



Banking Sector Skills Plan 2017/18

Foreword



The key objective of the Sector Skills Plan (SSP) is to identify the skills priority focus areas by investigating the economic and labour market performance of the sector and the extent of skills mismatches to identify the scarce and critical skills required. These in turn inform the PIVOTAL skills that discretionary grants are utilised to reduce the skills gap. For interventions to be effective they must align to the skills needs of the sector.

Skills planning is vital for the analysis and development of appropriate and relevant interventions to address skills priorities. The SSP provides the foundational knowledge for decision making and informs the development of the Annual Performance Plan (APP) to ensure that interventions addressing the needs as defined through an interrogation of national priorities are met.

The 4th Industrial Revolution formed the basis of the analysis of the five drivers of change affecting the banking environment. National and Sectoral Priorities also influenced the development of key skills areas that BANKSETA will pay attention to for the 2017/18 year. The following National Priorities were identified to provide guidelines to BANKSETA: the National Skills Development Strategy III, the National Development Plan, Strategic Investment Projects, the Financial Services Charter and the Financial Inclusion Strategy.

BANKSETA has identified the following five strategic focus priorities to which relevant projects are implemented and the sector skills needs are appropriately aligned in the SSP:

- Regulatory compliance
- Changing Customer expectations
- Digitisation and technology including Data Management
- Risk Management with a key focus on cyber-security
- Management and Leadership with a key focus on business modelling and managing change

The information provided in the SSP is also useful for sector partners and higher education training institutions as it provides relevant information on the skills required by the banking sector. I am confident that BANKSETA will continue to conduct relevant research to support skills planning, to underpin the development of creative and innovative programmes to meet the skills demands of the sector.

A handwritten signature in black ink, appearing to read 'Mahosi', written over a horizontal line.

Martin Mahosi

Chairperson of the BANKSETA Board



Acronyms

APP	Annual Performance Plan
BANKSETA	Banking Sector Education and Training Authority
BASA	Banking Association South Africa
BBBEE	Broad-Based Black Economic Empowerment
CBDA	Co-operative Banks Development Agency
CFI	Co-operative Finance Institutions
CIPC	Companies and Intellectual Property Commission
DFI	Development Finance Institutions
DHET	Department of Higher Education and Training
FAIS	Financial Advisory and Intermediary Services
FSB	Financial Services Board
FSC	Financial Services Charter
HEI	Higher Education Institutions
HEMIS	Higher Education Management Information system
GDP	Gross Domestic Product
IoB	Institute of Banking
IT	Information Technology
MFSA	Micro Finance South Africa
NASASA	National Stokvel Association of South Africa
NCR	National Credit Regulator
NDP	National Development Plan
NQF	National Qualifications Framework
NSC	National Senior Certificate
NSDS	National Skills Development Strategy
PIVOTAL	Professional, Vocational, Technical and Academic Learning Programmes
SACCO	Savings and Credit Co-operatives
SACCOL	Savings and Credit Co-operatives League
SAICA	South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SASBO	South African Society of Bank Officials
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SIPs	Strategic Integrated Projects
SMME	Small, Medium, Micro Enterprises
SONA	State of the Nation Address
SSP	Sector Skills Plan
TVET	Technical, Vocational Education and Training
UoT	University of Technology
WSP	Workplace Skills Plan



Executive Summary

South Africa has a well-developed and proactively regulated banking system, which compares favourably with those of industrialised countries. The South African banking sector has, as a result, attracted a lot of interest from abroad with a number of foreign banks establishing offices in the country and others acquiring stakes in major South African banks. According to the 2015/2016 World Economic Forum Global Competitiveness Survey, South Africa is ranked 8th in Financial Sector Development, out of 140 countries. The South African banking sector, despite being a concentrated sector, is still very competitive and continues to diversify its products and broaden its services within the context of international best practice.

Currently the South African banking sector is comprised of 17 registered banks, two mutual banks, 14 local branches of foreign banks, two co-operative banks and 43 foreign banks with approved local representative offices. The non-banking sector comprises over 10 Development Finance Institutions (DFIs), 2 Co-operative Banks, 24 registered Co-operative Finance Institutions (CFIs), 4 577 credit providers with 47 372 branches, 14 credit bureaus and 2 224 debt counsellors were registered with the National Credit Regulator (NCR), and over 800 000 stokvels are operating throughout South Africa. The banking sector comprises all those banks that are registered with the South African Reserve Bank whilst the inclusive banking sector focuses primarily on lending and savings institutions, both formal and informal but on a micro-level. Although banks fulfil the latter function as well, the focus here is on DFIs, Co-operative Banks, CFIs, credit providers and informal saving like stokvels.

BANKSETA is mandated by the Department of Higher Education (DHET) to prepare an annual SSP for 2017/18 highlighting the skills needs and priorities of the banking sector. The banking sector employers fall within two extreme ends of the spectrum: extremely large corporate banks that provide employment to almost 70% of the sector and very small micro-finance institutions, each employing a handful of people. To ensure that all employers irrespective of their size are provided with an opportunity to access skills development, BANKSETA addresses skills needs of the sector by classifying the sector into banking and inclusive banking.

According to the DHET, the SSP covers a five-year horizon and is intended to determine the following:

- Identify factors influencing and driving change in an economic sector from a skills perspective
- Identify occupational shortages and surpluses and skills gaps of employees in a sector
- Identify occupations in demand currently or in the future and estimate the extent of demand, if possible
- Determine occupations that are available currently in the sector and those that will be required in the future
- Respond to government's priorities and the objectives when developing skills development interventions
- Outline key skills development targets and activities
- Provide a signal to training service providers that will inform their training programmes
- Inform the development of Annual Strategic Plans that outline key strategic interventions to address identified skills needs and constraints to effective recruitment, utilisation and development of skills

The SSP is presented in five chapters as prescribed by the DHET. Chapter 1 provides economic, employer and labour market profiles. Chapter 2 focuses on key skills issues while Chapter 3 addresses skills mismatches between the demand and supply of skills. Chapter 4 provides an analysis into partnerships and stakeholder engagements and the final Chapter looks at the skills priorities that BANKSETA will prioritise to enhance skills development in the banking and inclusive banking sector.



In Chapter 1, the sector profile is presented through an analysis of the scope of the banking sector, the role-players who influence activities in the sector, the economic performance of the sector, the employer profile and the labour market profile. Although not formally dissected into sectors, BANKSETA in general refers to the banking and inclusive banking sub-sectors. The banking sector comprises all those organisations that are registered with the South African Reserve Bank and are in possession of a banking licence. The inclusive banking sub-sector comprises a range of DFIs, CFIs, Micro-finance institutions and informal lending and savings organisations. With the integration of banking products, organisations can no longer be described by the product offerings as many of the organisations that fall within the banking sector now offer a range of cross-products. For example, a typical bank does retail and investment banking as well as asset financing and micro-loans, with some of them even managing stokvel accounts. The analysis of the role-players who influence activities in the sector provides an indication that some of them have regulatory control and hence ensure compliance, like the South African Reserve Bank (SARB) and Co-operative Banks Development Agency (CBDA), whilst others are support organisations like Micro-finance South Africa (MFSA) which serves as the voice for Micro-finance companies. The stokvel sub-sector must be given urgent attention as recent research indicates that stokvels are worth over R25 billion.

The labour market profile is based on statistics drawn from the WSPs submitted by employer organisations and further research undertaken by BANKSETA. The labour market profile provides an indication that the sector is balanced on gender ratings but not at all occupational levels. The sector employs a rather youthful workforce, hence issues like retirement planning is not a major issue. It is clear, however, from the data provided that the sector falls short in terms of the employment of people with disabilities. The educational levels of the workforce indicate that at least 65% of the workforce lack post-matric qualifications. This is a major signal to BANKSETA to provide interventions for this group of employees to improve their career prospects.

In Chapter 2, an analysis of change drivers, national and sectoral strategies and plans were discussed. There are numerous factors impacting skills demand and supply, such as technological developments, changing customer demands, new business processes, growth strategies, globalisation, the business environment, and so on. It is assumed that in understanding the change drivers that influence the sector, skills requirements to address these drivers of change will emerge. The five major change drivers this discussion will focus on are: Digitisation and Technology; Changing Customer Expectations; Cybercrime and Risk; Disruptors in Banking and Economic and Political Uncertainty. The second aspect that informs skills issues is national and sectoral priorities. BANKSETA aligns its skills development activities to five key national strategies and plans: the National Skills Development Strategy (NSDS), the Strategic Integrated Projects (SIPs), the National Development Plan (NDP), Government's 9-point plan and the State of the Nation Address (SONA) 2016. Sectoral Strategies are also important to skills planning. The Financial Inclusion Strategy, Regulation and the Financial Services Charter (FSC), are important strategies impacting skills planning for the banking sector. The main drivers of transformation in the financial sector have been the FSC and the Broad-Based Black Economic Empowerment Act.

In Chapter 3, the extent of skills mismatches were interrogated by studying the extent and nature of demand and supply and identification of scarce skills and skills gaps. The extent and nature of demand commences with an analysis of vacancies. Statistics indicate that the sector does not create an exceedingly large number of vacancies. A large number of these vacancies relate to Information Technology (IT). This is followed by a discussion on occupations that are hard to fill. Again IT surfaced as having the most difficult vacancies to fill. An investigation into imported skills also revealed that a large number of higher level skills are being imported. These three analyses provided the basis for the development of the scarce skills list for the sector. To address these scarce skills, a PIVOTAL list is provided. The discussion on the extent and nature of supply focused on the supply of the schooling system as a feeder into relevant university programmes for the banking sector. Of importance are the BANKSETA interventions to grow the pipeline of graduates that could be absorbed by the sector. The analysis of where new recruits are drawn from revealed that the sector seems to employ graduates with post-degree qualifications. It is also interesting to note that the sector is reluctant to employ Technical Vocational Education and Training (TVET) graduates.



In Chapter 4, an investigation into current partnerships set the tone for an analysis of future partnership needs to enhance skills development in the banking sector. BANKSETA has a range of partnerships and these are progressing well. All partnerships with TVET, Universities of Technology (UoTs) and Universities are defined in the signing of Memorandum of Agreements. There are no significant challenges facing BANKSETA in forming partnerships. Inter-SETA projects have been difficult to formalise as each SETA is focused on achieving their own objectives. Once BANKSETA finalises its approach to Stakeholder Engagement, this will provide a structured approach to partnership engagements for BANKSETA.

Chapter 5 brings it all together by addressing the findings identified in each chapter and then explaining identified skills priority actions to address these findings. The findings are clearly outlined per chapter. To address these, BANKSETA has identified the following five skills priority actions to address the skills needs within the banking sector:

- Skills Priority Action 1: Regulatory compliance
- Skills Priority Action 2: Changing customer expectations
- Skills Priority Action 3: Digitisation and technology including data management
- Skills Priority Action 4: Risk management with a key focus on cyber-security
- Skills Priority Action 5: Management and leadership with a key focus on business modelling and managing change

Currently the most important driver of change in the banking sector is digitisation and technology linked to the 4th Industrial Revolution. BANKSETA currently implements a range of interventions that address these skills priority areas. New programmes will be developed as further needs arise. The five identified skills priorities will address the needs that have arisen during the development of the 2017/18 SSP for the banking sector.





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Research Process and Methods

In developing the SSP, BANKSETA utilises both primary and secondary data collection methods. Primary research, which involves some original data and information gathering, and secondary research, which uses available research and data. Within both methodologies, both qualitative and quantitative data was elicited from the research conducted. Primary qualitative research involved interviewing a limited sample of people, usually face-to-face and using open questions. The main methods used are focus groups and depth interviews.

Qualitative research techniques have a wide variety of uses in relation to skills research. It is an important tool because it provides a strategic understanding of the relevant issues. For example, qualitative research can be used to understand the key change drivers of a sector and its future outlook, or to evaluate how effectively the training system is working and what improvements can be made, or to identify strategies to ensure that the sector obtains the skills it needs. Quantitative research is about statistics and measuring things. Employer and Labour market data were obtained through quantitative analysis. The WSP process is one method of collecting quantitative data. A number of other quantitative techniques can be used in relation to skills and labour market research. One that is frequently mentioned is “econometric modelling”, which essentially means measuring mathematically the relationship between a number of variables. For sector skills planning, economic modelling is an important method used for labour market forecasting to project historical trends into future skills planning.

The primary data source for the 2017/18 SSP comprised the following:

- Research undertaken as per the approved Research Agenda for 2016/17
- WSP/ATR 2016/17 data analysis
- Trend analysis of WSP/ATR data from 2011-2016

The secondary data source includes data sets already determined by Statistics South Africa, Department of Labour, Department of Home Affairs and banking research organisations. A range of research documents and annual data reports prepared by organisations that engage specifically in banking research like Finscope, PWC, Ernst and Young, SARB, etc.

The Table below shows the research undertaken to support skills planning for the banking sector:

Topic	Qualitative/ Quantitative	Objective	Data Collection Tool	Time-frame	Sample Size
Drivers of change for the banking and inclusive banking sectors	Qualitative	To identify skills priorities for the banking and micro-finance sectors aligning to the change drivers impacting on the banking sector	Focus group sessions	Current and next five-year projections	N/A
Skills Development needs to support the growth of the banking sector	Qualitative/ Quantitative	To forecast skills development needs to support the growth strategies of the banking sector	ADRS Labour market forecast	Scenario planning for various time periods	All BANKSETA employers



Aligning the banking sector to national priorities	Qualitative	Align skills planning and skills development strategies to support the national priorities	Focus groups with sector	Current and future planning	N/A
Aligning the OFO to Occupations in the banking sector	Quantitative/ Qualitative	To align job titles to the Occupations within the OFO Codes and to identify new occupations for registration	Data from sector	Current	All BANKSETA employers
Vacancy Analysis	Quantitative	To analyse vacancies in the sector and align to scarce and critical skills	Data from sector	Current – data from past three years	Large and medium employers
Employment Trends	Quantitative	To determine employment trends in the sector	Trend analysis	Using last five years' data to create projections	Limited to employers who submitted WSPs in the last five years
Migration and Importation of Skills in the Banking Sector	Quantitative	To determine importation and exportation of banking skills	Data from sector	Current – data from past three years	Large employers
Graduate employment in the sector	Quantitative	To measure the graduate uptake by the sector	Tracer study	Last three years	All levy paying employers with BANKSETA
Several Digitisation and IT related research	Quantitative and Qualitative	To determine the influence of digitisation and IT on the banking sector	Data from Sector	Current – major local banks	N/A

The following data sets to be extracted from the BANKSETA MIS and the 2016 WSP/ATR submissions:

- How many businesses are represented within the sector and its sub-sectors?
- What size are they?
- Where are they geographically based?
- How many people are employed within the sector?
- What are the race, gender, age and disability characteristics?
- Which sub-sectors do people work in?



- Where is employment geographically based?
- What broad occupational groups within the sector do people belong to?

As the number of companies that submitted WSPs are limited, additional research was undertaken with those employers who are registered with BANKSETA but did not submit their WSPs. Specific attention was given to those employers who pay skills levies.

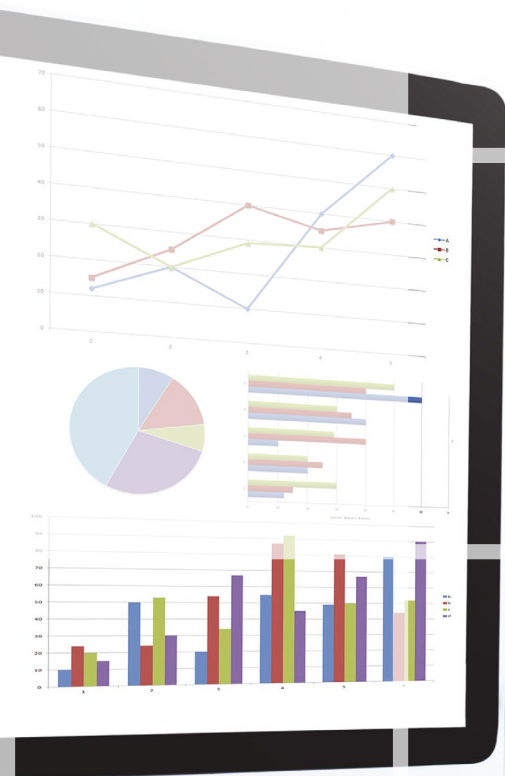
The trend analysis of the data extracted from the WSP/ATR submissions from 2011-2016 was used for a labour market forecast. This type of forecasting provides an analysis of past data to project future employment. This forecast may not provide the correct future skills projection due to the rapid pace at which the sector is changing due to the growth of the technology and digital age.

Data was extracted from other research outputs as follows:

- Quarterly Labour Market Forecasts
- Job Opportunity Index
- Higher Education Management Information System (HEMIS)
- Department of Home Affairs
- South African Revenue Services
- Finscope Trust

Data for skills planning can always be improved. In the age of the internet, data sources are constantly growing. As BANKSETA continues to engage in research to improve skills planning for the banking and inclusive banking sector, it strives to ensure that skills demand and supply are eventually synchronised so that the Africa Financial Services Centre of Excellence becomes a benchmark for skills development on the African Continent.





Chapter 1 | Economic Sector Profile

Chapter 1: Economic Sector Profile

1.1 Introduction

In analysing the sector profile of the banking sector, a clear distinction must be made on which organisations comprise the banking sector. In the scope of coverage of the sector, a detailed explanation is provided on both the banking sector and the inclusive banking sector. The scope of the banking sector ranges from both local and foreign banks operating in South Africa. The inclusive banking sector discusses a range of micro-finance organisations and these include a myriad of informal organisations operating in the sector. Since the banking sector is highly driven by regulation, several role-players are vital to ensure compliance. Also, as the sector is inundated with a myriad of small players, support organisations will also be discussed and the role they play in supporting the sector. An investigation of the economic performance of the sector provides both a local and global perspective in terms of the performance of the banking sector.

The discussion then focuses on the employer profile and the labour market profile. Both are important in providing a detailed background to the nature of employers in the sector. The labour market profile looks into gender, age, disability and educational levels. Of importance is the study of employment according to the occupational levels.

The main purpose of the Sector Profile is to present a profile of the sector. It indicates the scope of coverage of the sector, its key role-players, its economic performance and labour market profile; and how it has been evolving. This chapter gives a sense of the size and shape of the sector, allowing the reader to understand the contribution of the sector in economic and employment terms.

1.2 Scope of Coverage of the Banking Sector

The Financial Services sector consists of all entities that manage money in some way or form. Generally, it consists of the following institutions: Banks, Insurers, Asset Managers, Stock Brokerages, Credit Unions, Micro-financiers and any other private or public sector companies capable of extending credit or other financing activities. Financial Services refer to the economic activities undertaken by such entities, which fundamentally encompass the access to funding/finance or the creation of wealth for consumption purposes or further economic productivity. Less formally, Banking, Savings, Investment, Insurance and Financing assist individuals to consume, save, mitigate risk and accumulate credit, while enabling companies to start up, expand and improve competitiveness both locally and internationally. Financial Services are therefore fundamental to economic development and growth.

Functionally, the Financial Services sector may be categorised into three primary subsectors, which are the key focus of this report, with these being:

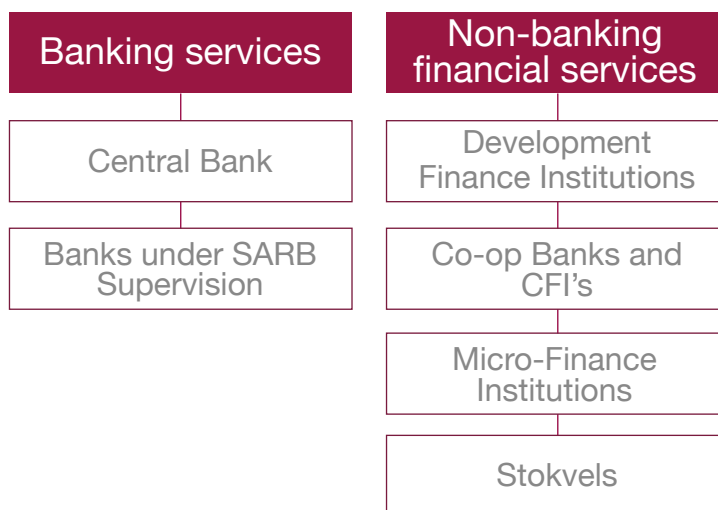
- Banking and Credit Services (Banks, Mutual Banks, Credit Unions, Micro-finance institutions, etc.);
- Insurance (Long-term and Short-term Insurers covering a variety of perils); and
- Investment and Related Services (Exchanges, Security Broking Companies, Asset Managers, etc.).

Banks constitute a key component of the Financial Services system and the economy, as a whole. In its most basic form, the banking system is a key driver of the South African economy as it facilitates the liquidity (amount of capital available for investment and spending) required by households and corporates for consumption and future investment. The credit and loans extended by banks to the real economy imply that households do not have to save up in order to make large purchases, while companies can also start hiring and making capital expenditure now, in anticipation of future demand and expansion. The broader banking sector can be separated into banking and non-banking services. For the purposes of skills planning BANKSETA adopts the following sub-sector categories within the broader banking environment.



Figure 1: Sub-Sectors in Banking

Source: BANKSETA 2016



The banking sector is highly regulated and controlled. The SARB is the central bank and falls under the National Department of Finance. It sets monetary policy and decides on domestic interest rates. The SARB oversees the banking services sector, while the Financial Services Board (FSB) governs the non-banking financial services industry. The FSB is an independent institution, established by statute to oversee the South African non-banking financial services industry in the public interest by meeting its mandate of protecting consumers of financial products and services.

There are 2 separate co-operative banking supervisory units that regulate and supervise registered cooperative banks. The CBDA is responsible for the supervision of all registered co-operative financial institutions with deposits up to R20 million, while the SARB is responsible for those co-operative banks with deposits exceeding R20 million.

Central Bank:

In South Africa the South African Reserve Bank (SARB) plays the role of the central bank.

Banks under SARB Supervision:

According to SARB, SA Banking Sector Trends January 2016, the banks under its supervision are 717 registered banks, 3 mutual banks, 2 co-operative banks, 15 local branches of foreign banks and 39 foreign banks with approved local representative offices.

Development Finance Institutions:

These are institutions established by government to support development institutions and SMME organisations within the economic development mandate. Amongst these institutions are the Industrial Development Corporation, the Development Bank of Southern Africa, Small Enterprise Fund, Ithala Development Corporation, the National Empowerment Fund, Land Bank, Rural Housing Loan Fund and the Kuyasa Fund amongst others.

Co-Operative Banks and CFIs:

According to data from the CBDA, there are currently 2 Co-operative Banks, and 24 CFIs that are registered with the CBDA and currently operate under the Exemption Notice, which are potential co-operative banks of the future. Once a CFI complies with the requirements of the Act, it is considered for registration as a co-operative bank.



Micro-Finance Institutions:

As at 31 March 2015, 4 577 credit providers with 47 372 branches, 14 credit bureaus and 2224 debt counsellors were registered with the NCR. Although unable to verify, it is estimated that there are at least 50 000 unregistered credit providers in the country.

Stokvels and Savings:

Exemption Notice No. 2173 allows informal member-based groups to pool funds and utilise the funds for the benefit of their members on condition that a common bond exists between members within the group, relying on self-imposed regulation to protect the interests of their members.

The focus of this exemption notice is on stokvels, savings and credit co-operatives, and employee savings clubs. Such deposit-taking institutions must be affiliated with NACFISA or the National Stokvel Association of South Africa (NASASA), being the self-regulating bodies of the deposit-taking financial institutions operating under this exemption notice. **NASASA** represents the interests of the stokvels movement in South Africa, and SACCOL is a registered co-operative that regulates and monitors the activities of SACCOs in South Africa. There are currently 28 SACCOs registered with SACCOL. Stokvels provide an informal way of saving or investing money and are built on trust between friends and associates. According to NASASA, there are more than 11.5 million people, 811 000 such groups, saving a collective R49 billion a year.

The latest Standard Industrial Classification (SIC) code was issued in 2012. It must be noted that the current employer data is aligned to the old SIC codes and not the new ones as indicated below. According to this set of codes, the following activities fall within the scope of the banking sector:

“The Sector Profile indicates the scope of coverage of the sector, its key role-players, its economic performance; labour market profile; and how it has been evolving”

Table 1: SIC Code Classification

64110	Central Banking	<p>This class includes:</p> <ul style="list-style-type: none"> • issuing and managing the country’s currency, • monitoring and control of the money supply, • taking deposits that are used for clearance between financial institutions, • supervising banking operations, • holding the country’s international reserves, and • acting as banker to the government.
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<p>64190</p>	<p>Other monetary intermediation</p>	<p>This class includes the receiving of deposits and/or close substitutes for deposits and extending of credit or lending funds. The granting of credit can take a variety of forms, such as loans, mortgages, credit cards, etc. These activities are generally carried out by monetary institutions other than central banks, such as:</p> <ul style="list-style-type: none"> • banks, • savings banks, • credit unions, • postal giro and postal savings bank activities, • credit granting for house purchase by specialised deposit-taking institutions, and • money order activities.
<p>64200</p>	<p>Activities of holding companies</p>	<p>This class includes the activities of holding companies, i.e. units that hold the assets (owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity owns the group. The holding companies in this class do not provide any other service to the businesses in which the equity is held, i.e. they do not administer or manage other units.</p>
<p>64300</p>	<p>Trusts, funds and similar financial entities</p>	<p>This class includes legal entities organised to pool securities or other financial assets, without managing, on behalf of shareholders or beneficiaries. The portfolios are customised to achieve specific investment characteristics, such as diversification, risk, rate of return and price volatility. These entities earn interest, dividends and other property income, but have little or no employment and no revenue from the sale of services.</p> <p>This class includes:</p> <ul style="list-style-type: none"> • open-end investment funds, • closed-end investment funds, • trusts, estates or agency accounts, administered on behalf of the beneficiaries under the terms of a trust agreement, will or agency agreement, and • unit investment trust funds.
<p>64910</p>	<p>Financial leasing</p>	<p>This class includes leasing where the term approximately covers the expected life of the asset and the lessee acquires substantially all the benefits of its use and takes all the risks associated with its ownership. The ownership of the asset may or may not eventually be transferred. Such leases cover all or virtually all costs including interest.</p>



64920	Other credit granting	<p>This class includes financial service activities primarily concerned with making loans by institutions not involved in monetary intermediation, where the granting of credit can take a variety of forms, such as loans, mortgages, credit cards etc., providing the following types of services:</p> <ul style="list-style-type: none"> • granting of consumer credit • international trade financing • provision of long-term finance to industry by industrial banks • money lending outside the banking system • credit granting for house purchase by specialised non-depository institutions • pawnshops and pawnbrokers.
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Source: BANKSETA 2016

1.3 Key Role-Players

Role-players in the banking sector fall into one of the following groups: Regulatory, Employers, Associations, Professional Bodies and Trade Unions. The Table below reflects the role each of these organisations play in the banking sector.

Table 2: Role-Players

Groups	Key Role-Players	Role they Play
Regulatory	South African Reserve Bank	SARB is the central bank of South Africa. It is an organ of statute established by the SARB Act, and its mandate and independence are entrenched in the Constitution of the Republic of South Africa, 1996. In terms of its constitutional mandate, the Bank is required to protect the value of the currency in the interest of balanced and sustainable economic growth in South Africa. Price stability is a critical element of the foundation of an economy, contributing to economic growth, development and employment creation. The achievement of price stability is defined by government setting an inflation target that serves as a yardstick against which price stability is measured. The achievement of price stability is underpinned by the stability of the entire financial system.
Regulatory	Financial Services Board	The non-banking sector is overseen by the FSB. An independent body, it is responsible for the regulation of financial markets and institutions, including insurers, fund managers and broking operations.



Regulatory	National Credit Regulator	The NCR is responsible for regulating the South African credit industry, including the registration of credit providers, credit bureaux and debt counsellors. It is responsible for enforcing compliance with the National Credit Act, and is focused on developing an accessible credit market to meet and promote the needs of people who are marginalised, especially economically.
Regulatory	Co-operative Banks Development Agency	<p>The CBDA was established to regulate, promote and develop co-operative banking, including deposit-taking and lending co-operatives.</p> <p>Their role is to:</p> <ul style="list-style-type: none"> • To register, regulate and supervise co-operative banks • To promote, register and regulate • representative bodies • To facilitate, promote and fund education and training to enhance the work of co-operative financial institutions • To accredit and regulate support organisations • To provide liquidity support to registered co-operative banks through loans or grants • To manage a deposit insurance fund
Employers	Large Banks	The large banks service most of the banking clients, hold the largest assets and generally influence the banking environment.
Employers	Bankserv Africa	Bankserv Africa is Africa’s largest automated clearing house and has played a crucial role in enabling simplicity in the payments industry, processing billions of payment transactions per year, while maintaining the safety and security of South Africa’s National Payment System.
Employers	South Africa’s National Payment System (NPS)	South Africa’s National Payment System is a department within SARB and encompasses the total payment process. This includes all the systems, mechanisms, institutions, agreements, procedures, rules and laws that come into play from the moment an end-user, using a payment instrument, issues an instruction to pay another person or a business, through to the final interbank settlement of the transaction in the books of the central bank. The NPS therefore enables transacting parties to exchange value to conduct business efficiently.



<p>Associations - Banking</p>	<p>Banking Association of South Africa (BASA)</p>	<p>BASA is an industry body representing all registered banks in South Africa. It is the mandated representative of the sector, and represents the industry through lobbying, engagement with stakeholders and political influence.</p> <p>BASA is the mandated representative of the banking sector and addresses industry issues through:</p> <ul style="list-style-type: none"> • Lobbying and advocacy • Policy influence • Guiding transformation in the sector • Acting as a catalyst for constructive and sustainable change in the sector • Research and development • Engagement with critical stakeholders
<p>Associations – Banking</p>	<p>South African Banking Risk Information Centre (SABRIC)</p>	<p>SABRIC is a Not for Profit Company formed by the four major banks to assist the Banking and Cash-in-Transit companies combat organised bank-related crimes. It serves as a financial crime risk information centre.</p>
<p>Inclusive Banking - Associations</p>	<p>Micro-Finance South Africa</p>	<p>MFSA is a representative body of registered and legal Micro-finance Credit Providers in South Africa. MFSA represents almost 1 700 Micro-finance offices registered with the NCR and the majority of significant Service Providers in the Sector.</p>
<p>Inclusive Banking - Associations</p>	<p>NACFISA</p>	<p>NACFISA operates as a national representative body and support organisation for all CFIs in all nine Provinces of South Africa.</p>



Inclusive Banking - Associations	DMASA/ AMFISA	A non-profit organisation that supports the development of Micro-finance institutions in South Africa.
Inclusive Banking - Associations	National Stokvel Association of South Africa	NASASA represents the interests of the stokvels movement in South Africa.
Professional Bodies	Institute of Banking (IoB)	IoB is the professional body for bankers and financial specialists. The IoB in South Africa provides members with professional designations, networking, educational, training and information opportunities.
Trade Unions	The South African Society of Bank Officials (SASBO)	SASBO is the Trade Union for the banking sector. The Finance Union represents employees in all the major banks and hence serves as the voice of labour within the finance sector.

Source: BANKSETA 2016

1.4 Economic Performance

In terms of employment, the finance and other business services employed 2,218 million individuals in Quarter 1 of 2016 as reported in the 2016 Q1 QLFS data. However, compared to the same period last year, employment grew by 23 000; however, a comparison to the previous quarter indicates that the sector shed 55 000 jobs.

Compared to the rest of the economy, the sector contributed 14% to employment making it the third-largest employer in the country. On a year-on-year comparison, employment grew by 1.3% but on a quarter-to-quarter basis it decreased by 2.2%, indicating that the economy is shedding jobs resulting in higher unemployment.

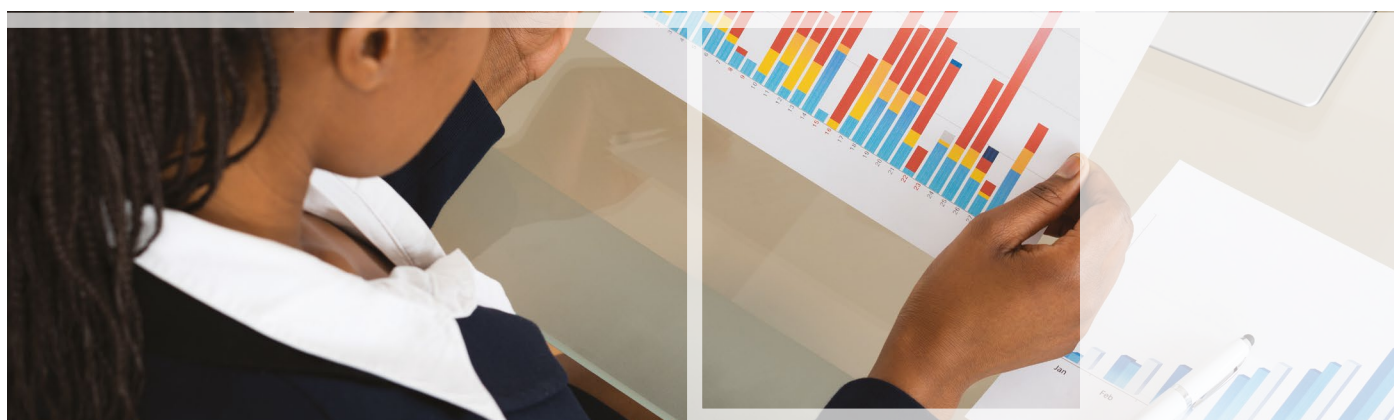
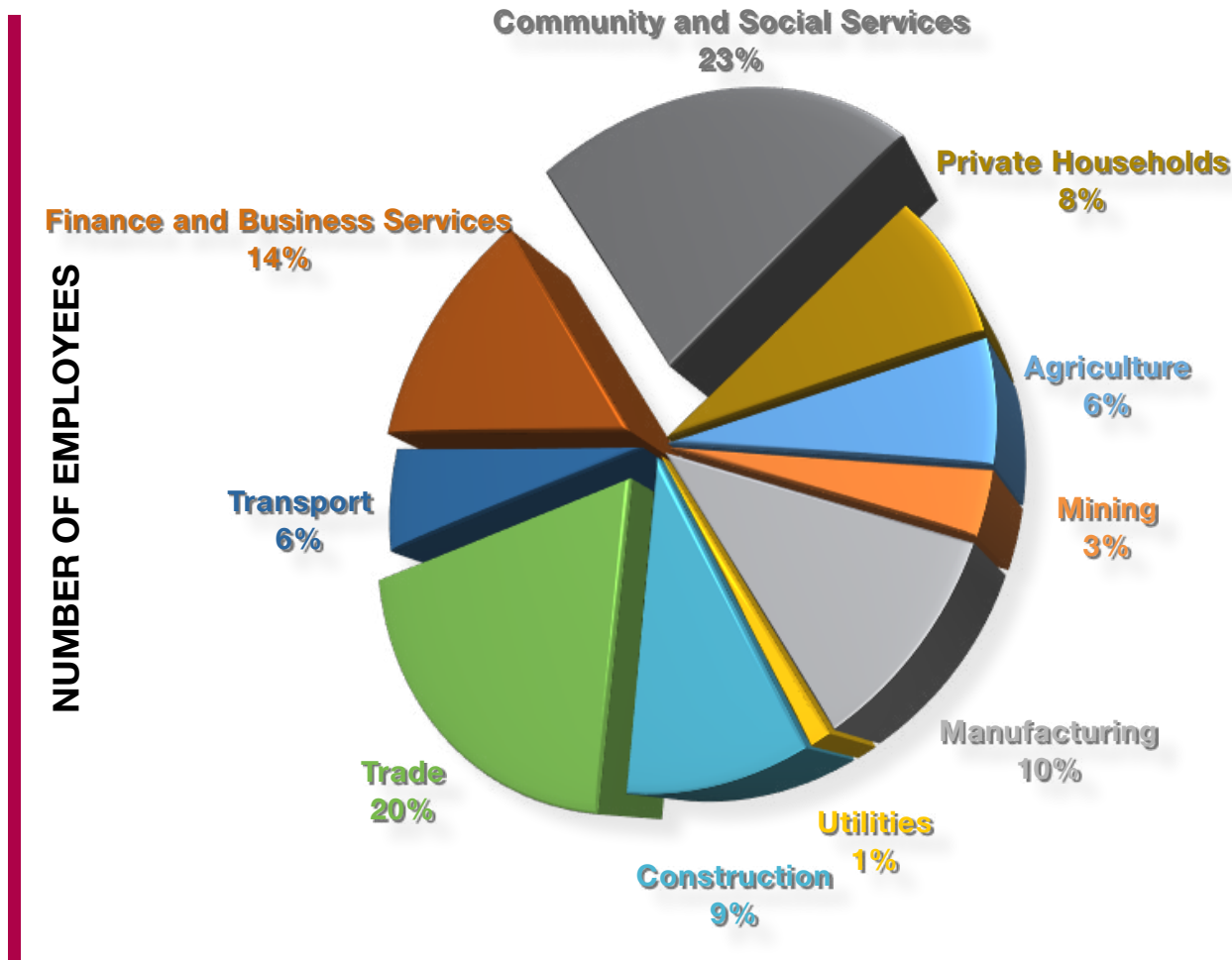


Figure 2: QLFS Employment Data Q1: 2016

Source: Stats SA



The latest GDP data indicates that gross domestic product (GDP) fell by 1.2% in the first quarter of 2016. **Finance, real estate and business services increased by 1.9%, which contributed 0.4 of a percentage point to GDP growth.** The largest negative contributor to growth in GDP in the first quarter was mining and quarrying, which fell by 18.1% and contributed -1.5 percentage points to GDP growth. Transport, storage and communication decreased by 2.7%, which contributed -0.2 of a percentage point to GDP growth. The two other industries that contracted in the first quarter were agriculture, forestry and fishing; and electricity, gas and water. Compared to the rest of the economy, the Finance Sector has grown whilst the overall GDP has shrunk.

The South African banking sector remained financially sound and profitable during 2015. South Africa’s banking sector is dominated by the five largest banks, which collectively held 89.2 per cent of the total banking assets as at 31 December 2015. Local branches of international banks contributed 7.3 percent as at 31 December 2015. The remaining banks accounted for 3.5 percent of total banking assets.

The banking sector has performed well over the last financial year. According to SARB data, the performance of the sector reflects as follows:

- Total banking-sector assets grew by 15.7 percent year on year
- The annual growth in banking-sector assets is mainly attributed to the annual growth of 11.3 percent in gross loans and advances and 89.2 percent in derivative financial instruments
- Gross loans and advances accounted for 74.5 percent of the banking-sector assets at the end of December 2015



- The banking-sector assets were mainly funded by deposits, current account and other creditors, which constituted 84.1 percent of total banking-sector liabilities as at 31 December 2015
- The 12-month moving average cost to income ratio deteriorated slightly during 2015, ending the year at 55.4 percent
- Total banking-sector equity increased by 7.4 percent
- Banks’ operations in South Africa remained adequately capitalised
- The ratio of impaired advances to gross loans and advances, a key indicator of credit quality in the banking sector, remained largely unchanged at an average of 3.2 percent during 2015

As reported by the CBDA, the co-operative banking sector experienced solid growth in its asset base, which was largely supported by growth in deposits, the injection of capital, and the retention of profits. Capital adequacy also improved. On a year-on-year basis, the co-operative banking sector’s total assets increased by 12 percent, of which loans increased by 17 percent. Liabilities increased by 11 percent, mainly driven by the increase in members’ deposits. Profit before tax decreased by 21 percent, primarily due to higher provisions on delinquent loans when compared to the previous year. The co-operative banking sector had a total of 2 142 members at the end of February 2015, representing an increase of 4.6 percent from the previous year. Share capital comprises 7 percent of the co-operative banking sector’s total capital.

In its **2015-2016 Global Competitiveness Report**, the World Economic Forum ranked South Africa 49th in its Global Competitiveness Index out of 140 economies, up from 56th in the previous reporting period. It ranked the country first for strength of auditing and reporting standards as well as financing through the local equity market. South Africa was also ranked 12th for financial market development; it ranked 29th for market size, 33rd for business sophistication and 38th for innovation, out of 140.

In its **2014-15 Global Competitiveness Report**, the World Economic Forum ranked South Africa second in the world for the accountability of its private institutions, and third for its financial market development, indicating high confidence in South Africa’s financial markets at a time when trust is returning only slowly in many other parts of the world. The country’s securities exchange, the JSE, is ranked among the top 20 in the world in terms of size.

1.5 Employer Profile

In this section, we will explain briefly the number of businesses that are represented within the sector and its sub-sectors including an analysis of small, medium and large businesses. A representation in a map will provide an indication of where these employers are geographically based. As per data extracted from the various data sources, the banking sector comprises the following employers:

Table 3: Employers in Banking

Source: BANKSETA 2016

Central Bank	1 (SARB)
Regulatory Organisations	2 (CBDA and FSB)
Banks under SARB Supervision	17 Registered banks, 3 Mutual banks, 15 local branches of foreign banks, and 39 foreign banks with approved local representative offices
DFI	10 organisations
Co-op Banks and CFIs	2 Co-operative Banks with a total of 2 143 members and 24 CFIs with a combined membership of 22 579 members



Micro-Finance Institutions	4 577 credit providers with 47 372 branches, 14 credit bureaus and 2 224 debt counsellors
Stokvels	11.5 million people, 811 000 groups

According to the SARS levy data 3 762 are registered with Companies and Intellectual Property Commission (CIPC) within the banking and non-banking sectors under the SIC codes that fall within the scope of banking. According to the SARS levy data, 816 companies pay skills levy to BANKSETA. Of these, 373 companies submitted their Annexure 2 data to BANKSETA in 2016.

According to the SIC Codes employers are registered as follows:

Table 4: Employers According to SIC Codes

Source: BANKSETA 2016

SIC Code	SIC Code Description	Number of Employers
81110	Monetary intermediation	442
81121	Discount houses and commercial and other banking	362
81122	Building society activities	94
81900	Other financial intermediation	2 089
81910	Lease financing	285
83101	Securities dealings by banks	62
83102	Activities ancillary to financial intermediation	451

South Africa’s four largest banks are the largest employers within the banking sector. These banks have also expanded into Africa. Combined, they have 46 foreign subsidiaries, 39 of which are in Africa. The size of these subsidiaries is significant in some host countries such as Namibia, Swaziland and Lesotho. However, the combined exposure in Africa accounts for only 2 percent of total banking assets. Standard Bank operates in 20 countries and is the largest bank in Africa by assets; Barclays Africa Group (ABSA) has a presence in 12 countries; FirstRand has a presence in about 5 countries whilst Nedbank has a presence in Mozambique, and its stake in Ecobank gives it access to the bank’s operations in 36 countries. Expansion into Africa is expected to continue as the continent is expected to experience increased economic growth and presents a lot of opportunities that banks could explore such as infrastructure finance.

In terms of the DFIs, four of them are levy-registered employers with BANKSETA. The purpose of the DBSA is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure. Its goal is to improve the quality of life of the people of the region. The bank plays multiple roles to mobilise finance and expertise for development projects. The Land Bank is a specialist agricultural bank guided by a mandate to provide financial services to the commercial farming sector and to agribusiness and to facilitate access to finance by new entrants to agriculture from historically disadvantaged backgrounds. The primary focus of Ithala is to increase the participation of black people in all sectors of the economy, and positively impact on job creation, skills development and training. Ithala’s business finance solutions are designed to meet the needs of established businesses and emerging entrepreneurs through the provision of short, medium and long-term lending products.

The retail banking industry in South Africa is a highly competitive market. The depressed credit market coming out of the financial crisis of 2009 has resulted in local banks embarking on a more focused undertaking to increase revenue – either through increased growth into the ‘high-risk high-return’ market of unsecured lending, or supplementing the low growth in interest income with other fee income.



Banks itself are difficult to register and require lengthy compliance to regulations set up by SARB. However, branches are easy to establish. Due to the highly competitive nature of the banking sector, it is almost an impossible task to identify where all the branches of the tier 1 and 2 banks are located in order to provide a geographic map. With the introduction of on-line banking and mobile banking, the position of branches and ATMs is fast becoming obsolete as the banking sector gears towards branchless banking. Table 5 below is an indication of the number of branches for the top seven banks including Postbank, operating in South Africa:

Table 5: Number of Branches of Major Banks

Name of Bank	Number of Branches
African Bank	637
First National Bank	775
ABSA Bank	800
Nedbank	536
Standard Bank	700
Capitec	589
Postbank	2 600
Ubank	100

Source: BANKSETA 2016

The Table indicates that the branch network is relatively large. This is however a cost that banks must carry, which is becoming burdensome. With branchless banking and technological advancements, the future of banking may see branches slowly disappearing.

1.6 Labour Market Profile

The WSPs received for 2016 reflects that the sector currently employs 189 954 individuals. The big four banks provide employment for approximately 67% in the sector. The employment statistics below are based on the WSPs received from employers in the sector.

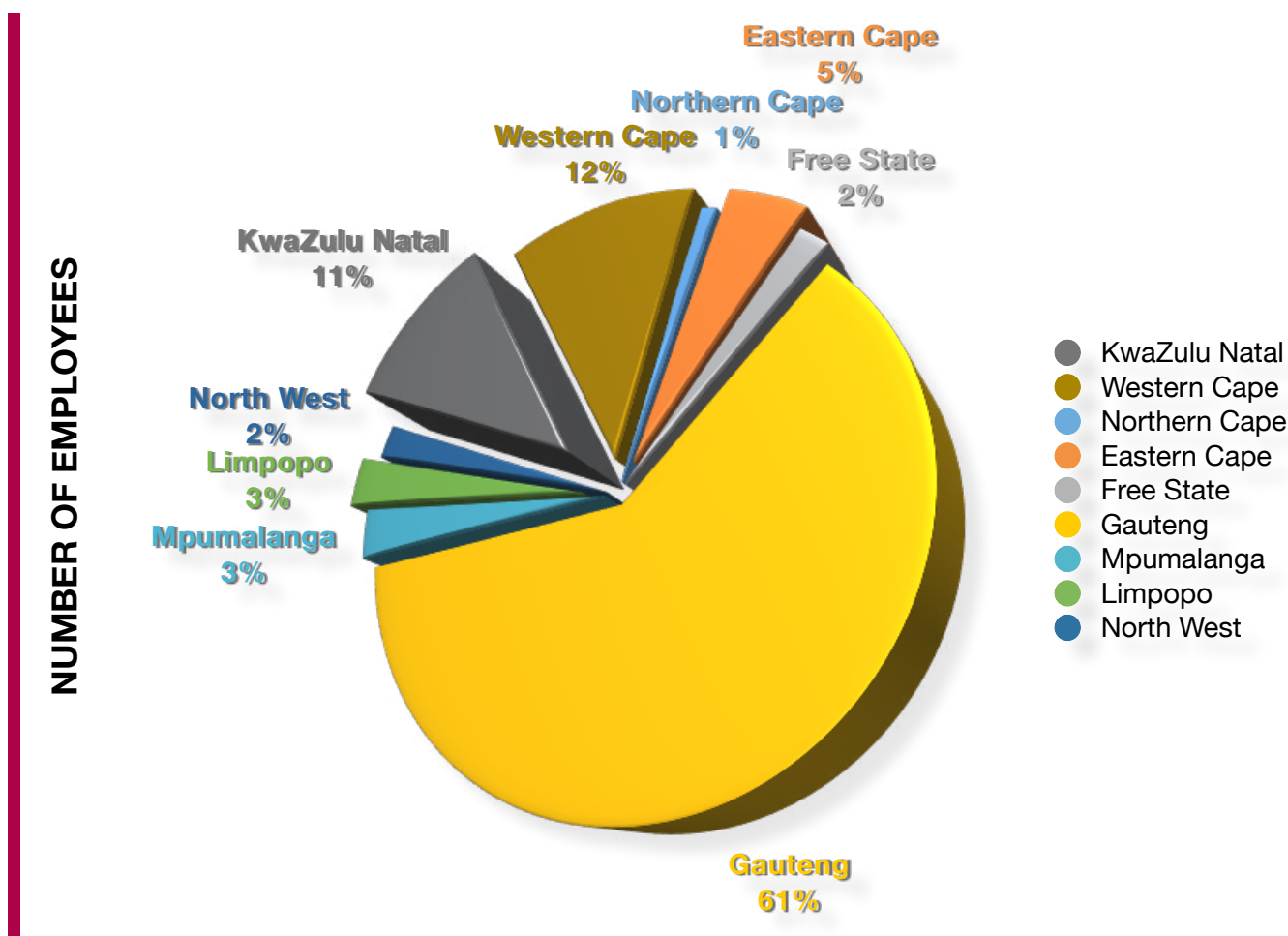


In terms of geographic distribution of employees within the banking sectors, an extremely large employee population is based in Gauteng with approximately 61% of employment finding a base here. Western Cape and KwaZulu-Natal follow closely as the next large provinces with 12% of employees based in the Western Cape and 11% in KZN. The large employee population in Gauteng provides a sound base for most of the training interventions and training providers based in this province. Local employment is geographically based as follows:



Figure 3: Employees per Province

Source: BANKSETA 2016 WSP



In an attempt to transform the local economy, the NSDS prescribes that at least 65% of beneficiaries of skills development should be women, 84% black and 4% people with disabilities. Therefore an analysis of the race, gender, disability, youth and educational levels are important for the analysis, when conducting a labour market profile.

“The big four banks provide employment for approximately 67% in the sector”

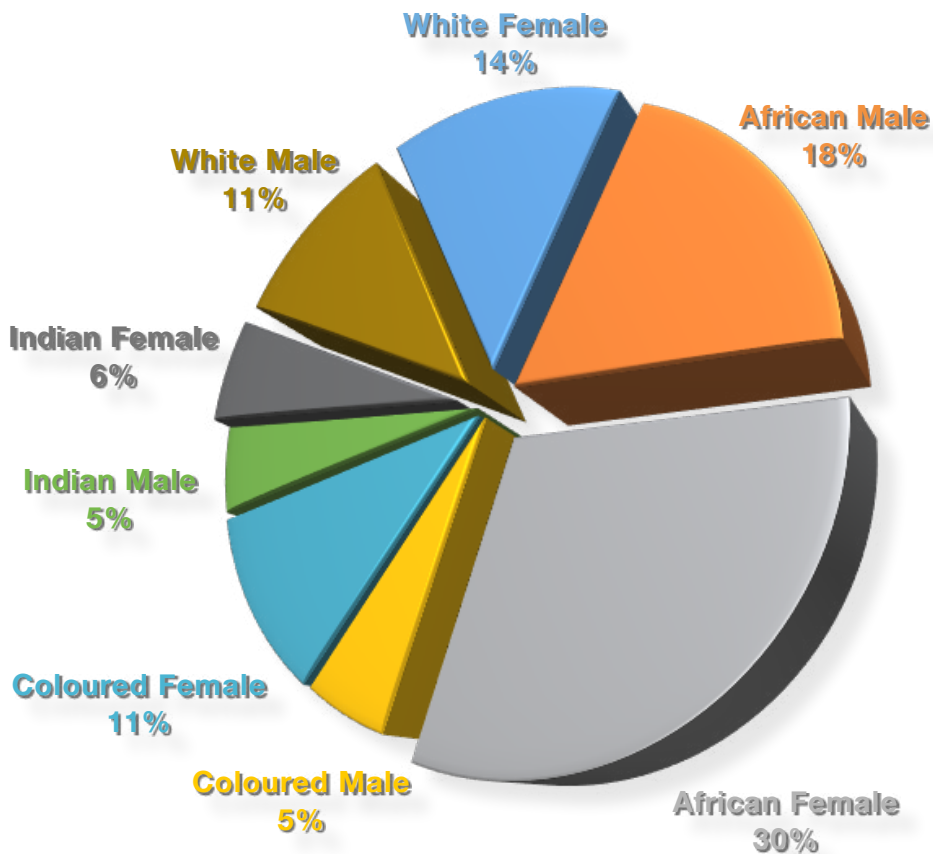
Figure 4 provides a graphical representation of employment in the sector in terms of race and gender. The sector employs 61% females and 39% males. This seems skewed in terms of alignment to population statistics. In terms of racial segmentation, the sector employs 75% black employees and 25% white employees. Again in terms of population statistics, this is also skewed as the white population is around 8.5% of total population. Therefore in terms of alignment to the requirements of employment equity targets, the banking sector employs more females and whites. If the sector is to align to employment equity targets, it must employ more men and individuals from the African racial group.



Figure 4: Employees According to Race and Gender

Source: BANKSETA 2016 WSP

NUMBER OF EMPLOYEES

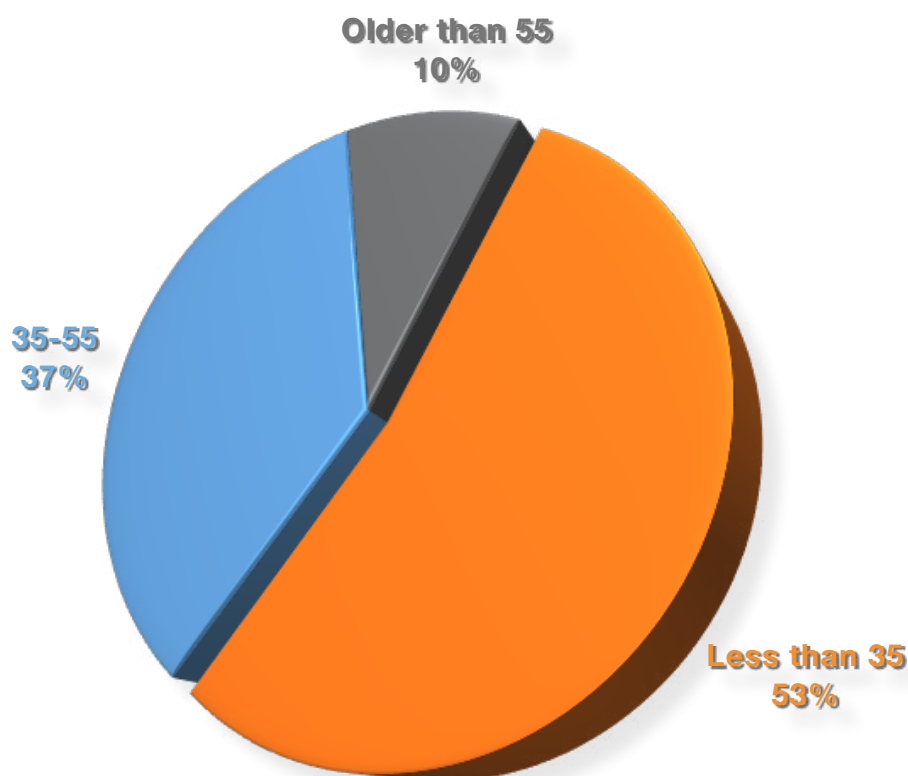


In terms of age, as shown in **Figure 5**, the banking sector employs a youthful workforce with 53% being less than 35 years; 37% being between 35 and 55 and only 10% being older than 55. On the positive side, this indicates relative stability for the sector as only 10% is close to retirement age. However, this could also create a stagnant employment environment with fewer vacancies created if people remain stagnant in their posts.

Figure 5: Employees' Age Distribution

Source: BANKSETA 2016 WSP

NUMBER OF EMPLOYEES



The statistics in **Table 6** relating to the employment of people with disabilities for the banking sector is alarming: a mere 1.3% of total employee population. National government’s expectation is that 4% of employment should ideally be people with disabilities. The poor performance of employers to employ more people with disabilities begs the question: “What are the barriers in the workplace that limits the employment of people with disabilities?”.

Table 6: Number of Employees with Disability

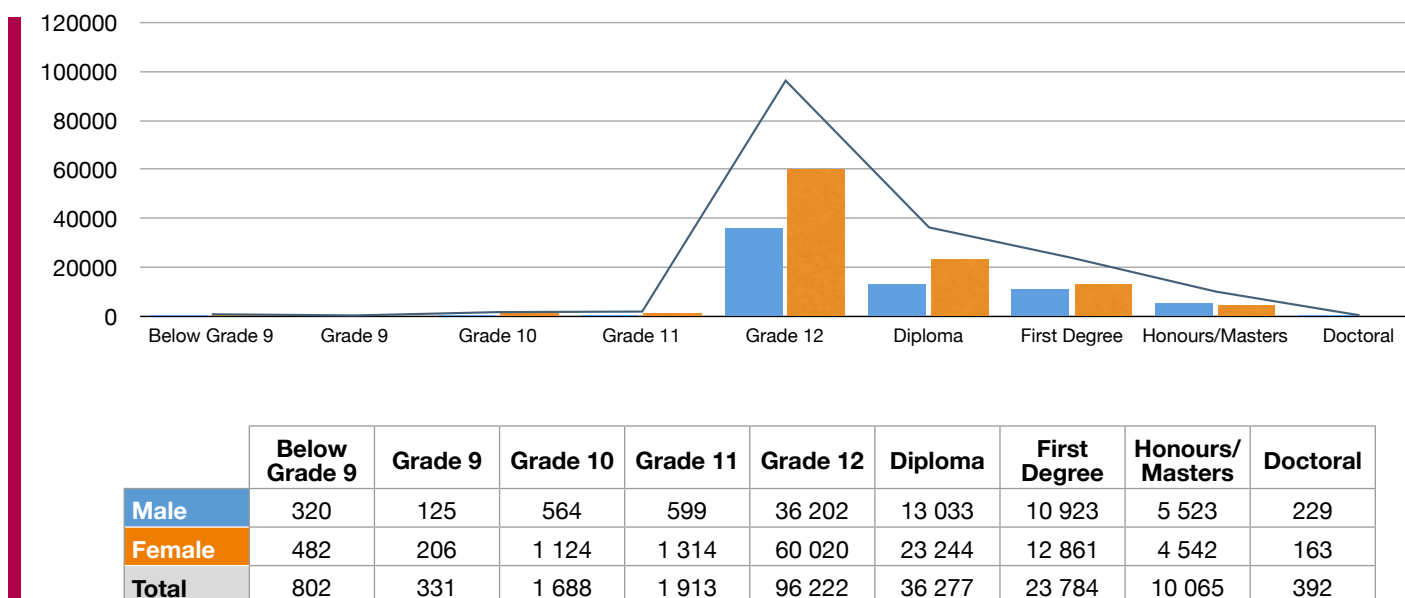
Source: BANKSETA 2016 WSP

Race	Number of Employees with Disability	Number of Employees
African	698	84 379
Coloured	286	27 973
Indian	277	19 849
White	948	42 559
Other	40	2 219

The educational levels of the sector’s employees indicates that approximately 70 000 employees possess a post-matric qualification. Quite often when the sector is asked about the entry-level requirements for employment in the sector, maths and science at matric level seems to be the minimum requirements. **Figure 6** provides a rather bleak picture of a sector that ought to be at the forefront of cutting-edge technology. Approximately 4 500 employees have a qualification lower than a matric. Approximately 96 000 have a matric qualification and only 70 000 hold post-matric qualifications. There are only 392 employees with a doctoral degree. BANKSETA funds several programmes aimed at assisting employees to improve their qualification levels and hence career progression.

Figure 6: Educational Levels of Banking Employees

Source: BANKSETA 2016 WSP



An analysis of employment by broad occupational groups is reflected in the Table below:

Table 7: Employment by Major Occupational Group

Source: BANKSETA 2016 WSP

Occupational Group	Eastern Cape	Free State	Gauteng	KZN	Limpopo	Mpumalanga	North West	Northern Cape	Western Cape
Plant and Machine Operators	1	0	263	61	4	0	0	0	2
Clerical Support Workers	280	46	51 755	1 056	96	204	66	4	6 464
Elementary Occupations	56	0	876	31	12	13	2	0	99
Managers	265	99	22 212	502	229	228	32	3	6 315
Professionals	107	5	25 501	373	71	8	0	0	600
Service and Sales Workers	104	162	7 275	472	40	22	10	0	288
Skilled Workers	0	0	218	26	0	0	0	0	17
Technicians and Trade Workers	179	3	12 816	454	798	147	11	13	2 463

Gauteng has the highest number of employees in all occupations, followed by the Western Cape and then KwaZulu-Natal. The largest number of people are employed as clerical support workers. Managers and Professionals make up about 25% of the occupations.

With the growth of South African banks into Africa, a need arises to understand the employment demographics of the SA banks. **Table 8** below reflects employment of SA Banking Institutions in Africa. Skills transfer and best practice should not remain within the borders of South Africa only and BANKSETA intends on taking its best practice models in skills development to the rest of Africa.

Table 8: Number of Employees in African Branches of SA Banking Institutions

Source: BANKSETA 2016 WSP

Country	Total Number of Employees	Number of South Africans Employed	Number of Locals Employed
Kenya	4 453	0	4 225
Botswana	2 977	29	2 940
Namibia	2 162	19	2 130
Tanzania	2 132	7	2 110
Ghana	1 807	0	1 800
Zambia	1 732	13	1 719
Egypt	1 717	0	1 717
Mozambique	1 450	4	1 432
Uganda	1 078	0	1 021
Mauritius	899	0	899
Zimbabwe	731	0	731
Lesotho	337	7	253
Swaziland	330	3	327
Seychelles	193	0	193
Nigeria	35	9	26
Angola	1	0	1



1.7 Conclusion

In summary, the banking sub-sector comprise the large organisations that possess a banking licence whilst the inclusive banking sub-sector comprise smaller organisations. The banking sector profile provides an indication that the inclusive banking sector is relatively small in terms of revenue generation and GDP contribution, but is an important cog in the financial services sector. As the sector is highly regulated, a substantial number of role-players exist to ensure compliance to both local and international banking regulations. Other role-players provide support services and represent smaller organisations.

The economic performance of the sector provides an indication of a strong well-developed banking sector with local banks performing well on both the top 100 African Banking list as well as globally. This is largely due to a strong asset base. However, the banks have been exposed to downgrades in the past year. The employer and labour market profile provides key learnings on opportunities for skills development. This chapter thus provided a detailed picture of the banking sector.





Chapter 2 | Key Skills Issues

Chapter 2: Key Skills Issues

2.1 Introduction

As the chapter heading suggests, an important question to ask is: “What are the key skills issues impacting the banking sector?”. To answer this question, this chapter interrogates 2 significant aspects that impact skills planning: change drivers and national priorities. Change drivers are factors impacting on the sector and causing it to develop in a certain way. There are numerous factors impacting skills demand and supply such as technological developments, changing customer demands, new business processes, growth strategies, globalisation, the business environment, and so on. It is assumed that in understanding the change drivers that influence the sector, skills requirements to address these drivers of change will emerge. The second aspect that informs skills issues is national and sectoral priorities. Financial inclusion, regulatory changes and the financial services charter are some of the sectoral issues that impact skills planning within the banking sector. This chapter will culminate with key skills planning requirements to address the drivers of change and national and sectoral strategies ending in the identification of “five key skills issues” that will shape skills development in the banking and micro-finance sector.

2.2 Change Drivers

The world stands on the brink of a technological revolution that will fundamentally influence industrial development. The possibilities of billions of people connected by mobile devices, with superfast processing power, storage capacity, and access to knowledge, are unlimited. Many industries are seeing the introduction of new technologies that create entirely new ways of serving existing needs and significantly disrupting existing industry value chains. Disruption is also flowing from agile, innovative competitors who can oust well-established incumbents faster than ever by improving the quality, speed, or price at which value is delivered. Major shifts on the demand-side are also occurring, as growing transparency, consumer engagement, and new patterns of consumer behaviour (increasingly built upon access to mobile networks and data) force companies to adapt the way they design, market, and deliver products and services.

Overall, the inexorable shift from simple digitisation (the Third Industrial Revolution) to innovation based on combinations of technologies (the Fourth Industrial Revolution) is forcing companies to re-examine the way they do business. The bottom line, however, is the same: business leaders and senior executives need to understand their changing environment, challenge the assumptions of their operating teams, and relentlessly and continuously innovate.

The fourth industrial revolution is at the heart of five key drivers of change impacting the banking sector. The five major change drivers this discussion will focus on are: Digitisation and Technology; Changing Customer Expectations; Cybercrime and Risk; Disruptors in Banking and Economic and Political Uncertainty.

Driver 1: Digitisation and Technology

Digital banking is the incorporation of new and developing technologies throughout the financial services sector to provide enhanced customer services and experiences effectively and efficiently. Digitisation in banking is driven by three major factors: technology push, customer experience and economic benefits. Customers’ adaptation to the digital environment, forces banks to relook their products and services. Digital technology is rapidly influencing the way customers would like to engage in banking activities.

‘Digital’ is a collective term, which refers to an integrated and collaborative platform that allows consumers, suppliers and organisations to transact using various electronic devices or technologies. It brings together emerging technologies which include social media, cloud, analytics and mobile to provide a cost-effective and convenient distribution channel for consumers to use.

The use of technology to better interpret the complex and evolving needs of customers so as to better engage with them, is an area that the banks are expected to continue to invest in with a view to strengthening their capabilities through smarter and deeper use of predictive data analytics, and better harnessing the wealth of information that already exists within their systems.



Investing in IT at the enterprise-wide, architectural and individual application system levels remains high on the strategic agendas of the major banks in response to their client-centred strategies. As the data and analytics function within banks evolves, institutions should be shifting toward a proactive stance to ward off further regulatory pressure.

Technological innovation is revolutionising the banking industry. There is no getting away from the fact that banks are under threat unless they can keep pace with technology. Some of these innovations are great for banks. Cloud computing, for example, can reduce costs and promote low-cost innovation. But some advances disrupt banking in a big way, like crypto-currency Bitcoin, which skips banks in the payment process. The four technological advances that are changing the face of banking, for better or for worse are social media, mobile banking, cloud technology and crypto-currency.

Driver 2: Changing Customer Expectations

Today's connected consumers have embraced technology to such an extent that it has become an extension of them. Influence of mobile technology, social media, rising customer experience and service expectations, and lower switching costs for customers to take their business elsewhere have dramatically changed the competitive landscape for banks.

With ready access to information, influence of online retail experiences and adoption of new technologies, customer expectations are rapidly changing. This is driving a shift in the market and forcing organisations to develop new interaction models that deliver deeper personalised service and improved customer care.

Now more than ever, banks need to be agile. They also need to be more attuned to their customers' needs - determine how they can better engage with their clients, know the products they want and predict what's needed rather than wait and react. This means embracing social media, giving customers more ways to interact with the business, rethinking traditional marketing tactics and mastering analytics.

Driver 3: Cybercrime and Broader Financial Crime Risk

According to the Banking Banana Skins Report the sharpest rise in concern in 2015 was about criminality (including the risks to banks in areas such as money laundering, tax evasion and cyber-attacks), which rose from number nine in 2014 to number two in 2015. Criminality and technology risk are becoming increasingly concerning for banks given the rise in new competitors who are challenging traditional ways of doing things and operate using more nimble systems and lower overheads.

In February 2016, the Basel Committee on Banking Supervision (BCBS) – being aware of the risk of banks being used, intentionally or unintentionally, for criminal activities – published guidelines relating to the '*Sound management of risks related to money laundering and financing of terrorism*' to describe how banks should include risks relating to money laundering and financing of terrorism within their overall risk management.

This comes on the back of a range of other regulatory pronouncements and guidance from the BCBS, including its '*Guidance on credit risk and accounting for expected credit losses*', at a time when the International Accounting Standards Board is moving towards an expected credit loss accounting framework (IFRS 9); and it represents an important step forward in resolving the weakness identified during the global financial crisis that credit loss recognition was too little, too late.

The IT systems of the banks are now the focus of determined criminals who can transfer millions of pounds (or indeed any currency) within seconds to different accounts and move money across jurisdictions and borders with a few strokes of a keyboard. With IT systems of the larger banks under scrutiny for failures and inadequate controls, it is open to question whether the level of security and infrastructure will be sufficiently robust to withstand the challenge of cyber-crime. To improve cybersecurity, banks will be forced to devote greater resources to enhance the security, vigilance, and resilience of their cybersecurity model.



Driver 4: Disruptors in Banking

Retail companies have a daily relationship with consumers. Consumers flock to retail stores. Retail companies strive to increase consumer average consumer purchases: they've created consumer credit subsidiaries to increase consumer spending power. Doing so, retail companies entered a new market (the consumer credit and cards market) to the expense of banks that used to enjoy a monopoly on the consumer credit market. Now large retailers are entering the payment and Digital Wallet Market.

The second disruptors are telecommunication companies. They are offering consumers and merchants payment services and digital wallets through their mobile devices using telecommunications networks, and extending to-up initial functionalities. This is the second element that's slipping away from the hands of retail banks. Telecom companies have a much larger client base than banks, which provides them with the power to transform markets.

The third disruptors are internet giants, like Google, Amazon or PayPal. Google is working on the Google wallet. It wants to be able to account for every single purchase people make, and leverage the payment data for marketing, using its strong "Big Data" capabilities. Whether or not blockchain technology or software would pass the legal and regulatory hurdles which exist in the South African banking sector is yet to be determined. A thorough legal investigation needs to be undertaken in South Africa in order to understand whether this technology and virtual currency system falls within the scope of the Banks Act, 1998, its regulations, the South African Reserve Bank Act, 1990, and the National Payment System Act, 1998.

Driver 5: Economic and Political Uncertainty

It is not surprising that uncertainties in the macroeconomic environment are impacting on the banking environment. Despite prudential reforms, banks remain vulnerable to high debt levels, future interest rates, weakness in emerging markets, and softening commodity prices. According to the Banana Skins Report, lower growth rates, together with regulatory reforms, will put pressure on banks to manage returns. Concerns about uncertainties in the macro-economic environment, regulation and criminality rank high on the risk agenda of South Africa's banking executives according to the recent Banking Banana Skins survey. Uncertainties in the macro-economic environment present the main threat to the recovery of the global banking system. In South Africa, there was particular concern about the threat from a slowdown in emerging markets. Stress in emerging markets is increasing credit and market risk pressure on banks' asset quality.

Implications for Skills Planning

The change drivers listed above indicate that a change in the occupational landscape is emerging. Many new occupations with a strong technological flair like data analytics, data scientists will emerge in the next few years. In addition, the soft skills required are changing to include skills like agility, innovation, creativity, problem solving, etc. Career fit seems to be the buzz word in terms of the skills needed in the banking sector where re-skilling for new job roles is currently underway.

2.3 Alignment with National and Sectoral Strategies and Plans

BANKSETA aligns its skills development activities to five key national strategies and plans: the National Skills Development Strategy, the Strategic Integrated Projects, the National Development Plan, Government's 9-point plan and the State of the Nation Address 2016. Sectoral Strategies are also important to skills planning. The Financial Inclusion Strategy, Regulation and the Financial Services Charter, are important strategies impacting skills planning for the banking sector. The main drivers of transformation in the financial sector have been the FSC and the Broad-Based Black Economic Empowerment Act.



The National Skills Development Strategy

The NSDS III effective 2011 – 2016 has provided the framework for all BANKSETA targeted interventions and is aimed at achieving a skilled and capable workforce that contributes to and shares in, the benefits and opportunities of economic expansion and an inclusive growth path. The Strategy is aimed at increasing access to high-quality and relevant education and training and skills development opportunities, including workplace learning and experience, to enable effective participation in the economy by all South Africans. The NSDS III has identified a number of challenges that have an impact on the ability of SA's economy to expand and provide increased employment opportunities and these include, amongst others:

- Poor work readiness and inadequate skills levels of a number young people leaving formal secondary and tertiary education to enter the labour market for the first time, which is exacerbated by inadequate linkages between institutional and workplace learning.
- Blockages within the system, which include a lack of synergy between the various post-school sub-systems (e.g. universities, Technical Vocational Education and Training (TVET) colleges, SETAs); a lack of clarity on expected roles of the various components of the skills development system; and the silo approach that prevents partnerships and alignments needed to improve effectiveness.
- There is a need for more substantial programmes that will improve qualifications, support career-pathing, enable greater flexibility and mobility, and increase productivity.
- There is an urban bias to economic development, resulting in skills development for rural areas being neglected.

BANKSETA has taken this into consideration in the manner that it structures its operations. Its four operational units take responsibility for the development of skills for the employed, the unemployed; supporting institutions of higher learning and the smaller employers who fall within the sub-sector of inclusive banking.

Strategic Integrated Projects

The South African government identified water, electricity, transport, telecoms and regional infrastructure as critical areas towards social and economic development. As highlighted by BASA, regional infrastructure programmes will contribute towards regional integration through projects that will enable regional trade and investment performance such as the north-south corridor, enhancing border facilities, improving energy access, IT connectivity and revitalising transport and logistics. South Africans also have interests to expand into Africa, an initiative which the South African government supports.

The banking sector through BASA has identified its role within the SIP to include:

- Coordinating, structuring and managing infrastructure finance and investment packages
- Building partnerships, linkages and collaborations to implement these major infrastructure projects:
 - BASA through BUSA
 - BASA is part of the Task Team on Private Sector Financing of Infrastructure under the National Treasury
 - BASA is engaged in *talks with ASISA to establish a team that will look at public-private financing structures*
- Research and Development to understand the infrastructure types and classes so as to structure appropriate financing packaging; including those of the green economy



One of the main concerns raised by industry on the implementation of SIPS was the issue of raising appropriate funds. The second was that all current engagement on the SIPS project has been on direct engagement of the actual infrastructure projects. The upstream and downstream effects, especially the potential economic development/growth areas using the outputs of the infrastructure project, have not been researched. The DHET analysis captured in a document titled 'Skills for and through SIPS' outlines the direct occupations that will be needed to support the SIPS initiatives. Of relevance to the banking sector, the Contracts Manager and the Management Accountant will require skills related to the sourcing of finance from banks to support their projects and financial management skills. This implies a core focus on Project Finance and the proper planning, management and execution relating to project finances.

These 3 key aspects raise the following potential opportunities for the Banking and Inclusive Banking Sectors:

1. Supporting SIP Contractors to raise appropriate funds for SIP Projects
2. Supporting Foreign Direct Investment into SIPs projects
3. Enhancing the role of Development Finance Institutions like Ithala, DBSA, as well as Investment Banking
4. Growth of Co-operatives to support SIPs projects and hence CFIs and Co-op Banks
5. Growth of micro-finance institutions especially where increased employment takes place
6. Growth of stokvels especially where increased employment takes place

The National Development Plan (NDP)

The country's medium goal is to deal with the triple threat of poverty, inequality and unemployment. To achieve this goal, the government adopted plans to grow the economy that are underpinned by job creation and equity. One of these is the National Development Plan, which is a policy bedrock whose main objective is to eliminate poverty and create 11 million jobs by 2030. The National Development Plan (NDP) is the overarching blueprint for government.

The elimination of poverty and a reduction in inequality by 2030 are the linchpins of the NDP. These imperatives can be achieved by harnessing the energy of people, growing an inclusive economy, building capabilities, strengthening the state's capacity and promoting leadership and partnerships throughout society. The NDP articulates three focal areas: increasing employment through faster economic growth, improving the quality of education, skills development and innovation, and building the capability of the state to play the binary role of development and transformation.

The salient milestones to be achieved by 2030 are the following:

- Elimination of income poverty, entailing reducing the proportion of households with a monthly income below R419 from 39% (2009 prices) to 0%.
- Reducing inequality by decreasing the Gini coefficient from 0.69 to 0.6.
- A substantial drop in unemployment from 24.9% in June 2012 to 6% in 2030. Therefore employment should rise exponentially from 13 million to 24 million.

The NDP has given human settlement priority, to rectify the structural and spatial patterns that worsened inequality created by the Apartheid system. To this, the NDP recommends the creation of '*sustainable living and working environments*' through affordable housing. The banking sector has risen to this challenge through various residential and commercial property products. The Financial Services Charter mandated banks to address issues relating to affordable housing for the low-middle and low-income earners as well as the 'gap-market'.



The sector responded through various interventions that include:

- New product development
- Borrower education
- Partnership with the government to finance the 'gap market'

As a result of these developments the sector as a whole needs risk assessment skills that will enable the development of 'out of the box' solutions for the affordable housing market. The sector is assisting to address this challenge through mentoring programmes, financial support, and business planning and advisory services. The sector also assists SMEs through third party consultants, however, the quality of the interventions cannot always be guaranteed as these services are not standardized and accredited.

BANKSETA's current contribution to the NDP includes the following:

- Learning programmes targeted at unemployed youth, aimed at increasing employability of the youth on these programmes
- Inclusive banking interventions, specifically in micro-finance and co-operatives, support poverty alleviation
- Learner allowances and stipends, and accommodation models, support rural learners
- Invest in skilled, technical, professional and managerial training interventions to support transformation to better reflect the country's racial, gender and disability makeup
- The IT training interventions encourage the banking sector to create banking products that make use of high-speed broadband internet capabilities
- The Africa expansion project should play a leading role in the development of the African continent, economic integration and human rights

Government's 9-Point Plan

Government has developed a 9-Point Plan comprising simultaneous actions in key strategic areas, at a scale large enough to constitute a 'Big Push' to ignite economic growth. The 9-Point Plan consists of the following:

1. Resolving the energy challenge;
2. Revitalising the agriculture and agro-processing value chain;
3. Advancing beneficiation and adding value to our mineral wealth;
4. More effective implementation of a higher-impact Industrial Policy Action Plan;
5. Encouraging private sector investment;
6. Moderating workplace conflict;
7. Unlocking the potential of SMMEs, Co-ops, Township and Rural enterprises;
8. State reform, including boosting the role of state owned companies in broadband, water, sanitation and transport infrastructure; and,
9. Growing the Ocean Economy and Tourism.



Of these 9 key areas, BANKSETA contributes significantly to number 7: Unlocking the potential of SMMEs, Co-ops, and Township and Rural enterprises. BANKSETA addresses this through the following current interventions:

1. Enterprisation project with SAICA has set up an entrepreneurial hub to deal with SMME payroll support, business plan development and advisory services for growth development strategies for small business
2. Inclusive Banking funds SME support in developing 100 SMMEs
3. CFI and Co-op bank support

The sector has made strides in achieving targets set at the implementation of the FSC in 2004. However, the last report of progress made in respect of transformation in the sector was in 2008. The Banking Association SA has indicated that the Financial Sector Charter Council is in the process of compiling an updated report. After the first phase of the FSC which ended in 2008, the sector has been involved in discussions to align the FSC to the BBBEE Codes of Good Practice. This process has resulted in the drafting of the Financial Sector Code which was gazetted in November 2012. However, the BBBEE Amendment Act was made into law in October 2013 and amendments were proposed to align the BBBEE Code of Good Practice and the BBBEE Amendment Act. According to the Banking Association, this created a challenge in that the Financial Sector Code had been finalised in 2012 and the new changes relating to the amendment of the Act and Codes did not specify any code that related to sector codes or charters. Furthermore, the government provided a 12-month transition period and the challenge was that the Financial Sector Code was scheduled to be reviewed in 2014. The Banking Association has indicated that the process of aligning the Financial Sector Code to the revised BEE Codes is still underway and it is hoped that the revised Financial Sector Code will be gazetted during the first half of 2015.

State of the Nation Address (2016)

In the 2016 State of the Nation address, the President announced that the banks, through the Banking Association of South Africa, are to launch a project aimed at establishing a centre of excellence for financial services and leadership training. This will ensure that as a country SA can attract, nurture, develop and retain the best talent in financial services in this country and across the African Continent. This is in line with government's belief that this will over time ensure that SA can expand the pool of financial skills and broaden job opportunities for many young people. This initiative is fundamental to the ambition of the SA government to become a financial centre for Africa to develop regional links for the financial services sector and support economic growth on the continent. A series of reforms have positioned South Africa as a regional financial hub, with a substantial expansion in Africa-related financial services business.

BANKSETA needs to understand the role and function it can play in the establishment and operational mandate of this Centre of Excellence. Once this is clear, a well-structured partnership with relevant role-players will be entered into.

Financial Inclusion

Financial Inclusion aims to provide the 'unbanked' with access to the formal financial system and services such as; savings, payments, transfers, credit and insurance. A growing body of theoretical and empirical evidence suggests that financial sector development that focuses on Financial Inclusion promotes pro-poor growth and poverty alleviation. Financial Inclusion ensures sustainable access to, and use of, appropriate financial services. The Financial Inclusion framework considers demand-side (consumers) and supply-side (financial sector providers) factors that ultimately affect the inclusion/exclusion of individuals. The Financial Inclusion policy aims to ensure that users and financial service providers are included in the formal sector and have incentives to actively do so.



The 2015 FinScope survey shows that in South Africa levels of financial inclusion remain stable at 87% compared to 86% in 2014. About 31.2 million (84%) of adults are formally served; that is they have a bank and other formal non-bank product/services, compared to 80% in 2014. While overall inclusion figures have not changed substantially, the make-up of inclusion in terms of product usage has changed – the percentage of the banked population increased from 75% in 2014 to 77% in 2015, while the percentage of adults relying exclusively on informal mechanisms to manage their money declined from 6% in 2014 to 3.4% in 2015. However, the inappropriate and unproductive use of credit has led to high levels of over-indebtedness. Although the use of financial services is increasing, there remains a need to focus on the small business sector. Only 30 per cent of registered small businesses have access to finance. To improve this situation, government plans to introduce a shared business credit infrastructure for small businesses. The National Treasury will also publish a financial inclusion policy document for public comment. The document assesses the state of financial inclusion in South Africa, and puts forward general principles to guide more comprehensive improvements.

SARB Regulatory Framework

A strong regulatory system is key to the success of any financial hub. Parliament is considering legislation to implement a ‘twin peaks’ framework for financial regulation. In line with global trends, the framework will establish two complementary regulators. The Prudential Authority, situated in the Reserve Bank, will be responsible for the safety and soundness of financial institutions, and the Financial Sector Conduct Authority, which will replace the Financial Services Board, will be responsible for market conduct and securities regulation.

With the twin peaks model at an advanced stage in the legislative process, the National Treasury has begun developing additional reforms to improve financial stability. These reforms aim to reduce the probability of a systemic event occurring, and to contain the effects if it does. From 1 April 2016, new banking regulations will align the current framework with the Basel Committee’s latest guidance. A market conduct policy framework and a draft Conduct of Financial Institutions Bill will be released in 2016. The Bill is intended to simplify and modernise market conduct regulation. If these proposals are adopted, all participants in the financial sector will be affected, from traditional providers like banks and insurers, to relatively new entrants to the industry like mobile network providers. This will ensure a level regulatory playing field that facilitates market innovation, strengthens competition and ultimately serves the customer better.

“To actively promote a transformed, vibrant, and globally competitive financial sector that reflects the demographics of South Africa”

Financial Services Charter

The Financial Sector Charter came into effect in January 2004 as a transformation policy based on the terms of the Broad-Based Black Economic Empowerment [BBBEE] Act (53 of 2003).

The Financial Sector Charter (FSC) is a voluntary agreement by all National Economic Development and Labour Council (NEDLAC), a multilateral social dialogue forum on social, economic and labour policy, members to promote social and economic integration and access to the financial services sector. The Financial Sector Charter commits its participants to “actively promoting a transformed, vibrant, and globally competitive financial sector that reflects the demographics of South Africa, and contributes to the establishment of an equitable society by effectively providing accessible financial services to black people and by directing investment into targeted sectors of the economy”.



2.4 Five Key Skills Issues

Based on the change drivers and national priorities, BANKSETA identifies the following as the five key skills issues for the 2015/16 financial period:

- Regulatory compliance
- Customer centricity
- Digitisation and technology including Data Management
- Risk Management with a key focus on cyber-security
- Management and Leadership with a key focus on business modelling and managing change

2.5 Conclusion

By 2020, the Fourth Industrial Revolution will have brought us advanced robotics and autonomous transport, artificial intelligence and machine learning, advanced materials, biotechnology and genomics. These developments will transform the way we live, and the way we work. Some jobs will disappear, others will grow and jobs that don't even exist today will become commonplace. What is certain is that the future workforce will need to align its skillset to keep pace.



SKILLS



Chapter 3 | Skills Mismatch

Chapter 3: Skills Mismatch

3.1 Introduction

Skills mismatches come from measuring the gap between skills demanded and skills supplied. Skills demanded by the banking and inclusive banking sector are vastly different in terms of the complexity of the tasks carried out within the various occupations. This analysis commences with a look at what existed in the sector and occupations that are hard to fill. These provide the first snapshot into the scarce and critical skills for the sector.

Skills supply is a little difficult to ascertain as qualifications are not specific but rather generic in nature. This analysis looks at supply from the TVET Colleges, Higher Education Institutions and professional bodies. This comparative then provides the list of top ten scarce skills for the sector.

Having profiled the sector, the people employed within it, and the key issues driving change, this chapter focuses primarily on understanding occupation-specific skills mismatches for employers in the sector with the objective of identifying the skills gaps and subsequently finding solutions to address them.

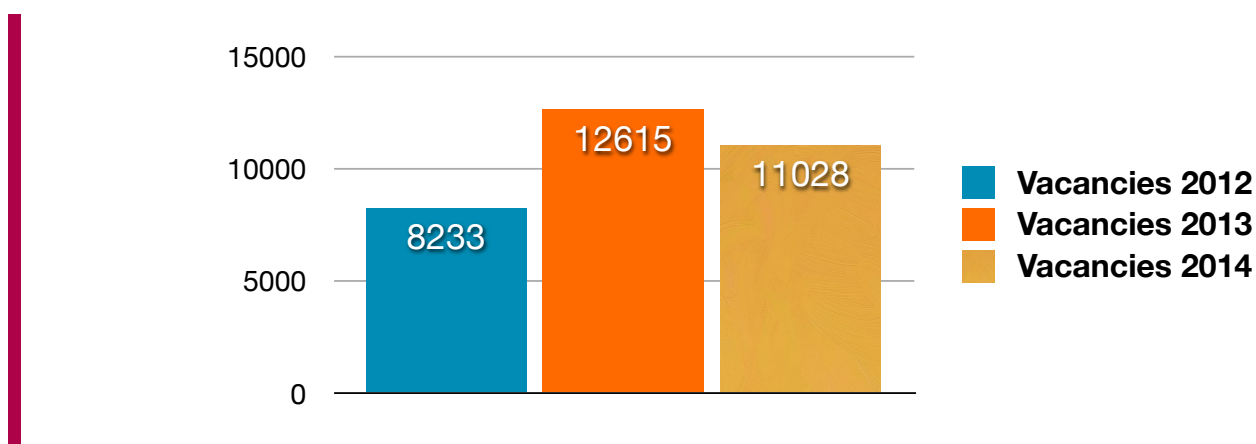
3.2 Extent and Nature of Demand

This section focuses on the various aspects of occupational analysis including which occupations have vacancies, which occupations are hard-to-fill and why, what are the occupational wage trends, what are occupational employment trends, what are the conditions of employment and how is migration impacting on the sector?

Vacancies within the banking sector have been steady on average although there was a sharp increase of vacancies in 2013 of 12 615 from 8 233 in 2012, with a marginal drop in 2014 as shown in **Figure 7** below.

Figure 7: Overall Vacancies that Arose from 2012-2014

Source: BANKSETA 2015 Survey



As a result of the digitisation and technological advancements in the industry, most vacancies exist in the IT and customer expectations units. The banking sector has mentioned customer centricity as a major change driver of the industry with a need for professionals who can understand clients holistically. This is evident with a lot of vacancies amongst corporate and customer services managers (coming third and fourth consecutively).



Table 9 shows details of occupations where most vacancies have been created over the past three years from 2012-2014. Some of these vacant positions may have been filled with new recruits', whilst others may be with individuals with experience.

Table 9: Vacancies that Arose from 2012 - 2015

Source: BANKSETA 2015 Survey

Code	Occupation	Vacancies 2012	Vacancies 2013	Vacancies 2014
133104	Application Development Manager	353	558	306
421101	Bank Teller	316	260	97
421102	Bank Worker	136	895	635
422206	Call or Contact Centre Agent	134	234	126
121901	Corporate General Manager	251	244	110
121902	Corporate Services Manager	1 503	2 101	1 624
122105	Customer Service Manager	756	1 021	1 022
112101	Director (Enterprise / Organisation)	287	271	310
411101	General Clerk	344	300	145
251101	ICT Systems Analyst	1 039	2 282	2 326
242101	Management Consultant	182	296	322
334102	Office Administrator	1 680	1 349	856
122102	Sales Manager	302	384	388
252201	Systems Administrator	275	463	678
Others	Others	675	1 957	2 083
Total		8 233	12 615	11 028

Wage Analysis

BANKSETA was unable to engage in an in-depth wage analysis for the sector as the employers were not willing to release this information. However there is a general indication that Information Technology jobs pay above-market rates as many of the high-level jobs use imported skill.



Occupations that are hard to fill

As shown in **Table 10**, most hard-to-fill vacancies were mainly within the IT environment; mainly developers, designers, programmers and analysts. Analysis indicates that this is fuelled by massive demand of IT across different sectors and the lack of the much needed banking experience. There seems to be a preference for seamless technology among customers and the sector. This is an approach that integrates the heterogeneous channels and including mobile and online channels, sparking a need not only of the core competencies but in-depth banking and retail experience.

Table 10: IT Skills that are Hard to Fill

Source: BANKSETA 2015 Survey

OFO Code	Occupation	Why are these hard to fill?
133101	Chief Information Officer	Big demand for these skills across all industries
251201	Software Developer	Big demand for these skills across all industries
		Sought-after skills which are in high demand
252901	ICT Security Specialist	Big demand for these skills across all industries
252101	Database Designer and Administrator	Big demand for these skills across all industries
251101	ICT Systems Analyst	Sought-after skills which are in high demand. Limited availability in the market which makes them costly to recruit
		Big demand for these skills across all industries
		Scarce skill, EE requirements
		They are highly demanded in the market
252201	Systems Administrator	Scarce skill, EE requirements
251202	Programmer Analyst	Some candidates meet our EE requirements · Large premium to be paid (>50%)
		Big demand for these skills across all industries
251203	Developer Programmer	Sought-after skills which are in high demand
		Big demand for these skills across all industries
351201	ICT Communications Assistant	Scarce skill, EE requirements



IT skills are followed by actuaries, credit managers, accountants and investment professionals who mainly depend on quantitative and mathematical skills as reflected in **Table 11** below. These professionals are a scarcity because of their ‘cross-over’ skill and very specialised nature.

Table 11: Quantitative, Mathematical and Investment Skills

Source: BANKSETA 2015 Survey

OFO Code	Occupation	Why are these hard to fill?
241202	Investment Manager	Limited skills in market
241201	Investment Analyst	Africa in general - language barriers / skills / work permits
121901	Corporate General Manager	Very specialised / limited skills in market
212101	Actuary	Some candidates meet our EE requirements Large premium to be paid (>100%)
		Big demand for these skills across all industries
		Scarce skill, EE requirements
121103	Credit Manager	Current market instability of the unsecured lending environment. The environment is perceived as too high risk to enter into
		Experience; leadership; wage levels
241102	Management Accountant	High turnover / limited skills

The constant legislative requirements always necessitate the need for regulation and compliance skills. These have been articulated as policy analysts and compliance officers as shown in **Table 12**. These skills require in-depth knowledge of the banking and financial regulation and extensive experience that is difficult to find.

Table 12: Regulation and Compliance Skills

Source: BANKSETA 2015 Survey

OFO Code	Occupation	Why are these hard to fill?
242202	Policy Analyst	They are highly demanded in the market
242207	Compliance Officer	Scarce skill, EE requirements
		Relevant experience; leadership; wage levels
263101	Economist	They are highly demanded in the market

Research conducted by BANKSETA indicates that the exportation of skill is not an issue for the sector. According to respondents a small minority of employees have left their organisations to work outside of South Africa. However, employers have not indicated the movement of staff to work in branches outside of SA. This data will be collected in further studies. Imported skill, however, reflects a different scenario: 1.93% of the workforce is imported skill. For a country with high rates of unemployment an investigation into this is important to determine the skills needed to replace imported skill with local skills.



The research indicates that a large number of IT skills are imported for the following occupations as indicated in **Table 13**:

Table 13: IT Occupations that are Imported

Source: BANKSETA 2015 Scarce Skills Survey

OFO Code	Occupation
251202	Programmer Analyst
262202	Information Services Manager
251203	Developer Programmer
251901	Quality Assurance Analyst (Computers)
251101	ICT Systems Analyst
252301	Computer Network and Systems Engineer
252901	ICT Security Specialist
252201	Systems Administrator
133105	Information Technology Manager
251201	Software Developer
351201	ICT Communications Assistant
133101	Chief Information Officer
243402	ICT Business Development Manager
133104	Application Development Manager
133102	ICT Project Manager
252101	Database Designer and Administrator
216604	Web Designer
216603	Multimedia Designer
216601	Graphic Designer

There are a number of developments that have taken place both globally and domestically that highlighted that need for skills within the sector. Product innovation, systems automation, changing technology, increased customer expectations, streamlining of processes, and changing regulatory requirements have resulted in the development of more integrated business functions, which require more diverse and hybrid types of skills, experience and industry background, which has been a challenge to attract and retain. There is also a need for specialist skills in cyber security – expertise in encryption and biometric verification.

New technology has brought about an increased demand for skills in the industry. According to the University



of Cape Town Financial Sector Assessment Report (2014); in the South African economy there is a massive deficiency of Information Technology skills. These include hybrid roles such as Business Architects and Business Analysts, and there is also a growing need for Digital Managers. It has also been reported that the following Information Technology roles in companies within the financial services sector are in demand:

- JAVA Developers;
- COBOL Developers;
- IT Project Managers;
- SAP Developers;
- Software Developers;
- Systems Analysts;
- Systems Developers;
- Systems Architects;
- Analyst Developers; and
- Information Architects.

Another driver of change in the skills arena has been that of regulation and compliance. Regulatory reporting requirements become more complicated and Information Technology staff need to gain expertise to develop complex systems that are needed to meet the changing needs of the business. Increasing regulatory requirements have also highlighted the need for specialist expertise in regulation and compliance with the ability to assess legislation and make appropriate recommendations taking into account business operations and strategic goals of the institution.

There is also a huge demand for specialist Mathematical, Quantitative and Investment expertise, which are specifically required in, amongst other subsectors, investment banking and asset management. Furthermore there is fierce competition to attract skills such as, amongst others, Market Risk Specialists, Research Analysts, Credit Risk Specialists, Investment Analysts/Managers, Investment Business Development Managers, and Mergers and Acquisitions Specialists.

Data Analytics has also been identified as a major future development area for the sector as companies have large quantities of consumer data where the ability to identify trends and develop innovative solutions from that data is required. It has been reported that this area has suffered most due to the dearth of Statisticians in South Africa.

3.3 Extent and Nature of Supply

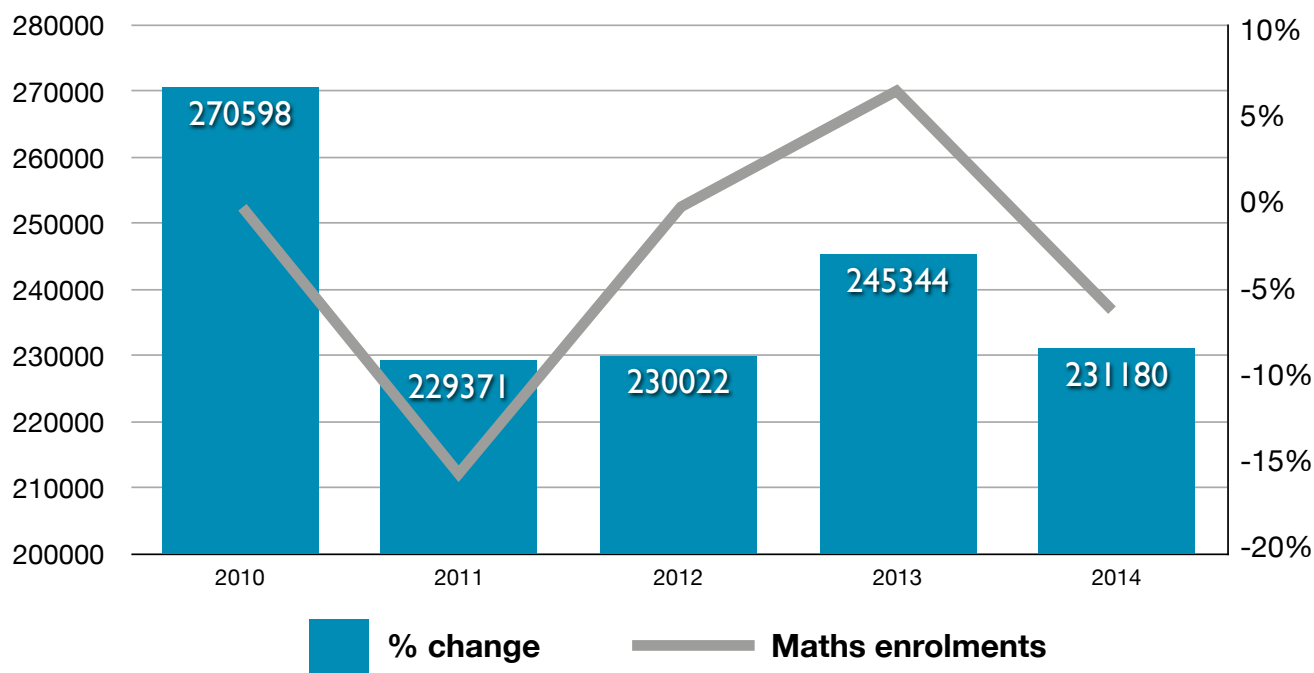
The supply of skills to the banking sector comes from a myriad of sources including school leavers, TVET graduates, HE graduates as well as SETA graduates.

The basic education stream is quite significant as it provides throughput for all post-school education and training streams. Poor performance in Mathematics, which is key for employment in the banking sector, has been a cause for concern. Data from the Basic Education Department indicates that there has also been a decline in enrolments for the subject (**Figure 8**). There has been a sharp decline in enrolments in 2010 and 2014, declining by 15 percent and 6 percent respectively.



Figure 8: Enrolments for Maths at School

Source: NSC Examination Technical Report (2015)



However, there has been some slight improvement in the pass rate for maths between 2010 and 2013, but the pass rate slightly declined from 59.1 percent in 2013 to 53.5 percent in 2014. This decline, however, can possibly be linked to the noticeable decline in maths enrolments in 2014. Mathematical skills are required for the majority of roles in the banking sector and poor performance by learners may exclude them from opportunities in the banking industry. The Department of Basic Education hopes that with the establishment of the new Directorate for Mathematics, Science and Technology there will be some improvement in learner participation and outcomes for mathematics.

In respect of the overall pass rate, observers have expressed concern about the lowering of standards, i.e., the 30 percent pass mark. Observers have argued that the higher pass rate can possibly be linked to the lowered passing standards. Furthermore, it has been argued that learners are not adequately prepared for tertiary education and the labour market, and this often leads to some of them dropping-out or lower graduate rates.

Upon achievement of a Bachelor’s degree pass in the NSC examination, learners can enrol for a Bachelor’s degree at any university in SA. Government, in its Green Paper for Post-School Education and Training (2012), indicated that the post-school system was not meeting the needs of the economy and society as a whole. There is often a mismatch between what is produced at higher education level and what industry often requires. A major problem that has been identified in the system is the inadequacy in the provision of post-school education and training in terms of quantity, diversity and in some instances quality. The Green Paper aimed to “align the post-school education and training system with South Africa’s overall development agenda, with links to various development strategies such as the New Growth Path, the Industrial Policy Action Plan 2, the Human Resource Development Strategy for South Africa 2010-2030, and South Africa’s Ten-Year Innovation Plan” (Post-schooling Green Paper, 2012). In the university system, a number of problems relate to access, curriculum, staffing, management, student funding, and other forms of student support.

The Higher Education Institutions (HEI) system consists of 23 public universities and 113 private universities. **Table 14** illustrates the number of students enrolled in public and private institutions between 2009 and 2013. Almost a million students were enrolled in 23 public universities in 2013 compared to almost 120 000 students in 113 private universities. The number of first-year student enrolments as percentage of total students enrolled at public institutions, has declined over this period, dropping from 20 percent in 2009 to 16 percent in 2013.



Table 14: Overview of Higher Education Institutions

Source: BANKSETA 2015 DHET (2015)

Category	2009	2010	2011	2012	2013
Public HEIs	837 776	892 936	938 201	953 373	983 698
Private HEIs	77 205	90 676	103 036	97 478	119 941
First-year enrolments (Public)	164 518	168 388	179 105	169 765	158 389

The common fields of study that offer a supply stream for the banking sector are Bachelor of Commerce; Bachelor of Science: Actuarial/Financial Mathematics; Bachelor of Business Administration; Bachelor of Science: Engineering/Applied Mathematics/Computer Science; Bachelor/Master of Law: Corporate Law; Bachelor of Accountancy. There are in some cases intakes from Bachelor of Arts: Psychology and Bachelor of Social Science: Human Resources. The bulk of the supply falls within Business and Management.

TVET Colleges have been identified by government as a vehicle to improve throughput rates and expand the numbers of qualified people entering the workforce. Improved quality through effective training of college managers and academic staff, and improved student support was envisaged in the Green Paper for Post-Schooling Education and Training. According to the Green Paper, improving the quality will entail “the development of appropriate programmes; upgrading lecturer qualifications; capacity building for management and governance; improved learner support; utilising appropriate information technology systems for both learning and management; and building strong partnerships between colleges and employers in both the public and private sectors”.

In growing an appropriate skills development pipeline, BANKSETA focuses on post-matric NQF level 5 Learnerships and post-graduate Learnerships branded as the Letsema and Kuyasa Learnership programmes. In addition, specialised niche-funded learnership programmes also provide an opportunity to build the skills pipeline of individuals required from other fields of study.

An analysis of the employment of new recruits indicate that the sector does not favour the employment of TVET graduates. In fact, most of the new recruits are post-graduate learners from higher education institutions. BANKSETA plans to conduct research to determine the reasons for why the sector is reluctant to employ TVET graduates.

The Institute of Banking (IoB) does not play a dominant role in the provision of training of professional certification. In fact there is no professional certification for the banking sector. However, professional bodies like the South African Institute of Chartered Accountants (SAICA), the Institute for Risk Management (IRMSA), the Compliance Institute of South Africa and the Professional Body for Accounting Technicians (AATSA) do play a significant role in building capacity for the sector. BANKSETA has partnered with these organisations to build the pipeline of professionals required by the banking sector.

3.4 Identification of Scarce Skills and Skills Gaps

BANKSETA carried out an intensive scarce skills survey where a validation workshop was held with the sector. A robust discussion resulted in the finalisation of the scarce skills list.

The following criteria are used to identify a scarce occupation;

- High turnover rates
- High vacancy rate
- The demand for the skill outweighs the supply



- Vacancies are difficult to fill
- Higher than market-rate salaries
- Skill requires advanced knowledge and years of study or currency of training updates
- Skills that are imported

Technology is the linchpin of banking operations because banks are adopting rigorous innovation practices, driven by technology as a means to attain that competitive edge, resulting in an exponential increase in operating costs. It is therefore not surprising that future skills include IT occupations, especially developers, programmers, network engineers and designers. Cybercrime has been identified as a risk for most banks and their clients, and IT Security Specialists are included in this industry.

Table 15: Next Five-Year Skills

Source: BANKSETA 2015 Scarce Skills Survey

OFO Code	Occupation/Job Title/Job Description
212103	Statistician
241102	Management Accountant
242207	Compliance Officer
251101	ICT Systems Analyst
251201	Software Developer
251203	Developer Programmer
252101	Database Designer and Administrator
252901	ICT Security Specialist
251202	Programmer Analyst
212101	Actuary
133101	Chief Information Officer
241202	Investment Manager
133102	ICT Project Manager
133104	Application Development Manager
242403	Assessment Practitioner
243402	ICT Business Development Manager
252301	Computer Network and Systems Engineer

The Scarce Skills Survey provided an opportunity to engage with the sector to determine what skills were scarce and the extent of the scarcity: absolute or relative. The scarce skills listed below confirm the data obtained in research of the IT needs of banking. Most of the scarce skills relate to IT. This seems logical due to the changing technology and new product development of banks in an effort to move away from archaic legacy systems and the development of technologically-driven new products.



Table 16: Scarce Skills

Source: BANKSETA 2015 Scarce Skills Survey

OFO Code	Occupation
251201	Software/Programmer Developer
252901	ICT Security Specialist
252101	Database Designer and Systems Administrator
251101	ICT Systems/Programmer Analysts
241202	Investment Manager/Analyst
121103	Credit Manager
242207	Compliance Officer
212103	Statistician
241102	Management Accountant
243402	ICT Business Development Manager

From **Table 16** shown above, it is clear that the skills needs exist at the management and professional levels. This is supported by the fact that the sector employs mostly matriculants and hence the skill set is generic in nature. Specialised skill is clearly scarce as the sector seems to lack the qualified personnel in the roles of professionals and managers.

If one examines the list of imported skill, it is safe to assume that these skills are an absolute scarcity within the banking environment. With the large number of new posts created, the dynamic nature of banking is not supported by a properly qualified and skills pipeline. Resignations in the sector are also high, which gives an indication that the movement of skills amongst banking institutions are fuelled by higher-than-market wages for scarce skills, especially in the IT arena. This level of scarcity will start to grow as non-banking competition heats up for both market share and skilled personnel. Relative scarcity exists in the inability of the sector to meet transformation targets, especially with the employment levels of people with disabilities and transformation at management and executive levels. To address this, BANKSETA implements the International Executive Development Programme in an effort to fast-track individuals identified by the banks.

Critical skills refer to capabilities required within an occupation. Financial Advisory and Intermediary Services (FAIS) compliance is an identified critical skill in the banking sector along with customer centricity or satisfaction and technology.

An analysis of the above indicates that the following skills gaps exist and need to be improved:

- Skills gaps exist amongst technicians, professionals and managers
- The development of a pipeline of IT graduates that meet the skills needs of the banking sector. This pipeline must address the skills that are imported to fill the current skills gaps in IT
- The alignment of bespoke/specialised IT skills programmes that are unique to banks in terms of the banking platforms they utilise
- A range of Analysts appear to be a scarce skill



The impact of the skills shortages identified above are:

- Continuation of importing of skills despite high levels of unemployment
- Paying higher-than-market salaries for occupations in high demand – increase operating costs
- Posts remain vacant for a long time – influences productivity levels
- Pipeline graduates not at level required – takes time to train and additional costs
- Fraud and cybercrime will continue if banks do not acquire the skills to combat this
- Stifle the growth potential of the banking sector
- Low labour productivity

BANKSETA's Certificate in Banking Services seems to be a much sought after qualification for entry level into the sector.

Research indicates that virtually no graduates from the TVET Colleges are employed within the banking sector.

A large number of the graduates employed possess post graduate degrees at Honours and some at Master's Level. This is an indication that the banking sector is employing graduates with a degree of higher qualification. This supports the analysis that technical and professional skills are scarce and required by the banking sector.

3.5 Pivotal List of Programmes

To assist the SETA in addressing the scarce skills occupations listed above, a list of PIVOTAL programmes are identified. The occupations in the PIVOTAL List are derived from the scarce skills that exist in the sector. In addition, the DHET Occupations in High Demand was also consulted to determine if these skills are also of national importance.

As BANKSETA uses a demand driven model for funding PIVOTAL programmes and leaves the choice of intervention to the discretion of the employer for the skills development of the employed, the interventions funded remain generic. The interventions are thus learnerships and bursaries (academic programmes) for employed, and skills programmes for shorter interventions that lead to a qualification. For the unemployed learners, work integrated learning and internships are added as intervention types. One of the priority areas for BANKSETA in the coming year is to investigate the Continuous Professional Development (CPD) model as an additional intervention type especially for high-level skills needs.

Skills needs are not static and hence it is difficult to ascertain if the proposed interventions will address the scarce skill and eliminate it from the list completely. It is also important to note that the skills needs have been derived only for the sector. However, with the growth of disruptive competitors and the fact that some of these skills are required across sectors, the skills being addressed may indeed leave the sector. It is hoped that the interventions will address some of the scarce skills needs in the sector. It is unlikely that the scarce skill will be completely addressed and will no longer exist. It is, however, hoped that addressing the scarce skill will in some way reduce the quantity of the skill that is imported by replacing it with local hire.

One of the greatest challenges experienced is that often employers will indicate that the occupations they indicated does not fall within the top-ten of the scarce skills and hence the PIVOTAL List. To address this and to ensure consultation across all employers, the scarce skills and PIVOTAL List are circulated to all employers for feedback and comments. A validation workshop is also held with the sector in order to reach consensus on the scarce and PIVOTAL Lists as these form the basis for the allocation of funding in the Annual Performance Plan.



Throughout the data collection and skills planning process, some key themes emerged. This resulted in the development of five key skills issues, which further translate into the five priority areas that BANKSETA will focus on in the next few years. The PIVOTAL Skills List is aligned to these focus areas.

The quantities in the PIVOTAL List were informed by data supplied by employers when submitting their WSPs for 2016.

The PIVOTAL List is ranked in order of priority from a quantitative perspective. The occupations that have the largest quantity in terms of need were ranked higher than others. The number of employers who indicated that the skill was scarce also influenced the ranking of the PIVOTAL List.

Table 17: PIVOTAL List

Source: BANKSETA 2016

Occupation Code (OFO)	Occupation	Specialisation / Job	Intervention Types Planned by SETA	NQF Level
121901	Corporate General Manager	Business Operations Manager	CMD, Bursary, Learnerships	NQF 4-9
251202	Programmer Analyst	Software Configuration / Licensing Specialist	Bursary, Learnerships, WIL	NQF 4-6
252301	Computer Engineer	Communications Analyst (Computers)	Bursary, Learnerships, WIL	NQF 4-6
252901	ICT Security Specialist	Information Technology Security Manager	Bursary, Learnerships, WIL	NQF 4-6
241202	Investment Manager	Hedge Fund Manager	Bursary, Learnerships, WIL	NQF 4-7
212101	Actuary	Actuary Manager	Bursary, Learnerships, WIL	NQF 5-9
133102	ICT Project Manager	ICT / IT / Computer Operations Manager	Bursary, Learnerships, WIL	NQF 4-6
212103	Statistician	Statistical Analyst	Bursary, Learnerships, WIL	NQF 4-6
122201	Advertising and Public Relations Manager	Media and Communications Manager	Bursary, Learnerships, WIL	NQF 4-6
242207	Compliance Officer	Financial Markets Compliance Officer	Bursary, Learnerships, WIL	NQF 4-6



3.6 Conclusion

In the demand for skills analysis, an investigation into vacancies, occupations that are hard to fill and skills that are imported, provided a strong case that various information technology skills are in demand. These are clearly linked to the drivers of change that emerged earlier in the document. The supply of skills is primarily from the higher education sector with very little scope for the employment of graduates from the TVET Sector. It is evident from the analysis conducted that there is a mismatch between the supply and the demand. BANKSETA plans on hosting interventions to encourage discussion between employers and institutions of learning to understand the mismatch and to work towards tailoring programmes that will address the mismatch of skills demanded and supplied.





Chapter 4 | Sector Partnerships

Chapter 4: Sector Partnerships

4.1 Introduction

A partnership is often defined as a collaborative relationship between entities to work towards a shared objective through a mutually agreed division of responsibilities. This chapter provides an analysis of the current partners that BANKSETA works with in ensuring that it delivers its mandate to the banking and micro-finance sector. Partnerships form a framework for working together to achieve a common goal. Existing partnerships provide either support to projects or serve as service delivery partners in projects. As BANKSETA seeks to support banking organisations in Africa, it also looks to form new partnerships in the African continent. This chapter seeks to assess the usefulness of existing BANKSETA partnerships. This chapter also highlights some of the challenges experienced in forming and maintaining these partnerships with the aim of identifying measures to improve on these relationships. Dynamic organisations constantly engage with new stakeholders and BANKSETA plans on establishing new partnerships. This chapter details the nature of these new partnerships.

4.2 Existing Partnerships

BANKSETA views partnerships as alliances with various stakeholders ranging from Regulatory and Compliance Authorities, Associations influencing the banking environment, Employers (constituent and others), Trade Unions, NGOs and CBOs, Educational Institutions (public and private) and Service Providers (suppliers and training providers). These partnerships enhance and support the achievement of targets set for BANKSETA in terms of its Strategic and Annual Performance Plan.

Partnerships with BANKSETA are either informal or formal. Informal partnerships exist between the organisations with an understanding that co-operation best supports skills development in the sector. Formal arrangements exist particularly with TVET Colleges, UoTs and Universities for the delivery of work-experiential learning. The terms of reference for these formal partnerships are crafted into a partnership agreement, memorandum of understanding or a service level agreement.

A number of Associations, Professional Bodies, Employee Representation Bodies, Employer Representation Bodies, etc. work in the banking sector. Their expertise is invaluable for the development of skills interventions that meet the specific needs. BANKSETA partners with these organisations to gain expert knowledge and share experiences. **Table 17** below provides an outline of existing partnerships between BANKSETA and key role-players in the sector.



Table 18: Existing Partnerships with Industry Role-Players

Source: BANKSETA 2016

Name of Organisation	Description of Engagement
Banking Association South Africa	A close relationship exists between BANKSETA and BASA. BASA engages with BANKSETA in Consumer Education capacity building within the banking and inclusive banking sector.
SASBO – Employee Union	Although no formal partnership exists with the Labour Union, the Union serves on the Board of BANKSETA and has the opportunity to engage on any matter relating to skills development.
Zenex Foundation	The Foundation works in partnership with BANKSETA on the Maths and Science Support Programme aimed at improving the Maths and Science results of disadvantaged students in rural schools.
SABRIC	Representatives also engage in information talks to learners on risk and fraud scams.
MFSA	The MFSA works closely with BANKSETA to provide strategic support of Micro-finance/SME organisations. BANKSETA is provided with an opportunity to engage in the Roadshows of the MFSA and serves on the MFSA Board.
CBDA and NACFISA	Capacity building interventions are designed with the CBDA and NACFISA for CFIs. These programmes are aimed at building their capacity to move towards meeting the requirements for registration as co-operative banks.
IRMSA	This partnership was formed to support the development and implementation of a new learning intervention for Risk Practitioners.
SAICA	This partnership was formed to implement a skills transfer model for the expansion of TVET Colleges to implement the Accounting Technicians Programme.
Compliance Institute	This partnership was formed to support the development and implementation of a new learning intervention for Compliance Officers.
QCTO	BANKSETA is the appointed quality assurance partner for all Banking Sector Legacy and Occupational Qualifications.
FSB	This relationship facilitates FAIS compliance in line with FSB regulations for the banking sector.

BANKSETA also partners with the following listed NGOs to deliver its Consumer Education Programme to various communities:

- Vhutshavelo Development Forum
- Mapfura Makhura Incubator
- Batho Pele Community Development
- Graduates, Diplomates and Matriculants (GRADIMA)



BANKSETA approves TVET colleges on an annual basis for Work Integrated Learning (WIL) grant funding, the aim of which is to assist the colleges to make links with employers in order for the learners to obtain the requisite workplace experience to make them more employable. This is primarily a partnership between a donor and recipients of the grant. BANKSETA manages the relationships between colleges and the sector employers by inviting the sector employers to various regional networking sessions, where employers are taken through the aims and objectives of the intervention, processes on how to become involved as well as meet the respective college contacts. BANKSETA currently has agreements with the following TVET Colleges to support learners who completed their N6 level of study to gain their practical experience to obtain their National Diplomas. Of the 50 TVET Colleges BANKSETA currently has partnerships with 19 of these Colleges to support work-integrated learning. BANKSETA supports Colleges across all nine provinces and through these partnerships, an avenue is created to support rural skills development. A partnership exists with Motheo TVET where BANKSETA has been tasked to fulfil the role of Lead SETA in the Free State by the Department of Higher Education. BANKSETA has established a satellite branch at this TVET to support the various interventions in implements in the Free State.

BANKSETA currently supports 14 Universities of Technologies/Universities for various initiatives aimed at building the skills pipeline to address scarce skills in the sector. This support is for Work Integrated Learning and bursaries that address scarce skills in the banking sector. BANKSETA covers the funding of bursaries through partnership agreements with Universities. The support is holistic (covering tuition, textbooks and accommodation, on or off-campus, depending on what has been arranged by the University). Each institution will use its pre-determined entry criteria to identify learners to nominate for Merit Bursaries. BANKSETA Merit Bursaries are renewable annually and are dependent on the students' academic progress. Work Integrated Learning (WIL) grant funding has also been extended to the Universities of Technology in an attempt to allow graduates to develop the soft skills so essential to corporate teamwork and productivity.

These partnerships have enabled BANKSETA to achieve the following key outputs:

- Grow the pipeline of graduates ensuring they complete their studies with the necessary workplace experience making them more employable
- Provide bursaries to address PIVOTAL skills like ICT
- Provide learners who completed their N6 level of study at a TVET College to obtain the 18-month work experience necessary to convert their Certificate to a National Diploma
- Provide learners from UOTs with the financial support to complete their work-experiential learning for completion of the diploma
- The funding of doctoral students provides an enabling environment for the generation of new knowledge for the banking sector in the form dissertation papers whilst simultaneously funding of doctoral students
- BANKSETA strategic relationships built with the public TVET colleges, Universities and Universities of Technology are designed in such a manner to either:
 - Improve how the institution responds to the needs of the broader banking and inclusive banking sector, through *lecturer support*; or
 - Develop scarce and critical skills for occupations that are in short supply by the sector, through bursary support; and
 - Bring demand (industry/employers) for skills closer to supply (current workers/new entrants into the economy) of skills by addressing better use of work-based skills development.



Partnerships with industry role-players especially those with the Public Institutions of Higher Learning has worked well. Because these partnerships have quality assurance mechanisms in place, challenges are identified early and through the process of collective agreement, problems are resolved.

On a quarterly basis, BANKSETA hosts Business Boardroom sessions where topics of interest to the Banking Community are discussed. These sessions generally initiate discussions which influences skills development.

The most important lesson learnt from partnerships that are successful is that written Memorandum of Agreements or Service Level Agreements provide a strong base on which many of the partnerships are cemented. In this way, roles and responsibilities are concisely outlined and this ensures that a successful partnership follows. This has worked well and BANKSETA ensures that most partnerships have these signed agreements. Clear Terms of Reference are also important in ensuring that each partner understands its roles and responsibilities.

4.3 New Partnerships

In a dynamic environment, there is a constant need to form new partnerships. Based on the strategic focus for the forthcoming year, it is imperative that BANKSETA identifies new partnerships and actions these to deliver on new initiatives.

Proposed partnerships with other sector role-players:

- A partnership must be established with NASASA to provide skills development support to the growing number of stokvels.
- To augment the research and skills planning, a partnership with Stats SA and the NRF is proving to be extremely important.
- A partnership with the University South Africa as the central nerve for relationships with Universities is important.
- There is growing evidence that the sector urgently requires a functional Professional Body. BANKSETA plans to work with BASA and the IoB to ensure that Continuous Professional Development is integrated as a learning methodology.

Proposed partnerships with other SETAs:

- Digitisation and Technology have emerged as key drivers within the banking sector. BANKSETA will continue to pursue the development of a partnership with the MICT SETA especially to address the growing demand for ICT vendor programmes that fall outside of the scope of the PIVOTAL ambit.
- There are an increasing number of retail companies that are emerging as banking disruptors, and a need emerges for a partnership with the W&R SETA to ascertain if any banking-related skills are surfacing within their scope.
- Collaboration with INSETA with regards to skills development needs of banks that also have an insurance division.



Proposed partnerships with TVET, UoTs and Universities:

These organisations are offered grant funding through prescribed funding windows that ensure regulatory compliance. It is hoped that through the grant funding process, further partnerships with TVET, UOT and University Partnerships will be established to strengthen the provision of:

- Work-integrated learning
- Bursaries (Master's and Doctoral)
- Secondary providers of BANKSETA programmes
- Alignment of higher education programmes to sector needs
- Capacity building

4.4 Conclusion

For BANKSETA there is added value in working with other organisations. Partnerships for sustainable skills development between BANKSETA and the various role-players, seek to share risks, pool resources and talents, and deliver benefits to skills development for the banking and financial services sector. Partnerships are one way of ensuring that graduates from institutions of higher learning can meet the skills demand.

BANKSETA has current partnerships with a wide range of Institutions including TVET and HE Institutions. Many of these partnerships relate to service delivery agreements specific to internships, bursaries and work-integrated learning. Partnerships with professional and regulatory bodies help to strengthen delivery mandates and ensure that all relevant stakeholders participate in SETA funded initiatives. Growing the partnership mandate into Africa will allow BANKSETA to share its experience and best practice models in skills development.





Chapter 5 | Skills Priority Actions

Chapter 5: Skills Priority Actions

5.1 Introduction

This chapter consolidates and presents the findings from previous chapters and reflects on priority actions for the sector. The previous chapters provided the information and analysis and thus enable a response in the form of recommended actions that are realistic, consistent and achievable. This chapter provides a set of priority actions, which form the basis for the development of the APP. Consideration is also given to national strategies and plans to thus ensure alignment with government's priorities.

5.2 Findings from Previous Chapters

From Chapter One, the following findings emerged:

- The SARB and FSB are two core regulatory bodies that control the banking and non-banking sector and hence will have a pronounced influence on skills planning for the sector.
- The CBDA plays a vital role in the growth of Co-operative Banks and CFIs. To date it seems that there are challenges as a very small number of Co-op banks and CFIs meet regulatory requirements.
- DFIs are important for the growth of the SMME sector and providing financial support for economic development opportunities. In a weakening economy, their role is even more strategic and must be supported.
- The large number of unregistered micro-finance lenders must be supported to adhere to the NCA requirements.
- NASASA plays an important role in supporting the stokvel sector, which represents an extremely large portion of informal savings.
- New SIC Codes have been released since the establishment of SETAs.
- The Institute of Banking is currently not active in the development of Professional Qualifications and Programmes for the banking sector.
- On a year-on-year basis, employment in the financial services sector increased, but in comparison to the previous quarter, it decreased. The sector has shed jobs and there may be a need to carefully follow any possible retrenchments that may occur in the banking sector.
- As the third-largest employer, the financial services sector has the potential to export appropriate skill into the rest of Africa thereby creating an opportunity for employment creation.
- The sector's contribution to GDP grew despite the GDP contracting. This is also a good indication that the financial services sector could become one of the major contributors to changing the gloomy economic landscape.
- The banking sector is still very stable and solid.
- The various ratings agencies' credit ratings downgrades could negatively affect the economy and the rand exchange rate.
- If the economy continues its downward spiral, this may place pressure on the banking system.
- Criminality surfaces as a key concern, especially with the rapid pace of digitisation and technological developments.
- South Africa still ranks well in the Global Competitiveness Index, which is also an indication that at the moment the banking sector is relatively stable.



- From an employer perspective, the sector has a few large employers employing a large percent of the labour whilst there are a large number of small employers with a small percent of labour. It is therefore easy to focus on the few large employers in terms of their skills needs and ignore the small employers.
- The labour market profile indicates that there is a need for skills interventions at the post-matric level, as a large portion of labour fall within this category.
- Due to the extremely low level of employees with disabilities, there is an urgent need to address this in collaboration with the Sector.

From Chapter Two, the following findings emerged:

- The 4th Industrial Revolution will have a major impact on the banking sector and the future skills that will be needed
- The shift to incorporating digitisation and technology into product development and banking systems and processes will need a different type of skills set
- In some instances, new occupations seem to emerge, like data analysts, data scientists, etc.
- Understanding customer needs and expectations are becoming important.
- Banking staff need to understand the new profile of the customer and respond appropriately.
- Cybercrime has grown exponentially as a risk to banks.
- An understanding of banking disruptors provides an opportunity to either partner and grow or alternatively compete with these new disruptors.
- Alignment to the NSDS in terms of meeting its goals and objectives.
- The SIPs projects are an imperative for growth and development.
- The high number of unemployed youth makes the NDP key for skills planning for the Not in Employment, Education or Training (NEET).
- To support government's 9-point plan, efforts must be made to grow the co-operative banking sector.
- The President's announcement of the centre of excellence for financial services and leadership training to position South Africa as a regional financial hub has implications for BANKSETA from various perspectives.
- South Africa has made great strides in creating financial inclusion with only 13% of the population being not formally served. The focus now is on access to finance for small business.
- Changes in the regulatory framework will require an adaptation of compliance training.



- Aligning to the financial services charter is imperative for the banks.
- The following five key skills issues emerged:
 - Regulatory compliance
 - Customer centricity
 - Digitisation and technology including Data Management
 - Risk Management with a key focus on cyber-security
 - Management and Leadership with a key focus on business modelling and managing change

From Chapter Three, the following findings emerged:

- An analysis of vacancies in the banking sector indicates occupations where most vacancies arose and the reasons for these vacancies. Of greatest significance to the sector skills plan is the list of occupations that are in high demand. These give an indication of the scarce skills in the sector and the PIVOTAL programmes that should be implemented to address these hard-to-fill occupations. This is where the mismatch of supply to demand comes through very clearly. High unemployment, coupled by occupations that are hard to fill is an indication that supply-side does not produce the requisite skills that are in demand.
- The reported skills mismatch has largely been attributed to the low standard of education in particular the Mathematics subject, which is required for entry into a majority of positions in the banking industry. Data from the Basic Education Department indicates that there has also been a decline in enrolments for the subject. Even at the tertiary education level there has been a decline in enrolments for the Business and Management fields of study, with enrolments declining by 3 percent between 2011 and 2013. This is likely to have an impact of the rate of supply of skills for the sector.
- In respect of TVET Colleges, it has been reported that there has been an underutilisation of these colleges for skills supply for the sector. BANKSETA is collaborating with some of these colleges to ensure skills supply for the sector.
- Despite a number of skills development initiatives within the sector, there is still some skills shortages, which have led to the importation of skills, some on a permanent basis and some for certain periods of time. Importation of scarce skills can benefit the sector if the process entails an element of skills transfer to the local people. However, this should not be viewed as a permanent measure; just a move to address the immediate skills needs and should be used as a tool for skills transfer to local workers. The country is faced with high levels of employment, including a number of unemployed graduates. A process of upskilling or reskilling such people is therefore required.
- Imported skills also provide an indication of the mismatch at local level. From the list provided, a large number of IT Skills are imported.

The scarce skills relate to the following:

- Information Technology
- Management and Leadership
- Customer Centricity
- Compliance and Regulation
- Risk Management



From Chapter Four, the following findings emerged:

- BANKSETA engages in a range of partnerships with both industry and higher education institutions to deliver on its mandate.
- Partnerships with HE Institutions are better managed because they are defined in a memorandum of agreement.
- There are a range of formal partnerships that must be formalised with sector role-players.

5.3 Recommended Actions

BANKSETA has identified the following five strategic focus priorities to which relevant projects are implemented:

- Skills Priority Action 1: Regulatory compliance
- Skills Priority Action 2: Changing customer expectations
- Skills Priority Action 3: Digitisation and technology including Data Management
- Skills Priority Action 4: Risk Management with a key focus on cyber-security
- Skills Priority Action 5: Management and Leadership with a key focus on business modelling and managing change

The current interventions will be aligned to these Skills Priority Actions and new interventions debated and approved to address the findings of this SSP.

5.4 Conclusion

The 2017/18 SSP provides a detailed analysis of the sector, its skills needs and suggested interventions to address these needs. As funding is always limited, the five skills priority actions aim to address the key skills challenges that emerged during the sector skills planning process.



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