Maintaining financial stability

The FSR Act assigns the SARB the responsibility of protecting South Africa's financial system and ensuring its ongoing stability. The SARB works to ensure the financial system remains resilient against domestic and global shocks and to risks that may threaten it. Price stability and financial stability are both essential for achieving sustainable economic growth.

The SARB continuously monitors and assesses risks and vulnerabilities within the financial system, using quantitative tools and expert judgement. These risks are discussed at Financial Stability Committee (FSC) meetings and shared through the *Financial Stability Review (FSR)*,[23] which is published twice a year.

If an event arises, or is likely to arise, that could threaten the stability of the broader financial system, the SARB will take steps to mitigate and manage the impact and protect the wider economy.

Main risks and vulnerabilities identified in 2025/26

Although the financial stability outlook improved towards the end of 2025 – driven by South Africa's removal from the FATF greylist in October, improved investor sentiment and a better fiscal position, among other factors – the resilience of the domestic financial system was nevertheless tested by persistent risks. These included escalating global conflicts and geopolitical uncertainty.

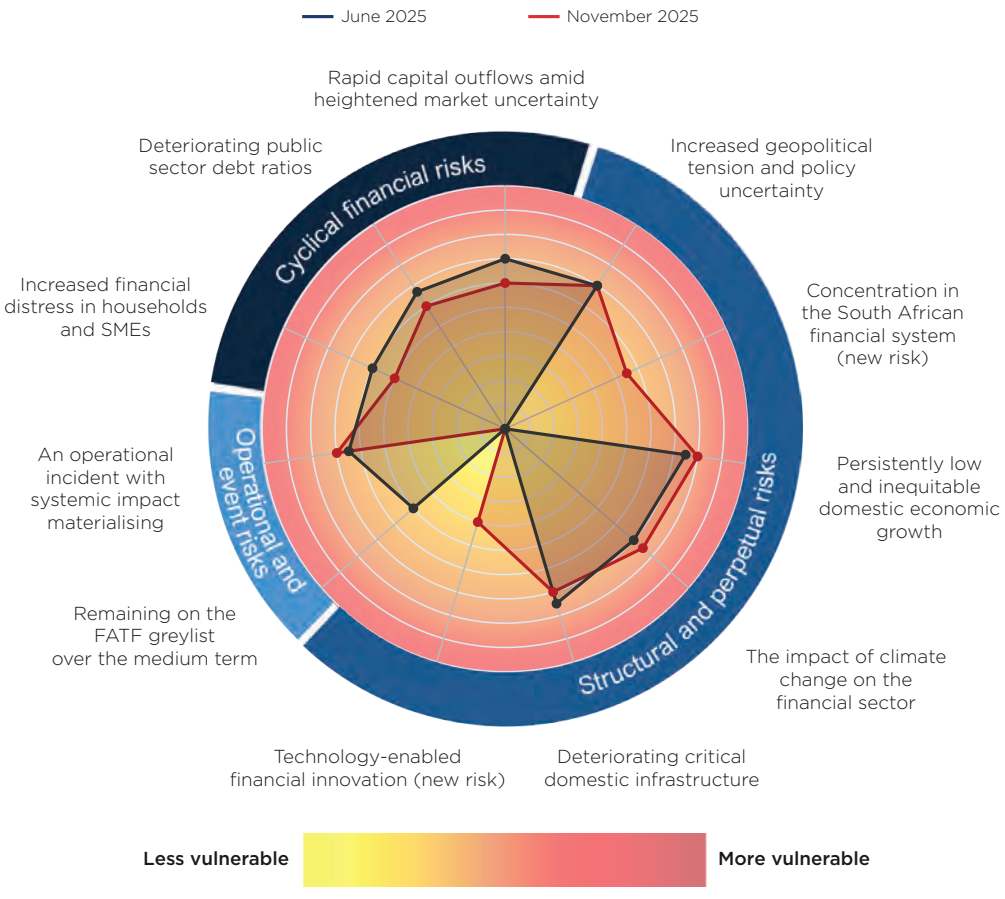
The SARB's residual vulnerability matrix (RVM) visually represents the residual vulnerability[24] of the domestic financial system to key risks. The residual vulnerability depicted on the RVM considers both the probability of a risk materialising within the forecast period over the next 12 months, the potential impact thereof and the effect of mitigating or amplifying factors that may either lessen or heighten the financial system's vulnerability to these risks.

23 The *FSR* is the primary publication through which the SARB communicates its views on the key risks to financial stability and the policy actions being taken to address these risks.

24 A residual vulnerability is the remaining vulnerability to a given risk, after considering all mitigating factors or actions.

The RVM provides a forward-looking assessment of key risks, based on current conditions, possible future developments and the financial system's vulnerability.

The SARB's Residual Vulnerability Matrix



Source: SARB

Financial Stability Committee update

The phase-in of the 1% positive cycle-neutral (PCN) countercyclical capital buffer (CCyB)[25] was fully implemented by all domestic banks as at 31 December 2025. The PCN CCyB increases financial sector resilience by allowing the capital requirements for banks to be reduced during periods of stress.

The FSC continues to monitor the broader sovereign-financial sector nexus[26] given the importance of non-bank financial institutions (NBFIs) in the domestic financial system, and the high level of interconnectedness between banks and non-banks.

Stress testing

Stress testing is an important tool for assessing whether financial institutions maintain adequate levels of capital and liquidity needed to withstand extreme but plausible adverse shocks. These tests provide unique insights into the strengths and vulnerabilities of the financial system and help protect and enhance financial stability. The SARB conducts macroprudential stress-testing exercises for systemically important banks and a selected group of large insurers. The outcomes of these exercises will be published in the *FSR* in 2026 and 2027.

25 The CCyB is a macroprudential policy tool that allows regulatory authorities to increase banks' capital requirements during periods of excessive credit growth and heightened systemic risk and to release the buffer in downturns to support resilience and ensure the continued availability and supply of credit.
26 The growing collective exposure of the South African financial system to a single issuer (i.e. the government) is referred to as the sovereign-financial sector nexus.

The Resolution Authority

The Resolution Authority (RA) became operational on 1 June 2023. Acting as the RA, the SARB manages the resolution procedures for all banks and non-bank systemically important financial institutions (SIFIs) and develops resolution plans for designated financial institutions. These plans are designed to ensure a designated financial institution deals with a crisis in an orderly manner, thereby safeguarding financial stability.

Ditsobotla Primary Savings and Credit Co-operative Bank was placed in resolution in August 2025. The PA, RA and CODI worked together to ensure a successful resolution, protecting depositors and saving taxpayer funds.

The SARB also conducts crisis simulation exercises to assess an institution's readiness to handle a crisis. These exercises provide valuable insights on how crisis coordination could be improved.

Governance structures

FINANCIAL STABILITY COMMITTEE

(four meetings during the reporting year)

Chairperson

Governor of the SARB

Committee members

DGs, MPC members and the heads of line departments[27]

Meetings are divided into two sessions:

- An information session on global and domestic developments that may impact domestic financial stability.
- A policy session in which mitigating actions are considered that address any adverse impact on domestic financial stability.

FINANCIAL STABILITY OVERSIGHT COMMITTEE (FSOC)[28]

(two meetings during the reporting year)

Chairperson

Governor of the SARB

Committee members

SARB, NT and representatives of financial sector regulators and three additional persons appointed by the Governor.[29]

The FSOC:

- Facilitates cooperation between financial sector regulators and the SARB.
- Makes recommendations on the designation of SIFIs.
- Advises the Minister of Finance and the Governor on steps to promote, protect or maintain, or manage or prevent risks to financial stability; and matters relating to crisis management and prevention.
- Makes recommendations to other organs of state to assist in promoting, protecting, maintaining, managing or preventing risks to financial stability.

FINANCIAL SECTOR CONTINGENCY FORUM (FSCF)[30]

The FSCF met five times during the year. It is chaired by the Deputy Governor responsible for financial stability and includes various SARB departments, relevant regulators, industry associations and organs of state.

The FSCF assists the FSOC and SARB with:

- identifying potential risks that may result in a systemic event occurring; and
- coordinating appropriate plans, mechanisms and structures to mitigate risks.

The FSCF has two subcommittees:

- the Operational Risk Subcommittee, which develops contingency measures for events that could severely disrupt operational continuity in the financial sector; and
- the Financial Sector Cyber Resilience Subcommittee, which focuses on industry-wide efforts to increase resilience of the financial sector to cyberattacks.

27 The relevant line departments are FinStab, the PA departments, FinSurv, ESD, FMD, NPSD and CODI.

28 The FSOC is a statutory committee prescribed by the FSR Act.

29 The financial sector regulators include the FSCA, Financial Intelligence Centre (FIC), NCR and PA.

30 The FSOC, along with its subcommittees, is a statutory committee prescribed by the FSR Act.