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IN THIS ISSUE

South Africa may exit the FATF grey list by 2026, which could cut costs, speed up offshore transactions, and boost investment confidence. Examples from Mauritius, Botswana and Iceland show how leaving the list restores trust and eases regulation, enabling investments to grow more freely.

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YOUR INVESTMENTS COULD SOON RECEIVE A WELCOME BOOST

SUZEAN HAUMANN | CERTIFIED FINANCIAL PLANNER®, BWM TYGER VALLEY

For the past two years, South Africans have been paying the price for being on the Financial Action Task Force's (FATF) grey list. It's meant slower offshore transactions, more paperwork and higher costs for everything, from investing abroad to moving money across borders.

In short, borrowing costs have stayed high, foreign investment has slowed and ratings agencies, such as Moody's and S&P, have flagged the greylisting as a reason for weaker confidence. This has made our economy look riskier, raising costs and weighing on local investments.

Now, that may be about to change.

South Africa is on track to exit the grey list by early 2026, with key inspections later this year. If successful, it could make your financial life easier, cheaper and more rewarding.

In 2023, if you remember, FATF flagged gaps in our anti-money laundering and counter-terrorism financing systems, placing us alongside high-risk countries. Since then, the country has tightened laws, improved oversight and ramped up prosecutions. Only two issues remain before the final inspection in October.

SOUTH AFRICA IS ON TRACK TO EXIT THE GREY LIST BY EARLY 2026

WHY IT MATTERS

Greylisting isn't just a label, it's a red flag to the world that a country's financial systems have weaknesses. This can:

- Increase costs for cross-border transactions
- Limit access to certain financial products
- Weaken the rand and keep borrowing costs high

For retirement savers and investors, that's a triple hit. But leaving the list could reverse much of this damage.

WHAT WE CAN LEARN FROM OTHER COUNTRIES

It's easier to cheer the fact that we're going to exit the grey list soon by looking at the impact it's had on neighbours, such as Botswana and Mauritius.

Mauritius was greylisted in February 2020 and removed just 20 months later after rapid reforms. During greylisting, transactions slowed, compliance costs jumped, and investor interest cooled.

After the exit, cross-border transactions became faster, more international companies registered there, and more money flowed into the country, boosting its financial sector.

Botswana, greylisted in 2018 and removed in 2021, saw its credit ratings outlook stabilise and an uptick in foreign investment interest post-exit, especially in banking and trade finance.

A little further afield, Iceland was greylisted in 2019 and removed by 2020, experiencing lower bond yields and reduced compliance costs for cross-border dealings after the exit.

In all these cases, exiting the grey list restored market confidence, reduced risk premiums, and made it easier for investors and businesses to operate internationally.

WHAT IT COULD MEAN FOR YOU

If South Africa leaves the grey list, it will definitely simplify your offshore investing because of less admin and quicker approvals. Lower compliance costs could put more of your money to work instead of being consumed by fees.

PUT SIMPLY, AN EXIT COULD MEAN YOUR MONEY MOVES FASTER, COSTS YOU LESS TO INVEST AND HAS MORE ROOM TO GROW, WHETHER YOU'RE INVESTING LOCALLY OR INTERNATIONALLY.

If you've been hesitant about offshore investing because of red tape, start preparing your documents and strategy now.

Getting off the grey list won't fix all our problems, but it removes a major obstacle. And for you, that could mean more freedom, less costs and better growth prospects for your wealth.

The experience of Mauritius, Botswana and Iceland shows that the benefits can be felt quickly – and for South African investors, that's a change worth preparing for.

If you'd like to review your current portfolio or get it ready to take advantage of these changes, don't hesitate to contact me.

SUZEAN HAUMANN | CERTIFIED FINANCIAL PLANNER®, BWM TYGER VALLEY

Suzean is head of the Tygervalley office and one of the company's key individuals. She is a CERTIFIED FINANCIAL PLANNER® and a registered member of the Financial Planning Institute of South Africa.

Suzean has extensive experience in all areas of financial planning, with particular expertise in investment and retirement planning. In addition, Suzean is a qualified foreign exchange consultant, offering in-depth knowledge of offshore investment strategies.

Having joined Brenthurst Wealth in 2010, Suzean has been a valued part of the team for more than 15 years and is fully qualified to advise on the full spectrum of investment matters.

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CONTACT ANY OF OUR HIGHLY QUALIFIED FINANCIAL ADVISORS AT OUR NINE OFFICES COUNTRYWIDE TO DISCUSS YOUR INVESTMENT STRATEGY.

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