

Media Release

Association for Savings and Investment South Africa (ASISA)

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Transformation of SA's life offices and asset managers shows steady progress with ownership targets exceeded in 2020

Life offices and asset managers represented by the Association for Savings and Investment South Africa (ASISA) have collectively made steady progress towards achieving the relevant transformation targets set by the Amended Financial Sector Code (FSC), which came into effect on 1 December 2017.

The Amended FSC is the only framework against which the transformation of the financial sector is measured, with elements and targets agreed upon by all constituents of the Financial Sector Transformation Council (FSTC). The FSTC constituents are Government, organised labour, community, the Association of Black Securities and Investment Professionals (ABSIP) and business (represented by various trade associations including ASISA).

The insights into the transformation progress made by ASISA members over a three-year period are contained in a report titled "The Journey towards Transformation of South Africa's Savings and Investment Industry (2018 – 2020) as represented by ASISA". A first for the savings and investment industry, the Report was compiled by an independent research partnership from Broad-Based Black Economic Empowerment (B-BBEE) data sourced directly from ASISA member verification agencies. The data weighting methodology was confirmed by independent actuaries to ensure accurate averages.

Releasing the Report earlier today, Leon Campher, outgoing CEO of ASISA, says this is the first time that ASISA has been able to accurately assess the collective transformation of its members. He sums up the findings contained in the Report as follows: "While there has been a steady improvement in the transformation of both life offices and asset managers, this Report also shows that more needs to be done by our members and by our industry."

The Report only presents scorecards for life offices and asset managers, because the collective investment scheme (CIS) management companies, linked investment service providers and multi-managers included in the ASISA member base are owned by life insurance companies and asset managers.

Collective scorecard results

According to Campher, the Report shows that in 2020 life offices and asset managers exceeded most of the targets for elements measured by the Amended FSC Scorecard. Targets were not met for the following elements: management control, employment equity and skills development.

He adds that two additional elements apply only to life offices, namely empowerment financing and access to financial services. While life offices have consistently met their 15

point empowerment financing targets between 2018 and 2020, they have not yet collectively achieved full points for the access to financial services element.

Campher points out that the most significant progress was recorded for the ownership element of the B-BBEE Scorecard, which measures the extent to which Black people own equity in a company. "There has been a steady increase in Black ownership of both life offices and asset managers since 2018, with life offices collectively having exceeded their 23-point target by 2.37 points in 2020 and asset managers their 25-point target by one point."

Campher reports that substantial progress was also achieved for procurement (the extent to which ASISA members procure goods and services from suppliers with valid B-BBEE certificates).

"Both life offices and asset managers exceeded their procurement targets in 2020. The combined procurement spend with suppliers with valid B-BBEE certificates in 2020 amounted to R52 billion, which is material. It is encouraging that R22 billion of this spend went to majority Black-owned businesses."

Life offices and asset managers also exceeded their targets for enterprise and supplier development (ESD), says Campher. "The aim of ESD is to create sustainable small and medium enterprises, which in turn leads to job creation and economic growth. In 2020, the total spend by life offices and asset managers amounted to R749 million."

The table below provides a snapshot of how ASISA members collectively performed against the targets of the various elements that make up the Amended FSC Scorecard.

The B-BBEE Generic Scorecard: Life Offices and Asset Managers

Element	Life Offices		Asset Managers	
	Target Points	Points scored in 2020	Target Points	Points scored in 2020
Ownership	23	25.37*	25	26*
Management Control (Board Participation, Executive Directors, Executive Management)	8	5.22	8	6.67
Employment Equity (Senior, Middle and Junior Management)	12	8.86	12	8.77
Skills Development	20	14.68	20	15.84
Procurement	15	18.96*	20	21.37*
Enterprise and Supplier Development (ESD)	10	14.72*	15	17*
Socio-Economic Development & Consumer Education	5	5.67*	5	6.16*

Empowerment Financing	15	15*	0	
Access to Financial Services	12	9.76	0	
Total	120	118.2	105	101.81
Total points scored in 2019		113.0		97.88
Total points scored in 2018		110.2		91.6

* Target achieved or exceeded.

The importance of a collective scorecard

Campher says it is important that ASISA members have access to transformation progress reports that are specific to life offices and asset managers.

He points out that while the Financial Sector Transformation Council (FSTC) tracks the transformation of South Africa's financial sector as a whole, the FSTC reporting does not take into consideration features unique to the seven different reporting industries of which the savings and investment industry is one.

In 2021, ASISA therefore embarked on the ambitious project of monitoring the collective transformation progress of its members as measured against the framework of the Amended FSC. "It must be noted that all our big members participated in this research, as well as the majority of our smaller members," says Campher.

He says the significance of this Report is that it enables member companies to use the industry weighted averages achieved for each element of the Amended FSC as a yardstick against which to measure their individual progress and take corrective action where necessary.

"For the first time, we are able to measure the transformation of our industry, while at the same time focusing our collaborative initiatives on addressing our industry's most critical transformation shortcomings," says Campher. "While it is pleasing to see that we are well on our way, we must also acknowledge that we are not quite there yet."

Furthermore, says Campher, it must also be acknowledged that despite all that has been done to date, South Africa remains a very unequal society. "It is therefore imperative that our industry continues to play its role in helping our country accelerate the rate of change," he concludes.

In addition to their own initiatives, ASISA members also fund and support a number of ASISA initiatives as well as national projects that are designed to help create a more inclusive society by supporting and strengthening the foundations of the economy and facilitating the active economic participation of all citizens. These initiatives and projects are explained in more detail in Section 3 of the Report.

Top of the list of priorities for ASISA's new CEO, Busisa Jiya, is ensuring that the industry's transformation initiatives maintain their momentum.

"As an industry we are acutely aware that we do not operate in a vacuum and that the sustainability of the savings and investment industry is impacted by the wellbeing of the

country and its people. ASISA's mission is therefore to promote a culture of savings and investment in South Africa by contributing to economic transformation and inclusion."

Jiya points out that the transformation journey of ASISA's members will be measured on an annual basis, with data gathering for the 2021 Report already underway.

Ends

Note to Editors: The report titled "The Journey towards Transformation of South Africa's Savings and Investment Industry (2018 – 2020) as represented by ASISA" can be downloaded [here](#).

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ASISA represents the majority of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.