



South African Reserve Bank

## **Media Statement**

**Tuesday, 22 August 2017**

### **SARB welcomes the signing into law of the Financial Sector Regulation Act**

The SARB welcomes the signing into law of the Financial Sector Regulation Act, 2017 by the President. This is the culmination of collaboration on financial sector reform by the SARB, National Treasury and the Financial Services Board over the past decade.

The Financial Sector Regulation Act is the most fundamental reform of the South African financial sector regulatory architecture in more than 30 years. The legislation enables the establishment of the Prudential Authority (PA) within the SARB and the Financial Sector Conduct Authority (FSCA), a successor to the Financial Services Board. The reform heralds a new era of regulation by objective where the two entities will focus on different but complementary regulatory objectives:

- the safety and soundness of financial institutions (PA);
- consumer protection and market conduct (FSCA).

The PA will be responsible for the prudential regulation and supervision of financial conglomerates, banks, insurers, cooperative banks, cooperative financial institutions and certain financial market infrastructures (FMIs).

In addition, the Financial Sector Regulation Act assigns to the SARB the responsibility to enhance and protect financial stability in South Africa. This is in line with the evolution of central bank mandates since the global financial crisis. This revised mandate is anchored on the realisation that price stability and the focus on prudential soundness of individual entities, or micro prudential

regulation, should be complemented with the oversight of the broader financial system, or macro prudential regulation to achieve overall financial system stability.

The SARB is ready to take on the expanded responsibilities with regards to both micro prudential regulation and supervision and is working with all relevant stakeholders to execute macro prudential oversight of the financial system. Specific implementation plans with regards to the responsibilities of the SARB emanating from the Financial Sector Regulation Act will be communicated in due course.