



Transformation and Financial Inclusion

FSCA Financial Inclusion Strategy and
Open Finance for Retirement Funds

Seshree Govender

13 May 2021

PENSION  LAWYERS
ASSOCIATION



Financial Inclusion

Financial Sector Regulation Act: *“financial inclusion” means that all persons have timely and fair access to appropriate, fair and affordable financial products and services;*



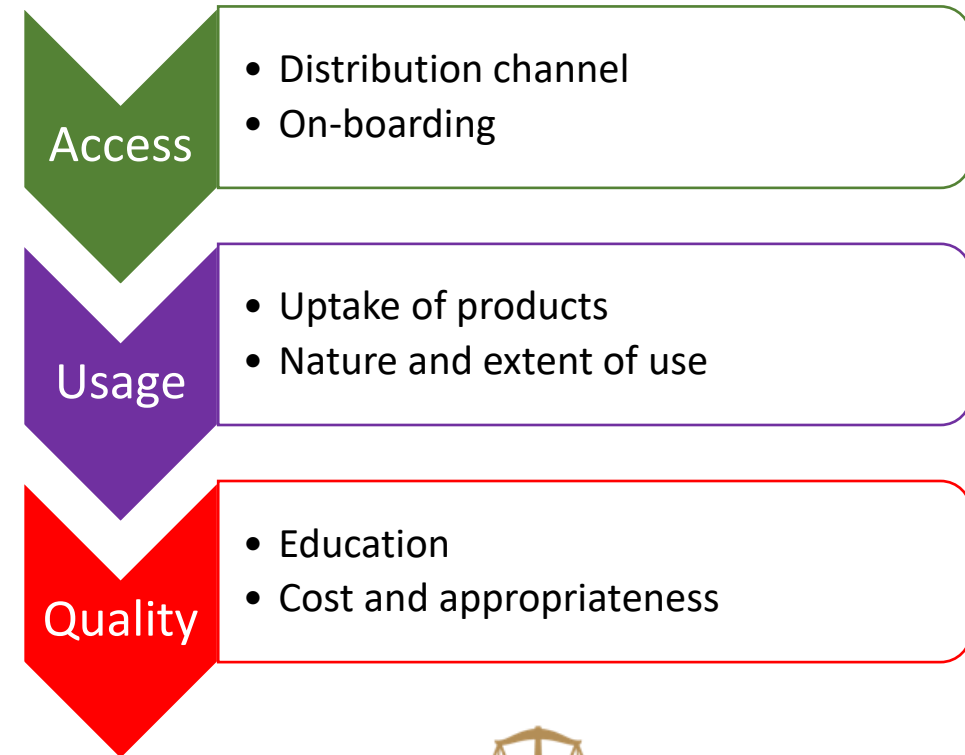
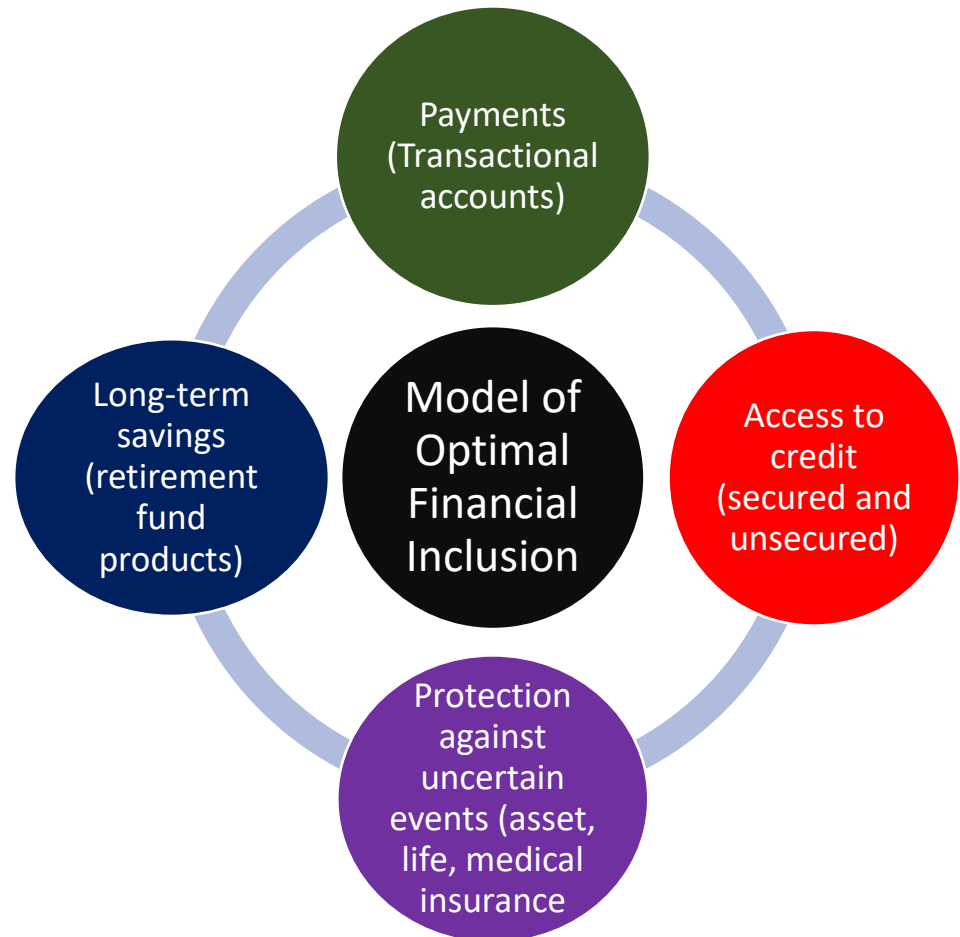
Model of Optimal Financial Inclusion

- Demand/Supply of financial products and services
- Regulatory environment and considerations

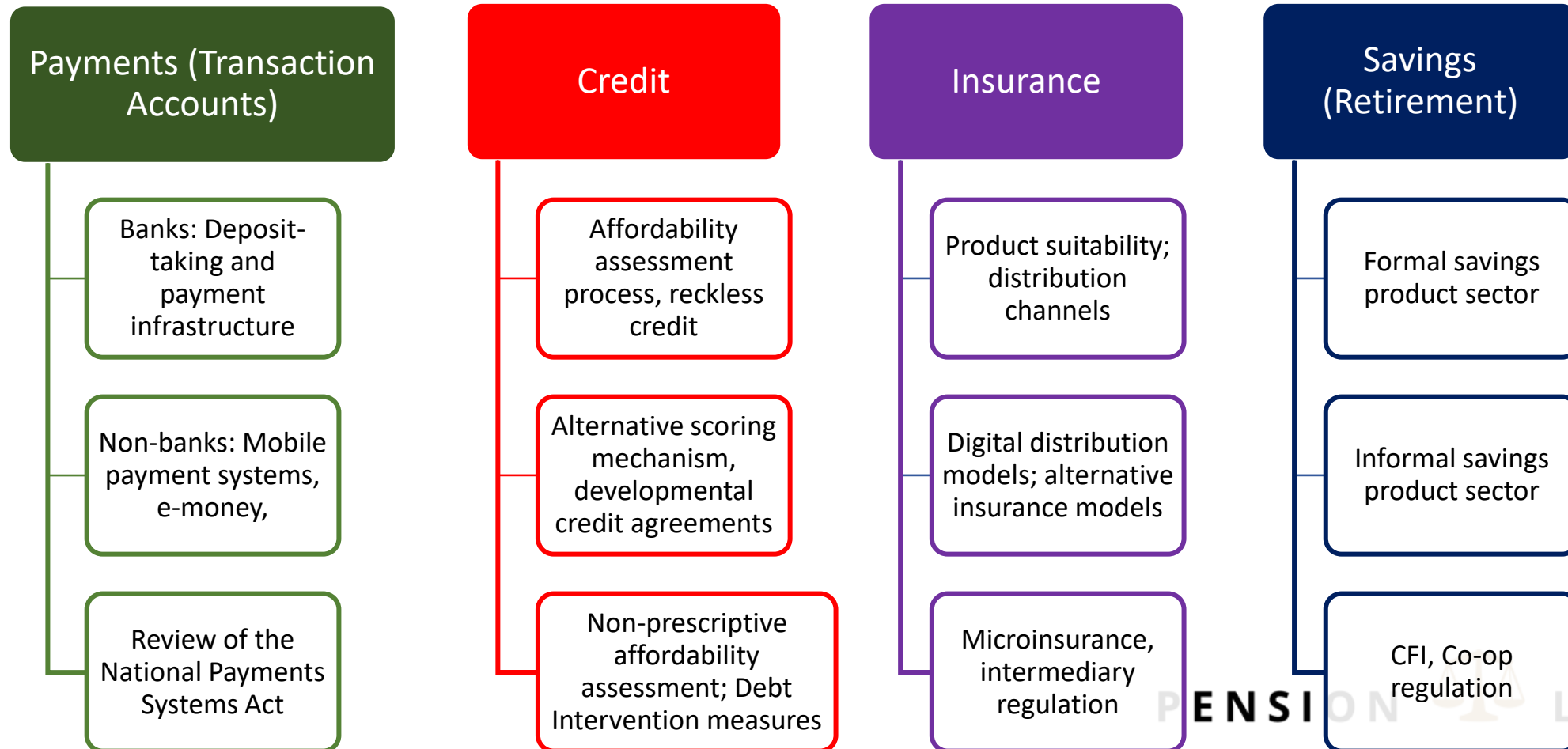
Pathway to Optimal Financial Inclusion

- Key factors
- Open finance

Financial Inclusion



Model of Optimal Financial Inclusion



Pathway to Optimal Financial Inclusion



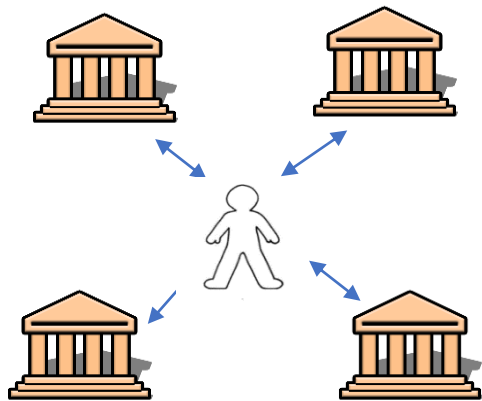
Open Finance Regulatory Framework:

- General international regulatory approach
- Sets out policy proposals for implementation in South Africa
- Implementation plan
 - The CoFI Bill
 - National Payment Systems Amendment Bill

Open Finance

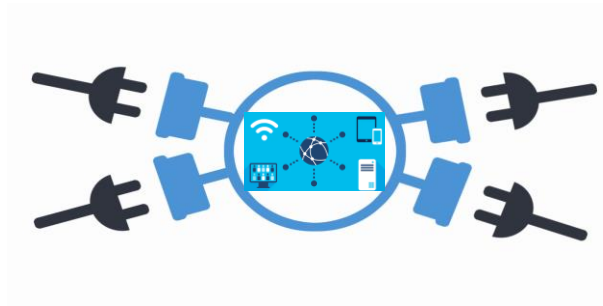
Achieves financial inclusion through consumer ownership of financial profile data

CONSUMER'S FINANCIAL DATA



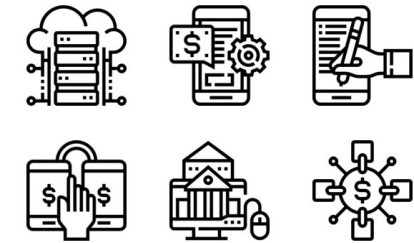
- Consumer generated data (e.g. KYC)
- Relationship generated data (contribution history, fund value and projection etc.)

TECHNOLOGY USED TO SHARE DATA



- Technology is core premise of open finance – enables direct access to financial institution's system and consumer's financial data
- APIs (application programming interface)
- Screen scraping

EMERGENCE OF 3RD PARTY SERVICE PROVIDERS AND NEW PRODUCT MODELS



Open sharing of consumer's financial data enables the promotion of innovation and competition in the market

Open Pension Case Studies

Access: On-boarding / KYC Compliance

- API calls to Open APIs of client's other financial service providers
- Generation of a digital identity
- FICA: Risk-based approach

Access: Unclaimed benefits dashboard

- UK: Pension Finder Services

Usage: Future retirement provisioning and advice

- Open API calls to build financial product profile
- Develop retirement forecasting tools and robo-advice systems
 - Needs analysis and recommendations
 - Help customer understand impact of decisions on future retirement provisions

Open Finance Regulatory Environment

Regulatory approaches

- Compulsory vs. non-compulsory
- South African approach?

Components of the regulatory framework

- Data aggregation
 - Informed financial consent
 - Dispute resolutions / complaints framework
- Open API Technology
 - API Framework policies
 - Conduct standards
- Open Finance Providers
 - Licensed activity
 - Technical requirements
 - Oversight



THANK YOU

PENSION  LAWYERS
ASSOCIATION

