



Flavour-of-the-year topic and thematic reviews

The PA proactively identifies emerging risks and trends, and continually adapts its understanding of how they affect regulated financial institutions.

Each year, the PA considers whether current developments and/or emerging risks affecting regulated financial institutions are of such significance that additional focus is required. These topics, selected through the PA's governance processes, are communicated to supervised financial institutions and are referred to as 'flavour-of-the-year' topics.

2025 flavour-of-the-year topic findings

Third-party risk management, including strategic and/or alliance partnerships

Financial institutions increasingly relied on TPSPs to improve product offerings, enable scalability, reduce costs and access expertise that were not readily available internally to achieve strategic objectives. However, managing well-known risks, such as cybersecurity, privacy and operational resilience, became more difficult due to the evolving threat landscape. The rise of sophisticated cybercrimes, interconnectedness and interrelations, as well as global conflicts that threatened supply chains, intensified these risks.

The PA held meetings with several boards of financial institutions and conducted surveys where meetings were not held. These interactions facilitated experience- and knowledge-sharing, providing valuable insights into third-party risk management challenges and opportunities as well as board-level awareness and involvement.

The following are the key themes that emerged from the discussions and surveys:

- Third-party risk management was a key pillar of the supervised institutional resilience, business continuity and strategic agility to support strategies and operational stability.
- Most institutions noted extensive reliance on a single or limited number of external suppliers for critical operations.
- Ethical obligations were embedded into contracts and reinforced through boards and employee conflict of interest policies.
- Roles and responsibilities were clearly delineated in the contract lifecycle management. Ongoing stakeholder engagements were supported by a proactive risk management culture, timely interventions and continuous improvement.
- Interconnectedness and interrelations with specific service providers, such as hyperscale providers, remained a challenge.
- Extracting and tracking benefits from strategic partnerships remained a key focus area.
- Terminating some strategic partnerships were complicated due to their inherent interrelationship with supervised institutions.

Third party involvement in financial institutions is expected to increase over time. The PA will continue to monitor TPSPs as part of ongoing supervision. Strengthening governance of third-party relationships is essential to operational resilience.

2025 thematic reviews

Thematic reviews are supervisory exercises through which the PA assesses specific risks, practices or regulatory requirements across a group of regulated institutions. By examining common themes on a sector-wide basis, thematic reviews enable the PA to identify common risks, assess the consistency and effectiveness of regulatory implementation and highlight areas of weakness or good practice. The following thematic reviews were conducted for the period:

Comprehensive transactional information in wire transfers

The PA assessed the extent to which banks complied with FATF Recommendation 16,⁵⁶ the international standard that ensures transparency in wire transfers. The assessment considered whether institutions included complete and accurate originator and beneficiary information in all payment messages. Of the banks reviewed, most demonstrated sound processes and effective system controls, indicating that the safeguards to reduce the risk of payment systems being used for AML/CFT activities were largely in place

The findings supported the PA's broader objective of preserving the integrity of South Africa's financial system and reducing vulnerabilities that could be exploited to facilitate illicit financial flows.

Sanction screening effectiveness

The PA completed a thematic review on sanction screening effectiveness⁵⁷ during the previous financial year, with the work finalised and communicated to institutions in January 2025. The review examined whether institutions updated their screening systems promptly, investigated alerts thoroughly and maintained controls capable of detecting potential sanction breaches. The PA communicated its expectations to institutions to ensure the continued strengthening of sanction-related control environments as well as alignment with domestic and international regulatory standards.

2026 flavour-of-the-year topics

In 2026, the primary focus area for the flavour-of-the-year topic is the effectiveness of AML/CFT/CPF controls. The FIC Act requires all accountable institutions to identify, assess, monitor and manage the risk that their products or services may be used for money laundering (ML), terrorist financing (TF) or proliferation financing (PF). To meet these obligations, institutions must develop, document, maintain and implement a comprehensive programme for managing these risks.

As part of its supervisory mandate, the PA requires accountable institutions to demonstrate the control measures they have put in place to reduce ML, TF and PF risks. Institutions must also show how they assess the effectiveness of their risk management practices based on a clear understanding of their exposure to these risks. Where relevant, this assessment must include risks arising from group structures.

⁵⁶ FATF Recommendation 16 requires financial institutions involved in wire transfers and cross-border payments to include, transmit and retain accurate originator and beneficiary information throughout the payment chain. The objective is to ensure payment transparency, enabling authorities and institutions to detect, investigate and prevent ML, TF and PF. For more information, see: [fatf-gafi.org](https://www.fatf-gafi.org)

⁵⁷ Sanction screening is a review of a financial institution's customer base and transactions against the United Nations Security Council's list, Office of Foreign Assets Control list or any similar sanctions list. Most banks use automated systems for screening whereas smaller institutions commonly use manual processes.