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In this publication we look at:

- FSCA Communication 19 of 2025 (GENERAL): The OMNI-Risk Return

The OMNI-Risk Return represents a pivotal shift in the FSCA's supervisory approach, moving away from fragmented, license-specific evaluations to a unified, data-driven model. Launched as a draft on 30 September 2025, this initiative is embedded within the FSCA's new Integrated Regulatory Solution (IRS), a sophisticated supervisory technology (SupTech) platform designed to automate and harmonise risk assessments. The core objective is to provide the FSCA with a consistent, comparable view of risk exposures across all supervised entities, enabling early detection of potential issues and more proportionate interventions.

At its heart, the OMNI-Risk Return aims to minimise duplication in reporting, clarify obligations, and lower the overall burden on financial service providers (FSPs). By standardising indicators and leveraging automation, it addresses longstanding challenges like inconsistency in supervision, manual processing delays and reactive rather than proactive oversight. The data collected will promote risk-based supervision, serving as early-warning signals for conduct, governance, operational and failure risks. It will also facilitate peer benchmarking, outlier identification, enforcement prioritisation and evidence-based policy adjustments. Ultimately, this framework is expected to improve customer outcomes by fostering a more resilient and transparent financial sector.

For FSPs, this means a transition to annual reporting (with potential for more frequent submissions as the model matures), complete with a formal declaration signed by a governing body member or executive to affirm data accuracy. Incomplete submissions without this declaration won't be accepted, emphasising accountability.

BREAKING DOWN THE 12 SECTIONS: A COMPREHENSIVE RISK LENS

The OMNI-Risk Return is divided into 12 sections, each targeting specific risk drivers related to business models, operations and exposures. This provides a holistic analysis, allowing the FSCA to build detailed risk profiles.

Below is a summary of each section with their key elements:

1. Group structure, ownership and shared services: This section examines inter-group dynamics, including funding arrangements and beneficial ownership ties to high-risk jurisdictions (per the Financial Action Task Force standards). It helps identify potential risks from group affiliations.

2. Geographical presence: Focusing on operational footprints, it details jurisdictions served and physical locations. This is crucial for assessing exposure to geopolitical or regulatory variances across borders.

3. Governance: Here, the return probes board composition, diversity, skills matrix, remuneration policies, incentive structures, tolerance for non-compliance, remediation processes and claims on insurance or guarantees. Strong governance indicators can signal lower conduct risks.

4. Customer base and Politically Exposed Persons (PEPs): This covers the mix of legal entities and natural person segments, PEP exposures and links to grey- or black-listed jurisdictions. It flags vulnerabilities in client onboarding and AML compliance.

5. Handling of customer assets: A deep dive into fiduciary responsibilities, including asset scales, third-party collections, allocation timelines, flows between border and metropolitan areas, cross-border transfers, unclaimed assets, high-risk product transactions and arrear retirement fund contributions. This section is vital for detecting mismanagement or fraud risks.

6. Transaction volumes, distribution channels and composition: It analyses channel risks, reliance on financial market infrastructures (FMIs) or credit rating agencies (CRAs), and intermediary profiles. High volumes in risky channels could indicate operational strain.

7. Product and agreement terminations: Capturing customer- and institution-initiated terminations, such as insurance lapses, cancellations, surrenders, non-renewals, trade failures and listings quality. Elevated rates might point to poor product suitability or market conduct issues.

8. Advertising and communications: This includes channels used, advertising spend, amendments to materials and direct customer communications. It evaluates the potential for misleading promotions or inadequate disclosures.

9. Complaints management: Metrics on complaint volumes, resolution rates, turnaround times, escalations to Ombuds and outcomes. Efficient handling reflects robust customer-centric practices and lower reputational risks.

10. Information Technology (IT) and data governance, including POPIA: Covering audit findings, data quality, use of emerging technologies, system availability, breaches and their impacts. In an era of cyber threats, this section underscores resilience in digital operations.

11. Outsourcing and organisational capacity or skills: Details on vacancies, conduct-related training and outsourcing extent. It assesses whether institutions have the human capital to manage risks effectively.

12. Financial data: Encompassing revenue/turnover, expenditure, funding sources, gearing ratios, inter-group funding and broader group context. This provides a financial health snapshot, linking to solvency and sustainability risks.

These sections collectively form a robust dataset, enabling the FSCA to automate risk scoring and prioritise supervisory actions. By integrating qualitative and quantitative elements, the return ensures a nuanced understanding beyond mere numbers.

IMPLEMENTATION TIMELINE AND INDUSTRY PILOT

The rollout of the OMNI-Risk Return is phased to allow adaptation. Following the consultation period that ended on 30 November 2025, an industry pilot is planned for mid-2026, with full IRS go-live targeted for end 2026. This staggered approach accommodates varying sector readiness, from insurers to asset managers. During the pilot, FSPs will test submissions, providing feedback to refine the model. Post-launch, the FSCA plans to review and potentially expand reporting frequency based on real-world performance.

IMPLICATIONS FOR FINANCIAL INSTITUTIONS AND THE BROADER SECTOR

For FSPs, the OMNI-Risk Return promises efficiency gains by consolidating what was once a patchwork of reports into a single, automated process. However, it demands investment in data systems to ensure accurate, timely submissions - failure to comply could trigger intensified scrutiny. Smaller entities might face initial challenges, but the FSCA's focus on proportionality aims to mitigate this.

Broader benefits include enhanced market integrity, as data-driven insights allow for swift interventions against emerging threats like cyber risks or misconduct. Industry experts view this as a step toward outcomes-based regulation, aligning South Africa with global best practices.

LOOKING AHEAD: OPPORTUNITIES AND CHALLENGES

As the FSCA modernises its toolkit, the OMNI-Risk Return could set a benchmark for regulatory innovation in Africa. Challenges remain, such as ensuring data privacy under POPIA and avoiding over-reliance on automation. Nonetheless, by fostering transparency and early risk mitigation, it positions the sector for sustainable growth.