



Stakeholder Engagement Report

2022/23



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ABOUT US

HISTORY

The World Economic Forum, Global Competitiveness Report, has previously rated the South African financial sector amongst the top ten in the world and as a sector, is by far the most significant contributor to the countries overall ranking. Within the financial sector, both the Johannesburg Stock Exchange and the banking industry were consistently ranked in the top three and top six in the world, respectively.

South Africa provides a financial centre for the African continent and in the State of the Nation Address on 11 February 2016, the president announced that The Banking Association South Africa would establish a centre of excellence for financial services and leadership training in support of this national objective.

The board of The Banking Association South Africa approved the establishment of a centre of excellence in financial services at their annual general meeting, and a non-profit organisation was registered on the 23rd of December 2016.

OUR VISION

Our vision is to bring together thought leaders, both local and international, to interrogate the role financial services can play in achieving national and international objectives, in collaboration with industry experts and academics.

OUR MISSION

Our mission is to identify friction points in the financial services sector and initiate appropriate research to engage policy makers, regulators, and industry participants by initiating broader public dialogue through credible thought leadership



EXECUTIVE DIRECTOR REVIEW

Over the past year, the Russian invasion of the Ukraine has dominated the geopolitical landscape, and the resulting experience has introduced new dialogues that reshaped the narrative around fossil fuels, global trade, and diplomacy.

South Africa was forced to concede a grey listing by the Financial Action Task Force, despite a concerted effort by the National Treasury and broader government, which will require significant effort to remediate. Our economy remains lacklustre, as Eskom continues to underperform, while the elections due in 2024 will provide an opportunity for increased social unrest and unrealistic demands and promises. The paradigm of starting with investment to generate the economic growth that stimulates job creation and leads to social cohesion, could be severely disrupted.

For COEFS, the most significant event was the publication of our research report “Lessons from the Covid-19 pandemic in South Africa”. The approach developed by COEFS to expand capacity to meet the research requirement worked well, with a team of 15 being recruited to cover project management, editing, graphic design, writing etc. The research covered the broader financial sector with many people being interviewed. With the decision of the South African Reserve Bank to not only publish this research, but to allow COEFS to publish and promote the research, we were able to leverage our efforts and distribute the document to several organisations and individuals.

Our board members are encouraged to participate actively by sharing their knowledge and in February, we held a masterclass on the “The Future of Coal”. Dr Lumkile Mondi was joined by Dr Nandi Malumbazo as they explored alternative uses for coal, focusing on the extraction of critical raw materials necessary for the development of a green economy, in stark contrast to its traditional use in coal fire power stations. Providing a potential solution simultaneously for both mining waste and the manufacture of green energy products, such as electric vehicle batteries, has received positive feedback and through COEFS the proposal has been introduced to the Department of Science and Innovation.



We also release an opinion piece by our chairman Bert Chanetsa on the failure of the US private investment firm Archegos Capital Management. Exploring the compulsion for returns and the laissez-faire approach to risk, repeating many of the well-regarded causes of the great financial crisis of 2018.

The Centre of Excellence in Financial Services has an accomplished board with many decades of financial sector experience. Their support and guidance are greatly appreciated. Our chairman, Mr Bert Chanetsa is always available, and his counsel is invaluable.

The generous support provided by The Banking Association South Africa remains a key success factor for COEFS, leveraging their administrative infrastructure to allow us to focus on producing quality research.



BOARD OF DIRECTORS



Executive Director
Mr. Mark Brits

Director National Research Foundation
SGM The Banking Association South
Africa



Chairperson

Mr. Bert Chanetsa
Former Deputy Executive Officer of
Financial Services Board



Director

Mr. Cas Coovadia
CEO of Business Unity South Africa



Director

Dr. Reuel Khoza
Chairman of the Public Investment
Corporation
Chairman of Dzana Investments (Pty)
Ltd, AKA Capital (Pty) Ltd



Director

Ms. Bongzi Kumene
Managing Director of The Banking
Association South Africa



Director

Dr. Lumkile Mondi
Senior Lecturer at the School of
Economics and Business Sciences of
the University of the Witwatersrand



Director

Prof. Euvin Naidoo
Distinguished Professor of Practice
in Global Accounting, Risk & Agility-
Thunderbird School of Global
Management



Director

Mr. Sizwe Nxasana
Founder and Chairman of Ikusasa Student
Financial Aid Programme (ISFAP)



OUR APPROACH TO RESEARCH

The COEFS board takes responsibility for setting the research agenda, ensuring that it resonates with our mission and vision. Drawing on the collective experience of our board members, it is our view that the research produced by COEFS should be future oriented and embrace thought leadership.

Emerging issues in financial services are ever present and provide ample opportunities to research. But research comes at a cost of either time and/or budget and the board is tasked with finding an appropriate balance between the relevance of the research to be undertaken, and the research approach. The board has indicated their willingness to promote the research and produce opinion pieces to shape an emerging dialogue.

The most valuable research produces innovation and new ideas, challenging conventional wisdom through well-structured arguments. COEFS begins each research project in-house by developing a working paper. On the merits of the content of the working paper, a more in-depth research report could be required that may entail external consultants.

COEFS research has been distributed through our website but also strategically, to ensure that selected individuals are provided an opportunity to access the research. Interest parties from as far afield as Brazil, Czech Republic, Egypt, Ghana, Greece, India, Indonesia, Kenya, Malaysia, Nigeria, Philippines, Poland, Slovakia, Sri Lanka, Swaziland, Tanzania, the United Kingdom, the United States of America, and Zimbabwe have downloaded our research. Translating one of our working papers from English to French and Portuguese substantially increased its readership.



INDUSTRY DIRECTED RESEARCH UNIT

The Industry Directed Research Unit (IDRU) was established to promote collaboration between the financial sector and South African universities. By providing real world industry problem statements to students, the skills needed to solve practical problems experienced within the financial sector, enabled universities to focus on solutions-oriented research.

With the recent changes within the Department of Science and Innovation, the National Institute for Computational Sciences (NiThECS) is expected to take over funding the 2023 research agenda.



RESEARCH REPORTS

Lessons learned from the Covid-19 pandemic

The research report “Lessons learned from the Covid-19 pandemic” captures the unprecedented environment of a global pandemic, documents the impact of Covid-19 on the South African financial sector, and reflects on the crucial lessons that will allow organisations to improve their processes to maintain a high level of operational resilience.

The research reflected that the financial sector in South Africa navigated the COVID-19 pandemic with minimal losses and that the sector is highly robust. Some of the key findings were:

One of the main success factors for navigating the pandemic was the speed with which stakeholders responded to its challenges. Before any lockdowns were announced, key role players had been meeting behind the scenes to map the level of threat posed by COVID-19. Most of the major interventions thereafter were executed with the required level of expediency.

Over 90% of survey respondents agreed that organisations must be flexible to survive. Indeed, no organisation can claim to have been able to navigate the pandemic without making substantial concessions to the operating principles or models they held dear. Flexibility was key.

Having the mindset to adapt to a challenge and having the openness to consider previously unheard-of responses was a key element of the success. Over 90% of people surveyed believe that established operating models can be changed in a crisis as needed.

The world today is one in which digital tools are an established part of the way of working. This dependence will only increase as technologies become better at offering solutions to problems from the increasingly complex world of business.

Communication between key players ramped up to levels not seen before. This was facilitated by modern tools that removed barriers of time and location to enable stakeholders to remain in near-constant contact with each other. This level of communication was one of the reasons the sector navigated the pandemic so well. In areas of less-than-ideal communication, for instance, when private organisations collaborated with public entities such as the police service, there was scope for improved results. 95% of respondents indicated that regular communication is required during a crisis.

Only 25% of respondents indicated that they engage in regular crisis simulation exercises. Yet the industry was able to hurdle the pandemic with a combination of resourcefulness, collaboration, and cooperation. The financial sector in South Africa is robust and adaptable. All organisations must have experience with crisis preparedness models to ensure the right level of competency and agility are developed.





EVENTS

COEFS Masterclass: The future of coal

The masterclass, presented by Dr Lumkile Mondi and Dr Nandi Malumbazo, opened a dialogue on alternative uses for coal that focuses on extracting rare earth minerals, rather than using coal as a source of energy. South Africa dominates in the global production of vanadium, titanium, fluorspar and silicon metal, however there are many other critical raw minerals (CRM) that contribute to the green economy, and local manufacturing could benefit from a clear national coal research and development strategy.

Focusing on alternative methods to extract CRM, other than from ore bodies, introduces an opportunity to extract from coal, coal discards, coal fly ash, acid mine drainage and mine slags. The environmental clean-up benefits would be substantial, while the extraction process may also be cheaper with less energy and water. The availability of minerals for industries in robotics or fuel cells could enable a vibrant domestic manufacturing industry.

