BANK SETA

Sector Skills Plan

FOR THE FISCAL YEAR 2021/2022

higher education & training
Department: Higher Education and Training
REPUBLIC OF SOUTH AFRICA

ENABLING SKILLS DEVELOPMENT IN THE BANKING AND ALTERNATIVE BANKING SECTOR

INVESTORS IN PEOPLE

Foreword

COVID-19 has spread throughout the world at an unprecedented speed and has affected all sectors. As countries seek to recover, some of the more long-term economic, business, environmental, societal and technological challenges and opportunities are just beginning to become visible. The COVID-19 crisis has revealed the urgent need to shape a better world. As economies restart, there is a possibility to ensure that greater societal equality and sustainability become part of the recovery. To ensure positive outcomes from the crisis, the immediate and longer-term emerging risks must be identified and managed effectively. The BANKSETA 2021 - 2022 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 the analysis and development of 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:

- Technology, Digitisation and Innovation
- Compliance and Risk Management
- Management and Leadership Development
- Markets, Products and Services
- Customer Centricity

In this SSP (2021-2022), 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 are noted in this SSP to be 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 Makhanya
Chairperson of BANKSETA Board

Acronyms

APP	Annual Performance Plan
BANKSETA	Banking Sector Education and Training Authority
BASA	Banking Association South Africa
BBBEE	Broad-based Black Economic Empowerment
CBDA	Co-operative Banks Development Agency
CFI	Co-operative Finance Institutions
CIPC	Companies and Intellectual Property Commission
DFI	Development Finance Institutions
DHET	Department of Higher Education and Training
FAIS	Financial Advisory and Intermediary Services
FSCA	Financial Services Conduct Authority
FSC	Financial Services Code
HEI	Higher Education Institution
HEMIS	Higher Education Management Information system
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
IoB	Institute of Banking
IT	Information Technology
MFSA	Micro Finance South Africa
NACFISA	National Association for Co-operative Financial Institutions of South Africa
NASASA	National Stokvel Association of South Africa
NCR	National Credit Regulator
NDP	National Development Plan
NQF	National Qualifications Framework
NSC	National Senior Certificate
NSDS	National Skills Development Strategy
NSDP	National Skills Development Plan
PIVOTAL	Professional, vocational, technical and academic learning programmes
PSD2	Revised Payment Service Directive
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
SME	Small and micro enterprises
SONA	State of the Nation Address
SSP	Sector Skills Plan
TVET	Technical, Vocational Education and Training
UoT	University of Technology
WSP	Workplace Skills Plan

Executive Summary

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 (ROEs) 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 which compares favourably with those of developed economies. The South African banking sector has, as a result, attracted a lot of interest from abroad with a number of foreign banks establishing offices in the country and others acquiring stakes in major South African banks. 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. The South African banking sector, despite being a concentrated sector, is still very competitive and continues to diversify its products and broaden its services within the context of international best practice. 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.

Currently, the South African banking sector is comprised of 18 registered banks, two mutual banks, 14 local branches of foreign banks, and 43 foreign banks with approved local representative offices. The alternative banking sector comprises over 10 development finance institutions (DFI), 4 co-operative banks, 25 registered co-operative finance institutions (CFI), a large number of credit providers, credit bureaus and debt counsellors registered with the National Credit Regulator (NCR), over 100 financial technology (Fintech) companies and over 800 000 stokvels operating throughout South Africa. The banking sector comprises all banks that are registered with the South African Reserve Bank while the alternative banking sector focuses primarily on lending and savings institutions that are both formal and informal at a micro-level. Although banks fulfil the latter function as well, more focus needs to be put on DFIs, co-operative banks, CFIs, credit providers, fintechs and informal saving schemes such as stokvels in how they contribute to South Africa's unique banking needs.

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 provide employment to 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 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 an 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 focusses 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, 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 are in possession of a banking licence. The alternative banking sub-sector comprises a range of DFIs, CFIs, micro-finance institutions and informal lending and savings organisations. With the integration of banking products, organisations can no longer be described by the product offerings as many of the organisations that fall within the banking sector now offer a range of cross-products.

The analysis of the role-players that influence activities in the sector provides an indication 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 Micro-finance South Africa (MFSA) which serves as the voice for micro-finance 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 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 change drivers this discussion will focus on are digitisation, technology and innovation; changing customer expectations; regulation, cybercrime and risk; disruptors in banking and economic, political and societal shifts. 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 9 Point 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 HE 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:

- Skills Priority Action 1: Technology, Digitisation and Innovation
- Skills Priority Action 2: Compliance and Risk Management
- Skills Priority Action 3: Management and Leadership Development
- Skills Priority action 4: Markets, Products and Services
- Skills Priority Action 5: Customer Centricity

Mr Lefaso Motsoeneng
Chief Executive Officer (Acting)

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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. A number of other quantitative techniques can be used in relation to skills and labour market research. One that is frequently mentioned is “econometric modelling”, which essentially means measuring mathematically the relationship between a number of variables. For sector skills planning, economic modelling is an important method used for labour market forecasting 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 through 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. Focus group sessions in several provinces were held to validate the data with sector experts and stakeholders. The limitation of the interview and focus group methods is that because it involves a small sample, the results of qualitative research are not statistically reliable as the views of the sample are not necessarily the views of most stakeholders.

Where primary data was collected, the population for the research comprised all employers falling within the scope of the banking sector. This comprised the 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 2020/2025 SSP and 2021 update comprised the following:

- Recent research is undertaken as per the approved Research Agenda for 2018-20
- Workplace Skills Plans submitted by employer organisations for 2020

- Data collected for the 2 new additional 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 following: 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, Department of Labour, Department of Home Affairs and several research organisations. A range of research documents and annual data reports prepared by organisations that engage specifically in banking research such as PWC, Deloitte and the World Economic Forum, among 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 2021 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 (2018): Statistics on Post-School Education and Training in South Africa (2018)
- Department of Home Affairs
- World Economic Forum
- Deloitte Report on Banking and Capital Markets Outlook (2019)
- South African Revenue Services

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

Topic	Qualitative/ Quantitative	Objective	Data Collection tool	Timeframe	Sample
Chapter 1:					
Scope of coverage of the banking and alternative banking sector	Qualitative	Determine the scope of coverage	Desktop analysis	January-July 2020	None
Key role-players in the banking and alternative banking sector	Qualitative	Determine who are the key role-players	Desktop analysis	January-July 2020	None
Analysis of the economic performance of the banking and alternative banking sector	Quantitative and Qualitative	Determine how the sector is performing	Desktop analysis	January-July 2020	None
Analysis of the employer-profile of the banking and alternative banking sector	Quantitative	Analyse the employer profile	WSP FSB SARB	June-July 2020	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	June-July 2020	All employers who submitted WSP in 2020

Topic	Qualitative/ Quantitative	Objective	Data Collection tool	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	January-July 2020	None
National and sectoral priorities impacting the banking and alternative banking sector	Qualitative	To analyse national and sectoral priorities	Interviews and focus groups	January-July 2020	None
Chapter 3:					
Occupational shortages and skills gaps for the banking and alternative banking sector	Quantitative	Analyse hard to fill vacancies and skills gaps	Questionnaire	January-July 2019	All employers who submitted WSP in 2020
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	January-July 2020	None

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

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.

In the scope of coverage of the sector, the discussion commences with a description of the banking sector and the alternative banking sector as defined by the standard industrial classification codes. The scope of the banking sub-sector includes both local and foreign banks operating in South Africa. The alternative banking sub-sector covers a range of public sector financial intermediaries, co-operative banks and co-operative financial institutions and micro-finance organisations and a myriad of informal lenders and savings societies operating in the sector. A new addition to the employer profile is financial technology companies. Since the banking sector is highly driven by regulation, several role-players provide support in ensuring that organisations meet compliance requirements as well as providing the necessary support for sustainability and growth.

In addition to a host of regulators, this chapter will cover numerous support organisations and the role they play in the sector. The section on the economic performance of the banking sector provides an account of the banking sector's contribution to the economy in comparison to the rest of the economy, a description of how the sector is currently performing, its future outlook and the level of competition of the sector.

The chapter then focuses on the employer profile and the labour market profile. Both are significant in providing a detailed understanding of the nature of employers and employment in the sector. The chapter provides a description of the firms that comprise the banking and alternative banking sector, their distribution in terms of size and geography. The labour market profile describes how many people are employed in the sector, their race, gender, age, education level and disability characteristics. Of importance is the analysis of employment in the sector according to occupational levels. This occupational analysis provides insights into the degree to which the sector has contributed to the national agenda of transformation of the labour force.

The sources of the information used in this chapter were obtained from the WSP/ATR data submitted in 2020 by employers, the Quarterly Labour Force Survey (QLFS) and Gross Domestic Product (GDP). Both the QLFS 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. Generally, it consists of the following institutions: banks, insurers, asset managers, stock brokerages, credit unions, micro-financiers and any other private or public sector companies capable of extending credit or other financing activities. Financial services refers 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 is 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 substantially all the benefits of its use and takes all the risks associated with its ownership. The ownership of the asset may or may not eventually be transferred. Such leases cover all or virtually all costs including interest.

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 • pawnshops 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

Source: BANKSETA 2020

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 coin, 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, 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 Micro-lenders

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 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 National Association of Cooperative Financial Institutions of South Africa (NACFISA) or the National Stokvel Association of South Africa (NASASA), being the self-regulating bodies of the deposit-taking financial institutions operating under this exemption notice.

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 they play
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 government setting an inflation target that serves as a yardstick against which price stability is measured. The achievement of price stability is underpinned by the stability of the entire financial system.
Regulatory	Financial Services Conduct Authority (FSCA)	The FSCA is tasked with protecting financial customers through supervising market conduct.
Regulatory	National Credit Regulator	The NCR is responsible for regulating the South African credit industry, including the registration of credit providers, credit bureaux and debt counsellors. It is responsible for enforcing compliance with the National Credit Act and is focused on developing an accessible credit market to meet and promote the needs of people who are marginalised, especially economically.
Regulatory	Co-operative Banks Development Agency	The CBDA is responsible for the training of co-operative banks and co-operative financial institutions
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
Associations - Banking	South African Banking Risk Information Centre (SABRIC)	SABRIC is a not for profit company formed by the four major banks to assist the banking and cash-in-transit companies combat organised bank-related crimes. It serves as a financial crime risk information centre.
Alternative Banking - Associations	Micro-Finance 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.

Groups	Key Role-players	Role they play
Alternative Banking - Associations	NACFISA	NACFISA operates as a national representative body and support organisation for all CFIs in all nine provinces of South Africa.
Alternative Banking - Associations	DMASA/ AMFISA	A non-profit organisation that supports the development of micro-finance institutions in South Africa.
Alternative Banking - Associations	National Stokvel Association of South Africa (NASASA)	NASASA represents the interests of the stokvels movement in South Africa.
Professional Bodies	Institute of Banking (IoB)	IoB is the professional body for bankers and financial specialists. The IoB in South Africa provides members with professional designations, networking, educational, training and information opportunities.
Trade Unions	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.

1.4 Economic Performance

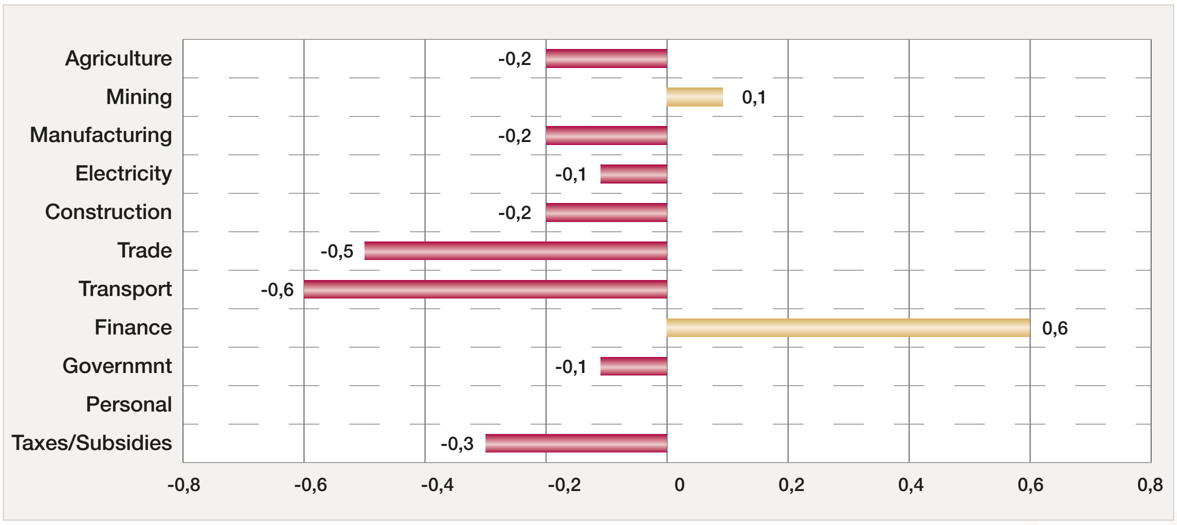
The South African economy fell by 1,4% in the fourth quarter of 2019, contributing to an overall growth rate of 0,2% for the entire year. The latest set of gross domestic product (GDP) figures released by Stats SA provides an overview of economic performance in 2019.

South Africa fell into a technical recession in the fourth quarter after experiencing two successive quarterly declines in the GDP in quarter three and quarter four of 2019.

The finance sector was a strong supporter of overall growth in 2019, adding 0,6 of a percentage point in quarter four growth. The second-largest contributor to positive growth was mining, which added 0,1 of a percentage point to the fourth quarter.

Agriculture, manufacturing and construction all showed negative growth. However, agriculture, in particular, had a difficult period, registering a contraction of 7.6%. The decline was mainly due to a fall in the production of field crops and horticultural products.

FIGURE 2: QUARTER 4 2019 CONTRIBUTION TO SA'S GDP GROWTH BY SECTOR



Source: Statistics SA 2019

Due to the outbreak of the COVID-19 pandemic around the world, a state of disaster was declared in South Africa on 15 March 2020. The country was subsequently placed under lockdown starting from the 27 March 2020, effectively bringing the economy to a halt.

As a result of the lockdown that was imposed due to the pandemic, the SARB expected the economy to shrink by 7% in 2020. This decline is expected to be accompanied by massive job losses in most sectors of the economy. According to Melody Xaba, a member of The Media, Information, Communication and Technologies Sector for Education and Training Authority (MICT-SETA) Fourth Industrial Revolution (4IR) Committee, pre-COVID-19, about 35% of the workforce was at risk of losing jobs due to automation, and this situation is now worse because of the crisis. All sectors have been impacted by the crisis, and thousands of businesses are expected to close. Some sectors remained open during the lockdown as their functions were classified as an essential service. Banking activities form part of the essential services and as a result, banks remained operational during the lockdown.

The South African Reserve Bank cut the repo rate by 2,75% between January and May 2020 in order to ease the burden on consumers. This will have a negative impact on banks' net interest margins. The expected massive job losses and business closures will also impact negatively on the banks as this will increase their bad debts books in the following year. Despite this, there is a general consensus that the banks will survive the shock. This is mainly because the banks are required to hold high levels of capital, own more high-quality liquid assets and carry higher levels of provisions than they did previously. These are some of the regulatory changes that were brought about by the lessons learned during the 2008 global financial crisis. Banks have also scaled down their exposures to the market risk carried on their balance sheets.

The total revenues generated by businesses operating under the micro-finance are expected to drop by about 65% this year (2020). This is according to the report by Micro-Finance South Africa (MFSA). This is mainly due to micro-finance function not been classified as an essential service under the lockdown regulations and as a result, remained mainly closed. The report also shows that about 90% of businesses in the sector are worried about cash flow, and other issues including a reduced customer base, payment of staff, business closure, and staff retrenchments. The report further states that only 15% of the businesses were receiving any form of government support.

Fintech companies are also not immune to the current economic conditions. Many of them around the world face possibilities of takeover by banks and forced mergers in order to survive the current economic slowdown. According to a report by Deloitte, some fintech companies have implemented cost-saving measures, including workforce reduction. Because revenues for many of them are transaction and volume-based, a priority strategy right now is making sure that as many expenses as possible are variable and fixed expenses are minimised.

On the other hand, the social distancing, isolation and lockdowns created by the pandemic have triggered a surge in digital transformation. The COVID-19 resulted in tremendous growth in the use of digital financial services and fintech apps. This presents new opportunities for fintech companies. These opportunities include:

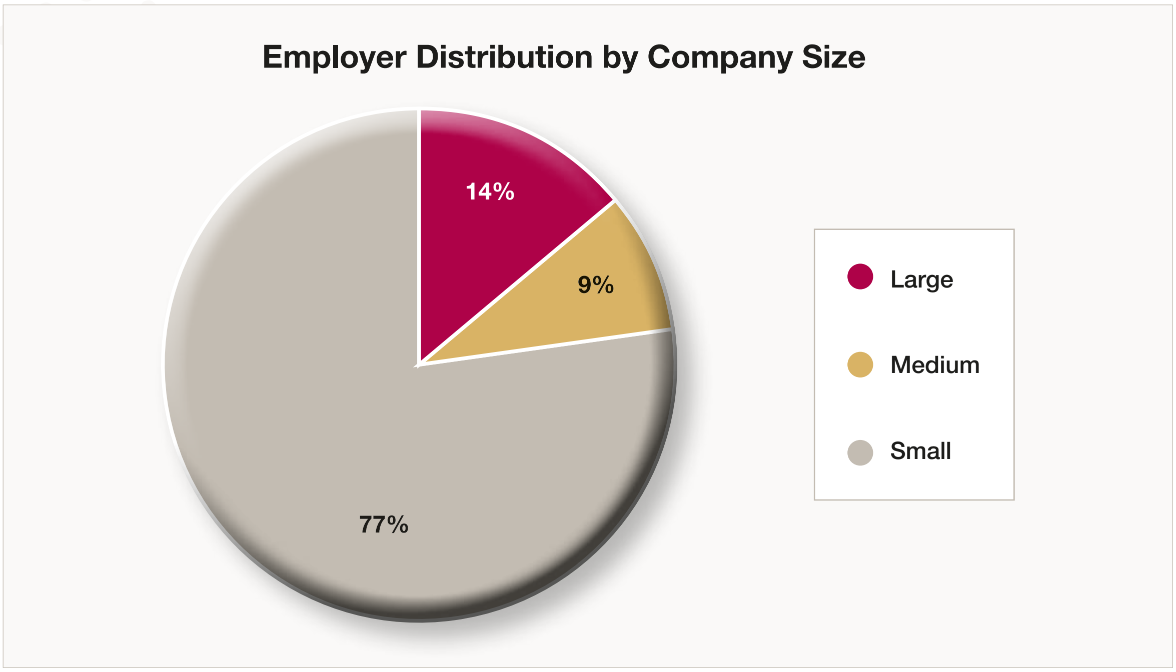
- Expanding partnership strategies,
- Advancing financial inclusion programs,
- Accelerating economic relief efforts,
- Empowering gig workers, and
- Harnessing the Internet of Things (IoT)

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, 764 companies pay skills levy to the BANKSETA. The analysis below is based on the companies that submitted their WSP data for 2020. BANKSETA received workplace skills plans from 548 companies made up of 420 small companies (both levy paying and non-levy paying), 49 medium companies and 79 large companies. It must be noted that even though Figure 3 below shows that the majority of employers (75%) are small companies, it is the large companies (14%) that employ most (96%) of the employees in the sector.

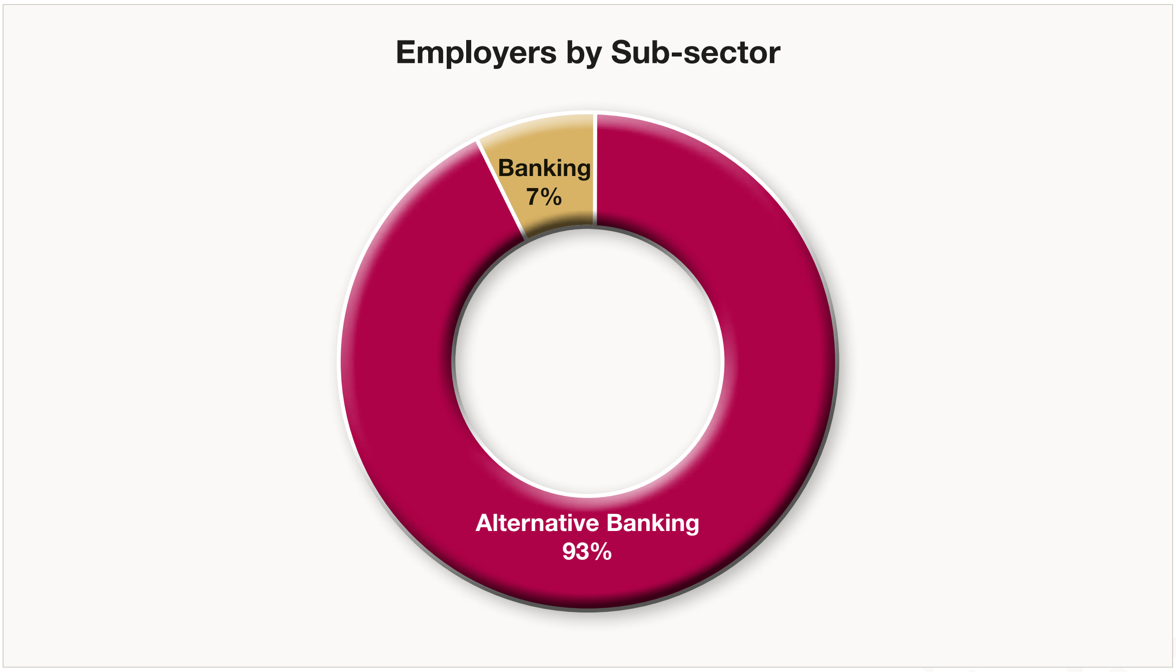
FIGURE 3: EMPLOYER DISTRIBUTION BY COMPANY SIZE



Source: BANKSETA WSP 2020

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

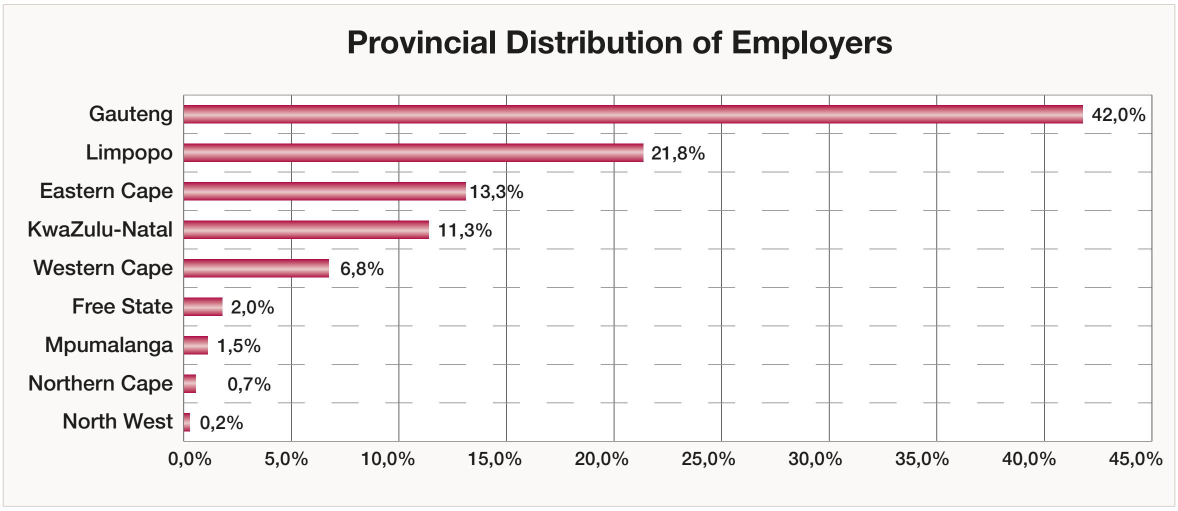
FIGURE 4: EMPLOYERS BY SUB-SECTOR



Source: BANKSETA WSP 2020

In terms of the geographic distribution of employers across the nine provinces, Figure 5 shows that most employers are based in Gauteng, which is 42% of the total employers, 21% are in Limpopo while 13% are based in the Eastern Cape. The province with the least number of employers is the North West, at 0.2% of employers.

FIGURE 5: PROVINCIAL DISTRIBUTION OF EMPLOYERS

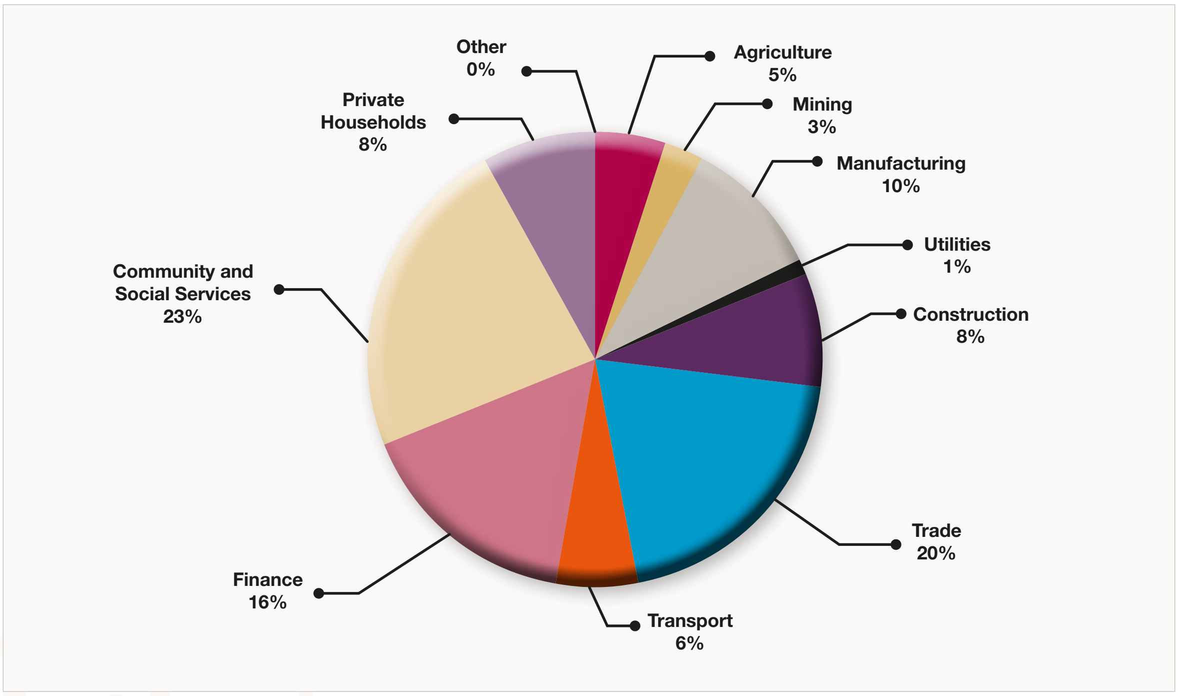


Source: BANKSETA WSP 2020

1.6 Labour Market Profile

In terms of employment on a national scale, the finance sector employed a total of 2,57 million employees as reported in the 2019 Q4 Quarterly Labour Force Survey (QLFS). The chart below shows that 16% were employed by the finance sector.

FIGURE 6: QLFS EMPLOYMENT DATA Q4: 2019

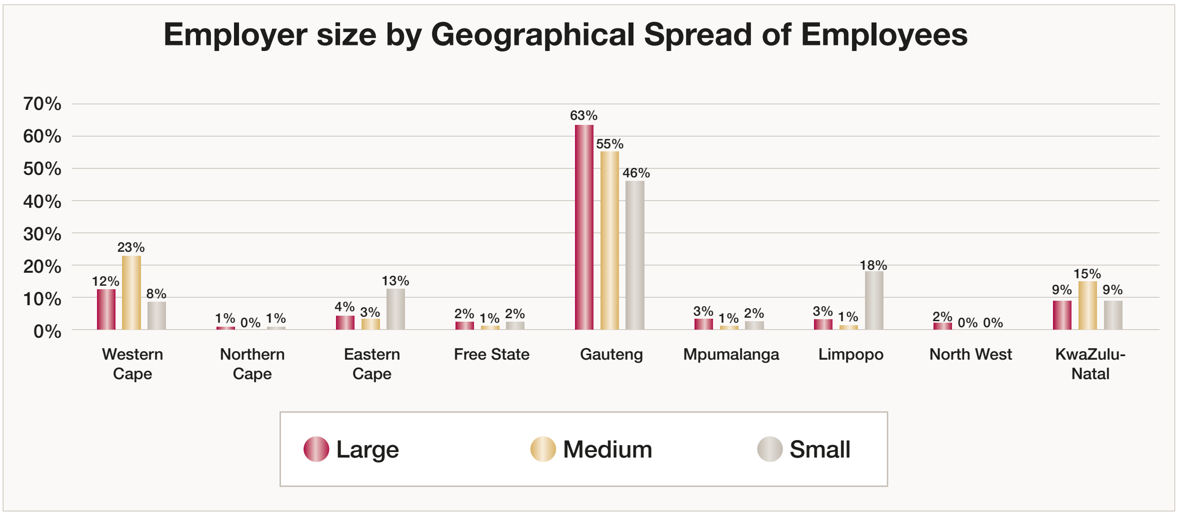


Source: StatsSA QLFS Q4 2019

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 found in Gauteng. This is particularly true for large companies (63%), medium (55%) and small (46%) which generally would 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. It is clear that a more even geographic spread occurs for smaller enterprises, as these companies often do not have a number of branches, but rather 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 (18%). 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 2020 WSP data shows that 13% of employees of small companies are located in the Eastern Cape.

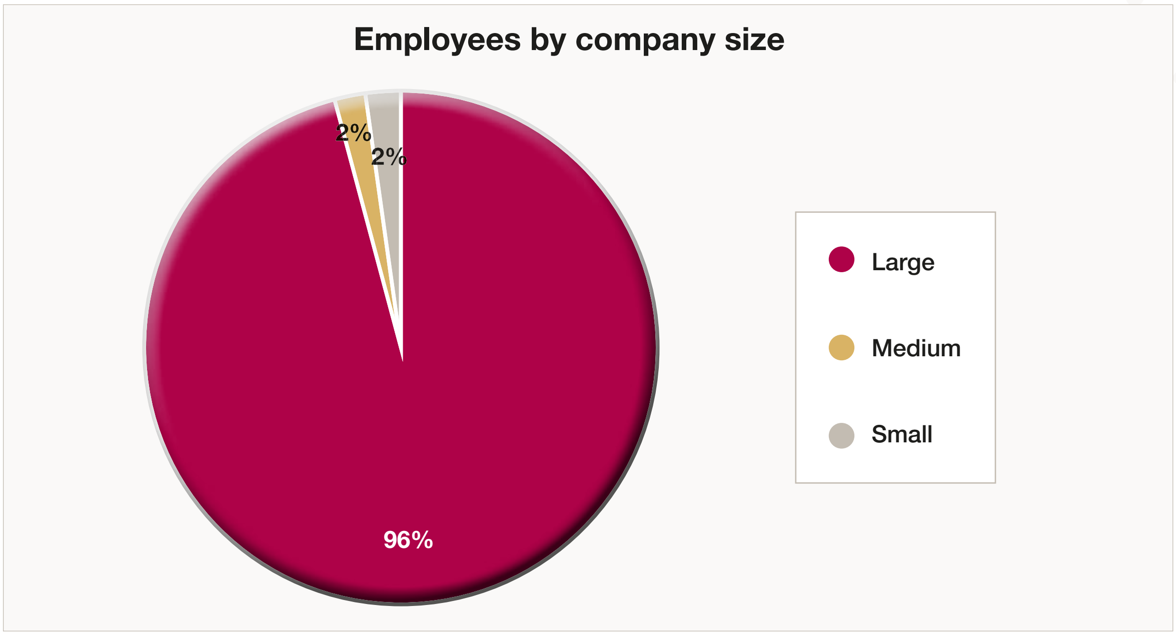
FIGURE 7: EMPLOYER SIZE BY THE GEOGRAPHICAL SPREAD OF EMPLOYEES.



Source: BANKSETA WSP 2020

The workplace skills plans (WSP) data received for the year 2020 reflects that the sector currently employs about 194 954 and this shows a decline compared to 197 288 reportedly in 2019. This is a decline of 1,2%. Large employers employ more than 96% of the labour force. While medium and smaller companies employ 2%.

FIGURE 8: EMPLOYEES BY COMPANY SIZES



Source: BANKSETA 2020

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.

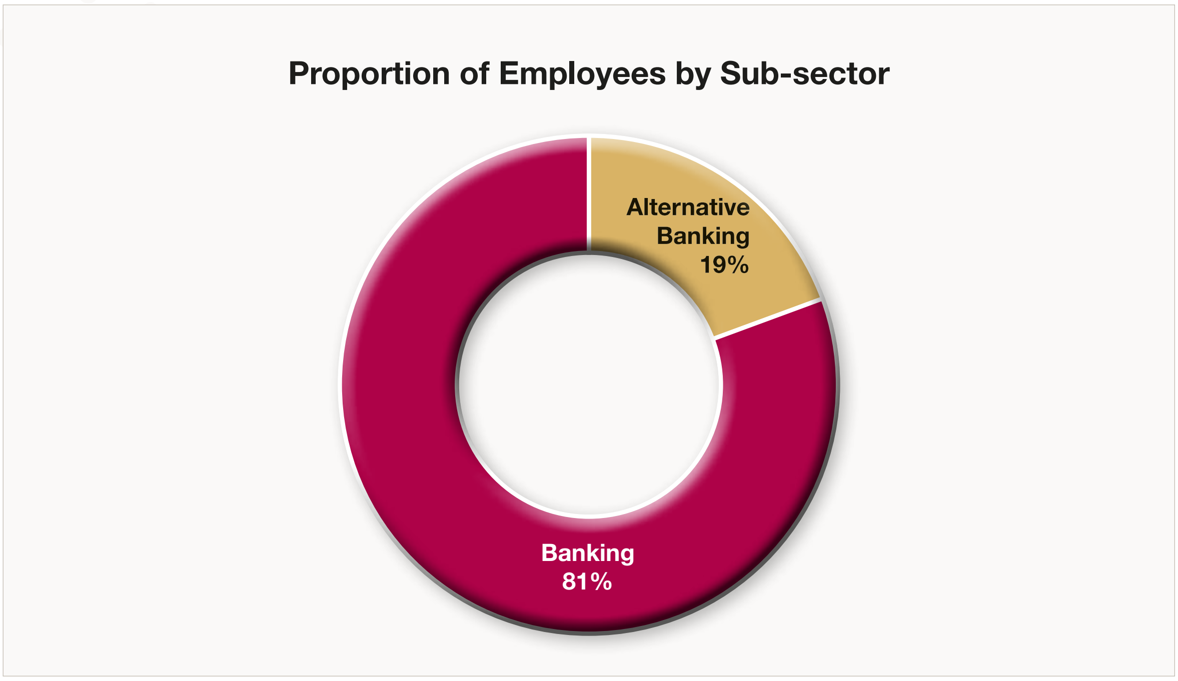
TABLE 3: EMPLOYMENT BY EMPLOYER COMPANY SIZE, EQUITY AND GENDER

Employer Size	Equity and Gender										Total
	MA	MC	MI	MW	MO	FA	FC	FI	FW	FO	
Large	38 823	9 675	8 574	15 343	927	65 256	18 684	10 731	17 908	633	**186 554**
Medium	636	276	220	516	69	1 367	539	299	474	39	**4 435**
Small	747	120	161	453	10	1 483	276	217	492	6	**3 965**
Total	**40 206**	**10 071**	**8 955**	**16 312**	**1 006**	**68 106**	**19 499**	**11 247**	**18 874**	**678**	**194 954**
%	20.6%	5.2%	4.6%	8.4%	0.5%	34.9%	10.0%	5.8%	9.7%	0.3%	**100%**

Source: BANKSETA WSP 2020

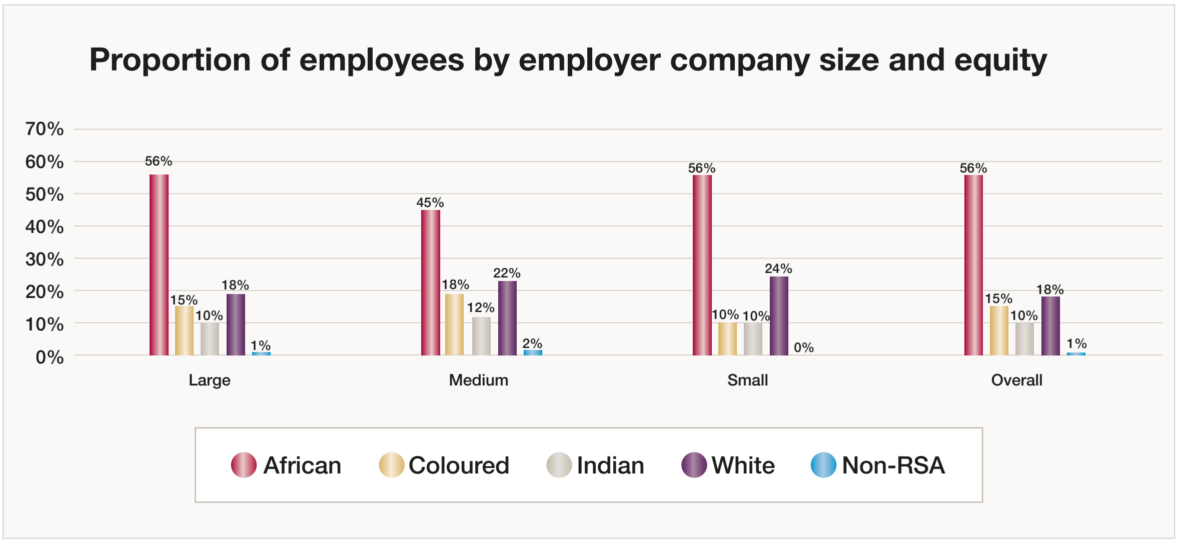
The information by sub-sector shows that although the majority of the employers are in alternative banking, while the banking sub-sector employs about 81% of the employees in the sector. This can be seen in Figure 9 below. This shows that the alternative banking sub-sector is only a fraction of the overall banking sector and employs about 37 000 people.

FIGURE 9: PROPORTION OF EMPLOYEES BY SUB-SECTOR



Source: BANKSETA SSP

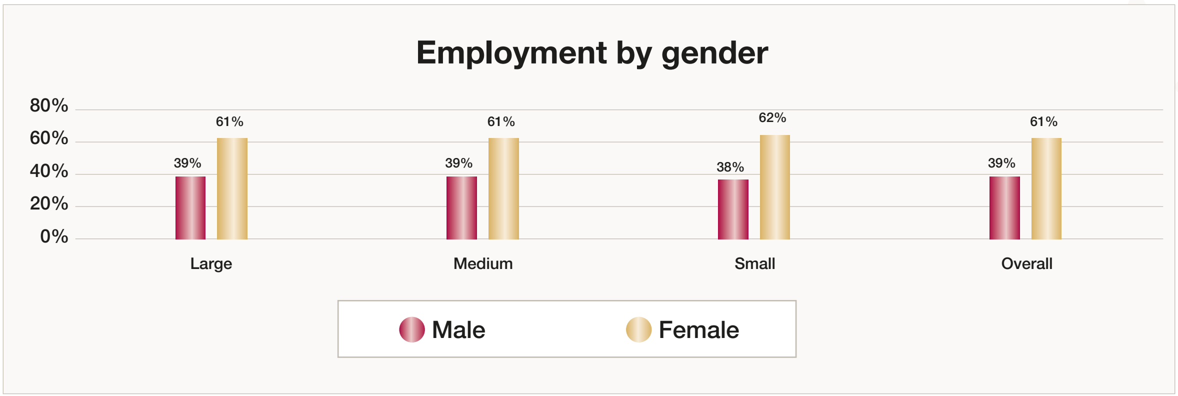
FIGURE 10: PROPORTION OF EMPLOYEES BY EMPLOYER COMPANY SIZE AND EQUITY



Source: BANKSETA WSP 2020

WSP submissions also allow for the profiling of employees with respect to race. Figure 10 shows that large companies employ 56% Africans (males and females combined), while 15% is Coloured males and females, 10% Asian/Indian males and females, and 18% White males and females. Statistics show that smaller companies also showed a significant decline in the number of African employees, from 62% in 2019 to 56% in 2020 while medium companies showed an increase in the number of Whites employed.

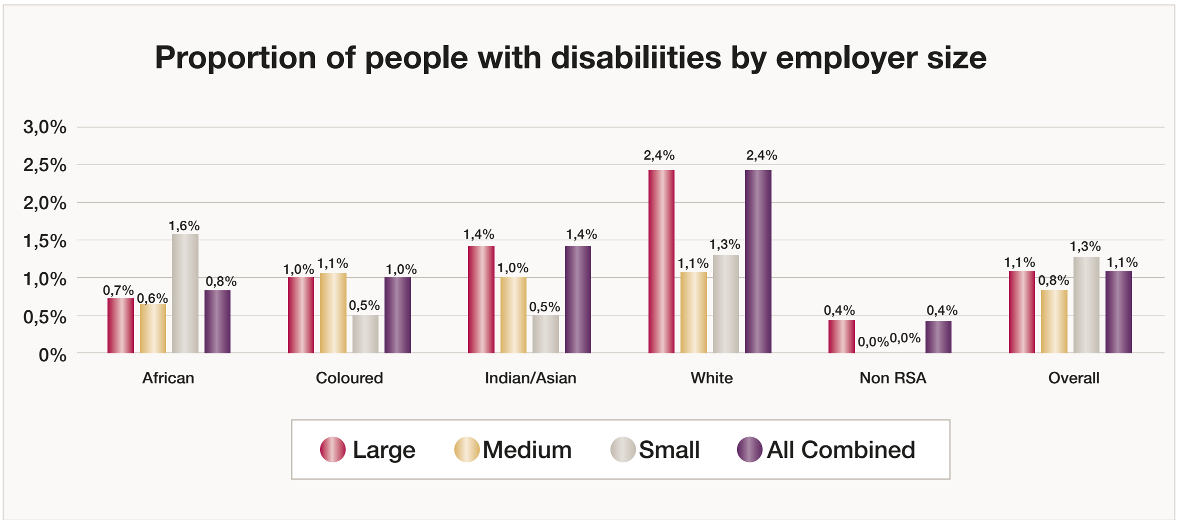
FIGURE 11: EMPLOYMENT BY GENDER



Source: BANKSETA WSP 2020

WSP submissions allow for the profiling of employees with respect to gender. Small companies reported significant levels of transformation with 62% females, while medium and large companies reported that 61% employed were females. This brings the number of females employed by all companies to 61% and 39% males employed by all companies.

FIGURE 12: EMPLOYMENT OF PEOPLE WITH DISABILITIES BY COMPANY SIZE



Source: BANKSETA 2020

Figure 12 depicts the employment status of people with disabilities by companies of different sizes. The figure for overall employed people living with disabilities stands at 1,1%. Small companies employ 1,3% of the people living with disabilities, followed by large companies which employ 1,1% of people living with disabilities. Medium companies employ less than 1% of the people living with disabilities. The data also shows that the proportion of employed White people living with disabilities is higher than the other groups (2,4%). This is also true for large companies. Africans with disabilities are employed in high proportions by small companies (1,6%).

1.7 Employment by Occupational Group

An analysis of employment by broad occupational groups is reflected in Table 4. Approximately 70 229 (36%) employees are in clerical support and this is slightly lower than the 71 431 reported in 2019. Technicians and associate professionals also comprise a large number of employees at approximately 40 125 (21%) and this is 10% higher than the 36 239 reported in 2019. The sector also employs a large number of managers with a total number of 38 545 (19,8%) that cuts across the racial groups. The statistics depict that 36 499 professionals are employed by the sector. The statistics show 7 198 are employed at services and sales workers and this demonstrates a huge decline compared to the 10 983 reported in 2019. The majority of people employed in the services and sales workers are African males and females. Please see Table 4 and Figure 13 on employment by occupational groups (based on international standards classification of occupations).

TABLE 4: EMPLOYMENT BY OCCUPATIONAL GROUPS

Major OFO Groups	Equity					Gender		Total
	African	Colored	Indian	White	Other	Female	Male	
Managers	15 000	5 237	5 641	12 053	614	20 884	17 661	**38 545**
Professionals	15 623	4 335	5 443	10 367	731	17 272	19 227	**36 499**
Technicians and Associate Professionals	22 510	6 750	3 715	6 969	181	27 308	12 817	**40 125**
Clerical Support Workers	47 498	12 325	5 077	5 190	139	49 288	20 941	**70 229**
Service and Sales Workers	5 695	746	274	475	8	2 806	4 392	**7 198**
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	602	60	18	63	6	118	631	**749**
Plant and Machine Operators and Assemblers	227	18	19	43	0	9	298	**307**
Elementary Occupations	1 157	99	15	26	5	719	583	**1 302**
Total	**108 312**	**29 570**	**20 202**	**35 186**	**1 684**	**118 404**	**76 550**	**194 954**

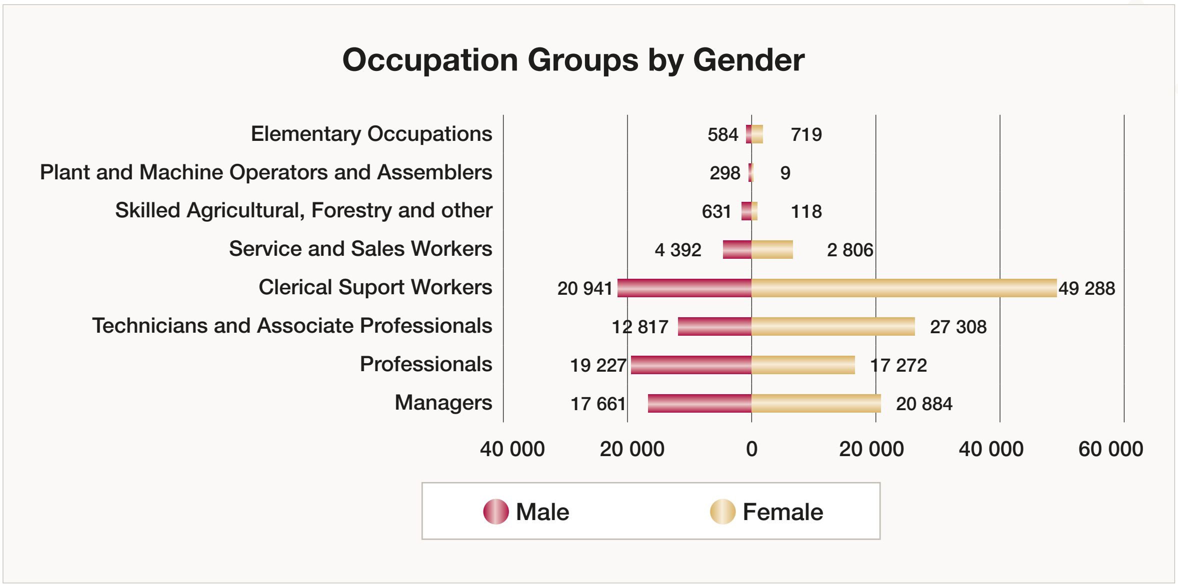
Source: BANKSETA WSP 2020

Figure 13 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 geography. The 2020 data depicts low levels of transformation that are still evident within the banking sector. The data indicates that across occupations, 56% of Africans, 18% of Whites, 15% Coloureds and 15% Indian/Asians are employed by the sector in 2019.

For instance, the occupational category of managers depicts Africans at 39% while Whites are at 31% out of the entire occupation population of managers. This requires further attention considering that out of the 194 954 employed in the sector 108 312 are Africans.

The gender discrepancies still exist in the banking sector as the data depicts that 54% women are in managerial positions. This is still low considering that the banking sector employed 118 404 (61%) women. But at least, there is gender 'locomotive' progression from a transformational perspective.

FIGURE 13: OCCUPATIONS GROUPS BY GENDER



Source: BANKSETA WSP 2020

Out of 118 404 (61%) women employed by the sector, only 20 884 (12%) women across racial groups are in managerial positions. Out of the 20 884 women in managerial positions, only 8 830 (42%) are African women, the other 58% cuts across the other races. This is concerning considering that 57,7% (68 106) of the women employed by the sector are African.

The data depicts that the sector employed 76 550 (40%) males out of 194 954 total population employed. The data also depicts that the sector employed 17 661 (9%) males across races in managerial positions. Out of 17 661 (9%) males in managerial positions only 6 170 (3%) African males are in managerial positions. This is very low considering that 40 206 (21%) African males are employed by the sector. About 6% of males in managerial positions cuts across Whites, Coloureds and Asians with white males holding 3% even though their entire population employed in the sector is 16 312 (8%). Out of the 8%, 40% of white males are in managerial positions. The WSP data reflects the levels of education amongst racial groups as follows: 99.6% Asians have a post-matric qualification, 98.8% Whites have a post-matric qualification, 98.7% Coloureds have a post-matric qualification and 97.9% Africans have a post-matric qualification.

It is debatable whether the lower level of post-matric education amongst Africans is a causal factor for the low number of Africans in managerial positions or whether this is a transformational dilemma.

1.7.1 Professionals

The data depicts that 12 321 (75%) of white males are managers or professionals in the entire banking sector. This means out of 16 312 (9%) of the entire white male population employed only 3 991 are non-professional nor managers and about half of those fall under technician and associate professionals. The data depicts male Indian/Asians at 31% at professional, 20 % male coloureds and 19% male African.

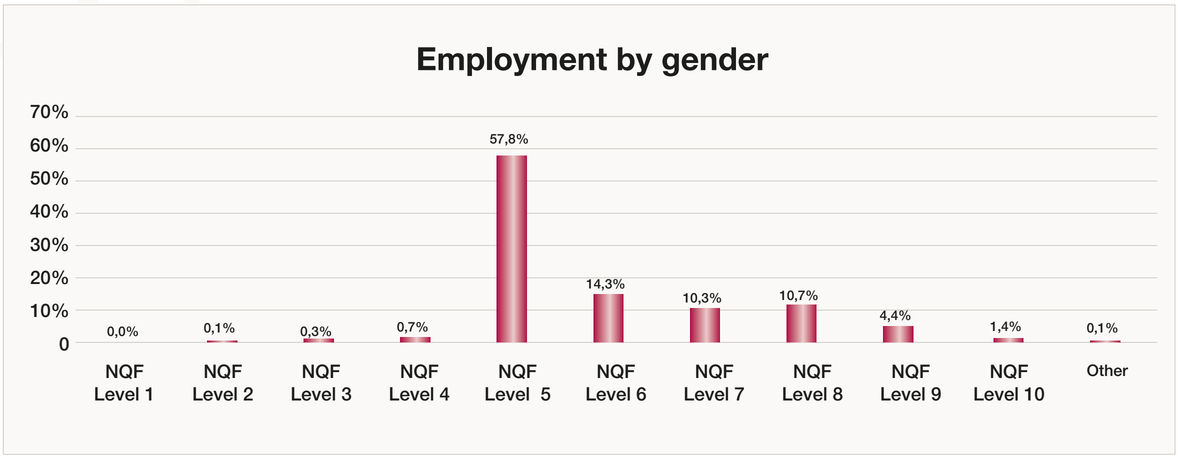
The entire female population in the professional category is 17 212 (9%) with 4 393 (25.5%) Whites, (7808) 45% Africans, 2506 Indian/Asian (21%) and 2304 (13%) Coloureds.

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 1,2%. It is also interesting to notice that more than 40% of the employees have at least an NQF Level 6 qualification.

FIGURE 14: EMPLOYEES BY HIGHEST QUALIFICATION LEVEL



Source: BANKSETA WSP 2020

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 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. 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 provides key learnings on opportunities for skills development. In this chapter, we also observed low levels of transformation based on racial, gender occupational discrepancies in managerial and professional positions within the sector.

This calls for the skills development of these major groups to support the supply of skills in line with the demographic transformation targets as articulated in the NSDP as this will address the current existing imbalances. This chapter thus provided a detailed picture of the banking sector.

Even though the effects of COVID-19 will become clearer in the near future, indications are that the banking sub-sector will not suffer major job losses. This is mainly due to the nature of their operating environment and regulations that were put in place in the wake of the 2008 financial crisis. On the other hand, job losses are expected in the alternative banking especially in the microlending and fintech space.

CHAPTER 2

Key Skills Change Drivers

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 have an influence on skills demand. The chapter is informed by interviews, focus group discussions with critical role players in the sector and international banking sector studies. The key skills change drivers identified include digitalisation and technology, symphonic enterprise, changing customer expectations, regulatory changes, risk and cyber-crime, disruptors in banking and political, economic and societal shifts.

The major factors impacting on 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 digitalisation and technology; changing customer expectations; regulation, risk and cybercrime; disruptors in banking and political, economic and societal shifts.

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

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

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

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 (fintechs) 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.

2.2.1.1 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:

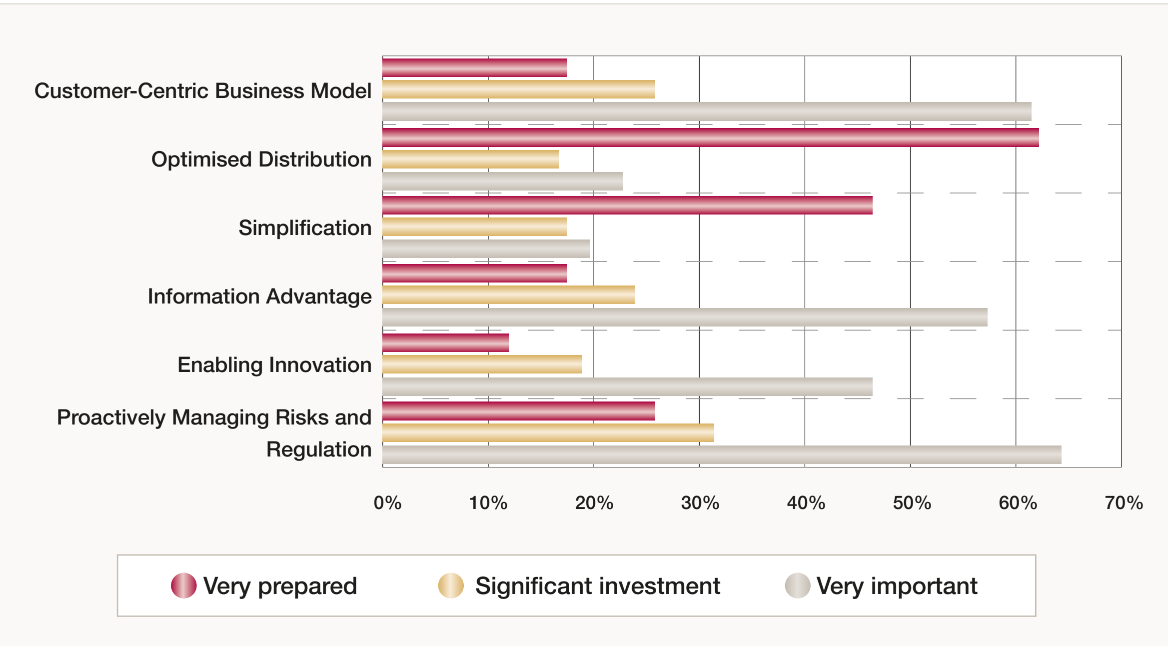
1. Developing a customer-centric business model
2. Optimising distribution
3. Simplifying business and operating models
4. Obtaining an information advantage
5. Enabling innovation, and the capabilities required to foster it
6. Proactively managing risk, regulations and capital

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. And 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 very 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 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). Yet only 17% feel 'very prepared'. Please see Figure 15 on the six priorities and the significant gap between preparedness and importance.

FIGURE 15: SIX PRIORITIES: SIGNIFICANT GAP BETWEEN PREPAREDNESS AND IMPORTANCE



Source: The 2020 PwC Banking Survey

2.2.2 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. Yet, many still send customers multiple product offers 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.

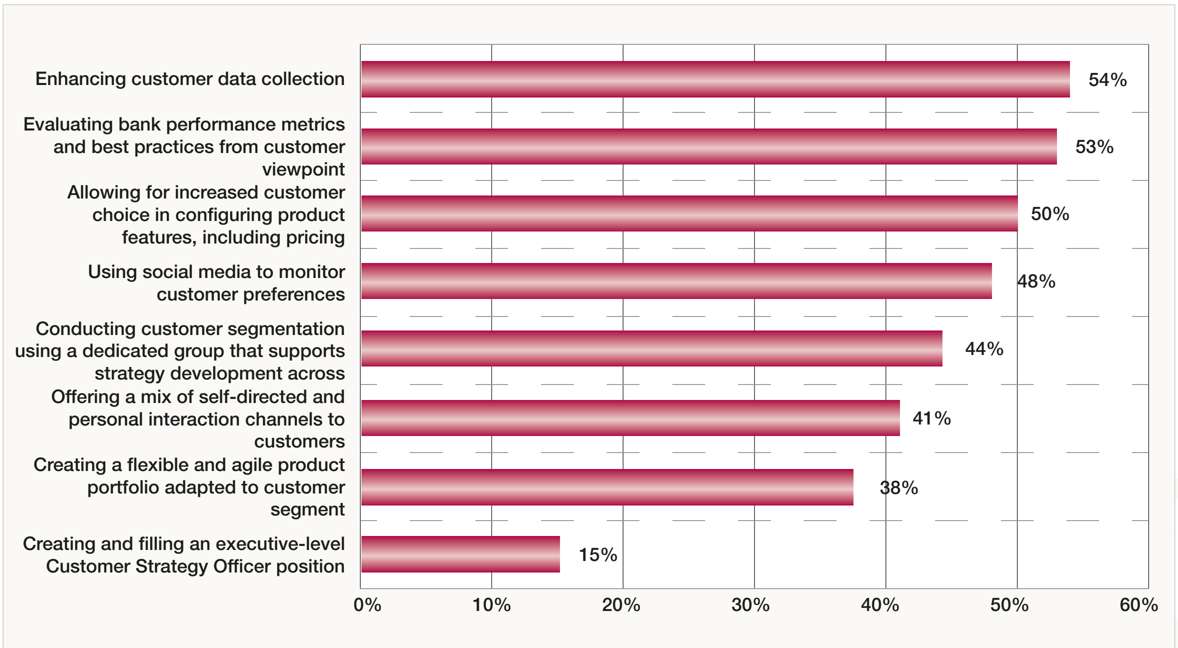
Legacy products no longer offered for sale, are rarely discontinued. And every bank customer has experienced the thrill of being passed from call-centre operator to call-centre operator in the vain hope that one of them can solve the problem, that is if they can figure out how to talk to a real person at all.

No wonder customers are frustrated and regulators are concerned about fair customer treatment. Yet, 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. And 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 are their target customers, what is their value proposition 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 16 depicts the areas of significance effort by the banks over the next five years in an attempt to understand customers and meet their needs.

FIGURE 16: AREAS OF SIGNIFICANT EFFORT OVER THE NEXT 5 YEARS



Source: The 2020 PwC Banking Survey

2.2.3 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. And, of course, 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 on 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.

2.2.3.1 South Africa's Regulatory Bodies

2.2.3.1.1 The South African Reserve Bank

The South African Reserve Bank is the central bank of the Republic of South Africa. The primary purpose of the bank is to achieve and maintain price stability in the interest of balanced and sustainable economic growth in South Africa. The primary function of the Reserve Bank is to protect the value of South Africa's currency. In discharging this role, it takes responsibility for:

- Ensuring that the South African money, banking and financial system as a whole is sound, meets the requirements of the community and keeps abreast of international developments;
- Assisting the South African government, as well as other members of the economic community of southern Africa, with data relevant to the formulation and implementation of macroeconomic policy; and
- Informing the South African community and all stakeholders abroad about monetary policy and the South African economic situation.

2.2.3.1.2 Co-operative Banks Development Agency (CBDA)

The Co-operative Banks Development Agency was established to regulate, promote and develop co-operative banking, including deposit-taking and lending co-operatives. The institution was created for the following tasks:

- To register, regulate and supervise co-operative banks
- To promote, register and regulate representative bodies
- To facilitate, promote and fund education and training to enhance the work of co-operative financial institutions
- To accredit and regulate support organisations
- To provide liquidity support to registered co-operative banks through loans or grants, and
- To manage a deposit insurance fund.

2.2.3.1.3 National Credit Regulator

The National Credit Regulator (NCR) was established as the regulator under the National Credit Act No. 34 of 2005 (The Act) and is responsible for the regulation of the South African credit industry. It is tasked with carrying out education, research, policy development, registration of industry participants, investigation of complaints, and ensuring the enforcement of the Act.

The Act requires the Regulator to promote the development of an accessible credit market, particularly to address the needs of historically disadvantaged persons, low-income persons, and remote, isolated or low-density communities.

The NCR is also tasked with the registration of credit providers, credit bureaux and debt counsellors; and with the enforcement of compliance with the Act.

2.2.3.1.4 The Financial Sector Conduct Authority (FSCA)

The FSCA is the market conduct regulator of financial institutions that provide financial products and financial services, financial institutions that are licensed in terms of a financial sector law, including banks, insurers, retirement funds and administrators, and market infrastructures.

The FSCA is responsible for market conduct regulation and supervision. FSCA aims to enhance and support the efficiency and integrity of financial markets and to protect financial customers by promoting their fair treatment by financial institutions, as well as providing financial customers with financial education. Furthermore, the FSCA assists in maintaining financial stability.

2.2.4 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 banking and alternative banking sector, as depicted in Figure 17:

FIGURE 17: SEVEN KEY DISRUPTORS

2.2.5 Political and Economic shifts

TThe May 2019 election victory by African National Congress (ANC) under the leadership of President Cyril Ramaphosa brought about stability in South Africa and in the Southern African Development Community (SADC) as a whole. Many analysts and major corporations operating in SA's financial services space expressed positive reactions over the appointment of Cyril Ramaphosa as president of the ANC and the country.

Ramaphosa's election came amidst a crisis in confidence in both the business and consumer sectors. Ramaphosa is well regarded by financial markets and has championed fighting corruption and enhancing policy certainty in a bid to revive economic growth. His personal interest is secure a stabilising social compact akin to the one he negotiated in 1994 given developments that have left the country economically and socially weaker. These have included allegations that parts of the state have been taken over by corrupt civil servants and some private sector interests, high levels of unemployment and increasingly fractious public debates.

During his campaign trail, he moulded his image on the sanctity of the rule of law and on the dictum that social stability hinges on respect of the rule of law. His election as both a president of the ANC and the country was therefore viewed as positive by financial markets (Daily Maverick, 11 June 2019).

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.

TABLE 5: IMPLICATIONS FOR SKILLS PLANNING

Key Skills Change Driver	Implications for Skills Development and Policy	Highly sought Occupations/Skills
Digitisation and technology	**Skills** There'll 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. See Annexure 1	• 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, cyber security as a risk that all banks must address by ensuring they have the appropriate skills to manage these risks.	• Chief cyber security officers • A range of occupations in cyber security • Compliance officer • Skills programmes for Basel IV
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
Political, economic and societal shifts	Management and leadership ensuring that leaders possess skills to manage their teams in turbulent times ensuring they are capable of leading change within their work environments.	• Corporate General Manager • Heads of Country • Chief Digital Officers • Chief Technology Officers

Source: Wits University (2019): BANKSETA Research Partner

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 seems 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.

2.4 Alignment to 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, Government's 9-point plan, the Human Resource Development Strategy and the Open Learning Policy. 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 6: 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) TThe 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 micro-finance 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
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 Masters and Doctoral students to support the growth of the knowledge economy. • Supporting rural development and regional integration through the establishment of regional offices.

Policy Frameworks Affecting Skills Demand and Supply	Skills Implications
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 co-ordinated 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
9 Point Plan Government has developed a 9-Point Plan comprising simultaneous actions in key strategic areas, at a scale large enough to constitute a 'Big Push' to ignite economic growth.	BANKSETA's current contribution to the 9-point plan includes the following: • Entrepreneurship programmes that support SMEs with a business plan development and advisory services for growth development strategies for small business • CFI and Co-op bank support
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

Policy Frameworks Affecting Skills Demand and Supply	Skills Implications
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. An inclusive financial system has several merits. It facilitates efficient allocation of productive resources and thus can potentially reduce the cost of capital. In addition, access to appropriate financial services can significantly improve the day-to-day management of finances. An inclusive financial system can help in reducing the growth of informal sources of credit (such as money lenders) that are often found to be exploitative..	BANKSETA's current contribution to the Financial Inclusion Strategy is through the implementation of alternative banking programmes.
Financial Sector Conduct Authority 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, promote 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.
SARB Regulatory Framework A strong regulatory system is a 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 seems to be encouraging experimentation by fintechs and welcoming them to the fold.

Policy Frameworks Affecting Skills Demand and Supply	Skills Implications
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 vison and strategic objectives.

2.5 Five Key Skills Change Drivers

Based on the change drivers and national priorities, BANKSETA SSP research has identified the following as the five key skills change drivers for the 2021/2022 financial period:

- Technology, Digitisation and Innovation
- Regulation, Compliance and Risk Management
- Management and Leadership Development
- Markets, Products and Services
- Customer Centricity

2.6 Conclusion

The drivers of change are mostly related to digitisation and technological advancements. The five change drivers are digitisation and technology, changes customer expectations, regulatory changes, risk and cybercrime, and political, economic and societal shifts, as well as the national and sectoral priorities.

CHAPTER 3

Occupational Shortages and Skills Gaps

Chapter 3: Occupational Shortages and Skills Gaps

3.1 Introduction

The occupational shortages and skills gaps are informed by interviews, focus group discussions 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.

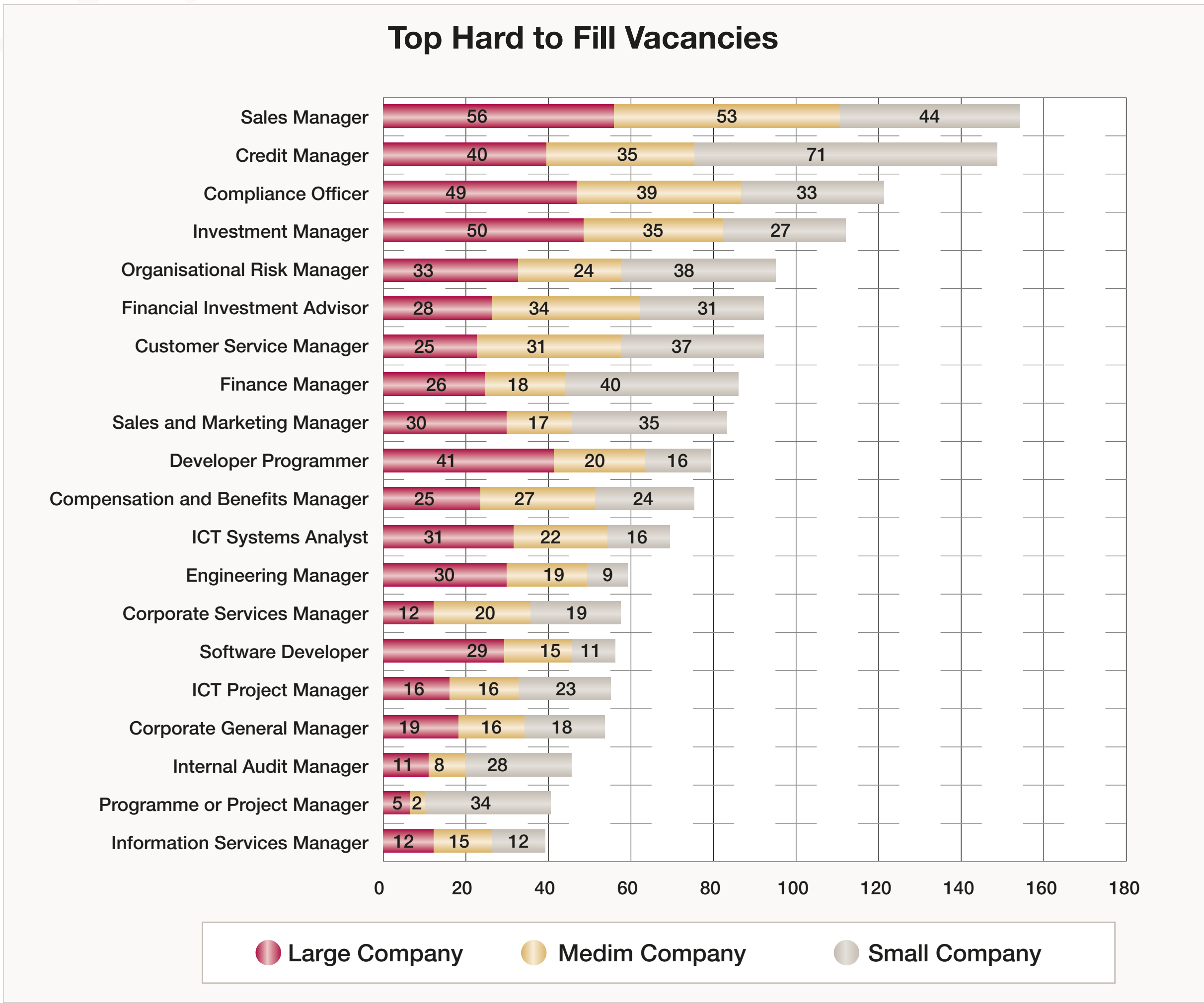
3.2 Occupational Shortages and Skills Gaps

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 imports 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 as a result 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 the Table 18. The 2020 WSP data depicts that all companies reported 2 937 HTFVs and out of those, large companies reported 1 185, medium 700 and small companies 1 052.

FIGURE 18: HTFV BY COMPANY SIZE AND OCCUPATION



Source: BANKSETA WSP 2020

The data in both 2019 and 2020 depicts that credit managers and sales managers were reported as the occupations where employers found it most difficult to fill positions, with as much as 299 of the HTFVs identified in 2020 by employers. This is followed by compliance officer with 121 HTFVs, 33 for small companies and 49 for large. The top three HTFVs for small companies together made up 155 15% of all HTFVs reported for small companies. For medium companies, the most prominent HTFVs were sales manager (7.6%), compliance officer (5.5%), credit managers (5%), investment manager followed by financial investment advisor.

Furthermore, information technology-related vacancies comprise 11,2% of the HTFVs and this is a decline compared to 20% reported in the 2019 WSP. This slight improvement may be attributed to the interventions introduced as a response to the demands of the 4IR. Again, the very nature of IT is project orientated, the demand is entirely dependent on the availability of projects.

Large companies recorded a total of 1 185 HTFVs, with the largest deficit being for corporate sales managers (4.7%), investment manager (4.2%) and compliance manager (4%)and credit manager (3.4%).

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 43% of the reasons given, with large companies sitting at 48%, medium companies at 29% and small companies at 48%. It is noted that equity considerations have a greater influence on the ability to fill vacancies in large companies (9%) 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 7: TOP HTFV BY OCCUPATION

OFO Code	Occupation	Reason Key							
		1	2	3	4	5	6	7	8
122102	Sales Manager	4	21	3					125
121103	Credit Manager	2	26	24	6	2	3	1	82
242207	Compliance Officer	1	27	9	2	1	1		80
241202	Investment Manager	10	6	9	9				78
242208	Organisational Risk Manager	2	29	20		1			43
241301	Financial Investment Advisor	0	4	7		4			78
122105	Customer Service Manager	1	7	4			1		80
121101	Finance Manager	26	21	23	9	2	1		2
122101	Sales and Marketing Manager	1	18	14	4		1		44
251203	Developer Programmer	4	25	6	2				40
121203	Compensation and Benefits Manager	7	1	1	1				66
251101	ICT Systems Analyst	12	14	1	2				40
132104	Engineering Manager	1	57						
121902	Corporate Services Manager	0	1	1		2			52
133102	Software Developer	4	43	5	3				
251201	ICT Project Manager		6	7	1				41
121901	Corporate General Manager	1	5	2	2	1	1		41
121104	Internal Audit Manager	1	27	7	11	1			
121905	Programme or Project Manager	1	29	8		1			2
262202	Information Services Manager								39

Key: Reason

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

Source: BAKSETA WSP 2020

According to the 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 was 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 skills gaps by major OFO groupings

TABLE 8: SKILLS GAPS BY MAJOR OFO GROUPINGS

Major Grouping	Skills Gaps	Main Reasons
Managers	Critical Thinking	Lack of relevant experience
	Complex Problem Solving	Lack of relevant qualifications
	Management and Leadership	New technology
Professionals	Complex Problem Solving	Lack of relevant experience
	Management and Leadership	Lack of relevant qualifications
	Critical Thinking	New technology
Technicians and Associate Professionals	Programming	Lack of relevant experience
	Technical (Job-specific)	Lack of relevant qualifications
	Advanced IT and Software	New technology
Clerical Support Workers	Technical (Job-specific)	Lack of relevant experience
	Complex Problem Solving	Lack of relevant qualifications
	Critical Thinking	New work processes
Service and Sales Workers	Marketing and sales	Lack of relevant experience
	Service Orientation	Lack of relevant qualifications
	Time Management	New work processes
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	Complex Problem Solving	Lack of relevant experience
	Social Perceptiveness	Lack of relevant qualifications
	Technical (Job-specific)	New work processes
Plant and Machine Operators and Assemblers	Time Management	New technology
	Technical (Job-specific)	New work processes
	Operation and control	Lack of relevant qualifications
Elementary Occupations	Basic Computer (IT)	Lack of relevant qualifications
	Coordination	Lack of relevant experience
	Team Work	New technology

Source: BANKSETA WSP 2020

The top-up skills that small companies are most in need of include complex problem solving (8%), management of finance resource (7%), and management and leadership (7%). Critical thinking (14%) was identified as a key skill gap for medium-sized companies, with complex problem solving and technical (job-specific) skills following close behind at 12% and 11% respectively as important attributes currently lacking among employees. Critical thinking was identified as the top skill gap (11%) for large companies, followed by complex problem solving (9%) and technical (job-specific) (6%). Complex problem solving appears among the top three skills gaps across the company size categories, recorded as skills gaps combined 249 times. Critical thinking skills are also among the top five skills gaps in each size category. It is furthermore noted that while financial resource management and other softer skills are key for small companies, the need for technical (job-specific) skills become more important as the size of companies increases.

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 the 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, HE 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 leadership 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 complete 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 throughput 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 2019 data from the Department of Basic Education indicates that there has also been a decline in enrolments for mathematics since 2017.

FIGURE 19 SHOWS MATHEMATICS ENROLMENTS

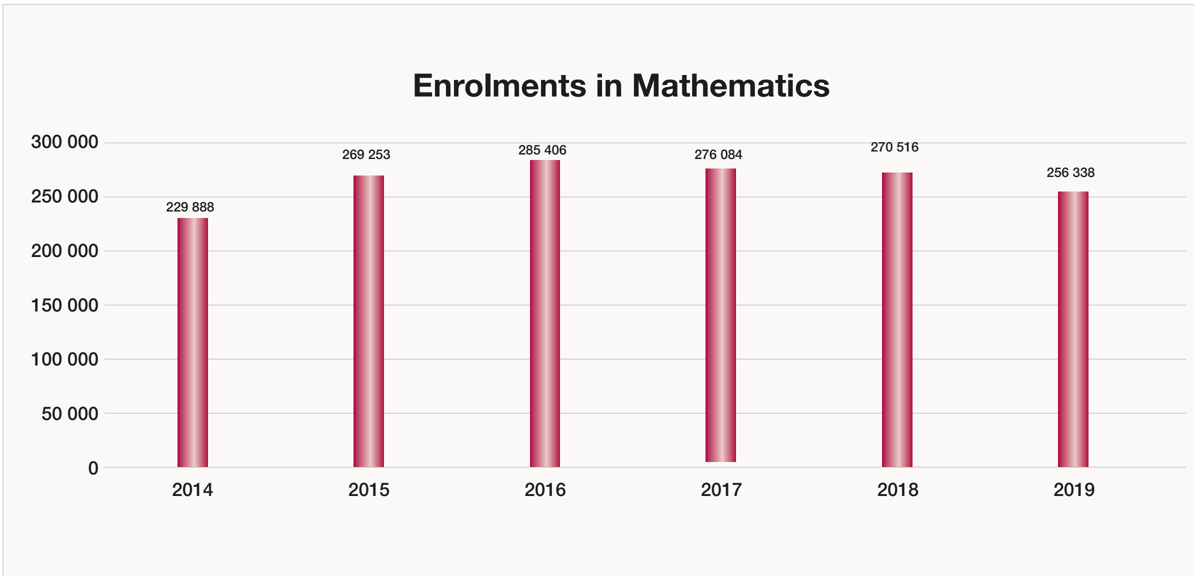


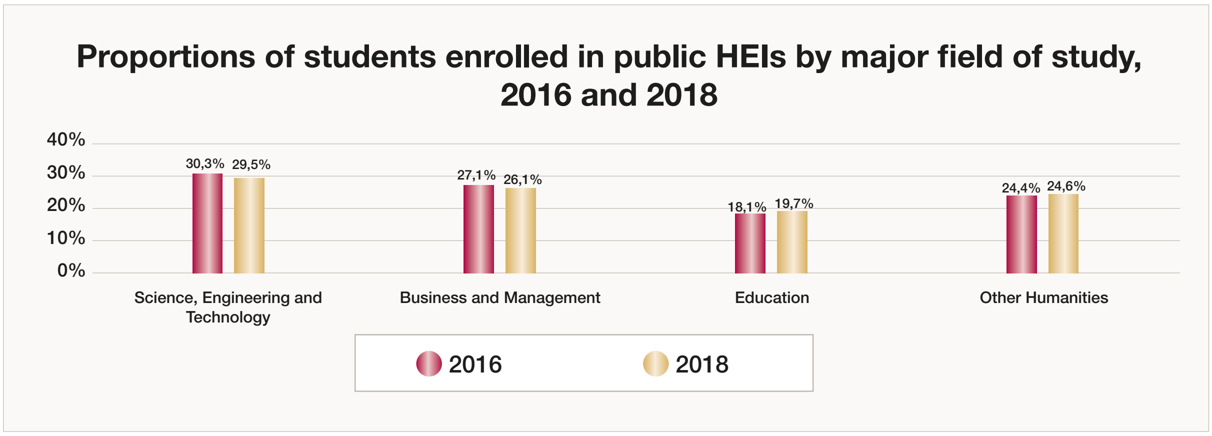
FIGURE 19: ENROLMENTS FOR MATHS AT SCHOOL

Source: NSC Examination Technical Report (2019)

The significant decline in the pass rate of mathematics from 58% to 54,6% in 2019 compounded the problem. Mathematical skills are required for the majority of roles in the banking sector and poor performance by learners may exclude them from opportunities in the sector.

The Physical Science pass rates have improved to 75,5% in 2019 and this is a slight increase compared to 74% reported in 2018. In 2019 the number of learners studying this subject dropped from 193 869 to 186 366. This significant drop 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. For example, Figure 20 reflects a decline in the proportion of enrolments in Science, Engineering and Technology at higher education institutions (HEIs) in 2018 compared to 2016.

FIGURE 20: PROPORTIONS OF STUDENTS ENROLLED IN PUBLIC HEIS BY MAJOR FIELD OF STUDY, 2016 & 2018



Source: PSET Reports (2017 and 2020)

The Department of Basic Education hopes that with the establishment of the new Directorate for Mathematics, Science and Technology, there will be some improvement in learner participation and outcomes for mathematics. In respect of the overall pass rate, observers have expressed concern about the lowering of standards, i.e., the 30% pass mark. Observers have argued that the higher pass rate can be possibly linked to the lowered passing standards. Furthermore, it has been argued that learners are not adequately prepared for tertiary education and the labour market, and this often leads to some of them dropping out or lower graduate rates.

Upon achievement of a bachelor's degree pass in the NSC examination, learners can enrol for a bachelor's degree at any university in SA. 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 youth 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 somewhat differently by the government compared to earlier years of democratic rule. The National Development Plan (NDP), the New Growth Path 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 (HEI) system consists of 26 public institutions and 124 private institutions. Table 9 below illustrates the number of students enrolled in public and private institutions in 2018.

TABLE 9: TOTAL HEI DATA

Category	Public HEI	Private HEI	Total
Number of Institutions	26	124	150
Number of students enrolled	1 085 568	197 898	1 283 466

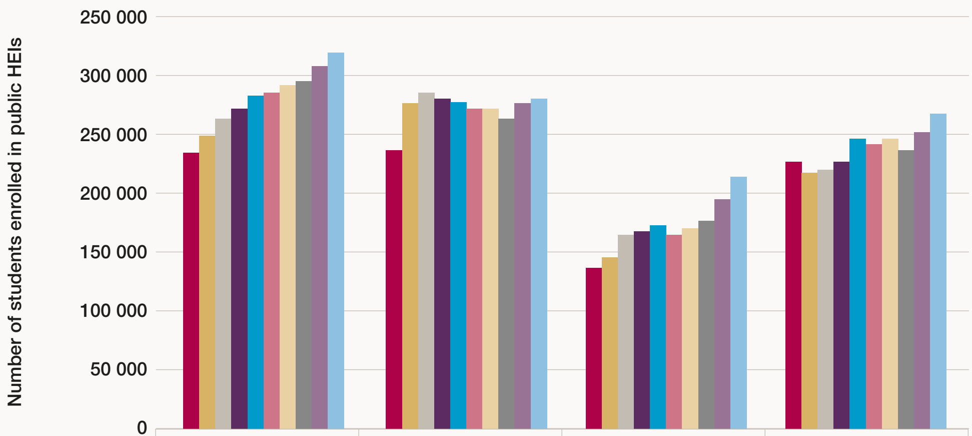
Source: PSET Report (2020)

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 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 – 2018

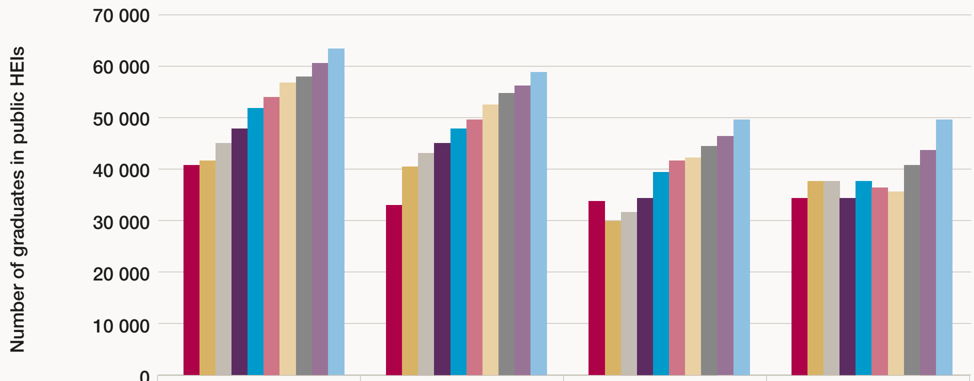


	SET	Business and Management	Other Humanities	Education
2009	237 058	236 256	137 467	226 854
2010	251 334	278 843	145 413	217 336
2011	264 447	288 487	164 939	220 326
2012	273 282	282 299	168 608	229 184
2013	283 622	279 954	172 991	247 131
2014	287 221	272 409	166 099	243 426
2015	254 935	273 828	170 550	245 899
2016	295 383	264 934	176 986	238 535
2017	310 115	278 930	195 113	252 826
2018	320 671	283 194	214 151	267 553

Source: PSET Report (2020)

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 227 188 students successfully completed their degrees. Undergraduate certificates, diplomas and degrees comprise the bulk of graduates. Of these only 3 344 are doctoral degrees, the highest qualification awarded.

FIGURE 22: NUMBER OF GRADUATES FROM PUBLIC HEIS BY MAJOR FIELD OF STUDY, 2009 – 2018



	SET	Business and Management	Other Humanities	Education
2009	41 511	33 818	34 523	35 532
2010	42 760	41 657	31 016	37 892
2011	46 100	44 155	32 484	37 879
2012	48 848	46 042	35 618	35 478
2013	53 176	49 051	40 384	38 212
2014	55 574	50 381	42 344	37 076
2015	58 090	53 863	42 917	36 654
2016	59 125	56 364	45 480	42 107
2017	61 581	57 772	47 144	44 434
2018	65 211	60 458	50 868	50 651

Source: PSET Report (2020)

There has been a decline in the number of students enrolled in TVET colleges, with enrolment in TVET colleges reaching 657 133 in 2018.

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 beneficiaries for the BANKSETA programmes are listed in the table below.

TABLE 10: PROGRAMMES FUNDED BY BANKSETA

Category	BANKSETA Beneficiaries			
	2016-2017	2017-2018	2018-2019	2019-2020
Programmes for Employed	1 531	1 922	1 585	3 325
Programmes for Unemployed	1 908	1 990	2 343	1 474
Total	**3 439**	**3 912**	**3 928**	**4799**

Source: BANKSETA 2020

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 the majority 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 largely 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 virtually 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 leaners 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 (HEI) 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 are not keen to take in learners at the moment. This means that learners who were expected to complete their WBL programmes this year will only be able to complete them during the next year.

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 are 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 skill will be completely addressed and will no longer exist. It is however hoped that addressing the scarce skill will in some way reduce the quantity of the skill that is imported by replacing it with 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: PIVOTAL List). The methodology used to generate the PIVOTAL list is summarised in the table below.

TABLE 11: PIVOTAL LIST PROCESS

Method Used	PIVOTAL list process
WSP data analysis	Preliminary PIVOTAL list
Consultation across employers	Validate Preliminary PIVOTAL list:
Circulated scarce skills and PIVOTAL list to all employers for feedback and comments	Consulted DHET Occupations in high demand to determine if these skills are also of national importance
	A validation Workshop is also held with the sector to reach consensus on the scarce and PIVOTAL list these form the basis for the allocation of funding in the Annual Performance Plan
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 consensus on the scarce and PIVOTAL 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 PIVOTAL list is circulated to all employers for feedback and comments. A validation workshop is also held with the sector in order to reach consensus on the scarce and PIVOTAL lists as these form the basis for the allocation of funding in the Annual Performance Plan.

Throughout the data collection and skills planning process, some key themes emerged. This resulted in the development of five key skills change drivers which further translates into the five priority areas that BANKSETA will focus on in the next few years. The PIVOTAL skills list is aligned with these focus areas.

The quantities in the PIVOTAL list were informed by data supplied by employers when submitting their WSPs for 2019 as well as research undertaken to determine occupational shortages and skills gaps. The PIVOTAL List is ranked in order of priority from a quantitative perspective. The occupations that have the largest quantity in terms of need were ranked higher than others. The PIVOTAL List is approved by the BANKSETA Board (see Annexure 2: 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 little 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

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 12: EXISTING PARTNERSHIPS, THEIR NATURE, OBJECTIVES, DURATION AND VALUE OF THE PARTNERSHIP.

Name of Partner	Nature of Partnership	Partnership Objectives	Duration	Partnership Value-Add
Banking Association South Africa	Strategic	To strengthen relations between the BANKSETA and the sector. To keep abreast of banking sector developments.	Ongoing	Sector insight and identification of opportunities for collaboration
SASBO	Strategic	To strengthen relations between the BANKSETA and the Employee representative body. To keep abreast of matters impacting on the employees in the sector and how the drivers of change are affecting them.	Ongoing	Sector insight and identification of opportunities for collaboration as it relates to the skills development needs of employees in the sector
SABRIC	Strategic	Development of cyber security occupations and curricula.	2019-2021	Industry experts provide input to the curricula for cybersecurity-related occupations
MFSA	Strategic	To share BANKSETA initiatives and strategic projects with their membership base.	Ongoing	Broader dissemination to stakeholders
CBDA and NACFISA	Strategic	Implementation of strategic interventions aligned with the development of CFIs and the governing boards of CFIs.	Ongoing	Professionalising and regulating CFIs

Name of Partner	Nature of Partnership	Partnership Objectives	Duration	Partnership Value-Add
Professional Bodies: • IRMSA • SAICA • Compliance Institute • Actuarial Society • IOBSA	Operational	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.	Ongoing	skills development initiatives in support of professionalising the sector continued professional development
TVET Colleges (14)	Strategic	To support learners who completed their N6 level of study to gain their practical experience to obtain their national diplomas. To assist the colleges to make links with employers in order for the learners to obtain the requisite work experience to make them more employable.	Ongoing	Address skills shortages and gaps
UoT (11)	Strategic	To build the skills pipeline to address scarce skills in the banking sector through different programmes.	Ongoing	Address skills shortages and gaps
Other SETAs	Strategic	To identify, formalise and implement collaborative projects.	Ongoing	Cost-saving
Rhodes University	Transactional	Development of M&E Framework for SETAs, cost-benefit analysis (CBA) Tool for SETAs	1 April 2018 to 30 September 2020	Effective SETA M&E Framework and effective CBA programming

In analysing the BANKSETA partnerships, it is important to acknowledge there are partnerships that are effective and those that are ineffective. The table below reflects the partnerships that are working, not working and the reasons why are they working or not working.

TABLE 13: THE PARTNERSHIPS THAT ARE WORKING, NOT WORKING AND THE REASONS WHY THEY ARE WORKING OR NOT WORKING

Name of Partner	Working/ Not Working	Reasons
Banking Association South Africa	Working	More frequent meetings so that initiatives are more pro-active
SASBO, the Finance Union	Working	Clear terms of engagement for the partnership, effective communication between partners in the form of meetings and working sessions.
SABRIC	Working	Healthy working relationship. Clear terms of engagement for the partnership, effective communication between partners in the form of meetings and working sessions.
Professional Bodies: • MFSA • CBDA • NACFISA • IRMSA • SAICA • Compliance Institute • Actuarial Society • IOBSA	Working but needs improvement	More frequent meetings so that initiatives are more pro-active. Clear terms of engagement for the partnership, effective communication between partners in the form of meetings and working sessions.
TVET Colleges	Working and very effective	Clear terms of engagement for the partnership, effective communication between partners in the form of meetings and working sessions.
UoT	Working and very effective	Clear terms of engagement for the partnership, effective communication between partners in the form of meetings and working sessions.
Other SETAs	Still at infancy	Still, need to be tested
Rhodes University	Working and very effective	Clear terms of reference for the partnership, effective communication between partners in the form of meetings and working sessions. Effective engagement on issues pertaining to the projects.

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

Partner	What gaps will these partnerships be addressing?	Start Date
Financial Services Conduct Authority	This partnership will facilitate FAIS compliance in line with regulations for the banking sector.	November 2019 and ongoing
Research Institutions (Centre for Scientific and Industrial Research)	To strengthen the 4IR research for the banking and alternative banking sector.	November 2019
Rabo Partnerships BV. / World Bank/CBDA	To develop a comprehensive reform plan for the cooperative sector in order to make it viable, efficient and effective and to work with CBDA in its delivery of support to this sector	November 2019
Fintech Africa	To strengthen the understanding of the effects of fintechs on the banking sector.	November 2019
Compliance Institute of Southern Africa	To maintain, promote and strengthen best practice standards for the compliance profession by facilitating professional development and accreditation for its members.	November 2019
Department of Basic Education	For digital programmes in schools.	November 2019
Partnerships with Universities	For internet connectivity and 4th Industrial Revolution devices (Support e-learning)	Proposed
	For cutting-edge research on banking and alternative banking sector.	November 2019
Vodacom Foundation	For internet connectivity and 4th Industrial Revolution devices (support e-learning).	Proposed
MTN	For internet connectivity and 4th Industrial Revolution devices (support e-learning).	Proposed
Telkom	For internet connectivity and 4th Industrial Revolution devices (support e-learning).	Proposed
Cell C	For internet connectivity and 4th Industrial Revolution devices (support e-learning).	Proposed
Department of Trade, Industry and Competition	For development and sustainability of BANKSETA rural development and entrepreneurship programmes.	Proposed
Department of Small Businesses	For development and sustainability of BANKSETA rural development and entrepreneurship programmes.	Proposed
DHET and Science and Technology	For the review and implementation of the readiness of PSET system to cater for the demand for online education.	Proposed

4.4 Most Successful Partnership Approach

Partnerships with industry role-players especially those with the public institutions of higher learning has worked well. Because these partnerships have quality assurance mechanisms in place, challenges are identified early and through the process of 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

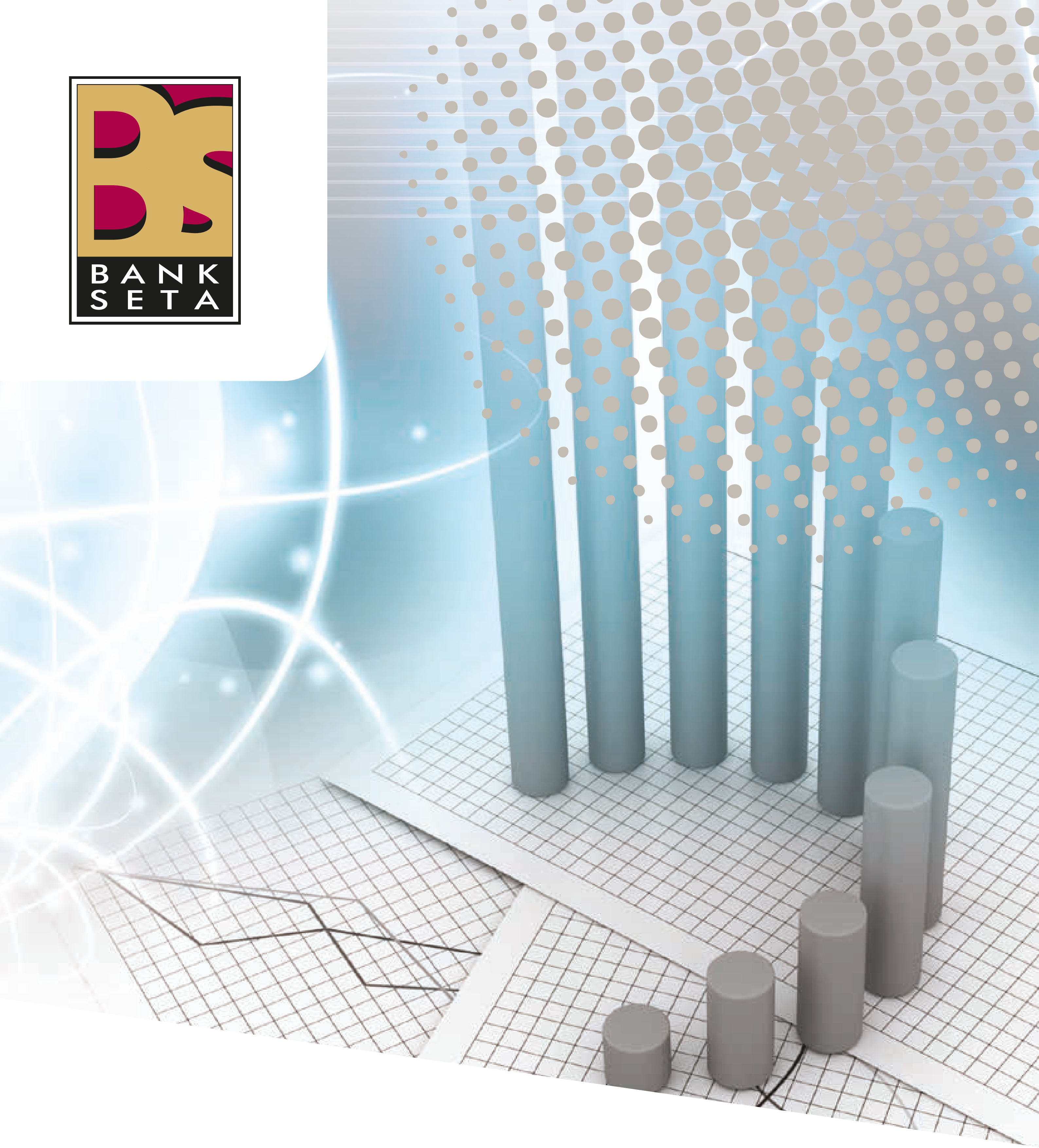
- Partnerships with written memorandum of agreements (MOA) as they provide a strong base on which many of the partnerships are cemented. In this way, roles and responsibilities are concisely outlined and this ensures the likelihood of success in a partnership. From the BANKSETA experience, this has worked well and BANKSETA ensures that most partnerships have these signed agreements.
- Clear Terms of Reference/Engagement (TOR/E): Partnerships with clear TOR/E makes it easy for each partner to understands 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 financial services sector.

BANKSETA has current partnerships with a wide range of Institutions including TVET and HE Institutions. Many of these partnerships relate to service delivery agreements specific to internships, bursaries and work-integrated learning.

Partnerships with professional and regulatory bodies help to strengthen delivery mandates and ensures that all relevant stakeholders participate in SETA-funded initiatives. The BANKSETA wants to strengthen its existing partnership mandate into Africa to allow sharing its experience and best practice models in skills development.



CHAPTER 5

BANKSETA Monitoring and Evaluation (M&E)

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, 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 on 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 in order 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 a 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 M&E Unit. Programme/project monitoring is done at the business unit level through project visits. The monitoring data that BANKSETA receives via monthly/quarterly reports is 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 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 critical for programme/project work, this important component of M&E is often omitted in programme development. It is important that BANKSETA considers at length programme development methodologies in order 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 projects implementation strategy is multi-dimensional; it is not a one-size-fits-all. The majority of the projects are implemented via established partners who are training providers, established academic institutions and sector employers largely.

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 in order 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, in order to foster a "culture of M&E" among staff and partners.

5.4 Previous Financial Year's Strategic Priorities and Achievement

The five strategic skills development priorities as guided by the SSP were:

1. Technology
2. Risk & Compliance
3. Management & Leadership development
4. Markets, Products & services
5. Customer Centricity

These are all translated into learning programmes with sub-programmes which are measured through specific target numbers. The SSP feeds into to the SP which is implemented via the APP. We are currently evaluating to what extent these were met on the APP. We have priorities that were not met and we are consolidating reasons why and these will be covered in the APP. Table 15 below shows the BANKSETA priorities that were achieved.

TABLE 15: PRIORITIES ACHIEVED FOR 2019/2020 FINANCIAL YEAR

Strategic Objective	Target	Achieved	% Achieved
Workplace based skills programmes for workers that address scarce and critical skills	15	7	47%
Access to occupationally directed programmes for unemployed youth through a range of interventions in order to enhance employability	9	6	67%
Capacity building interventions to public providers for increased scope of registered programmes and increased participation and graduation rates of learners	11	7	64%
Training and development support to Co-ops, SMEs, NGOs etc. in an effort to contribute to economic and employment growth	6	6	100%
Accessible career and vocational guidance within the banking sector	3	3	100%
Sectoral skills needs are researched, documented and communicated to stakeholders	5	4	80%
Total	**49**	**33**	**67%**

5.5 Plan of action

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

The BANKSETA uses a frequent 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 by the use of projects reports.

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

5.6 Addressing the Challenges of M&E at BANKSETA

In March 2018 BANKSETA awarded the research partner project to Rhodes University Environmental Learning Research Centre (ELRC), Neil Aggett Labour Studies Unit (NALSU) and Community Engagement) focus on Monitoring and Evaluation (M&E) in a SETA Environment. The project was rolled out over three years (August 2018 – March 2020). This research programme is an initiative of South Africa's 21 SETAs and strongly supported by the DHET. This BANKSETA funded programme is focused on the development of M&E Framework for all SETAs and has addressed M&E standardisation and coherence within the SETAs.

The project is complete and Rhodes University has submitted the report on High-Level Monitoring and Evaluation Framework for the SETA Environment. The BANKSETA is busy refining its Monitoring and Evaluation Plan as guided by the High-Level Monitoring and Evaluation Framework.

The BANKSETA Board and the Executive Management will employ evidence-based decision-making process on its operations. Currently, the progress of projects, individually and collectively are being monitored against project targets and the overall BANKSETA strategy for the purposes of guiding the strategic direction.

The BANKSETA also reviews, verifies and approves programmes based on information sifted from reports generated by the BANKSETA Operations Department. This sifted information specifically looks at the alignment of the BANKSETA programmes and strategy to the national priorities.

The BANKSETA also identifies gaps and sets up a research agenda that should address these, including ensuring alignment with national priorities.

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

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 which 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.
- Micro-finance 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
- On a year-on-year basis, employment in the financial services sector declined, some banks maybe retrenching.
- Participation rates in the WSP process have grown especially amongst the small companies.
- As the third-largest employer, the financial services sector has the potential to export appropriate skill into the rest of Africa thereby creating an opportunity for employment creation.
- From an employer perspective, the sector has a few large employers employing a large percentage of the labour while there are a large number of small employers with a small percentage of the labour. It is therefore easy to focus on the few large employers in terms of their skills needs and ignore the small employers.
- The largest number of employer presence is in Gauteng, followed by Limpopo, Eastern Cape and KwaZulu-Natal. It may be of importance to consider having a regional office in KZN.
- The labour market profile indicates that there is a need for skills interventions at the post-matric level as a large portion of labour fall within this category.
- Due to the extremely low level of employees with disabilities, there is an urgent need to address this in collaboration with the sector.
- Transformation at management and senior management levels, still pose a challenge to the achievement of BBBEE targets.

From Chapter 2, the following findings emerged:

- Digitalisation, technology and innovation is 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 skills set
- The BANKSETA should consider piloting digital literacy in schools.
- Understanding customer needs and expectations is 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 youth 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.
- The National Skills Accord provides eight key commitments that the Board and Executive Management must incorporate into the Strategy of the SETA.
- The Youth Employment Accord provides clarity on governments approach to support youth development.
- To support the government's 9-point plan, efforts must be made to grow the co-operative banking sector.

- South Africa has made great strides in creating financial inclusion with only 13% of the population being not formally served. The focus now is on access to finance for small business.
- Changes in the regulatory framework will require an adaptation of compliance training.
- Aligning to the financial services code is imperative for the banks.
- The following five key skills change drivers emerged:
  - Technology, Digitisation and Innovation Cybersecurity,
  - Regulation, Compliance and Risk Management
  - Management and Leadership Development
  - Markets, Products and services
  - Customer centricity

From Chapter 3, the following findings emerged:

- An analysis of hard to fill vacancies 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 a majority of 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.
- A number of challenges are presented for the public higher education sector as well and these need to be addressed.

Despite a number of skills development initiatives within the sector, there is still some occupational shortages which have led to the importation of skills, some on a permanent basis:

- Importing scarce skills can benefit the sector if the process entails an element of skills transfer to the local people. However, this should not be viewed as a permanent measure; just as a move to address the immediate skills needs and should be used as a tool for skills transfer to local workers. The country is faced with high levels of unemployment, including a number of unemployed graduates. A process of upskilling or reskilling such people is therefore required.
- Imported skills also provide an indication of occupational shortages at the local level. From the list provided, a large number of IT skills are imported.
- BANKSETA's contribution to learnerships, internships and skills programmes is amongst the lowest in the SETAs. This does not correlate to its levy income.
- The occupational shortages and PIVOTAL programmes relate to the following top occupations:
  - Developer Programmer
  - Database Designer and Administrator
  - Computer Network and Systems Engineer
  - ICT Systems Analyst
  - Financial Investment Advisor
  - Sales and Marketing Manager
  - Investment Manager
  - Currency Exchange Officer
  - Compliance Officer
  - Corporate General Manager

From Chapter 4, the following findings emerged:

- BANKSETA engages in a range of partnerships with both industry and higher education institutions to deliver on its mandate.
- Partnerships with higher education institutions are better managed because they are defined in a memorandum of agreement.
- There are a range of new formal partnerships that must be formalised with sector role-players.
- Partnerships with SETAs to engage in a collaboration to implement cross-sectoral interventions is imperative.
- A stronger relationship needs to be forged with regulatory bodies like SARB, FSCA, NCR, FIC 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 role.
- 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 contracted Rhodes University to construct a monitoring and evaluation (M&E) framework for all SETAs.
- BANKSETA CEO made some inroads in the development of M&E within BANKSETA

6.3 Recommended Actions

- BANKSETA has identified the following five strategic focus priorities to which relevant projects are implemented:
- Skills Priority Action 1: Technology, Digitisation, Cyber security and Analytics
- Skills Priority Action 2: Risk Management, Governance and Compliance
- Skills Priority Action 3: Management, Professional and Leadership Development
- Skills Priority action 4: Core banking products/services
- Skills Priority Action 5: Customer Centricity

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

Skills Priority Action	BANKSETA Intervention
Skills Priority Action 1: Technology, Digitisation and Analytics	• Introduce programmes on digital literacy • 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 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 grade 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 in order to upskill or re-skill workers whose positions have/will become redundant as a result of digitalisation • Fund demand-driven IT skills development initiatives that Employers are not able to access through existing BANKSETA projects • 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
Skills Priority Action 2: Risk Management and Compliance	• 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 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 grade 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 and professional body learners in scarce occupations and skills gaps • Provide bursary funding support to NSFAS • Provide funding to employers in order to upskill or re-skill workers whose positions have/will become redundant as a result of digitalization • Fund demand-driven IT skills development initiatives that Employers are not able to access through existing BANKSETA projects • 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
Skills Priority Action 3: Management and Leadership Development	• 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 demand • Support skills • 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 and professional body learners in scarce occupations and skills gaps • Provide bursary funding support to NSFAS • Provide funding to employers in order to upskill or re-skill workers whose positions have/will become redundant as a result of digitalisation • 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
Skills Priority action 4: Core banking products/services	• 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 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 grade 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 and professional body learners in scarce occupations and skills gaps • Provide bursary funding support to NSFAS • Provide funding to employers in order to upskill or re-skill workers whose positions have/will become redundant as a result of digitalisation • Fund demand-driven IT skills development initiatives that Employers are not able to access through existing BANKSETA projects • 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
Skills Priority Action 5: Customer Relationship Management	• 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 demand • Register unemployed youth on work readiness programmes, focusing on scarce occupations and skills gaps • Provide funding to employers in order to upskill or re-skill workers whose positions have/will become redundant as a result 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 2021/2022 year will contribute to national and sectoral priorities as detailed below:

- 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 micro-finance 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 BANKSETA should consider piloting digital literacy in schools.
- New Growth Path
  - Funding for Masters and Doctoral students to support the growth of the knowledge economy.
  - Supporting rural development and regional integration through appropriate interventions.

6.3.2 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 on companies to train
- 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

6.3.3 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.

6.3.4 9 Point Plan

- Entrepreneurship Programmes which supports SMEs with a business planning
- Development and advisory services for growth development strategies for
- small business
- CFI and co-operative bank support

6.4 Conclusion

The BANSETA 2020/2022 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 2021/2022 as well as the Research Agenda 2021/2023.

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8. Annexures

Annexure 1: Developing competencies for a just transition of the South African banking sector: Digitalisation key findings and recommendations

Key findings	Recommendation	Potential policy implications
The South African banking sector has embraced and embedded digital mechanisms.	Ensure that as digitalisation is one of BankSETA' s five strategic priorities, the findings of this study are used to inform BANKSETA's strategic direction and decision-making and to support the banking sector to revisit their business models, with a particular lens on education and training to aid the transition.	
Digitalisation will have both a negative and positive impact on jobs and the required skills. This covers both redundant tasks and occupations, with many suggesting that it will be the actual tasks that will be 'disrupted' and not necessarily actual job numbers. Those most affected will be those holding more menial or low-skilled jobs and those that can be digitalised including administration, bookkeeping, accounting, auditors, data entry and customer service.	To work closely with Sasbo, and BANKSETA members to identify in more detail the specific jobs most at risk – when are these likely to become defunct (time period) and identify the feasibility of transitioning or upskilling these individuals to continue to be employed within the sector. As jobs are most likely to become more precarious, BANKSETA should consider how to ensure individuals working in the sector have a core set of digitalisation skills that will enable them to switch from project to project, or from function to function.	Policy to acknowledge that there'll be both job/skills losses, and opportunities for upskilling and/or new jobs. The policy should address how it will accommodate both, and not just focus on one or the other. Policy to recognise that the nature of work will change i.e. from jobs for life to project-focused work. 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.

Key findings	Recommendation	Potential policy implications
New and/or revised occupations and skills will be required for an advanced digital banking sector. It is recognised that there will be and is a digital skills shortage. Such skills include creativity, problem-solving, maths and science, big data analysis, coding and programming, cloud-based solutions, next-generation infrastructure and mobile applications.	Upskilling – technical and non-technical skills to fulfil these new skills requirements (where feasible). BANKSETA could support and/or guide this process. Recommendation to provide work-place-based upskilling opportunities (building on internal training already offered by banks). Recommend BANKSETA work with DHET to established/support a BSc in Information Technology, specialising in digitalisation (incl. specialisms in digital product management, software development or user-experience/ visual design. Recommendation to provide HR departments with occupationally-directed guidance and support to inform job descriptions, work-sector plans etc to accurately accommodate digitalisation needs. Recommend working with DUT Digitalisation Chair to review the OFO framework and identify corresponding occupations listed with emerging digital job titles. If not a new occupation, to ensure current skills in the OFO adequately accommodate digitalisation.	Policy to acknowledge skills other than technical skills, such as creativity, problem-solving, critical thinking and leadership when setting out future skills needs for the banking sector, in relation to digitalisation. Policy to recognise and propose a focus on upskilling current employees (see above). Policy to support the development of appropriate and accredited digital short-courses; and support for a new suitable digitalisation tertiary degree.
Unlocking of jobs through the creation of digital financial start-ups. Fintech growth in South Africa is expected to be rapid, with South Africa third behind China and India in terms of fintech growth globally. This growth could be expedited if the regulatory environment was less prohibitive, and policy more supportive.	It is recommended that BANKSETA considers providing business, banking and financial management advice and training for Fintech start-ups to ensure that can overcome the initial challenges of setting up a business in the sector and ultimately becoming financially sustainable – thereby creating more opportunities for job creation. This could be done in collaboration with the fintech hubs in Cape Town and Johannesburg. BANKSETA to work with other key stakeholders, such as SARB, to provide clarity and guidance on how the existing financial regulations apply to fintech businesses, thereby assisting new start-ups to navigate their way through the regulatory space and reduce risk.	Ensure the policy is not contradictory and hinders start-up set-up and stability.

Key findings	Recommendation	Potential policy implications
Lack of women recruits holding digital jobs within the sector. It was noted that this tends to be dominated by males, given it's perceived technical-focus, and therefore historically not considered by, in particular, black women.	BANKSETA to run a series of campaigns/career guidance to encourage young [black] women to enter the banking sector, with a focus on digital jobs	To ensure the digitalisation of the banking sector is a just transition, policy needs to recognise the inclusion of women.
Digitalisation has the opportunity to provide banking access to the 'unbanked' and rural households. It has the potential to democratise access to data, enhance informed financial decision-making and support rural economies, thereby making the financial system more inclusive.	It is suggested that the role of BANKSETA in this context is to provide banking and technical literacy skills support to the previously unbanked to ensure new users are adequately capacitated to manage their finances.	The policy should recognised the diversity of the banking sector in relation to digitalisation – customers are not a homogenous group. The policy should acknowledge and provide support on how best the previously unbanked can benefit from digital banking, yet protect clients from poor financial decision-making. Indirect policy on telecommunication infrastructure, energy supply and cost of data need to be acknowledged as prohibitions to digital advancement in this country. The policy should identify how best to unlock this potential, as opposed to hinder it (albeit through Government interventions).

Annexure 2: PIVOTAL List

Occupation Code (OFO)	Occupation	Specialisation / Job	Intervention Types Planned by SETA	NQF Level
2019-251203	Developer Programmer	• ICT Programmer • Applications Developer • ICT Developer • Software Developer	Bursary, Learnership and Internship	6
2019-252101	Database Designer and Administrator	• Database Architect • Database Analyst • Database Administrator • Data Administrator	Bursary, Learnership and Internship	5
2019-252301	Computer Network and Systems Engineer	• Network Engineers • Systems Engineers	Bursary, Learnership and Internship	7
2019-251101	ICT Systems Analyst	• ICT systems Designer • ICT Systems Specialist • ICT Business Systems Analyst • ICT Systems Consultant • Computer Analyst • Systems Programmer • LAN/WAN Specialists • ICT Systems Strategist • ICT Systems Architect	Bursary, Learnership and Internship	7
2019-241301	Financial Investment Advisor	• Financial Consultant • Financial Planner • Financial Business Analyst • Financial Advisor • Financial Analyst • Investment Analyst	Bursary, Learnership and Internship	6
2019-122101	Sales and Marketing Manager	• Business Development Manager • Business Support Manager	Bursary and Internship	8
2019-241202	Investment Manager	• Fund Manager • Portfolio Manager • Hedge Fund Manager	Bursary and Internship	8
2019-421102	Bank Worker	• Personal Banking Consultant • Bank Customer Services Officer • ATM Custodian • Mortgage banker • Credit Support Officer • Credit or Loan Officer	Bursary, Learnership and Internship	5

Occupation Code (OFO)	Occupation	Specialisation / Job	Intervention Types Planned by SETA	NQF Level
2019-242207	Compliance Officer	• ICT Security Specialist • Cyber-security Specialists • Financial Markets Compliance Officer • Organisational Risk Officer • Organisational Risk Manager • Risk Compliance Officer • Organisational Development Practitioner	Bursary, Learnership and Internship	6
2019-121901	Corporate General Manager	• Customer Service Manager • Bank Manager • Sales Manager • Sales and Marketing Manager • Corporate Services Manager • Finance Manager • Credit Manager • Information Services Manager • Office Manager • Information Technology Manager • Contact Centre Manager • Financial Markets Business Manager • Data Management Manager • Research and Development Manager • Recruitment Manager • Contract Manager • Policy and Planning Manager • Operations Manager	Bursary and Internship	8

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