



SOUTH AFRICAN RESERVE BANK

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SARB statement on the role of the Financial Sector Contingency Forum

The South African Reserve Bank (SARB) has received queries relating to the role of the Financial Sector Contingency Forum (FSCF), specifically around plans to prepare for the unlikely event of a regional or national grid failure. The SARB's financial stability mandate requires it to assess potential systemic risks and to mitigate such risks. This responsibility requires the SARB to compile and test crisis management plans as part of its ongoing functions. Crisis management plans are typically based on a range of likely but low probability scenarios, and the fact that a crisis management plan exists should not be interpreted as a signal that the SARB is anticipating any specific scenario to materialise.

One of the platforms through which such crisis preparedness plans are compiled is the FSCF. The FSCF was established after the 9/11 terror attacks in the United States by the then Governor Mr Tito Mboweni as a forum where industry and regulators could discuss financial stability issues on a regular basis. The FSCF has since been formally constituted under the Financial Sector Regulation Act 9 of 2017 (FSR Act).

The FSCF is tasked with assisting authorities to identify and mitigate risks that could threaten the functioning and stability of the financial system. Such risks include the possibility of terror attacks, disruptive cyberattacks, pandemics such as COVID-19 and interruptions of physical infrastructure such as water, telecommunications and electricity. The FSCF helps to test and enhance the financial system's resilience to respond to any such shocks.

The FSCF is currently chaired by Deputy Governor Kuben Naidoo, and its members include the National Treasury, Financial Sector Conduct Authority, Association for Savings and Investment South Africa (ASISA), Banking Association South Africa, Financial Intelligence Centre as well as relevant financial market infrastructures (such as the JSE Limited) and other industry bodies and regulated institutions.

The FSCF has since 2015 been preparing plans to respond to a national or regional electricity grid failure. As part of these preparations, it has been in regular contact with Eskom, the petroleum industry and the telecommunications industry. The FSCF also conducts periodic crisis simulation exercises to test the financial sector's ability to respond to such shocks. These simulation exercises are based on different scenarios. For example:

- In 2006, the simulation focused on business continuity in the midst of a natural disaster.
- In 2013, the simulation tested the effectiveness of the FSCF's escalation, coordination and communication arrangements in the event of a systemic crisis.
- In 2017, the exercise focused on a cyber-crisis and was held as a two-day workshop facilitated by the World Bank.
- In 2022, the FSCF commissioned a report on the lessons learned from COVID-19, which was published on and is available on the SARB website: [Lessons from the Covid-19 pandemic in South Africa](#).

It is in this context that work regarding a response to a prolonged electricity outage, which may necessitate an orderly closing and reopening of markets, should be viewed.

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