



SOUTH AFRICAN RESERVE BANK

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at the Toronto Centre Leadership in Action Programme for Supervisors,
20 October 2025**

**Leading with vision, empathy and adaptability: The mandate
of supervisory leadership**

Good day, colleagues.

It is my privilege to address you today as you approach the completion of the Leadership in Action Programme. I have no doubt that this three-year journey has been one of growth, of challenge and, most importantly, of learning. I am particularly proud that four members of my own staff are included in this cohort.

The landscape in which we operate is always changing. This past week, ministers of finance and governors of central banks were gathered at the Annual Meetings of the International Monetary Fund (IMF) and World Bank, reflecting on the state of the world economy. In this dynamic environment, supervisory authorities must not only provide guidance and oversight but also exemplify the highest standards of leadership: standards that guide, inspire, empower and sustain excellence not only inside their organisations but also the financial institutions they supervise.

While frameworks like the Basel Core Principles set the rules, it is the supervisor who brings them to life. To be an effective supervisory authority, you need specific expertise in the law, accounting, actuarial and data sciences, and many other specialist areas. But you need more than just technical skills – you need leadership

skills, interpersonal and communication skills as well as negotiation skills, among others. Today I will focus on leadership.

Leadership is not about being the best specialist. It is about getting results through a combination of 'rules'; people, by encouraging teamwork and helping everyone grow; data; and communication.

The crucial role of leadership in regulatory environments

Today, I will anchor my reflections in three core themes from leadership literature:

- Transformational leadership
- Servant leadership
- Adaptive leadership

It is my view that, together, these themes form the foundation of a leadership model that is well positioned for the demands of modern supervision.

Transformational leadership: Inspiring change and agility

Transformational leaders are those who articulate a compelling vision, inspire others to transcend their own narrow interests, and drive meaningful change across their organisations and in the sectors they oversee. In supervisory authorities, transformational leadership it is about setting a clear vision and direction for the authority and the sector, inspiring supervisory teams to pursue excellence, and fostering agility. Effective leaders not only articulate direction but also ensure their teams are prepared to respond proactively to changes in the regulatory landscape.

Importantly, transformational leadership is about engaging and journeying with teams in exploring new priorities – such as deepening business model analysis, enhancing guidance on climate-related risks, and advancing work on artificial intelligence (AI) and cyber resilience. These are emerging trends – some of which amplify risks, while others change business operations, which may require augmentation of the supervisory approaches.

In this regard, we need to consider the adaptation required to enhance supervisory effectiveness to ensure that regulatory approaches remain both relevant, fit-for purpose and forward-looking as the sector evolves. This is essential not only within the authority itself, but for the health of the financial system.

Servant leadership: Fostering supervisory excellence for the public good

The second theme, servant leadership, is fundamentally about placing the needs of others before your own. True servant leaders build trust and empower their teams by actively listening to the advice and perspectives of team members, and by remaining open to healthy challenge, recognising that ego can be dangerous in decision-making. This approach ensures that decisions are made with the benefit of collective wisdom, and that collaboration thrives.

In supervision, servant leadership also means consistently remembering that it is not about personal recognition or organisational gain but about serving the public interest and ensuring the stability of the sector. By grounding our actions in the public good, we not only enhance our effectiveness, but also build trust and reinforce our reputation as fair and principled supervisors.

Adaptive leadership: Navigating complexity and embracing change

Adaptive leadership equips supervisory authorities to navigate uncertainty and complexity.

Leaders must be willing to reassess strategies, confront difficult realities, and empower their teams to experiment and learn. In practice, this involves regularly scanning the environment for emerging risks, facilitating cross-functional collaboration, and supporting teams as they develop new expertise in response to shifting priorities.

It would not be a leadership speech without a quote by Peter Drucker. His words resonate particularly well here: “The greatest danger in times of turbulence is not turbulence; it is to act with yesterday’s logic.” Adaptive leaders ensure that their organisations can remain flexible by calibrating its approaches as circumstances change and driving innovation in supervisory methods and outcomes.

Translating into daily supervisory work

How, then, do we translate these leadership themes into our daily work as supervisors?

Translating the principles of transformational, servant and adaptive leadership into our daily supervisory work is not simply about adopting new models but about embedding these values into every aspect of our regulatory and supervisory practices.

As supervisors, we are constantly required to balance multiple, sometimes competing, **mandates** – ranging from safeguarding financial stability to supporting financial inclusion and responsible innovation in the financial sector. In this context, a structured and coherent approach is essential.

I have selected a few illustrative cases of leadership in practice to demonstrate how we at the Prudential Authority have had to balance trade-offs and lead our organisation, drawing lessons from leadership theory. You will notice that many of my examples focus less on rulemaking and more on what we do inside the supervisory authority to become a more effective organisation that delivers on our mandate and is largely able to meet the expectations of supervised institutions.

Prioritisation and strategic alignment

Clear **prioritisation and strategic alignment** help us navigate complex environments and ensure our teams remain focused on what truly matters. It seems so simple, but in real life, the challenge of prioritisation is often underestimated.

When priorities are unclear or constantly shifting, supervisory authorities may find themselves spread too thin, attempting to address every issue simultaneously without sufficient depth or impact. This leads to diluted efforts, confusion among staff, and a lack of progress on critical objectives.

Key risks may go unaddressed because resources are allocated reactively rather than strategically, resulting in gaps in oversight and potential vulnerabilities in the financial

system. Furthermore, without agreed priorities, teams may become disengaged or frustrated, as their work lacks clear purpose and direction.

Prioritisation is also important for how we engage and negotiate at the international level, where some of us engage in colleges of supervisors. Regulatory authorities must make trade-offs during negotiations in standard-setting bodies, where it is impossible to achieve all objectives at once. This requires careful consideration of national interests, supervisory capacity and the practicalities of implementation. What this means in practical terms is that, as a supervisors involved in international discussions, you must know what matters for your country and why, as well as what matters for the global financial system as a whole and why. Equipped with this information, you are able to contribute meaningfully to discussions.

Even when standards are already agreed, effective prioritisation allows a supervisor to develop its own timetables for adopting international standards, balancing the need to align with global best practices against local realities and constraints. Failure to set clear priorities in this context can lead to rushed or incomplete implementation, regulatory fragmentation, or the adoption of standards that do not adequately address domestic risks. An example of this for South Africa was how we approached the implementation on the standard on the net stable funding ratio.

At the point of implementation, the strict requirements would have been detrimental to the South African banking system. In this regard, we adopted a staggered implementation approach. We were not fully compliant with the standard but largely compliant.

Ultimately, effective prioritisation – both domestically and internationally – ensures that limited resources are focused on the most significant risks and opportunities, supporting robust and resilient supervisory outcomes. By embedding *adaptive leadership* into our approach, we have ensured that prioritisation is not just a one-time exercise but an ongoing, responsive process that empowers teams to navigate complexity with clarity and purpose.

Enhancing your toolkit

There are three essential elements to the supervisory toolkit: (i) people, (ii) data and analysis, and (iii) frameworks.

Resource allocation and achieving our objectives are perennial challenges in supervisory work, and **improving operational efficiencies** is central to overcoming them. This has been one of the drivers in our adoption of supervisory technology. By enhancing the use of data and automating manual processes, we aim to free supervisors to focus on higher-order thinking, strategic trade-offs, and the art of supervision, rather than being constrained by routine administrative tasks. As you can see, our vision was clear.

Execution has, however, not been as straightforward. It has encountered its fair share of challenges and setbacks, some quite significant. We continue to calibrate. What has been helpful in our journey is recognising problems and adjusting course in response.

For example, we initially underestimated the scale of effort required. But thanks to having the right governance structures in place and a culture of honest communication, we were able to identify where additional support was needed, and we could allocate resources to bring the project back on track.

People are an essential part of the supervisory toolkit. How you hire people as well as train, motivate and compensate them are all important. In the interest of time, I will focus on team effectiveness. In seeking efficiency in our supervisory authority, we have had to strengthen by our emphasis on **cross-functional teams and robust governance structures** to enhance problem-solving. We utilise these cross-functional structures to promote openness, regular reflection and process improvement in response to technological advancements and emerging risks.

Our work at the Prudential Authority is guided by a commitment to clarity in our approach to risk. In this regard, we took the decision to develop a **risk appetite statement and a regulatory risk framework** that supports effective supervision.

Defining and communicating our risk appetite will become the cornerstone of how we pursue our objectives. It transcends a mere policy statement, representing a collective understanding of the degree of risk we are prepared to accept to achieve our mandate. This work has taken several years of sustained effort and learning. This commitment to clarity of risk appetite reflects *transformational* leadership by inspiring a shared vision and empowering teams to act with confidence and purpose as we pursue our supervisory mandate.

Clearly defining the operational model

A critical aspect of our **organisational effectiveness** is the synergy between our culture and operating model.

When an organisation that is transparent about what it does and does not do, as well as how long it takes to get things done, people are more likely to trust it.

One way to build this kind of openness is by having a clear plan for how the organisation works – called a target operating model.

The foundation of the model is our organisational culture, which prioritises accountability and independence. We want our teams to take ownership of their missions, and we want them to view oversight and constructive feedback as something to be welcomed – not as something that only happens to underperformers, but something that helps good teams become great.

In recognising the importance of following through on our commitments, we are making a conscious effort to allocate dedicated time for this work, understanding that unmet promises to our own staff can undermine morale.

Underpinning these efforts is our dedication to **open and transparent communication**. Through regular engagement with industry, annual reporting and frequent supervisory meetings, we facilitate mutual understanding and consensus-building. These initiatives are more than mechanisms for information exchange; they foster a culture of listening and shared commitment, ensuring regulatory expectations

are communicated and internalised across all levels. In line with the principles of *servant* leadership, we actively seek the contributions of our teams and stakeholders.

The consistent and intentional application of these leadership themes – clarity of risk appetite, integrated leadership, and transparent communication – are woven into our daily supervisory practice. By grounding these values in concrete actions, such as stakeholder engagement and structured prioritisation, we reinforce public trust and enhance organisational performance. This integrated approach ensures that our authority remains agile, accountable and steadfast in its service to both the public and the financial system.

Conclusion

In closing, leading a supervisory authority is both a privilege and a profound responsibility. Ultimately, we are called to safeguard the public good.

As certified financial supervisors, you will be called upon to lead in the same way. By leading through change – thoughtfully, decisively and collaboratively – you will support your authority in continuing to deliver on its mandates, safeguard the public interest, and inspire future generations of leaders.

So, today I thank you for your commitment to lead with integrity and purpose.