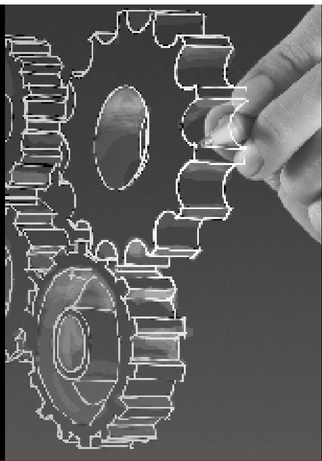
Sector Skills Plan

2023/2024



Educate | Empower | Transform

ENABLING SKILLS DEVELOPMENT IN THE BANKING AND ALTERNATIVE BANKING SECTOR

INVESTORS IN PEOPLE


11,00.00

Foreword

The COVID-19 pandemic tested the resilience of the banking and alternative banking sector in unforeseen ways, yet the sector has emerged stronger. Now the banks have a newfound conviction: They can overcome almost any challenge that comes their way. In channelling this new energy to scale greater heights banks should take account of the tectonic shifts reconfiguring the global financial system: phenomenal growth in digitalisation, the convergence of industries, the fusion of technologies, proliferation of increasingly intertwined ecosystems, and the blurring of product constructs.

Simultaneously, powerful undercurrents are forcing banking leaders to reckon with the never-before-seen challenge of redefining the workplace and how work is done. To complicate matters, they are grappling with several upheavals in the workforce, not least of which is the escalating war for talent. Employees, for the first time in decades, appear to have the upper hand, especially in sought-after positions (Deloitte Banking Outlook 2022).

The BANKSETA 2023-2024 Sector Skills Plan touches on the impact of COVID-19. The sector education and training authorities (SETAs) are required to submit a five (5) year Sector Skills Plan (SSP). The key objective of the SSP is to identify the skills priority areas by investigating the economic and labour market performance of the sector and the extent of skills mismatches to identify scarce occupations and skills gaps in the banking and alternative banking sector. These, in turn, inform the PIVOTAL programmes to which the SETA allocates discretionary grants in an attempt to address and reduce the skills deficit. For skills development interventions to be effective, they must align with the skills demanded by the banking and alternative banking sector.

Skills planning underpinned by relevant research is imperative for analysing and developing appropriate and relevant interventions to address identified skills priorities. The SSP provides the foundational information for decision-making and informs the development of the Strategic Plan (SP) and Annual Performance Plan (APP) to ensure that interventions addressing the needs as defined through an interrogation of national priorities and drivers of change are met.

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

- COVID-19 Economic Reconstruction and Recovery Plan
- Technology, Digitisation, and Innovation
- Compliance and Risk Management
- Management and Leadership Development
- Markets, Products and Services

In this SSP (2023-2024), skills planning strategies are aligned to the drivers influencing change in the banking sector, sectoral strategies, and national priorities. The utilisation of technology in transforming the approaches taken to meet customer-centric needs is noted in this SSP to re-shaping the political, economic, social, and legislative landscape. The changing customer needs across global markets proved to challenge the banks' creativity and innovation in the development of agile and relevant markets, products, and services. For the sector to retain its market share, it must possess the skills necessary to offer products and services to both its local and global markets.

The information provided in the SSP is useful for constituent employers, sector partners and higher education training institutions including schools as it provides relevant information on the skills required by the banking and alternative banking sector, and on the national skills priorities of the government.

I am confident that BANKSETA will continue to conduct pertinent research and encourage collaboration amongst its social partners to support skills planning by creating innovative skills development interventions to meet sectoral needs and service level agreements with the Department of Higher Education, Science, and Innovation.

Ms. Nosipho "Mia" Makhanya
Chairperson of BANKSETA Board

Abbreviations

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
CFIs	Co-operative Finance Institutions
CIPC	Companies and Intellectual Property Commission
DFIs	Development Finance Institutions
DHET	Department of Higher Education and Training
ERRP	Economic Reconstruction and Recovery Plan
FAIS	Financial Advisory and Intermediary Services
FASSET	Finance and Accounting Services Sector Education and Training Authority
FSCA	Financial Services Conduct Authority
FSC	Financial Services Code
HEIs	Higher Education Institutions
HEMIS	Higher Education Management Information system
HTFV	Hard-to-Fill-Vacancies
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
InSETA	Insurance Sector Education and Training Authority
IoB	Institute of Bankers
IT	Information Technology
MFSA	MicroFinance South Africa
MICTSETA	Media, Information, Communication and Technology Sector Education and Training Authority
NASASA	National Stokvel Association of South Africa
NCR	National Credit Regulator
NDP	National Development Plan
NGP	New Growth Path
NQF	National Qualifications Framework
NSC	National Senior Certificate
NSDS	National Skills Development Strategy
NSDP	National Skills Development Plan
PIVOTAL	Professional, Vocational, Technical, and Academic Learning Programmes
PSD2	Revised Payment Service Directive
QLFS	Quarterly Labour Force Survey
RPA	Robotic Process Automation
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
SMEs	Small and Micro Enteprises
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

The COVID-19 pandemic has reached every country in the world and its spread has left national economies and businesses counting the costs, as governments struggle with new lockdown measures to tackle the spread of the virus. South Africa has been severely affected across all sectors by COVID-19 and as a result, it has mapped out the Economic Reconstruction and Recovery Plan (ERRP). The COVID-19 pandemic tested the banks' resilience in unforeseen ways, yet they are emerging stronger and they now have a newfound conviction and can overcome almost any challenge that comes their way.

The COVID-19 pandemic accelerated the rate at which businesses and consumers adopted technology for transactions, particularly in the payments space where many customers preferred to transact with a card over cash; and tap-and-go card transactions increased significantly. Digital adoption has been on the rise, with more customers using banking apps and online banking platforms to perform transactions. Banks have introduced banking apps, improved digital payment options, and implemented next-generation ATMs that allow customers to do a wider range of transactions, with the aim to reduce the dependency on bank branches.

The 2020 PwC Banking Survey observed that powerful forces are transforming the retail banking industry. Growth remains elusive, costs are proving hard to contain and return on equity (ROE) remain stubbornly low. Regulation is impacting business models and economics. Technology is rapidly morphing from an expensive challenge into a potent enabler of both customer experience and effective operations. Non-traditional players are challenging the established order, leading with customer-centric innovation. New service providers are emerging. Customers are demanding ever-higher levels of service and value. Trust is at an all-time low. The emergence of COVID-19 that has spread throughout the world at an unprecedented speed has made the business challenges worse.

South Africa has a well-developed and pro-actively regulated banking system that compares favourably with developed economies. The South African banking sector has, as a result, attracted a lot of interest from abroad with several foreign banks establishing offices in the country and others acquiring stakes in major South African banks. The World Economic Forum Global Competitiveness Report (2018) states that South Africa ranks 67th globally—with a score of 60.8—and attains the second spot in sub-Saharan Africa. Despite being a concentrated sector, the South African banking sector is still very competitive and continues to diversify its products and broaden its services within the context of international best practices. With the growth of new entrants from both traditional and non-traditional banks (banking disruptors) into the banking space, competition for market share is expected to grow.

The 2022 Financial Sector Outlook Study (FSOS) conducted by the Financial Sector Conduct Authority (FSCA) highlights that despite the increase in new entrants in the banking sector, the market remains highly concentrated, with the largest banks holding over 85% of the industry's deposits in 2020. The banking landscape is changing as banks face increasing competition from newly established banks, technology-enabled start-ups, and a growing number of retailers offering financial services including credit products. Three newcomers over the last four years, namely: TymeBank, Discovery Bank and Bank Zero have played a significant role in reducing banking fees, as well as introducing different distribution models (for example leveraging retail stores) and launching innovative value propositions for customers.

BANKSETA is mandated by the Department of Higher Education and Training (DHET) to prepare a five-year Sector Skills Plan for 2020-2025 highlighting the skills needs and priorities of the banking and alternative banking sector. The banking sector employers fall within two typologies: super-large corporate banks that employ almost 96% of the sector and small, medium, and micro enterprises each employing a handful of people. To ensure that all employers irrespective of their sizes are provided with an opportunity to access skills development, BANKSETA addresses the skills needs of the sector by classifying the sector into the banking and alternative banking sub-sectors as well as into small, medium, and large companies.

The SSP is structured in line with DHET SSP Framework. Chapter 1 provides economic, employer and labour market profiles of the banking sector. Chapter 2 focuses on key skills change drivers derived from an analysis of the drivers of change and national and sectoral priorities while chapter 3 addresses occupational shortages, skills gaps as well as the extent and nature of skills supply and the range of PIVOTAL programmes that the BANKSETA will implement. Chapter 4 provides an analysis of collaboration amongst social partners through partnerships and stakeholder engagements necessary for the successful implementation of programmes. Chapter 5 focuses on SETA monitoring and evaluation (M&E) and provides an analysis of M&E at BANKSETA. The chapter looks at the effectiveness, challenges and plans to strengthen M&E at BANKSETA. The final chapter explains the strategic skills priority actions that BANKSETA will implement to enhance skills development in the banking and alternative banking sector.

SECTOR PROFILE (Chapter 1):

The sector profile is presented through an analysis of the scope of coverage of the banking and alternative banking sector, the key role players that influence activities in the sector, and the economic performance of the sector, the employer profile, and the labour market profile. Although not formally dissected into sub-sectors, BANKSETA, in general, refers to the banking and alternative banking sub-sectors. The banking sub-sector comprises all those organisations that are registered with the SARB and have a banking licence. The alternative banking sub-sector comprises a range of DFIs, CFIs, microfinance 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.

The analysis of the role-players that influence activities in the sector indicates that some of them have regulatory control and hence ensure compliance like the SARB and Co-operative Banks Development Agency (CBDA) whilst others are support organisations like the MicroFinance South Africa (MFSA) which serves as the voice for microfinance organisations. 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 and race, but not at all occupational levels, especially in higher occupations. It is clear from the data provided that the sector also falls short in terms of the employment of people with disabilities.

KEY SKILLS CHANGE DRIVERS (Chapter 2):

The chapter analyses key skills change drivers, national and sectoral strategies, and plans. There are numerous factors impacting skills demand and supply such as COVID-19, technological developments, changing customer demands, new business processes, growth strategies, globalisation, political and economic uncertainty, and others. 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 skills change drivers this discussion will focus on are COVID-19, digitisation, and technology; changing customer expectations; regulatory changes, risk and cyber-crime and disruptors in banking. The second aspect that informs skills issues is national policy frameworks and sectoral priorities.

BANKSETA aligns its skills development activities to eight key national strategies and plans: the National Skills Development Plan, the National Development Plan, the New Growth Path, the National Skills Accord, the Youth Employment Accord, Government's Economic Reconstruction and Recovery Plan, the Human Resource Development Strategy, the Open Learning Policy, and White Paper on PSET. Sectoral strategies are also important for skills planning. The Financial Inclusion Strategy, Financial Services Code, National Credit Act, and the SARB Regulatory Framework are important strategies impacting skills planning for the banking sector. The main drivers of transformation in the financial sector have been the Financial Sector Code and the Broad-Based Black Economic Empowerment Act. The data provided from both the drivers of change and the national and sectoral priorities provide a basis to develop five key skills change drivers that exist within the sector.

OCCUPATIONAL SHORTAGES AND SKILLS GAPS (Chapter 3):

This chapter examines occupational shortages and skills gaps to inform the sectoral priority occupations (PIVOTAL programmes that the BANKSETA will prioritise). In examining occupational shortages and skills gaps, the analysis interrogates what occupations are hard-to-fill, and why these occupations are hard to fill. This is followed by an investigation into the major skills gaps that exist in the banking sector at the major occupational level. This chapter also analyses the extent and nature of skills supply from the schooling system, the TVET system, the higher education system as well as the SETA environment.

This covers the extent of occupational supply, the state of education and training provision and the problems that employers experience with the current labour market. The last section presents the PIVOTAL list of programmes that BANKSETA will implement to address both occupational shortages and skills gaps. The analysis looks at the methods that were used to identify occupations in the PIVOTAL list, to inform the interventions selected to address the occupational shortages, the consultative process followed to arrive at the listed occupations, the main findings that informed the PIVOTAL list and the order of priority of the occupations.

SETA PARTNERSHIPS (Chapter 4):

This chapter investigates the current SETA partnerships and sets the tone for future partnerships to enhance skills development in the banking sector. BANKSETA has a range of partnerships, and these are progressing well. Partnerships with employers continue to ensure that programme implementation and workplace learnings are in place. All partnerships with TVET, universities of technology (UoTs) and universities for both the provision of bursaries as well as work-integrated learning are defined in the signing of memoranda of agreements and partnerships signed between BANKSETA and these institutions. Engagements with universities and UoTs for the provision of research services have been formed. The formation of the collaborative research committee for all the SETAs initiated by BANKSETA is a significant step in SETAs collaborating on research projects that are beneficial to all sectors.

On 22 May 2019, the SETA Finance Cluster partnership was initiated. It includes:

- BANKSETA
- Media, Information, Communication and Technology (MICTSETA)
- Insurance Sector Education and Training Authority (InSETA)
- Finance and Accounting Services Sector Education and Training Authority (FASSET)

This partnership is exploring cross-sectoral programmes for the SETA Finance Cluster. The following are possible areas of cross-sectoral programmes:

- Using/creating an online (learning) platform
- Joint research programmes
- Jointly developing qualifications
- Have a programme covering common scarce skills
- Materials development
- Recognition of Prior Learning (RPL)

SETA MONITORING AND EVALUATION (Chapter 5):

This chapter analyses the existence of effective M&E within SETAs. The chapter looks at the status of M&E within BANKSETA by focusing on the following critical questions:

- How does BANKSETA use M&E data to support research and planning?
- To what extent has BANKSETA addressed the previous financial year's strategic priorities
- What priorities were not achieved if any, and why?

The chapter also looks at the Plan of Actions for M&E focusing on the following questions:

- What mechanisms should be employed to address priorities that were not met in the previous financial year?
- What measures should be initiated to ensure that currently set priorities are achieved?

SKILLS PRIORITY ACTIONS (Chapter 6):

This last chapter brings it all together by addressing the findings identified in each chapter and then explaining the identified skills priority actions to address these findings. The findings are clearly outlined per chapter and provide a good indication of the important areas that need to be addressed. BANKSETA has identified the following five skills priority actions:

- COVID-19 Economic Reconstruction and Recovery Plan
- Technology, Digitisation, and Innovation
- Compliance and Risk Management
- Management and Leadership Development
- Markets, Products and Services

Mashabane

Mr Eubert Mashabane
Chief Executive Officer

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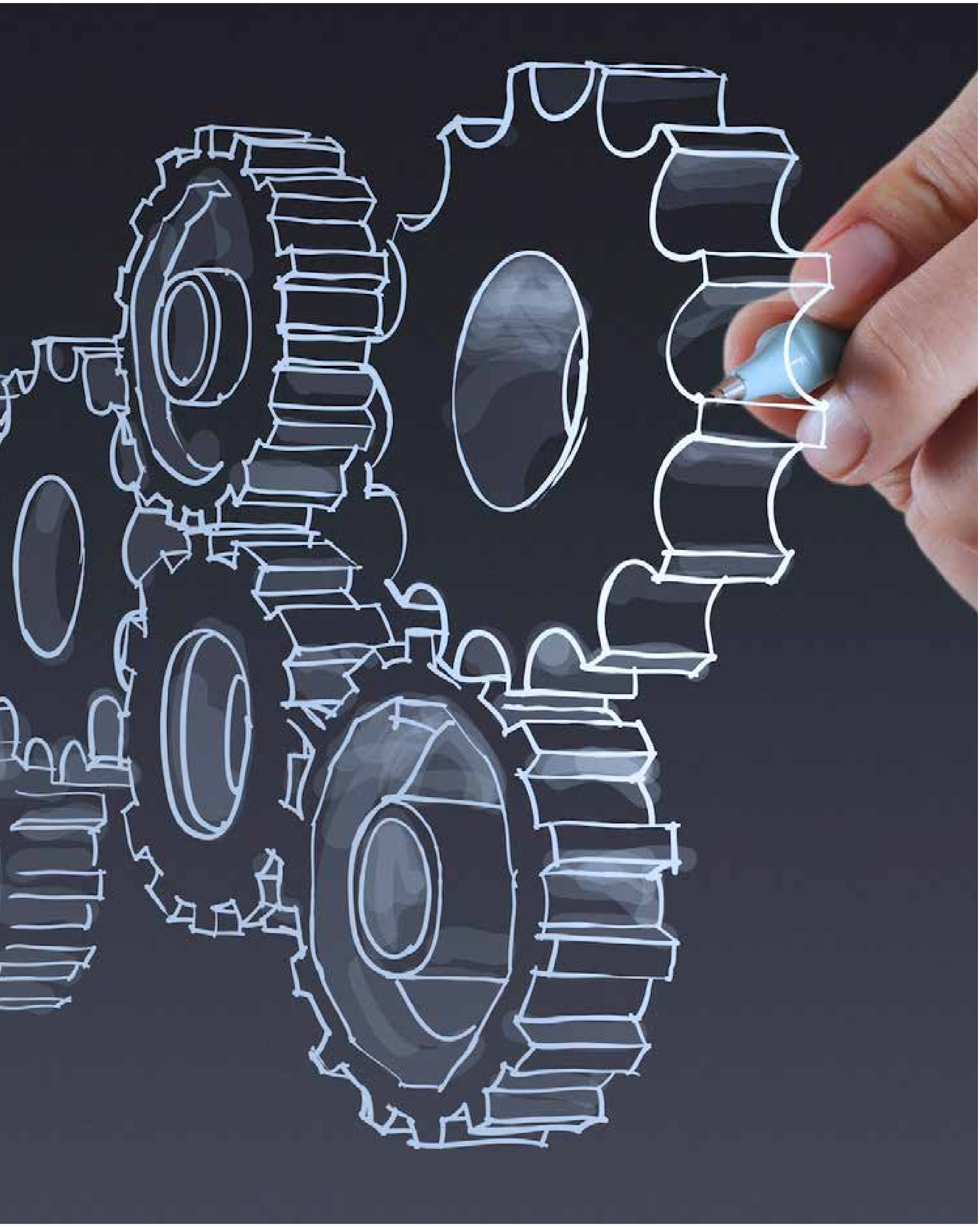


Research Process and Methods

In developing the SSP, BANKSETA utilises a range of research outputs drawn from both primary and secondary data collection methods. Primary data collection involves conducting research to source original data and information whilst secondary data collection, involves the use of available research and data. Although BANKSETA conducts research on a range of topics to inform skills planning, it also draws from a host of banking research carried out by both local and international research organisations specialising in banking research. The research utilised in the development of this SSP comprises both qualitative and quantitative methods. Qualitative research techniques have a wide variety of uses in relation to skills research while quantitative research is about statistics and measuring things.

Qualitative research is an important tool because it provides a strategic understanding of the relevant issues. For example, it can be used to understand the key change drivers of a sector and its 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. Although most people tend to think of a survey when they think of quantitative techniques, in fact, any statistical analysis of data constitutes quantitative research. Quantitative research techniques were used in analysing employer and labour market data. The WSP process is one method of collecting quantitative data. Several 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 the relationship between a number of variables mathematically. For sector skills planning, economic modelling is an important method used for labour market forecasting and to project historical trends into future skills planning.

Primary Data Collection

Primary quantitative research was conducted to obtain data for the following: employer profile, labour market profile, occupational shortages, and skills gaps. Primary qualitative research was conducted to obtain data for the following: drivers of change, national and sectoral strategies, and sector partnerships.

The research methods for primary research included surveys, questionnaires, interviews, focus groups and the collection of WSP data from employers. A survey of industry stakeholders was used to identify sector trends. A sample of employers was asked about anticipated skill needs/skill shortages, etc. This type of survey is most useful if it is conducted regularly so that trends can be identified, and its forecasting ability evaluated. Survey-based data collection using a structured questionnaire was also sent to all employers via e-mail consisting mainly of two closed questions, aimed at collecting data for the occupational shortages and skills gap research analysis. Although the questionnaire was sent to all registered employers, a small sample of respondents was expected. WSP data received provided a good indication of the employer profile of large and medium firms; unfortunately, small, and micro firms do not submit their WSPs as expected. This limitation will be addressed by the carrying out of a full employer analysis in the near future.

Primary qualitative research was also conducted by interviewing a limited sample of people, face-to-face and using open-ended questionnaires. This was used for the research conducted on drivers of change and national and sectoral priorities. Where primary data was collected, the population for the research comprised all employers falling within the scope of the banking sector. This comprised large, medium, and small companies. However, the respondents were mostly large and medium companies. With regards to WSP data, the number of respondents is fully representative of the sector. With regards to the Occupational shortages and skills gaps data, the response was mostly from large and medium companies. To ensure that data is obtained for all sub-sectors, a stratified sampling method may be a better alternative to drawing a sample than targeting the full population however the sample drawn for all research undertaken for this Sector Skills Plan was not based on stratified sampling but on full population. The primary data source and data sets analysed for the 2023/2024 SSP update comprised the following:

- Recent research is undertaken as per the approved Research Agenda for 2022-2024
- Workplace Skills Plans submitted by employer organisations for 2022
- Data collected for the questions on occupational shortages and skills gaps provided by the DHET
- Skills levy data released by SARS

Secondary Data Collection

Secondary quantitative data was used for the sector's contribution to the economy whilst secondary qualitative data was used for the following:

Scope of the banking and alternative banking sector, key role-players in the sector, current performance of the sector and the extent and nature of skills supply. The research method for the secondary data collection was limited to desktop research. The secondary data source includes data sets already developed by Statistics South Africa, the Department of Labour, Department of Home Affairs, and several research organisations. A range of research documents and annual data reports are prepared by organisations that engage specifically in banking research such as PWC, Deloitte and the World Economic Forum, amongst others.

Desktop research is a form of secondary research and involves investigating data/research that already exists. It avoids "reinventing the wheel" and is relatively quick and inexpensive. It is therefore generally useful to start the research study with desktop research, to avoid embarking on (costly) primary research if the information already exists. However, the downside of desk research is that the research/data found may not exactly meet targeted needs.

Secondary data sources and data sets analysed for the 2020/2025 SSP and 2023 update comprised the following:

- Quarterly Labour Market Forecasts published by Stats SA
- Reports released by the SARB
- Higher Education Management Information System (HEMIS)
- Department of Higher Education and Training (2022): Statistics on Post-School Education and Training in South Africa (2020)
- Department of Home Affairs
- World Economic Forum
- Deloitte Report on Banking and Capital Markets Outlook (2022)
- South African Revenue Services

Data collection involved carrying out a range of research as listed below:

Topic	Study Design	Objectives of the Study	Data Collection tools	List of Data Sources	Timeframe	Sample
Chapter 1:						
Scope of coverage of the banking and alternative banking sector	Qualitative	Determine the scope of coverage	Desktop analysis	SARS Standard Industrial Classification Codes	January-July 2022	None
Key role-players in the banking and alternative banking sector	Qualitative	Determine who are the key role-players	Desktop analysis		January-July 2022	None
Analysis of the economic performance of the banking and alternative banking sector	Quantitative and Qualitative	Determine how the sector is performing	Desktop analysis	South African Reserve Bank reports Statistics SA	January-July 2022	None
Analysis of the employer profile of the banking and alternative banking sector	Quantitative	Analyse the employer profile	WSP	BANKSETA WSP submissions South African Reserve Bank reports	May-July 2022	All employers who submitted WSP in 2020
Analysis of the labour market profile of the banking and alternative banking sector	Quantitative	Analyse the employee profile	WSP	BANKSETA WSP submissions South African Reserve Bank reports	May-July 2022	All employers who submitted WSP in 2020

Topic	Study Design	Objectives of the Study	Data Collection tools	List of Data Sources	Timeframe	Sample
Chapter 2:						
Key drivers of change for the banking and alternative banking sector	Qualitative	To analyse drivers of change	Interviews and focus groups	Industry Bodies and Employers in the sector	January-May 2022	Five representatives from each of the big five banks
National and sectoral priorities impacting the banking and alternative banking sector	Qualitative	To analyse national and sectoral priorities	Interviews	South African strategies and policies, sectoral strategies	January-May 2022	Five representatives from each of the big five banks
Chapter 3:						
Occupational shortages and skills gaps in the banking and alternative banking sector	Quantitative	Analyse hard-to-fill vacancies and skills gaps	Questionnaire	BANKSETA WSP submissions	January-June 2022	All employers who submitted WSP in 2022
Analysis of the skills supply pipeline for the banking and alternative banking sector	Qualitative and Quantitative	Analyse the extent and nature of skills supply	Desktop analysis	PSET Reports	January-June 2022	None
The effects of COVID-19 on skills in the banking and alternative banking sector	Qualitative/ Quantitative	To determine the skills needed in the banking and alternative banking sector in the wake of COVID-19	Desktop Research Questionnaire Survey	BANKSETA WSP submissions	March 2022 – June 2022	All employers who submitted WSP

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 alternative banking sector, it strives to ensure that skills demand and supply are eventually synchronised for the benefit of the sector and South Africa's economy.

Chapter 1:

SECTOR PROFILE

1.1 INTRODUCTION

This chapter presents the profile of the banking and alternative banking sector as a whole and its scope of coverage, its key role-players, its economic performance, its employer, and labour market profile and how it has been evolving. This chapter gives an indication of the size and shape of the banking and alternative banking sector, thereby providing a concise understanding of the contribution of the sector to economic, employment and human capital development in South Africa.

The sources of the information used in this chapter were obtained from the WSP/ATR data submitted in 2022 by employers, the Quarterly Labour Force Survey (QLFS), Gross Domestic Product (GDP) data, Standard Industrial Classification (SIC) codes and others. The QLFS, the SIC codes and GDP reports are produced by Statistics South Africa.

1.2 SCOPE OF COVERAGE OF THE BANKING SECTOR

The Banking sector forms part of the financial services sector and is classified by Statistics South Africa as part of the “financial and business services” industry. The financial services sector consists of all entities that manage money in some way or form. 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. 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.

The financial services sector may be categorised into three primary sub-sectors:

- Banking and credit services (banks, mutual banks, credit unions, microfinance institutions, etc.);
- Insurance (long-term and short-term insurers covering a variety of risks); and
- Investment and related services (exchanges, security broking companies, asset managers, etc.).

Banking constitutes a key component of the financial services system and the economy as a whole. 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 firms for consumption and future investment. The credit and loans extended by financial institutions to the economy imply that households do not have to save 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 banking sector can be separated into banking and non-banking services.

BANKSETA’s mandate is limited to all employers who fall within the scope of standard industrial classification codes (SIC) listed in the table below.

TABLE 1: SIC CODE CLASSIFICATION

Code	Type	Description
64110	Central Banking	This class includes: • 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, • acting as banker to the government.
64190	Other monetary intermediation	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: • banks, • savings banks, • credit unions, • postal giro and postal savings bank activities, • credit granting for house purchase by specialised deposit-taking institutions, • money order activities.
64200	Activities of holding companies	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.
64300	Trusts, funds, and similar financial entities	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. This class includes: • 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, • unit investment trust funds.
64910	Financial leasing	This class includes leasing where the term approximately covers the expected life of the asset, and the lessee acquires 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.

Code	Type	Description
64920	Other credit granting	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: • granting of consumer credit • international trade financing • provision of long-term finance to the industry by industrial banks • money lending outside the banking system • credit granting for house purchase by specialised non-depository institutions • pawn shops and pawnbrokers.
64990	Other financial service activities, except insurance and pension funding activities, NEC	This class includes: • other financial service activities primarily concerned with distributing funds other than by making loans including factoring activities, writing of swaps, options and other hedging arrangements and activities of viatical settlement companies • own-account investment activities, such as by venture capital companies, investment clubs, etc.

The monetary authority consists of the South African Reserve Bank, which is the central bank of South Africa, governed in terms of the South African Reserve Bank Act 90 of 1989, as amended, and its subsidiary, the Corporation for Public Deposits, governed in terms of the Corporation for Public Deposits Act 46 of 1984.

For the purposes of implementing skills development interventions, BANKSETA adopts the following sub-sector categorisation within its scope of levy-paying employers according to SARS.

FIGURE 1: SUB-SECTORS IN BANKING

1.2.1 Central Bank

In South Africa, the South African Reserve Bank (SARB) plays the role of the central bank. It fulfils both the functions of a monetary authority as well as a regulatory body. The central bank, among other things, issues banknotes and coins, conducts monetary policy, provides credit to banks, manages South Africa's foreign exchange reserves, supervises, and regulates the banking sector, and acts as a lender of last resort to the banking system. The Corporation for Public Deposits accepts call deposits from the public sector and invests the funds in short-term money market instruments, including Treasury bills.

1.2.2 Banks

A bank is a public company (limited) registered as a bank in terms of the Banks Act 94 of 1990. The business of a bank is the solicitation and advertising for, and the acceptance of deposits from the general public on a regular basis and the utilisation of deposits accepted. Banks are classified as follows:

- South African Registered Banks: Locally Controlled
- South African Registered Banks: Foreign Controlled
- South African Registered Mutual Banks: A mutual bank is a juristic person that is registered as a mutual bank in terms of the Mutual Banks Act 124 of 1993.
- South African Branches of Foreign banks

The core banking services offered by most banks include:

- Retail banking services for individual clients in their personal capacity from the current accounts, credit cards, personal loans, home loans, vehicle finance and savings and investments
- Business banking services assist businesses with business current accounts, business credit cards, business loans, tailored products and services, business relationship management, and small business support including mentorship and network outreach
- Corporate banking supports large-scale organisations both locally and abroad with a range of banking services

1.2.3 Government Financial Intermediaries

This classification includes any subsidiary or entity under the ownership or control of public entities that are engaged in financial intermediation. This classification includes any subsidiary or entity under the ownership or control of the national, provincial, or local government that is engaged in financial intermediation. For example, the Public Investment Corporation (PIC) invests funds on behalf of public sector entities, including the Government Employees Pension Fund (GEPF).

1.2.4 Finance Companies Including Microlenders

Finance companies are companies established in terms of the Companies Act 71 of 2008, with the specific purpose of obtaining funds in the form of loans, debentures, or notes, and with the sole objective of lending or investing these funds again in the form of mortgage loans, hire-purchase, and leasing finance. Microlenders (if incorporated) are included in this category.

1.2.5 Co-operative Banks and Co-operative Financial Institutions (CFIs):

Co-operative banks are member-owned banks based on the co-operative principles of voluntary and open membership, democratic member control, members' economic participation, autonomy and independence, education, information and training, co-operation between co-operatives and concern for the community. The Prudential Authority is responsible for the supervision of all registered co-operative banks, while the Cooperative Bank Development Agency (CBDA) is responsible for the training needs of the sector. The Cooperative Banks Act as amended by the Financial Services Regulatory Act 2017 provides that a "co-operative financial institution" means a co-operative that takes deposits and chooses to identify itself by use of the name Financial Cooperative, Financial Services Co-operative, Credit Union or Savings and Credit Co-operative.

1.2.6 Fintech Companies

Financial technology companies are known as Fintechs and use new technology and innovation with available resources in order to compete in the marketplace of traditional financial institutions and intermediaries in the delivery of financial services. Financial technology companies consist of both start-ups and established financial and technology companies trying to replace or enhance the usage of financial services.

1.2.7 Stokvels and Savings Clubs

Exemption Notice No. 2173 allows informal member-based groups to pool funds and utilise the funds for the benefit of their members on the 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, CFIs, and employee savings clubs. Such deposit-taking institutions must be affiliated with the National Stokvel Association of South Africa (NASASA), being the self-regulating bodies of the deposit-taking financial institutions operating under this exemption notice.

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, as described in Table 2.

TABLE 2: BANKING SECTOR ROLE-PLAYERS

Groups	Key Role-players	Role
Monetary Authority and Regulatory	South African Reserve Bank	SARB is the central bank of South Africa. It is an organ of state 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 the 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. The data from SARB is used for skills planning. As a regulatory body, it also has a role to play in achieving the outcomes of NSDP.
Regulatory	Financial Services Conduct Authority (FSCA)	The FSCA is tasked with protecting financial customers through supervising market conduct. The compliance requirements mean that the sector needs constant training on current and new regulations. The FSCA also has a major role to play in achieving all the outcomes of the NSDP.

Groups	Key Role-players	Role
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. The NCR is also responsible for consumer education. The NCR also has a major role to play in achieving all the outcomes of the NSDP.
Regulatory	Co-operative Banks Development Agency	The CBDA is responsible for the development and promotion of co-operative banking. This includes the training of co-operative banks and co-operative financial institutions. The CBDA contributes towards Outcome 4.6 (Skills development support for entrepreneurship and cooperative development) of the NSDP.
Associations – Banking	Banking Association of South Africa (BASA)	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. BASA is the mandated representative of the banking sector and addresses industry issues through: • 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 BASA as an industry body plays an important role in advancing the interests of the sector, including skills development. It also has a significant role to play in the achievement of all the NSDP outcomes.
Associations – Banking	The South African Banking Risk Information Centre (SABRIC)	SABRIC is a Non-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. The BANKSETA has partnered with SABRIC to develop cybersecurity occupational qualifications in the sector. The information shared by SABRIC helps shape the skills landscape in the cybersecurity space. It also has a significant role to play in the achievement of all the NSDP outcomes.
Alternative Banking – Associations	Microfinance South Africa	MFSA is a representative body of registered and legal microfinance credit providers in South Africa. MFSA represents almost 1700 microfinance offices registered with the NCR and the majority of significant service providers in the sector. MFSA as an industry body plays an important role in advancing the interests of the microfinance sector, including skills development. Its activities support all the NSDP outcomes.

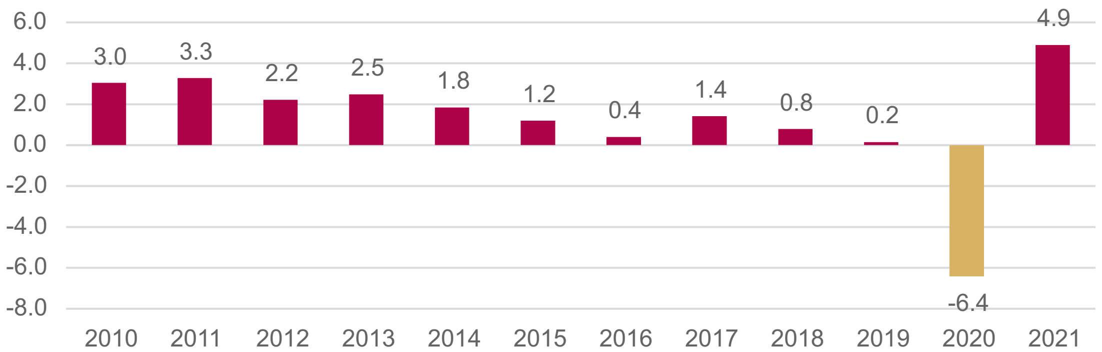
Groups	Key Role-players	Role
Alternative Banking – Associations	Development Microfinance Association (DMA)	A non-profit organisation that supports the development of microfinance institutions in South Africa. The benefits to members include opportunities for joint training, co-operation, and capacity building. This is also a direct contribution towards NSDP outcome 6.
Alternative Banking – Associations	National Stokvel Association of South Africa (NASASA)	NASASA represents the interests of the stokvels movement in South Africa. It represents a constituency of over 800 000 Stokvel groups consisting of over 11 million individuals, collecting roughly R50 billion annually. As an industry association, NASASA has a role to play in achieving all the NSDP outcomes.
Professional Bodies	Institute of Bankers South Africa (IOBSA)	IOBSA is the professional body for bankers and financial specialists. The IOBSA provides members with professional designations, networking, educational, training and information opportunities. As a professional body, the IOBSA's contribution is towards the attainment of the first four outcomes of the NSDP.
Trade Unions	SASBO, the Finance Union	SASBO is the trade union for the finance sector. The Finance Union represents employees in all the major banks and hence serves as the voice of labour within the finance sector. As an employee's representative, it also has a major role to play in the attainment of all the NSDP outcomes.

1.4 ECONOMIC PERFORMANCE

The South African economy grew by 4,9% in 2021. Despite this growth, the economy is still less than it was prior to the COVID-19 pandemic. The economy declined by 7% in 2020, the biggest decline in known history. The latest set of gross domestic product (GDP) figures released by Stats SA provides an overview of the economic performance in 2021.

The main contributor to the growth was Finance, which contributed 0,9 of a percentage point to the overall growth. This was followed by Personal Services with a 0.8 of a percentage point.

FIGURE 2: HISTORICAL YEARLY GDP PERCENTAGE GROWTH



Source: Statistics SA 2022

The banking and alternative banking is part of the finance sector, this sector grew by 3,7% in 2021 and was the main contributor to the overall GDP growth. The finance sector continues to grow despite the challenges of COVID-19 that the country has endured recently. On the other hand, the mining sector performed better than all the other sectors in 2021 as it grew by 11,8%. This growth follows a three-year spell of contraction in this sector. The mining sector was followed by agriculture, and the forestry and fishing sector which grew by 8,3%. The sector remained resilient during 2020 when most other sectors of the economy were declining. In fact, this sector together with finance, real estate and business services, and general government services were the only sectors with growth in 2020 (13,4%; 0,8%; 0,5% respectively).

The economy is expected to continue to rebound in 2022 and 2023 after the impact of COVID-19. The contraction of the economy in 2020 due to the lack of economic activity, has resulted in higher growth in 2021. South Africa is expected to grow by 2,1% in 2022, followed by an average growth of 1,8% in the subsequent years. This growth will enable the economy to reach the pre-COVID-19 levels in 2022. The projected growth, though promising, it is still way below the average expected global growth of 3,6% for the next two years.

The number of banking entities in South Africa stands at 40, these include 18 registered banks, 4 mutual banks, 5 co-operative banks and 13 branches of foreign banks. There are also 29 local representative offices of foreign banks in the country. The 18 registered banks include TymeBank, Discovery Bank and Bank Zero which was recently registered. The banking industry is dominated by the four big banks as over 83% of the industry deposits are held by these banks (Absa, Standard bank, FirstRand bank and Nedbank). On the other hand, Capitec continues to attract more clients and has surpassed the big banks with a total of over 16 million clients, but still holds only 2% of the total industry deposit.

The banking sector is expected to continue to grow as the economy rebounds from the devastating effects of COVID-19. There seems to be a consensus amongst analysts that the pandemic and its devastating effects are behind us. The current trajectory of interest rates suggests that the rates will continue to go up in 2022 as the SARB tries to bring the inflation rate down to within the targeted range. The interest rates were increased by 25 basis points in March 2022 from 4% to 4,25% and then by 50 basis points in May 2022 increasing the interest rates to 4,75%. The bullishness in the interest rates will boost the profit margins of the banks.

1.5 EMPLOYER PROFILE

In this section, we describe the number of businesses that are represented within the sector and its sub-sectors including an analysis of small, medium, and large businesses. Because of the large number of unregistered employers, it is difficult to provide a full picture of the banking sector. The data provided is for those employers who are registered with BANKSETA.

According to the SARS Levy data, over 700 companies pay skills levy to the BANKSETA. The analysis below is based on the companies that submitted their WSP data for 2022. BANKSETA received workplace skills plans from 442 companies made up of 322 small companies (both levy paying and non-levy-paying), 49 medium companies and 72 large companies. It must be noted that even though Figure 3 below shows that most employers (73%) are small companies, it is the large companies (16%) that employ most (96%) of the employees in the sector.

FIGURE 3: EMPLOYER DISTRIBUTION BY COMPANY SIZE

Source: BANKSETA WSP 2022

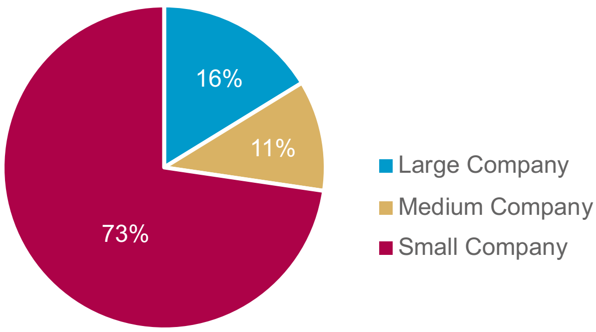
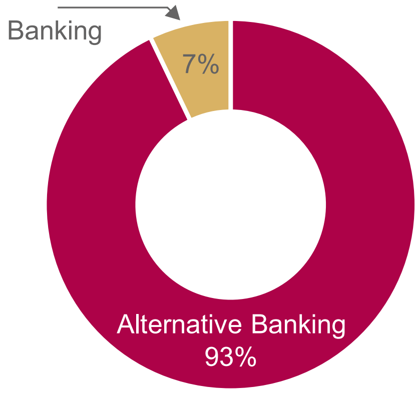


Figure 4 below shows the distribution of employers in banking and alternative banking sub-sectors. It is evident that most employers are in the alternative banking sub-sector (an estimated 93% of the employers). This is mainly because alternative banking is dominated by many small employers (levy payers and non-levy payers).

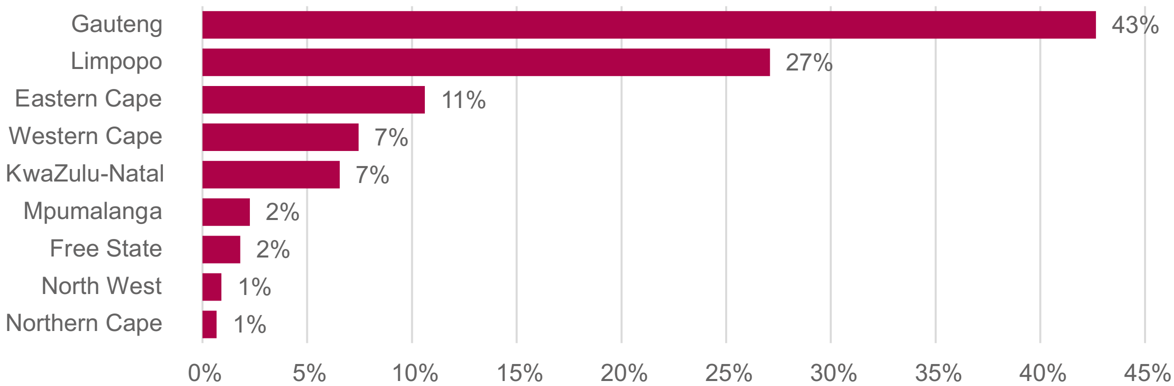
FIGURE 4: EMPLOYERS BY SUB-SECTOR



Source: BANKSETA WSP 2022

In terms of the geographic distribution of employers across the nine provinces, Figure 5 shows that most employers are based in Gauteng, which is 43% of the total employers, 27% are in Limpopo while and 11% are based in the Eastern Cape. The province with the least number of employers is the Northern Cape and North West, each at 1% of employers.

FIGURE 5: PROVINCIAL DISTRIBUTION OF EMPLOYERS



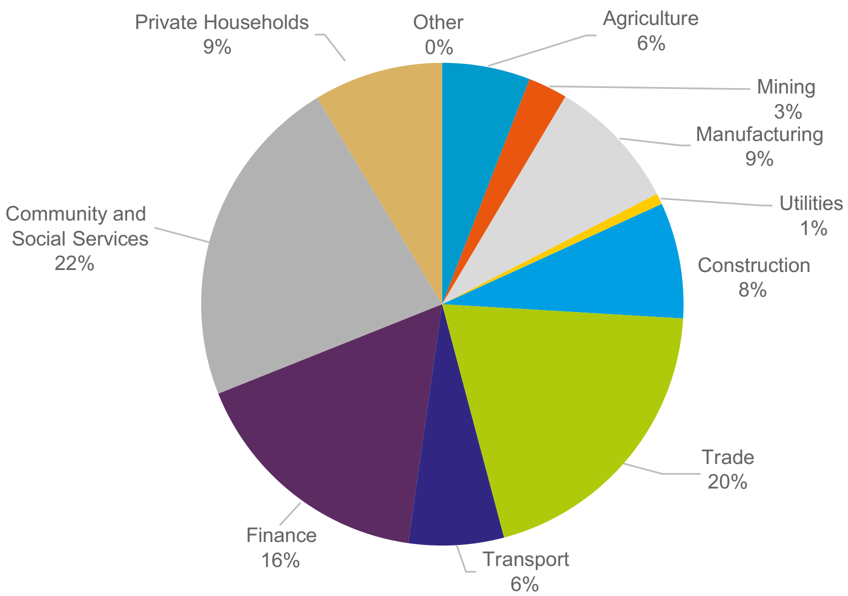
Source: BANKSETA WSP 2022

The proportion of employers in Gauteng grew from 40,7% in 2021 to 43% in 2022. KwaZulu-Natal showed a significant decline in the number of employers in 2022. The province dropped from being the third largest province in 2021 to fifth in 2022 at around 7% of the total share. Apart from COVID-19 that affected the whole country, the province also experienced a series of disasters in 2021 and 2022. KZN together with Gauteng province experienced a wave of civil unrest between the 9th and the 18th of July 2021. The unrests were attributed to the incarceration of former president Jacob Zuma and the economic inequalities worsened by the pandemic. In April 2022 the province also experienced heavy rainfall resulting in deadly floods which saw more than 435 people lose their lives. The disaster is estimated to have cost over 17 billion rands. The significant decline in the number of employers who submitted WSP's in the province can be attributed to these events as companies may have been closed or unable submit WSPs.

1.6 LABOUR MARKET PROFILE

In terms of employment on a national scale, the finance sector employed just over 2,4 million people as reported in the 2020 Q4 Quarterly Labour Force Survey (QLFS). The chart below shows that this is about 16% of the total number of persons employed nationally. Community and Social Services employs most of the workforce at 22%, followed by Trade.

FIGURE 6: EMPLOYMENT STATISTICS Q4: 2021

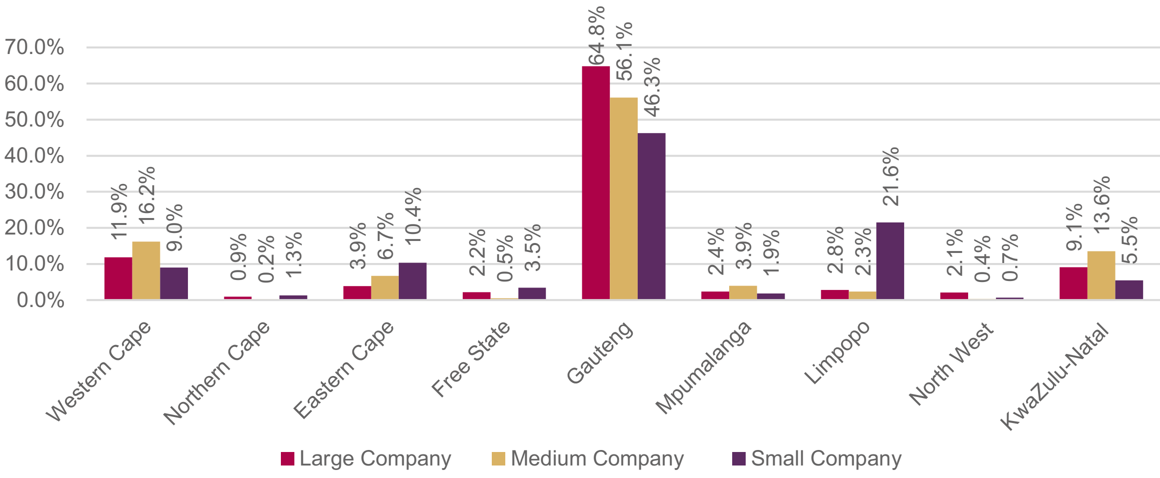


Source: Stats SA QLFS Q4 2021

Profiling of employment in the banking and alternative banking sector requires an analysis of the geographic spread of employees. The largest share of employees is in Gauteng. This is particularly true for large companies (65%), medium (56%) and small (46%) which generally consist of a high concentration of employees in the head offices located in the large cities of Gauteng.

Other provinces representing significant shares of employees are the Western Cape and KwaZulu-Natal provinces, with branch offices most likely concentrated around the large cities of Cape Town and Durban respectively. A more even geographic spread occurs for smaller enterprises, as these companies often do not have several branches, but instead operate as single-office companies located close to the local customer base they serve. This is evidenced by the significant shares of employees reported for small companies located in Limpopo (22%). This may be attributed to the fact that BANKSETA has a regional office in Limpopo which made it easier for small companies to submit their WSPs. The 2022 WSP data shows that the percentage of employees for small employers in KZN dropped by more than half, from 12% in the previous year to only 5,5%. This is in line with the earlier observation regarding the decline in the number of employers in that province.

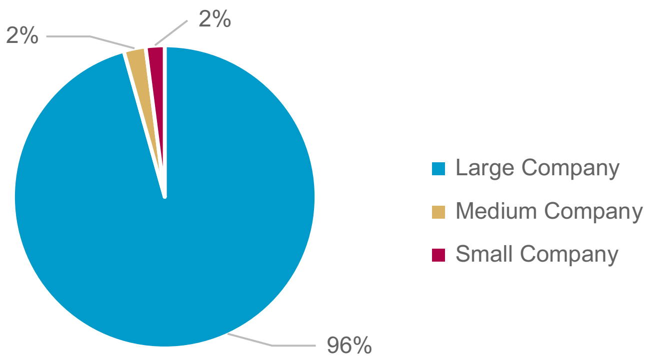
FIGURE 7: EMPLOYER SIZE BY THE GEOGRAPHICAL SPREAD OF EMPLOYEES



Source: BANKSETA WSP 2022

The workplace skills plans (WSPs) data received for the year 2022 reflects that the sector currently employs about 188 565, down by 4% compared to the previous year (2021). Large employers employ more than 96% of the labour force. While medium and smaller companies employ only 4% of the labour force combined.

FIGURE 8: EMPLOYEES BY COMPANY SIZES



Source: BANKSETA WSP 2022

Table 3 shows the profile of employees in the sector by gender and equity for the different employers. The table shows that about 55% of the employees are Africans, followed by Whites at 18% of the employees.

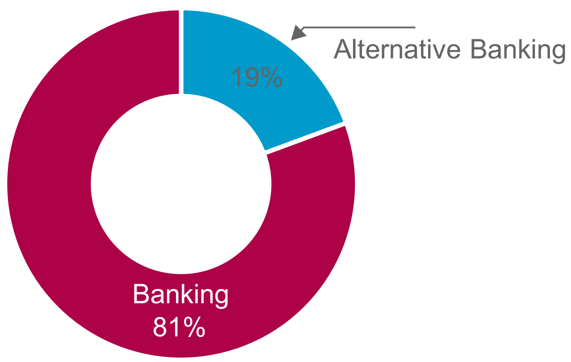
TABLE 3: EMPLOYMENT BY EMPLOYER COMPANY SIZE, EQUITY AND GENDER

Employer Size	Equity and Gender										Total
	MA	MC	MI	MW	MO	FA	FC	FI	FW	FO	
Large	37 724	9 281	9 125	14 495	1 205	62 835	17 841	10 711	16 445	694	180 356
Medium	723	232	231	538	55	1449	407	282	465	37	4 419
Small	738	86	87	381	10	1 687	186	125	505	9	3 814
Total	39 185	9 599	9 443	15 414	1 270	65 971	18 434	11 118	17 415	740	188 589
%	20,8%	5,1%	5,0%	8,2%	0,7%	35,0%	9,8%	5,9%	9,2%	0,4%	100%

Source: BANKSETA WSP 2022

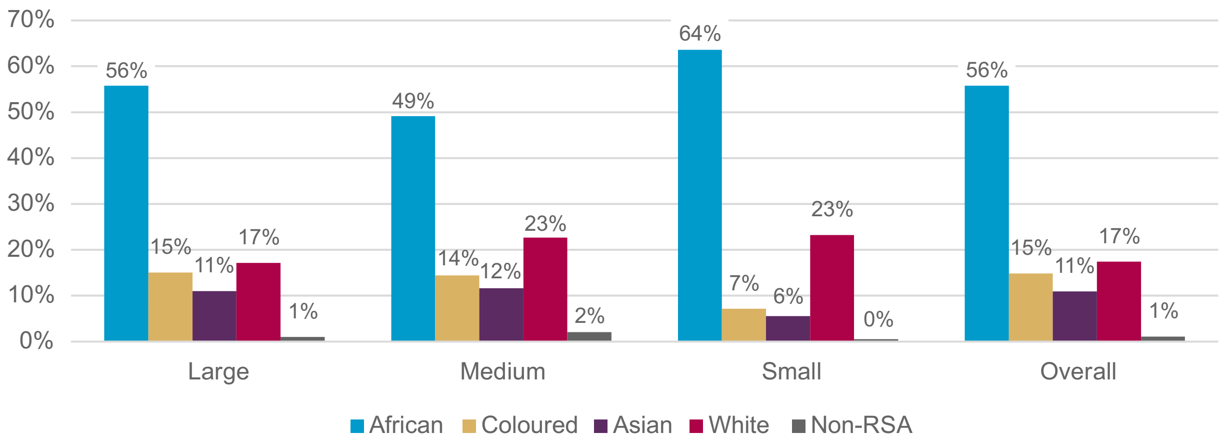
The information by sub-sector shows that although the majority of the employers are in alternative banking, the banking sub-sector employs about 81% of the employees in the sector. This can be seen in Figure 9 below. This shows that the alternative banking sub-sector is only a fraction of the overall banking sector and employs about 33 000 people.

FIGURE 9: PROPORTION OF EMPLOYEES BY SUB-SECTOR



Source: BANKSETA WSP 2022

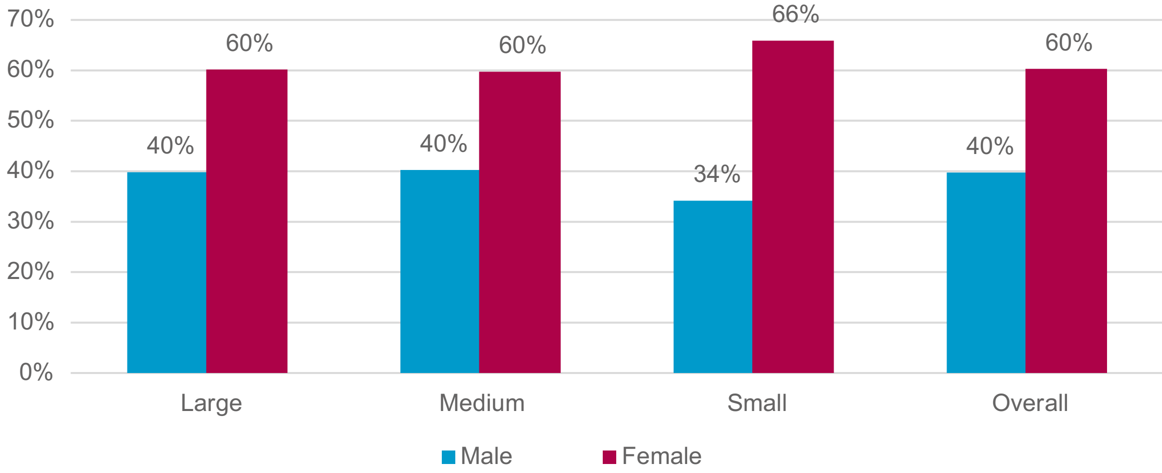
FIGURE 10: PROPORTION OF EMPLOYEES BY EMPLOYER COMPANY SIZE AND EQUITY



Source: BANKSETA WSP 2022

Figure 10 shows that large companies employ 56% Africans (males and females combined), while 15% are Coloured males and females, 11% Asian/Indian males and females, and 17% White males and females. The statistics show that smaller companies also showed a significant increase in the number of African employees, from 56% in 2020 to 62% in 2021 and currently sitting at 64% while the number of Whites employed by medium companies is at 22%.

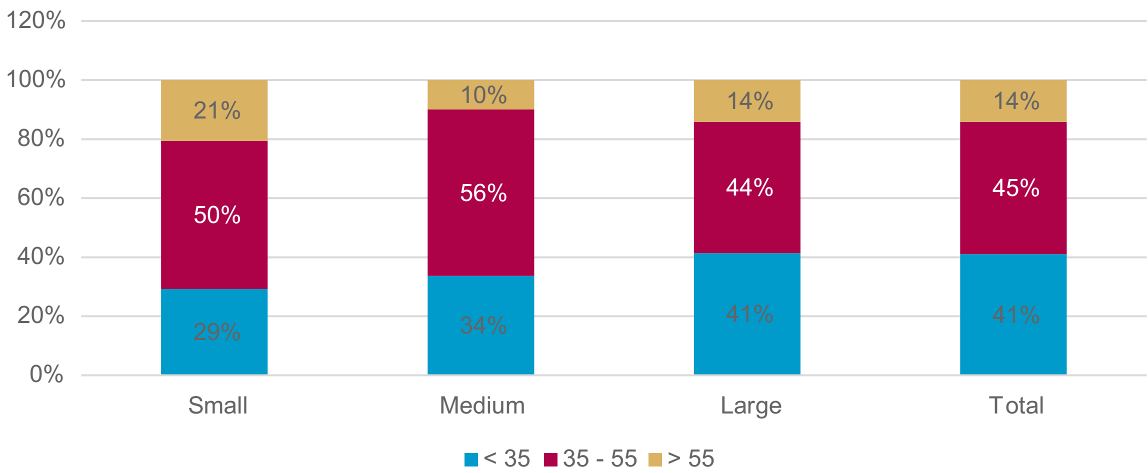
FIGURE 11: EMPLOYMENT BY GENDER



Source: BANKSETA WSP 2022

Small companies reported significant levels of transformation with 66% of people employed being females, while medium and large companies reported that 60% employed were females. This brings the proportion of females employed by all companies to 60% and 40% males employed by all companies.

FIGURE 12: AGE OF EMPLOYEES BY EMPLOYER SIZE

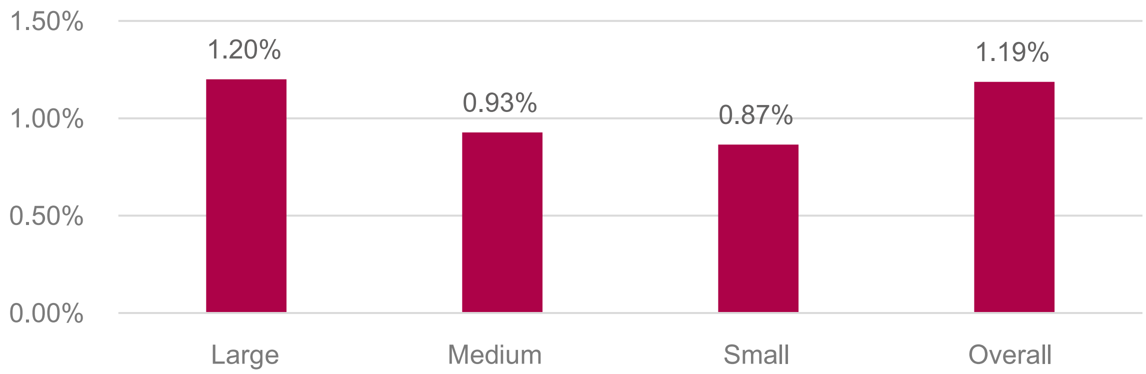


Source: BANKSETA WSP 2022

The age distribution of employees in the sector shows that youths account for only 14% of the workforce in the sector. There are also significant differences in the age categories across employer sizes as youths account for a mere 10% of employees in medium companies. The small employers show promising picture as 21% of the workforce are youths which is twice as much as the medium employers.

This emphasises the very importance of SMEs as the source of employment for young people in the country.

FIGURE 13: EMPLOYMENT OF PEOPLE WITH DISABILITIES BY COMPANY SIZE



Source: BANKSETA WSP 2022

Figure 13 depicts the employment status of people with disabilities by companies of different sizes. The figure for the overall employment of people living with disabilities stands at 1,19%. Large companies employ 1,2% of the people living with disabilities, followed by medium companies which employ 0.93%. Small companies employ 0,87%.

1.7 EMPLOYMENT BY OCCUPATIONAL GROUP

An analysis of employment by broad occupational groups is reflected in Table 4. Approximately 65 824 (35%) employees are in clerical support, and this is slightly lower than the 66 334 reported in 2021. Professionals also comprise a large number of employees at approximately 39 940 (21%) and this is 4% lower than the 41 665 reported in 2021. The sector also employs many managers with a total of 37 933 (20%) that cuts across the racial groups. The statistics depict that 34 982 technicians and associate professionals are employed by the sector. Most people employed in the services and sales workers are African males and females. Please see Table 4 and Figure 14 on employment by occupational groups.

TABLE 4: EMPLOYMENT BY OCCUPATIONAL GROUPS

Major OFO Groups	Equity					Total	%
	African	Coloured	Indian	White	Non-RSA		
Managers	15 367	5 391	5 644	10 968	563	37 933	20,1%
Professionals	17 791	4 942	5 837	10 520	850	39 940	21,2%
Technicians and Associate Professionals	20 003	5 923	3 462	5 409	185	34 982	18,5%
Clerical Support Workers	43 733	10 997	5 343	5 373	378	65 824	34,9%
Service and Sales Workers	6 117	637	233	451	9	7 447	3,9%
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	199	55	25	62	15	356	0,2%

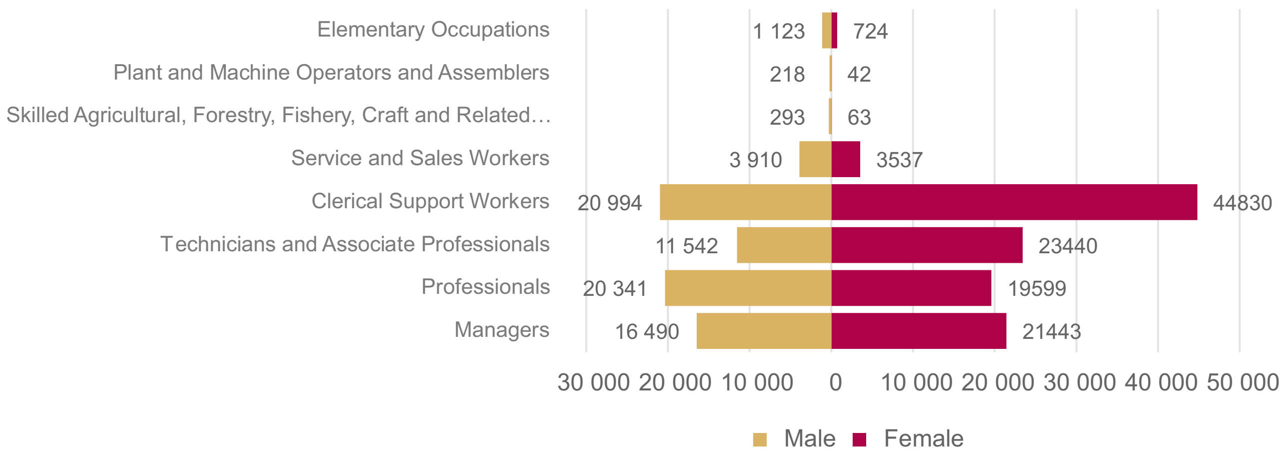
Major OFO Groups	Equity					Total	%
	African	Coloured	Indian	White	Non-RSA		
Plant and Machine Operators and Assemblers	207	18	3	32	0	260	0,1%
Elementary Occupations	1 739	70	14	14	10	1 847	1,0%
Total	**105 156**	**28 033**	**20 561**	**32 829**	**2 010**	**188 589**	**100%**
%	**55,8%**	**14,9%**	**10,9%**	**17,4%**	**1,1%**	**100%**	

Source: BANKSETA WSP 2022

Figure 14 illustrates the major occupational groups from a demographic perspective. Principle 3 of the National Development Plan (that is, advancing an equitable and integrated system) puts emphasis on contributing towards transformational and developmental imperatives such as gender, race, class, youth, disability, and geographic location. The 2022 data depicts low levels of transformation that are still evident within the banking sector. The data indicates that across occupations, 56% are Africans, 17% are Whites, 15% Coloureds and 11% Indians/Asians are employed by the sector in 2022. For instance, the occupational category of managers depicts Africans at 41% while Whites are at 29% out of the entire occupation population of managers. Although this is quite an improvement compared to 2020, this still requires further attention considering that out of the 188 589 employed in the sector 105 156 are Africans.

There seems to be a significant shift in gender profile of employees at managerial level where the current figures show that about 57% of managers are females. This is an improvement of more than three percentage points compared to 54% achieved in 2020.

FIGURE 14: OCCUPATIONS GROUPS BY GENDER



Source: BANKSETA WSP 2022

Out of 113 678 (60%) women employed by the sector, 21 443 (19%) women across racial groups are in managerial positions, seven percentage points better than in 2021. Out of the 21 443 women in managerial positions, only 9 499 (42%) are African women, the other 58% cuts across the other races. This is concerning considering that 58% (65 971) of the women employed by the sector are African.

The data depicts that the sector employed 74 911 (40%) males out of 188 589 total population employed. The data also depicts that the sector employed 16 490 males across races in managerial positions. Out of 16 490 males in managerial positions only 5 868 (36%) African males are in managerial positions.

1.7.1 Professionals

The data depicts that 11 413 (74%) of white males are managers or professionals in the entire banking sector. This means that out of the 15 414 of the entire white male population employed, only 4 001 are non-professional nor managers and about half of those fall under technician and associate professionals. The data depicts male Indian/Asians at 33% for professional, 23% male Coloureds and 22% male Africans.

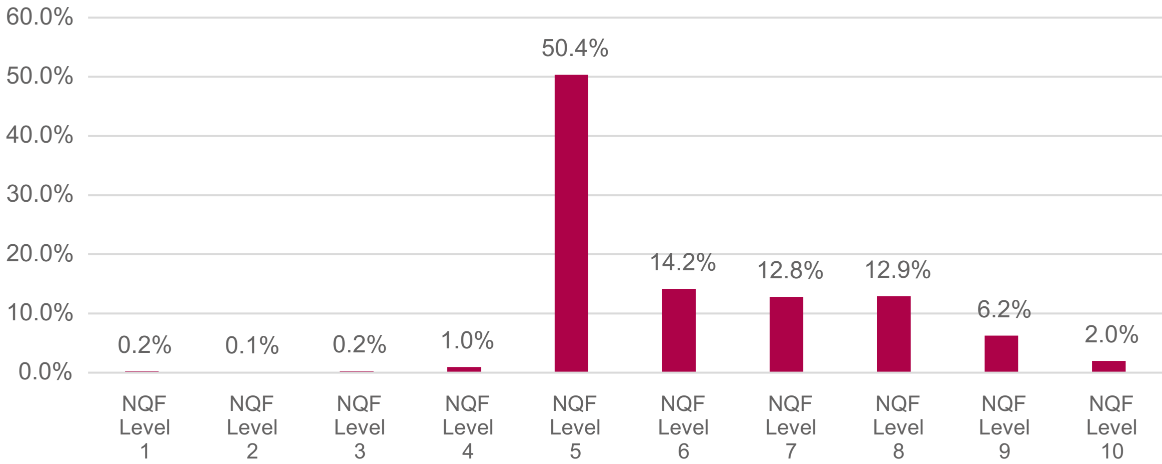
The entire female population in the professional category is 19 599 with 4 647 Whites, (9 206) Africans, 2 722 Indian/Asian, 2 747 Coloureds and 277 non-RSA citizens.

It is imperative that the BANKSETA encourages the skills development of these major groups to support the supply of skills in line with the demographic transformation targets laid down in the NSDP.

1.8 EDUCATION LEVELS OF EMPLOYEES

The figure below shows the educational levels of the employees in the sector. The majority of employees have an NQF Level 5 qualification. This category includes people with higher certificates and advanced national (vocational) certificates. The number of employees with qualifications at NQF Level 4 and below stands at 1,5%. It is also interesting to notice that more than 48% of the employees have at least an NQF Level 6 qualification.

FIGURE 15: EMPLOYEES BY HIGHEST QUALIFICATION LEVEL



Source: BANKSETA WSP 2022

1.9 CONCLUSION

In summary, the banking sub-sector comprises large organisations that possess a banking licence while the alternative banking sub-sector comprises some large, medium, and smaller organisations. The banking sector profile shows that the alternative banking sub-sector is relatively small in terms of revenue generation and GDP contribution but, it is an important component in the overarching financial services sector. As the sector is highly regulated, a substantial number of role-players exist to ensure compliance with 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 (African Business, 2021). This is largely due to a strong asset base. However, the banks have been exposed to downgrades in the past years. The employer and labour market profile provide key learnings on opportunities for skills development. In this chapter, we have also observed a significant change in the profile of the sector towards transformation based on the racial, gender profile of employees in managerial and professional positions within the sector.

Even though there was an expectation that COVID-19 would have huge negative effects on jobs in the banking sector, the latest WSP data reveals some marginal gains in the number of people employed in the sector. More extensive research to interrogate the issue may be necessary as job losses may still be in the pipeline.

Chapter 2:

KEY SKILLS CHANGE DRIVERS

2.1 INTRODUCTION

This chapter focuses on examining the key skills change drivers that are driving change in the banking sector and that influence skills demand. The chapter is informed by interviews with critical role players in the sector and international banking sector studies. The key skills change drivers identified include COVID-19, digitalisation, and technology, changing customer expectations, regulatory changes, risk and cyber-crime and disruptors in banking.

The major factors impacting skills demand and supply in the banking sector and their implications for skills planning are examined. Lastly, policy frameworks affecting skills demand and supply in the sector are identified.

2.2 CHANGE DRIVERS

The five major change drivers are COVID-19; digitalisation and technology; changing customer expectations; regulatory changes, risk and cyber-crime and disruptors in banking.

2.2.1 COVID-19

2.2.1.1 Effects on Employers and Employees

The challenges brought about by COVID-19 meant that the sector had to quickly adopt the technological plans that were considered to still be far in the future for South Africa. The March 2022 PwC Report on analysis of South African major banks revealed that while 2020 began with a brief period of normality, the COVID-19 pandemic dominated the entirety of 2021. Learnings from navigating the extreme uncertainty during earlier phases of the pandemic – coupled with shifts to new ways of working and delivering financial services aided the major banks' abilities to navigate 2021 with a focus on stability, innovation and digitally led operational excellence.

Against more supportive conditions, the major banks delivered strong results on the back of a rebound in economic activity, increased client engagement levels and gains made through the execution of their digitally centric strategies. PwC Africa Banking Partner Rivaan Roopnarain says after consecutive periods of significant uncertainty, the major banks are optimistic that the rebound in economic activity and consumer confidence will gather momentum. "Further embedment of digital innovation and ESG-related metrics into reporting and performance measures are likely to remain important elements of overall bank strategy."

Employers have realised that remote work has benefits for both the employer and employees. The benefits for employees include quality time with family, increased employee morale, savings on fuel and commuting time. As a result, employers in the banking sector have embraced this benefit and major banks are starting to look at a possibility of implementing a combination of remote work and office for their employees. Despite these benefits, employers also understand that there are households that may not be suitable for remote work and that employees who find themselves in this situation should also be catered for in the planning process.

Deloitte's (2020) report on COVID-19's potential implications for banking and financial markets suggests the potential challenges that the banks may face during the pandemic. The table below summarises those challenges.

TABLE 5: CHALLENGES FACING BANKS DURING COVID-19

Topic/issue	Current and potential developments	Relevant questions	Actions banks and capital markets firms should consider
Branch/ATM operations	As the pandemic advances, some branches/offices may need to close temporarily, or employees may not want to come into work. ATMs may need to remain open and have enough cash to dispense.	How can banks ensure operational consistency with branch/office operations if there are temporary closings or employee absences? How can branches sufficiently replenish cash for ATMs?	Consider reducing branch hours or, if possible, utilizing only drive-through operations. Assess opportunities to deliver services solely through digital channels
Trade compliance	Many institutions already have traders working from home and remote offices, and some regulators such as the Financial Industry Regulatory Authority (FINRA) have temporarily waived rules in this regard. Meanwhile, the United Kingdom's Financial Conduct Authority (FCA) has stated that all firms are expected to meet their regulatory compliance obligations regarding trading orders transactions, timely entry of orders, using recorded lines, and giving staff access to compliance support	What flexibility might regulators grant that would enable traders to work from home? What systems/tools/support need to be provided to traders who may be forced to work from home?	Be in close contact with industry groups, such as the Securities Industry and Financial Markets Association (SIFMA), and regulators, such as the Commodities Futures Trading Commission (CFTC), National Futures Association, and the FCA, for information and updates on obtaining waivers. Work with vendors to set up alternate recording options.

The microfinance sub-sector has experienced a lot of difficulties compared to the banking sub-sector. According to a survey conducted by TransUnion (2020), over 90% of businesses in this sector were struggling or have temporarily closed because of the pandemic. The other 10% were able to continue operating normally mainly because of the investment they have put towards business ICT infrastructure, working from home technology and marketing. The study further found that only 11% of the small businesses were using digital channels as their primary sales channel. The majority (85,7%) of these businesses are selling directly to the consumers who mostly are the low-income earners. The combination of this and the lockdown regulations meant that most of these businesses were unable to withstand the effects of the lockdown as their channels of sales were not accessible during this period.

The survey by TransUnion also shows that although the conditions are tough for the microfinance sector all is not lost as over 54% of the businesses were positive about the prospects of recovery. Employers in this sector also show that they have started investing in work-from-home technology and are also trying to improve their IT infrastructure. They have also identified the need to attract new customers as they move forward into the future.

2.2.1.2 Effects on Customers

The lockdown regulations implemented by the government during the early stages of the pandemic which restricted movement meant that the desire for digital banking increased as customers needed to conduct their banking remotely. With most of their clients still relying on their mobile devices for access to the digital world, banks had to ensure that most of the services are made available on their Mobile Banking Apps.

The lockdown regulations also meant that the economic activities were reduced, and this impacted negatively on the customers. This has also put pressure on the employers as more customers were unable to meet their debt obligations and loan origination declined as well. This affected the profit margins of the banks.

The low-income earners who are the main customers of the microfinance sector were the worst affected during the pandemic. International studies show that more than 50% of these consumers lost their income during this period compared to less than 30% in the other income groups.

The requirement of working from home also brought about its own challenges. The employees had to quickly adapt to the "home office" and become productive. This meant that employees needed to be equipped with newer skills and tools. Studies show that skills that are becoming more important include, digital literacy, strong oral and written communication, adaptability, time management and multitasking. The demand for technical skills in ICT and customer service remains high as employers scale up their businesses and adapt to the new normal.

2.2.1.3 Outlook of the Sector

Despite the challenges experienced during the pandemic, their sector in general remained resilient and there are signs of recovery in the sector. The 2022 Major Banks Analysis Report by PwC shows that the combined headline earnings of the big four banks increased by 99% in 2021 compared to the previous year (increased by only 48% in 2020).

2.2.2 Digitalisation and Technology

The COVID-19 pandemic brought about a massive acceleration on digital transformation even though there is still a shortage of digital skills, so upskilling is essential. Digital upskilling will combat unemployment.

In the banking sector, digital banking entails 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 engage in banking activities.

'Digital' is a collective term that 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 to better engage with them is an area that the banks are expected to continue to invest in with a view to strengthen their capabilities through smarter and deeper use of predictive data analytics and better harnessing the wealth of information that already exists within their systems.

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 cryptocurrency, 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 cryptocurrency.

Banks traditionally operated in silo channels, with different business areas operating independently of each other. The introduction of open banking and PSD2 will see a new way of banking emerge. It will allow the industry to innovate and enhance customer service and help new entrants (fintech) to gain a share of new financial products and services. Large banks have built their technology and data around individual products and channels and are beholden to legacy systems. To overcome this, banks must invest in technological capabilities and incorporate the right architecture to respond quickly and drive an agile culture throughout the business. The figure below depicts the Top 20 job roles that are increasing and decreasing across industries due to digitalisation and technology.

TABLE 6: INCREASING AND DECLINING DEMAND FOR JOBS

Increasing demand for these Jobs	Declining demand for these Jobs
1. Data Analysts and Scientists	1. Data Entry Clerks
2. AI and Machine Learning Specialists	2. Administrative and Executive Secretaries
3. Big Data Specialists	3. Accounting, Bookkeeping and Payroll Clerks
4. Digital Marketing and Strategy Specialists	4. Accountants and Auditors
5. Process Automation Specialists	5. Assembly and Factory Workers
6. Business Development Professionals	6. Business Services and Administration Managers
7. Digital Transformation Specialists	7. Client Information and Customer Service Workers
8. Information Security Analysts	8. General and Operations Managers
9. Software and Applications Developers	9. Mechanics and Machinery Repairers
10. Internet of Things Specialists	10. Material-Recording and Stock-Keeping Clerks
11. Project Managers	11. Financial Analysts
12. Business Services and Administration Managers	12. Postal Service Clerks
13. Database and Network	13. Sales Rep., Wholesale and Manuf., Tech. and Sci.Products
14. Robotics Engineers	14. Relationship Managers
15. Strategic Advisors	15. Bank Tellers and Related Clerks
16. Management and Organization Analysts	16. Door-To-Door Sales, News and Street Vendors
17. Fintech Engineers	17. Electronics and Telecoms Installers and Repairers
18. Mechanics and Machinery Repairers	18. Human Resources Specialists
19. Organizational Development Specialists	19. Training and Development Specialists
20. Risk Management Specialists/Clerks	20. Construction Labourers

Source: World Economic Forum, The Future of Jobs Report (2020)

2.2.2.1 Symphonic Enterprise

The 2019 Deloitte report on Banking and Financial Outlook states that banks' success in digital transformation will ultimately depend on how strategy, technology, and operations work together across domains. This collaboration is referred to as a "symphonic enterprise", where different technologies and solutions are seamlessly meshed to create maximum value. To achieve this, excelling at data management, modernising core infrastructure, embracing artificial intelligence (AI), and migrating to the public cloud should take precedence. But a key step in any of this digital transformation is getting a better handle on data to extract the greatest value from technology investments. No doubt many banks have established dedicated data management programs, but success up to this point seems modest at best. The data challenge becomes more daunting as data integrity increases in importance.

The 2020 PwC Banking Survey reveals that each bank needs to develop a clear strategy to deal with the transformation landscape. They need to decide whether to lead, to follow fast or to manage defensively; putting off change. They need to create agility and optionality, to adapt to rapid change and future uncertainty. Yet, whatever the chosen strategy, success will come from executing the right balance across six priorities. The 2020 PwC Banking Survey, with input from leading players worldwide on research into the macro-trends impacting banking and input from global banking executives, identified the following six priorities for retail banks:

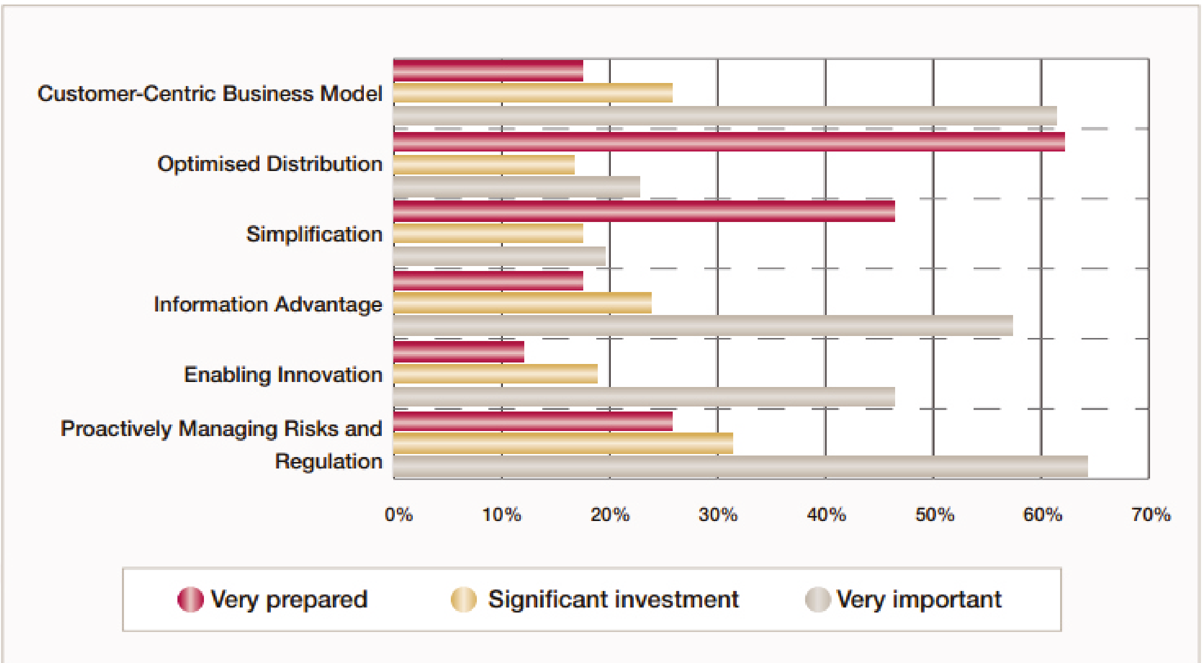
1. Developing a customer-centric business model
2. Optimising distribution
3. Simplifying business and operating models
4. Obtaining an information advantage
5. Enabling innovation, and the capabilities required to foster it
6. Proactively managing risk, regulations, and capital

Every bank needs to develop a view of the future landscape, and the uncertainties surrounding it. Every bank needs a clear view of its own unique strengths and challenges. Every bank needs to develop its posture against this evolving and uncertain future. Every bank needs a clear strategy, yet, whatever the chosen strategy, it will involve executing a balance across these six priorities.

Banking executives agree that these priorities are particularly important, with each of them scoring between 4.3 and 4.5 (out of 5) in our survey. However, we found a striking gap between those ranking these priorities as ‘Very important’ (46%–64%) and those stating that they saw themselves as ‘Very prepared’ (11%–17%) and/or that they were making a ‘Significant investment’ (18%–25%) in these areas. Technological, organisational, talent and cost constraints were viewed as the greatest obstacles to success. Many banks have been investing in improving the overall customer experience, but although much has been written about the need to develop a more customer-centric business model, few (if any) have attempted the sort of wholesale transformation of their operating model which we believe necessary to win going forward.

The PwC Banking 2020 Survey also indicates a growing awareness, but a significant gap in preparedness. A total of 61% of bank executives say that a customer-centric business model is ‘very important’, and 75% of banks are making investments in this area (this pattern is consistent globally). Only 17% feel ‘very prepared’. Please see Figure 16 on the six priorities and the significant gap between preparedness and importance.

FIGURE 16: SIX PRIORITIES: SIGNIFICANT GAP BETWEEN PREPAREDNESS AND IMPORTANCE



Source: The 2020 PwC Banking Survey

2.2.3 Changing Customer Expectations

Banks today typically do not know their customers very well. Now, at the product level, many banks have invested significantly in customer analytics – plenty of credit card providers, for example, understand a customer's value potential, can track spending patterns, and make targeted offers. Many still send customers multiple product offerings in the hope that something will stick. And few can analyse a customer's deposit account, see that his salary deposit has increased, and send a note congratulating the customer on his or her promotion together with an offer of a premium card and a higher credit limit.

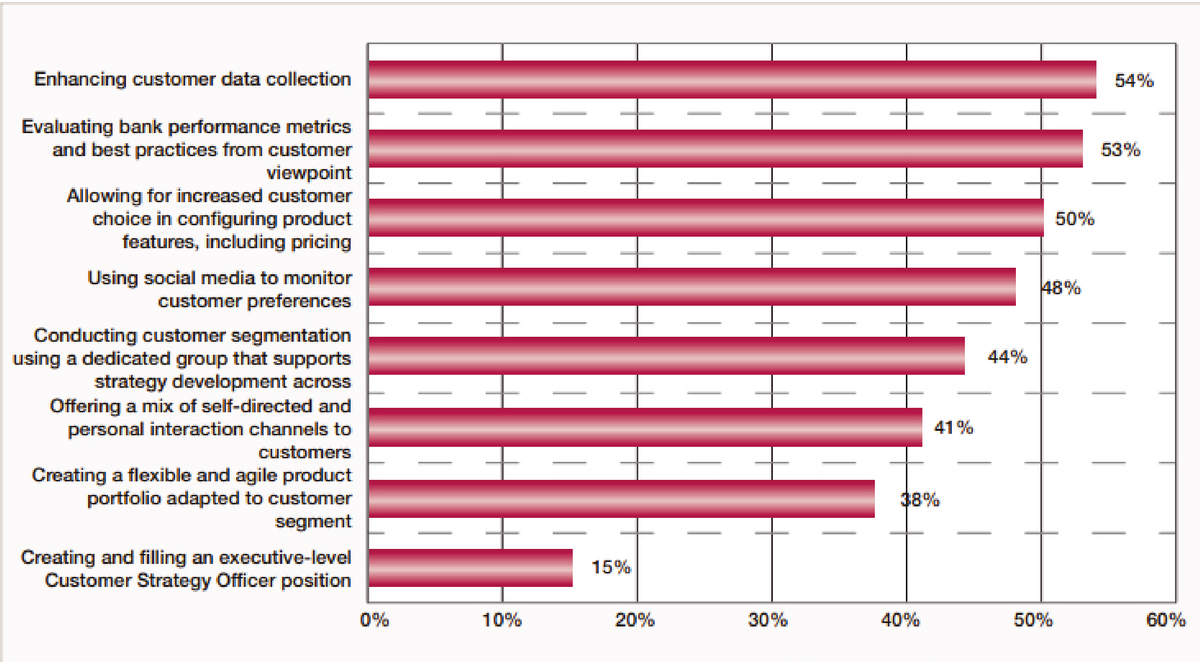
Banks struggle to join the dots internally and prepare bank-wide views of a customer relationship, let alone integrate external sources of data. And, as such, risk and credit decisions are typically taken at the product level, not at the customer level. Many banks carry vast product sets, with subtle differences, frequently not appreciated by customers. This comes with a consequent cost in operations, technology, service and, at times, risk, and regulatory challenges. Systems are not modular in design so that each variant adds to this complexity and cost. Legacy products no longer offered for sale, are rarely discontinued.

No wonder customers are frustrated, and regulators are concerned about fair customer treatment. Even as banks invest today to address these issues, the bar just keeps on rising. Customers are redefining their expectations, taking their cues from other industries that offer multichannel access, product simplicity, seamless integration and 'segment-of-one' targeting. They want convenience, personalisation, accessibility, and ease of use. They want to feel like their bank is anticipating their needs, not bombarding them with product offerings. They want transparency and no surprises in terms of fees. Today's definition of first-class service, which most banks are a long way from delivering, is rapidly becoming a baseline expectation. Banks know that better customer experience leads to greater loyalty, advocacy, and revenues.

The winners of the future will need to develop a much deeper, holistic understanding of their customers. They will need to acquire, integrate and analyse multiple sources of internal and external data. They will be able to understand their customers' needs and be present with a relevant solution at the time of need. They will simplify their product sets and they will redesign their core processes from a customer point of view.

Further, they will (re)answer the most fundamental questions of who their target customers are, what their value proposition is to those customers, and what competitive advantages will distinguish them in the marketplace. A bank does not need to be all things to all people to succeed. Figure 17 depicts the areas of significant effort by the banks over the next five years in an attempt to understand customers and meet their needs.

FIGURE 17: AREAS OF SIGNIFICANT EFFORT OVER THE NEXT 5 YEARS



Source: The 2020 PwC Banking Survey

2.2.4 Regulatory Changes, Risk and Cybercrime

The 2019 Deloitte Report on Banking and Capital Markets Outlook states that there is a growing divergence in global regulatory standards. As countries look for ways to spur economic growth, many are increasingly showing a willingness to take a fragmented approach, bucking the previous trend of post-crisis synchronisation. With such a dynamic regulatory landscape, banks should buckle down and make compliance modernisation a priority, focusing particularly on making regulatory systems more efficient for business strategy. Throughout all compliance efforts, banks should prioritise soundness and safety. Regulatory divergence seems to be encouraging experimentation by fintechs and welcoming them to the fold. The OCC announced in July 2018 that it would begin accepting fintech bank charter applications. South Africa is also following the same path and the following regulatory bodies play a critical role in South Africa's regulatory system.

2.2.4.1 South Africa's Regulatory Bodies

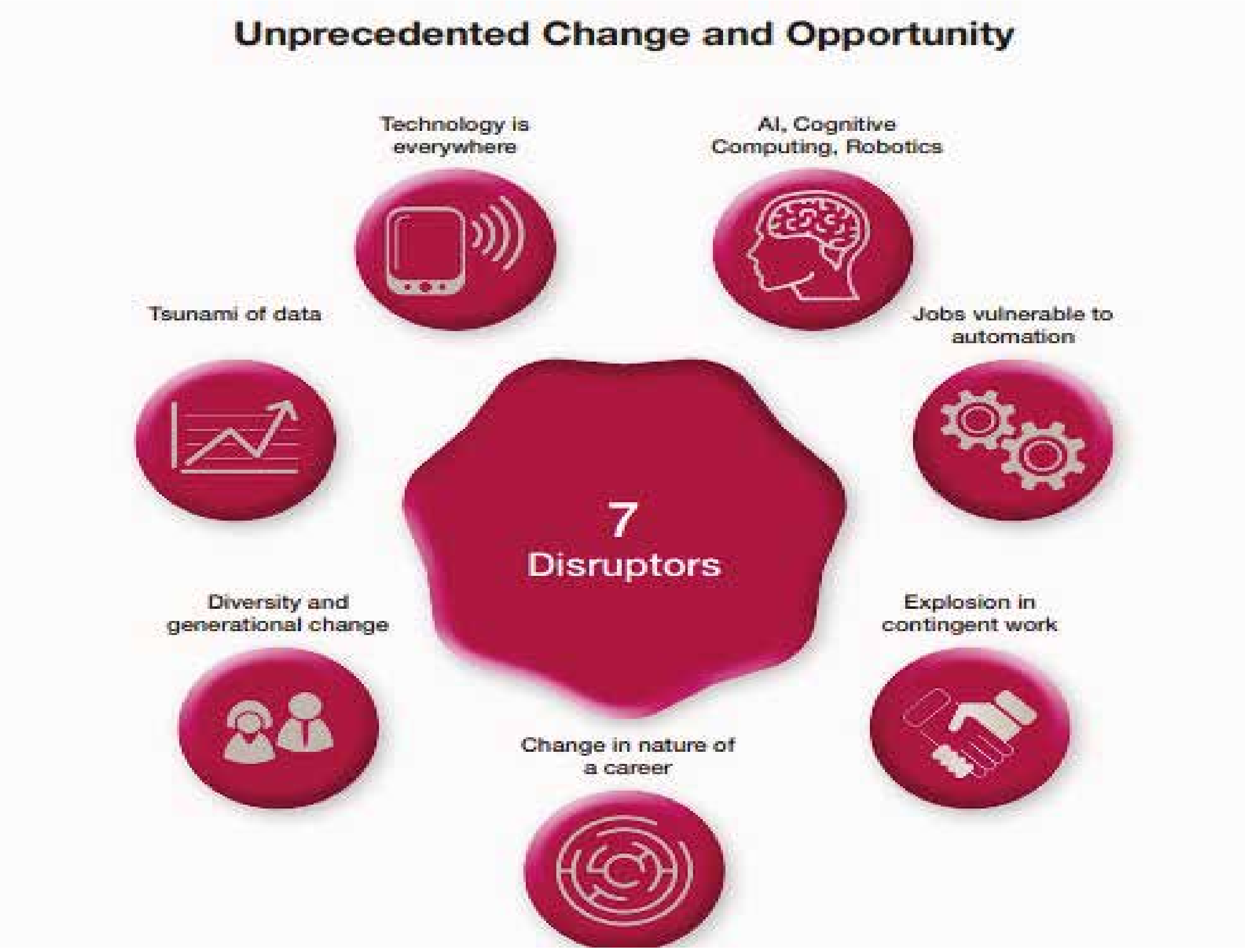
The South African Reserve Bank Please visit www.resbank.co.za	**These were addressed later in this chapter under "Policy Frameworks Affecting Skills Demand and Supply"**
Co-operative Banks Development Agency (CBDA). Please visit: www.gov.za/coopbank	
National Credit Regulator Please visit: www.ncr.org.za	
The Financial Sector Conduct Authority (FSCA). Please visit: www.fsca.co.za	

2.2.5 Disruptors in Banking

More recently, competition has evolved from traditional competitors to fintech disruptors to “big tech” disruptors. These disruptors are revolutionising the banking experience for clients and, if traditional players do not respond, they will continue to capture more of the banking value chain. Many fintech players have found it difficult to scale up and are increasingly partnering with traditional banks. But “big tech” disruptors have both the financial muscle and ability to grow, presenting a greater threat to traditional banks that do not embrace change and innovation.

The 2019 Banking and Financial Outlook highlighted seven key disruptors in the banking and alternative banking sector, as depicted in Figure 18:

FIGURE 18: SEVEN KEY DISRUPTORS



2.3 IMPLICATIONS FOR SKILLS PLANNING

The key skills change drivers have very serious implications for skills demand. Drivers of change mean that the skills demanded will also change. The implications are summarised in the table below.

TABLE 7: IMPLICATIONS FOR SKILLS PLANNING

Key Skills Change Driver	Implications for Skills Development	Demanded Occupations/Skills
COVID-19	As remote work continues, there will be an increase in demand for secure applications for virtual teams, information security and digital literacy	- Cyber-security, - Applications developers - Time management - Adaptability - Digital literacy
Digitisation and technology	**Skills:** There will be both job/skills losses, and opportunities for upskilling and/or new jobs. Skills that will be in demand will be for high skills in computing technology. **Policy:** Policy to support the development of appropriate and accredited digital short courses; and support for a new suitable digitalisation tertiary degree. To better inform policy through evidence-based research, it is recommended that the quantitative impact of digitalisation on occupations is determined, alongside qualitative multiple-criteria – such as investment in upskilling, retention of jobs etc. To ensure the digitalisation of the banking sector is a just transition, policy needs to recognise the inclusion of women.	- Analysts - IT systems architects - Software developers - Network specialists - Data scientists and data engineers - Robotics engineers and technicians
Changing customer expectations	Focus on the appropriate ways to deal with customer queries and challenges	- Relationship consultants - Sales and Marketing Manager
Regulatory changes, risk, and cyber-crime	A greater focus on the new regulatory framework for prudential and conduct authorities, cybersecurity as a risk that all banks must address by ensuring they have the appropriate skills to manage these risks.	- Chief cybersecurity officers - A range of occupations in cybersecurity - Compliance Officer
Disruptors in banking	Agility skills and skills to develop a multi-disciplinary employee is important. It is also important to develop skills for the fintechs within the banking sector in order for them to provide effective service to the banks.	- Complex problem solving - Management of finance resource - Service orientation - Critical thinking - Judgement and decision making - Management of personnel resource - Management and leadership - Time Management - System Analysis - Programming

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 management, data analytics and data scientists, are emerging in the sector. In addition, the soft skills required are changing to include skills like agility, innovation, creativity and problem-solving. Career fit appears to be the focus in terms of the skills needed in the banking sector where re-skilling and upskilling for new job roles is currently underway. The requirement of remote work and social distancing brought by COVID-19 meant that customers and employees spent more time at home and avoided visiting the banks and offices. This has helped accelerate the need for most of the technology relating to the 4IR and related skills.

2.4 POLICY FRAMEWORKS AFFECTING SKILLS DEMAND AND SUPPLY

BANKSETA aligns its skills development activities to eight key national strategies and plans: the National Skills Development Plan, the National Development Plan, the New Growth Path, the National Skills Accord, the Youth Employment Accord, the Human Resource Development Strategy, the Open Learning Policy and recently, the Economic Reconstruction and Recovery Plan. Sectoral strategies are also important for skills planning. The Financial Inclusion Strategy, Financial Services Code, National Credit Act, and the SARB Regulatory Framework 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.

TABLE 8: POLICY FRAMEWORKS AFFECTING SKILLS DEMAND AND SUPPLY

Policy Frameworks Affecting Skills Demand and Supply	Skills Implications
The National Skills Development Plan: The National Skills Development Plan) is the overarching strategic guide for skills development which is intended to provide direction to sector skills planning and implementation in the SETAs.	BANKSETA's current contribution to the NSDP includes the following: The discretionary grant is allocated to contribute to the achievement of all eight goals of the NSDP.
The National Development Plan (NDP) The NDP aims to eliminate poverty and reduce inequality by 2030. According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.	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 - Alternative banking interventions specifically in microfinance and co-operatives support poverty alleviation - 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

Policy Frameworks Affecting Skills Demand and Supply	Skills Implications
New Growth Path The New Growth Path proposes strategies to deepen the domestic and regional market by growing employment, increasing incomes, and undertaking other measures to improve equity and income distribution. If employment grows by five million jobs by 2020, over half of all working-age South Africans would have paid employment and narrow unemployment would drop by 10 percentage points.	BANKSETA's current contribution to the NGP includes the following: - Funding for master's and doctoral students to support the growth of the knowledge economy. - Supporting rural development and regional integration through the establishment of regional offices.
National Skills Accord This accord binds the social partners to objectives in areas of artisan training and training in other scarce skills, as well as the promotion of internships and the placement of graduates of TVET colleges, training colleges and universities of technology.	BANKSETA's current contribution to the National Skills Accord directly aligns to the eight key commitments designed to drive training and development: - Expanding the level of training using existing facilities to the fullest - Making internship and placement opportunities available within the workplace - Setting guidelines of ratios of trainees; artisans as well as across the technical vocations, to improve the level of training - Improving the funding of training and the use of funds available for training and incentives on companies to train - Setting annual targets for training in state-owned enterprises - Improving SETA governance and financial management as well as stakeholder involvement - Aligning training to the New Growth Path and improve Sector Skills Plans. - Improving the role and performance of colleges
Youth Employment Accord The parties to this Accord agreed to implement a coordinated youth employment strategy (YES) from 2013, aimed at bringing significantly larger numbers of young people into employment, using a combination of measures.	BANKSETA's current contribution to the Youth Employment Accord includes the following: - Fund learnership programmes for unemployed individuals - Partner with employers to support youth development initiatives in a co-funded model - Funding of internships
Economic Reconstruction and Recovery Plan (ERRP) The plan identifies priority sectors that will be vital for economic recovery after COVID-19.	The BANKSETA will fund those initiatives relevant to the sector that will be identified under the ERRP.

Policy Frameworks Affecting Skills Demand and Supply	Skills Implications
Skills Strategy to Support the Effective Implementation of the Economic Reconstruction and Recovery Plan The skills strategy identifies the skills implications of ERRP and outlines the ways in which the PSET system will ensure skills required to implement this plan are available.	The BANKSETA will fund programmes to produce occupations relevant to the sector that will be identified under the ERRP.
Human Resource Development Strategy The HRD-SA is a 20-Year Strategic Framework that guides the development of human resources.	BANKSETA's current contribution to the HRDS includes the following: - All training interventions make every effort to align with equity targets
Open Learning Policy Open Learning enables many people to take advantage of cost-effective and meaningful, quality education and training opportunities throughout their lives.	BANKSETA's current contribution to the Open Learning Policy includes the following: - The implementation of an 'alternatives' delivery project with public higher education institutions
Financial Inclusion Strategy Financial inclusion refers to a process that ensures the ease of access, availability, and usage of the formal financial system for all members of an economy.	BANKSETA's current contribution to the Financial Inclusion Strategy is through the implementation of alternative banking programmes.
Financial Sector Conduct Authority Framework The Financial Sector Conduct Authority commits its participants to "actively promoting a transformed, vibrant, and the 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".	There is a need for skills development in regulation, licensing, financial law, and fund administration.
National Credit Act The National Credit Act promotes and advances the social and economic welfare of South Africans, promotes a fair, transparent, competitive, sustainable, responsible, efficient, effective, and accessible credit market and industry, and to protect consumers	There is a need for skills development in credit management and debt counselling. There is a need for consumer education.

Policy Frameworks Affecting Skills Demand and Supply	Skills Implications
SARB Regulatory Framework A strong regulatory system is key to the success of any financial hub. SARB has commenced with the implementation of 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 has replaced the Financial Services Board, will be responsible for market conduct and securities regulation.	There is a need for skills development in regulation, risk, and compliance. With such a dynamic regulatory landscape, banks should buckle down and make compliance modernisation a priority focusing particularly on making regulatory systems already in place more efficient for business strategy. And, of course, throughout all compliance efforts, banks should prioritise soundness and safety. Regulatory divergence is encouraging experimentation by fitness and welcoming them to the fold.
White Paper on Post School Education It sets out a vision for: A post-school system that can assist in building a fair, equitable, non-racial, non-sexist and democratic South Africa; a single, coordinated post-school education and training system; expanded access, improved quality and increased diversity of provision; a stronger and more cooperative relationship between education and training institutions and the workplace; a post-school education and training system that is responsive to the needs of individual citizens and of employers in both public and private sectors, as well as broader societal and developmental objectives.	The BANKSETA strives to align all its programmes to PSET vision and strategic objectives.

2.5 CONCLUSION

The drivers of change are mostly related to digitisation and technological advancements. The five change drivers are COVID-19, digitisation, and technology, changing customer expectations, regulatory changes, risk, and cybercrime, as well as disruptors in Banking.


SKILLS
ABILITIES
KNOWLEDGE

Chapter 3:

Occupational Shortages and Skills Gaps

3.1 INTRODUCTION

The occupational shortages and skills gaps are informed by interviews with critical role players in the sector, workplace skills plans and the DHET report on Post School Education and Training (PSET). While the previous chapters profiled the sector, the people employed within it, and the key skills change drivers, this chapter focuses primarily on understanding occupation shortages, skills gaps, and occupational supply in the sector.

In examining occupational shortages and skills gaps, the research looks at what occupations are hard-to-fill, how many of these hard-to-fill occupations exist and why these occupations are hard to fill. The research also investigates the major skills gaps that exist in the banking sector at the major occupational level. This is followed by an exploration of the extent and nature of the skills supply. This covers the extent of occupational supply, the state of education and training provision and the supply problems that employers experience with the current labour market.

The last section presents the PIVOTAL list of programmes that BANKSETA will implement to address both occupational shortages, skills gaps, and labour supply challenges. The research scrutinises the methods used to identify occupations in the PIVOTAL list, what informed the interventions selected to address the occupational shortages, what are the envisaged outcomes of the identified interventions, the consultative process that was followed to arrive at the listed occupations, the main findings that inform the PIVOTAL list and the order of priority of the occupations.

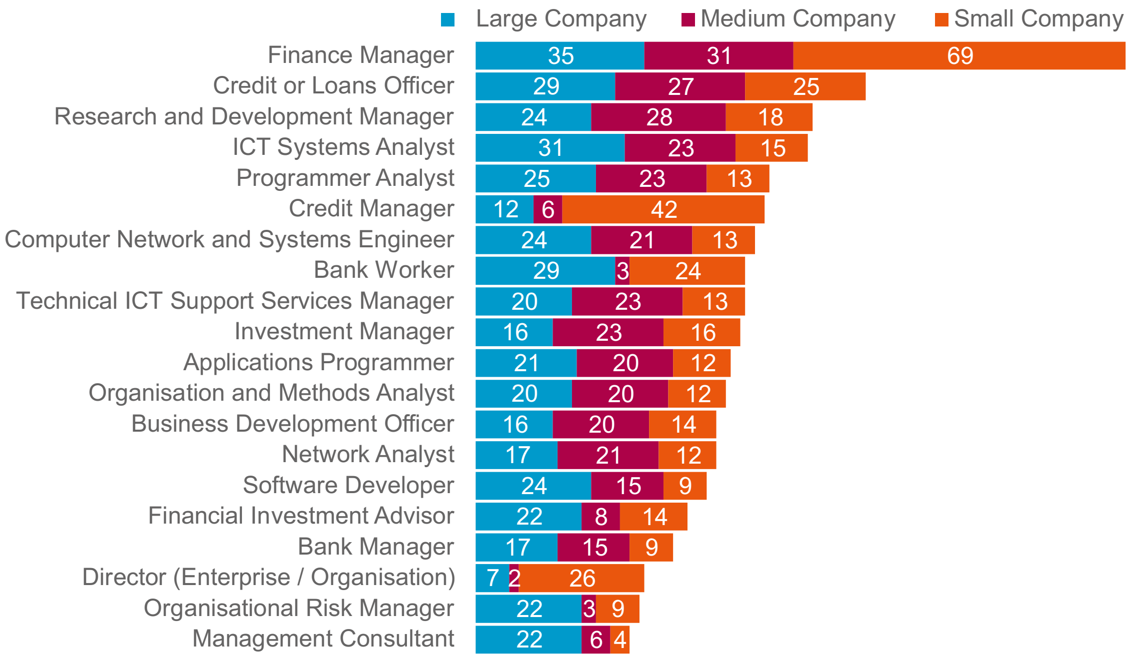
3.2 OCCUPATIONAL SHORTAGES AND SKILLS GAPS

Occupational shortages occur when the demand for workers in specific occupations does not match the supply of workers who are qualified, experienced, available, and willing to work; the demand for the skill outweighs the supply. Occupational shortages provide an indication of the skills mismatches that exist between skills demand and supply. Occupational shortages imply that there is a high turnover rate in these occupations as employers compete for the limited skill available by paying a higher salary than market-related, a high vacancy rate with vacancies difficult to fill exists for these occupations leaving the employer with a lack of skill to fulfil key functions important for organisational efficiency and productivity, and employers often import the skill required from abroad because the skill is crucial to their operations.

Occupational shortages also occur due to the dynamic nature of the skill required because of past growth in technology and product development. The skills produced by the supply channels are outdated and the skill demanded requires advanced knowledge and years of study or constant currency of training updates.

Hard-to-Fill-Vacancies (HTFVs) are defined as those that take longer than 12 months to fill with appropriately experienced and qualified candidates. Please see the list of HTFVs identified by small, medium, and large companies in Figure 19. The 2022 WSP data depicts that all companies reported 2 625 HTFVs and out of those, large companies reported 938, medium 611 and small companies 1 076.

FIGURE 19: HTFV BY COMPANY SIZE AND OCCUPATION



Source: BANKSETA WSP 2022

The data in 2022 depicts that Finance Manager was reported as the occupation where employers found it most difficult to fill positions, with as many as 135 of the HTFVs identified in 2022 by employers. This is followed by Credit or Loans Officer with 81 HTFVs, 25 for small companies and 29 for large. The top three HTFVs for small companies include Credit Managers, Finance Managers and Credit or Loans Officer. The data shows that small employers found it hard to recruit individuals in the core areas of their business compared to large employers who struggled to acquire skills in support areas. For medium companies, the most prominent HTFVs were Finance Manager (31), Research and Development Manager (28) and Credit or Loans Officer.

Furthermore, information technology-related vacancies comprise a significant number of HTFVs. This may be attributed to the increased demand for digitalisation as a response to the demands of remote work. Again, the very nature of IT is project orientated, the demand is entirely dependent on the availability of projects.

The lack of relevant experience and education of candidates applying for vacancies remain the top two reasons for employers being unable to fill vacancies. The two top reasons account for 61% of the reasons given. It is noted that equity considerations (gender, race and people living with disabilities) have a greater influence on the ability to fill vacancies in large companies (13%) than in the other size categories, while poor remuneration is a relatively more important factor for small companies (7%) in comparison to medium and large companies. Unsuitable job location is also of greater significance for large companies than in the other size categories, which may to some extent again reflect the proportionally higher concentration of large company employees in head office locations.

TABLE 9: TOP HTFV BY OCCUPATION

OFO Code	Occupation	Reasons							
		1	2	3	4	5	6	7	8
121101	Finance Manager	23	31	35	20	22	1	2	1
331201	Credit or Loans Officer	19	26	23		12		1	
122301	Research and Development Manager	12	13	12	7	14		12	
251101	ICT Systems Analyst	12	20	13	11	12	1		
251202	Programmer Analyst	12	22	12	1	13	1		
121103	Credit Manager	3	24	14	4	6		9	
252301	Computer Network and Systems Engineer	13	17	13	2	13			
252902	Technical ICT Support Services Manager	12	20	12		12			
421102	Bank Worker		38		18				
241202	Investment Manager	13	15	13		14			
251401	Applications Programmer	12	16	12	1	12			
242102	Organisation and Methods Analyst	12	14	13	1	12			
252302	Network Analyst	12	14	12		12			
242103	Business Development Officer	12	13	13		12			
251201	Software Developer	9	16	7	14	1	1		
241301	Financial Investment Advisor	2	28	9	5				
134601	Bank Manager	7	8	14	9	2		1	
112101	Director (Enterprise / Organisation)	1	7	4	7	8	5	3	
242208	Organisational Risk Manager	1	13	11	6	1	2		

Legend for Reasons
1. Equity consideration
2. Lack of relevant experience
3. Lack of relevant qualifications
4. Other
5. Poor remuneration
6. Slow recruitment processes
7. Unsuitable job location
8. Unsuitable working hours

Source: BANKSETA WSP 2022

According to the DHET SSP Framework, the term ‘skills gap’ refers to skills deficiencies in employees or lack of specific competencies by employees to undertake job tasks successfully to required industry standards. Skills gaps may arise due to lack of training, new job tasks, technological changes, or new production processes, to list a few. The term “top-up skills” also refers to skills gaps. It usually requires a short training intervention. Of equal importance to the level of productivity is the skills of employees. The identification of skills gaps provides an opportunity to improve the productive effectiveness of employees across the varying occupational levels within the organisation. In conducting this research, the generic skills as reflected in the Organising Framework for Occupations were used.

To further determine training and intervention requirements that could assist in developing a competent workforce that responds to the needs of the industry, an understanding of the specific skills gaps is important. WSP and ATR submitters were requested to identify the most important skills employees do not have, and which would enable employees to carry out the required job tasks proficiently.

The following table shows the top skills gaps by major OFO groupings. The most common skill gap is the job-specific (technical) skills across the major groupings.

TABLE 10: SKILLS GAPS BY MAJOR OFO GROUPINGS

Major Grouping	Skills Gaps	Main Reasons
Managers	Technical (Job-specific)	Lack of relevant experience
	Management and Leadership	New work processes
	Complex Problem Solving	Lack of relevant qualifications
Professionals	Technical (Job-specific)	Lack of relevant experience
	Complex Problem Solving	New work processes
	Critical Thinking	Lack of relevant qualifications
Technicians and Associate Professionals	Technical (Job-specific)	New work processes
	Critical Thinking	Lack of relevant experience
	Complex Problem Solving	Lack of relevant qualifications
Clerical Support Workers	Technical (Job-specific)	Lack of relevant experience
	Critical Thinking	New work processes
	Complex Problem Solving	Lack of relevant qualifications
Service and Sales Workers	Basic Computer (IT)	Lack of relevant qualifications
	Marketing and Sales	Lack of relevant experience
	Management of Finance Resource	New work processes
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	Legal, Governance and Risk	New products being produced
	Project Management	New work processes
	Learning Strategies	Lack of relevant qualifications
Plant and Machine Operators and Assemblers	Complex Problem Solving	Lack of relevant qualifications
	Time Management	New work processes
	Management of Material Resource	
Elementary Occupations	Team Work	New policies/legislation
	Service Orientation	New work processes
	Basic Computer (IT)	Lack of relevant qualifications

Source: BANKSETA WSP 2022

Table 11 shows the top occupations with skills gaps. The Credit or Loans Officer has emerged as the occupation with the most reported incidences of skills gaps.

TABLE 11: SKILLS GAPS BY OCCUPATIONS

OFO Code	Occupation	Skills Gaps	Main Reasons
331201	Credit or Loans Officer	Technical (Job-specific)	Lack of relevant qualifications
		Marketing and sales	Lack of relevant experience
		Critical Thinking	New work processes
251203	Developer Programmer	Technical (Job-specific)	Lack of relevant experience
		Advanced IT and Software	Limited resources in the market
		Project Management	Lack of relevant qualifications
121901	Corporate General Manager	Management and Leadership	Lack of relevant experience
		Active Learning	Lack of relevant qualifications
		Complex Problem Solving	New work processes
411101	General Clerk	Management of Finance Resource	Lack of relevant experience
		Office administrator	New work processes
		Critical Thinking	Lack of relevant qualifications
252101	Database Designer and Administrator	Technical (Job-specific)	Lack of relevant experience
		Advanced IT and Software	Limited resources in the market
		Basic Computer (IT)	Lack of relevant qualifications
134601	Bank Manager	Management and Leadership	Lack of relevant experience
		Communication (oral and written)	New work processes
		Complex Problem Solving	Lack of relevant qualifications
121101	Finance Manager	Technical (Job-specific)	Lack of relevant experience
		Management and Leadership	Lack of relevant qualifications
		Management of Finance Resource	New work processes
252301	Computer Network and Systems Engineer	Programming	Lack of relevant qualifications
		Complex Problem Solving	Lack of relevant experience
		Technology Design	New Technology
251101	ICT Systems Analyst	Technical (Job-specific)	Lack of relevant experience
		Operation Analysis	New work processes
		Advanced IT and Software	New products being produced
421102	Bank Worker	Office administrator	Lack of relevant experience
		Complex Problem Solving	New work processes
		Marketing and sales	Lack of relevant qualifications

Source: BANKSETA WSP 2022

It is evident that a lack of relevant experience remains the largest influencing factor with respect to skills gaps experienced, as is the case for HTFVs. This is particularly true for larger companies, where more than half of the reasons cited for skills gaps were due to lack of experience. Slow recruitment processes as a reason for skills gaps are generally more relevant for medium and large companies, while lack of qualifications is marginally more critical in smaller companies than in their larger counterparts. It is noted that equity considerations are less important factors where skills gaps are concerned when compared to the reasons cited for HTFVs, while poor remuneration; slow recruitment processes; and unsuitable job locations play a larger role in skills gaps than is the case for HTFVs.

3.3 EXTENT AND NATURE OF SUPPLY

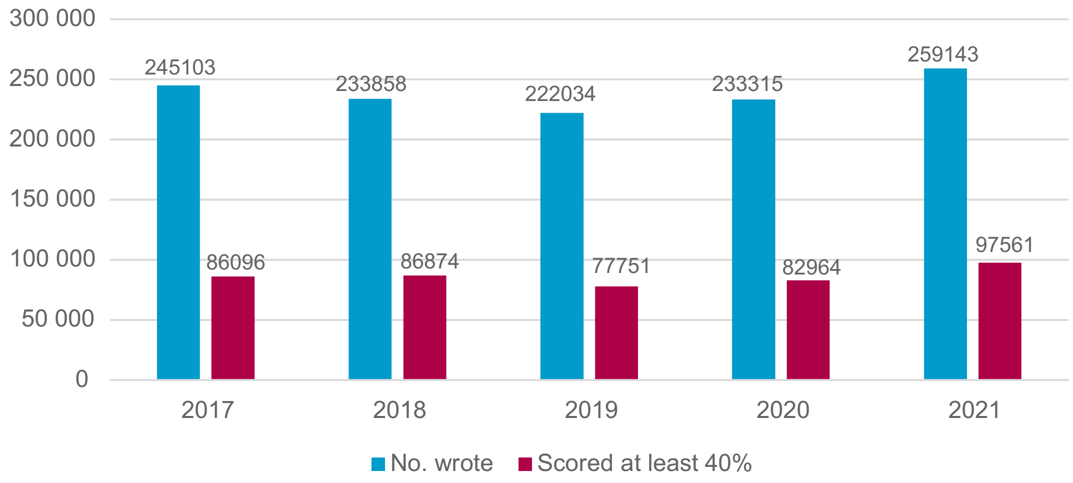
The root of unemployment is not only a lack of jobs; a key underlying issue is also the inadequately educated and experienced workforce which is the main challenge of post-school education and training.

The supply of skills to the banking sector comes from a myriad of sources from within the post-school education and training system and includes school leavers, TVET college graduates, Higher Education graduates as well as SETA graduates. Labour supply from these educational systems could mean job seekers who possess only an academic qualification as in the case of school leavers and university graduates or academic qualifications with a short stint of workplace experiential learning as in the case of TVET Colleges and University of Technology graduates. SETA graduates in most instances follow the learnership mode of training delivery and graduate with a fair amount of workplace experiential learning.

The South African education system has marginally succeeded in creating a workforce with a high knowledge base as is evident in the graduate data available as provided by the Labour Market Intelligence Project (2018). The data provide an astounding indication that for every hundred learners who enter the schooling system, only thirty-seven pass matric and only four finally complete with a full university degree. A further examination indicates that when these individuals enter the skills supply pool, of a hundred job seekers only four will hold a complete degree, thirty-three will hold a matric certificate and sixty-three will hold some form of schooling. Within the banking environment where technology is driving employment patterns, these statistics are of serious concern as the sector seeks to employ highly skilled individuals. This is evident from the types of occupations that are in high demand as discussed in the previous section.

The basic education stream is quite significant as it provides throughputs for all post-school education and training streams. School performance in Mathematics, Physical Science and Technology impacts the pipeline feeder for university studies in degrees for careers linked to banking. Poor performance in Mathematics, which is key for employment in the banking sector has been a cause for concern. As a starting point, the low percentage of 30% required for a pass mark is too low for learners to succeed in studying for a career in banking or information technology or any of the other occupations within the sector. The 2021 data from the Department of Basic Education indicates that the number of learners who obtained at least 40% scores was sitting at below 40%. Figure 19 shows Mathematics achievement trends from 2017 to 2021.

FIGURE 20: LEARNER PERFORMANCE IN MATHEMATICS



Source: 2021 NSC Diagnostic Report Part 1: Content Subjects

The Physical Science pass rates went up to 65,8% in 2021 and this is low compared to 75,5% reported in 2019. In 2021, the number of learners who wrote this subject increased from 174 310 to 196 968.

This significant decline in the pass rate indicates that fewer learners are able to pursue studies relating to Data Science, Statistics, and other high-level technology skills. If the schooling system is to assist the economy to prepare for skills for the 4IR and 5IR, there is a cause for deep concern.

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, analysts have expressed concern about the lowering of standards, i.e., the 30% pass mark. Analysts have argued that the higher pass rate can 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 National Senior Certificate (NSC) examination, learners can enrol for a bachelor's degree at any university in South Africa. The White paper on Post-School Education and Training (2013) states that South Africa still has a post-school education and training system that does not offer sufficient places to the many youths and adults seeking education and training.

It is not only the education and training system that has changed. The social and economic challenges facing South Africa have also changed. Today, national priorities are seen differently by the government compared to earlier years of democratic rule. The National Development Plan (NDP), the New Growth Path, the 2022 DHET Skills Strategy: Support for the South African, the 2020 ERRP, the 2022 Presidential Employment Stimulus and other key policy documents of Government have set out important strategies and priorities for development, with an emphasis on inclusive growth and employment generation. It is essential that the post-school education and training system responds to these, especially with regard to expanding the pool of skills and knowledge available to the country; achievement of this goal will enable the expansion of the key economic focus areas and equip young people to obtain work.

The Higher Education Institutions (HEIs) system consists of 26 public institutions and 132 private institutions. Table 9 below illustrates the number of students enrolled in public and private institutions in 2020.

TABLE 12: TOTAL HEI DATA

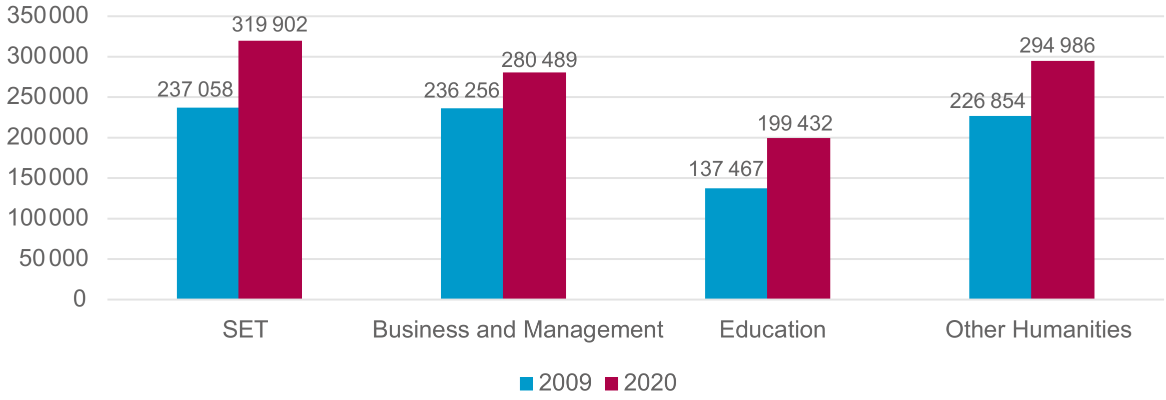
Category	Public HEI	Private HEI	Total
Number of Institutions	26	132	158
Number of students enrolled	1 094 808	219 031	1 313 839

Source: PSET Report (2022)

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 the business and management streams. In recent years, the sector has demanded graduates with a qualification in Information Technology, Mathematics and Statistics, Data Analytics, Programming, and Engineering.

Many students currently enrolled in South Africa's tertiary institutions are studying subjects that support the need in business for: Science, Technology, Engineering and Mathematics (STEM) as well as future-oriented skills. This is so appropriate as many organisations face the challenge of finding appropriately trained graduates with complex problem-solving skills, critical thinking, good judgement, and decision-making, as well as cognitive flexibility. The figure below shows the number of students enrolled in public HEIs by major field of study.

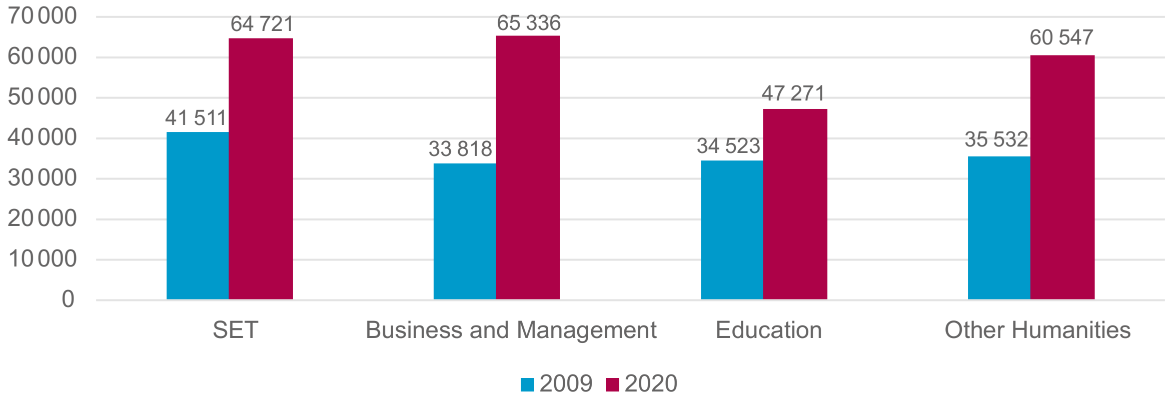
FIGURE 21: NUMBER OF STUDENTS ENROLLED IN PUBLIC HEIs BY MAJOR FIELD OF STUDY, 2009 and 2019



Source: PSET Report (2022)

Graduation rates in higher education institutions present a bleak picture with a substantive number of learners not completing their studies. Of the total enrolments in public higher education institutions, only 237 882 students successfully completed their degrees. Undergraduate certificates, diplomas and degrees comprise the bulk of graduates. Of these only 3 552 are doctoral degrees, the highest qualification awarded.

FIGURE 22: NUMBER OF GRADUATES FROM PUBLIC HEIs BY MAJOR FIELD OF STUDY, 2009 and 2019



Source: PSET Report (2022)

There has been a significant decline in the number of students enrolled in TVET colleges, with enrolment in TVET colleges reaching 452 277 in 2020, a decline of 32,8% compared to 673 490 in 2019.

BANKSETA implements a range of interventions that link to qualifications required by the banking sector. These qualifications are offered either through learnerships, bursaries, workplace-based learning, or skills programmes. The statistics for the beneficiaries of the BANKSETA programmes are shown in the table below.

TABLE 13: PROGRAMMES FUNDED BY BANKSETA

Category		Unemployed	Employed	Total
Registered	Learnership	129	2 246	2 375
	Internship	28	0	28
	Skills Programmes	249	145	394
	Total	**406**	**2 391**	**2 797**
Completed	Learnership	975	1 908	2 883
	Internship	160	0	160
	Skills Programmes	0	634	634
	Total	**1 135**	**2 542**	**3 677**

Source: PSET Report (2022)

In 2018/19, BANKSETA through a combination of questionnaires, key informant interviews and focus group discussions, has identified the following challenges in the skills supply system. Even though this research has not been reviewed BANKSETA is of the view that many of these challenges still exist. On TVET colleges:

- TVET colleges have generally failed to align their learning programmes to the needs of banking and alternative banking employers;
- The colleges have capacity constraints in respect of suitably qualified lecturers, a situation that adversely affects the quality of learning particularly in skill areas of interest to banking and alternate banking such as Information and Communications Technology (ICT);
- The majority of the TVET colleges have limited capacity to develop ICT skills required by banking and alternative banking. While some institutions offer computer courses these are mostly at National Certificate Vocational (NCV) level and very few offer information technology programmes at National Accredited Technical Education Diploma (NATED) level;
- There is a high failure rate for learners who enrol for the NCV computer skills programme;
- Due to lack of lecturers, computer laboratories and the high failure rate (as much as 75%) some institutions have discontinued the NCV computer skills programme;
- Out-dated curricula issues continue to hamper the quality of learning and thus further contribute to college graduates being ill-prepared for banking and alternate banking work environments;
- Recruitment barriers exist at banking and alternative banking institutions where TVET graduates are considered ill-prepared for the work environment. For example, the emphasis on a degree as the minimum entry requirement for some leading banks has effectively shut out college graduates from most employment opportunities in the sector;
- Lack of graduate tracking systems for colleges hampers feedback on where graduates are employed. As a result, colleges hardly get feedback from employers on the quality of their graduates or their employment status;
- Despite the existence of career guidance offices at nearly all colleges, to a large extent career guidance still remains an underdeveloped mandate;
- Poor quality of learning at TVET colleges has unfortunately affected the progression of students from colleges to university, thus impacting on the skills pipeline; and
- Furthermore, despite recognition of the importance of partnerships in the White Paper, colleges and the sector still need to implement solid initiatives to make this a reality.

On universities:

- Capacity constraints in respect of suitably qualified lecturers continue to hamper learning delivery;
- Universities generally offer more courses/programmes with a direct link to banking and alternate banking skill requirements. Despite this, there is a bias towards studying accounting, finance and business management than studying those programmes leading into skills demand areas such as ICT, data management and actuarial studies;

- University students view the need to create opportunities for WIL as an area of need;
- Some universities have well-developed relationships with industry partners, a development that ostensibly facilitates feedback on the quality of graduates produced as well as areas of skill demand;
- Universities lack tracking systems for their graduates and therefore do not have credible information on graduate employment status and skill areas in demand by the labour market;
- Failure/drop-out rates are problematic at universities. There is, therefore, need for more learner support programmes.

Banking and alternative banking employers view college graduates as theoretically ill-equipped and therefore not easy to train for the work environment. Banking and alternative banking employers also consider college graduates as patently lacking in communication skills and emotional intelligence. Some leading banks tend to focus on recruiting graduates from the 'top 5' universities. This disadvantages learners from universities that do not fall into this category, particularly previously disadvantaged universities. Banking and alternate banking employers view university graduates as generally well-grounded in theory and therefore trainable.

According to Van der Berg S. and Spaull N. (2020), about 14% to 57% of the schooling year will be lost in 2020 due to COVID-19 related school closures. These disruptions are expected to affect the throughput of learners in general. This will also affect the pass rate of Mathematics and Physical Science, resulting in a decline in the supply of skills in the sector. The traditional academic face-to-face delivery method for most higher education institutions (HEIs) had to be abandoned in favour of online learning. Online learning also comes with its own challenges, for example, students from rural and previously disadvantaged communities have no access to resources like devices, access to data and connectivity in their areas. This has made it difficult for some institutions to commence with online academic delivery.

The challenges brought about by COVID-19 also meant that some of the BANKSETA programmes had to be postponed to the next financial year. Planned work-based learning programmes (learnerships and internships) had to be halted as employers were not keen to receive learners at their workplaces. This meant that a provision had to be made for learners who were expected to complete their WBL programmes in 2020 so that they could be accommodated in 2021.

3.4 SECTORAL PRIORITY OCCUPATIONS AND INTERVENTIONS LIST

To assist the BANKSETA in addressing the scarce skills occupations listed above, a list of PIVOTAL programmes is identified. The occupations in the PIVOTAL list are derived from the occupational shortage research and the skills planning data submitted in the WSP process. 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. 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 scarce skills 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 the local hire.

One of the greatest challenges experienced is that often employers will indicate that the occupations they indicated do not fall within the top ten of the scarce skills and hence the PIVOTAL List (see Annexure 1: PIVOTAL List). The methodology used to generate the Skills Priority Occupations and Interventions list is summarised in the table below.

TABLE 14: SKILLS PRIORITY OCCUPATIONS AND INTERVENTIONS LIST PROCESS

Method Used	PIVOTAL list process
WSP data analysis	Preliminary list
Consultation Across Employers	Validate Preliminary list: Circulated Scarce Skills and Skills Priority Occupations and Intervention List to all employers for feedback and comments.
DHET Validation of Occupations in High Demand	Consulted DHET Occupations in high demand to determine if these skills are also of national importance.
PIVOTAL List Validation Workshop	A validation workshop is also held with the sector to reach a consensus on the Scarce and Sector Priority Occupations and Interventions list – these form the basis for the allocation of funding in the Annual Performance Plan.

To address this and to ensure consultation across all employers, the Scarce Skills and Sectoral Priority Occupations and Interventions lists are circulated to all employers for feedback and comments. A validation workshop is also held with the sector to reach a consensus on the Scarce and Sectoral Priority Occupations and Interventions lists as this 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 change drivers which further translates into the five priority areas that BANKSETA will focus on in the next few years. The Sectoral Priority Occupations and Interventions list is aligned with these focus areas.

The quantities in the Skills Priority Occupations and Interventions list were informed by data supplied by employers when submitting their WSPs for 2022 as well as research undertaken to determine occupational shortages and skills gaps. The Sectoral Priority Occupations and Interventions 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 full list is included in the annexure (see Annexure 1: PIVOTAL List).

3.5 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 - scope for the employment of graduates from the TVET Sector. The supply pipeline will be highly affected by COVID-19 for the foreseeable future as the education and skills systems try to find new ways of delivering programmes while also adhering to COVID-19 regulations.

It is evident from the analysis conducted that there is a mismatch between the supply and the demand. BANKSETA plans to host 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:

BANKSETA Partnerships

4.1 INTRODUCTION

The purpose of this chapter is to analyse existing BANKSETA partnerships and to establish which new partnerships are planned for the year under review. A partnership is often defined as a collaborative relationship between entities to work towards a shared objective through a mutually agreed division of responsibilities. The chapter commences with an analysis of the existing partners that BANKSETA works with to ensure that it delivers its mandate to the banking and microfinance 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. This chapter looks at the state of existing BANKSETA partnerships, institutions/organisations the BANKSETA is partnering with, the nature of each of the partnerships (term and duration), the objectives of each of the partnerships, the value each partnership is adding to the BANKSETA, reasons for successful partnerships and reasons for unsuccessful partnerships. The matrix below reflects existing partnerships, their nature, objectives, duration, and value of the partnership.

4.2 EXISTING PARTNERSHIPS

TABLE 15: EXISTING PARTNERSHIPS, THEIR NATURE, OBJECTIVES, DURATION AND VALUE OF THE PARTNERSHIP

Name of Partner	Nature of Partnership and Duration	Partnership Objectives	Successes	Challenges and Mitigations
Banking Association South Africa (BASA)	Strategic April 2020 - March 2025	To strengthen relations between the BANKSETA and the sector. To keep abreast of banking sector developments.	Regular briefings with them make us keep abreast on matters in the banking and alternative banking sector.	No challenges identified thus far on the project.
South African Local Government Association (SALGA)	Strategic April 2021 – March 2023	To give effect to a collaborative partnership between the South African Local Government Association (SALGA) and the BANKSETA on the implementation of the rural development programme.	1946 small businesses trained.	No challenges identified thus far on the project.
BANKSETA-Nelson Mandela University's (NMU) Department of Economics	Strategic April 2021 - March 2023	To provide a situational analysis of the co-operative financial institution's sector. To provide an understanding of the significance and role of social capital in the success of CFIs. This research partnership is non-financial.	Successful completion of a Scoping Study on Skills Gap in the Banking Sector in South Africa. Desktop research approach provided Nelson Mandela University Sustainable, Transformative, Equitable Policy (STEP) Research Group.	No challenges identified thus far on the project.
Department of Basic Education and Universities	Strategic April 2020- March 2024	To provide digital skills to Grade 12 learners at schools as well as prepare them for the world of work and /or higher education and careers in the IT field.	Most universities completed the programme with the number of learners that they started with.	Lockdown delays training, lack of electricity at schools, challenges with the network at schools as they are in rural areas, clash with DOE timetable as the department also teaches extra classes during weekends and or holidays, procurement of tablets takes longer, and this delays the programme. **Mitigation:** Projects under this partnership to start early in January to allow enough time for all planned activities to take place.

Name of Partner	Nature of Partnership and Duration	Partnership Objectives	Successes	Challenges and Mitigations
South African Banking Risk Information Centre (SABRIC)	Strategic April 2019-March 2024	Development of cybersecurity occupations and curricula.	The partnership with SABRIC has been successful as we have developed two qualifications namely Cybersecurity Practitioner and Cybersecurity Officer. On the 14th of June, we are holding a workshop to develop the External Summative Assessment to be submitted to the QCTO.	Worked very well and was supportive of the occupational qualifications at BANKSETA.
Financial Sector Conduct Authority (FSCA)	Operational April 2018-March 2025	FSCA provides a central representative register of all bank employees that are FAIS compliant. Has a database of the various BANKSETA qualifications that are registered as FAIS qualifications. Learners will complete these qualifications to be FAIS compliant within the bank and therefore may be promoted to other positions.	BANKSETA is compliant with the FAIS regulations and the following qualifications are FAIS compliant: 20185; 20186; 50481; 48533	There are no challenges, and a bi-monthly meeting is held to discuss various matters. Verification of learners is one of them. Professional bodies and other SETAs.
MicroFinance South Africa (MFSA)	Strategic April 2018-March 2025	To share BANKSETA initiatives and strategic projects with their membership base.	Membership workshops did take place in March and April 2022.	No challenges identified thus far on the project.
Cooperative Banks Development Agency (CBDA)	Strategic April 2018-March 2025	Implementation of strategic interventions aligned with the development of Cooperative Financial Institutions (CFIs) and the governing boards of CFIs.	Increased number of CFI with well-trained Board Members.	No challenges identified thus far on the project.
Professional Bodies: (The Risk Management Institute of South Africa (IRMSA); South African Institute of Chartered Accountants (SAICA); Compliance Institute of South Africa (CISA); Actuarial Society OF South Africa (ASSA); Institute of Bankers South Africa (IOBSA))	Operational April 2018-March 2025	To share BANKSETA initiatives and strategic projects with their membership base. To use skills development initiatives to professionalise the sector. Partners with the relevant association to ensure our projects deliver the best candidates and are successful.	Regular briefings with them make us keep abreast on matters of banking. Critical research questions/topics always come from these professional bodies.	No challenges identified thus far on the project.

Name of Partner	Nature of Partnership and Duration	Partnership Objectives	Successes	Challenges and Mitigations
TVET Colleges	Strategic April 2018-March 2025	The objective of this programme is to fund Work Integrated Learning through collaborations with Public TVETs. Specific technical modules require the matching of learners to an appropriate workplace, to ensure the required transfer of workplace-specific learning for the learner to achieve the qualification.	- Concluded twenty (20) agreements with TVET Colleges (TVETs). - Supporting 387 learners for 18 months.	No challenges identified thus far on the project.
UoTs (11)	Strategic April 2018-March 2025	To fund Work Integrated Learning through collaborations with Public Universities of Technology (UoTs). Specific technical modules require the matching of learners to an appropriate workplace, to ensure the required transfer of workplace-specific learning for the learner to achieve the qualification.	- Concluded five (5) agreements with Universities of Technology (UoTs) - Supporting 281 learners for 12 months.	No challenges identified thus far on the project.
Universities South Africa (USAF)	April 2022-March 2025	To obtain first-hand experience on the challenges faced by the students and the universities.	- Awarded new Bursaries to unemployed youth: 800-Settlement of historic debts of students from public universities who have completed studies successfully: 1500	No challenges yet

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 that will help in the delivery of new initiatives. The matrix reflects the proposed new partnerships, the gaps which each partnership will be addressing and proposed times for partnership set-up.

TABLE 16: PROPOSED NEW PARTNERSHIPS, GAPS THE PARTNERSHIPS WILL BE ADDRESSING AND PROPOSED TIMES FOR PARTNERSHIP SET-UP

Name of Partner	Nature of Partnership	Objectives	Duration
World Skills South Africa (WSSA)	Strategic	Training of competitors/Learners (28) and National Experts/Mentors (28) in the forthcoming Provincial and National Competitions	November 2022 – March 2024
Transport Sector Education Training Authority	Strategic	Last-Mile Delivery Business Start-Up: Last-Mile Delivery Business Start-Up: 600	November 2022 – March 2024
Cape Town Call Centre Development Association T/A Cape BPO	Strategic	Global Business Solutions (GBS) Financial Services Accelerator: 500	November 2022 – March 2024
Western Cape Economic Development and Tourism	Strategic	The Work and Skills Placement Project (WSPP): Facilitate work placement and retention in transversal occupations across the banking sector: 500	November 2022 – March 2024
The National Electronic Media Institute of South Africa	Strategic	Accelerated digital skills programmes in various provinces to 3500 learners including CET College lecturers, ICT Graduates, SMEs, and unemployed youth.	November 2022 – March 2024
INDLELA / NAMB Office space	Strategic	Supporting the Assessment Centre for trades and occupations to be able to effectively assess learners and proceed with certification. These occupations are included in the skills list in support of the Skills Strategy for the ERRP.	November 2022 – March 2024
Lejweleputswa Municipality	Strategic	Various training programmes for 500 learners.	November 2022 – March 2024

4.4 MOST SUCCESSFUL PARTNERSHIP APPROACH

Partnerships with industry role-players especially those with the public institutions of higher learning have worked well. Because these partnerships have quality assurance mechanisms in place, challenges are identified early and through the process of the collective agreement, problems are resolved. The BANKSETA successful partnerships are based on the lessons learnt listed below:

Lessons learnt from the BANKSETA successful partnerships

- Partnerships with written Memorandum of Agreements (MOA), as they provide a strong base on which many of the partnerships are cemented. In this way, roles and responsibilities are concisely outlined and this ensures the likelihood of success in a partnership. From the BANKSETA experience, this has worked well and BANKSETA ensures that most partnerships have these signed agreements.

- Clear Terms of Reference/Engagement (TOR/E): Partnerships with clear TOR/E make it easier for each partner to understand its roles and responsibilities.

4.5 CONCLUSION

The BANKSETA has observed that there is an 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 alternative banking sector.

BANKSETA has current partnerships with a wide range of Institutions including TVET and HE Institutions, professional bodies, civil society, business, and government. Many of these partnerships relate to service delivery agreements specific to internships, bursaries, work-integrated learning, capacity building of institutions, funding, and research. Partnerships with professional and regulatory bodies help to strengthen delivery mandates and ensure that all relevant stakeholders participate in SETA-funded initiatives. The BANKSETA wants to strengthen its existing partnership mandate into Africa to allow sharing of its experience and best practice models in skills development.

Chapter 5:

BANKSETA Monitoring and Evaluation (M&E)

5.1 INTRODUCTION

This chapter focuses on monitoring and evaluation at BANKSETA, the background of M&E, the purpose of M&E, and the legislative and policy framework underpinning M&E in PSET and SETAs. The chapter also looks at the priorities that were identified and subsequently incorporated into the strategy. Finally, the performance of BANKSETA against the set targets is reported and the plan of action is mapped out for those not achieved.

5.2 BACKGROUND OF M&E

The Department of Higher Education and Training Monitoring and Evaluation Framework (DHET-M&EF), Version: 07 February 2019, states that in response to growing national and international calls for greater transparency and accountability on the use of public funds to achieve results, the Department of Higher Education and Training (DHET) seeks to strengthen both its M&E systems as well as the utilisation of information from M&E to address those factors hindering service delivery and to seize opportunities for further growth and development. The DHET, National Skills Authority (NSA) and 21 Sector Education and Training Authorities (SETAs) took a deliberate decision to focus on the strengthening of monitoring and evaluation (M&E) for SETAs as they are required by several policy frameworks to have an M&E framework and to implement it. M&E is not just a technical activity, but deeply strategic and key for decision-making. M&E makes sure that processes are aligned with intentions.

5.3 M&E AT BANKSETA

At the moment, BANKSETA does not have a structured Integrated M&E Unit that is responsible for M&E for the entire organisation. All M&E activities are at the programme implementation within the Operations Unit. Programme/project monitoring is done at the business unit level through project visits. The monitoring data that BANKSETA receives via monthly/quarterly reports are predominantly service provider collected and then endorsed by the business unit manager. This is very risky as the data quality and integrity may be compromised due to the poor or non-existence of data validation methodologies within the business units.

BANKSETA's Project Management Office (PMO) is responsible for reporting. The PMO entirely depends on the data that comes from the different managers of business units. Considering that there are weak or non-existent data validation methodologies, this poses a huge risk to the reporting process by the PMO.

Evaluation: While evaluation is extremely critical for programme/project work, this important component of M&E is often omitted in programme development. BANKSETA must consider at length programme development methodologies to address the following critical programme elements:

- Programme relevance
- Programme effectiveness; and,
- Efficiency in programme implementation methodologies.

The current approach to M&E has been guided by each Project Initiation Document (PID) plan given that the project implementation strategy is multi-dimensional; it is not a one-size-fits-all. Most of the projects are implemented via established partners who are training providers, established academic institutions and sector employers.

BANKSETA believes there is a strategic link to M&E in supporting research and planning as it informs decisions about what, where and how to improve the projects on an ongoing basis to meet stakeholders' expectations be it the funder, employers or beneficiaries. The following is how M&E is used by BANKSETA leadership:

- Review, verify and approve programme data and reports generated by the BANKSETA's M&E system;
- Monitor project progress, individually and collectively, against project targets and the overall bank strategy for purposes of guiding the strategy's direction;
- Employ evidence-based, strategic direction on the BANKSETA Strategy;
- Review, approve and sign off on all evidence-based communications, reports, data, or other data products that are produced by the BANKSETA and supplied to external stakeholders;
- Ensure that the M&E of the BANKSETA Strategy is adequately supported and financed; and,
- Support the implementation of the M&E system of the BANKSETA Strategy, to foster a "culture of M&E" among staff and partners.

The Learning and Reflection Charter below depicts the evidence-based decision-making process made at a strategic level.

Learning and Reflection Charter for Decision-making

Step	Thinking Process	Key Question
Summarising and Assembling the Data/Evidence	Objective	What happened?
Interpreting and Judging the Results	Reflective & interpretive	So what?
Reflection: Lessons and Recommendations	Decision	What now?

During the 2020/2021 financial year, the BANKSETA commissioned a track-and-trace study to assess the performance of learners and interns funded between 1 April 2016 and 31 March 2019.
The study determined:

- The destinations/ transition of learners who have completed learnerships and internships;
- The factors associated with employment/ unemployment;
- The intricacies and complexities of the articulation of qualifications into occupations;
- The type of employment secured by BANKSETA-funded learners; and,
- The perceptions of employers on the value of learnerships and internships.

The general conclusions of the track-and-trace study are that the BANKSETA Learnership and Internship Programmes proved to be successful. In essence one in two learners that completed the learnership programme managed to secure employment, while one in three learners that completed an internship programme managed to secure a job.

A second study commissioned during 2020/21 was the Impact of BANKSETA-funded programmes for the unemployed between 1 April 2016 and 31 March 2019. Its objectives were to:

- Assess the impact (both intended and unintended) of projects, measure its magnitude and determine the factors causing it
- Improve the effectiveness of existing and future projects
- Inform decisions on future programme design and implementation.

The general conclusions of the track-and-trace study are that the BANKSETA programmes proved to be successful. Learners view the learnerships in a positive light to the extent that they cited the learnerships as the main vehicle through which they found their current job, cited by 30% of overall employed learners. This was followed by making telephonic enquiries at 15%. An additional 10% indicated that they managed to find a job with the help of the SETA. This study too has been completed and is available on the BANKSETA website. Both the Tracer and Impact Assessment Studies were presented at the 2021/22 Strategic Planning Session, and they informed the leadership decision-making on the type of programmes the BANKSETA is implementing.

5.4 PREVIOUS FINANCIAL YEAR'S STRATEGIC PRIORITIES AND ACHIEVEMENT

The BANKSETA has identified the following five strategic skills development priorities in the 2021/2022 financial year SP:

1. COVID-19 Economic Reconstruction and Recovery Plan
2. Technology, Digitalisation, Cybersecurity and Analytics
3. Risk Management and Compliance
4. Management, Professional and Leadership Development
5. Core Banking Products/ Services

All the BANKSETA identified priorities were translated into learning programmes with sub-programmes that are measured through specific target numbers. The SSP feeds into the SP which is implemented via the APP. The identified priorities were implemented under Programme 3 of the BANKSETA 2021/2022 APP. We are currently evaluating to what extent these were met on the APP. Table 17 below shows the BANKSETA priorities for which programmes were implemented in the APP and achievements.

TABLE 17: PRIORITIES ACHIEVED FOR THE 2021/2022 FINANCIAL YEAR

Strategic Objective	Target	Achieved	% Achieved	BANKSETA's Reason for Not Achieving and Mitigation Strategy
Linking Education, and Workplace	3	3	100%	
Identify And Increase The Production of Occupations in High Demand	3	2	66,7%	One project in support of this strategic objective was not achieved and BANKSETA is aggressively marketing the funding available for doctoral and post-doctoral studies to ensure an improvement in 2022/2023.
Support Career Development Services	4	2	50%	This project was not implemented due to disruptions in the schools due to COVID-19. The focus was on student support for the academic year and not training of Life Orientation teachers. It is anticipated that with COVID-19 restrictions lifted implementation of this project will be a success in 2022/2023.
Access to Occupationally Directed Programmes	1	1	100%	
Improving the Level of Skills in the SA Workforce	6	3	50%	Procurement and Discretionary Funding processes started too late in the 2021/2022 year due to various delays. This has been improved on and improved performance is anticipated for the 2022/2023 year.

Strategic Objective	Target	Achieved	% Achieved	BANKSETA's Reason for Not Achieving and Mitigation Strategy
Skills Development Support for Entrepreneurship and Cooperative Development	3	1	33%	BANKSETA entered various strategic partnerships in the 4th quarter of 2021/2022 and with the implementation of those projects an improvement against this strategic outcome is anticipated in 2022/2023.
Total	**20**	**12**	**60%**	

NB! Strategic objectives taken from 2021/2022 APP linked to NSDP Outcomes Achievement based on target for learners entering programmes.

As part of the response to the Skills Strategy to Support South African Economic Reconstruction and Recovery Plan, the BANKSETA has implemented different programmes. These programmes include the placement of over 5000 internships across the country and the expansion of support for entrepreneurial development. The funding windows were opened in December and evaluations were completed in March 2022. Currently, over 90% of the interns have been placed at different employers across the different sectors of the economy. The BANKSETA has also put aside over R 48 million to support 500 entrepreneurs throughout the country and contracting with service providers is currently underway. These programmes are mainly in support of Interventions 3 and 7 of the Skills Strategy.

5.5 PLAN OF ACTION

Key to our mitigation measures is the development of an Integrated M&E which will be accompanied by programme reflection sessions with the purpose to see what interventions could be implemented to improve our work. Procurement and implementation of planned initiatives should be done earlier in the financial year so that they can be concluded on time. BANKSETA should consider streamlining the initiatives and performing fewer that have a bigger impact than too many that it struggles to implement.

The BANKSETA should continue to use programme reflection sessions where each project is analysed in detail to determine its strength and weaknesses. The reflection sessions provide an opportunity to tease each programme and this process is strengthened using project reports.

The BANKSETA also embarked on the improvement of project governance and operational efficiency and effectiveness using project reflection sessions.

5.6 ADDRESSING THE CHALLENGES OF M&E AT BANKSETA

The BANKSETA is about to complete an Organisational Development Study (OD) to review the organisational structure and benchmark the establishment, including but not limited to the following:

- Assess the current organizational structure in line with the organisational strategy;
- Identify options and make recommendations designed to improve the efficiency and effectiveness of the organisational structure;
- Benchmark the structure against comparable organisations and identify best practices;
- Review and identify whether staffing levels are appropriate to meet workloads in each department;
- Conduct a detailed skills audit and design career pathing;
- Design a leadership and management style framework to support the newly designed structure;
- Review existing job competency profiles and design new job competency; profiles in line with the Investors in People (IIP) methodology.

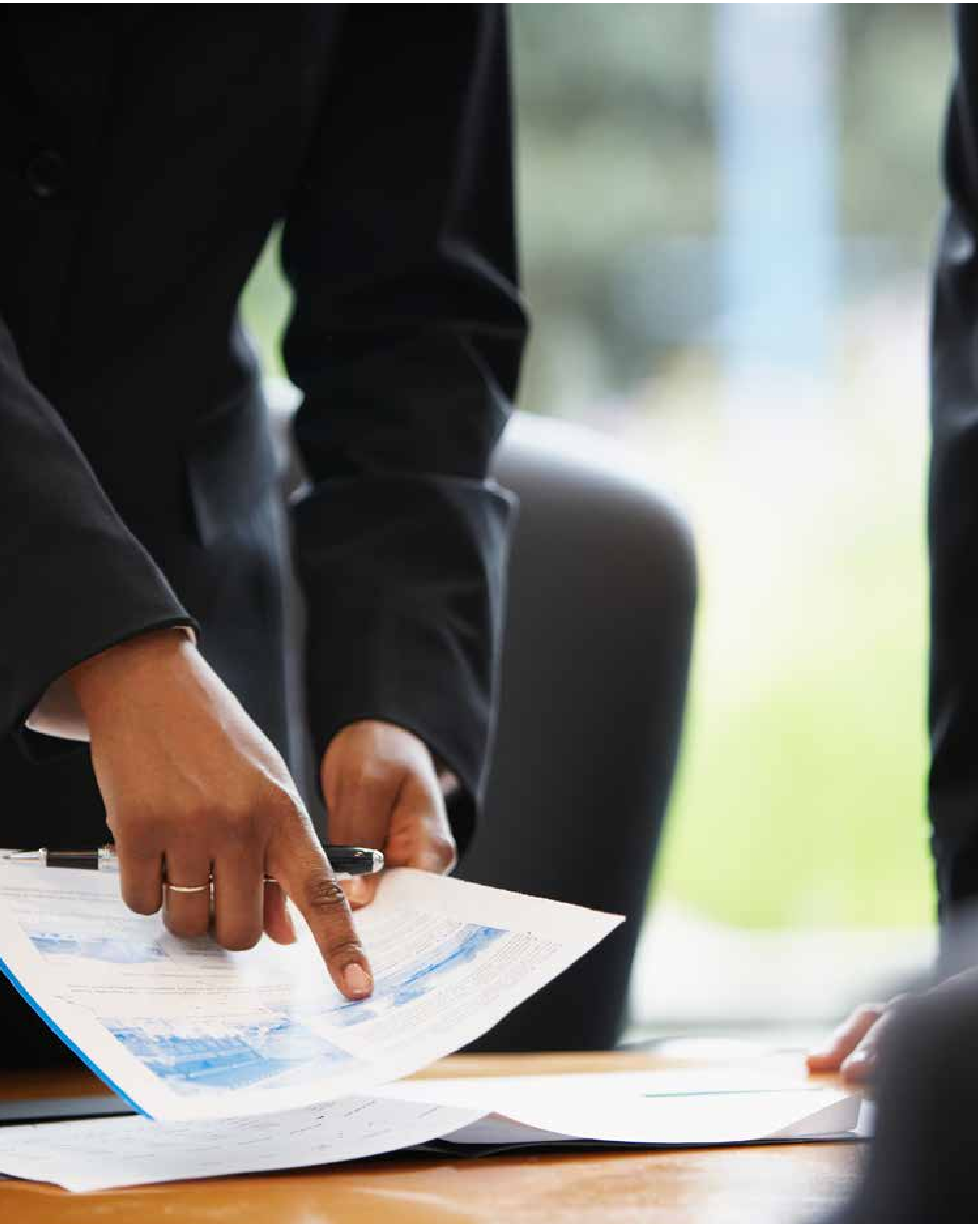
It is envisaged that the OD study will make recommendations on the structure of the organization and will also determine where the M&E Department should be housed.

5.7 CONCLUSION

In this chapter, we unpacked the rationale for the M&E and the M&E status at BANKSETA. We also provided qualitative responses to the following questions:

- What is the BANKSETA's approach to monitoring and evaluation?
- How does BANKSETA use M&E data to support research and planning?
- To what extent has the SETA addressed the previous financial year's strategic priorities?
- What priorities were not achieved if any and why?
- What mechanisms should be employed to address priorities that were not achieved in the previous financial year?
- What measures should be initiated to ensure that currently set priorities are achieved?

We concluded the chapter by sharing the BANKSETA M&E initiatives.



Chapter 6:

Strategic Skills Priority Actions

6.1 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 that form the basis for the development of the APP. Consideration is also given to national strategies and plans to thus ensure alignment with the government's priorities.

6.2 FINDINGS FROM PREVIOUS CHAPTERS

From Chapter 1, the following findings emerged:

- The SARB, FSCA and NCR are three 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. Greater support is required to support the development of the co-operative banking sector.
- DFIs are important for the growth of the SME sector and providing financial support for economic development opportunities. In a weakening economy, their role is even more strategic and BANKSETA must continue to support this sub-sector.
- Microfinance lenders must be supported to adhere to the NCA requirements.
- The growth of fintech companies positions them as important employer organisations in the future and their growth needs to be supported.
- The 2022 WSP submissions show a significant decline in the number of employees in the sector.
- The education level of employees is high with 48% of the employees at least NQF level 6.
- Most employers are based in Gauteng, followed by Limpopo and Eastern Cape.
- KwaZulu-Natal Province experienced a significant decline in the number of employers, this may be due to the recent unrests and the floods experienced in the province.
- Over 96% of the employees in the sector are employed by large companies.

From Chapter 2, the following findings emerged:

- The spread of COVID-19 has unprecedented effects on all sectors.
- Digitalisation, technology, and innovation are having a major impact on the banking sector and the future skills needs.
- The shift to incorporating digitisation and technology into product development and banking systems and processes will need a different type of skill set.
- Understanding customer needs and expectations are becoming important in developing customer-centric models.
- Banking staff needs to understand the new profile of the customer and respond appropriately.
- Ongoing regulatory requirements have an impact on the sector.
- Cybercrime has grown exponentially as a risk to banks and there is an increased demand for cybersecurity skills.

- An understanding of banking disruptors provides an opportunity to either partner and grow or alternatively compete with these new disruptors.
- The high number of unemployed youths makes the NDP key for skills planning for the not in employment, education, or training (NEET).
- The job drivers specified in the new growth path must be supported in the shifts to a knowledge economy.
- To support the Economic Reconstruction and Recovery Plan, efforts must be made to grow the co-operative banking sector.

From Chapter 3, the following findings emerged:

- An analysis of Hard-to-Fill-Vacancies (HTFVs) in the banking sector indicates occupational shortages 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 occupational shortages in the sector and the PIVOTAL programmes that should be implemented to address these hard-to-fill occupations. High unemployment, coupled with occupations that are hard to fill is an indication that the supply side does not produce the requisite skills that are in demand.
- The reported occupational shortages have largely been attributed to the low standard of education, in particular the Mathematics, Physics and Information Technology subjects which are required for entry into most positions in the banking industry.
- In respect of TVET colleges, it has been reported that there has been an underutilisation of these colleges for skills supply for the sector. A number of challenges are presented in this report and must be addressed to unblock the TVET system.

From Chapter 4, the following findings emerged:

- BANKSETA engages in a range of partnerships with industry and higher education institutions and other entities to deliver on its mandate.
- Partnerships with higher education institutions are better managed because they are defined in a memorandum of agreement.
- Partnership with the South African Local Government Association (SALGA) will bring about a special focus on Rural Development Programme.
- Partnerships with SETAs to engage in collaboration to implement cross-sectoral interventions are imperative.
- A stronger relationship needs to be forged with regulatory bodies like SARB, FSCA, NCR, FIC and due to regulatory requirements.
- Stronger partnerships need to be developed with employers for the sector’s contribution to the financial sector codes.

From Chapter 5 the following findings emerged:

- There is a strong need to develop and strengthen the M&E in the skills sector.
- BANKSETA does not have a structured M&E unit.
- Programme/project monitoring is done at the business unit level through project visits.
- BANKSETA has a Project Management Office (PMO) that is responsible for reporting and the Unit finds itself inundated with M&E validation roles.
- For reporting, the PMO entirely depends on the data that comes from the different managers of business units.
- Programme evaluation needs to be part of programme development.
- BANKSETA is waiting for an OD Study to set up and determine where the M&E Unit should be housed.

6.3 RECOMMENDED ACTIONS

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

- Skills Priority Action 1: COVID-19 Skills Strategy and Economic Reconstruction and Recovery Plan
- Skills Priority Action 2: Technology, Digitalisation, Cybersecurity and Analytics
- Skills Priority Action 3: Risk Management and Compliance
- Skills Priority Action 4: Management, Professional and Leadership Development
- Skills Priority Action 5: Core Banking Products/ Services

BANKSETA plans to implement the following interventions to address the five priority actions above:

Skills Priority Action	BANKSETA Intervention
COVID-19 Skills Strategy and Economic Reconstruction and Recovery Plan	• Introduce a three-year internship programme to support skills needed for Skills Strategy and ERRP • Register employed and unemployed beneficiaries in a range of PIVOTAL programmes to meet the banking sector demand for ERRP
Technology, Digitalisation, Cybersecurity and Analytics	• A programme on digital literacy has been introduced in 2021 and it is a pilot that will be rolled out • Fund demand-driven Technology, Digitalisation, Cybersecurity and Analytics skills development initiatives that employers are not able to access through existing BANKSETA projects. This can be done through (WIL, Learnerships, TVETs, UoTs and PIVOTAL programmes) • Register unemployed learners on a range of appropriate learnership programmes • Register employed and unemployed beneficiaries in a range of PIVOTAL programmes to meet the banking sector's demand • Register unemployed youth on work readiness programmes, focusing on scarce occupations and skills gaps • Register unemployed learners on a programme to improve pass results for grades 10, 11 and 12 • Assist TVET College learners to access work-integrated learning (WIL) opportunities through collaborations with TVETs • Assist UoT learners to access work-integrated learning (WIL) opportunities through collaborations with UoTs • Fund bursaries to university, and university of technology learners in scarce occupations and skills gaps • Provide bursary funding support to NSFAS • Provide funding to employers to upskill or re-skill workers whose positions have/ will become redundant because of digitalisation • Encourage and support small enterprises through funding scarce occupations and skills gaps • Provide bursaries to SME businesses so that they develop the necessary business skills to sustain their business • Encourage and support co-operatives by funding training in co-operative institutions and co-operative members • Support skills development for South African banking leaders expanding into Africa • Register learners for bursaries for PhD and post-doctoral studies and support the development of supervisors of post-graduate studies

Skills Priority Action	BANKSETA Intervention
Risk Management and Compliance	• Fund demand-driven Risk Management and Compliance skills development initiatives that employers are not able to access through existing BANKSETA projects. This can be done through (WIL, Learnerships, TVETs, UoTs and PIVOTAL programmes) • Register unemployed learners on a range of appropriate learnership programmes • Register employed and unemployed beneficiaries in a range of PIVOTAL programmes to meet the banking sector's demand • Register unemployed youth on work readiness programmes, focusing on scarce occupations and skills gaps • Register unemployed learners on a programme to improve pass results for grades 10, 11 and 12 • Assist TVET College learners to access work-integrated learning (WIL) opportunities through collaborations with TVETs • Assist UoT learners to access work-integrated learning (WIL) opportunities through collaborations with UoTs • Fund bursaries to university, and University of Technology (UoT) and professional body learners in scarce occupations and skills gaps • Provide bursary funding support to NSFAS • Provide funding to employers to upskill or re-skill workers whose positions have/ will become redundant because of digitalization • Encourage and support small enterprises through funding scarce occupations and skills gaps • Provide bursaries to SME businesses so that they develop the necessary business skills to sustain their business • Encourage and support co-operatives by funding training in co-operative institutions and co-operative members • Register learners for bursaries for PhD and post-doctoral studies and support the development of supervisors of post-graduate studies
Management, Professional and Leadership Development	• Fund demand-driven Management, Professional and Leadership Development skills development initiatives that employers are not able to access through existing BANKSETA projects. This can be done through (WIL, Learnerships, TVETs, UoTs and PIVOTAL programmes) • Register unemployed learners on a range of appropriate learnership programmes • Register employed and unemployed beneficiaries in a range of PIVOTAL programmes to meet the banking sector's demand • Register unemployed youth on work readiness programmes, focusing on scarce occupations and skills gaps • Register unemployed learners on a programme to improve pass results for grades 10, 11 and 12 • Assist TVET college learners to access work-integrated learning (WIL) opportunities through collaborations with TVETs • Assist UoT learners to access work-integrated learning (WIL) opportunities through collaborations with UoTs • Fund bursaries to university, university of technology and professional body learners in scarce occupations and skills gaps • Provide bursary funding support to NSFAS • Provide funding to employers to upskill or re-skill workers whose positions have/ will become redundant because of digitalisation • Encourage and support small enterprises through funding scarce occupations and skills gaps

Skills Priority Action	BANKSETA Intervention
	• Provide bursaries to SME businesses so that they develop the necessary business skills to sustain their business • Encourage and support co-operatives by funding training in co-operative institutions and co-operative members • Register learners for bursaries for PhD and post-doctoral studies and support the development of supervisors of post-graduate studies
Core Banking Products/Services	• Fund demand-driven core banking products/services skills development initiatives that employers are not able to access through existing BANKSETA projects. This can be done through (WIL, Learnerships, TVETs, UoTs and PIVOTAL programmes) • Register unemployed learners on a range of appropriate learnership programmes • Register employed and unemployed beneficiaries in a range of PIVOTAL programmes to meet the banking sector's demand • Register unemployed youth on work readiness programmes, focusing on scarce occupations and skills gaps • Provide funding to employers to upskill or re-skill workers whose positions have/will become redundant because of digitalisation • Encourage and support small enterprises through funding scarce occupations and skills gaps • Provide bursaries to SME businesses so that they develop the necessary business skills to sustain their business • Encourage and support co-operatives by funding training in co-operative institutions and co-operative members

6.3.1 Alignment of Skills Priorities to National and Sectoral Priorities

The planned interventions for the 2023/2024 year will contribute to national and sectoral priorities as detailed below:

6.3.1.1 Skills Strategy to Support the Effective Implementation of the Economic Reconstruction and Recovery Plan

- Register learners on programmes that support occupations identified by Skills Strategy and ERRP
- Entrepreneurship programmes which support SMEs with business planning
- Development and advisory services for growth development strategies for small businesses
- CFI and co-operative bank support

6.3.1.2 National Development Plan:

- Learning programmes targeted at unemployed youth aimed at increasing employability of the youth on these programmes. This includes a three-year internship proposal to be submitted to the BANKSETA board for consideration
- Alternative banking interventions specifically in microfinance and co-operatives supporting poverty alleviation
- IT training interventions encourage the banking sector to create banking products that make use of high-speed broadband internet capabilities
- The BANKSETA should consider piloting digital literacy in schools

6.3.1.3 New Growth Path

- Funding for master's and doctoral students to support the growth of the knowledge economy
- Supporting rural development and regional integration through appropriate interventions.

6.3.1.4 National Skills Accord

- Expanding the level of training using existing facilities to the fullest
- Making internship and placement opportunities available within the workplace
- Improving the funding of training and the use of funds available for training and incentives for companies to train
- Improving SETA governance and financial management as well as stakeholder involvement
- Aligning training to the New Growth Path and improving Sector Skills Plans
- Improving the role and performance of colleges

6.3.1.5 Youth Employment Accord

- Fund learnership programmes for unemployed individuals through the BANKSETA-funded projects
- Partner with employers to support youth development initiatives in a co-funded model.

6.4 CONCLUSION

The BANKSETA 2023/2024 Sector Skills Plan provided a detailed analysis of the sector, and its skills needs, and suggested interventions to address these needs. As funding is always limited, BANKSETA should prioritise the five skills priority actions to address the key skills challenges identified. The interventions to support the five skills priorities will be detailed in the Annual Performance Plan 2023/2024 as well as the Research Agenda 2022/2025.

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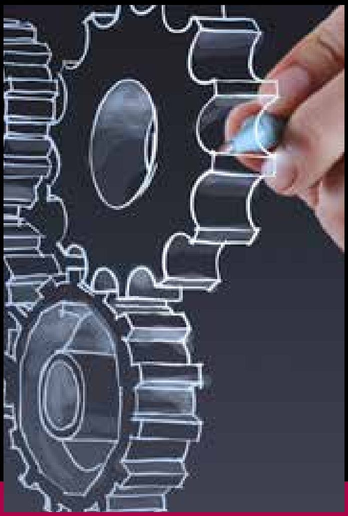
Annexure



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Annexure 1:

PIVOTAL List

SETA Name	Period	Occupation Code (OFO)	Occupation	Specialisation/Job	Intervention Planned by BANKSETA	NQF Level	NQF Aligned	Quantity Needed/ Required by Sector	Quantity to be Supported by BANKSETA
BANKSETA	2023/2024	2021-421102	Bank Worker	Bank Customer Services Clerk / Officer ATM Custodian Credit Support Officer Personal Banking Consultant Mortgage Banker Administration and Superannuation Investment Officer	Learnership Bursary	NQF Level 5 7	YES	750	750
BANKSETA	2023/2024	2021-121101	Finance Manager		Bursary	NQF Level 6	YES	100	100
BANKSETA	2023/2024	2021-251101	ICT Systems Analyst		Skills Programme, Bursary	NQF Level 6 7	YES	250	250
BANKSETA	2023/2024	2021-251203	Developer Programmer	ICT Developer ICT Programmer Applications Developer	Skills Programme, Bursary	NQF Level 6 7	YES	300	300
BANKSETA	2023/2024	2021-134601	Bank Manager		Learnership, Bursary	NQF Level 6 7	YES	900	900
BANKSETA	2023/2024	2021-252301	Computer Network and Systems Engineer		Skills Programme, Bursary	NQF Level 6 7	YES	50	50
BANKSETA	2023/2024	2021-251201	Software Developer		Bursary	NQF Level 7	YES	150	150

SETA Name	Period	Occupation Code (OFO)	Occupation	Specialisation/Job	Intervention Planned by BANKSETA	NQF Level	NQF Aligned	Quantity Needed/ Required by Sector	Quantity to be Supported by BANKSETA
BANKSETA	2023/2024	2021-251102	Data Scientist		Learnerships, Bursary,	NQF Level 6 7	YES	50	50
BANKSETA	2023/2025	2021-252901	ICT Security Specialist		Learnerships, Bursary,	NQF Level 6 7	YES	120	120
BANKSETA	2023/2024	2021-121103	Credit Manager		Learnership	NQF Level 6		100	100

Notes


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