



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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## **Press Release: IMF/WB Financial Sector Assessment Programme**

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The South African government welcomes the positive assessment of the domestic financial sector made by the IMF and the World Bank in the Report on Observance of Standards and Codes (ROSC) released today. The IMF and the World Bank undertook a detailed assessment in March 2010 of South Africa's adherence to international banking, insurance and securities markets' regulatory standards in terms of their Financial Sector Assessment Programme (FSAP).

The assessment team met with representatives of the major regulators – the South African Reserve Bank (SARB), the Financial Services Board (FSB) and the National Credit Regulator (NCR) – as well as the National Treasury. They also met with representatives of the private sector. The ROSC assessment forms the basis of the global peer review mechanism for regulatory standards. As a member of the G20-led Financial Stability Board, South Africa commits to regular ROSCs and assessments of financial sector regulation, which are made public. The 2010 review is South Africa's third assessment. A preliminary pilot FSAP was undertaken by South Africa in 2000, followed by an FSAP update in 2008 and this year's review.

The ROSC assesses the financial stability and compliance by countries with three key standards: Basel Core Principles for banking supervision, International Organization of Securities Commissions (IOSCO) principles for securities markets regulation and Insurance Core Principles of the International Association of Insurance Supervisors (IAIS) for insurance regulation.

In general, the ROSC assessors found the supervision of South African banking, insurance and securities markets to be of a high standard and that the regulatory framework is generally sound, as seen in the ability of the South African financial sector to weather the global financial crisis relatively well. Furthermore, the ROSC found that South Africa has made substantial progress in addressing recommendations made in the earlier FSAPs. In addition, the Financial Stability Board has concluded that South African authorities adhere to regulatory and supervisory standards on international cooperation and information exchange.

However, there will always be risks and weaknesses in the financial system, and the ROSC also identifies areas for improvement which will enable South Africa to achieve best practice in regulation. National Treasury, the SARB and the Financial Services Board are working together to develop a response to the recommendations made in the ROSC assessment to improve alignment with the internationally recognised standards of regulation.

It is the strength of our regulatory system that ensured that the South African financial sector responded to the 2008 financial crisis as well as it did, unlike the major systemically important banks operating in the advanced economies of the world.

The following reports are released today simultaneously by the International Monetary Fund and the National Treasury:

1. Summary of the findings of the assessment team
2. Detailed assessment report: Adherence to Basel Core Principles for Banking Supervision standards
3. Detailed assessment report: Adherence to International Association of Insurance Supervisors core principles
4. Detailed assessment report: Adherence to International Organization of Securities Commissions core principles

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