



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



MEDIA STATEMENT

THE LAUNCH OF TWIN PEAKS

This week, the Minister of Finance, Mr Nhlanhla Nene, launched the two authorities that make up South Africa's new Twin Peaks system of financial regulation. The launches represent the culmination of a journey of regulatory reform announced in the 2011 policy document, *A safer financial sector to serve South Africa better*. Two closed functions for staff were held, one at each authority.

The Twin Peaks model of regulation establishes two financial sector regulatory authorities - the Prudential Authority (PA) and the Financial Sector Conduct Authority. Twin Peaks aims to create a safer financial sector that works effectively in the interests of all South Africans, by reducing potential threats to the financial system and providing better protection to financial customers.

Financial Sector Conduct Authority

The Financial Sector Conduct Authority (FSCA) replaces the Financial Services Board. The FSCA will supervise how financial institutions conduct their business and treat customers. It will be responsible for significantly improving customer protection in the financial sector, and driving better customer outcomes, ensuring that the sector serves South Africans best. It is also responsible for the efficiency and integrity of financial markets.

Speaking at the launch of the FSCA, the Minister highlighted that this shouldn't be seen as merely a name change, but a re-invigoration and re-focus of the organisation to driving improved market conduct outcomes.

To facilitate the smooth transition from the Financial Services Board to the FSCA, a Transitional Management Committee has been established, responsible for implementing transitional plans, until a FSCA Commissioner and Deputy Commissioners are appointed. The previous chair of the FSB Board, Mr Abel Sithole, together with the previous executive committee of the Financial Services Board, is included in the Transitional Management Committee. A selection committee has been



established to recommend candidates for the inaugural Commissioner and Deputy Commissioners of FSCA.

Prudential Authority

The Prudential Authority, is a new entity within the Reserve Bank. It replaces the Banking Supervision Department, and will be responsible for the safety and soundness of banks, insurers, and other financial institutions.

Speaking at the launch of the Prudential Authority, the Minister paid tribute to the role the South African Reserve Bank has played in maintaining monetary and financial stability during the past few years. The Minister noted the critical role that accountable, operationally independent institutions with clear mandates play in building South Africa.

At the launch, Minister Nene noted that:

Twin Peaks is [a] dynamic, innovative and smart system. It aims to streamline our approach to financial regulation, to clearly define roles and responsibilities, and to create flexibility. It creates a dedicated Prudential Authority to look after safety and soundness, and a dedicated conduct authority to look after the way financial institutions treat their customers.

The two Authorities' websites are www.fsca.co.za and <https://www.prudentialauthority.co.za/>

Issued by National Treasury

Date: 06 April 2018

