

The Effectiveness of the Twin Peaks Model Regulation in South African Banking Sector

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DECLARATION

I solemnly declare that “*The effectiveness of the Twin Peaks Model Regulation in South African Banking Sector*” is my personal work, it has not been submitted to any institution of higher learning for examination or assessment. Therefore, the sources used are acknowledged accordingly.

.....

Johannes Lejone “Papa” Mahasela

.....

Date

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God bless you all.

MY DEDICATION

The study is devoted to my parents, Rapulane Phillip Mahasela and Mamoroke Maria Mahasela, you remain pillars of my strength and sources of inspiration for having given my life purpose and direction. This is the fruition of your investment in my education and may God be with you to witness many more of my life achievements.

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“Only believe, all things are possible”

ABSTRACT

The key motive of completing the study is to discover the effectiveness of Twin Peaks framework regulation within banking sector in the Republic of South Africa. There are several of jurisdictions globally that have introduced the Twin Peaks framework. Twin Peaks framework evidently seem expensive to implement within the country. National Treasury (2011), states that benefits in implementing Twin Peak framework of financial regulation outweighs the associated cost. The problem being explored in the study is that the effectiveness of the Twin Peaks is unknown since the regulatory framework was introduced in the country. A quantitative research methodology was used. The self-designed questionnaire was designed in line with five point lickert scale applied as data collection instrument from 81 respondents within the bank. The population consist of Compliance Analysts, Compliance Monitoring Analysts, Compliance Specialists, Compliance Officers, Compliance Managers, Head of Compliance and Legal Officer/ Legal Counsel. The study looked at the respondents' gender, age, level of education, position in the banks and perceptions thereof regarding implementation of Twin Peaks framework in South African banking sector. The results of this study indicate that the introduction of Twin Peaks model framework regulation in banking sector is effective and data clearly illustrates that the respondents appear to understand the factors, perception of the regulators and bank and the variables that are applied to measure the Twin Peak model regulation. The respondents view Twin Peaks model as instrumental to the resilient, stable and inclusive financial sector and designed to stabilise the financial system. The regulators should develop rigorous regulations and that seek to improve and empower consumer protection from unfair trade practices and market abuse from the banks. The banks should design and embed policies that promotes treating customers fairly and be clearly articulated to the employees within the banks.

LIST OF ACRONYMS

APRA: Australian Prudential Authority

ASIC: Australian Securities and Investments Commission

Banks Act: In terms of South African Banks Acts, 1989 (Act No 90 of 1989)

BASA: Banking Association of South Africa

JSE: Johannesburg Stock Exchange

FSB: Financial Services Board

FSR Bill: Financial Sector Regulation Bill

FRRSC: Financial Regulatory Reform Steering Committee

FSCA: Financial Sector Conduct Authority

FSR Act: Financial Sector Regulation Act

Mutual Banks Act: In terms of Mutual Banks Act (No. 124 of 1993)

National Assembly: South African Parliament

National Treasury: South African National Treasury

NCC: National Consumer Commission

NCR: National Credit Regulator

NCFEC: National Consumer Financial Education Committee

SA: South Africa

SARB: South African Reserve Bank

STRATE: Share Trading Transactions Totally Electronic

UK: United Kingdom

WEF: World Economic Forum

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CHAPTER ONE: ORIENTATION TO THE STUDY

1.1 Introduction

In 2013, National Treasury established the FRRSC to guarantee changes to make a more secure and related financial sector. The purpose of this establishment was to serve South Africans appropriately by drafting Financial Sector Regulation Bill (FSR Bill) discussed and approved on 21 August 2017 at the National Assembly and consented by the President as legislation.

The Bill (FSR) led to the the execution of Twin Peaks as it was an immediate reaction to the 2008 global financial crisis lessons learnt. The reaction allowed the development and promulgating of the overarching legislation like Financial Sector Regulation Act to strengthen powers of the two peaks regulators act on directives of the Bill.

This study investigates the benefits and the desired outcomes of implementing Twin Peaks model framework within the sector in contrast to success stories where this model was pioneered in other jurisdictions such as Australia, Belgium, Netherlands, United Kingdom (UK) and New Zealand during the last two decades.

1.2 Background

In August 2017, then SA President, Jacob Zuma passed Financial Sector Regulation Act to law to give effect to new regulatory model called Twin Peaks. The introduction of new regulatory framework have impact on the country's future financial regulatory landscape.

Twin Peaks is two new regulators, Prudential Authority and Market Conduct coming into operation in the financial sector to ensure safety and soundness, monitor conduct of financial service providers and their business to treat customers fairly and improve customer protection. `The Twin Peaks model framework have authority over South African financial services providers or business that offers a financial product or service.

The Twin Peaks model framework was first adopted in Australia two decades ago, this framework was named because of the two peak regulatory authorities it creates, Godfred Danquah (2016).

It is important to understand that the introduction of Twin Peaks model in the country eradicates the notion of current multiple regulators where there are regulators for banks, insurers, medical aid schemes. The problem with the current system is that more often than not, by implication different regulators operates parallel and regulations are similar across various sectors

During the 2008 global economic meltdown that emanated from the inefficient financial regulatory systems, South Africa lost quite a significant number of jobs during that period. Notwithstanding, South African financial system stood firm during that period, however, many jobs would have been saved. This prompted South Africa to implement the Twin Peaks regulation in the South African financial services sector.

This study is triggered by the implementation of Twin Peaks framework model and investigates the benefits and the desired outcomes of introducing the regulatory framework in the South African in comparison to success stories where this model was pioneered in other jurisdictions such as Australia, Netherlands, Belgium, New-Zealand and the United Kingdom (UK) in the last two decades.

1.3 Problem Statement

While Twin Peaks framework evidently seem expensive to implement within the country, the desired benefits in implementing Twin Peak framework are not yet known if they outweighs the associated cost. “The problem being explored in the study is that the effectiveness of the Twin Peaks Model regulation in the South African Banking sector is not known”.

Financial Sector Regulation Act framework implementation is essentially funded by means of fees charged on regulated financial service providers. National Treasury (2011), states that benefits in implementing Twin Peak framework of financial regulation outweighs the associated cost.

According to (National Treasury, 2016) South Africa has lost quite a significant number of jobs during the 2008 economic meltdown due to inefficient regulatory systems. Although South African financial system stood tough during that period, many jobs would have been saved. This led South Africa to introduce Twin Peaks framework within broader spectrum of the sector.

The implementation of regulatory framework aims at improving and empowering ways to deal with protection of consumers and design tough and mature financial system in the country. The desired outcome of the model in the country aims to empower solid system that is required to promote sustainable economic growth.

There are several of jurisdictions globally that have introduced the Twin Peaks framework. In 1996, Twin Peaks framework was introduced in Australia after the inquiry was established to review the country's financial sector. According to (Andrew Godwin, 2017), in 2002, France, Germany and the Netherlands initiated to implement the Twin Peaks framework.

The Britain and Belgium financial and banking sector almost collapsed in 2008. The collapse was avoided when the Government of the two jurisdictions provided multi-billions bailouts and introduced reforms and implemented the Twin Peaks framework.

Bryman and Bell (2003) states that constructionism proclaims that the meanings of social phenomena are continually being created by social actors. The method is relatively objective, in that it seeks accurate measurement and analysis of target concepts with tools such as questionnaires. Therefore compliance with the regulations depend on two social

environment in which it is applied for, in this study it will be the institution being the bank and the regulatory bodies. The study is conducted at one of the leading bank in the country. The bank has employees in Legal and Compliance department within different business units, retail banking, private banking and wealth investment management. In this study, the banks' employees in compliance department make up the target population. While study focuses on banking sector but data collection is based solely at the major bank in the country to determine effectiveness of Twin Peaks framework on behalf of the entire sector.

According to Bacharach, S. B (1989) states that any study of social phenomena deals with entities that are ascribed to various value-laden meanings by their human participants and the researchers. The model choice of social phenomena is mostly directed by capacity to delineated and predict a social phenomenon.

1.4 Research Questions

The Primary Research Question for this study is:

“How effective is the Twin Peak Model Regulation in South African Banking Sector?”

The Sub Research Question for the study is to:

- Establish factors that influence Twin Peaks framework regulation implementation in banking sector
- Discover perception of regulators on effectiveness of the Twin Peaks framework
- Ascertain perception of banking sector on the effectiveness of the Twin Peaks framework.
- Determine variables used to measure effectiveness of Twin Peaks framework

1.5 Objectives of the Study

The Main Objective of the study is to:

Determine effectiveness of Twin Peaks model framework in South African banking sector.

Secondary Objective of this study:

Sub-Objective 1: To ascertain Twin Peaks Model regulation promotes and maintain financial stability in the banking sector.

Sub-Objective 2: To determine Twin Peaks promotes safety and soundness of financial institutions by the Prudential Authority.

Sub-Objective 3: To ascertain Twin Peaks enhance the integrity of the banking sector when dealing with consumers.

Sub-Objective 4: To determine Twin Peaks improves protection of consumers in the banking sector.

1.6 Importance and Benefits of the Study

The primary aim of conducting this academic study is to make contribution to body of knowledge in effectiveness of Twin Peaks Model in South African banking sector.

While Twin Peaks framework evidently seem expensive to implement within the country, the desired benefits in implementing Twin Peak framework are not yet known if they outweighs the associated cost. For this study, the following contribution is anticipated:

The existence of prior studies on assumption of Twin Peaks framework are done in isolation, with very little focus on the role of regulators and framework adoption as a consumer protection mechanism. This study will take into account the implementation and success in the innovation Twin Peaks to fulfil desired outcomes. The study will also review the usefulness of the framework, perception of regulators and banking sector on the effectiveness of the Twin Peak model. Nelson Tjiane (2015) study reveals that during the

global financial crisis many prominent banks globally experienced financial challenges that led to some of the banks closing down. During February 2007, United States company, Freddie Mac declared no more sub-prime loans and in March 2008, Fed Reserve granted JP Morgan \$30 Billion to take over Bear Sterns. In Europe, the 2008 global financial crisis forced BNB Paribas to freeze securitisation loans.

Kamukama Martha (2015) states that according to Uganda Law Reform Commission publication (2004), the objective of consumer protection empowers users of financial products with necessary awareness in order to reach informed decisions when acquiring services in the market and to protect them from unfair trade practices. The study further argues that the Twin Peaks model has become increasingly relevant recently because it mainly focuses on consumer protection as a crucial aspect of financial stability.

It is therefore noted that relatively small countries with the financial system of small number of financial conglomerates groups will function effectively with single regulatory function as apposed to diffrent regulators. However, for bigger and well established jusrisdictions with complex systems, its is difficult to combine regulatory mandates or agencies outweighs the prospects of single regulatory function by far.

The study will be conducted in South African commercial bank, an area which is arguably under researched in as far as the Twin Peaks model is concerned. For the adoption process, this study will use Senior Compliance Managers, Regulatory Specialists and Legal Counsels at the selected bank because the selected people are privy to regulatory changes within the banking industry and mostly drive strategic decisions on the practical implementation of the regulations within the bank.

The results of the study will provide important insights that can help the effective implementation of the Twin Peak framework to ensure properly regulated banking sector through Prudential Authority and Market Conduct.

1.7 Chapter Outline

CHAPTER 1: Introduction

The chapter introduces an outline of the study. The chapter provides framework, aim of the study, the research problem statement, research question and research objectives.

CHAPTER 2: Literature Review

The chapter sketches theoretical explanation of Twin Peaks Model regulation and its desired benefits.

CHAPTER 3: Research Methodology

This chapter outlines research methodology applied to the study.

CHAPTER 4: Results Presentation, Data Analysis, and Discussions

This section discuss, analyze the research findings and provides interpretation of data into relevant meaning.

CHAPTER 5: Summary of Findings, Recommendations, and Conclusion

This chapter offers synopsis of research findings discussed and recommendation provided thereof. The study is therefore concluded in this chapter.

1.8 CONCLUSION

The conclusion section indicate overview of the purpose, objectives and aims of the research. The section further outlines the background and problem statement of the research based on the effectiveness of introducing Twin Peaks framework in banking sector within South Africa.

CHAPTER TWO: LITERATURE REVIEW

2.1 South African Banking Sector:

While many believes SARB is the intial central bank started in the country, but it is not. The intial bank established in the country was Lombaard Bank, it started operating in 1793 and was situated in Cape Town.

There were proposals from 1879 to establish a first South African central bank. Then, a selected delegates consisting of individuals from South African National Assembly was initiated on 31 March 1920 with the aim of studying the practicalities of initiating a central bank.

Subsequent to establishment of the member committee and its recommendations, the Reserve Bank was finally established and started operating in 1921. This milestone makes SARB the Africa's longest serving central bank. It is noted on Reserve Bank website that, banks in the country are regulated by SARB established in terms of Banks Act, governed by South African Reserve Bank Act, 1989.

The mandate of SARB includes maintaining stability of banks, supervise conduct of banks and licensing of banks. The principal aim of country's central bank is built to realize and maintain price stability and promote sustainable economic growth. Reserve Bank in collaboration with other regulators are instrumental in safeguarding sector steadiness.

Additionally, SARB function is carried out by discharging licenses to regulated banks, and constantly monitoring banks activities in line with Banks Act, Mutual Banks Act and any other applicable regulations.

Notwithstanding downgrades of credit ratings by various Credit Rating Agencies, the country maintain sector that reflects elements of UK system of banking as opposed to the USA. The sector comprises of the following three key components:

- Reserve Bank;

- Privately owned banks
- Mutual banks.

The sector has responded positively towards the global economic meltdown and the system remains relatively steady and consequently which proves that South African banks were adequately capitalised.

The banks in South Africa maintain the 6th position amongst 100 rated banks in Africa. The major banks in South Africa command continental terrain, and account collectively for almost 85% of bank facilities within the country. Capitec bank evidently recorded notable growth within the non-banked and entry-level banking section. There are close to 70 registered banks from foreign jurisdictions with presence in the country.

The banks offers broad range of banking products and services by means of various channels such as branch and electronic banking infrastructures to satisfy the needs of the consumers. Based on the South African population numbers, it is presumed South Africa is not viewed as over-banked, each branch serves close to every 9,500 persons. It is noted that an enormous section of the citizens have limited access to leverage everyday services provided by the banks. There is further evidence that the bulk of black citizens still prefer to utilise unconventional banking methods and prefer to set-aside money in co-operative or stokvels.

According to BASA, the country has established well regulated banking sector that parallels favourably along banks in first world jurisdictions. Although bank environment experienced volatility and reforms previously, it's appealing to numerous foreign owned banks. South African banking sector is rated 3rd out of 148 nations in recent WEF Global Competitiveness Survey.

Anna Bohail (2019) states that endeavour to pursue and promote financial literacy is essential for effective interventions to enhance consumer protection amongst the users of financial products.

There have been numerous legislative amendments in relation to product distribution and the availability in the market resulting to increased contest from emerging financial providers targeting low income earners and non-banked consumers. There are presently 17 approved and registered banks, two mutual banks, 14 local branches of foreign banks, two co-operative and 43 foreign owned banks with presence in the country.

The regulatory reforms assented are due to collaboration of SARB, National Treasury and FSB in introducing Twin Peak Model Regulation. This led us to believe that this is a significant achievement on the road towards stable sector equally capable of serving all the population.

The Twin Peak Model regulation resulted to critical amendments to the banking environment. The changes prompted the review of SARB mandate to promote and enhance steadiness in the country. Also, the design of twin regulators are tasked with regulating banking sector, insurance institutions, co-operative institutions and conglomerate.

2.2 South African Banking Regulatory Framework

The banking environment in the country is properly regulated to warrant oversight of banking operations. Regulations that impacts financial institutions, amongst others are:

- Banks Act;
- National Payment System Act;
- Financial Intelligence Centre Act;
- Financial Intermediary and Advisory Services Act;
- National Credit Act;
- Consumer Protection Act;
- Home Loan and Mortgage Disclosure Act; and
- Competition Act.

The significant after effects of unpleasant events of the 2008 global financial crisis saw many policies and approaches introduced through various gatekeepers to deal with essential flaws exposed during financial crisis. The amendments include Basel requirements that prompts banking sector maintain higher capital including adequate liquid assets to manage risk. The aftermath of global economic meltdown forced banking sector redeploy approaches or amend value costing as results of the augmented capital and liquidity level requirements

Consequently, National Treasury proposed a framework to warrant protected environment. Under Twin Peaks framework, SARB is tasked with oversight relating to steadiness of banks and other financial providers. On other hand, Financial Sector Conduct Authority is tasked with market conduct oversight.

2.3 Twin Peak Model Regulation

In 2017, then President of the Republic approved FSR Bill drafted in 2014 that was discussed at the National Assembly. This law saw the execution of Twin Peaks as the immediate reaction to the 2008 global financial crisis lessons learnt.

Twin Peaks is two new regulators, Prudential Authority and Market Conduct coming into operation in the financial sector to ensure safety and soundness, monitor conduct of financial service providers and their business to treat customers fairly and improve customer protection. The primary target of the framework model empower the country's way in dealing with safeguarding consumers to have mature financial sector.

The introduction of Twin Peaks framework comprises of the following objectives:

- strengthen consumer protection; and
- Establish strong and steady financial system.

The creation of Twin Peak established two regulators known as peaks, Peak 1 will be “Prudential Authority” and Peak 2 “Market Conduct Authority”. The Prudential Authority to be assigned under the SARB and Market Conduct will be mandates to FSB and change the name to FSCA.

(Ernest and Young, 2018) states that the aims of implementing the Twin Peaks model regulation increases steadiness and improve safeguarding of customers from undesired conduct in the industry.

According FSB Bulletin (2014) Twin Peaks framework restructure intergration of regulators and sector. The objective of the reform replaces current seperate approach working in isolation from each other. Prudential Authority consist of four departments:

1. Financial Conglomerate Supervision Department;
2. Banking, Insurance and Financial Market Infrastructure Supervision Department;

3. Risk Support Department and Policy; and
4. Statistics and Industry Support Department.

Helman, Murdock and Stiglitz (2000) states that prudential regulation dictates that banks, for example, meet certain minimum capital requirements, maintain set liquidity levels and invest prudently. Prudential regulation may be conducted either as macro-prudential regulation which looks at factors that may affect the soundness of the whole financial sector or prudential regulation which only focuses on stability in the sector.

According to (Goodspeed, 2017), the previous financial regulatory framework in South Africa is depicted in table 1 and the current Twin Peak Model framework is depicted in table 2.

Table 1: The Previous Financial Regulatory Framework in South Africa

<i>Prudential Regulation</i>		<i>Prudential Regulation</i>		
SARB	FSB	FSB	NCR	NCC
Registrar of Banks or Bank Supervision	Registrar of Pension Funds, Long Term Insurance, Short Term Insurance, Securities Services, Collective Investments, Friendly Societies	Prudential Registrars to various Degrees Registrar of Financial Services Provider	National Credit Regulator	National Consumer Commission
Banks	• Some non-	• Non-	Credit	Banks

	bank such as Insurance Companies • Securities markets (relying on JSE and Strate)	banks • Banks • Securities markets (JSE)	Providers including Banks and non-banks	Non-financial services firms
--	--	--	---	------------------------------

Table 2: Current Twin Peaks Model Regulatory and Supervisory Framework

<i>Prudential Regulator</i>	<i>Market Conduct Regulator</i>
SARB (Prudential Authority) responsible for: • Prudential regulation of banking and insurance	Financial Services Board (Financial Services Conduct Authority) responsible for: • Market conduct regulation for financial services, including banks and insurance institutions and advisory services • Financial Literacy/ Consumer Education • Works closely with National Credit Regulator
Financial Stability (Macro-Prudential) is delegated to the SARB • Promote Financial Stability and assess and respond to financial stability risks • Crisis management and resolution • Inter-agency and inter-ministerial co-ordination of financial stability issues	

According to Godwin, A. Howse, T. Ramsay, I. (2017), during the past two decades, the jurisdictions adopting Twin Peaks framework increased significantly. The framework pioneered in Australia and countries took decision adopt the framework.

2.4 Financial Regulation

Financial legislation plays an important part in country's sustainable development of the economy. In the absence of defined definition of financial regulation, Howard and David (2012) define financial regulation as:

“the process of authorising, regulating and supervising financial institutions themselves and the traded markets within which they operate”.

As result, Llewellyn (2005) states that regulation are set of rules put together to govern the behaviour or conduct of financial institutions.

Natalie Scott, (2019) state that role of regulators mainly safeguard users of financial products against financial institutions who fulfill their obligations. According to Momentum Legal Updates (2017), Prudential Authority, regulatory body operating inside the ambit of Reserve Bank.

At this point, it is worthwhile to consider the base for financial regulation. The critical elements and economic base are identified:

- The correction of market imperfections and failures.
- The need for the monitoring of financial firms and the economies of scale inherent in this activity.
- The need for consumer confidence, which also has a positive externality.
- Consumer demand
- The potential for consumer gridlock

2.5 Prior Studies

Although there is a shortage of studies that investigate the effectiveness of Twin Peak Model Regulation in South African banking sector, the literature (Melissa Chinyangarara Kaseke, 2018; Godfred Danquah, 2016; Nelson Tjiane, 2015; Kamukama Martha, 2015; Andrew Maredza, 2014; Ua Buka, 2014; Barth, Gan and Nolle 2009; Falkena et al, 2001) are full of studies that examine the positive impact presented by three variables in South Africa and other countries.

Most recently, Melissa Chinyangarara Kaseke (2018) conducted a study in the Zimbabwean banking sector which has witnessed recurrent bank collapses in the last two decades. It has been put forward that banks are an integral component of the financial sector and economy due to the various roles they play. The collapse has wrinkled consumer and business confidence in the banking sector due to the irreparable financial prejudice suffered by most sectoral consumers. The study analysed the Zimbabwean regulations currently in place are not effective in ensuring systemic stability by preventing banks collapses in Zimbabwe.

According to Barth, Gan and Nolle (2009) It is further argued that banks are unable to function efficiently in the absence of such an environment. In another study, Falkena et al (2001) argues that the regulatory arrangements in any jurisdiction effectively affects the structure, size and efficiency of the market including the business operations of financial institutions. This implies that strong regulatory environment should be embedded to ensure banks and other financial institutions are operating efficiently.

In another study, Andrew Maredza (2014) examined the access to banking facilities in the country. The study determines if efficiency gains necessarily translate to improved accessibility to banking services particularly in the low income earners. This study further states that financial system, particularly banks are complex including most countries on

African (AFD, 2011). BASA (2010), the country's banking sector is properly regulated ranked among those of developed countries.

Claassen and Brooks (2003) states "sophistication of the South African banking sector has its origin in the colonial history of the country whereby the country's banks were modelled according to European standards". This continued engagement with European counterparts have allowed South African banks to keep abreast with cutting-edge technology enabling the provision of better product suites.

In another study, Joseph Rydell Tetley (2014), states that since the global economic meltdown, bank failures generates unnecessary financial losses for shareholders which consequently lead to loss of competitive edge and system disruptions.

In another study, Nelson Tjiane (2015) explored the effect of 2008 economic meltdown in the sector globally and influence of introducing Twin Peak regulation in the country. Study further reveals, during economic meltdown, many prominent banks globally experienced financial challenges that led to some of the banks closing down.

This study further states that the effective resolution of the framework aims to

- increase the resolvability of systemically significant elements in the financial system, preferably without public support;
- maintain and restore confidence in the financial system;
- ensure that key functions in the financial system continue; and
- Avoid losses by applying rapid and suitable mediation.

Similarly, Kamukama Martha (2015) conducted a study relating to implementing Twin Peaks framework regulation utilised for consumer protection mechanism in the financial sector and this study was tackled from Ugandan financial sector perspective. The study states that according to the Uganda Law Reform Commission publication (2004), the objective of consumer protection empowers users of financial products with necessary

information to when acquiring services in the market and to protect them from unfair trade practices.

The study further argues that the Twin Peaks model has become increasingly relevant recently because it mainly focuses on consumer protection as a crucial aspect of financial stability. The study indicates that UK and Australia introduced Twin Peaks framework are proof of increased consumer protection in the financial sector and hopes to achieve increased consumer protection.

The study highlights Uganda's regulation focuses largely on prudential framework and market conduct regulation is not well supervised. Uganda embraces biggest banking sector in Africa with registered 25 banks, three credit institutions, three micro finance institution and 203 forex bureaus.

In another study, Ua Buka (2014), African based country, Botswana introduced single regulator. Twin Peaks framework introduced in South Africa impose two regulatory characteristic. The first regulator is responsible to maintain steadiness while other regulator is tasked with the market conduct.

Similarly, Kamukama Martha (2017) states that, in backing the Twin Peaks framework, there are numerous regulatory obligations imposed on the sector pertaining to banks operating within the boundaries of the Republic.

2.6 Concluding Remarks

This section provide synopsis of literature for previous studies highlighted above investigating the effectiveness in introducing Twin Peaks Model regulation.

In the study conducted by Chinyangarara Kaseke (2018), it is noted that the economic uncertainties that affected the Zimbabwe contributed immensely to the collapse of banks, as results, this affected the economy resulting in the current economic difficulties affecting bank operations. The lack of confidence in the banking sector due to absence of solid financial regulations consequent to the frequent bank collapses amongst other factors has contributed to Zimbabwe being a cash economy.

Notably, in the study conducted by Godfred Danquah (2016) reveals that relatively small countries with the financial system of small number of financial conglomerates groups will function effectively with single regulatory function or agency since it is inexpensive to create dissimilar regulators. However, for bigger and well established nations with complex systems, combining regulatory bodies outweighs the prospects of single regulatory function by far.

In another study Nelson Tjiane (2015) identified that the bank's failure is due to lack of robust supervision by regulators under Single Peak model regulation and inadequate risk management disclosures by banks. Other reasons include inefficient management to drive banks in a manner that will lead to safe and sustainable cause.

Similarly, in the study of Kamukama Martha (2015) showed that by Uganda implementing Twin Peaks model foster financial inclusion as there won't be exclusion of certain financial institutions such as the semi-formal institutions from the ambit of regulation. In addition, a market conduct regulator would also be responsible for increased financial literacy which would increase the ability of customers to make informed decisions.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

Hall and Hall (2010) states that research methodology is a philosophy of general principles behind research which includes the research methods and techniques. This study will provide a quantitative measure the effectiveness of implementing Twin Peaks framework in the country. Hall (2010) further elaborates that selected research methodology depended on research problem and the research objectives. The aim of the designed questionnaire define effectiveness of introducing Twin Peaks framework and the desired benefits of the model.

Jankowicz (2005) describe a research methodology as a processes and techniques utilised to acquire much needed data for analysis. The study discusses research methodology, research design, research instruments, population, data collection, data analysis, pilot study ethical consideration. A self deisgned questionnaire is utilised as instrument used to collectset of data.

3.2 RESEARCH PHILOSOPHY

Easterby-Smith (2008), states research philosophy involves means to be applied for data gathering, analyses and utilised. Easterby-Smith (2008) further states that the understanding of philosophical issues is useful in different ways to assist in clarifying the research design and it helps to recognize which design will work and which will not. (Crowther and Lancaster, 2008) research philosophy deals with the source, nature and development of knowledge. The approach applied for the study is positivism.

3.3 RESEARCH PARADIGM

(Bryman & Bell, 2015) states the adherence to positivism is viewed as factual knowledge measurement obtained through observation and the outcome is trustworthy. Therefore, this study will adopt a positivist approach attempting to understand views of participants regarding the effective introduction of Twin Peaks Model framework in banking system.

3.4 RESEARCH DESIGN

The nature of the study is quantitative. Leedy (1993) quantitative research is built for numbers it is a way of measuring systematic investigation of phenomena and relationships. It is used to answer questions on relationships within measurable variables with an intention to explain, predict and control a phenomena.

The cross-sectional is utilised in the study. A cross sectional study makes provision for respondents assigned to different parts in the sample. Leedy and Ormrodz (2014). Although longitudinal study provide more robust analysis, the cross-sectional study provide deeper insight on significance relating to Twin Peak Model framework in context of the banking system in South Africa.

Data is collected from Senior Compliance Managers, Regulatory Specialists and Legal Counsels at the selected bank for the study from various divisions within the bank which include amongst others, investment, Retail, Business, Wealth, Corporate and Investment Bank and Rest of Africa etc. The selected people are privy to regulatory changes within the banking industry and mostly drive strategic decision on the practical implementation of the regulations within the banks. While this study focuses on banking system in the country but data collection is based solely at the selected bank to determine effectiveness in introducing Twin Peaks Model framework in the sector. The purpose of applying the approach is based on acquiring deeper theoretical understanding and expanding empirical

knowledge about this phenomenon. In addition, the study selected the bank, the outcome of this study will be similar and interdependent across other South African banks.

3.4 DELIMITATION OF THE STUDY

The selected study focuses on the banks as opposed to other sectors of the financial services such as Insurance companies, Investment Management etc. is that banks are generally the biggest sector within the financial services industry and have elements of investment banking, insurance etc.

3.5 POPULATION

Mugo (2008) states that a research population generally is group of persons, objects, and items from which samples are taken for measurement, for example a population of presidents or professors and books. For the purpose of this study, the whole population of 160 participants employed within Group Compliance and Legal Department of the selected bank was utilised.

3.6 SAMPLING

Blaxter, Hughes and Tight (2006:164) sampling is separated into two main groups, namely probability and non-probability sampling. For the purpose of this study, a census sample selection is utilised which covers the whole population of 160 participants employed within Group Compliance and Legal Department of the selected bank. According to (Diamantopoulos and Schlegelmilch, 2000), This study employs convenience sampling strategy to ensure representativeness.

3.7 RESEARCH INSTRUMENTS

The data gathered for this study is from self developed questionnaires designed on variables that have already been tested for reliability. The advantage of utilising questionnaire is to enable the study to reach large number of participants which is not easily achieved in qualitative research (Lancaster, 2005). The questionnaires have been

designed to demonstrate the effectiveness of Twin Peaks framework in banking system within the country.

Data collected through a questionnaire can be seen as the key to solving the problem *Joseph et al., 2006:434*. To ensure credibility of the instrument, the instrument will be piloted with the actual sample of the study before it can be administered. This will be done by testing the instrument with a limited number of respondents from the same population as that for which the research is intended.

3.8 DATA COLLECTION

Various methodology applied to gather data comprises of completed literature of articles and published journals. To ensure questionnaires were properly and timeously completed, the study nominated a single participants tasked with collecting the questionnaire on behalf of the researcher and be a single point of contact for the bank selected. The necessary meeting arrangements were scheduled with participants to outline objectives of study and agreed on date the questionnaires can be collected.

3.9 DATA ANALYSIS

According to (De Voss, Stardom, Douche and Deport, 2007:169) data analysis is the method of establishing coherence, foundation and sense to the data collected. Data collected for this study is coded and Statistical Package for Social Sciences (SPSS) software is utilised to examine data. Microsoft Excel is also be used in drawing up bar graphs and pie charts. In addition to that, data collected from four major banks will be classified into scales of demographics and compliance function. This is vital for illustration and will assist in gathering significant data for decision-making. Kumar (2014) view data analysis as a process of attaching meaning to responses from the research participants. This study rely on literature review as well as the information gathered from the questionnaires.

3.10 VALIDITY

The validity of the research instrument determines success of this study. Ijabadeniyi (2014) validity is to test and measure the correctness of measurement and the valid number of participants. In this study, questionnaire will be developed to address research question and its sub questions. This give approval that instrument used gathers correct and measure what is intended to be measured in this study.

3.11 RELIABILITY

Golafshani (2003) states reliability scrutiny is essential to warrant trustworthiness in quantitative research. For this study, reliability will be improved by first using a pilot version of a measurement before applying the final version. (Tavakol & Dennick, 2011) give emphasis to reliability relates to the ability of an instrument to measure consistently.

3.12 ETHICAL CONSIDERATIONS

Creswell and Clark (2011:98) state that the researcher has an obligation to respect the rights of respondents. This study will explain the purpose of the study to all respondent and request that they sign consent form and code of ethics to be considered.

Compliance with ethical policies to safeguard the rights of the research participants will be adhered too. All research information collected from other sources, publications or other individuals will be correctly recognized in this study.

3.13 CHAPTER SUMMARY

This chapter discussed the research methodology and research design for the study. The quantitative research design is the relevant approach for this study. Reliability and validity matters about the instrument were also highlighted. The questionnaire is simple and clear. However, will avail myself to assist just in case the respondents do experience challenges in completing the questionnaire. The chapter concluded with an overview of how the ethical considerations pertaining to this study will be addressed.

CHAPTER 4: PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4. INTRODUCTION

The section presents data acquired through questionnaires distributed to the employees of the bank. For purposes of this study, the analysis and discussions in this chapter are relied on the outcome articulated in research objectives. Outcome of analysis and discussions put forward in this study will inform conclusions and recommendations.

SECTION 1: DEMOGRAPHICS

Table 4.1: Respondents Role in the Organisation

Your role in the organization	Frequency	%
Head of Compliance	10	12.3
Compliance Manager	18	22.2
Compliance Officer	18	22.2
Compliance Specialist	10	12.3
Compliance Monitoring Analyst	14	17.3
Legal Officer/ Legal Counsel	11	13.6
Total	N = 81	100

Table 4.1: Position of the respondents?

Results about positions of respondents are as follows:

The 22.2% of the respondents are made up of Compliance Managers, 22.2% are Compliance Officers, 17.3% are the Compliance Monitoring Analysts, 13.6% are Legal

Officer/ Legal Counsels, 12.3% are Compliance Specialists and the remaining 12.3% of the respondents are Heads of Compliance within the bank.

The sample was made up by the employees within the legal and compliance function. These results will indicate if the legal and compliance personnel are adequately knowledgeable of the changes in the regulatory and legislative regime impacting banks in South Africa.

Figure 4.1: Indication of role in the Organisation



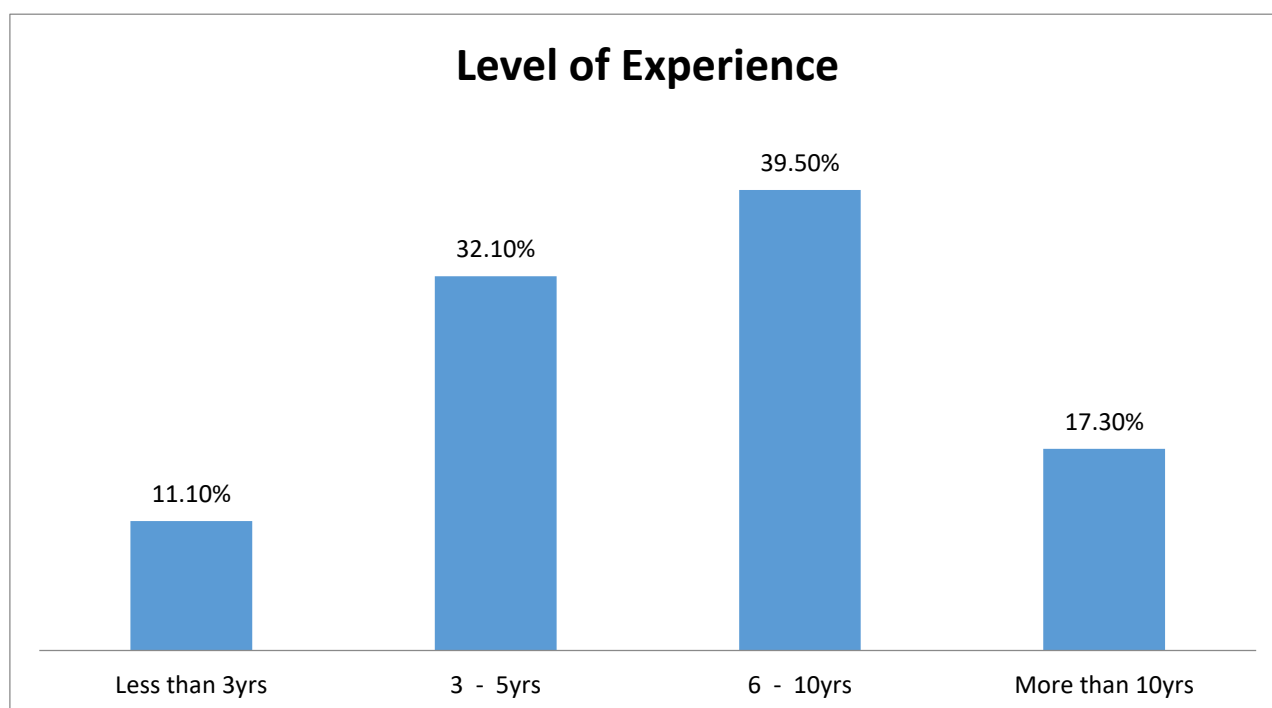
Position in the Bank

The respondents of the questionnaires are made of employees in various levels in the bank ranging from senior management to entry level roles. The study illustrates that staff in middle management roles comprising of Compliance Managers and Compliance Officers respectively have the largest percentages (22.20% each) in the bank. These staff members in these roles established to possess the significant years of experience which therefore provides highly reliable and dependable information during the conduct of the study.

Table 4.2: Level of Experience

Level of Experience	Frequency	%
Less than 3yrs	9	11.1
Between 3 and 5yrs	26	32.1
Between 6 and 10yrs	32	39.5
More than 10yrs	14	17.3
Total	N = 81	100

Figure 4.2: Level of Experience



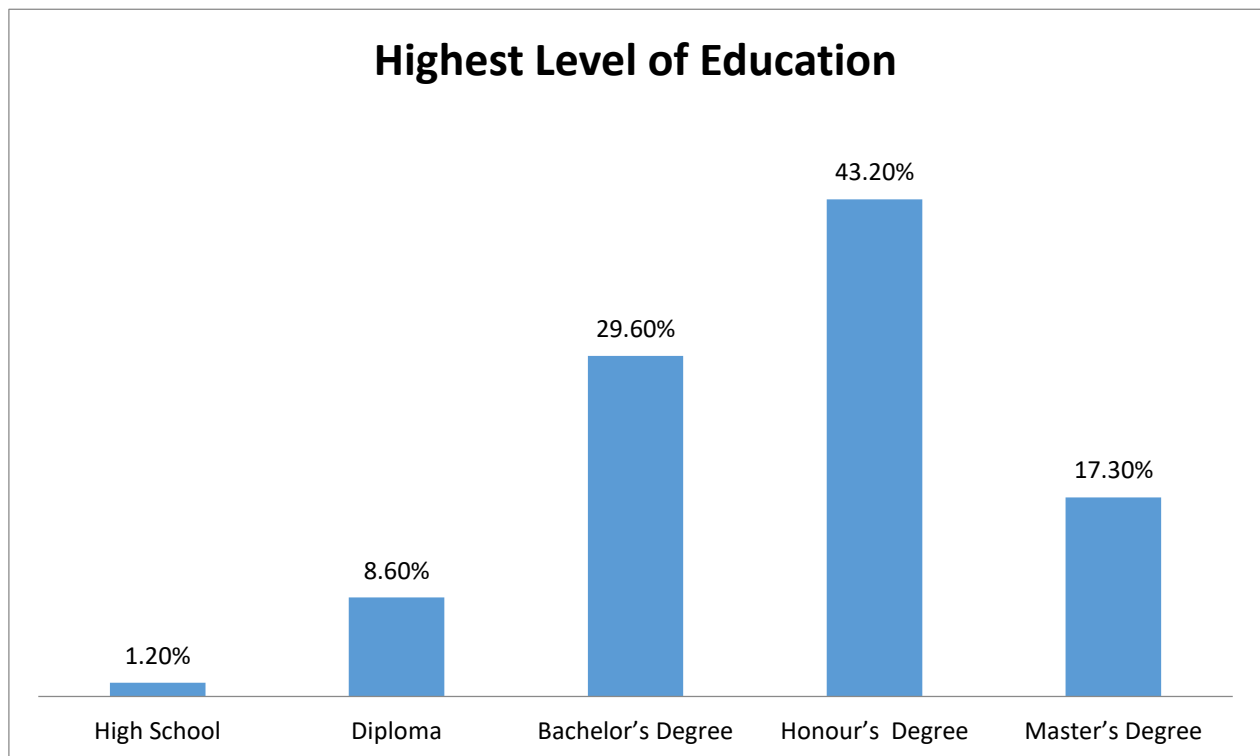
The study reveals that more than 39.50% of the respondents have been with the bank for between 6 and 10 years. This means that respondents have the right level of experience

in the bank. While 32.10% have been with the bank for 3 - 5yrs years, 17.30% have been with the bank for more than 10yrs and 11.10% have been with the bank for less than 3 years.

Table 4.3: Highest level of Education

Highest level of Education	Frequency	%
High School	1	1.2
Diploma	7	8.6
Bachelor's Degree	24	29.6
Honour's Degree	35	43.2
Master's Degree	14	17.3
Total	N = 81	100

Figure 4.3: Highest level of Education



The study reveals qualification level of the respondents and also reflect evidence that majority of sampled staff members from the bank are in possession qualifications. That becomes measure of factors influencing effectiveness of Twin Peaks framework as one of the base factors.

The results of the the level education for the respondents indicates that 1.20% has High School level of education, 8.60% has Diplomas, 29.60% has Bachelor's degree, 43.20% has Honours degrees and only 17.30% of the respondents are in possession of Master's degrees. Based on the results of the level of education, this reflects that a significant number of respondents are in possession of formal level of education.

SECTION 2: RELIABILITY ANALYSIS

Cronbach's alpha (α) reliability coefficient whose numerical value ranges from 0 to 1, measures the reliability (or internal consistency) of a questionnaire (or survey) consisting of Likert-type scales and items. A high value (close to 1) for Cronbach's alpha reliability coefficient indicates good internal consistency of the items in the scale.

Table 4.4: Reliability analysis on the effectiveness of Twin Peaks model regulation in SA banking sector

Likert scale for the mean: 1 = strongly disagree, 2 = disagree, 3 = uncertain, 4 = agree, 5 = strongly agree

Subscale	Cronbach's Alpha (α)	N of Items	Mean	Standard Deviation	Internal consistency
Factors that influence twin peaks model regulation	0.819	11	4.23	0.28	Good
Regulators perceptions on twin peaks model regulation	0.716	7	4.47	0.13	Acceptable
Banking sector perceptions on twin peaks model regulation	0.735	7	4.12	0.38	Acceptable
Variables used to measure the effectiveness of twin peaks model regulation	0.784	9	4.40	0.10	Acceptable
Total	0.895	34	4.30	0.27	Good

The Cronbach's alpha coefficients in Table 4.4 are all greater than 0.7, and this implies that the questionnaire used for this study was proven to be reliable. As result, this part of the study assert that the procedures used were consistent. The variables with this high internal consistency were the factors that influence Twin Peaks model regulation, variables used to measure the effectiveness of twin peaks model regulation and Banking sector perceptions on Twin Peaks model regulation.

SECTION 3: DESCRIPTIVE ANALYSIS

Table 4.5: FACTORS THAT INFLUENCE TWIN PEAKS MODEL REGULATION IMPLEMENTATION IN THE SOUTH AFRICAN BANKING SECTOR (PERCENTAGES)

Likert scale for the means: 1 = strongly disagree, 2 = disagree, 3 = uncertain, 4 = agree, 5 = strongly agree

Key: SD = strongly disagree, D = disagree, U = uncertain, A = agree, SA = strongly agree

	Item	SD(%)	D(%)	U(%)	A(%)	SA(%)
	Organization					
4	In my opinion, the implementation of Twin Peaks seek to improve and empower consumer protection.	0	1.2	1.2	54.3	43.2
5	In my opinion, the enhancement of the market conduct under Twin Peaks is designed to stabilise the financial system.	0	2.5	3.7	44.4	49.4
6	In my opinion, the enhancement of the prudential regulation under Twin Peaks is designed to dictate and monitor minimum capital requirements and set liquidity levels of financial institutions.	0	2.5	6.2	43.2	48.1
7	In my opinion, the desired outcome of the Twin Peaks is to have resilient, stable and inclusive financial sector.	0	0	1.2	48.1	50.6

8	In my opinion, the implementation of Twin Peaks promotes an increased economic growth.	1.3	2.5	6.3	44.3	45.6
9	In my opinion, the implementation of Twin Peaks will lead to safer and fairer financial system for South Africans.	0	1.2	7.4	48.1	43.2
10	In my opinion, the implementation of Twin Peaks is designed to streamline interaction between the regulators and the financial service industry to have a more functional approach to regulation and supervision.	1.2	0	3.7	50.6	44.4
11	In my opinion, restore and maintain confidence in the financial system.	0	1.2	6.2	45.7	46.9
	Individual capacity					
12	In my opinion, the inefficient financial regulatory systems caused the global financial crisis.	7.4	7.4	14.8	50.6	19.8
13	In my opinion, the benefits of implementing Twin Peaks model is evident.	3.7	6.2	18.5	25.9	45.7
14	In my opinion, the benefits of implementing Twin Peaks outweighs the associated cost.	9.9	7.4	18.5	37	27.2

The effectiveness in introducing Twin Peaks are determined by factors that influence Twin Peaks framework. Based on results of the study, 50.6% and 48.1% of the respondents

strongly agreed and agreed that the desired outcome of Twin Peaks is to have resilient, stable and inclusive financial sector. In addition, 49.4% and 44.4% of the respondents strongly agreed and agreed that enhancement of the market conduct under Twin Peaks is designed to stabilise the financial system.

The results concurs with the statement that Twin Peak model regulation maintain and enhance financial maturity and consequently, proposal to introduce Twin Peaks framework by National Treasury with aim of ensuring safer financial sector. Botha and Makina (2011) study depicts that the fundamental intent of implementing the Twin Peaks framework in the country is to establish resilient and mature financial sector. Furthermore, Godfred Danquah (2016) illustrates that Twin Peaks framework adopted by Australia in 1997 ensure that companies operates in safe environment and promotion steadiness. Similarly, Kamukama Martha (2015) argues that the Twin Peaks model has become increasingly relevant recently because it mainly focuses on consumer protection as a crucial aspect of financial stability.

The results of the study further reveals that 48.1% and 43.2% of the respondents strongly agreed and agreed that the enhancement of the prudential regulation under Twin Peaks is designed to dictate and monitor minimum capital requirements and set liquidity levels of financial institutions. The results agrees with Nelson Tjiane (2015) where he explored that effect of 2008 global economic meltdown across the globe led to some of the banks closing down due to experiencing financial challenges. The after effects of a significant unpleasant event of the 2008 global financial crisis saw many policies and approaches been announced in the financial services sector which consequently led to banks to amend cost of value to increase capital and liquidity requirements. Helman, Murdock and Stiglitz (2000) infers that prudential regulation dictates that banks, for example, meet certain minimum capital requirements to maintain set liquidity levels and invest prudently.

Table 4.6: PERCEPTIONS OF THE REGULATORS ON TWIN PEAKS MODEL REGULATION

Likert scale for the means: 1 = strongly disagree, 2 = disagree, 3 = uncertain, 4 = agree, 5 = strongly agree

Key: SD = strongly disagree, D = disagree, U = uncertain, A = agree, SA = strongly agree

	Item	SD(%)	D(%)	U(%)	A(%)	SA(%)
15	In my opinion, the role of financial sector regulators is to provide consumer protection mechanism.	0	0	4.9	51.9	43.2
16	In my opinion, the role of financial sector regulators is to ensure that financial institutions are financially stable and sound.	0	0	4.9	45.7	49.4
17	In my opinion, the role of financial sector regulators is to empower consumers with necessary knowledge to make informed decisions when acquiring financial products.	0	1.2	9.9	39.5	49.4
18	In my opinion, the role of financial sector regulators is to protect consumers from unfair financial products trade practises.	0	0	2.5	32.1	65.4
19	In my opinion, the role of financial sector regulators is to accomplish rapid and effective dispute resolutions for banks and its customers in a fair, impartial and confidential manner.	0	0	4.9	59.3	35.8

20	In my opinion, the regulators should embed strong regulatory environment to ensure banks other financial institutions are operating efficiently.	0	1.2	2.5	32.1	64.2
21	In my opinion, protect financial customers against the risk that financial institutions may fail to meet their obligations.	0	0	2.5	35.4	62

The regulators perceptions on Twin Peaks framework drives successful regulatory framework enactment. Based on the results of the study, 65.4% and 32.1% of the respondents strongly agreed and agreed that the role of financial sector regulators is to protect consumers from unfair financial products trade practises.

The results concurs with Botha and Makina (2011) statement that the banking sector offers various banking products and services through various channels such as branch and electronic banking infrastructures to their consumers. This justifies the need of regulator to effectively execute Twin Peaks framework to empower South Africa's way in dealing with consumer protection. Kamukama Martha (2015) argues adopting the Twin Peaks model regulation is an effective mechanism for consumer protection in the financial sector. In addition, consumer protection empowers users of financial products with financial literacy to make correct decision whenacquiring services and to protect them from unfair trade practices. The study further implies that jurisdictions that introduced Twin peaks framework such as UK and Australia are proof that the framework enhance consumer protection. The results of the study further agrees with (Ernest and Young, 2018) that the aims of implementing Twin Peaks model regulation will lead to increased robustness, financial smaturity and integrity, and therefore improves customer protection.

The results of the study further reflects that 64.2% and 32.1% of the respondents strongly agreed and agreed that the regulators should embed strong regulatory environment to ensure banks other financial institutions are operating efficiently. This leads us to believe that introducing Twin Peaks is the crucial step towards safe and fair financial sector to serve all the residents of the country. In addition, it established Prudential regulator, Prudential Authority and finally, Financial Sector Regulation Act created what is called a Market Conduct regulator located outside SARB and overseen by Financial Sector Conduct Authority, formerly known as FSB. BASA demonstrates that country established rigorously regulated banking sector which parallels favourably with institutions in other jurisdictions.

The results of the study further reflect that 62% and 35.41% of the respondents strongly agreed and agreed that role of regulators aims to safeguard users of financial products against institutions that may be unable to meet their obligations. The study results concur with (Natalie Scott, 2019) that role of regulators is to safeguard users of financial products against institutions that may be unable to meet their obligations. According to Momentum Legal Updates (2017), Prudential Authority is an established regulatory body inside SARB. Prudential Authority objective includes safeguarding customers against risk that financial institutions may fail to meet their obligations. Therefore, this confirms that Prudential Authority formed within the ambit of Twin Peaks model is tasked with safeguarding customers against institutions may be unable to meet their obligations.

A bank's failure could potentially require a government bailout, while depositors need to be protected, especially when there is insurance protection in that regard. This could come at a significant cost to public funds, as it is the fiscus that has to underwrite the costs of financial instability.

Table 4.7: THE PERCEPTION OF THE BANKING SECTOR ON THE EFFECTIVENESS OF THE TWIN PEAKS MODEL REGULATION

Likert scale for the means: 1 = strongly disagree, 2 = disagree, 3 = uncertain, 4 = agree, 5 = strongly agree

Key: SD = strongly disagree, D = disagree, U = uncertain, A = agree, SA = strongly agree

	Item	SD(%)	D(%)	U(%)	A(%)	SA(%)
22	The South African banking sector has a strong regulatory and supervisory environment.	0	1.2	2.5	46.9	49.4
23	The South African banking sector is regulated to ensure proper oversight over its operations.	0	0	23.5	34.6	42
24	The South African banking sector is committed to broaden access to the majority of unbanked South Africans.	6.2	7.4	21	23.5	42
25	The South African banking sector design financial products that satisfy the needs of the consumers.	1.2	2.5	2.5	34.6	59.3
26	The South African banking sector ensures there is proper consumer education on financial products.	7.4	22.2	9.9	21	39.5
27	The South African banking sector aims to curb consumer over-indebtedness.	4.9	11.1	16	46.9	21
28	The South African banking sector is empowered by the implementation of Twin	0	2.5	2.5	37	58

	Peaks in dealing with consumer protection and market conduct to have a mature financial system.					
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The banking sector perception on effectiveness of the Twin Peaks regulation framework is deemed as critical driver in the successful implementation of the regulatory framework. Based on the results of the study, 59.3% and 34.6% of the respondents strongly agreed and agreed that the South African banking sector design financial products that satisfy the needs of the consumers. The results of the study concur with South Africa Reserve Bank that banks provide various products and services through different channels to satisfy the needs of the consumers. BASA (2010), further states that SA has sound and properly regulated banking sector ranked among those of developed countries. The financial institutions design products aligned to good principles of banking practices to satisfy the needs of the consumers. Thus require the design of financial products not make consumers vulnerable to exploitation because the financial products and services consequences of unfair treatments are felt.

National Treasury (2013) highlights the need for effective market conduct oversight to design product and services that meet the needs of the consumers. Mathe, K (2019) lead us to believe that It is not enough to simply sign consumers up for bank accounts without creating services that meet their needs. Transaction platforms need to be simplified and products designed to consider the irregular nature of their incomes.

The results of the study further reflects that 58% and 37% of the respondents strongly agreed and agreed that SA banking system is empowered by introduction of Twin Peaks in dealing with consumer protection and market conduct to have a mature financial system. BASA (2019) concurs with the results of the study that the promotion of a safe

and sound financial system is a necessary condition for financial stability, but it also requires transparent and accessible services and products so that consumers are protected. The promotion of a safe and sound financial system is a necessary condition for financial stability, but it also requires transparent and accessible services and products so that consumers are protected. The mature financial system helps prevent the collapse of the banking sector which will require stability, integrity and efficiency in the financial system. This in turn creates a financial system in which risks are well managed at an individual level to reduce systemic risk and boost confidence in the financial sector. The FSR Act established to ensure stability in the financial system by creating strong institutional arrangements through the Reserve Bank and other regulators. The Twin Peaks regulatory framework is expected to make a significant contribution to maturity, individual institution safety and soundness, equitable treatment, customer protection, and confidence in the system.

**Table 4.8: VARIABLES USED TO MEASURE THE EFFECTIVENESS OF TWIN PEAKS
MODEL REGULATION**

Likert scale for the means: 1 = strongly disagree, 2 = disagree, 3 = uncertain, 4 = agree, 5 = strongly agree

Key: SD = strongly disagree, D = disagree, U = uncertain, A = agree, SA = strongly agree

	Item	SD(%)	D(%)	U(%)	A(%)	SA(%)
29	In my opinion, the Twin Peaks provide ability to assess and respond to financial stability risks.	0	1.2	2.5	60.5	35.8
30	In my opinion, Twin Peaks will lead to crisis management and effective resolution of consumer complaints.	2.5	1.2	9.9	40.7	45.7
31	In my opinion, Twin Peaks will lead to clear internal policies and procedures for enforcement for the regulators.	0	2.5	8.6	43.2	45.7
32	In my opinion, Twin Peaks enhance transparency and accountability of the financial institutions.	0	1.2	6.2	37	55.6
33	In my opinion, Twin Peaks will promote proper monitoring and oversight of the licensed financial institutions.	0	0	4.9	38.3	56.8
34	In my opinion, Twin Peaks promote fair customer treatment by financial institutions.	0	0	3.7	61.7	34.6

35	In my opinion, Twin Peaks requires enhanced financial education and promoting financial literacy.	0	1.2	2.5	42	54.3
36	In my opinion, Twin Peaks promotes accessibility of banking services to the consumers.	1.2	2.5	2.5	43.2	50.6
37	In my opinion, Twin Peaks refers to financial system that work in the interests of financial customers and support balanced and sustainable economic growth	0	2.5	1.2	40.7	55.6

The variables used measures effectiveness of Twin Peaks framework are significant in successful implementation of the regulatory framework. Based on the results of the study, 56.8% and 38.3% of the respondents strongly agreed and agreed that Twin Peaks promote proper monitoring and oversight of the licensed financial institutions. The results of the study concur with SARB that the regulator under the auspice of Twin Peaks one of its primary function is to issue licenses to banks and monitor the operation in terms of the relevant legislations. FSCA under Twin Peaks framework is accountable for licensing and monitoring of the bank environment. The Reserve Bank maintains financial stability; to provide for application and monitoring requirements for the conduct of financial institutions; to provide licenses to the regulated banks. Twin Peak regulation paved path by embedding activity-based licensing and supervision framework through the COFI Act.

The results of the study further reflects that 55.6% and 40.7% of the respondents strongly agreed and agreed that Twin Peaks refers to system that work in the best interests of customers in the financial sector and support sustainable economic growth. The study

results concurs with National Treasury (2016) that Twin Peaks model desired outcome is to empower a stable and inclusive financial sector that is needed to promote an increased economic growth in South Africa. This implies that the overarching outcome of the Twin Peaks model enhance role of financial sector in supporting sustainable growth in South Africa. The study results further reflects that 55.6% and 37% of the respondents strongly agreed and agreed that Twin Peaks enhance transparency and accountability of the financial institutions. The Twin Peaks Model Regulatory and Supervisory Framework have a rigid policies and procedures in place. Twin Peak aims to strengthen accountability and transparency of the regulators by developing regulatory strategies that promotes transparency.

The results of the study further reflects that 54.3% and 42% of the respondents strongly agreed and agreed that Twin Peaks requires financial education that promotes financial literacy. The Market Conduct Regulator under umbrella of Twin Peaks model is responsible for financial literacy or consumer education in the banking sector. The study concurs with Anna Bohail (2019) which state that consumer education is also an important part of consumer protection and knowledge about the state of financial literacy among the population is essential for effective interventions.

Lyndwill Clarke (2016) states that Twin Peaks places greater emphasis on the importance of consumer financial education. This is to ensure that South African consumers make more informed decisions when purchasing financial products. In addition, South African National Treasury and FSB established the National Consumer Financial Education Committee (NCFEC) in 2012, to promote coordination and consistency among all stakeholders implementing various consumer financial education initiatives. This justifies that the structural changes and the creation of separately operated Market Conduct Authority in the introduction of the Twin Peak framework is intended to have more strategic approach will be taken to implement financial consumer education efforts.

SECTION 4: DESCRIPTIVE STATISTICS

Table 4.9: FACTORS THAT INFLUENCE THE TWIN PEAKS MODEL REGULATION IMPLEMENTATION IN THE SOUTH AFRICAN BANKING SECTOR

	Item	N	Mean	Standard Deviation
	Organization			
4	In my opinion, the implementation of Twin Peaks seek to improve and empower consumer protection.	81	4.40	0.58
5	In my opinion, the enhancement of the market conduct under Twin Peaks is designed to stabilise the financial system.	81	4.41	0.69
6	In my opinion, the enhancement of the prudential regulation under Twin Peaks is designed to dictate and monitor minimum capital requirements and set liquidity levels of financial institutions.	81	4.37	0.71
7	In my opinion, the desired outcome of the Twin Peaks is to have resilient, stable and inclusive financial sector.	81	4.49	0.53
8	In my opinion, the implementation of Twin Peaks promotes an increased economic growth.	79	4.30	0.81
9	In my opinion, the implementation of Twin Peaks will lead to safer and fairer financial system for South	81	4.33	0.67

	Africans.			
10	In my opinion, the implementation of Twin Peaks is designed to streamline interaction between the regulators and the financial service industry to have a more functional approach to regulation and supervision.	81	4.37	0.68
11	In my opinion, restore and maintain confidence in the financial system.	81	4.38	0.66
	Individual capacity			
12	In my opinion, the inefficient financial regulatory systems caused the global financial crisis.	81	3.68	1.10
13	In my opinion, the benefits of implementing Twin Peaks model is evident.	81	4.04	1.11
14	In my opinion, the benefits of implementing Twin Peaks outweighs the associated cost.	81	3.64	1.24

Table 4.9 shows that all recorded means are closer to 4 (Likert scale), and this suggests that the respondents tend to agree with the listed items in **Table 4.9**. Low standard deviations (< 1) imply that the response values deviate slightly from their respective mean responses.

Table 4.9 indicates that majority of the respondents agree with the items listed under the table. **Table 4.9** further show that the bank employees significantly comprehend factors that influence the Twin Peaks framework implementation within the system.

In addition to above items that are designed to assess factors considered to measure effectiveness Twin Peaks framework. The results reflect that there is a well understanding, knowledge and level of education of respondents regarding the factors that influence the Twin Peaks model regulation implementation in the banking sector. The results concurs with statement that Twin Peak model regulation give effect to maintain financial stability and consequently, National Treasury proposed the introduction of Twin Peaks regulatory framework to ensure safe financial sector. Botha and Makina (2011) study depicts that the fundamental intent of implementing Twin Peaks model in South Africa is to establish resilient and solid financial system.

Table 4.10: PERCEPTIONS OF THE REGULATORS ON TWIN PEAKS MODEL REGULATION

Likert scale for the means: 1 = strongly disagree, 2 = disagree, 3 = uncertain, 4 = agree, 5 = strongly agree

	Item	N	Mean	Standard Deviation
15	In my opinion, the role of financial sector regulators is to provide consumer protection mechanism.	81	4.38	0.58
16	In my opinion, the role of financial sector regulators is to ensure that financial institutions are financially stable and sound.	81	4.44	0.59
17	In my opinion, the role of financial sector regulators is to empower consumers with necessary knowledge to make informed decisions when acquiring financial products.	81	4.37	0.71
18	In my opinion, the role of financial sector regulators is to protect consumers from unfair financial products trade practises.	81	4.63	0.53
19	In my opinion, the role of financial sector regulators is to accomplish rapid and effective dispute resolutions for banks and its customers in a fair, impartial and confidential manner.	81	4.31	0.56
20	In my opinion, the regulators should embed strong	81	4.59	0.61

	regulatory environment to ensure banks other financial institutions are operating efficiently.			
21	In my opinion, protect financial customers against the risk that financial institutions may fail to meet their obligations.	79	4.59	0.54

All the mean values in **Table 4.10** are greater than 4. The study result shows indicate that respondents tend to agree with the items listed in the **Table 4.10** as per Likert scale. The low standard deviations indicate that the responses are clustered closer to their respective means. **Table 4.10** depicts that majority of the respondents agree with items listed. Therefore, the items listed on **Table 4.10** are designed to test the perceptions of the regulators on Twin Peaks model regulation. The results of the study concurs with BASA (2010) that the country has sound and properly regulated banking sector ranked among those of developed countries. In addition, South African National Treasury (2013) highlights the need for effective market conduct oversight regulations designed to meet the needs of the consumers.

Table 4.11: THE PERCEPTION OF THE BANKING SECTOR ON THE EFFECTIVENESS OF THE TWIN PEAKS MODEL REGULATION

Likert scale for the means: 1 = strongly disagree, 2 = disagree, 3 = uncertain, 4 = agree, 5 = strongly agree

	Item	N	Mean	Standard Deviation
22	The South African banking sector has a strong regulatory and supervisory environment.	81	4.44	0.61
23	The South African banking sector is regulated to ensure proper oversight over its operations.	81	4.19	0.79
24	The South African banking sector is committed to broaden access to the majority of unbanked South Africans.	81	3.88	1.22
25	The South African banking sector design financial products that satisfy the needs of the consumers.	81	4.48	0.78
26	The South African banking sector ensures there is proper consumer education on financial products.	81	3.63	1.39
27	The South African banking sector aims to curb consumer over-indebtedness.	81	3.68	1.08
28	The South African banking sector is empowered by the implementation of Twin Peaks in dealing with consumer protection and market conduct to have a mature financial system.	81	4.51	0.67

Table 4.11 shows that all recorded means are closer to 4 (Likert scale), and this suggests that the respondents tend to agree with the listed items in **Table 4.11**. Low standard deviations (< 1) imply that the response values deviate slightly from their respective mean responses.

Table 4.11 indicates that majority of the respondents agree with items listed. Therefore, items listed on **Table 4.11** are designed to test the perception of the banking sector on the effectiveness of the Twin peaks model regulation. The respondent concur with BASA (2010) that country has solid and proper regulated sector ranked among those of the developed countries. The financial institutions designs the financial products that are consistent with the good principles of banking practices to satisfy the needs of the consumers. BASA further indicates that promotion of a safe and sound financial system is a necessary condition for financial stability, but it also requires transparent and accessible services and products so that consumers are protected. It is further alluded that the country's environment possess strong regulatory and supervisory environment.

Table 4.12: VARIABLES USED TO MEASURE THE EFFECTIVENESS OF TWIN PEAKS MODEL REGULATION

Likert scale for the means: 1 = strongly disagree, 2 = disagree, 3 = uncertain, 4 = agree, 5 = strongly agree

	Item	N	Mean	Standard Deviation
29	In my opinion, the Twin Peaks provide ability to assess and respond to financial stability risks.	81	4.31	0.58

30	In my opinion, Twin Peaks will lead to crisis management and effective resolution of consumer complaints.	81	4.26	0.88
31	In my opinion, Twin Peaks will lead to clear internal policies and procedures for enforcement for the regulators.	81	4.32	0.74
32	In my opinion, Twin Peaks enhance transparency and accountability of the financial institutions.	81	4.47	0.67
33	In my opinion, Twin Peaks will promote proper monitoring and oversight of the licensed financial institutions.	81	4.52	0.59
34	In my opinion, Twin Peaks promote fair customer treatment by financial institutions.	81	4.31	0.54
35	In my opinion, Twin Peaks requires enhanced financial education and promoting financial literacy.	81	4.49	0.61
36	In my opinion, Twin Peaks promotes accessibility of banking services to the consumers.	81	4.40	0.77
37	In my opinion, Twin Peaks refers to financial system that work in the interests of financial customers and support balanced and sustainable economic growth	81	4.49	0.65

All the mean values in **Table 4.12** are greater than 4. This result reflects the respondents tend to agree with the items listed in the **Table 4.12** according to Likert scale. These low

standard deviations indicate that the responses are clustered closer to their respective means. **Table 4.12** reflects majority of the respondents agree with that are items listed. Therefore, items listed on **Table 4.12** are designed to test the variables used to measure the effectiveness of Twin Peaks framework. The results concurs that Twin Peaks framework is tasked with issuing license and monitoring. Twin Peaks model desired outcome is to empower solid and comprehensive environment that require promotion increased sustainable economic growth in the country.

SECTION 5: CORRELATION ANALYSIS

Spearman's rank rho test

This test is concerned with the correlation between two ranked variables (X and Y). The correlation is statistically significant if the p-value is less than 0.05 level of significance.

The coefficient of Spearman's rank correlation is given by

$$r = 1 - \frac{6\sum D^2}{N(N^2 - 1)}$$

where

D = differences of ranks of corresponding values of X and Y

N = number of paired values in the data

$$-1 \leq r \leq 1$$

Table 4.13: Spearman's rank correlation between level of experience (in years) and views (perceptions) of respondents on the effectiveness of Twin Peaks model regulation in SA banking sector.

Items		
4. In my opinion, the implementation of Twin Peaks seek to improve and empower consumer protection. (N = 81)	Correlation coefficient (r)	0.259*
	p - value	0.020
9. In my opinion, the implementation of Twin Peaks will lead to safer and fairer financial system for South Africans. (N = 81)	Correlation coefficient (r)	0.318**
	p - value	0.004
37. In my opinion, Twin Peaks refers to financial system that work in the interests of financial customers and support balanced and sustainable economic growth (N = 81)	Correlation coefficient (r)	-0.230*
	p - value	0.039

*Correlation is significant at the 0.05 level (2-tailed)

**Correlation is significant at the 0.01 level (2-tailed)

Since all the p-values are less than 0.05 level of significance, then the correlation between level of experience and views of respondents about the items listed in Table 4.13 above is statistically significant. Positive correlation coefficients ($r > 0$) mean that more experienced bank employees tend to agree with the items (4 and 9) listed in Table 4.13, whereas less experienced bank employees tend to disagree. Negative correlation coefficient ($r = -0.230$) means that more experienced bank employees tend to disagree

with item 37 listed in Table 4.13, whereas less experienced bank employees tend to agree. See Figures 4.4(a) and (b) below to display this research finding.

This part therefore approves that the measures used in the study were reliable and consistent (Bless, 2014). The items of Spearman's rank correlation with this high score (0.318) is the implementation of Twin Peaks will lead to safer and fairer financial system for South Africans. Followed by the implementation of Twin Peaks seek to improve and empower consumer protection (0.259).

Figures 4.4 - Below Graphs display the research finding.

Figure 4.4 (a): Views of respondents versus level of experience ($r < 0$)

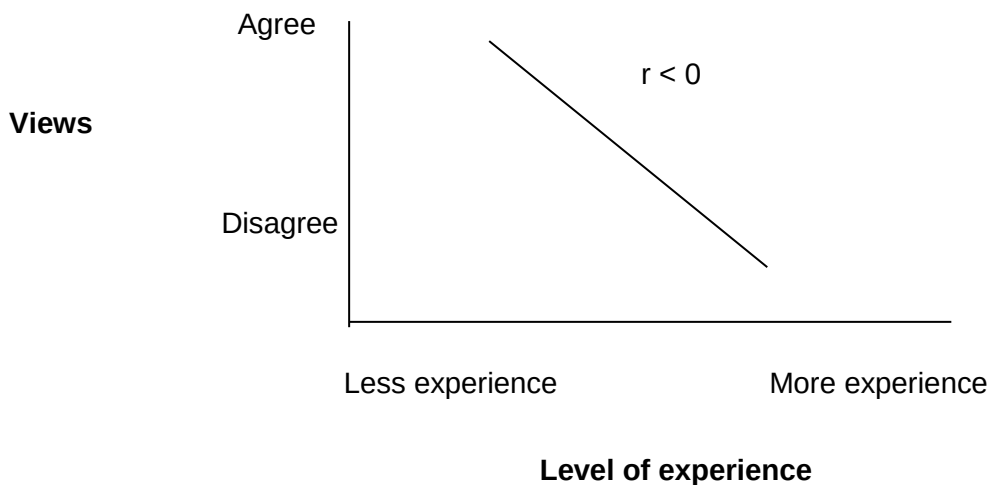
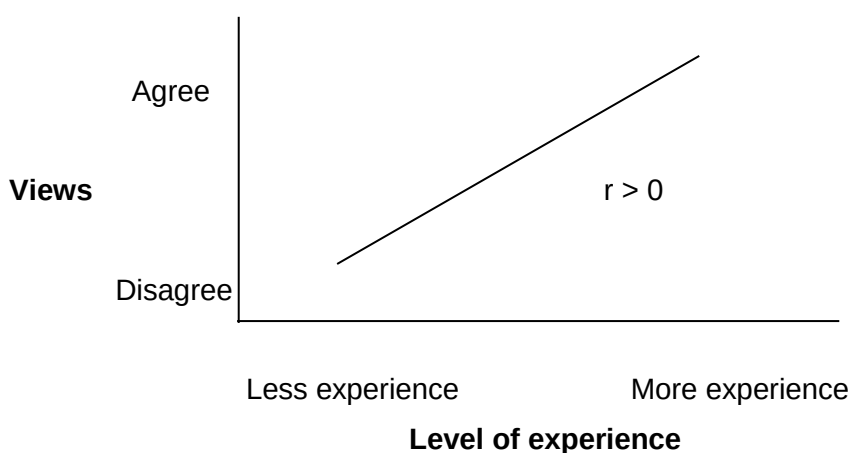


Figure 4.4 (b): Views of respondents versus level of experience ($r > 0$)



Spencer (2002) state that employees with high level of experience in the bank comprehend the regulatory developments. This statement agrees with Teasdale (2011) when he advocate that experience determines where to place an employee to perform his role and responsibilities in the workplace.

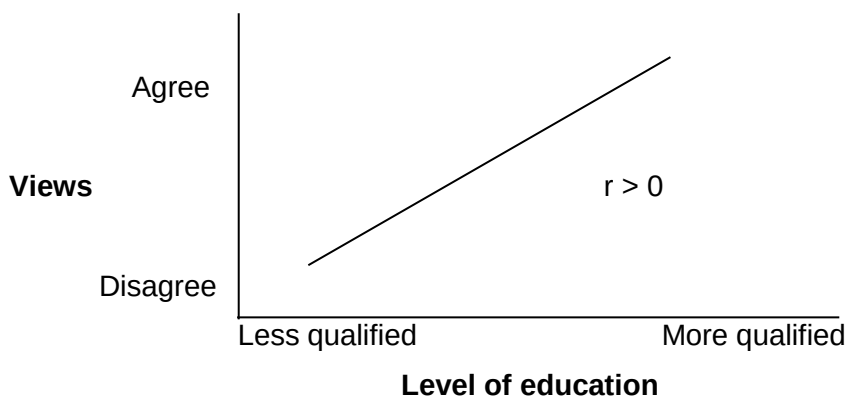
Table 4.14: Spearman's rank correlation between educational level and views (perceptions) of respondents on the effectiveness of Twin Peaks model regulation in SA banking sector

Items		
4. In my opinion, the implementation of Twin Peaks seek to improve and empower consumer protection. (N = 81)	Correlation coefficient (r)	0.297**
	p - value	0.007

**Correlation is significant at the 0.01 level (2-tailed)

Since the p-value ($p = 0.007$) is less than 0.01 level of significance, then the correlation between level of education and views of respondents about item 4 listed in Table 4.14 above is statistically significant. Positive correlation coefficient ($r = 0.297$) means that bank employees with higher level of education tend to agree with item 4 listed in Table 4.13, whereas less qualified bank employees tend to disagree. See Figures 4.5 below to display this research finding

Figure 4.5: Views of respondents versus level of education ($r > 0$)



CONCLUSION

The conclusions are derived from the study findings:

The factors that influence the introduction of Twin Peaks framework model in SA banking sector is critical to assess whether implementation of the regulation model is effective or not. The study results indicates the following:

- Introduction of Twin Peaks framework model is instrumental to resilient, stable and inclusive financial sector.
- Introduction of Market Conduct regulator under the ambit of Twin Peaks is established to stabilise the banking sector.
- Introduction of Prudential Authority through implementation Twin Peaks framework dictates minimum capital requirements and set liquidity levels.

The perceptions of the regulators on Twin Peaks framework regulation is key driver in the successful implementation of the regulatory model. The study results noted the following:

- The primary task of Market Conduct regulator primary is to safeguard consumers from unfair designed products and trade practises.

- Prudential Authority and Market Conduct regulators should embed strong regulatory environment to ensure banks other financial institutions are operating efficiently and safeguard consumers against service providers who may be unable to meet their obligations.

The perception of the banking sector on the effectiveness of the Twin Peaks model regulation is critical driver in the successful implementation of the regulatory framework.

The study results noted the following:

- Implementation of Twin Peak lead to South African banks to design financial products that satisfy the needs of the consumers.
- Twin Peaks empowers the South African banking sector to deal with consumer protection and market conduct to have a mature financial system.
- Twin Peaks framework model regulation enhance solid regulatory and supervisory banking environment.

The variables applied to measure the effectiveness of Twin Peaks framework model regulation are significant in successful implementation of the regulatory model. The study results noted the following:

- Twin Peaks promote proper monitoring and oversight of the licensed financial institutions.
- Twin Peaks endeavour to operate in the best interests of users of financial products.
- Twin Peaks enhance transparency, accountability, financial education and promotes financial literacy in the banking sector.

CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODCUTION

Chapter five presents and discusses findings from the study. The discussion is based on the results obtained on each of the research objectives. Based on the discussions put forward, conclusions and recommendations are made.

5.2 TWIN PEAKS MODEL REGULATION

The study explore the effectiveness of the Twin Peaks Model regulation in the South African banking sector. South African National Treasury (2016) states Twin Peaks regulation is implemented to improve and empower ways to deal with protection of consumers and market conduct in financial services to design strong and stable sector. The study indicate that factors that influence the Twin Peaks model regulator were explored to measure its effectiveness. In addition, the perceptation of the regulators and banks were also explored as they are critical drivers in the succesfull impenmtation of the Twin Peaks model.

5.3 RESEARCH METHODOLOGY AND DESIGN

The applied study methodology is quantitative in nature, this is perceived as the appropriate method for population of the bank used. Furthermore, the study quantifies the data making it easier to observe the relationship between the variables. The instrument used for data collection were questionnaires. From 132 questionnaires distributed within the bank, 81 were returned resulting in a good response rate. The quantitative research is generally associated with the positivist paradigm. It usually involves collecting and converting data into numerical form so that statistical calculations can be made and conclusions drawn.

5.4 DISCUSSION OF RESULTS

Sub-Objective 1: To ascertain Twin Peaks Model regulation promotes and maintain financial stability in the banking sector

In pursuit to understand how respondents perceive how Twin Peaks Model regulation promotes and maintain stability within the banking sector, part of questionnaire is designed to answer that question. The general indication from the study was that Twin Peaks is designed to stabilise the financial system. Findings from the study indicate that respondents infer that Twin Peak promotes and maintain financial stability. Similar studies Makina (2011) , Kamukama Martha (2015) and Godfred Danquah (2016) yielded similar findings. The need for Twin Peak to promote and maintain financial stability is the direct response to lessons learnt from the 2008 global economic meltdown including the need to enhance efficiency and integrity of the financial system.

Sub-Objective 2: To determine Twin Peaks promotes safety and soundness of financial institutions by the Prudential Authority

In a quest to conclude that the Implemtation of Twin Peaks model regulation is tasked promoting safety and soundness of financial institutions by Prudential Authority. The indication from the study was that Prudential regulation under Twin Peaks is designed to dictate and monitor minimum capital requirements and set liquidity levels of financial institutions by ensuring safety and stability of the sector. The study findings indicate that respondents concur that Twin Peaks model regulation is tasked with overseeing the system wide safety and stability of the sector by Prudential Authority. Similar studies Helman, Murdock and Stiglitz (2000) and Nelson Tjiane (2015) yielded similar findings. The after effects of a significant unpleasant event of the 2008 global financial crisis saw many policies and approaches been announced in the financial services sector which

consequently led to banks to redeploy methods or amend value costing to increase capital and liquidity requirements.

Sub-Objective 3: To ascertain Twin Peaks enhance the integrity of the banking sector when dealing with consumers.

In an attempt to conclude that the Twin Peaks model regulation implementation assess efficiency of the regulation overseen by FSCA to promote efficiency and integrity of financial markets. The study general indication is that one of the variables used to measure the effectiveness of Twin Peaks framework model regulation assess the efficiency of Financial Sector Conduct Authority promotes transparency and accountability of the financial institutions. Findings from the study indicate that respondents confirm that Twin Peaks enhance transparency and accountability of the financial institutions. Similar study South African National Treasury (2013) yielded similar finding. Twin Peak aims to strengthen accountability and transparency of the regulators by developing regulatory strategies setting out strategic objectives and focus areas and administrative action procedures regarding the actions to be taken in terms of a financial sector law to promote a fair and consistent approach.

Sub-Objective 4: To determine Twin Peaks improves protection of consumers in the banking sector.

In an endeavour to determine if the introduction of Twin Peaks model regulation afford consumers greater consumer protection. The general indication from the study was that It is the perception of the sector on effectiveness of Twin Peaks model regulation to afford consumers greater financial consumer protection. Findings from the study indicate that respondents confirm that banking sector is empowered by introduction of Twin Peaks in dealing with consumer protection and market conduct to have a mature financial system.

Similar studies BASA (2019) and Ernerst and Young (2019) yielded similar findings. The Twin Peaks regulatory framework is expected to make a significant contribution to financial maturity, and stability of individual banks, the fair treatment and customer protection, and confidence in South African banking system.

5.5 RECOMMENDATIONS

Considering both theoretical and empirical findings on this study. The following recommendations for the shortcoming identified were developed:

- The regulators should develop rigorous regulations and that seek to improve and empower consumer protection from unfair trade practices and market abuse from the banks.
- The banks should design and embed policies that promotes treating customers fairly and be clearly articulated to the employees within the banks.
- The South African banks need to develop disclosure rules, interventions aimed at ensuring product suitability and other consumer protections and redress mechanisms help protect customer against the risk of inappropriate decisions.
- The benefits of implementing Twin Peaks model regulations outweighs the economic cost of Twin Peaks model. The economic impact is expected to be positive in that the safety and soundness of the domestic banking sector will be enhanced, particularly with regard to risk exposed by conglomerates.
- Improve efficiency and effectiveness of the South African banking sector in the interests of financial customers to empower stable and inclusive financial sector that is needed to promote sustainable economic growth in South Africa.

5.6 CONCLUSIONS

The results of this study indicate that the introduction of Twin Peaks model framework regulation in banking sector is effective and data clearly illustrates that the respondents appear to understand the factors, perception of the regulators and bank and the variables that are applied to measure the Twin Peak model regulation.

The respondents view Twin Peaks model as instrumental to the resilient, stable and inclusive financial sector and designed to stabilise the financial system. The Prudential Authority dictates and monitor minimum capital requirements and set liquidity levels of financial institutions while Market Conduct regulator role protect consumers from unfair financial products trade practises. In addition, Twin Peaks lead to South African banks to design financial products that satisfy the needs of the consumers to ensure consumer protection and a mature financial system.

5.7 LIMITATIONS AND AREA FOR FURTHER STUDIES

While the study is only limited to the effectiveness of twin peaks model regulation in the South African “banking sector”, there is a potential to conduct further studies relating to the effectiveness of twin peaks model regulation in the South African broad financial services sector.

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5.9 QUESTIONNAIRE

QUESTIONNAIRE ON THE EFFECTIVENESS OF TWIN PEAKS MODEL REGULATION IN SOUTH AFRICAN BANKING SECTOR

This questionnaire measures the following factors:

- a) Factors that influence the Twin Peaks Model regulation implementation in the South African Banking sector?
- b) The perception of the regulators on the effectiveness of the Twin Peaks Model regulation?
- c) The perception of the banking sector on the effectiveness of the Twin Peaks Model regulation
- d) Variables can be used to measure the effectiveness of Twin Peaks Model regulation?

Directions:

1. Read the statement carefully.
2. Answer each statement truly and frankly.
3. There are five alternative to choose from:
 - Strongly Disagree
 - Disagree
 - Not Sure
 - Agree
 - Strongly Agree

Further, I assure you that the response recorded by you will be kept secret and will not be used for any purpose other than research.

Thank you for making time to complete this questionnaire

DEMOGRAPHICS

Mark the description most appropriate to your situation with an **X**

1. Please indicate your role in the organization

Head of Compliance	
Compliance Manager	
Compliance Officer	
Compliance Specialist	
Compliance Monitoring Analyst	
Legal Officer/ Legal Counsel	

2. Level of Experience

Less than 3 years	
Between 3 and 5 years	
Between 6 and 10 years	
More than 10 years	

3. Highest Level of Education

High School	
Diploma	
Bachelor's Degree	
Honour's Degree	
Master's Degree	
PhD	

SECTION A: FACTORS THAT INFLUENCE THE TWIN PEAKS MODEL REGULATION IMPLEMENTATION IN THE SOUTH AFRICAN BANKING SECTOR

		Strongly disagree	Disagree	Not sure	Agree	Strongly agree
	Organisation					
4	In my opinion, the implementation of Twin Peaks seek to improve and empower consumer protection.	1	2	3	4	5
5	In my opinion, the enhancement of the market conduct under Twin Peaks is designed to stabilise the financial system.	1	2	3	4	5
6	In my opinion, the enhancement of the prudential regulation under Twin Peaks is designed to dictate and monitor minimum capital requirements and set liquidity levels of financial institutions.	1	2	3	4	5
7	In my opinion, the desired outcome of the Twin Peaks is to have resilient, stable and inclusive financial sector.	1	2	3	4	5
8	In my opinion, the implementation of Twin Peaks promotes an increased economic growth.	1	2	3	4	5
9	In my opinion, the implementation of Twin Peaks will lead to safer and fairer financial system for South Africans.	1	2	3	4	5
10	In my opinion, the implementation of Twin Peaks is designed to streamline interaction between the regulators and the financial service industry to have a more functional approach to regulation and supervision.	1	2	3	4	5
11	In my opinion, restore and maintain confidence in the financial system.	1	2	3	4	5

		Strongly disagree	Disagree	Not sure	Agree	Strongly agree
	Individual capacity					
12	In my opinion, the inefficient financial regulatory systems caused the global financial crisis.	1	2	3	4	5
13	In my opinion, the benefits of implementing Twin Peaks model is evident.	1	2	3	4	5
14	In my opinion, the benefits of implementing Twin Peaks outweighs the associated cost.	1	2	3	4	5

SECTION B: PERCEPTIONS OF THE REGULATORS ON TWIN PEAKS MODEL REGULATION

		Strongly disagree	Disagree	Not sure	Agree	Strongly agree
15	In my opinion, the role of financial sector regulators is to provide consumer protection mechanism.	1	2	3	4	5
16	In my opinion, the role of financial sector regulators is to ensure that financial institutions are financially stable and sound.	1	2	3	4	5
17	In my opinion, the role of financial sector regulators is to empower consumers with necessary knowledge to make informed decisions when acquiring financial products.	1	2	3	4	5
18	In my opinion, the role of financial sector regulators is to protect consumers from unfair financial products trade practises.	1	2	3	4	5
19	In my opinion, the role of financial sector regulators is to accomplish rapid and effective dispute resolutions for banks and its customers in a fair,	1	2	3	4	5

		Strongly disagree	Disagree	Not sure	Agree	Strongly agree
	impartial and confidential manner.					
20	In my opinion, the regulators should embed strong regulatory environment to ensure banks other financial institutions are operating efficiently.	1	2	3	4	5
21	In my opinion, protect financial customers against the risk that financial institutions may fail to meet their obligations.	1	2	3	4	5

SECTION C: THE PERCEPTION OF THE BANKING SECTOR ON THE EFFECTIVENESS OF THE TWIN PEAKS MODEL REGULATION

		Strongly disagree	Disagree	Not sure	Agree	Strongly agree
22	The South African banking sector has a strong regulatory and supervisory environment.	1	2	3	4	5
23	The South African banking sector is regulated to ensure proper oversight over its operations.	1	2	3	4	5
24	The South African banking sector is committed to broaden access to the majority of unbanked South Africans.	1	2	3	4	5
25	The South African banking sector design financial products that satisfy the needs of the consumers.	1	2	3	4	5
26	The South African banking sector ensures there is proper consumer education on financial products.	1	2	3	4	5
27	The South African banking sector aims to curb consumer over-indebtedness.	1	2	3	4	5
28	The South African banking sector is empowered by the implementation of Twin Peaks in dealing with consumer protection and market conduct to have a	1	2	3	4	5

		Strongly disagree	Disagree	Not sure	Agree	Strongly agree
	mature financial system.					

SECTION D: VARIABLES USED TO MEASURE THE EFFECTIVENESS OF TWIN PEAKS MODEL REGULATION

		Strongly disagree	Disagree	Not sure	Agree	Strongly agree
29	In my opinion, the Twin Peaks provide ability to assess and respond to financial stability risks.	1	2	3	4	5
30	In my opinion, Twin Peaks will lead to crisis management and effective resolution of consumer complaints.	1	2	3	4	5
31	In my opinion, Twin Peaks will lead to clear internal policies and procedures for enforcement for the regulators.	1	2	3	4	5
32	In my opinion, Twin Peaks enhance transparency and accountability of the financial institutions.	1	2	3	4	5
33	In my opinion, Twin Peaks will promote proper monitoring and oversight of the licensed financial institutions.	1	2	3	4	5
34	In my opinion, Twin Peaks promote fair customer treatment by financial institutions.	1	2	3	4	5
35	In my opinion, Twin Peaks requires enhanced financial education and promoting financial literacy.	1	2	3	4	5
36	In my opinion, Twin Peaks promotes accessibility of banking services to the consumers.	1	2	3	4	5

		Strongly disagree	Disagree	Not sure	Agree	Strongly agree
37	In my opinion, Twin Peaks refers to financial system that work in the interests of financial customers and support balanced and sustainable economic growth	1	2	3	4	5

THANKS SO MUCH FOR PARTICIPATING