



# *Skills of the Future*



## Sector Skills Plan

2020 - 2025

# Foreword



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 that the SETA allocates discretionary grants to 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 (2020-2025), 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 reshaping 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 needs required by the banking and alternative banking sector and 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.

A handwritten signature in black ink, appearing to read 'Nosipho Makhanya'.

Nosipho Makhanya Ms

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 Institutions
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 2019 Deloitte Report on Banking and Capital Markets Outlook observed that there is a new kind of promise in the banking sector – and possibly no better time than now for transformation. As a leading African country in banking and part of the global village, South Africa is definitely affected by global change.

South Africa has a well-developed and proactively 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 comprises 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 whilst 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 (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.

According to the DHET, the SSP is required to cover a five-year period with the aim to determine the following:

- Factors influencing and driving change in an economic sector from a skills perspective
- Occupational shortages and skills gaps within the sector
- Occupations in demand and estimate the extent of demand, if possible
- Determine the labour supply in occupations that are currently available in the sector and those that will be required in the future
- New career pathways and qualifications
- Industry training clusters to improve skills, productivity and competitiveness
- Government's priorities and its objectives when developing skills development interventions
- Key skills development targets and activities
- Signals to skills development service providers on occupational demand that will inform the development of relevant training programmes
- The development of the Annual Strategic Plan and the Annual Performance Plan that outline key strategic interventions to address identified skills needs and constraints to address effective and development of skills by BANKSETA
- The SSP is presented in six chapters as prescribed by the DHET
- The Research Process and Methods section are presented before Chapter 1 in the SSP and it indicates the following:
  - What the study was looking into (Topic)
  - Nature (design) of the study (Qualitative or Quantitative)
  - Objectives of the study
  - Data collection tools
  - Sample size and scope of the study
  - List of data sources and data sets analysed

- Time-frame of the study (when the study was undertaken)
- The main findings presented in the relevant SSP chapters

The SSP is structured in line with DHET SSP Framework. Chapter 1 provides economic, employer and labour market profiles of the banking sector. Chapter 2 focuses on Key Skills Change Drivers derived from an analysis of the drivers of change and national and sectoral priorities, while Chapter 3 addresses Occupational shortages, skills gaps as well as the extent and nature of skills supply and the range of pivotal programmes that the BANKSETA will implement. Chapter 4 provides an analysis of collaboration amongst social partners through partnerships and stakeholder engagements necessary for the successful implementation of programmes. Chapter 5 focuses on SETA Monitoring and Evaluation (M&E) and provides an analysis of M&E at BANKSETA. The chapter looks at the effectiveness, challenges and plans to strengthen M&E at BANKSETA. The final chapter explains the Strategic Skills Priority Actions that BANKSETA will implement to enhance skills development in the Banking and Alternative Banking sector.

## **SECTOR PROFILE (Chapter 1)**

The sector profile is presented through an analysis of the scope of coverage of the banking and alternative banking sector, the key role-players that influence activities in the sector, the economic performance of the sector, the employer profile and the labour market profile. Although not formally dissected into subsectors, BANKSETA, in general, refers to the banking and alternative banking subsectors. The banking sector comprises all those organisations that are registered with the SARB and are in possession of a banking licence. The Alternative Banking subsector 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, while national and sectoral strategies and plans are discussed. 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 that includes the following SETAs initiated partnerships: 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 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



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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 whilst 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 Annexure 2 (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 2 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. Annexure 2 (WSP) data received provided a good indication of the employer profile of large and medium firms; unfortunately, small and micro firms did 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 collected 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 Annexure 2 (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 subsectors, 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 2019/2025 SSP comprised the following:

- Recent research is undertaken as per the approved Research Agenda for 2016-18
- Workplace Skills Plans submitted by employer organisations for 2018
- 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 like PWC, Deloitte and World Economic Forum, etc. Desktop research is a form of secondary research and involves investigating what data/research already exists. It avoids “reinventing the wheel” and is relatively quick and inexpensive. It is therefore generally useful to start off 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 2019/2025 SSP 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 (2017): Statistics on Post-School Education and Training in South Africa (2017)
- 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 in the table below:

Topic	Qualitative/ Quantitative	Objective	Data Collection tool	Time-frame	Sample
<b>Chapter 1:</b>					
Define Scope of coverage of the banking sector	Qualitative	Determine the scope of coverage	Desktop analysis	January-July 2019	None
Define key role-players in the banking sector	Qualitative	Determine who are the key role-players	Desktop analysis	January-July 2019	None
Describe the Economic Performance of the banking sector	Quantitative and Qualitative	Determine how the sector is performing	Desktop analysis	January-July 2019	None
Analyse the Employer Profile of the banking sector	Quantitative	Analyse the employer profile	WSP FSB SARB	January-July 2019	499 employers who submitted WSP in 2019
Analyse the Labour Market Profile of the banking sector	Quantitative	Analyse the employee profile	WSP	January-July 2019	499 employers who submitted WSP in 2019
<b>Chapter 2:</b>					
Identify the Drivers of change for the banking sector	Qualitative	To analyse drivers of change	Interviews and Focus Groups	January-July 2019	None
Identify the National and sectoral priorities impacting the banking sector	Qualitative	To analyse national and sectoral priorities	Interviews and Focus Groups	January-July 2019	None

**Chapter 3:**

Identify Occupational Shortages and skills gaps for the banking sector	Quantitative	Analyse hard to fill vacancies and skills gaps	Questionnaire	January-July 2019	499 employers who submitted WSP in 2019
Analyse the Skills Supply pipeline for the banking sector	Qualitative and Quantitative	Analyse the extent and nature of skills supply	Desktop analysis	January-July 2019	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.



# Sector Profile

**Chapter 1**  
2020 - 2025



# Chapter 1: Sector Profile

## 1.1. Introduction

This chapter presents the profile of the banking and alternative banking sector 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 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 sector includes both local and foreign banks operating in South Africa. The alternative banking 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. A description is provided 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, and age 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.

## 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 refer to the economic activities undertaken by such entities, which fundamentally encompass the access to funding/finance or the creation of wealth for consumption purposes or further economic productivity. Banking, Savings, Investment, Insurance and Financing assist individuals to consume, save, mitigate risk and accumulate credit while enabling companies to start up, expand and improve competitiveness both locally and internationally. Financial Services are therefore fundamental to economic development and growth.

The Financial Services sector may be categorised into three primary subsectors:

- 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 up in order to make large purchases, while companies can also start hiring and making capital expenditure now, in anticipation of future demand and expansion. The 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. Please see Table 1: SIC Code Classification.

Table 1: SIC Code Classification

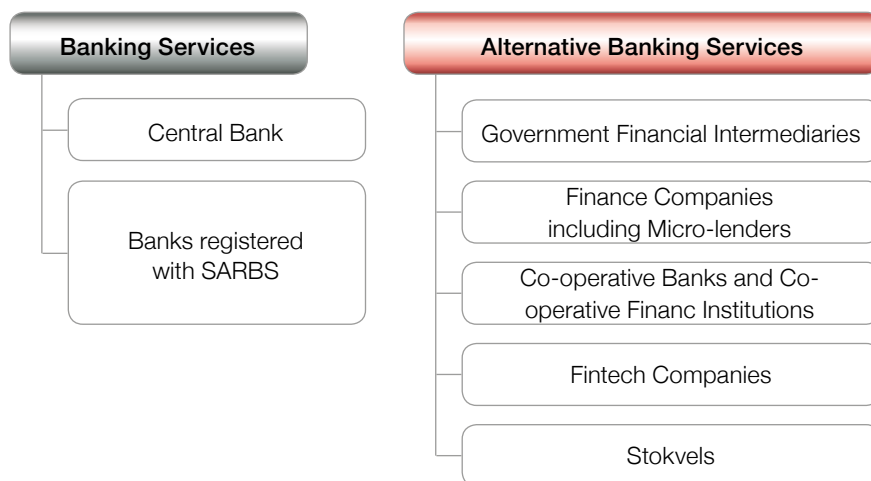
Code	Type	Description
64110	Central Banking	<p>This class includes:</p> <ul style="list-style-type: none"> <li>• issuing and managing the country's currency,</li> <li>• monitoring and control of the money supply,</li> <li>• taking deposits that are used for clearance between financial institutions,</li>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

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: <ul style="list-style-type: none"> <li>• granting of consumer credit,</li> <li>• international trade financing,</li> <li>• provision of long-term finance to the industry by industrial banks,</li> <li>• money lending outside the banking system,</li> <li>• credit granting for house purchase by specialised non-depository institutions, and</li> <li>• pawnshops and pawnbrokers.</li> </ul>
64990	Other financial service activities, except insurance and pension funding activities, NEC	This class includes: <ul style="list-style-type: none"> <li>• 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, and</li> <li>• own-account investment activities, such as by venture capital companies, investment clubs, etc.</li> </ul>

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 subsector categorisation within its scope of levy-paying employers according to SARS.

Figure 1: Subsectors in Banking





### 1.2.1. Central Bank

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

### 1.2.2. Banks

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

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

The core banking services offered by most banks include:

- Retail banking services for individual clients in their personal capacity from the current accounts, credit cards, personal loans, home loans, vehicle finance and savings and investments
- Business banking services assist businesses with business current accounts, business credit cards, business loans, tailored products and services, business relationship management, 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.

### 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. Micro-lenders (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, whilst 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, also known as Fin-Techs are companies that 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. Please see Table 2: Banking sector Role-players.

*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.

Groups	Key Role-players	Role they play
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)	<p>BASA is an industry body representing all registered banks in South Africa. It is the mandated representative of the sector and represents the industry through lobbying, engagement with stakeholders and political influence.</p> <p>BASA is the mandated representative of the banking sector and addresses industry issues through:</p> <ul style="list-style-type: none"> <li>• Lobbying and advocacy</li> <li>• Policy influence</li> <li>• Guiding transformation in the sector</li> <li>• Acting as a catalyst for constructive and sustainable change in the sector</li> <li>• Research and development</li> <li>• Engagement with critical stakeholders</li> </ul>
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 to 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 Micro-finance Credit Providers in South Africa. MFSA represents almost 1 700 Micro-finance offices registered with the NCR and the majority of significant Service Providers in the Sector.
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	The South African Society of Bank Officials (SASBO)	SASBO is the Trade Union for the banking sector. The Finance Union represents employees in all the major banks and hence serves as the voice of labour within the finance sector.

Source: BANKSETA 2019

## 1.4. Economic Performance

The South African economy grew by 1,4% in the fourth quarter of 2018, contributing to an overall growth rate of 0,8% for the entire year. The latest set of gross domestic product (GDP) figures released by Stats SA provides an overview of economic performance in 2018.

South Africa found itself in an economic recession in 2018, its second since the early 1990s. The 2018 recession spanned the first two quarters of the year, with the economy shrinking by 2,7% in the first quarter and contracting further by 0,5% in the second.

Despite the recession, positive growth in the third (2,6%) and the fourth (1,4%) quarters were just enough to push overall growth for the year into positive territory, with the real annual growth rate coming in at 0,8%. This is down from 1,4% in 2017 but up from 0,4% in 2016.

The finance, real estate and business services industry was a strong supporter of overall growth in 2018, increasing by 1,8% during the year. The second-largest contributor to positive growth was government, which expanded by 1,3%. These two industries contributed 0,4 and 0,2 of a percentage point to the overall growth.

Agriculture, mining and construction all stumbled, however. Agriculture, in particular, had a difficult year, registering a contraction of 4,8%. A slowdown in the production of field crops and horticultural products stunted growth in the first two quarters.

Mining activity fell by 1,7%. Gold, copper and iron ore were the biggest drags on production in 2018, according to Stats SA's *Mining: Production and sales* release. Gold production fell by 14,5% in 2018, the biggest annual slump since 2008. Copper production tumbled by 28,5% in the same year, the biggest fall on record since 1981, the year Stats SA started publishing the current series of monthly mining data.

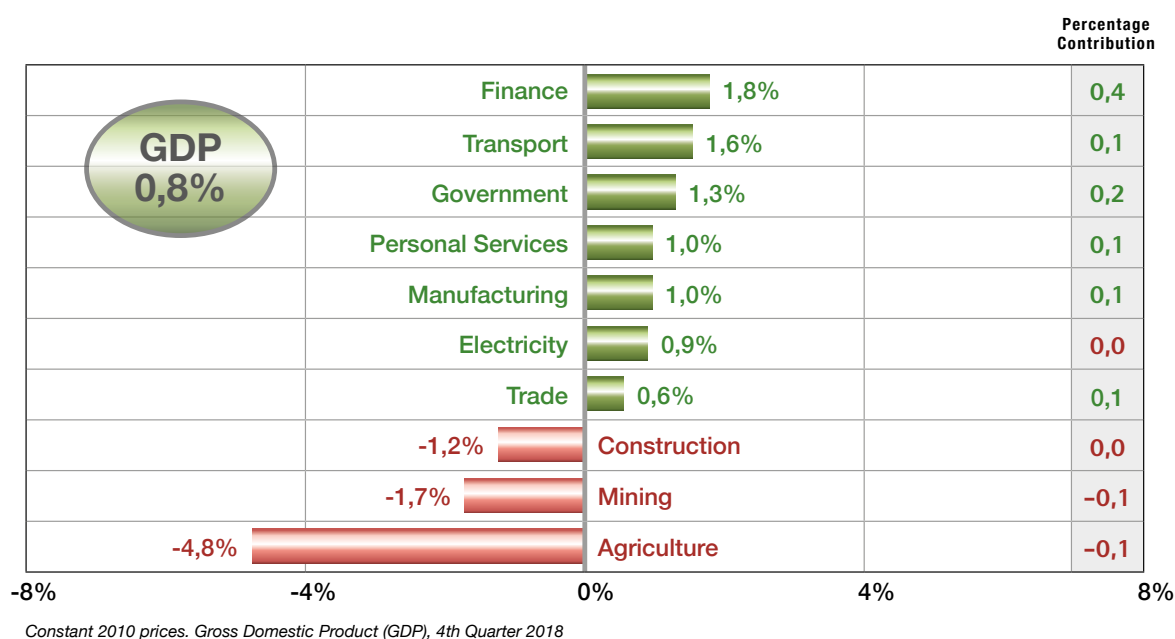
The construction industry had its worst year in two decades in 2018, according to the GDP figures. Production slumped by 1,2%, the industry's biggest annual fall since 1999 when activity fell by 1,4%. The industry has struggled to keep its head above water, experiencing its second consecutive year of economic decline in 2018.

The mining and construction industries are in a recession. Both industries recorded negative growth in the third and fourth quarters of 2018.

Figure 2: % SA's 2018 Contribution to GDP

### How did South African industries perform in 2018?

Industry growth in 2018 compared with 2017.



Source: Statistics SA 2019

According to SARB data (2019), the 18 registered banks reflected annual growth as follows:

**Table 3: Annual Growth Rates of Registered Banks**

Name of Bank	Annual growth
ABSA BANK LTD	13%
AFRICAN BANK LIMITED (N)	-6%
ALBARAKA BANK LTD	17%
BIDVEST BANK LIMITED	11%
CAPITEC BANK	18%
CITIBANK N.A.	-9%
DISCOVERY BANK LIMITED	434%
FIRSTRAND BANK LIMITED	7%
GRINDROD BANK	-34%
HABIB OVERSEAS BANK LTD	31%
HBZ BANK LTD	18%
INVESTEC BANK LTD	8%
MERCANTILE BANK LTD	13%
NEDBANK LTD	6%
SASFIN BANK LTD	4%
THE STANDARD BANK OF SA LTD	10%
TYME BANK LIMITED	27%
SOCIETE GENERALE JOHANNESBURG BRANCH	10%

Source: SARB 2019

The World Economic Forum Global Competitiveness Report (2018-2019) states that South Africa ranks 67th globally – with a score of 60.8 – and attains the second spot in Sub-Saharan Africa. Among its strengths, South Africa is home to good infrastructure (68.6) and a well-developed financial system (82.1, 18th). More specifically, South Africa’s financial sector offers relatively balanced access to various sources of finance, including credit (100.0, 11th), venture capital (33.0, 63rd), equity (100.0, 2nd) and insurance (100.0, 3rd). In addition, South Africa’s innovation capability is relatively advanced (44.3, 46th), although limited by insufficient research and development (37.5).

Among its weaknesses, South Africa’s performances on the Health pillar (43.2, 125th) and Security (43.7, 132nd) sub-pillar are among the worst in the world. Driven by a high incidence of communicable diseases and high rate of homicides (34 per hundred populations, 135th), these factors are major challenges for the economic and human development of the country.

Low ICT adoption (46.1, 85th) is another important restraint on South Africa’s competitiveness. Only 54% of the adult population has access to the internet, and only 70 out of 100 people have subscribed to mobile-broadband services (66th). Similarly, the digital skills (116th) and critical thinking skills (78th) of the current workforce are inadequate for the progress of a successful economy in the Fourth Industrial Revolution.

The South African financial sector weathered the global financial crisis relatively well, with no major banks or other financial institutions having failed. But this does not mean policymakers and regulators can be complacent, particularly in light of the weaknesses identified in financial sector regulation in the lead up to the crisis and the lessons learnt thereafter.



## 1.5. Employer Profile

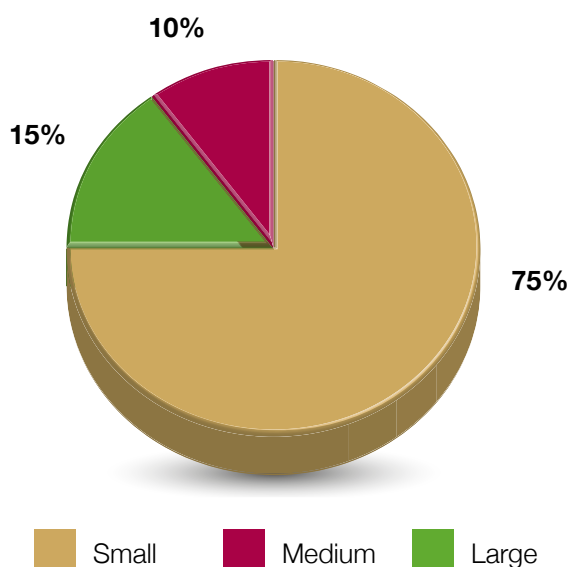
In this section, we describe the number of businesses that are represented within the sector and its subsectors including an analysis of small, medium and large businesses. Because of the large number of unregistered employers, it is difficult to provide a full picture of the banking sector. The data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

As per data extracted from the various data sources, the banking sector comprises the following employers (please see Annexure 2 BANKSETA Registered Employer Groups).

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 Annexure 2 data to for 2019, BANKSETA Workplace Skills Plans were received from 499 companies made up of 373 small companies (both levy paying and non-levy paying), 51 medium companies and 75 large companies. It must be noted that even though Figure 3 below shows that the majority of employers (75%) come from small companies, large companies (15%) still employ 96% of employees in the sector.

Figure 3: Employer Distribution by company size

### Employer Distribution by Company Size

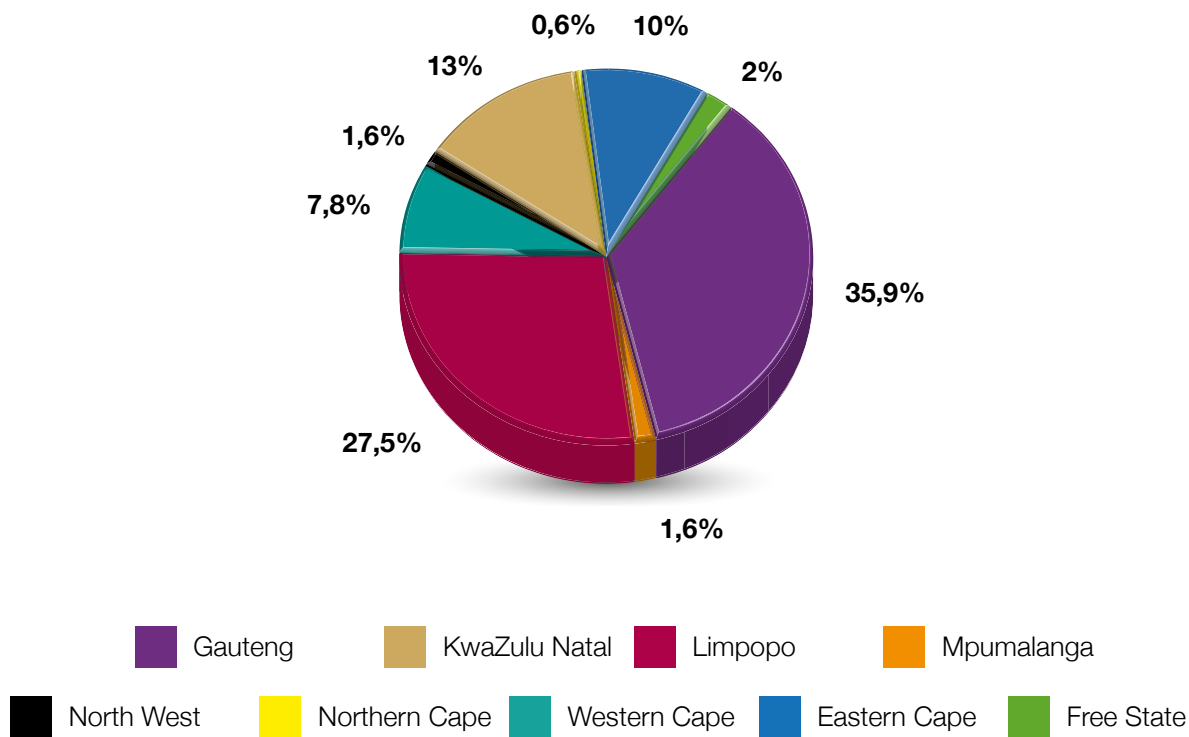


Source: BANKSETA WSP 2019

In terms of the geographic distribution of employers across the nine provinces, Figure 4 indicates that most employers are based in Gauteng, which is 36%. 27% are in Limpopo while 13% are based in KwaZulu-Natal. This is expected as the big four banks have their head offices in Gauteng. The province with the least number of employers is the Northern Cape, 0,6%.

Figure 4: Provincial Distribution of Employers

### Provincial Distribution of Employers



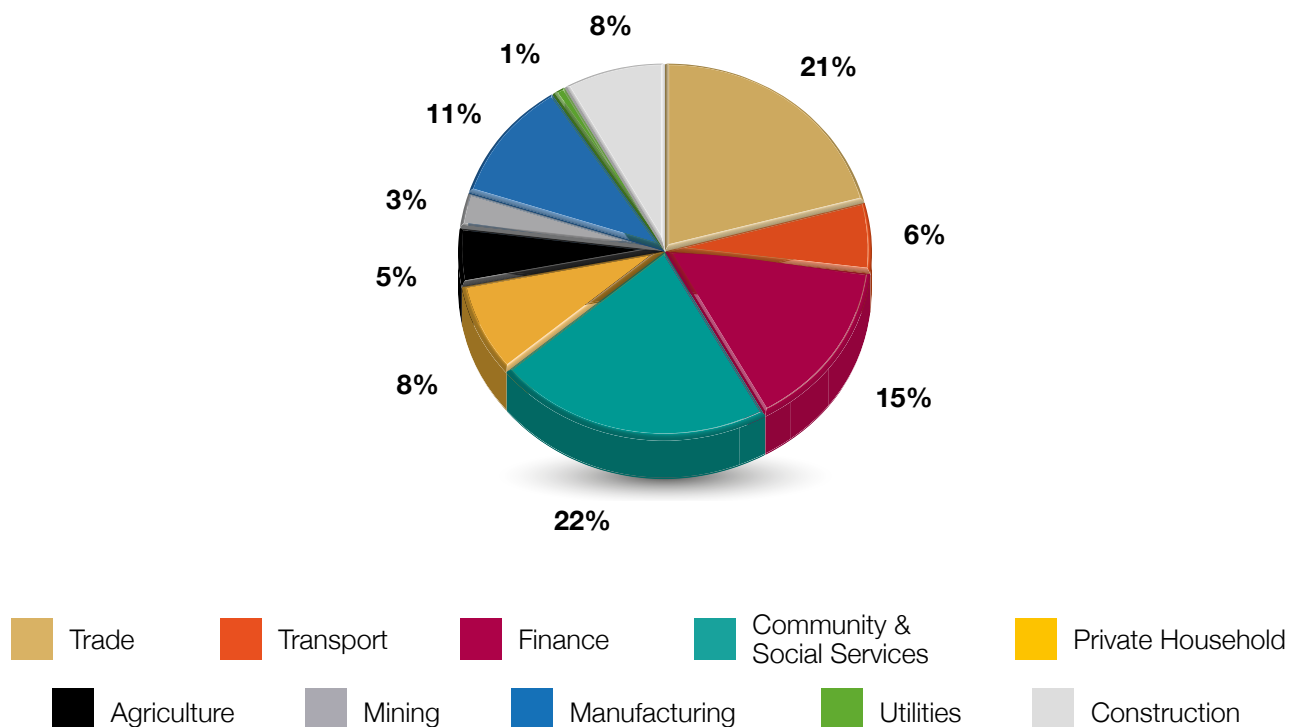
Source: BANKSETA WSP 2019

## 1.6. Labour market profile

In terms of employment on a national scale, the finance sector employed a total of 2,51 million employees as reported in the 2019 Q1 Quarterly Labour Force Survey (QLFS). The chart below shows the 15% employed by the finance sector.

Figure 5: QLFS Employment Data Q1: 2019

### QLFS Employment Data Q1: 2019

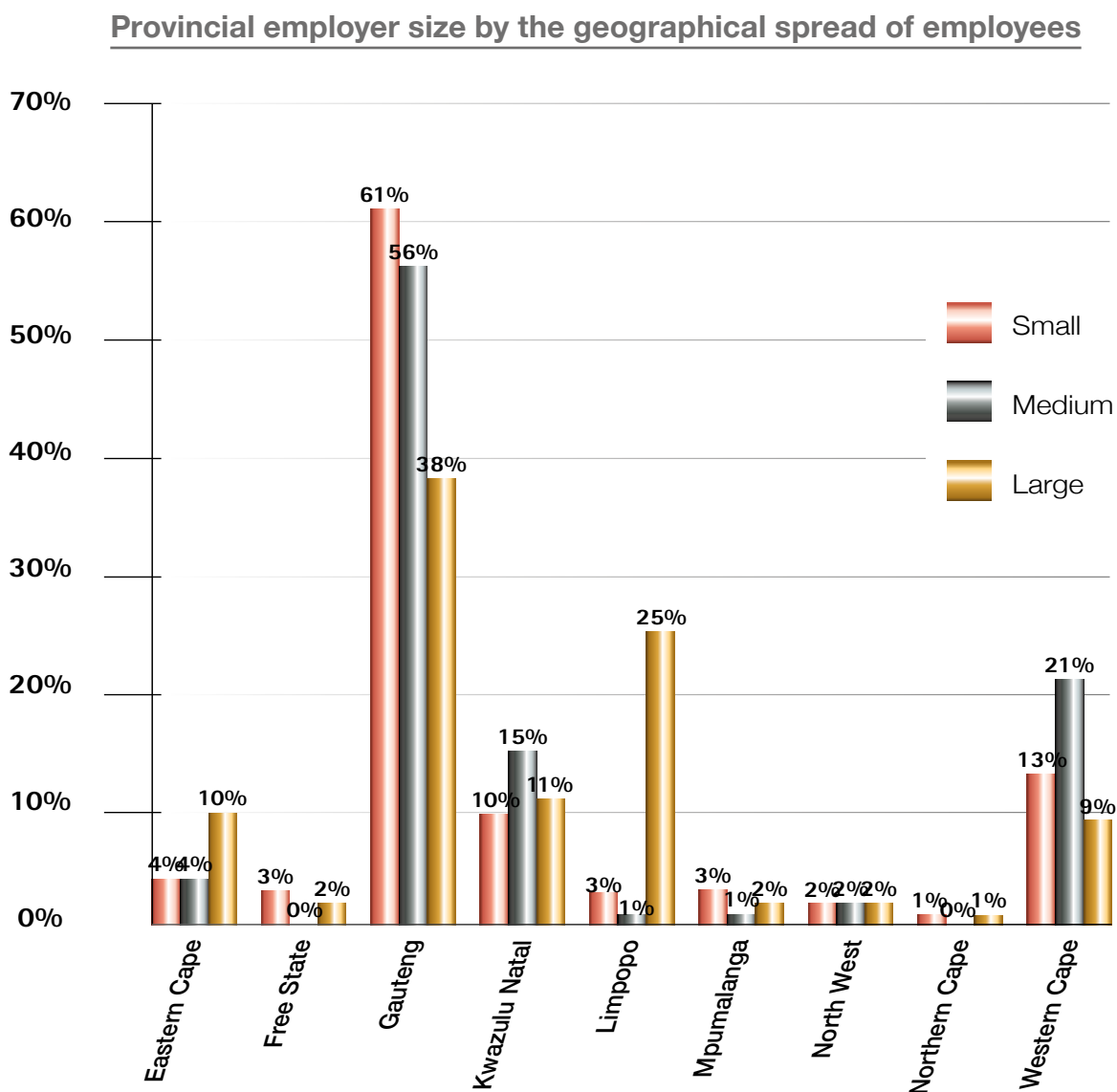


Source: Statistics South Africa, 2019



Profiling of employment in the banking sector requires an analysis of the geographic spread of employees. The largest share of employees is found in the Gauteng province. This is particularly true for large companies (61%), medium (56%) and small (38%) which generally would comprise a high concentration of employees in the head offices located in the large cities of Gauteng. Other provinces representing significant shares of employees include 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 (25%). For Limpopo, this is a dramatic increase as compared to 17% reported in 2018. 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 2019 data shows 10% of employees of small companies located in the Eastern Cape provinces. This is a huge decline for the Eastern Cape as compared to the 15% reported in 2018. The causative factors for this dramatic decline will need further investigation.

Figure 6: Provincial employer size by the geographical spread of employees.

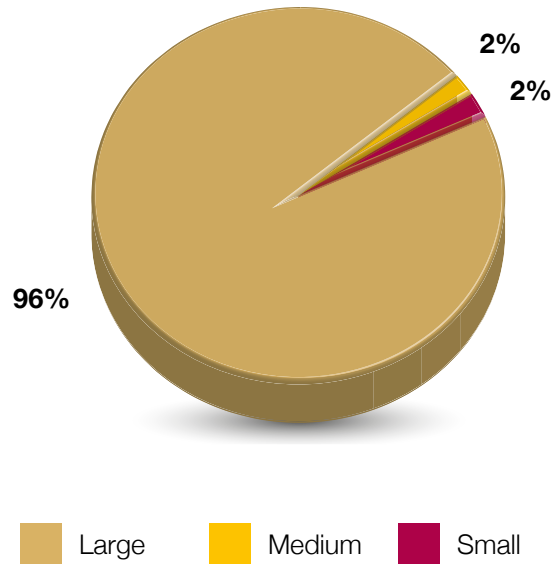


Source: BANKSETA WSP 2019

The Workplace Skills Plans (WSP) received for 2019 reflects that the sector currently employs 197 288 and this shows an increase compared to 196 421 reported in 2018. The top five large banks, ABSA, Nedbank, First Rand, Standard and Capitec collectively employ approximately 96% of the labour force. While medium and smaller companies employ 2% respectively.

Figure 7: Employees by company sizes

### Employees by Company Size



Source: BANKSETA WSP 2019

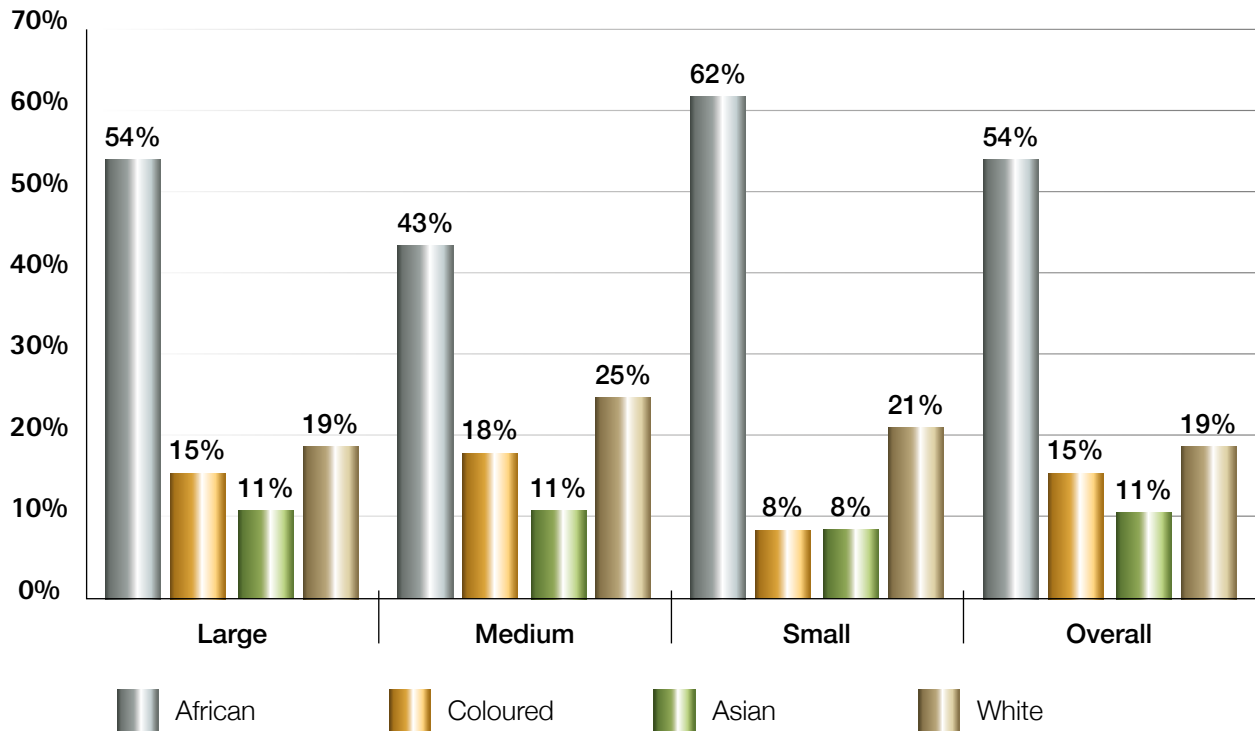
Table 4: Employment by company size, equity and gender

Employer	Male					Female					Total		Total
	African	Coloured	Asian	White	Other	African	Coloured	Asian	White	Other	Male	Female	
<b>Large</b>	38 342	9 739	8 747	16 397	902	64 255	19 194	11 168	19 338	636	74 127	114 591	188 718
<b>Medium</b>	704	287	239	656	95	1 406	584	300	541	49	1 981	2 880	4 861
<b>Small</b>	721	91	132	356	5	1 575	223	171	427	8	1 305	2 404	3 709
<b>Total</b>	39 767	10 117	9 118	17 409	1 002	67 236	20 001	11 639	20 306	693	77 413	119 875	197 288

Source: BANKSETA WSP 2019

Figure 8: Employment by company size, equity and gender

### Employment by Company Size, Equity and Gender

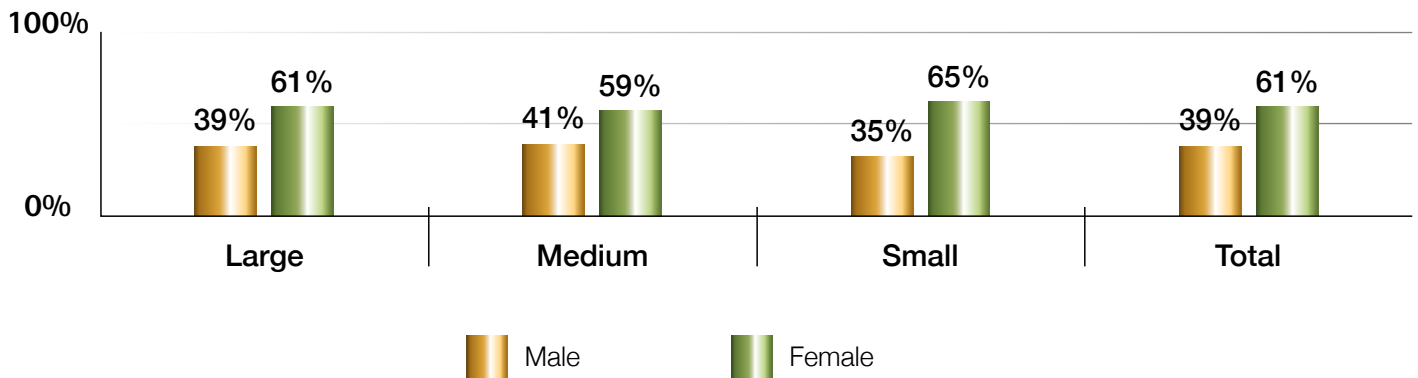


Source: BANKSETA WSP 2019

WSP submissions also allow for the profiling of employees with respect to race. For instance, the histogram above shows that large companies employ 54% Africans (males and females combined, while 15% comprise Coloured males and females, 11% Asian males and females and 19% White males and females). Both 2019 and 2018 statistics of Africans employed by large companies show 54% and this is an indication that the situation is constant. Statistics show that smaller companies also showed a significant increase in the number of African-employed people, while medium companies showed an increase in the number of Whites employed.

Figure 9: Employment by gender

### Employment by Gender

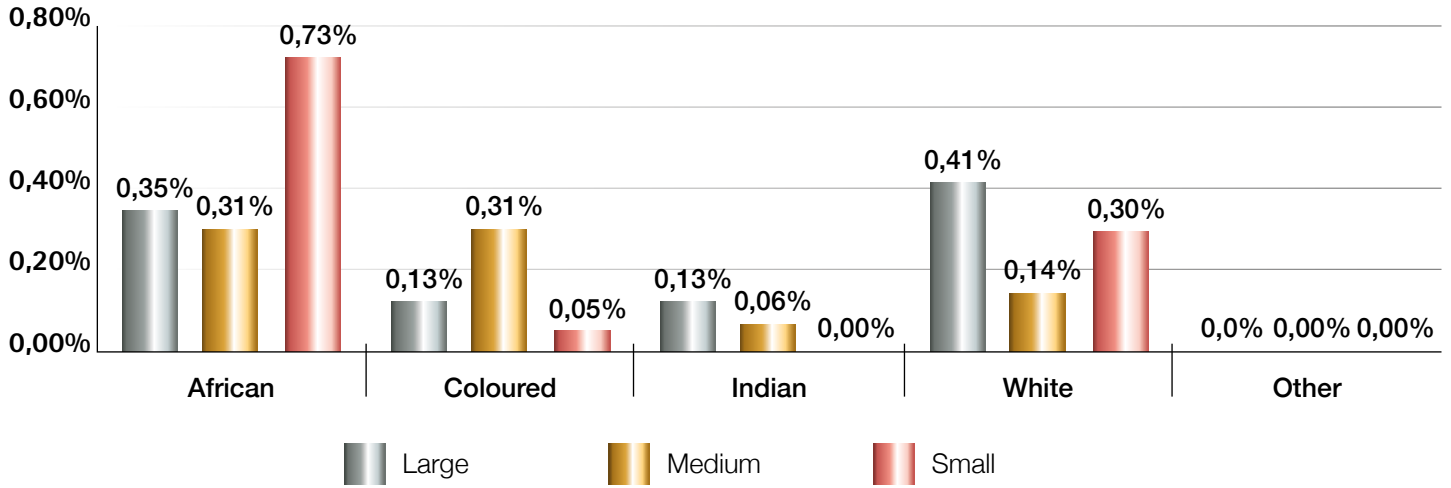


Source: BANKSETA WSP 2019

WSP submissions also allow for the profiling of employees with respect to gender. Small companies reported significant levels of transformation with 65% females, while large companies reported 61% females employed and 59% females employed by medium companies. This brings the number of females employed by all companies to 61% as opposed to the 39% males employed by all companies (please see Table 4 above).

Figure 10: Employment of people with disabilities by company size

### Proportion of People with Disabilities by Employer Size



Source: BANKSETA WSP 2019

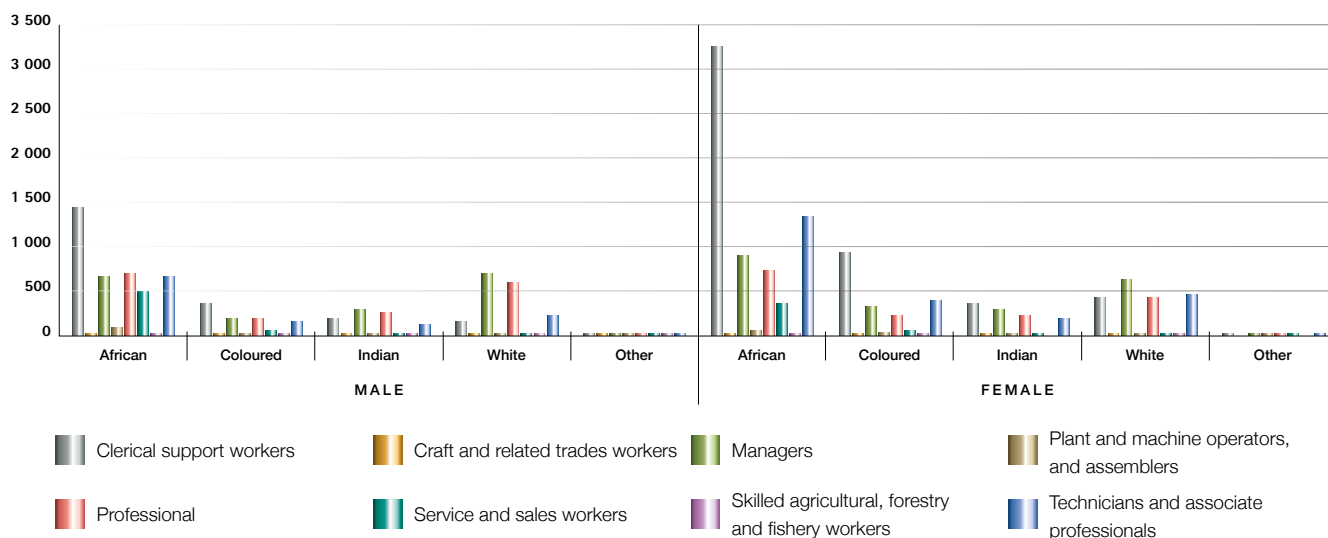
The histogram above depicts the employment status of people with disabilities in different company sizes. The data shows that 0,73% of Africans with disabilities are employed by small companies while 0,41% of Whites are employed in large companies. A proportion of 0,31% Coloureds are reportedly employed by medium companies. The data shows a proportion of 0,06% employed by medium companies. The WSP data reflects the levels of education of people with disability as follows: 98% Asians have a post-matric qualification, 98% Whites have a post-matric qualification, 95.5% Coloureds have a post-matric qualification and 97.9% Africans have a post-matric qualification.

The sector employs a total of 2 065, a decline as compared to 2018 reported (2 138) people with disabilities. This translates to approximately 1,05% of the total employment population in the sector. This shows a decline as statistics in 2018 reported 1,09%. This number is small compared to the recommended 4% of national norms. In the 2017/18 reporting period, disabled persons accounted for some 0,36% of all employees in small companies. The largest share of disabled employees is African males (0,2%), followed by White males (0,07%). In medium companies, the largest share of disabled individuals was found in the African (0,34%) and Coloured (0,26%). In large companies, people with disabilities were largely found in the Whites (0,44%) and African (0,39%).

### 1.7. Employment by occupational group

An analysis of employment by broad occupational groups is reflected in the Table below. Approximately 71 431 (36%) employees are in the clerical support major occupational group and this is slightly higher than the 70 000 reported in 2018. Managers also comprise a large number of employees at approximately 41 201 (21%) across a range of management functions and this is slightly higher than the 40 000 reported in 2018. The sector also employs a large number of technicians and associate professionals (36 239) that cuts across racial groups. This is slight decline compared to the 37 211 reported in 2018. The statistics depict 35 015 professionals employed by the sector. This is a huge increase compared to the 32 363 reported in 2018. The statistics show 10 983 are employed at services and sale and this demonstrates a huge increase compared to 9 670 reported in 2018. The majority of people employed in the services and sales are African males and females. Please see Table 4 and Figure 10 above on employment by occupational groups (based on international standards classification of occupations).

Figure 11: Employment by occupational groups (based on international standards classification of occupations)



Source: BANKSETA WSP 2019

Figure 11 above illustrates the major occupational groups from a demographic perspective. Principle 3 of the National Development Plan, that is, advancing an equitable and integrated system, put emphasis on contributing towards transformational and developmental imperatives such as gender, race, class, youth, disability and geography. The 2019/2020 data depicts low levels of transformation that have occurred within the banking sector. The data indicates that across occupations, 54% of Africans, 19% of Whites, 15% Coloureds and 10.5% Asians are employed by the sector in 2018/2019. For instance, the occupational category of managers depicts Africans at 38 % while Whites are at 33% out of the entire occupation population of managers. This requires further attention considering that out of the 197 288 employed in the sector 107 003 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 118 776 (60%) women. But at least, there is gender ‘locomotive’ progression from a transformational perspective.

Out of 118 776 (60%) women employed by the sector, only 22 296 (11%) women across racial groups are in managerial positions. Out of the 22 296 (11%) women in managerial positions only 9008 (5%) of African women are in managerial positions, the other 6% cuts across the other races. This is concerning considering that the sector employed 66 382 (34%), African women.

The data depicts that the sector employed 78 512 (40%) males out of 197 288 total population employed. The data also depicts that the sector employed 18 932 (10%) males across races in managerial positions. Out of 18 932 (10%) males in managerial positions only 6 575 (3%) African males are in managerial positions. This is very low considering that 40 621 (21%) African males are employed by the sector. 7% of males in managerial positions cuts across Whites, Coloureds and Asians with White males holding 4% even though their entire population employed in the sector is 17 480 (9%). Out of the 9%, 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 low 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 12 999 (74%) of White males are managers or professionals in the entire banking sector. This means out of 17 480 (9%) of the entire White male population employed only 4 481 are non-professional or not managers, and about half of those fall under technician and associate professionals. The data depicts male professional Asians at 31%, 20% male Coloureds and 17% male Africans.

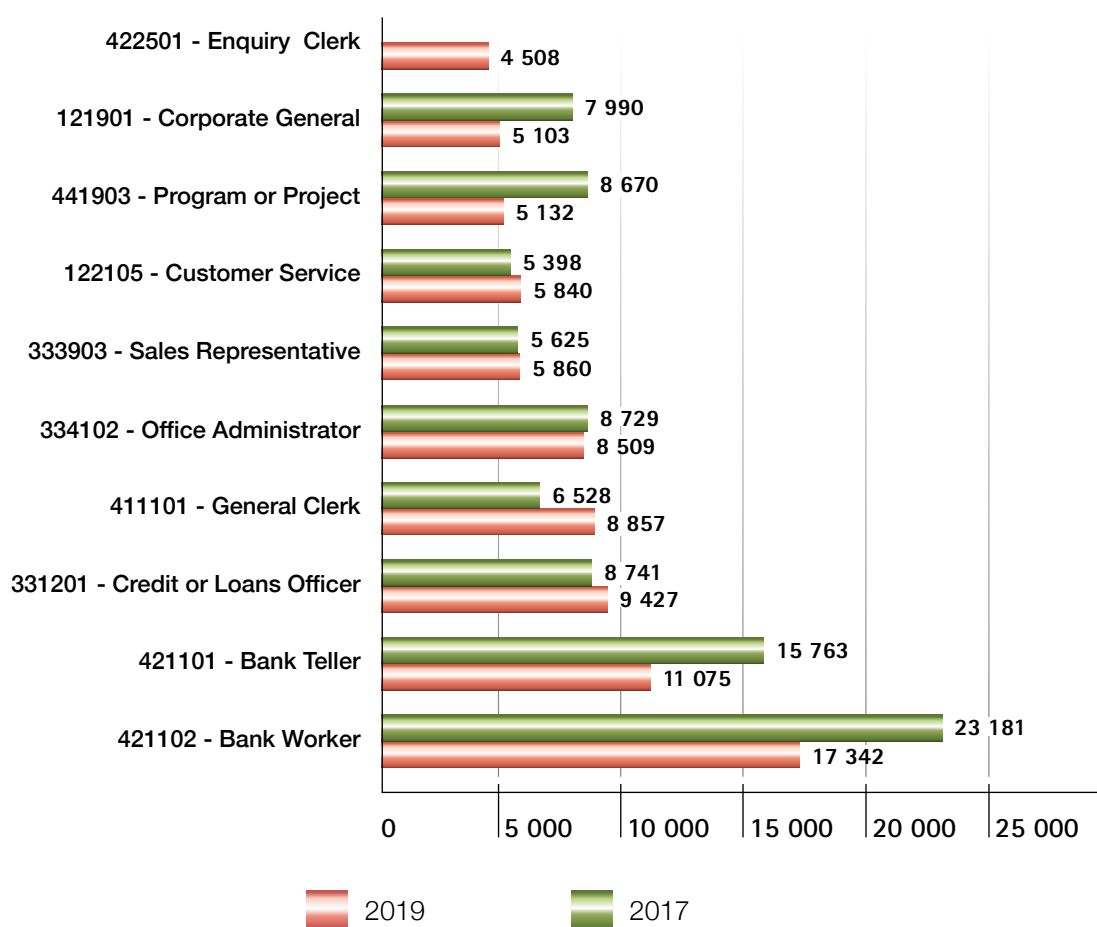
The entire female population in the professional category are 16 574 (8%) with 4 361 (22%) Whites, (7 175) 11% Africans, 2 409 Asians (21%) and 2 354 (12%) Coloureds.

It is imperative that BANKSETA encourage 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.

The examination of occupations within the sector is limited to the top ten occupations to which employees belong. In total, the sector employs its workforce in over 373 different occupations. The full list of occupations and the number of employees in each occupation is available from the SETA. The occupation that employs the largest workforce is the Bank Worker, followed by the Bank Teller. The 2017-2019 data comparison depicts a decline in employment for the top ten occupations, but demonstrates an increase in the overall sector employment. This calls for further research to establish the determining factor for the reduction in employment.

Figure 11: Trends of the top ten occupations.

### Trends of the Top Ten Occupations



Source: BANKSETA WSP 2019

## 1.8. Conclusion

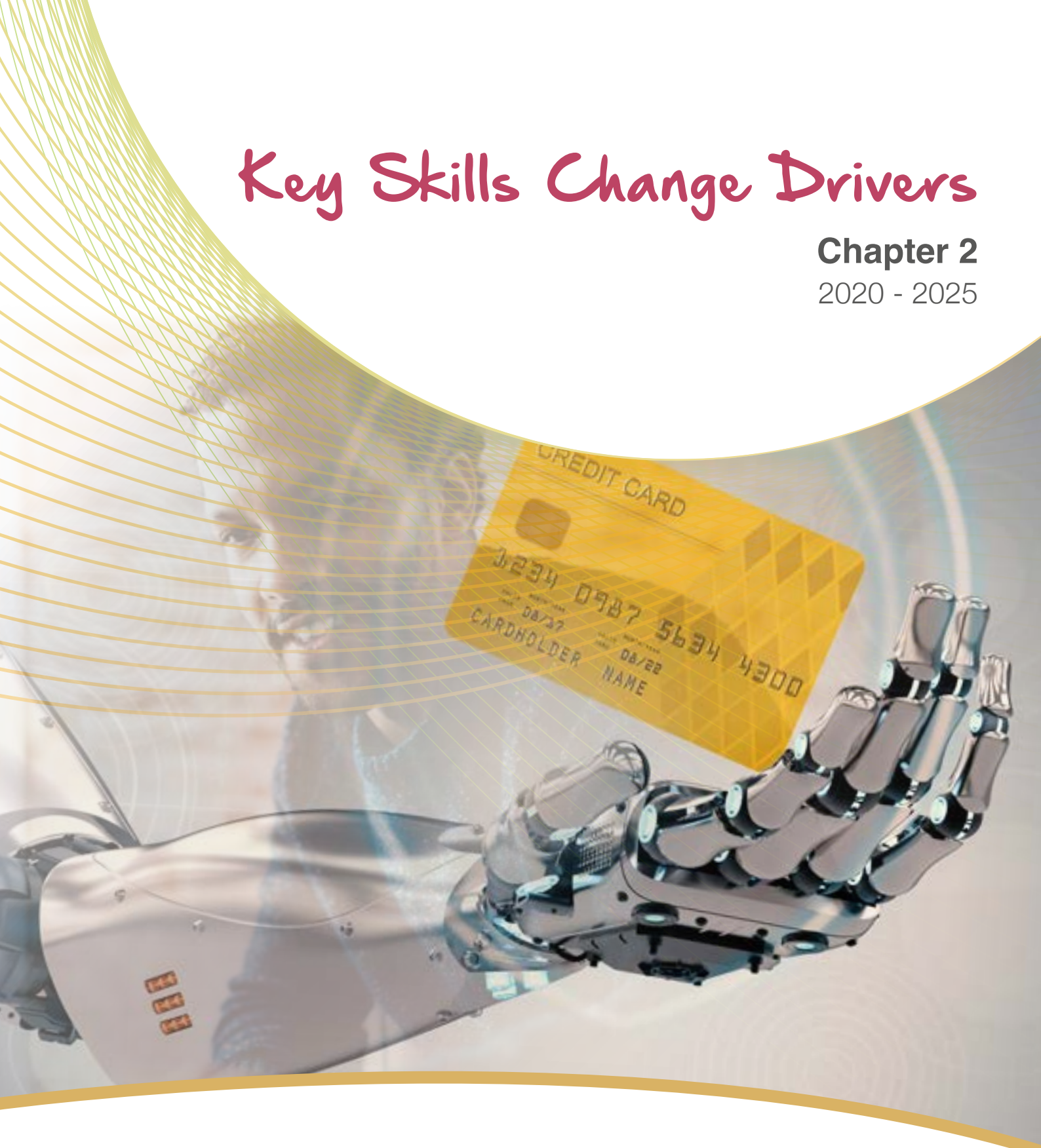
In summary, the banking subsector comprises the large organisations that possess a banking licence whilst the Alternative banking subsector comprise smaller organisations. The banking sector profile provides an indication that the Alternative banking sector is relatively small in terms of revenue generation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

The economic performance of the sector provides an indication of a strong well-developed banking sector with local banks performing well on both the top 100 African Banking list as well as globally. This is largely due to a strong asset base. However, the banks have been exposed to downgrades in the past year. The employer and labour market profile provides key learnings on opportunities for skills development. In this chapter, we also observed low levels of transformation based on racial, gender occupational discrepancies in managerial and professional positions within the banking 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 NSDS III as this will address the current existing imbalances. This chapter thus provided a detailed picture of the banking sector.

# Key Skills Change Drivers

## Chapter 2

2020 - 2025





# 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 has 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 Cybercrime, 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. The second key skills change driver that will be analysed is the alignment of sector skills planning to national strategies and plans as well as key sectoral strategies.

## 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. Driver 1: Digitalisation and Technology

Digital banking is the incorporation of new and developing technologies throughout the financial services sector to provide enhanced customer services and experiences effectively and efficiently. Digitisation in banking is driven by three major factors: technology push, customer experience and economic benefits. Customers' adaptation to the digital environment, forces banks to relook their products and services. Digital technology is rapidly influencing the way customers 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 one another. 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. In South Africa, there are reports that some banks have reduced headcount and closed some of their branches.

#### 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 AI, and migrating to the public cloud should take precedence in 2019. 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 programmes, but success up to this point seems modest at best.

The data challenge becomes more daunting as data integrity increases in importance.

The Deloitte report states that some banks have completely replaced their legacy systems, while others are pursuing multi-year modernisation initiatives. Banks were asked to list the most important technology in their organisations and the results indicated that the creation of digital technology capacity came first at 28%, modernisation of legacy systems 23%, management of security, identity and privacy 18%, building the modern workplace 15% and adopt cloud services 10%. Please see Figure 12 below on the most important technology in the organisation. Banks were also asked about their plans to use digital technology in the next 12 months. The digital technology themes measured were as follows:

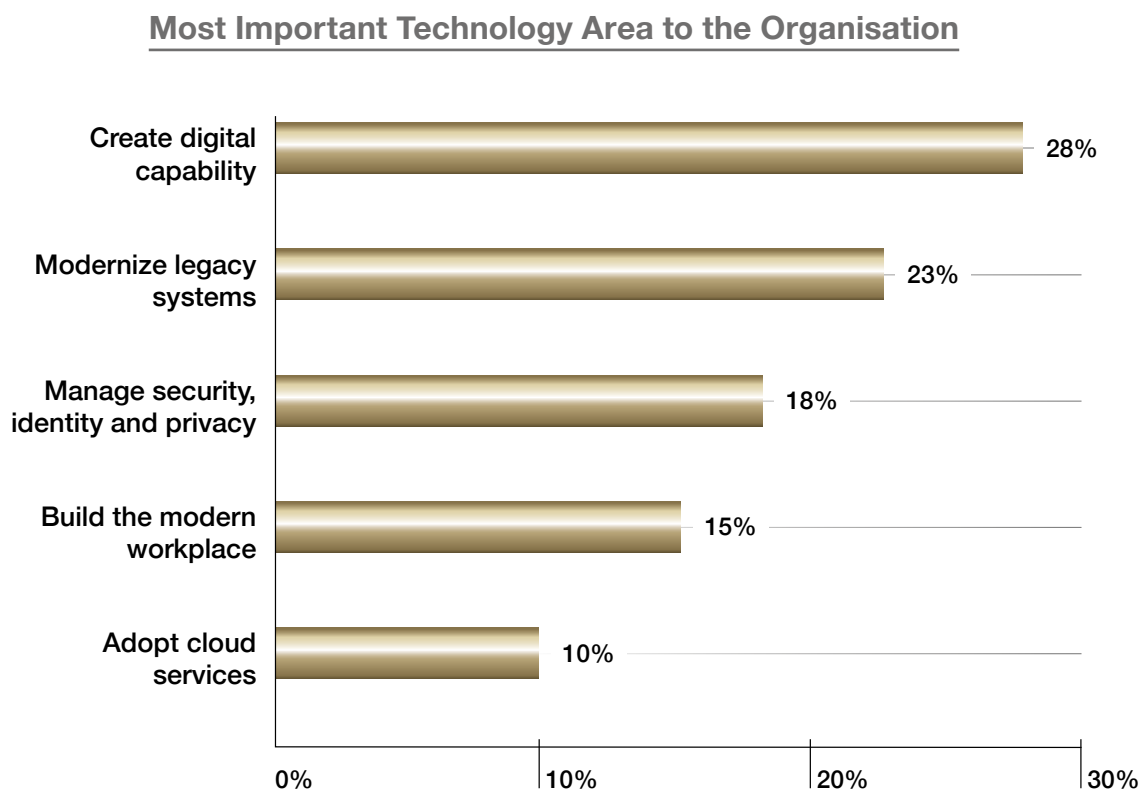
- Platform-driven architecture through open interfaces/AIPs
- Data lakes and big data platforms
- Containers, microservices, and serverless computing
- Artificial Intelligence, bots and machine learning

The implementation phases were categorised as follows:

- Fully deployed
- Trialling
- Planning
- Considering use, but no firm plans
- Not considering

The results show that all banks were trialling these digital thematic areas, followed by planning, followed by fully deployed, followed by considering the use, but no firm plans. Not a single bank was above 5% on not considering the use of these digital thematic areas. Please see Figure 13 below on plans to use digital technologies in the next 12 months.

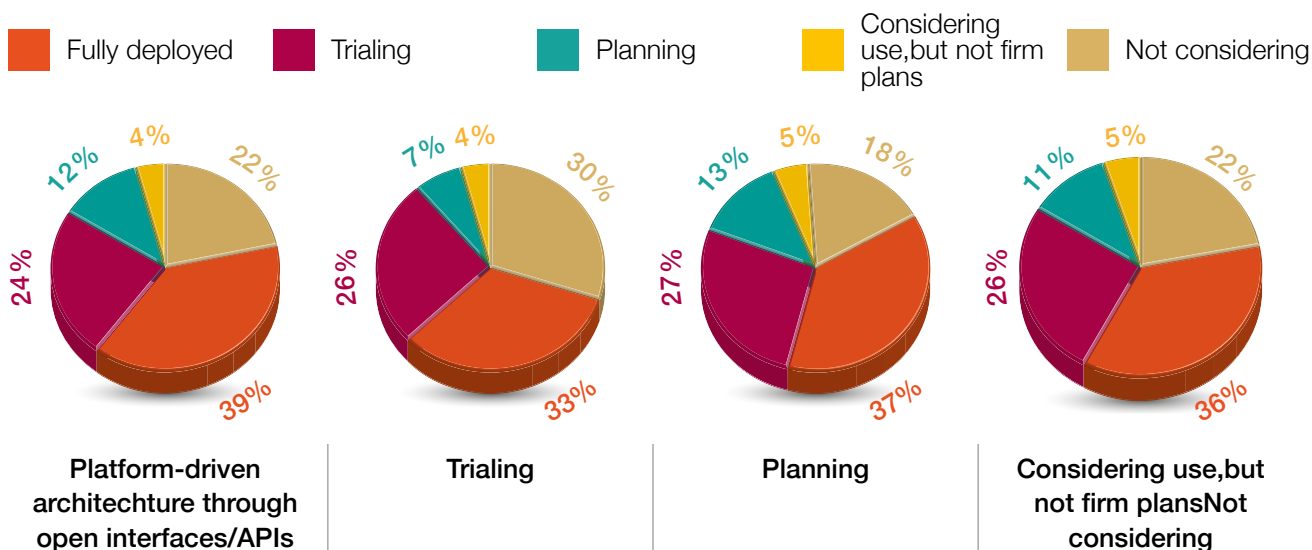
Figure 12: Most important technology area to the organisation



Source: ICT Enterprise Insights 2018/19 – Financial Services & Payments: ICT Drivers and Technology Priorities of corporate banks, retail banks, payments, and financial market firms, Ovum.

Figure 13: Plans to use digital technologies in the next 12 months

### Plans to Use Digital Technologies in the Next 12 Months



Source: ICT Enterprise Insights 2018/19 – Financial Services & Payments: ICT Drivers and Technology Priorities of corporate banks, retail banks, payments, and financial market firms, Ovum.

#### 2.2.2. Driver 2: Changing Customer expectations

In his article, ‘Technology: Hunting the Big Four’ (2019), Mike Brown argues that the global banking industry is evolving in response to economic pressures, digital innovation and – most importantly – the changing way their customers use banking and financial services. While their platforms are changing, banks remain relevant. Referring to Bill Gates’s famous comment in which he stated, “We need banking, not banks”, Mark Brown suggested that Bill Gates should rather have said: “We need efficient, digital banking platforms that focus on clients, not expensive bureaucracies focused on products.”

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

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

Banks need to put the customer at the heart of the design process and take new products to market quickly. They also need to be more attuned to their customers’ needs – determine how they can better engage with their clients, know the products they want and predict what’s needed rather than wait and react. This means embracing social media, giving customers more ways to interact with the business, rethinking traditional marketing tactics and mastering analytics. Tech-savvy customers are increasingly seeking a user experience that aligns to their individual needs.

Central to a bank’s success in the digital economy is, therefore, the data they accumulate about customers and intelligent ways of processing it. Data is only useful if banks can use it effectively. Banks must ensure they have easily accessible, high-quality data. It is not about the volume of data but the application that will make banks successful. By gathering meaningful insights, they can create audience segmentation and deliver innovative, customised products in a way that appeals to customers. Banks need to reach a point where they understand the needs of the customer, without taking any direct feedback.

### 2.2.3. Driver 3: Regulatory Changes, Risk and Cybercrime

The 2019 Deloitte Report on Banking and Capital Markets Outlook states that the growing divergence in global regulatory standards remains a fact. 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 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. 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. The FSCA will further assist in maintaining financial stability.

### 2.2.4. Driver 4: Disruptors in Banking

Mark Brown revealed that new competitors in the banking sector have generally begun by targeting niche markets. 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 the following seven key disruptors in banking and alternative banking sector:

Figure 14: Seven Key Disruptors



Source: Bersin, Deloitte Consulting LLP, 2018

### 2.2.5. Driver 5: Political and Economic shifts

The 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 have expressed positive reactions over the appointment of Cyril Ramaphosa as president of the ANC and the country. Ramaphosa’s election as President of the ANC 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 a secure 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 the skills demand. Drivers of change mean that the skills demanded will also change.

Key Skills Change Driver	Implications for Skills Development and Policy	Highly sought Occupations/Skills
<b>Digitisation and technology</b>	<p><b>Skills</b></p> <p>There'll be both job/skills losses, and opportunities for upskilling and/or new jobs.</p> <p>Skills that will be in demand will be for high skills in computing technology.</p> <p><b>Policy:</b></p> <p>Policy to support the development of appropriate and accredited digital short-courses; and support for a new suitable digitalisation tertiary degree.</p> <p>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.</p> <p>To ensure the digitalisation of the banking sector is a just transition, policy needs to recognise the inclusion of women. See Annexure 1.</p>	<ul style="list-style-type: none"> <li>• Analysts</li> <li>• IT systems architects</li> <li>• Software developers</li> <li>• Network specialists</li> <li>• Data scientists and Data engineers</li> <li>• Robotics engineers and technicians</li> </ul>
<b>Changing customer expectations</b>	<p>Focus on the appropriate ways to deal with customer queries and challenges.</p>	<ul style="list-style-type: none"> <li>• Relationship Consultants</li> <li>• Sales and Marketing Manager</li> </ul>
<b>Regulatory changes, risk and cybercrime</b>	<p>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.</p>	<ul style="list-style-type: none"> <li>• Chief Cyber Security Officers</li> <li>• A range of occupations in Cyber security</li> <li>• Compliance Officer</li> <li>• Skills Programmes for Basel IV</li> </ul>
<b>Disruptors in banking</b>	<p>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.</p>	<ul style="list-style-type: none"> <li>• Complex Problem Solving</li> <li>• Management of Finance Resource</li> <li>• Service Orientation</li> <li>• Critical Thinking</li> <li>• Judgement and decision making</li> <li>• Management of Personnel Resource</li> <li>• Management and Leadership</li> <li>• Time Management</li> <li>• System Analysis</li> <li>• Programming</li> </ul>

Key Skills Change Driver	Implications for Skills Development and Policy	Highly sought Occupations/Skills
<b>Political, economic and societal shifts</b>	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.	<ul style="list-style-type: none"> <li>• Corporate General Manager</li> <li>• Heads of Country</li> <li>• Chief Digital Officers</li> <li>• Chief Technology Officers</li> </ul>

Source: Wits University (2018/2019): BANKSETA Research Partner

The change drivers listed above indicates 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, problem-solving, etc. Career fit seems to be the focus in terms of the skills needed in the banking sector where reskilling 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.

Policy Frameworks Affecting Skills Demand and Supply	Skills Implications
<p><b>The National Skills Development Plan:</b></p> <p>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.</p>	<p>BANKSETA's current contribution to the NSDP includes the following:</p> <p>The discretionary grant is allocated to contribute to the achievement of all eight goals of the NSDP.</p>
<p><b>The National Development Plan (NDP)</b></p> <p>The NDP aims to eliminate poverty and reduce inequality by 2030. According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.</p>	<p>BANKSETA's current contribution to the NDP includes the following:</p> <ul style="list-style-type: none"> <li>• Learning programmes targeted at unemployed youth aimed at increasing employability of the youth on these programmes</li> <li>• Alternative banking interventions specifically in micro-finance and co-operatives to support poverty alleviation</li> <li>• IT training interventions encourage the banking sector to create banking products that make use of high-speed broadband internet capabilities</li> <li>• The Africa expansion project should play a leading role in the development of the African continent, economic integration and human rights.</li> </ul>
<p><b>New Growth Path</b></p> <p>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.</p>	<p>BANKSETA's current contribution to the NGP includes the following:</p> <ul style="list-style-type: none"> <li>• Funding for Masters and Doctoral students to support the growth of the knowledge economy.</li> <li>• Supporting rural development and regional integration through the establishment of regional offices.</li> </ul>

Policy Frameworks Affecting Skills Demand and Supply	Skills Implications
<p><b>National Skills Accord</b></p> <p>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.</p>	<p>BANKSETA's current contribution to the National Skills Accord directly aligns to the eight key commitments designed to drive training and development:</p> <ul style="list-style-type: none"> <li>• Expanding the level of training using existing facilities to the fullest</li> <li>• Making internship and placement opportunities available within the workplace</li> <li>• Setting guidelines of ratios of trainees; artisans as well as across the technical vocations, to improve the level of training</li> <li>• Improving the funding of training and the use of funds available for training and incentives on companies to train</li> <li>• Setting annual targets for training in state-owned enterprises</li> <li>• Improving SETA governance and financial management as well as stakeholder involvement</li> <li>• Aligning training to the New Growth Path and improve Sector Skills Plans- Improving the role and performance of colleges</li> </ul>
<p><b>Youth Employment Accord</b></p> <p>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.</p>	<p>BANKSETA's current contribution to the Youth Employment Accord includes the following:</p> <ul style="list-style-type: none"> <li>• Fund learnership programmes for unemployed individuals</li> <li>• Partner with employers to support youth development initiatives in a co-funded model</li> <li>• Funding of internships</li> </ul>
<p><b>9-Point Plan</b></p> <p>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.</p>	<p>BANKSETA's current contribution to the 9-Point Plan includes the following:</p> <ul style="list-style-type: none"> <li>• Entrepreneurship Programmes that support SMEs with a business plan development and advisory services for growth development strategies for small business</li> <li>• CFI and Co-op bank support</li> </ul>
<p><b>Human Resource Development Strategy</b></p> <p>The HRD-SA is a 20-Year Strategic Framework that guides the development of human resources.</p>	<p>BANKSETA's current contribution to the HRDS includes the following:</p> <p>All training interventions make every effort to align with equity targets.</p>
<p><b>Open Learning Policy</b></p> <p>Open Learning enables many people to take advantage of cost-effective and meaningful, quality education and training opportunities throughout their lives.</p>	<p>BANKSETA's current contribution to the Open Learning Policy includes the following:</p> <p>The implementation of an alternative delivery project with public higher education institutions.</p>
<p><b>Financial Inclusion Strategy</b></p> <p>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.</p>	<p>BANKSETA's current contribution to the Financial Inclusion Strategy is through the implementation of Alternative Banking Programmes (List Programmes).</p>



Policy Frameworks Affecting Skills Demand and Supply	Skills Implications
<p><b>Financial Sector Conduct Authority</b></p> <p>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”.</p>	<p>There is a need for skills development in regulation, licencing, financial law and fund administration.</p>
<p><b>National Credit Act</b></p> <p>The National Credit Act promotes and advances the social and economic welfare of South Africans; promotes a fair, transparent, competitive, sustainable, responsible, efficient, effective and accessible credit market and industry, to protect consumers.</p>	<p>There is a need for skills development in Credit Management.</p>
<p><b>SARB Regulatory Framework</b></p> <p>A strong regulatory system is key to the success of any financial hub. SARB has commenced with the implementation of a “twin peaks” framework for financial regulation. In line with global trends, the framework will establish two complementary regulators. The Prudential Authority, situated in the Reserve Bank, will be responsible for the safety and soundness of financial institutions, and the Financial Sector Conduct Authority, which has replaced the Financial Services Board, will be responsible for market conduct and securities regulation.</p>	<p>There is a need for skills development in regulation, risk and compliance.</p> <p>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.</p>
<p><b>White Paper on Post School Education</b></p> <p>It sets out a vision for:</p> <p>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.</p>	<p>The BANKSETA strives to align all its programmes to PSET vision and strategic objectives.</p>

## 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 2020/2025 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, changed customer expectations, regulatory changes, risk and cybercrime, and political, economic and societal shifts, as well as the national and sectoral priorities result directly in the determination of the five key skills, change drivers.

# Occupational Shortages and Skills Gaps

**Chapter 3**

2020 - 2025



# Chapter 3: Occupational Shortages and Skills Gaps

## 3.1. Introduction

The occupational shortages and skills gaps chapter are informed by interviews, focus group discussions with critical role players in the sector, Workplace Skills Plans and DHET report on Post-School Education and Training (PSET). Having 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 what the major skills gaps are 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 that is available.

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 skills available by paying a higher salary than market-related. A high vacancy rate with vacancies difficult to fill exists for these occupations leaving the employer with a lack of skill to fulfil key functions important for organisational efficiency and productivity and employers often import the skill required from abroad because the skill is crucial to their operations. Occupational shortages also occur due to the dynamic nature of the skill required 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 six months to fill with appropriately experienced and qualified candidates. Please see the list HTFVs identified by small, medium and large companies in the table below. The 2018/19 WSP data depicts that all companies reported 1 606 HTFVs and out of those, large companies reported 771, medium 171 and small companies 664.



Table 5: HTFV by company size and reasons

Occupation	Company size			Grand Total	Reasons
	Large Company	Medium Company	Small Company		
121103 – Credit Manager	18	9	103	130	Lack of relevant qualifications Lack of relevant experience Poor remuneration
121101 – Finance Manager	19	6	56	81	Lack of relevant qualifications Poor remuneration Lack of relevant experience Equity Consideration
122102 – Sales Manager	35	5	10	50	Lack of relevant experience Lack of relevant qualifications
121901 – Corporate General Manager	28	11	8	47	Lack of relevant experience Equity Consideration Lack of relevant experience Equity Consideration Lack of relevant experience Equity Consideration
251203 – Developer Programmer	33	3	7	43	Lack of relevant experience
122101 – Sales and Marketing Manager	10	4	27	41	Lack of relevant qualifications Lack of relevant experience Poor remuneration
121104 – Internal Audit Manager	10	6	24	40	Lack of relevant experience Lack of relevant qualifications Poor remuneration
251101 – ICT Systems Analyst	27	5	6	38	Lack of relevant experience Equity Consideration Lack of relevant qualifications Poor remuneration
251201 – Software Developer	28	7	3	38	Lack of relevant experience Equity Consideration Lack of relevant qualifications Poor remuneration Slow recruitment processes
121905 – Programme or Project Manager	18	8	9	35	Lack of relevant experience Equity Consideration Poor remuneration Lack of relevant qualifications Slow recruitment processes
331201 – Credit or Loans Officer	10	2	21	33	Lack of relevant qualifications Equity Consideration Unsuitable job location Poor remuneration Lack of relevant experience

Occupation	Company size			Grand Total	Reasons
	Large Company	Medium Company	Small Company		
242207 – Compliance Officer	14	6	8	28	Lack of relevant experience Lack of relevant qualifications Slow recruitment processes Poor remuneration Equity Consideration
242101 – Management Consultant	25		3	28	Equity Consideration Lack of relevant experience Lack of relevant qualifications Poor remuneration Unsuitable job location
112101 – Director (Enterprise / Organisation)	7	3	18	28	Lack of relevant experience Poor remuneration Lack of relevant qualifications Slow recruitment processes Equity Consideration Unsuitable job location
121201 – Personnel / Human Resource Manager	6	4	16	26	Equity Consideration Poor remuneration Lack of relevant qualifications Lack of relevant experience Unsuitable job location Slow recruitment processes
121206 – Health and Safety Manager			25	25	Lack of relevant qualifications Equity Consideration Poor remuneration Lack of relevant experience
133103 – Data Management Manager	18	3	3	24	Lack of relevant experience Equity Consideration Lack of relevant qualifications Poor remuneration
121102 – Payroll Manager	1		21	22	Lack of relevant qualifications Lack of relevant experience Poor remuneration
252901 – ICT Security Specialist	16	3	2	21	Lack of relevant experience Equity Consideration Lack of relevant qualifications Unsuitable job location Poor remuneration
333903 – Sales Representative (Business Services)	13	4	3	20	Lack of relevant experience Unsuitable job location Lack of relevant qualifications Slow recruitment processes Poor remuneration
212103 – Statistician	16	3	1	20	Lack of relevant experience Lack of relevant qualifications Equity Consideration Unsuitable job location



Occupation	Company size			Grand Total	Reasons
	Large Company	Medium Company	Small Company		
251202 – Programmer Analyst	13	3	3	19	Lack of relevant experience Equity Consideration Lack of relevant qualifications Poor remuneration
242208 – Organisational Risk Manager	12	4	3	19	Lack of relevant experience Equity Consideration Poor remuneration Slow recruitment processes
212101 – Actuary	12	4	3	19	Lack of relevant experience Lack of relevant qualifications Equity Consideration

Source: BANKSETA WSP 2019

The data in both 2018 and 2019 depicts that Credit Managers were reported as the top occupations where small businesses found it difficult to fill positions, with as much as 103 of the HTFVs identified in 2019 by small companies as opposed to 58 reported in 2018. This is followed by Finance Managers, 56 for small companies and 19 for large. The top-three HTFVs for small companies together made up 169 (25%), a quarter of all HTFVs reported for small companies. For medium companies, the most prominent HTFVs were Corporate General Managers (6%) as opposed to the (7.9%) reported in 2018, Credit Managers 9 (5%), Programme/Project Manager followed by Software Developer.

Furthermore, information technology-related vacancies comprise 20% of the HTFVs and this is a slight decline compared to 25% reported in the 2019/2020 SSP. 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 771 HTFVs, with the largest deficit being for Corporate Sales Managers (4.5%), Developer Programmers (4.2%) and Corporate General Manager and Software Developer (3.6%).

In comparing HTFVs across company sizes, the occupation recording the largest number of reported HTFVs was for Credit Managers, for which a total of 130 HTFVs were reported and which were highlighted as the most important HTFV for small companies. Other occupations in demand across all company sizes include Finance Managers (81 HTFVs), Sales Managers (50 HTFVs) and Corporate General Managers (47 HTFVs). While it is important to identify what the HTFVs is, it is also key that the reasons for such difficulties are understood as the basis for interventions that could assist in addressing the need.

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 59% of the reasons given, with large companies sitting at 60%, medium companies at 65% and small companies at 55%. It is noted that equity considerations have a greater influence on the ability to fill vacancies in large companies (16%) than in the other-size categories, while poor remuneration is a relatively more important factor for small companies (19%) 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.

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



To further determine training and intervention requirements that could assist in developing a competent workforce that responds to the needs of the industry, an understanding of the specific skills gaps is important. WSP and ATR submitters were requested to identify the most important skills employees do not have, and which would enable employees to carry out the required job tasks proficiently. Please find a full list of skills gaps for small, medium and large firms on Annexure 4: Table 7: Skills gaps by major OFO groupings.

The following Table shows skills gaps by major OFO groupings.

**Table 6: Skills gaps by major OFO groupings**

Major Groupings	Skills Gaps
Managers	Management of Finance Resource
	Complex Problem Solving
	Critical Thinking
Professionals	Complex Problem Solving
	Management of Finance Resource
	Judgement and decision making
Clerical Support Workers	Service Orientation
	Management of Finance Resource
	Complex Problem Solving
Service and Sales Workers	Service Orientation
	Marketing and sales
	Negotiation
Technicians and Trade Workers	Service Orientation
	Programming
	System Analysis
Elementary Occupations	Service Orientation
	Operation and control
	Basic Computer (IT)
Plant and Machine Operators and Assemblers	Service Orientation
	Time Management
	Technical (Job-specific)
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	Speaking
	Science
	Instructing

Source: BANKSETA WSP 2019

The top-up skills that small companies are most in need of include the Management of Finance Resources (16%). Complex Problem Solving (7%) and Service Orientation (6%) were also highlighted as important skills required. Service Orientation (9%) skill was also identified as a key skill gap for medium-sized companies, with Management of Personnel Resource, Critical Thinking and Complex Problem Solving skills following close behind at 8% as important attributes currently lacking among employees. Complex Problem-Solving skill was identified as the top skill gap (8%) for large companies, followed by Service Orientation (8%) and Critical Thinking (6%). Complex Problem Solving and Service Orientation appear among the top-three skills gaps across the company-size categories, recorded as skills gaps combined 135 and 114 times respectively. 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 increase (please see Annexure: Table 7: Skills gaps for small, medium and large firms).

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 not 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 provides an astounding indication that for every one 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 4 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 high-skilled individuals. This is evident from the types of occupations that are in high demand as discussed in the previous section.

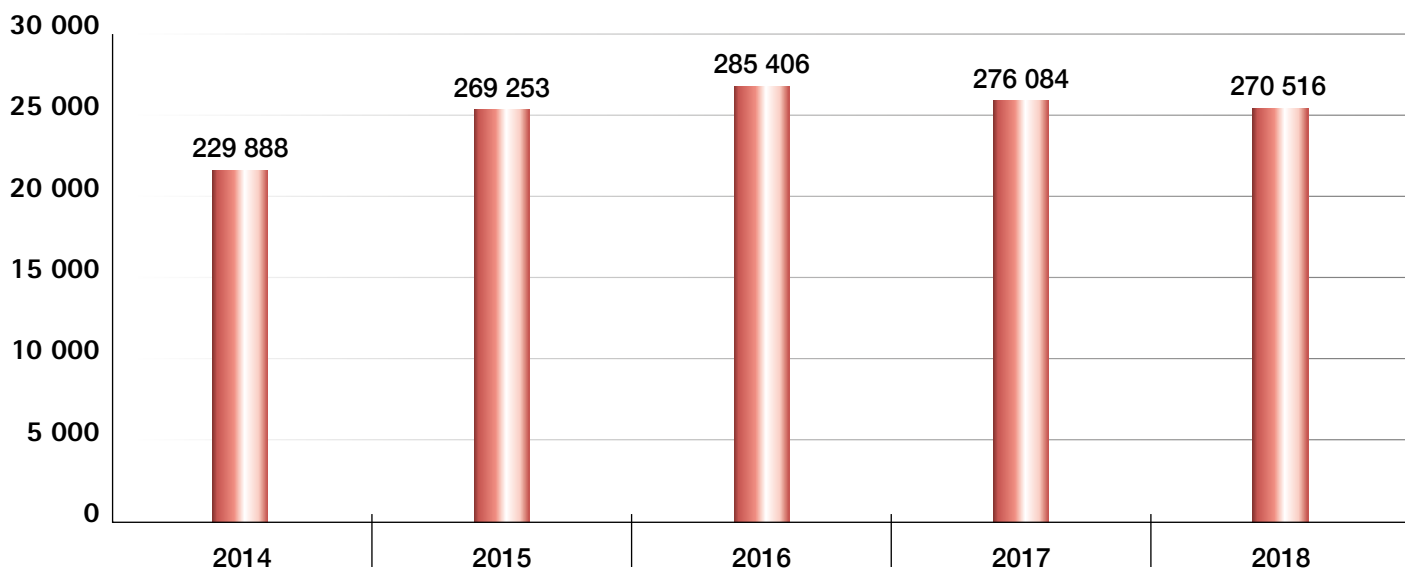




The basic education stream is quite significant as it provides throughput for all post-school education and training streams. School performance in Mathematics, Physical Science and Technology impacts the pipeline feeder for university studies in degrees for careers linked to banking. Poor performance 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. 2019 data from the Basic Education Department indicates that there has also been a decline in enrolments for mathematics in 2018 as compared to 2016/2017. Figure 17 below shows Mathematics:

Figure 15: Enrolments for Maths at school

### Mathematics Enrolment

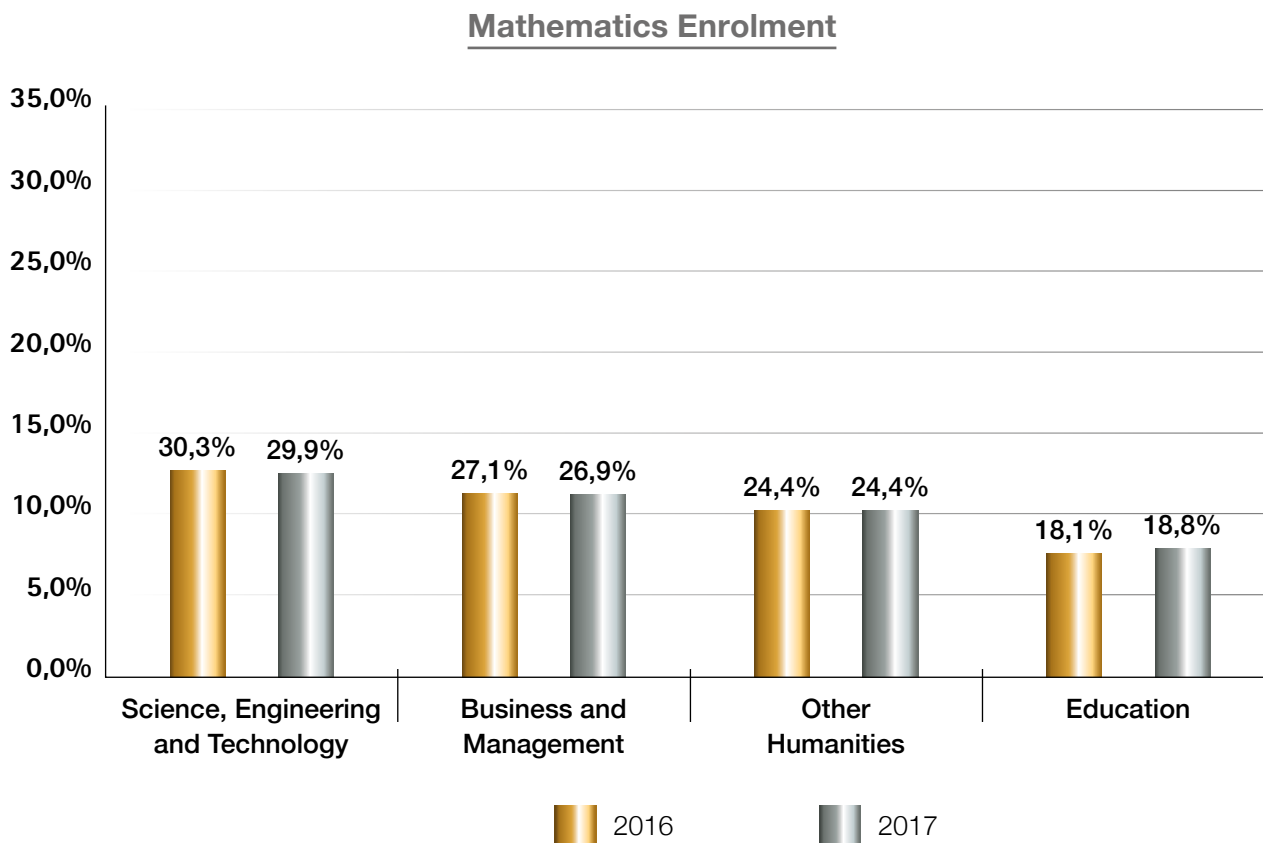


Source: NSC Examination Technical Report (2018)

However, there has been some slight improvement in the pass rate for mathematics in 2018, 58% compared to 52% reported in 2017. This improvement is very good for the banking sector as mathematics is key for employment in the sector. 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 74% in 2018 and this is a drastic increase compared to 65% reported in 2017. In 2018 the number of learners studying this subject dropped from 197 960 to 193 869. 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 cause for deep concern. For example, Figure 16 below reflects a decline in the proportion of enrolments in Science, Engineering and Technology at Higher Education Institutions (HEIs) in 2017 compared to 2016.

Figure 16: Proportions of students enrolled in public HEIs by major field of study, 2016 and 2017



Source: PSET Reports (2017 and 2018)

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

Upon achievement of a Bachelor’s Degree pass in the NSC examination, learners can enrol for a Bachelor’s Degree at any university in SA. 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 universities and 123 private universities. Table 6 below illustrates the number of students enrolled in public and private institutions in 2017.

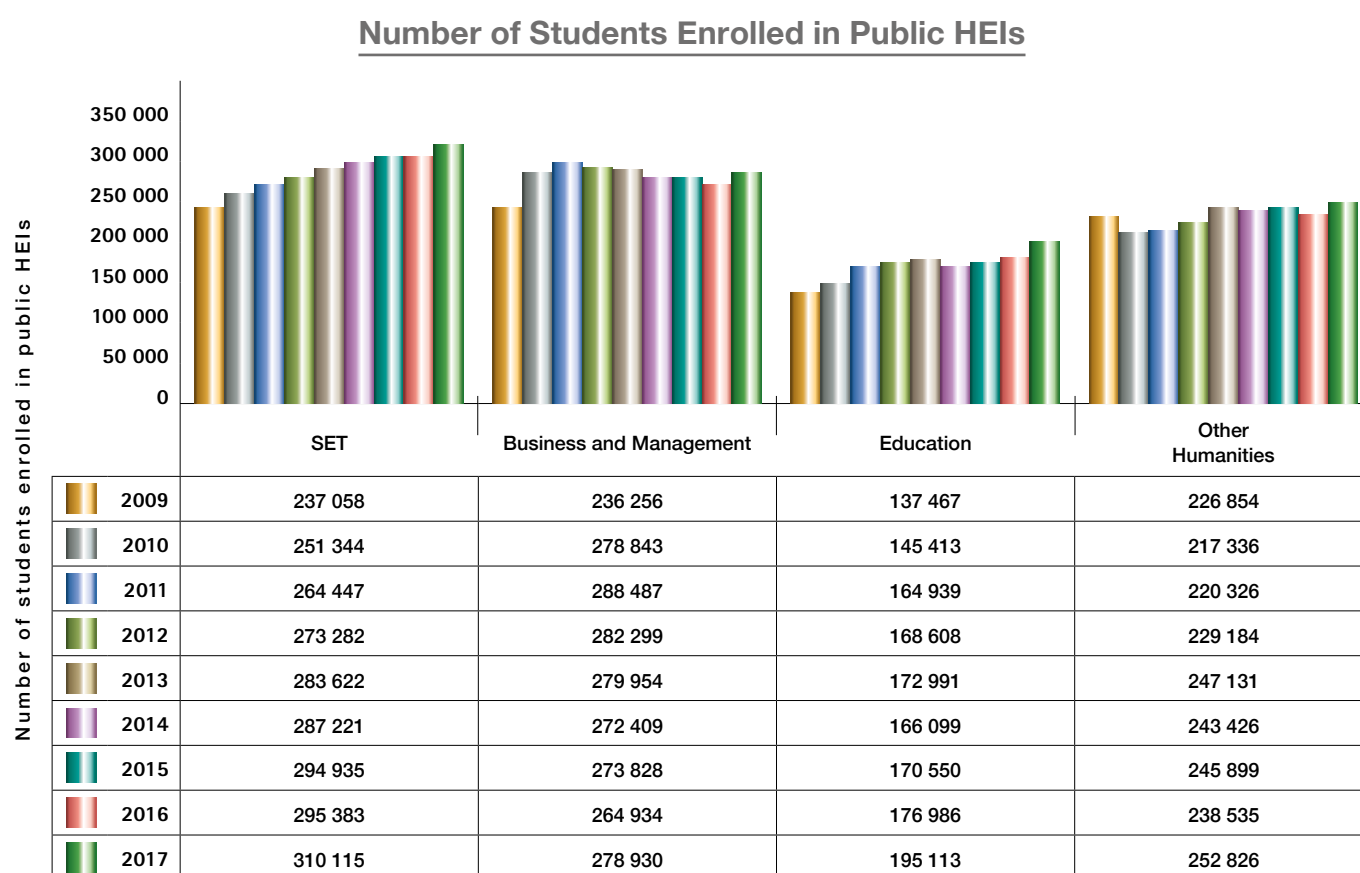
**Table 7: Total HEI Data**

Category	Public HEI	Private HEI	Total
Number of Institutions	26	125	151
Number of students enrolled	1 036 984	185 046	1 222 030

Source: PSET Report (2018)

The common fields of study that offer a supply stream for the banking sector are Bachelor of Commerce; Bachelor of Science: Actuarial/Financial Mathematics; Bachelor of Business Administration; Bachelor of Science: Engineering/Applied Mathematics/Computer Science; Bachelor/Master of Law: Corporate Law; Bachelor of Accountancy. There are in some cases intakes from Bachelor of Arts: Psychology and Bachelor of Social Science: Human Resources. The bulk of the supply falls within Business and Management. 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 maths (STEM) as well as future-orientated skills. This is so appropriate as many organisations face the challenge of finding appropriately trained graduates with complex problem-solving skills, critical thinking, good judgement and decision-making, as well as cognitive flexibility. The Figure below shows a number of students enrolled in public HEIs by major field of study.

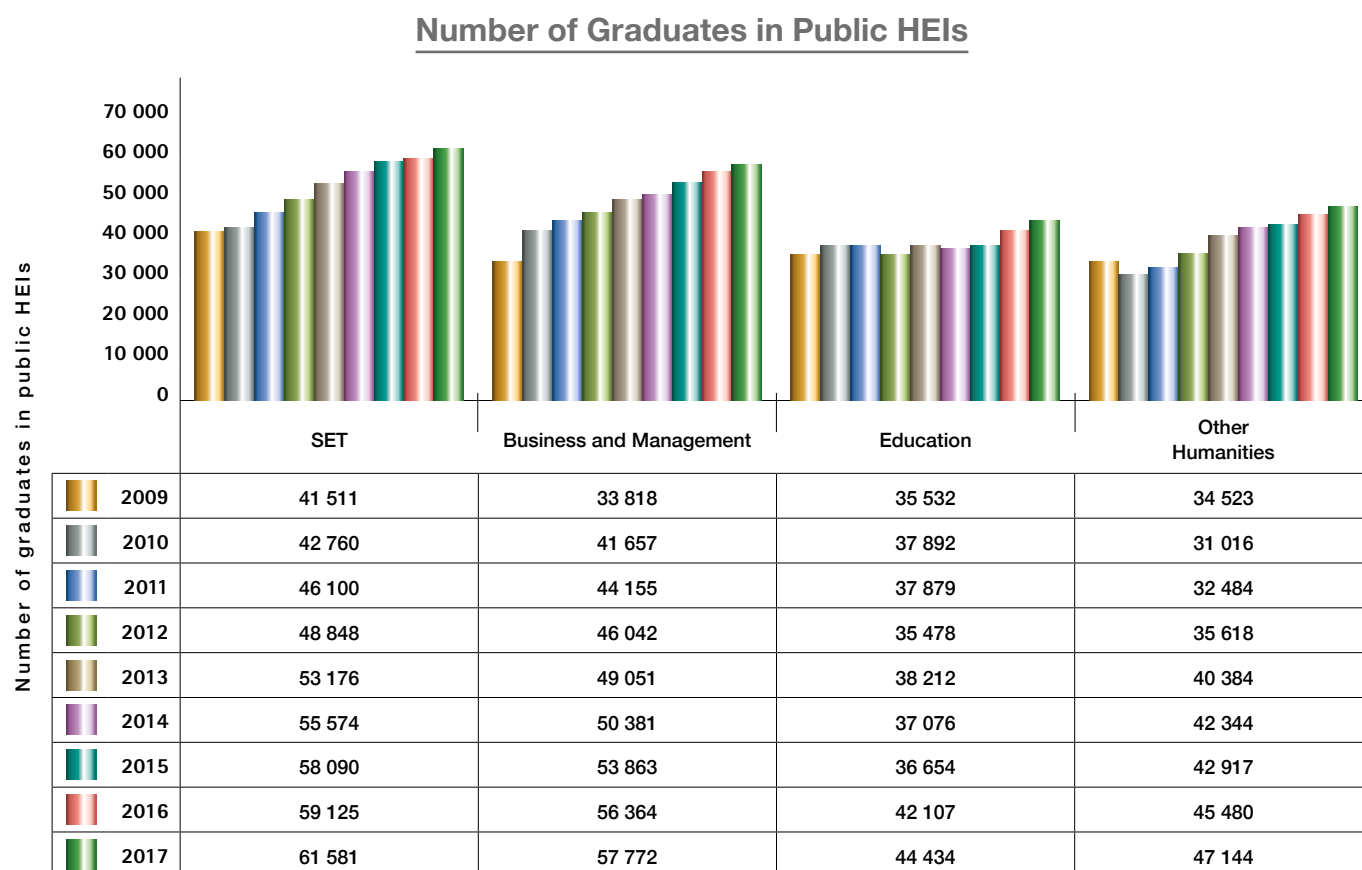
**Figure 17: Number of students enrolled in public HEIs by major field of study, 2009 – 2017**



Source: PSET Report (2018)

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 210 931 students successfully completed their degrees. Undergraduate certificates, diplomas and degrees comprise the bulk of graduates. Of these only 3 057 are doctoral degrees, the highest qualification awarded. The Figure below shows the number of graduates from public HEIs by major field of study, 2009 – 2017.

Figure 18: Number of graduates from public HEIs by major field of study, 2009 – 2017



Source: PSET Report (2018)

There has been an increasing trend in the number of students enrolled in TVET colleges in the past six years. Enrolment in TVET colleges reached 688 028 in 2017.

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 Table 7 below.

Table 8: Qualifications funded by BANKSETA

Category	BANKSETA Beneficiaries			Total
	2016-2017	2017-2018	2018-2019	
Employed	1 531	1 922	1 585	5 038
Unemployed	1 908	1 990	2 343	6 241
<b>Total</b>	<b>3 439</b>	<b>3 912</b>	<b>3 928</b>	<b>11 279</b>

Source: BANKSETA WSP 2019

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;
- Outdated 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 hamper feedback on where graduates are employed, and 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; and
- Poor quality of learning at TVET colleges has unfortunately affected the progression of students from colleges to university, thus impacting on the skills pipeline;
- 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 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/dropout 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.



### 3.4. Pivotal 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 from the sector. However, with the growth of disruptive competitors and the fact that some of these skills are required across sectors, the skills being addressed may indeed leave the sector. It is hoped that the interventions will address some of the scarce skills needs in the sector. It is unlikely that the scarce skill will be completely addressed and will no longer exist. It is, however, hoped that addressing the scarce skill will in some way reduce the quantity of the skill that is imported, by replacing it with 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 (please see Annexure 2: PIVOTAL List). The methodology used to generate the PIVOTAL list is summarised in the Table below.

*Table 9: PIVOTAL list process*

Method Used	PIVOTAL list process
<b>WSP data analysis</b>	Preliminary PIVOTAL list
<b>Consultation across employers</b>	Validate Preliminary PIVOTAL list:  Circulated scarce skills and PIVOTAL list to all employers for feedback and comments
<b>DHET validation of occupations in high demand</b>	Consulted DHET Occupations in high demand to determine if these skills are also of national importance
<b>PIVOTAL list validation Workshop</b>	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

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.



### *What informed the quantities indicated in the SETA Sectoral Priority Occupations?*

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.

### *Is the SETA Sectoral Priority Occupations ranked, in order of priority? If so, what informed the ranking of occupations indicated in the BANKSETA Sectoral Priority Occupations?*

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. Please see Annexure 5: 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. It is evident from the analysis conducted that there is a mismatch between the supply and demand. BANKSETA plans on hosting interventions to encourage discussion between employers and Institutions of learning to understand the mismatch and to work towards tailoring programmes that will address the mismatch of skills demanded and supplied.



# BANKSETA Partnerships

**Chapter 4**  
2020 - 2025





# 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. This chapter commences with an analysis of the existing partners that BANKSETA works within ensuring 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 10: 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	<ul style="list-style-type: none"> <li>To strengthen relations between the BANKSETA and the sector- To keep abreast of banking sector developments</li> </ul>	Ongoing	Sector insight and identification of opportunities for collaboration
SASBO	Strategic	<ul style="list-style-type: none"> <li>To strengthen relations between the BANKSETA and the Employee representative body</li> <li>To keep abreast of matters impacting on the employees in the sector and how the drivers of change are affecting them</li> </ul>	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	2019-2020	Industry experts provide input to the curricula for cyber security-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 CFI's
Professional Bodies: <ul style="list-style-type: none"> <li>IRMSA</li> <li>SAICA</li> <li>Compliance Institute</li> <li>Actuarial Society</li> </ul>	Operational	<ul style="list-style-type: none"> <li>To share BANKSETA initiatives and strategic projects with their membership base</li> <li>To use skills development initiatives to professionalise the sector</li> <li>Partners with the relevant association to ensure our projects deliver the best candidates and are successful</li> </ul>	Ongoing	skills development initiatives in support of professionalising the sector  continued professional development

Name of Partner	Nature of Partnership	Partnership Objectives	Duration	Partnership Value-Add
TVET Colleges (14)	Strategic	<ul style="list-style-type: none"> <li>To support learners who completed their N6 level of study to gain their practical experience to obtain their National Diplomas</li> <li>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</li> </ul>	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
University of Witwatersrand	Transactional	Cutting-edge Research on Mapping of Occupations, and Digitalisation and Technology	1 April 2018 to 31 March 2020	Cutting-edge research that informs the SSP and the Banking and Alternative Banking sector
Rhodes University	Transactional	Development of M&E Framework for SETAs, Cost-Benefit Analysis (CBA) Tool for SETAs	1 April 2018 to 31 March 2020	Effective SETA M&E Framework and effective CBA programming
Durban University of Technology	Transactional	Cutting-edge Research on Digitalisation and Technology	1 April 2018 to 31 March 2020	Cutting-edge research that informs the SSP and the Banking and Alternative Banking sector

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 11: The partnerships that are working, not working and the reasons why are they working or not working.*

<b>Name of Partner</b>	<b>Working/Not Working</b>	<b>Reasons</b>
Banking Association South Africa	Working	More frequent meetings so that initiatives are more proactive
SASBO	Working	
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: <ul style="list-style-type: none"> <li>• MFSA</li> <li>• CBDA</li> <li>• NACFISA</li> <li>• IRMSA</li> <li>• SAICA</li> <li>• Compliance Institute</li> <li>• Actuarial Society</li> </ul>	Working but needs more areas of improvement	More frequent meetings so that initiatives are more proactive.  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
University of Witwatersrand	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.
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.
Durban University of Technology	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.

Source: BANKSETA WSP 2019



### 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, gaps the partnerships will be addressing and proposed times for partnership set-up.

*Table 12: 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
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 cutting-edge research on banking and alternative banking sector.	November 2019

### 4.4. The BANKSETA’s most successful partnership approach/model

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

Lessons learnt from the BANKSETA successful partnerships:

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

### 4.5. Conclusion

The BANKSETA has observed that there is an added value in working with other organisations. Partnerships for sustainable skills development between BANKSETA and the various role-players, seek to share risks, pool resources and talents and deliver benefits to skills development for the banking and 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 ensure 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.



# BANKSETA Monitoring and Evaluation (M&E)

**Chapter 5**

2020 - 2025



# Chapter 5: BANKSETA Monitoring and Evaluation (M&E)

## 5.1. Introduction

This chapter focuses on the status of M&E in SETAs. The chapter also looks at the status of M&E within BANKSETA and what has been done to address the challenges of M&E at BANKSETA.

## 5.2. Sector Skills Planning Reflections

### I. What is the BANKSETA's approach to M&E? (Status quo)

At the moment, BANKSETA does not have a dedicated structured M&E Unit. Programme/Project monitoring is done at the business unit level. The BANKSETA Programme Units receive data on a monthly/quarterly basis from its implementing partners in order to produce reports. The BANKSETA has a Project Management Office (PMO) that is responsible for reporting. For this reporting, the PMO depends on the data that comes from managers of the different business units. An M&E unit that will be responsible for data management, will significantly improve data limitation.

**Programme Evaluation:** While evaluation is very critical for programme/project work it is also an important component of M&E, which is often omitted in programme development. It is important that BANKSETA considers at length its programme development methodologies in order to address the following critical programme elements:

- Programme relevance;
- Programme effectiveness; The efficiency in programme implementation methodologies; and Programme cost-benefit analysis.

In March 2018 BANKSETA appointed Rhodes University Environmental Learning Research Centre (ELRC), Neil Aggett Labour Studies Unit (NALSU) and Community Engagement) as its research partner to focus on Monitoring and Evaluation (M&E) in the SETA Environment. The project is being 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 focusing on the development of M&E Framework for all SETAs and will address M&E standardisation and coherence within the SETAs. The research programme consists of nine individual projects, aimed at developing frameworks, methods, guidelines, tools and capacity for M&E of SETA's work and impacts.

BANKSETA leadership deliberately took a decision to set up a dedicated M&E Unit and ensure that the Unit is adequately supported and financed. This Unit will ensure that the BANKSETA Strategy direction is informed by evidence from Research and M&E.

### II. How does the BANKSETA use information from the previous year's Annual Reports and Reports from Tracer Studies to inform research and planning?

#### The BANKSETA Board and Executive Management

The BANKSETA Board and the Executive Management will employ evidence-based strategic direction on the BANKSETA. Currently projects' progress, 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's 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.

### I. Which Strategic Priorities in the previous SSP were captured in the Strategic Plan and Annual Performance Plan?



The Table below shows 2018/2019 SSP informed the BANKSETA proposed interventions aligned to National Priorities. These proposed interventions informed the Programmes articulated in 2018/2019 Annual Performance Plan.

**Table 13: 2018/2019 SSP informed BANKSETA proposed interventions aligned to National Priorities**

<b>BANKSETA Proposed Intervention</b>	<b>National Priority Alignment</b>
Sector unemployed learnerships: register unemployed learners (graduates or matriculants) on an appropriate learnership programme	Youth Employment Accord
PIVOTAL Grant Funding Window: Unemployed: register unemployed beneficiaries to meet sector demand that falls within the definition of PIVOTAL programmes	Youth Employment Accord
Work Readiness Programme: register unemployed youth on work readiness programmes, focusing on scarce and critical skills	National Development Plan
Mathematics and Science Support Programme: register unemployed learners on a programme to improve pass results for Grade 10, 11 and 12	Youth Employment Accord
TVET Work Integrated Learning Funding Window: assist TVET College learners to access work-integrated learning (WIL) opportunities through collaborations with Technical Vocational Education and Training Institutions (TVETs)	National Skills Accord
Universities of Technology Work Integrated Funding Window: fund demand-driven skills development through collaborations with Universities of Technology and to register learners to access work-integrated learning (WIL) opportunities	National Skills Accord
Higher Education Funding Window: fund demand-driven skills through collaborations with Universities and Universities of Technology and Professional Bodies, with a focus on awarding bursaries in scarce and critical skills areas	National Skills Accord
NSFAS Support: increase access to Occupationally Directed Programmes by reimbursing learners who have successfully completed their qualifications	National Skills Accord
Career Awareness: build a career and vocational guidance by funding the development and dissemination of a career guide to youth and the training of life orientation teachers	Open Learning Policy
International Executive Development Programme: register learners on a management development programme targeting beneficiaries with a potential to occupy Executive management positions in the banking and microfinance sector	New Growth Path
PIVOTAL Grant Funding Window: register employed beneficiaries on demand-driven skills development programmes in the sector which fall within the definition of PIVOTAL programmes	New Growth Path
Reskilling of employees' funding window: provide funding to employers in order to upskill or reskill workers whose positions have/will become redundant as a result of digitisation	New Growth Path
IT Funding Window: fund demand-driven IT skills development initiatives that Employers are not able to access through existing BANKSETA projects	New Growth Path
SME Funding Window: encourage and support small enterprises through funding scarce and critical skills as identified by skills planning and increase access to Occupationally Directed Programmes	9-Point Plan
Entrepreneurship Programme: ensure that SME businesses have the necessary business skills to sustain their business by registering learners on bursaries	9-Point Plan
Co-operative Financial Institution Support: encourage and support co-operatives by funding training in Co-operative institutions and Co-operative member	9-Point Plan
Rural Training: register learners in rural areas	New Growth Path
African Expansion: support skills development for South African banking leaders expanding into Africa	New Growth Path
Doctoral and Post-Doctoral bursaries: register learners for bursaries for PhD and Post-doctoral studies	National Skills Accord

Source: BANKSETA WSP 2019

II. Which strategic priorities were not achieved if any, and why? (Those outlined in the previous year's SSP.)

The BANKSETA has achieved a number of Strategic Priorities as listed in the Table below. However, BANKSETA can improve its performance.

**Table 14: Achieved a number of Strategic Priorities**

Programme / Activity / Objective		Number of Performance Indicators	Performance Indicators Achieved	%
<b>1</b>	<b>Administration</b>	<b>28</b>	<b>20</b>	<b>71.4</b>
1.1	Strategic Management	3	3	100.0
1.2	Optimal Human Resource Capacity	7	5	71.4
1.3	Communication and Brand Awareness	4	3	75.0
1.4	ICT Support	4	4	100.0
1.5	Financial Management and Reporting	7	3	42.9
1.6	Organisational Compliance, Internal Audit and Risk Management	3	2	66.7
<b>2</b>	<b>Skills Planning</b>	<b>21</b>	<b>14</b>	<b>66.7</b>
2.1	Mandatory Grants	2	2	100.0
2.2	Research and Benchmarking	4	4	100.0
2.3	Annual Sector Skills Plan developed and approved by DHET	6	4	66.7
2.4	Monitoring and evaluation of BANKSETA effectiveness and impact measured	5	0	0.0
2.5	Stakeholder/Partnerships for Skills Planning and Implementation	4	4	100.0
<b>3</b>	<b>Learning Programmes</b>	<b>41</b>	<b>29</b>	<b>70.7</b>
3.1	Sector Learnerships	2	2	100.0
3.2	PIVOTAL Grant Funding Window: Unemployed	2	2	100.0
3.3	Work Readiness Programme	2	2	100.0
3.4	Mathematics and Science Support Programme	2	1	50.0
3.5	TVET Work Integrated Learning Funding Window	2	1	50.0
3.6	Universities of Technology Work Integrated Funding Window	2	2	100.0
3.7	Higher Education Funding Window	4	4	100.0
3.8	NSFAS Support	1	1	100.0
3.9	Career Awareness	3	2	66.7
3.10	International Executive Development Programme	2	2	100.0
3.11	PIVOTAL Grant Funding Window (Employed)	2	2	100.0
3.12	Reskilling of employees funding window	2	0	0.0
3.13	IT Funding Window	2	2	100.0
3.14	SME Funding Window	2	1	50.0
3.15	Entrepreneurship Programme	2	0	0.0
3.16	Co-operative Financial Institution Support	2	2	100.0
3.17	Rural Training	2	2	100.0
3.18	African Expansion	3	1	33.3
3.19	Doctoral and Post-Doctoral bursaries	2	0	0.0
<b>4</b>	<b>Quality Assurance</b>	<b>7</b>	<b>7</b>	<b>100.0</b>
4.1	Quality Management of training provision	3	3	100.0
4.2	Quality Management of training provision, assessment and certification of legacy qualifications	4	4	100.0
	Total Performance Indicators	97	70	72.2

Source: BANKSETA WSP 2019



### 5.3. Plan of Action

*What mechanisms should be employed to address strategic skills priorities that were not achieved previously?*

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.

### 5.4. Conclusion

In this chapter, the following are unpacked:

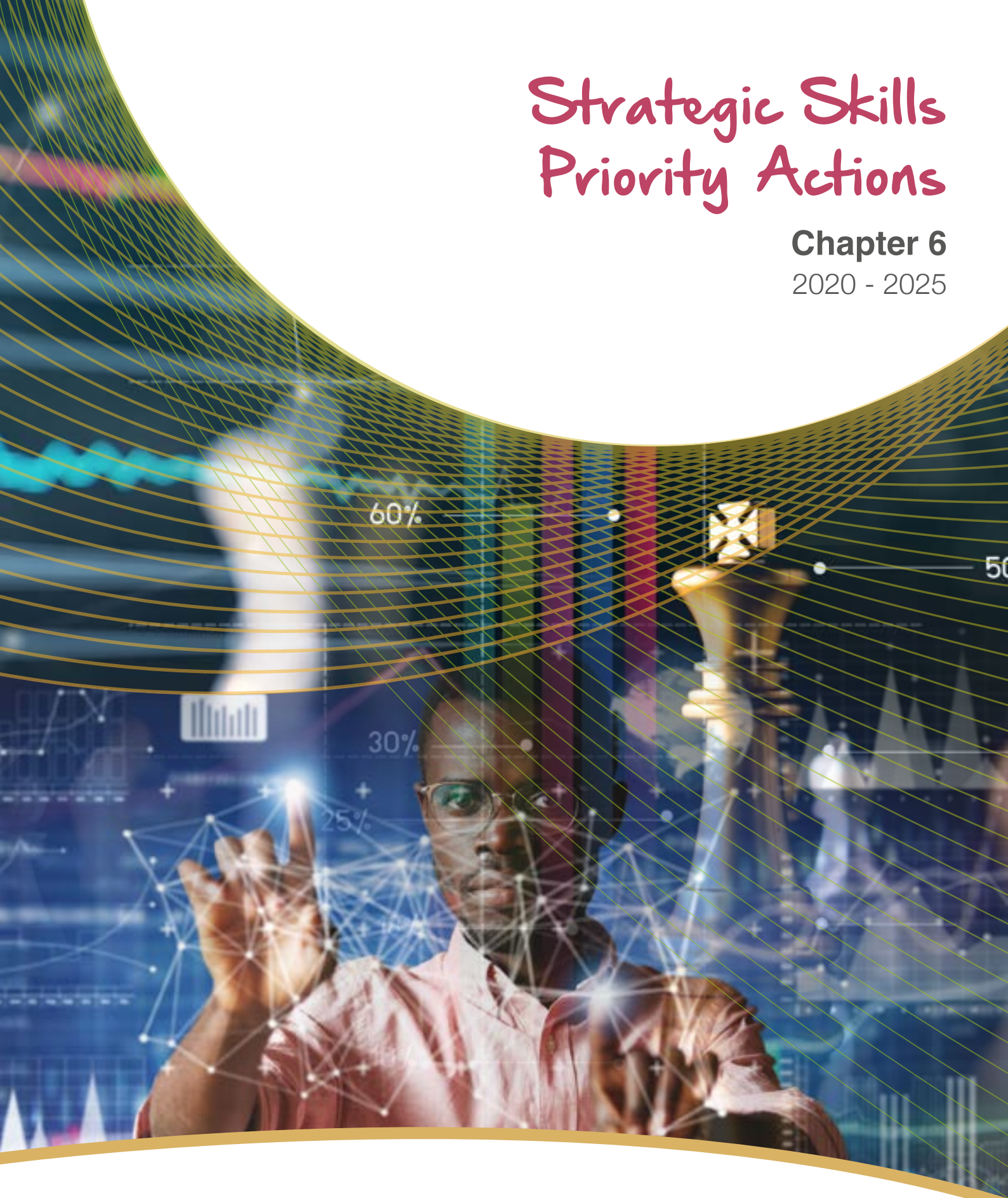
- BANKSETA's approach to Monitoring and Evaluation.
- What is the BANKSETA's approach to Monitoring and Evaluation? (Status quo currently.)
- How does the SETA use information from the previous year's Annual Report and Reports from Tracer Studies to inform research and planning?
- Which Strategic Priorities in the previous SSP were captured in the Strategic Plan and Annual Performance Plan?
- Strategic priorities were not achieved if any, and why? (Those outlined in the previous year's SSP.)
- What mechanisms should be employed to address strategic skills priorities that were not achieved previously?
- What measures should be initiated to ensure that currently set strategic skills priorities are achieved?



# Strategic Skills Priority Actions

**Chapter 6**

2020 - 2025



# 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 One, 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.
- DFI's 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 subsector.
- 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.
- There is a need to align with the new SIC codes across the sector.
- On a year-on-year basis, employment in the financial services sector increased although some banks may be retrenching in 2019/20.
- 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 skills into the rest of Africa thereby creating an opportunity for employment creation.
- South Africa has dropped down 6 places on the Global Competitiveness Index.
- From an employer perspective, the sector has a few large employers employing a large percent of the labour whilst there are a large number of small employers with a small percent of 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, KwaZulu-Natal and Eastern Cape. Now that Limpopo is the second-largest province, followed by 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.
- Comparative analysis with the previous years, indicates that the top-ten occupations show a decline in employment.
- 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 Two, the following findings emerged:

- Digitalisation, technology and innovation are having a major impact on the banking sector and the future skills needs.
- The shift to incorporating digitisation and technology into product development and banking systems and processes will need a different type of 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 cyber-security 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 unemployed, 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 government's 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 not being 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 banks.
- The following five key skills change drivers emerged:
  - Technology, Digitisation and Innovation Cyber Security Regulation, Compliance and Risk Management
  - Management and Leadership Development
  - Markets, Products and Services
  - Customer Centricity

## From Chapter Three, 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 are still some occupational shortages that have led to the importation of skills, some on a permanent basis.

- Importation of scarce skills can benefit the sector if the process entails an element of skills transfer to the local people. However, this should not be viewed as a permanent measure; just 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 employment, including a number of unemployed graduates. A process of upskilling or reskilling such people is therefore required.
- Imported skills also provide an indication of 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 HE 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 are imperative.
- A stronger relationship needs to be forged with regulatory bodies like SARB, FSCA, NCR and 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.
- There is no standardisation and coherence in the manner in which M&E is conducted by the SETAs.
- Some SETAs have M&E departments while others do not.
- 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 monthly/quarterly reports are predominantly service provider collected.
- There is a risk that data quality and integrity may be compromised due to poor or non-existent of data validation methodologies within the business units.
- 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 conduct 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	<ul style="list-style-type: none"> <li>• Introduce Programmes on digital literacy</li> <li>• Register unemployed learners on a range of appropriate learnership programmes</li> <li>• Register employed and unemployed beneficiaries in a range of PIVOTAL programmes to meet the banking sector demand</li> <li>• Register unemployed youth on work readiness programmes, focusing on scarce occupations and skills gaps</li> <li>• Register unemployed learners on a programme to improve pass results for Grade 10, 11 and 12</li> <li>• Assist TVET College learners to access work-integrated learning (WIL) opportunities through collaborations with TVETs</li> <li>• Assist UoT learners to access work-integrated learning (WIL) opportunities through collaborations with UoTs</li> <li>• Fund bursaries to University, and University of Technology learners in scarce occupations and skills gaps</li> <li>• Provide bursary funding support to NSFAS</li> <li>• Provide funding to employers in order to upskill or reskill workers whose positions have/will become redundant as a result of digitalisation</li> <li>• Fund demand-driven IT skills development initiatives that Employers are not able to access through existing BANKSETA projects</li> <li>• Encourage and support small enterprises through funding scarce occupations and skills gaps</li> <li>• Provide bursaries to SME businesses so that they develop the necessary business skills to sustain their business</li> <li>• Encourage and support co-operatives by funding training in Co-operative institutions and Co-operative members</li> <li>• Support skills development for South African banking leaders expanding into Africa</li> <li>• Register learners for bursaries for PhD and Post-doctoral studies and support the development of supervisors of post-graduate studies</li> </ul>

Skills Priority Action	BANKSETA Intervention
Skills Priority Action 2: Risk Management and Compliance	<ul style="list-style-type: none"> <li>• Register unemployed learners on a range of appropriate learnership programmes</li> <li>• Register employed and unemployed beneficiaries in a range of PIVOTAL programmes to meet the banking sector demand</li> <li>• Register unemployed youth on work readiness programmes, focusing on scarce occupations and skills gaps</li> <li>• Register unemployed learners on a programme to improve pass results for Grade 10, 11 and 12</li> <li>• Assist TVET College learners to access work-integrated learning (WIL) opportunities through collaborations with TVETs</li> <li>• Assist UoT learners to access work-integrated learning (WIL) opportunities through collaborations with UoTs</li> <li>• Fund bursaries to University, and University of Technology and Professional Body learners in scarce occupations and skills gaps</li> <li>• Provide bursary funding support to NSFAS</li> <li>• Provide funding to employers in order to upskill or reskill workers whose positions have/will become redundant as a result of digitalisation</li> <li>• Fund demand-driven IT skills development initiatives that Employers are not able to access through existing BANKSETA projects</li> <li>• Encourage and support small enterprises through funding scarce occupations and skills gaps</li> <li>• Provide bursaries to SME businesses so that they develop the necessary business skills to sustain their business</li> <li>• Encourage and support co-operatives by funding training in Co-operative institutions and Co-operative members</li> <li>• Register learners for bursaries for PhD and Post-doctoral studies and support the development of supervisors of post-graduate studies</li> </ul>
Skills Priority Action 3: Management and Leadership Development	<ul style="list-style-type: none"> <li>• Register unemployed learners on a range of appropriate learnership programmes</li> <li>• Register employed and unemployed beneficiaries in a range of PIVOTAL programmes to meet the banking sector demand</li> <li>• Support skills</li> <li>• Assist TVET College learners to access work-integrated learning (WIL) opportunities through collaborations with TVETs</li> <li>• Assist UoT learners to access work-integrated learning (WIL) opportunities through collaborations with UoTs</li> <li>• Fund bursaries to University, and University of Technology and Professional Body learners in scarce occupations and skills gaps</li> <li>• Provide bursary funding support to NSFAS</li> <li>• Provide funding to employers in order to upskill or reskill workers whose positions have/will become redundant as a result of digitalisation</li> <li>• Provide bursaries to SME businesses so that they develop the necessary business skills to sustain their business</li> <li>• Encourage and support co-operatives by funding training in Co-operative institutions and Co-operative members</li> <li>• Support skills development for South African banking leaders expanding into Africa</li> <li>• Register learners for bursaries for PhD and Post-doctoral studies and support the development of supervisors of post-graduate studies</li> </ul>



Skills Priority Action	BANKSETA Intervention
Skills Priority action 4: Core banking products/services	<ul style="list-style-type: none"> <li>• Register unemployed learners on a range of appropriate learnership programmes</li> <li>• Register employed and unemployed beneficiaries in a range of PIVOTAL programmes to meet the banking sector demand</li> <li>• Register unemployed youth on work readiness programmes, focusing on scarce occupations and skills gaps</li> <li>• Register unemployed learners on a programme to improve pass results for Grade 10, 11 and 12</li> <li>• Assist TVET College learners to access work-integrated learning (WIL) opportunities through collaborations with TVETs</li> <li>• Assist UoT learners to access work-integrated learning (WIL) opportunities through collaborations with UoTs</li> <li>• Fund bursaries to University, and University of Technology and Professional Body learners in scarce occupations and skills gaps</li> <li>• Provide bursary funding support to NSFAS</li> <li>• Provide funding to employers in order to upskill or reskill workers whose positions have/will become redundant as a result of digitalisation</li> <li>• Fund demand-driven IT skills development initiatives that Employers are not able to access through existing BANKSETA projects</li> <li>• Encourage and support small enterprises through funding scarce occupations and skills gaps</li> <li>• Provide bursaries to SME businesses so that they develop the necessary business skills to sustain their business</li> <li>• Encourage and support co-operatives by funding training in Co-operative institutions and Co-operative members</li> <li>• Register learners for bursaries for PhD and Post-doctoral studies and support the development of supervisors of post-graduate studies</li> </ul>
Skills Priority Action 5: Customer Relationship Management	<ul style="list-style-type: none"> <li>• Register unemployed learners on a range of appropriate learnership programmes</li> <li>• Register employed and unemployed beneficiaries in a range of PIVOTAL programmes to meet the banking sector demand</li> <li>• Register unemployed youth on work readiness programmes, focusing on scarce occupations and skills gaps</li> <li>• Provide funding to employers in order to upskill or reskill workers whose positions have/will become redundant as a result of digitalisation</li> <li>• Encourage and support small enterprises through funding scarce occupations and skills gaps</li> <li>• Provide bursaries to SME businesses so that they develop the necessary business skills to sustain their business</li> <li>• Encourage and support co-operatives by funding training in Co-operative institutions and Co-operative members</li> </ul>





### 6.3.1. Alignment of Skills Priorities to National and Sectoral Priorities

The planned interventions for the 2020/2021 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 that support SMEs with business planning
- Development and advisory services for growth development strategies for small business
- CFI and Co-operative bank support

## 6.4. Conclusion

The 2020/2025 SSP provided a detailed analysis of the sector, 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 2020/2021 as well as the Research Agenda 2020/2022.

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# 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
<p><b>The South African banking sector has embraced and embedded digital mechanisms.</b></p>	<p>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.</p>	
<p><b>Digitalisation will have both a negative and positive impact on jobs and the required skills.</b></p> <p>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.</p>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>Policy to recognise that the nature of work will change i.e. from jobs for life to project-focused work.</p> <p>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.</p>

Key findings	Recommendation	Potential policy implications
<p><b>New and/or revised occupations and skills will be required for an advanced digital banking sector.</b></p> <p>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.</p>	<p>Upskilling – technical and non-technical skills to fulfil these new skills requirements (where feasible). BankSETA could support and/or guide this process.</p> <p>Recommendation to provide work-place-based upskilling opportunities (building on internal training already offered by banks).</p> <p>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).</p> <p>Recommendation to provide HR departments with occupationally-directed guidance and support to inform job descriptions, work-sector plans etc to accurately accommodate digitalisation needs.</p> <p>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.</p>	<p>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.</p> <p>Policy to recognise and propose a focus on upskilling current employees (see above).</p> <p>Policy to support the development of appropriate and accredited digital short-courses; and support for a new suitable digitalisation tertiary degree.</p>
<p><b>Unlocking of jobs through the creation of digital financial start-ups.</b></p> <p>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.</p>	<p>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.</p> <p>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.</p>	<p>Ensure the policy is not contradictory and hinders start-up, set-up and stability.</p>

Key findings	Recommendation	Potential policy implications
<p><b>Lack of women recruits holding digital jobs within the sector.</b> 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.</p>	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.
<p><b>Digitalisation has the opportunity to provide banking access to the 'unbanked' and rural households.</b>  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.</p>	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.	<p>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.</p> <p>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).</p>

## Annexure 2: PIVOTAL List

Occupation Code (OFO)	Occupation	Specialisation / Job	Intervention Types Planned by SETA	NQF Level
2017-251203	Developer Programmer	<ul style="list-style-type: none"> <li>ICT Programmer</li> <li>Applications Developer</li> <li>ICT Developer</li> <li>Software Developer</li> </ul>	Bursary	6
2017-252101	Database Designer and Administrator	<ul style="list-style-type: none"> <li>Database Architect</li> <li>Database Analyst</li> <li>Database Administrator</li> <li>Data Administrator</li> </ul>	Bursary	5
2017-252301	Computer Network and Systems Engineer	<ul style="list-style-type: none"> <li>Network Engineers</li> <li>Systems Engineers</li> </ul>	Bursary	7
2017-251101	ICT Systems Analyst	<ul style="list-style-type: none"> <li>ICT systems Designer</li> <li>ICT Systems Specialist</li> <li>ICT Business Systems Analyst</li> <li>ICT Systems Consultant</li> <li>Computer Analyst</li> <li>Systems Programmer</li> <li>LAN/WAN Specialists</li> <li>ICT Systems Strategist</li> <li>ICT Systems Architect</li> </ul>	Bursary	7

Occupation Code (OFO)	Occupation	Specialisation / Job	Intervention Types Planned by SETA	NQF Level
2017-241301	Financial Investment Advisor	<ul style="list-style-type: none"> <li>Financial Consultant</li> <li>Financial Planner</li> <li>Financial Business Analyst</li> <li>Financial Advisor</li> <li>Financial Analyst</li> <li>Investment Analyst</li> </ul>	Bursary	6
2017-122101	Sales and Marketing Manager	<ul style="list-style-type: none"> <li>Business Development Manager</li> <li>Business Support Manager</li> </ul>	Bursary	8
2017-241202	Investment Manager	<ul style="list-style-type: none"> <li>Fund Manager</li> <li>Portfolio Manager</li> <li>Hedge Fund Manager</li> </ul>	Bursary	8
2017-421102	Bank Worker	<ul style="list-style-type: none"> <li>Personal Banking Consultant</li> <li>Bank Customer Services Officer</li> <li>ATM Custodian</li> <li>Mortgage banker</li> <li>Credit Support Officer</li> <li>Credit or Loan Officer</li> </ul>	Bursary	5
2017-242207	Compliance Officer	<ul style="list-style-type: none"> <li>ICT Security Specialist</li> <li>Cyber Security Specialists</li> <li>Financial Markets Compliance Officer</li> <li>Organisational Risk Officer</li> <li>Organisational Risk Manager</li> <li>Risk Compliance Officer</li> <li>Organisational Development Practitioner</li> </ul>	Bursary	6
2017-121901	Corporate General Manager	<ul style="list-style-type: none"> <li>Customer Service Manager</li> <li>Bank Manager</li> <li>Sales Manager</li> <li>Sales and Marketing Manager</li> <li>Corporate Services Manager</li> <li>Finance Manager</li> <li>Credit Manager</li> <li>Information Services Manager</li> <li>Office Manager</li> <li>Information Technology Manager</li> <li>Contact Centre Manager</li> <li>Financial Markets Business Manager</li> <li>Data Management Manager</li> <li>Research and Development Manager</li> <li>Recruitment Manager</li> <li>Contract Manager</li> <li>Policy and Planning Manager</li> <li>Operations Manager</li> </ul>	Bursary	8

Source: BANKSETA WSP 2019





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