

# 1. FSCA Communication 12 of 2020 (General): Impact of Coronavirus (Covid-19) - what FSCA expects of regulated entities

The FSCA states that it is aware of the impact of COVID-19 on financial institutions and their customers, and that the uncertainty that this pandemic is creating exposes financial institutions to additional conduct risk and the risk that they will not treat their customers fairly.

The FSCA emphasises that regulated entities should bear in mind the current circumstances and assist their customers with even more empathy, flexibility and understanding during these difficult times. This may include considering relief and support options, especially for vulnerable customers.

Some of the main expectations of the FSCA regarding the culture and main responsibilities of financial institutions during this crisis include the following:

## Business Continuity

All regulated entities should have reviewed their business continuity plans and assessed the impact of COVID-19 on their operational ability. Plans should be put in place to deal with the current situation and mitigate any risks or potential risks that have been identified.

There should be clear and continuous communication to all internal and external stakeholders and customers regarding the current business continuity plan, processes or procedures that might change and the way forward regarding the mitigation of the risks.

If any major risks have been identified as a result of COVID-19, which could materially impact fair outcomes to customers, the relevant entity should immediately communicate this risk, the impact thereof and mitigation plans to the FSCA.

## Insurers

The Communication states that although the FSCA understands that the industry needs to manage their risks and any additional exposure during this time, it expects insurers to consider additional measures to -

- assist policyholders where possible not to lapse a policy due to the impact of COVID-19, and possible alternative options should be communicated clearly and in advance to policyholders; and
- ensure that any communication regarding non-payments and possible lapses are communicated to policyholders directly and clearly.

With regard to insurance claims, there should be no delay in any claims payments after a decision to settle the claim has been taken.

## Retirement funds and administrators

The boards of funds should keep abreast of risks that COVID-19 brings to the fund, and take necessary steps to mitigate such risks. The board is also encouraged to clearly communicate COVID-19 developments and risk management strategies to fund members in order to promote calm and minimise the risk of premature fund withdrawals.

Retirement fund benefit administrators must inform all relevant stakeholders such as funds and their members, as well as third parties, of any changes to their processes, procedures and ensure that the necessary communication is sent in this regard.

## Investment Providers

Asset managers and collective investment scheme managers must appropriately manage liquidity risks that COVID-19 brings to the portfolios while enabling investments that can benefit investors and the wider economy.

## All financial institutions

Entities are reminded that the necessary due diligence, monitoring and control over all third parties should remain intact and alternative measures to ensure fair outcomes to customers should be considered during the pandemic. The frequency of reporting and the analyses of trends and concerns are of the utmost importance.

Entities should also take additional measures to inform and educate intermediaries of any changes to processes, procedures and products and ensure that the necessary communication is sent in this regard. The intermediaries should be made aware of any changing circumstances which might affect the suitability of their advice.

The complaints management process and turnaround times on resolving complaints should not be compromised.

Financial institutions should explicitly consider cyber-risk exposures and potential for breaches that may be heightened over the lock-down period due to wide roll-out of remote working capabilities.