

ANNEXURE B

FINANCIAL SECTOR CONDUCT AUTHORITY BUDGET FOR 2026/27 AND ESTIMATES OF EXPENDITURE FOR 2027/28 AND 2028/29

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The Financial Sector Conduct Authority (FSCA), in terms of section 239(1)(a) and (c) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act), hereby proposes its budget for 2026/27 and estimates of expenditure for 2027/28 and 2028/29.

1 INTRODUCTION

The FSCA's mandate in accordance with the FSR Act is to enhance the efficiency and integrity of financial markets; promote fair customer treatment by financial institutions; provide financial education and promote financial literacy; and assist in maintaining financial stability.

The FSCA recognises the dynamic and ever-evolving nature of the environment in which it operates and the impact on its supervisory and advisory roles. The FSCA's relevance and effectiveness as a regulator is underpinned by the success to anticipate and respond to emergent issues. As the financial sector continues to evolve, the FSCA's strategy focuses on continuity, adaptability, and proactive responsiveness in its regulatory, supervisory and enforcement approaches. The goal is to achieve meaningful and consistent outcomes for financial customers and maintain trust and integrity in the financial sector.

In its Regulatory Strategy, the FSCA has identified five strategic objective priorities, as follows:

- Improve industry practices to achieve fair outcomes for financial customers;
- Act against misconduct to support confidence and integrity in the financial sector;
- Promote the development of an innovative, inclusive and sustainable financial sector;
- Empower households and small businesses to be financially resilient;
- Accelerate the transformation of the FSCA into a socially responsible, efficient, and responsive conduct regulator.

The FSCA's Regulatory Strategy for 2025–2028 builds on the progress made in the previous strategic periods. The new strategy looks ahead to meet the changing needs of South Africa's financial sector and its customers. It also considers ongoing efforts to address the recommendations of the 2022 Financial Sector Assessment Program (FSAP), ensuring alignment with international best practices. This work forms part of the broader preparation for the next FSAP and reflects the FSCA's continued commitment to robust and responsive regulation.

The consolidated budget for the 2026/27 financial year as presented is drawn from the business objectives of the various divisions within the FSCA derived from the broader longer-term Strategic Objectives.

The FSCA is budgeting for gross revenue of R1.231 billion, operating expenditure of R1.230 billion resulting in a surplus position of R79 thousand for the year ending 31 March 2027.

2 FSCA BUDGET 2026/27

2.1 Principal Budget Assumptions

2.1.1 General budget assumptions applied– Economic Indicators

MTEF budgeting guidelines	Where practical budgeting is aligned to MTEF guidelines in reducing costs overall.
CPI	Annual CPI inflation 4.5% (as per MTEF guidelines.5).
Interest on investments	The current yield on Corporation of Public Deposits (CPD) is 8.25%

2.1.2 Staff Expenses

Cost to Employer (CTE)	Actual as at September 2025, with budgeted increase of 4.5% from 1 January 2027.
Contractors	Actual cost adjusted for CPI increase on renewal of contracts.
Outsourcing	Specialist skills as required on ad-hoc basis by business units.
Staff Training	As budgeted by HR based on user department requirements.
UIF	1% of CTE for employees earning up to R212,544 per annum. The maximum contribution per month is R177.12.
SETA levy	1.101% of CTE

2.1.3 General Expenses

Bank Charges	Amount budgeted in terms of fee structure of banks.
Computer software licenses	Based on OEM Software packages in use.
Depreciation	Based on Capex budget and the current assets on the register.
Legal fees	Budget according to current legal cases in progress, historical information and probabilities.
Professional fees	As required by business units.
Rent	Based on existing lease agreement plus rates, taxes, water and electricity.
Short-term insurance	As per latest quote obtained from insurance brokers.
Telephone	Telephone costs based on actual costs and new data cards.

BUDGET, LEVIES AND FEES PROPOSALS

2.2 Abridged Budget Income Statement for the 2026/27 financial year

The table below depicts the Abridged Budget Income Statement for the year ending 31 March 2027; the detailed Budget Income Statement is contained in Annexure A.

Table 1: Abridged Budgeted Income Statement for the 2026/27 financial year.

Description	Notes	Budget - 2026/2027	Previous Budget 2025/26	VAR %	Forecast 2025/2026	Budget 2027/2028	Budget 2028/2029
LEVIES	2.3.1.1 - 2.3.1.2	1,153,356,064	1,014,264,722	14%	1,014,264,722	1,214,820,308	1,279,185,043
FEES	2.3.1.3	32,823,000	32,823,000	0%	28,126,461	32,823,000	32,823,000
OTHER INCOME	2.3.1.4	-	11,567,308	-100%	21,993,177	0	0
INTEREST RECEIVED	2.3.1.5	44,539,187	41,056,048	8%	49,443,304	46,320,755	48,173,585
GROSS REVENUE		1,230,718,251	1,099,711,078	12%	1,113,827,663	1,293,964,063	1,360,181,628
STAFF EXPENSES	2.3.2.1	- 875,596,739	- 800,036,025	9%	- 794,661,713	-877,803,041	-964,042,105
GENERAL EXPENSES	2.3.2.2	- 355,041,630	- 324,972,130	9%	- 275,668,458	-407,273,463	-414,737,443
OPERATING EXPENDITURE		- 1,230,638,369	- 1,125,008,155	9%	- 1,070,330,171	- 1,285,076,504	- 1,378,779,548
OPERATING (DEFICIT)/SURPLUS		79,881	- 25,297,077	-100%	43,497,492	8,887,559	- 18,597,920
(DEFICIT) / SURPLUS FOR THE YEAR		79,881	- 25,297,077	100%	43,497,492	8,887,559	- 18,597,920

Forecasted inflation linked increase was applied for the determination of the 2027/28 and 2028/29 outer year budgets.

2.3 Operational Budget

2.3.1 Gross revenue budget

Table 2: Gross Revenue Budget

Description	Notes	Budget - 2026/2027	Previous Budget 2025/26	VAR %	Forecast 2025/2026	Budget 2027/2028	Budget 2028/2029
LEVIES	2.3.1.1 - 2.3.1.2	1,153,356,064	1,014,264,722	14%	1,014,264,722	1,214,820,308	1,279,185,043
FEES	2.3.1.3	32,823,000	32,823,000	0%	28,126,461	32,823,000	32,823,000
OTHER INCOME	2.3.1.4	-	11,567,308	-100%	21,993,177	0	0
INTEREST RECEIVED	2.3.1.5	44,539,187	41,056,048	8%	49,443,304	46,320,755	48,173,585
GROSS REVENUE		1,230,718,251	1,099,711,078	12%	1,113,827,663	1,293,964,063	1,360,181,628

2.3.1.1 Levy budget

The gross revenue budget of R1.231 billion (Budget 2025/26: R1.100 billion) comprises mainly of levies accounting for 94% (Budget 2025/26: 92%) of gross revenue.

2.3.1.2 FSCA Levies R1.153 billion (Budget 2025/26: R1.015 billion)

The levy budget is based on the rates as determined in line with the Levies Act. The overall FSCA levy increased by 14% compared to the 2025/2026 budget. The FSCA raises sufficient levies to cover its operational requirements and does not, as a rule, budget for a surplus/deficit unless necessary.

2.3.1.3 Fees R32.823 million (Budget 2025/26: R32.823 million)

Fees are charged for processing licence applications and client requests for profile changes. Fees budget is based on historical information as well as anticipated levels of activity.

2.3.1.4 Other income R0 million (Budget 2025/26: R11.567 million)

The budgeted amount is for the ICT and Prudential Authority cost recoveries.

BUDGET, LEVIES AND FEES PROPOSALS

2.3.1.5 Interest received R44.539 million (Budget 2025/26: R41.056 million)

Interest received is calculated based on the average capital balance of investments at an average return rate of 8.25 and expected future cash balances. FSCA does not budget for interest on outstanding levies, interest on PRM and discretionary funds.

2.3.2 Operational expenditure budget

2.3.2.1 Staff expenditure budget

Table 4: Staff Expenditure Budget

Description	Notes	Budget - 2026/2027	Previous Budget 2025/2026	VAR %	Forecast 2025/2026	Budget 2027/2028	Budget 2028/2029
SALARIES	2.3.2.1.1	- 796,643,087	- 727,160,521	10%	- 730,100,735	- 796,407,530	- 880,418,172
OVERTIME		- 96,000	-	100.00	-361,183.56	- 100,320	- 104,834
RELIEF STAFF	2.3.2.1.1 (a)	- 150,000	- 130,000	15%	- 130,000	- 150,000	- 150,000
CONTRACTORS	2.3.2.1.1 (b)	- 20,409,281	- 24,046,435	-15%	- 19,192,826	- 21,404,433	- 22,435,955
REGISTRATION AND MEMBERSHIP FEES	2.3.2.1.1 (c)	- 1,005,790	- 884,878	14%	- 884,878	- 1,053,668	- 1,078,371
STAFF & GROUP LIFE SKILLS TRAINING	2.3.2.1.1 (d)	- 14,396,416	- 14,396,416	0%	- 10,947,168	- 18,422,623	- 19,251,641
SEMINARS AND CONFERENCES	2.3.2.1.1 (e)	- 8,462,504	- 6,680,574	27%	- 5,496,922	- 9,332,736	- 9,626,958
LONG SERVICE AWARDS		- 3,048,000	- 2,328,000	31%	- 2,112,000	- 2,622,000	- 2,610,000
STUDY AMORTISATION		- 3,894,888	- 2,191,371	78%	- 2,933,177	- 3,572,082	- 2,207,016
MOMENTUM EMPLOYEE BENEFIT - DISABILITY		- 8,620,198	- 7,975,736	8%	- 6,488,339	- 9,292,304	- 9,721,849
SETA LEVY		- 7,183,498	- 6,646,447	8%	- 6,509,790	- 7,265,531	- 8,059,765
BURSARY		- 1,800,000	-	100%	-	-	-
		- 865,709,663	- 792,440,377	9%	- 785,157,018	- 869,623,228	- 955,664,561
OTHER STAFF EXPENSES	2.3.2.1.1 (f)	- 9,887,076	- 7,595,648	30%	- 9,504,696	- 8,179,813	- 8,377,544
TOTAL STAFF EXPENSES	2.3.2.1	- 875,596,739	- 800,036,025	9%	- 794,661,713	- 877,803,041	- 964,042,105

2.3.2.1.1 Salaries R796.643 million (Budget 2025/26: R727.161 million)

Salaries represent 91% (Budget 2025/26: 91%) of the staff expenditure budget and 65% (Budget 2025/26: 65%) of the total expenditure budget. The high ratio of salaries to total expenditure is attributable to FSCA being a service organisation with personnel costs being the main cost driver.

Salaries are budgeted to increase by an average of 4.5% effective from 1 January 2027 aligned mainly to the forecasted SA consumer price index.

- a) **Relief staff R0.130 million (Budget 2025/26: R0.130 million)**
Relief staff are utilised in critical positions when the need for temporary resources arises.
- b) **Contractors R20.409 million (Budget 2025/26: R24.046 million)**
Included in the budget for the contractors is an amount of R8.542 million for developers, R6.1 million and data engineers and program managers, R4.267 million for the market regulators advisors and R1.5 million for the project management office.
- c) **Registration and membership R1.006 million (Budget 2025/26: R0.885 million)**
This budget covers professional registration and membership fees for the FSCA staff.

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d) **Staff and group life skills training R14.396 million (Budget 2025/26: R14.396 million)**

The FSCA encourages staff to keep abreast of developments within their fields of expertise and to address identified gaps in individual staff performance through relevant training. Departments are required to submit their training requirements in accordance with the staff personal development plans. The training is to also align staff to the FSCA strategic objectives in building the new organisation, new ways of doing things and disruptive technologies.

e) **Seminars and conferences R8.463 million (Budget 2025/26: R6.681 million)**

The budget is for FSCA to participate in various conferences and seminars to keep abreast with local, regional, and international regulatory trends and standards as per divisional business plans.

f) **Other staff expenses R9.887 million (Budget 2025/26: R7.598 million)**

Other staff expenses comprise, among others, internship fees, employee funeral policy, UIF, employee wellness and workmen's compensation.

2.3.3 General expenditure budget

Table 5: General Expenditure Budget

Description	Notes	Budget - 2026/2027	Previous Budget 2025/2026	VAR %	Forecast 2025/2026	Budget 2027/2028	Budget 2028/2029
ADVERTISING AND RECRUITMENT	2.3.2.2 (a)	- 4,022,979	- 5,831,713	-31%	- 5,831,713.42	- 4,204,013	- 4,393,194
ADVISORY AND ENFORCEMENT COMMITTEE	2.3.2.2 (b)	- 1,106,276	- 831,620	33%	- 759,814.45	- 1,109,437	- 1,110,769
COMPUTER SUPPORT AND MAINTENANCE	2.3.2.2 (c)	- 8,903,556	- 13,646,275	-35%	- 11,083,610.12	- 5,709,122	- 6,025,746
CALL CENTRE		- 5,677,088	- 6,286,884	-10%	- 6,286,884.00	- 5,887,350	- 5,887,350
DIESEL, CLEANING AND CONSUMABLES		- 4,249,450	- 4,204,000	1%	- 3,382,953.72	- 4,440,675	- 4,640,014
LEGAL FEES	2.3.2.2 (d)	- 15,351,076	- 18,405,060	-17%	- 14,737,242.24	- 19,176,874	- 20,039,833
OUTSOURCING	2.3.2.2 (e)	- 16,182,879	- 14,017,849	15%	- 10,758,024.82	- 17,030,209	- 17,664,068
PRINTING AND STATIONERY	2.3.2.2 (f)	- 2,640,912	- 2,529,855	4%	- 1,589,090.75	- 2,761,358	- 2,853,775
PROFESSIONAL FEES	2.3.2.2 (g)	- 38,120,218	- 33,330,417	14%	- 24,713,641.99	- 48,343,574	- 42,193,748
PROMOTIONS	2.3.2.2 (h)	- 16,519,700	- 13,971,097	18%	- 11,078,336.30	- 29,102,011	- 30,859,011
TELEPHONE		- 11,672,572	- 5,022,964	132%	- 3,465,577.86	- 12,195,237	- 12,936,200
LOCAL TRAVEL	2.3.2.2 (i)	- 17,165,633	- 15,159,754	13%	- 11,251,207.49	- 19,472,419	- 19,950,175
FOREIGN TRAVEL	2.3.2.2 (j)	- 19,676,481	- 19,628,841	0%	- 13,847,490.25	- 21,281,509	- 21,301,419
SUBSISTENCE AND OVERTIME MEALS	2.3.2.2 (k)	- 3,601,240	- 3,348,485	8%	- 2,128,678.08	- 3,976,665	- 4,048,480
EXTERNAL AUDIT FEES		- 4,598,000	- 4,400,000	5%	- 4,400,000.00	- 4,804,910	- 5,021,131
INTERNAL AUDIT FEES		- 1,362,291	- 851,190	60%	- 851,190.48	- 676,326	- 676,345
DEPRECIATION	2.3.2.2 (l)	- 21,095,728	- 21,667,257	-3%	- 21,552,684.62	- 22,112,256	- 22,112,256
SHORT TERM INSURANCE		- 3,982,358	- 3,302,505	21%	- 2,589,705.42	-3,988,155.63	-2,959,022.40
APPEAL BOARD AND FSOS COUNCIL		- 2,671,630	- 2,640,522	1%	- 1,939,697.55	- 2,671,630	- 2,671,630
COMPUTER LICENSES AND SERVICES	2.3.2.2 (m)	- 78,716,943	- 68,820,630	14%	- 64,643,272.64	- 86,586,039	- 91,781,201
FSCA MEMBERSHIP FEES	2.3.2.2 (n)	- 9,061,700	- 8,910,089	2%	- 8,910,089.00	- 9,287,164	- 10,062,564
OFFICE RENTAL	2.3.2.2 (o)	- 41,227,557	- 35,597,831	16%	- 34,900,032.60	- 53,271,675	- 55,662,907
PUBLICATIONS	2.3.2.2 (p)	- 8,552,663	- 8,452,286	1%	- 3,171,994.29	- 9,295,650	- 9,533,639
REPAIRS AND MAINTENANCE		- 3,691,900	- 1,746,548	111%	- 1,118,788.78	- 3,842,726	- 4,029,681
CREDENTIAL VERIFICATIONS	2.3.2.2 (q)	- 4,398,266	- 4,347,188	1%	- 3,462,089.97	- 4,416,308	- 4,444,283
		- 344,249,093	- 316,950,862	9%	- 268,453,810.84	- 395,643,294.36	- 402,858,444.33
OTHER GENERAL EXPENSES		- 10,792,537	- 8,021,268	35%	- 7,214,647	- 11,630,169	- 11,878,998
TOTAL GENERAL EXPENSES	2.3.2.2	- 355,041,630	- 324,972,130	9%	- 275,668,458	- 407,273,463	- 414,737,443

(a) **Advertising and recruitment million R4.023 (Budget 2025/26: 5.832 million)**

The budget is for advertising and recruitment fees for filling in vacant positions for the 2026/27 financial year. The costs include response handling and psychometric assessment tests.

(b) **Advisory committees R1.106 million (Budget 2025/26: R0.832 million)**

The budget comprises the Trustees' fees for the Financial Services Consumer Education Foundation as well as the fees for the Consumer Advisory Panel.

BUDGET, LEVIES AND FEES PROPOSALS

- (c) **Computer support and maintenance R8.9046 million (Budget 2025/26: R13.646 million)**
 Computer support and maintenance budget is for computer applications and user support costs. The variance to previous budget is mainly due to the implementation of new technologies and support.
- (d) **Legal fees R15.351 million (Budget 2025/26: R18.405 million)**
 The budget comprises of legal fees for various FSCA departments for external legal services and debtors' collection.
- (e) **Outsourcing R16.183 million (Budget 2025/26: R14.018 million)**
 The budget comprises outsourcing fees for the Investigation and Enforcement department, security and canteen services.
- (f) **Printing and stationery R2.641 million (Budget 2025/26: R2.530 million)**
 The budget includes rental for photocopying machines, printing, annual reports, government gazettes and stationery.
- (g) **Professional fees R38.120 million (Budget 2025/26: R33.330 million)**
 Included in the budget of professional fees is an amount of R7.545 million for change management interventions and reputational management including media monitoring, R8.401 million for ICT related services, R14.927 million for regulatory instruments publications, research and sustainable finance study services. The balance of professional fees budget is shared between various divisions.
- (h) **Promotions R16.520 million (Budget 2025/26: R13.971 million)**
 The promotion budget includes budget for industry workshops and conferences.
- (i) **Local travel R17.166 million (Budget 2025/26: R15.160 million)**
 The local travel budget includes budget for local travel and accommodation for onsite visits, attendance of local seminars, conferences and meetings.
- (j) **Foreign travel R19.676 million (Budget 2025/26: R19.629 million)**
 FSCA maintains affiliations with International regulatory and professional bodies. Foreign travel is for various FSCA divisions for the attendance of various meetings, conferences and regulatory forums.
- (k) **Subsistence and overtime meals R3.601 million (Budget 2025/26: R3.348 million)**
 Subsistence for various FSCA departments for onsite visits and business-related travels.
- (l) **Depreciation R21.096 million (Budget 2025/26: R21.667 million)**
 The depreciation budget includes R15.957 million for the existing assets and R5.139 million for acquisitions as detailed per capital expenditure budget.
- (m) **Computer Licenses R78.717 million (Budget 2024/25 R68.820 million)**
 The budgeted amount relates to the annual renewal of ICT licences for existing and new software packages.
- (n) **FSCA membership fees R9.062 million (Budget 2025/26: R8.910 million)**
 The budget covers FSCA membership fees to various organisations.

BUDGET, LEVIES AND FEES PROPOSALS

(o) Office rental R41.228 million (Budget 2025/26: R35.598 million)

The increase in rental is primarily due to the expiry of the current rental agreement in 2025 and making a provision for the possible increase in rent for the new lease agreement.

(p) Publications R8.553 million (Budget 2025/26: R8.452 million)

Subscription to local and international publications and reports such as Juta, Lexis Nexis, RiskNet and others. Provision has also been made for Sentiments Analysis.

(q) Credential Verification R4.398 (Budget 2025/26: R4.347 million)

The budget relates to background checks for investigation purposes as well as bulk criminal verification of regulated key persons and beneficial owners.

2.4 Capital Expenditure Budget

Table 6: Capital Expenditure Budget

	BUDGET 2026/27	BUDGET 2025/26	BUDGET 2027/28	BUDGET 2028/29
Asset Category	Total	Total	Total	Total
	R'000	R'000	R'000	R'000
Computer software	65 500	109 005	10 006	10 006
Computer equipment	23 224	13 031	10 080	10 080
Leasehold improvement	8 110	12 800	6 427	-
Office equipment	1 272	3 076	9	-
Office furniture & fittings	1 006	10 051	-	-
Motor Vehicles	-	1 000	-	-
	99 113	148 963	26 523	20 086

Capex budget is mainly to refresh and upgrade ICT infrastructure in line with the FSCA digital strategy.