SAIA
SOUTH AFRICAN INSURANCE ASSOCIATION

# SAIA BULLETIN

**January 2020**

PROMOTING A TRUSTED & SUSTAINABLE
NON-LIFE INSURANCE INDUSTRY
FOR SOUTH AFRICA

# CONTENTS

# 1 From the Desk of the Chief Executive

## From the Desk of the Chief Executive

Let me start off by welcoming each one of you back from the December/January holidays. As the new year begins, I trust that everyone is highly energised to pick up from where they left off last year.

## Looking ahead into 2020

2020 kicked off with a big bang for SAIA. I would like to highlight some of the current important matters on the industry agenda below.

The Financial Intelligence Centre (FIC) project is underway and this exercise is extremely important as it could avoid the inclusion of the non-life industry as accountable institutions as per the FIC's original intention, or at least limit the reporting requirements to specific risk areas. As agreed by the SAIA Board, all members are expected to contribute towards SAIA's portion of the cost of the risk assessment to be invoiced on a Net Premium Income basis in accordance with the latest Annual Report of the Regulatory Authority (Please see Circular MD - 2020-004). Please be on the lookout for your invoice.

SAIA has noted that our stakeholders are concerned as a result of Circular 80 and Circular 82 issued by the Council of Medical Schemes (CMS) whose intention was to provide direction regards the future of the application of the Demarcation Product exemption, and the implementation of the Low-Cost Benefit Options (LCBOs). The CMS has hosted a series of stakeholder engagements seeking to clarify its intentions while also soliciting their input. However, it has stated that currently it has no intention to retract neither Circular 80 nor Circular 82. The SAIA Health Insurance Forum will continue to engage the CMS with the hope of arriving at mutually agreed outcomes that will be acceptable to all impacted parties.

Following the closed session presentation made by the Commission for Employment Equity under the directive of the Department of Employment and Labour (DoEL) in July 2019 where the financial sector representatives were presented with the DoEL's proposal to set sector Employment Equity (EE) targets as recommended in the amendment bill of the EE Act. A joint SAIA, ASISA and BASA meeting took place in January 2020 where CEOs and senior representatives of the three trade associations discussed the challenges that the sector is facing in terms of achieving the proposed EE targets and therefore the impact that the proposal from the DoEL will have on the sector's sustainability. The industry bodies are in the process of compiling a joint industry position to be submitted to the DoEL in order to advance this discussion and SAIA will provide feedback to members through the SAIA Circulars.

The protection of property and infrastructure through structured maintenance regimes by the national and local government remains a subject of paramount importance to the non-life insurance industry. We have therefore decided to explore this important topic further at our first breakfast session which will take place on 19 March 2020. Look out for communication in the coming weeks about this informative session where we will host experts in the property insurance and sustainability space, the challenges faced by local governments in infrastructure maintenance, together with the impact of climate change and the potential impact of these on the sustainability of affordable property insurance.

SAIA will continue with most of the initiatives that began in 2019, working collaboratively with all relevant stakeholders in the financial sector in the interest of our members and consumers. As we gather momentum in the current year, our focus will remain on the SAIA Board approved initiatives that seek to mitigate industry-wide insurance risks and improve the resilience and sustainability of the non-life insurance industry in collaboration with the National Treasury (NT), the Prudential Authority (PA) at the Reserve Bank and the Financial Sector Conduct Authority (FSCA). We also look forward to engaging our peers, the Association for Savings and Investment South Africa (ASISA), Business Unity South Africa (BUSA) and the Financial Intermediaries Association (FIA) in various initiatives beneficial to both our members and the South African consumers.

Viviene Pearson
**SAIA Chief Executive**

# 2 Insurance Risks

## 2.1 Financial Intelligence Centre (FIC) Update on the Non-life Insurance Working Group (NLIWG)

In 2018, the non-life insurance working group (NLIWG) was formed to commence a risk assessment of whether there was merit for the non-life insurance industry to be included under the Financial Intelligence Centre Act of 2001 as either accountable or reporting institutions in a bid to combat money laundering and possible terrorist financing.

Some of the benefits of the proposed inclusion of the non-life insurance industry were that Suspicious Transaction Reports (STRs) and a host of other filings by the sector could enable the tracking of criminal activities and trends within the insurance industry, thereby assisting regulators in their fight against fraud, corruption, money laundering and financing of terrorism. Led by the Financial Intelligence Centre (FIC), the working group consists of the Prudential Authority (PA), the Financial Sector Conduct Authority (FSCA), the South African Insurance Association (SAIA), the Financial Intermediaries Association (FIA), the South African Underwriting Managers Association (SAUMA) and the South African Insurance Crime Bureau (SAICB).

SAIA, the FIA and SAUMA, representing the non-life insurance working group (NLIWG), appointed Deloitte to conduct the risk assessment. The accounting and auditing firm is in the process of finalising the risk assessment survey (questionnaire) before it is sent out to relevant participants in the non-life insurance industry. Once the survey responses are received, these will be collated, evaluated and presented to the FIC lead working group. This will provide the information for an assessment of money laundering and terrorist financing risks in the non-life insurance sector.

All SAIA members should note that this project is underway and is regarded as an extremely important exercise the outcome of which will determine whether the industry is included as accountable institutions as per the FIC's original intention, or at least limit the reporting requirements to specific risk areas. As agreed by the SAIA Board, all members are expected to contribute towards the SAIA portion of the cost of the risk assessment to be invoiced on a Net Premium Income basis in accordance with the 2017 Annual Report of the Regulatory Authority.

On 30 January 2020, the FIC issued a formal letter allowing all participants in the non-life insurance industry to understand the above process and also serves as confirmation that whilst the non-life insurance industry is in the process of this risk assessment, the industry is not included in the FIC Act as accountable institutions. There will be a formal FIC confirmation if the industry will be included in part or in whole as part of the FIC Act once the Deloitte report is finalised. This letter can be found on the FSCA website and the SAIA Website.

### About the Financial Intelligence Centre

The FIC is South Africa's national centre that gathers and conduct analysis of financial data. Its role is to safeguard the integrity of the country's financial system and its institutions. In pursuit of this, the Financial Intelligence Centre Act, 2001 (Act 38 of 2001), mandates the FIC to assist in the identification of the proceeds of crime, in combating money laundering and in the financing of terrorism, and facilitate effective supervision and enforcement of the Act.

Under this legislation, financial and non-financial institutions are required to fulfil certain compliance obligations, including filing of transactions reports to the FIC. The information provided in these reports form the basis upon which analysis is conducted to develop financial intelligence reports for use by a wide range of law enforcement agencies and other government institutions to facilitate the administration and enforcement of the laws of the Republic. The FIC Act also sets out the enforcement and penalty regime for non-compliance with the FIC Act.

*This article was written by Pamela Ramagaga SAIA Acting General Manager Insurance Risks.*

**For more information, please contact Pamela@saia.co.za.**

## 2.2 Financial Sector Partakes in the PPGI Feedback Session

Private sector representatives, and corporate leaders from over 20 South African economic sectors, including government, met in Sandton on 21 January 2020 to discuss progress made on various Public Private Growth Initiative (PPGI) projects and review action plans aimed at unlocking the bottlenecks or inhibitors that prevent the private sector from effectively conducting business with the public sector.

At the meeting, several diverse economic sectors, such as manufacturing, forestry, tourism, agriculture and chemical manufacturing reported that a closer working relationship with the South African government had been developed and is being nurtured. These improved relationships have led to shared projects and the development of solutions for several bottlenecks that posed a challenge to doing better business between the public and the private sector.

### The SAIA Agricultural Insurance Solution

The South African Insurance Association (SAIA) is part of the PPGI process alongside other Financial Sector participants represented by FIA, ASISA and BASA. At the feedback session, SAIA had the opportunity to provide an update on its industry priority projects. One of the highlighted priority projects was the Agricultural Insurance Solution for commercial and emerging farmers developed by the non-life insurance industry that requires government financial assistance to help farmers afford drought insurance.

Agricultural products included in the proposal for piloting are grain, oilseed and livestock (applicable only for emerging farmers). The proposal was submitted to the National Treasury and the Department of Agriculture, Rural Development and Land Reform (previously known as the Department of Agriculture, Forestry and Fisheries) in June 2019. Subsequent to the presentation of 21 January 2020, the SAIA Agricultural Insurance Solution was selected to be one of the priority projects tabled directly with the President.

SAIA is still in the process of engaging with the National Treasury and Department of Agriculture, Rural Development and Land Reform on the above-highlighted project. SAIA is hopeful that much of the work done thus far bears fruit and is included in the National Budget Speech, something which will breathe life into the project regards funding so that it can be piloted in 2020.

### About the PPGI

The PPGI was formed in response to the February 2018 State of the Nation (SONA) address of President Cyril Ramaphosa in which he called on citizens to 'Thuma Mina' or avail themselves to be part of the solution to the many challenges facing South Africa.

The PPGI is a voluntary initiative focused on enabling, facilitating, and driving actions to implement sector-developed growth plans. The sectors adopt their own approaches and determine their plans and identify catalytic mega-projects for immediate implementation. Inhibitors or constraints are identified and unlocked with government.

*This article was written by Pamela Ramagaga SAIA Acting General Manager Insurance Risks.*

**For more information, please contact Pamela@saia.co.za.**

## 2.3 SAIA Motor Insurance Steering Committee Focus Areas for 2020

The SAIA Motor Insurance Steering Committee meetings progressed well in 2019 with commendable attendance by the respective motor insurance members.

The objectives of the committee include, but are not limited to, discussing and brainstorming the priority areas of the Insurance Risks Department which were identified by the SAIA Board at the beginning of 2019. Specific to motor insurance are crime combatting and road safety related initiatives, which will receive greater focus up to 2021 and beyond.

**In addition, the Committee will focus on, but not limited to, the following topics:**

### Review of the Code of Motor Salvage

The objectives of the review of the Code of Motor Salvage are to mitigate identified risks and to debate proposed enhancements which were identified during engagements with various stakeholders, such as the Road Traffic Management Corporation (RTMC) and the Department of Transport (DoT).

A Technical Guidelines Task Team was formed to assist with the review process and to simplify some of the terminologies and interpretations of the Salvage Code which are identified as potential stumbling blocks, as noted in the National Road Traffic Act.

The final Salvage Code Draft will be circulated for final comments in the first half of February 2020 with an aim of being adopted at the end of February 2020.

### Vehicle Salvage Database (VSD) Governance System

The Vehicle Salvage Database (VSD) system hosted by the South African Insurance Crime Bureau (SAICB) on behalf of SAIA has made significant contributions towards crime combatting. The Salvage Database Governance Committee will continue in 2020 to discuss any arising matters which will assist members to increase their usage rate of the system.

Discussions of vehicle data could include the formation of Uninsured Third-Party Liability Database and the Government disposed vehicles database.

### Repair More Cars (Save a Car) Programme

This is the brainchild of SAIA and the National Association of Automobile Manufacturers of South Africa (NAAMSA) Task Team which was formed in December 2014. The aim of the project is to create awareness to insurers and Original Equipment Manufacturers (OEMs) about the importance of repairing motor vehicles, especially those that are marginally exceeding the write-off threshold set by individual insurers.

Follow up workshops will be arranged in selected provinces to create awareness about this important initiative and to encourage more OEMs to join the programme.

Discussions will include the following topics which are a concern to insurance members which were not finalised in 2019:

- Part price inefficiencies and transparency.
- Part delays.
- The cost of parts.
- Use of certified alternative parts.

*This article was written by Zakes Sondiyazi, SAIA Insurance Risks Manager.*

**For more information, please contact Zakes@saia.co.za.**

## 2.4 2019-2020 Festive Season ‘Arrive-Alive’- Road Safety Campaign

The preliminary results of the 2019-2020 Festive Season Arrive Alive Road Safety Campaign revealed that there was a 10% reduction in the number of fatalities from 1 789 fatalities in 2018/19 to 1 617 fatalities in the 2019/2020 festive season. These figures were announced by the Minister of Transport on 23 January 2020, who also revealed that there had been an 8% decrease in the human error factor, which has been a high contributory factor to road fatalities in the past.

The 2019 – 2020 Festive Season Arrive-Alive Road Safety Campaign resulted in 1 924 roadblocks whereby 1.5 million vehicles were stopped. Of the cars stopped, 6 358 vehicles were discontinued and 3 814 impounded. Sadly, pedestrians were still the most impacted, cited at 40% of the road crash deaths, with passengers at 34%, drivers at 25% and cyclists at 1%.

This road safety campaign encompassed of a 24/7 law enforcement visibility, with robust tactics in areas identified to have high levels of traffic law infringements. Although the number of road fatalities is still high, initiatives introduced during this period have yielded positive results and is a step forward towards decreasing road fatalities on South African roads.

Below is the link to the full statement issued by the Minister of Transport.

http://www.rtmc.co.za/images/rtmc/docs/press_releases/2020/Statement-on-the-2019-2020-Festive-Season-Arrive-Alive-Road-Safety-Campaign.pdf

Road Safety is one of SAIA’s key focus areas featured in its 2019-2021 strategy, where one of the initiatives spearheaded by SAIA included the setting up of the Business for Road Safety Forum which aims to enhance road safety on South African roads through collaborating with the Government and other road safety stakeholders in implementing sustainable solutions for road users.

The membership of the forum consists of the following associations:

1. The Automobile Association South Africa (AASA).
2. The National Association of Automobile Manufacturers of South Africa (NAAMSA).
3. The Retail Motor Industry (RMI).
4. The Road Freight Association (RFA).
5. The South African Insurance Association (SAIA).
6. The South African Petroleum Industry Association (SAPIA).
7. The South African Road Federation (SARF).
8. The Southern African Financial Intermediaries Association (FIA).
9. The Southern African Vehicle Rental and Leasing Association (SAVRALA).

In addition to the BRS Forum, SAIA has a road safety sub-committee that drives collaborative road safety projects at industry level. These projects will include road safety within the freight sector which has experienced a spike in safety and security incidents, especially in the past year.

*This article was written by Katlego Bolsiek, SAIA Insurance Risks Manager.*

**For more information, please contact Katlego@saia.co.za.**

# 3 Transformation

## 3.1 Stakeholders seek clarity from CMS regards Circular 80 and Circular 82

Following the reaction by the impacted industry stakeholders and the responses received, the Council for Medical Schemes (CMS) decided to host a series of stakeholder engagements wherein they sought to clarify their intentions for issuing Circular 80 and Circular 82 while also soliciting stakeholder input to be used in informing its approach and position on the matter going forward.

The circulars were intended to articulate CMS' plans to review and provide direction regards the future of the application of the Demarcation Product exemption, and the implementation of the Low-Cost Benefit Options (LCBOs). At the stakeholder engagement sessions, the Registrar provided the background with regards to the demarcation exemptions and the development of the framework for LCBs and expressed the following:

- The issuing of the exemptions was never intended to be in perpetuity, but rather as an interim measure, while the Council formulates the compliance framework to be adopted by relevant industry players.
- All currently approved products exemptions will expire on the 31 March 2021 and the date in the Circular coincided as it is not the Council's intention to automatically extend these exemptions beyond 2021, but rather have an appropriate framework in place for application.
- The Council has also identified other health related products sold that are currently not regulated by the Medical Scheme Act of the Demarcation Product Exemption.

However, there were concerns raised by the Registrar that support the council's position. These were:

- Lack of positive cost-benefit outcomes (beneficiary value-add) derived from products provided by insurers, i.e. Benefit ratio skewed in favour of profits/non-healthcare expenses.
- Price differential based on individual risk profile and promotion of cherry picking in favour of younger and healthy beneficiaries.
- Potential sustainability risk for the medical schemes as the demarcation products may be sold as substitutes for medical scheme products.
- Potential adverse socio-economic impact, as the products may result in financial over-burden of the intended users (low income earners).
- Existence of unregulated health products, therefore having a very low level of oversight to protect the beneficiary interests.

Therefore, it is the Council's intention and responsibility to develop a relevant framework and issue it out for adoption going forward. This will incorporate the guidelines for migrating the exempted and non-exempted demarcation products into LCBO or Equivalent.

## The way forward

Stakeholders have expressed their concerns about the contents of the circulars, but the CMS has stated that currently, it has no intention to retract neither Circular 80 nor Circular 82. However, the Registrar has encouraged stakeholders to provide input regarding their concerns and appropriate response (which may include clarification notices and/or further circulars) will be provided based on the merits of the concerns raised.

SAIA has partnered with other affected industry associations and will continue to engage the CMS with the hope of arriving at mutually agreed outcomes.

*This article was written by Themba Palagangwe, SAIA General Manager: Transformation and Governance.*

**For more information, please contact: Themba@saia.co.za**

## 3.2 Proposed DoL EE targets for the financial sector update

In July 2019, the Commission for Employment Equity under the directive of the Department of Employment and Labour (DoEL) invited the financial sector representatives to participate in a closed session whereby the DoEL presented their proposal to set sector Employment Equity (EE) targets as recommended in the proposed amendment bill of the EE Act.

The DoEL's intention is to align their targets with those of the Financial Sector Code (FSC) and set compulsory compliance requirements for the entities in the sector for a period of five years. While the sector welcomes the move by the DoEL to consider the FSC targets in their process, it however believes that there is misalignment in terms of how the FSC targets apply, which has resulted in an unfavourable outcome in terms of how the DoEL intends to implement its sector specific target requirements.

Further engagements have taken place between the sector industry bodies and the DoEL in an attempt to provide context in terms of the sector's concerns around the DoEL's proposal, but there has not been much positive outcomes achieved as the DoEL has expressed its intention to maintain its stance on the matter.

The two parties are yet to find common ground on the matter. However, the sector strongly feels and believes that the outcomes of the current proposal are likely to cause more harm than good. The sector is continuing to engage around finding alternative means to address this concern with the DoEL, followed by an invitation for a joint SAIA, ASISA and BASA discussion with industry CEOs on the implications of its proposals and to solicit alternative proposals to address the matter.

The joint SAIA, ASISA and BASA meeting took place in January 2020, where the CEOs and senior representatives of SAIA, ASISA and BASA member companies discussed the challenges that the sector is facing in terms of achieving EE targets and therefore the impact that the proposal from the DoEL will have on the sector's sustainability. The industry bodies are in the process of compiling a sector position to be submitted to the DoEL in order to advance this discussion and SAIA will provide feedback to member through the SAIA Circulars.

*This article was written by Themba Palagangwe, SAIA General Manager: Transformation and Governance.*

**For more information, please contact: Themba@saia.co.za.**

## 3.3 SAIA Consumer Education Fund

The SAIA Consumer Education Fund Initiative was established in 2004 as part of the original Financial Sector Code requirements. The Fund has attracted over R163 million from its members which was spent on millions of beneficiaries from different walks of life in South Africa.

The Fund has three primary objectives:

1) to create a central platform where members can collaborate on consumer education projects to increase reach and impact.
2) to equip consumers with awareness of the Financial Sector, especially the non-life insurance industry, on its products and services, and financial knowledge to assist them in making informed decisions regarding managing their finances and risks; and
3) to assist our members in contributing towards transformation of the financial sector through promotion of a financially included and literate society.

During 2019, the Fund executed six consumer education projects, of which three reached an estimated 810,000 beneficiaries from different life phases. These projects were the SAIA Radio Program, the Know Your Cash Program targeted at young adults in various tertiary institutions in South Africa and the Small to Medium and Micro Enterprise (SMME) Project. The other three projects are still in progress and SAIA anticipates reaching over 1,000,000 beneficiaries from these. A final monitoring and evaluation report reflecting the impact of these initiatives will be completed and circulated to members towards the beginning of the third quarter.

This year our aim is to build consumer financial and risk resilience through addressing the importance of risk management and policy management. SAIA has shifted its 2020 Consumer Education strategy to focus on creating awareness of the financial impact of unforeseen events, the ability to mitigate the risk of such events occurring and managing the relationship between the consumer and the insurer through correct understanding and interpretation of the policy documents.

SAIA would like to invite its members to nominate representatives to participate in various SAIA Consumer Education initiatives for the year 2020 and join our Consumer Education Fund Task Team. Individuals should be Experts in:

- Motor.
- Homeowners cover.
- Contents cover.
- Claims management.
- Policy management.
- Complaints management.
- Risk management (including SMMEs).
- Corporate Social Responsibility, and
- Content Development.

SAIA members are encouraged to send their nominations to Lebohang Tsotetsi – lebohang@saia.co.za before 28 February 2020.

*This article was written by Zanele Gigaba, SAIA Transformation Manager.*

**For more information, please contact Zanele@saia.co.za.**

### 3.4 The Financial Sector Code Review: Socio Economic Development SED Element

The Socio-economic Development element of the Financial Sector provides for the entities within the financial sector to participate in social upliftment programmes, aimed at promoting sustainable development of the communities the sector serves. It is therefore vital that objectives to this element are carefully crafted to provide meaningful outcomes. The Financial Sector Transformation Council is in the process of reviewing the Financial Sector Code to ensure that they are sufficiently aligned with the generic Codes in driving transformation of the sector.

Therefore, as part of the Financial Sector Code review process by the Financial Sector Transformation Council (FSTC) which started in early 2019, SAIA hosted a workshop to review Statement FS500 – Socio Economic Development (SED) at its offices. This took place on 31 January 2020.

The workshop included the following:

- Review of the amended Code Series FS500: Socio-Economic Development as attached.
- Review of the targets.
- Discussion on current socio-economic reality within the South African context against provisions in the Financial Sector Code.
- Discussion of industry needs with regard to socio-economic development; and
- Consideration of a Standards Framework to govern the SED element.

Progress will be communicated to members in due course. SAIA hereby invites members to nominate Corporate Social Investment and Socio-Economic Development specialists within the non-life insurance industry to participate in forthcoming workshops. Nominations may be sent to Ms Lebohang Tsotetsi – lebohang@saia.co.za by no later than Friday,14 February 2020.

*This article was written by Zanele Gigaba, SAIA Transformation Manager.*

**For more information, please contact Zanele@saia.co.za.**

# 4 Operations

### 4.1 Circulation of the latest version of the SAIA Code of Conduct

Following several workshops held by the South African Insurance Association (SAIA) towards the end of 2019 regards the review of the SAIA Code of Conduct, we are glad to inform you that we have, as at the beginning of January 2020, circulated the latest version of the SAIA Code of Conduct incorporating input received from the workshops, comments from members and input from the Financial Sector Conduct Authority (FSCA).

The comments have been considered and the Code has now been updated and circulated to SAIA members, the FIA, the OSTI and the SAIA Board Committee: Governance Risk, before being tabled at the next SAIA Board meeting, scheduled for 11 March 2020, for adoption. The purpose of the SAIA Code of Conduct is to promote ethical standards and good business practices in the non-life insurance industry and to give an indication to its Members of the guidelines to be followed to achieve these standards.

The Code has been enhanced and updated to ensure its continued relevance and that of its objectives in the changing non-life insurance business and regulatory landscape. The revised Code focuses more on principles and standards, rather than rules. The SAIA Board is of the view that this focus will position the outcomes envisaged for Policyholders with more clarity and enable SAIA Members to use the standards as guidelines for achieving the desired outcomes.

Accordingly, this Code also encourages SAIA Members to require their agents and service providers to adopt applicable aspects of its contents. The Code remains a living document, and SAIA with input from its Members, will continue to improve the document so that it accommodates and reflects the changing landscape, while also remaining relevant.

## 4.2 Request to submit annual Certificate of Compliance for period ended 31 March 2019

SAIA members are reminded that the period for the submission of Certificates of Compliance for the period ended 31 March 2019 has opened. The SAIA Code of Conduct Certificate of Compliance forms have been circulated to relevant SAIA member touchpoints for completion in terms of Section 4.1.11 of the current SAIA Code of Conduct.

The review of the SAIA Code of Conduct is almost complete and will not affect this request however changes can be expected on the next request. To help members with this process, SAIA has drafted an **Audit Template** in collaboration with the SAIA Code Task Team as a **guideline** and enabler. The audit template follows the format of the SAIA Code of Conduct with the view of simplifying completion and members are encouraged to use it, or any other acceptable method and all submissions are regarded as confidential.

SAIA members are therefore requested to submit the completed Certificate of Compliance together with the voluntary Audit Template as well as any suggestions/comments to the SAIA, for attention Carolle Sinnye, on carolle@saia.co.za by close of business, Friday, 28 February 2020.

*These articles were written by Charles Hitchcock, SAIA Chief Operations Officer.*

**For more information, please contact Charles@saia.co.za.**

# 5 Industry News

## 5.1 Intergovernmental Fintech working group publishes research on the Fintech start-up sector

On 22 January 2020, the Financial Sector Conduct Authority (FSCA) released the first Fintech Landscaping Report, a result of the research conducted by the Intergovernmental Fintech Working Group (IFWG) in the space thus far.

The aim of the research was to have a clearer understanding of the Fintech market to enable policymakers and regulators to better manage risk and enable innovation. This balance between innovation and risk is critical to enable Fintech to deliver on growth and access. The report captures data obtained in 2019 in respect of all active Fintechs founded in the past eleven years that have a physical presence serving South African consumers.

Fintech is technology-enabled financial innovation which can lead to new business models, applications, processes and products, and is transforming the financial services sector globally. Fintech has the potential to reduce costs and frictions, increase efficiency and competition, narrow information asymmetry, as well as broaden access and be an enabler for financial inclusion.

The report focuses on over 200 South African-based small, start-up, agile and independent Fintech businesses that support and challenge innovation in the financial sector. The data reveals that the largest and most mature of these segments is payments, with 68 entities actively operating within this segment. This is aligned with international Fintech trends, where payment solutions dominate the Fintech landscape.

The report also reviews South Africa's financial services regulation and contains recommendations in support of the Fintech sector. The FSCA stated that the year 2020 will see the IFWG introduce an online portal consisting of a Fintech Innovation Hub and a Fintech database. It said the Fintech Innovation Hub will include a Regulatory Guidance Unit which will provide information and clarity regarding financial services regulation, a Regulatory Sandbox offering regulatory relief within the existing legislative framework to test innovative products and services, and an Innovation Accelerator component to explore innovation that can improve the regulatory environment or improve customer experience and access.

The FSCA envisages that the planned launch date for the Fintech online portal through which players will be able to apply to participate in the Fintech Innovation Hub as well as review their information is in the first quarter of 2020.

To view the full Fintech Landscaping Report, please click the following link to the FSCA website: Fintech Working Group Research on the Fintech Start-Up Sector.

*This article was written by the Financial Sector Conduct Authority.*

**For more information, please contact: caroline.dasilva@fsca.co.za.**

# 6 SAIA Circulars

| SAIA MD Circulars- January 2020 | | |
|---|---|---|
| MD2020-001 | SAIA Code of Conduct - Request to Submit Annual Certificate of Compliance | 15-01-2020 |
| MD2020-002 | Latest version of the SAIA Code of Conduct - 20 Jan 2020 | 21-01-2020 |
| MD2020-003 | Financial Intelligence Centre (FIC) Project | 24-01-2020 |
| MD2020-004 | SAIA Additional expected 2020 charges to Members other than Subscriptions | 28-01-2020 |
| MD2020-005 | "ERRATUM for Circular MD 2020/004 SAIA Additional Expected 2020 Charges | 28-01-2020 |
| MD2020-006 | Notice of new member- Centriq Insurance Company Ltd | 31-01-2020 |
| **SAIA SG Circulars- January 2020** | | |
| SG2020-001 | FSCA Request for Comment: Exemption of Short-Term Insurers Offering Transport Policies Rule 13.4 of the Policyholder Protection Rules | 14-01-2020 |
| SG2020-002 | Invitation to Participate in the SAIA Consumer Education Fund Initiative 2020 | 16-01-2020 |
| SG2020-003 | Invitation of participation in the Financial Sector Code Review: Socio-economic development (SED) element | 22-01-020 |
| SG2020-004 | The FSCA has published the Draft Exemption Notice proposing an exemption of Independent Intermediaries from compliance with Regulation 4.2(3) of the Regulations under the Short-Term Insurance Act, 1998 (Act No 53. of 1998) | 24-01-2020 |
| 2020-005 | FSCA Request for information on personal lines claims reported in the 2019 calendar year | 29-01-2020 |

**IMPORTANT NOTICE**
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