

CONSULTATION REPORT

DRAFT CONDUCT STANDARD CONSUMER FINANCIAL EDUCATION

Consolidated comments and responses to public comments received

Date of Issue: **[insert date]**

1. Purpose

The purpose of this document is to set out, as required in terms of section 104(1) of the Financial Sector Regulation Act, a report on the consultation process undertaken in respect of the draft Conduct Standard, Requirements for Financial Institutions Providing Financial Education Initiatives, 2024 (draft Standard).

2. Definitions

In this consultation report –

“Authority” means the Financial Sector Conduct Authority;

“Financial Sector Regulation Act” means the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017).

3. Background

- 3.1 The Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act), extended the jurisdiction of the FSCA to include oversight of financial products and financial services not previously overseen by its predecessor, the FSB, as well as specific focus areas that did not previously form part of the FSB’s legislative mandate.
- 3.2 Section 57(b)(ii) of the FSR Act provides the FSCA with the legislative mandate to protect financial customers by providing financial customers and potential financial customers with Financial Education (FE) programmes, and otherwise promoting financial literacy and the ability of financial customers and potential financial customers to make sound financial decisions (“consumer education mandate”).
- 3.3 In addition, section 106(1) read with section 106(2)(c) empowers the FSCA to make conduct standards, aimed at, amongst other things, ensuring that FE programmes, or other activities promoting financial literacy are appropriate to the financial customers that the program is aimed at.
- 3.4 FE initiatives can influence the financial decisions and financial well-being of consumers and SMMEs and given the low levels of financial literacy (refer Annexure B Statement of Need and Intent), it has a significant role to play in advancing transformation and inclusion of financial customers.

- 3.5 Although the National Consumer Financial Education Strategy (NCFEC) has attempted to coordinate the implementation of FE in South Africa, in many instances initiatives and activities remain fragmented and uncoordinated, arguably due to regulatory compliance and consumer education activities being overseen by different entities. As such, a need exists to set a common minimum standard to which all Consumer FE initiatives provided by financial institutions must adhere to.
- 3.6 The purpose of this document is to provide a report on the consultation process undertaken for the development of the Conduct Standard for Requirements for Financial Institutions Providing Financial Education Initiatives, 2024.
- 3.7 This consultation report must be read with the “*Statement supporting the conduct standard for financial institutions providing financial consumer education initiatives, 2024*”.

4. Summary of consultation process and general account of the issues raised

- 4.1 The following documents were published for public comment on 31 March 2023:
- A Notice regarding the publication of the draft Conduct Standard – Requirements for financial institutions providing financial education initiatives (draft Conduct Standard);
 - Statement supporting the draft Conduct Standard (Statement); and
 - Comments Template for draft Conduct Standard.
- 4.2 Fifteen (15) commentators submitted comments on the proposed conduct standard. A list of the commentators as well as all comments received through the public consultation process and the FSCA’s responses thereto, are set out in the tables below.
- 4.3 Below is a general account of issues raised in the submissions made during the consultation process.

Comments relating to definitions

- 4.4 Six (6) commentators suggested amending the definition of “financial education” and in addition various questions and comments were raised with regards to the definition and scope of a “financial education initiative”. Amongst others, the following comments was raised -
- The definitions are not broad enough;
 - The definitions are too vague;
 - The Conduct Standard needs to indicate if it applies to both awareness and interactive initiatives as awareness type initiatives may not be able to provide the detailed data as required by the Conduct Standard; and

- Various specific activities were highlighted, and it was asked whether the following activities would fall within the aforementioned definitions:
 - *Retirement fund context:*
 - communication by a retirement fund to members concerning the specific benefits within a specific retirement fund (for example as happens in a newsletter to members or a member booklet);
 - education by funds of the Board (even if conducted by a service provider);
 - education by funds of participating employers (who are stakeholders of the fund, not customers);
 - education by administrators of participating employers;
 - education by funds of their members;
 - education by funds (or their administrators/consultants) of financial advisors or consultants of participating employer;
 - *Websites:*
 - Would these definitions include websites of FSPs where they explain certain features of financial products, concepts and/or risks?
 - *Articles:*
 - Would these definitions include articles written by an FSP where it is hosted on an FSPs website or a publication in a magazine?

The FSCA acknowledges that these definitions are very important as they in essence define the scope of the Conduct Standard and have consequently updated the definitions in the Standard and also updated the Statement of Need and impact which supports the Standard in order to clarify which activities are captured within the scope of the Standard. The Authority also accepted the proposal and have updated the definition to remove reference to the advice activity. A definition of financial customer has also been included, which includes a potential financial customer to ensure that financial education initiatives offered to potential financial customers are included within the scope of the Standard.

Reporting obligations

- 4.5 Various commentators raised a concern with regards to the reporting obligations that are being enabled in the Standard. When the detailed reporting obligations are developed same will be published for public consultation and stakeholders will be able to comment again at that stage, the Authority will attempt to align the reporting obligations with other reporting that is required to be submitted, in order to avoid duplication of efforts and be as efficient as possible.

Marketing and branding prohibitions

- 4.6 A further concern was raised that the prohibition on any marketing alongside financial education will hamper financial education and that there are instances such as financial education provided to

members of a retirement fund, where the brand of the financial institution must be provided, submitting that financial education cannot be brand agnostic. The Authority feels strongly that there should be no branding in the content of the consumer education material. However marketing and branding is allowed as part of the initiative itself, as long as same is not excessive and does not overwhelm the initiative. Paragraph 8 of the Standard has been enhanced slightly to clarify this. However, marketing of a financial institution's specific financial products or services is not allowed.

Measurability, monitoring and evaluation

- 4.7 Various concerns are also raised with regards to measurability (effectiveness and impact), monitoring and evaluation that the Standard expects. The additional clarity that has been provided as a result of the amendments described in 4.4 above, i.e. the nature of activities that are intended to fall within the scope of the Standard, assists with the concern that the outcomes of all initiatives are not measurable in terms of their effectiveness and impact as once-off awareness activities are not intended to fall within the scope of the Standard. The Standard has further been amended to provide for the measurement of effectiveness and impact only in instances where this is possible. The definitions of both monitoring and evaluation have been updated to largely align to the OECD definitions in this regard, as is appropriate to the context of the Standard. Lastly, the Standard enables proportional application of requirements, meaning that a financial institution can establish its controls and measures in such a way that makes sense in the context of the nature, size, complexity and risk profile of the financial institution concerned. The principle of proportionality therefore allows a smaller institution to develop and apply a more rudimentary approach to how it, for example, measures, monitors and evaluates CE initiatives, provided that the approach is appropriate and achieves positive outcomes.

Conduct Standard vs Guidance

- 4.8 With regards to the question of whether commentators are in support of the implementation of the Conduct Standard or rather a guidance-based approach, ten (10) out of twelve (12) commentators were in principle in favour of the Standard and two (2) opposed. Commentators were supportive of the objectives of the Standard and that it would in general terms improve the quality of financial education initiatives and the availability of information through reporting. There was one proposal to rather issue a Guidance Notice as opposed to a Conduct Standard, the commentator argues that, that the cost-reward ratio is skewed in favour of guidance.

Anticipated impact of the Draft Conduct Standard

- 4.9 Commentators at various questions and topics raised in Section C of the comments matrix cautions against requirements that are too onerous, such as the requirements surrounding systems to track and report on outcomes as well as the competency required from content developers. Concerns were also raised that the requirements may create barriers to entry for smaller institutions due to

the requirements being too onerous, including being too costly to adhere to and also lead to smaller institutions stopping to provide financial education initiatives as a result.

- 4.10 A further concern raised was that the proposed Standard will introduce an unlevel playing field, as non-financial institutions that provide financial education initiatives will not be subjected to the same requirements as financial institutions that provide the same initiatives.
- 4.11 With regards to costs, 10 of the 12 (83%) commentators indicated that the new requirements will lead to an increase in compliance costs as a result of the data, monitoring and evaluation, process and reporting requirements that are being proposed. Some commentators indicated that the costs may be prohibitively expensive, leading to a decrease in available programs. One commentator indicated that any increased costs may push a programme to become no longer financially viable, and some very valuable programmes may then cease to run, with the obvious detrimental effects. Some service providers may also fail to be able to sustain increased costs, reducing the availability of experienced provision. All commentators (11) who responded to the question with regards to the impact on the operational cost of the Standard, indicated that there would be an increase in costs for the financial institution. Commentators highlight the risk that financial institutions will not proceed to offer financial education initiatives due to the additional requirements and their knock-on effect of increased operational costs.
- 4.12 Four (4) of the eight (8) commentators (50%) who responded to the questions with regards to how different customer groups would be impacted by the requirements of the Standard, was of the view that the Standard could lead to improved financial education for customers.
- 4.13 The FSCA's views/responses relating to expected impact is set out in the "*Statement supporting the conduct standard for financial institutions providing financial consumer education initiatives, 2024*".

Transitional arrangements

- 4.14 Commentators were in favour of transitional periods that ranged from 6 to 18 months, a period of 12 months have been included in the Standard to allow sufficient time to implement controls to ensure adherence to the requirements of the Standard.

ANNEXURE A

RESPONSES TO COMMENTS SUBMITTED ON THE DRAFT CONDUCT STANDARD – FINANCIAL CONSUMER EDUCATION FINANCIAL SECTOR REGULATION ACT, 2017

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SECTION A - COMMENTATOR

No	Commentator	Acronym
1.	Association for Savings & Investment South Africa	ASISA
2.	Banking Association South Africa	BASA
3.	Blessing Farai Muneri	
4.	Financial Planning Institute of Southern Africa NPC	FPI
5.	Funderjet SA/Andre Loots	Funderjet
6.	Institute of Retirement Funds Africa NPC	IRFA
7.	Johannesburg Stock Exchange	JSE
8.	Eshaak Lakhi (Pty) Ltd, Trading as LakhCap Global	LakhCap
9.	OUTsurance Life Insurance Company Limited	OUTsurance
10.	Planning Retirement (Sole proprietorship) - David Lawrence Crawford	PR
11.	Reserve Bank of India	RBI
12.	Santam	Santam
13.	The South African Institute of Stockbrokers	SAIS
14.	The South African Insurance Association	SAIA
15.	The South African Institute of Financial Markets	SAIFM

SECTION B
COMMENTS ON THE CONDUCT STANDARD FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL CONSUMER EDUCATION INITIATIVES, 2023

No.	Section	Commentator	Comment	FSCA Response
1.	Definition – “financial education”	ASISA	“financial education” means the process by which financial customers improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being; The indicated definition aligns with the OECD definition, and this is supported, with the below mentioned to be considered. • We recommend the principle of alignment of the various definitions for financial education (FE) to be used by the following: Financial Sector Code (FSC), GN500, Conduct Standard (CS), policy and strategy for FE (work in progress by National Treasury and the FSCA via the National Consumer Financial Education Committee (NCFEC). • Agree that the definition should address FE and not consumer financial education (CFE). • Concerned with including <i>objective ‘advice’</i> and recommend that this change to <i>objective ‘information’</i>. ‘Advice’ falls into the ambit of regulated advice (FAIS) which may not apply in all instances. • If the following is amended, then it will encompass FE such as Retirement Fund Trustee Education (see our comment included under ‘target group’) and other similar FE: ‘take other effective actions to improve their financial well-being <i>and the financial well-being of those under their responsibility, e.g. per their fiduciary duties</i>’. • The definition should encompass/ include: customers, potential customers, investors, small, medium and micro enterprises and training provided to retirement fund trustees and principal officers. • For noting:	• Noted. • Agree. Definition has been amended to remove reference to advice to ensure no overlap with the advice activity. There is already reference to <i>Information</i> in the definition, hence the term is not repeated as proposed. • Proposal partially accepted (reference to “fiduciary responsibilities” not necessary). See also additional context that has been included in the Statement of Need as well as the exclusions under the definition of “financial education initiative” to clarify activities that are not intended to be included within the scope of the Standard. • Proposal accepted to widen the scope to financial customers and potential financial customers- see revised definition of financial customer. Please also refer to the comments and proposals from other commentators in this regard.

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No.	Section	Commentator	Comment	FSCA Response
			financial customer” means a person to, or for, whom a financial product, a financial instrument, a financial service or a service provided by a market infrastructure is offered or provided, in whatever capacity, and includes– (a) a successor in title of the person; and (b) the beneficiary of the product, instrument, or service; (Source: FSR Act 9 of 2017)	
2.	Definition – “financial education”	BASA	BASA recommend that “potential financial customers be included’and the clause to read: “financial education” means the method by which financial customers and potential financial customers improve their understanding of financial products, concepts and risks, through information, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for assistance, and to take other effective actions to improve their financial well-being;	Agreed. See revised deifnition of financial customer.
3.	Definition – “financial education” Note: the given definition tries to combine two definitions: financial education and financial literacy	FPI	We recommend that the definition is updated to: Consumer Financial Education and that a separate definition for Financial Literacy is included: “Consumer Financial Education” means the process by which financial customers acquire knowledge and skills related to personal financial management. Financial education may involve formal learning such as courses and workshops or informal learning such as reading books or online resources. The goal of financial education is to assist the consumer to become more knowledgable and competent in managing their personal finances and to be placed in a position to make more informed decisions when it comes to personal financial management.	In our opinion there is to a large extent alignment between the definition contained in the Conduct Standard and the description contained in GN 500. Note that the definition of financial customer has been amended to also include potential financial customers, which ensures further alignment with GN500. Also refer to the revised deifnition of financial education initiative and the additional context that has been included in the Statement of Need. We do not agree that a separate definiton of financial literacy is required to aid in the understanding and interpretation of the Standard.

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			<i>“financial literacy” means the knowledge and skills that a consumer has regarding personal finance and/or personal financial management. It refers to the ability to understand and apply financial concepts such as budgeting, savings, investments, retirement planning, debt management and personal risk management. Financial literacy is the end result of financial education where consumers become more financial knowledgeable and competent.</i> With reference to the FSC (Schedule 2 – Codes of good practice as amended), it appears that the FSTC do not define <i>financial education</i> or <i>financial literacy</i>. But Consumer Education is defined in the amended financial sector code of 2017 (P264, section 6 Consumer Education Contributions). There should be alignment between FSTC Financial Sector Code and FSCA Conduct Standard definitions.	
4.	Definition – “financial education”	IRFA	What is meant by the term ‘objective advice’ - is the word ‘advice’ used in the context of FAIS related advice? Could we rather use “objective input”? Reference to financial products: is this Standard intended to apply to education of specific products? For example: the XYZ Retirement Annuity Fund or the ABC life policy? If not, the definition should be amended. Bearing in mind that the provision of benefit under a retirement fund is a product under COFI, to what extent is the Standard intended to cover communication by a retirement fund to members concerning the specific benefits within a specific retirement fund, for example as happens in a newsletter to members or a member booklet? What is intended by a “financial concept”? For example if a retirement fund communicates about new regulatory or legislative developments is this a financial concept and thus FE as covered by the Standard?	The comment is noted and reference to objective advice has been removed from the definition. No, financial products are defined widely in the FSR Act, e.g. life insurance policy, retirement fund, etc. The definition of “financial education initiatives” envisages a programme or other activities providing financial education. We would argue that mere communication to members would not fit this description. To ensure clarity also refer to the amended definition of a “financial education initiative” and the exclusions that has been incorporated therein, as well as the additional context that has been added in the Statement of Need to clarify the position with regards to what types of activities we intend to be included within the scope of financial education initiatives and which not.

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			It appears that it is only FE of customers that is intended to be covered by the Standard -in the context of retirement funds: • Thus, we assume education by funds of the Board (even if conducted by a service provider) would not be covered. • Is education by funds of participating employers (who are stakeholders of the fund, not customers) intended to be covered? • Is education by administrators of participating employers intended to be covered? • We assume education by funds of their members is covered. • Is education by funds (or their administrators/consultants) of financial advisors or consultants of participating employers intended to be covered? Please see FSCA Guidance Notice 2 of 2018 which was published as guidance on Directive PF 8. In par 3.2, the Guidance Notice deals with training provided to retirement funds and/or its trustees by a service provider. The Guidance Notice provides inter alia that a retirement fund should pay for such training, or where a service provider intends to provide training or to present topics relevant to the retirement fund industry at no cost (which may also include refreshments and beverages), such an event must be open for registration to the general public or to a general category of persons. This Conduct Standard should therefore not be restricted to “financial; customers” only.	The general or common understanding of what the term financial concept means should be applied. Legislative developments would not constitute a financial concept and a retirement fund communication would not constitute a financial education initiative (refer paragraphs 4.1-4.7 of the Statement of Need). • The comment with regards to the scope of the Standard is correct. The standard is proposed, to apply to financial customers as defined (a definition has been included which includes a potential financial customer) but does not include “other stakeholders” mentioned such as the board of a pension fund, participating employers etc. Also refer to the additional context as referred to above.
5.	Definition – “financial education”	SAIA	The term “financial customers” is limited in its expression and therefore proposing that it is changed to “consumers of the financial services and products, falling within the predetermined target group (see definition of Target Group below)”. This will promote inclusiveness for the current and potential consumers and/or direct and indirect consumers of the financial products and services.	The comment is noted. Proposal, however, not accepted as we should align with the terminology used in the FSR Act. However, the definition of financial customer has been changed to include a potential financial customer.

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No.	Section	Commentator	Comment	FSCA Response
6.	Definition – “financial education”	SAIFM	The definition of Financial Education is intended, we believe, to be as broad as possible. SAIFM argues that this can and should be broadened further and beyond what some may not necessarily recognise as a financial product or concept or risk. The proposed wording for the definition is thus: “financial education” means the process by which financial customers improve their understanding of financial products, concepts, risks and any other matter that impacts on the sustainable management of their own financial position, including financial literacy and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being;”	- The comment is noted, and the definition has been amended, however the definition has not been amended as proposed. Reference to independent advice has been removed to ensure no overlap with the advice activity in the FAIS Act. The definition has been amended to ensure that it is broad enough and purposefully wide - Also refer to the additional context that has been added in the Statement of Need to clarify the position with regards to what types of activities we intend to be included within the scope of financial education initiatives and which not. - Reference to financial literacy has been removed from the definition of a <i>financial education initiative</i>.
7.	Definition – “financial education initiative”	BASA	We recommend that “initiatives” should be align to B-BBEE Act Financial Sector Code GN500.	We believe that the definition is largely aligned and not contradictory to anything in the FSC or GN500. However, please refer to the revised definition of financial education initiative and the additional context that has been included in the Statement of Need.
8.	Definition – “financial education initiative”	FPI	This definition is not broad enough. We propose that it updated to clarify what “activity” means. <i>“Consumer financial education initiative” means any financial education programme or activity implemented by any licenced Financial Institution, that promotes financial education and improves financial literacy of consumers. These activities could include, but is not limited to consumer financial education seminars, workshops or online courses.</i>	We do not agree with the definition as being proposed and believe that the definition is broad enough to include all aspects such as seminars, workshops or online courses. Also refer to the additional context that has been included in the Statement of Need to clarify the position with regards to what types of initiatives is intended to be included within the scope of “financial education initiatives” and which not. The definition has also been amended based on other comments received, also refer to the comments and proposals from other commentators in this regard.
9.	Definition – “financial education initiative”	IRFA	Anything that a financial institution defines as a financial education initiative is included in the scope of this conduct standard. What requirement, if any, is there regarding the	The Standard does not compel a financial institution to undertake financial education initiatives, however where the financial institution does undertake

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No.	Section	Commentator	Comment	FSCA Response
			extent of financial education that a financial institution is expected to provide?	financial education, same must adhere to the requirements as prescribed in the Standard.
10.	Definition – “financial education initiative”	OUTsurance	Currently in our view the definition is extremely vague and doesn’t provide clarity to what the meaning of “financial education initiative” really is. For example, it refers to any financial education program, however, what would be seen as a financial education program? In addition, what activities would be seen as promoting financial education or literacy. Would this include websites of FSPs where they explain certain features of financial products, concepts and/or risks? Does it include articles written by an FSP where it is hosted on an FSPs website or a publication in a magazine?	The definition has been elaborated on to clarify the types of initiatives that are excluded from the scope of consumer education initiatives in the standard. A website or article in a magazine would not constitute a financial education initiative. Also refer to the additional context that has been included in the Statement of Need to further elaborate on our position with regards to what types of initiatives is intended to be included within the scope of the standard and the rationale therefore.
11.	Definition – “financial education initiative”	SAIA	The Conduct Standard needs to be clear whether the initiatives referred to in the Standard are funded for BBBEE points or from any other budget, ie. marketing budget. The Conduct Standard needs to indicate if it applies to both awareness and interactive initiatives – reason being awareness type initiatives may not be able to provide the detailed data as required by the Standard. The phrase “Promoting Financial Literacy or Education” can be misinterpreted or misleading as it does not focus on education but promoting education. We propose: Or any other activity designed to create awareness on any financial education content.	- It would include such initiatives, but will also have broader application. Please see revised definition of financial education initiative and additional context in the Statement of Need which explains what types of initiatives is intended to be included within the scope of the standard and the rationale therefore. A once-off or arbitrary publication (be it on a financial institution website or a news article) providing general consumer relevant information will not constitute a financial education initiative. However, if, for example, a financial institution executes a planned series of publications which is aimed at promoting financial education in a systematic manner, that would constitute a financial education initiative. - Agree in principle, however, wording proposal not accepted. Please see revised definition.
12.	Definition – “evaluation”	ASISA	“ evaluation ” means an in-depth analysis and review of a financial education initiative against pre-determined objectives and anticipated outcomes;	The comment is noted however the proposed definition is not accepted but the definition has been amended to largely align to the definition of the OECD

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			Recommend that this definition should align with the definition used by Government's Department Planning, Monitoring and Evaluation. This is a standard accepted definition in the realm of monitoring and evaluation.	(The Organization for Economic Cooperation and Development) in this regard.
13.	Definition – "evaluation"	FPI	Update to: <i>"means an in-dept analysis and review of a consumer financial education initiative against pre-determined learning outcome statements and anticipated learning outcomes."</i>	Unclear why the porposal is to add the word "consumer". The term used and defined in the Standard is "financial education initiative".
14.	Definition – "monitoring"	ASISA	"monitoring" means the regular collection of data throughout the implementation of a financial education initiative; Recommend that this definition should align with the definition used by Government's Department Planning, Monitoring and Evaluation. This is a standard accepted definition in the realm of monitoring and evaluation. 'Monitoring' is not restricted to the collection of data.	The definition has been amended to adress the point made re "data collection" and to further clarify the requirement, however we do not agree that the definition needs to be aligned as proposed. The definition has been amended to largely align to the definiton of the OECD.
15.	Definition – "monitoring"	FPI	Update to <i>"means the regular collection of data throughout the implementation of a financial educatin initiative for analysis and reporting purposes"</i> . (why is the data collected and who is going to do what with the data?)	The definition has been amended to clarify the purpose of monitoring, but has not been aligned to the proposal here. The definition has been amended to largely align to the definiton of the OECD.
16.	Definition – "service provider"	ASISA	"service provider" means any person, whether or not that person is a representative or other agent of a financial institution, with whom a financial institution has an arrangement relating to the provision of financial education initiatives on the financial institution's behalf; and The definition is accepted but we have concern related to a retirement fund administration context. The administrator could be a service provider to the retirement fund and may provide the financial education service and perform the monitoring. The initiatives could be the same across various retirement funds. Must each entity report on the initiative, even if this results in duplicated reporting? In this case we request the Authority to define at which level reporting will need to be done (for each retirement fund level or at the level of the administrator).	The primary obligation to report to the Authority will rest on the financial institution that undertakes to provide CE initiatives. We agree that there should not be duplicate reporting. When we determine the format of reporting, we will try and ensure that we avoid the risk of duplicate reporting by providing clarity.

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			We do not support duplication of reporting.	
17.	Definition – “service provider”	FPI	Update to: <i>“means any person or entity, whether or not that person is a representative or other agent of a financial institution, with whom a financial institution has an arrangement relating to the provision of consumer financial education initiatives on the financial institution’s behalf. Due regard should be given to the provisions of the Protection of Personal Information Act 4 of 2023.</i>	The proposed addition serves no purpose. POPIA will apply regardless of whether it is mentioned in the definition.
18.	Definition – “service provider”	IRFA	In a retirement fund administration context, the administrator could be a service provider to the retirement fund and may provide the financial education service and perform the monitoring. The initiatives could be the same across various funds. Must each entity report on the initiative, even if this results in duplicated reporting?	See response to item 16.
19.	Definition – “service provider”	SAIA	We propose amendment of this definition to include “any person (juristic or natural)”	The definition of person as defined in the FSR Act already addresses this comment and no amendment is required.
20.	Definition – “target group”	ASISA	“target group” includes, but is not limited to: (a) youth; (b) women; (c) small, medium and micro-enterprises; (d) older persons/pensioners; (e) people living with disabilities; (f) previously disadvantaged; (g) underserved groups; (h) black people as defined in the Financial Sector Code; (i) over-indebted individuals; (j) individuals unable to repay debts; and individuals unable to maintain insurance policy payments. • Recommend to adjust to: “Target group” should include all customers and potential customers, but is not limited to the following: • Support the statement that is included ‘<i>but is not limited to</i>’ as <i>target groups should not be restrictive.</i>	• A definition of financial customer has been included and includes a potential financial customer. • Noted. • The comment is noted, however, we disagree that any changes are required taking into consideration the context of where and how in the Standard the definition is used. Also see response directly below.

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			We recommend that retirement fund trustees and principal officers, and umbrella fund management committee members be included. This target group should be included for personal FE and their understanding of the organisation/ retirement fund information specific to their roles and responsibilities in these capacities, e.g. their fiduciary duties. This is an important target group, and such FE should be subject to the CS.	
21.	Definition – “target group”	BASA	“target group” includes but not limited to: (a) youth; (c) small, medium and micro-enterprises; (g) underserved groups - BASA recommend that where the regulator is specifying examples of target group (i.e., Youth), definitions need to be provided in order to avoid uncertainty. We also recommend a harmonization between this document, regarding this point and the FSTC guidance note to avoid misinterpretation. - We recommend that the definition of SMME be aligned to the definition of Exempted Micro Enterprise (EME) as per the BBB-EE Act, GN500, as the latter caters for the inclusion of EMEs in consumer education. - We seek clarity on alignment of target audience in-respect of “underserved groups”, to the FSTC guidance note.	- The intention is to not be prescriptive in how the target group is determined as we are not trying to prescribe specific types of target groups that must be used. The financial institution can decide how it classifies its target groups (e.g. how it defines “youth”)- the point is that it should identify its target groups. - Same principle as explained under the first bullet applies here. - We intend to reach a broader target group than GN 500. Our definitions will not necessarily align with the FSC’s, but we will not be contradictory to any requirement therein.
22.	Definition – “target group”	IRFA	To what extent will reporting be expected in line with this definition, as funds may not be able to ascertain if their members fall into all of these target group categories	The comment is noted. Once the reporting is developed same will undergo a process of public comment and the comment will be considered at that stage. However, please also see response directly above.

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23.	Definition – “target group”	SAIA	We propose a definition for Target Group be more descriptive for boarder application and the currently provided non-exhaustive list to be referred to as examples: We propose that the definition be included as follows: “Target Group means any identifiable person or group of people whom the Consumer Education initiative is intended to benefit” Therefore, financial institutions need to be able to provide justification for their selection of a particular target group, supported by the identifiable needs for the initiative.	Agree in prinicple. See amendment.
24.	Definitions	PR	Broadly agree but I believe that there should be a separate specific classification for “People approaching retirement”. This is a specialist area and one that requires considerable knowledge and skills from practitioner. Ideally this should start from youth but the situation as it stands has thousands if not hundreds or thousands of people who don’t understand their retirement situation in age groups 45 and upward. (g) “underserved groups” covers a huge swath of the population of all shapes and sizes.	See revised definition which positions the categories merely as examples, meaning it is not a close list. Therefore, if a financial institution wishes to identify ‘people approaching retirement’ as a specific target group, it can do so.
25.	Definitions	RBI	• “Financial institutions” may be defined. • Criteria for selection of ‘service providers’ including mandatory certification & training requirements may also be mentioned.	• Finanical Institution is a defined term in the FSR Act and any word or expression to which a meaning has been assigned in the Act bears the meaning so assigned. • Refrence to the skills of a service provider has been included under section 3(4). The FI will need to detemine what appropriate skills and expertise would be required by the service provider, taking into account the specific initiative being undertaken.
26.	Definitions: Monitoring & Evaluation	SAIA	We suggest the addition of Monitoring and Evaluation as definition as below: Monitoring:	The comment is noted and the definitions have been amended although not exactly as proposed. The definitions have been amended to largely align to the OECD definitions in this regard.

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			“means a systematic collection of data on specified indicators to observe the progress and quality of the the financial education initiative over a period of time”. Evaluation: “means a systematic and objective assessment of an on-going or completed project or programme, which assess its design, implementation, improvement and results/outcomes”. The aim is to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact, and sustainability	
27.	Definition: Additional Definitions to be considered for inclusion	SAIA	Financial Inclusion: “Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way” Financial Sector Code: “Financial Sector Code (FS Code) means the sector codes has been prepared and gazetted in terms of section 12 of the Broad-Based Black Economic Empowerment (B-BBEE) Act, (Act 53 of 2003) and as amended”, including the Guidance Notes provide by the Financial Sector Transformation Council (FSTC)	Disagree. we are opposed to defining that term (in a Standard, which is subordinate legislation) since that term is also used in the FSRA, and the latter does not define it. Definition for ‘Financial Sector Code’ included (although worded differently compared to your proposal).
28.	Application, purpose and proportional application Section 2(1)	IRFA	The definition of financial institution and financial education are both very wide and could arguably include funds and the communication/RBC they provide to members. Is the intention that this CS apply to funds and its activities, which are already governed under existing legislation?	As per our response under item 4, these definitions should also be read in the context of “financial education initiatives”, and the latter envisaged a programme or other similar activity. We would argue that mere communication to members would not necessarily fit this description.

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				Also refer to the additional context that has been included in the Statement of Need to clarify the position with regards to what types of activities we intend to be included within the scope of financial education initiatives and which not.
29.	Application, purpose and proportional application Section 2(2)(a)	ASISA	- In line with section 57(b)(2) of the Act, the objective of the FSCA includes providing potential financial customers with financial education programmes. Propose amendments as follows: (a) <i>the protection of financial customers and potential customers by providing financial customers and potential financial customers with financial education initiatives that promote financial education and literacy and the ability of financial customers and potential financial customers to make sound financial decisions about their personal finances, as well as the financial health of their small businesses;</i> - We further request that there be consistency of these terms throughout the CS, e.g. <i>customers and potential customers</i>. - The ability of customers and potential to make sound financial decisions – we suggest that this term be positioned as “more improved/ informed financial decisions” given not all customers are financially technical. - Regarding: about their personal finances, we recommend the inclusion of: ‘... about their personal finances <i>and others that fall under their responsibility, e.g. their fiduciary duties</i>’. This will then include FE related to trustees, principal officers and umbrella fund management committee members. - Remove the term ‘small’ unless it is the regulators intention to exclude medium & micro businesses, which we will then not support.	- Bullet 1 & 2: The amendment that has been made to the definition of financial customer as referred to above, should address these comments. - Bullet 3: Agree to add “more informed”. See amended provision. - Bullet 4: Partially agree. See revised provision. - Bullet 5: Agree- see revised wording. - Not sure why the proposal is to remove the word “small”, see proposed amendment to include reference to medium and micro enterprises as well to avoid confusion.

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30.	Application, purpose and proportional application Section 2(2)(a)	BASA	- We recommend that 'potential financial customers' is included to align with the mandate of the Financial Sector Conduct Authority as contained in section 57(b)(ii) of the Financial Sector Regulation Act (Act No. 9 of 2017). Therefore Section (2) (a) is recommended to read: - "The Protection of financial customers and potential financial customers with financial education and financial education initiatives that promote financial education and literacy and the ability of financial customers to make sound financial decisions about their personal finances, as well as the financial health of their small businesses;" Section 2(2)(a) refers to: <i>financial education and literacy</i>, however, only financial education is defined. We recommend that either:- (a) the reference to financial literacy be removed; OR clear statement should be made that financial education includes financial literacy	- Agreed. See amendment to the definition of <i>financial customer</i>. - Agree to some extent, reference to financial literacy has been removed in this section.
31.	Application, purpose and proportional application Section 2(2)(a)	FPI	Include the full wording as contained in the definitions. It is Consumer Financial Education Initiatives and Financial literacy. We would also update "sound financial decisions" to "better informed decisions" about their personal finances etc. Our view is that a combination of consumer financial education initiatives and professional financial advice and / or financial planning leads to sound financial decisions.	See revised wording. Agree to include a reference to informed financial decisions.
32.	Application, purpose and proportional application Section 2(2)(b)	ASISA	(b) that financial education initiatives, or other activities promoting financial education and literacy are appropriate to achieve the intended outcome in (a); In determining the appropriateness of the FE programme, can we use the guidance provided in GN500? If not, will the regulator provide guidance under the statement?	See paragraph 4.7 of the Statement supporting the proposed Conduct Standard that was published together with the draft Standard.

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33.	Application, purpose and proportional application Section 2(2)(c)	ASISA	(c) that a financial institution providing financial education initiatives takes reasonable steps to ensure appropriate standards of behaviour, governance and oversight when developing content, implementing, monitoring, evaluating and reporting on the effectiveness, efficiency and appropriateness of financial education initiatives, including reporting to the Authority. More detail is required on the reporting requirements that will be required by financial institutions to the Authority.	The comment is noted. Once the reporting is developed same will undergo a process of public consultation and additional detail will be provided at that stage.
34.	Application, purpose and proportional application Section 2(2)(c)	BASA	We recommend that the phrase “standards of behaviour” be deleted as the related obligations referenced in this clause (example developing content, monitoring and evaluation) will be subject to due governance and oversight.	Disagree. Even if oversight and governance exist, there is a risk that a financial institution will not behave appropriately. Ensuring appropriate standards of behaviour is therefore an overarching purpose of the Standard.
35.	Application, purpose and proportional application Section 2(2)(c)	IRFA	We need clarity on the reporting requirements to comment more fully. It may be a good idea for all financial education initiatives to be subjected to a CPD accreditation exercise, similar to FAIS requirements. This will also simplify the reporting process when reference can be made to the CPD accreditation scores. We don’t have to call it “CPD” but rather “Financial Education Accreditation”. Is this something that the FSCA is willing to oversee?	The comment is noted. The reporting requirements are still to be developed and will be consulted on in due course. It is questionable whether imposing FE accreditation is within the powers afforded to us under the FSR Act.
36.	Application, purpose and proportional application Section 2(3)	ASISA	(3) The requirements in this Conduct Standard, where appropriate, may be applied in a proportional manner taking into account the nature, size, complexity, target market and risk profile of the financial institution concerned. - Who will determine the impact and requirement related to ‘proportionality’ – the institution itself or the FSCA? Will guidelines be specified and linked to these expectations? - The nature of the FE initiative (e.g. awareness versus interactive approaches) should also be a factor in	- Proportional application of the requirements will be considered by both the financial institution, when determining the nature of the controls/measures that will be implemented to adhere to the requirements in the Standard, and by the FSCA, when assessing whether the nature of the controls/measures that was implemented are appropriate. - Guidance will be considered- see the Statement Supporting the proposed conduct standard that was published together with the draft conduct

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			determining a proportional application of the CS. Propose amendments as follows: <i>(3) The requirements in this Conduct Standard, where appropriate, may be applied in a proportional manner taking into account the nature, size, complexity, target market and risk profile of the financial institution concerned as well as the nature and target group of the relevant financial education initiative.</i> How exactly will this be applied considering the target group and measurability requirement noted in the CS?	standard. If a need is identified to also address proportionality in guidance, we will consider this. See amended wording of requirement as proposed.
37.	Application, purpose and proportional application Section 2(3)	IRFA	Who will determine the impact of proportionality – the institution itself or the FSCA? Will guidelines be specified and linked to expectations?	See response directly above.
38.	Application, purpose and proportional application	PR	In spite of all the limitations expressed further along financial institutions cannot help themselves. They seem to place shareholder interests well above those of the population that they serve. The document seems to cover a very wide spectrum and it almost looks as though you should be saying that you hope the institutions will behave honourable. I think the sentiments, even at this level should be expressed more tightly.	The comment is noted. However, no amendment seems to be required to the Standard as a result of the comment.
39.	Application, purpose and proportional application	SAIA	It is not clear on how the rule of proportionality will apply in this regards We request that regulator provide more clarity, bearing in mind that Financial Education focuses largely on the interests of the consumer interaction with the financial sector/entities, irrespective of the entity size?	See responses to item above 36.
40.	Application, purpose and proportional application	SAIA	Please include formal numbering format to include unique numbering sequence (a,b,c is not unique).	The context of the comment is unclear as the numbering format of the Standard uses acceptable South African legislative drafting practise.

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41.	Governance arrangements Section 3(1)	FPI	Add a definition for “ governance arrangements ” means the structures, systems, and processes that financial institutions or persons/entities that facilitate consumer financial education programmes or financial literacy programmes on behalf of the financial institution, must have in place to ensure effective governance and oversight of their operations OR add a reference to what is meant by governance arrangements in the context of this conduct standard.	Disagree. The concept of governance is well established and does not have to be defined.
42.	Governance arrangements Section 3(3)	ASISA	• More details on the pre and post implementation reporting to the Authority is needed. • Reporting should not over burden financial institutions, especially as there is already compliance with other reporting, e.g. reporting for ICPR verification purposes to demonstrate compliance with the FSC and GN 500. Such reporting is very involved. • The focus should be on effective and efficient planning, implementation, M&E and achieving the objectives of the FE initiatives. • The frequency of such reporting should align to the implementation of the FE initiative – some initiatives have a longer implementation period while others are of a shorter duration, initiatives may include once off interventions while others may include multiple interventions with the same beneficiaries. • The objectives of the reporting should be better defined in a concise manner as this will guide the reporting to the Authority. • The Authority should also advise what the outcome of such reporting will be.	The comment is noted. The reporting requirements are still to be developed and will be consulted on in due course. Your comments will be taken into consideration when developing the reporting format. Information that will be submitted, will be collated to get a better sense of the number of FE initiative, including the nature and scope of the initiative that are being implemented. Data collected will then be able to provide the NCFEC and other forums with information on future initiatives.
43.	Governance arrangements Section 3(3)	BASA	• We recommend that there should only be a “post implementation” reporting obligation and that the reference to “pre implementation” reporting should be deleted, to decrease possible additional compliance costs. Smaller institutions may struggle to meet all these requirements.	• The comment is noted. The Authority does not agree that there should only be reference to “post implementation” reporting obligations. • The comment is noted. The reporting requirements are still to be developed and will be consulted on in due course. We will, however,

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			We request that the FSCA consider the data indicators to be included in the reporting in relation to GN500	consider the relevance and/or appropriateness of the GN500 data indicators for purposes of our reporting.,
44.	Governance arrangements Section 3(3)	FPI	The regulator, considering the principle of proportionality, must be clear, at the onset of this conduct standard, on what reporting (and format of the reporting) the regulatory is seeking and why. The “why” will assist in ensuring that the Financial Institutions report on information that will assist the Regulator to deliver on its Strategic Objectives as it relates to the regulators vision and mission statements.	Refer to response in line 42 above as well as the need for reporting clarified in the Statement of Need document published in support of the Standard.
45.	Governance arrangements	PR	Great sentiments but how is adherence to be guaranteed?	Adherence to legislation can never be guaranteed. Notwithstanding, the FSCA as the regulator will monitor compliance to the best of its ability in accordance with its risk based supervisory approach.
46.	Governance arrangements Section 3	SAIFM	It is well understood that this Conduct Standard is purposefully principle-based and is specifically structured to allow for proportional implementation. It is also well understood that additional guidance will likely be provided through the issuance of a Guidance Note. These points notwithstanding, the Conduct Standard expectations for governance arrangements are extremely broad, with little insight as to what arrangements the Authority may deem appropriate. Without the additional Guidance Note, it is possible that Financial Institutions will overburden themselves beyond the Authority’s expectations, or apply arrangements out of alignment with the Authority’s desires. This has a strong potential to cause waste of effort, resources and time across the sector. This comment applies specifically to Clauses 3(1) and 3(2).	The comment is noted, although we do not necessarily agree that this is a major risk. Notwithstanding, as indicated in the Statement supporting the proposed conduct standard, which was published together with the draft standard, we will be considering issuing guidance.
47.	Design and development requirements for financial education initiatives Section 4(1)	ASISA	(1) Financial education initiatives provided by a financial institution must enable natural persons and small, medium and micro-enterprises to make more informed decisions about their finances and financial health. We request consistency throughout the CS regarding terms used, e.g. natural persons, and making informed decisions	See revised requirement 4(1) to ensure alignment and consistency.

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			about their finances and financial health and that which is under their responsibility, e.g. their fiduciary duty.	
48.	Design and development requirements for financial education initiatives Section 4(1)	BASA	The clause “ <i>Financial education initiatives provided by a financial institution must enable natural persons and small, medium and micro-enterprises to make more informed decisions about their finances and financial health.</i> ” excludes most groups as per the “target group” definition.	Comment not understood. All elements of the definition of a <i>target group</i> are either natural persons or enterprises as mentioned.
49.	Design and development requirements for financial education initiatives Section 4(1)	FPI	A definition should be included to describe who the Consumer in Consumer Financial Education is it should include natural persons and small, medium and micro-enterprises.	Comment not understood. Consumers (generally speaking, since this term is not used in the Standard) in the context are financial customers as defined, including potential financial customers (see revised definition of financial customer).
50.	Design and development requirements for financial education initiatives Section 4(3)(b)	ASISA	3(b) not be prescriptive and must be targeted appropriately at the appropriate target group, taking into account the identified needs of the target group and financial inclusion objectives; In some instances, the content could be prescriptive. For example, if the training content involves talking about statutory minimums that are applicable to take retirement savings in cash. We propose that the section reflect that the content should be sufficiently prescriptive to meet the objective of being considered educational.	The comment is noted, see revised wording of the section.
51.	Design and development requirements for financial education initiatives Section 4(3)(c)	ASISA	3(c) be distinct from any brand specific financial product or financial service sales process or marketing campaign; and This may not be practically possible for all forms of FE. For consideration are the below examples: For retirement funds encouraging members to get financial advice is an essential part of informing individuals how they can get help and the nature of that help, and this may include reference to a specific brand/entity. Whilst individuals are free to seek financial advice from other advisers or brands there is distinct	The comment is noted. However one of the main objectives of the Standard is to ensure that marketing is not done under the guise of financial education. We actually contemplated whether we should prohibit marketing done in conjunction with CE initiatives altogether. However, as a middleground we decided to allow some form of marketing, but under the proviso that marketing cannot be excessive or done through the content of CE material. Marketing of specific products or services is also not allowed.

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			value in the ease of being able to access help from licenced financial advisers within a decision-making journey. • Some delivery channels/ platforms are closely associated with the financial institution's brand and the channel/ platform may be used for more than just supplying FE content, e.g. a website or a social media channel. • At <i>point of sale</i> is a very opportune time to convey FE with a customer/ potential customer as it is ideal to improve their understanding of financial products, concepts and risks (per FE definition). Care must be taken to distinguish the sale from the FE. • There is agreement that in some instances there is a very fine line between marketing and FE, we also hold the view that the use of a recognisable brand has the potential to lend credibility to the information/ education provided and be an incentive for the financial service provider to ensure the quality of the intervention is consistent with its brand aspirations. We therefore do not support that in all instances, the content should be distinct from brand specific product or service or the sales process or a marketing campaign.	
52.	Design and development requirements for financial education initiatives Section 4(3)(c)	FPI	A financial institutions' complaints management policy should include a section (if they provide financial education initiatives) as to where/how consumers can complaint to if they are contacted/harassed by the provider of the financial education / literacy, to buy its products or make use of its service.	Such a measure falls outside the scope of this Standard and would be better placed in, for example, a complaints management framework.
53.	Design and development requirements for financial education initiatives Section 4(3)(c) and Section 8 –	OUTsurance	There are some Financial Institutions that make use of their websites and articles to enhance client's knowledge and understanding of different financial services and products while also promoting their products and services. We do not believe that is harmful to any client where a client's level of financial education is improved while also promoting our products or services. The problem is that any marketing with a view to	Also refer to the response in line 10 above with regards to websites and general awareness articles not being seen as a financial education initiative within the scope of the Standard. Refer also the Statement of Need regarding the rationale for the marketing prohibition. Please note

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	marketing restriction.		enhance financial education will now be prohibited. We do believe that from a marketing point of view it is important to be able to educate clients or potential clients on products or services while you also market your products or services. We therefore request the Authority to reconsider these sections as it will have a major impact on how financial institutions market their products or services.	that marketing in itself is not being prohibited, however marketing being provided to customers under the guise that it is consumer education is the harm that the standard is addressing. Marketing done as part of the financial education initiative must not be excessive and overwhelm the initiative.
54. ,	Design and development requirements for financial education initiatives Section 4(3)(d)	ASISA	3(d) be brand agnostic but may unpack the meaning of different types of financial concepts and terms related to a particular financial product or financial service, or categories of financial products or financial services. We do not support the principle of 'brand agnostic' as this is not practical and may also have negative consequences. We support allowing branding but that it is limited and that it does not overwhelm the FE. • If FE content is to be brand agnostic it appears to be a contradiction of 8(a) of the CS which states that - <i>marketing or branding should not overwhelm the education content</i>. • To assist in limiting branding appropriately, we recommend consideration be given to a guideline to branding that is allowed, this will also align to the requirements as per the FSC and GN500, 2.3.5. • Alignment between the CS and the FSC and GN500 will align with para 2.9 of the 'Statement supporting the proposed conduct standard for financial institutions providing financial consumer education initiatives, 2023'. • We propose that a clear distinction be made between FE for marketing purposes and FE initiatives set out in the CS. Such a guideline will assist regulated entities to comply with the requirements and not fall foul of the CS. • As stated in response to 3 (c) above there are instances where the brand and the FE cannot be separated, e.g.: When member education aligned to retirement funds is	The comment is noted, however we feel strongly that there should be no branding in the <u>content</u> of the consumer education material. Paragraph 8(a) has been amended to clarify that there may be marketing or branding as part of the initiative itself (as long as same is not excessive), however the content of the material must be brand agnostic. Where FE is offered for marketing purposes same would not be seen as a FE initiative within the scope of the Standard. Also refer to the additional context that has been included in the Statement of Need with regards to the scope of financial education initiatives that fall within the scope of the Standard. Retirement fund communications to members will likely not qualify as a initiative within the scope of the Standard.

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			conducted the brand is apparent. This is not marketing as the buy decision has already been actioned, it is member education related to the funds and what the members have access to and the content of fund. Such FE is to the benefit of the member and their understanding of their savings. This cannot be conducted in a 'brand agnostic' manner as the fund directly relates to the member education. Member education is also required to the trustees adhering to their fiduciary duties of supplying members with relevant product information. This is embedded in the Pension Fund's Act. • For retirement funds, to the proposed principle of brand agnostic, should financial institutions then not conduct product knowledge FE, which will then be to the detriment of the fund members? • Not allowing branding may disincentivise the spend of financial institutions in making FE available and thus limit the spread of FE and have consequences related to the need for financial inclusion, etc. • Recognisable brands add credibility to the FE and enable customers or potential customers to act on the FE thereby influencing their attitudes and financial behaviour. • Branding could assist financial institutions in creating a trusted brand in the market and may also ensure the use of quality service providers as the company's brand is at stake (as per FSC GN500, 2.3.5)	
55.	Design and development requirements for financial education initiatives Section 4(3)(d)	IRFA	This may not be possible where a fund has appointed a specific service provider to provide certain products or services that are aligned to the financial education initiative i.e., preferred financial advisor or annuity provider.	See comment directly above. Also refer to the Statement of Need which clarifies the position with regards to the types of activities we intend to be included within the scope of financial education initiatives and which not. A communication with regards to specific financial products or services will not be regarded as a financial education initiative.
56.	Design and development	PR	First and foremost I believe that all this education needs to be delivered in the mother tongue of those being taught or	The comment is noted.

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	requirements for financial education initiatives		instructed. I can only comment on retirement and general investment education to individuals because that is who I have been teaching since 1992. The divisions between the different areas are quite substantial and do require very understanding and expertise in the preparation of training and the training of facilitators. (3) Content. While crucial this by itself is not enough. Teaching skills are vitally necessary. A bland recitation of facts as is mostly the case mostly leaves the audience goggle-eyed and bored. Socrates put it very well when he said, "Education is the kindling of a flame, not the filling of a vessel." I couldn't help including this as well: "Education is not the filling of a pail, but the lighting of a fire."—William Butler Yeats. This means that considerable effort must be put into making the education interesting and challenging. Adult education, which much of this is, is difficult enough without boring people to tears with endless printed matter and presentations by people who lack both deep knowledge and teaching skills. I do understand that that all comes later but want to make my point. What are generally accepted methodologies, research, and trends in SA? Most of the research in this country is done by life offices or academics funded by life offices so there are always elements of conflict. (b) Identifying the needs of the target group are challenging to say the least. I do it with feedback from courses and I have gleaned a great deal of information in the area of retirement but none of the institutions have shown the slightest interest. c) Good luck with that. Just the fact that a life office sponsors or presents such information is a marketing campaign. "Brand specific" in this area applies to promoting office or institutional identities. Marriott gets mileage out of sponsoring rugby referees for example. No financial product there. (d) Ideal situation. Maybe an overarching education body that enlists resources from the financial institutions.	

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57.	Location and logistics Section 5(2)	BASA	The proposed new standard only mentions face to face training and virtual /digital financial education, however the current GN500 standard also allows consumer education awareness campaigns. We recommend that awareness activities be included as well in the conduct standard, to align to GN500	Also refer to the Statement of Need which clarifies the position with regards to what types of activities we intend to be included within the scope of financial education initiatives and which not. The intention is not to include a once-off or arbitrary publication (be it on a financial institution website or a news article) providing general consumer relevant information as a financial education initiative.
58.	Location and logistics Section 5(1)	FPI	Should the financial institution not meet the relevant OSH regulations as a minimum?	Yes it should as that is a separate law, but this provision goes wider than merely occupational health and safety. This provision relates to appropriateness of the location to ensure the effectiveness of the initiative. In a previous version of the standard we had more detail regarding this and this is something we might expand on through guidance.
59.	Location and logistics Section 5(2)	FPI	Add: "is effective and that the consumers personal information is protected in terms of prevailing regulations."	Similar to the response provided in line 58, the POPIA requirements remain in place and needs to be adhered to by the financial institution, there is no need to repeat those requirements here.
60.	Location and logistics Section 5(2)	LakhCap	With the advent of platforms like Zoom, Teams, Google Meet, Facebook Live, YouTube Live, and others in a post Covid world, the world has become borderless. This means that an international audience can be reached. What happens then, if a South African FSCA-registered offers Financial Education services to South Africans, but an individual/s from a country outside SA takes up the offer of the Program, and then acts on the program, and then loses money by investing money in their home country, and then sues the South African FSP? Therefore, the FSCA would need to work around this and how it would address these sort of issues.	We disagree that this is something the FSCA should consider. Further, the context here is unclear. This standard relates to the provision of FE initiatives, which is distinct and separate from marketing products. Your example seems to relate more to the marketing of financial products, which falls outside the scope of this Standard.
61.	Location and logistics	PR	Cell phones are ubiquitous and some clever thinking may help their influence to make inroads. I also have used a model used to employ unemployed workers who facilitate gatherings use prepared anecdotes and enlist feedback and questions the answers to which can be fed back to participants at the following gathering.	Noted.

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62.	Location and logistics Section 5	RBI	- It may be ensured that Financial institutions (Fis) have adequate infrastructure and trained personnel to deliver financial education initiatives effectively. - A funding mechanism may be put in place with adequate budgets assigned for financial education initiatives to ensure their sustainability and effectiveness.	Noted and agreed.
63.	Measurability requirement Section 6(1) and 6(2)	FPI	This refers to the outcomes of financial literacy initiatives (financial literacy is the end result of consumer education initiatives as mentioned above).	Noted.
64.	Measurability requirement Section 6(1)	Funderjet	I do not believe this is possible to be done by each FI as the total effectiveness will not be measurable. The outcome must be agreed by all FI's	The comment is noted, see the amended section to qualify that the effectiveness and impact must be measured in instances where this is possible.
65.	Measurability requirement Section 6(1)(b)	JSE	We respectfully submit that sub-paragraph 6 (b) be deleted. The impact of financial literacy (changed behaviour) is difficult to measure due to inaccessibility of financial behavioural data. A financial institution that provides a financial education initiative may not have access to the targeted consumer's financial portfolio to determine whether the financial education provided resulted in changed financial behaviour. In instances where there is improved financial literacy, it is difficult to attribute improved financial literacy to a particular financial education initiative.	The comment is noted and 6(1)(b) has been amended to make provision for instances where the effectiveness or impact can be measured.
66. As above	Measurability requirement Section 6	PR	Difficult but instant surveys on cell phones can deliver a great deal of value if pre-prepared answers are not skewed to provide a desired outcome. I gain an enormous amount of information about needs and satisfaction from feedback provided by course attendees. That probably is a good measure of b) impact. Demonstrating a) effectiveness is a lot more difficult because initially you don't know what outcome you want specifically enough. I have been struggling with this aspect for years and have some answers with pension funds but not the wider financial world which sometimes seems infinite.	See comment directly above.

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			Cell phones do look as though they offer a lot in measuring individual responses, but objective outcomes need a great deal of thought.	
67.	Measurability requirement Section 6	RBI	The measurability requirement of financial education initiatives to 'measure impact' may be applicable for large scale projects/initiatives, since impact assessment is a complex exercise, and can be a burden on resources for smaller FIs.	See comment directly above.
68.	Measurability requirement Section 6	SAIA	The Standard does not differentiate between interactive vs non-interactive/awareness programmes. This is essential as there may be limitations with regards to measurability as it relates to non-interactive/awareness programmes, e.g., use of Billboards for consumer messaging. It is requested that the Regulator provides clarity in this regard.	Specifically refer to the Statement of Need which clarifies the position with regards to what types of activities we intend to be included within the scope of financial education initiatives and which not. The intention is not to include a once-off or arbitrary publication (be it on a financial institution website or a news article) providing general consumer relevant information or consumer messaging on a billboard as a financial education initiative. The definitions of both consumer education and a financial education initiative has been updated to give effect to this intention.
69.	Measurability requirement Section 6(2)	SAIFM	Impact and effectivity measurement is intended to be quite specific, with a considerable number of theories and much research guiding how to do this effectively. Given that the NCFEC National Strategy provides a strong and well researched set of objectives and targets, it would be beneficial for the Authority to provide specific measurable outcomes for a range of initiatives, which could serve as examples and templates for Financial Institutions. This will enhance standardisation, reduce duplication effort, and provide guidance. These should not be legally binding outcomes, but guidance in support of meeting the legal obligations.	The FSCA will not provide the outcomes. It will be through the process initiated by National Treasury for a NP, NS and NIP.
70.	Monitoring and evaluation requirements Section 7	ASISA	A guideline to assist those financial institutions that are not familiar with conducting good M&E may assist to improve the degree of M&E that is conducted consistently on FE initiatives. Such a guideline should allow for flexibility to accommodate innovative delivery approaches, e.g. digital, that may be adopted in the implementation of FE initiatives.	The comment is noted and the FSCA will consider whether this is an aspect that is necessary to address in a Guidance Notice in support of the Standard.

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71.	Monitoring and evaluation requirements Section 7	BASA	(1) A financial institution must monitor and evaluate each financial education initiative that is provided to, amongst other things: – - Monitoring & Evaluation on each financial education may increase compliance costs and smaller organisation may not afford. - We recommend that the standards distinguish between auditing/verification/monitoring and evaluation as each discipline entails slightly different practices and outcomes. - We request clarity on the nature, extend and frequency of M&E. - We recommend harmonization in terms of indicators we measure and collect data on. - We would like to highlight that attribution to the Financial Education initiatives is difficult to measure, given that financial behaviours are affected by many factors, including but not limited to, access to products and services; availability of funds; life cycles/personal situations etc.	- The requirements of the Standard are drafted in a principle based manner and the nature of the arrangements will be different, based on the nature, size and scale of the institution as well as the nature of the initiative. The financial institution will need to consider the proportional application of the requirements, when determining the nature, extend and frequency of the monitoring and evaluation measures that will be implemented to adhere to the requirements in the Standard, and the FSCA will also consider these when assessing whether the nature of the controls/measures that was implemented are appropriate. - The comment with regards to measurability is noted, see the amended section 6 to make provision for instances where it is possible to measure the effectiveness and impact.
72.	Monitoring and evaluation requirements Section 7(2)(d)	FPI	Perhaps add: “....to ensure quality implementation of projects and protection on personal information.”	Similar to the response provided in line 58 and 59, the POPIA requirements remain in place and needs to be adhered to by the financial institution, no need to repeat those requirements here.
73.	Monitoring and evaluation requirements Section 7(2)(d)	SAIA	7.2 (d) – to be moved to Governance Arrangements	Disagree A requirement to have a service level agreement with an outsourced party is not a requirement appropriate for the governance paragraph. It is better placed under the subparagraph that deals with outsourcing.
74.	Monitoring and evaluation requirements	PR	(1) (a) Feedback will be a key area in assessing effectiveness; (b) Feedback will also identify areas for improvement; c) Collecting data is tricky as financial institutions are going to want that for their marketing efforts which also include	Noted.

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			changing customer behaviour, some of which is a good thing anyway but some isn't. (2) I agree completely with a), b) and c)	
75.	Monitoring and evaluation requirements Section 7	SAIA	Similarly, to comment on “measurability” in the limitations with regards to non-interactive/awareness programmes, it is requested that the Regulator provides clarity in this regard.	Also refer to the response in item 68 above. A once-off awareness initiative will not fall within the scope of the initiatives regulated by the Standard.
76.	Monitoring and evaluation requirements Section 7(1)	SAIFM	As with setting measurability requirements, monitoring and evaluation processes can also be more difficult to establish than intended. SAIFM proposes, therefore, that guidance templates and examples also be provided for this Conduct Standard requirement.	The FSCA will likely not provide the templates and examples proposed.
77.	Monitoring and evaluation requirements Section 7(1) Additional Point	SAIFM	Monitoring and Evaluation is unquestionably expensive and can sometimes cost more than the original initiative itself. This is specifically the case with longitudinal measures that can truly measure changes in attitude and behaviour over time. As this is the intended outcome for Financial Education initiatives, the Authority needs to consider ways to share or reduce the burden of this monitoring and evaluation, so as to prevent this requirement being a barrier to participation, while still ensuring both that information is available and that valid outcomes are being achieved. Perhaps the Authority could establish a central monitoring and evaluation project, to which Financial Institutions could subscribe or buy-in to. Having a central “agency” equipped to follow-up with specific target audiences on pre-stated measures, even if at a cost to an organisation, could alleviate a significant burden of compliance.	It is not likely that the FSCA will establish a central agency as commented on however the FSCA has in the past developed an M&E framework and can consider in consultation, to draft a national M&E framework as part of the Guidance Note, based on local and international inputs.
78.	Marketing restrictions Section 8(a)	ASISA	- We seek clarity in respect of section 4. (3) (d) (brand agnostic) which is a contradiction of 8(a) as this allows branding but it may not be excessive. - The marketing of a product should be allowed where such marketing is done within a framework of FE (e.g. benefits of the product to meet specific needs). By not allowing a financial institution to do this, a financial customer or	Also refer to the comment on item 54 above. Paragraph 8(a) has been amended to clarify that there may be marketing or branding as part of the FE initiative itself (as long as same is not excessive), however the content of the material

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			potential customer may be left wanting on what is available to them specifically to respond to a need. The take-up of appropriate financial products and services enable financial inclusion. - In some instances, there may be a fine line between marketing a financial product or service, and FE. We recommend that 'b' be similarly positioned as 'a', such that if there is an overlap, the FE element is not overwhelmed by any marketing. - GN500 is clear on this, no branding in the education content itself. Branding is allowed as follows: a) Booklets, logo and pay-off line on the cover maximum is 10% b) Posters and other aids not in booklet format 5% We suggest that the guidelines relating to marketing restriction in GN500 should be adopted for the CS. We therefore request that the CS be amended to accommodate the marketing of a financial product or service where it is relevant to the effectiveness of the FE that is to be conducted and that guidelines be given to not overwhelm the FE.	4(3)(d) must be brand agnostic. There is therefore no contradiction in this regard. - A FI may not use a FE initiative for the marketing of a specific financial product or financial service. - The comment is noted however we do not agree that marketing of a financial product or financial service should be allowed as part of FE. - The standard is aligned to GN500, the content of the FE material must be brand agnostic and marketing of a brand or FI must not be excessive. - We do not agree that the marketing of a specific financial product or financial service should be allowed as part of a FE initiative.
79.	Marketing restrictions Section 8(a)(b)	BASA	Learning content from financial education initiatives could be repurposed outside of CE initiatives as part of business objectives. Any such approach does not dilute or compromise the consumer education initiatives. - We therefore recommend that the phrase “or the learning content thereof” be deleted. If an initiative is run and sponsored by the institution, we agree that some brand awareness and indirect marketing will occur, however mitigating controls ensure that steps are taken to not push products but rather position principles. - Product and consumer education are important activities that are often combined with marketing. This	- The Authority does not agree with the proposal. There is no prohibition on the use of learning content for other purposes than for consumer education, the prohibition is placed on excessive marketing of the brand as part of the consumer education. - The Authority does not agree that there is <i>no difference between marketing information and the educational information</i>. This is the purpose of the prohibition to ensure that consumers do not receive marketing disguised as consumer education.

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			would therefore be a difficult restriction to implement as there is sometimes no difference between marketing information and the educational information as marketing information informs a customer on the product or service attributes. Some examples and controls are noted below: For the ultra-high net worth client base most financial education awareness would be in the form of a Marketing communication to the clients that have consented to receiving communication so we would then be very restricted in what information we can share with clients. GN500 is clear on this matter, i.e. Booklets, logo and pay-off line on the cover maximum is 10%, Posters and other aids not in booklet format 5%. We recommend that the guidelines relating to marketing restriction in GN500 should be adopted for this Conduct Standard.	We feel strongly that the marketing of a specific financial product or financial service should not be allowed as part of a financial education initiative.
80.	Marketing restrictions Section 8(b)	IRFA	Does this mean that financial institutions may not have company branding when providing the financial education initiative? Will having branding on a newsletter that provides information with the aim to improve understanding equate to marketing?	No, this is not the intent. There is not an absolute prohibition on marketing or branding as part of a FE initiative, the branding may not be excessive. However, the content of the financial education material must be brand agnostic. Specifically, also refer to the Statement of Need which clarifies the position with regards to what types of activities we intend to be included within the scope of financial education initiatives and which not. The intention is not to include a once-off or arbitrary publication (be it on a financial institution website or a news article) providing general consumer relevant information or consumer messaging as a financial education initiative.
81.	Marketing restrictions	LakhCap	Prohibiting or restricting marketing in these programs is undesirable, as businesses offering Financial Education	There is not an absolute prohibition on marketing or branding as part of a FE initiative, the branding must

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	Section 8		initiatives would invest hugely in these programs, and a Call to Action, Students of these Programs must be offered the opportunity to take up the offer. Ultimately, these programs are sales programs, and there must be the opportunity to monetize these programs.	not be excessive. However, marketing of a specific financial service or financial product as part of a financial education initiative is not allowed.
82.	Marketing restrictions Section 8	PR	I honestly believe that these are forlorn hopes. Is there no thought to forming an NGO that is neutral and which all institution fund through the 0.4% levy. There are plenty of reasonably good independent trainers floating around and they could be contracted assessed and managed for compliance.	Noted. However, this is a much broader proposal that does not fall within the policy objective (and potentially jurisdiction) of the FSCA.
83.	Marketing restrictions Section 8	SAIA	It is recommended that the regulator provide clarity in terms of what would constitute “excessive marketing”?	The requirements of the Standard are drafted in a principle based manner and the nature of what would constitute <i>excessive marketing</i> will need to be assessed and decided on by the institution. The FSCA could consider whether this is an aspect that needs to be addressed in a Guidance Note that will support the Standard.
84.	Marketing restrictions Section 8	SAIFM	SAIFM supports the need to stipulate such restrictions.	Noted.
85.	Reporting to the Authority Section 9	ASISA	- We accept that reporting to the Authority is needed but on the provision that we are part of the creation of the reporting requirements, that such reporting does not result in duplication of reporting and that there be alignment and integration with other reporting that is already done to other structures such as for ICPR verification purposes to the FSC and GN500. - A guideline on the proposed reporting is recommended and that the guideline be agreed with reporting entities through a consultative process.	Noted. We agree that alignment and avoidance of duplication of reporting is desirable. We will take these comments into consideration when we determine the format of reporting, which will be consulted on in due course,
86.	Reporting to the Authority Section 9	BASA	We note in the Statement of Need that the FSCA is still to determine the manner, form, content and intervals of reporting. We recommend that FSCA hold an industry consultation at that stage and have the format be published for public comment prior to finalisation so	The draft determination setting out the format of reporting will be consulted on before it is finalised. We will consider the aspects raised in your comments when we develop the format of reporting.

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			that financial institutions can provide input into this process. Some of the important elements we recommend be considered are: ○ Sufficient time for institutions to gather data. ○ Provide a framework of indicators to allow institutions to align data collection practices with required indicators. ○ It is critical that indicators are agreed to upfront. There have been instances where information is required by the regulator, but the information has not been part of the data collection process of institutions. ○ Also, there must be alignment between this Standard and the requirements of the Financial Sector Code. As currently the industry collects data to report against the Code. The regulator should therefore: ○ Seek to find alignment with GN500. ○ Provide a minimum set of indicators that institutions are required to report against. ○ Provide adequate time for institutions to establish the necessary data collection mechanism to comply with the minimum standard. ○ The FSCA should also consider re-use of existing reporting tools.	

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			○ We recommend annual reporting overall. ○ Consider inclusion in the OMNI CBR to include FE as a key aspect however this will be problematic should it be required quarterly. Certain components of the return should be considered as an annual return such as FE to evidence traction/progress. If reporting is required quarterly, rather not include in OMNI CBR.	
87.	Reporting to the Authority Section 9	FPI	The promise of Proportionality as contained in COFI must be taken into consideration here. Excessive reporting requirements may deter financial institutions from taking part in the provision of financial education initiatives.	Noted.
88.	Reporting to the Authority Section 9(1)	Funderjet	What must be reported and how must be clarified in detail as each FI will have its own view and interpretation. Suggest that FI decide collectively on how and what is measured as the outcome would then make sense. We must remember that the purpose of the initiative is to educate the consumers on financial wellness and how to make informed and correct decisions. What about the costs and systems that would be required?	Noted. The draft determination setting out the format of reporting will be consulted on before it is finalised. We will consider the aspects raised in your comments when we develop the format of reporting
89.	Reporting to the Authority Section 9(1)	IRFA	What reporting will be required? We will need to understand the proposed requirements in order to comment.	The reporting format will be developed in due course and will be subject to a consultation process.
90.	Reporting to the Authority Section 9(2)	IRFA	Cannot comment without knowing what the requirements will be. It is important that the FSCA develops the reporting requirements as soon as possible as well as publishing and consulting on these requirements. Is this FSCA's intention to do this separately as the reporting requirements are not included? It is likely that systems and processes will need to be adapted and developed to provide the reporting. This will extend to ensuring that Service Providers can provide the required reporting requirements (and thus have the necessary amended processes and systems in place). We see there is a	Noted. Yes, we will publish the draft reporting format for public consultation. With regards to CPD accreditation, see our response under item 35.

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			suggestion that an information request will be issued by the FSCA this year. If the information request is to simply duplicate the reporting requirements then it also requires consultation before being issued so as to allow for knowledge of the requirements to be provided as well as time for process and system development in order to produce the information. It may be a good idea for all financial education initiatives to be subjected to a CPD accreditation exercise, similar to FAIS requirements. This will also simplify the reporting process when reference can be made to the CPD accreditation scores. We don't have to call it "CPD" but rather "Financial Education Accreditation". Is this something that the FSCA is willing to oversee? Does the FSCA have capacity to do this?	
91.	Reporting to the Authority Section 9	OUTsurance	Considering the reporting on Financial Education initiatives will form a key part of the FSCA's strategy in monitoring the appropriateness of Financial Education initiatives. We recommend that the reporting be align with other reporting to the Authority. Should the alignment not be possible, there must at least be a quartely reporting for Financial Education initiative rolled out for each calendar quarter by Financial Institution.	Noted and agreed.
92.	Reporting to the Authority Section 9	PR	Only one comment. The results of such reporting should be made public, not just to the Financial Services Industry but to the public at large in all official language.	Noted. Various things could impact what we ultimately do with the information, e.g. it will also be dependent on the quality of the information we receive. Notwithstanding, in prinicple we support the recommendation.
93.	Reporting to the Authority Section 9	SAIA	The Standard does not provide guidance with regards to reporting. It is recommended that the Regulator provides clarify in this regard.	The reporting format will be developed and determined separately (as per paragraph 9). We will, however, consult on the draft reporting format before it is finalised.
94.	Reporting to the Authority Section 9	SAIFM	SAIFM certainly understands the intent of the reporting requirements. This is, however, an additional regulatory burden. Wherever possible, these requirements should be as simplified and automated as possible. Of course, it is also	Noted and agreed. Although reporting might result in an additional regulatory burden, in our opinion reporting is absolutety critical. Also see the

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			proposed that these align with the measurability template examples suggested in line 2 above and with any central monitoring and evaluation mechanisms proposed in line 4 above.	Statement supporting the proposed conduct standard in this regard (e.g. see paragraph 3.6).
95.	Short title and commencement Section 10	ASISA	Due to the additional obligations which many financial institutions may not currently be applying, and which will be imposed through the CS, e.g. regarding processes, systems, governance, measurement, monitoring, evaluating and reporting – we propose that a transitional period of at least 12 months after the date of publication of the final CS should apply.	Noted. The transitional period has been extended to 12 months.
96.	Short title and commencement Section 10	BASA	BASA recommends a transitional period of 18 months	See response directly above. In our opinion 18 months is too long.
97.	Short title and commencement Section 10	IRFA	Suggest 12-month period?	See response directly above.
98.	Short title and commencement Section 10	OUTsurance	On the transitional arrangement, we recommend that the Conduct Standard should not come into effect for at least a 12-month period after the standard comes into effect. The 12 months transitional period will allow Financial Institutions some time to organise requirements such as reporting, governance process and also check cost implications.	The transitional period has been extended to 12 months
99.	Short title and commencement	PR	No comment.	Noted.
100.	All Sections	SAIS	The SAIS principally agrees with the Conduct Standard for Financial Institutions (FI's) providing Financial Customer Education Initiatives (FE's). Therefore, the SAIS has no additional comments.	Noted.

SECTION C
QUESTIONS RELATING TO THE ANTICIPATED IMPACT OF THE DRAFT CONDUCT STANDARD

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1.	Do you support the implementation of the	ASISA	Yes, implementation of the CS is supported.	Noted and agreed.

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	Conduct Standard? Please provide reasons for your answer.		- It promotes the fair treatment of customers and potential customers and compliance with the CS will build consumer trust in financial services providers. - FE is a powerful tool for social upliftment. - The CS is generally aligned to the FSC and GN 500. It will also improve the quality and coverage of FE initiatives in South Africa to the betterment of all natural persons and SMMEs. - It provides guidance on how to deliver effective FE programmes. We have a duty to deliver meaningful programmes that are relevant to our target groups. Moreover, the CS provides a foundation for reporting, which will encourage reporting on transformation and impact achieved by the industry and not only report on spend and reach. - FE and financial & economic inclusion go hand in hand. So we are supportive of finding ways to promote impactful FE that will have long term results. This does need to take into account innovative ways of packaging and delivering information and assessing engagement and the retention of information. - Support that the CS is high-level and principles based which accommodates the various approaches of conducting FE and it will not stifle innovation for FE development and implementation. - Sections of the CS need to be expanded on and more guidance should be provided to financial institutions, as indicated in the submission. If not done there will be uncertainty and duplication of reporting and in some instances there will be different formats of reporting on the same information to multiple regulators.	
2.	Do you support the implementation of the Conduct Standard? Please provide reasons for your answer.	BASA	Yes, subject to clarity on the points/recommendations raised above and for the reasons as noted below: The Standard provides a baseline for all institutions to work towards in the design, implementation, monitoring, evaluation and reporting of CE initiatives. The standards will, if adhered to, ensure transparency and consistency	1: It is not clear what additional clarity is required in terms of the interrelationship with this conduct standard and other regulatory requirements. The envisaged objectives of the conduct standard is clear and it should be applied in that context. 2 – 4: Noted and agreed.

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			in the quality of CE initiatives and professionalise the design and delivery. However further clarity is needed on how this Standard relates to other regulations related to Consumer Financial Education (B-BBEE Act). 2. It important for us especially in relation to lower income segment clients, to provide financial inclusion, create a culture of financial wellness and to assist consumers in being able to discern financial facts from any criminal or fraudulent information. 3. It will also improve the quality and coverage of FE initiatives in South Africa to the betterment of all natural persons and SMMEs. 4. The Conduct Standard will ensure that Financial Institutions are held accountable for outcomes and quality of Financial Education 5. The spirit of the Standard is clearly understood and is aligned to the strategic objectives in this regard. There is however a need to reconsider certain practical aspects included in the Standard such as the following: - aligning of reporting to avoid unnecessary burdens to the Bank, - phased implementation of requirements to allow for effective execution of the Standards and - principles on being brand agnostic, as stated above as per Section 3 • We recommend that the regulator should not make the process too onerous as this could discourage providers to provide financial education. Alignment to GN500 is critical to avoid dilution or duplication of efforts, which might erode the impact of CE initiatives	5: Noted. With regards to the practical aspects raised: - See responses in the content above regarding reporting. - A Transitional period of 12 months has been provided for. - See responses above with regards to branding. Agreed. Agreed. In our opinion there is to a large extent alignment.
3.	Do you support the implementation of the Conduct Standard? Please provide reasons for your answer.	FPI	Yes. Effective implementation of this conduct standard, will assist financial institutions with measuring the impact of their training and will give the regulator a better idea of what the consumers level of understanding is when it comes to consumer education and financial literacy efforts. This will lead to more robust discussions and new projects between FSCA, NT and industry participants at the NCFEC.	Noted and agreed.

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4.	Do you support the implementation of the Conduct Standard? Please provide reasons for your answer.	Funderjet	Yes with adjustments as mentioned in our comments	Noted.
5.	Do you support the implementation of the Conduct Standard? Please provide reasons for your answer.	IRFA	Yes, in line with TCF principles and enhancing financial literacy	Noted.
6.	Do you support the implementation of the Conduct Standard? Please provide reasons for your answer.	JSE	The JSE supports the implementation of the proposed Standard, as it seeks to protect consumers from unscrupulous or misleading financial literacy initiatives.	Noted.
7.	Do you support the implementation of the Conduct Standard? Please provide reasons for your answer.	LakhCap	No. While the purpose of the proposed legislation is noble, with the intent to protect consumers and businesses; it the conviction of the Writer that regulation of Financial Literacy programs, especially when it is billed/charged for, may actually cause the opposite desired response, by marginalising certain segments that may need it the most, i.e.: the poor, working class, small businesses, and micro businesses. Furthermore, if the FSCA is going to regulate financial education initiatives, than it must also regulate financial education that is offered at Schools and Tertiary Institutions. Naturally, this is not ideal and virtually impossible; suffice to say that the Writer believes that the regulation may be counter-productive and obtain the opposite result of its intent. Lastly, with increased regulation, we may end up becoming a communist state where the State controls all facets of Society, that is contrary to the principles of a market economy and mixed economy.	It is unclear what is meant with “Financial Literacy programs, especially when it is billed/charged for”. It is important to take into consideration that the FSCA is mandated to draft conduct standards only with regards to financial institutions and only in respect of the aspects mandated in terms of sections 106, 107 and 108 of the FSR Act. Our scope of jurisdiction does not extend to tertiary institutions or schools. Also see the Statement supporting the proposed conduct standard (that was published together with the draft conduct standard) which elaborates on this issue. In the context of that explanation we remain of the view that the argument for the standard is stronger than the argument against the standard.
8.	Do you support the implementation of the Conduct Standard?	PR	Yes I do. As a smallish independent retirement fund educator I have watched with horror at some of the life office initiatives to “educate” relatively ignorant members of the public to buy their product only. FAIS doesn’t seem to have slowed this down at all.	Noted.

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	Please provide reasons for your answer.		I have always believed that we need a standard of education which won't exclude anyone but just push them to be better informed because some of the questions asked of me retirement fund members indicate either ignorant or malicious information being conveyed. On one of the funds I work for the members were "educated" to believe a) that they could only use a particular advisor to invest their retirement benefit and that they were required to invest in a living annuity. When the average payout of the fund was in the region of R600 000 this is a decision that needs consideration not coercion.	
9.	Do you support the implementation of the Conduct Standard? Please provide reasons for your answer.	Santam	Financial Education (FE) initiatives can influence the financial decisions and financial well-being of consumers, playing a critical role in advancing transformation and financial inclusion. Santam supports the objectives and implementation of the conduct standard, which intends to support the aggressive promotion of financial literacy whilst ensuring that FE initiatives driven by financial institutions, are documented and appropriate to meet the objectives of the FSCA.	Noted.
10.	Do you support the implementation of the Conduct Standard? Please provide reasons for your answer.	SAIS	Yes. The SAIS fully supports the objectives of the National Consumer Financial Education Committee (NCFEC) to develop, oversee the implementation of and monitor and evaluate the National Consumer Financial Education Strategy (NCFES). Furthermore, the NCFEC serves to plan, coordinate, implement, monitor and evaluate national consumer Financial Education programmes.	Noted.
11.	Do you support the implementation Standard? Please provide reasons for your answer of the Conduct	SAIA	Yes.	Noted.
12.	Do you support the implementation Standard? Please provide reasons for your answer of the Conduct	SAIFM	SAIFM has noted the argument for a Conduct Standard as opposed to Guidance Note. That notwithstanding, SAIFM still believes a Guidance Note would be more appropriate in this instance. The key reason for this argument is that we believe that Financial Education is an extremely valuable objective and would like to see as few barriers to the participation of Financial	Noted. We acknowledge the points you raise and to some extent agree with your submissions. The aspects you raise are aspects that the FSCA specifically considered when formulating this proposal and, as noted, we did elaborate on this in the Statement supporting the proposed conduct

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			Institutions as possible. Firstly, the Conduct Standard applies only to those providing such education. This means that those who are already contributing are now being asked to pay an even bigger price to do so. Some will withdraw and fewer will choose to enter. Secondly, SAIFM believes that those who are approaching such efforts to simply tick boxes or earn BB-BEE points will continue to do so, even in the face of the Conduct Standards. The more comprehensive boxes to be ticked may result in better quality and better information relating to such efforts, but potentially just marginally so. The vast majority of Financial Institutions, we argue, are participating with a true objective of achieving improved financial literacy. Those participating with a true heart would be grateful for and glad to adhere to guidance, as opposed to regulation. SAIFM argues, therefore, that the cost-reward ratio is skewed in favour of guidance.	standard. Arguably the biggest risk is that the conduct standard will disincentive financial institutions from providing FE initiatives. However, in our opinion this risk is mitigated by the incentives provided for through the BBBEE Act. We disagree that the benefits of the standard (better quality and information as stated in your comment) will be marginal. If implemented effectively the conduct standard could improve the quality of CE initiatives substantially.
13.	Will the proposed Standard lead to: a) the creation of barriers for new entrants and service providers; b) facilitation of anti-competitive behaviour or emergence of monopolies; and c) market segmentation?	ASISA	- No, it will not, if done correctly. a) The proposed standard creates a platform for new entrants to enter with clear guidelines knowing exactly the standards and conduct to adhere to. b) The CS could potentially increase competitive behaviour. c) The proposed CS could potentially open up the market to new participants who in the past were left out and were not informed adequately, if at all. The CS is sufficiently inclusive and can include those who were historically left out. But, caution/ some concern is also advised: - If the requirements are too onerous it will be a problem. The requirement to have a 'professional' content team to govern content creation, and advanced systems to track and report on outcomes and impact, may inhibit smaller players from playing an active role.	Noted.

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			The CS should not adopt a 'one size fits all' approach to enable new entrants to not be overly burdened by governance and reporting requirements.	
14.	Will the proposed Standard lead to: a) the creation of barriers for new entrants and service providers; b) facilitation of anti-competitive behaviour or emergence of monopolies; and c) market segmentation?	BASA	a) The Standard may create barriers for new service providers however we are of the view that this may have a positive impact on the quality of service providers. (b) We do not believe that the standard facilitates anti-competitive behaviour or the emergence of monopolies. CE is typically implemented under the banner of the Financial Sector Code GN500 and therefore is done in the spirit of transformation. There are industry level collaborations, but due to the fact that the initiatives are brand agnostic and focused on improving financial literacy levels, it should not be deemed anti-competitive. (c) Based on current Consumer Financial Education requirements under the B-BBEE Act, which prioritises black individuals earning below a certain threshold, there might be a skew towards that market. However, we do not believe that it would lead to market segmentation more broadly.	Noted.
15.	Will the proposed Standard lead to: a) the creation of barriers for new entrants and service providers; b) facilitation of anti-competitive behaviour or emergence of monopolies; and c) market segmentation?	FPI	a) Only if the reporting requirements are overboard and if no clear guidance are given from FSCA / NCFEC on what is expected from financial institutions providing consumer financial education and/or financial literacy programmes to of outcomes and reporting b) No as it is in the interest if the financial services industry to have more financial savvy consumers c) No. The financial education programmes / literacy initiatives must relate the financial institutions licence categories of activities going forward	Noted. However, the reporting requirements are critically important and will play a significant role in providing information that supports monitoring the development and improvement of FE initiatives. As per the Statement supporting the proposed conduct standard, one of the big problems is that there is very little data available on FE initiatives implemented.
16.	Will the proposed Standard lead to: a) the creation of barriers for new entrants and service providers;	Funderjet	2.a Yes definitely cost barriers. To be compliant as a FI is already costly. 2b. Yes it will especially the bigger banks will dictate. Smaller FI's have limited funds, but big banks have bigger budgets. Entrepreneurial spirit will be dampened.	Noted. It is unclear how larger financial institutions will be able to dictate and facilitate anti-competitive behaviour.

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	b) facilitation of anti-competitive behaviour or emergence of monopolies; and c) market segmentation?		2.c Yes it could be as certain segments are more informed about finances. Certain FI could then just focus on that segment.	
17.	Will the proposed Standard lead to: a) the creation of barriers for new entrants and service providers; b) facilitation of anti-competitive behaviour or emergence of monopolies; and c) market segmentation	IRFA	Yes, if the requirements are too onerous. The requirement to have a professional content team to govern content creation, and advanced systems to track and report on outcomes and impact, will inhibit smaller players from playing an active role. This will prejudice those who do not have the means to create their own content or run their own systems. In terms of B-BBEE legislation companies are credited for instances where they present financial education to certain defined categories of persons. We previously suggested a CPD accreditation exercise to make sure that education material and reporting is standardised. Similarly, B-BEE criteria could be used as standard of measure too. The proposed CS may introduce an extra level of costs that smaller service providers will find hard to absorb. Please also see our previous comment on the Guidance Notice on Directive PF 8. In a retirement fund regulatory landscape, if the retirement fund foots the bill for the training, to what extent will the retirement fund have a say in the final training material that will be presented to them or their members as training?	Noted. We agree, hence the reason why the requirements were positioned at a high level and in a principle-based manner. Again, the requirements you reference are quite principles-based and a financial institution would be able to e.g. develop an M&E process that makes sense in its context. See responses above regarding the accreditation proposal. The additional clarity that has been provided with regards to the nature of initiatives within the scope of the Standard will address this concern to a large extent as the intention of the Standard is not to capture a once-off awareness initiative or newsletter.
18.	Will the proposed Standard lead to: a) the creation of barriers for new entrants and service providers; b) facilitation of anti-competitive behaviour or emergence of monopolies; and c) market segmentation	JSE	It is our view that the proposed Standard may create barriers for new entrants and existing service providers that provide or intend to provide financial education initiatives, due to the additional and onerous compliance burden. We do not believe that the proposed Standard will lead to the facilitation of anti-competitive behaviour, the emergence of monopolies, or market segmentation. We are, however, concerned that the proposed Standard will introduce an unlevel playing field, as non-financial institutions that provide financial education initiatives will not be subject to the	Noted. See our response to item 12 (Section C)

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			same requirements as the financial institutions that that provide financial education initiatives.	
19.	Will the proposed Standard lead to: d) the creation of barriers for new entrants and service providers; e) facilitation of anti-competitive behaviour or emergence of monopolies; and f) market segmentation?	LakhCap	Yes, forcing “independent” Providers of Financial Education programs may be “put off” by the need to be FSCA-registered, that is time consuming, and expensive to comply with over the long term.	The comment is not understood as we are not imposing any obligation on an independent provider to be FSCA registered. The Standard applies to a financial institution (which is an entity that provides financial services or products and who is already licensed by the FSCA) that provides FE initiatives.
20.	Will the proposed Standard lead to: a) the creation of barriers for new entrants and service providers; b) facilitation of anti-competitive behaviour or emergence of monopolies; and c) market segmentation?	PR	a) I cant see added barriers of entry for new entrants other than setting a minimum knowledge standard which they must meet in any circumstances. It might even encourage educators to band together for critical mass and relieve the institutions of the need to have their own education departments. That is of course once it is clear that education cannot be used as a mask for marketing or selling. If an institutional employee gives a course he or she is empowered to go back to the group and sell corporate peoducts because there is little doubt that sounding authoratitive and knowledgeable may give individuals a false sense of security. b) I cant see it. c) This area needs market segmentation. Apart from customer levels of education, literacy and numeracy an accountant shouldnt be teaching about retirement as a retirement specialist shouldn't be teaching about sme structures.	Noted.
21.	Will the proposed Standard lead to: a) the creation of barriers for new entrants and service providers; b) facilitation of anti-competitive behaviour or emergence of monopolies; and	Santam	a. New entrants could be burdened to provide additional resources to assist with “reporting which the Authority may determine the medium, form, manner, content and intervals”. To avoid this compliance and reporting burden, the FSCA needs to further expand on, as well as address, the policy incoherence between the different regulators in the financial sector promoting transformation and other policy obligations e.g., FE Conduct Standard vs FSC GN500.	a. Noted We will take this comment into consideration when we develop the reporting format. b. Noted. c. Noted. However, it is up to the financial institution to determine its target groups- we do not prescribe this in the Standard .

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	c) market segmentation?		b. No, individual member Organizations have the prerogative to decide their consumer education projects. c. Target groups are clearly outlined in the Draft Conduct Standard; however, clearly defined market segmentation for rural target market and, or previously underserved market is needed to avoid gaps and perpetual exclusion from consumer education.	
22.	Will the proposed Standard lead to: a) the creation of barriers for new entrants and service providers; b) facilitation of anti-competitive behaviour or emergence of monopolies; and c) market segmentation?	SAIS	a) As indicated in the documentation for comment, the Conduct Standard is only applicable where a financial institution provides or offers a financial education initiative, including the provision of a financial education initiative by a service provider on behalf of the financial institution. The SAIS is of the opinion that the implementation of the standard will involve a layer of cost in human resources and systems to achieve the desired outcome, this may impact smaller new entrants and service providers. The possible reluctance to implementing FE initiatives could be as a result of interpreting the requirements, in terms of the Conduct Standard, as too onerous and viewing them as a barrier and an inhibitor, rather than an enabler to FE initiatives. b) Yes, this may lead to this as an intended consequence due to the size, the budget and the offering of each company or provider. As stated above, we must be conscious that FI's may view standards as a barrier or an inhibitor, rather than an enabler to FE initiatives. c) This may be an unintended consequence.	Noted.
23.	Will the proposed Standard lead to: a) the creation of barriers for new entrants and service providers; b) facilitation of anti-competitive behaviour or emergence of monopolies; and c) market segmentation?	SAIA	No to all.	Noted.

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24.	Will the proposed Standard lead to: a) the creation of barriers for new entrants and service providers; b) facilitation of anti-competitive behaviour or emergence of monopolies; and c) market segmentation?	SAIFM	As per the above, SAIFM believes that there will be additional barriers. Even if the barriers are not significant, the fear of falling foul of regulation would be enough for organisations to reconsider entry. As can be inferred from the above, SAIFM is in favour of centralised mechanisms that support Financial Education initiatives. This may promote greater collaboration across Financial Institutions, but we argue that this is beneficial, as opposed to anti-competitive. This would be especially enhanced with the branding restrictions, reducing the direct benefit of separate efforts.	Noted. See our responses to your comments above.
25.	Will the Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	ASISA	- The proposed reporting in 9(2) of the CS, the detail of which has not been included for comment may result in additional compliance costs. If the GN500 reporting is adopted for this CS, we do not foresee any major additional costs for financial institutions that are already reporting to compliance with the FSC and GN500 for applicable FE initiatives. - It is anticipated that there should be minimal impact to compliance cost for the financial institutions that are already complying with the principles of the CS especially where research and monitoring and evaluation are concerned. - For financial institutions that do not currently apply the principles as per to the CS to the FE that they conduct, their compliance costs will be high and it will take time for these to process and therefore costs to even out. Data gathering, processing and reporting, and compliance with legislation such as POPIA, and M&E requirements may be significant for those that do not have appropriate related processes in place. This may be a barrier to conducting FE. - The frequency of reporting to the Authority may result in additional compliance costs and we therefore recommended a longer cycle than annual reporting, possibly a 3 year cycle, especially in instances where impact is to be evaluated. The full impact of a FE initiative that has an objective of measuring longitudinal impact, eg sustained behaviour change, will take longer to demonstrate such impact.	- Noted. See our response to item 15 (Section C). - Noted. - Noted. - Disagree. A three year cycle will not result in recent information and will lead to a very reactive approach.

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26.	Will the Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	BASA	Yes, We are of the view that it is likely that the standards will impose additional compliance costs, such as:- - cost of data collection; measurement and reporting to align to the standard. - It would require more monitoring and stringent KPIs to be tracked. Compliance teams would have to create additional processes & build or enhance systems to monitor and track to ensure correct implementation of the Standard. - Initiatives to be created would require content, facilitators/presenters, material, venues and equipment, etc. It would also include upskilling service providers and training them relating to the financial aspect of the standard. If the service providers do not have the knowledge then providing courses/ training will have to be implemented. - This would also include an increase in system, IT costs as the financial institution would require the programme to be a developed system customised to that financial institutions's needs and clientele. - overhead cost in terms of human capital to the financial institution, to ensure compliance. It is difficult to quantify these costs as it would be dependent on the size and scale of programmes. However, if the GN500 reporting is adopted for this Conduct Standard, we do not foresee any major additional costs.	See our response to item 15 (Section C) regarding the importance of reporting. Your comments regarding the potential compliance cost impact of the other provisions are noted.
27.	Will the Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	FPI	Yes it will if the regulator is going to impose excessive reporting requirements that is over and above what is perhaps already required in FS500 / 800 I do not have the expected costs. Perhaps the FSCA can survey those financial institutions providing financial education / literacy programmes. From the FPI's side, as an NPO – we rely on our professional members to assist us with delivering on our content, on a pro bono basis, to groups of consumers.	Noted. See our response to item 15 (Section C) regarding the importance of reporting.

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28.	Will the Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	Funderjet	Yes it will. As a smaller FI it is difficult to determine the cost due to detail calculations. Costs could be per 100 customers: Training and development =R500k plus printing/digital R200k plus review material R250k.IT system cost to capture data etc on top of your existing systems. R300k. Final costs research on outcome of education R500k This is for a small FI. Total costs per year R1.750m These costs are per year.	Your cost estimations are not fully understood. You seem to reflect the potential cost of CE initiatives for a certain amount of customers. We wish to reiterate that the conduct standard is not compelling a financial institution to provide FE initiatives. Therefore, the potential cost impact of the conduct standard cannot be equated to the cost of providing a CE initiatives. What needs to be considered is what will have to be changed or improved (by a financial institution that already provides FE initiatives) to comply with the requirements in the conduct standard, and how much these changes will cost. The potential cost implications highlighted in your comment will therefore be disregarded.
29.	Will the Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	IRFA	Data gathering and processing for reporting is always a significant overhead. Add to this the need to keep data private and secure (POPIA compliant), and the cost of governance rises exponentially. Every system that will hold customer data will need to have significant data governance around it. To produce the reports the conduct authority requires, segmented by “target group” as described above, will require not only personal data, but also sensitive personal data to be managed. Age, gender, race, level of indebtedness, disabilities and physical health status aren't data points people want financial services providers to have without explicit purpose.	Noted. Please note that the Standard requires a financial institution to ensure that its FE initiatives is appropriate for the identified target group. It is up to the financial institution to determine its target groups. Put differently, the Standard does not compel a financial institution to determine specific target groups and therefore the financial institution can decide which of the criteria you listed it applies in determining its target groups.
30.	Will the Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	JSE	Yes, in our view the proposed Standard will increase compliance costs, particularly where detailed analytics are required to monitor and measure financial literacy outcomes. We are unable to estimate these costs at this stage.	Noted.
31.	Will the Standard impose additional compliance costs on the business? If yes, please provide	LakhCap	Yes, the standards expect registration, monitoring efficacy, periodic reporting to the Regulator, etc. and et al, so while jobs may be created to do this, for a small business constrained by cash flow, this may be prohibitively expensive.	Noted.

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	details including the expected costs.		Furthermore, it may cause the bigger players with vast resources (question 2b) to exploit the industry and tailor their solutions to the top end of the pyramid, and again, marginalize the poor and working class.	
32.	Will the Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	PR	Not my area of competence as I operate as a service provider to retirement funds and HR departments.	Noted.
33.	Will the Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	Santam	Yes, the Standard requires that that financial institutions put in place “governance and oversight arrangements” when developing FE content which will likely entail additional costs to ensure compliance. Compliance and reporting is mandatory however, the statement , “The Authority may determine the medium, form, manner, content and intervals for reporting the information contemplated in subparagraph (1), by notice on the website of the Authority” should be clear to allow members to plan the required resources. There will likely also be additional cost as relates to the monitoring, evaluation, reporting and possibly verification of these additional guidelines.	Noted.
34.	Will the Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	SAIS	Yes, the standard may impose additional compliance costs due to the additional requirements. The costs must not outweigh the benefit of the code of conduct. Again, FI's might view the requirements as too onerous and decide not to initiate FE initiatives.	Noted.
35.	Will the Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	SAIA	We believe the Standard will impose additional compliance costs to the extent that it governs currently initiatives that are non-regulated under the Financial Sector Code.	Noted.
36.	Will the Standard impose additional compliance costs on the business? If yes, please provide	SAIFM	As noted above, monitoring and evaluation is costly. The exact costs will depend on the initiative, target market and measurables, of course. If, however, we take one example of an	Noted.

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	details including the expected costs.		in-person workshop aimed at 100 lower-income rural participants, the change in cost could be estimated as follows: Initial Costs: • Presenter time and effort. Assume two facilitators at R15 000 each. • Venue and catering at approximately R150/head • Post-event feedback survey, captured in person at the end of the day and summarised for the organisers – perhaps three hours of administrator time. Monitoring and Evaluation Additional Costs: • A pre-event competency survey, taking perhaps one additional hour for creation and two hours to capture • A post-event competency survey – no additional cost • A post-event three-month competency survey. The delegates may not be easily reachable virtually, and, in our experience the only effective way to get this done is to send a relatively experienced evaluator to the region again for direct follow-up. This would cost at least R10 000 for their time, plus travel and accommodation, and/or • Follow-up calls (three or six-months) – using a call-centre approach, an estimated cost could be R40 per delegate surveyed. This means a workshop costing about R50 000 now costs about R70 000, even with such a limited longitudinal evaluation. The requirement for any service providers to also (under the supervision of the FSP) meet the Conduct Standard may have a further unintended ripple effect of increasing the costs incurred by the service providers, who would then have to charge more for their services, again increasing the costs to the FSP. Any increased costs may push a programme to become no longer financially viable, and some very valuable programmes may then cease to run, with the obvious detrimental effects. Some service providers may also fail to be able to sustain	

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			increased costs, reducing the availability of experienced provision.	
37.	How do you anticipate the Standard will affect the operational cost of the business?	ASISA	There will be potential operational cost implications as additional resources and systems may well be required to enable compliance with the CS. Also refer to above (3) response.	Noted.
38.	How do you anticipate the Standard will affect the operational cost of the business?	BASA	We anticipate it would lead to additional costs such as:- ○ Cost for data collection; ○ Training costs ○ Additional reporting to the FSCA in addition to current B-BBEE reporting and audits. ○ Monitoring and Evaluation costs of financial institutions may increase ○ Cost of research to understand consumer financial literacy needs. ○ cost of technical/software designs, development or enhancing of systems to ensure alignment to the Standard. ○ Legal costs related to recontracting and contracting with agents, representatives and service providers.	Noted.
39.	How do you anticipate the Standard will affect the operational cost of the business?	FPI	It may go up if the FSCA has additional reporting requirements and the financial institution needs to spend CAPEX in developing systems/buying systems to comply with this standard. It only becomes OPEX once the capital layout was spend to put the systems in place.	Noted.
40.	How do you anticipate the Standard will affect the operational cost of the business?	Funderjet	It will increase the cost	Noted.
41.	How do you anticipate the Standard will affect the operational cost of the business?	IRFA	See below regarding governance, system and process development.	Noted.
42.	How do you anticipate the Standard will affect the operational cost of the business?	JSE	We anticipate that the proposed Standard will increase the operational cost of the business.	Noted.

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43.	How do you anticipate the Standard will affect the operational cost of the business?	LakhCap	It will increase Opex. Refer to 3 above.	Noted.
44.	How do you anticipate the Standard will affect the operational cost of the business?	PR	It's a difficult one to answer. I am a Certified Financial Planner although not registered as a Financial Services Provider. I spent nine years in an actuarial department and believe that I understand the structure of retirement products. My membership of the Financial Planning Institute which requires Continuous Professional Development I pay for a cost of doing business as should any professional. So my clients only pay for services rendered. I provide them with information concerning training as they request it. It takes very little time and I cannot see your data collecting suggestions as onerous particularly if IT means are instituted. As far as systems are concerned Google provides free systems for information collection. So if goals and methods are clearly established the whole operation should be relatively low cost.	Noted.
45.	How do you anticipate the Standard will affect the operational cost of the business?	Santam	Additional resources may be necessary to fulfil the specified requirement of "intentional monitoring and evaluation and needs-based assessments" in the development and updating of consumer education learning material. Further, the specifications outlined are likely to require additional spend aimed at programme development and / or redesign, testing and monitoring and evaluation. It is anticipated that in-house teams will need to be upskilled to drive the implementation of this Standard, this at an additional cost.	Noted.
46.	How do you anticipate the Standard will affect the operational cost of the business?	SAIS	This will increase the operating costs of FI business due to the additional requirements.	Noted.
47.	How do you anticipate the Standard will affect the operational cost of the business?	SAIFM	As per SAIFM's comments on line 1 above, governance arrangements may be inappropriately applied without adequate guidance, and then there would be additional operational costs.	Noted.
48.	If an increase in operational cost is	ASISA	The financial institution will bear the costs.	Noted.

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	expected, who will bear the cost and why?		If the FE initiative is to also comply with the FSC and GN500, such FE must be supplied free of charge to the beneficiaries.	
49.	If an increase in operational cost is expected, who will bear the cost and why?	BASA	The business (division/custodian of the Financial Education within the Financial Institution) will bear the costs. This is because Consumer Education costs are not passed on to the customer.	Noted.
50.	If an increase in operational cost is expected, who will bear the cost and why?	FPI	The financial institution as they do not charge for these pro-bono activities. It may in the long run assist the financial institution with client retention as client acquisition.	Noted.
51.	If an increase in operational cost is expected, who will bear the cost and why?	Funderjet	Currently FI's bear the costs.	Noted.
52.	If an increase in operational cost is expected, who will bear the cost and why?	IRFA	Members would bear the cost. Or the retirement fund who pays for the training to be provided in line with Directive PF 8	Noted.
53.	If an increase in operational cost is expected, who will bear the cost and why?	JSE	We anticipated that the financial institution and, indirectly, the consumer, will bear the cost.	Noted.
54.	If an increase in operational cost is expected, who will bear the cost and why?	LakhCap	Ultimately, the consumer and businesses will pay for this, because the cost for compliance will be priced into the financial education programs.	Noted.
55.	If an increase in operational cost is expected, who will bear the cost and why?	PR	First of all there are foundations willing to fund educational initiative in rural areas and those should not impact the life offices other than with their education levy. Please see point 6.	Noted.
56.	If an increase in operational cost is expected, who will bear the cost and why?	Santam	Member companies will bear the cost, which in the long term could be passed on to consumers by increased service costs.	Noted.
57.	If an increase in operational cost is	SAIS	It may be a possibility that the ultimate client could bear the cost seeing higher fees being charged due to increased requirements.	Noted.

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	expected, who will bear the cost and why?		As reiterated above, there may be a risk that FI's do not proceed with initiating financial education initiatives due to the additional requirements and their knock-on effect of increased operational costs.	
58.	Do you anticipate that business models may need to change as a result of the Standard? If yes, please provide details including the expected costs	ASISA	- This depends on the way that financial institutions currently conduct their FE initiatives. If they are complying with the FSC and GN500 then business models will likely not need to change as there is mostly alignment with the principles of the CS. - But for financial institutions and FE initiatives that are not aligned to the principles of the FSC and GN500 changes will likely be required to comply with the CS, e.g. to meet reporting and governance requirements. We are not able to indicate expected costs at this stage.	Noted.
59.	Do you anticipate that business models may need to change as a result of the Standard? If yes, please provide details including the expected costs	BASA	No, business models would not change except for an increase in operational costs. The current business model for delivery of generic financial education largely meets the standard. Areas that would need increased focus are:- - research, - data collection, - measurement, and reporting. - Implementation of any other additional standard requirements.	Noted.
60.	Do you anticipate that business models may need to change as a result of the Standard? If yes, please provide details including the expected costs	FPI	No, not necessarily. Professional members of FPI already incorporate elements of financial coaching and mentoring into the services they deliver to the client.	Noted.
61.	Do you anticipate that business models may need to change as a result of the Standard? If yes, please provide details including the expected costs	Funderjet	Yes will either create own dept or outsource it. Cannot determine costs. As mentioned it could be as high as R1.75m per year.	Noted.

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62.	Do you anticipate that business models may need to change as a result of the Standard? If yes, please provide details including the expected costs	IRFA	Additional governance and oversight function/subcommittee would need to be established – could be added to the mandate of any existing fund communication subcommittee?	Noted.
63.	Do you anticipate that business models may need to change as a result of the Standard? If yes, please provide details including the expected costs	JSE	Additional processes may have to be implemented and existing processes revisited and amended to address potential gaps. We are unable to determine the expected costs at this stage.	Noted.
64.	Do you anticipate that business models may need to change as a result of the Standard? If yes, please provide details including the expected costs.	PR	I believe that we need an NGO to provide these educational initiatives for people outside pension and provident funds. The little that I have seen demonstrates that housewives of all races need help. The unemployed need help. Teachers as a group, again of all races, need education and many of them may move into running programs in their own schools for the children. Remember to teach is to learn. So ideally an NGO funded by life office levies should be in the position of setting up such a system and accrediting suitably qualified and experienced individual trainers. These trainers can be employed or contracted to the NGO or can be hired by employers or pension funds to take care of that aspect. Remember I speak from my experience in pension funds where education is sadly lacking.	Noted.
65.	Do you anticipate that business models may need to change as a result of the Standard? If yes, please provide details including the expected costs.	Santam	Yes, the operational models may need to change as a result of the introduction of the Standard. In line with the responses provided to question 3 and 4 above, additional resources may be required both at operational and governance level	Noted.
66.	Do you anticipate that business models may	SAIS	This would depend on the entity/service providers and their purpose as well as the FE Initiatives of each FI.	Noted.

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	need to change as a result of the Standard? If yes, please provide details including the expected costs.			
67.	Do you anticipate that business models may need to change as a result of the Standard? If yes, please provide details including the expected costs.	SAIA	No.	Noted.
68.	How will different customer groups be impacted by the requirements of the Standard?	ASISA	- The different customer groups should be positively impacted as the proposed CS should improve the FE initiatives that are delivered by the industry. - The CS should result in more targeted FE initiatives which will benefit the targeted groups. - But also depending on existing legislation that requires FE to be done to those targeted groups, e.g. the CIS industry – the uncertainty stems from the difference between the target group vs target market.	Noted.
69.	How will different customer groups be impacted by the requirements of the Standard?	BASA	The Standard could lead to improved financial education for our customers. No negative impact foreseen.	Noted.
70.	How will different customer groups be impacted by the requirements of the Standard?	FPI	Time, not all customers have the extra time to attend Consumer Education and/or financial literacy workshops. The higher the income bracket of the client, the less they rely on consumer education and/or financial literacy programmes.	Noted.
71.	How will different customer groups be impacted by the requirements of the Standard?	Funderjet	It depends on the segment of the customer. Difficult to judge this now as research has to be done in more detail.	Noted.

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72.	How will different customer groups be impacted by the requirements of the Standard?	LakhCap	Poor/Working Class/Micro businesses – will be left out of these Programs Working Class & Upper Class – will benefit tremendously, but eventually, they'll start doing things themselves, to the exclusion of Intermediaries.	The rationale for the response is unclear.
73.	How will different customer groups be impacted by the requirements of the Standard?	PR	Beneficially if they are trained using good material and adequately trained facilitators. I visited Canada in 1994 and was interested to discover that life companies were prohibited from using employees for member education. However their population was pretty well educated by the independents who were mainly contracted by their version of NGO. That may well have changed but it seemed to work well at the time.	Noted.
74.	How will different customer groups be impacted by the requirements of the Standard?	Santam	As a result of the proposed requirements with regards to programme development, design, testing and monitoring and evaluation, there is a risk that financial institutions may conduct fewer, costlier initiatives with less reach, but that such initiatives will possibly have a deeper impact on the targeted groups.	Noted.
75.	How will different customer groups be impacted by the requirements of the Standard?	SAIS	This would depend on the Financial Education Initiatives of each financial institution.	Noted.
76.	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the Standard?	ASISA	To achieve effective implementation – a transitional arrangement period is needed. - Transitional arrangements are dependent on how financial institutions currently implement their FE initiatives and if there is compliance with the FSC and GN500. - As financial institutions are at varying stages into their involvement with and delivery of FE initiatives a 'one size fits all' response is not possible. - Compliance with the CS into for example the reporting requirements, governance process and compliance, etc. may require transitional arrangements and there may be cost implications.	See comments above and related changes pertaining to the transitional provisions.

SECTION C QUESTIONS RELATING TO THE ANTICIPATED IMPACT OF THE DRAFT CONDUCT STANDARD				
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			It is recommended that the CS should not come into effect for at least a 12-month period after the standard comes into effect.	
77.	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the Standard?	BASA	Yes we are of the view that transitional arrangements are necessary. We propose the following 18 months transition for:- Data Collection and reporting: time is needed to align data collection processes and tools to report requirements of the FSCA. Governance arrangements: Training of staff on new processes and contracting/ recontracting specific requirements with agents, representatives and service providers. Design and development requirements for financial education initiatives: develop material and implement execution for the new target Groups	See comments above and related changes pertaining to the transitional provisions.
78.	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the Standard?	FPI	Yes, but just enough time for the financial institutions to implement the reporting requirements and other matters that the regulator wants/needs the financial institution to implement/report on what by when.	Noted.
79.	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the Standard?	Funderjet	Yes. Get a standard approach per customer segment, cost it and then work out how it can be implemented.	The context of the response is not clear.
80.	Are transitional arrangements necessary to implement the Standard? If yes, what	IRFA	Yes, recommend 12 months. It is anticipated that measures will need to be developed for monitoring. These will need to be worked into risk reports. Mechanisms for gathering data as well as	See comments above and related changes pertaining to the transitional provisions.

SECTION C QUESTIONS RELATING TO THE ANTICIPATED IMPACT OF THE DRAFT CONDUCT STANDARD				
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	transitional arrangements do you propose and for which section of the Standard?		reporting on the data will need to be developed. This is likely to include system and process development. The industry has voiced its concerns about the amount of system development required for the two pot system. This on the back of significant system development in the recent past. This Standard is yet another requirement for process and system changes that will need to be implemented within possibly the same period or an overlapping period. Resources are already stretched and thus we suggest this Standard is postponed until after two pot has been bedded down.	
81.	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the Standard?	JSE	Transitional arrangements are necessary to implement the proposed Standard. It is our view that a 6 to 12-month transitional period would be appropriate.	See comments above and related changes pertaining to the transitional provisions.
82.	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the Standard?	LakhCap	Yes. The FSCA needs to “educate” current and prospective FSPs. For at least 2-3 years, before the said FSPs are allowed to “educate” the public.	The context of the comment is uncertain as the FSCA consumer education initiatives are focused on initiatives offered to consumers and not financial advisers as such. It is further assumed that financial advisers would be sufficiently financially educated with regards to the products and services they offer through the requirements imposed by the FAIS Fit and Proper regime.
83.	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the Standard?	PR	I think the most important transitional arrangement would be to assess anyone currently training and begin a program of upskilling that were lacking in knowledge and skills. However few skills they have knowledge is absolutely crucial as a great deal of nonsense is communicated. Until you have a handle on that aspect everyone is floundering. And so the first task would be to draft a skills level for FE trainers within their categories. There are ways to deal with under-skilled trainers that doesn't mean dismissing them, rather fitting them into a well-thought-out system or methodology.	Noted.
84.	Are transitional arrangements necessary	Santam	Yes, transitional arrangement are necessary and they relate to:	See comments above and related changes pertaining to the transitional provisions.

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	to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the Standard?		Delivery Upskilling of internal team responsible for day to day Consumer Education offering Compliance and Reporting - Monitoring and verification of consumer education managed by in-house team - Inclusion of Compliance & Regulatory Teams to report to the Authority	
85.	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the Standard?	SAIS	Yes, to allow financial institutions that do have financial education programmes in place to analyse the impact of this code of conduct on their business and allow for the necessary changes to ensure effective implementation of the standards. When deciding on the transition period it will also be important to ensure that practical guidance notes are issued allowing enough time to ensure effective implementation of the requirements.	Noted, See comments above and related changes pertaining to the transitional provisions.
86.	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the Standard?	SAIA	None.	Noted.
87.	Do you find the format of the Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	ASISA	The format the standard is user friendly – it is easy to read and comprehend. Some clarification is though needed, as per comments given.	Noted.
88.	Do you find the format of the Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	BASA	We find the format of the standard simple and user-friendly	Noted.

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89.	Do you find the format of the Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	FPI	Yes – the explanatory note was much more to read. But the background was necessary to point the respondents in the right direction – to assist us in seeing the whole picture from more than 10 years ago, to today.	Noted.
90.	Do you find the format of the Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	Funderjet	Yes.	Noted.
91.	Do you find the format of the Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	LakhCap	Yes.	Noted.
92.	Do you find the format of the Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	PR	Its fine for the cognoscenti but I think laypeople will have some trouble with it.	Noted.
93.	Do you find the format of the Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	Santam	1. The draft Conduct Standard [-] of 2023 (GENERAL) – Requirements for Financial Institutions Providing Financial Education should be read in conjunction with GN500 2. In its simplicity, the Standard provides too little guidance. The Standard is not specific, resulting in ambiguity and significant scope for open-ended interpretations. 3. Clear headings, and discussion points as in GN500.	Noted.
94.	Do you find the format of the Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	SAIS	Yes.	Noted.

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95.	Do you find the format of the Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	SAIA	To align with GN500, where appropriate.	Noted.

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1.	ASISA	<u>Consistency</u> We request that there be consistency in terms of narrative and labelling throughout the CS, e.g. where 'customer' is indicated it should include and 'potential customer'.	Agree, see revised definition of 'financial customer'.
2.	ASISA	<u>Guidelines</u> We are supportive of Guidelines being issued to assist with the implementation of the CS but that these guidelines should be developed through a consultative process.	Noted and agreed.
3.	ASISA	<u>Proportionality</u> Clarity is needed to proportionality – what does it relate to, how is it decided and who will determine the proportionality to be applied?	The financial institution will need to decide on what type of measures they will be implementing in compliance to the requirements of the Standard and will need to provide a rationale as to why the measures that they have implemented are appropriate taking into account the factors mentioned in section 2(3) of the draft Standard.
4.	ASISA	<u>CIS and CISCA</u> As this CS is applicable to entities who choose to deliver FE, we highlight that it does not reference CIS managers that in terms of CISCA, are obligated to “ <i>promote investor education, either directly or through initiatives undertaken by an association.</i> ” With the redraft of COFI and CISCA, we require guidance to determine whether or not this provision will be replicated as an obligation for CIS managers in the CS and if separate reporting will be required?	The FSCA cannot comment on the content of the COFI Bill as that is the prerogative of the National Treasury.
5.	ASISA	<u>Retirement benefits counselling</u>	In this regard also refer to the additional clarity that has been provided with regards to the nature of initiatives within the scope of the

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		Clarity is required if the CS includes retirement benefits counselling as defined in Regulations 37 to 40 to Section 36 of the Pension Funds Act? It appears that there is an overlap in some of the intentions of retirement benefits counselling and as a result it may be useful if the reporting requirements referenced in 9 cover this when the Authority publishes these requirements in terms of 9(2) of the CS.	Standard as this will to a large extent address the comment raised in that benefit counselling is likely not included within the scope of the Standard.
6.	ASISA	<u>Alignment</u> As per para 2.9 of the 'Statement supporting the proposed conduct standard for financial institutions providing financial consumer education initiatives, 2023' ... it is important for there to be alignment between the requirements of the proposed CS and the requirement for compliance with FSC and GN500. Such alignment should be consistently applied in the CS.	Noted. In our opinion there is to a large extent alignment between the Standard and GN500.
7.	ASISA	<u>The FSCA is therefore proposing to make a Conduct Standard that sets baseline requirements for financial institutions when providing financial education initiatives. This includes requiring financial institutions to take reasonable steps to, among others, ensure appropriate standards of behaviour, put in place adequate governance and oversight arrangements when developing financial education content, and implement suitable monitoring, evaluation and reporting measures in relation to their financial education activities.</u> FE and financial inclusion go hand in hand, so we welcome the CS. However, we do recognise the overlap with the FSC and foresee complementary reporting and compliance requirements. Ideally, we would like the two to be in sync.	Noted. See responses above regarding reporting.
8.	ASISA	<u>FE and branding</u> We acknowledge the need to improve the levels of financial literacy in the country and are aligned with the FSCA's imperative to impose certain minimum standards on financial institutions that provide FE to their existing and prospective financial customers. We agree that excess branding should be cautioned however it should be acknowledged that branding does play a key role in customer experience and trust building for the sector.	Noted. See responses above regarding branding and marketing.

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		FE is a precursor to financial inclusion. FE should be relevant and encourage take up of appropriate financial products and services, as FE is an enabler to access to market. It also assists in helping to manage risks that persons have to deal with. FE is good for the economy and the market. It is reasonable for financial institutions to seek to profile their brand with their FE initiatives which should lead to trust and creditability for the financial institution and the industry. In instances of conducting FE to retirement fund members, considerations to brand and content should align to the specifics of the retirement funds. Flexibility to branding is needed and therefore setting guidelines for branding is recommended.	
9.	ASISA	<u>FE and marketing</u> Clarity is sought on the intent of what the Authority is seeking to regulate with the CS. Does this prohibit <i>brand education marketing</i> where a FSP explains product features e.g. a video that explains how tax free savings accounts work? Is the intention to create a binary between marketing and education? It would be necessary to have an understanding whether it is meant to be a clear distinction or whether it could overlap. We therefore request clarity on what the Authority considers the difference is between marketing and conducting a FE campaign.	Also refer to the additional clarity that has been provided with regards to the scope of application of the Standard within the Statement of Need. The intention is not to capture activities that are aimed at marketing or creating awareness surrounding a specific financial product/service provider as a FE initiative. This type of activity would be seen as marketing and prohibited as part of a FE initiative. General information provided as proposed as a video would likely fall within the scope of the Standard.
10.	ASISA	<u>Conflict of interest to the FSCA supervising its own FE programmes</u> We deem that a potential conflict of interest still applies, as previously articulated in our feedback to the discussion document to ensuring appropriate FE initiatives, 31 August 2020. We assume that as for financial institutions, the FSCA will be accountable to the CS for the FE initiatives that it conducts.	The FSCA will strive to meet the same standards of quality and professionalism with its financial education initiatives however the conflict mentioned is unclear as the FSCA is not also a provider of financial products or services and are specifically mandated to provide consumer financial education.
11.	BASA	<u>Department of Trade and Industry (DTI)</u>	Noted. In our opinion there is to a large extent alignment between the Standard and GN500. With regards to target groups, it must be

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		We would propose that the standard in scope and field of application should be aligned to GN500. Thus, the impacted customers and target groups should be aligned. This would prevent duplication of requirements and conflicting requirements and assist with legal certainty.	noted that the Standard requires a financial institution to ensure that its FE initiatives is appropriate for the identified target group. It is up to the financial institution to determine its target groups.
12.	BASA	<u>Co-ordination of initiatives between the FSCA and Financial institutions.</u> FSCA to clarify who the oversight body of the standard is, for future continuous engagements	The FSCA is the oversight body for the Standard and specifically mandated in terms of the requirements of the Financial Sector Regulaion Act, 2017 (FSR Act) to draft Standards for consumer education.
13.	BASA	<u>One of the targets of the FSC relates to socio-economic development and Consumer Education, where relevant entities should aim to use at least 0.4% of their annual Net Profit After Tax (NPAT) on consumer education activities.</u> Regulator to clarify whether the net profit after tax to be used for consumer education target, is the net profit after tax generated by RETAIL operations. Refer to 3.2 under key measurement principles under FS500.	This question should be posed at the FSTC to respond to and not the FSCA as the FSCA is not the supervisory authority for the requirements mentioned.
14.	BASA	<u>Financial education initiatives/ generic training content initiatives</u> We seek clarity on whether financial education initiatives in relation to explaining concepts and terms for particular products could be dealt with by means of generic training content initiatives?	The intention is not to capture activities that are aimed at marketing or creating awareness surrounding a specific financial product/service provider or their specific products as a financial education initiative. Clarity has been provided with regards to the definitions in the Standard as well as additional context in the Statement of Need document supporting the Standard in order to better clarify the types of initiatives that fall within the scope of the Standard.
15.	BASA	<u>Product information/ generic financial education initiative.</u> There should be a clear distinction between the product information that the licensed entity must disclose to the client compared to generic financial education initiatives. Financial education initiatives should not overlap with regulatory disclosures prescribed under specific laws.	Noted and agreed.
16.	FPI	FPI supports the conduct standard in principle but call on the regulator to not over complicate the reporting requirements.	Noted.
17.	PR	There is so much to this. I think this is a valiant effort and I salute you for the courage to present it in the way that you have. I have tried to keep my comments constructive because I believe this is a vital	Noted.

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		initiative but I see it differently and hope you appreciate my comments. I was approached about 12 years ago by the head of a marketing department of one the biggest pension consultants who was interested in my taking their education department out of the company and running it independently. We progressed some way with this until her boss pointed out that they wouldn't be able to control the education department's sales targets and that they charged clients more for education services than it cost them and that it would affect his executive bonus negatively if that income was lost. That was a sobering experience. The customer retirement funds pay those sorts of costs willingly and administrators build them in and then rely on their sales forces to "educate" at no cost to the administrator while the intermediary earns commission making the individual pay. The Pension Funds Act requires a certain amount of education otherwise how can trustees meet the terms of Section 7(c) of the Act which says: (The duties of a trustee shall be to) "Ensure that adequate and appropriate information is communicated to the members and beneficiaries of the fund informing them of their rights benefits and duties in terms of the rules of the fund subject to such disclosure requirements as may be prescribed" How can one provide adequate and appropriate information to members etc if they lack the education to understand it and what is adequate and appropriate to who? Several of the big retirement funds make a lot of effort to educate their members. Much is a recital of facts but there are some funds that do so in exemplary fashion. This is a model that can't necessarily be replicated in the ability to collect individuals together but expertise does reside there. If the knowledge base is central and standards radiate out from that and educators can be taught to a minimum standard it's a good start.	

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		Rural and township education revolve around how to get people together and that means that this education as must most adult education be entertaining as in “infotainment.”	
18.	Santam	<u>Clarity</u> Certain sections in the Draft are ambiguous and could lead to many interpretations, e.g. Section C, 2 c, market segmentation.	From the comment provided it is not clear how the requirements are ambiguous. Requirements are crafted in a principles based manner as opposed to rules, the financial institution will need to interpret and implement the requirements in a manner proportional to the nature, size and complexity of the business.
19.	Santam	<u>Reporting</u> Is there a template of reporting	The reporting format will still be developed and will be consulted on separately.
20.	Santam	<u>Compliance</u> How will the Conduct Standard be legally enforced outside of the FSC	Your comment is unclear. The Standard is subordinate legislation separate and distinct from the FSC. The FSCA, through the FSR Act, is mandated to regulate and oversee the conduct of financial institutions as provided for in financial sector laws (e.g. like a conduct standard).
21.	Santam	<u>Policy and compliance coherence</u> The FSCA is required to further expand on, as well as address, the policy and compliance requirement incoherence between the different regulators in the financial sector promoting transformation and other policy obligations i.e. FSTC driven FSC versus the the Conduct Standard supporting the FSCA Transformation Strategy.	See response directly above. The FSCA is obligated to supervise compliance with the Standard and the FSTC is responsible for obligations contained in the BBBEE Act.
22.	SAIS	<u>Issuance of Guidance Notice</u> The SAIS would request that when the FSCA considers issuing a Guidance Notice in terms of section 141(1) of the FSR Act that supports the Conduct Standard, to further inform the application of the principles contained in the Conduct Standard, that said guidance be practical in its implementation so as to ensure that the objectives are met and that cost implication of the measures required are duly considered. The SAIS would request that FSCA look at the any potential unintended consequences of the application of the requirements.	Noted and agreed. Please also refer to paragraph 4.11 of the Statement supporting the proposed conduct standard that was published together with the draft conduct standard.
23.	SAIA	<u>Differentiation between broad CFE and CFE under FSC</u> The Standard does not provide clear differentiation between its broad intention and its application/relevance for CFE implemented under the FSC. This may cause confusing with entity assuming that the Standard replaces and/or overrides the requirement of CFE under the FSC.	See response to items 20 and 21 above.

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		It is recommended that the Regulator provides a preamble regarding its intentions and the purpose of the Standard and expressing that CFE conducted for the purposes for the FSC should always align with the requirements as provided by the FSC and its Guidance Note. This should be a threaded concept/expression accord the document.	
24.	SAIA	<u>Differentiation between interactive and non-interactive initiative</u> This differentiation is necessary as it will accommodate the treatment of the two as the relate to M&E, measurability and reporting principles	Also refer to the clarity that has been provided with regards to the amended definitions in the Standard as well as additional context in the Statement of Need document supporting the Standard with regards to the types of initiatives that are included within the scope of the Standard.
25.	SAIFM	<u>Scope of Applicability</u> With well understood reasons, this Conduct Standard applies only to Financial Service Providers. This is a group that is already relatively heavily regulated and this Conduct Standard adds to the regulatory burden. However, it is not only Financial Service Providers that offer Financial Education. Given the FSCA's legislative mandate, others offering such education cannot be regulated through an FSCA Conduct Standard, but this does create a loophole and further misalignment of regulation and expectations.	Noted and agreed. This aspect was considered when formulating the Standard and that is the reason why the outsourcing of FE initiatives was specifically addressed in the Standard, since many financial institutions outsource the provision of FE initiatives to third parties. This should address some of your concerns, although there will still be instances where FE initiatives are independently provided by third parties (i.e. not on an outsourced basis), and these initiatives will not be subject to the Standard.
26.	Blessing Farai Muneri	CENTRAL BANK OF SPORTS DRAFT CONDUCT STANDARD REQUIREMENTS FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL EDUCATION INITIATIVES The global financial crisis highlighted the importance embrace financial education programs as potentially of financial literacy and capability, because the lack worthwhile policy instruments. of consumer knowledge played a role in the genesis of the crisis .To become more active and confident . Definitions: Financial Education, participants in the financial sector, consumers need Literacy, and Capability awareness, understanding, and knowledge about various types of rapidly evolving financial products and services Financial education is a tool for increasing and associated risks, such as fraud and over-consumer financial literacy. Financial education is the process by which financial indebtedness. As the variety and complexity of financial consumers and investors improve their understanding Public	It is confirmed that there is a national strategy, refer to the National Consumer Financial Education Strategy (2013) and the additional background and provided in the Statement supporting the proposed conduct standard. The content of the remainder of the comment is noted, although some aspects are unclear.

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		Disclosure Authorized products and services increases, the importance of the financial products and concepts and, through financial capabilities of consumers becomes even more information, instruction and objective advice, develop significant for the smooth functioning of financial markets. skills and confidence to become more aware of financial risks and opportunities to make informed choices, know where to go for help .Targeted financial education programs are designed effective actions to improve their financial well-being. and implemented as tools to increase consumers' financial literacy and capability. This is done with the Financial literacy represents the level of aptitude in understanding personal finance FSCA should award a free certificate and training to Institutions providing Financial Education mainly Banks , NGOs ,donors ,stakeholders ,Educational institutions providing economics ,finance , banking ,statistic classes. Institutions providing Financial Education should have a national strategy to launch FE , evaluation of financial education programs ,good practice and awareness . In order to avoid fraud , counterfeiting ,money laundering Essential areas for the mapping of existing financial education initiatives • Implementing institutions (e.g., banks, NGOs, overlaps and resulting in better coordination of diverse and donors) stakeholders and their resources toward improving • Baseline evaluation work (e.g., surveys and focus financial capabilities. The strategy should be - groups) complemented with an implementation action plan that • Methodology, program design, and scope sets out sequenced actions and institutional roles • Target audience, outreach, and segmentation (e.g., urban, rural, age, and gender) responsibilities to make the strategy operational. • Budget and implementation timeline • Geographic coverage (In addition to the OECD/INFE Principles) • Delivery channels and their effectiveness (e.g., Strategies for Financial Education, which offer media, public events and seminars) guidance in the process of developing a strategy, • Conducted impact assessments	

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		National Strategies (NS) for Financial Education 1. Preparation of the National Strategy: Defining its Scope and Purpose through Assessment, Mapping, and Consultation • The preparatory phase should map: (i) any existing financial education endeavors, (ii) relevant literature and research, and (iii) relevant international practices. • An assessment of population needs should be completed, preferably based on a national evaluation of financial literacy. • A consultation and coordination mechanism between various NS stakeholders (and potentially the general public) should be initiated. • Communication of the preparatory phase results should be made alongside the official announcement of the NS launch. 2. Governance Mechanisms and the Role of Main Stakeholders in the National Strategy • The NS should be initiated, developed, and monitored by a credible and unbiased authority with financial education expertise (and preferably dedicated mandate) and appropriate resources and enforcement powers. • The NS should involve a cross-sectional coordination between interested stakeholders, in a flexible manner, to allow for changing circumstances and renegotiations. Stakeholders should include public authorities, private sector and financial service providers, as well as other civil society and international stakeholders. 3. Roadmap of the National Strategy: Key Priorities, Target Audiences, Impact Assessment, and Resources • The NS should clearly define realistic and measurable objectives, specify a detailed roadmap for intermediate outputs, and include a timeframe for the achievement of these targets. • The NS roadmap should recommend introducing financial education as early as possible, preferably in school curricula. • The NS should identify target audiences with a focus on specific vulnerable groups in the population. • The NS should specify its assessment methods, preferably national financial literacy surveys conducted regularly.	

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		• The NS should have specific financial and in-kind resources to allow for its implementation, provided by at least involvement of each of the main stakeholders. A combination of public and private resources should be considered and the use of private sector contributions encouraged. 4. Implementation of the National Strategy: Delivery Mechanisms and Evaluation of Programs • The NS should indicate delivery methods and tools based on good practices and ongoing research. These should include: (i) the use of a wide range of dissemination channels adapted to the circumstances of the targeted groups, (ii) the promotion of financial education on a regular basis to communities, (iii) the training of the financial education providers, and (iv) the development and implementation of tailored regulation, quality standards and code of conduct • The NS should promote the monitoring and evaluation of its individual programs. Evaluation of Financial Education Programs 1. Evaluation: an Essential Element of financial Education Programs • New programs should be evaluated. • Existing programs should be evaluated as much as possible. 2. Budget for Evaluation • A budget should be set for evaluation. • The amount of money dedicated to evaluation should be proportionate to the program cost. 3. External Evaluations: Adding Credibility, Skills and Independence • The use of independent evaluators should be promoted whenever possible. 4. Appropriate Evaluation Design • Evaluation design should consider the program's goals, size and length, target audience, and delivery channels. • Evaluation design should focus on assessing if the program has met its objectives. • The evaluation of small scale programs should take into account budgetary constraints.	

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		• The reporting of evaluation findings should be encouraged by policy makers. • Evaluations should be unbiased in order to allow for people to learn from programs' successes and failures. Good Practices for Financial Education and Awareness 1. Principles • Financial education can be defined as “the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being.” • Financial capacity building should be promoted. • Financial education programs should focus on high priority issues that stem from national circumstances. • Financial education should be considered in the administrative and regulatory framework as a tool promoting economic growth, stability, and confidence. The promotion of financial education should substitute regulation. • Financial institutions should be encouraged in providing advice and promoting financial awareness. • Other measures to take when observing deficiencies are consumer protection and financial institution regulation. • Financial education programs should meet the needs of their target audience, and should be designed as a continuous process throughout their lifetime. 2. Good Practices: Public Action for Financial Education • National campaigns should be promoted to increase general public awareness. • Financial education should start at school as early as possible. • Financial education should be incorporated into state welfare assistance programs. • Websites providing relevant and user-friendly financial information to the public should be set up.	

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GENERAL COMMENTS**

No.	Commentator	Comment	FSCA Response
		• International cooperation around financial education should be encouraged. 3. Good Practices: Role of Financial Institutions in Financial Education • Providing specific information to clients on financial service should be required from financial institutions. • Financial institutions should distinguish between financial education and “commercial” financial advice and should verify that information provided to their clients is well understood. • Financial institutions should provide information at various levels, and should not use small print and obscure language. • Financial education provided by financial institutions should be frequently and independently evaluated. • Financial institutions’ staff should be trained on financial education. 4. Good Practices: Financial Education for Retirement Savings • Financial institutions should provide financial education on retirement savings and income management to individuals in private personal pension plans. • Financial education on contributions and benefit schemes should be provided to employees for occupational schemes. 5. Good Practices: Financial Education Programs • Programs that help consumers understand the benefits and risks of different types of financial services should be encouraged. More research on behavioral economics should be promoted. • The design of methodologies to evaluate existing financial education programs should be encouraged. • Programs that develop guidelines on study content and accomplishment level should be promoted. • The use of all available media to disseminate financial education should be encouraged. • Programs creating specific modules targeting different population segments should be promoted. • Training of educators should be encouraged in the case of classroom-related financial education programs.	