

SA Embassy of Netherlands re Finance and business services

<https://zuidafrika.nl/trade-investment/ks-finance-and-business-services/>

South Africa, despite its “emerging market” status, has a sophisticated financial sector. With the country’s re-integration into the global sphere in 1994, corporate governance rules, disclosure, transparency and accountability have become an integral part of doing business in South Africa.

Regulations governing the financial sector, and particularly risk management, have undergone considerable refinement to align them to internationally recognised standards and best practice.

The financial, real estate and business service sector accounted for nearly 20% of the country’s real value added (value of total production) in 2006 and, together with other services sectors, has proved to be a pillar of the country’s economic growth over the years.

The sector boasts dozens of domestic and foreign institutions providing a full range of services – commercial, retail and merchant banking, mortgage lending, insurance and investment.

South Africa’s banking sector compares favourably with those of industrialised countries. Foreign banks are well represented. Global confidence in South Africa’s banks was confirmed by the World Economic Forum’s Global Competitiveness Report 2008/9, which ranked South Africa’s banks as the 15th most secure out of 134 countries reviewed.

Electronic banking facilities are extensive, with a nationwide network of automatic teller machines (ATMs). Internet banking is also available.

The [Financial Services Board](#) oversees the regulation of financial markets and institutions – including insurers, fund managers and broking operations, but excluding banks, which fall under the [South African Reserve Bank](#).

The South African banking system is well developed and effectively regulated, comprising a central bank, a few large, financially strong banks and investment institutions, and a number of smaller banks.

Many foreign banks and investment institutions have set up operations in South Africa over the past decade. The [Banks Act](#) is based on similar legislation in the United Kingdom, Australia and Canada.

Although no formal agreements have established a consistent international position in the area of banking regulation, there have been amendments to exchange controls as well as financial market legislation, making South Africa an attractive investment prospect.

The [National Payment System Act of 1998](#) was introduced to bring the South African financial settlement system in line with international practice. The Act confers greater powers and duties on the SA Reserve Bank in respect of providing clearing and settlement facilities.

The [Payment Association of South Africa](#), under the supervision of the Reserve Bank, has facilitated the introduction of payment clearing house agreements. It has also introduced agreements pertaining to settlement, clearing and netting agreements, and rules to create certainty and reduce systemic and other risks in inter-bank settlement. These developments have brought South Africa in line with international inter-bank settlement practice.

Investment and merchant banking remains the most competitive front in the industry, while the country’s “big four” banks – [Absa](#), [Standard Bank](#), [Nedbank](#) and [FNB](#) – continue to consolidate their grip on the retail market.