consumers to send and receive money without incurring transaction costs. The app was launched in October 2021 and now has 1.6 million users;

- VodaLend, which is accessible through VodaPay, provides lending and airtime advances to both businesses and consumers. More recently a short-term cash advance was introduced which allows customers advances of between R50 and R500, which can be settled over a time period of as much as 28 days. The new product is targeted at the underbanked.

Our take: As banks move away from servicing lower end consumers, other players are finding opportunities to service this segment. As a result, banks are facing increasing competition from retailers, telcos and fintechs. This is positive for financial inclusion and for digitisation as innovation is used to access consumers in a predominantly cash environment. As part of monitoring this growing global trend, the Bank of International Settlements (BIS) published a working paper on Big Techs vs Banks, which discusses the intermediation by telcos of traditional banking. The paper articulates many of the trends within our own financial ecosystem. The paper can be found here.

FirstRand earnings preview

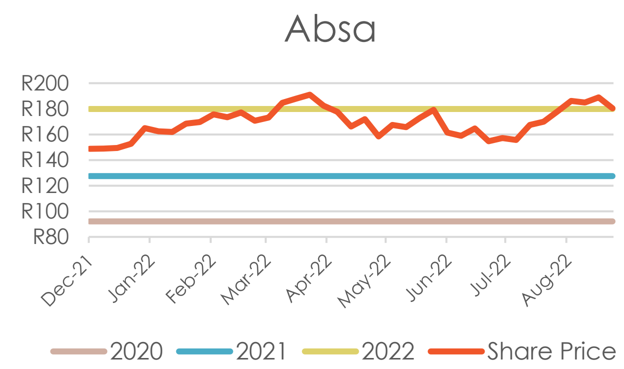
The last of the Big Four to report is FirstRand and below we summarise reporting dates and important things to look out for:

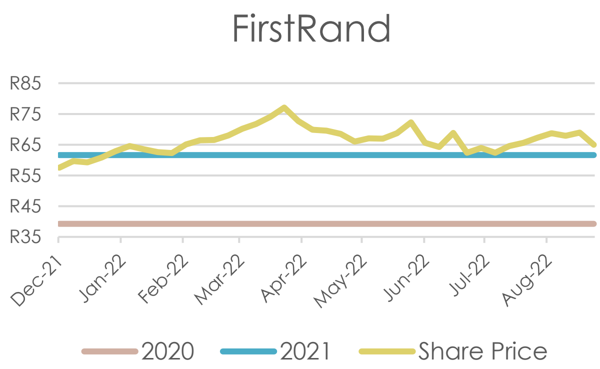
Bank	Reporting date	What to look out for
FirstRand	Thursday, 15 September	• Corporate lending book growth • Operational performance of Wesbank after years of under performance • Retail customer growth • Performance of UK business, given pressure on UK households • Group risk appetite given challenging consumer outlook • Retail deposit growth

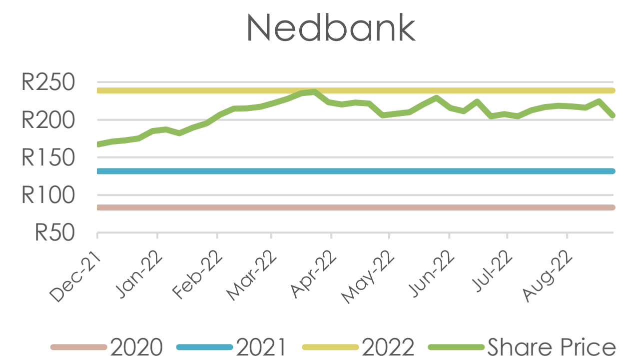
In or out of the money

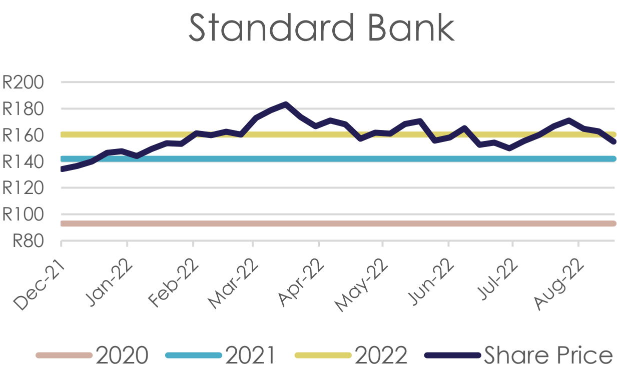
Executive remuneration is always topical, especially when Covid-19 left many share awards under water. As a result, we are tracking the performance of share awards made from 2020 onwards. We consider long-term incentive (LTI) awards which usually vest after three years. Where banks have a December year-end, 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. The Banks Index, having delivered a 10% price return YTD, has outperformed the ALSI which has negative returns YTD. As it stands, all the awards issued in 2022 are marginally out of the money, and we expect this to continue amid the market volatility.

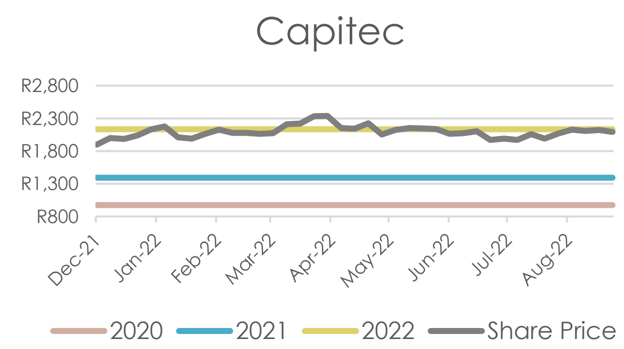
Bank LTI performance











*Source: Intellidex, Infront *Share prices as at 2 September 2022*

In the table below we show total price return of the awards since grant date. The vesting period will vary from three to five years. Options granted in 2020 and 2021 are in the money for the entire sector, with Capitec and Nedbank options being the best performers. Absa's share price performance seems to be closing the gap with Capitec. Interestingly, FirstRand and Standard Bank options for 2020 and 2021 show a similar performance.

	2020	2021	2022
Absa	96%	42%	0%
FirstRand	66%	5%	
Nedbank	147%	56%	-14%
Standard Bank	67%	9%	-3%
Capitec	115%	50%	-2%

SENS roundup

The following announcements were made in August:

	Date	Announcement
Absa	3 August	Further trading statement for the six months ended 30 June 2022
	15 August	Unaudited summary consolidated results for the reporting period ended 30 June 2022
Capitec		None
Nedbank	10 August	Unaudited condensed consolidated interim financial results for the six months ended 30 June 2022
FirstRand	25 August	Report on proceedings at the general meeting and the meeting of preference shareholders
Standard Bank	4 August	Trading statement update for the six-month period ended 30 June 2022
	19 August	Results announcement for the six months ended 30 June 2022
Investec	4 August	Results of Annual General Meetings of Investec Limited and Investec plc

Regulation update

There were two new guidance notes issued by the Reserve Bank this month - G9/2022 and G10/2022

- G9/2022 relates to credit-risk models of banks using the IRB approach. In this guidance note, the PA provides guidance on the expectations with regards to the implementation of the IRB approach. Much of the note addresses documentation of various elements and changes. We think this guidance note is important as the pandemic led to changes in bank credit risk modelling and methodologies that the PA needs to remain on top of;
- G10/2022 is a continuation of SARB action amid negative FATF findings. The note gives local banks the green light to provide facilities to crypto exchanges. The move is part of identifying and assessing ML/TF/PF. We think this move is leading the way for banks to start offering crypto to clients in the future, with the development of a regulatory framework progressing.

Other 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