



Prudential Authority Industry Quarterly Newsletter

March 2022

Financial Conglomerates Supervision: Reaching a major milestone

In February 2022, the South African Reserve Bank published an article in its internal magazine, *BankIndaba*, titled 'Reaching a major milestone', where the Head of the Financial Conglomerate Supervision Department, Mr Denzel Bostander, spoke about the challenges facing the big financial institutions in the country. He also mentioned some of the department's successes, including the finalisation of the Designation Criteria and draft Prudential Standards for regulating and supervising financial conglomerates.

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Insurance entities: Notice 1 of 2022

The Prudential Notice 1 of 2022 seeks to inform all insurers (except branches of foreign reinsurers, Lloyd's and micro-insurers) of the amendments to the annual and quarterly quantitative reporting templates (QRTs). The amendments are intended to enhance the detail and increase the frequency of operational risk loss reporting by insurers from annually to quarterly.

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Prudential

Prudential Authority 2022 supervisory priorities (flavour-of-the-year and thematic reviews)

The Prudential Authority (PA) engages internally to identify industry trends, emerging risks and themes emanating from ongoing supervision of its regulated entities. The PA has approved areas of focus for the 2022 supervisory calendar. The PA will communicate further details pertaining to these topics and themes to the relevant financial institutions in due course.

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The PA Transformation Programme

The PA has entered its third year of the multi-year transformation journey. This is a year we are most excited about as we will finally achieve key milestones we have been working tirelessly towards. The team will be delivering on Phase 1 of the Umoja Solution Implementation, focusing on the AML/CFT requirements as well as the Institution Profile Management requirements.

Additionally, the Industry Data Taxonomy project will be completed, and the team will evaluate the next steps regarding the modelling and use of data taxonomies in the PA.

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Financial Sector Assessment Program Report

Between 2019 and 2021, the International Monetary Fund (IMF) and World Bank conducted a joint mission in South Africa to update the findings of the Financial Sector Assessment Program (FSAP) conducted in 2014. The report, which summarises the key findings and recommendations, was published on the IMF website on 11 February 2022.

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Self-regulatory stokvel bodies

Following a review of the two self-regulatory bodies that were approved by the erstwhile Registrar in terms of Government Notice No. 620, published in *Government Gazette* No. 37903 dated 15 August 2014 (Exemption Notice – conditions applicable to co-operative financial institutions and other savings groups), the Prudential Authority, upon the request of the National Stokvel Body of South Africa (NSBSA), revoked the approval granted to the NSBSA, effective from 31 January 2022.

The PA further reaffirmed the status of the National Stokvel Association of South Africa (NASASA) as an approved self-regulatory body.

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Operational Risk Maturity Assessment Questionnaire 2022

The Operational Risk Maturity Assessment Questionnaire is an annual assessment derived from the Principles for the Sound Management of Operational Risk with the purpose of providing the PA with insight into the level of operational risk management maturity across the supervised institutions. Institutions are required to submit the completed MS Excel version to SARB-PA@resbank.co.za and copy in the frontline analyst's email address in the email communication by no later than 31 May 2022.

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Joint Standard: Cybersecurity and Cyber Resilience Requirements

The Financial Sector Conduct Authority and the Prudential Authority (Authorities) published the draft Joint Standard: Cybersecurity and Cyber Resilience Requirements (Joint Standard) for consultation, with comments due on 15 February 2022, as provided for in section 101 of the Financial Sector Regulation Act 9 of 2017 (FSR Act). The draft Joint Standard sets out the minimum standards for sound practices and processes of cybersecurity and cyber resilience.

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Prudential Authority Publications

In the period between December 2021 and March 2022, the following instruments were published by the PA.

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For more information contact: PA-ProgrammeOffice@resbank.co.za

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