

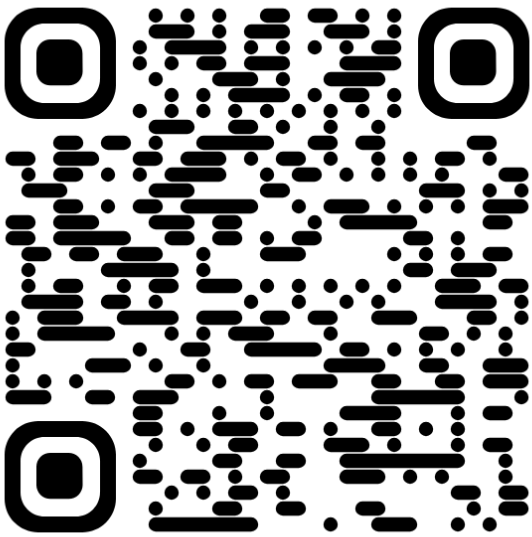
South Africa Banking Outlook

South Africa's banking industry remains resilient despite several years of challenges due to heightened global inflation and the resulting cost-of-living crisis, the 2023 FATF grey listing, as well as deteriorating local economic conditions in electricity generation and logistics.

With the IMF forecasting 1.5% growth for the South African economy in 2025, the banking industry is expected to benefit from gradual economic reform, moderated inflation, and continued relief for households and corporates as interest rates decline.

Banks will tackle a number of regulatory initiatives this year. The most prominent is the industry's mid-year deadline for the remaining Basel reforms. While the UK and US continue to delay implementation, the reforms remain a critical but complex programme for South African banks, with an expectation of continued operational refinement post go-live.

The bank outlook at the beginning of 2025 is set at positive/neutral (S&P and Fitch, respectively) with the expectation that non-performing loans will improve and profits will remain stable. However, the industry remains vulnerable to sovereign creditworthiness risks as well as the possibility of a prolonged FATF grey listing.



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SARB Economic Forecasts

	2025	2026	2027
GDP Growth	1.8%	1.8%	2.0%
Headline CPI	3.9%	4.6%	4.5%
Core CPI	3.8%	4.4%	4.5%
Repo Rate (End of Period)	7.39%	7.29%	7.30%

SARB MPC Forecasts (January 2025)

Gordon Institute
of Business Science

➤ Beyond Banking
Conference
14 May 2025

In partnership with MONOCLE

Basel IV (South Africa)

Implementation Deadline: 1 July 2025

- Revised standardised approach for credit risk
- Revised internal ratings-based approaches for credit risk
- Revised operational risk framework
- Leverage ratio – revised exposure definition
- Minimum capital requirements for market risk*
- Revised credit valuation adjustment framework*
- Output floors
 - July 2025: 60%
 - January 2026: 65%
 - January 2027: 70%
 - January 2028: 72.5%

* Minimum readiness and attestation - Multiple deadlines

Basel IV (3.1) (United Kingdom)

Implementation Deadline: 1 January 2027

Basel IV (CRR III & CRD VI) (European Union)

Implementation Deadline (exlc. FRTB): 1 January 2025

Fund. Review of the Trading Book: 1 January 2026

Project Umoja

Release 2

Preparation for Production Go-Live: August 2024 – June 2025

Submission Go-Live: July 2025 (tentative)

- | | |
|---------|--------------------------------|
| • BA100 | • BA410 |
| • BA110 | • BA420 |
| • BA120 | • BA500 |
| • BA200 | • BA600 |
| • BA210 | • BA610 |
| • BA320 | • BA700 |
| • BA400 | • BA340 Market infrastructures |

Release 3

Preparation for Production Go-Live: November 2024 – April 2025

Submission Go-Live: July 2025 (tentative)

- | | |
|---------|------------------------------------|
| • BA125 | • BA330 |
| • BA130 | • BA701 |
| • BA300 | • Mutual banks |
| • BA325 | • Economics and statistics returns |

Release 4

Preparation for Production Go-Live: July 2025 – December 2025

Submission Go-Live: January 2026 (tentative)

- | | |
|---------|---------------------|
| • BA220 | • Insurance returns |
| • BA501 | • FC Capital |

Artificial Intelligence & Machine Learning

- The SARB and FSCA are considering adding AI governance principles to their Joint Standard – Culture and Governance requirements for financial institutions. Public consultation is set to begin in H2 2025.

FATF Grey Listing

Financial Action Task Force Plenary to make their decision to remove or prolong grey listing in 10-13 June 2025.

- South Africa was required to address six outstanding deficiencies by February 2025.

Outstanding Deficiencies:

- Demonstration of a sustained increase in the investigation and prosecution of complex money laundering, terror financing and unlicensed cross-border money or value transfer services.
- Timely access of beneficial ownership information in respect of companies and trusts and the imposition of remedial action.
- The imposition of remedial action and dissuasive sanctions by designated anti-money laundering and combating the financing of terrorism supervisors.

JIBAR Transition

South Africa is set to transition to ZARONIA from JIBAR, which is expected to become redundant in 2026.

- No further JIBAR transactions/ZARONIA first for cash markets: H2 2025
- Cash market fallback methodology agreed: H2 2025
- ISDA fallback protocol in place: End-2025
- Formal announcement of JIBAR cessation: End-2025

Margin Requirements for Non-Centrally Cleared OTC Derivative Transactions

Following the FSCA's decision in December last year to allocate Strate as the dedicated Trade Data Repository, an official commencement date should be communicated in the short term. Currently, OTC margin reporting will be done via the Umoja platform.

- OTC margin requirements to be reported through the Umoja platform - April 2025

Environmental, Social and Governance (ESG)

- The launch of IFRS S1 and S2 sustainability disclosure standards in 2023 are currently not mandated in South Africa. Additionally, 43% of South African companies plan to implement the ISSB Standards over a period of time longer than 12 months while 36% have not made a decision. ([Krutham & Sanlam, 2024](#))

Field Testing of the Proposed Credit Spread Risk in the Banking Book (CSRBB) Reporting Template

- January 2025 to March 2025