

SOUTH AFRICAN RESERVE BANK
Prudential Authority

Explanation of the budget, estimates of expenditure, fees, and levies proposals by the Prudential Authority for the 2027/28 financial year*

August 2026

(DRAFT - FOR PUBLIC CONSULTATION)

*This document is prepared and published in accordance with and in fulfilment of the requirements under section 240 read with section 98 of the Financial Sector Regulation Act, No. 9 of 2017

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1. INTRODUCTION

- 1.1 The Financial Sector Regulation Act 9 of 2017 (FSR Act) established the Prudential Authority (PA) as the prudential regulator of banks, insurers, financial conglomerates, co-operative banks, co-operative financial institutions and certain market infrastructures. The Ministerial Determination gazetted by the Minister of Finance on 28 November 2025 formally extended the transitional arrangements for the prudential regulation and supervision of collective investment schemes managers, pension funds and friendly societies until 31 March 2028 and of medical schemes until 31 March 2029.
- 1.2 A fundamental policy principle underpinning the regulation and supervision of the financial sector is that regulators should be appropriately and adequately funded to enable the effective discharge of their statutory mandates. In this context, the operational budgets of regulators should, ideally, be funded by regulated entities in a manner that supports regulatory effectiveness and mitigates potential conflicts of interest.
- 1.3 The Basel Committee on Banking Supervision Core Principles for Effective Bank Supervision, as well as the International Association of Insurance Supervisors Insurance Core Principles, require regulators (and supervisors) to have operational independence. This includes the availability of budgetary processes that do not undermine autonomy and the availability of adequate resources to execute their mandate.
- 1.4 Against this background, the operations of the PA and other bodies specified in the FSR Act will be funded by levies imposed on the supervised entities, as well as through fees that may be charged in relation to specific functions or services they may perform.
- 1.5 Chapter 16 of the FSR Act, read with the Financial Sector and Deposit Insurance Levies Act 11 of 2022 (Levies Act) and the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act 12 of 2022 (Levies Administration Act), provides for the imposition and collection of levies from the supervised entities for the funding of the PA. In addition, the FSR Act enables the PA to determine and collect fees to fund the performance of specific functions in terms of the FSR Act and other financial sector laws.
- 1.6 In terms of section 240 read with section 98 of the FSR Act, the PA must publish the budget, estimates of expenditure and the fees and levies proposals for public consultation. Together with the aforementioned documents, the FSR Act also requires the PA to publish an explanation of the budget, estimates of expenditure and the fees and levies proposals.
- 1.7 This document seeks to provide an explanation of the budget, fees, and levies as required in terms of the FSR Act and is published together with the PA budget, estimates of expenditure as well as the fees and levies proposals for public consultation for six weeks.

2. GOVERNANCE AND STRUCTURE OF THE PA

- 2.1 The PA is a juristic person operating within the administration of the South African Reserve Bank (SARB).
- 2.2 The PA is required to publish a three-year regulatory strategy¹ in terms of section 47 of the FSR Act. The Regulatory Strategy gives general guidance to the PA in the achievement of its objectives and performance of its regulatory and supervisory functions. The regulatory strategy provides the approach of the PA to regulation and supervision as well as cooperation and collaboration with other domestic regulators, regional and international bodies. The regulatory strategy must be reviewed annually and updated as and when required.
- 2.3 As a key governance structure, the Prudential Committee (PruCo) established in terms of section 41 of the FSR Act generally oversees the management and administration of the PA to ensure that the PA is efficient and effective. The PruCo consists of the Governor, the Chief Executive Officer (CEO) of the PA, and the Deputy Governors of the SARB.
- 2.4 The PA established the PA Management Committee (PA Manco), which comprises of the CEO of the PA and the four heads of departments² and is a structure that supports the CEO of the PA in the day-to-day running of the organisation.
- 2.5 The FSR Act imposes financial management duties on the CEO under section 53, which also includes ensuring that the PA has effective, efficient, and transparent systems of financial risk, taking appropriate and cost-effective steps to collect revenue that is due to the PA as well as managing and safeguarding the assets, revenue, expenditure, and liabilities of the PA. The PA has an approved headcount of five-hundred and twenty-two of which three-hundred and eighty-six positions are existing on the current structures of the four PA departments as at March 2026.

Department	Current Headcount*	Approved Headcount
Financial Conglomerate Supervision Department	128	163
Banking and Insurance Supervision Department	88	114
Risk Support Department	93	105
Policy, Statistics, and Industry Support Department	71	140
Total	380	522

- 2.6 Provision to fill vacancies will extent over a period of four years or more from 2025/26 to 2029/30. The total staff complement of the PA (including vacancies) is estimated at 522.

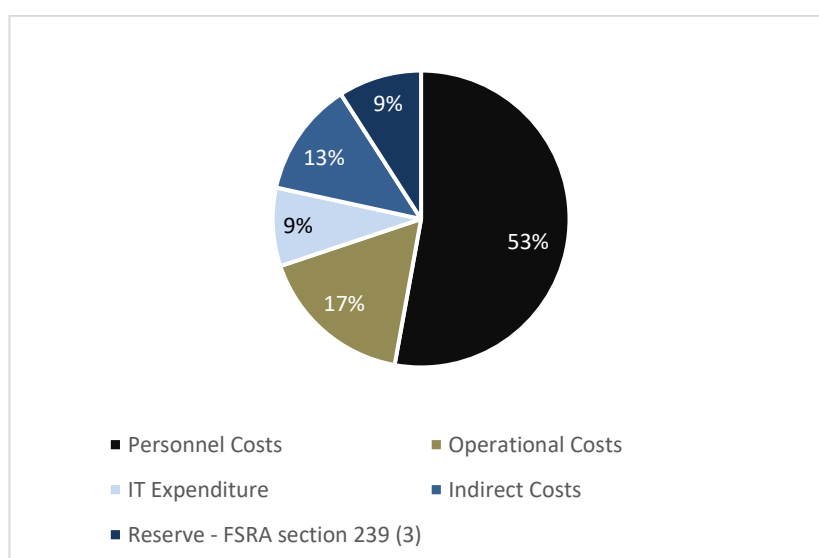
¹ Available at: PA Regulatory Strategy - 2025-2030

² These are the (1) Policy, Statistics and Industry Support Department (2) Risk Support Department (3) Financial Conglomerate Supervision Department; and (4) Banking, Insurance, Co-operative Financial Institutions (CFIs), Market Infrastructure (MI) Supervision Department.

3. THE BUDGET AT A GLANCE

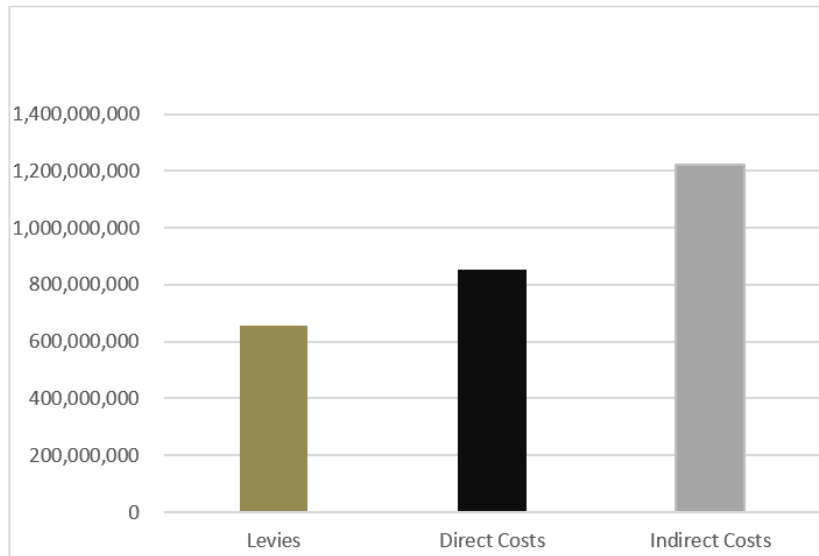
- 3.1 According to section 239(1) of the FSR Act, for each financial year, the PA must prepare and adopt: (i) a budget that includes an estimate of its expenditure; and (ii) projected estimates of expenditure for the next two financial years. The PA must consider submissions made in respect of the budget as well as the fees and levies proposals, which it receives in terms of section 240.
- 3.2 The consolidated budget for the 2027/28 financial year as well as the projected estimates of expenditure for 2028/29 and 2029/30, is drawn from the business objectives of the departments within the PA linked to the relevant SARB Strategic Focus Area(s) and PA Strategic Focus Areas.
- 3.3 The budget includes personnel costs, operational costs, information technology expenditure as well as indirect costs.

The graph below depicts the different types of expenditure:



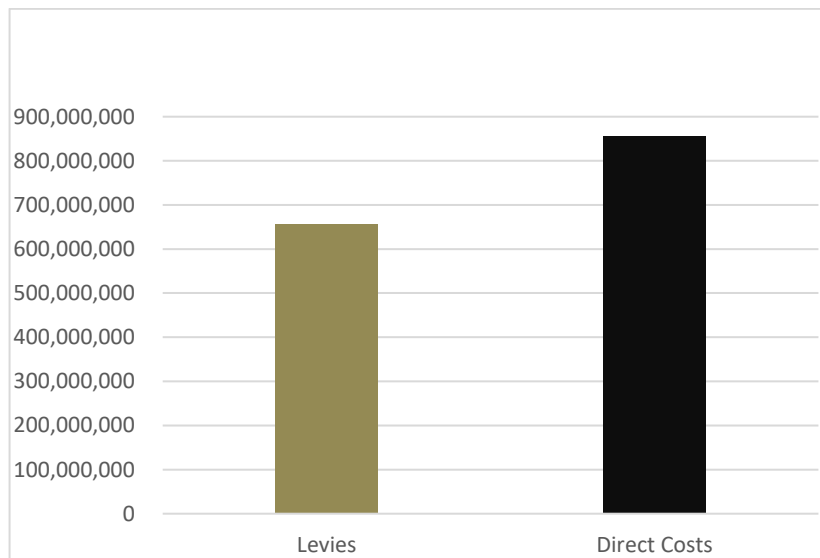
- 3.4 The total estimated expenditure for 2027/2028 amounts to R1.2 billion, funded through projected levies and fees revenue of R667 million (54%) and a SARB contribution of R557 million (46%). In respect of direct costs, which amount to R855 million, projected levies and fees revenue will fund approximately 78%, with the SARB contribution estimated at R189 million (22%).
- 3.5 The PA has adopted a budget methodology designed to enhance cost recovery, support the effective execution of its statutory mandate, and promote value for stakeholders. The 2027/28 budget of R1.2 billion compared to the 2026/27 budget of R1.5 billion reflects a decrease of R312 million (20%).
- 3.6 Indirect costs consist of expenses incurred to support the overall administration and functioning of the PA, but which cannot be directly attributed to a specific activity or function. These costs typically include shared services, accommodation, utilities, information technology infrastructure, corporate support services, and other general overhead expenses necessary.

The graph below depicts the levy distribution against the total estimated expenditure:

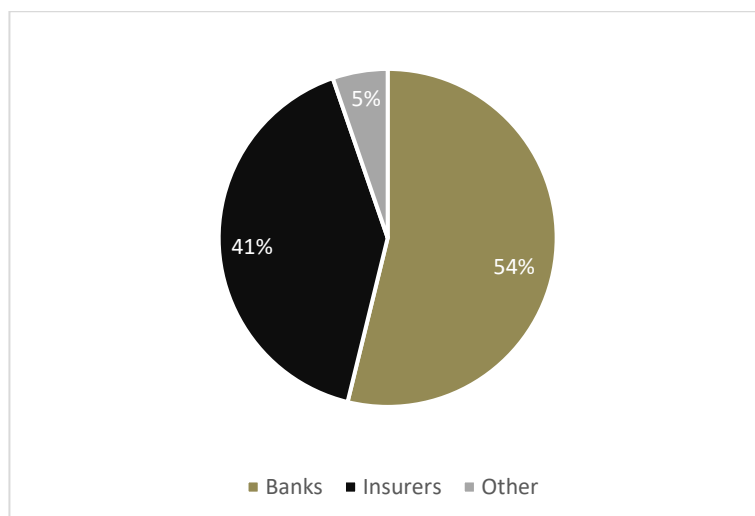


- 3.7 Direct costs consist of expenses that are directly attributable to the core regulatory and supervisory activities of the PA. These costs include employee remuneration, travel, training, professional services, information resources, and other operational expenses directly.

The graph below depicts the levy distribution against the direct costs:



The graph below illustrates the expected distribution of 2027/28 levies revenue across the respective industry categories:



4. LEVIES PROPOSAL

- 4.1 The PA anticipates collecting levies to the amount of R656 million from industry for the 2027/28 financial year, where banks will contribute R352 million (54%), insurers R268 million (41%), market infrastructures R34 million (5%).
- 4.2 Schedule 1 of the Levies Act outlines the formulas to be used by the PA to calculate and impose levies on eligible supervised entities. Section 10(4) of the Levies Act provides for an increase in the levies imposed on supervised entities.
- 4.3 At the time of public consultation (August 2026), the applicable StatsSA rate has not yet been published for 2027 (expected publishing date: December 2026). Therefore, for purposes of the consultation process, the PA proposes a 3.7% increase based on the projected 2027 CPI rate announced by the ³SARB Monetary Policy Committee in May 2026. This will be revised to the December 2026 StatsSA published rate when it becomes available.
- 4.4 The levy proposal for the 2027/28 financial year as per Annexure B illustrates the proposed increase in the base amount for each supervised entity in the column "Proposed Base Amount", the proposed change to the variable amount in the column "Proposed Variable Amount" and the proposed increase in the maximum amount applicable to each supervised entity category as contemplated in section 4(2) and (3) of the Levies Act in the column "Proposed Maximum". The percentage increase for each of these items is shown in the column directly next to the mentioned columns and represents a 3.7% increase.
- 4.5 Section 10(4)(b) of the Levies Act provides that the levies in the Schedules must be increased by the arithmetic mean of the Consumer Price Index (CPI) as published by Statistics South Africa (StatsSA) in the preceding calendar year.

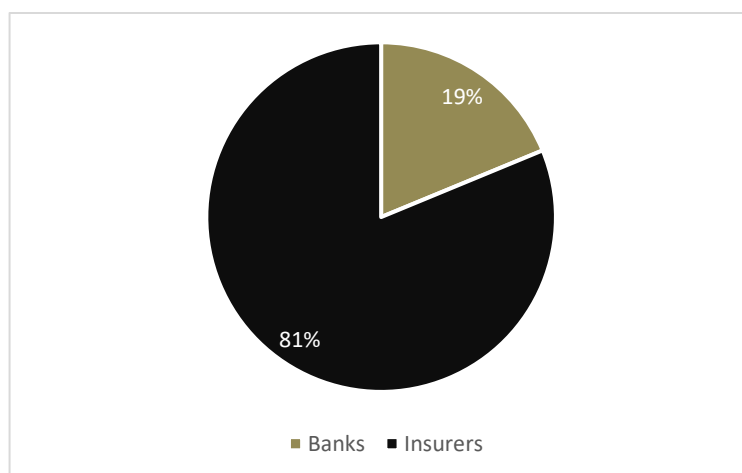
³ For purposes of consultation, the latest SARB MPC projected inflation rate of 3.7% (May 2026) has been applied for the budget, levies and fees proposals. This is subject to change once the annual CPI inflation rate is published in December 2026 by Statistics South Africa in accordance with section 10(3)(b) of the Levies Act.

- 4.6 Section 10(4)(a) of the Levies Act provides that a Schedule may be amended by the Minister by notice in the Government Gazette to give effect to an increase in levies and does not require submission to Parliament for approval, but a copy of the notice must be tabled in Parliament for information purposes. An amended Schedule takes effect on the date of publication of the notice in the Government Gazette.

5. FEES PROPOSAL

- 5.1 The Prudential Authority Fees Determination is made by the PruCo. A determination of fees is defined by the FSR Act as a 'regulatory instrument' and is subject to Part 1 of Chapter 7 of the Act, being the making of a regulatory instrument.
- 5.2 Under section 237(1)(a) of the FSR Act, fees may be charged by the PA to fund the performance of specific functions under the FSR Act and the relevant financial sector laws. The fees prescribed to date in terms of the relevant financial sector laws will be repealed and replaced by the fees determined in terms of the process outlined in Chapter 16 of the FSR Act.
- 5.3 The PA's fees proposals for the 2027/28 financial year are as outlined in the PA draft Fees Determination attached as Annexure F. The PA Fees Determination proposes a fee increase of 3.7% aligned to the increase of the levies.
- 5.4 The principle of proportionality was applied in the determination of the proposed fees for the different types of entities supervised by the PA. This is aimed at supporting financial inclusion and financial sector transformation objectives, as required in terms of the FSR Act.
- 5.5 The fees received during the 2025/26 financial year were approximately R2 million from commercial banks, mutual banks and the co-operative banks, as well as R9 million from insurers. The fees are inclusive of annual licence fees for representative offices of foreign banks and co-operative banks.
- 5.6 Fees collected in the 2025/26 financial year indicate that banks contributed approximately 19% and insurers approximately 80%, while co-operative banks and mutual banks collectively accounted for less than 1% of total fees collected by the PA.

The graph below depicts the fees by category of financial institutions:



- 5.7 The PA anticipates receiving about 13% in fees for banks, mutual and cooperative banks, while insurers' fees are estimated at 87% of the total amount of approximately R11 million estimated for the 2027/28 financial year.
- 5.8 The charging of fees is modelled around the user-pay principle. Supervised entities that do not request the PA to undertake specific functions will not pay a fee to the PA.
- 5.9 Fees account for 2% of the total PA revenue collected and levies account for 98%. The costs associated with the ongoing supervision and regulation of the financial sector by the PA will therefore be funded predominantly from the collection of levies.

6. PA BUDGET FOR 2027/28 AND EXPLANATION

6.1 Principle Budget Assumptions

6.1.1 General budget assumptions applied.

The budget for the 2026/27 financial year, approved by the Governor's Executive Committee, was used as a base to calculate the 2027/28 budget. In accordance with the Financial Sector and Deposit Insurance Levies Act (Levies Act) Schedules must be increased by the arithmetic mean of the Consumer Price Index as published by Statistics South Africa in the preceding calendar year, unless the Minister by notice in the Gazette, determines that there must be no increase or an increase less than that annual rate of increase. The 2026/27 figures were increased with the SARB MPC projected CPI inflation rate to calculate the 2027/28 budget as well as the projected expenditure for the two consecutive financial years. The financial year of the PA starts on 1 April and ends on 31 March of the following year.

6.1.2 Personnel Costs

Expense account	Information / Explanation
Total Package	Average salary increases of CPI from July each forecasted financial year
Employer Contribution	Contributions made on behalf of staff to retirement fund, medical scheme, group risk benefits, etc
UIF	1% of the Total Package, for employees earning up to R212.5 k per annum. Maximum for employees earning up to R212.5 k per annum is R177.12
New Appointments	Budget using salaries related to SARB Career Ladder Broad Bands
Long Service Gift	On completion of 10 years, 20 years and thereafter every 5 years of unbroken service, employees will receive a gift to the value of 4% of annual pensionable remuneration
Performance Bonus	Annual performance bonuses will be awarded to qualifying staff, payable in July. Projected performance bonuses are calculated at 8% of the total package
Contractors	Individuals who are not permanent employees are reimbursed at a rate per hour.
SETA Levy	1% of taxable remuneration
Social Functions	Departmental social events, at a fixed cost per staff member e.g. team building

6.1.3 Operational Costs

Expense account	Information / Explanation
Professional Fees	Budgeted according to current investigations in progress, historical information and probabilities
Local Travel	Based on known and envisaged travel to supervised entities
Foreign Travel	Attendance of international meetings and working groups as well as supervisory visits to foreign branches
HOD discretionary & Special Functions	Hosting of international business meetings, supervisory colleges and training workshops
Training (local & foreign)	To participate in various conferences and seminars to keep abreast with local, regional, and international regulatory trends and standards as per Individual Development Plans (IDPs)
Foreign Training	Due to the unique scope of work done by the PA, some training is only available abroad

6.1.4 Information Technology Expenses

The Information Technology Budget consists of two parts: The budgeted amounts relating to the annual renewal of ICT licenses for existing and new software packages, and the development of the new PA Information Technology Solution (PA IT Solution).

The technology programme is a key component of the PA's broader Suptech transformation journey, aimed at modernising regulatory supervision through digitisation, structured data management, and enhanced reporting capability. At its core, the programme is supporting the PA transition from fragmented, manual, and reactive supervisory processes toward a more unified, digital, and insight-led operating model.

6.1.5 Capital Expenditure

The capital expenditure is included as part of the PA Strategic Solution budget. The PA has not made provision for capital expenditure in its 2027/28 budget.

6.2 Abridged Budget Income Statement for the 2027/28 financial year

The table below depicts the Abridged Budget Income Statement for the year ending 31 March 2028; the detailed Budget Income Statement is contained in Annexure A

Abridged Budget Income Statement for the 2027/28 financial year

Abridged Budget Income Statement	Notes	2027/28 Budget
Gross Revenue		
Levies	6.3.1	R655.6 m
Special Levies	6.3.2	R0
Fees	6.3.3	R11 m
Other Income		R0
Operating Expenditure		
Personnel Expenses	6.4.1	R647 m
Operational Expenses	6.4.2	R208 m
Information Technology Expenditure	6.5	R104.5 m
Capital Expenditure	6.6	R0
Indirect Expenditure	6.7	R153 m
Reserve – FSR Act Section 239 (3)	6.8	R111.3 m
Operating Deficit / Surplus		-R557 m

6.3 Gross Revenue Budget

6.3.1 Estimated Levy Budget by Sector for 2027/28

Institution	Levy
Deposit-taking institutions	R352.8 m
Banks	R352.6 m
Mutual Banks	R187 k
Co-Operative Banks	R16 k
Insurance	R268.3 m
Life Insurance	R126.6 m
Non-Life Insurance	R139.8 m
Micro Insurance	R1.7 m
Road Accident Fund	R113.4 k
Other	R34.5 m
Co-operative Financial Institutions (CFIs)	Exempt
Financial Market Infrastructures (FMIs)	R34.5 m
Over the Counter Derivatives (ODPs)	R0

The PA is expected to raise sufficient levies to cover its operational requirements and does not, as a rule, budget for a surplus/deficit unless necessary. Levies will be charged on regulated entities according to the formula contained in Schedule 1, per financial institution type. Levies became payable with effect from 1 April 2023.

Banks will contribute about 54% of the total industry levies to be charged by the PA. Insurers will contribute about 41% and the other supervised entities will contribute the balance of about 5%. The levies are determined in a manner that ensures proportional contributions based on the size of the supervised entity.

6.3.2 Special Levy

The PA has not included a special levy as part of its levies proposal for the 2027/28 financial year.

6.3.3 Estimated fees per industry

PA Expected Fees Revenue	2027/28 Budget
Deposit-taking institutions	R1.4 m
Fees	R1.2 m
Annual licence Fees	R156 k
Insurance	R9.5 m
Co-Operative Financial Institutions (CFIs)	R0
Other	R0
Penalties and Fines	R0

6.3.3.1 Fees for Banks and CFIs

The requirement for the payment of the annual licence fees by banks, branches of foreign banks and mutual banks has been repealed by the Levies Administration Act. The requirement for the payment of the annual licence fees by representative offices still applies as the Levies Act does not currently provide for the imposition of levies on representative offices. Representative offices will be catered for under the Levies Act in subsequent financial years. The current fee structure for these supervised entities has been adjusted with a proposed increase of 3.7% for all industries, aligned to the proposed levies increase which is subject to change as discussed under the budget section.

6.3.3.2 Penalties and Fines

Penalties imposed in terms of Chapter 13 (section 171) of the FSR Act should be transferred to the National Revenue Fund (NRF) after the deduction of actual expenses incurred, such as legal costs. Penalties imposed in terms of section 68 of the Insurance Act, section 49 of the Co-operative Banks Act, section 74(3) of the Banks Act and section 52(3) of the Mutual Banks Act, are considered revenue in the PA's income statement.

6.4 Operational Expenditure Budget

6.4.1 Personnel Costs

Expenditure	Note	2027/28 Budget	Variance %	2026/27 Budget
Total Package	6.4.1.1	R494.2 m	7.78%	R460.1 m
Employer Contribution	6.4.1.1	R107 m	9.04%	R98.1 m
Contractors	6.4.1.2	R3 m	-34.19%	R4.7 m
Performance Bonus		R39.5 m	7.42%	R36.8 m
Long Service Gifts	6.4.1.3	R1.1 m	145.23%	R448 k
UIF		R2 m	2.88%	R2 m
Total		R647 m	7.68%	R602 m

6.4.1.1 Salaries (inclusive of Employer Contribution)

Salaries represent about 92% of the personnel expenditure budget and 53% of the total expenditure budget. The high ratio of salaries to total expenditure is attributed to the PA being a service provider organisation with personnel costs being the main cost driver.

Salary increases are aligned to the forecasted SA consumer price index. Thirty-one new positions were factored into the 2026/27 salary budget, 61 into the 2027/28 salary budget, and 23 in the next two consecutive years. The numbers may change considering the planned transitional arrangements and ongoing work of the PA's Target Operating Model (TOM). This budget excludes the salaries of the PA CEO and the two executive assistants.

6.4.1.2 Contractors

The budget for 2027/28 for contractors comprises of approximately R8 million for one Process Lead and a Process Engineer to assist with the implementation of the TOM for the PA. In addition, the PA appointed a contractor as the Lead Policy Analyst in the Policy, Statistics, and Industry Support Department, for a period of three years for training, development and other initiatives.

6.4.1.3 Long Service Gifts

Long Service Gifts are paid according to a policy of the SARB on completion of 10 years, 20 years and thereafter every 5 years of unbroken actual services. All employees will be entitled to a gift to the value of 4% of their annual pensionable remuneration. A cash payment will also be made to all employees who retire from the service of the Bank as a farewell gift.

6.4.1.4 Social Events

Social events are budgeted per staff member at a rate determined by the SARB to provide for events such as team building to create a positive work culture.

6.4.1.5 Other Staff expenses

Other staff expenses comprise, inter alia, coffee and tea expenses, flowers and wreaths, and SETA Levy.

6.4.2 Operational Costs

Expenditure	Note	2027/28 Budget	Variance %	2026/27 Budget
Travel Expenses - Local	6.4.2.1	R3.4 m	-25.40%	R4.6 m
Travel Expenses - Foreign	6.4.2.1	R14.6 m	-61.27%	R37.7 m
HoD discretionary and special functions	6.4.2.2	R14.7 m	22.54%	R11.9 m
Professional Fees	6.4.2.3	R133.9 m	-59.36%	R329.5 m
Training – Foreign	6.4.2.4	R6.4 m	-9.26%	R7.1 m
Training – Local	6.4.2.4	R4.4 m	76.15%	R2.5 m
Other Operational Costs	6.4.2.5	R6.8 m	4.90%	R6.5 m
Information Services	6.4.2.6	R23.6 m	136%	R10 m
Total		R208 m	-49.26%	R410 m

6.4.2.1 Travel Expenses

Local Travel:

This budget is based on the approved budget for 2026/27 as the PA normally keeps the same annual routine when visiting supervised financial institutions, as set out in the Supervisory Calendar.

The local travel budget includes all travel-related expenses for onsite visits by the Financial Conglomerate Supervision Department (R1.8 million), Banking and Insurance Supervision Department (R556 thousand), and the balance is travel by Support Departments (R1 million).

Foreign Travel:

The foreign travel budget includes all travel-related expenses for international visits by the Financial Conglomerate Supervision Department (R7.2 million), Banking and Insurance Supervision Department (R1.9 million), Risk Support Department (R1.8 million), the Policy, Statistic, and Industry Support Department (R2.2 million) and other related travel (R1.4 million).

The foreign travel budget provides for the following:

- Representation on various international working groups.
- Annual visits to countries where we have subsidiaries of SA banks and insurers under their jurisdiction including AML/CFT compliance visits.
- Benchmarking visits to similar institutions like the PA.
- FATF Joint Group Review Group meetings to discuss grey listing progress.
- CEO of the PA to attend PA related meetings / supervisory visits.

6.4.2.2 HoD discretionary and special functions

This budget relates to External- and Internal entertainment, Farewell functions, Special functions and Business, Forums and Meetings.

Business, Forums & Meetings:

The PA is responsible for hosting various events. Part of our annual supervisory programme is the hosting of industry workshops for banks, insurers and market infrastructures as well as supervisory colleges with selected financial institutions and SADC workshops. The PA hosts international meetings of which it is a member of.

Once-off Functions:

Upon request, the PA will host international events on behalf of the groups it serves. These meetings are typically hosted in Cape Town.

6.4.2.3 Professional Fees

Legal Costs and Consultants:

The South African Reserve Bank Act empowers the Governor to direct the PA to investigate the activities of unregistered entities (illegal deposit-taking schemes) through the appointment of temporary inspectors.

The budget for professional fees was determined by the schemes currently under investigation. The budget for professional fees is difficult to determine due to the unpredictability of the schemes.

Schemes under investigation normally have various phases, an investigation is launched which is more consultancy-orientated and as the investigation progresses, it becomes more of a legal matter. Costs will always fluctuate between these accounts.

This budget also makes provision for the investigation into PA-supervised financial institutions, as well as for consultation services to assist the PA to achieve its objectives of enhancing the effectiveness of its AML/CFT supervision, including preparation for the next FATF Mutual Evaluation.

Tribunal Costs:

The 2027/28 budget makes provision for tribunal fees. Upon application by aggrieved persons, the Tribunal reconsiders decisions of the PA as defined in terms of section 218 of the FSR Act and performs the other functions as conferred on it by the Act.

6.4.2.4 Training Expenses (Local and Foreign)

The PA encourages staff to keep abreast with developments within their fields of expertise and to address identified gaps in individual staff performance through relevant training. Departments are required to submit their training requirements in accordance with their Individual Development Plans. The budget is allocated to participate in various conferences and seminars to keep abreast with local, regional, and international regulatory trends and standards.

The total training budget amounts to R10.8 million, with R4.4 million (41%) allocated for local training and R6.4 million (59%) for foreign training.

The annual licence fee payable to the Bank for International Settlements (BIS) for FSI Connect also forms part of this budget (€25 thousand). FSI Connect is the BIS's web-based information resource and learning tool available exclusively to central banks, supervisory authorities, deposit insurers and eligible public sector authorities. It covers primarily international financial regulatory standards and sound supervisory practices, including the latest prudential standards, key guidance on banking and insurance supervision, and relevant accounting and deposit insurance topics.

6.4.2.5 Other Operational Costs

Membership Fees:

All membership fees, corporate and individual, to professional bodies, are accounted for in this account.

Corporate Membership:

Professional Body	Membership Fees 2026
Committee of Insurance, Securities and Non-banking Financial Authorities (CISNA)	\$35,000
Insurance Supervisory Authorities (AAISA)	\$1,500
International Association of Insurance Supervisors (IAIS)	CHF50,200
International Credit Unions Regulators Network (ICURN)	\$1,800
The International Organization of Securities Commissions (IOSCO)	€26,992
Alliance for Financial Inclusion (AFI)	\$45,000
Asset & Liability Management Association (ALMA)	£200
The Global Platform for Intellectual Property	R3,795
International Compliance Association	£725

The total estimated value of corporate membership fees is approximately R3.2 million.

Strategic Management Expenses:

This budget provides for the annual strategic planning session for the management team of the PA, the annual review session of the strategic focus areas as well as departmental and divisional strategic planning sessions, as provisioned for by the SARB.

Electronic Information:

This budget provides for online subscriptions to digital newspapers, financial magazines, law platforms and regulatory platforms.

6.4.2.6 Information Services

External Information Services

This budget relates to online subscriptions to information platforms such as Bloomberg.

Application Software Support and System Development Costs

The PA will be undertaking a review of its Target Operating Model and associated Business, IT and Data architectures. This review considers changes to the PA's external and internal environments as well as transitional arrangements.

6.5 Information Technology Budget

The Information Technology Budget consists of two parts: The budgeted amounts relating to the annual renewal of ICT licenses for existing and new software packages, and the ongoing development of the PA IT Solution.

6.5.1 The Prudential Authority Strategic Technology Solution

The integrated solution will enable efficient data management which includes collection, validation, storage, analysis, and dissemination of data. The expected expenditure for the PA IT Solution is R1.1 billion over a ten (10) year period from 2020 to 2030.

6.6 Total Indirect Costs

Section 51 of the FSR Act states that the SARB must provide the PA with personnel, accommodation, facilities, use of assets, resources and other services that may be determined by the PA and agreed to by the SARB.

6.6.1 Indirect costs

Expenditure	Note	2027/28 Budget	Variance %	2026/27 Budget
Skills Development Levy	6.7.1.1	R4.1 m	-1.15%	R4.2 m
Fixed Asset Costs	6.7.1.2	R41.8 m	33.61%	R31.3 m
Municipal Charges	6.7.1.3	R8.5 m	16.72%	R7.3 m
Other Indirect Costs	6.7.1.4	R98.6 m	-16.07%	R117.5 m
Information Technology Budget	6.5	R104.5 m	39.34%	R75 m
Total		R258 m	9.47%	R235 m

6.6.1.1 Skills Development Levy

The Skills Development Levy (SDL) is a mandatory South African tax employers pay to fund employee education and training. Employers must pay 1% of their total monthly payroll if their annual salary bill exceeds R500 thousand. These funds are paid over to the Sector Education and Training Authority (SETA).

6.6.1.2 Fixed Asset Costs

Property, Facilities Maintenance and Operational Support Costs

The allocation provides for essential property and facilities-related expenditure necessary to ensure the continued operation, upkeep, and optimization of the workplace. This includes repairs and maintenance, workstation modifications and outsourced cleaning services that contribute to a safe, compliant, and productive working environment.

Market Equivalent Rental

Various upgrade and renovation projects were implemented at SARB head office to ensure a safe and healthy working environment as well as functional office space that is fit for purpose. Effective August 2025, staff permanently returned to the renovated SARB head office, and this resulted in new rental expense of R23 million, based on the average market rental rate for a P-grade building in Pretoria.

6.6.1.3 Municipal Charges

This budget provision caters for mandatory municipal and property-related expenditure of R8.5 million to adequately support the operation and occupancy of facilities, including rates and taxes, electricity, water and sanitation services, as well as refuse removal costs.

6.6.1.4 Other Indirect Costs

The following departments render services to the PA in support of its operations.

Department	Service Provided
Corporate Services Department	Security Services
Corporate Services Department	Switch Board Services
Legal Services Department	Contracts and legal advice
Business, Systems and Technology Department	IT Services
Human Resources Department	Staff related matters
Executive Management Department	Office of the CEO of the PA
Group Strategy and Communication	Strategic Management
Financial Services Department	Payments, Procurement, Payroll, Budgets, Financial statements
National Payments Department	Foreign Payments
SARB Academy	Internal Training
Risk Management and Compliance Department	Compliance Universe

6.7 Reserve

In terms of FSR Act, section 239(3), an estimate of expenditure for a financial year may include provision for one or more reserves, but the total accumulated reserves, included in the estimate of expenditure, may not exceed 15% of the total estimated expenditure, excluding the reserves. This reserve can compensate for unbudgeted items because of the timeline that the PA must follow to prepare the budget. The PA made provision for a R111 million (10%) reserve for the 2027/28 financial year.

6.8 Expenditure forecast for two consecutive financial years 2028/29 and 2029/30

Assumptions made on the budget forecast.

6.8.1 Remuneration budget:

- Actual salaries were used for existing employees.
- An average salary increase of CPI inflation % was used for each forecasted financial year.
- Midpoint salaries were used for vacant positions.
- PA headcount estimated at 522 by 2030, excluding transitional arrangements.
- Projected performance bonuses are calculated at 8% of the total package.

6.8.2 Operational Budget

- Normal operational expenses were increased by projected CPI inflation %.
- Consulting and legal fees for illegal deposit-taking and similar investigations was based on a three-year average.

7. CONCLUSION

- 7.1 The PA's 2027/28 budget is premised on the principle of cost recovery and is aligned to its statutory mandate, departmental business objectives, relevant SARB Strategic Focus Areas and PA Strategic Focus Areas. The budget reflects a disciplined and proportionate funding approach, with the PA seeking to recover only those costs necessary to enable the adequate, effective and sustainable discharge of its regulatory and supervisory responsibilities.
- 7.2 The PA would like to acknowledge the SARB funding contribution of R557 million for the 2027/28 financial year. The PA is reviewing its funding model to promote greater financial independence where the cost of prudential regulation and supervision should be borne by the regulated entities that benefit from a stable, credible and well-supervised financial sector.
- 7.3 The 2027/28 total expenditure budget of R1.2 billion represents a decrease of R312 million, or 20%, when compared to the approved 2026/27 budget of R1.5 billion. This reduction demonstrates the PA's commitment to cost discipline, fiscal prudence and responsible financial management, while ensuring that adequate provision is made for the resources, systems and capabilities required to fulfil its statutory obligations.
- 7.4 The PA proposes a 3.7% increase based on the projected 2027 CPI rate announced by the SARB Monetary Policy Committee in May 2026. This will be revised to the December 2026 StatsSA published rate when it becomes available.

ANNEXURE A – DETAILED BUDGET FOR THE YEAR ENDING 31 MARCH 2028

PA Costs R'000	Prior Year	Current Year	Proposed budget			Future Years	
	2025/26	Full year board approved budget 2026/27	Budget 2027/28	Var Budget 2026/27 vs Budget 2027/28 R'000	Var Budget 2026/27 vs Budget 2027/28 %	2028/29 Budget Estimate	2029/30 Budget Estimate
Levies	612,640	632,244	655,637	23,393	3.70%	675,306	695,565
Fees	11,415	10,178	10,903	724	7.12%	11,225	11,557
TOTAL REVENUE	624,054	642,422	666,540	24,117	3.75%	686,531	707,123
Remuneration - Total Cost To Company	451,402	596,975	642,786	45,810	7.67%	716,413	791,139
Contractors	6,844	4,623	3,042	-1,581	-34.19%	2,028	-
Other personnel costs	880	448	1,099	651	145.24%	1,429	1,250
Total personnel costs	459,127	602,046	646,927	44,881	7.45%	719,871	792,389
Professional Fees	143,230	329,583	133,951	-195,632	-59.36%	137,969	142,109
Travel expenses	17,578	42,442	18,107	-24,336	-57.34%	18,650	19,210
IT operational expenditure	12,777	10,000	23,660	13,660	136.59%	24,370	25,101
HOD discretionary & Special Functions	10,959	11,987	14,689	2,701	22.54%	15,129	15,583
Training Costs	5,686	9,583	10,834	1,250	13.04%	11,159	11,493
Other Operating Costs	4,772	6,539	6,860	321	4.90%	7,065	7,277
Total operational costs	195,002	410,135	208,100	-202,036	-49.26%	214,342	220,773
TOTAL DIRECT COSTS	654,128	1,012,182	855,026	-157,155	-15.53%	934,213	1,013,162
Total indirect costs	226,107	235,268	257,553	22,285	9.47%	265,279	273,238
TOTAL OPEX	880,235	1,247,449	1,112,579	-134,870	-10.81%	1,199,492	1,286,400
CAPITAL EXPENDITURE (CAPEX)	135,214	88,131	0	-88,131	-100.00%	39,804	
RESERVE - FSRA section 239(3)	258,890	200,331	111,258	-89,073	-44.46%	148,813	154,270
GRAND TOTAL	1,274,340	1,535,911	1,223,837	-312,074	-20.32%	1,388,109	1,440,670
OPERATING (DEFICIT) SURPLUS*	-30,074	-369,759	-188,487	181,273	-49.02%	-247,682	-306,039
ALL-INCLUSIVE (DEFICIT) SURPLUS	-650,286	-893,489	-557,298	336,192	-37.63%	-701,578	-733,547