



SOUTH AFRICAN RESERVE BANK
Prudential Authority

Explanation of the budget, estimates of expenditure, fees, and levies proposals by the Prudential Authority for the 2026/27 financial year*

September 2025

(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) introduced important changes to the regulation and supervision of the South African financial sector. The FSR Act established a prudential regulator, the Prudential Authority (PA), which is responsible for regulating banks, insurers, financial conglomerates, co-operative banks and co-operative financial institutions, as well as certain market infrastructures. The PA will also be responsible for the regulation of pension funds and collective investment schemes managers (CIS) from a date determined by the Minister of Finance. The FSR Act also established a market conduct regulator, the Financial Sector Conduct Authority (FSCA).
- 1.2 One of the fundamental principles, as set out in the government's policy document on the regulation and supervision of the financial sector, is that regulators should be appropriately and adequately funded to enable them to effectively execute their mandates. According to this policy document, the regulated entities should ideally fund the operational budgets of regulators in a way that eliminates conflict 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 and updated at least annually.
- 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, 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 fifty-four positions are existing on the current structures of the four PA departments as at March 2025.

Department	Current Headcount*	Approved Headcount**
Financial Conglomerate Supervision Department	112	163
Banking and Insurance Supervision Department	87	114
Risk Support Department	88	105
Policy, Statistics, and Industry Support Department	67	140
Total	354	522

* Based on March 2025

** Provision to fill vacancies extend over a period of three years or more (2025/26 to 2028/29)

- 2.6 The PA is planning to recruit 43 positions during the 2025/26 financial year, increasing the total staff complement of the PA to 397 by 2026/27, which is 12% of the SARB Head Office headcount of 3367 (including current vacancies). Over the next three financial years, the PA plans to hire 125 additional staff members, increasing the total head count to 522. The staff complement for the Banking

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.

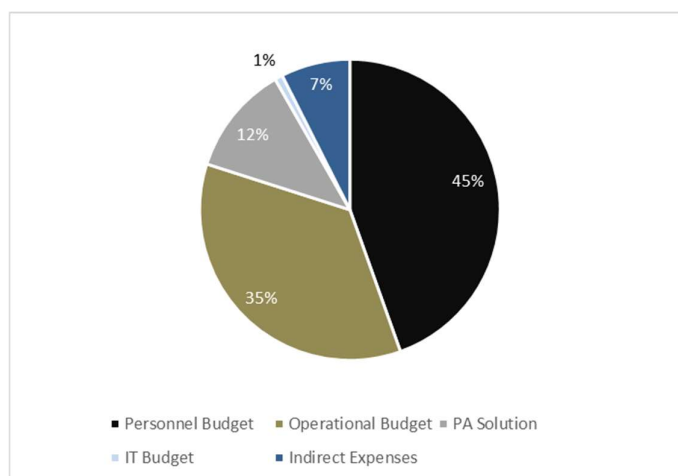
Supervision Department (before Twin Peaks implementation) was 139. The increase in the staff complement following the implementation of the Twin Peaks represents an increase of 376% in the number of personnel overseeing the mandate for prudential regulation and supervision within the SARB.

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 2026/27 financial year as well as the projected estimates of expenditure for 2027/28 and 2028/29, is drawn from the business objectives of the departments within the PA linked to the relevant SARB Strategic Focus Area(s) and PA Strategic Initiatives.
- 3.3 The budget will be inclusive of personnel costs, operational costs, capital expenditure, information technology expenditure as well as indirect costs.

The graph below depicts the different types of expenditure:

Graph 1:



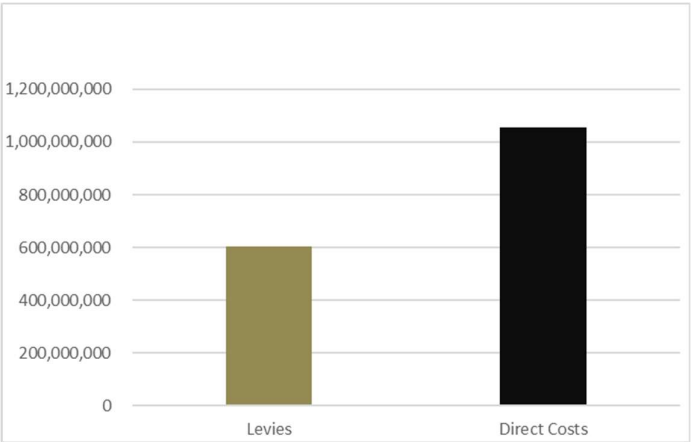
- 3.4 The estimated total cost (direct, indirect and IT costs) for running the PA for the 2026/27 financial year, is estimated at R1,524 billion. Out of this total amount, the SARB will cover approximately 60% (R910 million) of the PA's total budget. In terms of the direct costs, amounting to R1,095 billion, the SARB is expected to contribute 44% (R482 million). The estimated levies and fees revenue of R613 million will cover 40% of the total costs of prudential regulation.
- 3.5 As part of the ongoing commitment to operational excellence and long-term sustainability, the PA will be implementing a series of cost-cutting measures. These efforts are designed to streamline processes, eliminate inefficiencies, and ensure the optimal use of resources across all departments. By proactively managing

expenses, the PA aims to strengthen its financial position, improve cost recovery, and enhance its ability to invest in strategic initiatives. These actions will not only support resilience in a dynamic market environment but also position the organisation for sustainable growth while simultaneously increasing value for stakeholders.

As such, the 2026/27 budget deficit reflects a decrease of R361 million (28%) compared to the 2025/26 budget. The R1,524 billion total expenditure estimated for 2026/27 indicates a decrease of R323 million (17%) compared to the 2025/26 total expenditure of R1,846 billion.

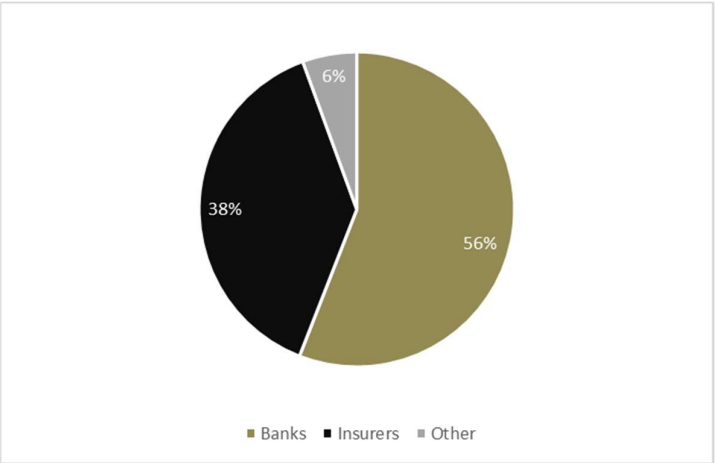
The graph below depicts the levy distribution against the operational expenditure (direct costs):

Graph 2:



The graph below depicts the distribution of the 2026/27 expected levies revenue between the different revenue streams:

Graph 3:



4. LEVIES PROPOSAL

- 4.1 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.
- 4.2 The levy proposal for the 2026/27 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 3.3% increase.
- 4.3 Section 10(4)(b) of the Levies Act provides that the levies in the Schedules to that Act must be increased by the arithmetic mean of the Consumer Price Index (CPI) as published by Statistics South Africa in the preceding calendar year. Statistics South Africa published a CPI of 4.4% for December 2024 and the PA subsequently proposed a 4.9% increase for the 2025/26 financial year. This proposal was tabled in Parliament on 6 December 2024 for consideration.
- 4.4 For the 2026/27 financial year, the PA proposes a 3.3% increase on the formulas that were used for the 2025/26 financial year (Annexure B). The 3.3% is the average CPI announced by the SARB Monetary Policy Committee in July 2025 for 2025.
- 4.5 The levy variables for 2025/26 must therefore automatically be adjusted to 4.4% and the 2026/27 levies must increase by 3.3%. The Minister may, in terms of section 10(4)(b) of the Levies Act, by notice in the Government Gazette, determine that there must be no increase or an increase less than the reported CPI increase³.
- 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 referred to in paragraph 4.4, 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.
- 4.7 The PA anticipates collecting levies to the amount of R604 million from industry for the 2026/27 financial year.

5. FEES PROPOSAL

- 5.1 The Prudential Authority Fees Determination is made by the Prudential Committee. 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

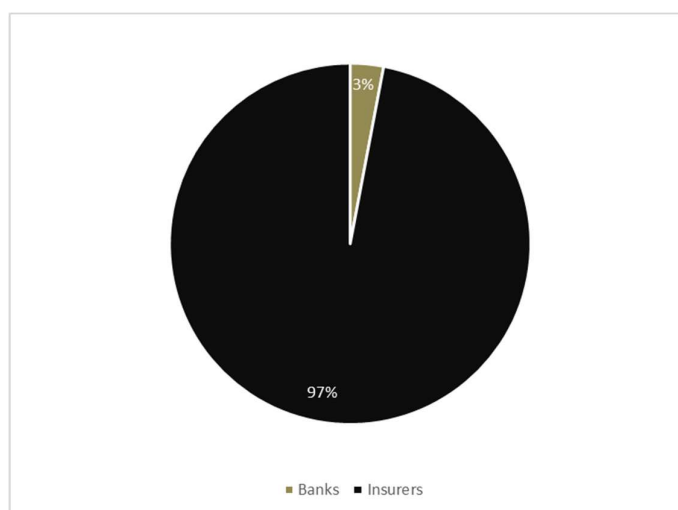
³ The PA proposed a 4.9% increase on levies for the 2025/26 financial year. The annual CPI was 4.4% in December 2024.

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 proposes to adjust the fees prescribed under the proposed PA Fees Determination that was consulted with the industry together with the 2025/26 proposed budget documents. The PA Fees Determination will come into effect once it has been tabled in Parliament and the 2025/26 budget, fees and levies parliamentary and ministerial process has been finalised.
- 5.4 The PA's fees proposals for the 2026/27 financial year are as outlined in the PA Fees Determination attached as Annexure D. The PA Fees Determination will be increased by CPI of 3.3%. The PA Fees Determination is as contemplated by section 237(1) and (2) of the FSR Act and the regulatory instrument will also be used to repeal in some cases as well as replace the existing fees instruments.
- 5.5 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.
- 5.6 The fees received during the 2024/25 financial year were approximately R502 600 from commercial banks, mutual banks and the co-operative banks, as well as R9.6 million from insurers. The fees are inclusive of annual licence fees for representative offices of foreign banks and co-operative banks.
- 5.7 Based on the fees collected in the previous financial year, banks contributed about 2% and the insurance sector contributed about 97%. Co-operative banks and mutual banks accounted for less than 1% of the total fees collected by the PA.

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

Graph 4:



- 5.8 The PA anticipates to receive about 3% in fees for banks, mutual and cooperative banks, while insurers' fees are estimated at 97% of the total amount of R9,2 million estimated for the 2026/27 financial year.
- 5.9 The overall fees for banks and mutual banks decreased in 2024 because of the newly enacted Levies Administration Act, which repealed the requirement for banks and mutual banks to pay an annual license fee. This reduced the overall fees payable by banks and mutual banks. The cooperative banks are still required to pay an annual license fee.
- 5.10 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.
- 5.11 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 2026/27 AND EXPLANATION

6.1 Principle Budget Assumptions

6.1.1 General budget assumptions applied.

The budget for the 2025/26 financial year, approved by the Governor's Executive Committee, was used as a base to calculate the 2026/27 budget. The 2025/26 figures were inflated with the projected CPI inflation to calculate the 2026/27 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 each year.

6.1.2 CPI Inflation Projection

Percentage change	2025	2026	2027	2028
CPI Inflation*	3.3%	3.3%	3.0%	3.3%

*Based on the MPC projections as at July 2025

6.1.3 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 544 per annum. Maximum for employees earning up to R212 544 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

6.1.4 Operational Costs

Expense account	Information / Explanation
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
Telecommunication Costs	Telephone, cell phone and data costs are accounted for in these accounts, based on actual expenses
Communication Costs	Notifications in the Government Gazette
Official Functions	Hosting of international business meetings, supervisory colleges and training workshops
Professional Fees	Budgeted according to current investigations in progress, historical information and probabilities
Fixed Asset Costs	Assets purchased for up to R7 000, including art and furniture
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, most training is only available abroad (e.g., BIS & FSI)
Stationery, Printing & Publishing	Office running expenses are accounted for in these accounts
Membership Fees	All membership fees, corporate and individual, to professional bodies, are accounted for in this account
Books, Periodicals & Newspapers	Subscription to financial magazines and newspapers, as well as purchasing of supervisory-related books
Strategic Management Expenses	Annual departmental strategic sessions are held by management, followed by review sessions later in the year
External Information Services	Subscription to information platforms and third-party risk screening platforms
Awards	Recognition for staff for their contribution to the department, the PA and the SARB
Appliance Software Support & System Preparation Costs	Covers expenses related to software support services, licensing, installation, and configuration of systems required to prepare and maintain appliance functionality. Includes setup, updates, and technical support for appliance-related software

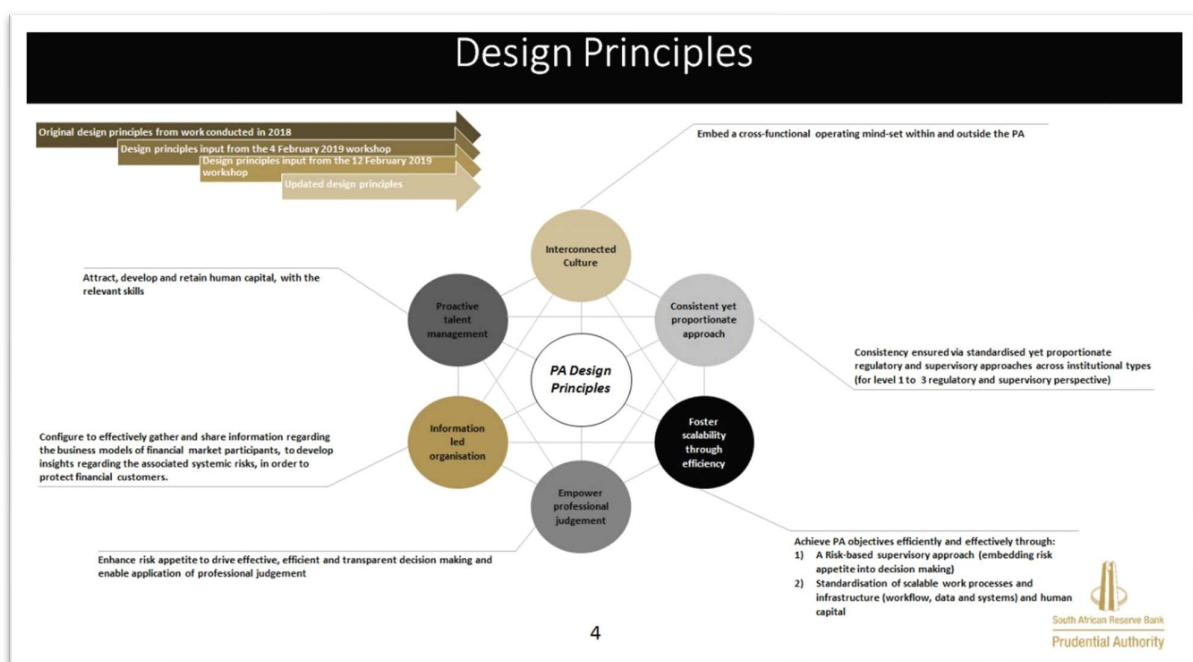
6.1.5 Information Technology Expenses

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 new PA IT Solution will replace the current systems used by the PA to supervise regulated institutions which have become obsolete in light of the evolving technological environment. The solution aims to foster effective and efficient collaboration and information sharing between the PA and supervised regulated institutions in a more seamless manner.

The exchange of information in a secure manner is extremely crucial in fulfilling the PA's statutory obligations. Using information effectively, and sharing it appropriately, can assist the PA to focus its activities according to risk, and in turn to allow information acquired that would assist in administering, supervising, and enforcing financial sector laws, subsequently promoting mutual cooperating and collaboration between the regulators as well as minimising duplication of effort. The solution will enable better and streamlined ways of work for the PA through implementation of technologies that enable the PA's business capabilities as defined in the PA target operating model.

The figure below shows the key design principles which have guided the design of the PA's operating model:



6.1.6 Capital Expenditure

The capital expenditure is included as part of the PA Strategic Solution budget.

6.2 Abridged Budget Income Statement for the 2026/27 financial year

The table below depicts the Abridged Budget Income Statement for the year ending 31 March 2027; the detailed Budget Income Statement is contained in Annexure A.

Abridged Budget Income Statement for the 2026/27 financial year

Abridged Budget Income Statement	Notes	2026/27 Budget
Gross Revenue		
Levies	6.3.1	R604,190,229
Special Levies	6.3.2	R0
Fees	6.3.3	R9,202,845
Other Income		R0
Operating Expenditure		
Personnel Expenses	6.4.1	R605,514,688
Operational Expenses	6.4.2	R489,556,280
Information Technology Expenditure	6.5	R74,962,505
Capital Expenditure	6.6	R88,131,272
Indirect Expenditure	6.7	R101,237,958
Reserve – FSR Act Section 239 (3)	6.8	R164,260,645
Operating Deficit / Surplus		-R910,270,275

6.3 Gross Revenue Budget

6.3.1 Estimated Levy Budget by Sector for 2026/27

Institution	Levy*
Deposit-taking institutions	R337,907,907
Banks	R337,687,294
Mutual Banks	R205,468
Co-Operative Banks	R15,145
Insurance	R232,595,163
Life Insurance	R107,780,780
Non-Life Insurance	R123,643,432
Micro Insurance	R1,056,635
Road Accident Fund	R114,316
Other	R33,687,159
Co-operative Financial Institutions (CFIs)	Exempt
Financial Market Infrastructures (FMIs)	R32,584,614
Over the Counter Derivatives (ODPs)	R1,102,545

*Based on June 2024 submissions

Under section 237(1)(b) of the FSR Act and the Levies Act, the PA must impose levies to fund its operations. 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.

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.

Banks will contribute about 56% of the total industry levies to be charged by the PA. Insurers will contribute about 38% and the other supervised entities will contribute the balance of about 6%. The levies are determined in a manner that ensures proportional contributions based on the size of the supervised entity.

6.3.2 Special Levy

A Special levy must be charged in accordance with the Levies Act to provide for the initial costs associated with the establishment of the PA. The FSR Act allowed for the imposition of a special levy limited for the first two financial years (FY) i.e., 2023/2024 FY and 2024/2025 FY once Chapter 16 commences. The PA will therefore not be charging special levies from 2025/26.

6.3.3 Estimated Fees per Sector

PA Expected Fees Revenue	Notes	2026/27 Budget
Deposit-taking institutions	6.3.3.1	R425,168
Fees*		R269,169
Annual licence Fees		R156,000
Insurance	6.3.3.2	R8,777,677
Co-Operative Financial Institutions (CFIs)	6.3.3.1	R0
Other		R0
Penalties and Fines	6.3.3.3	R0

*Based on the revenue received in 2024/25

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 and cooperative banks 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 CPI inflation of 3.3%.

6.3.3.2 Fees for Insurance

The PA determined fees in terms of Chapter 16 of the FSR Act which replaced the Insurance Application Fees Prudential Standard. The 2026/27 fee structure for insurers has been adjusted with CPI inflation of 3.3%.

6.3.3.3 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. The PA collected R20,4 million in penalties in the 2024/25 financial year which will be paid to the NRF.

6.4 Operational Expenditure Budget

6.4.1 Personnel Costs

Expenditure	Note	2026/27 Budget R'000	Variance %	2025/26 Budget* R'000
Total Package	6.4.1.1	R455,493	14.53%	R397,721
Employer Contribution	6.4.1.1	R98,115	15.49%	R84,956
Contractors	6.4.1.2	R4,623	-25.31%	R6,189
Performance Bonus		R36,809	12.61%	R32,687
Long Service Gifts	6.4.1.3	R448	-36.51%	R706
UIF		R1,936	-15.00%	R2,278
SETA Levy		R4,190	4.50%	R4,010
Appointment Costs		R3,374	4.50%	R3,229
Social Events	6.4.1.4	R508	8.22%	R469
Other	6.4.1.5	R19	6.67%	R18
Total		R605,515	13.76%	R532,262

*Budget approved by GEC

6.4.1.1 Salaries (inclusive of Employer Contribution)

Salaries represent about 92% of the personnel expenditure budget and 51% 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. Forty-three new positions were factored into the 2025/26 salary budget, 52 into the 2026/27 salary budget, and 73 in the next two consecutive years. The total staff complement of the PA (including vacancies) will be 522, which will represent 12% of the SARB headcount of 3,367 (including vacancies).

This budget does not include the salaries of the CEO of the PA and the two executive assistants.

6.4.1.2 Contractors

The budget for 2026/27 for contractors comprises of R10,3 million for one Project Managers, two Change Managers and one Project Administrator in the Project Team. The Project Team is responsible for establishing and embedding the PA. In addition, provision was made for three contractors to assist with the implementation of the Target Operating Model (TOM) for the PA.

Contractor costs are classified under either remuneration (R4,623) or consultants (R5,687), depending on their role. Contractors engaged in a staff capacity are

accounted for under remuneration, while those hired for consulting purposes through an agency are recorded under consultants.

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 & tea expenses, flowers & wreaths, and SETA Levy.

6.4.2 Operational Costs

Expenditure	Note	2026/27 Budget R'000	Variance %	2025/26 Budget* R'000
Travel Expenses - Local	6.4.2.1	R4,657	2.54%	R4,542
Travel Expenses - Foreign	6.4.2.1	R37,785	-21.29%	R48,004
Telecommunication Costs	6.4.2.2	R945	-58.41%	R2,272
Communication Costs	6.4.2.3	R1,156	0.23%	R1,154
Official Functions	6.4.2.4	R9,996	-50.54%	R20,210
Professional Fees	6.4.2.5	R329,583	11.90%	R294,523
Fixed Asset Costs	6.4.2.6	R31,291	1388.55%	R2,102
Municipal Services		R7,321	201.40%	R2,429
Training – Local	6.4.2.7	R2,502	-21.16%	R3,174
Training - Foreign	6.4.2.7	R7,081	10.91%	R6,384
Stationery & Printing	6.4.2.8	R235	16.71%	R201
Other Operational Costs	6.4.2.9	R6,559	8.61%	R6,039
Information Services	6.4.2.10	R50,005	274%	R13,353
HOD Awards		R440	24.95%	R352
Total		R489,556	20.96%	R404,740

*Budget approved by GEC for submission to NT

6.4.2.1 Travel Expenses

Local Travel:

This budget is based on the approved budget for 2025/26 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 (R1,978 million), Banking and Insurance Supervision Department (R1,187 million), and the balance is travel by Support Departments (R1,492 million). The PA is required by Section 132 of the FSR Act to conduct supervisory on-site inspections.

Foreign Travel:

The foreign travel budget includes all travel-related expenses for international visits by the Financial Conglomerate Supervision Department (R15,617 million), Banking and Insurance Supervision Department (R7,028 million), Risk Support Department (R5,765 million), the Policy, Statistic, and Industry Support Department (R6,823 million) and other related travel (R2,553 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.
- PA Supervision Centre related travel
- CEO of the PA to attend PA related meetings / supervisory visits

6.4.2.2 Telecommunication Costs

This budget relates to Postages, Telephone, Cell phone and Cell phone Allowances. Part of the Cell phone budget is data usage.

6.4.2.3 Communication Costs

Media Placements:

This budget provides for the placement of notices in the Government Gazette relating to PA supervised entities, as well as the printing of amendments to Regulations. This budget also makes provision for the publication of relevant legislation on Sabinet, an online legal information service provider.

6.4.2.4 Official 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, Insurance Companies

and Financial Market Infrastructures. We also host Supervisory Colleges with selected financial institutions and provide workshops to SADC Countries.

The PA also hosts international meetings on behalf of the groups we serve.

Special Functions:

The South African Reserve Bank (SARB) Head Office building is approximately 30 years old. Various upgrade and renovation projects were implemented to ensure a safe and healthy working environment as well as functional office space that is fit for purpose. Staff were not permitted to enter the SARB head office building until 2025 and this resulted in a need to provide for face-to-face interactions at venues outside of the building. Given the return of staff to the office in August 2025, this line item reflects a substantial reduction in expenses compared to the previous financial year.

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, South Africa, and will be a once-off event.

6.4.2.5 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 2026/27 budget makes provision for tribunal fees. Upon application by aggrieved persons, the Tribunal reconsiders decisions of decision-makers as defined in terms of section 218 of the FSR Act and performs the other functions as conferred on it by the Act and specific financial sector laws.

6.4.2.6 Fixed Asset Costs

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. As an interim solution, the SARB leased an office space at Irene Link over the past 5 years, incurring an estimated rental cost of R125 718 per year for the purposes of the PA.

Effective August 2025, staff will permanently return to the renovated SARB head office, and this will result in new rental expense of R23 million effective 2026/27, based on the calculation as set out below.

The average market rental rate for a P-grade building in Pretoria is around R214.32 per square meter per month, which translates to approximately R2 571.84 per square meter per annum. Based on this rate, leasing 8,584 square meters for the PA's office accommodation would amount to a market equivalent rent of approximately R23.5million per year.

6.4.2.7 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 Independent Development Plans. The budget is 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 R9,584 million, with R2, 502 million (26%) allocated for local training and R7, 081 million (74%) for foreign training.

The annual licence fee payable to the Bank for International Settlements (BIS) for FSI Connect also forms part of this budget (€25 110). 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.

6.4.2.8 Stationery and Printing

This budget relates to stationery, printing, and photocopying costs. Part of the printing budget is the PA Annual Report and in-house information pamphlets.

6.4.2.9 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*
Committee of Insurance, Securities and Non-banking Financial Authorities (CISNA)	\$34,611
Insurance Supervisory Authorities (AAISA)	\$1,000
International Association of Insurance Supervisors (IAIS)	CHF48,200
International Credit Unions Regulators Network (ICURN)	\$1,500
The International Organization of Securities Commissions (IOSCO)	€25,992
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
BD Live	R1,440

*For 2025

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 recommended by the SARB.

Electronic Information:

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

6.4.2.10 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 development of the new PA IT Solution. The largest part of the Information Technology Expense budget is 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 R1,230 billion, over a ten (10) year period from 2020 to 2030.

6.6 Capital Expenditure Budget

The Information Technology budget of R163 million includes the capital expenditure (CAPEX) of R88 million (54%) while the operational expenditure (OPEX) is R75 million (46%).

6.7 Indirect Expenditure Budget

Section 51 of the FSR Act requires the SARB to 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. In line with the provisions of the FSR Act, the SARB will be contributing towards indirect costs of running the PA while the industry will contribute on direct costs.

The PA make use of the following departments for services rendered

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

6.8 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.

6.9 Expenditure forecast for two consecutive financial years 2027/28 and 2028/29

Assumptions made on the budget forecast.

6.9.1 Remuneration budget:

- Actual salaries were used for existing employees.
- An average salary increase of 5% was used for each forecasted financial year.
- Midpoint salaries were used for vacant positions.
- PA headcount estimated at 397 for 2026/27 is the current headcount 354 plus the planned vacancies of 43.
- Total SARB headcount of 3,367 as per GEC-approved organisational structures 2025/26 which includes 723 vacancies.
- Projected performance bonuses are calculated at 8% of the total package.

6.9.2 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 budget is based on the principle of cost recovery and is drawn from the business objectives of the departments within the PA linked to the relevant SARB Strategic Focus Area(s) and PA Strategic Initiatives. The PA will only collect enough levies to run its operations adequately and effectively, bearing in mind that the SARB will also be contributing to the total costs of running the PA, from its resources.
- 7.2 The contribution by the SARB towards the costs of running the PA has the effect of reducing the amount that the SARB ultimately pays to the Government from its profits/surplus. The reduced profits will result in less funds being paid over to the fiscus. Consequently, the reduction in income to the fiscus has an ultimate impact on taxpayers who will invariably carry the cost of regulation and supervision, particularly for the entities that fall under the purview of the PA.
- 7.3 The total 2026/27 PA expenditure of R1,524 billion reflects a decrease of R323 million compared to the R1,846 billion 2025/26 budget.

ANNEXURE A – DETAILED BUDGET FOR THE YEAR ENDING 31 MARCH 2027

	2025/2026 Budget	2026/2027 Budget	Variance	Variance %		2027/2028 Forecast	2028/2029 Forecast
REVENUE							
Levies							
Banks	324,892,446	337,907,907	13,015,461	4.01%		348,830,974	359,530,634
Insurers	211,238,610	232,595,163	21,356,554	10.11%		232,595,163	240,270,804
Financial Markets and Instruments (FIMs)	31,543,673	32,584,614	1,040,942	3.30%		33,659,906	34,669,704
Over the Counter Derivatives (ODPs)	0	1,102,545	1,102,545	0.00%		1,138,929	1,173,097
Fee Income							
Banks	260,570	269,169	8,599	3.30%		278,051	286,393
Insurers	6,638,548	8,777,677	2,139,128	32.22%		9,067,340	9,339,360
Other Income							
Penalties & Fines*	0	0	0	0.00%		0	0
Annual licence Fees - Banks	155,652	156,000	348	0.22%		156,000	156,000
Other Cost Recoveries							
Sundry income*	0	0	0	0.00%		0	0
Professional Fees recovered*	0	0				0	0
TOTAL REVENUE*	574,729,499	613,393,075	38,663,576	6.73%		625,726,364	645,425,991
EXPENDITURE							
PERSONNEL COSTS							
Remuneration							
Total Package	397,720,629	455,492,838	57,772,209	14.53%		546,951,941	616,542,102
Contractors	6,189,262	4,622,817	-1,566,445	-25.31%		4,852,539	5,095,166
Employer Contributions	84,956,167	98,114,689	13,158,522	15.49%		117,819,879	132,822,144
Performance Bonuses	32,686,985	36,809,252	4,122,267	12.61%		44,144,358	45,411,308
Allowances							
Long Service Gift	705,758	448,056	-257,702	-36.51%		1,135,504	1,368,781
Statutory Levies							
Unemployment Insurance Fund	2,277,516	1,935,899	-341,617	-15.00%		2,327,841	2,627,011
Skills Development Levy	4,009,918	4,190,364	180,446	4.50%		4,378,930	4,575,982
Other Employment Costs							
Teambuilding	469,061	507,600	38,539	8.22%		625,817	683,472
Flowers and Wreaths	18,000	19,200	1,200	6.67%		20,400	21,600
Appointment Costs							
Advertisements for Staff	2,485,955	2,597,823	111,868	4.50%		2,714,725	2,836,888
Assessment	742,727	776,150	33,423	4.50%		811,077	847,575
PERSONNEL COSTS	532,261,978	605,514,688	73,252,710	13.76%		725,783,011	812,832,030

	2025/2026 Budget	2026/2027 Budget	Variance	Variance %		2027/2028 Forecast	2028/2029 Forecast
OPERATIONAL COSTS							
Travel And Accommodation - Local							
Local - Accommodation	1,262,260	1,315,847	53,587	4.25%		1,365,164	1,417,821
Local - Travelling Expenses	2,118,320	2,205,000	86,680	4.09%		2,289,876	2,380,500
Travel - Private Vehicles	239,352	260,407	21,055	8.80%		271,865	284,099
Local - Subsistence Allowance	356,189	363,739	7,550	2.12%		335,895	351,010
Local - Subsistence meals	333,115	298,485	-34,630	-10.40%		311,618	325,641
Local - Sundry Travelling Costs	18,672	18,809	137	0.73%		19,636	20,520
Local - Outsource Travel Service Fee	213,826	194,860	-18,966	-8.87%		203,433	212,587
Travel And Accommodation - Foreign							
Foreign - Accommodation	8,947,249	7,041,263	-1,905,986	-21.30%		7,351,078	7,681,877
Foreign - Travelling Expenses	29,618,966	24,358,741	-5,260,225	-17.76%		25,430,526	26,574,899
Foreign - Subsistence Allowance	8,086,137	5,415,759	-2,670,378	-33.02%		5,654,053	5,908,485
Foreign - Sundry Travel Costs	895,111	699,611	-195,500	-21.84%		730,394	763,262
Foreign - Conference fees	155,800	55,530	-100,270	-64.36%		57,973	60,582
Foreign - Outsource Travel Service Fee	301,054	214,328	-86,726	-28.81%		223,758	233,828
Telecommunication, Postages/Freight Costs							
Postages & Freight	470,764	286,286	-184,477	-39.19%		299,169	312,632
Telephones	30,750	33,220	2,470	8.03%		57,805	57,860
Cellphone Allowance	154,800	154,800	0	0.00%		154,800	154,800
Cellphones	1,615,961	470,637	-1,145,324	-70.88%		490,336	511,369
Communication Costs							
Marketing / Promotions	540,000	540,000	0	0.00%		543,960	548,188
Media Placements	613,440	616,140	2,700	0.44%		119,930	123,707
Official Functions							
HOD and Branch Managers Awards	211,135	257,850	46,715	22.13%		265,586	274,084
Farewell Functions - Retirees	252,789	288,654	35,865	14.19%		451,168	157,006
Once-off functions	5,450,000	2,214,527	-3,235,473	-59.37%		2,134,527	2,433,948
Special Functions	4,968,868	1,033,200	-3,935,668	-79.21%		1,055,369	1,079,726
External Entertainment	158,000	137,368	-20,632	-13.06%		142,863	150,006
Internal Entertainment	341,075	297,860	-43,215	-12.67%		309,206	321,620
Business forums & meetings	8,828,054	5,766,152	-3,061,902	-34.68%		6,566,935	6,031,935
Professional Fees							
Tribunal Costs	175,000	175,000	0	0.00%		175,000	175,000
Panel Fees and Expenses	1,030,000	0	-1,030,000	-100.00%		0	0
Legal Costs	187,940,000	220,117,857	32,177,857	17.12%		145,117,857	149,761,628
Consultants	100,588,820	103,603,293	3,014,473	3.00%		94,640,000	95,785,600
Contractors	4,788,696	5,686,606	897,910	18.75%		3,350,910	1,136,956
Fixed Asset Costs							
Repairs and Maintenance	964,756	2,245,241	1,280,486	132.73%		2,346,277	2,451,860
Maintenance, Contracts & Services	629,626	2,615,205	1,985,579	315.36%		2,732,889	2,855,869
Market equivalent rental	125,718	23,511,658	23,385,941	18601.92%		25,039,916	26,667,511
Workstation Alterations	185,606	197,664	12,058	6.50%		206,559	215,854
Cleaning charges and costs - external	168,427	2,693,607	2,525,180	1499.28%		2,814,819	2,941,486
Minor Assets	28,000	28,000	0	0.00%		28,000	28,000
Municipal Services							
Rates and Taxes	586,836	1,681,065	1,094,229	186.46%		1,613,822	1,549,269
Lights, Water and Sanitation	1,714,078	5,240,760	3,526,682	205.75%		5,906,337	6,656,441
Refuse Removal	127,936	398,670	270,734	211.62%		417,009	436,191
Training Foreign							
Training Foreign Accommodation	919,760	1,074,000	154,240	16.77%		1,116,960	1,172,808
Training Foreign Travelling Expenses	1,459,833	1,779,800	319,967	21.92%		1,850,992	1,943,542
Training Foreign Subsistence Allowance	799,657	1,048,443	248,786	31.11%		1,090,381	1,144,900
Training Foreign Sundry Travelling Costs	99,652	120,000	20,348	20.42%		124,800	131,040
Training Foreign Training Costs	3,081,297	3,027,366	-53,931	-1.75%		3,148,461	3,305,884
Training Foreign - Outsource Travel Service Fee	24,170	31,562	7,392	30.58%		32,824	34,466
Training Costs							
External Training and Seminars	1,078,357	1,599,119	520,762	48.29%		1,669,480	1,744,607
Accommodation - Training	110,500	280,500	170,000	153.85%		292,842	306,020
Travelling Expenses-Training	67,500	49,500	-18,000	-26.67%		51,678	54,004
Subsistence Allowance Training	33,060	43,500	10,440	31.58%		45,414	47,458
Training Material	421,000	529,821	108,821	25.85%		631,341	677,646
Training Consultants	1,463,703	0	-1,463,703	-100.00%		0	0

Stationery, Printing And Publishing						
Internal Printing	68,146	71,394	3,248	4.77%	74,535	77,748
Stationery	48,660	78,904	30,244	62.15%	82,376	86,083
Photocopying Costs	84,447	84,575	128	0.15%	88,297	92,270
Other Operational Costs						
Strategic Management Expenses	819,672	883,705	64,033	7.81%	972,076	1,069,283
Books, Periodicals & Newspapers	823,488	706,152	-117,336	-14.25%	737,929	771,136
Membership Fees	2,904,589	3,290,266	385,677	13.28%	3,619,293	3,981,222
Membership Fees - Individuals	928,757	1,171,007	242,250	26.08%	1,288,107	1,416,918
Recreational Costs						
Clothing and Equipment	164,700	60,000	-104,700	-63.57%	171,214	178,919
Miscellaneous	200,000	242,400	42,400	21.20%	325,280	330,918
Awards	197,800	205,200	7,400	3.74%	208,685	212,406
Information Services						
External Information Services	1,789,972	1,276,047	-513,925	-28.71%	1,505,590	1,572,234
Electronic Communication Services	63,310	42,327	-20,983	-33.14%	44,190	46,178
Appliance Software Support	11,500,000	8,640,000	-2,860,000	-24.87%	42,074	42,074
System Preparation Costs	0	40,047,152	40,047,152	100.00%	49,793,714	4,669,410
HOD & Governor's Awards						
Monthly HOD & Governor's Award	352,000	439,840	87,840	24.95%	456,393	473,690
OPERATIONAL COSTS	404,739,217	489,556,280	84,817,064	20.96%	410,691,243	374,616,519
TOTAL DIRECT COSTS	937,001,195	1,095,070,969	158,069,774	16.87%	1,136,474,255	1,187,448,549
	2025/2026 Budget	2026/2027 Budget	Variance	Variance %	2027/2028 Forecast	2028/2029 Forecast
INFORMATION TECHNOLOGY (IT Budget)						
Operational expenditure (OPEX)	60,215,821	74,962,505	14,746,684	24.49%	74,224,501	75,462,141
Capital expenditure (CAPEX)	136,706,224	88,131,272	-48,574,951	-35.53%	31,236,037	41,503,368
INDIRECT COSTS	491,292,204	101,237,958	-390,054,246	-79.39%	105,793,666	110,554,381
National Revenue Fund	0	0	0	0.00%	0	0
RESERVE - FSRA section 239 (3)	221,107,780	164,260,645	-56,847,135	-25.71%	170,471,138	178,117,282
TOTAL COSTS	1,846,323,224	1,523,663,349	-322,659,874	-17.48%	1,518,199,597	1,593,085,722
OPERATING (DEFECIT) SURPLUS*	-362,271,696	-481,677,894	119,406,198	32.96%	-510,747,891	-542,022,558
ALL-INCLUSIVE (DEFECIT) SURPLUS	-1,271,593,725	-910,270,275	-361,323,450	-28.42%	-892,473,233	-947,659,731