

Regulatory environment

REGULATORS

South African regulatory bodies have broad jurisdiction over the group's activities as Iemas operates in a highly regulated environment. The group engages with regulators on a continuous basis to stay abreast of developments and changes in legislation. Governance and oversight structures have been implemented to ensure compliance with regulatory requirements.

Engagement with regulatory stakeholders during the year included industry discussions with the National Credit Regulator (NCR) and interactions with the Financial Sector Conduct Authority (FSCA) previously known as the Financial Services Board (FSB).

The group's regulatory universe includes, but is not limited to, the following legislation, codes and regulations:

- » Co-operatives Act, No 14 of 2005;
- » Companies Act, No 71 of 2008;
- » King III and the transition to comply with King IV;
- » National Credit Act, No 34 of 2005 (NCA);
- » Financial Advisory and Intermediary Services Act, No 37 of 2002 (FAIS);
- » Financial Intelligence Centre Act, No 38 of 2001 (FICA);
- » Protection of Personal Information Act, No 4 of 2013 (POPIA);
- » Short-Term Insurance Act, No 53 of 1998 (STIA);
- » Long-Term Insurance Act, No 52 of 1998 (LTIA);
- » Insurance Act, No 18 of 2017;
- » Conduct of Financial Institutions Bill;
- » Cybercrimes and Cybersecurity Bill;
- » Pension Funds Act, No 24 of 1956;
- » Outsource Directives;
- » National Payment System Act, No 78 of 1998;
- » Electronic Communications and Transactions Act, No 25 of 2002;
- » Income Tax Act, No 58 of 1962;
- » Broad-Based Black Economic Empowerment Amendment Act, No 46 of 2013;
- » Financial Services Sector Code of 2017;
- » Debt Collectors Act, No 114 of 1998;
- » Financial Sector Regulation Act, No 9 of 2017;
- » Employment Equity Act, No 55 of 1998;
- » Home Loans and Mortgage Disclosures Amendment Bill, Government Gazette No 40733;
- » The International Financial Reporting Standards (IFRS);
- » Occupational Health and Safety Amendment Act, No 181 of 1993.

LEGISLATIVE CHANGES

The scale of regulatory change remains challenging with continued regulatory scrutiny of the operations of the banking, financial services and consumer credit industries.

Co-operatives Amendment Act, No 6 of 2013

South African Co-operatives are governed by the Co-operatives Act, No 14 of 2005. The Co-operatives Amendment Act, No 6 of 2013, was signed by the President in August 2013, however, the commencement date is still to be gazetted. Iemas views the proposed impact of the Amendment Act, including the Principles of Good Governance for Co-operatives, as positive and will further explore the opportunities presented by this legislation when it becomes effective.

National Credit Amendment Bill, to National Credit Act, No 34 of 2005

During 2018, the Portfolio Committee on Trade and Industry published the Draft National Credit Amendment Bill and the Memorandum on the Objects of the Bill and requested comment. The Bill seeks to amend the National Credit Act and to, inter alia, provide for debt intervention for over-indebted consumers, provide relief in terms of the Act for certain consumers, enable the National Credit Regulator to suspend a credit agreement in certain instances, place additional obligations on Credit Providers and Debt Counsellors, prevent abuse of the NCA and prescribe financial literacy and budgeting skills programmes. Iemas will implement the amendments as soon as final detail is available.

Financial Intelligence Centre Amendment Act, No 1 of 2017, to the Financial Intelligence Centre Act (FICA), No 38 of 2001

The Financial Intelligence Centre Amendment Act will focus on requirements for accountable institutions to follow a risk-based approach, in addition to the compliance provisions of the Act. Iemas will comply with this Act from the effective date and is registered on the new reporting platform of the Financial Intelligence Centre (FIC). Iemas regularly submits the prescribed FICA reports.

Retail Distribution Review

The FSCA has initiated, and is implementing, a Retail Distribution Review (RDR) in an attempt to ensure fair outcomes for consumers when they conclude transactions relating to financial products and services. The review is focused on the distribution and compensation practices in the retail financial services industry. A number of draft regulatory changes have been promulgated which had an impact on the operations, fees and commission income of Iemas Insurance Brokers.

RDR changes will take place incrementally and will be implemented accordingly. Iemas Insurance Brokers is part of the Financial Intermediary Association's (FIA) short-term insurance sub-committee and provides input through the workgroup specifically focusing on RDR. Iemas also seeks legal and compliance advice where necessary to guide it through the various changes.