

**Integrity & ESG due diligence**  
Deal advisory

**SECTOR**  
*Banking & finance*

**MARKETS**  
*South Africa*



## Due diligence and sector assessment of South Africa's banking sector

### REQUIREMENT

In 2021, Sofala was engaged by a development finance institution (DFI) that was considering the provision of finance to a digital finance company regulated by the South African Reserve Bank (SARB). Our client required an integrity risk assessment of the proposed investee and its key principals, as well as a high-level regulatory risk mapping assessment of the digital banking sector. The objective of the work was to understand (i) whether there were any risks for the proposed investee in the regulatory and policy landscape, and (ii) whether the subject was compliant with relevant regulations.

### APPROACH

We worked closely with our research teams in South Africa to conduct discreet enquiries with a range of sources, including sources directly familiar with the target company's track record, modus operandi, and interests, as well as the reputation of its board of directors and senior management, including any political exposure they may have. We also worked closely with two South African banking sector experts to map the sector's regulatory and policy landscape. In support of these enquiries, we conducted extensive public record research to identify all relevant information, including media coverage concerning the target company and its executives.

### OUTCOME

Our report, and subsequent discussions of our findings, allowed the client to make a decision on whether and how to proceed with the financing, in light of any sector-level risks that might undermine the subject's operations or could present a reputational concern in the coming years.

### CONTACT US

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