ORGANISATIONAL TRANSPARENCY IN SOUTH AFRICAN BANKING: AN INSTITUTIONAL FIELD DISCOURSE ANALYSIS

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ABSTRACT

This thesis examines organisational transparency in South African banking after the financial crisis of 2007-2009. The crisis upset the global economy and resulted in general mistrust in banks and the global financial system. In addition to poor governance standards, inadequate transparency was identified as a key issue to be addressed in order to prevent future crises. The nature and consequences of banking transparency became a matter of worldwide debate. While the extant literature focuses mainly on banking transparency in the context of accounting, this study uses a communication perspective, examining transparency as a dynamic social and organisational phenomenon that is constituted through and reflected in organisational discourse, with both symbolic and practical implications.

The primary objective of this study was to establish how the discourse in the institutional field of banking in South Africa after the Financial Crisis shaped the construction of the meaning of transparency in banking, and consequently how organisational field level discourse contributed to the institutionalisation of transparency practices in South African banking. The study adapted several conceptual frameworks previously used in discourse studies in order to analyse a banking field discourse at meso-level. From the data analysis perspective, the qualitative content analysis was performed with the aid of ATLAS.ti 8 software. The sample for the study comprises 76 purposively selected documents produced by the actors within the institution field of banking from the onset of the Financial Crisis until 2018.

This study underlines the importance of the discourse within the institutional field of banking in South Africa and the construction of what is normal, acceptable and expected in terms of banking transparency, and its institutionalisation, thus highlighting the historical and social embeddedness of banking transparency. The data analysis identifies the main discursive strands within the banking discourse: one that is focused on market conduct transparency and the other, which addresses the importance of banks' transparency in maintaining stability in the financial system. The results also reveal multiple meanings of transparency in South African banking and draw attention to the historical and discursive events that trigger change in institutional fields.

NGAMAFUPHI

Le thesisi iphenya ukusebenza shashalazi kwenhlangano eNingizimu Afrika ngemuva kwenhlekelele yezimali ukusukela ngo 2007 ukufika ngo 2009. Le nhlekelele yaguqula isimo somhlaba kwezomnotho yaze yadala izinga lokungasathembeki kwamabhangi nohlelo lwezimali emhlabeni wonke. Ukwengeza phezu kwamazinga angagculisi okuphathwa kwamabhizinisi, ukungasebenzi shashalazi ngokwanele kuye kwabonwa njengodaba oluyinkinga okufanele luxazululwe ukugwema izinkinga esikhathini esizayo. Ubunjalo besimo kanye nemiphumela yohlelo olushashalazi lwemboni yezamabhangi kugcine sekuba wudaba oluxoxwa umhlaba wonke. Njengoba umbhalo wobuciko okhona ugxile kakhulu phezu kohlelo olushashalazi lwamabhangi kweze-*accounting*, lolu cwaningo lusebenzisa umqondo wezokuxhumana, luhlola uhlelo olushashalazi njengohlelo lwenhlangano yomphakathi oluguqukayo futhi olwakhekayo, kanti lolu hlelo lubonakala njengodaba lwenhlangano, ngendlela yophawu nangendlela ephathekayo.

Inhloso yokuqala yalolu cwaningo kwabe kukuthola indlela lesi sifundo emkhakheni weziko lezamabhangi eNingizimu Afrika ngemuva kokuthi iziNhlekelele zeZimali zishintshe isakhiwo sencazelo yegama lokusebenza shashalazi kwezamabhangi, bese ekugcineni ingabe udaba lwezinga lomkhakha wenhlangano lube negalelo elinjani ekwakhiweni kwezingqubo zohlelo olushashalazi embonini yezamabhangi eNingizimu Afrika. Ucwaningo luguqule izakhiwo zegama ezimbalwa ebezisetshenziswa esikhathini esedlule ezifundweni zocwaningo ukuhlaziya udaba lomkhakha wezamabhangi ezingeni lomhlaba. Ngokomqondo wokuhlaziywa kwedatha, ukuhlaziywa ngendlela egxile kwingxoxo yolwazi olumumethwe kwenziwa ngosizo lwe-*ATLAS.ti 8 software*. Isampula yocwaningo iqukethe imibhalo engama-76 ekhethwe ngenhloso ekhiqizwe ngabadlali abangaphakathi komkhakha weziko lezamabhangi ngesikhathi sokuqala kweNhlekelele yeZezimali ukufika ngonyaka ka 2018.

Ucwaningo lugcizelela ukubaluleka kwesifundo esingaphakathi komkhakha weziko lezamabhangi kanye nokwakhiwa kwalokho okuthathwa ukuthi kujwayelekile, kuyamukeleka futhi kulindelwe mayelana nohlelo lokusebenza shashalazi kwamabhangi, kanye nokkwakhiwa kwalolu hlelo, ngakho-ke lokhu kuveza umlando kanye kanye nabantu ohlelweni lokusebenza shashalazi kwezamabhangi. Ukuhlaziywa kwedatha kwenze ukuthi kuphawuleke izimpawu ezibalulekile ezidukisayo ngaphakathi kohlelo lwezamabhangi; olunye lugxile phezu kohlelo olushashalazi mayelana nokuziphatha kwamabhangi, kanti olunye lubhekene nokubaluleka kohlelo olushashalazi kwezamabhangi ngenhloso yokugcina ingqubo ezinzile ohlelweni lwezezimali. Imiphumela nayo iveza izincazelo eziningi zohlelo lokusebenza shashalazi kwamabhangi eNingizimu Afrika kanye nokuxwayisa ngomlando nangezehlakalo ezidukisayo eziphembelela ukuthi kube nezinguquko emikhakheni yamaziko.

KAKARETSO

Phuputso ena e hlahloba ponaletso ya mokgatlo lekaleng la dibanka tsa Afrika Borwa kamora koduwa ya ditjhelete ya ho tloha 2007 ho isa ho 2009. Koduwa ena e ile ya ferekanya moruo wa lefatshe mme ya fella ka ho se tsheptjwe ha dibanka le tsamaiso ya ditjhelete ya lefatshe. Ntle le maemo a mabe a puso, ponaletso e sa lekanang e ile ya hlwauwa e le taba ya mantlha e lokelang ho rarollwa ho thibela mathata a kamoso. Sebopeho le ditlamorao tsa ponaletso ya dibanka ebile taba ya puisano ya lefatshe ka bophara. Leha dingodilweng tse fumanehang hona jwale di shebile ponaletso ya dibanka haholo-holo maemong a ho boloka dibuka, phuputso ena e sebedisa pono ya puisano, e lekolang ponaletso e le taba e matla ya phedisano le mokgatlo e hlophisitsweng ka, mme e bontshitswe puong ya mokgatlo, ka diphello tsa matshwao le tse sebetsang ka bobedi.

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KEYWORDS

Organisational transparency, corporate transparency, organisational discourse, organisational field, institutional fields, corporate governance, organisational discourse, South African banking, financial crisis, institutionalisation of transparency, institutional theory, discourse analysis, change in banking

DEDICATION

I dedicate this study to my Mom Nina to whom I owe everything.

Dedykuję niniejszą pracę mojej kochanej Mamie.

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LIST OF ABBREVIATIONS AND ACRONYMS

ASISA - The Association for Savings & Investment South Africa

BASA - The Banking Association South Africa

BCBS - The Basel Committee on Banking Supervision

BIS - Bank for International Settlements

BUSA - Business Unity South Africa

CC - The Competition Commission

CoBP - Code of Banking Practice

CSSA - The Chartered Secretaries Southern Africa

CSR - Corporate social responsibility

FSB - The Financial Service Board

FSCA - The Financial Sector Conduct Authority

IIRF - The International Integrated Reporting Framework

IoDSA - The Institute of Directors in Southern Africa

IR - Integrated reporting

IRC - The Integrated Reporting Committee of South Africa

LSM - Living standards Measure

OECD - The Organisation for Economic Co-operation and Development

PA - The Prudential Authority

RSA - Republic of South Africa

SA - South Africa

SAICA - The South African Institute of Chartered Accountants

SARB - The South African Reserve Bank

SARS - The South African Revenue Service

SASBO - The South African Society of Bank Officials

UK - The United Kingdom

UNISA – The University of South Africa

USA - The United States of America

Chapter 1 INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

Organisational transparency and openness have become ubiquitous terms expressing the expected standard of organisational behaviour. As the latest global economic crisis revealed, inadequate transparency in banking had a particularly far-reaching effect on society and its various systems. The calls for corporate transparency in banking can be observed in academic, professional and political quarters, in particular, after the role of excessive lending by the banks worldwide has been identified as one of the main causes of the global economic recession which began in 2007, and whose effects were felt in many parts of the world for many years. Although the South African banking system was not severely affected by the financial crisis, South African banks experienced an erosion of stakeholder trust, fuelled by accusations of collusion (Ramphele, 2017), discrimination (Ryan, 2018) and unfair business practices (Tshwane, 2018). South African banks are also under scrutiny due to their importance to the local economy, their historical legacy and the expectations of social contribution to the developing economy and society. In this context of global and national pressures on banking, there are increased calls for improved standards of corporate transparency in banking in South Africa.

As organisational transparency comes under the spotlight, numerous scholars (Christensen & Cheney, 2015; Forssbaeck & Oxelheim, 2015; Wehmeier & Razz, 2012) agree on the polysemic nature of organisational transparency, which manifests itself in a myriad of transparency definitions. Two areas of attention in terms of organisational transparency can be noted. Research on transparency from the economic and accounting perspectives focuses on financial transparency (e.g. Andries, Gellemore & Jacobs, 2017; Barth & Schipper, 2008; Bushman, Piotroski & Smith, 2004; Saad & Jarboui, 2015), while studies on non-financial transparency are less common and usually relate to corporate social responsibility and integrated reporting (Atkins, Solomon, Norton & Joseph, 2015; Dingwerth & Eichinger, 2010; Hooghiemstra, 2000). In addition, research shows that in the academic literature, transparency is mainly associated with corporate governance (Wehmeier & Razz, 2012).

Recently, transparency also attracted some interest from communication scholars, who challenge conceptualisation of transparency as information disclosure and interrogate the concept of transparency from the perspective of organisational relationships with stakeholders (Albu & Wehmeier, 2014; Schnackenberg & Tomlinson, 2016) or from a critical perspective (Albu & Flyverbom, 2016; Christensen & Cheney, 2015; Christensen & Cornelissen, 2013; Flyverbom, 2015).

The pervasiveness of references to organisational transparency in everyday and academic discourses can be explained through the existence of a "world society", where worldwide models of practice are "propagated through global cultural and associational processes" (Gluckler, Suddaby & Lenz, 2018:3).

Despite the growing body of research on organisational transparency, not many studies approach transparency as an emerging social process or a social institution. Furthermore, organisational transparency research typically focuses on individual organisations or clusters of organisations (Albu & Ringel, 2018; Albu & Wehmeier, 2014). In contrast, this study examines organisational transparency discourse in banking from an organisational field level perspective. It further seeks to understand how transparency perspectives emerge from institutional discourse. The organisational field level of analysis is applied in this thesis to analyse the organisational field discourse as a constituting process of emergence of the meaning of transparency in banking and the institutionalisation of corporate transparency practices in banking in South Africa after the financial crisis of 2007–2009.

1.2 MOTIVATION FOR THE STUDY

Banking is an economic activity, which affects individuals, organisations and countries. The relevance of transparency to the organisational field of banking has been widely acknowledged in academic (Douissa, 2011; Nkopane, 2017) and practice domains (Falkena et al., 2004; National Treasury, 2011), yet banks are generally more opaque than non-banking businesses (Fosu, Danso, Agyei-Boapeah, Ntim & Murinde, 2018). Transparency is a commonly used word in everyday language with reference to banks and other business organisations, and although it is poorly defined (Wehmeier & Razz, 2012), it typically refers to openness about organisational actions (Albu & Flyverbom, 2016). In banking, studies on transparency are usually approached as financial information disclosure practices, while contextual factors in which this disclosure occur, are rarely considered (Adams, 2002; Tadesse, 2006).

This study proposes a conceptualisation of organisational transparency as a dynamic, socially constructed phenomenon operating at the regulatory, normative and cultural levels. Furthermore, it is argued in this thesis that organisational transparency is socially constructed through discourses, in particular by the discourse that occurs in the organisational field of banking. The importance of discourse in creating a social consensus about a phenomenon or issue or problem was highlighted by Van Dijk (2011), who argues that knowledge is shared through interaction, without which it would merely be personal belief. Bennett (2015) concurs that social acceptance of and consent for a particular piece of knowledge validate its production and reproduction.

Applied to transparency in banking, it can be argued that socially situated discourse creates a common understanding of transparency and that particular understanding is reproduced by various social actors and is also translated into organisational practices. Through the organisational field level discourse, transparency acquires commonly agreed on characteristics that are normatively sanctioned and, often, supported by regulations.

This study aims to contribute to the research on transparency in banking by interrogating how transparency has been discursively constructed in the organisational field of banking since the financial crisis of 2007–2009, and how the discourse in the organisational field of banking contributed to the institutionalisation of particular transparency practices in banking in the Republic of South Africa (RSA).

1.3 RESEARCH PROBLEM

Despite a robust academic debate about organisational transparency, systematic studies of banking transparency in South Africa are rare. Furthermore, no studies have been identified that employ a discursive approach to study transparency in banking. Understanding the discourses surrounding transparency helps to understand the various issues associated with it. Discourse plays an important role in an organisational setting, because "discourse provides the necessary framing for institutions to emerge by stabilizing meaning, while institutions stabilize collective action and provide frameworks for action and practices" (Fairhurst, Ashcroft, Alvesson & Kerriman, 2011:1136).

The analysis of discourses emphasises the significance of language in "transforming social reality, influencing organizational behaviour, and shaping organizational members' mindsets" (Marshak & Grant, 2008:S11), thus contributing to the development of institutions and institutionalised practices. This study aims to examine how transparency has been discursively constructed within the institutional field of banking in RSA since the financial crisis of 2007–2009 (further referred to as *the financial crisis*). Discourses influence social action, therefore this study will also analyse how transparency discourse contributed to the institutionalisation of organisational transparency practices in banking.

1.3.1 Research objectives

This study has the following objectives.

Theoretical objectives

RO1: To determine how organisational transparency is conceptualised in the existing literature.

RO2: To understand the role of discourse in the organisational and institutional processes.

The primary empirical objective

RO3: To establish how the discourse in the institutional field of banking in South Africa after the financial crisis shaped the construction of meaning about transparency in banking, and consequently to investigate how the organisational field level discourse contributes to the institutionalisation of transparency practices in banking in South Africa.

1.3.2 Research questions

In order to achieve the empirical research objective, the following research questions will be answered:

RQ1: How is transparency discursively constructed in the organisational field discourse in South Africa after the financial crisis of 2007–2009?

RQ 2: What are the salient features of the transparency discourse in the field of banking in South Africa after the financial crisis of 2007–2009?

RQ3: How is transparency in banking legitimised in the transparency discourse in the organisational field of banking in South Africa?

RQ4: How does the organisational field level discourse contribute to institutionalisation of transparency practices in banking in South Africa?

1.4 THEORETICAL AND CONCEPTUAL FRAMEWORK

As no commonly agreed on theoretical perspective exists on studying corporate transparency, this study combines several theories namely institutional theory, stakeholder theory and legitimacy theory to provide a theoretical foundation for the study.

Institutional theory has been developed in the 1970s and 1980s through the work of researchers such as Meyer and Rowan (1977), DiMaggio and Powell (1983), and later Scott (2014), as one of the most influential organisational theories building on the earlier ideas of Selznick (1957). Developed as a reaction against the prevailing economic and managerial perspectives on organisations, institutional theory is a departure from structural and environmental determinism dominating the earlier organisational research, and focuses on the influence of power, agency, conflict and contingency on organisations (Suddaby, Elsbach, Greenwood, Meyer & Zilber, 2010; Suddaby, Siedl & Lê, 2013). Institutional theory is concerned with institutionalisation, which is the process of the creation of institutions and institutionalised practices in organisations. Institutionalisation refers to "social processes, obligations or actualities which come to take on a rule-like status in social thought and actions" (Meyer & Rowan, 1977:341) or when "the practices are widely followed without a debate" (Tolbert & Zucker, 1983:25). The process of institutionalisation is fluid and dynamic in nature. It involves the negotiation of meaning through discursive efforts of competing institutional actors (Deephouse & Suchman, 2008), sometimes forming discursive communities in the field.

Institutional theory distinguishes between different levels of institutions: societal, organisational field level, and the organisations level. An organisational field, understood as a social arena where "individuals and organisations partake of a common meaning system and interact more frequently with one another than with actors outside of the field" (Furnari, 2016:554), is a valuable level of analysis to examine social systems and processes (Scott, 2014). The nature of institutional fields influences how organisations operating within the field, deal with various issues (Green, Babb & Alpaslan, 2008; Greenwood & Suddaby, 2006; Harmon, Green & Goodnight, 2015; Immerman, 2018; Purdy & Gray, 2009).

Transparency can be viewed as a social practice, which requires "collective effort of reconfiguration through continual process" (Lawrence, Suddaby & Leca, 2009). Social institutions are embedded in the system of meaning (Suddaby, 2010:16), negotiated in the organisational, societal and institutional fields. Stephenson (2016:1484) notes that emerging institutions face uncertainty and may be subjected to conflicting and contradictory policy preferences of other institutional actors. As an emerging social institution, transparency involves both formal and informal rules that regulate social behaviour related to information and communication with the stakeholders by an organisation (Meijer, 2015:190).

Legitimacy theory is sometimes considered a subset of institutional theory (Merkelsen, 2013). Legitimacy theory is concerned with how organisations position themselves as entities that comply with the rules of society. The key argument behind the legitimacy theory is that organisations can only exist in society as long as they are sanctioned by the society, which happens when they operate within a value system that is commensurate with society's values (Fernando & Lawrence, 2014). Departures from legitimate behaviour can be costly for organisations (Phillips, Meyer & Hardy, 2004).

While legitimacy theory focuses in relationships between organisations and society at large, stakeholder theory looks at relationships between organisations and narrower groups in the society, which have specific relationships with an organisation, referred to as stakeholders (De Bussy, 2010; Johansen & Nielsen, 2011; Kujala, Lehtimaki & Myllykangas, 2017). Stakeholders, which is a central concept of stakeholder theory, were defined by Freeman (1984:46), as individuals or groups "that can affect or be affected by achievement of organisational objectives". Stakeholder theory influenced the management practices and organisational discourse and redefined the contemporary expectations of organisational behaviour towards various stakeholder groups. Transparency both affects and reflects the organisation-stakeholder relationship, and influences the legitimacy perceptions of organisations.

1.5 METHODOLOGY

This study employs discourse analysis which is a research strategy within the qualitative research approach. Fairclough (1992) argues that discourses cannot be studied directly, but only through the systematic study of texts. A variety of documents produced, disseminated and consumed in the organisational field of banking, which had an impact on banking in South Africa since the Financial Crisis, were selected for the purpose of this study. The study focused on meso level of discourse, which according to Alvesson & Kerriman (2001), allows the researcher to balance text analysis, with a search for broader patterns of meaning, while simultaneously paying attention to the historical and social frames in which these documents were produced. An analytical framework based on Wodak's (2001) discourse-historical analysis (DHA) was developed and applied to account for the importance of the historical and social context of transparency in banking discourse.

1.5.1 Research design

Scott (2014:69) argues that the analysis of documents, such as the discourse in professional journals, trade publications, organisational documents, and reports, is relevant when studying institutions as they represent "relevant features and shared understanding, ideologies, cognitive frames or sets of collective meanings that condition how organizational actors interpret and respond to the world around them" (Ventresca & Mohr, 2002:819). Purposive sampling is commonly used in discourse studies (Elo, Kääriäinen, Kanste, Pölkki, Utriainen, & Kyngäs, 2014). Chouliaraki and Fairclough (2010:1213) propose that the discourse context should be considered in terms of space, time, practice, change and frame.

The sample of the documents chosen for this study includes key documents that shaped transparency in South African banking since the financial crisis of 2007–2009. The documents studied here are historically and socially situated, were produced between 2007 (the start of the financial crisis) and 2018 by the key actors in the institutional field of banking, such the South African Reserve Bank (SARB), the government treasury department, and the Banking Association of South Africa (BASA). A discourse analysis framework based on the work of Grewal (2008), Wodak (2011), and Rheindorf and Wodak (2018), was developed for this study. The framework entails analysing various levels of contexts in which discourse occurs: societal, institutional or organisational, and meso-context, involving the connections between different texts, and linkages to other discourses, and identifies sub-themes within discourses. The analysis involves description, interpretation and explanation (Fairclough, 2001).

1.5.2 Data sources and sample selection

An organisational field discourse consists of a structured or interrelated collection of texts embedded in organisational and social reality (Alvesson & Kerriman, 2000; Grant, Hardy, Oswick & Putnam, 2004; Marshak & Grant, 2008). The documents sample in this study comprised regulations, codes of conduct, analyses and reports issued by the main actors in the organisational field of banking. Additional documents included in the sample were the articles from 20 issues of *Banker SA*, which was an industry magazine published by the Banking Association of South Africa (the Banking Association) from 2012 until 2018. In 2019 *Banker SA* was replaced with a new publication, *Banking Matters*. Some of the issues of *Banker SA* were excluded from the sample after an initial reading, as they did not contain information relevant to this study.

Within the selected issues of the *Banker SA*, 54 articles were considered relevant to the topic. The final sample analysed in this study included 76 documents comprising more than 4500 pages. The documents were initially selected based on the list of regulatory documents and a list of stakeholders pertinent to banking, such as the SARB and national treasury listed by the Banking Association on its website. Other documents were added to the list, such as key policy documents and other reports relevant to banking until saturation was reached.

1.5.3 Data analysis method

Discourse analysis is not an analysis technique, but rather a research strategy. Therefore, researchers studying discourses apply various analytical techniques. In order to make the analysis rigorous and systematic, qualitative content analysis, which allows researchers to understand the broader meaning implicit in the studied texts, was applied in this study. Qualitative content analysis is a research approach within qualitative enquiry that can be applied to meso-level discourse analysis, as it combines analytical and interpretative approaches (Harris, Kent, Sainsbury & Thow, 2016). As a data analysis procedure, qualitative content analysis involves several rounds of coding, which leads to the developing of a coding system (Schreirer, 2012; Krippendorff, 2004). Codes are then grouped into broader categories, next, the analytical process leads further to identifying main themes emanating from the data and results in drawing conclusions (Miles, Huberman & Saldana, 2014; Saldana, 2013).

The analysis for the purpose of this thesis was conducted using computer-aided qualitative data analysis software (CAQDAS), namely ATLAS.ti 8. Without the assistance of the software, identifying the relevant sections of the studied text would have been very difficult due to the large volume of data.

1.6 CONTRIBUTION TO THE STUDY

This study contributes to the body of knowledge in several ways. Firstly, despite ubiquitous calls for more transparency in business in general, academic research on organisational transparency in banking in South Africa is limited. Therefore, this study provides an addition to the body of systematic studies on transparency. Secondly, banking transparency is often investigated from the financial and economic perspectives, as publicly available financial information. In contrast, by investigating transparency from a communication perspective and by applying the organisational field as the unit of analysis, this study takes a broader view of transparency as a set of multifaceted institutionalised practices, which emerge from the intersection of field level and societal discourses.

Furthermore, this study recognises the connection between discourse and organisational action by identifying the banking-specific dimensions of transparency and identifies the evolving conventions of transparency in banking in South Africa.

1.7 DEFINITION OF KEY CONSTRUCTS

Banking industry: a section of the economy comprising a network of financial intermediaries (banks), licensed by the state to supply banking services.

Corporate governance: a set of control mechanisms that is specially designed to monitor and ratify managerial decisions, and to ensure the efficient operation of a corporation on behalf of its stakeholders (Donnelly & Mulcahly, 2008:416). Furthermore, corporate governance is a meaning structuring device where the discourse shifts value from business and financial to a concern about broader social impact.

Discourses are "structured collections of meaningful texts, having a material form and accessible to others" (Phillips, Lawrence & Hardy, 2004), which constitute "the way of talking or writing about a particular issue, thus framing the way people understand and act with respect to the issue" (Watson, 1994:113). In other words, discourses represent socially constructed knowledge about some aspect of reality (Van Leeuwen & Kress, 2011:113). Not only individuals but also institutions and social groupings express their values and views through language in systematic ways (Wodak, 2011). Van Dijk (2011) states that discourse is a complex, layered phenomenon which combines three dimensions: forms of expressions, meaning and actions. In terms of this thesis, it is assumed that discourse not only creates social reality, but has a material impact on organisational actions.

The financial crisis of 2007–2009: the global economic recession caused by subprime lending – the provision of loans to people who may have difficulties repaying them – in the United States of America (USA). In this thesis, this particular financial crisis will be referred to as the financial crisis.

Framing: the communication process which makes some aspects of the issue more salient (Furnari, 2018:328). Framing represents cognitive schemes that guide the attribution of meaning to social situations (Litrico & David, 2017:988). Framing within an institutional field is a reflection of the constraining and enabling qualities of the social context in which framing occurs.

Institution: an observable pattern of collective action, or taken for granted and reproduced behaviour, justified by corresponding social norms (Czarniawska, 2006:6; Greenwood & Suddaby, 2006:28), cultural frames and rules of compliance.

Institutional field: a recognised area of institutional life or a community of organisations which may include, but not necessarily be limited to, the organisation and its suppliers, customers, regulators and other organisations that provide similar products or services (DiMaggio & Powel, 1983:148), where participants interact with one another more frequently than with actors in another field (Scott, 2001:56). Furthermore, an organisational field is defined as a system of meaning defined by shared cognitive frameworks, shared logics, symbolic and regulatory processes and by the nature of the interaction between the field actors (Delemestri & Brumana, 2017).

Institutionalisation: Mayer and Rowan (2012:45) see institutionalisation as the establishment of rationalised rules, which develop in a given organisational domain. It is also a dynamic process associated with institutional change, linked to the establishment, maintenance or fall of institutions (Suddaby, 2013).

Legitimacy: "a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values beliefs and definitions" (Suchman, 1995:574).

Organisational transparency: a dynamic social process, which emerges from social relationships, and discourse (Flyverbom, 2015:171). Organisational transparency refers to the purposeful communication with the stakeholders about the broad range of aspects: organisational status, performance, actions, and intentions which may have economic, social, human and environmental impacts on the stakeholders. Transparency applied to organisational environments is sometimes referred to as corporate transparency or organisational transparency (Schnackenberg & Tomlinson, 2016). In this thesis, when used in the context of banking, the word transparency refers to organisational or corporate transparency in banking.

Organisations: are social arrangements, constructed through "institutionalized practices and historical experiences that construct normative models of organizational legitimacy" (Oakes, Tawney & Cooper, 1998:259).

1.8 THESIS OUTLINE

Chapter 1: Introduction and orientation

In this chapter the topic of the study is introduced, along with the research objectives, research questions, a brief overview of theories guiding the current research, a summary of the methodology applied in this study, and the definitions of key constructs. The outline of the chapters in the thesis is also provided.

Chapter 2: Provides a review of the academic discourse on transparency

This chapter reviews the academic literature on organisational transparency. Recent approaches which conceptualise transparency as intrinsic value, communication, information and organisational practices are reviewed. The chapter also discusses research on the transparency outcomes, as well as academic contributions that highlight paradoxes of transparency.

Chapter 3: A review of existing research on transparency in banking

In this chapter previous research on transparency in banking is also reviewed, with specific attention to research after 2007, i.e. after the financial crisis.

Chapter 4: Theories applicable to organisational transparency

This chapter discusses three theories that form the theoretical foundation for this study, namely stakeholder theory, institutional theory and legitimacy theory. In the chapter, the key constructs and assumptions of these theories are reviewed. In particular, the crucial constructs on which institutional theory rests, such as institutions, institutionalisation, institutional change, institutional fields and institutional logic are discussed as they underpin the data analysis and discussion of findings. Related to the institutional theory, is the discussion of relationships between social legitimacy and institutions. In addition, the construct of a stakeholder as a foundation of stakeholder theory is discussed. Finally, the role of language, discourse and communication in the institutionalisation and legitimation processes, is reviewed.

Chapter 5: The social and institutional context of banking transparency discourse

This chapter provides the context for the study by providing the overview of the organisational field of banking, as well as the social and economic context, relevant to the transparency discourse in the field of banking in South Africa. As part of the context, the major developments in corporate governance in South Africa are also discussed.

Chapter 6: Research methodology

The chapter discusses in detail the methodology and research design used in the study. In the chapter, the selection of texts and documents sample selected for the study is justified. The researcher also discusses qualitative content analysis as the chosen research strategy. Since the analysis was conducted using analytical software, the process of using ATLAS.ti 8 for qualitative content analysis, as applicable to this study, is also outlined in the chapter. The chapter concludes with a discussion on achieving trustworthiness in this research project.

Chapter 7: Research findings and interpretation

This chapter presents the findings of the study. The findings are presented as themes emerging from the data. In the chapter, the theoretical discursive model of institutionalisation, developed by the researcher as a result of the study, is also discussed.

Chapter 8: Conclusions and recommendations

This chapter summarises the findings of the research by providing a summary answer to each of the research questions. The chapter discusses the limitations of the study and provides recommendations for further studies.

1.9 CHAPTER SUMMARY

This chapter provided the introduction and an overview of the study. It provided the research problem statement and motivation for the study. The chapter also listed the research questions and outlined the theoretical foundation of the study. The chapter also provided a short overview of the research design applied in this study and the definitions of key constructs pertinent to the study. The next chapter reviews the academic discourse on organisational transparency and reviews the existent research on transparency in banking.

Chapter 2 A REVIEW OF LITERATURE ON ORGANISATIONAL TRANSPARENCY

2.1 INTRODUCTION

Despite the pervasiveness of references to the term transparency, it remains ambiguous and not well defined. To understand how transparency is interpreted, institutionalised and enacted within the banking industry in South Africa, existing academic approaches to organisational transparency need to be explored. Organisational transparency is a construct applicable to various societal institutions and is the subject of debate in numerous disciplines, including organisational studies, law, economics, politics, environmental protection, social reporting and sociology (Gawley, 2008; Glenn, 2014; Hoogheimstra, 2000). Each of these fields considers transparency from a different perspective, and yet there are many similarities in the interpretation of the concept. This chapter addresses theoretical objective 1 and focuses on mapping the main directions of transparency discourse in the organisational literature by reviewing different perspectives on transparency, justifications for transparency and perceived outcomes of transparency. The last section of the chapter reviews the research on transparency in the field of banking.

2.2 PERSPECTIVES ON ORGANISATIONAL TRANSPARENCY

The word transparency is frequently used, colloquially and intuitively in the media, in daily conversations and official circumstances. However, as Wehmeier and Razz's (2012:343) research reveals, even in academia, the concept does not have clear theoretical foundations. The lack of a theoretical foundation and precision in defining the concept manifests itself in the existence of a variety of approaches and measures of transparency. As noted by Meijer (2015:191), transparency "is a disputed domain that is the subject of much debate between politicians, governments, stakeholders, journalists, scientists, citizens, etc."

The handful of writers (e.g. Henriques, 2007; Schnackenberg & Tomlinson, 2016; Wehmeier & Raaz, 2012), who research contemporary corporate transparency discourse have consistently highlighted the multiplicity of views on transparency. For example, Forssbaeck and Oxelheim (2015:4) argue that "it is not very clear what transparency means except that it has to do with openness, clarity and accessibility of information and communication." The multiple meanings of transparency identified in existing literature, namely transparency *as intrinsic value, transparency as inspirational ideal, transparency as democracy, transparency as transformative power* and *transparency as information* are discussed in more detail in the subsequent sections.

Nevertheless, the growing prominence of the concept of transparency is obvious. The calls for, and declarations of, commitment to transparency have come from many quarters including politicians, lawmakers, business managers, customers, activists and civil society. The last decade of the 20th century saw an explosion of different civil organisations, such as Transparency International, which attempt to monitor government and corporate transparency, and the introduction of different laws promoting access to information, whistleblowing or the protection of the environment in more than 80 countries (Ala'I & Vaughn, 2014:8). In South Africa too, both government and business organisations, are under the increased scrutiny of the public, media and civil society, and as such there is a growing emphasis on organisations becoming more transparent.

2.2.1 Transparency as intrinsic value

Transparency is generally viewed as a desirable quality with a positive social value (Bessire, 2005; Flyverbom, Christensen & Hansen, 2015; Heald, 2006a). Specifically, it is seen as an ideal with transformative power and a facilitator of progress, fairness and efficiency. The concept of transparency reflects the ideals of a fair society that can be traced to the ideas of ancient Greece and Rome, and later to the revolutionary ideas of enlightenment (Christensen & Lange, 2009). However, it gained prominence in organisational and management studies in the first two decades of the 21st century. Henriques (2007), and Wehmeier and Raaz (2012) highlight the intrinsic, moral nature of transparency. Lazarus and McManus (2006:925) state, "Transparency is very much related to freedom, the quality of our lives and sustainability of our society".Transparency has also been credited with the facilitation of progress, fair competition and efficiency of markets (Glenn, 2014:16). In all, transparency is perceived as a positive phenomenon and behaviour, which reflects the universal moral values, ideals of democracy, principles of human rights, and the beliefs of rationality and justice (Christensen & Cheney, 2015; Henriques, 2007; Welch & Rothberg, 2006).

2.2.2 Transparency as democracy

Furthermore, transparency reinforces democratic values: equality, freedom, respect and human rights. Democracy is inherently linked to the right to be informed (Valbruzzi, 2015). Transparency empowers stakeholders (Hale 2008) and incorporates diversity in decision-making (Farell, 2016), whereby stakeholders can comment, object and contribute to organisational or societal outcomes, based on the information they have. Transparency can help safeguard democratic values by preventing and unmasking abuses of power and corruption (Fox, 2007; Henriques, 2007; Redish & Dawson, 2012). In the context of organisations, when organisations are transparent, a balance of power between organisations and stakeholders can be achieved. When organisations provide information about their various activities, the stakeholders can see what is happening in an organisation, they can voice their opinion as a result, and hopefully, the organisation will behave in accordance with social norms and expectations. Moreover, transparency is considered a positive development since publics can use information in their daily lives and decision-making.

2.2.3 Transparency as transformative power

There is also the implicit assumption that transparency, whose essence is linked to the provision of information, is important and powerful, and leads to creating knowledge and innovation (Bonson & Flores, 2011:37; Cotterell, 2000:419; Lazarus & McManus, 2006:934). Increased transparency is seen as the indicator of social progress from “a time of arbitrary uses of authority and power, characterized by great secrecy, to the contemporary period when commercial, political and other transactions are conducted in the full light of day” (Christensen & Cheney, 2015:71).

Furthermore, the transformative view assumes that transparency has a transformative power and supports organisational capabilities such as innovation, learning, responsiveness and flexibility (Fernandez-Feijoo, Romer & Ruiz, 2014; Lazarus & McManus, 2006). The pervasive demand for corporate transparency resulted in the calls for openness about everything and to everyone. Flyverbom (2015:180) notes that the ambition of transparency goes beyond organisations and institutions to include society as whole by being “translated into recipes for ordering societies and politics along the lines of information sharing, participatory processes and a reliance on technologies”.

2.2.4 Transparency as information

Although definitions of transparency are numerous and varied in the extent to which they are specific or general, most of them revolve around the provision of information. However, it is crucial to examine the factors involved in its provision, namely the asymmetrical nature of some exchanges, the purpose of disclosure and the intent of the sender.

Forssbeack and Oxelheim (2015:6) acknowledge the pervasive existence of information asymmetry, which makes the case for greater transparency. Organisational decisions are based on public and private information. Therefore, the absence or presence of information leads to a reduction or increase in uncertainly and has an impact on the decisions and consequently, their outcomes (Forssbaeck & Oxelheim, 2015:7). Hence, the availability of information or the lack of information asymmetry constitutes transparency. In this context, providing, processing, use and control over information have become the most pressing aspects of contemporary society.

2.2.4.1 Purposeful information sharing

Lindstedt and Naurin (2010:301) define transparency as the release of information about organisations for evaluating organisations, although they do not specify who the evaluators are. Rawlings (2009:75) defines transparency in a more comprehensive way as “the deliberate attempt to make available all legally reasonable information – whether positive or negative in nature – in a manner that is accurate, timely, balanced, and unequivocal, to enhance the reasoning ability of publics and hold organisations accountable for their actions, policies and practices”. The framing of the provision of information as transparency dominates finance and governance literature (e.g. Bidabad, Amirostovar & Sherafati, 2014; Francis, Huang, Khurana & Pereira, 2009; Manganaris, Beccali & Dimitropolous, 2017). Forssbaeck and Oxelheim (2015:6) concur that in contemporary governance practices and institutions, transparency is defined as “the production, the processing, the use and the flow of, as well as the access to the control over the information”. Bushman et al. (2004:207) see it as an output of a collective process of gathering, validating and disseminating information, defined as “availability of firms’ specific information to those outside […] firms”. Similarly, Fernandez-Feijoo et al. (2014) suggest three components of transparency: corporate reporting, private information acquisition, and information dissemination. However, all these definitions mainly focus on the provision of information as transparency.

Such a view of transparency reveals taken for granted assumptions about the nature of information and a superficial approach to message construction, transmission and exchange (Lammers, 2011:156). Conceptually, transparency as purposeful information sharing is solely linked to the sender's intent (Rawlings, 2009:75; Schnackenberg & Tomlinson, 2016:5), where outcomes correspond with the presumed intentions of the senders of the messages (Cornellisen, Durand, Fiss, Lammers, & Vaara, 2015:112). Thus, organisations are presented as rational senders of impartial information. The complexity behind the construction and reception of disclosed messages is often downplayed (Christensen & Cheney, 2015:75). This view, rooted in the modernist tradition, assumes that information is objective, direct and frictionless and provides access to unequivocal truth (Christensen & Cheney, 2015; Meijer, 2009). Therefore, definitions that equate organisational transparency with the availability of firm-specific information to those outside the firm, without considering the processes of selection and framing the messages, largely reflect the transmission model of communication, where the sender engages in communication acts aimed at the receiver. The subsequent discussion will focus on the dimensions of information, the characteristics of disclosed information, and the directionality of transparency.

2.2.4.2 Dimensions of information

Several researchers attempted to identify the various dimensions of information. For instance, Forssbaeck and Oxelheim (2015:7) note two aspects of information: information about characteristics of something (e.g. financial statements) and information about the behaviour or intentions of the actor (e.g. such as informing the stakeholders about the company strategy). Similarly, Porumbescu (2015:2) highlights several transparency content dimensions of corporate transparency, such as institutional information, financial information, product and service information, or information about organisational processes and decision-making transparency, as well as policy transparency and policy outcome transparency. The latter form of transparency, which is often applied to government contexts and sometimes in business organisations, can be described as transparency about past actions of an organisation, and future plans (an organisation's strategic intent). All these dimensions are applicable to banks.

- Timeliness

Another dimension of transparency is temporal. When entities inform publics about what they have done, this is referred to as retrospect transparency (Christensen & Langer, 2009; Heald, 2006b). This ex-post transparency relates to accountability (Oxelheim & Balkin, 1999) for what was accomplished, or the principal holding agents accountable for their actions). In addition to retrospective transparency, there is real-time transparency. It refers to what an organisation reveals about itself or its actions, and when they happen. Real-time transparency has become a possibility and reality in an age of digital communication, which is characterised by an interactive, boundaryless and instantaneous character. Furthermore, the quality of information has additional, rarely mentioned dimensions such as the cost implications for both the receiver and the source in terms of providing and accessing the said information. In addition to timeliness, others consider additional characteristics of information to be relevance, reliability and availability (Forssbaeck & Oxelheim, 2015; Hirschland, 2003; Rawlings, 2009).

- The quantity and quality of information

Broadly speaking, the characteristics and reliability of disclosed information are dependent on its quality and quantity, the nature of disclosure (full or selective) and the level of opacity of the disclosure.

Although the contemporary world offers seemingly easy solutions to transparency such as increased volumes of information available and increased regulation of transparency and governance, there is a danger of too much information. With easy access to all sorts of information, the information could become disinformation or even misinformation (Lash, 2002), where society suffers from information overload. Consequently, balanced reporting, information provision and communication are required, which means that both negative and positive information should be provided in various forms that are easily assessed and understood by stakeholders. At the same time transparency also requires the interest and active involvement of publics in accessing and making sense of the available information. However, as highlighted by Henriques (2007) and Christensen and Cheney (2015), most information is ignored unless its importance is put on the agenda by influential intermediaries such as the media, regulators or advocacy organisations. In fact, in most cases, publics do not have direct interaction with the company but base their view of the organisation on information they receive from the media, opinion leaders or other stakeholders.

The centrality of information availability to corporate transparency immediately draws attention to various characteristics that information may or may not possess. Schnackenberg and Tomlinson (2016:10) consider the clarity and accuracy of information. Clarity of information, which is defined as a “seamless transfer of meaning between the sender”, and accuracy as the perception that “information is correct to the extent possible” within the relationships between the receiver and the sender. Although there are calls for better quality corporate information, Schnackenberg and Tomlinson (2016) point out that there is no consensus on what good quality versus poor quality is in the context of transparency. The quantity and quality of information have consequences for transparency (Forssbaeck & Oxelheim, 2015:9). The quality of information is determined by the needs of the receiver rather than the sender (Gawley, 2008:186; Rawlings, 2009:74).

- Proactive vs demand-driven disclosure

Fox (2007) notes that there are two ways in which information is provided to the publics. Proactive dissemination refers to information about its activities that an entity voluntarily makes available to the public. The demand-driven access refers to the entity's commitment to providing information on request from stakeholders.

2.2.4.3 Instrumental disclosure and selective concealment

Gawley (2008:188) argues that most organisations practise instrumental disclosure, a type of selection and information-sharing that serves the interest of the sender or provider of the information. The reverse implication of instrumental disclosure is selective concealment, which is a process of concealing information that may have negative consequences for the revealer. When the information refers to their own strengths, organisations disclose more information. However, when the information refers to the market in general, they may prefer to withhold the information to discourage new entrants or may choose to withhold the information until their position in the market improves (Eldomiaty & Choi, 2006). Thus, transparency can be described as strategic legitimacy management. Research shows that information provided by organisations is often incomplete, difficult to comprehend or irrelevant (Fung, Graham, & Weil, 2007) and expensive to access (Etzioni, 2010).

The provision of information may create new forms of opacity due to strategic constructions of transparency due to information overload, misinformation and disinformation (Christensen & Cornelissen, 2015:139; Mol, 2010:137). Christensen and Cornelissen (2015:142) note that powerful actors may proactively shape the institutionalised transparency at the level of institutional fields, which may lead to the development of transparency regimes and standards that lead to the concealment of certain information, while at the same time presenting themselves as compliant with social norms. For example, when organisations submit themselves to various reputational rankings and ratings, they seem to promote the ideas of transparency and legitimacy. On the other hand, these rankings usually lack full transparency about how rankings are attained.

An example of transparency that may create different forms of information concealment can be found in accounting and legal practices that apply sophisticated techniques and complex language accessible only to experts (Birchal, 2011; Christensen & Cornelissen, 2015:142). Another example is food labels that provide information that makes little sense to consumers or the complex language of banking terms and conditions. Since the Great Depression in the 1930s, there is a growing trend towards more regulated and globally standardised financial reporting, especially for publicly traded companies. Nevertheless, as numerous corporate scandals from Enron to Steinhoff have proven, even the external scrutiny through financial audits are not guarantees of increased openness, because of the complexity of the information and because the products of such audits are inaccessible in terms of sensemaking to a layperson. Similarly, neither is the organisational information on which the audits are based. As a result, stakeholders must rely on intermediaries to "decipher" and interpret the information provided by organisations. These intermediaries are journalists, financial analysts, activists, and other experts known as stakewatchers in terms of Fassin's (2009, 2011) stakeholder classification.

2.2.5 Transparency as communication

One criticism of the dominant perspectives on transparency (i.e. transparency as information) is that the receiver side of transparency is rarely discussed (Christensen & Cheney, 2014:74). In contrast, the main tenet of transparency as communication (as opposed to transparency as providing information), is the idea that communication is a multidirectional and iterative process in which understanding and meaning are created.

2.2.5.1 Transparency as the creation of meaning

The previously discussed conceptualisation of transparency as disclosure or information provision focuses on the information providers' (organisations') intentions and neglects the active role of "listeners", or in other words, the stakeholders (Cornelissen 2015:13) in co-creating transparency through continual and multi-level interactions, which result in multiple and often unpredictable outcomes. Flyverbom (2015:173) states that transparency is "a matter of interpretation, editing and association in concrete settings". In an organisational context, transparency is thus, a sensemaking process in which both organisations and stakeholders participate and both senders and receivers are engaged in a continual loop of communication.

2.2.5.2 Transparency and organisational culture

Organisational sensemaking is a combination of individual effort and other factors such as organisational culture, which influence how organisational members perceive and enact transparency. Organisational culture is a combination of negotiated meanings constructed through language and social interaction as well as values, norms and assumptions, which affect organisational actions (Huczynski & Buchanan 2009; Gregory, Harris, Aremankis & Shook 2009). When openness becomes a shared organisational value it becomes a part of the practices and ethical decision making by both employee and managers, including the decisions about transparent communication with stakeholders.

2.2.5.3 Understanding stakeholders' transparency needs

Unlike the information disclosure approach to transparency, the communication approach considers transparency as a meaning co-creation process in which the expectations of stakeholders need to be taken into account. In order to understand stakeholders' transparency needs, organisations need to engage with stakeholders. Yet, Macnamara (2012:439) argues that despite the assertions that communication requires dialogue and two-way interaction, "one-way transmissional notions remain pervasive". Developing channels and methodologies to enable, measure and evaluate the organisational capacity to listen to the stakeholder expectations of organisational transparency, is the key to an organisation becoming more transparent.

Therefore, developing organisational competencies to understand its key stakeholders is a prerequisite for constructive transparency. For organisations to be truly transparent, organisations should not only distribute the information required by legislation or information that they choose to provide, but they also need to listen to their stakeholders and be open about those aspects of organisational behaviour that are of interest to the stakeholders. However, Willis (2014) makes the point that organisations have limited willingness and skills to listen to their stakeholders.

Understanding the social context is also an essential condition for transparency. To understand its stakeholders' transparency needs, an organisation needs to seek closer integration with the social environment through engagement in strategic dialogues with stakeholders, through active processes of obtaining information from stakeholders, listening to stakeholder voices, responding to stakeholder demands and achieving mutual understanding (Burnside-Lawry, 2011:151; Christensen et al., 2008:49; Kent & Taylor, 2002:32; Willis 2014:3). It can be argued that transparency is thus a form of responsiveness to stakeholder expectations, and organisations need to understand these expectations in terms of transparency to be truly transparent. This requires organisations to be interactive and responsive to stakeholder needs. Bowen (2010:575) likens responsiveness to engagement, which is a way of management ascribing value and importance to the values of stakeholders and society. Although, the argument for the need for organisations to listen to stakeholders to enable ongoing stakeholder participation in determining the content of transparency, is seldom simple, though, because stakeholders may not always be aware of what information to look for (Christensen & Cheney, 2015:77).

Organisational transparency is a result of sensemaking on the part of both organisations and the stakeholder. According to Weick, Sutcliffe and Obstfeld (2005:409), "sensemaking involves turning circumstances into a situation that is comprehended explicitly in words and that serves as a springboard into action". The sensemaking by organisational actors results in deciding on processes related to transparency, allocating resources and making choices about what and how to communicate. On the other hand, when stakeholders are aware of what organisations affecting them do, they are in a better position to engage in the social discourse that defines their expectations about legitimate organisational behaviours. For instance, when media, politicians or customers challenge the behaviour of a bank, they effectively subject that behaviour to some form of control based on the meaning assigned to that behaviour through the sensemaking. Sometimes this leads to the development of new social institutions, thus changing the embedded social power systems within society.

2.2.6 Transparency practice

Christensen and Langer (2009:3) argue transparency has gone from being an "external condition to which organizations must adapt, to one where transparency has gradually become an explicit strategy that prescribes transparency in all corporate communications". The external conditions include the legal requirements, as well as normative social values and explicit stakeholder demands. However, Flyverbom and Albu (2017) warn that transparency is not an outcome, but rather a process enacted through organisational communication practices such as participation, substantial information and accountability.

2.2.6.1 Organisational self-presentation, identity and transparency

The discussion below links the concepts of organisational self-reflection, self-representation through transparency and organisational identity. It is proposed here that there is a close link between organisational identity and how organisations perceive and choose to practise transparency. Organisational identity is not a set of enduring properties of organisations, but rather an outcome and reflection of organisational sensemaking by organisational actors (Czarniawska-Joerges, 2004) and is contingent on other aspects such as cultural and normative beliefs and management philosophy. Weick et al., (2005:416) explain this process as follows: "who we think we are […] as organisational actors, shapes what we enact and how we interpret".

It can also be argued that identities are multiple and formed, maintained and changed by social reality (Tsetsura, 2010:167). Therefore, organisational identities are manifested, as a collective, but generally a fragmented, organisational narrative produced and constructed by different organisational actors. However, this self-presentation according to Holmstrom (2010:265) needs to be "relevant and meaningful to the social environment". Likewise, this organisational identity as expressed through various narratives has an impact on the relationships with stakeholders because it leaves an impression on others (Kenny, 2011:132). Besides organisational identity influencing stakeholder perception as reflected in the corporate image of an organisation (both intended and constructed by the others), it is also reflected in its corporate reputation and brand (Brown, Dacin, Pratt & Whetten, 2006; Roper & Fill, 2012).

Furthermore, Jenkins (2014) argues that in terms of understanding one's identity, similarity and difference take the centre stage. Individuals and organisations identify themselves by comparing themselves to others. Organisations want to be distinctive, and at the same time by complying with social norms, they want to project their legitimacy. As transparency becomes diffused in institutional fields, organisations interpret and translate transparency into their own actions which reflect, and at the same time shape, their identity. In a world where transparency has become a prerequisite of legitimacy, being transparent is a component of organisational identity.

Identity can also be viewed as a story that an organisation narrates about itself, including through information it provides about different aspects of its actions and intentions, yet simultaneously, as the subject of the narratives told by others by various means. Thus, the identity of an organisation is created by collective narratives emanating from inside the organisation. Organisations produce identity messages, which are claims about themselves communicated internally and externally. These messages reflect the organisational system of shared meaning. In an organisation, several actors, including managers, auditors, corporate communication practitioners and other employees, continually create organisational narratives. These narratives are fragmented and multifarious, as opposed to the perspectives represented in outmoded approaches such as integrated communication, made redundant by the advent of social media, user-generated content spawned by Web2.0 based communication.

While constantly changing, identity formation constitutes the continual and fluid identification process mentioned by Jenkins (2014). Organisational identity influences issue interpretation and organisational actions (Horowitz & Freberg, 2016:200). Equally important to organisational transparency is the articulation of meaning by the organisation and self-reflection and self-understanding. Holmstrom (2010:263) adds that the self-understanding of the organisation can be achieved through continuously defining and redefining its values, based on the inputs from the environment.

Furthermore, organisations promote behaviours, and articulate and legitimise arguments corresponding with the identity they construct. Christensen and Langer (2009) argue that external transparency requires a high degree of internal transparency and self-reflection on the part of the organisation. High transparency levels support a reflective organisational philosophy and practices, while a lack of the reflective capabilities of managers may result in high levels of opacity. The interpretation of transparency by organisations leads to careful self-presentation of organisations through communication. Thus, transparency will always provide limited access to an organisation through an imperfect representation of select signifiers (Christensen & Cheney, 2015:78).

Thus, the degree to which an organisation is transparent reflects organisational identity and organisational sensemaking. The extent to which an organisation chooses to be open to stakeholders, by providing meaningful information to the stakeholders, react to crises situations, and respond to the stakeholder needs is the result of choosing to comply (or not) with the legal requirements for transparency and are also the reflection of, at least in part, its identity. The sensemaking around corporate transparency by an organisation does not precede transparency enactment but is constantly emerging. How organisations practise transparency is constantly redefined in a continual process which reframes transparency practices as well as messages and the vocabulary used by organisations.

2.2.6.2 Organisational message consistency and transparency

There is a tension between the increased professionalisation of corporate messages through tight controls, consistency and the "management" of social media messages in a manner consistent with the brand narratives and the requirements for organisations to become more open and flexible. No communication is neutral, particularly corporate communication, which is planned, strategic, tactical, purposeful and controlled (Christensen & Cornelissen, 2015; Fenster, 2015; Holtz & Havens, 2009). Organisations carefully select the information and messages they present to audiences for reputation building, relationship building, self-presentation and legitimising efforts.

Paradoxically, the increased professionalisation of corporate communication and the focus on consistency in organisational self-presentation may result in less transparency. Christensen and Langer (2009) argue that transparency has developed into organisational "skilfulness at producing formalized and authorised accounts that succumb to official rules for openness and responsibility". Transparency, which is routinised and decoupled from communication, may have an opposite effect to the desired one (Christensen & Langer 2009). Formal (nominal) transparency requirements have severe limitations, mainly because they do not take stakeholder needs into account and potentially cause confusion. Furthermore, since stakeholder perceptions of transparency keep changing, so should the formal transparency guidelines (Christensen & Langer, 2009). As a result, organisations strive to distinguish between official communications and try to limit and mitigate the impact of private, "unofficial" voices. This is despite the promise of the communication revolution brought by the internet and social media.

2.2.6.3 Transparency and communication platforms

Organisational transparency is implemented by using different communication media, communication channels, platforms and genres to communicate with the stakeholders. From an institutional theory perspective, "Genres give orientation and help in coordinating and structuring interaction by standardizing the interaction sequences" (Meyer, 2008:531). For instance, along with financial reports, a news release was the genre of choice for organisational transparency in the 20th century, which was largely shaped by the power of mass communication. The continual role of the traditional media uncovering the activities of large organisations and political elites, complemented by the pervasiveness of digital and social media, creates more opportunities for transparency than ever before.

The ideal of transparency has become exponentially facilitated through information technology, where numerous participants such as customers, shareholders, watchdog organisations, mass media and influential bloggers (Wehmeier & Raaz, 2012:338) and ordinary citizens, voice their opinions. Internet communication brings an increased freedom for individuals and organisations to communicate with each other. The internet also contributes to reducing the cost of communication and increases accessibility, therefore there is less justification for organisations not to be transparent (Mason, 2008:9). Meijer (2009) goes as far as to argue that contemporary transparency is computer-mediated transparency.

Transparency is also related to the perspective on the media as a fourth estate, or an institution that keeps checks on powerful players in society, such as political elites or big business. Moreover, media are influential in selecting the topics that are the focus of public debates and how intensively these topics are covered by the media (Jansson, 2013:9). It follows that the media act as a sphere where informal rules and values are debated and shaped within particular historical and social contexts. One of the most prominent debates of the last two decades, relevant to transparency, resulted in the rise of corporate governance.

Furthermore, media, as the advocate for civil society (Wehmeier & Raaz, 2012:339) act as a powerful social actor that creates space for various social discourses, but also participate in them by framing issues and phenomena in a particular way and draw attention to certain issues by setting or promoting certain agendas in social discourse. The classic agenda-setting perspective suggests that media attention can influence the perceived importance of the issue and draw attention to the issue among large audiences (Klijn et al., 2016:1039). However, the process is not linear, but complex and involves multiple actors that contribute to the emergence of transparency standards and requirements. Despite this complexity, media have some legitimising power through organising the symbolic resources that influence people's knowledge and views of the reality (Freedman, 2014:274).

The media, traditional and online, have been considered an important governance mechanism in terms of legitimation. Jansson (2013:7) suggests that media engage in symbolic management as "propagators of legitimacy" by providing positive coverage to organisations that conform to what is considered good behaviour. Through their coverage, media not only perpetuate certain institutional logics but also engage in legitimising practices through framing and selecting arguments and rhetorical devices that may influence the publics' perceptions of legitimate corporate behaviour.

Although the traditional systems of gatekeeping have been dismantled by the emergence of the internet and social media, this did not reduce the media's role as a platform for a "marketplace of ideas". Furthermore, although media are transmitters of ideas inherited from the past and established social orders, media are also capable to act as change agents (Feldman, Bahmonde & Bellido, 2014:285). On one hand, media can be seen as institutions that promote existing social order, on the other they claim to act in the interest of the society as a whole. This is exemplified by the media reporting on banks as profit- making businesses, but also occasionally the media also call for changes to banking practises.

In recent years communication with stakeholders using digital platforms such as websites and social media has become ubiquitous. It is inconceivable to imagine that a bank would not have a corporate website with internet banking functionality. Corporate websites have become a standard way to provide corporate information. Bonson and Flores (2011:37) highlight the role of web technologies in achieving the transparency goal of knowledge creation. Digital transparency sometimes means involuntary disclosure via digital technologies (Heemsbergen, 2016:138). However, using digital communication does not guarantee increased and/or better transparency as the previously discussed limitations of transparency in terms of content choice, process, directionality and framing of transparency apply to internet communication. Bonson-Ponte, Escobar-Rodrigues and Flores-Munoz (2006:716) posit that websites mostly provide voluntary information. However, there is also some mandatory disclosure that is posted on company websites, particularly annual reports, and integrated reports are made available to the stakeholders online.

At the same time, the internet itself is criticised for the lack of transparency and governance. Large corporations such as Google, Facebook and Twitter are accused of not being open about their practices. Furthermore, there are increased concerns about such aspects as data aggregation, commercial use of private information and lack of user privacy (Flyverbom, 2015:175). Nevertheless, the internet has become a fertile platform for the circulation of ideas of transparency, not least through the efforts of such organisations as WikiLeaks, Transparency International and the Sunlight Foundations. This debate has resulted in the increased drive for the regulation of corporate reporting and in changing normative standards of transparency.

In the age of social media and the internet, managing transparency is more challenging, not least because meaning creation is a process involving a multidimensional dialogue between the company and the stakeholders (Floreddu & Cabiddu, 2016:492). Argenti and Burns (2009:129) state that the advent of the internet gave greater power to activists, non-profit organisations and other stakeholders to put pressure on organisations to reveal proactively both positive and negative aspects of their operations. The digital age put new requirements on organisational transparency.

Digital platforms provide opportunities for immediate transparency and a variety of opinions simultaneously. This contrasts with the carefully planned, crafted and controlled transparency of the pre-digital age. This will probably necessitate different models or conceptualisations of reputation. Since different versions of transparency co-exist (controlled and uncontrolled, intended and unintended, vertical and horizontal), none of them will have a dominant effect on the perceptions of the stakeholders. Rather, the meaning of transparency that emerges through collective effort will be measured through the extent to which it becomes institutionalised and has a cumulative effect on different organisational actors and society as a whole. However, even in the digital age, full transparency is an illusion (Christensen & Langer, 2009), and has often been limited to selected target audiences such as investors or the media (Gandia, 2008:794).

2.3 THE DIRECTIONALITY OF TRANSPARENCY

Heald (2012:33) provides useful conceptualisations of the directionality of transparency as *vertical* and *horizontal*. This bears some similarity to a model used in organisational communication which examines the direction of communication. The vertical dimension represents the principal and/or agent dimension, through which accountability is ensured. The agents and principals are not limited to managers and owners, but can also represent other relationships, such as governments and citizens, organisations and customers, management and employees. These directions of transparency can also be applied to the hierarchies of an organisation. For instance, upwards transparency allows superiors to monitor subordinates and downward transparency allows for the accountability of those in positions of power. Horizontal transparency (Heald, 2012:33) can be likened to the perspective of corporate communication, which distinguishes between transparency towards internal and external stakeholders. Internal transparency refers to being open to internal stakeholders.

Rawlings' (2009) research among employee stakeholders points towards reputational and relational dimensions of transparency as the most valuable to employees. Outward transparency is a form of instrumental disclosure as it reflects the aspirations of organisations and represents a purposeful selection, choice and framing of messages and information. The way organisations manage that inside out transparency can be viewed as reputation management, which is a form of deliberate organisational practice. In the view of Heald (2012:33), full transparency means the presence of all four dimensions (upward, downward, horizontal and vertical). The decisions regarding what is disclosed to publics, how it is done, by what means, by whom and for what reasons require further scrutiny.

2.4 SUMMARY OF THE KEY FOCUS AREAS IN TRANSPARENCY RESEARCH

The literature review indicates that the term transparency has been applied to different aspects of society, institutions and organisations. Figure 2.1 summarises the main streams of perspectives on transparency as described in this chapter.

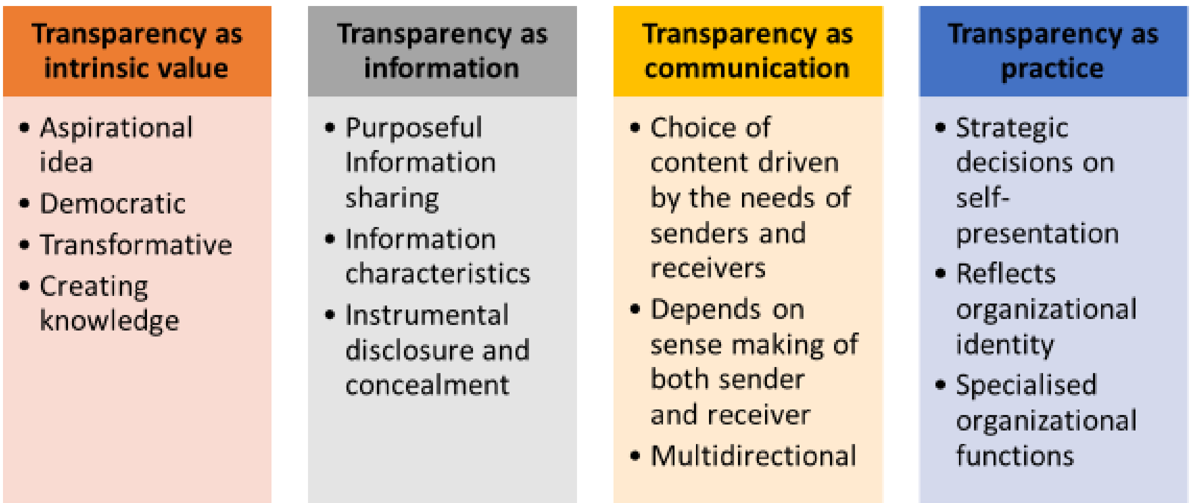

Figure 2-1 Perspectives on transparency - a summary (researcher's own perspective)

2.5 ILLUSIONS OF TRANSPARENCY

Organisations spend a lot of resources on strategic transparency or careful positioning in terms of different, mainly positive, parameters, thus resulting in a transparency illusion. Transparency has a meaningful, but double-edged role to play in achieving legitimacy. On one hand, transparency can aid strategic legitimacy, but on the other, it can limit transparency, as the aspects of organisational reality revealed to publics do not always support the ideal image intended by organisations. Therefore, as previously argued in the section on transparency as the corporate communication practice, organisations through corporate communication activities legitimise their behaviour, engage in ceremonial activities and perpetuate institutional myths that represent the perceived interest of the organisation.

Christensen and Cornelissen (2015:132) go as far as suggesting that transparency has achieved the state of rationalised myth in society. Meyer and Rowan (1997) introduce the concept of rational myths which guide the perceptions of the legitimacy of behaviour. Myths, according to Meyer and Rowan (1977), are shared ideas about how organisations behave. These ideas lead to the development of actual behaviours in the form of policies and procedures which organisations follow to be perceived as legitimate. However, these behaviours do not necessarily translate into improvements for organisational existence and have a largely ceremonial character.

Bernstein (2012) argues that organisations can produce an illusion of transparency where transparency semblances are generated to legitimise certain decisions or to manage the organisational image or merely to create impressions of compliance with legal requirements (Christensen & Langer, 2009; Gawley, 2008; Hansen, 2015). Therefore “institutionalized products, services, techniques, policies and programs function as powerful myths and many organizations adopt them ceremonially” (Meyer & Rowan, 1977:340). The formal structures within numerous contemporary organisations reflect the myths of their institutional environments at the expense of the operational demands of their daily activities (Meyer & Rowan, 2012:341). Greenwood, Oliver, Sahlin, and Suddaby (2008:3) also argue that to achieve ceremonial conformity, organisations purposefully decouple symbolic practices from operational practices. Despite the elaborate corporate communication focusing on their compliance with regulations, due to decoupling, banks have still been found guilty of illegitimate and even criminal behaviour. Boxenbaum and Jonsson (2008:87) thus liken decoupling to impression management, where attention is diverted away from challenging and disputed elements of institutions towards more socially accepted elements.

The nature of transparency includes inherent contradictions (Lazarus & McManus, 2006). Transparency is considered an opposite of concealment, secrecy and opacity (Birchall, 2011; Rawlings, 2009). Ghauri, Hadjikhani and Pahlberg (2015:345) argue that transparency and opacity are not the opposite sides of a coin, but rather a continuum of organisational behaviour, where organisations choose to be transparent and opaque at the same time. For example, an organisation may be transparent about something to a select group of stakeholders, while choosing not to disclose the same information to others.

Glenn (2014:17), and Christensen and Cheney (2015:79), drawing from the ideas of Max Weber on the nature of bureaucracy, argue that the means of concealment are institutionalised in state and organisational structures based on organisational hierarchies. There are also other reasons organisations need to maintain the balance between openness and concealment. The right to own some information and restrict its distribution is an essential part of any economic and business system. Sometimes organisations have to limit the information they provide by excluding some information such as proprietary information or information that can jeopardise the company effectiveness or security.

In the modern world, openness is considered as important a value as the right to privacy. Balancing transparency with secrecy and the right to privacy and security becomes a challenge for contemporary organisations (Christensen & Cornelissen, 2015:139). Thus, it can be argued that transparency is linked to the dialectical tension between the need to know and the need to protect an entity's privacy, security, and one's rights.

2.6 THE OUTCOMES OF TRANSPARENCY

Apart from considering the nature and characteristics of transparency, some literature focuses on the reasons and arguments for transparency in organisations. Determining the "right" kind of transparency depends on cognitive and institutional processes that guide the content of transparency and highlights societal influences on transparency and in turn the impact of transparency on social life (Meijer, 2015:191). These influences are represented in the transparency discourse which, according to Wehmeier and Raaz (2012:346), is shaped by several overlapping frames such as the ethical frame, efficiency frame, communication and relationships frame, regulatory frame and financial frame.

Different frames provide arguments for different outcomes of organisational transparency which can be grouped into three major clusters: control and accountability, social legitimacy and efficiency. Figure 2-2 illustrates the three main outcomes of transparency.

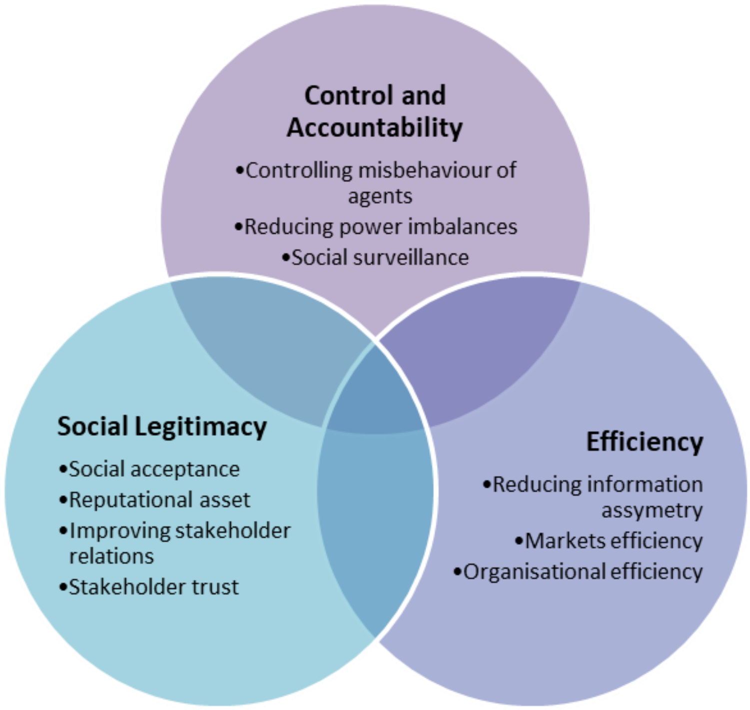

Figure 2-2 The model illustrating interrelated outcomes of organisational transparency (researcher's conceptualisation)

2.6.1 Transparency outcome: efficiency

The dominant approach to transparency in the fields of economics, finance and banking reflects the concern for organisational efficiency and efficient allocation of resources (e.g. Francis et al., 2009; Bernstein, 2009). The efficiency frame of transparency centres on the disclosure and availability of economic information such as financial information, investment decisions or corporate strategy and further relates to organisational efficiency and market efficiency.

2.6.1.1 Transparency and market efficiency

The efficiency frame disregards the ethical values of transparency and concentrates on the instrumental value of transparency. According to this view, withholding information or distorting it, reduces an actor's ability to make the right decisions (Rawlings, 2009:77), while adequate information leads to economic efficiency (Glenn, 2014; Gupta, 2008; Hebb, 2006). Some researchers indicate the positive connection between transparency, risk reduction and the cost of capital (Oxelheim, 2010:67), which leads to better financing, investment decisions and competitiveness (Broll, Eckwert & Wong, 2014:730; Tong & Wei, 2014:358). Others suggest that increased transparency leads to higher rates of investments (Eldomiaty & Choi, 2006:290). The origins of these views can be attributed to agency theory and the efficient information hypothesis. The value of transparency originates in the view that knowledge is power and consequently information can lead to rational choices and decisions. Nowhere is it more apparent than in the field of finance and economics. Financial literature refers to disclosure as a central concept of transparency. Disclosure is directly linked to the provision of information but is less concerned about the quality of information, its relevance to the stakeholders, selection processes or its distribution.

The concept of efficiency is central to the field of finance and economics (Titan, 2015). For instance, both classic economics and neo-economic theory assume that markets serve as an efficient mechanism to control the behaviours of organisations. The efficient market hypothesis, develop by Fama in 1970s, is an example of a theory in financial economics which has been used to explain the behaviour of markets. The efficient market hypothesis maintains that information is a central tenet of efficient markets. The hypothesis assumes that markets, where information is available to all players, are efficient. In contrast, the asymmetric access to information, where some payers have privileged access to information, prevents markets from being efficient.

The hypothesis remains untested, as there are no known markets today, which fulfil these conditions (Nordberg, 2011). On the contrary, the economic crisis of 2007–2009 indicates that markets are not efficient, because despite the sophisticated analysis methods available, investors and analysts while relying on models based on the assumptions of the efficient market hypothesis, underestimated risks and overvalued mortgage-based securities (Bragues, 2012:89). Furthermore, behavioural economists (Hall, 2009) highlight the limitations of the efficient market hypothesis, including the fact that it is impossible for market actors to acquire all information or have a capacity to process it rationally. This highlights the limitation of transparency as the availability of information.

Nevertheless, the effective market hypothesis points to an extent to the importance of transparency in securing economic efficiency. Despite this criticism, there is some empirical evidence that the countries and environments that facilitate transparency through reporting and disclosure procedures have a better allocation of resources and resultant economic growth (Francis et al., 2009:947).

2.6.1.2 Transparency and organisational efficiency

At the level of individual organisations, rather than markets, finance theory and agency theory (Jensen, 2010; Jensen & Meckling, 1976; Reed, 2002) provide an explanation of how transparency contributes to efficiency at the organisational level. The first basic assumption of agency theory is the existence of the divergent objectives of managers and owners. The delegation to management of running a company for the owners is referred to as the separation of ownership, as described by Berle and Means in 1930s, who by combining legal and economic perspectives analysed the impact of the separation of management and control of American companies (Cezanne, 2012:70; Fortunato, 2008:144). Principals are the owners who delegate the work to managers (agents). Agents make decisions, which are not always in the best interest of the principal, due to the inherent differences in the goals between principals and agents. The theory assumes that shareholder wealth maximisation is the main purpose of the companies, therefore the long-term maximisation of the long-term value of the firm should provide the criterion for managerial decisions (Jensen, 2010:32).

In reality, managers display short-termism and tend to focus on short-term profits, rather than long-term organisational goals. Short-termism is a tendency to reduce the time horizons used in investment decisions (Solomon, 2010:9). Bessire (2005:429) argues that inherent in this view are the assumptions that people are opportunistic and centred on self-interest. Agents may maximise their own perceived goals, including supplementing their salaries with additional benefits such as lavish offices, travel, etc. An agent's behaviour leads to agency costs, which, according to Jensen and Meckling (1976:308), comprise of monitoring expenditure by the principal, the bonding expenditure of the agents and residual costs. When organisations have mechanisms for monitoring managers' performance, through identifying the most efficient ways of using incentives, organisational design and legislation (Nordberg, 2011:5), the financial performance of the company can improve through more efficient use of finances and other critical resources (Dyck & Zingales, 2004; Rajan & Zingales, 2000).

In the dispersed ownership structure, the monitoring role of institutional shareholders (insurance companies, pension funds, asset managers, private equity funds, and hedge funds) becomes more complex. As noted by Solomon (2010:126) the monitoring process is complicated by the fact that institutional investors are not company shareholders, but the agents of the investors, who need monitoring. The second assumption of the theory is that there is information asymmetry between agents and owners.

The early views explaining the need to reduce information asymmetry as a way of controlling managers (agents) can be illustrated by Eisenhardt (1985) who argues that when the behaviour of agents is observable, it is based on a contract between parties, (a purchased commodity) and complete information where the principal knows (through observation) what the agent is doing. When agents know what they are doing, but principals do not, information asymmetry occurs. Information asymmetry in a principal-agent relationship is ever-present, in that the agent has access to more information and the principal is always at a disadvantage in terms of access to relevant information regarding the actions of the agent. Thus, information asymmetry can be understood as an absence of transparency in the agent and principal relationship. The combination of these two factors results in the inefficient allocation of resources (Fortunato, 2008; Jensen & Meckling, 1976). Hebb (2006:386) proposes that transparency aligns the managers and owners and thus lowers the agency costs and leads to organisational efficiency. Agent-principal relationships can be expanded beyond the corporate environment. One can think of different stakeholders, for example, employees as agents and managers as principals. In all cases, transparency influences the relationships between these parties. For instance, in a recent study, Brandes and Darai (2017) discovered a considerable effect of transparency on stakeholders' attitudes towards an organisation. Even when the disclosure on the part of managers involves "bad news" employee effectiveness was higher than in the case of non-disclosure.

2.6.2 Transparency outcome: control and accountability

Finding a way of monitoring and controlling the performance of the managers became the focus of corporate governance and consequently, transparency. Transparency has been named as an essential component of the public control of governments and corporations alike, because it leads to accountability (Hollender, 2014; Ridley, 2010; Sunstain, 2016). Fox (2007) notes that transparency is expected to generate accountability. However, the process of how it happens is often assumed but rarely interrogated. For instance, Meijer (2015:191) refers to transparency in terms of accountability as "availability of information about an actor allowing external actors to monitor the actions and decisions of that actor". Transparency is also seen as an antidote to fraud and corruption. It is also seen as a method of balancing the power in relationships between different organisational actors (Henriques, 2007:2). Thus, transparency has become an aspirational means of regulating the power within economic and social systems.

2.6.2.1 Transparency as a controlling mechanism

An agent's behaviour can only be controlled if permanent surveillance mechanisms are in place (Bessire, 2005:429). Flyverbom et al. (2015:385), drawing on the ideas of Foucault, identify two types of control: observational and regularising (or disciplinary). Observational control takes place when information about an actor is available, therefore allowing a "controller" access to what is going on and thus creating the potential for interventions where necessary. Controllers acquire power *over* an organisation and have the ability to restrict organisational actions, if necessary (Heath, Motion & Leitch, 2010:193). By demanding transparency, stakeholders can also monitor organisational behaviour. Heald (2012) argues that transparency became a sophisticated type of social control and organisational surveillance, which is an equivalent of a Foucauldian version of "disciplinary technology". Organisations today are expected to be accountable to a broad spectrum of stakeholders and society as a whole. Therefore they are also expected to be open to the scrutiny of society by being transparent.

Transparency fulfils the role of a controlling system, in which behaviour is controlled through a system analogical to Bentham's Panopticon. The Panopticon concept, adopted by Foucault (1995), illustrates a situation whereby the observed are not monitored all the time, however, they are aware that there is a possibility that their actions could be scrutinised at any point in time, which leads to continual compliance even when there is no direct observation. Through the concept of the Panopticon, Foucault (1995) emphasises the depersonalised power embedded in the social system. Power "is never localised here or there, never in anybody's hands, never appropriated as a commodity or piece of wealth. Power is employed and exercised through a net-like organization" (Foucault, 1980:99).

Observational control requires co-presence and can be exercised through various monitoring technologies (Flyverbom, Christensen & Hansen, 2015:390). Among these forms of observational control are various institutionalised reporting requirements, mandatory disclosures, audits and other legally defined mechanisms for the provision of specific information. However, in order to work as a disciplinary form, transparency cannot be limited to the provision of more information. Tapscot and Ticoll (2003) argue that more information has not necessarily made stakeholders more powerful.

Corporate reports are an example of how nominal transparency can increase opacity. As reports become more comprehensive and cover more and more topics, they also require more specialised knowledge to process the information (Christensen & Cornelissen, 2015:143). In fact, in most aspects of reporting, the lack of resources or knowledge to verify and assess the information (Christensen & Cornelissen, 2015:143) hampers the effectiveness of transparency. Transparency is only helpful if the stakeholder at whom transparency is intended for, have an interest in specific content, have enough knowledge, and the ability and resources to process, interpret and understand the information that is provided (Heald, 2012:34). In these circumstances, stakeholders become dependent on intermediaries such as the media, journalists, commenters, non-governmental organisations and activist groups to make sense of complex information.

To deal with the large amounts of information, various ways of simplifying the information are applied such as ranking different forms of statistical information. In a world where full transparency is a utopian idea, numbers and statistics are often presented as on objective reality (Hansen, 2015:203). Here "numbers represent (the) ideological and political tensions" by means of "numerical objectification" which "promotes some forms of transparency at the expense of others," argues Hansen (2015:203). In reality, it is a subjective and symbolic process of categorisation, classification and labelling (Hansen, 2015:209).

Examples of the disciplines where this is most obvious are finance and accounting. Despite the existence of International Accounting Standards, there is still a lot of freedom in how the financial reports are produced (Barth & Schipper, 2008), with the help of such mechanisms as creative accounting. Even the existence of various monitoring mechanisms and institutions is not a panacea against corporate misbehaviour as they also use the same reductionist and subjective methods of evaluation.

Therefore, it can be argued, that transparency is only one antecedent of effective controls that should be used in conjunction with other enforcing and surveillance mechanisms, such as laws, government regulations, and organisational and stakeholders' agency. Transparency as a regularising control "guides behaviour on the basis of shared, internalized norms and expectations, not direct interventions or coercion" (Flyverbom et al., 2015:387). The latter form of control reflects the view that power is a pervasive condition and an embedded characteristic of social systems (Huczynski & Buchanan, 2011:689).

2.6.2.2 Transparency and power

In the words of Foucault, "power is everywhere, not because it embraces everything, but because it comes from everywhere" (Foucault, 1995:93). This type of power is concerned with power to, rather than power over. Such power – a productive power – is closely linked to knowledge, because power produces knowledge and knowledge constitutes power relations (Schirato, Danehr & Webb, 2012:45). Schirato et al. (2012:46) explain that "power functions in terms of relations between and trajectories across and involving people, institutions, bureaucracies and various cultural fields […] within the state". The source of this power is distributed through the fabric of society. Regularising control arises from communication processes such as discursive practices, where meaning and schemata through which social life is interpreted, understood and realised are created (Flyverbom et al., 2015:392; Huczynski & Buchanan, 2011:701). For example, Bricker and Chandar (2000:532) explain that the focus of discourse on owners and managers served as "a political or a rhetorical device designed to focus attention on the problem of concentrated economic power in conjunction with the absence of countervailing power".

The control of organisations can be achieved through social control and a series of constantly developing symbolic control measures. These norms develop over time and are facilitated by various institutions such as gatekeepers and watchdogs. Nordberg (2011:56) defines gatekeepers as the organisations and occupations that have the capability to monitor the activities of the corporations, analyse them and report on these activities. Gatekeepers and watchdogs include such categories as auditors, rating agencies, lawyers, activist organisations and the media. However, gatekeepers and bureaucratic procedures and even organisational politics can become obstacles to achieving the transparency ideal itself.

Arguably, with globalisation and developments in communication technology, the ubiquity of the internet and social media, the power centre has moved away from big organisations. Although organisations are still powerful, the easier ways of accessing and disseminating information mean that it is easier than before for stakeholders to monitor organisational behaviour and demand accountability from the organisations. Power comes from the socially constructed interpretations of available information (Heath, Motion & Leitch, 2010:193). This type of power operates through cognition and the creation of meaning. The behaviour of organisations is controlled through an actors' constant self-evaluation and sensemaking, which is shaped through the lens of continually changing values and ideals, which constitute the norms of behaviour.

Once particular standards of behaviour based on commonly accepted norms and expectations acquire a taken-for-granted status, the control mechanisms are in place. From this perspective, transparency is seen as "a social process of managing what is visible and present – as well as invisible and absent – a process that produces multiple and extensive kinds of control and ordering" (Flyverbom et al., 2015:392). Transparency reveals organisational behaviour and allows interested parties to make constructive decisions (Fung, Graham & Weil, 2007) and evaluations of organisations. However, organisations themselves are active actors who can use transparency in discourses to facilitate their own power. Organisations exercise power by mobilising symbolic resources and shaping their meaning by various methods (Heath et al., 2010:191; Mumby, 2013:157), including corporate transparency. By using selective disclosure and framing of corporate messages, organisations participate in discourses that contribute to cultural and social structuring.

Transparency moves the discourse about different social actors, including banks, from a few privileged discourses among a few selected players, such as opinion leaders and specialists, to a multitude of competing discourses in which many players can participate (Schirato et al., 2012:48). Through a complex web of interrelated arguments, schemata and perspectives, different discourses lead to the development of new standards of behaviour. The power that constitutes the fabric of society, can be repressive, but it is mainly a productive force that "shapes and mould(s) people, their dispositions, values and practices" (Schirato et al., 2012: 46). Foucault's (1995:27) explanation of interrelations between power and knowledge is useful for understanding the importance of transparency as a facet of its social regularising power. "Power produces knowledge … power and knowledge directly imply one another … there is no power relation without the constitution of the field of knowledge, nor any knowledge that does not presuppose and constitute the power relations".

2.6.3 Transparency outcomes: reputation and trust

Organisations are not only searching for effectiveness but also strive for social legitimacy (Anthony, Appari & Johnson, 2014; Frandsen & Johansen, 2013:207), because they "want to be seen as essential and accepted members of the larger community" (Christensen, 2008:15).

2.6.3.1 Transparency and corporate reputation

Organisational legitimacy perceptions can influence organisational reputation among stakeholders. A good corporate reputation is considered one of the most desirable intangible assets of any organisation, and as such it requires that organisations purposefully contribute to the development of such an asset. However, reputation building is complex as it relies on a variety of factors, one of which is corporate transparency (Bronn, 2010; Christensen, Morsing & Cheney, 2008; Roper & Fill, 2012; Watson, 2010).

Christensen et al. (2008:88) see corporate reputation as "a specific character or trait ascribed to an organization by outsiders based on their observations of its products, decisions and actions", while Cherchiello (2011:58) describes it as "how an entity is perceived by each of its stakeholder groups". Fombrun (2012:100) highlights the competitive value of reputation by defining reputation as "a collective assessment of company attractiveness to a specific group of stakeholders relative to a reference group of companies with which the company competes for resources".

The above definitions highlight several important aspects of reputation: its embeddedness in legitimacy perceptions, the long-term aspect of reputation formation, the role of transparency and communication, and the symbolic and cognitive character of reputation. Although the term corporate reputation is relatively recent, Kobrak (2013) argues that related concepts of integrity and character have been the foundation of business for centuries. Also, Rawlings (2009) links transparency to the reputation traits of integrity, respect and openness. Organisations strategically apply transparency to improve their reputation (Christensen & Cornelissen, 2015:139). Arguably, organisational reputation in the 21st century will be defined by how transparent or opaque organisations are.

Neville, Bell and Menguc (2005:1189) observe that reputation is not homogeneous. The reputation of an organisation varies among different stakeholders or stakeholder groups, depending on their expectations, experiences and values. For instance, the reputation of a company among consumers can be very different from its reputation among its investors. Consequently, stakeholders' values and interests also influence their expectations of corporate transparency, which in turn influence organisational communication practices.

Considering the multiplicity of factors influencing corporate reputation and its importance, the questions of how to "manage" reputation and whose responsibility it is to safeguard and build reputation are hotly debated. Fombrun (2012:113) identifies the following sources of reputation: personal experience, corporate communication and specialised coverage by intermediaries, opinion leaders and media. Similarly, Feldman et al. (2014:55) expand the definition to include "not only direct interactions that stakeholders have with the organization but also transparency about organisation activities, achievements and challenges influence stakeholder perceptions". In an age of social media and the internet, building and maintaining a corporate reputation is more challenging. It has become the outcome of a complex meaning creation process involving a multidimensional dialogue between the company and its stakeholders (Floreddu & Cabiddu, 2016:492). The digital age sets new requirements about organisational transparency and consequently redefines the perspectives of what constitutes a positive corporate reputation and the role of transparency in building organisational reputations. Fernandez-Feijoo, Romero and Ruiz's (2014) research suggests that activist pressure increases organisational transparency.

2.6.3.2 Transparency and trust

Trust is conceptually linked to the way stakeholders perceive organisations such as banks and consequently impacts organisational reputation. Jahansoozi (2006:94) argues that transparency promotes trust and leads to "accountability, collaboration, cooperation and commitment". Smudde and Courtright (2011:143) suggest that trust between organisations and stakeholders can be created when an organisation is transparent about its actions because transparency suggests a sincerity of actions. However, building trust through communication requires resources and reflection on the part of an organisation on how it practises transparency to achieve stakeholder trust and legitimacy.

Trust is inadvertently linked to risk, as both stakeholders and organisations face risk in relationships (Spicer, 2008:37). Holmstrom (2010:270) expands this definition thus: “trust is based on extrapolation from information and experience that are insufficient for certain knowledge and secure anticipations but that establish some expectations about the future behaviour of an organization”. Trust can be fostered by corporate transparency because transparency suggests the sincerity of actions and can be achieved when organisations communicate with competence and clarity, show genuine interest and understanding of stakeholder problems leading to the fulfilment of the stakeholder expectations.

2.6.4 Unintended consequences of transparency

Despite the effort to manage organisational transparency, it has also some unintended consequences. A special case in the transparency conundrum is online transparency. Online transparency has the unintended consequence of increased surveillance and monitoring of participants as indicated by numerous examples of employees who disclose negative facets of their organisations on social media being dismissed. Christensen and Cornelissen (2015), as well as Henriques (2007), concur that due to information overload, instead of scrutinising every item of information and communication produced by an organisation, publics resort to evaluating the consistency of organisational messages. It can be argued that organisational reputation depends on the consistency of organisational messages about its constitutional elements including corporate social responsibility, products and customer relations.

Other unintended consequences, as argued by Welch and Rothberg (2006:937), are that the broad visibility intended to increase transparency may lead to behaviours that increase the visibility of some elements and opaqueness of the others. Head (2012:34) calls this a nominal transparency, a lip service kind of transparency, involving the existence of structural features of transparency, which may be restricted by unsupportive contextual elements such as a secretive corporate culture. As a result, transparency can not only empower the disadvantaged but concentrate power in the hands of the powerful. Transparency can legitimise bureaucratic power, undemocratic forms of governance and lead to the centralisation of political and economic power in the hands of a few (Vaughan & Ala’I, 2014:1). The choice and format of the information provided can privilege some stakeholders and disadvantage others, thus increasing the gap between nominal and effective transparency.

2.7 CHAPTER SUMMARY

This chapter provided an overview of the major approaches to organisational transparency as presented in the existing literature. The key finding of the literature review was that transparency is a multifaceted construct and researchers approach it from different perspectives. The chapter identified various dimensions of organisational transparency, which can be clustered into the following perspectives: transparency as intrinsic value, transparency as information, transparency as communication and as organisational practice. These multifaceted perspectives affect how transparency is presented and debated in the field of banking. Likewise, the multiple approaches to the social value of transparency, as reflected in various outcomes attributed to transparency also influence the way different actors in the organisational field of banking make a case for or against transparency in banking. Furthermore, the chapter also discussed the limitations and constraints of organisational transparency.

Chapter 3 RESEARCH ON TRANSPARENCY IN BANKING

3.1 INTRODUCTION

The discussion in Chapter 2 broadly addressed the various aspects of organisational transparency and its outcomes. Research focus on transparency differs in various institutional fields. The influence of legislation, industry associations, professions, regulators and interaction between different organisations lead to the institutionalisation of specific content and process of transparency within a specific field. The transparency facets, which were discussed in the previous sections including the reasons for an increased demand for transparency, approaches and practices also apply to the banks, however, they are rarely applied to banking transparency research. Instead, the review of prior research on transparency in banking sector suggests that most of the research is done in the field of finance, accounting and there is a specific focus on financial transparency. Chapter 3 discusses the context of banking transparency and provides an overview of the key areas of research on banking transparency: financial and non-financial transparency.

3.2 THE HISTORICAL CONTEXT OF BANKING TRANSPARENCY

There is evidence from the literature reviewed below that transparency acquired a special position within research in the field of banking. The issues around transparency within the banking field have been acutely highlighted during the economic crises of 2008–2009. Already in 1990s flawed governance mechanisms and lack of transparency were identified as a cause of the increase in risks in the banking sector (Leechor, 1999; World Bank). The origins of the economic crisis of 2008 are attributed to skewed institutional logic, a short term focus, the incentive system and mimetic behaviours promoting the excessive risk-taking behaviours within banks (Pozner, Stimmler & Hirsh, 2010; Carney, 2013) enabled by the lack of transparency (Manganaris et al. 2017:121) and consequently, the lack of broad accountability by the banks.

The lack of transparency in the banking system has been for many years embedded in the banking institutional logic. Billings and Capie (2007:2) note that until the end of the 20th century banks enjoyed, "at first through customs and practice and later through legal exemption, reporting requirements which permitted them to avoid reporting 'true profits and capital'". Arguably, the opaqueness of banks became institutionalised until the disruption caused by the major financial crises and globalisation in the second part of the 20th century which lead to closer scrutiny of banking practices that caused the regulatory changes that required for banks to be more transparent. For many decades banks have had a lot of discretion over disclosure (Rochet, 2007) despite numerous regulations affecting their governance, which is alarming because banks control the money of depositors and not only the investors and equity holders' assets (Leechor, 1999:1).

Among the main issues obfuscating corporate transparency in banking are the unclear accounting standards, confusing legal frameworks, as well as distorted incentives for supervisors, bank owners and managers (Noy, 2004:345). Banks are unlikely to disclose accurate and sufficient information voluntarily, which leads to the need to impose the disclosure requirements on banks by the regulators (Hyytinen & Takalo, 2003; Rochet, 2007). This view was echoed by others and resulted in the greater emphasis on regulating transparency in banking as evident in Basel II and Basel III accords.

Based on their empirical study, Bushman et al. (2004:244) argue that governance transparency is linked to legal or judicial regime, while financial transparency is connected to the political regime. The countries with higher judicial efficiency have higher governance transparency. Financial transparency is higher in countries with low state ownership of banks and other enterprises.

3.3 THE MAIN AREAS OF RESEARCH ON TRANSPARENCY IN BANKING

Fernandez-Feijoo et al. (2014) identify two components of corporate transparency: financial transparency and non-financial transparency (governance transparency). Traditionally the studies on banking transparency focus mainly on economic impact, consequently, transparency in banking is often seen as mainly the release of a set of financial indicators. Research on transparency in banking is dominated by various aspects of financial transparency and is mainly driven by researchers from the field of accounting (see Table 2.1). Only a handful of the articles (highlighted in colour) dealt with matters of non-financial transparency.

Table 3-1 shows the selection of articles that were identified through the keyword search using the words banks, banking, transparency and corporate transparency on the EBSCOhost and Science Direct databases, after duplications and articles related to central banks were eliminated.

Table 3-1 Selected research articles on banking transparency 2010–18 based on term search transparency and bank on EBSCOhost and Science Direct databases.

Title	**Authors**	**Journal**	**Research focus**
2018			
Reporting choices in the shadow of bank runs	Gao, P & Jiang, X	*Journal of Accounting and Economics*, 65(1): 85–108	reporting discretions and bank runs
Dividend policy and bank opacity	Tran, D, V & Ashraf, BN	*International Journal of Finance & Economics*, 23(2): 186–204.	the link between dividend policy and bank transparency, financial
An empirical investigation on disclosure about mobile banking on websites	De Oliveira Malaquias FF, & Hwang, Y	*Online Information Review*, 42(5): 615–629.	online disclosure (non-financial)
2017			
Bank transparency and the crisis	Manganaris, P, Beccalli, E & Dimitropoulos, P	*British Accounting Review* 2017, 49(2): 121–137	financial reporting increase transparency after the crisis

Banking on exclusion: data disclosure and geographies of UK personal lending market	Henry, N, Pollard, J, Sissons, P, Ferreira, J & Coombes, M.	*Environment & Planning*, 49(9): 2046–2064	increase transparency in personal lending in the UK
Bank system trust, bank trust and bank loyalty	Esterik-Plasmeijer J, & van Raaij, PFW	*International Journal of Bank Marketing*, 35 (1): 97–111	transparency as one determinant of bank loyalty (non-financial)
The effect of corporation tax on banking transparency: evidence from loan loss provision	Andries, K, Gallemore, J & Jacob, M	*Journal of Accounting & Economics*, 63(2/3): 307–32	Impact of tax systems on financial reporting
2016			
Optimal bank transparency	Moreno, D & Takalo, T	*Journal of Money, Credit & Banking*, 48(1): 203–231	Financial transparency and risk optimal levels of transparency
Competition and Bank Opacity	Liangliang J, Levine, R & Chen, L	*Review of Financial Studies,* 29(7): 1911–1942	regulation and quality of information released by banks; financial disclosure
2015			
Reducing and sharing the burden of bank failures.	Cariboni, J, Fontana, A, Langedijk, S, Maccaferri, S, Pagano, A, Giudici, MP, Rancan, M & Schich, S	*OECD Journal: Financial Market Trends*, 2015(2): 29–61	regulation effects transparency as way of preventing bank failures

2014			
Organizational transparency and sense making: the case if Northern Rock	Albu, OB & Wehmeier, S	*Journal of Public Relations Research,* 26 (2): 117–133	Organizational transparency and sense making: the case of Northern Rock (non-financial); crisis management
Does banking system transparency promote bank competition	Andrievskaia, I & Semenova, M	*Problems of Economic Transition* 57(8): 50–71.	weak link between transparency and competition levels
Corporate Social Responsibility in commercial banking - a case study from the Czech Republic	Burianová, L & Paulík, J	*Journal of Competitiveness*, 61: 50–70	CSR transparency as a marketing tool (non-financial)
UK banks face huge investments to comply with Bank of England stress test.	Thun, C	*Journal of Risk Management in Financial Institutions*, 7(4): 389–394.	stress test, financial disclosure, compliance with regulation, market transparency
How to create indices for bank branch financial performance measurement using MCDA techniques: an illustrative example	Ferreira, F. A. F.; Santos, S P, Rodrigues, PMM. & Spahr, RW	*Journal of Business Economics & Management*, 15(4): 708–728	transparency in decision making process at a branch level (non-financial)
2013			

An empirical study regarding banks' transparency degree of the internal control over financial reporting	Dănescu, AC	*Economic Computation & Economic Cybernetics Studies & Research,* 47(2): 261–274.	accounting, auditing
Transparency of banking supervisors	Liedorp, FA, Mosch, R, van der Cruijsen, C & de Haan, J	*IMF Economic Review* 61(2): 310–335	differences between countries in bank supervisory transparency: political, economic, procedural, policy and operational transparency
Transparency in social disclosure in financial institutions through CSR reports in the context of crisis	Gutiérrez, P R; García, F JF; Sánchez-Cañizares, S	*Universia Business Review* 38: 84–107	stakeholder focus and information disclosure on customers, society, employees, environment (non financial)
Scoring the banks: building behaviourally informed community impact report card for financial institutions	Brescia, R H.; Steinway, S	*Fordham Journal of Corporate & Financial Law*, 18(2): 339–378	impact of greater transparency of banking practices / being more responsive to community
Do bank regulation, supervision and monitoring enhance or impede bank efficiency?	Barth, J R, Lin, C, Ma, Y, Seade, J & Song, FM	*Journal of Banking & Finance* 37(8): 2879–2892.	Impact of transparency on banks efficiency
2012			
The regulation framework for the banking sector: the EMU, European banks and rating agencies before and	Liapis, K	*International Journal of Disclosure & Governance*, 9(4): 301–330	transparency framework: financial reporting, risk management, value creations corporate governance and sustainability

during the recent financial and debt crisis			
Are transparent banks more efficient	Farvaque, E, Refait-Alexandre, C & Weill, L	*Eastern European Economics*, 2012, 50(4): 60–77	economic efficiency
Making banks transparent	Bartlett, RP	*Vanderbilt Law Review*, 65(2): 293–386.	financial disclosure, credit risk management modelling
Financial regulation and transparency of information: evidence from banking industry.	Mendonça, H, Ferreira,G, Délio J, Cordeiro, L & Falci RV	*Journal of Economic Studies*, 39(4): 380–397.	effects of more transparency on the financial performance of banks
2011			
Measuring banking transparency in compliance with Basel II requirements	Douissa, IB	*Current Issues of Business & Law*, 2011, 6(1): 90–110	financial transparency levels, comparative study
Universal Banks, Universal crises? Disentangling myths from realities in Quest of new regulatory and supervisory landscape	Staikouras, PK	*Journal of Corporate Law Studies* 11(1): 139–175.	the need for regulation and increasing market transparency
Customer equity sustainability ratio: a new metric for assessing Firm's future orientation	Skiera, B, Bermes, M & Horn, L	*Journal of Marketing,* 75(3): 118–131.	financial transparency and customer value

Transparency, scrutiny and responsiveness	Murray, A	*Political Quarterly*. Oct-2011, 82(4): 509–514	transparency and privacy conflict in society (non-financial)
Securitisation, risk failure risk	O'Brien, PC	*Irish Accounting Review,* 18(1): 39–50.	financial reporting securitisation and risk
2010			
Transparency and bank supervision	Kelly, JE	*Albany Law Review,* 73(2): 421–446	legal approach, lack of definition, limits in transparency expectations
Emerging from secrecy space: from bank secrecy to financial transparency	Joy, R & Ateneo, SC	*Law Journal*, 55(2): 447–483	economic and ethical dimension of financial transparency

3.3.1 Financial transparency

Douissa (2011:92) defines banking transparency as "the widespread of availability of relevant, reliable information about the periodic performance, financial position, investment opportunities, governance, value and risk of publicly traded firms". In the field of finance and banking transparency, it is primarily interpreted as financial disclosures such as budgets, financial records or shares (e.g. Billings & Capie, 2007; Hirschland, 2003), investment risks disclosure or monetary policy signalling.

A list of specific types of disclosures includes demand deposit, saving deposits, documentary credits, guarantees, capital adequacy ratio, peak exposure concentration (Douissa, 2011: 92). Neir (2005) lists the following broad categories of bank disclosure indices: assets, loans, other earning assets, liabilities, deposits, other funding, memo lines, and income statements. Transparency about risk exposure is another type of bank-specific information: interest rate risk, credit risk, liquidity risk, market risk, operational risks (Combes-Thuelin, Henneron & Touron, 2006:305). Other types of information expected to be made available by the banks include financial statements and governance related information, including the information about the board composition. Standard & Poor introduced the 98 attributes of company transparency, which Douissa (2011) categorises under three main headings: property structure and relationships with investors, financial transparency and governance structure.

Several researchers seek to identify factors that influence bank disclosure. For instance, Andries, Gallemore and Jacobs (2017) identify that tax systems can encourage or discourage banks to disclose certain types of information. Bingley, Enninful-adu and Onumah (2007) note that in banking the ownership structure, dispersion, size and debt levels influence levels of disclosure. Research by Manganaris et al. (2017:121) revealed that bank transparency, conceptualised as timeliness and conservatism (a degree to which the firm expedite the recognition of losses as opposed to gains), increased after the occurrence of a financial crisis. Fosu, Danso, Ageyi-Boapeh, Ntim and Murinde (2018) reveal that increased banking competition reduces transparency.

A significant number of studies have attempted to reveal the impact of transparency on bank performance. However, there are conflicting views on the value of transparency in the banking system. Various studies (Akhibe, McNulty, & Stevenson, 2017; Neir, 2005; Rochet, 2007) support the notion that more transparency has a positive effect on banks as it increases market values and reduces stock volatility and improves bank stability. Rochet (2007: 8) states that transparency gives more market information to improve the efficiency of supervision and change the liability structure of the banks.

Alexandre, Bouaisse, Cermat and Refait-Alexandre (2017), as well as Rochet (2007), argue that transparency contributes to market discipline, prevents bank crises, builds investors' confidence and leads to the more efficient allocation of resources. Research also suggests that competition in the banking sector can be impeded by the lack of product transparency due to the complexity of products, the complexity of charges or opaque pricing practices, bundling of products and high switching costs (Falkena et al., 2004:3) and lead to oligopolistic pricing practices. Falkena et al. (2004:119) highlight another consequence of a lack of banking transparency, such as the fact that inadequate disclosure leads to poor understanding of the banking product, a problem that is particularly severe among small businesses.

The opposing view that transparency leads to banks fragility was predominant in Britain and other parts of the world throughout the 20th century (Billings & Capie, 2007:3). Some economists suggest that transparency may lead to instability, as the information about specific banks can be projected as an indication of broader problems in the banking system (Tadesse, 2006:33). This, in turn, can lead to a lack of investor confidence, the reaction of financial markets inhibiting banks' ability to raise capital and a bank run of depositors, and can even lead to the bank's liquidation (Allenspach, 2009; Bernanke & Getler, 1990; Tadesse, 2006).

3.3.2 Non-financial transparency

Increasingly, governance transparency becomes more important. Perrinin and Tenciati (2006) argue that transparency also involves non-financial information, such as risk management, governance, and business strategy. These dimensions of transparency have different labels such as political transparency or procedural transparency. The non-financial aspects of disclosure may cover aspects such as product risks and quality (e.g. Holtz & Havens, 2009; Porumbescu, 2015), corporate risk disclosures, supply chain transparency (Wadhwa, Mishra, Chan & Ducq 2010), decision-making transparency, corporate governance, corporate social responsibility (Gupta, 2010; Kühn, Stiglbauer, & Heel 2014; Wehmeier & Raaz, 2012) which are also relevant to banks, but rarely studied.

Social and environmental impact, referred to as social transparency, increasingly becomes mandatory in many countries (Park, 2014). Furthermore, transparency is called for in the areas such as the banking practices, including the treatment of customers and existence of tax havens for banking governance, executive remuneration and even the transparency of banking supervisors (Liedrop, Mosch, Van der Cruijsen & De Haan, 2013). Banks are also being criticised for being opaque about the internal processes and lending policies (Liu & Seeiso, 2012:849). Despite some interest in non-financial transparency in banking, the main focus in research transparency remains on voluntary or compulsory financial disclosure.

3.4 THE IMPORTANCE OF REPUTATION AND TRUST IN BANKING

As discussed in Chapter 2 there is a close connection between transparency and organisational reputation and trust. Kobrak (2013:778) asserts that historically, the banking sector was built entirely on reputation, however during the 20th century, banking governance shifted to oversight and regulations. Today banking has a poor reputation because it is associated with greed, dishonesty and manipulation (Brown, 2018; Kampfner, 2014; Kelland, 2014).

Even those companies that have built enduring good reputations face reputational risk. Reputational risk can be defined as: "the risk that an event will negatively influence stakeholder perceptions" (Cherchiello 2011:58). In the banking industry reputation and reputational risks are essential constructs. Consequently, managing bank reputation is essentially managing risk around broadly understood stakeholder relationships. The Basel Committee on Banking Supervision highlighted possible causes of reputational risks as early as 1998. They stated: "Reputational risk arises from operational failures, failure to comply with relevant laws and regulations or other sources. Reputational risk is particularly damaging for banks since the nature of their business requires maintaining the confidence of depositors, creditors and the general marketplace" (BIS 1998).

Trotta, Innauzzi and Pacelli (2016:18) note that banks' reputational crisis may have both economic and non-economic effects, such as the loss of market share, difficulties in recruiting staff, limitations in diversification, imposition of administrative and legal restrictions, fines and legal fees, increase in shares volatility and even liquidity crisis. Trotta et al. (2016:24–27) highlight the importance of transparency about financial and nonofficial aspects to bank's reputation and provide a detailed checklist of disclosure elements which influence banks reputation which they clustered under following headings: information about stakeholder relationships, information provided by independent actors, information about market measurement, information about accounting measurement, information about ethical performance and governance information.

In banking, trust is particularly important. Banks rely on the confidence and trust of those who bank their money, banks lend them money trusting that their money will be repaid. Likewise, stakeholders need to trust banks. However, the trust between banks and their stakeholders have weakened in recent years due to various scandals associated with banks and the mismanagement of banks. Carney (2013) stresses the importance of transparency, the clarity with which banks conduct their business, their connection with client needs and core business values as an opportunity to regain stakeholder trust in the financial system as a whole.

3. 5 SUMMARY OF THE CHAPTER

In this chapter, the main streams of research on transparency in banking have been reviewed, with specific attention paid to articles published after the financial crisis 2007-2009. The review of the articles with the key words banking and transparency showed that the main focus of research in banking transparency is on various aspects and financial transparency and are published in the fields of finance, economics accounting and law. At the same time, a small proportion of research is devoted to a broad range of matters, which can be labelled as non-financial transparency. The topics of research on non-financial transparency range from CSR reporting to sensmaking and communication during crisis, customer loyalty and decision-making. The next chapter analyses the key theories pertaining to organisational transparency.

Chapter 4 THEORIES APPLICABLE TO ORGANISATIONAL TRANSPARENCY

4.1 INTRODUCTION

The discussion in the previous chapter on various currents in research on transparency indicated that there is no single theory applicable to transparency, but rather that there is a multitude of perspectives originating from different fields such as economics, finance or sociology. Based on the previous research, a few main theories have been identified: institutional theory, legitimacy theory and the stakeholder theory. The main assumptions of corporate governance, pertinent to organisational transparency is also discussed. In order to establish the common understanding of the theoretical framework, the key construct and terms, as well as the main assumptions of other theories used in this research, institutional theory, stakeholder theory and legitimacy theory will be discussed in this chapter. Each of these three theories applies to different aspects of studying transparency: the institutional theory looks at the processes that contribute to establishing the meaning, methods and practice of transparency. Stakeholder theory provides normative justification for transparency, while legitimacy theory focuses on transparency outcomes. The chapter discusses the origins and the main tenets of each theory.

4.2 INSTITUTIONAL THEORY

Institutional theory (sometimes referred to in the literature as neo-institutional theory) was developed as a reaction against the prevailing economic perspectives on organisations. Institutional theory is a departure from structural and environmental determinism dominating the earlier organisational research, and focuses on the influence of power, agency, conflict and contingency on organisations (Suddaby, Elsbach, Greenwood, Meyer & Zilber, 2010; Suddaby et al, 2013). Institutional theory can be attributed to various theoretical influences ranging from economics to sociology and linguistics (Cornelissen et al, 2015:10; Scott, 2014). The theory is not homogenous and represents various ontological traditions from realism to constructivism and phenomenology (Meyer, 2008). It explores how certain ideas, phenomena and behaviours become institutionalised in organisations, with special attention to “cultural and constitutive processes, routines and schemas, legitimacy processes and formal structure” (Scott, 2014:52).

The institutional theory is concerned with the process of institutionalisation, which involves both creating institutions and changing them (Scott, 2014:113). The theory also studies how the existing institutions affect the structure and functioning of organisations. The theory can be applied to different sectors and industries, including financial service institutions such as banks. In addition, the theory looks at the role of professions, associations, social movements and even marginal actors in creating institutions. Institutional theory attends to different levels of analysis: at the macro-level, it focuses on social and structural outcomes, and at the micro-level on the behavioural process, which contributes towards creating institutions (Sudabby et al., 2013:332).

4.2.1 Defining institutions

The idea of an institution is at the centre of institutional theory. Lawrence and Suddaby (2008:216) explain that institutions are enduring elements in social life that influence people's thinking, feelings and behaviour. Czarniawska (2006:6) defines an institution as an observable "pattern of collective action justified by a corresponding social norm", thus highlighting the socially constructed nature of institutions. Scott's (2014:56) definition highlights the symbolic nature of institutions and identifies the ingredients of institutions and their importance to society like this: "institutions comprise regulative, normative and cultural-cognitive elements, that, together with associated activities and resources, provide stability and meaning to social life".

From the economic perspective, North (1990:97) defines institutions as "humanly devised constraints that structure political, economic and social interaction", while Lawrence and Suddaby (2008:216) define institutions as "patterns of interaction supported by specific mechanisms of control". Thus institutions guide social life by providing preferred rules of behaviour that control human activity. In that sense, organisational transparency can be considered an emerging social institution.

Belich (2006) distinguishes between two types of institutions: formal and informal. Formal institutions are supported by various rules, laws and contracts which translate into codes of conduct, norms of behaviour and conventions. Informal institutions refer to "symbol systems, cognitive scripts and moral templates" (Belich, 2006: 221), which are enforced by peers. Often new laws are influenced by beliefs, ideas and cultural presumptions. Thus informal institutions influence change in the formal institutions and vice versa. In addition, institutions should be considered in a historical context (Thornton, Ocasio & Lounsbury, 2012:12). They use frames that are valid in some historical times but not in others. For example, the definitions and interpretations of what it means to be transparent, what the role of corporate communication is, as well as the tenets of corporate governance, have changed significantly over time.

Thornton et al. (2012:8) distinguish between three interrelated levels of organisational systems: organisational, institutional fields and societies. Within all layers, institutions comprise both the material and symbolic elements. The material components are the structures and practices, and the symbolic elements refer to meaning and sense-making. Organisational transparency is represented through organisational practices such as producing financial statements and reports. Practices require relevant structures and processes in organisations. For example, the organisation needs to employ accountants that produce financial statements. However, all practices are accompanied by symbolic elements, such as a justification for why practices are necessary. Both material and symbolic aspects are closely interrelated.

The relationships between different levels of institutions are represented in the conceptual model (Fig. 4.1), which graphically represents and simplifies a much more complex web of relations. The model shows the organisation embedded within institutional (organisational) fields, which in turn are emplaced within society and its institutions.

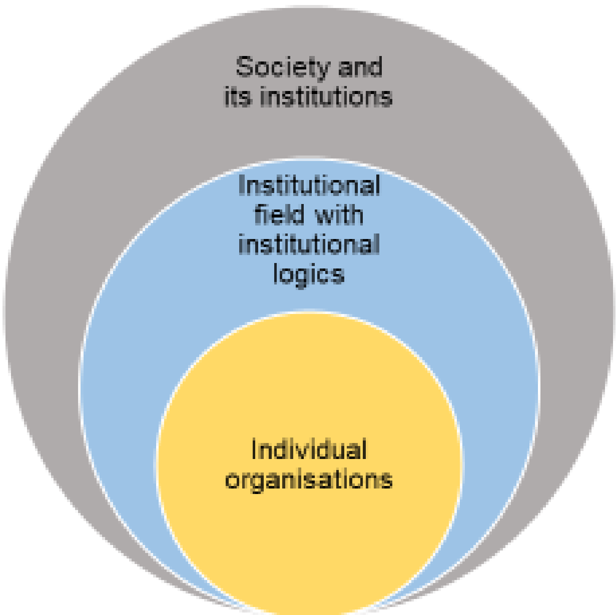

Figure 4-1 The model of relationships between different institutional levels (own conceptualisation)

The examples of institutions at the societal level that influence organisational transparency are the capitalist markets and democracy. South African banks operate in capitalist markets. At the same time, they operate in a democratic society, which has its rules and represents certain values. Each institution, such as a profession, industry (including banking) or business organisations, like a particular banking corporation, has its order and rules that develop as a result of an inter-institutional system. Various societal level institutions such as the state, governance systems, and organisations are in a constant state of "negotiations" from which new social norms, for example, norms guiding the social understanding of corporate transparency, emerge. Organisations represent the basic level of institutions.

4.2.2 Defining institutional fields

The meso level of institutions is called the institutional field, also referred to as an organisational field. The construct of an institutional field has a particular place in the institutional theory and is used instead of the concept of sector or industry, as used in economic sciences. By referring to institutional fields, institutional writers recognise different linkages that an organisation has in its environment. The term institutional field is often used interchangeably with the term organisational field (Marinova, Child & Marinov, 2012:235). DiMaggio and Powel (1983:148) define the organisational field as "a recognised area of institutional life or a community of organisations which may include, but not necessarily be limited to, the organisation and its suppliers, customers, regulators and other organisations that provide similar products or services".

The concept of organisational fields describes interactions and relationships between organisations (Lawrence & Phillips, 2004) even if those interactions do not happen at the same time and space (Czarniawska & Lindberg, 2006). Furthermore, fields are defined by common issues that affect the field participants (Delmesti & Brumana, 2017:335). Mutual awareness is created within a group of organisations that are engaged in similar types of activities and are often dependent on the same resources and face similar constraints (Fredriksson, Pallas & Wehmeier 2013:188). Hence, fields can be seen as relational spaces that provide an organisation with an opportunity to get involved with other actors (Wooten & Hoffman, 2008:138).

However, delineating the field is arbitrary and may involve paying attention to actors, relationships and activities, depending on the observer's choices. Some analysts focus on the structural dimension of the field which comprises the network of relationships among members, while others favour a focus on the shared collective identity of the field (Delmesti & Brumana, 2017:335) In addition, the boundaries of a field can be spatial or temporal, or a combination of both (Scott, 2014:232). Therefore, broader definitions of fields were developed to deal with institutions that cannot be simply delineated in terms of structural dimensions. For example, Kostova et al. (2008:1002) define an institutional field as a "shared meaning that emerges as actors coalesce around issues and shared ideologies". Therefore, the concept of organisational or institutional field goes beyond the traditional definition of industry or sector.

The concept of organisational fields allows an understanding of the nature of the environment in which an organisation operates. Thus, by using the reference of the institutional field, the institutional theory acknowledges broader influences on organisations engaged in similar activities. In the case of banking these, apart from the banks themselves, may include agencies such as professional associations, industry organisations, regulators, the media and the state (Greenwood, 2012:30). Hence according to institutional theory, a common system of meaning which results in accepted practices and rules of compliance is socially constructed among different organisations (Pedersen & Dobbin, 2006:898) operating in a similar sphere.

Organisational fields influence banking activities through "institutionalised practices and historical experiences that construct normative models of organizational legitimacy" (Oakes, Townley & Cooper, 1998:259). Fields affect the organisational structure and provide shared cognitive and normative frameworks of meaning, as well as vocabularies that generate a sense of values and worth. Institutional fields are dynamic and change constantly as new actors enter and exit fields, and as interaction patterns within fields evolve. Furthermore, institutional fields are affected by "critical events" in the environment (Marinova et al., 2012:235), such as a financial crisis, that can affect the institutional field of banking by challenging the traditional way of doing things and the institutional logic of the field. The deep changes at the institutional field level are the most profound indication of institutional change taking place (Suddaby, 2010:15). Although this study focuses on the transparency processes at the institutional field level, ultimately these processes are directed at influencing the implementation of transparency at the organisational level, therefore some discussion on organisations as institutions becomes relevant to this study.

4.2.3 Relationship between institutions and organisations

Pertinent to this study is to understand the relationships between institutions and organisations. The literature is not unanimous in describing the nature of relationships. The first perspective originated in the economic approach and the transaction cost theory of Williamson (Wiliamson & Ghani, 2012) which equates institutions with organisations and focuses on the regulatory aspects of organisations. Similarly, the view that an organisation is a group of people which are governed by rules (Czarniawska, 2006:7) corresponds with the perspective that organisations and institutions are synonymous because organisations are the product of "shared interpretations of acceptable norms of collective activity" (Suddaby et al., 2010:1234).

The second perspective represents the view that institutions provide the rules of behaviour, while organisations enact them (Selznick, 1957; Czarniawska, 2006). Examples of such rules are those that pertain to organisational hierarchy, governance structures and many other elements of organisational life. In line with this approach, transparency, applied to banking, can be considered a reflection of socially agreed on rules of behaviour guided not only by laws but also by social expectations. The third perspective, which has sociological roots, sees a distinction between institutions and organisations and considers institutions as a cultural and social context in which organisations operate (Scott, 2014:182). In the context of this study, the latter two views on institutions apply, as they explain why organisations adopt certain rules of behaviour and the origins of those rules.

4.2.4 Defining institutional logic

Institutions have "central logics that constrain both the means and the ends of individual behaviour and constitutive of individuals, organizations and society", referred to as institutional logics. Institutional logics are usually considered at the field level of analysis because as explained in the previous section despite some differences among different organisations operating in the same sector, there are also many similarities (Suddaby & Greenwood 2005; Vermeulen, Büch & Greenwood, 2007). The construct of institutional logic explains how these similarities occur. Institutional logics "are taken-for-granted, resilient social prescriptions, sometimes encoded in laws, specifying the boundaries of a field, its rules of membership, and the role identities and appropriate organizational forms of its constituent communities" (Greenwood & Suddaby, 2006:28).

The concept of institutional logic can also be understood as a set of higher-order cultural structures constituted through communication (Ocasio, Loewenstein & Nigam, 2015:28). Thus they are symbolic constructions, which serve as a set of guiding principles that shape the viewpoints on the organisational reality and its interpretation (Suddaby & Greenwood, 2005:38) which is further reflected in material practices. Similarly, Thornton et al. (2012:2) define institutional logic as "the socially constructed, historical patterns of cultural symbols and material practices, including assumptions, values and beliefs by which individuals and organizations provide meaning to their daily activity, organize time and space and reproduce their lives and experiences". Institutional logics are "cognitive and normative schemas that enable actors to comprehend their organizational worlds" (Greenwood & Miller, 2010:85). These fluid principles, "differentially shape how reasoning takes place and rationality is perceived and experienced", state Thornton et al. (2012:2).

There is an element of mutual awareness between these organisations as they operate within the same task environment, compete for the same customers and are bound by similar legal constraints. "Increase in communications between organizations leads to recognised institutional order (field)" (Fredriksson et al., 2013:188), which is reflected in practices and symbolic constructions which constitute the organising principle of the field. Logics help actors to make sense of the reality and influence their actions, through which they "re-enact institutional logics making them durable" (Suddaby & Greenwood, 2005:38).

The emergence and evolution of institutional logics at institutional field level occur through multiple processes such as replacement, blending, and segregation, and transformational changes such as assimilation, elaboration, expansion and competing contradictions of logic. As a result of contradictions, opposing perspectives and multiple outcomes sought, fields undergo change (Vermeulen et al., 2007). Organisations cope with contradictions and co-existence of multiple logics within the field by decoupling their practices from structures and procedures (Merklesen, 2013:247).

Institutional logics are developed through rationalisation processes, where beliefs are transformed into rules and procedures (Meyer & Rowan, 1977). Rationalisation at a field level of practice is constituted through language: messages, framing and vocabularies (Fredrikssen et al., 2013:187). Multiple players contribute to rationalising the myths and thus to the development of institutional logic (Greenwood, 2012:30), including professions, media and state institutions (Scott, 2014:50). Within organisational settings, where logics translate into practices, institutional logics represent a set of belief systems and frames of reference that guide organisational members' sensemaking, and consequently the choices they make.

Fredriksson et al. (2013:186) argue that decision-making in organisations is based on two competing logics: the logic of consequences and the logic of appropriateness. The first reflects the need for technical efficiency, and the second rests on social and cultural values. This tension results in organisations responding not to the requirement of efficiency, but rather to the socially constructed ideas about what is an effective or proper organisational behaviour (Sudabby et al., 2013:331). The symbolic environments created by the players in organisational fields can exert pressure on other actors to adopt certain institutional processes and behaviours, even if they do not contribute to operational efficiency. Institutional theory provides a distinction between institutional demands and technical or task core. Organisations adopt socially legitimate elements to their structures but decouple them from operating practices. Consequently, DiMaggio and Powel (1983:147) argue, organisations become more similar through the efforts of powerful field actors, such as the state and the professions, without becoming more efficient, even if efficiency is cited as the main motive for change.

Friedland (2012:585) argues that “institutional logics cannot be adequately explained, nor derived from iterative individual rationalities nor competitive or coercive organizational interactions”. In an attempt to expand the understanding of how field logics develop, institutional theory looks at the various connections between institutions, individuals and organisations in social systems. Thornton and Occasio (2008:103) see institutional logic at the institutional field level as a result of the interplay between the institutional field and higher-order institutional logic, such as institutional logics of the societal institutions. They note that “the interests, identities, values and assumption of individuals and organisations are embedded in institutional logic” (Thornton & Occasio, 2008:103).

Institutional logics at the field level practices are formed through “language and terminologies of practice – theories, frames and narratives” (Fredriksson et al., 2013:187). Moreover, individual, organisational and institutional layers of society are intertwined (Lammers, 2011:160) and change over time. Institutional logics are developed in the process that links practices with the symbolic representations: theories, frames and narratives. That link is provided through communication (Fredriksson et al, 2013:189). The interrelatedness of field level logic and societal level logic creates institutional diversity (Basharov & Smith, 2014; Thornton et al., 2012). Institutional logics are used to assess legitimacy (Suddaby & Greenwood, 2005:35).

The main societal institutions influencing the field and organisational level logics are state, market, profession and corporation (Besharov & Smith, 2014:366). Institutional logics are also a result of the interplay between various social interactions, such as decision-making and collective action, as well as collective and individual identities within and beyond the organisation. For example, family, community and religion may have a great influence on social identities of various organisational actors.

At the same time, researchers observe that institutional logics are riddled with contradictions and ambiguities, which are amplified by societal dynamics. Thornton and Ocasio (2008:101–127) explain that the term by stating that "institutional logic describes contradictory practices and beliefs inherent in the institutions of modern western societies". The contradictions and ambiguities act as catalysts for change (Suddaby & Greenwood, 2005:38). Dobbin and Jung (2010:34) point out that in the circumstances of disruption, new, often competing, models of management or organisations, which advance interests of a specific group, emerge.

Furthermore, Scott (2014:241) based on empirical studies concluded that in specific times and places, "fields are arenas for the interplay of contests between incumbents, who benefit from existing arrangements and challengers who seek to change the rules to advance their own interests". At the field level, power is an important factor in institutional change. Power has several dimensions which affect the field including the dynamics of private power and public authority, ideas and theories, field logic and intra-organisational processes (Scott, 2014:240). In addition, fields have their governance structures which are "combination of public and private, formal and informal systems that exercise control within the field" (Scott, 2014:244). Furthermore, Mohr and Neely (2009) observe the duality of symbolic and "material" power in an institutional setting.

Field level logics, such as stakeholder logic or banking industry logic, are embedded in societal logic but reflect intermediate level process where societal logics are adapted, adjusted, rejected and modified. They emerge through the material activities and symbolic representations such as theories and narratives (Fredriksson et al., 2013:189). Similarly, Susskind, Brymer, Kim, Lee and Way (2014) argue that the main focus of the institutional framework is on the relationships of organisations with their institutional environment, and on how social expectations are incorporated into organisational characteristics. Therefore, Suddaby and Greenwood (2005:39) argue that the institutional logics are more likely to be accepted if they are embedded in language that reflects "higher order societal values and the core values within the organisational fields".

Institutional logics provide the link between the organisation and institutional field level of analysis through "a recursive model where institutional logics shape organisational identities and practices and vice-versa" (Thornton et al., 2012:17). The inherent contradictions in the institutional logic make control and coordination of organisations difficult. For instance, competing logics result in varied practices among different actors (Marquis & Lounsbury, 2007:800). Therefore, organisations engage in behaviours which present organisations as conforming to various institutional requirements, but the promise does not always correspond with the action. On the other hand, competing logics may also lead to resistance and conflict (Marquis & Lounsbury, 2007:800).

Research on institutional logic has been conducted in the number of organisational fields such as publishing firms (Thornton & Ocasio, 1999), banking (Marquis & Lounsbury, 2007), healthcare organisations (Anderson & Vedsted, 2015), geographic information systems (Hayes & Raoni, 2011), and public service (Bode, 2013). In their research on institutional causes of the recent financial crisis, Dobbin and Jung (2010) present a notion that the predominant financial logic based on the principles of agency theory, led to the financial crisis of 2007. Highlighting the role of individual agents, Dobbin and Jung (2010:33) analyse how agency theory, developed by a Harvard professor, Michael Jensen, became institutionalised as a dominant logic of governance because it served the interests of CEOs, who are typically trained in finance. The agency theory aligned those interests with that of fund managers and security analysts. In the process only those elements of the theory that supported the interest of these groups were institutionalised, such as short term pay for performance compensation schemes. "Companies did not follow the agency theory prescriptions that were not in the perceived interest of these constituencies", argue Dobbin and Jung (2010:33).

4.2.5 Explaining institutionalisation processes

The question of how different aspects of organisational life are institutionalised seeks to understand how and why some organisational values and practices such organisational transparency gain prominence, become engrained in organisational reality and some disappear into obscurity. Institutional theory assumes that within organisations processes take place whereby "social processes, obligations or actualities come to take on a rule-like status in social thought and actions" (Meyer & Rowan, 1977:341) or when "the practices are widely followed without a debate" (Tolbert & Zucker, 1983:25).

The process of institutionalisation is fluid and dynamic in nature. It involves the negotiation of meaning through the discursive efforts of competing institutional actors (Deephouse & Suchman, 2008:158), sometimes forming discursive communities in the field. In the case of banking, various ways in which banks need to change have been debated after the financial crisis. Stephenson (2016:1484) notes that in particular, emerging institutional practices such as corporate transparency, face uncertainty and may be subjected to conflicting and contradictory policy preferences of other institutional actors. The processes of diffusion, translation and institutional work, explain why, although organisations face similar environmental pressures, they respond slightly differently to these pressures.

Mayer and Rowan (2012:45) see institutionalisation as the establishment of rationalised rules, which develop in a given domain of work activity. Formal organisational forms incorporate these rules as their structural elements. The growth of rationalised institutional structures makes "formal organisations more common and more elaborate" (Meyer & Rowan 2012:45). For instance, the greater focus on organisational governance leads to the development of new organisational functions and designations that are responsible for various tasks related to implementing, overseeing and communicating issues related to governance.

Greenwood et al. (2008:16) focus on inter-organisational factors of institutionalisation. Here different elements were highlighted: competition of diverse professional interests, the organisational status – where a low-status organisation would engage in copying practices of high-status organisations, and structural aspects such as size and technology. Others focus on organisational identity, and culture and symbolic practices (Green, 2004), as well as cognitive processes as drivers of institutionalisation (Cornelissen et al., 2015).

Institutional researchers have researched the adoption of practices within the field. Practices are recurring activities infused with meaning, shared at the institutional field level. Institutional theory holds that institutions facilitate establishment of practises by replicating established patterns of actions because practices provide order and importance to routine organisational activities (Furnari, 2014:442). Consequently, from an institutional theory perspective, institutions should be a barrier to the emergence of new practices. This aspect of institutions development is much less explored in the literature. However, one idea significant to this study sheds light on the emergence of new organisational practices - the fact that practices represent broader cultural or normative beliefs held by society. As new ideas are generated, they penetrate institutional fields. Considering that, the demands for organisational transparency affect banking practices throughout the sector, it is essential to understand how these practices can spread across the organisational field.

4.2.5.1 Diffusion of institutional practices

The concept of diffusion is useful to understand how transparency practices are adopted by different banks. Diffusion – a process of spreading institutional patterns over space and time – is particularly applicable to institutional fields (Scott, 2014:157). The diffusion process was initially based on the transmission model, which assumes that an organisation receives stimuli from the environment and reacts to these stimuli (Frandsen & Johansen, 2013:208). DiMaggio and Powell (1983), who introduced the concept, suggest that diffusion takes three forms: coercive, normative and mimetic. When coercive pressures are exerted by powerful players such as the state, organisations are forced to comply with certain behaviours. When new laws related to transparency are introduced, non-compliance usually carries some sanctions. Normative pressures are based on the obligatory dimensions of social interaction. Organisations adopt them in order to be seen as legitimate. For instance, banks would engage in some behaviours that are not legally required but are expected by customers, such as making certain information available online. Mimetic pressures occur because organisations choose to copy solutions that appear popular, rational or progressive. The mimetic process can be described as an isomorphism: a process of copying and simulating the behaviour of others, usually in a similar field. In that sense, banks are under pressure to follow dominant assumptions about what is right and what is not. These practices are adopted even if there is no evidence that the behaviours are beneficial.

The actors' belief in the desirability of the practice is a sufficient condition for diffusion (Green, 2004:655). For instance, before the introduction of the National Credit Act in 2005, all South African banks engaged in a practice of automatically increasing credit limits on credit cards to encourage borrowing, even though such a process increased the risk for both banks and the customers. "The isomorphic forces also create conflicts and contradictions that are difficult to deal with" (Fredriksson, 2013:186). As a result of these contradictions, the control of organisations and the strategic choices become difficult (Fredriksson, 2013:187). As organisations attempt to deal with the pressure, they present themselves in a particular way (as legitimate entities that follow the accepted rules of behaviour), in order to seem to be complying with various institutional pressures.

Diffusion is accompanied by theorisation, a process where participants engage in explaining why certain behaviours need to be included in the organisational routines and become a "natural way" to do things. Theorisation occurs easily among actors that are perceived as similar, which explains why diffusion often first happens at the institutional field level, where meaning systems are easily shared because those organisations have a relatively high level of similarity and strong linkages.

According to Rowan and Meyer (1977), organisations use rationalised myths in order to present organisations as behaving rationally, since the organisations are expected to behave rationally. For example, before the financial crisis, excessive risk-taking was rationalised in banking as the best way of achieving high profits (Aljazeera, 2019). Organisations conform to the rationalised myths through the process of isomorphism in order to prove legitimacy to their stakeholders. Isomorphism is a concept through which institutional theorists explain how organisations make choices and how different organisations become similar to other organisations.

The research also indicates that frequently the conformity with institutional requirements was limited and often ceremonial or superficial in nature, especially if these social expectations conflicted with the technical or operational efficiency of organisations (Cornelissen et al., 2015). Studies by Westphal and Zajac (2001) show that legitimation through the use of symbols is often used to promote certain agendas at the expense of others. An example of such organisational behaviour can be observed in integrated reporting: a requirement that organisations report on their sustainable behaviour in terms of economic, social and environmental contributions. According to KPMG (2013), integrated reporting takes a largely ceremonial character and has very little materiality in terms of the content of what is reported, which is why organisations such the Global Reporting Initiative (GRI) and the International Integrated Reporting Framework (IIRF) advocate for more substantive nature of integrated reports.

4.2.5.2 Translation and institutional practices

The diffusion approach, to a large extent, describes how institutionalisation happens at the organisational field level. However, there are also alternative views on institutionalisation processes, both at the institutional field and at the organisational level which give more credit to institutional actors for their agency as drivers of institutional change. These processes are called *translation*. Initially, the concept of translation aimed to explain how management ideas and practices are introduced into organisational behaviour, mainly through symbolic narratives (Fredriksson et al., 2013:187).

The translations approach rejects the idea that organisations and other institutional actors, such as industry associations, simply take models and prescriptions existing on the outside and adapt them internally as explained by isomorphism. The translation approach emphasises the role of organisational actors, as well as those who produce and adopt new models and rules.

Specific attention is paid to how field level practices, such as “a private banker” in the banking industry, as well as models and ideas, such as corporate social responsibility or transparency, become accepted and distributed throughout the field (Fredriksson et al., 2013:190). There are different reasons for translation: the need for successful existence, an identity crisis, and the loss of legitimacy, as well as external pressures such as media, activists, and business consultancies (Fredriksson et al., 2013:190).

Organisations are not just passive receivers of rules and regulations, norms and cultural beliefs. The ideas and practices are “translated” into the local organisational context by various organisational actors. The ideas are not simply copied but also adjusted to specific circumstances and with the intention to improve (Fredriksson et al., 2013:190). Typically, the idea originates in a different context and cannot simply be introduced into an organisational setting. It first has to be differentiated into the context of the new setting. Because the introduction of the new idea happens within the constraints of the existing institutional and organisational settings, the idea has to be presented as desirable, legitimate, clear and explicit. By the same token, organisations may resist institutional change.

Weber and Glynn (2006) suggest that translation processes rely on non-linear, but cyclical collective sense-making processes, which involves three stages: perceptions, interpretations and actions. “Sensemaking never starts. People are always in the middle of things, which become things, only when people focus on the past from some point of view” (Wieck, 1995:43). Organisational actors engage in framing, which is a phenomenon of active engagement of actors in reality construction by, for example, challenging the entrenched ways of thinking. Framing may also be part of sense-making, which can be seen as a discursive process of constructing and interpreting the social world, which results in an intersubjective sense of shared meaning (Maitlis & Christianson, 2014:63). The process entails different communication activities and symbolic representations that lead to the introduction of new concrete objects (such as plans or policies) or practices. Czarniawska and Lindberg (2006:295) state that translation not only applies to language, but also to “objects, images and actions”.

Weber and Glynn (2006:1642) further suggest that “institutions are both antecedents to and emergent from sensemaking process”. On the one hand, institutions provide the context to sensemaking and constrain sensemaking, but at the same time make it more stable. Institutions are part of sense-making, because they create meaning through communication, interpretation and legitimation (Scott, 2014; Weber & Glynn, 2006).

On the other hand, institutions are the result of sensemaking and the related process of sensegiving, whereby meaning construction is influenced in order to redefine organisational reality. In the process of translation, both sensemaking and sensegiving take place simultaneously. Local actors provide feedback that is incorporated into the institutional processes. However, this feedback is influenced by broader historical and institutional legacies (Weber & Glynn, 2006:1652).

Thornton et al. (2012) highlight the interrelations between translation and changes in the institutions. In the process of translation, individuals "recombine institutional logic through switching relevant categories from different institutional orders and blending and segregating categorical elements of those different institutional orders" (Thronton et al., 2012:15). Because organisations are key players at the institutional field level, their practices can, in turn, influence the whole field through the process of diffusion.

4.2.5.3 Institutional work and the role of agency in institutional processes

As previously discussed, diffusion and translation can be seen on a continuum of institutional change. Collective action is an antecedent of institutions. Wooten and Hoffman (2008:130) note that "organizational action is a reflection of the perspectives defined by the group of members which comprise institutional environment". Czarniawska (2006:7) observes the recursive nature of the relationships between actors and actions: "whereas actors perform actions, actions create actors […] within a context of a narrative, which is created in turn, by actions and actors".

The outcomes of the impact of various actors, both individual and organisational, on institutionalisation are referred to by Lawrence and Suddaby (2009) as institutional work. This construct tries to explain that the institutional work varies as institutions go through different 'life' stages. Like diffusion, institutional work denotes more or less deliberate behaviours that create, maintain and disrupt institutions (Lawrence 2008; Lawrence, Suddaby & Leca, 2011; Suddaby, 2013). In other words, various actors apply agency to influence institutions. Scott (2006:3) defines human agency as "the dynamic element within an actor that translates potential capacity into actual practice". Agency is a temporally embedded process of social engagement, informed by the past, but also oriented toward the present and the future (Emirbayer & Mische, 1989) and is dependent on the nature of interactions and relationships with other people (Burkitt, 2016).

The agency is manifested in different ways, such as the processes that lead to the creation, maintenance and demise of institutions' and according to Scott (2008:77), in a diversity of cultures and organisational forms, even if these differences are not always very well pronounced and easily identifiable. For example, when different organisations apply a code of corporate practice, there are some differences in how it is done in practice.

The institutional work research follows the study of practice approach which pays attention to the deliberate actions of individuals, organisations and other institutional actors that contribute to the events leading to particular outcomes (Lawrence & Suddaby, 2013:218), namely the creation, maintenance or demise of institutions.

4.2.5.4 Establishing, maintaining and dismantling institutionalised practices

Transparency is becoming increasingly institutionalised through the efforts of different institutional actors, hence the process through which institutionalisation occurs is relevant to this study. The processes of creating institutionalised practices are often political and are based on reconfiguring the existing meaning and belief systems (Breit, Andreassen & Salomon, 2016:709). The studies on institutional work mainly focus on the organisational strategic responses to the institutional processes affecting them. However, institutional work also happens at the field level. Greenwood and Suddaby (2006) produced a systematic categorisation of these responses ranging from compliance, through compromise, avoidance and defiance, to manipulation. Some forms of institutional work will depend on the actors' ability to enforce the rule system, while others rely on changing norms and beliefs within the systems (Lawrence & Suddaby, 2013:228). The latter forms are linked to forming normative networks and cooperation between different players.

Normative institutional work is also enabled by discourses that legitimise the new norms (Lawrence & Suddaby, 2013:229). Thus the discourse around the value of transparency in banking can be seen as a form of institutional work. Legitimation, which is understood as a deliberate effort to legitimise certain behaviours, can happen through the effort of different actors. At an institutional field level, these actors may be politicians, government departments, experts, activist organisations or the media. At the organisational level, the actors may be managers or corporate communication practitioners and other institutional entrepreneurs. Pishdad, Heider and Koronios (2012) suggest that discourses are the main method of legitimation of new institutional norms.

Rhee and Fiss (2014) point towards interpretative alignment of particular events with the set of expectations and assumptions as a key legitimising process, however, such alignment does not explain why the assumptions change over time, leading to the development of new institutionalised practices. On the other hand, Mena & Suddaby (2016) identify theorisation as a successful legitimation strategy. Theorisation a "process by which complex institutional ideas or templates become abstracted and streamlined into theoretical models, with underlying constructs and relationships" creates meaning to the new ideas and facilitates the diffusion of new institutional arrangements.

Lawrence & Suddaby, (2006:228) propose that during the process of institutionalisation the following strategies are used by institutional actors: advocacy, defining, constructing identities, changing normative associations, constructing normative networks, mimicry, theorising and educating (Table 4-1)

Table 4-1 Strategies for establishing institutions (Source: Lawrence & Suddaby 2013: 220)

Forms of activity	**Definition**
Advocacy	The mobilisation of political and regulatory support through deliberate and direct techniques of persuasion
Defining	The construction of rule systems that confer status or identity, define boundaries of membership, or create status hierarchy within the field
Constructing identities	Defining the relationships between an actor and the field in which the actor operates
Changing normative associations	Adjusting the connections between sets of practices, and the moral and cultural foundations of these practices
Constructing normative networks	Constructing of inter-organisational connections through which practices become normatively sanctioned and which form the relevant peer group with respect to compliance monitoring and evaluation
Mimicry	Associating new practices with existing taken-for-granted practices, technologies and rules in order to ease the adoption of the new practices
Theorising	The development of abstract categories and elaboration of cause and effect chains
Educating	Educating actors in skills and knowledge necessary to support the new institution

The institutional work approach acknowledges that the institutional actors are competent and have practical skills to influence institutions actively, even if the outcomes of their actions are not allowed as intended (Lawrence & Suddaby, 2006:228).

- Maintaining institutions

Even though institutions exert social control, and as a result are relatively stable and able to self-reproduce (Lawrence & Suddaby, 2013:229), they still need a degree of maintenance, which is mainly achieved by the support of social compliance mechanisms (Breit, Andreassen, & Salomon, 2016:709). Lawrence and Suddaby (2013) identify the following strategies used in maintaining the institutions: enabling, policing, deterring, valorising and demonising, mythologising (Table 4-2).

Table 4-2 Strategies for maintaining institutions (Source: Lawrence & Suddaby, 2013: 230)

Forms of activities	**Definition**
Enabling	The creation of rules that facilitate and support institutions, such as the creation of enabling agents
Policing	Ensuring compliance through enforcement, auditing and monitoring
Deterring, valorising and demonising	Providing in the public sphere positive and negative examples that show the normative foundations of an institution
Mythologising	Creating and sustaining myths regarding the history of the institution
Embedding and routinising	Actively infusing the normative foundations of an institution into daily routines and organisational practices

- Deinstitutionalisation

Although institutional maintenance involves some degree of change to the nature of an institution, the more drastic changes are referred to as institutional disruption or deinstitutionalisation. There may be many reasons for deinstitutionalisation. For example, when the existing institutions do not serve the interests of some agents, these individuals, groups or organisations will actively engage in disrupting them. Deinstitutionalisation is a distinct process which has its own strategies focusing on undermining the compliance mechanisms.

The following strategies may be used in the disruption of institutions: disconnecting sanctions or rewards, disassociating moral foundations and undermining (Table 4-3).

Table 4-3 Strategies for dismantling institutions (Source: Lawrence & Suddaby, 2013:235)

Forms of activity	**Definition**
Disconnecting sanctions/rewards	Working through state apparatus to disconnect rewards and sanctions from some set of practices, technologies or rules
Disassociating moral foundations	Disassociating the practice, rule or technology from its moral foundation as appropriate with a specific culture
Undermining	Decreasing the perceived risks of innovation and change by undermining the core assumptions and beliefs

4.2.5.5 Institutional change

Essentially the creation, maintenance and demise of institutions or institutionalised practices reflect the institutional continuity and change processes. Continuity is explained as "a state of being uninterrupted in sequences, succession, essence or idea" (Marinova et al., 2012:236) and although institutions are altered, the change is incremental. Thus, continuity is not the equivalent of static state or stability, but it excludes fundamental changes. Seeing transparency in banking in the context of change at an organisational level and institutional field level allows for in-depth understanding of the dynamics behind the change, which affects the whole organisational field.

The state of an institutional field constrains or enables change. Some researchers (Dobbin & Jung, 2010: 33; Marinova et al., 2012) attribute change triggers to the external contextual factors. These factors range from shifts in social values to new technological regimes (Smets, Morris & Greenwood, 2012:878), which leads to the gradual creation of new laws and regulations which are then diffused and translated into practices and acceptable rules of conduct. A financial crisis can be considered a disruptive event for the field of banking (Suddaby, 2008:2004). Fields in crisis, such as the field of banking worldwide immediately after 2008, highlight contradictions and tension within the field. The crisis affected both the legitimacy perceptions of banking and triggered a challenge to the institutional logic at the field level. Furthermore, Dobbin and Jung (2010:33) argue that new paradigms emerge as some form of crises disrupt existing institutional arrangements. The perceived crisis causes a need to provide new solutions in response to the disrupted equilibrium. However, the new solutions are not necessarily better than the previous ones.

Others (e.g.; Smets et al., 2012; Suddaby & Greenwood, 2005; Thornton et al., 2012), attribute change to the agency embedded in institutional fields, also referred to as institutional work and institutional entrepreneurship. Both institutional work and institutional entrepreneurship are concerned with the issues of agency in the institutional processes. While institutional work focuses on the process and practices through which institutions form and change, entrepreneurship pays attention to qualities of individuals and of the organisational actors and circumstances in which institutional change becomes possible. Agency is not only a function of some actors that are in a special position in the field that allows them to change institutions, but change can originate in daily activities of people in organisations (Smets et al., 2012:877). Agency can also be attributed to the activity of organisations or stakeholders affecting the whole field, such as government agencies. However, this view of institutional entrepreneurship has been little researched.

Within the field, the actors mobilise support from other actors by engaging in framing and making some issues more salient. In the field of banking, transparency became a prominent issue during the 2008 crisis. Some actors are adept in framing an issue in such a way that it gains a critical mass of support among powerful actors, a key step in influencing field level change (Furnari, 2018:328). However, the salience of the issue does not indicate the kind of change that will take place. In this process, the various field level actors, including organisations, regulators, state and professions, engage in framing, legitimation and institutional work that leads to institutionalisation of particular changes in that field. These changes result in new standards of collective rationality within the field that constrain organisational choices and behaviour (Furnari, 2018:329).

4.2.6 The three pillars of institutionalisation

Scott (2014) approaches institutionalisation not form the perspective of a process but rather identifies three constituent elements of institutions: the regulatory dimension, which regulates and constrains the behaviour of organisations; the normative dimension, which provides a prescriptive and evaluative element to organisational life; and a cultural-cognitive dimension. These elements collectively have a capacity to constrain and regulate the behaviour by imposing the legal, moral and social restrictions in terms of what is acceptable and what is not. These "pillars" of institutionalisation explain what shapes the contemporary perspectives on transparency in banking.

4.2.6.1 Regulatory dimension of institutionalisation

The regulatory dimension of institutions, based on conformity and sanctions (Wicks, 2001:664), involves establishing rules and instruments that enforce adherence to these rules. Once established, the legal requirements are difficult to ignore or reverse. Legislation can also be legitimised as a rational way to improve efficiencies. Legislation can create compliant behaviours at different levels. For instance, new legislation on banking transparency would result in compliance at the level of the industry as a whole through introducing an industry code of conduct and at the level of individual organisations, who would be compelled to adhere to the legislation. However, the specific responses to the legislation are heavily influenced by professions, regulators and managers. For example, a communication manager may decide on specific ways in which information is provided to the stakeholders of the bank.

Legal scholars and economists often focus on the legal dimension when discussing corporate transparency in banking (Bartlett, 2012; Brescia & Steinway, 2013; Kelly, 2010; Staikouras 2011). Power is a key variable in shaping a regulatory framework. For instance, through regulation, the state can use its power to restrict some autonomy of the decision-making of banks. Mohr and Neely (2009:207) argue that at the level of the institutional field, actors use their power strategically in order to establish organisational rules and structures with an aim to constitute and control the field itself.

4.2.6.2 Normative dimension of institutionalisation

However, the regulative elements of institutions cannot be separated from other dimensions. Regulations reflect the broader societal context and sense-making schemas which are interlinked with the normative pillar of institutionalisation.

The normative dimension of institutions rests on social values and norms. Norms and values can be both internalised by actors or imposed by them. The normative pillar of institutions refers to the rules "that introduce a prescriptive, evaluative and obligatory dimension into social life" (Scott, 2014:64), and as such define social roles and activities. Values are the conceptions of what is desirable, accompanied by the constructions of standards according to which desirability is assessed. Norms, on the other hand, describe how things should be done (Scott, 2014:64). Values and norms reflect social goals, and at the same time provide the guidelines for how to achieve them. Just like regulations, norms both constrain and empower social actors. Norms are also considered the basis of a stable social order (Scott, 2014:66).

The normative and regulatory elements together have the capacity to constrain and regulate organisational behaviour by imposing the legal, moral and social restrictions in terms of what is acceptable and what is not. The conformance to these boundaries is used to assess the social legitimacy of the actions of a bank (Suddaby & Greenwood, 2005:35). Especially when new rules are accepted as legitimate organisations follow them not only to avoid the sanctions of non-compliance but because they want to benefit from following the rules and often because they accept the change as part of their identity (Immerman 2018:78)

4.2.6.3 The cultural-cognitive dimension of institutionalisation

The cultural-cognitive dimension is concerned with the shared views that define the nature of social reality and create frames through which meaning is created (Scott, 2014:67). This approach highlights the importance of social settings and communication in the emergence of institutions. Explicit and implicit cultural patterns are linked to historically contingent ideas embodied in institutions, practices and artefacts (Scott, 2014:45). The cultural-cognitive dimension stresses the interdependence of cultural and social structural systems without assigning primacy to cultural or social structures.

The cultural elements are numerous and themselves vary in the levels of institutionalisation (Scott, 2014:68). The meaning construction around organisational transparency in banking in the institutional context is a complex and long-term process, where many ideas are contested and challenged. While it is impossible to consider all the influences, it nevertheless is possible to identify key ideas and frames that seem to be more influential than others.

The cultural-cognitive dimension has to do with the shared concepts of reality and perspectives which contribute to the shared meaning (Scott, 2014:67). Institutions are influenced by cognitive processes that range from selecting, retrieving, remembering and processing information which in turn results in evaluation, judgements and inferences (Scott, 2014:67) resulting in the construction and interpretation of social reality. However, because the symbolic aspects of institutions induce both interpretative and affective reactions from people (Scott, 2014:63), the normative and cultural-cognitive dimensions can be collapsed into one category.

The value of the cultural-cognitive approach for this study is that it highlights the importance of communication and interaction: words, symbols and discourses contribute to how reality is interpreted. Furthermore, the shared meaning which can be interpreted as social knowledge, once it is institutionalised, acquires the status of an objective reality. Departing from the traditional perspectives on cultures as living experiences and symbolic everyday practices, Donald (1991) draws attention to the existence of theoretic culture consisting of written language and other forms of symbolic representations that can be externalised in various media (e.g. books, digital communication, documents), thus being preserved and transmitted over time.

4.3 LEGITIMACY THEORY

Institutional theory explains the way institutions affect organisations and processes that govern institutions. However, the institutional theory does not fully explain why organisations make certain choices, why they chose to act in a certain way and why some organisational processes and activities are widely adopted or discarded. Legitimacy theory provides the theoretical connection between how what occurs at a societal level affects field and organisational level.

Legitimacy theory, which some see as a branch of institutional theory (e.g. Merkelsen, 2013) assumes that organisations, in order to be considered socially legitimate, have to adhere to the norms and standards identified by the society (El Diftar, 2016). Legitimacy, in addition to compliance with existing laws, also means a state which reflects cultural alignment and normative support of stakeholders. Transparency affects the stakeholders' perceptions of organisational legitimacy. Therefore, for banks to be considered legitimate, they must be aware of and engage in transparency practices that correspond with the predominant societal beliefs.

4.3.1 What is legitimacy?

Scott (2014:71) credits Max Weber with the introduction of the legitimacy construct to organisational studies. In particular, legitimacy is a key construct in institutional organisational studies (Deephous & Suchman, 2008; Suchman, 1995). Suchman (1995:574) argues that legitimacy is "a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions". Based on the original definition of Suchman (1995: 574), Deephouse, Bundy, Tost & Suchman (2017:32) defined legitimacy as: "the perceived appropriateness of an organisation to a social system in terms of rules, values, norms and definitions" arguing that rules, values, norms and definitions comprise evaluation criteria for legitimacy. Imerman (2018) considers legitimacy as a collection of subjective and intersubjective beliefs about rules governing organisational behaviour.

Legitimacy can be also seen as a social contract that is demarcated by societal bounds and norms (Hooghiemstra 2000: 56) or as the state where organisational values mirror the values of the overall social system. Thus, organisational legitimacy is a socially constructed assembly of assumptions about how organisations should act, which impacts how organisations self-reflect, see their own identity, engage in relationships with others and how they are perceived by others. Suddaby, Bitektine and Haack (2017) observe that legitimacy is seen as a process that involves complex interactions, perceptions, meanings and processes.

The sources of legitimacy are the perceptions of external and internal stakeholders who assess legitimacy (Deephouse & Suchman, 2008:53). Therefore, bank legitimacy can be seen as the presence or absence of questioning of the behaviour of banks by stakeholders (Scott, 2014: 71). This is important, because organisations, to some extent, are limited by what the stakeholders see as acceptable (Ilhen & Verhoeven, 2012:165). These socially desired actions of the organisation are guided by socially approved systems of norms, values and laws. Today, social legitimacy is particularly desired because organisational stakeholders demand accountability and trustworthiness from organisations, leading to a greater demand for transparency than previously. From this standpoint, social legitimacy is one of the presumed outcomes of transparency.

4.3.2 Transparency as sensemaking and sensegiving

Organisational transparency, in the context of legitimacy theory, is a result of sense-making on the part of both organisations and the stakeholders, as well as different actors at an organisational field level about the extent to which organisation fulfils these normative expectations. Albu and Wehmeier (2014:119) argue that transparency is mutually constructed among organisations and stakeholders. This reciprocal process can be explained through the processes of phenomenon sensemaking and sensegiving, According to Weick, Sutcliffe and Obstfeld (2005:409) "sensemaking involves turning circumstances into a situation that is comprehended explicitly in words and that serves as a springboard into action".

The sensemaking by organisational actors results in deciding on processes related to transparency, allocating resources and making choices about what and how to communicate. On the other hand, when stakeholders are aware of what organisations that affect them do, they are in a better position to engage in the social discourse that defines their expectations about legitimate organisational behaviours. For instance, when the media, politicians or customers challenge the behaviour of a bank, they effectively subject that behaviour to some form of controls based on the meaning assigned to that behaviour through the sense-making. Sometimes this leads to the development of new social institutions, thus changing the embedded social power systems within society.

At the same time, transparency can be seen as sensegiving by the "action related process of creating symbols and making frames" (Albu & Wehmeier 2014:119). Christensen and Langer (2009:12) suggest that organisations approach transparency strategically by "managing the levels and types of openness". They further imply that "transparency is continuously staged, often through intra-organisational enactments" (2009:12), through such activities as corporate branding, impression management or risk management.

Through strategic transparency, organisations seek to define social reality by attempting to align their interests with the interest of their stakeholders (Heath, 2010:201), thus influencing the perceptions of organisational legitimacy among these groups. Organisations, through corporate communication practices, were set up to participate in a social ordering process by promoting the capitalist worldview (Brown, 2010:286) and to "maintain the status of private and public organisations that participate in the capitalist system" (Radford, 2011:59). Public relations and corporate communication conveyed the organisation-centred perspective and placed the most emphasis on fostering positive views about organisations as defined by the managerial elites (Ilhen & Verhoeven, 2012; l'Etang, 2008; Macnamara, 2012).

Specialised functions such as corporate communication are tasked with projecting strategic legitimacy. However, an organisational mission itself emerges through the process of sense-making and translation and usually mirrors the institutional logic. Therefore when the institutional logic changes, organisational messages are also purposefully adjusted to support organisational legitimacy. Because legitimacy is an outcome of organisational sense-making, organisations can proactively shape their legitimacy perceptions by being transparent. They can create their desired representations by communicating their compliance with the regulatory demands of transparency and normative expectations, based on the values and expectations of stakeholders. At the same time, in the constant process of social discourse, stakeholders develop their perceptions of legitimacy and transparency.

Freidman, Bahamonde and Bellido (2014: 55) state that "not only direct interactions that stakeholders have with the organization, but also communication about organisation activities, achievements and challenges" influence stakeholder legitimacy perceptions. When organisations actively shape stakeholders' legitimacy perceptions, they seek strategic or pragmatic legitimacy (Suchman, 1995:574). Strategic legitimacy is linked to strategic transparency: "the ability of firms to signal or provide adequate and relevant timely information and effectively to their shareholders, stakeholders and other principal parties such as policymakers who motivate and constrain them to behave within the principal's interest and in an acceptable way to society" as defined by Eldomiaty and Choi (2006:281).

Strategic legitimacy can be controlled by organisations. In contrast, institutional legitimacy is "a set of constitutive beliefs constructed by social institutions" (Christensen et al., 2008:16) and is beyond organisational and managerial control. While Scott (1995:45) notes that institutional legitimacy "is not a commodity to be possessed or exchanged but a condition reflecting cultural alignment, normative support, or consonance with relevant rules or laws", legitimacy influences the corporate reputation of an organisation, whereby a negative reputation reflects stakeholder perceptions of illegitimate organisational behaviour and a positive reputation represents a stakeholder's endorsement of the organisation as legitimate. Being transparent therefore becomes a measure of the legitimate behaviour of the organisation.

4.4 STAKEHOLDER THEORY AND TRANSPARENCY

The stakeholder approach to managing organisations disrupted and significantly changed the institutionalised ways in which organisations interpreted, legitimised and practised corporate transparency. The stakeholder approach became embedded in various societal and organisational discourses and provides a normative legitimation for transparency. The discourse on the role of organisations in the society exemplifies the influence of the stakeholder approach on management decisions, sustainability debates, and corporate citizenship perspective.

The stakeholder theory was introduced by Freeman (1984) and subsequently refined and developed further by Freeman and his colleagues along with other contributors (Agle, Donaldson, Freeman, Jensen, Mitchell, & Wood 2008; Donaldson, 1999; Donaldson & Preston, 1995; Dunham, Freeman, 1999; Freeman, Harrison, Wicks, Parmar & De Colle, 2010; Jones & Wicks, 1999; Mitchell, Agle & Wood, 1997; Phillips, Freeman & Wicks, 2003). The theory deals with both the economic and social roles of business and recently has been also applied to other types of organisations such as NGOs and governments. A multidimensional debate surrounding the theory ranges from discussing its normative principles (Donaldson & Preston, 1995; Dunham et al., 2006), through its "instrumental" variant, which deals with achieving the organisational goals such as profitability (Donaldson & Preston, 1995; Phillips et al., 2003) to its practicality as a guide for managers and its contribution to organisational social responsibility (Boesso & Michelon, 2010; Dilling, 2011).

The theory is concerned with the definitions of stakeholders (Dunham et al., 2006; Jones & Wicks, 1999:207; Mitchel et al., 1997), the nature of relationships between the organisation and the stakeholders, how these relationships are reflected in managerial decision-making (Agle et al., 2010; Freeman, 2009), and its contribution to organisational social responsibility (Boesso & Michelon, 2010; Dilling, 2011). As such, stakeholder theory is a theory of ethics in organisational management which involves both the economic and social aspects of business (Parmar et al., 2010:415).

Reflecting on the repercussions of the financial crisis of 2007–2009, Freeman (2009) calls for a redefining of the meaning of business performance with a greater focus on its sustainability over time and to create value for all stakeholders. The call for sustainable behaviour is the “logical outcome of a development that has brought many people to prosperity” (Hardjono & De Klein, 2004:101). This new thinking is based on the assumption that business today should be held responsible not only for their impact on individuals and the environment but also for their impact on the fabric of society (Hartman, Rubin & Dhanda, 2007:373).

The changes in the structure of capital, argue Bonnafous-Boucher and Porcher (2010:207), lead to the development of stakeholder theory as a strategic and operational framework for the managers. Bonnafous-Boucher and Porcher (2010), as well as Bricker and Chandar (2000), highlight the changes in the nature of the modern economy and, with it, the role of the business in society. Modern capitalism can be described as “salaried patrimonial capitalism” (Bonnafous-Boucher & Porcher, 2010:206), which is characterised by the rise in institutional investors. Under these conditions, the markets mostly rely on household savings invested in pension funds. The classic separation between ownership and management has acquired a different meaning, because, in the new capitalism, not only the shareholders but all the stakeholders become principals.

The stakeholder approach also gave rise to the philosophy of business that looks to the future and acknowledges the current and future impact of organisations on the society and the environment. Corporate social responsibility (CSR) and related concepts such as corporate social investment (Hinson & Ndhlovu, 2011), corporate social responsiveness (Redmond, 2012), corporate citizenship (Moyo & Rohan, 2006; Yates-Smith, 2013), corporate social performance (Brower & Mahajan, 2013), sustainable entrepreneurship, the triple bottom line (Hahn & Kuhnen, 2013; Homer, 2009), corporate sustainability (Visser, 2011) emerged over the years. Among these terms, corporate social responsibility seems to be the most widely used in academic literature (Van Marrewijk, 2003:96).

Caroll and Shabana (2010:97) argue that CSR brings tangible benefits to the organisations through creating win-win situations for both the organisation and society. The responsible behaviour on the part of corporations and other types of organisations means different things to different authors. Hardjono and De Klein (2004:100) name the concern for the environment and the danger of exhausting natural resources as reasons for sustainable behaviour. McWilliams, Siegel and Wright (2006:1) list such elements as environmentally and consumer-friendly production processes, enlightened human resources management practices and community engagement as examples of socially responsible behaviour. Transparency about CSR became one of the main concerns of organisations.

On the surface, some aspects of CSR such as environmental performance, seem irrelevant to the banking system and banks, because the everyday bank practices do not seem to have much environmental impact. However, as intermediaries in the economy, banks do influence the environment by financing the projects that have an impact on climate change. Bimha and Nhamo (2017:45) point out that although banks do not have a high environmental impact through internal activities, they should be more transparent about their effect on the environment as measured through the projects they finance.

4.4.1 Defining stakeholders

The concept of a stakeholder is central to the stakeholder theory. The best known definition of stakeholders is by Freeman (1984:46), and focuses on the nature of the relationships they have with the organisation and defines stakeholders as any group or individual who can affect or is affected by the achievement of the objectives of the organisation.

Mitchell et al. (1997) proposed the classification of stakeholders according to their attributes: power, legitimacy and salience. The elements they focus on, are the power to influence the organisation, legitimacy of claims towards the organisation, and the urgency of claims on the organisation. Clarkson (1995) distinguishes between primary stakeholders and secondary stakeholders. Similarly, Kaufman and Englander (2011:422) differentiate between normative (primary) stakeholders and derivative stakeholders. Primary stakeholders are those who make contributions to the organisation and incur risks as a result of organisational actions. Derivative stakeholders do not directly contribute to the organisation, yet can constrain the activities of the firm. Primary stakeholders have direct relationships with an organisation, and the relationships are governed by contracts. Derivative stakeholders do not have such contractual relations and operate outside or on the border of the organisation (Fassin, 2012:84).

The second stakeholder attribute, legitimacy of claims, underpins the normative and socially constructed dimensions of stakeholder theory (Mitchell et al., 1997:866). Neville, Bell and Whitwell (2011) propose a distinction between stakeholders and their claims. For example, one can argue that even legitimate stakeholders can have illegitimate claims. An organisation should distinguish between the legitimacy of claims and legitimacy of stakeholders, as morally legitimate claims endure even if the legitimacy of stakeholders is questionable.

In addition, Neville et al. (2011) distinguish between three types of legitimacy, moral, pragmatic and cognitive. The basic distinction can be reduced to instrumental and moral legitimacy. The moral legitimacy comes from a positive evaluation of the organisation. Thus legitimacy is linked to company reputation. Neville et al. (2011:269) define moral legitimacy of stakeholder claims as "an assessment by managers of a degree to which a claim exceeds the threshold of desirability or appropriateness within some personally, organizationally and socially constructed system of ethical norms, values, beliefs and definitions".

Pragmatic legitimacy originates from the evaluations of an organisation, based on self-interest. The pragmatic legitimacy should not be the guiding principle in decision-making, as it will always prioritise decisions that favour claims that support the organisational interest directly. One could also argue that such decisions will predominantly have given precedence to the short-term gains from the stakeholder-organisation exchanges and to those stakeholders who are the most powerful. Thus, stakeholder claims should be evaluated from a moral point of view and not from a pragmatic point of view.

The third aspect defining the management-stakeholder interactions is urgency, which is determined by time sensitivity and the importance to the relationships (Mitchel et al., 1997:868). Neville et al. (2011) refine the stakeholder salience framework, which assumed that possessing just one of the aforementioned attributes would lead to obtaining a stakeholder status. These original views of stakeholders have changed over the last decades and new approaches and classifications of stakeholders have developed. In the attempt to address the weakness of the stakeholder classification models discussed above, is that they do not encourage a holistic look at the organisation as a system that involves, not only the linkages between the organisations and the stakeholders but also various interconnections between different stakeholder groups.

Phillips (2003) distinguishes between normative and derivative stakeholders, according to the moral obligations of the organisation of fairness towards them. The organisation has moral obligations to its normative stakeholders. Derivative stakeholders are those who can harm or benefit the organisation, but an organisation has no moral obligations towards them. Examples of such groups may be competitors, activists and the media.

Recently other stakeholder classifications have emerged. For instance, Neville et al. (2011:363) devised a classification based on a continuum of the three original attributes of power, urgency and legitimacy, which resulted in the following stakeholder categories: dormant stakeholder (very little power and legitimacy), discretionary stakeholder (some legitimacy, but little urgency), dominant stakeholder (strong power and legitimacy), dangerous stakeholder (powerful and with the sense of urgency), dependent stakeholders (with both legitimacy and urgency), definitive stakeholder (in possession of power, legitimacy and urgency of claims).

Fassin (2011) applied an institutional perspective to stakeholders, expanding his classification of stakeholders by introducing the following categories: stakeowners, stakewatchers, stakekeepers and stakeseekers. Stakeowners are the core stakeholders who overlap with the traditional concept of primary stakeholders, and who have a concrete stake in an organisation, for example, shareholders, customers and employees. Stakewatchers do not have real stakes themselves but protect the interests of real stakeholders. Unions and pressure groups, ombuds offices, rating agencies, as well as the media, fall into this category. Stakekeepers are independent regulators who impose external control, regulations and constraints on organisations. Government, certification organisations, and regulatory bodies are examples of stakekeepers. In the case of banks the South African Reserve Bank (the registrar of banks) and the National Credit Regulator, and the Banking Association of South Africa are examples of stakekeepers. Stakeseekers are usually activists who claim self-proclaimed legitimacy and try to exert an indirect influence on an organisation (Fassin, 2012:90). In addition to normative and derivative stakeholders, he also identifies dangerous stakeholders such as thieves, blackmailers and hackers, but notes that the organisation does not have any moral obligations towards them.

There is a robust discussion among scholars about the merits of these taxonomies and the criteria used (Crane & Ruebottom, 2012; Neville et al. 2011). The trends that seem to emerge is the move away from the generic classifications (e.g. customers, employees, investors), towards values-based classifications, such as Fassin’s (2011) and classifications that reflect the differences between the stakeholders possessing similar sets of basic attributes such as power, legitimacy and urgency. Neville et al. (2011), as well as Crane and Ruebottom (2012:77), note that most of the stakeholder taxonomies ignore the social aspects such as identity, values and cohesions, and mainly focus on the economic aspects of relationships between stakeholders and the organisation. Nevertheless, the expanding definitions of stakeholders mean the scope of transparency increases too.

4.4.2 Stakeholder and institutional logics

Despite criticism, stakeholder theory brought a significant shift in the discourse on the role of organisations in contemporary society and the consequences of organisational actions for the stakeholders changed the perspectives on the role of the business in society. The importance of stakeholder theory is, at least in part, it can be credited with changes to the institutional logics of banks. Stakeholder theory redefined value creation from profit-making for the owners to creating value, beyond just profit, for all those who are affected by banks.

Another dimension of stakeholder theory is its long term focus, as it draws attention to the long term effects of organisational activity and sustainability. The theory also argues that including the interests of a broad spectrum of stakeholders in organisational decision-making, contributes to value creation in different forms such as collaboration, co-operation and network influences, all of which can lead to value creation (Myllykangas, Kujala & Lehtimaki, 2010:65; Tulberg, 2013:128). The win-win value creation requires the building of strategic communities (Kodama, 2008), where members with different knowledge and values, consciously create and participate in a shared, but always changing, context. The multiple networks among different strategic communities require sharing information, and consequently, corporate transparency.

However, these ideas, which originated at the end of the 20th century, did not permeate into the banking system for another two decades. One of the previously cited reasons for the 2007–2009 financial crunch was the short-term focus of banks on profit, at the expense of sustainability. In turn, the assessment of organisational performance led to reassessing the notions of organisational accountability to the stakeholders, which led to new standards and perspectives on corporate governance. However, while that shift happened at the normative level, on the practical and implantation level the results are mixed. There is some evidence (Angelopulous, Scott & Parnell, 2013) that business organisations struggle to reconcile the logic of shareholder value with the logic of stakeholder value in their everyday practices. Thus, a stakeholder approach largely remains in the normative realm.

4.4.3 Stakeholder theory and rise of corporate governance

The stakeholder approach had a profound influence on changing the views on corporate governance by moving from the focus on restricting the agency costs to creating long-term value for all stakeholders.

During much of the 20th century, the acknowledgement of the issues caused by the separation of ownership and control was the driving force behind the corporate governance debate (Jensen, 2010; Jensen & Meckling, 1976; Lenoble, 2003:25; Shleifer & Vishny, 1997). As the new perspectives on the role of business and society emerged, such as the stakeholder approach, the views on the accountability of business had changed.

The Organisation for Economic Co-operation and Development, OECD (1999), provides the following definition of corporate governance as "a set of relationships between a company's board, its shareholders and other stakeholders. It also provides the guide through whom the objectives of the company are set, and the means of attaining those objectives, and monitoring performance, are determined". One of the first governance reports, Cadbury (1992), states that "Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals ... the aim is to align as nearly as possible the interests of individuals, corporations and society". The World Bank (1994) looks at governance from the perspective of a corporation and also from a public policy perspective. In the former instance, the focus is on the relationships between the owners, managers, board and broader stakeholders. In this view, the role of the board of directors in their ability to balance various stakeholder needs is emphasised. The board has to ensure long-term organisational sustainability and at the same time add value for the shareholders. The perspectives on governance have been refined in later years, but their essence has not changed.

Corporate governance has to do with devising various practical and formal organisational control and accountability measures. The control view, which originated in the previously discussed agency theory, resulted in the procedural approach to governance. The main focus of the approach is on the presence of formal structures, rules and procedures that control the organisation and define the relationships of a company with its shareholders and to society (Finch, 2012:11). Therefore, corporate governance involves the "creation of appropriate systems of checks to ensure the balanced exercise of power within a company, developing systems ensuring compliance with legal and regulatory obligations, putting in place processes ensuring risk identification and management within acceptable parameters and introduction systems keeping a company accountable to stakeholders and the broader society in which the organisation operates" (Naidoo, 2009:3).

Different governance practices and models exist in different markets reflecting the particular business reality. These practices are aligned with the prevailing economic thought of the particular era, "the economic doctrines, though they appear permanent and inexorable – reflect the conditions of the times in which they are to be tested or to be put into practice" (Fernando, 2009:15). Legal instruments of governance differ from country to country.

There two main models of business: the Anglo-American model and the German (European)-Japanese model. The German-Japanese model is based on collective success and consensus. It is a network based long-term debt, financed and based on a strong partnership between banking and industry. In contrast, in the Anglo-American model, also called an outsider-dominated model, management and ownership are separated. In the European-Japanese model, called the insider-dominated model, there is a higher participation of employees in the decision-making at the board level, and there is a higher reliance on banks, rather than the markets, for financing (Harris & Raviv, 2008:73; La Porta et al., 1999:17; Solomon, 2010:195).

The agency perspective has been mainly applied to Anglo-Saxon (American) type of companies and less applied to other countries. The Anglo-American model is market oriented and based on equity finance. The role of the banks is insignificant because they provide a relatively small amount of funds in comparison to the funds provided by the investors. The success of an enterprise in the Anglo-American model is founded on individual achievement and short-term financial gains (Maclean & Harvey, 2008:210; Reed, 2002:230).

The countries that were most affected by the banking crises of 2008 were those that follow the Anglo-American model. South African companies, including banks, subscribe to the Anglo-American model of governance (West, 2006). They are governed by legislation, regulations, listing requirements and codes of best practice. At the same time, there are some commonalties in corporate governance regulations across the globe.

4.4.3.1 The mechanism of corporate governance

The formal mechanisms of corporate control can be divided into internal and external mechanisms (Chew & Gillian, 2005; Monks & Minnow, 2008). Internal governance mechanisms are, among others, the boards of directors, organisational structures and incentives (Chew & Gillian, 2005:3). External governance is based on the ownership structures, markets and requirements of financial reporting and various forms of audit. However, Christensen and Cheney (2015) highlight the fallacy of equating transparency and accountability with an audit. Power (1997:127) notes that an audit becomes a substitute for public scrutiny, rather than a tool for facilitating the inquiry.

There are also other facets of governance closely related to transparency, such as market transparency, compliance with law and regulation, the control of watchdogs, industry standards and self-regulation (Nordberg, 2011:52). These dimensions, which relate to the regulatory pillar of transparency are particularly relevant for the institutional field of banking. Nevertheless, legal mechanisms have limitations. They cannot solve the governance issues due to various limiting factors, such as the slow reaction to market conditions, not being able to predict all eventualities and the tendency among the regulators to be sympathetic to the corporations, as shown by the success of lobbyists around the world (La Porta, 1999; Lopez-de-Silanes, 2000; Shleifer & Vishny, 2000).

- The board of directors

The governance focus on effectiveness and control highlights the role of the board of directors as a central pillar of corporate governance. Attempts haven made to identify the influence of various factors related to the boards on the organisational efficiency. Among these factors are the board composition (Graham & Yawson, 2009; De Andres & Vallelado, 2008; Arosa, Iturralde & Maseda, 2013; Stein, 2016), board structures and committees (Hoitash, Hoitash & Bedard, 2009) and board leadership (Demirbas & Yukhanayev, 2011; Khanchel, 2007: 734).

However, the formal aspect of boards seems to be a feeble guarantee of effectiveness as the cases of Steinhoff and WorldCom show. Despite being highly competent, these boards failed to safeguard the interest of stakeholders, which led to the collapse of these very large companies, including banks such Northern Rock in the UK or VBS in South Africa. This is because, as Nordberg (2011:120) points out, although the company law requires a company to have a board of directors, the law also gives the board a lot of discretion regarding its activities.

The scrutiny of the board decision through the mechanisms of transparency may be a solution to these problems. Ruigrok, Georgakakis & Greve (2015:377) note that the transparency pertaining to the board of directors signals to the stakeholders whether the company complies with the social norms and regulations regarding the composition of the boards. The board of directors is not the only structure to ensure the functioning of organisational controls of organisations.

There are other mechanisms, such as the following:

- Auditors

An audit is a way of securing financial transparency. The audit serves as a way of protecting the tax collecting authorities, business partners and investors (Nordberg, 2011:57). The role of external auditors as independent experts in the field of accounting is to examine the details of specific transactions and the principles according to which they were reported to ensure "a true and fair view". Although auditors are external experts, there are well-known cases of collusion and conflicts of interest between auditors and management, as in the case of Arthur Anderson and Enron that lead to a major corporate collapse. To improve accountability, the number of services provided by the auditing firm to a client should be limited. However, in reality, the law does not enforce these limitations. Other aspects that reduce the effectiveness of audits are the flaws and the use of discretion in the accounting systems.

An internal audit provides information to the audit committees and the board of directors about the issues of internal concern (Solomon, 2011:188). An internal audit can be considered a dimension of internal transparency. However, this system of checks also highlights the issue of a conflict of interest, as internal auditors are asked to help management, and at the same time to check on the activities of management. The effectiveness of the internal control systems has been brought under scrutiny by the recent financial crisis of 2007–2009 as the risk management function of the internal audit has failed, especially in the banking system.

- Credit rating agencies

Rating agencies provide a valuable service to investors in terms of transparency. They review the financial information of the companies and governments (mainly their debt), asses the risks and publish their findings. A favourable rating reduces the costs of borrowing and improves competitiveness. Rating agencies act as intermediaries in terms of processing complex information and creating a more accessible, but not necessarily more objective, way of social ordering.

Nordberg (2011:61) notes two major issues with the rating agencies: the CFO of the company chooses the rating agency and pays them a fee for inspecting the company accounts, which may lead to a conflict of interest, particularly in cases where the rating agency also advises the company on how to improve their ratings. The second weakness of rating agencies is the limited competitiveness in the rating business, as there are only a few major players such as Moody's, Standard & Poor's and Fitch. In addition, rating agencies focus on big businesses only.

- Governance rating organisations

Risk Metric Group, Governance Metrics International, Glass Lewis and Manifest are just a few of the firms that provide governance rating services to the investors. The focus of their work is on the issues around voting during annual general meetings. They offer advice in terms of process and compile public data about companies to assess the asset managers in making voting decisions (Nordberg, 2010:63).

- Media

News organisations are a good source of information and they are relatively unbiased in their approach (Klijn, Twist, van der Steen & Jeffares, 2016:1039) as they follow media logic, follow newsworthy stories and focus on the interest of their readers and viewers and not the corporations they write about. However, the time constraints on and the expertise of journalists are limiting the information that they can publish.

- Industry standards and internal mechanisms

Industry-specific standards, regulations, and codes of practice fall within this category. The trend towards developing codes of conduct began in the USA in the 90s as a response to the perceived inefficiency of boards as a governance mechanism (Picou & Rulbach 2005:30). A self-regulatory body and industry association play some role in the governance, do not focus specifically either on shareholder, nor the stakeholder interests, but rather on the industry reputation as a whole. Such bodies also play a significant role in creating a shared, intersubjective understanding of the practical enactments of transparency and governance.

- Executive remuneration

Executive pay as a control mechanism became the source of much debate in recent years (Efendi, Srivastava & Swanson, 2007; Rajan & Wulf, 2006). Remuneration is considered both the means of control and motivation. Both paying too much and paying too little has its consequences. The common view is that paying too much reduces the shareholder value while paying too little reduces the motivation and performance of the managers. However, research does not support a significant correlation between executive pay and the company's performance (Hubbard, 1995: 128). In the banking system, the rewards in the industry seem incommensurable with the contribution of managers to stakeholder value creation. The performance, driven by short-term results, often leads to excessive risk taking in the banking industry. Because of the very high executive pay in the banking industry, there is an increased demand from the stakeholders for transparency with regard to executive pay.

4.4.3.2 The place of transparency in corporate governance

Transparency is perceived as a key element of a governance system (Florini, 2002:3; Flyverbom, 2015:168; Wehmeier & Razz, 2012). Christensen & Cheney (2015:72) go as far as to say that corporate transparency became a synonym for good governance. Transparency can also be viewed as operationalised accountability (Christensen & Cheney, 2014:71). Within the governance framework, disclosure is the main method of transparency. Disclosure may take different formats: annual reports, financial reports, voluntary corporate communications, and/or information placed on corporate websites.

The existing research on transparency in banking still seems to favour the investors and shareholders, while there is very little research on transparency towards other stakeholders (see Chapter 2). For many years, financial accounting information was the key institutionalised method of disclosing information about an organisation to the public. However, it is only one aspect of disclosure. As corporate governance became a more widely diffused social institution, a multiplicity of formal governance structures had developed, such as codes of corporate practice, which promote new ways, and standards of disclosure and transparency. These formal instruments reflect an evolution of the public interpretation of the role of organisations in society, and the expectations about their behaviour (Fredriksson et al., 2013:186).

Institutional theorists (Cobbaut, 2003; Lenoble, 2003) question the manner in which the issue of corporate governance is commonly approached in both managerial and academic discourses. The critique questions the belief in the rational action of managers. Lenoble (2003:7) argues that the managerial perspective presents governance as “a codified set of normative principles of universal, at times even immutable nature, and never as a complex problem in which the elements, as well as the solutions, vary depending on the time, place and situation”. Therefore, “setting up deliberate devices enabling collective learning and cooperative action”, (Lenoble, 2003:18) is essential. Such emergent mechanisms of corporate governance are underpinned by corporate transparency. Transparency allows for increased scrutiny of organisational performance. Solomon (2010) emphasises the need for a structured system of the disclosure without which stakeholders are at a disadvantage, and cannot monitor the management of the company.

Because there is a growing focus on the relationships of corporations with broader society, issues such as stakeholder relations, corporate social responsibility, sustainability and ethics take central stage. These ideas link corporate governance with accountability. Accountability is defined as the state of being responsible for one’s actions (Christensen & Cheney, 2015:71), but banks are not equally accountable to all stakeholders. Some stakeholders are more important or powerful than others. For example, in terms of access to information, according to Finch (2012:14), it is common practice for large companies to brief large institutional stakeholders, while individual investors only have access to relevant information days or weeks later. In line with the stakeholder approach, organisations are not only accountable to core stakeholders, but also the society.

4.4.3.3 The global diffusion of governance ideas

Institutional studies attribute a diffusion of ideas through global and cultural association processes, which leads to the spreading of worldwide models of organisational practice (Gluckler et al., 2018:3). The globalisation of trade and finance, the integration of financial markets and spectacular corporate failures of recent years, resulted in a trend towards harmonisation of governance across the world (Finch, 2012:15; Solomon, 2010:197). For instance, there are ongoing initiatives towards harmonisation of accounting and financial reporting through the efforts of the International Accounting Standards Board (Solomon, 2010:198). Notable steps towards developing global or regional governance standards have been undertaken in recent decades by the Organisation for Economic Cooperation and Development (OECD, 1999, 2004), the World Bank (1994), the International Monetary Fund (De Nicolò, Laeven, & Ued 2006) and the European Union (2004, 2005).

Pierce (2016) identifies the following trends in global corporate governance:

- Increased usage of corporate governance codes;
- Higher levels of regulation and enforcement;
- Greater diversity of boards;
- More focus on strategy and value creation;
- More focus on governance of risk;
- Greater emphasis on remuneration governance;
- Greater focus on accountability to a wide range of stakeholders.

4.5 COMMUNICATION AND INSTITUTIONALISATION

In the last two decades, studies have been paying more attention to language and communication as essential to the emergence of institutions and the emergence of new institutional practices. In particular, the role of communication in institutional processes such as change (Furnari, 2018), forming and maintaining institutions and in legitimising processes (Lammers & Barbour, 2006:364), attracted scholarly attention. Institutions are structured through communication, because "language constitutes knowledge, social rules and social institutions" (Suddaby et al., 2013:336). For Suddaby and Greenwood (2005:35) the strategic use of communication is a key element of institutional change. Communication creates, sustains and reproduces institutions. Communication aligns organising with institutions through the endorsement of institutional rules in the organisations, and the interpretation and alignment with external institutional demands, such as legal requirements or codes of conduct.

Green (2004) concludes that communication plays different roles at different stages of institutionalisation. Not surprisingly, the most intensive persuasive communication and justification happen at the beginning of the process, and just before the practice achieves a taken-for-granted status. Once the practice becomes widely accepted, the need for justification decreases. In this process, the connection between communication and the role of individual and collective cognition in creating structures and rules governing the social life in organisations needs to be highlighted.

Social interactions create patterns of behaviour that are reproduced, and which leads to the creation of institutions. Institutions are further transferred through communication and behaviour to each next generation and become an objective reality (Tsetsura, 2010:165), through the process of creation and reinforcement of meaning by means of continuous and recurring social exchanges by social actors. Cornelissen et al. (2015:14) highlight the co-creational nature of institutionalisation. Different actors influence each other during the communication process.

Furthermore, communication consists of continual and multi-level interactions, which produce multiple and often unpredictable institutional outcomes. Through the iterative communication processes, cultural beliefs develop new meanings, structures and institutions such as corporate governance and related phenomena, such as corporate and organisational transparency. This corresponds with the views of the growing importance of symbolic phenomena such as values and culture of Frandsen and Johansen (2013:208) because the meanings are embedded in particular political, social and cultural contexts (Tsetsura, 2010:164). The effects of a cultural process influence legitimacy, trust, image and reputation of organisations.

4.5.1 Organisational discourse and institutionalisation

The role of discourse in understanding organisations and institutions requires some attention. While numerous authors acknowledge the importance of discourse in institutional processes (Chourilaraki & Faircough, 2010; Hardy & Maguire, 2010; Paroutis & Heracleaous, 2013; Phillips, Lawrence & Hardy, 2004), not all discourses produce institutions (Phillips et al., 2004).

Institutions are seen as products of discourses that influence organisational actors. However, not all discourses produce institutions (Phillips et al., 2004). Furthermore, there are conflicting perspectives on what discourse is. The views on discourse range from practices of talking and writing which create reality (Hardy, 2001) to a broader view of discourse as social interaction (Van Dijk, 2011). However, it is evident that the key feature of discourse is not just the production of texts, but also the distribution and effects thereof. As a result, studies on institutional discourse pay attention to constructive effects of discourses, in particular their effect on social relations, organisational practices (Hardy, 2001) and communicative action (Van Dijk, 2011). For instance, Hardy and Maguire (2010:1367) define discourses as “interrelated bodies of texts that define what is normal and acceptable, thereby institutionalizing practices and reproducing behaviour”. Similarly, Harmon, Green and Goodnight

(2015) state that discourses both shape and reflect assumptions, attitudes, values and ideologies of social actors within a particular community.

Discourse constrains actors and introduces socially constructed controls that define institutions. These controls are rarely a result of subjective interpretations of normative legitimacy, but they are rather based on intersubjective recognition of applicable norms. At the same time, discourses provide platforms for institutional agency. Paroutis and Heracleaous (2013:938) stress that through discourse, different actors provide inputs, and through this process, new social realities emerge and diffuse. Thus, discourses are central to institutionalisation processes as institutional actors come to shared definitions of reality (Phillips et al., 2004:3). Similarly, Weick, Sutcliffe and Obstfed (2005:409) note the importance of discourse in sense-making and organisational action: "organizing is embodied in written and spoken texts […] reading, writing, conversing and editing are crucial actions that serve as through which the invisible hand of institutions shapes conduct". In sense-giving, communicators present their interpretation of events and practices, frame them in a certain way and argue for a particular vision of institutional reality (Ocasio et al., 2015:36). Furthermore, Chourilaraki and Fairclough (2010:1215) note that the presentation of a social process in discourses becomes simplified and condensed and is relatively recurrent and stable.

Alvesson and Karreman (2000) distinguish between four different levels of discourse in organisational studies. Mega discourses, which refer to standardised ways of constituting broader social phenomena, grand discourses which represent and create organisational reality through the use of language. Meso discourses are "relatively sensitive to language use in context, but interested in finding broader patterns and going beyond the details of the text" (Alvesson & Karreman 2000:1125). To analyse discourse at this level one needs to look at close relationships between texts, their context and their impact on organisational practices (Paroutis & Heracleaous, 2013). Finally, micro discourses focus on the detailed study of language in texts and are analysed through the various forms of textual analysis, usually associated with linguistics or semiotic analysis.

Discourse is also central to institutional change. Hardy and Maguire (2010) note that institutional change is a result of a struggle between competing discourses. Production, distribution, and consumption of texts can disrupt the predominant institutional arrangements (Maguire & Hardy, 2009). Furnari (2018) points out the importance of the active use of communication by institutional actors in framing issues, which may or may not lead to changes in an institutional field. Issues can be framed, through the use of language, in a certain way to legitimise or delegitimise social phenomena. How issues are framed influences whether and how change occurs within institutional fields.

Different frames can be developed to evaluate the issue. These evaluations go beyond analysing the salience or urgency of the issue. For example, Furnari (2018) distinguishes between diagnostic and prognostic frames. The diagnostic frame entails identification of the causes of the issue. The prognostic frame articulates possible solutions to the issue by suggesting how reality can be "improved". Some actors collectively employ a strategic approach to framing, which involves a contention at the level of social construction of reality (Litrico & David, 2017). This process results in the field settlement, when some sort of alignment and common views emerge on the issue, even when full consensus is not reached within the field.

However, the explanation for how discourse influences change is a matter of debate. For instance, framing is considered essential to change discourse. Framing is the communication process which makes some aspects of the issue more salient (Furnari, 2018:328). Framing represents cognitive schemes that guide the attribution of meaning to social situations (Litrico & David, 2017:988). Framing within an institutional field is a reflection of the constraining and enabling qualities of the social context in which framing occurs. At the same time, frames are often contradictory and ambiguous (Litrico & David, 2017:989). Successful framing requires that audiences link the messages to other relevant discourses (Erkama & Vaara, 2010:816) that correspond with societal level logics.

4.5.2 Rhetoric legitimation and sense-giving

Language is seen as a force that influences cognition in an institutional setting (Cornelissen, 2015:13). It is also perceived as the main driver for institutionalisation through creating "collective interpretations, shared meaning systems and ongoing process of collective sense making" (Suddaby et al., 2013:335). Language, through the use of specific words and rhetorical arguments, can ensure the maintenance of institutions or by facilitating the acceptance of new concepts (Munir 2011:116) may lead to institutional change.

Rhetoric as a skilled argumentation is closely associated with discourse (Van Eemeren, Jackson & Jacobs, 2011). Rhetoric – "a discourse calculated to influence an audience towards some end" (Green, Babb & Alpaslan, 2008:42) – has become a recognised dimension in institutional change and institutional work. Through communication, a common understanding emerges that forms the basis for institutions and results in them being constantly produced and reproduced through the use of language. In institutional studies, rhetoric has been applied to the study of institutional change, especially at the level of the institutional field (Green et al., 2008).

In particular, research by Green (2004) shows that rhetoric shapes legitimacy assumptions. Various rhetorical strategies can be employed in legitimation, namely rational arguments (logos), emotional arguments (pathos), authority-based arguments (ethos), and autopoesis (arguments related to purpose and identity) (Erkama & Vaara, 2010:824; Green et al., 2008:43). Other rhetorical strategies that can also be used in institutionalisation, include the consistent application of institutional vocabularies and theorisation.

Institutional messages are the tools of the diffusion of ideas or as an instrument in institutionalisation and reproduction of institutions (Lawrence, Suddaby & Leca, 2011:52; Suddaby et al., 2013:336). Institutional messages can also be seen as texts constituting an organisational field discourse. Through the use of messages, legitimacy emerges and institutional logic can be manipulated by interpreting, representing and translating relevant issues in a way that justifies the change. This process applies to the three levels of institutions: societal, institutional field and organisations. Institutional messages play a central role in guiding people in their “ongoing, organized conduct” (Lammers, 2011:174). They prompt the institutional agents to act in a certain way. Institutional messages represent ideas that are intentional, and relatively stable over time (Lammers, 2011).

As a result, within an institutional field, institutional messages are considered to be the carriers of institutional logic. These messages are “symbolically grounded, organizationally structured, politically defended and technically and materially constrained and hence have specific historical limits” (Lammers, 2011:174). Hence, they are a reflection of the current state of the field and, if observed over time, are a testimony to the changes in the institutional fields. For example, Suddaby (2005:40) states that “skilful strategic use of language is a key means to initiating and directing change”. Therefore, in order fully to understand the institutionalisation processes, it is necessary broadly to consider different dimensions of communication which encompasses speech, text, discourses and other symbolic interactions which should be applied to studying institutions (Cornelissen et al., 2015:110).

4.6 A DISCURSIVE MODEL OF INSTITUTIONALISATION AT AN ORGANISATIONAL FIELD LEVEL

The section above outlined the importance of discourse for institutional processes. Based on the discussion above, the model below illustrates the process of institutionalisation within an institutional field. It stresses the constitutive nature of discourse, and provides the connection between discourses, meaning and organisational practices.

The model in Fig.4-2 schematically depicts the dynamics within the institutional field that lead to social construction, acceptance and adoption of organisational practices within an institutional field. The reciprocity of cultural, normative and regulatory dimensions and discourse is acknowledged.

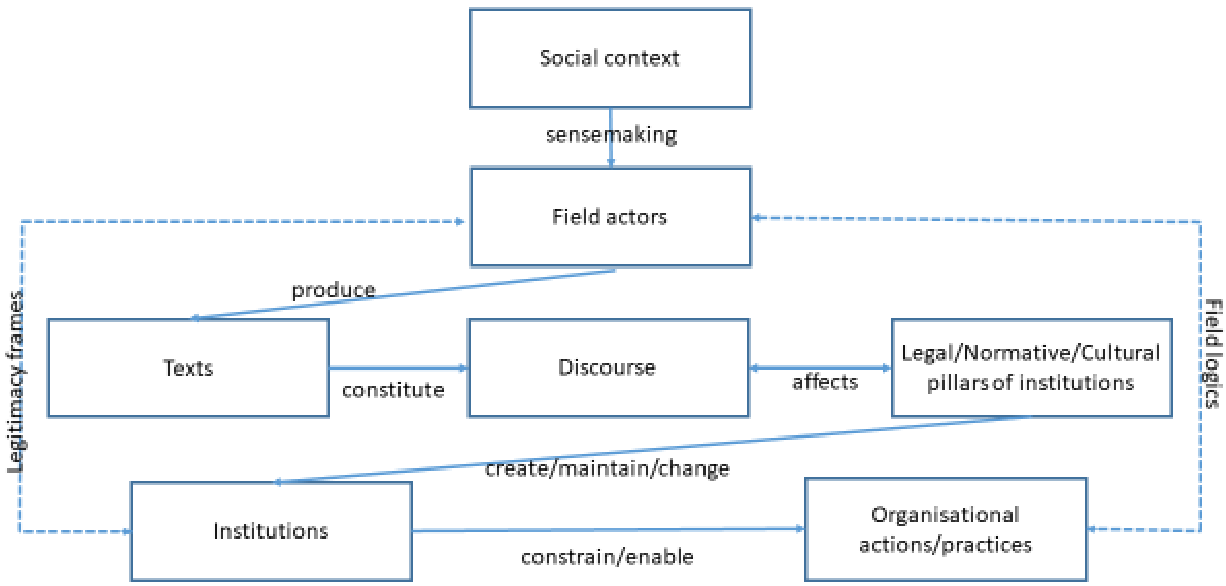

Figure 4-2 A model illustrating the discursive approach to institutionalisation at an organisational field level (researcher's conceptualisation).

The *societal context* element of the model recognises the interrelations between different "levels" of institutions societal, institutional field level and organisational. Institutional fields do not exist in a vacuum, they are part of a society and the ideas, norms and values of the society affect the field. The fields are influenced by social, political and economic circumstances of the country and model accounts for the fact that sensemaking about the context affects the dynamics of institutional fields. Societal context also means that banks have to take into consideration their stakeholders and dialectically integrate the contrasting elements for all stakeholders (Kodama, 2008; Belasen, 2008).

An institutional field, as suggested the institutional theory is the most important institutional level at which transparency practices affecting the whole banking sector emerge. Delemstri and Brumana (2017:335) argue that an institutional field has two dimensions: structural and cultural. The structural dimension has to do with the web of relationships between actors in the field, which also defines the boundaries of the field. A centralised field, such as banking, usually has relatively few actors (e.g. a few big banks dominate the SA banking sector along with a few powerful regulators). Centralised fields are also dominated by influential actors with high levels of authority and legitimacy, such as regulators, professional associations and other field level organisations (Furnari, 2018).

The cultural and normative dimensions involve shared identities or common issues that affect the field, such as product standards or legislation that affect the field members. These relationships are a product of negotiated interactions, sensemaking affected by an evolving system of rules, and new systems of meaning which emerge from field discourses. The relationship between discourse and legal, normative and cultural influences is reciprocal. For instance, discourses affect the establishment of norms and rules, while norms, rules and the cultural perspectives affect discourses.

Within each field, there are key *institutional actors* such as businesses operating within a particular sector, regulators, and professions and licencing institutions. Actors (both individual and organisational) within the institutional field engage in a complex process of sense-making and interpretative processes, which result in a strategic production of *texts* (Green, 2004), and which are distributed and consumed by other field participants. These texts encompass different genres, for example, discussion papers, policy documents, speeches, and newspaper articles. At the same time, the actors are affected by texts produced by other discourse participants. This process constitutes field discourse. Often a particular text was produced in response to another text, which denotes intertextuality within a discourse.

Actors participate in discourse and frame issues in a way that promotes their views or legitimises the actions they propose. Discourse participants use rational, emotional and existential appeals that valorise or oppose the proposed solution, often promoting views in line with their interests. They develop particular vocabularies that define particular institutions and their features.

The most important contribution of field level discourse is that it facilitates a broad intersubjective agreement on concepts and phenomena. The arguments change as the social and historical context changes. The meaning resulting from discourse is subject to further contestations, but it does allow for institutions and/or institutional practices to emerge. Thus, discourses define what is normal, standard and acceptable in an institutional setting (Maguire, 2001). The notions of legitimacy, as explained by legitimacy theory, are the results of people's interpretation and sensemaking about the world around them. In order to achieve social approval, organisations need to align their behaviour with social expectations. However, as indicated by institutional theory, this is a complex process, which entails the interplay of legal normative and cultural frames. Through the discourse, shared legal, normative and cultural frames of transparency in banking emerge, and in turn, they influence the discourse within an organisational field. These socially constructed, shared ideas become the basis for institutionalisation, i.e. the process that produces and reproduces institutions.

The *organisational actions/practices* elements of the model provide the link between discourse and action (organisational practices). Discourse does not directly result in actions, but rather gives meaning to organisational actions (Green 2004). Therefore, "practices are "visible enactments" of the shared beliefs that define the institutions of a field" (Sahlin & Wedlin, 2008:229).

In terms of banking transparency, some aspects of transparency become entrenched in regulations and law. However, the legal system cannot regulate every aspect of transparency, hence, as the individual banks interpret and make sense of the field-level transparency discourse they translate their sensemaking into actions. In that, they are guided by the ethical norms, social and cultural values and stakeholder expectations, which are the ultimate determinant of bank's legitimacy.

The discursive model of institutionalisation highlights the dynamic nature of institutional processes at the organisational field level through providing a loop linking the discourse to emerging legitimacy frames, but also to the existing or changing organisational field logics. Once the field accepts the rules, the organisations in the field will generally follow the established transparency rules and conventions, subject to other processes such as translation, sense-making and mimicry. Breaking these rules has consequences for the organisational legitimacy perceptions among other field participants and stakeholders in general.

Since legitimacy reflects the cultural and normative alignment, as well as conformity to the law, organisational compliance (or noncompliance) with institutional rules, filtered through a legitimacy and field logic frame, will be noticed by other field actors and may result in further field debates on a given topic. The empirical part of this study focuses on determining the key features of transparency discourse in the organisational field of banking in South Africa.

4.7 THE RELEVANCE OF THE THREE THEORIES TO THIS STUDY

The three theories discussed above play a pivotal role in framing this research on banking transparency. Firstly, the construct of institutional fields is necessary to understand the unit of analysis of this study. The processes behind the institutionalisation of practices such as diffusion and translation within the broader context of institutionalisation. The three pillars of institutionalisation explain the connection between the social environment and institutions by highlighting the importance of norms, culture and regulations to creating established organisational practices. The construct of institutional logic explains how certain established beliefs within organisational fields mean that some practices prevail throughout the field. The concepts of stakeholders and their legitimacy assessments are

This study departs from a pure structural focus of the institutional theory and recognises the importance of discourse and communication in the process of defining the meaning and practice of transparency in banking. It is assumed here that the approach to transparency as communication rather than simply information disclosure is more relevant to this study. The norms and values held by organisational stakeholders are the basis for the assessment of organisational legitimacy within a particular organisational context. However, that does not mean that the norms are static or determined a priori. They are constantly negotiated through various discourses, not least the discourses occurring within organisational fields.

Arguably, the stakeholder theory can be credited with the growing importance of organisational transparency. The theory pays attention to the nature of relationships between organisations and their stakeholders, with particular emphasis on creating value for all stakeholders (Freeman 2009). The high consideration for relationships with a broad range of stakeholders implies that the stakeholders need to be aware of organisational actions that affect them, while organisations need to understand stakeholder's expectations of transparency.

4.8 CHAPTER SUMMARY

In this chapter, the three main theories applicable to transparency were discussed, namely the institutional theory, the stakeholder theory and legitimacy theory. The relevance of the theories to transparency was also indicated. In particular, attention was paid to key assumptions of institutional theory essential to this study such as institutions, institutionalisation, institutional field, diffusion and translation. Furthermore, the foundations of stakeholder theory were discussed, paying special attention to the stakeholder concept. Legitimacy theory, which conceptually ties institutional and stakeholder theory, was briefly discussed. Lastly, the role of communication and discourse in the institutional process, including legitimation, was explained and the discursive model, illustrating how discourses within an organisational field result in the emergence of shared meaning and result in commonly accepted organisational practices, was provided. The model is essential to understand the role of discourse in the process of shaping transparency practices in banking.

Chapter 5 THE SOCIAL AND INSTITUTIONAL CONTEXT OF BANKING TRANSPARENCY DISCOURSE

5.1 INTRODUCTION

In the previous chapter, the main constructs and assumptions of the main theories relevant and applicable to organisational transparency were outlined. This chapter provides the societal and institutional field context to banking, essential to understanding the discourse in banking, which is the focus of this study. Wodak (2011) emphasises the importance of understanding the broader historical, social and economic context in which discourses occur. The chapter begins with a brief overview of the banking sector in South Africa. The key actors in the organisational field are presented, as well as the key developments in the last decade that influenced the institutional field of banking in South Africa. The causes of changes in the institutional field logic in recent decades are discussed and their influence on the changing perspective on the societal role of banks and banking. The chapter concludes with a brief analysis of the changes in governance in South Africa, as they are relevant to the transparency discourse in banking.

5.2 THE OVERVIEW OF THE BANKING SECTOR IN SOUTH AFRICA

South Africa has a world-class banking system and South African banks hold the top six places among the top 100 banks in Africa (The International Trade Administration, 2019). Although the South African banking system is strong, banks are influenced by the performance of the national and global economies. South African banks are based on the British banking tradition. The first bank in South Africa was the London South African Bank, established in 1861. Since 1980, South African banking went through numerous changes, including a deregulation process which was coupled with the opening up of the country after the years of economic isolation during the apartheid years. This resulted initially in increased competition but ultimately led to the increased concentration of the banks (Singleton & Verhoef, 2010: 550). In 1996 South Africa had 44 registered banks (Kumbirai & Webb, 2010:33). By 2016, the number of registered banks in South Africa was reduced to 15, excluding two mutual banks. In 2019, there were five foreign control banks, 13 locally controlled banks and four mutual banks (SARB, 2019).

The so-called big four banks (ABSA, First National, Nedbank Group and Standard Bank) dominated the market for years and accounted for 80% of deposits and 90% of credit extended to households in South Africa (Mlambo & Ncube, 2011:7). In 2019, the top five banks held 90% of banking assets. In 2015, Standard Bank had the highest number of customers at 11.1 million, followed by ABSA with 9.2 million, FNB and Nedbank with 7.3 and 7.1 million respectively, and Capitec 6.2 million. These figures have changed since (see Table 5.1), mainly due to the expansion of Capitec. Operating since 2000, Capitec steadily grew its customer base, especially among lower-income customers, and by 2019 it had the largest number of customers at 11.4 million (BusinessTech, 2019). However, it still lags behind the big four in terms of income. In 2019, the First Rand and Standard Bank had the highest headline earnings of R27.9 billion, Absa had R16.1 billion, Nedbank R13.5 billion and Capitec R5.3 billion (businesstech.co.za/news/banking).

From the consumer perspective, the structure of the banking industry is problematic. Despite the increase in bank numbers in recent years with banks such Discovery and Tyme Bank entering the market, the high concentration of bank assets in the five largest banks indicates the presence of oligopoly in banking in RSA. The oligopoly of the major banks is problematic as it makes it easier for the banks to collude, engage in market manipulations, raise the entry barriers for the new entrants and limit consumer choices.

The comparison of the five largest banks according to number of customers, number of employees, number of branches, market capitalisation and income is presented in Table 5-1.

Table 5-1 Comparison between five major banks in South Africa. Top performers in each category are highlighted in colour (Source: BusinessTech 2019)

Bank	**Active retail customers**	**Employees**	**Branches**	**Market capitalisation**	**Income**
ABSA Bank	No data	40 856	640	R134.6 billion	R16.1 billion
Capitec	11.4 million	13 774	840	R137.9 billion	R5.3 billion
FirstRand (FNB)	8.2 million	48 780	619	R347.1 billion	R27.9 Billion
Nedbank	7.9 million	31 277	702	R114.8 billion	R13.5 billion
Standard Bank	8.1 million	52 178	1 200	R299.5 billion	R27.9 billion

5.3 THE INSTITUTIONAL FIELD OF BANKING AND THE SOCIETAL CONTEXT

In Chapter 3 the concept of an institutional field, which transcends concepts commonly used in economic sciences such as industry or sector, was described as a broad network of organisations within the banking environment that influence the banks in the country. Thus, the institutional field of banking is not merely a system of banking organisations, but a network of relations and shared meaning that influences ideas and norms (Furnari, 2018) within the banking industry.

The field of banking is a mature field characterised by stable patterns of interactions among field actors (Greenwood & Suddaby, 2006). Furthermore, the field of banking can be classified as a centralised field, because it is characterised by dominant actors (Furnari, 2018), including regulating authorities and other key players, such as the large retail banks, the industry associations and the powerful regulators. These actors have high levels of power within the field and have the potential to influence change in the field, as well as introduce new rules and standards of behaviour.

Thus, banking regulating authorities, industry associations, bank customers, and professional associations comprise the institutional field of banking. In this research, the following key field players were considered: the Banking Association of South Africa, the South African Reserve Bank, the Bank Registrar, the National Credit Regulator, the National Treasury, the Financial Sector Conduct Authority (FSCA), and the Ombudsman for Banking Services. These organisations are listed among the key stakeholders by the Banking Association of South Africa. In the context of global interrelatedness of financial systems, other players such as the Bank for International Settlements (BIS), due to the influential role that the Basel accords have on the banking industry, is considered an integral part of the institutional field of banking.

This list of key actors in the institutional field of banking is not exclusive. Other players, such as the powerful accounting bodies, accounting and consultancy firms and the JSE can be also considered part of the field. Furthermore, the Banking Association South Africa (2018), also included SARS, the Department of Human Settlements, the South African Local Government Association, the Financial Intelligence Centre and the Department of Labour on its list of key stakeholders applicable to banking. These bodies were not relevant to this research, because although they influence the banking industry, in this thesis the focus was on stakeholders that were relevant to shaping transparency in the field.

5.3.1 The changing landscape of banking

An institutional field is not a stable structure, but it is fluid and with notional boundaries that change over time. The changes within the institutional field of banking during the period 2007–2018, illustrate its dynamic nature. During the last decade, new regulatory authorities, in accordance with newly developed perspectives on strengthened banking supervision, such as the Twin Peaks approach, emerged. The arrival of new bodies such as the Prudential Authority, which is the replacement of the Financial Services Board and the Financial Services Conduct Authority, which oversees market conduct of banks and non-banking financial services, is a testimony to the fluidity within organisational fields. In addition, within the last 10 years, several new banks have entered the market (e.g. Capitec Bank, Discovery Bank, Bank Zero), some were liquidated (e.g. Islamic Bank Limited), while others underwent changes to its shareholding (ABSA, Standard Bank). The list of the currently licensed banks is included in Table 5.2.

Table 5-2 List of banks in RSA as of July 2018. Source: SARB (2018).

Locally controlled banks	**Foreign controlled banks**	**Mutual banks**
ABSA Bank	Habib Overseas Bank Limited	Bank Zero Mutual Bank
African Bank Limited	HBZ Bank Limited	Finbond Mutual Bank
Bidvest Bank Limited	Mercantile Bank Limited	GBS Mutual Bank
Capitec Bank Limited		VBS Mutual Bank
Discovery Bank Limited		
First Rand Bank Limited		
Grindrod Bank Limited		
Investec Bank Limited		
Nedbank Limited		
Sasfin Bank Limited		
The Standard Bank of South Africa Limited		
Tyme Bank Limited		

5.3.2 The institutional logic in banking and the financial crisis

As explained in Chapter 3, the institutional field's approach acknowledges that organisations are closely connected to their institutional environment. Therefore, institutional fields are usually examined in specific spatial and temporal contexts. Fields provide stability to their members, which explain why there are many similarities between organisations belonging to the same sector. Through continual interactions within the institutional fields, a common system of meaning among organisations within the field is created, which results in accepted, but not static, practices and rules of compliance, which are socially constructed among different organisations (Pedersen & Dobbin, 2006:898) operating in a similar sphere.

South African banks operate within the same institutional field, compete for the same customers and are bound by similar legal constraints. They are influenced by similar institutionally relevant environmental factors, especially in terms of regulations. The field, however, is not confined to national boundaries. In the globalised markets, institution field level similarities between different banks were profoundly explicit in the financial crisis of 2008, which revealed that banks across the world behaved in a similar risky way, which lead to the global economic meltdown.

One of the consequences of shared interpretations of acceptable rules and norms of collective banking activity (Suddaby et al., 2010:1234), is that in South Africa, but also globally, for decades banks aggressively followed a profit-driven institutional logic. Hsu (2017) argues that for years the banking industry favoured the pursuit of profit by any means, while pushing risks to other subsectors, without attention to the impact of this activity. In a run-up to the financial crisis, banks in many countries engaged in risky lending practices. This was coupled with incentivising the profit-seeking behaviour by awarding bonuses to the individuals who most effectively followed this prevailing profit-seeking logic, rather than creating real economic value (Hsu, 2017). Practices supporting the prevailing institutional logic were replicated throughout the institutional field of banking.

These practices resulted in global savings and consumption imbalances fuelled by inadequate financial regulation. "Global imbalances in saving and consumption between different parts of the world were characterised by large savings in emerging economies such as China flowing into industrialised economies such as the United States, United Kingdom and the Eurozone. This glut of funding fuelled an unsustainable level of debt-financed consumption in some advanced economies, coupled with rapid rises in asset prices" (National Treasury, 2011:9).

The deregulation of the financial sector, the availability of easy credit and the rise of household debt to unsustainable levels in some countries such as the USA, were other contributors to the crisis, whose effects were amplified by the interconnectedness of global financial markets.

Another contributing factor was a diffusion of short-term profit-focused and high-risk driven institutional logic in banking globally, which was exemplified by the proliferation of sophisticated financial products and inadequate risk management systems. "Through a process of securitisation, financial institutions were able to repackage mortgage-related products into securities which they could then sell to investors around the world" (National Treasury, 2011:9). Apart from the financial costs, the crisis had high social costs such as high unemployment, negative effects on government funding, and a prolonged period of economic recovery (National Treasury, 2011).

The crisis highlighted the systemic problems in banking, as well as failures of governance in banking. One aspect, which was highlighted was that so-called microprudential supervision, (focusing on the financial condition of individual financial organisations) is insufficient to maintain financial stability (National Treasury, 2011). The crisis also indicated that it is unrealistic to expect that the financial sector can successfully regulate itself. Even if individual financial institutions are able to improve risk management practices, regulators must proactively monitor changes in systemic risk. In the aftermath of the crisis, significant changes to the banking system were introduced. In particular, there was a renewed focus on managing system-wide risk across the entire financial sector (National Treasury, 2011), otherwise known as a macroprudential approach to regulation. This resulted in increased regulation of banking and the financial industry as a whole in South Africa.

The new approach to regulation includes:

- The need for a holistic view of financial sector regulation;
- The need for tighter regulation of the financial system at the global level;
- The need to regulate the market conduct of banks;
- The need to manage risk in the sector.

5.3.3 Redefining the role of banks in society in South Africa

In addition to the issues caused by the interconnectedness of the global system, the South African banking system has its unique challenges, such as high industry concentration and the legacy of apartheid, which for years resulted in the exclusion of a large part of the population from participating in the financial system. Power imbalances within the field of banking and information asymmetry were identified as crucial issues contributing to the imbalance of power, in particular affecting the relationship between the customers and banks (Competition Commission, 2008). This disparity seems to be deeply embedded in the field logic and the banks perpetuated this inequality for many years, if not decades. Thus, it took the state and powerful global regulators such as the BIS, as well as the government, to change the practices that preserved the imbalance of power. This was mainly done through regulatory measures. The changes to the role of transparency in the organisational field can be also linked to the broader changes to the banking field.

Access to the banking system is beneficial to private individuals and society. Yet, South Africa, despite having a world-class banking system, has not been able to overcome the challenge of making banking accessible to all citizens. Access to banking is a necessary condition for all strata of society to participate in the economy. The exclusion of a large part of the population from access to formal banking in the years of apartheid had a profound social effect. Since the mid-2000s, banks came under government scrutiny over their business practices. In 2006, an investigation was launched into high bank fees (Candy, 2006: 9; IMFO, 2010). In 2004, as many as 60% of low income groups and 80% of the lowest income groups did not have access to banking services (Falkena et al., 2004). Without access to banking, the household ability to receive payments and save is diminished.

The lack of access to banking increases the cost of credit (Falekena et al., 2004:80) and hampers economic development. Access to finance for small businesses is the key to profitability and prosperity of the economy (Falkena et al., 2004:114). The Financial Sector Charter, signed in 2003, pledged the improvement in the access to financial services to the Living Standard Measure (LSM 1-5) (Coetzee, 2009:4). Yet it took several years before visible improvements were made. Under the subsequent pressure from the government, the banks introduced a variety of banking products for these consumer groups, such as Mzanzi accounts. The broader access to banking was further facilitated by innovations such as mobile banking and partnerships between banks and non-financial institutions, such as retailers, all of which has improved access to basic banking for more citizens.

An increased consideration for banking consumers in South Africa is consistent with the postulates of stakeholder theory, which states that business organisations should not only represent the interests of the shareholders but also have a moral obligation to take into consideration the needs of all stakeholders. Prior research (Ntim, Opong & Danbolt 2012) suggest that banks and their shareholders stand to benefit from applying a stakeholder perspective because the bank's legitimacy perceptions affect its market value. Furthermore, in the context of developing economy of South Africa, powerful business such as banks are expected to play their part as corporate citizens in creating a more inclusive economy. Thus, banks that seek to protect the interests of a broad range of stakeholders and demonstrate a positive contribution to society can increase their legitimacy.

5.3.4 Banking in South Africa after the financial crisis

In the years following the financial crisis of 2008, the role of banks as players in financial systems have been under scrutiny and became the topic of vigorous debates on the shortcomings of the existing financial system. In particular, the voices demanding the more stringent regulation of banks became more prominent. The origins of these changes can be linked to the developments that took place even before the crisis. In the early 2000s, the South African government produced two reports related to the state of banking in South Africa: the 2004 *Task Group Report into Competition in South African Banking* (Falkena et al., 2004) and the 2006 FEASibility report on competition in banking and the national payment system.

South African banks were under criticism for not adequately responding to their social context of a developing economy. In 2006, the South African government established the Competition Commission enquiry into banking, also called the Jali Enquiry. The enquiry involved submissions from the banks, customers and other institutional actors, and produced a comprehensive report, the Competition Commission Enquiry into Banking (Competition Commission 2008). The enquiry was a major discursive event that influenced the transparency discourse. Ocasio, Loewenstein and Nigam (2015: 30) define communicative events as a collection of oral and written texts that add up to a macro communicative event. One of the key objectives of the report was to increase transparency and competition in banking, as well as to "enable the Commission to report to the Minister and make recommendations on any matter needing legislative or regulatory attention" (Competition Commission, 2008:5).

The enquiry mainly focused on how banking services are provided to individual customers. The report highlighted numerous shortcomings in South African retail banking. Among the main issues highlighted, was the persistent legacy of apartheid in terms of excluding poor populations from access to the banking system. Various barriers to accessing banking by the poor were identified, including the lack of bank branches in the townships and near informal settlements, high bank charges, the complexity of products and the high cost of switching accounts.

Other issues included high level of concertation within the industry, entry barriers for new industry entrants, payment system governance and innovation in banking. The enquiry made several recommendations, which included the restrictions on bank charges, recommendations to establish the code of banking practice and Payment System Ombud, as well as revisions to the National Payment System Act, and suggested that the terms of reference of the Ombudsman for Banking Services should be expanded to include enforcement and monitoring of compliance with the proposed codes of conduct for information disclosure and switching. Some of the recommendations, such as the introduction of the code of banking practice, were implemented, while some (e.g. introduction of a central FICA system shared by different banks) remained unfulfilled.

The report coincided with the unfolding of the financial crisis, which added other dimensions to the debate on the role of banks as the essence of a financial system and influenced the introduction of further regulations in banking in RSA and globally. In response to the Jali Enquiry findings and the global financial crisis, the treasury came up with the new policy framework: a safer financial sector to serve South Africa better (2011). The document outlined four policy priories: financial stability, consumer protection and market, expanding access through financial inclusion and combating financial crime.

These policy adjustments and new legal interventions remain ongoing. The National Treasury initiated Treating Customers Fairly in the Financial Sector, an industry-wide debate on developing a market conduct framework for South Africa. The discussion document (National Treasury, 2014) highlights "persistent market conduct challenges" in the South African financial sector.

Despite significant improvements to the accessibility of banking to the general population, there are still many people in South Africa who are ineligible for banking services, the so-called unbanked. The groups that are particularly affected are the unemployed and those living in marginalised areas (National Treasury, 2014). The issue of access to the banking system has another dimension too. There is persistent criticism that in South Africa small and medium enterprises struggle to get finance. Thus, despite the sound foundations, there is still a need for South African banks to focus more on the needs of different stakeholders.

5.4 THE INSTITUTIONAL CONTEXT OF SOUTH AFRICAN BANKING

In this section the three key aspects pertaining to the regulatory environment of South African banking are analysed, namely: regulatory bodies, international regulations and corporate governance.

5.4.1 The regulatory bodies affecting banking in South Africa

Regulatory bodies are an essential part of the banking institutional field (see Table 4.1). The central bank in South Africa, the South African Reserve Bank (SARB) has regulatory authority over banks in South Africa. The SARB was founded in 1920, modelled on the central banks of the Netherlands and Java (Singleton & Verhoef, 2010: 540). The role of the central bank was to regulate the individual banks and manage the foreign currency reserves and the exchange rates (Singleton & Verhoef, 2010:542). Currently, the SARB functions are, apart from formulation and implementation of monetary policy, the provision of liquidity to banks, acting as custodian of cash reserves for the banks, settlement of interbank obligations, banking regulation and supervision, including the licencing of banks and monitoring their activities. The SARB regularly reports on the trends in banking in terms of specific criteria it monitors, such as total assets, gross loan advances, assets, liabilities, liquidity, credit risks and profitability. In addition, banking in South Africa has other regulatory and oversight bodies listed in Table 5.3. However, many of these regulators have broader mandates and do not specifically deal with banking, and therefore they are not included in the discussion below.

Table 5-3 Banking regulatory bodies in RSA according to the Banking Association of South Africa (2016)

Name of the organisation
FAIS Ombud
Financial Services Board replaced in 2018 by the Financial Sector Conduct Authority
Department of Human settlement
National Credit Regulator
National Treasury
South African Local Government bank
South African Revenue Service
The Department of Home Affairs
The Department of Trade and Industry

5.4.2 International regulations

In addition to various national regulations, the South African banking industry is also subject to international regulations. Financial institutions worldwide are subject to the Basel accords. The Basel accords were developed by BIS, which is an institution founded in the 1930s to regulate the international banking industry. Codes of practice and regulations issued by the BIS are not binding, but are often adopted voluntarily by financial institutions and frequently serve as the foundation of legislation adopted by different countries (Bonson-Ponte et al., 2006:717). As the international capital markets became more interconnected and globalised, the need for international banking regulations became apparent. In 1974, the Basel Committee on Bank Supervision was formed with the aim to standardise banking practices across the world and increase global financial stability through the series of so-called Basel accords. The first of which is Basel 1 (BIS 1988), released as a response to the financial crisis in Latin America, in order to create a stable banking system and recommended specific banking practices, including the minimum capital needed for a bank (Douissa, 2011: 90).

The financial crisis of the 1990s that affected several Asian and South American countries, resulted in Basel II regulations with the specific intention to increase (financial) transparency in banking (Bonson-Ponte, Escobar-Rodriguez & Flores-Munoz, 2006:728). Basel II, in particular, put a lot of emphasis on the transparency of banks and included a series of specific transparency requirements (Douissa, 2011: 90; Forssbaeck & Oxelheim, 2015:4) applicable to banking. Basel II was introduced in 2003, with the view of gradual implementation until 2008. The Basel II accord rested on three 'pillars'. It specified minimum capital requirements (Pillar 1), it provided directives for supervision (Pillar 2) and created disclosure requirements by setting reporting standards (Pillar 3) (Nkopane, 2016).

However, by 2008 an even larger financial crisis unfolded, prompting the need to review the banking supervision standards once again. Basel III was introduced in 2011, with further regulations added in 2013, 2014 and 2017. Basel III aims to strengthen the regulation, supervision and risk management of the banking sector through improving the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, improve risk management and governance, and strengthen banks' transparency and disclosures (BIS 2017). The accords focus on compliance and the disclosure of information that relates to industry-specific aspects, including liquidly and bank reserves.

In South Africa, the 1990 Banks Act was amended in 2008, to align the regulatory framework with Basel II (Kumbirai & Webb, 2010:34). Basel II was implemented by South African banks from 2008–2012. Since 2013 Basel III are guiding the behaviour of the banks. In 2015 South African Reserve Bank amended its regulations in order to align them with Basel III (BCBS, 2015). Basel III regulations are implemented through a three-tier regulatory structure. South Africa has a high level of compliance with the Basel accords (SARB, 2016).

In addition to following the Basel rules, each country has its own set of banking regulations and other relevant laws and regulations. The South African government, took several steps to keep in line with international regulations an attempts, as an ongoing process, to improve the banking system, in line with the changing perspective on the role that banks should play in the economy and society. As a result, the South African government introduced the so-called Twin Peaks regulatory system, supported by new legislation in the Financial Service Regulation Bill. The Twin Peaks approach entails a two-pronged regulation, which focuses on reducing risks to financial stability and improving protection for customers.

With the introduction of new regulatory bodies: the Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA) the oversight of banking in South Africa has changed. The role of the PA – a body within SARB – is to ensure that the system is financially sound, while the function of FSCA, (which replaces the Financial Services Board) is to supervise how financial institutions conduct their business and treat customers. These new regulations apply to banks and other intuitions providing financial services: insurance firms, pension funds and others.

5.5 CORPORATE GOVERNANCE AND TRANSPARENCY IN SOUTH AFRICA

Organisational transparency is inextricably linked to governance discourse (Wehmeier & Raaz, 2012), therefore it is important to analyse the developments in corporate governance in South Africa. Corporate governance, like transparency, is concerned with two interrelated aspects in organisations: control and accountability. Specifically, in South Africa control of managerial, and by extension organisational behaviour, is at the centre of corporate governance and is a big issue in business, government and state-owned enterprises.

5.5.1 King Reports – the foundation of governance in South Africa

Corporate transparency in banking in South Africa has to be placed in a specific context, such as the evolution of the perspective on corporate governances in South Africa and worldwide, as well in the changing social and economic realities of the country. Codes of governance reflect societal values and as such provide the normative expectations of society about the legitimate behaviour of organisations. Although corporate governance principles are not exclusively applied to the banks but affect all organisations and business in the country, they do influence both stakeholders' expectations about the behaviour of banks. In particular, such developments as King reports and codes of corporate conduct influenced transparency in banking. King Reports are not legally binding and rather should rather be seen as best practice guidelines. However, King III Report was aligned with the new Companies Act 71 (of 2008), signed into law on the 8^{th} of April 2008. It is an example of the interrelations between normative and legal dimensions of institutionalisation at the societal level.

Although the primary audience of governance reports are the boards, in essence, the code of conduct does speak to the behaviour of the organisations under the leadership of the boards. The codes of corporate governance have played an important role in the institutionalisation of organisational behaviour. They are built on the normative foundation but provide a bridge between the normative and legal requirements of organisational behaviour. King IV Report (IoDSA, 2016:35) explains this relationship as follows:

> "Voluntary governance codes such as King IV recommend leading practices for how governance duties should be discharged and therefore influence and affect what practices are considered and eventually adopted by governing bodies. The more widely certain recommended practices in code of governance are adopted, the more likely it is that a court would regard conduct that conforms to these practices as meeting the required standard of care, in this way the provision of voluntary codes of governance find their way into jurisprudence to become part of the common law. Consequently, failure to meet an established corporate governance practice, albeit not legislated, may invoke liability."

Corporate governance in South Africa was re-defined with the release of the first King Report on Corporate Governance and the King Code of Governance for South Africa, together known as King I. King I was released in 1994 and was followed by the King II in 2002, King III in 2009, and King IV in 2016. The approaches of these reports to corporate transparency are the indication of the evolution of the view on legitimate behaviour of organisations in South Africa. For instance, King I does not explicitly mention transparency in the context of governance. In contrast, King II report contains multiple mentions of transparency and refers to fairness, accountability, responsibility and transparency as four pillars of governance.

In King III, transparency was listed as one of the four main principles of governance along with fairness, accountability and responsibility. In addition, King III promoted an inclusive stakeholder model, which took into consideration the interests of stakeholders within the parameters of the best interest of the company (IoDSA, 2009). The report was advocating integrated reporting where the company not only provides the financial reports but integrated reports that address other matters such as "future earnings, brand, goodwill, the quality of its board management, reputation, strategy and other sustainability aspects" (IoDSA, 2009:12). Although King III lists transparency as one of the pillars of governance, there were very few explicit references to transparency in the code. Instead, transparency is suggested as a base for the following principles: ethical leadership, stakeholder relationships and integrated reporting.

The changing perspective on what constitutes good governance can be observed by noting the changes between the four different King Reports. King I, King II and King III Reports mainly focus on governance in the large commercial organisations. King IV report was published in November 2016, in order to respond to the “fundamental changes in both business and society” (IoDSA, 2016:3). The report came into force in 2017. King IV explicitly calls for the application of governance principles to all types of organisations, including the public entities, not-for-profit organisations and small business. This is achieved by having a specific section sector supplements, which help the organisations to interpret King IV in the context of their sectors. There is a clear focus on more mindful applications of governance principles founded on ethical and effective leadership.

King IV arguably reflects the normative expectation to replace the business logic of short-termism with the long-term view of sustainable development. The three main shifts highlighted in King IV are the shift from financial capitalism to inclusive capitalism from short-term markets to sustainable capital markets and from siloed towards integrated reporting. The reporting requirements reflect the underlying philosophy of sustainable development that requires integrated thinking and taking into cognisance the interspace of various factors influencing organisations.

The idea of business as an integral part of society, unambiguously promoted by the stakeholder theory is incorporated in King IV Report through two main principles. Firstly, as part of society, the organisations are expected to act as corporate citizens who have both rights and obligations towards the society and environment., Secondly, the organisations should be attuned to the “needs, interests and expectations of material stakeholders” (IoDSA, 2016:23). Thus, the report indicates that the companies should not only focus on the pursuit of the interest of investors but be cognisant of their influence on the other major stakeholder groups. This principle is referred to as the stakeholder inclusivity principle. This particular principle is also a testimony to the wide acceptance of stakeholder theory as a principal philosophy of modern governance.

5.5.2 Integrated reporting

Organisations are expected not only to act in accordance with the principles of good governance but also to provide an account of these actions to stakeholders. Keeping stakeholder informed about orgnisational actions is in line with the assumptions of the stakeholder theory, which promotes an inclusive stakeholder approach as a way of building relationships with stakeholders and thus creating value for all who are affected by orgnisaitonal actions (Ntim et al. 2012).

Corporate reporting is a communication mechanism that allows stakeholders to assess whether the organisations fulfilled their expectations in terms of economic, social and environmental performance. Annual reports (mandatory and voluntary) have been formal means of disclosure to stakeholders, but because they mainly focused on financial aspects, at the expense of the social and environmental dimensions, they have been considered inadequate transparency tools (Egbon, 2015).

King Report IV promotes transparency and accountability to the stakeholders through so-called integrated reporting. Integrated reporting proposes a holistic form of reporting, which in addition to financial outcomes, considers non-financial resources such as human, social and intellectual capital, as well as financial capital. Although the need for organisations to report on their activities has been widely accepted on a normative level, there are numerous practical challenges surrounding the disclosure. Research by Ntim, Lindop and Thomas (2013) indicate that the reporting practices among the South African companies differ substantially. The lack of clarity about integrated reports should lead to further development of guidelines addressing the content and the format of integrated reports, for corporate reporting became the essential element of strategic transparency.

Several global organisations are promoting integrated reporting. The most prominent among them are the Global Reporting Initiative and the International Integrated Reporting Framework (IIRF). The two organisations are strategic partners. King III amendment (IoDSA 2012) postulated reconciling the requirements of King III and the IIRF in integrated reporting by South African organisations. The Institute of Directors (IoDSA 2012) issued a notice explaining the relationships between King III and integrated reporting. The notice clarified that any inconsistencies or contradictions resulting from applying both the IIRF and King III should be explained in the integrated report. "In terms of the apply or explain approach of King III, if there is a view that a principle of King III is not being met by applying the International <IR> Framework, this must be explained in the integrated report" (IoDSA, 2012).

The focus on integrated reporting led to the establishment of The Integrated Reporting Council (IRC) in South Africa, whose funding organisations are the Association for Savings & Investment South Africa (ASISA), Business Unity South Africa (BUSA), Institute of Directors in Southern Africa (IoDSA), JSE Ltd and The South African Institute of Chartered Accountants (SAICA). The IRC was later joined by the Banking Association South Africa, the Chartered Secretaries Southern Africa, the Principal Officers Association, the Government Employees Pension Fund, the Institute of Internal Auditors, the Financial Services Board, SASBO (the finance industry trade union), as well as a host of other organisations. IRC endorsed the International Integrated Reporting Framework of IIRC in 2014 (IRC, 2014).

The IIRC produced reporting guidelines called the International Framework, based on the following principles:

- Strategic focus and future orientation;
- Connectivity of information – showing a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the ability of the organisation to create value over time;
- Stakeholder relationships – insight into the nature and quality of the relationships of the organisation with its key stakeholders;
- Materiality – disclosing information about matters that substantively affect the ability of the organisations to create value over the short, medium and long term;
- Conciseness – sufficient context to understand the strategy, governance and prospects of the organisation, without being burdened by less relevant information;
- Reliability and completeness – including all material matters, both positive and negative, in a balanced way and without material error;
- Consistency and comparability – ensuring consistency over time and enabling comparisons with other organisations, with regard to the organisation's own ability to create value.

In line with the principles and justifications issued in King III, King IV specifically recommends that the International Reporting Framework should be used when compiling integrated reports. In addition, King IV requires that organisations not only apply but also explain how the principles of governance are applied and provides specific recommendations for how the information should be provided. King IV Report (IoDSA, 2016) suggests that the explanation can be done in different reports such as "the integrated report, sustainability report, social and ethics committee report or other online or printed information reports". Furthermore, King IV Report stresses public accessibility to the reports. Carrol & Einwiller (2014:249) suggest that when organisations produce integrated reports they signal that they are transparent and that they are compliant thus strengthening their legitimacy.

5.6 CHAPTER SUMMARY

Discourse analysis scholars (Fairclough, 2001; Grewal, 2008; Wodak, 2011) agree that the analysis of the social and institutional context of discourse is an essential stage of discourse analysis. In this chapter, the societal and institutional context of the transparency in banking discourse was mapped. The focus of the chapter was on the organisational field of banking in South Africa. The analysis highlighted the incongruences in the institutional logic of banks. On the one hand, this logic represents the business logic. On the other hand, their role as essential contributors to the developing South African economy needs to be reflected in the actions of banks. The chapter also discussed the developments in corporate governance in South Africa as pertinent to this thesis. Banks, like all organisations, are affected by the new regulations in terms of governance. Although the discussion has not exhausted the topic, corporate governance was identified as one of the most influential developments shaping the corporate transparency discourse. Codes of corporate governance are the reflection of the normative standards of organisational behaviour at a particular point in time. In South Africa, the changes in approaches to governance are illustrated by the new versions of the King Reports. The institutionalisation of corporate governance compels organisations to adopt specific behaviours, rules, processes and procedures that conform to the governance requirements, including the requirement of corporate transparency.

Chapter 6 RESEARCH METHODOLOGY

6.1 INTRODUCTION

The research methodology and design are key to achieving trustworthy results. In this chapter, the methodology of the project will be presented. The chapter begins with restating the research objective and research questions. The merits of qualitative methodological orientation, which was chosen as appropriate for this study, are discussed. Next, the research design is explained, including data sources and data collection. Discourse analysis as a research strategy is discussed and the analysis framework used in this study is explained. Attention is paid to a discussion of documents as data sources and an explanation of how the sample of the documents was selected. The chapter also contains a description of the qualitative content analysis procedure applied in this study, including a detailed discussion about the coding process. Because computer-aided qualitative data analysis software ATLAS.ti 8 was used during the analysis, the chapter contains a section devoted to a discussion about the idiosyncrasies of using this analytical software. Finally, the chapter outlines the methods of achieving research trustworthiness, including ethical considerations applicable to this study.

6.2 RESEARCH OBJECTIVES AND RESEARCH QUESTIONS

The literature reviewed in the previous chapters indicates that the construct of corporate transparency has become an essential part of the contemporary social discourse about the social expectations of the behaviour of all kinds of organisations, including banks.

The primary empirical objective

The primary empirical objective of this study was to establish how the discourse in the institutional field of banking in South Africa after the financial crisis shaped the construction of meaning about transparency in banking, and consequently to investigate how the organisational field level discourse contributes to institutionalisation transparency practices in banking in South Africa.

Research questions

In order to achieve the empirical research objective the following research questions will be answered:

RQ1 How is transparency discursively constructed in the organisational field discourse in South Africa after the financial crisis of 2007–2009?

RQ 2 What are the salient features of the transparency discourse in the field of banking in South Africa after the financial crisis of 2007–2009?

RQ3 How is transparency in banking legitimised in the transparency discourse in the organisational field of banking in South Africa?

RQ5 How the organisational field level discourse contributes to institutionalisation transparency practices in banking in South Africa?

6.3 METHODOLOGICAL ORIENTATION: QUALITATIVE RESEARCH

In line with the research objectives, this study adopted a qualitative abductive approach. Abduction is the pragmatic way to construct descriptions and explanations that are grounded in the gathered data, based on iterative reasoning between theories and empirical evidence (Rambaree, 2013:5).

Qualitative research encompasses multiple theoretical paradigms, methodological practices, data collection methods and data analysis practices. The word qualitative indicates the researcher's concern with qualities of the phenomena, processes and meanings within the phenomena, as well as their context (Denzin & Lincoln, 2008:5). Qualitative methodologies focus on the multidimensionality of the phenomena and pay attention to the context which is factored into the analyses and explanations (Mason, 2002:1). In qualitative research, the focus is on explorations of social phenomena, factors influencing phenomena, the meanings associated with phenomena, and contexts in which meanings, behaviours, and social phenomena occur (Sage Encyclopaedia, 2008:518). From this perspective, this research focused on meanings and arguments for (or against, if applicable) organisational transparency in banking. Meaning creation is considered as a dynamic process "across groups and organizations" (Werner & Cornelissen, 2014:222). Consequently, in this study, the researcher also considers the historical, societal and institutional context in which the organisational transparency emerges as a socially constructed idea and organisational practice.

6.4 RESEARCH DESIGN

Research design is defined as a plan for conducting an inquiry (Collis & Hussey, 2009: 340). Qualitative research design involves choosing one of many possible research strategies (Denzin & Lincoln, 2008:34; Krefting, 1991:214; Saunders, Lewis & Thornhill 2003:91), approaches (Creswell, 2013:12; Stiles, 1993:594), design frames (Thomas, 2017:133) or genres (Miles et al., 2014:7) such as discourse analysis, ethnography, or case study design. Discourse analysis is a research strategy applied to this study. However, discourse analysis is not a method of analysis, therefore a wide variety of data collection and analysis methods can be applied to the study of discourse (Van Dijk, 2011:6).

6.4.1 Discourse analysis

There are different approaches to studying discourse, ranging from those inspired by literary analysis and historical analysis (Wirgau, 2014) aimed at identifying broad themes of discourse, to an analysis of syntax and vocabularies associated with linguistic and social semiotic approaches in text-focused studies (Alvesson & Karreman, 2011a; Fairclough, Mulderring & Wodak, 2011; Van Dijk, 2011).

The multiplicity of perspectives on discourse is also reflected in the diversity of explanations of what discourses entail. Discourse indicates a specific use of language, structuring a chunk of the world in a particular way (Alvesson & Karreman, 2011b:1137). Studying discourses in organisational studies is mainly concerned with how changes in discourse affect organisational practices (Maguire & Hardy, 2006). Alvesson and Karreman (2000), while acknowledging the interrelatedness of discourses, distinguish between various levels of organisational discourse, ranging between local, micro-level discourses centred on specific texts without paying much attention to the context, to generic, universal 'epochal', mega-discourses – historically developed systems of ideas – with a capital "D". In between, there are meso and grand discourses. Meso-level discourses are relatively sensitive to language usage in context, but interested in finding broader patterns, while grand organisational discourses refer to "more or less standardised ways of referring to/constituting a certain type of phenomenon" (Alvesson & Karreman, 2000). This study concentrated on the meso-level discourse.

According to Maguire and Hardy (2006), organisational and institutional discourses provide framing for institutions and institutional practices to emerge. Conrad and Cheney (2018) present institutional discourses as "inherently rhetorical" and as such consider studying persuasive and legitimising or delegitimising strategies, including framing as more relevant to organisational studies than studying linguistic structures of organisational texts.

Following Alvesson and Karreman's (2011a) argument that meso-level discourse is the most suitable for studying organisational and institutional phenomena, this study, while still acknowledging the role of language in terms of concepts, issue framing, and arguments also paid attention to the social and historical contexts of discourse, as well as institutional consequences of discourse.

Discourse analysis is flexible research, as it does not promote any specific analysis method. In fact, Fairclough and Chouliaraki (2010:1217), argue that consistency of methodological protocol in discourse studies "may be undesirable because, […], 'protocols' for analysis should be left deliberately contingent and porous, rather than being contained by a universalist procedure of strict and continuous explications of research choices". Therefore, researchers approach studying discourses from different perspectives. For example, Fairclough's (2001) critical discourse analysis framework consists of three interrelated facets: the descriptive analysis of the objects (texts), the interpretative analysis of the process by which the texts are produced and consumed, and the explanatory analysis of socio-cultural conditions influencing these processes. Another influential approach to discourse studies, Wodak's (2001) discourse-historical approach (DHA) is useful for studying discourses in a historical and social context, by exploring the change in the discourse over time. The DHA can be applied to social subsystems such as organisations or institutional fields and to various time scales (Wodak, 2001). DHA considers several layers of context, including micro-textual analysis, as well as at the meso-level and macro-level.

Considering the nature of the study, its organisational focus and organisational field level unit of analysis, the micro-level of analysis in this study was limited to a description of the vocabulary used in relation to transparency. In terms of the meso-level of analysis, the focus is on the subthemes in the discourse, issue framing and argumentation (legitimation), which previously have been considered as important to institutional processes (Furnari, 2016; Green et al., 2004). Furthermore, in the meso-section of analysis, Wodak's DHA concepts of intertextuality (how different elements of other texts relate to studied texts) and interdiscoursivity (a combination or overlap of different discourses evident in the texts) of the relationships were also considered.

At the third layer of context, social and institutional variables, including the chronology of the events were studied. This level also includes the consideration for the order of discourse, i.e. the chronological order in which the texts were produced (Grewal, 2008; Wodak & Fairclough, 2010). The fourth layer of context refers to the broader societal and historical context in which the discourse practices are embedded (Wodak, 2011). In this study, the historical and social context was analysed in Chapter 5.

In the absence of a universally accepted method of data analysis in discourse studies, researchers often have to adopt selected elements of the established frameworks to fit their research (Bardici, 2012; Grewal, 2008; Liu, 2015; Wirgau, 2014). Due to the diversity of approaches to discourse analysis, which are often overlapping but not necessarily complementary, because they tend to emphasise different dimensions of discourse, a custom framework of analysis has been developed for this study (Figure 5.1). The framework applied here combined Grewal's (2008) levels of institutional discourse analysis with DHA-inspired approaches (Wodak, 2011; Rheindorf & Wodak, 2018).

The framework takes into account several dimensions of the context of a discourse: societal context, institutional context, meso-context and to a limited extent micro-context. Intermediate contexts refer to the connections between different texts and discursive events (intertextuality), relationships between different discourses (interdiscoursivity), and seeks to identify different discursive strands within discourses. At this stage, the analysis is mostly interpretative (Fairclough, 2001). Because language is important in institutional legitimation and persuasion, therefore limited micro-level text analysis was also be included, focusing on vocabularies associated with organisational transparency in banking.

In summary, the framework has been applied as follows. The broader context corresponding with the macro-level of discourse analysis was provided in Chapter 4. It included the overview of the social context in which the organisational field of banking is situated and described the organisational field of banking in South Africa. The meso-level centres on the analysis of the texts focusing on identifying the main discursive themes, discursive strands (if any), the connection of transparency discourse to other discourses (interdiscoursivity) and the links between the studied texts (intertextuality). The meso-level of analysis also describes the order of discourse, i.e. the chronological order in which various discursive events took place. The micro-level of analysis, in this study, was limited to analysing the vocabulary used in relation to transparency in banking and identifies expressions used to legitimise transparency in banking. It should be noted that the boundaries between the levels are not clear cut and that they overlap.

Fig. 6-1 provides a graphical model of the analytical framework used to analyse transparency discourse in the organisational field of banking in the current study. Adapted from: Grewal (2008), Wodak (2011), Rheindorf & Wodak (2018).

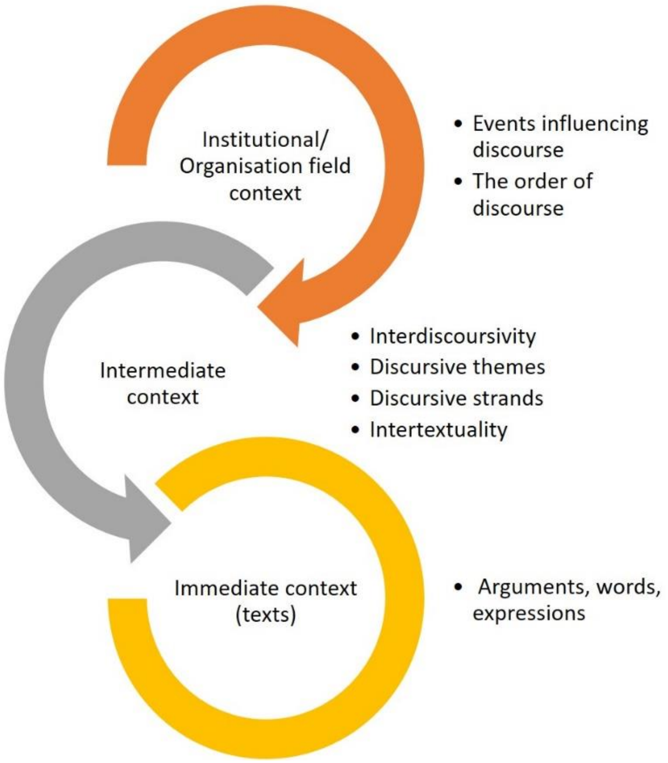

Figure 6-1 The analytical framework used in the current study. Adapted from: Grewal (2008), Wodak (2011), Rheindorf & Wodak (2018).

Discourse analysis is a research strategy and not an analysis procedure. Therefore, qualitative content analysis was chosen as the data analysis procedure used in this study. Northway, Rees, Davies and Willimas (2017) stipulate that qualitative content analysis is a suitable approach when studying documents is required, which is what this study entailed.

6.4.2 Sources of data

Fairclough (1992) argues that discourses cannot be studied directly, only through the systematic study of texts. Organisational documents, legal documents and even media articles are suitable sources to study institutional discourses (Bartlett, Tywoniak & Hatcher 2007:286). Documents can also be seen as a product of human interactions, and actions represent historically and culturally specific social knowledge (Rapley, 2011). Documents produced by key actors in the organisational field, and made available for consumption by others, are considered central to institutional discourse. As such, they are a valuable research source in institutional research at the organisational field level (Scott, 2014).

In this research project, data sources were selected on the basis of meeting the selection criteria (Onwuegbuzie & Leech, 2007: 114). This method can be described as purposive sampling, which is the most commonly used method in content analysis studies (Elo, Kääriäinen, Kanste, Pölkki, Utriainen & Kyngäs, 2014), whereby sources that are the most relevant to the study are chosen. The source is considered relevant to this study, either if it had to do with current bank regulation in South Africa, or related to voluntary regulations of the banking industry, or when it represented a discourse on bank transparency in South Africa at the organisational field level.

6.4.2.1 Documents as data sources

Documents form an important part of organisational and social life, yet they are often overlooked as a source of research data (Owen, 2014: 8). Prior (2003: 26) argues that documents "form a field of research in their own right". Giroux (2006:1237) concurs that "identifying and analysing the particular trajectory of collections of texts is not a poor substitute for studying 'the real thing'; it is the real thing – or at least a good part of it". According to Prior (2003:230), "Barney Glaser and Anselm Strauss, in their renowned description of grounded theory, considered documents as on a par with an anthropologist's informant or a sociologist's interviewee".

A document is a "set of information pertaining to the topic, structured for human comprehension, represented by a variety of symbols, stored and handled as a unit" (Salminen, Kauppinen, & Lehtovaara, 1998:644) and "bears communicative and mnesic intentions, which are recognized by the users of the document" (El Hachani & Larouk 2017:99). Furthermore, El Hachani and Larouk (2017:99) argue that documents are rooted in a historical and social context that stimulates their creation, their use and their preservation. Al-Amoudi and Willmot (2011:28) agree that the analysis of texts cannot be abstracted from embeddedness in the materiality of social relations. Similarly, Prior (2003:26) highlights the embeddedness of documents in the historical and social settings, in which they were produced.

Likewise, Owen (2014:10) suggests that typically documents are mostly studied to gather facts. However, the facts are not simply facts, as they are usually filtered through the ideas of those who create and those who interpret the documents. For internal organisational documents which focus on micro-interactions, organisational context is of importance, while in this study, which focused on field level developments, the broader social and the institutional field contexts were consequential. For this reason, the brief explanation of the developments in the institutional field in the analysed period, was included. Because texts are not just objective facts, but draw on particular discourses and perspectives, identifying the broader contexts in which particular texts were created – discovering contextual information – formed part of the current research.

The societal context relevant to developments in organisational transparency in the last decade was discussed in Chapter 4. Particularly, changes in the field of banking as a whole, triggered by global events, in particular the financial crisis of 2007–2009, as well as evolving perspectives on corporate governance. The changes were also prompted by a changing social and political sentiment in South Africa concerning big business transparency.

Giroux (2006) states that, for institutional change to happen, the construct or an idea must become part of the public discourse. "Discourse is not 'mere talk' dissociated from action; it is central to the ongoing creation of 'reality'" (Giroux, 2006:1236). Various texts and documents produced within the institutional field are intertwined with organisations and may result in institutional change. These documents are both a result and the cause of the debate within the field (Giroux, 2006). Documents are co-created texts developed in a particular social and historical setting (Prior, 2003:26). Documents such as reports, codes of conduct or legal acts are the products of a collective effort. Therefore, they represent an intersubjective constructed meaning about the phenomena under investigation. Documents are also readily available, which speeds up the research process and limits the ethical difficulties surrounding access to the data sources.

Documents usually follow specific presentation rules and engage in a specialised discourse (El Hachani & Larouk, 2017:99). Walton and Lazzaro-Salazar (2016:462) argue that the discourses in documents "are used to […] frame debates and arguments by asserting their authority through language". This applies in particular to the framing of the organisational transparency in the selected documents, which are generally dealing with the broad spectrum of issues related to the activity of banks is important. Framing, through the use of vocabularies and rhetorical arguments, leads to a particular meaning of transparency and consequently institutionalisation of new transparency practices. In this study, a broad range of documents produced by a variety of individual and institutional actors have been included.

6.4.2.2 Data sources for this study

The sample comprised 76 texts. Deciding on the sources of data that lead to achieving the study objective, is the first step in research design. Phillips et al. (2004) note that actors that hold a central position among organisations that belong to an institutional field, those who have a legitimate right to voice their opinion and those who have formal power of authority, are more likely to influence the field discourse most. Because the study analysed the organisational field arena, it was first necessary to identify the key field actors such as the National Treasury, the bank registrar – the South African Reserve Bank – and the Competition Commission, whose special report influences the development of banking policy in RSA. The discourse was also influenced by an international body which influences the organisational field of banking, namely the BCBS, within the BIS. The Basel Committee develops global guidelines for bank regulations and best practices. Although BCBS regulations do not have legal foundations, in reality, it has become an international regulatory body for banking (Sadien, 2017).

Another key group of actors within the field are the banks and the industry bodies such as the Banking Association of South Africa (also called The Banking Association). In this study, the main focus was on the views on banking transparency, as presented by the Banking Association, as all the banks operating in South Africa are its members. The opinions of individual banks are only included to the extent to which they contributed to the topic in the articles in Banker SA, which was an industry magazine published between 2012 and 2018 by the Banking Association of South Africa.

Most of the sources studied here refer to the period after 2007, which coincides with the start of the global financial crisis, even though the brunt of the crisis was unleashed during the years 2008–2009. The crisis can be considered a structuring moment, during which a "social construction of shared meanings was accelerated" (Bartlett et al., 2007:286) because the crisis drew attention to the issue of transparency in banking worldwide. The regulatory cluster comprises of selected legal acts and regulations that came into effect during 2007–2018. There are a few exceptions where some legal acts that were introduced earlier, are still in force and therefore have been included in the study. The two of the documents that precede the crisis of 2007–2009 are the Banks Act of 1990 and the National Credit Act of 2005. However, they too had some amendments introduced after the crisis.

The next cluster comprises the Code of Banking Practice and King Reports III and IV, which fall within the study time frame. The last group of documents came from a pool of reports, presentations and discussion documents published by the key actors within the organisational field. The selection of reports produced by the Competition Commission, Banking Association of South Africa, SARB, and the reports and policy documents issued by the National Treasury, which contributed to the contemporary discourse in the institutional field of banking were also analysed.

In addition, articles in an industry publication Banker SA and a report implementation of Basel III in RSA issued by one of the large consultancy, Ernst and Young, were included in the sample. The principle of saturation was applied, once no new information was obtained, no more documents were added to the sample. The results were described and interpreted in the context of the research questions.

The sources studied in this research are listed in Table 6-1.

Table 6-1 The list of the analysed documents and their abbreviations used in the analysis.

Document	**Document number in ATLAS.ti file**
Regulatory acts	
Bank Act Amended 2007	D15
National Credit Act 2005	D30
Consumer Protection Act 2008	D22
Basel III (2011)	D18
Banking Regulations (2012)	D34
Financial Sector Code (2012)	D24
Banks Act Amendment 2015	D16
Bank Act Amendment 2016	D2
Basel III – finalising reforms (2017)	D19
Financial Service Regulation Act (2017)	D25

Codes of conduct	
King III (2009)	D29
Code of Banking Practice (2012)	D20
King IV (2016)	D28
Reports and policy documents	
Competition Commission Report on Banking in RSA (2008): Banking Enquiry: Report to the Competition Commission by the Enquiry Panel – executive overview	D21
National Treasury (2011): A safer financial sector to serve South Africa better	D1
Financial Regulatory Steering Committee: Implementing Twin Peaks model of financial regulation in South Africa (2013)	D27
National Treasury (2014): Treating Customers Fairly in the financial sector: a draft market conduct policy framework for South Africa	D32
Ernst & Young Financial Sector Regulation Act: implementing Twin Peaks and the impact on the industry (2017)	D23
South African Reserve Bank Financial Stability Review (2017)	D26
National Treasury 2018 (South Africa Retail Banking Diagnostic)	D 31
South African Reserve Bank Vision 2025 (2018)	D33
Banking Association- related documents	
Banker SA articles from 12 issues published 2012–2018. Only those issues that contained articles related to bank transparency were included. Full list of 54 articles is in Appendix 1	Banker SA, Year, Issue Documents 3 to Document 14 (D3, D4, D5, D6, D7, D8. D9, D10, D11, D12, D13, D14)
The Banking Association South Africa submission on transformation in the financial sector	D17

Although the individual banks are important actors in the institutional field, this research did not look into the participation of individual banks in the discourse during the studied period, but rather their collective views were represented here by the publications of the Banking Association – the Banker SA. Litrico and David (2017) state that trade journals are a valuable source of data because they play an important role in the meaning construction at the field level. The journal was published by the Banking Association of South Africa from 2012 till 2018. There were twenty issues of the journal Banker SA during that period of time. The articles in the Banker SA covered a variety of topics affecting the banking industry. Not all of the editions of Banker SA were relevant to transparency. After the initial autocoding analysis 12 out of 20 issues of Banker SA were included in the final sample. Analysing how transparency is framed, described, defined and made sense of in these documents, allowed creating a clearer understanding of transparency in banking.

6.4.3 Data analysis procedure

In line with the approach to discourse analysis adopted for this study, qualitative content analysis was utilised as the data analysis method. Through qualitative content analysis of documents, a researcher can identify the explicit and implicit perspectives represented in these texts. "Content analysis is the intellectual process of categorising qualitative textual data into clusters of similar entities, or conceptual categories, to identify consistent patterns and relationships between variables or themes" (Sage Encyclopaedia, 2008:120).

Although there are different views and terms used to describe qualitative content analysis, there is some commonality between different perspectives. Many authors agree that coding is the main analytical process in qualitative content analysis (Krippendorff, 2004; Schreier, 2012). Coding should be also be seen as an interpretive act between data collection and deeper data analysis (Owen, 2014:16). Analysis of qualitative data can be described as several streams of data condensation, data restructuring, data display and conclusion drawing (Miles et al., 2014:12; Collis & Hussey, 2009). Data was condensed by initial coding and further restructured by the second and further cycles of coding. Data is presented in the form of a narrative, tables, as well as code networks generated by the software.

6.4.3.1 Coding

Coding is the first step in the interpretation process in qualitative content analysis. Charmaz (2006:46) states that coding forms the essential connection between collecting data and developing an emergent theory to explain the data. Coding is a means of sorting the data and creating order based on similarity (Maxwell, 2012). As a process, coding means "categorizing segments of data with a short name that simultaneously summaries and accounts for each piece of data" (Charmaz, 2006:43). Saldana (2013:3) defines a code as "a word or short phrase that symbolically assigns a summative, salient, essence capturing, and/or evocative attribute for a portion of language based or visual data". In this project, ATLAS.ti 8 was used to tag (Friese, 2016) the relevant segments of data by assigning codes to them. The software allows a researcher to store all document related to a project as well as comments, memos, reports and documents in one place. ATLAS.ti 8 automatically allocates numbers to each document in the order in which they were added to the project. The documents can be grouped into different groups, which is useful for further analysis (Fig 6-2).

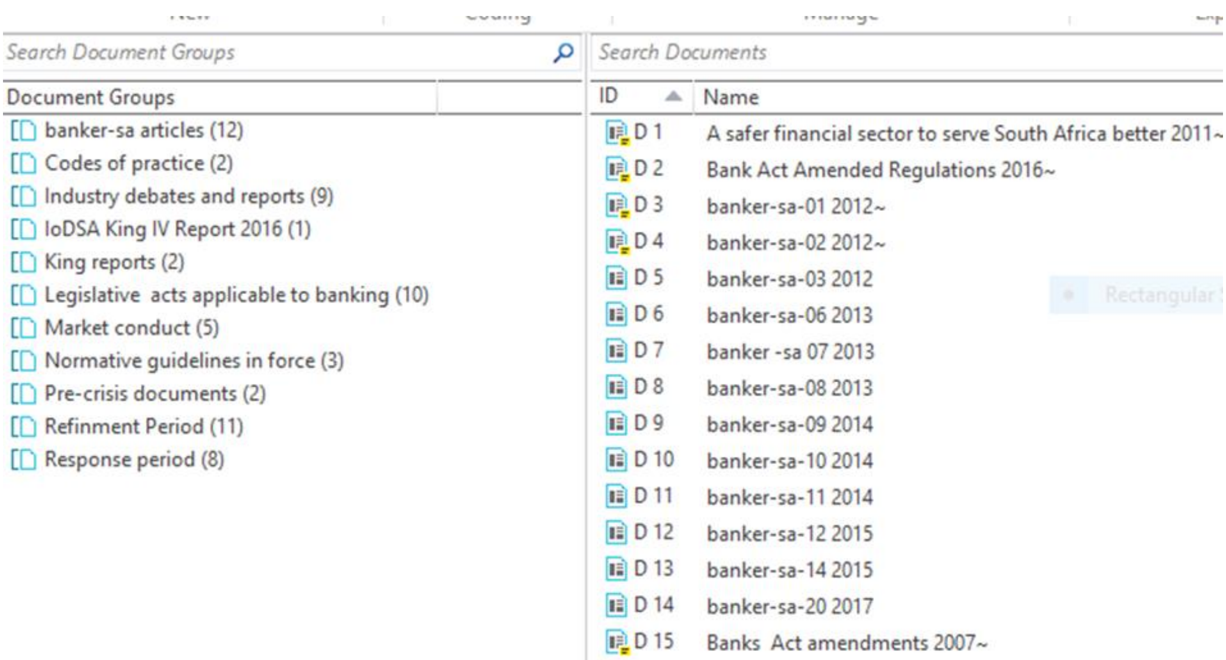

Figure 6-2 Example of the list of the document groups in ATLAS.ti 8 view.

6.4.3.2 Data condensation

In qualitative content analysis, codes are partially data-driven and partially concept-driven (Schreier, 2012:41), which was the case in this study. The concepts derived from discourse analysis such as *intertextuality* and *interdiscursivity* or *framing* were used in this study. Furthermore, certain constructs from the theories discussed in Chapter 4 were utilised, by providing a starting point in the analysis. For example, identifying the different stakeholders to which the sections of text pertinent to transparency refer lead to identifying the discursive strands in the banking discourse.

Saldana (2014) divides coding into two stages: first cycle coding and second cycle coding. Data condensation (also called data reduction), is achieved by the first cycle coding. First cycle coding can take different forms, depending on the research focus. Saldana identifies as many as 24 different types of coding, applicable to the first cycle. It is up to the researcher, based on the nature of the project, to decide on what type of coding he or she will use. Qualitative content analysis also allows for "borrowing" coding systems from other approaches (Schreier, 2012), such as grounded theory method, which relies on three stages coding stages, namely open coding, axial coding and selective coding (Strauss & Corbin, 1998).

In this case, the researcher did not use predetermined coding beyond the initial identification of relevant sections of the documents through autocoding. The autocoding allowed identification of the sections of the documents that referred to transparency. This was a very useful tool to start the process, considering that the parts of text applicable to transparency were scattered among the over 4500 pages of the studied documents. To begin with, the main terms related to corporate transparency (*disclosure, information*, and *communication*) were identified based on the literature as presented in Chapter 2.

In the first stage, autocoding was used to identify the passages (called by the ATLAS.ti 8 quotations), which included the word *transparency* as well as the related terms: *information*, *disclosure* and *communication*. After the initial reading of the documents, *reporting* was also added as a relevant term. This process generated more than 1000 quotations. A quotation in terms of ATLAS.ti 8 refers to the segment of text selected by the analyst, usually with the aim of coding (Appendix 5). Once identified, the quotations were read again.

During this stage, irrelevant quotations such as quotations generated from content lists, headings and references within the documents, as well as other instances, where these words were used in context different from the transparency of banks, were removed. In the next stage the documents were read again and other relevant quotations, which were not identified through autocoding, but implicitly referred to transparency in some way, were added.

The number of codes and code frequencies obtained through autocoding after deleting irrelevant quotations are presented in Fig. 6-3.

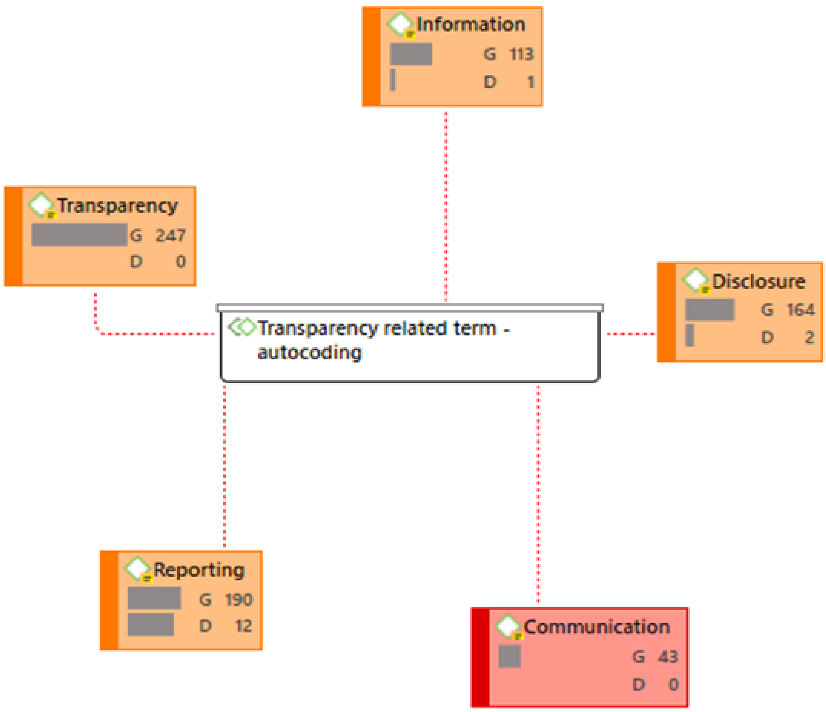

Figure 6-3 The network of transparency-related constructs and the frequencies (G) of initial codes obtained through the process of auto coding.

After the initial auto coding, it became apparent that the selected quotations from the texts needed multiple layers of coding. The quotations were read again and coded for context and meaning. During this stage, other quotations without any of the five words selected for initial autocoding, which contained latent references to transparency, relevant to the study, were also selected and coded. These sections of the text were particularly useful when it came to identifying the context and the legitimising frames for transparency.

When identifying frames in the process of coding, attention was paid to the constitutive elements of frames such as catchphrases, problem definitions, statements of cause and effect, solutions, appeals and rhetorical devices (Litrico & David, 2017:992). These were further coded using ATLAS.ti 8.

This process of re-reading documents and adding or removing quotations, based on their relevance, was repeated several times. In the end, more than 1200 quotations were considered relevant. In this study, the most common size of quotations were paragraphs and sentences. Once the relevant sections of texts were identified, they were coded and were re-coded several times. In some cases, simultaneous coding (co-occurrence coding) was also used. For instance, the same paragraph could be assigned a specific frame and could be also coded for specific stakeholders, or disclosure content to which it referred.

The codes were later refined, using ATLAS.ti 8 functionality, by merging or splitting the codes which resulted in a more compact, coherent and meaningful coding system (Appendix 2). This is consistent with Saldana's (2014:10) assertion that the analysis requires several repeated applications of coding, because "qualitative research requires […] deep reflection on the emergent patterns and meanings". Friese, Soratto and Pires (2018) note that developing a coding system using CAQDAS depends on how the researcher makes sense of data.

The example of code groups, with frequencies in brackets, is presented in Fig. 6-4.

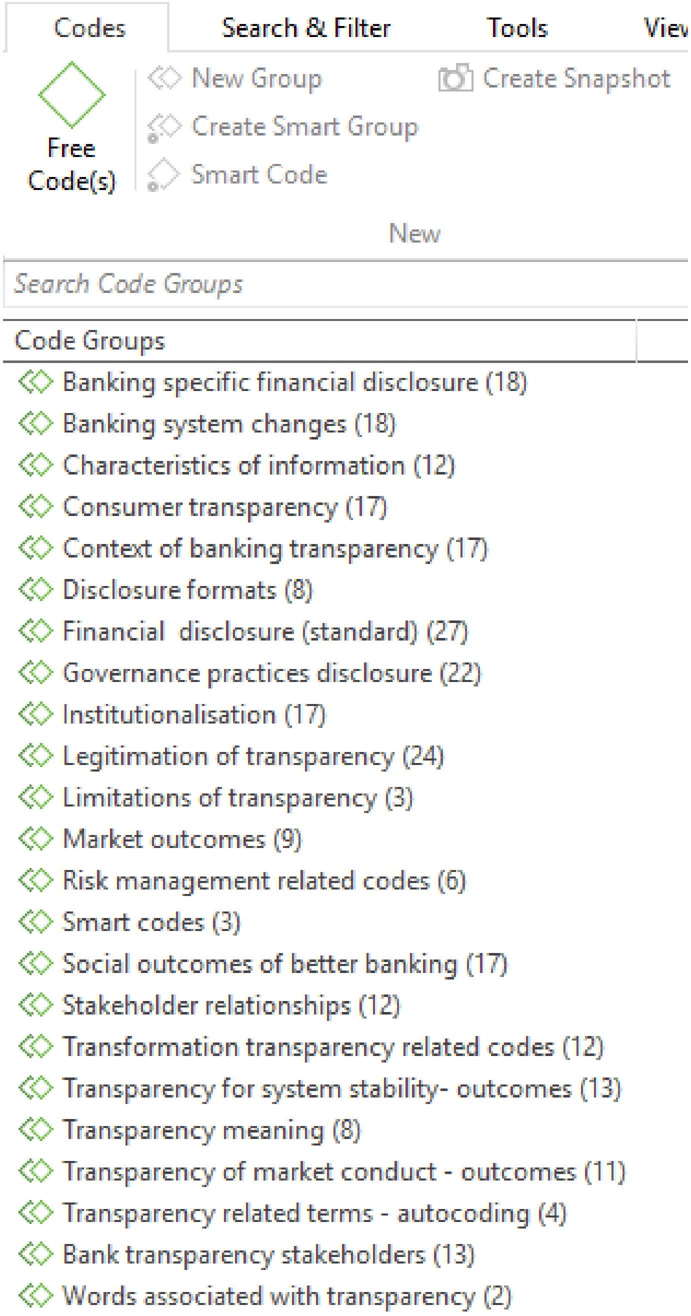

Figure 6-4 Examples of code groups created in this study. Numbers in brackets indicate the number of codes in each code group.

Similarly to the document groups, code groups were useful in further analysis.

6.4.3.3 Decontextualisation

Bengtsson (2016:11) considers the first stage of coding as decontextualisation, which requires the development of a coding system by identifying the units of meaning. The decontextualisation stage may involve several rounds of coding (e.g. using the autocoding function) and re-coding and linking codes by "looking for similarities between different accounts and texts, isolating patterns, noting reflections, commonalities and differences and utilising that knowledge for further data collection" (Miles et al., 2014:10). However, some scholars warn against seeing coding as decontextualisation and suggest ways of coding that keep in line with the context, for example, descriptive or values coding (Saldana, 2013). This view is in line with discourse analysis approaches that pay great attention to various levels of context in analysing discourses (e.g. Fairclough, 2001; Wodak, 2011).

Consequently, Maxwell (2014) also cautions against separating the codes from the context, which means that generated codes are usually linked into larger patterns. Therefore, it is essential that coding goes beyond just labelling and involves links between data and idea or context (Richards & Morse, 2007:137). For that reason, as explained above, in addition to a quotation that contained the word transparency and related words, further quotations that provide context to the discussion on transparency in banking, were also included in the analysis chapter.

6.4.3.4 Further steps of analysis

The second cycle coding entails advanced ways of organising data, with the aim to develop "a sense of categorical, thematic conceptual and/or theoretical organization" emerging from the initial coding cycles (Saldana, 2013:207). This stage usually involves grouping the codes into broader categories. Second-order coding specifies the properties and dimensions of the category. The grouping of the individual codes that bear some meaningful links is referred to as categorisation, which is similar to axial coding (Strauss & Corbin, 1998; Charmaz, 2006). Researchers that use ATLAS.ti suggest that a researcher needs to organise codes into a meaningful system (Friese et al., 2018). This can be done in different ways. For example, in this study, the researcher used colours, free codes (not attached to any quotations, but denoting a group of codes that have been linked to quotations) and prefixes as ways to create a code system. Figure 6-5 shows an example of a code family called *Transparency of market conduct: outcomes*. (Also see other the examples in Appendix 3 and Appendix 4.)

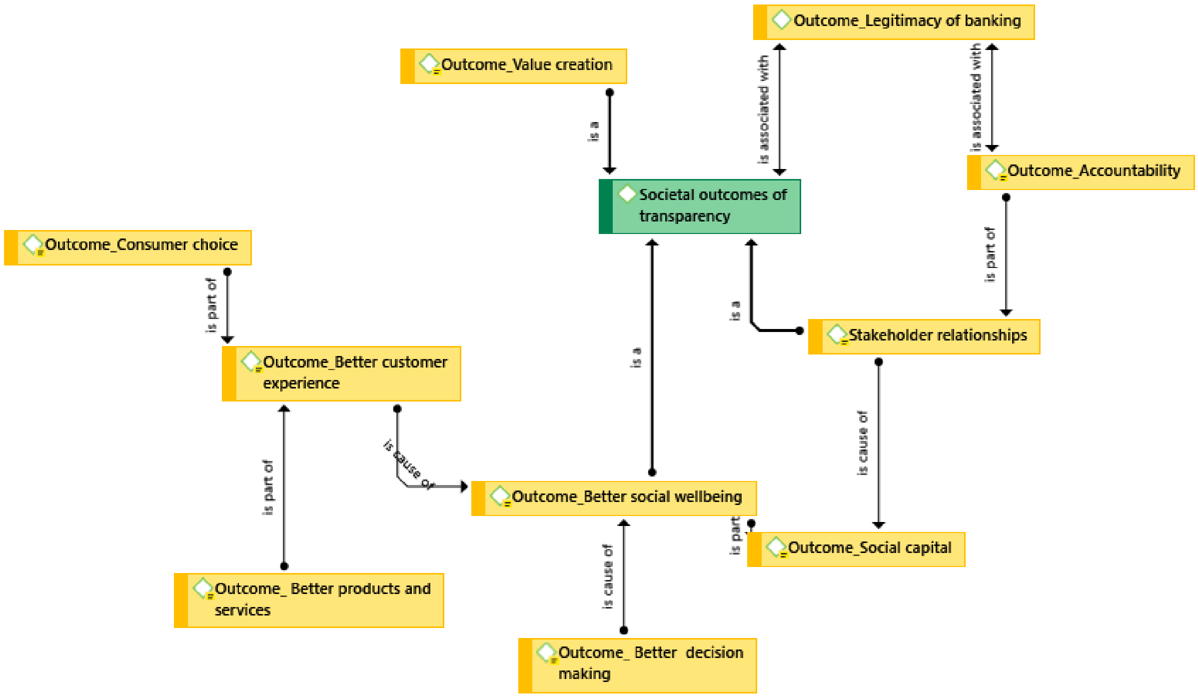

Fig. 6-5. An example of code family Transparency of market conduct: outcomes

During the second coding cycle, the data were grouped, using the ATLAS.ti 8, into broader categories that emerged from data. For instance, the codes that assisted with outcomes of banking transparency were grouped into three clusters: customer outcomes, industry outcomes and societal outcomes.

The examples of categories that were identified are: *stakeholder groups*, *disclosure formats*, *transparency practices*, *characteristics of information*, *financial disclosure*, *governance practices*, *product and service transparency*, *transparency outcomes*, *transparency as a principle* and *BBBEE transparency*. Next, the codes were grouped into even broader categories. For example, several codes could be grouped into so-called smart codes. Smart codes in ATLAS.ti 8 are a combination of at least two codes, and describe a particular set of relationships between the codes, as identified and defined by the researcher.

During the following stage, the researcher searched for patterns through and across the previously generated categories with an emphasis on identifying principal categories, leading to the emergence of themes which, in this study, to a large extent overlap with the concept of discursive strands. According to Friese et al. (2018) grouping code categories in meaningful patterns related to a research question, leads to identifying overall themes stemming from the data analysis. A theme is "an abstract entity that brings meaning and identity to recurrent (patterned) experience and its variant manifestations" (Owen, 2014:16). Themes are outcomes of coding, analysis and reflection (Saldana, 2013:13) and building a connection to the literature in a specific field (Sage Encyclopaedia, 2008:186) Themes and concepts lead to assertions or theory (Saldana, 2013: 13). Miles et al. (2014:10) describe the process as "gradually elaborating a small set of assertions, propositions, and generalizations that cover consistencies discerned in the database". In the end, those generalisations are being compared with the existing body of knowledge in the form of construct and theories.

Theory emerges during a research process through interaction between data collection and data analysis (Bowen, 2008). Theory as an outcome of the research is a simplification of the world, but not necessarily a highly abstract or logical model which may involve many levels of simplification. The word theory in this context does not refer to grand theories, but to so-called middle-range theories falling between a "minor hypotheses of everyday life" and grand theories (Kearney, 2007:133). Middle-range theories "consist of abstract rendering of specific social phenomena that were grounded in data" (Charmaz, 2006:7), apply to a measurable piece of reality and deal with specific concepts and relationships that relate to the specific topic of research. Two types of theory, which differ in degree of abstraction and generalisation, have been identified: substantive theories and formal theories (Kearney, 2007:137). Formal theory goes beyond the substantive areas of original data collection and it is a form of "metasynthesis and can capture the different effects of inter-study variations on outcomes of interest" (Kearney, 2007:129).

Qualitative data analysis requires constant reflection. Therefore, memos were written during data analysis, to ensure that the researcher is critically engaging with the data and reflects on own assumptions and thoughts about the research at hand. ATLAS.ti allows for two types of memos: comments and memos. The type of memos, called *comments* in ATLAS.ti 8 was mainly used in this study because they could be quickly and directly linked to the specific quotations, codes, groups and even networks. The memos were written to record overall observations and reflections on the studied content. Lampert (2007:245) contends that memos are a methodological process where the researcher transforms data into theory. In the final stage of qualitative content analysis, the conclusions are drawn (Miles et al., 2014:12) and presented to the reader.

6.4.4 Further remarks on using analytical software

In this study, ATLAS.ti 8 computer assisted qualitative data analysis software was used to aid the data analysis. ATLAS.ti 8 is a software package designed to assist qualitative researchers to manage textual, visual, audio and video data. Qualitative researchers benefit from the use of the software in terms of speed, consistency and rigour (Sage Encyclopaedia, 2008). ATLAS.ti software is flexible and has been used by researchers in inductive, deductive and adductive studies (Ramabree, 2014).

The autocoding function of ATLAS.ti 8 was very helpful as the mentions of transparency and related terms such as disclosure, reporting, information and communication, were scattered among thousands of pages of the document corpus. Several authors suggest a code book as a critical component of coding (Guest, MacQueen & Namey, 2012; Saldana, 2013). The advantage of using analytical software is that the codes can be easily recorded and changed as the new meanings emerge from the data, without being restricted by the researcher's initial or theory-driven, predetermined codes. The software allows the generation of reports for the codes and code groups used during analysis. Friese (2011) states that when using software the researcher has more flexibility in changing code names, which makes the analysis process more trustworthy.

The software cannot distinguish between different levels of codes and this process depends on the researcher. Generally, the analytical style of thinking depends on the researcher and is not dictated by the software. Friese (2011) concurs that software has only a limited impact on the outcome of research because it is the researcher that makes sense of the data. The software allows the researcher to keep a record of the analytic codes and categories, identifies certain relationships between the codes and graphically maps the relationships between these codes. However, this process entirely depends on the researcher's conceptualisation of these relationships.

An example of such a process can be various groupings of codes and documents performed using the ATLAS.ti 8 functionality. The groupings, apart from the initial grouping into three document groups, have been data-driven. The groupings were not exclusive and each document could belong to several groups. For example, the Code of Banking Practice (2012) was placed in the group *Codes of Conduct* and in the group the *Period of Response* where the selected documents issued in the aftermath of the financial crisis during the period 2007–2012, were included as opposed to the group of documents issued in years 2013–2018 which denotes the Period of Refinement.

ATLAS.ti 8 network functionality creates a useful way of representing code categories or even themes graphically. However, the software itself does not create the links or name them. This is part of the researcher making sense of the data. Creating networks and links were part of the analysis and are an indication of how the researcher made sense of the available data. Using an analytical software package has other advantages. It provides more flexibility in modifying code names, more analysis options, it makes it easier to combine qualitative and quantitative methods (if relevant) and it makes the analysis process more transparent. ATLAS.ti 8 is a useful tool in keeping the record of labelling codes. In addition, ATLAS.ti 8 allows for providing code definitions, as well as writing free memos and memos related to specific quotations, which are all useful in the process of analysis.

6.5 DATA PRESENTATION

Data display and conclusions are considered by some qualitative research scholars (e.g Miles et al., 2014) as the last stage of data analysis. The most popular way of displaying qualitative data is in the form of extended text (Miles et al., 2014: 13). Writing up the qualitative research is not only the final outcome of the research process, but is also part of the analytic process, where writing becomes another way of thinking and reflecting about data and the quality of the research itself (Hennink, Hutter & Bailey, 2011:299). Qualitative data reflects the complex situation of the research, "the complexity of the record cannot be reduced until you know if you lose valuable information because it is simplified" (Richards, 2015:38).

In this research, not the participants but the documents were 'speaking'. Due to the nature of these documents, which were rarely the product of one person, they were a reflection of the collective ideas of members of society that created these documents. In Chapter 6, findings emanating from this research are supported by quotations from the analysed documents. The quotations from the data sources in Chapter 6 are referenced using the system of numbering of documents and quotations of the software. For example, (SARB 2018, D33:10) stands for the abbreviation of the document name used as listed in Table 5.1, number D33 means that this particular document was saved by ATLAS.ti 8 as Document 33; number 10 means that the tenth saved quotation from this document was quoted in the text of the thesis. In all other cases, the standard Harvard referencing method was used. In the ATLAS.ti 8, each issue, rather than an individual article, is saved as a single document. Therefore, there are 12 issues of Banker SA (containing 54 articles relevant to this study) and 22 other documents or texts in the ATLAS.ti 8 file.

Reporting qualitative research is not limited to a narrative, but also involves other forms of critical information such as contextual information or any other information that leads to a better understanding of the findings (Polit & Beck, 2010:1453). Saldana (2013:255) proposes using graphs, tables and figures to emphasise the important elements that can otherwise be overlooked if embedded in the text. ATLAS.ti 8 allows researchers to map and visually present the relationships between data by creating links between different levels of coded data and the theoretical constructs (Dowling, 2008). The data are presented as conceptual maps and a series of linkages. Saunders et al. (2003:395) believe that there is a lot of value in displaying qualitative data in visual formats, including diagrams and networks.

Displaying data visually shows the connections and relationships between different elements of the data that otherwise would be difficult to notice. ATLAS.ti 8 creates visual representations of the links between different codes, different levels of codes and meanings. These visual representations have been used when presenting the research findings. In this research, when the researcher conceptually identified the main themes, she also discovered the limitation of ATLAS.ti 8 software's ability to display certain types of relationships, such as changes and trends. In this case, the researcher found PowerPoint smart graphics to be a better way to display the uncovered patterns.

6.6 SUMMARY OF THE ANALYSIS PROCESS

When using software, the researcher needs to translate each stage of the analysis process into a corresponding feature of the software (Friese et al., 2018). Table 6-2 summarises the analysis process applicable to this study.

Table 6-2 Summary of the data analysis process using ATLAS.ti, 8 (adopted from Friese et al. 2018:

Phases of analysis	**ATLAS.ti 8**
Pre-analysis	Create a project in ATLAS.ti Add documents Group documents Explore data Read the documents
Material exploration, generating initial codes	Generate an initial list of codes (based on literature) Apply auto coding for selected terms Read data: remove irrelevant quotations, add additional relevant quotations Code quotations Write comments on quotations and codes Write first memos
Building structured code system	Work with the list of codes in the Code Manager Group codes Split or merge codes Delete codes Rename codes Replace codes Build categories Write code definitions
Build meaningful categories based on the code system and the discourse analytical framework developed for the study	Explore categories Generate networks for categories Look for code co-occurrence Use Analyze function to look for meaningful patterns Use Search function to confirm or abandon the theme ideas Write memos or comments
Searching for themes (discourse strands)	Explore categories and their potential fit with a theme Write memos about potential theme Review memos or comments Generate networks for themes (if possible) Review the coded data
Review themes	Refine themes Write memos or comments Relate themes to each other Create networks
Interpretation of discourse	Integrate the themes identified through the qualitative content analysis into the discourse analysis framework
Produce the data analysis report	Generate reports for relevant quotations, networks and memos into Word Use the quotations to write up the findings report Export networks and insert into text as required Export selected reports and insert into the appendix

6.7 TRUSTWORTHINESS

A number of researchers highlight the difficulty in establishing validity in qualitative research (Maxwell, 2012; Onwuegbuzie & Leech, 2007; Richards, 2015). Whittemore, Chase and Mandle (2001:522) note that the difficulty in establishing clear validity criteria in qualitative research, lies in competing values of subjectivity and creativity with those of scientific rigour. While some reject the terms *validity* and *reliabilit*y as incongruent with qualitative research, others provide a justification for using these terms, but reconceptualise them to make them relevant to qualitative research. For instance, Brinkmann and Kvale (2015:281–282) describe reliability as the trustworthiness and consistency of research findings, while validity is described as the truth, correctness and strength of descriptions.

6.7.1 Dimensions of trustworthiness

Guba and Lincoln (2001: 6) combined validity and reliability into *trustworthiness* as a term better suited to qualitative research. Trustworthiness represents the truth value, based on the credibility of the research, or in other words the quality of research. The building blocks of trustworthiness, according to Guba and Lincoln (2001) are as follows.

- Credibility, which somewhat corresponds with the context of internal validity, representing the truth value of the research. "Truth value of research is based on research design, participants and context and represents the extent to which research represents the experiences of participants" (Krefting, 1991:190). It represents the degree to which the results can be confirmed by others. To achieve credibility, the researcher should use, where appropriate, the following methods: peer debriefing, and member checking during data collection and data analysis. That means that the researcher should go back to the participants after the data were analysed to confirm if their experiences and thoughts were adequately presented (Guba & Lincoln, 2001; Krefting, 1991). In this case, since the data were collected from documents, only peer debriefing was conducted mainly by the supervisor and a few work colleagues, whose role was to check if "the researchers have accurately and richly described the phenomenon in question" (Sage Encyclopaedia, 2008:895).

- Transferability, parallel to external validity. Transferability will be tested against the viability to apply the findings to different settings. The test of transferability lies not in the researcher attempting to transfer the findings to other settings, but rather in readers discerning parallels between the original research and other situations or settings (Krefting, 1991:2016). In order to achieve transferability, the researcher should describe the scope of the study so that others can determine whether the study relates to different broad or narrow contexts. The study is not considered unworthy if it does not apply to broader contexts. "… a study's worthiness is determined by how well others can determine (i.e., through a paper trail) to which alternative contexts the findings might be applied" (Sage Encyclopaedia, 2008:895).

  Transferability can be increased through sampling and dense (thick) description (Krefitng, 1991; Sage Encyclopaedia, 2008). Thick description aims at providing the reader "with a full and purposeful account of the context, participants, and research design so that the reader can make their own determinations about transferability" (Sage Encyclopaedia, 2008:886). The other method of achieving transferability is through purposeful sampling. The documents which were selected for this study were chosen because they best represent the research design, limitations, and delimitations of the study (Sage Encyclopaedia, 2008). The researcher attempted to choose documents most consistent with the research design in order to "enhance the potential that readers can assess the degree of transferability to their given context" (Sage Encyclopaedia, 2008:886).

- Dependability is broadly related to reliability. It is a contentious dimension of trustworthiness because reliability is considered by some a positivistic construct not applicable to qualitative research (Shenton 2004:64). Krefting (1991:217) suggests the following strategies for increasing dependability: dense description of the research method, and peer examination, where the researcher consults with the supervisor. These strategies were applied to this study.

- Confirmability is parallel to objectivity in quantitative research. The objectivity lies not in the researcher's distance from the research, but in the data itself (Krefting, 1991:217). Confirmability represents the effort to ensure that the interpretations and findings match the data. That means that no claims are made that cannot be supported by the data. All constructions and assertions, as well as data, will be traceable to their sources. Analytical memos explain how the researcher progressed from codes to categories, how the categories relate to each other, and how they lead to theories and concepts (Saldana, 2013:252). In addition, this is in line with several theories that were used in this research, namely institutional theory, legitimacy theory and stakeholder theory.

Friese (2011) states that using analytical software such as ATLAS.ti 8, which was used in this research, adds to the credibility, confirmability and dependability of the research. Maxwell (2012:131), on the other hand, proposes that trustworthiness mainly pertains to "conclusions reached by using the particular method in a particular context for a particular purpose, not the method itself". According to his view, the relationships between the components of research, such as the choice of method in relation to the research questions, the selection of the cases or sources, and the adequate use of evidence (flowing from the data) in the discussion for and against the researcher's arguments, provide a more relevant way of assessing the trustworthiness of the study. Similarly, Whitemore, Chase and Mandle (2001:530) propose that criticality and integrity of the researcher is the main criterion for the credibility of qualitative research. Secondary trustworthiness criteria have to do with the presentation of results and involve explicitness, vividness, creativity, thoroughness, congruence and sensitivity (Whitemore et al., 2001:531).

6.7.2 Self-reflexivity and positionality

Researchers need to reflect on their self-knowledge, ideology and worldviews, and biases. This process of self-reflection or critical reflection (Berger, 2015:220) is a continual conscious evaluation of a researcher's positionality and the recognition that their previous experience, gender, religion, political views and other personal characteristics may influence the chosen process and conclusions drawn from the research. Berger (2015:220) states that positionality may affect the choice of data sources, which in turn may influence the information gathering process. In the case of the current research, the positionality had no direct bearing on the shape of the data. However, the researcher acknowledges that her research interests, ideologies, knowledge of the topic and the experiences as a customer of banks may have influenced the choice of research questions, the choice of data sources and the interpretation of data. Berger (2015:230) suggests two relevant reflexivity strategies in qualitative research, including seeking peer consultation and repeat review. In this research, the repeat review was used as a reflexivity method. The review process included the initial reading and coding and the process was repeated after some time to check if the researcher's own views on the data have not changed.

6.8 ETHICAL CONSIDERATIONS

The researcher was mindful of ethical standards both during data collection and analysis and adhered to the UNISA ethical research guidelines. From an ethical perspective, the advantage of studying the official documents is that they cannot be influenced by the researcher in any way (Charmaz, 2006:350). The documents are in the public domain and intended for public access, therefore no permissions to obtain them were required. Due to the nature of this research, no potential harm to any individuals was envisaged. In addition, during the process of research, the researcher has considered her own role and reflected on her views in the context of this research (Brinkmann & Kvale, 2015).

6.9 CHAPTER SUMMARY

The current chapter presented the methodology applied to this study. The study followed a discourse analysis research strategy and used qualitative content analysis as an analytical procedure to analyse a sample of documents produced by the key players in the organisational field of banking in South Africa. The chapter elucidates the rationale behind the research design, the selection of data sources and a brief overview of the context, including the time frame selected for this study. The chapter explains the data analysis steps and procedure. The chapter also discussed the measures to achieve trustworthiness and ethical considerations. In the next chapter, the findings of the study are presented.

Chapter 7 RESEARCH FINDINGS AND INTERPRETATION

7.1 INTRODUCTION

Chapter 7 presents the results of the empirical stage of the study and the analysis of the transparency discourse in the organisational field of banking as represented in the sample of documents selected for the study. The chapter is divided into two main section sections. The first section (Section I) presents the findings from the data analysis conducted according to the structure outlined in Chapter 5. The section focuses on the meso-level analysis of discourse. The section begins with an overview of the document sample, followed by the overview of the order of discourse in banking after the financial crisis. The main part of this section is taken up by the analysis of the two main discursive strands that were identified during the analysis, namely transparency for financial system stability and market conduct transparency. The findings are presented as themes and subthemes within each discursive stream. The next sub-section of Section I addresses the intertextuality and interdiscursivity of the transparency in banking discourse. In particular, the influence of governance discourse, societal transformation discourse and the discourse of systemic change in banking are discussed. Some discussion on the language of transparency is also included. The second major section of the chapter is data interpretation and discussions. In this section, the data is interpreted through the lenses of the theories and is structured in line with the research questions posed in Chapter 1.

SECTION I – DATA ANALYSIS

7.2 THE DOCUMENT SAMPLE OVERVIEW

Within the analysed sample of 76 texts, there are various genres, including regulatory acts pertinent to banking during the period 2007–2018, codes of conduct affecting banks, the King Reports III and IV, reports and policy documents (Table 5.4), as well as 54 articles, editorials and interviews published in the industry publication *Banker SA*, which is an industry magazine published by the Banking Association South Africa between 2012 and 2018. These documents represent texts produced by the key players that have legitimate power or authority in the organisational field of banking and consequently who have the most influence on the discourse within the organisational field.

During the document analysis process, it became evident that the policy and regulatory documents are closely interrelated. Usually, regulations come about in response to policies. Furthermore, there is a high level of intertextuality between policy documents and regulations. Often, regulations explicitly or implicitly respond to policy documents (see Table 7-6). For example, during the initial period after the financial crisis, the state and regulators engaged in the discourse about the need for the sector-wide change which is centred on the Basel III recommendations. The adoption of Basel III rules in South Africa as of 2013, led to changes in the rules, laws and regulations, including those related to transparency. As noted by Pozner & Hirsch (2009) changes in the regulatory environment facilitate changes in the field.

The codes of corporate governance in King III and King IV, which also influenced the banking related regulations and transparency discourse, were also among the analysed texts. Although King III (IoDSA 2009) has been replaced by King IV Report (IoDSA 2016) and was introduced in 2017, King III was included in the analysis as it was the corporate governance code in force during the most of the period applicable to the study.

The banks are the essential part of the institutional field, and as such, they are crucial actors within the field. They contribute to debates within the institutional field on transparency as individual organisations and through the industry associations. In this study, their voices are represented through the articles in the industry publication the Banker SA. Among the 20 editions of the Banker SA published during 2012–2018, 11 editions contained articles pertinent to this study.

In addition, the voluntary code of banking conduct, the Code of Banking Practice, and the Banking Association of South Africa Report to Parliament (Banking Association, 2017) were also included in this cluster, as well as the Ernest and Young report on the implementation of Twin Peaks banking supervision in RSA (2017).

7.3 CHRONOLOGY OF THE INFLUENTIAL EVENTS IN THE FIELD OF BANKING

Green (2004) argues that when studying institutional discourses, attention should be paid not only to examining the content of texts, but also where they originate from, how they are used by institutional actors, and how they connect to other texts. Such considerations are referred to as an order of discourse (Wodak & Fairclough, 2010; Wodak, 2001). The order of discourse helps to understand how arguments and topics within the discourse change over time, and highlights the relationships between the situational context, actors, discourse and practices (Rheindorf & Wodak, 2018; Wodak & Fairclough, 2010).

The summary of the major developments affecting the organisational field, including the main discursive events, which are pertinent to transparency discourse in banking in South Africa is presented In Table 7-1.

Table 7-1 The list of the major events in the organisational field and key regulations affecting banking

Year	Events affecting the organisational field of banking	Important discursive events	Time bracket
1990		Bank Act (1990)	Relevant events and regulations before the outbreak of the financial crisis
2000	Established the office of the Banking Ombud, as an independent voluntary ombud		
2001	FAIS Ombud established		
2002	Banking industry in RSA volunteered Financial Sector Charter. The Charter was implemented from 2003–2008 as voluntary reporting		
2003		BBBEE Act	
2004	Basel II published		
2005	National Credit Regulator established	National Credit Act (2005)	
2007	The beginning of financial crisis Lehman Brothers (USA) and Northern Rock (UK) in financial difficulties	Bank Act Amendment (2007)	Time bracket 2007–2012 (the period of response to the financial crisis)
2008	The financial crisis spreads throughout the financial system globally Implementation of BASEL II in RSA Companies Act amended	Bank Act amendment comes into force Consumer Protection Act (2008) The Jali Report (2008) published by the Competition Commission	
2009	Banking sector signed an accord with South African Revenue Services (SARS) to manage the relationship between the banking sector and SARS	King III comes to force	
2010	Basel III recommendations published		

2011	Financial Service Board proposes Treating Customers Fairly framework	Basel III (2011) (updated published) A Safer Financial Sector to Serve South Africa Better, government policy published by the National Treasury (2011)	
2012	The last year of Basel II rules applied to banks	Code of banking practice Banking (2012) Financial Sector Code adopted November (2012). King III amendment published (2012) The first issue of Bankers SA published by the Banking Association (2012)	
2013	Commencement of implementation of Basel III in RSA	Banks Act amendment comes into force National Treasury (2013) publishes a report on implementation of Basel III in RSA	Time bracket 2013–2018 (period of refinement)
2014	New JSE listing requirements	Treating Customers Fairly Framework (2014) discussion document published	
2015	The collapse of African Bank Investments Limited	Banks Act Amendment (2015)	
2016		King IV published	
2017	Basel III amendments	Financial Sector Regulation Act (2017) introduced Financial Stability Review published by the SARB (2017) Basel III amendments published Implementing Twin Peaks published by the National Treasury (2017)	
2018	Financial Services Board replaced in 2018 by Financial Services Conduct Authority (FSCA) Prudential Authority (PA) established within SARB International Financial Reporting Standard 9 (IFRS 9) comes to effect	Bank Act Amendment (2017) Vison 2025 document issued by SARB (2018)	

This study identified two time periods characterised by subtle changes in the focus on the transparency discourse in banking since the financial crisis. The period 2007–2012, which was driven by the response to the financial crisis, entails policy debates on how banking should change after the crisis. The period 2007–2012 coincided with the development of new banking policy which resulted in the first wave of the regulatory changes. During this period, the Bank Act has been amended in 2007 and the amendment came into effect in 2008. The Consumer Protection Act was introduced in 2008. The same year the Competition Commission (2008) published a report on banking practices which summarised the findings of the Jali Enquiry. In 2009 the King III Report came into force and made its mark on transparency and governance discourse in South Africa. In the meantime, the global financial crisis triggered new global regulations in the form of the Basel III recommendations, published originally in 2010 with several updates in later years.

In response to the findings of the Jali Enquiry and the Basel III recommendations, the National Treasury produced a policy document “A safer financial sector to serve South Africa better” in 2011, which outlined the direction of the future policy for the financial sector in RSA. In 2012, the Banking Association of South Africa published a new Code of Banking Practice. That year the Financial Sector Code became law. The year 2012 was the last year when Basel II principles applied to banking in RSA. In 2012 the Banking Association began publishing the Banker SA. The magazine included a variety of articles and editorials that commented on the developments in the banking industry. Although the Banker SA went out of print in 2018, it provided a platform for expressing the opinions of key players in the organisational field of banking on the matters affecting the banking industry during the period generally overlapping with the time frame of this study. The period 2007–2012 was named here as the “period of response to the financial crisis”.

During the period 2013–2018 the changes outlined in earlier years were implemented and the discourse, to a large extent, focused on the implementation of new policies and the debate about their (real and potential) effects. As of 2013, Basel III principles began to be introduced in South Africa. That necessitated some changes to the banking regulations which were issued in December 2012 to align the banking legislation with Basel III. As of 2013, these policies and interventions were further adjusted and debated. The Banks Act was amended accordingly to accommodate the implementation of Basel III. The National Treasury published a report on the implementation of Basel III in South Africa.

In 2014, the treasury further weighed in on the debate on protecting the customers of banks. The Treating Customers Fairly framework, based on the similar framework introduced in the UK, became available for public comment in 2014. In 2015 Banking Act was amended, presumably as a response to the collapse of the African Bank. In 2017 a new piece of legislation, which was the outcome of the policy direction outlined in the period of response, the Financial Sector Regulation Act (2017) was introduced, which brought the Twin Peaks approach to banking supervision. In 2018, the SARB published the Vision 2025 document, outlining the vision for a national payment system of which banks are a key element.

7.4 TWO DISCURSIVE STRANDS OF BANKING TRANSPARENCY DISCOURSE

The analysis identified two overlapping discursive strands, or sub-discourses, in the banking transparency discourse, namely transparency as a factor in achieving financial stability (*transparency for financial system stability*) and transparency of market conduct of bank (*market conduct transparency*).

7.4.1 Discursive strand: transparency for financial system stability

As explained by Rheindorf and Wodak (2018), discursive strands have some or all of the following characteristics: topic continuity, intertextual links and temporal proximity. In addition, discursive strands may be triggered by an initiating (real-life or discursive) event. The application of discursive strand characteristics to the discourse on transparency for achieving system stability, in the organisational field of banking, is summarised in Table 7-2.

Table 7-2 Key characteristic of discursive strand transparency as a factor in financial system's stability.

Characteristics of a discourse strand	Application to transparency discourse
Topic continuity	Financial stability of the system is regularly mentioned throughout the studied time period in the analysed documents
Intertextual links	The texts implicitly or explicitly refer to or respond to other significant texts: National Treasury policy mentions Basel III The regulations of 2012 echo King III principles of corporate conduct SARB 2013 explicitly refers to Basel III
Relative temporal proximity	2007 to 2018
An initiating event	Financial crisis 2007–2009

7.4.1.1 The impact of the financial crisis on the organisational field discourse

The studied policy documents (in particular those from the first few years after the crisis), explicitly mention the financial crisis as the main reason for the need to introduce changes in banking globally, and in South Africa. For instance, "A safer financial sector to serve South Africa better" (National Treasury, 2011), outlining the policy direction after the crisis, explicitly refers to the "lessons" from the financial crisis. "One of the key lessons from the financial crisis is the need to assess risks to the system as a whole" (National Treasury, 2011: D1:18). "While the recession is over, the crisis and the results of the crisis still linger" (National Treasury, 2011, D1:123). "The global financial crisis has demonstrated that an unstable financial system can have far-reaching negative consequences for the wider economy" (National Treasury, 2011, D1:12).

The excerpts above indicate that the financial crisis prompted a reflection on the nature of risks in the global financial system and became a triggering event for the development of new policies, in an attempt to prevent future financial crises. It is stated in several documents (e.g. Basel III; National Treasury, 2011; SARB, 2013; SARB, 2017) that the main objective of these new policies and subsequent regulations is to achieve financial stability. Therefore, it is pertinent to explain what is meant by financial stability. The SARB definition provides the following explanation of financial stability.

Financial stability refers to "a financial system that is resilient to systemic shocks, facilitates efficient financial intermediation and mitigates the macroeconomic costs of disruptions in such a way that confidence in the system is maintained" (SARB, 2017:D26:11).

The objective of achieving financial stability has been consistently mentioned throughout the studied period in the context of changes to the banking system, globally and in South Africa. "Recognising the need for coordinated international efforts to secure global financial and economic stability, we have committed to important obligations to try and prevent a similar crisis in the future" (National Treasury, 2011:D1:112).

The issue of preserving financial stability is a recurring theme, not only in the immediate period after the crisis but is also present in later documents. For example, in 2017 the SARB states: "Ensuring financial and by extension economic stability has been stated as a key objective of the policy" (SARB, 2017:D26:65).

Financial stability was to be achieved by introducing new laws, regulations and creating new regulatory bodies. Such actions overall increased the control of the government over financial institutions, including banks. It is noted that the documents do not explicitly refer to control, but rather use expressions such as *oversight* or *supervision*. These new rules and regulations indicate the turn in the relationships between the state and banks in South Africa in that, the state became more involved in banking regulation after the financial crisis. In the foreword to *Implementing the Twin Peaks model of financial regulation*, the National Treasury (2011) states:

> "The Financial Crisis has revealed that many financially related activities are not regulated, self-regulated or too lightly regulated and may pose systemic risks. They include, among others, money markets, private pools of capital, credit ratings agencies, stock exchanges, payment systems and disclosure and accounting standards" (National Treasury, 2011:D1:25).

The excerpts above indicate a slight shift away from the neoliberal economic perspective that gives precedence to the market regulations and generally supports a limited involvement of the state in the matters of business. The text explicitly states that the pre-crisis approach, which favoured self-regulation and relied on the market forces, has proved to be ineffective. The excerpts imply that banks alone cannot be relied on to maintain the soundness of the financial system. Therefore, external agents, such as the state, need to intervene.

7.4.1.2 Constructing transparency as a cause and a cure

The connection between financial stability and transparency is frequently indicated in the analysed documents, where it is argued that inadequate transparency in banking was one of the causes of the financial crisis. Developing connections between cause and effect within an organisational field, after high-impact events, legitimises new ideas (Munir, 2005). Basel III regulations, emphasise three areas for improvement: governance, risk management and transparency, in order to prevent next global financial meltdown. "[…] the reforms aim at improving financial system stability through the means of improving risk management, governance and banks' transparency and disclosures" (Basel III 2017, D19:2).

The idea of linking inadequate transparency to financial stability has also been accepted by the authorities in South Africa: "Specific legislation requiring tougher and different mechanisms may be necessary, including the adherence to higher standards of disclosure" (Financial Regulatory Reform Steering Committee, 2013: D27:14).

These statements firstly imply that the transparency of banks before the crisis was inadequate or deficient, and secondly they suggest that regulatory measures need to be taken to improve banking transparency. The idea that transparency needs improvement is consistently repeated in the studied documents (see 6.8). Consequently, the policy documents contain narratives about what and how banks should disclose to various stakeholders. Some of these suggestions are translated into specific regulations on the content and format of disclosure (see 7.13.2). The purpose of increased transparency, according to the view which dominates the discourse, is to improve the effectiveness of monitoring the performance and behaviour of banks as a way of preventing financial crises. "The goal is to improve the usefulness and relevance of financial reporting for stakeholders, including prudential regulators" (Basel III, 2017: D19:6).

In order to achieve the aim of monitoring the banking system better, to prevent future financial crises, the regulations and legislation, in addition to standard financial reporting, stipulate financial disclosure dimensions, uniquely applicable to banks (but not other types of business organisations). In particular, Basel III defines new standards for specific information that banks are required to disclose to the regulators and the public. The information in question refers to regulatory capital (i.e. capital required by regulatory rules). The banks need also to report on a conservation buffer designed to temper large dividends and pay-outs, in particular during economic downturns and a *countercyclical capital buffer*, which forces banks to hold additional capital during periods of prosperity when banks tend to engage in aggressive lending, which should reduce their appetite to lend.

In addition, there is a formal "leverage ratio, designed to limit the reliance on complex risk-based capital calculations" (Brits, 2012). The financial crisis also highlighted the need for the banks to be able to absorb financial shocks. In order to achieve this, Basel III introduced a new parameter, the *liquidity coverage ratio* designed through modelling consumer behaviour in times of crisis. The idea behind these financial indicators is that the bank, the regulator and the government need to have sufficient time to determine a course of action in the event of a run on a bank. Another new parameter is the *net stable funding ratio*, which aims to encourage banks to fund their long-term lending with fixed deposits of longer than one year (Brits, 2012).

From the perspective of this study, it is of less interest what these parameters mean or how they are calculated, but rather the fact that they reflect the changing views on what kind of information constitutes bank transparency. Relevant is also the reasons for these changes, as elucidated in the banking field discourse. For instance, the following passage implies that transparency improves market discipline. "To help improve the transparency of regulatory capital and improve market discipline, banks are required to disclose the following: a full reconciliation of all regulatory capital elements …" (Basel III, D18:21).

In line with the global guidelines of Basel III, new regulations affecting the disclosure by banks in South Africa were designed and implemented as of 2013. "Specific legislation requiring tougher and different mechanisms may be necessary for the financial sector, including adherence to higher standards of disclosure" (National Treasury, 2013: D22 13:15).

The list of regulators, i.e. stakeholders of banking transparency, expanded since the financial crisis and includes the bodies that existed before the crisis, such as the National Credit Regulator, and those that were introduced after the crisis, such as the Prudential Authority, and Financial Sector Conduct Authority, among others. All these bodies require that banks report different aspects of their activities to them. In the following passage, the aim of maintaining financial stability is reiterated. "With the focus of supervisors shifting to include macro-prudential supervision, additional reporting and emphasis on macro-prudential indicators is likely to result in additional metrics, focused on maintaining financial stability, which firms may need to consider" (Ernst & Young, 2017: D23:15).

One specific area in the discourse on banking transparency as a way of maintaining the stability of the financial system as a whole, is risk transparency. This dimension of banking transparency relates to identifying and managing specific risks faced by the banks. For instance, Basel III (2011) highlights the necessity to manage risks through risk monitoring, awareness and disclosure like this: “the reforms aim at improving financial system stability through the means of improving risk management, governance and banks’ transparency and disclosures” (Basel III, 2017: D19:2).

Below is the extraordinarily long list of specific risks that the banks need to assess and report on, according to the South African Bank Regulations (2012).

> “The conduct of the business of a bank entails the ongoing management of risks, which may arise from the bank's on-balance sheet or off-balance sheet activities and which may include, among others, the following types of risk: (a) capital risk; (b) compliance risk; (c) concentration risk; (d) counterparty risk; (e) country risk and transfer risk; (f) credit risk, and in particular risks arising from impaired or problem assets and the bank's related impairments, provisions or reserves; (g) currency risk; (h) detection and prevention of criminal activities; (i) equity risk arising from positions held in the bank's banking book; (j) interest-rate risk; (k) liquidity risk; (I) market risk (position risk) in respect of positions held in the bank's trading book; (m) operational risk; (n) reputational risk; (o) risk arising from exposure to a related person; (p) risk arising from the outsourcing of material tasks or functions; (q) risk arising from all relevant payment and settlement services, processes or systems; (r) risk relating to procyclicality; (s) risks arising from or related to inappropriate compensation practices for directors and executive officers; (t) risks related to securitisation or resecuritisation structures; (u) risks related to stress testing; (v) risks related to the inappropriate valuation of instruments, assets or liabilities; (w) solvency risk; (x) strategic risk; (y) technological risk; (z) translation risk; (aa) any other risk regarded as material by the bank” (BA 2012, 34:21).

While the definitions of these risks fall beyond the scope of this research, it is clear that transparency in terms of the risk management of banks has become an important dimension of banking transparency. According to the Banking Regulations (2012), banks are required to have “comprehensive risk-management processes, practices and procedures, and board approved policies to identify; to measure; to monitor; to control; to appropriately price; to appropriately mitigate and to appropriately communicate or report” [on risks]. (Bank Regulations, 2012: D34).

The banks and the Banking Association's participation in the transparency discourse is to a large extent about the analysis and commentary to new regulations and changing policy. This is evident from the articles in the Banker SA which often include comments on policy and new regulations. Such a debate on the systemic changes in the industry, from the institutional theory perspective, may indicate shifts in institutional logic. The following three quotes indicate this.

> "For banks, change management is a permanent and ongoing process, because regulation and compliance requirements are forever evolving in order to remain aligned with international trends" (Banker SA, 11 2014, D11:15);
>
> "… focus on four key areas where regulation, combined with other pressures, is forcing banks to make changes. These are structure; conduct and culture; data and reporting; and risk governance" (Banker SA, 9 2013, D9:27);
>
> "The initiative [TCF] encourages firms to re-evaluate their company culture and to foster the attitude of treating customers fairly" (National Treasury, 2011, D1:28).

The use of the expression *culture change* in relation to the industry-wide change can be interpreted as an expression of the need to change the dominant field logic, signifying the move from a purely market and profit focus, towards a more consumer-needs oriented focus. Although not explicitly stated, the reference to "other pressures", likely implies social, political and/or normative pressures that have been driving the changes in the banking industry after the financial crisis.

Generally, the banking industry seems to accept the change, because "… the face of banking has forever changed, and banks and regulators will have to continue to adapt to new regulations, new ways of doing business and the competitive environment" (Banker SA, 6 2013, 6:30).

However, in the submission to Parliament, the Banking Association (2017) expressed the view, which indicated that there was some resistance in the industry to reducing the autonomy of banks through increased regulation. In the submission, the Banking Association further evaluates the impact of the regulations that were introduced since the outbreak of the financial crisis. It uses the market-related arguments such as high costs, lower profitability and decreased competitiveness against the "burden" of regulations, all of which will affect the sustainability of the industry like this:

> “We appear before a number of portfolio committees challenging regulations that make it difficult for us to perform our mandate in a profitable, competitive and sustainable manner and to represent the interests of our depositors, shareholders and borrowers to reduce burdensome and costly regulation” (Banking Association, 2017, D17:9).

While the increased regulations are resisted by the banking industry, there was no evidence in the studied documents that banks specifically challenge any particular aspect of disclosure required by the regulations.

7.4.1.3 Standard financial disclosure by banks

Banks, like other businesses, have to comply with standard financial disclosure such as management accounts and financial statements. Financial information disclosure entails that a bank provides information on its financial performance for a specific period of time (e.g. quarterly or annually), which constitutes an established dimension of banking transparency. Financial disclosure takes the format of financial statements prepared in accordance with established standards of financial reporting, and management accounts, such as balance sheets, cash flow, and income statements. The regulations say:

> “A bank shall disclose in its annual financial statements and other disclosures to the public, reliable, relevant and timely qualitative and quantitative information that enable users of that information, among other things, to make an accurate assessment of the bank's financial condition” (Banking Regulations, 2012, D34:38).

Also: “the financial statements of a bank shall be prepared in conformity with financial reporting standards issued in terms of the Companies Act” (Bank Act, 2007, D15:30).

Unlike the new areas of reporting introduced after the financial crisis (such as new standards of liquidity and regulatory capital reporting), standard financial reporting is not deliberated in the documents beyond referring to an adherence to the standards of financial reporting “unless expressly otherwise provided in the Act or these Regulations, all the relevant prescribed returns shall be prepared in accordance with Financial Reporting Standards issued from time to time, with additional disclosure when required” (Banking Regulations 2012, D34:3).

Overall, financial disclosure is well established in banking practices, therefore there is not much debate about this dimension of banking transparency, presumably because, financial reporting has been an institutionalised and accepted organisational practice for decades. That does not mean that the reporting standards do not change. The financial crisis of 2007–2009 also affected financial reporting standards. However, these changes can be considered incremental rather than transformative.

> "As part of its reforms in response to the global Financial Crisis, the International Accounting Standards Board (IASB) replaced International Accounting Standard (IAS) 39, Financial Instruments: recognition and measurement with International Financial Reporting Standard (IFRS) 9, Financial Instruments in July 2014" (Financial Sector Regulations Act, 2017, D26:3).

7.4.1.4 Legitimation of banking transparency

Previous studies have shown that discourses are used to frame the issue or phenomenon in a certain way within organisational fields (Furnari, 2017). The call for greater transparency in banking is legitimised in the discourse, mainly through a variety of market and economic arguments. Transparency, according to the studied texts, leads to more efficient financial markets, more competition, market discipline and better integrity of the industry. A more stable, efficient, resilient and strong financial system, is frequently presented in the discourse as one of transparency outcomes. Sometimes the stability of the system is portrayed as a means to achieve other outcomes, for example, the economic growth of the country, as explained in these quotes.

> "Information transparency is aimed at eliminating inefficiencies and decreasing risks across the industry" (SARB, 2018, D33:23).

> "A strong and resilient banking system is the foundation for sustainable economic growth, as banks are at the centre of the credit intermediation process between savers and investors" (Basel III, D18:47).

> "Connected to financial market efficiency is the need for the market conduct regulator to ensure transparency, particularly with regard to trade information" (Financial Regulatory Reform Steering Committee, 2013, D27:58).

Furthermore, the appeal to a greater social good, such as the effect on the economy and public finances, is also given as a reason for further regulation, alongside the argument for improving the financial system as a whole. “A Financial Crisis can impose considerable economic costs in lost output and through a substantial deterioration in public finances. In such cases, the government may need to intervene” (Financial Regulatory Reform Steering Committee, 2013, D27:23).

Similar views, aligned with market logic, are expressed in SARB Vision 2025, published in 2018. Again, arguments associated with market logic such as industry innovation, efficiency, risk reduction and increased competition appear in the texts along with the concept of transparency.

> “Information transparency is aimed at eliminating inefficiencies and decreasing risks across the industry” (SARB, 2018, D33:23).
>
> “The goals that guide the vision tend to focus on high-level issues such as competition, innovation, transparency, preparing for future changes in the economy, and system stability” (SARB 2018, D33:5).

Naturally, arguments used in discourses are not removed from the ideological stance represented by those who participate in the discourse (Bennett 2015). Hence, key capitalist concepts such as *competition* and *market efficiency* are presented in the banking transparency discourse as undisputedly positive outcomes of transparency.

6.4.2 Discursive strand: market conduct transparency

The second discursive strand in banking transparency focuses on the transparency of banks towards consumers. In the organisational field of banking, the term *market conduct* transparency is often used to denote issues related to transparency towards customers. As with *the transparency for the banking system stability* discursive strand, both the implications of inadequate transparency and the effects of improved transparency are present in the texts. At the same time, a wide debate began about what information should be provided by the banks to customers. Although overlapping with the transparency for achieving the financial system stability discursive strand, the market conduct transparency discursive strand has some distinctive characteristics that define it as a separate discursive strand. The main characteristics of the discursive strand *market conduct transparency* are summarised in Table 7-3.

Table 7-3 Key characteristics of the discursive strand: market conduct transparency

Characteristics of a discourse strand	**Application to market conduct transparency discursive strand**
Topic continuity	The need for changes to how banks treat customers is regularly mentioned in the analysed documents
Intertextual links	The texts implicitly or explicitly refer to or respond to other significant texts: National Treasury, 2011; National Treasury, 2014; to Jali Report The regulations of 2012 echo King III reports principles The Code of Banking Practice is a response to Jali Report
Relative temporal proximity	2007 to 2018
An initiating event	The Competition Commission Banking Enquiry

7.4.2.1 Improving market conduct transparency

The Jali Report (2008) outlines numerous negative aspects of the market conduct of banks which resulted in poor treatment of the South African consumers. The report suggested that South African banks (the more powerful party), routinely took advantage of the imbalance of power in their relationships with customers. The new policy of the government on banking can be seen as a series of steps aimed at re-balancing the power relationship between banks and customers.

Referring to the findings of the Competition Commission, as expressed in the Jali Report (2008), "A Safer Financial Sector To Serve South Africa Better" (National Treasury, 2011), the policy document outlined a new policy direction in terms of the practices of banks towards consumers. The customer treatment issues were further outlined in the document called Treating Customers Fairly (2014) framework, modelled on a similar document published in the UK. One of the outcomes of the new government policy, no doubt influenced by the international trends, was the introduction of the Twin Peaks banking supervision, where a separate body overseeing market conduct, was established (The Financial Sector Conduct Authority), in addition to a prudential supervisory body located within the SARB, the Prudential Authority.

> "The twin peaks approach is regarded as the optimal means of ensuring that transparency, market integrity, and consumer protection receive sufficient priority, and given South Africa's historical neglect of market conduct regulation, a dedicated regulator responsible for consumer protection, and not automatically presumed to be subservient to prudential concerns, is probably the most appropriate way to address this issue" (National Treasury, 2011, D1:22).

Consequently, in the Treating Customers Fairly framework (2014), transparency is highlighted as an important measure in consumer protection.

> "The new regulatory powers proposed in the FSR Bill are an important development towards enabling the FSCA to achieve the comprehensive consumer protection framework described in this document. To complement these strengthened regulatory powers, the various accountability measures proposed for the FSCA in the FSR Bill – including measures relating to Parliamentary and National Treasury reporting, transparency and consultation, and appeals and reviews – provide important checks and balances" (Treating Customers Fairly, 2014, D32:32).

The Competition Commission Report (2008) specifically identified the lack of transparency towards consumers as a factor that perpetuates the imbalance of power between consumers and banks as an issue requiring intervention. Among the issues, which needed resolving through increased transparency concerning the market conduct of banks, are the various aspects of product and service transparency.

> "The complexity of products and prices (combined with inadequate transparency and disclosure), the cost and difficulty for consumers in switching banks, and the reluctance of the major banks to engage in vigorous price competition with each other that could "spoil" the market for them in the long term – all contribute to producing a situation where the prices charged to consumers for transactional accounts and payment services are probably (although with some exceptions) well above the level that effective competition would allow" (Competition Commission, 2008, D21:9).

Other aspects of consumer transparency in the organisational field of banking discourse include the opacity of fees and charges, interest rate calculations and credit related information.

A lack of transparency about banking products is presented as an economic factor (limiting competition), in that the confusing product information prevents consumers from making informed choices about products. In addition, inadequate and confusing information limits consumer choices, for instance by discouraging customers from switching their accounts or banks. Another dimension of consumer transparency relates to ways, in which customers can lodge complaints and the transparency of the manner in which banks handle the complaints. Thus the consumer transparency dimension refers to a number of specific issues affecting the relationships of banks with their customers.

The issues specifically related to the treatment of consumers that require more transparency are summarised in Table 7.4. The codes referring to *transparency towards consumers* can be found in the ATLAS.ti 8 generated network in Appendix 3.

Table 7-4 Issues comprising consumer transparency identified in the organisational field discourse

Issues related to product and service transparency category:	**Example of text**
Product and service information	"The current financial sector environment has abundant and increasingly complex product offerings. This [….], implies that enhanced financial understanding and awareness by consumers is essential" (National Treasury, 2011, D1:36). "Disclosure rules, interventions aimed at ensuring product suitability and other consumer protection and redress mechanisms help protect customers against the risk of inappropriate decisions" (Financial Regulatory Reform Steering Committee 2013, D27:18).
Terms and conditions	"Require provision of a standardized shortform disclosure document to summarize key product features, pricing, and terms and conditions "(National Treasury, 2018, D31: 12).
Fees and charges	"Transparency about fees, charges and guidance on how to avoid them are consistently one of the biggest issues for banks across the globe to tackle" (Banker SA, 9 2013, D9:8) "The sector is characterised by high and opaque fees, and needs to be more transparent, competitive and cost effective." (National Treasury, 2011, D1:2).

Interest calculation transparency	“Establish standards for disclosing and explaining interest rates and calculation of interest on fixed deposits in a simplified manner” (National Treasury, 2018, D31:12).
Complaint resolution transparency	“International best practice in consumer protection requires the financial sector to provide consumers with speedy and affordable redress to address complaints and resolve disputes. South Africa has in its ombud schemes […]. Such schemes, whether statutory, recognised or voluntary, should align with best practice standards such as independence, impartiality, confidentiality, transparency, clarity of purpose and effectiveness” (National Treasury 2011, D1:35). “Recommended disclosure requirements should require banks to disclose clearly the contact information and basic processes for internal and external complaints handling mechanisms” (National Treasury, 2018, D31: 20).
Electronic banking transparency	“The role of consumer education in boosting awareness as well as trust in electronic payment systems is crucial, and the SARB will work with other authorities to actively support industry efforts aimed at educating South Africans on payment products and services in a fair and transparent manner” (SARB, 2018, D33:36). “Information on electronic banking services including the special requirements and precautions which we expect of you if you bank electronically.” (Code of Banking Practice, 2012, D20:48).
Debt recovery conditions	“If your bank refers your account for legal action, your bank will advise you in writing of the process and the additional cost implications” (Code of Banking Practice, 2012, D20:72).
Consumer education	“…the SARB will work with other authorities to actively support industry efforts aimed at educating South Africans on payment products and services in a fair and transparent manner” (SARB, 2018, D33:36).
Accountability	“Customers are looking for assurance that the new regulatory framework will lead to more appropriate products and services, sold in a more transparent manner, with better accountability by financial institutions should they suffer unfair treatment” (Treating Customers Fairly, 2014, D32:104).

The Banking Association explicitly links the introduction of the new Code of Banking Practice (2012) as a response to findings of the banking enquiry of the Competition Commission in the following ways:

> "The Banking Association of South Africa completed a significant review of the Code to account for changes in regulation and to respond to recommendations made by the 2008 Jali Enquiry […]"(Banker SA, 1 2012, D3:23).

> "The revised Code has specific provisions to respond to the Jali Banking Enquiry with regard to certain banking matters, the Consumer Protection Act of 2008 (CPA) and the National Credit Act of 2005 (NCA)" (Banker SA 2012 1, D3:31).

However, economic arguments are not the only ones used to advocate for more transparency towards consumers. Matters related to the legitimacy of banks, such as the state of the relationship between banks and consumers, and consumer trust are also raised in the studied texts. The Code of Banking Practice (2012) states in the introduction that the transparency of banks needs to be enhanced in order to improve the relationship between the banks and their consumers and to build trust in the banking system as a whole. Trust or confidence in the system is an outcome highlighted in several documents.

Financial stability refers to "a financial system that is resilient to systemic shocks, facilitates efficient financial intermediation and mitigates the macroeconomic costs of disruptions in such a way that confidence in the system is maintained" (SARB 2017: D26:11). Other aspects are:

> "This Code has been developed to: […] 2.2 increase transparency so that you can have a better understanding of what you can reasonably expect of the products and services; 2.3 promote a fair and open relationship between you and your bank; and 2.4 foster confidence in the banking system". (Code of Banking Practice, 2012, 20: 2);

> "However, given the regulators' overarching transparency principle, non-disclosure should be the exception rather than the rule, so that the deterrent factor of enforcement is not blunted. The reputational consequences of public disclosure should be an effective deterrent to unfair customer treatment" (Financial Regulatory Reform Steering Committee, 2013, D27:77).

Despite the commitment of banks to be more transparent, espoused in the Code of Banking Practice which was developed by the Banking Association in the immediate aftermath of the financial crisis, the issues of banks transparency and consumer treatment by banks are not fully resolved. This is supported by the fact that ten years after the publication of the Jali Report (2008), the debate of how to ensure that banks practice meaningful transparency about matters affecting the consumers continues (Table 7.4).

> "The services offered to middle and low income South Africans must be guided by simplicity, comparability, transparency accessibility and competitive costs" (SARB, 2018, D32:2).

> "…current financial sector environment has abundant and increasingly complex product offerings. This [….], implies that enhanced financial understanding and awareness by consumers is essential" (NT, 2011, 1:36).

7.4.2.2 Consumer education and transparency

Another issue related to market conduct transparency, unique to the banking industry, is the matter of consumer education (Financial Service Code, 2012; National Treasury, 2011; Treating Customer Fairly, 2014). On the one hand, consumer education is positioned as a way of reducing information asymmetry between banks and their consumers (and consequently reducing power imbalances). Greater transparency would make consumers better informed about their choices and being able to make more informed financial decisions "Improved consumer financial education reduces information asymmetry" (National Treasury, 2011, D1:36).

On the other hand, the responsibility of banks with reference to consumer education is also positioned as an essential element of transformation in the South African financial sector. "Consumer education will include programmes that are aimed at empowering consumers with the knowledge to enable them to make more informed decisions about their finances and lifestyles" (Financial Service Code, 2012, D24:8).

Although numerous changes to the market conduct rules were introduced during the decade after the financial crisis, the effectiveness and nature of bank transparency towards consumers remain ongoing themes in the transparency discourse. While in the initial period after the Competition Commission Report (2008) was issued, transparency was presented as the panacea for the unjust treatment of bank customers. In the later years, it was suggested that transparency towards consumers, as currently practised, is not a sufficient intervention to ensure fair consumer treatment. The SARB (2018) in the Vision 2025 implies that transparency alone, without deeper changes in banking, is not a sufficient condition to change the market conduct of banks.

> "Some issues, like those pertaining to costs and charges between product providers, intermediaries and customers, may require structural intervention in the market to correct the underlying causes of poor customer outcomes, as problems may not be resolved merely by achieving greater transparency, through more disclosure" (SARB, 2018, D33:12);
>
> "The intention is to bring greater transparency to the financial system by obtaining insight into the natural persons who interact with financial and other institutions" (Banker SA, 20 2017, D14:1);
>
> "Product and service information require the provision of a standardized shortform disclosure document to summarize key product features, pricing, and terms and conditions" (National Treasury, 2018, D31:12).

The above passages support what a number of communication scholars (Christensen & Cheney, 2015; Christensen & Cornelissen, 2015b; Flyverbom, 2015) previously highlighted, that transparency should not be interpreted as simply making information available to stakeholders. The excerpts above indicate that as long as banks select, package and provide information about products, purely in order to satisfy regulatory requirements without considering the needs of the customers, the expected outcomes of transparency will not be achieved. Hence, the National Treasury (2018) suggestion that a standardised simplified form of such disclosure should be developed. In the context of market conduct transparency, without engaging with consumers and an in-depth grasp of their information needs and prior knowledge, the banks cannot achieve the desired level of transparency, and consequently, the intended outcomes associated with it.

7.4.2.3 Transparency, social justice and a better society

Transparency in the organisational field of banking discourse is constructed in relation to broader socio-economic outcomes, such as social development, growth of social and economic capital and better social wellbeing for everyone. This is perhaps a sign of a shift from a pure market perspective on the role of banks to a more sustainable view of the purpose of banks as contributors to society. Furthermore, specific issues related to the key social discourse in South Africa, such as poverty and inequality, are also highlighted in the discourse. For instance, a Banker SA (2013) article states the following about the effects of transparency: “It is expected that South Africans will be better equipped to improve their lives, through investing and creating wealth, and avoiding poverty traps” (Banker SA, 8 2013, D8:3).

Transparency, or lack thereof, especially within the transparency of market conduct discursive strand, has been also positioned within a social justice frame, in particular when it comes to indicating the consumer–bank relationship. Firstly, transparency is framed as an antidote to information asymmetry. “Asymmetry of information between financial services consumers and financial institutions makes consumers vulnerable to exploitation” (Financial Regulatory Reform Steering Committee, 2013, D27:49).

Information asymmetry is a phenomenon that implies inequality, and as such is undesirable. It can be discerned from the analysed documents that a more egalitarian approach by banks to all customers is currently favoured in the discourse. Although emotional appeals are rare in the organisational field of banking discourse, occasionally quite direct language is used in the documents. References to *exploitation* and *market abuses* link the absence of transparency to negative connotations with inequality and injustice. “[T]here is a need to develop rigorous market conduct regulations for the financial sector in order to deal with possible market abuses and ensure adequate consumer/investor protection” (Financial Regulatory Reform Steering Committee 2013, D27:14).

The topic of financial inclusion is another example of how the discourse on transparency is connected to other, societal level discourses, such as the discourse about creating a more equitable and prosperous society in South Africa. In fact, it is argued that transparency is one of the factors that contribute to financial inclusion. Financial inclusion is mostly present in the market conduct discursive stream. The concept of financial inclusion is also present in the discursive spaces where corporate transparency discourse overlaps with the discourses of corporate governance and the transformation of the South African economy and society.

The expression 'financial inclusion' carries positive connotations associated with fairness and social justice. As such, the merits of financial inclusion have been hardly contested within the discourse. Furthermore, the implications of financial inclusion go beyond the impact on individual consumers. Financial inclusion is presented as consequential to the whole society. For example, the National Treasury (2011) states: "Sustainable and inclusive economic growth and development will be aided by improving access to financial services for the poor, vulnerable and those in rural communities" (National Treasury, 2011, D1:89).

7.5 MIXING TRANSPARENCY DISCOURSE WITH OTHER DISCOURSES

The transparency discourse, which is at the centre of this investigation, is hardly a standalone discourse in the organisational field of banking. As the previously discussed examples of texts illustrate, transparency discourse intertwines with other discourses, of which the most prominent are the discourse on the nature of the global banking system, the discourse of corporate governance, the discourse of transformation in South African society and economy, as well as the discourse of organisational change in banking. These connections of a particular discourse to other discourses are referred to as *interdiscoursivity*. Interdiscoursivity according to Grewal (2008), may include references to other reports, jargon, buzzwords and academic theories which are related to issues discussed in the texts.

7.5.1 Connection between transparency and corporate governance discourse

The close connection between transparency discourse and governance discourse was highlighted by previous research (e.g. Wehmeier & Razz, 2012). Furthermore, the financial crisis influenced the perspectives on the state of corporate governance in South Africa and worldwide (King III, 2009). King IV Report (2016) argues that the context for organisations operating in the current environment requires a new approach, a "paradigm shift" to corporate governance:

> "Certain concepts form the foundation stones of King IV […] are: ethical leadership, the organisation in society, corporate citizenship, sustainable development, stakeholder inclusivity, integrated thinking and integrated reporting. These concepts are relevant to three connected paradigm shifts in the corporate world" (King IV, D28:6).

In particular, King IV (2016) links prevailing social expectations about transparency (such as radical transparency), with the practice of corporate reporting as one of the forms of corporate transparency: "We live in an era of radical transparency, which is prompting a rethink on corporate reporting". (King IV, D28:8)

As new rules of governance develop, banks are not only required to follow them but also are expected to be transparent about the various specific dimensions of governance. Issues such as the appointment of directors, board composition, and executive remuneration, risk management and other aspects have to be disclosed to the regulators and the public. Therefore, providing information to the public on how banks enact corporate governance is an important content dimension of banking transparency. These requirements became institutionalised through new regulations. The example of the changes that occurred after the financial crisis and shortly after King III Report came into effect, can be found in Banking Regulations of 2012 which contain an extensive chapter (more than 100 pages) entitled 'Governance'. In the chapter, there is a specific subsection devoted to public disclosure. In contrast, the Banks Act as amended in 2007, has only 10 pages dedicated to governance matters and contains no mentions of public disclosure.

The section of the Banking Regulations (2012) has the following subsections:

- Guidelines relating to the conduct of directors;
- Composition of the board of directors of a bank or controlling company;
- Statement relating to attributes of serving or prospective directors or executive officers;
- Public disclosure, financial statements, audit reports, internal audit and financial fraud.

The last subsection of regulations illustrates expectations that banks should disclose more information, not only to the regulators but also to the general public. This is demonstrated by the increased usage of the expression of *public disclosure* in the analysed documents. In particular, the inclusion of the terms *public disclosure*, *disclose to the public* and related terms in the regulations and legal acts indicates a turn towards institutionalisation of public transparency. In the analysed quotations from the regulatory documents, the expression *public disclosure* appeared 22 times in the documents from the period 2007–2012, while in the documents from 2013–2018 *public disclosure* was explicitly mentioned 38 times.

In contrast, in the earlier regulatory documents (e.g. in the original Banks Act of 1990) *public disclosure* was not mentioned at all. Increased attention to the disclosure of information to the public, as expressed in the studied documents may also be a reflection of the diffusion of governance throughout the banking field, which further supports the argument of interdiscoursivity within the banking transparency discourse.

Another example of interdiscoursivity between the discourse of governance and transparency is the discursive link between accountability towards stakeholders and transparency present in several texts. For example, the Code of Banking Practice (2012) lists both accountability and transparency as principles guiding the behaviour of banks' in their relationships with their customers: "Our relationship with you will be guided by four key principles, namely fairness, transparency, accountability and reliability" (CoBP, 2012, D20:1).Accountability can be also associated with mutuality, whereby transparent organisations are "rewarded" by achieving trust and legitimacy among stakeholders.

Table 7-5 provides examples of interdiscursivity and intertextuality of governance discourse and banking transparency discourse.

Table 7-5 The disclosure areas associated with corporate governance

Area	**Example of text in King Codes**	**Indicative quotations from the organisational banking specific documents**
Risks	"In addition, the following should be disclosed in relation to risk: a. An overview of the arrangements for governing and managing risk. b. Key areas of focus during the reporting period, including objectives, the key risks that the organisation faces, as well as undue, unexpected or unusual risks and risks taken outside of risk tolerance levels. c. Actions taken to monitor the effectiveness of risk management and how the outcomes were addressed" (King IV, 28:124)	"a bank shall disclose in its annual financial statements and other disclosures to the public, reliable, relevant and timely qualitative and quantitative information that enable users of that information, among other things, to make an accurate assessment of the bank's financial condition, including, but not limited to, its capital adequacy position and its liquidity position, financial performance, its leverage ratio, ownership, governance, business activities, risk profile and risk management practices" (Bank Act Amendment 2016, D2:10) "As a consequence, bank boards and senior executives must diligently consider their unique risks" (Banker SA, 9 2012, D3:9)

The role of the governing body	"Leaders should rise to the challenges of modern governance. Such leadership is characterised by the ethical values of responsibility, accountability, fairness and transparency and based on moral duties that find expression in the concept of Ubuntu" (King III, 29:5) "The governing body steers and sets the direction of the organisation, approves policy and planning, oversees and monitors management and then, finally, provides for accountability on organisational performance through, among others, reporting and disclosure" (King IV, D 28: 51)	"the minimum required publicly disclosed information, amongst other things, shall be consistent with the manner in which the board of directors and the senior management of the bank assess and manage the bank's risk exposures" (Banking Regulations, 2012, D34: 46)
Explicit mention of public disclosure	"Complete, timely, relevant, accurate, honest and accessible information should be provided by the company to its stakeholders whilst having regard to legal and strategic considerations" (King III 29:29).	the bank shall on a regular basis, but not less frequently than- (f) (I) once a year disclose to the public qualitative information in respect of the bank's risk management objectives and policies, reporting system and general definitions; (ii) once a year disclose to the public the relevant required qualitative and quantitative information related to remuneration, specified in subregulation (2) (Bank regulations 2012, D34: 47)
Accountability	"Good governance is essentially about effective leadership. […] Such leadership is characterised by the ethical values of responsibility, accountability, fairness and transparency and based on moral duties that find expression in the concept of Ubuntu" (King III, D29: 5) "Ethical leadership is exemplified by integrity, competence, responsibility, accountability, fairness and transparency" (King IV, D28:32).	"The foundations of any ombud system are independence, accessibility, transparency, accountability, integrity, clarity of purpose and effectiveness" (Financial Regulatory Reform Steering Committee 2013, D 27: 54) To complement these strengthened regulatory powers, the various accountability measures proposed for the FSCA in the FSR Bill, including measures relating to Parliamentary and National Treasury reporting, transparency and consultation, and appeals and reviews, provide important checks and balances" (Treating Customers Fairly, 2014: 32:32).
Integrated reporting	"By issuing integrated reports, a company increases the trust and confidence of its stakeholders and the legitimacy of its operations" (King III, 29:14).	"The benefits to organisations that embark on Integrated Reporting initiatives are enormous, the reports provide overall clarity" (Banker SA, 7 2013, 7:3)

Interdiscoursivity also involves incorporating theories that originated in other discourses. For example, the "theorising" contribution of King IV as discursive text, can be illustrated by the use of Bourdieu-inspired concept of *social capital*. According to Ocasio et al. (2015:42), theorising serves as sense-giving and it generates abstract understanding and motivation for system-level practices. King IV applies the concept of capital to highlight the intertwined nature of organisational activity, which requires the application of financial, manufactured, intellectual, human, and social and relational, and natural capital. The concept of interconnectedness translates into the "correct" way of reporting on organisational performance, i.e. through integrated reporting.

7.5.2 Linking transparency with transformation discourse

Transparency about transformation is unique to the South African dimension of banking transparency. Positioned within the overall transformation of South African society and economy discourse, this dimension has to do with disclosure of changes in banking on matters related to transformation. The key issues of transformation in banking are outlined in the Financial Sector Code adopted in 2012. The Code refers to the following areas of transformation as outlined in the BBBEE Act (2003): ownership, management control, employment equity, skills development, preferential procurement, empowerment financing, and enterprise development. These elements apply to all industries. In addition, due to the particular role of financial services in the economy, specific categories namely socio-economic development and access to financial services have been included in the Financial Sector Code (2012), which differentiate the FSC from other sectoral codes. The latter two facets of transformation, socio-economic development and access to financial services, refer to banks actively working towards widening access to financial services for all strata of society and increasing the access to financial services for small and medium enterprises.

Banks are regularly required to report on their transformation effort and, in particular, they are obliged to inform the Financial Sector Council about their progress in implementation of the provision of the Code: "Each financial institution will report annually to the Financial Sector Council on its progress in implementing the provisions of this Financial Sector Code" (Financial Sector Code, 2012, D24: 6).

The transformation dimension of transparency is intertwined with other discourses such as the discourse on the stability of the banking system. “Equally, the financial stability and soundness of the financial sector and its capacity to facilitate domestic and international commerce is central to the successful implementation of B-BBEE” (Financial Sector Code 2012, D24:54).While the banking industry has arguably accepted the need for transformation, presumably because stating the opposite would be politically incorrect and difficult to legitimise, considering the South African history and socio-economic circumstances, subtle industry voices use the difficult economic conditions as an extenuating circumstance to buffer any possible claims that the transformation progress in banking is inadequate. “Transformation is difficult under the best conditions and becomes even harder when there is a general underperformance in the economy and the political environment is volatile” (Banking Association, 2017, D17:12).

Another view occasionally present in the Banker SA articles was that the stringent controls and risk aversion by banks as a result of regulatory changes introduced after the financial crisis may reduce the access to banking by new businesses, such as small enterprises and new (formerly unbankable) customers, and increase the cost of banking services to consumers. Commenting on the new regulations the articles in the Banker SA argue:

> “The financial services industry could argue that the TCF regulations are forcing them to take more risks and price products accordingly” (Banker SA, 2 2012, 4:12).
>
> “For the next few years we will be challenged with regulations, and I think at some point we will have to stop and assess whether the regulations have impeded economic recovery or have slowed down the transformation agenda of the country” (Banker SA, 6 2013, 6: 11).

However, overall, the view that changes in banking will hamper the transformation does not feature prominently in the discourse.

7.5.3 Transparency and systemic industry change discourse

In the context of the two main discourse streams: transparency for the financial system stability, and transparency of the market conduct, and their intersection with other dominant discourses, it becomes clear that a systemic change in the banking industry is another powerful discursive strand with links to the banking transparency discourse. Arguably, transparency discourse is a reflection of deeper organisational field level change taking place. Firstly, there seems to be a realisation within the banking industry that some entrenched banking practices need to be questioned as indicated in the passages from the Banker SA articles.

> "When we look at our current banking landscape, it is evident that certain elements have not changed much over the last 20 years" (Banker SA, 9 2014, D9:18).

> "Much banking practice historically has been 'product push' – focused on the desire to sell rather than a more thoughtful view of what would best suit the needs of the customer. This has led in retail banking to the various mis-selling disasters of recent years, and in wholesale markets to the significant and widespread market abuse issues" (Banker SA, 9 2014, D9:36).

And at the same time, there is an acknowledgement that banks are going through an ongoing change process, especially after the financial crisis.

> "For banks, change management is a permanent and ongoing process, because regulation and compliance requirements are forever evolving" (Banker SA, 11 2014, D11: 15);

> "[…] focus on four key areas where regulation, combined with other pressures, is forcing banks to make changes. These are structure; conduct and culture; data and reporting; and risk governance" (Banker SA 9 2014, D9:27).

7.5.4 Cross-field transparency in banking

Generally, in the academic literature, organisational transparency is viewed from the perspective of the obligation of individual banks to provide specific information to the external stakeholders. Head (2006) calls this vertical transparency, which is associated with accountability to various agents: the state, regulators or customers. This type of transparency can also be referred to as outward transparency, i.e. the banks are expected to disclose certain information to the external stakeholders. The discourse in the organisational field of banking in South Africa suggests increasing concern with transparency not only of the individual banking organisations but of the industry as a whole, thus signalling a collective responsibility for transparency by the whole organisational field. “As utilities that affect the lives of all South Africans, payment systems must be transparent and system participants must be accountable to the wider public” (SARB 2018, D33:18).

7.6 INTERTEXTUALITY IN TRANSPARENCY DISCOURSE

One of the characteristics of the banking transparency discourse in the organisational field of banking is intertextuality. Intertextuality takes different forms and may involve direct quotes from other texts, references to other texts or ideas, conceptual or legal references, as well as indirect allusions to other texts. The references can be both explicit and implicit (Grewal, 2008:107). In the studied documents, there is ample evidence of texts referring to other texts. For instance, the policy document of the National Treasury (2011) refers explicitly to the Jali Report (2008), and so does the Treating Customers Fairly framework (2014). The very creation of the new Code of Banking Practice is a banking industry response to *A Safer financial sector to serve South Africa better* (National Treasury, 2011) and the Jali Report (2008), both of which argued for the need to revisit how banks treat their customers. Table 7-6 contains some examples of intertextual links between different documents in the sample. Not surprisingly, Basel III is the most frequently referenced document in other analysed documents.

Table 7-6 Examples of intertextuality in the studied documents

Document number as per ATLAS.ti 8 file	Reference to other texts from the sample
D1 National Treasury (2011)	Basel III, Treating Customers Fairly (2014), Jali Report (2008)
D2 Bank Act Amendment (2016)	Basel III,
D3 Banker SA 01 (2012)	Basel III, King III
D4 Banker SA 02 (2012)	Treating Customers Fairly (2014)
D5 Banker SA 03 (2012)	Basel III, King III
D6 Banker SA 06 (2013)	Basel III 2011, CPA (2008), NCA (2005), Code of Banking Practice (2012), Financial Service Code (2012)
D7 Banker SA 07 (2013)	Basel III
D8 Banker SA 08 (2013)	Basel III,
D9 Banker SA 09 (2014)	Basel III, Treating Customers Fairly (2014)
D10 Banker SA 10 (2014)	Basel III,
D11 Banker SA 11 (2014)	King III
D12 Banker SA 12 (2015)	Basel III,
D13 Banker SA 14 (2015)	Basel III
D16 Banks Act Amendment (2015) (liquidity risk)	King III
D17 Banking Association (2017) (Report on transformation in the financial sector)	Basel III, NCA (2005), Financial Service Code (2012)
D19 Basel III, 2017 (Finalising post-crisis reforms)	Basel III
D21 Competition Commission Banking Enquiry (2008) (Jali Report)	Financial Sector Regulations Act, King IV
D23 Ernst and Young (2017)	Treating Customers Fairly (2014), Financial Sector Regulations Act
D25 Financial Sector Regulation Act (2017)	King IV
D26 SARB (2017)	Basel III
D27 Financial Regulatory Reform Steering Committee (2013)	Treating Customers Fairly (2014), National Treasury (2011)
D31 National Treasury (2018)	Jali Report, Treating Customers Fairly (2014)
D32 Treating Customers Fairly (2014)	Basel III, Jali Report (2008)
D33 SARB (2018) (Vision 2025)	Financial Sector Regulations Act (2017), King IV

7.7 COMMUNICATION PRACTICES ASSOCIATED WITH TRANSPARENCY

The studied documents outline numerous recommendations and requirements on how banks should implement transparency in practice, by suggesting, or even prescribing, the disclosure media, postulating or imposing genres of disclosure and even specifying the frequency of disclosure. In some cases, the regulations stipulate that public disclosure has to be made available in writing, on websites or through social media platforms.

For instance, some documents specify that the information should be provided in writing, placed on websites or being made available through the choice of media of the bank, as in the quotations below (the researcher's emphasis).

> "The bank shall make available on its website an archive of all the relevant required templates relating to reporting periods after the implementation of any relevant specified disclosure requirement" (Banking Act Amendment 2016, 2:24);

> "The required information shall be included either in the bank's published financial statements or, as a minimum, the published financial statements shall provide a direct link to the completed disclosure on the bank's website; (B) the bank shall make available on its website an archive of all the relevant required templates relating to reporting". (Banking Act Amendment 2016, 2:30);

> "The governing body should oversee that the following information is published on the organisation's website, or on other platforms or through other media as is appropriate for access by stakeholders" (King IV, D28:101).

In some instances, the reporting frequency is mentioned, e.g. annual, monthly or quarterly. Prescribed genres (e.g. annual reports, press releases or templates) are also an example of institutionalised transparency practices.

Based on the studied text, the most frequently mentioned format of disclosure is reporting. Notably, the words reporting and report referring to various aspects of bank activity, appear over 1700 times in Banking Regulations 2012 alone. Furthermore, reporting by banks, became more standardised. As previously highlighted by Basel III, the lack of standardisation made the reports difficult to compare and thus made monitoring the whole financial system more difficult. Various mentions of reporting are in particular evident within the transparency for the system stability discursive steam. Within the market conduct discursive strand, transparency has mainly to do with different dimensions or product.

7.8 VOCABULARIES OF TRANSPARENCY

Discourse studies pay attention to the language, because of the assumptions that language shapes meaning. Rheindorf and Wodak (2018:15) stress that control over the terminology used in the discourse translates into the control of meaning. Thus it can be assumed that words and phrases used in conjunction with transparency and related constructs, facilitate understanding of the meanings of transparency that emerge from the discourse. Furthermore, in the context of institutions, language reflects normative boundaries, delineating acceptable and unacceptable behaviours (Scott, 2014:58) and influences regulations pertaining to organisational behaviour.

Language also frames the issues in a particular way and the framing of the issues in the organisational discourses has consequences for organisational practices. For example, if transparency is consistently framed in a positive light, this puts pressure on banks to be more transparent. The results of this study indicate that words and expressions frequently used in association with transparency, represent multiple meanings of transparency present in the banking discourse (Table 7-7).

The word 'transparency' is used explicitly as a normative or moral principle which guides the actors in the organisational field or an ideal to which the actors should aspire to as shown in texts quoted in table. Transparency in this context is referred to as a high level or overarching principle. Transparency is also used in the more concrete meaning in the context of transparent practices, systems, processes and standards in the organisational field of banking. The third meaning is the achievement of transparency as a goal in its own right. Transparency is also presented as a means to achieve other goals, such as fairness or accountability. On the least abstract level, transparency refers to specific forms of communication with stakeholders, including practices such as posting specific information on websites, producing integrated reports or issuing press releases.

Table 7-7 The multiple meanings of transparency in banking discourse

The meaning of transparency in banking discourse	ATLAS.ti 8 document
A higher normative principle or value	
given the regulators' overarching transparency principle	D27:77
overarching corporate governance principles of fairness, accountability, responsibility and transparency	D29:3
ethical leadership is exemplified by integrity, competence, responsibility, accountability, fairness and transparency	D28:33
the goals that guide the vision tend to focus on high-level issues such as competition, innovation, transparency, preparing for future changes in the economy, and system stability	D33:5
examples of ethical values are integrity, respect, honesty (truthfulness), responsibility, accountability, fairness, transparency, and loyalty	D29:54
A standard for organisational actions	
best practice standards such as independence, impartiality, confidentiality, transparency, clarity of purpose and effectiveness	D1:22
conduct that is transparent, prudent, and dependable	D4:8
promotion of fair, transparent and responsible banking practices	D6:1
fair and transparent process	D25:3
the ombud scheme will align with best practice standards such as independence, impartiality, confidentiality, transparency, clarity of purpose, and effectiveness	D8:6
the services offered to middle- and low-income South Africans must be guided by simplicity, comparability, transparency, accessibility and competitive costs	D31:2
A goal in its own right	
the introduction of measures to entrench good governance and transparency	D1:43
promotes market transparency, competition and efficiency	D1:37
oversight institute accountability mechanisms to enhance transparency and fairness	D27:26
clear and transparent regulatory and governance frameworks also contribute to greater transparency and public accountability	D33:25
A means to an end	
transparency: the unambiguous and truthful exercise of accountability	D28:30

Communication practices	
While the concept of Integrated Reporting is a relatively new one there are no universally agreed standards yet. The South African Integrated Reporting Committee (IRC) is in the process of developing a local standard	D7: 9
an integrated report is “A concise communication about how an organization’s strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term”	D28:23

As identified in the literature review in Chapter 2, the concept of transparency closely relates to other concepts such as information, disclosure and communication. These terms are not merely synonyms as they relate to the specific layers of transparency. Transparency ultimately needs to be translated into a process or actions, which means disclosure of information or communication with stakeholders. The studied texts do not make a clear distinction between the concepts of disclosure and communication. It can be assumed that they are used interchangeably in the studied text. The word ‘disclosure’ is being used much more often than the word ‘communication’ (see Figure 5.3). Descriptors and examples of phrases used to describe transparency, disclosure, information and communication are presented in Table 7-8.

Table 7-8 Words describing transparency, information, disclosure and communication in the analysed documents

Transparency		
The word	Descriptors or examples of phrases used	Interpretation
Transparent (adj)	More Needs to be more	Transparency is conceptualised quantitatively; the text imply that the industry strives for more and better transparency
Transparency (n)	Greater, enhanced, increased, much-needed, improved,	
	To improve, to ensure, to enhance, to address, to strengthen, to promote, to increase	Transparency is an issue that needs to be addressed through actions within the organisational field
Transparency (n)	Inadequate, lack of Problems of transparency and disclosure	Transparency deficiencies presented as a problem or a cause of problems

		Lack of transparency as an obstacle in consumer decision-making
Disclosure		
Disclose (v)	A bank **shall disclose** A bank shall disclose to the public Banks **are required to disclose** the following Banks **must disclose**	Focus on specific areas or content of mandatory disclosure (in particular in regulatory documents)
Disclosure (n)	Rigorous disclosure standards, inadequacies in the disclosure practices mandatory disclosure required disclosure disclosure requirements disclosure template increased public disclosure stronger […] disclosure compliance with […] disclosure additional disclosure enforce disclosure the timely, accurate and meaningful disclosure of matters that are material to the business of the bank Disclosure of (e.g. names of certain stakeholders, issued share capital etc.) Strengthen […] disclosures Enhance disclosure Right to disclosure and information	Focus on disclosure standards, compliance, improvements and disclosure content
Information		
Information (n)	Various adjectives describing the qualities of information that should be provided: relevant, fair, adequate, material to stakeholders, reliable, honest, accessible, timely, qualitative, qualitative	Information as a commodity of disclosure; focus on its characteristics
Communication		
Communication	banks **need to get better at communicating** their fees and charges with their customers.	Communication is often mentioned in the context of information that should be provided to the stakeholders,

	The code **should include matters related to communication** and provision of information to clients to **streamline the reporting and communication** processes between regulated firms and the regulators.	sometimes it is used when specific communication media are mentioned

Typically, in the banking field discourse, the word ‘transparency’ is used in expressions such as more transparency, greater transparency and improved transparency, reinforcing the view that there is not enough transparency and that more openness in banking is needed. When transparency is presented as a more concrete process associated with the disclosure of information by banks, where information serves as a “commodity” of transparency, various adjectives are used to describe the qualities that such information should have (Table 7-8).

Expressions such as fair, appropriate, relevant or adequate indicate that organisations should be mindful of the information needs of the’ stakeholders of banks. At the same time, the expressions are general enough to give the banks discretion to interpret these information qualities. Other words, such as timely or honest, are less ambiguous. In some banking regulations, a distinction is made between qualitative and quantitative information.

While quantitative information refers to the disclosure of numerical (usually) and financial information, qualitative information refers to explanations, which allow stakeholders to make sense of the information. The specific mention of qualitative information indicates a shift, from interpreting transparency in banking as merely providing financial indicators, towards transparency as meaningful communication with stakeholders.

SECTION II – DISCUSSION AND INTERPRETATION

The previous sections provided the findings according to the analysis frame introduced in Chapter 5. This section entails a discussion of the results in accordance with research questions and through the lenses of the theory.

7.9 THE MEANING OF TRANSPARENCY IN BANKING

This study concurs with Christensen and Cheney's (2015) observation that meanings and applications of transparency are diverse, even in one institutional field. It appears from the studied documents, that in the organisational field of banking discourse, the concept is applied in multiple ways. However, it is also evident that almost universally transparency is presented as an unquestionably positive value or a normative principle that organisations should adhere to.

The lack of a contradictory view on the matter, at least in the official discourses, indicates that certain forms of banking transparency became part of a commonly held convention within the field as it becomes adopted with time within the organisational field (Suddaby & Greenwood, 2005: 39). Cornelissen and Werner (2014: 35) point out that such an adoption can be supported by other salient and culturally significant discourses, such for example, the discourse of governance.

As discussed above (section 7.8), within banking field discourse, transparency features as a high social and moral value alongside accountability, fairness, respect and integrity. These are presented as aspirational values which organisations seek in order to achieve other goals such as stakeholder trust. Consistently framing transparency as the desired bank behaviour, implies that facilitating information sharing between different stakeholders in the field of banking is the "correct" organisational behaviour, which explains why in the banking discourse, transparency is not only presented as a means to achieving other goals but is also presented as an ultimate goal in itself. Transparency is also used within more grounded meaning, as transparency about banking processes, practices or conduct. Lastly, transparency in the discourse refers to concrete communication practices such engaging in the process, which addresses specific areas of transparency (e.g. consumer financial education) or even more particular ways of enacting transparency such as reporting to the regulators, completing disclosure forms, publishing reports, such as integrated reports or making other specific information available to stakeholders.

7.10 THE SALIENT FEATURES OF THE TRANSPARENCY DISCOURSE IN THE ORGANISATIONAL FIELD OF BANKING

The transparency discourse in banking has some characteristic features which are outlined below.

7.10.1 The role of structuring events

One of the most obvious characteristics of the banking discourse is the impact of the financial crisis of 2007–2009. The finical crisis can be considered a disruptive event that influenced change processes at various levels of organisations. Weick et al. (2005) argue some events have a particular impact on the organisational field. Munir (2005) notes that disruptive events often raise certain issues that frame debate within an organisational field and lead to a field-wide change.

The causal connection between banking transparency (or rather inadequate transparency) and the outbreak of the financial crisis was the outcome of the discourse in the global field of banking to which experts, professionals and academics contributed. Christensen and Werner (2014) point out that interactions among actors in the field may lead to the confirmation and reinforcement of shared interpretive schemas and becomes part of unquestionable "truth" within an institutional field. That discourse led to the Basel III regulations. Consequently, the discourse in banking in South Africa included a debate on how to improve transparency in banking as a way of ensuring the stability of the financial system. As a result of this debate, new rules have been introduced, aimed at shaping up and regulating transparency requirements, which the banks have to follow currently.

The second significant event was discursive in nature: the Competition Commission enquiry into banking required submissions from various stakeholders and resulted in the Jali Report (2008), which highlighted the shortcomings of South African banks concerning the way that customers are treated. The enquiry can be considered what Hardy and Maguire (2010) named a field configuring event. The significance of such discursive events provide an opportunity for diverse participants to "become aware of their common concerns, join together, share information, coordinate their actions, shape or subvert agendas, and mutually influence field structuration"(Hardy & Maguire, 2010:1366).

Another significant characteristics of such events is their ability to change the field by assuming a particular view. In the case of the Competition Commission Banking Enquiry, the view that emerged was that the South African banks have severe shortcomings in terms of customer treatment. The lack of transparency was identified as one of the areas that caused unfairness. The Jali Report's (2008) publication, coincided with the finical crisis and both these events initiated major changes in the banking field.

Prior organisational research does not provide a definitive answer to why some events have a particularly strong impact on change at the organisational field level. One explanation is that the more disruptive the event, the more likely it is to disrupt organisational practice. However, a constructionist perspective suggests that events are not inherently disruptive, but theorisation or interpretation of such events triggers institutional change (Munir, 2005). In the case at hand, the creation of causal links between transparency and stability of the financial system, and transparency and fairness towards the customers, set the agenda for new government policy, and consequently new regulations in banking.

7.10.2 Two main discursive strands

As discussed in detail in the previous section, the two major events resulted in two main discursive strands within the transparency in banking discourse. The first discursive strand focused on the role of transparency in maintaining the financial system stability in South Africa and globally. The second discourse strand - the market conduct stream - concerns the fair treatment of customers and brought attention to banks being more open about the rules and conditions behind the products and services that banks provide to the customers. These discursive strands are interrelated, in that they intersect in terms of regulations and framing of transparency in a positive manner.

7.10.3 Embeddedness of transparency discourses in other discourses

Another characteristic of transparency in the banking discourse is that it has been embedded in other discourses, such as the discourse of systemic change in banking, the discourse of transformation in South Africa and, most prominently, the discourse of governance. The interrelations between the transparency discourse and other prominent societal discourses which already gained legitimacy paved the way for the development of new institutionalised transparency practices. New standards of governance were introduced in King III and further refined in King IV. King Reports influenced the introduction of integrated reporting as one of the institutionalised forms of corporate transparency.

Previous research indicates that within the organisational field there are often areas of contestation and antagonistic views evident in the field discourse (Furnari, 2014; Munir, 2005). However, the documents analysed in this study provide no evidence that, at least officially, banks have opposed an idea of enhanced transparency in any way. One possible explanation may be that the need for more transparency in banking was widely accepted, because transparency was already linked to another macro-discourses, such as corporate governance. As indicated above, there was more resistance to banking regulation per se, than to the increased requirements for banking transparency. However, the banking industry openly supports transparency in the abstract, but that does not necessarily mean that the discursive support translates into the full operational effort.

7.10.4 Changes in the banking discourse over time

Within the banking discourse, some subtle changes occurred over time, which is testimony to the historically situated nature of the discourse. During the financial crisis years, and the first few years after the financial crisis, until around 2013, the discourse seemed to be focusing on the response to the crisis and on finding the solutions through the formulation of a new policy and the introduction of new regulations. In the years 2013–2018, the focus shifted towards the evaluation of the implementation of changes, assessment of the effectiveness of interventions and the refinement of rules. One trend that seems to be present is the inclusion of more areas of banking activity which are subject to disclosure.

Where previously the main focus was standard financial reporting, the current areas of banking transparency include the disclosure to the regulators the financial indicators outlined in Basel III, matters of governance (e.g. remuneration of directors, transformation, ownership structure), regular reporting on the transformation in the industry and market conduct transparency.

Another observable transparency trend is the development of new institutionalised forms of transparency that did not previously exist. Among them can be listed various reports submitted to the regulators and new compulsory or expected ways of disclosing information to the public, for example through the use of online technologies. Furthermore, in the attempt to make disclosures more meaningful and easier to comprehend and compare, many new guidelines and standards for reporting were introduced to the regulations after the financial crisis.

7.11 LEGITIMASITION OF TRANSPARENCY IN BANKING

It is generally accepted that language shapes assumptions of legitimacy (Harmon et al., 2015; Lawrence & Phillips, 2004), including legitimation of the new norms and standards of organisational behaviour (Lawrence & Suddaby, 2013:229). Legitimation occurs in different ways, for example through framing or the application of specific rhetorical methods.

Framing provides the interpretive frames which guide the interpretations of others of the phenomena (Cornelissen & Werner, 2014). Thus, the framing of transparency as a positive organisational phenomenon, value or behaviour, supports the legitimacy of the efforts to introduce new standards and forms of banking transparency. There are various views on what makes a legitimising effort effective or ineffective. Because meaning construction involves both the producers and consumers of texts, it can be assumed that if the arguments used for more transparency are linked to universally accepted values or benefits, they are less likely to be challenged. In banking discourse, transparency is linked to positive outcomes.

Some of those outcomes are economic (market efficiency, cost-effectiveness, better competition), while others relate to universal social values such as justice and equality. Such a connection makes transparency difficult to contest. Furthermore, transparency has become a buzzword in recent years and is used in many organisational and social contexts. This is an indication that the concept has become conventionalised. Once conventionalisation occurs, it is easy to use the concept in the overarching abstract category by “plugging it in” to the specific context (Cornelissen & Werner 2014) such as the context of banking. Scott (2014:229) argues that frames empower and constrain organisational actors. Framing transparency as a positive organisational phenomenon may constrain the organisational tendency to be secretive and at the same time, it may allow banks to develop new and more productive ways of enacting transparency.

7.12 THE MAIN CONTENT AREAS OF BANKING TRANSPARENCY

Organisations engage in a complex web of symbolic and real-life activities and processes, but not all of them, are of interest to the stakeholders. This study indicates that the transparency discourse in banking after the financial crisis focuses on relatively few areas of banking activity, which can be grouped into five themes: *standard financial reporting*, *transparency for the financial system stability* which has to do with providing information specifically applicable to banks as per the Basel III requirements, *market conduct transparency*, which is transparency to customers, *transparency about matters of governance*, such as board structure, directors' remuneration, etc. and *transparency about transformation* in the banking sectors.

Some of these content areas are common to banks globally. However, the *transparency of transformation* is unique to South Africa. Other areas of transparency, which are often debated in the literature in other organisational fields, such as *sustainability*, have not featured prominently in the organisational field of the banking discourse.

Figure 7-1 depicts the five dimension of banking transparency, identified in this study.

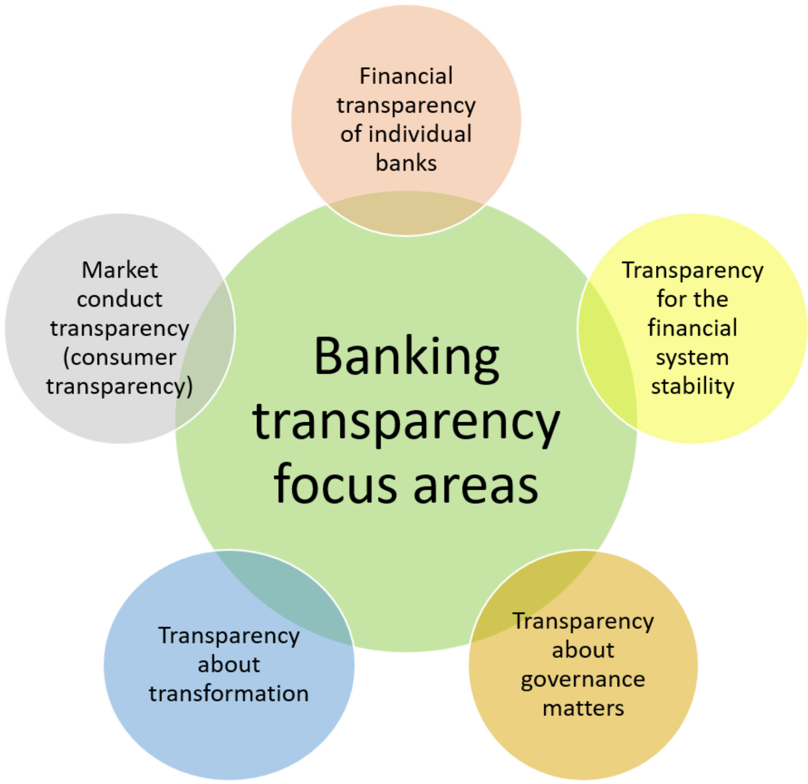

Figure 7-1 Five content dimensions of banking transparency (author's conceptualisation)

The content dimensions as discussed above are situated within the two main discursive strands: *transparency the financial system stability* and *market conduct transparency*, and are steeped in other discourses, of which the most prominent connections are to the transformation of the South African society discourse, governance discourses and the discourse of systemic change in banking. The greater focus on non-financial transparency dimensions is a reflection of evolving institutional logic of banking, represented as a change from shareholder focused approach towards stakeholder inclusive approach. As suggested by Harmon et al (2015,) such change reflects changing social assumptions of banking legitimacy.

7.13 THE INFLUENCE OF TRANSPARENCY DISCOURSE IN BANKING PRACTICES

One of the key assumptions of this research is that discourses have a real-life effect in that they influence social actions (Hardy, 2001; Mumby, 2011). In an organisational setting, it means the establishment of practices that are reproduced across the organisational field. In that sense, the discourse on transparency results in the establishment, acceptance and diffusion of particular organisational disclosure and communication practices, which, according to Harmon, Green and Goodnight (2015), are based on perceptions of appropriate behaviour in the organisational field. Although there are different views on what constitutes institutionalisation, among commonly mentioned elements of institutionalisation are: the development of social consensus around the value of a phenomenon (Scott, 2014), taken for grantedness (Purdy & Gray, 2009), legislation (Scott, 2014:149), habitualisation (Tolbert & Zucker, 2006), the existence of commonly accepted rules, norms and practices (Green et al., 2008:43), standardisation and homogenisation (Fernando & Lawrence, 2014; Furnari, 2017; Munir, 2005) and diffusion across the institutional field.

7.13.1 The importance of regulations

Once social consensus emerged from the discourse that banking transparency has a positive value, the idea that there should be more transparency or that transparency needs to be better, becomes taken for granted. This results in a further process, such as the introduction of supporting legislation, rules, regulations and laws that require that banks provide specific information, in a particular way, to the stipulated stakeholders. The wide acceptance of the value of transparency in banking is consistent with the institutional theory assumptions that institutionalisation occurs through the influence of cultural, social and regulatory dimensions (Meyer & Rowan 1997, Wicks 2001, Scott 2014).

In the studied period of 2007–2018 more legislation and regulations on banking were introduced than in any comparable period of time in recent history. Without a doubt, within the organisational field of banking, the regulatory dimension played a key role in shaping both the discourse and current disclosure practices. Regulations are the way of enforcing the adherence to the socially accepted rules by an organisation (Scott 2014). The documents such as Basel III, The National Treasury policy documents, the King reports and other official documents shaped the current transparency practices in banking.

While in many cases it takes a long time for new ideas to emerge in the organisational field discourse (Furnari, 2017), what is unique to the banking field, is that the financial crisis, and its far-reaching effects and the discourse that followed, relatively quickly translated into the set of global rules known as the Basel III regulations, including the regulations on bank transparency.

7.13.2 Standardisation of transparency practices

As observed by institutional researchers (Fernando & Lawrence, 2014; Furnari, 2017) homogenisation is usually driven by regulation. Transparency discourse in banking after the financial crisis focused on making transparency more concrete, systematic, regulated and standardised, but also much broader in terms of the information content. Standardisation of transparency is exemplified by various forms of reporting embedded in regulation. As noted in Basel III (2011), due to the complexity of data and information provided, without standardisation, data provided by banks would be difficult to compare, thus contributing to opaqueness within the system, despite increased transparency of individual banks.

Institutionalised forms of transparency rely on creating rules and standards that limit variety and ambiguity in terms of interpreting transparency by the banks. As a result, the regulators specify “directives for completion” and include dozens of detailed forms and templates where banks are required to provide information about different aspects of their performance and activity. Consequently, the Banks Act Amendments in 2015 and 2016 contain numerous forms and templates that banks are compelled to use when reporting various financial indicators to the regulators and the public.

The process of standardisation is ongoing. Basel 2017 refined previous recommendations of Basel III (2011) and introduced even more stringent parameters by creating consistent definitions (e.g. definitions of capital) and promoting changes in accounting standards across the industry globally. The emergence of conventions and homogenisation of practices and structures is driven by the need to attain legitimacy by the organisations (Oakes et al., 1998:262).

Concerns about transparency merely becoming a meaningless tokenism, are also evident in the governance discourse. King III and IV advise that organisations use the International Reporting Framework guidelines for integrated reporting. The use of such guidelines indicates the ongoing effort to improve transparency and make the information more relevant and more palatable to the stakeholders.

7.14 CHAPTER SUMMARY

Chapter 7 described the result of the empirical stage of this study. The findings indicate that there are two interrelated, but distinct, discursive strands within the discourse in the organisational field of banking. The first being the transparency for the banking system stability and second transparency of market conduct. Within both streams the meaning of transparency polysemic and ranges from a normative principle to the guidelines for organisational behaviour, to the specific communication practices. The findings also indicate that the transparency discourse in banking is embedded in other discourses, in particular the discourse of corporate governance. The finding revealed that specific areas of transparency feature more prominently in the banking disclosure than others. For instance, relatively little attention is paid to matters of social responsiveness and to the environmental impact of the banking industry. In contrast, in the discourse a lot of attention is paid to the financial transparency, in particular to the financial indicators, specifically applicable to banking as defined in the Basel III, such as the regulatory capital, liquidity ratios and risks.

Significant attention is devoted to governance matters and specific disclosures about various aspects of governance, which became entrenched in law and regulations. The market conduct transparency, which essentially deals with transparency towards consumers relates to how open the banks are about their products, services, service conditions, charges and other matters related to dealing with the consumers. The disclosure about the transformation of banking in RSA transcends both discursive streams as it has an impact on the broader society and the individual consumers.

Furthermore, the results provide evidence of the discourse contributing to the institutionalisation of transparency practices through the inclusion of various transparency requirements in the regulations and their enforcement through the legal system. Further evidence of institutionalisation of transparency practices is supported by the increased standardisation of processes and conventions of transparency. Transparency in banking discourse is mainly directed at regulators and consumers but there is also evidence of a trend towards more public disclosure.

Chapter 8 CONCLUSIONS AND RECOMMENDATIONS

8.1 INTRODUCTION

Banking transparency has recently attracted significant attention in both the academic and professional domains. The drive to strengthen corporate governance, and stakeholders demanding accountability from banks globally fuel changes to how banking transparency is perceived and practised. In banking, which suffered a crisis of legitimacy during the global financial crisis of 2007–2009, the stakeholder pressure for the banking industry to be more transparent led to major changes in the way banks are regulated. At the same time, there is no common agreement on what transparency is and how it should be put into action.

Based on the assumption that institutions are social constructions through meaningful interaction (Phillips et al., 2004), this study investigated how transparency in banking in South Africa was constructed in the organisational field discourse after the financial crisis of 2007–2009. Furthermore, the study attempted to ascertain how the organisational field discourse during the period under investigation had influenced the institutionalisation of transparency practices in South African banking. The study argued that discourse, and in particular a discourse within the organisational field, shapes and reflects an intersubjective agreement within the field of banking about the meaning of transparency, the consequences of transparency and enactment of transparency. Discourses also allow for the ideas to be transmitted across time and space.

In Chapter 7 the findings of the empirical part of this study were presented. The analysis of the banking discourse indicated that organisational transparency acquired a multifaceted meaning. The study also revealed the presence of two discursive streams: one which focuses on transparency as a factor in maintaining the financial system stability, and the second one which centres on how transparent banks are in their relationship with customers. The chapter also discussed the implications of the discourse to the institutionalisation of transparency in banking.

In the current chapter, the analysis concludes with the overall findings being related to the rest of the thesis. The findings are summarised and discussed through the theoretical lenses. The chapter provides a summary of how the study objectives were achieved. The chapter also addresses the appropriateness of the chosen methodology. Furthermore, the contribution of the study, its limitations and the recommendations for future studies are provided.

8.2 THE SUMMARY OF FINDINGS

The key findings of the study are summarised below, with reference made to specific achievements of its theoretical and empirical objectives.

8.2.1 Achieving theoretical objective 1

To explore how organisational transparency is conceptualised in the existing literature.

This objective was addressed in Chapter 2. The review of the literature revealed a range of approaches to studying transparency. The previous research on transparency can be categorised into three broad focus areas: the meaning of transparency, the outcomes of transparency and the organisational processes associated with transparency. The section of the chapter devoted to the previous research on transparency in banking revealed that the main focus of prior research on transparency in banking is on the financial aspects of transparency. The studies of transparency in banking from a communication perspective, such as this research, are rare.

8.2.2 Achieving theoretical objective 2

To understand the role of discourse in the organisational and institutional processes.

Chapter 3 dealt with theoretical objective 2. In order to achieve the objective, three pertinent theories were overviewed: the institutional theory, the legitimacy theory and the stakeholder theory. The key constructs of the institutional theory relevant to this study and essential to an understanding of the institutionalisation processes were discussed, including the constructs of institutions, institutionalisation, organisational fields and organisational discourse. Furthermore, the theoretical relationships between communication and institutionalisation were examined. The literature suggests that discourse plays a pivotal role in organisational processes, as it is essential for the processes of legitimation of new ideas and practices, sense-making and sense-giving, and other symbolical processes, such as creating normative schemata for the assessment of the organisational behaviour. The legitimacy theory provides the link between discourses and organisational legitimacy evaluation by the stakeholders, while the stakeholder theory explained the importance of stakeholders to the organisational success, and thus postulates that stakeholder values are reflected in management actions. Arguably, the popularity of the ideas expressed in the stakeholder theory can also be credited with a global drive to strengthen corporate governance.

In Chapter 4 (Figure 4.2) a model which explains the discursive model of institutionalisation was presented. Based on the study of the banking discourse in South Africa, the model needed to be adjusted in order to better represent the context of an organisational field during a major upheaval, as was the case in the organisational field of banking after the financial crisis. Firstly, the influence of the pivotal structuring events (such as the financial crisis) on the discourses needed to be taken into account. Much of the discourse was shaped around the response to the financial crisis of 2007–2009, its consequences and the prevention of future crises. The financial crisis influenced the sensemaking in the field as it was clear from the frequency with which the studied texts linked the issue of transparency to the financial crisis.

The second element that needed attention was the role of *interlinked discourses,* i.e. discourses that are congruent or overlapping with the discourse in question, that occur at the same time as the discourse in question. Such "adjacent" interlinked discourses reinforce each other, because they share normative and cultural ideas, deal with similar issues or aim to achieve similar outcomes. In the case of this study, the most prominent adjacent discourses were the corporate governance discourse, the transformation in South Africa discourse and the change in the banking system discourse. This is in line with Phillips et al. (2004) observation that the degree to which discourse is supported by other legitimate discourses affects the production of institutionalised practices.

The revised model is illustrated in Fig. 8-1. The model reflects the influence of adjacent discourses and structuring events on the transparency discourse within organisational fields. This study specifically investigated the transparency discourse in banking but the model could be used to explain the dynamics of other organisational fields affected by major global events, shifting social values and societal change.

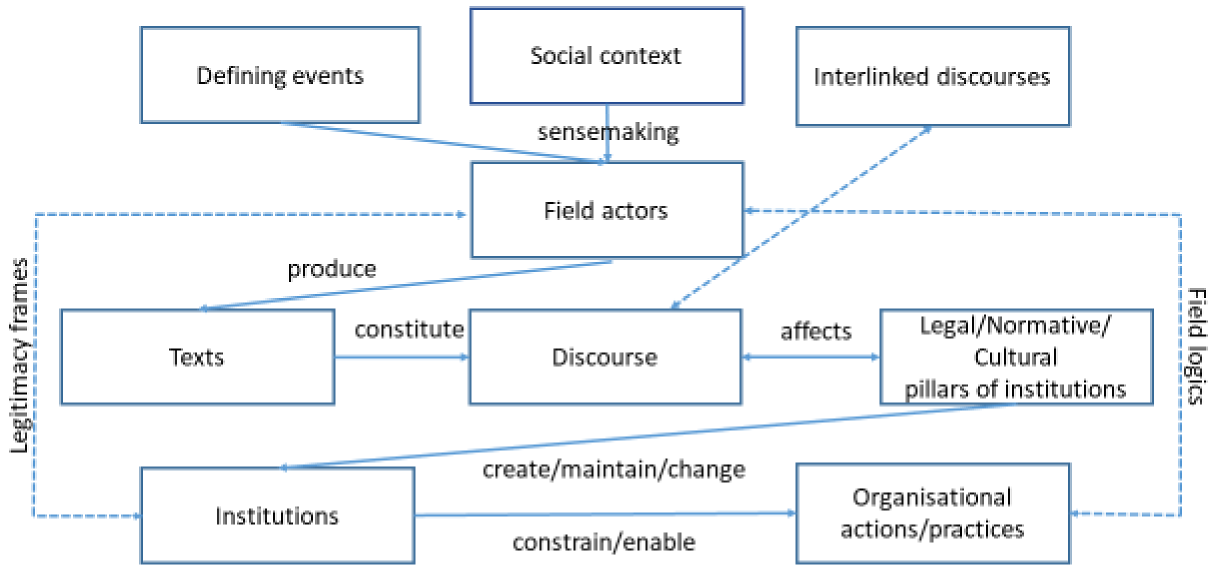

Figure 8-1 A model of institutionalisation of transparency in the organisational field of banking

8.2.3 Achieving the empirical objective

> To establish how the discourse in the institutional field of banking in South Africa after the financial crisis shaped the construction of meaning about transparency in banking, and consequently to investigate how the organisational field level discourse contributes to institutionalisation of transparency practices in banking in South Africa.

In other words, this research firstly aimed to establish what the current meaning of transparency in banking is, and how that meaning emerged or changed in the discourse since the financial crisis 2007-2009.

8.2.3.1 The social construction of banking transparency

The study revealed that the construct of transparency does not have a singular meaning in the banking discourses. The term transparency is used to denote abstract values, principles guiding organisational behaviour, a finite aim in itself and the means of achieving other goals such as financial stability, consumer trust or banking system efficiency. The discourse projects two general ideas: the more transparency in banking, the better, and second idea is that transparency needs to be enhanced. These ideas are generally not contested by the organisational field actors.

The polysemic meaning of transparency results from the rather fragmented nature of the transparency-in-banking discourse, which is usually embedded in other discourses. Although the transparency discourse is fragmented, at the same time it shows a high degree of coherence as indicated by its intertextuality, and because the discourse presents a rather unified view that more and better transparency is good for banking. The views expressed by different stakeholders, such as regulators, consultants and bankers are similar in that they, to a large extent, agree that transparency is a desirable value and practice. Philips et al. (2004) state that discourses that are more coherent are more likely to results in institutionalised practices. In the case of banking in South Africa after the financial crisis, the social consensus on the positive value of banking transparency resulted in new requirements for disclosure practices, supported by regulation. The research of actual banking transparency practices goes beyond the scope of this study.

Two distinct, but overlapping, discursive streams were identified, namely, the *transparency for the financial system stability*, and *market conduct transparency* (transparency towards customers). Within each of these discursive strands, new arrangements about banking transparency were framed in the context of institutional field-wide change in banking. Discourse articulates a particular version of reality based on how those who participate in the discourse make sense of reality. For instance, from the point of view of financial regulators and the government, financial instability is costly and problematic. Hence, more transparency, as a way of exerting control over banks, has been legitimised using arguments such as more stability, better competition (among banks), and economic growth.

Market conduct transparency is connected to the new perspective on customers as increasingly powerful stakeholders, but also to the ideological stance that the role of the South African government is to protect its most vulnerable citizens from abuses by big business. This assertion is supported by several acts, such as the Consumer Protection Act, and the National Credit Act that went into effect during the time coinciding with the period covered by this research.

Furthermore, because transparency discourse ought to be analysed in connection within a broader context, the global trends towards the protection of bank consumers (for example the Treating Customers Fairly initiative in the UK), as well as the transformation of the South African society, influenced the direction of the market conduct discursive stream. Normatively transparency towards consumers is associated with topics of fairness, social justice and restitution of historical injustices.

Where the organisational field discourse focuses on more concrete aspects of transparency, it becomes clear that there are few content areas of bank transparency that are particularly prominent. These content areas of disclosure were grouped under five sub-themes: transparency for the system stability which included specific areas of financial disclosure applicable to bank business, and transparency towards consumers (market conduct transparency) which related to how transparent banks are towards consumers about their products and services and associated with their conditions, terms and processes. Another area is transparency about matters related to the governance, including the recommendations of first King III in 2009 and then King IV in 2016.

Transparency about transformation in banking was a specific area present in both discursive streams. The financial transparency, understood as the standard financial disclosure, was also mentioned, but to a lesser extent, perhaps because this kind of disclosure is highly institutionalised and part of the routine business practices. It was also informative to see what topics were absent from the banking transparency discourse, such as topics related to the effect of banking on climate change.

There seems to be an assumption that can be inferred from the discourse, that banks, once they follow the institutionalised rules of disclosure, can successfully practice transparency. However, that is not always the case. In particular, in the market conduct discursive stream, there was evidence of some dissonance between declared support of banks (for example in the Code of Banking Practice) for transparency and the reluctance of banks to abandon the established practices, or their tendency to engage in what Head (2006) labels 'nominal transparency'.

Nominal transparency seems to be an issue when it comes to providing consumers with clear and relevant information related to products and services. What seems to be missing from the banking discourse on transparency, is the broader corporate communication effort which takes into consideration what Albu and Wehmeier (2014: 118) describe as the interpretive and sense-making capabilities of the publics, as opposed to disseminating information that is unintelligible to many of the stakeholders. Unless the audiences understand the information and find it helpful, transparency is reduced to becoming an illusion or a rationalised organisational myth (Christensen & Cheney, 2015).

To take transparency to a higher and more meaningful level, it is necessary to involve stakeholders in acquiring, providing and creating knowledge (Albu & Wehmeier, 2014:119).

8.2.3.2 Recommendations

The prevailing approaches to understanding transparency in banking that focus either in studying one dimension of transparency such as financial transparency or only situate transparency in the realm of governance tend to overlook the multi-faceted interpretations of transparency, which is socially constructed through discourse as a social value, set of normative prescriptions and organisational practices. The study confirmed that transparency is also an increasingly institutionalised organisational practice. While this study acknowledges the importance of institutional field-level discourse in the institutionalisation of transparency, it also points out to the embeddedness of the institutional field level discourse in multiple societal discourses. Therefore, it is recommended that the banks and other actors in the institutional field such as the government and regulators pay close attention to the societal debates and stakeholder voices to proactively respond to the stakeholders' transparency needs. Consequently, transparency should be seen as communication with stakeholders, which reflects the values and needs of stakeholders, thus ensuring the legitimacy of individual banks and a sector as a whole.

8.2.4 Institutionalisation of transparency in banking

This research aimed not only at identifying the key characteristics and themes within the banking transparency discourse, but also the processes by which the banking discourse affects organisational actions, and how that contributes to the institutionalisation of transparency in banking in South Africa. The literature suggests that if the practice or an idea gains legitimacy within the field – a state where the practice becomes taken for granted and is no longer questioned (Green et al., 2009; Hossfeld, 2018) – that is an indication of institutionalisation. The emergence of new institutional practices is usually linked to the change at the organisational field level, which requires the introduction of new processes or structures supported by accepting these changes as legitimate. Usually, that means that the proponents of the idea or practice use various rationalising arguments that frame the idea or the practice in a way that brings benefits to the organisation or the organisational field. It appears that in both discursive strands of banking discourse, transparency is presented as a contributing factor to economic and social gains.

Legitimation is a symbolic process leading to institutionalisation. Legitimation happens in different ways, of which theorisation and framing were the most relevant to the studied banking discourse. Theorisation, which explains causal relationships between constructs (Mena & Suddaby, 2016) was expressed in the views that more transparency can ensure banking system stability. As for framing, a process of creating schemata for interpretation by selectively conveying certain meanings (Rhee & Fiss, 2014), different frames were applied in banking discourse, for example, the frames of fairness and social justice, as well as frames of efficiency.

Discourse is essential in the legitimation process (Phillips et al., 2004). The symbolic dimensions of institutions are usually supported by a regulatory dimension, which involves establishing rules and instruments that enforce adherence to these rules. The embeddedness of practices in regulations is one of the processes through which practice proliferates throughout the organisational field. The documents indicate that more and more facets of banking transparency become enshrined in law and regulations. These include different dimensions of organisational behaviour (e.g. more transparency about products and services), a wide range of new stakeholders (for example stake-keepers such as the Prudential Authority and stake-watchers such as the Ombudsman for Banking Services), as well as different disclosure formats and procedures (integrated reports, and templates to complete for the regulators). Regulations facilitate a wide diffusion of the practice(s) across the institutional field as noncompliance carries punitive sanctions.

Other indicators of institutionalisation are standardisation and homogenisation. Although in this research, the actual bank transparency practices were not studied, it can be inferred from the studied texts, due to a number of instances where regulations include actual templates or stringent disclosure guidelines, that there is a growing trend towards standardisation of at least some aspects of bank transparency practices. The trend towards standardisation of disclosure formats is also supported by developments in the field of governance, where King IV states that International Reporting Framework guidelines should be applied for integrated reporting.

It is argued here that although the ideas of transparency in banking gained legitimacy since the financial crisis, and that areas and forms of transparency expanded, banking transparency is still in the early stages of institutionalisation. This is because, at the highest level of institutionalisation, the practice is no longer discussed (Hoosfeld, 2018). It is not the case with transparency in banking in South Africa, as the issues of banking transparency are still being debated and practices are being refined. This is also a testimony to the socially constructed nature of transparency, which attains different meanings in different contexts and in different historical times.

8.3 THE TRENDS IN BANKING TRANSPARENCY IN SOUTH AFRICA

Based on the finding of the study, some general trends in banking transparency can be inferred, which are described below.

8.3.1 The recognition of the growing importance of transparency towards consumers

A discussion of why the power of consumers increased, goes beyond the scope of this thesis. However, based on the studied texts, which also refer to global trends, the recognition of the importance of consumers as stakeholders is growing. In South Africa, this trend is supported by the government measures to protect the right of banking consumers, which is affected not only by transparency but other areas of business conduct. During the period under study, the Consumer Protection Act was introduced, the National Credit Act came into effect, and the Treating Consumers Fairly framework was introduced.

8.3.2 The shift from financial to multifaceted transparency

After the financial crisis, the organisational field discourse on transparency has produced a broader meaning to banking transparency. There has been a shift from interpreting transparency as merely financial information disclosure, to multifaceted transparency. Financial transparency discourse, as highlighted by Gravely (2008), mainly served the interests of banks as individual business organisations. Financial transparency focused on short term organisational performance and was targeting a limited stakeholder audience, mainly shareholders and investors.

The financial crisis highlighted the severe limitation of such an approach. The ensuing discourse expanded banking transparency dimensions beyond standard financial indicators and included other banking specific dimensions, presented in the discourse as a way of safeguarding the long-term financial system stability. The move towards a comprehensive, integrated approach to transparency started before the financial crisis but took another direction in the last decade. Arguably this trend is driven by the evolution of corporate governance in South Africa and globally, as well as changing perceptions about the relationships between organisations and society.

8.3.3 Increased focus on the legitimacy of the entire organisational field

After the financial crisis, the banking field as a whole suffered a credibility crisis. It is evident from the studied documents that one of the aims of transparency in banking is not only the reputation and legitimacy of individual banks but also the trust and legitimacy of the entire organisational field. This has been reflected in the concept of directionality of transparency in banking, which has to do not only with outwards transparency (Heald, 2006b) of individual banks but also with the transparency of all field actors. In that sense, in the banking transparency discourse, banks are also “recipients” of transparency from other key actors in the organisational field.

8.3.4 Transition from transparency as an emergent idea to embedded practices

It will not be correct to assert that the idea of transparency in banking was introduced in the last decade. However, without a doubt, transparency in banking became a more salient issue in the organisational field of banking discourses and increasingly embedded in regulations since the financial crisis. As illustrated in the analysed texts, different transparency practices (such as providing information on organisational websites) are becoming a part of an organisational routine. The study also revealed, that even after the major changes were implemented, these practices are further refined, changed, adjusted and improved as an outcome of field-wide and societal discourses.

8.4 REFLECTIONS ON METHODOLOGY

This study used a novel approach, which combines qualitative content analysis and a custom designed discourse analytical framework (Fig 6-1), developed for the purpose of studying the organisational field level discourse, and applies it to what Alvesson and Karreman (2000) labelled as a meso-level approach. Because the documents studied here were produced over a period of more than a decade, the framework, adopted the elements of discourse historical approach, in particular, in terms of identifying the close relationships between the discourse and different levels of context as described by Wodak (2001).

Wodak's approach was previously mainly used in the context of media or policy discourses, which were much less fragmented, less diverse in terms of genres and more focused in terms of how the issues were approached by the studied text than the banking transparency discourse analysed in this study. Therefore, in order to study the meso-level organisational field discourse, it was necessary to adapt the framework, rather than to apply it in its original format.

Qualitative content analysis, through the use of coding, added analytical rigour to the discourse analysis framework. The use of ATLAS.ti 8 was useful and at the same time, in some ways, limiting. As stated by Friese (2011), software does not influence the analytical process, which is driven by the researcher's knowledge. In terms of this data-driven study, the software was useful in the initial stages of the analysis, as it allowed to move with ease through a large number of texts, to look for the relevant passages and keep a record of what was identified.

The use of coding allowed for grouping, categorising and pattern spotting among a relatively large number of categories. However, there were also limitations to the analytical possibilities of ATLAS.ti 8, especially in the final, interpretative stages of the analysis. For example, the software allows for naming six types of relationships between the codes (*is a property, is a cause of, is part of, is associated with, contradicts*). These six relationships are useful but do not capture the full richness of relationships between meanings present within the banking discourse. To overcome the issues of decontextualisation, it was necessary to reintroduce larger chunks of text in Chapter 7, while following the categories grouped within the themes identified through the coding process.

Another methodological challenge stemmed from the fragmented nature of the transparency in banking discourses and its embeddedness in other discourses. To illustrate this point, one can consider interviews, which is a common way of collecting data in qualitative research. When interviewing, a researcher has some level of control over the data, in that various dimensions of the construct are unveiled throughout the interview, as structured by the interviewer, who can also prevent an interview from veering towards unrelated topics.

In the case of this study, the researcher had no control over the texts. None of the documents was solely devoted to transparency, in all of them, transparency in banking was mentioned as part of different topics, or debates, and therefore the most challenging part of the analysis was to create a coherent meaning of transparency in banking derived from this very fragmented discourse. Furthermore, there was a complexity of genres as the documents varied greatly in style, length and form.

8.5 CONTRIBUTION OF THE STUDY

This study took an uncommon approach to studying organisations. Firstly, by studying organisational discourse, it departed from the behavioural focus commonly applied in organisational studies. Secondly, the study analysed meso-level discourse at the level of an organisational field, rather than at the level of individual organisations.

The key theoretical contribution of the work lies in its contribution to the understanding of the relationships between discourses and organisational practices during a time when the organisational field as a whole is undergoing major changes. Furthermore, the study contributes to the understanding of the role of discourses in the establishment and the institutionalisation of new organisational practices. The study also contributes to the understanding of organisational transparency as a historically and socially embedded and fluid social construct, whose translation into organisational practices depends on the discursive processes that exist within a particular organisational field.

8.6 LIMITATIONS OF THE STUDY

Although this study achieved its objectives, like any study, it has its limitations. The first limitation is related to the sample. The document sample studied was drawn from the official and publicly available documents: policy documents, reports, codes of conducts, regulatory acts, reports and a trade magazine articles, and did not include internal organisational documents produced by banks. Previous research highlights the importance of micro-processes at the organisational level, including inter-organisational discourses in the institutionalisation of practices. The exclusion of internal banking documents was dictated by the difficulty of accessing such documents.

The size of the sample was chosen for practical reasons as it is important to have a manageable sample when studying discourses. Furthermore, the study considered the organisational field level of analysis, but there is no claim that it represents the entirety of the discourse on transparency within the organisational field of banking.

The second limitation is related to the choice of institutional theory lenses to research transparency. Institutional theory has its critics due to its focus on structural elements at the expense of a critical approach to studying organisational realties. The study looked at the process of institutionalisation of transparency in banking during the last decade but did not go into the detail of the cultural and cognitive aspects of institutionalisation of transparency in banking in South Africa.

8.7 RECOMMENDATIONS FOR FUTURE RESEARCH

This research highlights the contribution that the study of discourse makes to an understanding of institutional phenomena and organisational processes. The study focused on analysing the official discourse within the organisational field of banking since the onset of the financial crisis until 2018. Further studies should assess the actual interpretation processes within organisations that translate the discourse into banks' transparency. These should include a focus on micro-discourses that exist within individual banking organisations, managerial and professional discourses amongst employee groups responsible for the translation and interpretation of transparency (for example, corporate communication practitioners) and the actual disclosure practices and their diffusion patterns across the institutional field. Other research opportunities exist in further exploring the stakeholders' (in particular the consumers') experiences, perceptions and expectations of banking transparency.

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APPENDIX 1 - THE LIST OF BANKER SA ARTICLES ANALYSED IN THIS STUDY

	PUBLICATION	EDITION	YEAR	HEADLINE	AUTHOUR(S)	PAGE
ATLAS.ti 8 File saved as Document 3(D3)						
1	Banker SA	1	2012	Facing Interesting times	Cas Coovadia	87
2	Banker SA	1	2012	Democratising Financial Services		20-25
3	Banker SA	1	2012	Hold us Accountable		30-35
4	Banker SA	1	2012	Getting to grips with the Companies Act	Richard Roothman	36-37
5	Banker SA	1	2012	Banking Banana		42-47
6	Banker SA	1	2012	Recovery and Resolution plans for the financial future		48
7	Banker SA	1	2012	Introducing Banking Association Member – Capitec Bank		55
ATLAS.ti 8 File saved as Document 4 (D4)						
8	Banker SA	2	2012	Welcome to Banker SA – and to the banking Summit 2012	Cas Coovadia	5
9	Banker SA	2	2012	Are discriminatory lending practices here to stay		40-41
10	Banker SA	2	2012	Introducing Banking Association Member – Citi Bank		43

ATLAS.ti 8 File saved as Document 5 (D5)						
11	Banker SA	3	2012	Financial inclusion does matter for economic development		14-15
12	Banker SA	3	2012	Dealing with a false dichotomy between Basel III and Financial inclusion	Nkosana Moshiya	16-17
13	Banker SA	3	2012	Code of conduct for managing environmental and social risk		29
14	Banker SA	3	2012	Customers take charge		34-38
15	Banker SA	3	2012	IT Complexity in banking: model, measure and master		40-44
16	Banker SA	3	2012	Scenarios for the next decade of banking		56
17	Banker SA	3	2012	Crowd-sourced credit card		57
ATLAS.ti 8 File saved as Document 6 (D6)						
18	Banker SA	6	2013	From Strength to Strength	Sure Kamhunga	8-12
19	Banker SA	6	2013	From Charter to Code	Pakhamisa Ndzamela	14-19
20	Banker SA	6	2013	Regulation: the art of getting it right	Sure Kamhunga	21-23
21	Banker SA	6	2013	No working day waits required	Ebrahim Moola	43-45
22	Banker SA	6	2013	Decline in banking M&A: a fundamental shift		65-67

ATLAS.ti 8 File saved as Document 7 (D7)						
23	Banker SA	7	2013	The banking Summit 2013 under the theme ”Banking on the National Development Plan”	Cas Coovadia	5
24	Banker SA	7	2013	Cash based collateral dethroned		15
25	Banker SA	7	2013	Infrastructure development	Kalu Ojah	22-25
26	Banker SA	7	2013	Integrated Reporting: developing a local standard	Tiani Annandale	37-39
ATLAS.ti 8 File saved as Document 8 (D8)						
27	Banker SA	8	2013	Consumer education – the key to financial inclusion		12-16
28	Banker SA	8	2013	The road to Twin Peaks	Clive Pillay	24-27
29	Banker SA	8	2013	McKinsey tells investment banks to cut products and costs		53
ATLAS.ti 8 File saved as Document 9 (D9)						
30	Banker SA	9	2013	Banking on: The South African banking landscape since 1994		20-21
31	Banker SA	9	2013	Responding to the regulation: the future	KPMG	28-29
32	Banker SA	9	2013	Banking is changing – so are the skills required	Retha du Randt	31-35
33	Banker SA	9	2013	Financial services move to the cloud		49-51

34	Banker SA	9	2013	The bank of 2030 and beyond	Emilio Pera	55-57
35	Banker SA	9	2013	Project Bonds: Unlocking African infrastructure development		58-59
36	Banker SA	9	2013	Consumer confidence in global banking bounces back		60
ATLAS.ti 8 File saved as Document 10 (D10)						
37	Banker SA	10	2014	The unlikely event of nationalisation	Zweli Mokgata	14-17
38	Banker SA	10		Absa embarks on a digital drive	Samantha Perry	40-41
39	Banker SA	10		The science of risk	Zweli Mokgata	48-49
ATLAS.ti 8 File saved as Document 11 (D11)						
40	Banker SA	11	2014	Trek 4 Mandela	Jane Steinacker-Keys	10
41	Banker SA	11	2014	Financial services: a question of ethics	Phakamisa Ndzamela	22-23
42	Banker SA	11	2014	Cool confident and commanding	Delia du Toit	33-35
43	Banker SA	11	2014	Why risk should be a safe word	Andre Stummer	43
44	Banker SA	11	2014	Why should banks prioritise effective change management	Brian Smal	46
ATLAS.ti 8 File saved as Document 12 (D12)						

45	Banker SA	12	2014	National Credit Amendment Act to help South Africans settle debt	Yusuf Dukander	36
46	Banker SA	12	2014	Transfer pricing in Africa – banking on uncertainty	Michael hewson	55-56
ATLAS.ti 8 File saved as Document 13 (D13)						
47	Banker SA	14	2015	Rapid-fire reform?	Tamara Oberholster	7
48	Banker SA	14	2015	Productivity through proactivity	Cas Coovadia	9
49	Banker SA	14	2015	Big Data and Big Brother	Trevor Crighton	17-18
50	Banker SA	14	2015	Human Settlements: an update	Helen Ueckermann	24-25
51	Banker SA	14	2015	Financial inclusion for SMEs	Helen Ueckermann	38-39
52	Banker SA	14	2015	Technology of chalk?	Kirsty Chadwick	40
53	Banker SA	14	2015	The great debt debate	Gary Green	49
ATLAS.ti 8 File saved as Document 14 (D14)						
54	Banker SA	20	2017	Law vital to maintain Financial integrity	Caryn Gootkin	25-28

APPENDIX 2 - THE CODE LIST

Project: Transparency in banking
Report created by aoksiutycz on 2020/01/03
Code Report
All (198) codes

● **Accessibility of information**
1 Groups:
Characteristics of information

● **Adequate information**
1 Groups:
Characteristics of information

● **Adherence to disclosure rules & standards**
1 Groups:
Governance practices disclosure

● **Annual financial statements**
3 Groups:
Disclosure formats / Financial disclosure (standard) / Governance practices disclosure

● **Appropriate disclosure**
1 Groups:
Characteristics of information

● **Assets and liabilities disclosure**
1 Groups:
Financial disclosure (standard)

● **Assurance of disclosure**
2 Groups:
Financial disclosure (standard) / Governance practices disclosure

● **Auditors and audit disclosure**
2 Groups:
Financial disclosure (standard) / Governance practices disclosure

○ **Bank disclosure obligations**
1 Groups:
Institutionalisation

● **Bank financial interests in other firms disclosure**
1 Groups:
Financial disclosure (standard)

● **Bank stress testing measures reporting**
1 Groups:
Banking specific financial disclosure

● **Bank's financial condition disclosure**
1 Groups:

Financial disclosure (standard)

○ **Banking policy changes**
1 Groups:
Institutionalisation

● **BBBEE**
1 Groups:
Transformation related codes

● **BBEEE scorecard as disclosure**
2 Groups:
Disclosure formats / Transformation related codes

● **Business strategy transparency**
1 Groups:
Governance practices disclosure

● **Calculation tools disclosure**
1 Groups:
Consumer transparency

● **Capital adequacy disclosure**
1 Groups:
Banking specific financial disclosure

● **Capital base transparency disclosure**
1 Groups:
Banking specific financial disclosure

● **Capital instrument disclosure**
1 Groups:
Banking specific financial disclosure

● **Career path- empowerment measures disclosure**
1 Groups:
Transformation related codes

● **Cash flows disclosure**
1 Groups:
Financial disclosure (standard)

● **Clear format and language of disclosure**
1 Groups:
Consumer transparency

● **Committee composition disclosure**
2 Groups:
Financial disclosure (standard) / Governance practices disclosure

● **Communicating with stakeholders as transparency**
1 Groups:
Stakeholder relationships

● **Complaints process transparency**

1 Groups:
Consumer transparency

● **Compliance function**
4 Groups:
Financial disclosure (standard) / Governance practices disclosure / Institutionalisation / Limitations of transparency

---

○ **Concerns about nominal transparency**
1 Groups:
Limitations of transparency

● **Conflict of interest disclosure**
1 Groups:
Governance practices disclosure

○ **Consequences of opacity**
1 Groups:
Banking system changes

● **Consumer outcomes of transparency**
2 Groups:
Social outcomes of better banking / Transparency of market conduct - outcomes

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○ **Consumer protection**
4 Groups:
Banking system changes / Institutionalisation / Stakeholder relationships / Transparency of market conduct - outcomes

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● **Core capital ratio disclosure**
1 Groups:
Banking specific financial disclosure

● **CorpGov: adherence to**
2 Groups:
Banking system changes / Financial disclosure (standard)

● **CorpGov: consequences of poor governance**
2 Groups:
Banking system changes / Financial disclosure (standard)

● **Corporate citizenship measures disclosure**
1 Groups:
Financial disclosure (standard)

● **Corporate Governance**
2 Groups:
Financial disclosure (standard) / Legitimation of transparency

---

● **Credit information disclosure**
1 Groups:
Consumer transparency

● **Credit refusal transparency**
1 Groups:

Consumer transparency

○ **Criticism of prevailing culture in banking**
2 Groups:
Banking system changes / Context of banking transparency

● **Cultural Diversity: enhancement of transparency**
1 Groups:
Social outcomes of better banking

● **Debt recovery conditions transparency**
2 Groups:
Consumer transparency / Transparency stakeholders

○ **Definitions of terms**
1 Groups:
Institutionalisation

● **Disclosure**
1 Groups:
Transparency related terms - autocoding

○ **Economic growth**
2 Groups:
Market outcomes / Transparency for system stability- outcomes

● **Effective disclosure**
1 Groups:
Characteristics of information

● **Employee ownerships scheme disclosure**
1 Groups:
Transformation related codes

● **Employment equity disclosure**
1 Groups:
Transformation related codes

● **Empowerment financing disclosure**
1 Groups:
Transformation related codes

● **Enterprise development measures disclosure**
1 Groups:
Transformation related codes

● **Exposure to credit risk disclosure**
1 Groups:
Risk management related codes

● **Exposure to equity risks disclosure**
1 Groups:
Risk management related codes

● **Exposure to liquidity risk disclosure**

1 Groups:
Risk management related codes

● **Exposure to operational risk disclosure**
1 Groups:
Risk management related codes

● **Fees and charges disclosure**
1 Groups:
Consumer transparency

○ **Field level change period of refinement**
1 Groups:
Smart codes

○ **Field level change response period**
1 Groups:
Smart codes

○ **Financial Crisis**
2 Groups:
Context of banking transparency / Legitimation of transparency

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● **Financial disclosure - banking system stability**
3 Groups:
Banking specific financial disclosure / Legitimation of transparency / Transparency for system stability- outcomes

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● **Financial performance disclosure**
2 Groups:
Financial disclosure (standard) / Smart codes

● **Financial reporting and disclosure**
1 Groups:
Governance practices disclosure

● **Financial reporting specific to banking**
1 Groups:
Banking specific financial disclosure

○ **Financial system integrity**
2 Groups:
Stakeholder relationships / Transparency for system stability- outcomes

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○ **Financial system stability**
3 Groups:
Legitimation of transparency / Market outcomes / Transparency for system stability- outcomes

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● **Forms, templates & returns**
1 Groups:
Disclosure formats

● **Frequency of reporting**
2 Groups:
Disclosure formats / Transparency meaning

● **Funding sources and strategy disclosure**
1 Groups:
Financial disclosure (standard)

○ **General information about business disclosure**
1 Groups:
Financial disclosure (standard)

● **Governance matters transparency**
1 Groups:
Governance practices disclosure

● **Governing Body_ Process and procedure transparency**
2 Groups:
Financial disclosure (standard) / Governance practices disclosure

● **Governing Body_Committees rules and composition disclosure**
2 Groups:
Financial disclosure (standard) / Governance practices disclosure

● **Governing Body_Internal transparency**
2 Groups:
Financial disclosure (standard) / Governance practices disclosure

● **Governing Body_Responsibility for public disclosure**
2 Groups:
Financial disclosure (standard) / Governance practices disclosure

● **Honest disclosure**
2 Groups:
Characteristics of information / Stakeholder relationships

● **In writing**
1 Groups:
Disclosure formats

● **Inadequate transparency_ Consequences of**
1 Groups:
Legitimation of transparency

○ **Industry pushback**
1 Groups:
Banking system changes

● **Information**
1 Groups:
Transparency related terms - autocoding

● **Integrated reporting**
2 Groups:
Governance practices disclosure / Institutionalisation

● **Integrity of information**
1 Groups:

Characteristics of information

○ **Interconnectedness**
3 Groups:
Context of banking transparency / Institutionalisation / Legitimation of transparency

○ **Interest rates disclosure**
1 Groups:
Banking specific financial disclosure

● **Internal transparency**
1 Groups:
Governance practices disclosure

● **International benchmarking**
1 Groups:
Institutionalisation

● **International IR Framework**
2 Groups:
Financial disclosure (standard) / Institutionalisation

○ **International regulations**
2 Groups:
Banking system changes / Legitimation of transparency

● **Intrafield transparency**
2 Groups:
Context of banking transparency / Institutionalisation

● **Legislation shortcomings**
3 Groups:
Banking system changes / Context of banking transparency / Legitimation of transparency

○ **Legitimation_Listing requirements**
1 Groups:
Legitimation of transparency

● **Lessons from the financial crisis**
3 Groups:
Banking system changes / Context of banking transparency / Legitimation of transparency

● **Leverage ratio disclosure**
1 Groups:
Banking specific financial disclosure

● **Limitations of selfrelgulation**
2 Groups:
Banking system changes / Context of banking transparency

● **Liquidity disclosure**
1 Groups:
Banking specific financial disclosure

● **Liquidity ratio disclosure**

1 Groups:
Banking specific financial disclosure

● **Liquidity risk management disclosure**
1 Groups:
Banking specific financial disclosure

● **Loyalty programmes transparency**
1 Groups:
Consumer transparency

● **Management accounts**
2 Groups:
Financial disclosure (standard) / Governance practices disclosure

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● **Market conduct shortcomings**
3 Groups:
Banking system changes / Context of banking transparency / Legitimation of transparency

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● **Marketing practices transparency**
2 Groups:
Consumer transparency / Context of banking transparency

● **Materiality to stakeholders**
1 Groups:
Stakeholder relationships

● **Off-balance sheet items**
1 Groups:
Banking specific financial disclosure

● **Opening the account**
1 Groups:
Consumer transparency

○ **Ordinary shares**
1 Groups:
Financial disclosure (standard)

● **Outcome_ Better decision making**
2 Groups:
Social outcomes of better banking / Transparency of market conduct - outcomes

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● **Outcome_ Better products and services**
1 Groups:
Transparency for system stability- outcomes

● **Outcome_Accountability**
2 Groups:
Social outcomes of better banking / Transparency of market conduct - outcomes

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● **Outcome_Better customer experience**
1 Groups:
Transparency of market conduct - outcomes

● **Outcome_Better social wellbeing**
3 Groups:
Legitimation of transparency / Social outcomes of better banking / Transparency of market conduct - outcomes

● **Outcome_Competition**
2 Groups:
Market outcomes / Transparency for system stability- outcomes

● **Outcome_Consumer choice**
3 Groups:
Market outcomes / Social outcomes of better banking / Transparency of market conduct - outcomes

● **Outcome_Consumer confidence & trust in the system**
5 Groups:
Market outcomes / Social outcomes of better banking / Stakeholder relationships / Transparency for system stability- outcomes / Transparency of market conduct - outcomes

● **Outcome_Consumer education**
2 Groups:
Social outcomes of better banking / Transparency of market conduct - outcomes

● **Outcome_Efficiency of financial markets**
2 Groups:
Market outcomes / Transparency for system stability- outcomes

● **Outcome_Fairness**
4 Groups:
Legitimation of transparency / Social outcomes of better banking / Stakeholder relationships / Transparency of market conduct - outcomes

● **Outcome_Financial inclusion**
3 Groups:
Legitimation of transparency / Social outcomes of better banking / Transparency of market conduct - outcomes

● **Outcome_Financial integrity**
1 Groups:
Legitimation of transparency

● **Outcome_Financial stability**
3 Groups:
Legitimation of transparency / Market outcomes / Transparency for system stability- outcomes

● **Outcome_Legitimacy**
1 Groups:
Legitimation of transparency

● **Outcome_Organisational success**
2 Groups:
Legitimation of transparency / Transparency for system stability- outcomes

● **Outcome_Social capital**
2 Groups:

Legitimation of transparency / Social outcomes of better banking

● **Outcome_Value creation**
3 Groups:
Legitimation of transparency / Social outcomes of better banking / Transparency for system stability- outcomes

● **Ownership/shareholder disclosure**
1 Groups:
Transformation related codes

○ **Poverty alleviation**
2 Groups:
Social outcomes of better banking / Transparency for system stability- outcomes

● **Preferential procurement**
1 Groups:
Transformation related codes

● **Principle _Inclusivity**
2 Groups:
Legitimation of transparency / Stakeholder relationships

● **Process/procedure transparency**
1 Groups:
Governance practices disclosure

○ **Product and service transparency**
1 Groups:
Consumer transparency

● **Product complexity**
1 Groups:
Consumer transparency

● **Profit or/or loss**
1 Groups:
Financial disclosure (standard)

● **Public disclosure**
4 Groups:
Characteristics of information / Financial disclosure (standard) / Governance practices disclosure / Stakeholder relationships

● **Qualitative information**
1 Groups:
Characteristics of information

● **Quantitative information**
1 Groups:
Characteristics of information

● **Ratio calculation**
1 Groups:
Banking specific financial disclosure

● **Recruitment reporting for BEE**
1 Groups:
Transformation related codes

● **Regulatory capital**
1 Groups:
Banking specific financial disclosure

○ **Regulatory change**
1 Groups:
Banking system changes

● **Relevant information**
1 Groups:
Characteristics of information

● **Reliable**
1 Groups:
Characteristics of information

● **Remuneration transparency**
1 Groups:
Governance practices disclosure

● **Reporting**
4 Groups:
Disclosure formats / Financial disclosure (standard) / Institutionalisation / Transparency related terms - autocoding

● **Reporting standards**
1 Groups:
Institutionalisation

○ **Responsible Finance_Transparent conduct**
1 Groups:
Legitimation of transparency

● **Risk assessment and disclosure**
2 Groups:
Governance practices disclosure / Risk management related codes

● **Risk management practices**
2 Groups:
Financial disclosure (standard) / Risk management related codes

● **Risk-weighted capital ratio disclosure**
1 Groups:
Banking specific financial disclosure

● **Rules regarding transparency**
1 Groups:
Banking system changes

● **Skills development**

1 Groups:
Transformation related codes

○ **Social context of transparency**
1 Groups:
Context of banking transparency

● **Social impact and sustainability**
1 Groups:
Context of banking transparency

● **Social media**
1 Groups:
Disclosure formats

● **Societal outcomes of transparency**
1 Groups:
Social outcomes of better banking

● **Solution_ regulation & enforcement**
1 Groups:
Institutionalisation

○ **Solution_ regulatory consumer protection**
1 Groups:
Institutionalisation

○ **Solution_better ombud system**
1 Groups:
Institutionalisation

○ **Solution_better supervision and regulation**
2 Groups:
Banking system changes / Institutionalisation

○ **Solution_more transparency**
1 Groups:
Legitimation of transparency

● **Stakeholder relationships**
1 Groups:
Context of banking transparency

○ **Stakeholder transparency needs**
1 Groups:
Context of banking transparency

○ **Standardisation of disclosure**
1 Groups:
Institutionalisation

● **STKHL_Bank Ombud**
1 Groups:
Transparency stakeholders

● **STKHL_Customer**
1 Groups:
Transparency stakeholders

● **STKHL_Financial sector council**
2 Groups:
Transformation related codes / Transparency stakeholders

● **STKHL_FSCA**
1 Groups:
Transparency stakeholders

● **STKHL_General**
1 Groups:
Transparency stakeholders

● **STKHL_National Credit Regulator**
1 Groups:
Transparency stakeholders

● **STKHL_PA**
1 Groups:
Transparency stakeholders

● **STKHL_Registrar**
1 Groups:
Transparency stakeholders

● **STKHL_Regulator**
1 Groups:
Transparency stakeholders

● **STKHL_SARB**
1 Groups:
Transparency stakeholders

● **STKHL_Shareholders**
1 Groups:
Transparency stakeholders

● **STKHL_Treasury**
1 Groups:
Transparency stakeholders

● **Striving for greater transparency**
1 Groups:
Legitimation of transparency

○ **Structural changes in banking**
1 Groups:
Banking system changes

● **Sustainability transparency**
1 Groups:

Governance practices disclosure

● **Technology related transparency**
2 Groups:
Consumer transparency / Context of banking transparency

● **Terms and conditions**
1 Groups:
Consumer transparency

○ **The arguments for industry change**
2 Groups:
Banking system changes / Context of banking transparency

● **Theorisation_Interconnected system**
3 Groups:
Banking system changes / Context of banking transparency / Transparency for system stability-outcomes

● **Tier 1 capital**
1 Groups:
Banking specific financial disclosure

● **Tier 2 capital**
1 Groups:
Banking specific financial disclosure

● **Timely**
1 Groups:
Characteristics of information

● **Transaction information**
1 Groups:
Consumer transparency

● **Transaparency as standard for action**
1 Groups:
Transparency meaning

● **Transparency**
1 Groups:
Transparency related terms - autocoding

● **Transparency as communication practices**
1 Groups:
Transparency meaning

○ **Transparency and public accountability**
1 Groups:
Stakeholder relationships

● **Transparency as a goal**
1 Groups:
Transparency meaning

● **Transparency as consumer right**
5 Groups:
Consumer transparency / Context of banking transparency / Social outcomes of better banking / Stakeholder relationships / Transparency meaning

○ **Transparency as fighting financial crime**
2 Groups:
Market outcomes / Social outcomes of better banking

● **Transparency as guiding principle**
1 Groups:
Transparency meaning

● **Transparency as higher value**
1 Groups:
Transparency meaning

● **Transparency as means to an end**
1 Groups:
Transparency meaning

○ **Transparency limitations**
1 Groups:
Limitations of transparency

○ **Unemployment**
2 Groups:
Market outcomes / Social outcomes of better banking

○ **Unfair treatment of customers**
3 Groups:
Banking system changes / Consumer transparency / Stakeholder relationships

● **Website**
1 Groups:
Disclosure formats

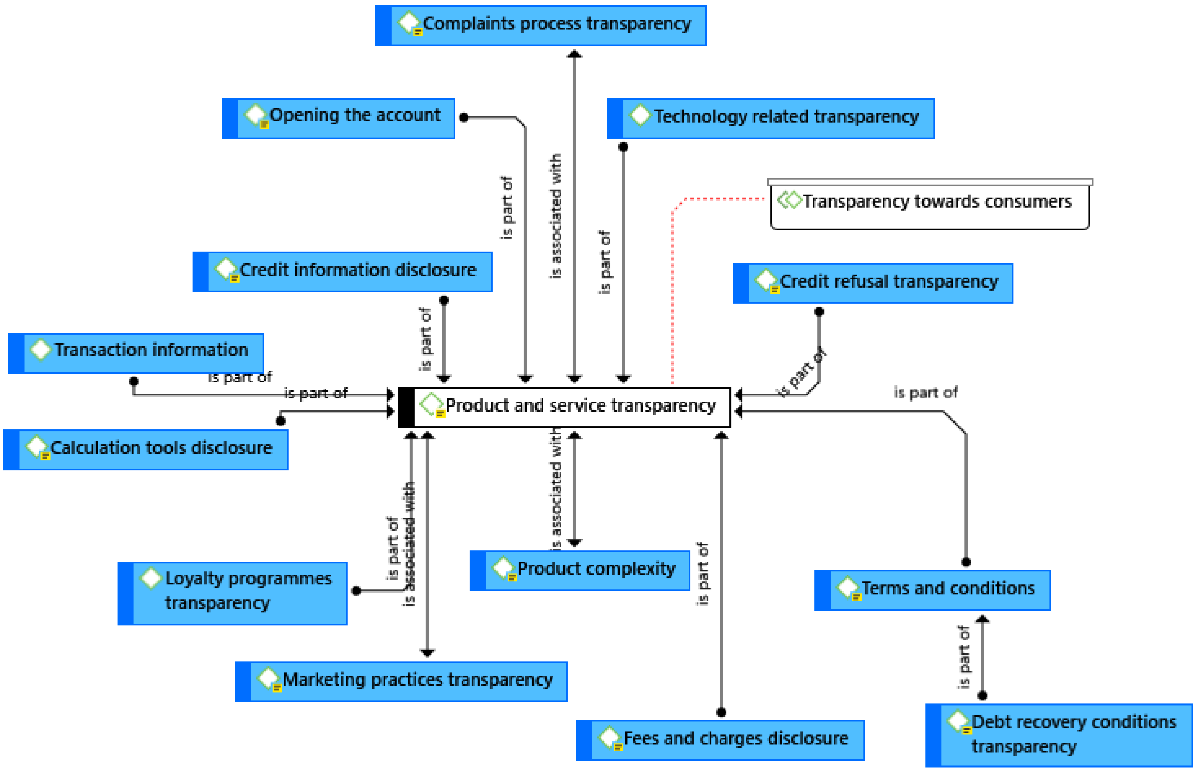
○ **Words describing disclosure**
1 Groups:
Words associated with transparency

● **Words describing transparency**
1 Groups:
Words associated with transparency

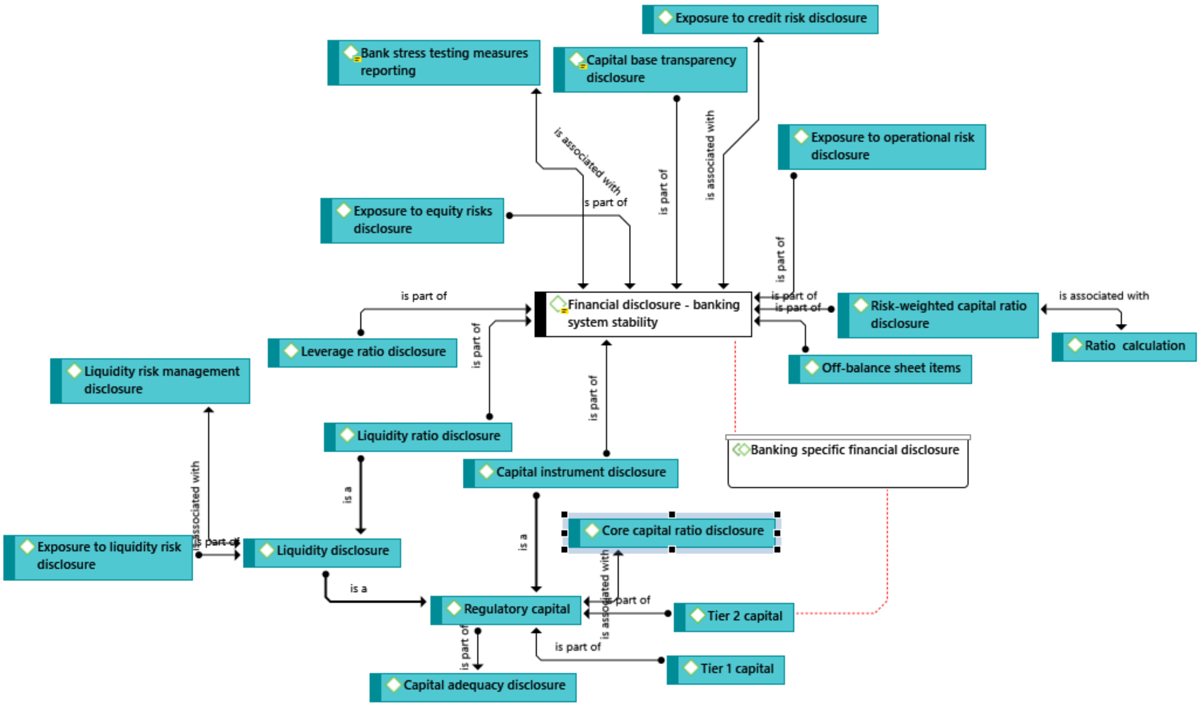
APPENDIX 3 - EXAMPLE OF HOW A THEME WAS CONSTRUCTED FROM FIVE CODE CATEGORIES

Theme: thematic areas of banking transparency.

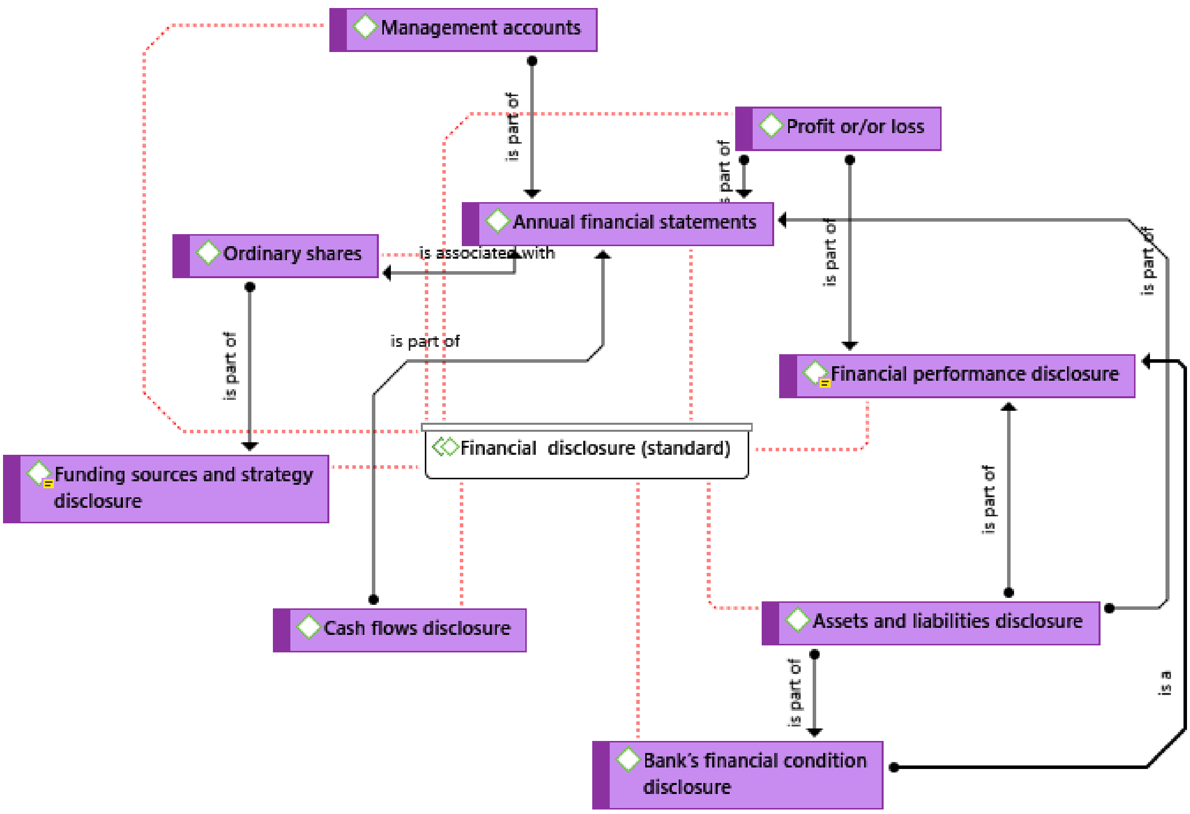
1) Codes grouped into category: Transparency towards consumers



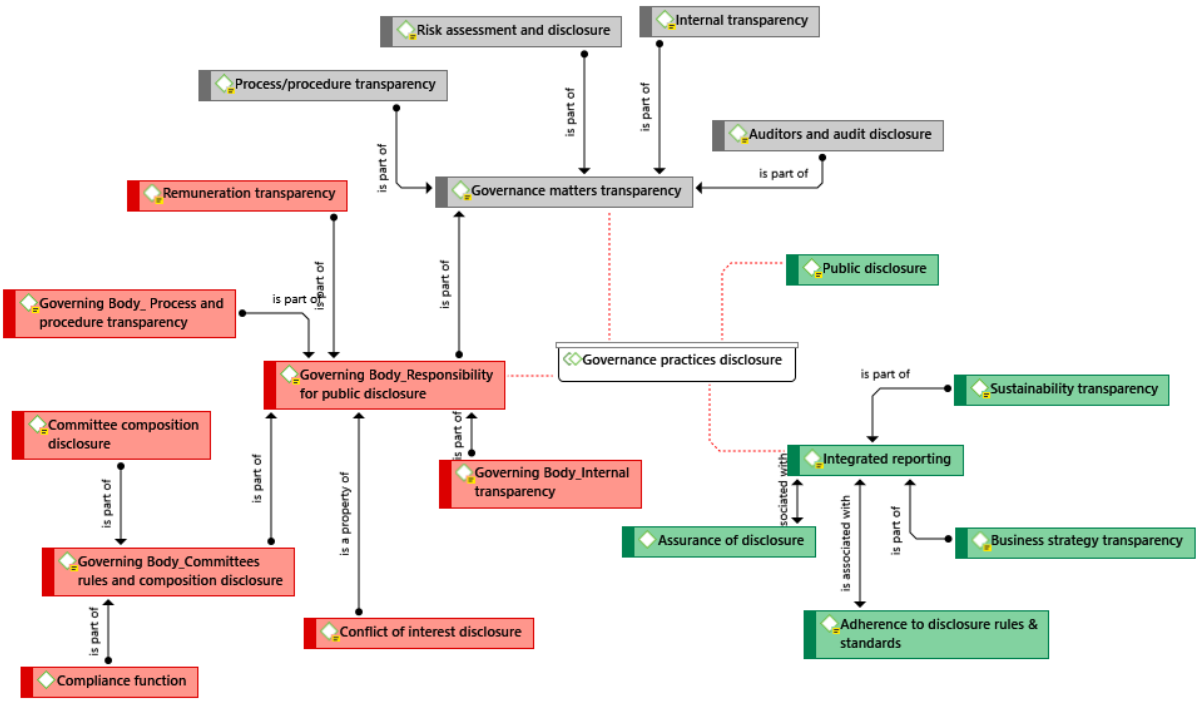
2) Codes grouped into category: Financial disclosure – banking system stability



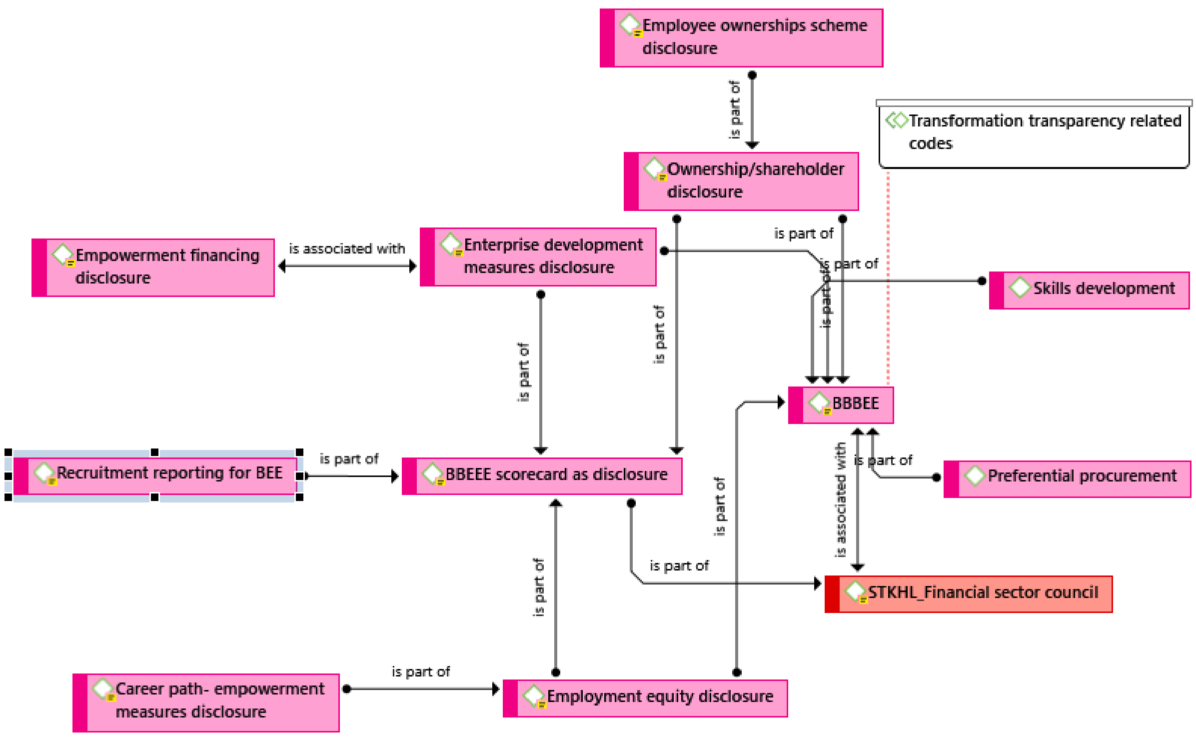
3) Codes grouped into category: fianancial disclosure – standard



4) Codes grouped into category: governance practices disclosure

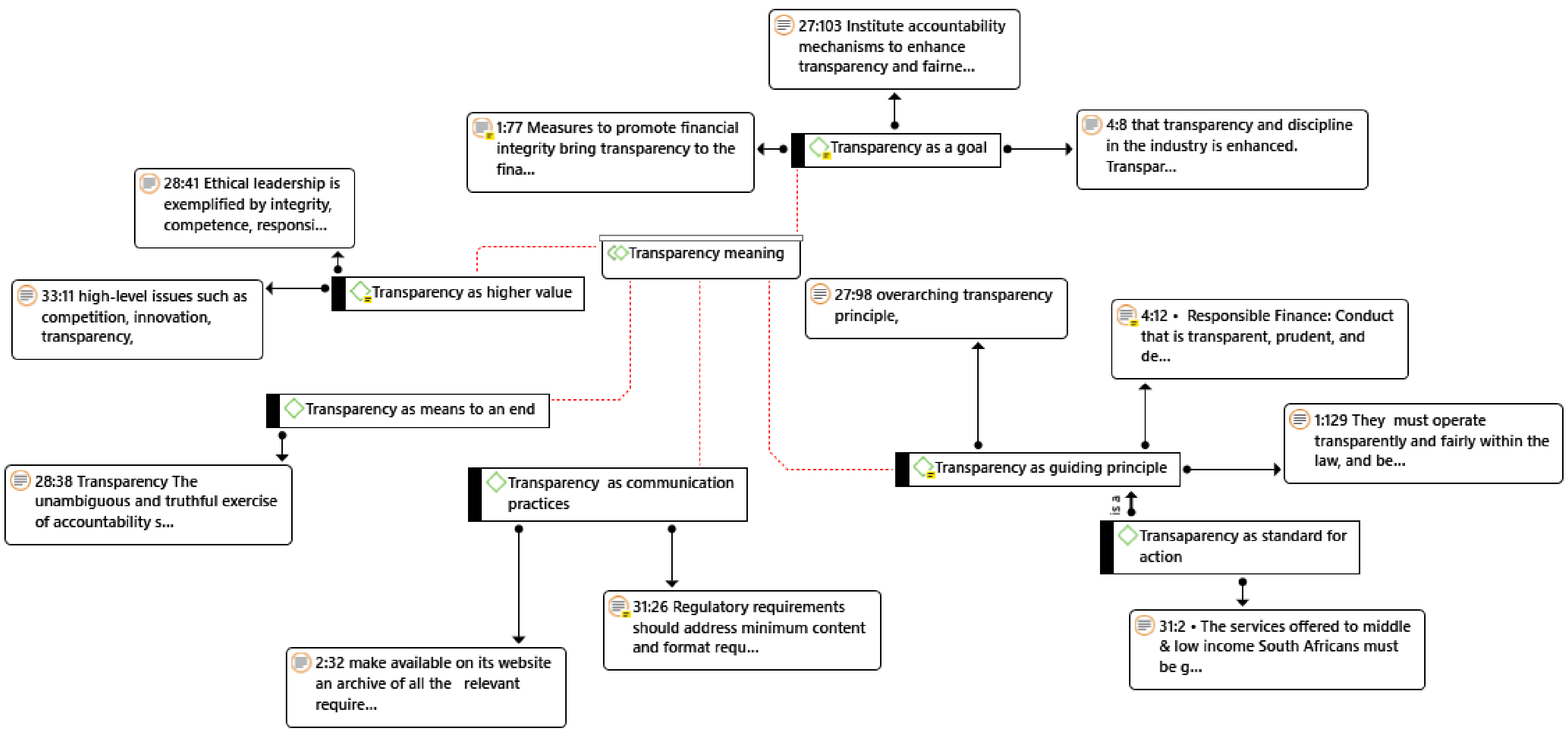


5) Codes grouped into category: transformation transparency



APPENDIX 4 - EXAMPLE OF CODES AND ASSOCIATED QUOTATIONS.

Theme: the meaning of transparency in banking



APPENDIX 5- ATLAS.TI 8 QUOTATION REPORT FOR THE CODE *TRANSPARENCY*

Project: Transparency in banking

Report created by aoksiutycz on 2020/01/30

Code Report

Selected codes (1)

Comment: this code was used whenever the quotation (the excerpt) contained the word transparency or o transparent

---

● **Transparency**

234 Quotations:

1:5 However, stability is not the only policy objective for the financial…… (8:316 [8:672]) - D 1: National Treasury 2011 (A safer financial sector to serve South Africa better)

However, stability is not the only policy objective for the financial sector. The sector is characterised by high and opaque fees, and needs to be more transparent, competitive and costeffective. Moreover, many South Africans do not have access to financial services. Not only does this inhibit economic growth, it also keeps people trapped in poverty.

1:14 The listing requirement also ensures transparency, rigorous disclosu…… (21:1303 [21:1501]) - D 1: National Treasury 2011 (A safer financial sector to serve South Africa better)

The listing requirement also ensures transparency, rigorous disclosure standards and high standards of corporate governance, forcing banks to satisfy shareholders and stakeholders at all times.

1:32 Principle 2: There should be a transparent approach to regulation an…… (32:1063 [32:1519]) - D 1: National Treasury 2011 (A safer financial sector to serve South Africa better)

Principle 2: There should be a transparent approach to regulation and supervision. Regulation and supervision should be risk-based, where appropriate, and proportional to the nature, scale and complexity of risks present in a regulated entity and the system as a whole. Riskbased supervision requires significant investment in human capital, as supervisors typically need to develop skills to monitor risk in highly complex financial transactions.

1:35 The policy framework will be set transparently via the executive, and…… (32:2525 [32:2837]) - D 1: National Treasury 2011 (A safer financial sector to serve South Africa better)

The policy framework will be set transparently via the executive, and legislative proposals will be approved by Parliament. While regulators do not set policy, it is critical to clearly demarcate what constitutes policy, and empower regulators to set the supervisory framework and necessary directives.

1:44 The twin peaks approach is regarded as the optimal means of ensuring…… (36:3414 [36:3847]) - D 1: National Treasury 2011 (A safer financial sector to serve South Africa better)

The twin peaks approach is regarded as the optimal means of ensuring that transparency, market integrity, and consumer protection receive sufficient priority, and given South Africa"s historical neglect of market conduct regulation, a dedicated regulator responsible for consumer protection, and not automatically presumed to be subservient to prudential concerns, is probably the most appropriate way to address this issue.

1:60 In particular, banks agreed to the lowering of penalty fees on disho…… (50:2162 [50:2509]) - D 1: National Treasury 2011 (A safer financial sector to serve South Africa better)

In particular, banks agreed to the lowering of penalty fees on dishonoured debit orders, improving the management of the current debit order system, greater transparency of ATM fees and charges, the implementation of a standardised switching code to promote ease of switching bank accounts between banks, and improving customer education.

1:62 International best practice in consumer protection requires the financ…… (53:79 [53:695]) - D 1: National Treasury 2011 (A safer financial sector to serve South Africa better)

International best practice in consumer protection requires the financial sector to provide consumers with speedy and affordable redress to address complaints and resolve disputes. These mechanisms are a powerful and additional weapon in the hands of consumers—but they require careful consideration and preparation. South Africa has embodied such redress in its ombud schemes (see Box 4.2). Such schemes, whether statutory, recognised or voluntary, should align with best practice standards such as independence, impartiality, confidentiality, transparency, clarity of purpose and effectiveness.

1:65 Improved consumer financial education reduces information Regulatory…… (54:1016 [55:221]) - D 1: National Treasury 2011 (A safer financial sector to serve South Africa better)

A SAFER FINANCIAL SECTOR TO SERVE SOUTH AFRICA BETTER 48 asymmetries and promotes market transparency, competition and efficiency. It also has the potential to increase access to and demand for financial products.

1:77 Measures to promote financial integrity bring transparency to the fina…… (80:520 [80:833]) - D 1: National Treasury 2011 (A safer financial sector to serve South Africa better)

Measures to promote financial integrity bring transparency to the financial sector by requiring financial institutions to conduct proper due diligence on their customers and capture and maintain customer and transaction information in records that are accessible by supervisory and investigating authorities.

1:79 Measures to promote financial integrity aim to detect and address ab…… (81:490 [81:921]) - D 1: National Treasury 2011 (A safer financial sector to serve South Africa better)

Measures to promote financial integrity aim to detect and address abuses of the products and services offered by financial institutions.

These measures bring transparency to the financial sector by requiring financial institutions to conduct proper due diligence with respect to their customers, and maintain customer and transaction information in records that are accessible by supervisory and investigating authorities.

1:80 Internationally, the Group of 20 nations (G-20) has, in a number of…… (81:924 [81:1195]) - D 1: National Treasury 2011 (A safer financial sector to serve South Africa better)

Internationally, the Group of 20 nations (G-20) has, in a number of statements on strengthening the international financial regulatory system, referred to steps such as strengthening transparency, promoting market integrity and reinforcing international cooperation.

1:82 „419" Nigerian-type economic/investment frauds and pyramid schemes,…… (83:189 [83:670]) - D 1: National Treasury 2011 (A safer financial sector to serve South Africa better)

„419" Nigerian-type economic/investment frauds and pyramid schemes, with increasing numbers of sophisticated and large-scale economic crimes and crimes through criminal syndicates. South Africa remains a transport point for drug trafficking. Corruption also presents a problem. However, the South African authorities are committed to pursuing this issue through a range of initiatives such as the introduction of measures to entrench good governance and transparency.

3:25 'The intention of the Act is to improve transparency so that shareho…… (38:2263 [38:2826]) - D 3: SA Banker 01 2012

'The intention of the Act is to improve transparency so that shareholders and unions are better informed of how the company is using its money,' says Roothman. 'It's unlikely that shareholders and trade unions would become too involved in a company's complex financing arrangements, but depending on when they are told, they may be able to vote on whether a particular transaction should take place or not.' He warns that companies that regularly transfer money between inter-company accounts should also pay particular attention to the new rules.

3:32 Core values or differentiators: Simplicity, affordability, accessibility…… (56:495 [56:648]) - D 3: SA Banker 01 2012

Core values or differentiators: Simplicity, affordability, accessibility, personal service, transparency – you know what you get, you know what you pay.

4:5 Th is pricing practice would broadly accord with the desired outcome…… (43:559 [43:844]) - D 4: SA Banker 02 2012

Th is pricing practice would broadly accord with the desired outcomes of TCF regulations: • customers must trust their fi nancial service providers; • products and services supplied are appropriate to consumers, and • that transparency and discipline in the industry is enhanced.

4:8 that transparency and discipline in the industry is enhanced. Transpar…… (43:783 [43:1048]) - D 4: SA Banker 02 2012

that transparency and discipline in the industry is enhanced.

Transparency and discipline – and the customer confi dence that comes with them – require oversight. Burra believes that: 'Th e onus is on government and pressure groups to keep banks accountable.

4:9 Where it is considered that price diff erentiation oversteps the mark…… (43:1049 [43:1587]) - D 4: SA Banker 02 2012

Where it is considered that price diff erentiation oversteps the mark, the banks must be told so that they can adjust their practices accordingly.' Possible sanctions could include banks being required to lower penalty fees on dishonoured debit orders, improving the management of the current debit order system, greater transparency regarding ATM fees and ch arges, the implementation of a standardised switch ing code to promote ease of switch ing bank accounts between banks, and improving customer education,' says Burra.

4:10 ' Possible sanctions could include banks being required to lower pe…… (43:1198 [43:1587]) - D 4: SA Banker 02 2012

' Possible sanctions could include banks being required to lower penalty fees on dishonoured debit orders, improving the management of the current debit order system, greater transparency regarding ATM fees and ch arges, the implementation of a standardised switch ing code to promote ease of switch ing bank accounts between banks, and improving customer education,' says Burra.

4:12 • Responsible Finance: Conduct that is transparent, prudent, and de…… (45:2815 [45:2893]) - D 4: SA Banker 02 2012

• Responsible Finance: Conduct that is transparent, prudent, and dependable.

5:12 The customer voice is growing in strength, amplified by increasing s…… (20:352 [20:1187]) - D 5: SA Banker 03 2012

The customer voice is growing in strength, amplified by increasing social media use. Banks have made progress in improving their communication channels. Both call centre and mobile banking services have improved, with customer satisfaction up by 8% and 16% respectively year on year, however, the power of the consumer voice has overtaken banks communication channels. Personal recommendations from family and friends are the top source of information about banking products, with 71% of consumers relying on this information as their primary source. Fifty five percent of consumers refer to online communities or social networks for advice and a third of customers who use social networking use it to actively comment on the service they receive from their bank.

'Customers prefer turning to other sources than t

5:13 All CIOs have biased opinion based on experience. Many decisions are…… (24:960 [24:1524]) - D 5: SA Banker 03 2012

All CIOs have biased opinion based on experience. Many decisions are tied almost exclusively to experience and straightforward financial analyses, such as project costs and estimations. CIOs and IT leaders need a transparent, objective framework to augment the experience they bring to decision making. Such a framework can aid in articulating and communicating decisions both across and outside the organisation, an increasingly important requirement as corporate directors and regulators expand their scrutiny of business and technology decisions.

5:15 Meaningful, simple to understand metrics will help objectively commu…… (24:4582 [24:4833]) - D 5: SA Banker 03 2012

Meaningful, simple to understand metrics will help objectively communicate the rationale behind various strategic decisions, and bridge the gap between business and technology in providing a new level of transparency across the business and IT.

5:17 'When we were developing this product, we were looking for aspects o…… (28:287 [28:2223]) - D 5: SA Banker 03 2012

'When we were developing this product, we were looking for aspects of credit cards that are often complicated to explain to the customer,' says Jared Young, senior director of consumer markets for Barclaycard. 'Even if [these features] made us a little bit of revenue, we decided to pull them out and make it as simple as possible.' The card's website is unclear about exactly what influence card holders will have, but it shows a sample discussion page with a query for users about how active community members should be rewarded for their efforts, and a community stats page with information including the number of accounts. Young continues to add 'There are a lot of different places we can go. Everything online is up for grabs, but we have to provide a framework — we can't give away the farm.' If there's a feature the community wants to build, we'll share [information about] the expense of actually building it, and discuss how to fund it.' Another feature of the card is that it gives community members a look at aspects of the card's profit and loss (P&L) statements. Young acknowledges that it would be 'very difficult' to report the profits of a specific portfolio. 'We've treated the P&L on a more cash flow basis, created a good-faith estimate of P&L and created a rewards program based on how well P&L performs.' The Giveback rewards program is billed as a way for card holders to share in the profit. But the card's terms and conditions note that 'this profit-sharing feature is not based on the actual profits of the program. Instead, the Giveback program contains a transparent calculation that is used to determine what will be shared with the community members and which may or may not approximate actual profits.' Young notes that the company is hoping to use the level of consumer control over how the Giveback funds are used to build trust with card holders.

6:2 his has occurred through The Banking Association's promotion of fa…… (14:330 [14:624]) - D 6: SA Banker 06 2013

his has occurred through The Banking Association's promotion of fair, transparent and responsible banking practices. The Banking Association has also positively influenced and supported the National Credit Act which has contributed significantly to the financial stability in the country.

6:4 Through their ongoing professional media engagements and transparent…… (14:1519 [14:1968]) - D 6: SA Banker 06 2013

Through their ongoing professional media engagements and transparent industry research, The Banking Association has assisted to instil confidence in our banking industry for international investors to consider South Africa as a destination for their financial activity. In Southern Africa, The Banking Association is collaborating with SADC countries to ensure good working relationships and to share best practice in the financial sector.

6:11 Capitec Bank CEO, Riaan Stassen, notes that recurring issues concern…… (47:1488 [47:1718]) - D 6: SA Banker 06 2013

Capitec Bank CEO, Riaan Stassen, notes that recurring issues concerning bank service are still raised by the public, including confusing fee structures, la of transparency, inaccessible bank managers and short working hours.

7:2 Cash-based collateral dethroned I n a world scarred by the events of…… (17:1 [17:302]) - D 7: SA Banker 07 2013

Cash-based collateral dethroned I n a world scarred by the events of 2008, considerable questions have been raised regarding asset safety, the mitigation of counterparty credit risk, the protection and use of collateral and greater demands on transparency within the financial services arena.

7:5 Edition 7 BANKER SA 23 the industry’s failure to innovate financia…… (25:1 [25:304]) - D 7: SA Banker 07 2013

Edition 7 BANKER SA 23 the industry’s failure to innovate financial contracts (products) which appropriately incorporate rewards commensurate with the level of risk inherent in funding SMEs – businesses that are highly promising, but with less than transparent financial dealings and records.

7:8 This allows stakeholders to relate Integrated Reporting: developin…… (39:347 [39:632]) - D 7: SA Banker 07 2013

This allows stakeholders to relate Integrated Reporting: developing a local standard While Integrated Reporting is a legal requirement for all JSE-listed companies in South Africa, today’s business environment demands more transparency and good governance from all companies.

7:15 While XBRL delivers many benefits, especially improving the comparab…… (41:1469 [41:1785]) - D 7: SA Banker 07 2013

While XBRL delivers many benefits, especially improving the comparability and consistency of business information to address transparency concerns and deliver information in a universally understandable format, the creation of this language has added yet another challenge to the Integrated Reporting process.

7:16 While XBRL delivers many benefits, especially improving the comparab…… (41:1469 [41:2028]) - D 7: SA Banker 07 2013

While XBRL delivers many benefits, especially improving the comparability and consistency of business information to address transparency concerns and deliver information in a universally understandable format, the creation of this language has added yet another challenge to the Integrated Reporting process. Although it is not a legal requirement in South Africa yet, it is only a matter of time. Any multinational organisation operating in South Africa and listed on the New York Stock Exchange will have to implement this type of reporting.

8:4 It seems that, given South Africa’s historical neglect of market con…… (27:1855 [27:2085]) - D 8: SA Banker 08 2013

It seems that, given South Africa’s historical neglect of market conduct regulation, the twin peaks model is probably the optimal means of giving sufficient priority to transparency, market integrity, and consumer protection.

8:6 In this way, in my view, consumers will be provided with a speedy an…… (29:938 [29:1401]) - D 8: SA Banker 08 2013

In this way, in my view, consumers will be provided with a speedy and affordable redress to address complaints and resolve disputes. In South Africa, such redress is embodied in the ombuds schemes. Also, in this way, the ombud scheme will align with best practice standards such as independence, impartiality, confidentiality, transparency, clarity of purpose, and effectiveness, and to dispel the concerns that the National Treasury appears to have.

8:7 Also, in this way, the ombud scheme will align with best practice st…… (29:1142 [29:1401]) - D 8: SA Banker 08 2013

Also, in this way, the ombud scheme will align with best practice standards such as independence, impartiality, confidentiality, transparency, clarity of purpose, and effectiveness, and to dispel the concerns that the National Treasury appears to have.

9:20 PwC maintains that it is important for African issuers to appeal to…… (61:1238 [61:1447]) - D 9: SA Banker 09 2014

PwC maintains that it is important for African issuers to appeal to investors by focusing on the “basics” of increasing transparency in the nancial markets and co-ordinating more eectively across borders.

9:23 e study, Winning through customer experience, whi surveyed over 32…… (62:333 [62:1134]) - D 9: SA Banker 09 2014

‘Despite another challenging year in the banking industry, consumer confidence has actually gone up,’ says Heidi Boyle, EY’s principal of financial services customer practice. ‘However, banks still have some way to go to improve this – for example, increasing transparency around fees and arges.

Additionally, improving how they deal with resolving problems or complaints will be critical if banks are to continue to win con

9:25 Transparency about fees, arges and guidance on how to avoid them ar…… (62:3962 [62:4110]) - D 9: SA Banker 09 2014

Transparency about fees, arges and guidance on how to avoid them are consistently one of the biggest issues for banks across the globe to tale.

10:1 However, the banking industry has been criticised in various areas,…… (19:396 [19:668]) - D 10: SA Banker 10 2014

However, the banking industry has been criticised in various areas, including excessive fees, lack of transparency in bank charges and poor levels of transformation. The EFF, as well as left-leaning constituents, have used this to drive the policy of nationalisation.

11:2 In unsecured lending, the transparent pricing on consumer credit ins…… (24:1105 [24:1306]) - D 11: SA Banker 11 2014

In unsecured lending, the transparent pricing on consumer credit insurance offered to borrowers has been called into question. In July this year, the National Treasury and the Financial Services

11:3 In unsecured lending, the transparent pricing on consumer credit ins…… (24:1105 [24:1459]) - D 11: SA Banker 11 2014

In unsecured lending, the transparent pricing on consumer credit insurance offered to borrowers has been called into question. In July this year, the National Treasury and the Financial Services BANKS HAVE DENIED WRONGDOING, SAYING PEOPLE WERE LENT MONEY ON THE BASIS OF THEIR AFFORDABILITY, RATHER THAN THE ADVERTISING EARNINGS.

11:9 GOOD DIRECTORS GET THE GAME This is where quality of leadership is so…… (45:1941 [45:2503]) - D 11: SA Banker 11 2014

GOOD DIRECTORS GET THE GAME This is where quality of leadership is so critical. Experienced directors, those who understand that opportunity and risk are just different sides of the same coin, know how to use governance as a springboard, as opposed to a stumbling block. Compliance is a playing field like any other, and those who can leverage this as a competitive edge stand to gain as a result of enhanced transparency, less incidence of fraud, strong reputation and a C-suite that is more inclined to focus on outward-facing strategy.

11:10 Compliance is a playing field like any other, and those who can leve…… (45:2225 [45:2503]) - D 11: SA Banker 11 2014

Compliance is a playing field like any other, and those who can leverage this as a competitive edge stand to gain as a result of enhanced transparency, less incidence of fraud, strong reputation and a C-suite that is more inclined to focus on outward-facing strategy.

11:12 An important form of relief is provided through technology and enter…… (45:3516 [45:3940]) - D 11: SA Banker 11 2014

An important form of relief is provided through technology and enterprising governance solution providers which recognise the value of specialising in commercial risk mitigation. By implementing processes for prevention and proactive risk identification, such solutions generate data-driven insights and much-needed transparency to keep organisations better informed and on top of governance requirements.

11:13 By implementing processes for prevention and proactive risk identi…… (45:3703 [45:3940]) - D 11: SA Banker 11 2014

By implementing processes for prevention and proactive risk identification, such solutions generate data-driven insights and much-needed transparency to keep organisations better informed and on top of governance requirements.

12:2 The purpose of the National Credit Act is to promote and advance the…… (38:3507 [38:3726]) - D 12: SA Banker 12 2015

The purpose of the National Credit Act is to promote and advance the social and economic welfare of consumers, by promoting a fair and transparent credit industry and alleviating consumers from over-indebtedness.

12:8 Therefore, banks with a footprint in Africa need to be prepared for…… (58:4254 [58:4364]) - D 12: SA Banker 12 2015

Therefore, banks with a footprint in Africa need to be prepared for additional disclosure and transparency.

12:11 The proposed changes will mean that organisations are required to pr…… (58:4575 [58:5274]) - D 12: SA Banker 12 2015

The proposed changes will mean that organisations are required to provide tax authorities with high-level information regarding their global operations and transfer pricing policies in a masterfile document. In addition, multinational enterprises will be required to provide more transactional information regarding the transactions that they are entering into in each country (to be included in separate country files). This three-tiered approach to transfer pricing documentation is expected to enhance transparency for tax authorities and help authorities identify taxpayers who are more likely to be entering into inappropriate intercompany pricing arrangements.

12:13 This three-tiered approach to transfer pricing documentation is expe…… (58:5016 [58:5274]) - D 12: SA Banker 12 2015

This three-tiered approach to transfer pricing documentation is expected to enhance transparency for tax authorities and help authorities identify taxpayers who are more likely to be entering into inappropriate intercompany pricing arrangements.

13:14 A great deal of e ort is made to enhance transparency, enforce super…… (50:2541 [50:2855]) - D 13: SA Banker 14 2015

A great deal of e ort is made to enhance transparency, enforce supervision and disclosure, increase protection, and improve standards. But ultimately, these have little impact when so many borrowers don't understand what's expected of them and what the repercussions are should they be unable to pay.

13:15 A great deal of e ort is made to enhance transparency, enforce super…… (50:2541 [50:2681]) - D 13: SA Banker 14 2015

A great deal of effort is made to enhance transparency, enforce supervision and disclosure, increase protection, and improve standards.

14:1 " e intention is to bring greater transparency to the nancial sys…… (29:3916 [29:4112]) - D 14: SA Banker 20 2017

" e intention is to bring greater transparency to the financial system by obtaining insight into the natural persons who interact with financial and other institutions 'at arm's length'.

16:1 In order to determine, among other things, the extent to which a bank…… (4:457 [4:1769]) - D 16: Banks Act Amendment 2015 (liquidity risk)

In order to determine, among other things, the extent to which a bank makes use of maturity transformation in terms of its current contracts, and to identify the gaps between the contractual inflows and contractual outflows of liquidity within specified time bands, a bank shall complete the section of the form BA 300 that relates to its contractual balance sheet on a static gap basis with all relevant cash flows being reported strictly on the basis of an item's residual or remaining contractual term to maturity, provided that- (i) for purposes of this subregulation (8), in respect of- (A) any existing liability, the bank shall assume that no rollover of such liability shall occur; (B) any existing asset, the bank shall assume that it does not enter into any new or further contracts; (ii) the bank shall include accounts such as current accounts, savings accounts and transmission accounts in the next day bucket; (iii) the bank shall classify any marketable instrument tradable in a secondary market into an appropriate time bucket based on the said instrument's remaining contractual maturity; (iv) the bank shall report the relevant required information without applying any behavioural or other assumption to the relevant required contractual inflows and contractual outflows;

16:2 in order to monitor the extent to which the bank may generate mismatc…… (5:362 [5:743]) - D 16: Banks Act Amendment 2015 (liquidity risk)

in order to monitor the extent to which the bank may generate mismatches in the borrowing and lending of customer collateral, a bank shall separately record the relevant required details related to collateral received from customers that the bank is permitted to rehypothecate, and the relevant amount of such collateral that is rehypothecated at each relevant reporting date.

16:10 (iv) Subject to the provisions of sub-paragraph (v) below, in order t…… (28:530 [28:1060]) - D 16: Banks Act Amendment 2015 (liquidity risk)

(iv) Subject to the provisions of sub-paragraph (v) below, in order to determine the extent of a bank's available unencumbered assets that may be used as collateral to raise additional high-quality liquid assets or secured funding in secondary markets or may be eligible as collateral at the Reserve Bank or other relevant central banks, and as such may potentially be an additional source of liquidity when required, a bank shall report to the Registrar the amount, type and location of such available unencumbered assets-

16:13 a bank shall categorise the relevant assets according to significant…… (29:103 [29:1174]) - D 16: Banks Act Amendment 2015 (liquidity risk)

a bank shall categorise the relevant assets according to significant currency, for which purposes a currency shall be regarded as significant when the aggregate amount relating to available unencumbered collateral denominated in that currency amounts to five per cent or more of the relevant total amount of unencumbered collateral available to raise additional high-quality liquid assets or secured funding in secondary markets or from relevant central banks; (B) a bank shall report to the Registrar the haircut or estimated haircut that the secondary market or relevant central bank would require for each relevant asset, provided that in the case of a relevant central bank haircut, the bank shall report the haircut required by the relevant central bank for matching funding under normal circumstances, that is, for example, the Reserve Bank for rand-denominated funding under normal circumstances, the European Central Bank for euro-denominated funding under normal circumstances, and the Bank of Japan for yen funding under normal circumstances;

16:15 the deposit insurer in an effective deposit insurance scheme shall ha…… (31:1206 [31:1392]) - D 16: Banks Act Amendment 2015 (liquidity risk)

the deposit insurer in an effective deposit insurance scheme shall have formal legal powers to fulfil its mandate and shall be operationally independent, transparent and accountable;

17:11 2005 National Credit Act • The National Credit Act (35 of 2005) is…… (9:422 [9:889]) - D 17: Banking Association 2017 (Report on transformation in the financial sector)

2005 National Credit Act • The National Credit Act (35 of 2005) is designed to protect the consumer in the credit market and make credit and banking services more accessible. The National Credit Act (NCA) was introduced to promote and advance the social and economic welfare of South Africans, promote a fair, transparent, competitive, sustainable, responsible, efficient, effective and accessible credit market and industry, and to protect Consumers.

17:13 The penalty fees were lowered on dishonored debit orders • Ensure gre…… (9:1980 [9:2228]) - D 17: Banking Association 2017 (Report on transformation in the financial sector)

The penalty fees were lowered on dishonored debit orders • Ensure greater transparency of banking fees and charges • Switching bank accounts between banks made easier by implementing a standardized switching code • Customer education improved

18:1 2. The Committee's comprehensive reform package addresses the lessons…… (9:737 [9:987]) - D 18: Basel III 2011

2. The Committee's comprehensive reform package addresses the lessons of the financial crisis. Through its reform package, the Committee also aims to improve risk management and governance as well as strengthen banks' transparency and disclosures.

18:6 1. Raising the quality, consistency and transparency of the capital ba…… (10:2299 [10:2831]) - D 18: Basel III 2011

1. Raising the quality, consistency and transparency of the capital base 8. It is critical that banks' risk exposures are backed by a high quality capital base. The crisis demonstrated that credit losses and writedowns come out of retained earnings, which is part of banks' tangible common equity base. It also revealed the inconsistency in the definition of capital across jurisdictions and the lack of disclosure that would have enabled the market to fully assess and compare the quality of capital between institutions.

18:8 9. To this end, the predominant form of Tier 1 capital must be common…… (10:2835 [10:4121]) - D 18: Basel III 2011

Finally, to improve market discipline, the transparency of the capital base will be improved, with all elements of capital required to be disclosed along with a detailed reconciliation to the reported accounts.

18:19 39. These two standards are comprised mainly of specific parameters wh…… (17:416 [17:840]) - D 18: Basel III 2011

39. These two standards are comprised mainly of specific parameters which are internationally “harmonised” with prescribed values. Certain parameters contain elements of national discretion to reflect jurisdiction-specific conditions. In these cases, the parameters should be transparent and clearly outlined in the regulations of each jurisdiction to provide clarity both within the jurisdiction and internationally.

18:28 6. Disclosure requirements 91. To help improve transparency of regu…… (35:530 [35:1426]) - D 18: Basel III 2011

6. Disclosure requirements 91. To help improve transparency of regulatory capital and improve market discipline, banks are required to disclose the following: a full reconciliation of all regulatory capital elements back to the balance sheet in the audited financial statements; separate disclosure of all regulatory adjustments and the items not deducted from Common Equity Tier 1 according to paragraphs 87 and 88; a description of all limits and minima, identifying the positive and negative elements of capital to which the limits and minima apply; a description of the main features of capital instruments issued; banks which disclose ratios involving components of regulatory capital (eg “Equity Tier 1”, “Core Tier 1” or “Tangible Common Equity” ratios) must accompany such disclosures with a comprehensive explanation of how these ratios are calculated.

18:44 152. Therefore, the Committee agreed to introduce a simple, transpare…… (69:697 [69:1251]) - D 18: Basel III 2011

152. Therefore, the Committee agreed to introduce a simple, transparent, non-risk based leverage ratio that is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives: constrain the build-up of leverage in the banking sector, helping avoid destabilising deleveraging processes which can damage the broader financial system and the economy; and reinforce the risk based requirements with a simple, non-risk based “backstop” measure.

19:1 Introduction 1. This document sets out the Basel Committee’s finalisa…… (5:46 [5:1478]) - D 19: Basel III 2017 (Finalising post crisis reforms)

Introduction 1. This document sets out the Basel Committee’s finalisation of the Basel III framework. It complements the initial phase of Basel III reforms previously finalised by the Committee. The Basel III framework is a central element of the Basel Committee’s response to the global financial crisis. It addresses a number of shortcomings with the pre-crisis regulatory framework and provides a regulatory foundation for a resilient banking system that supports the real economy.

2. A key objective of the revisions in this document is to reduce excessive variability of risk-weighted assets (RWAs). At the peak of the global financial crises, a wide range of stakeholders – including academics, analysts and market participants – lost faith in banks’ reported risk-weighted capital ratios. The Committee’s own empirical analyses highlighted a worrying degree of variability in the calculation of RWAs by banks.

3. A prudent and credible calculation of RWAs is an integral element of the risk-weighted capital framework. Banks’ reported risk-weighted capital ratios should be sufficiently transparent and comparable to permit stakeholders to assess their risk profile. The Committee’s strategic review of the regulatory framework highlighted a number of fault lines with the existing architecture, particularly the extent to which it adequately balances simplicity, comparability and risk sensitivity

19:13 • International access/transparency: The individual ratings, the key e…… (33:1298 [33:1812]) - D 19: Basel III 2017 (Finalising post crisis reforms)

• International access/transparency: The individual ratings, the key elements underlining the assessments and whether the issuer participated in the rating process should be publicly available on a non-selective basis, unless they are private ratings, which should be at least available to both domestic and foreign insitutions with legitimate interest and on equivalent terms. In addition, the ECAI's general procedures, methodologies and assumptions for arriving at ratings should be publicly available.

19:37 The Basel III framework introduced a simple, transparent, non-risk-bas…… (144:620 [144:791]) - D 19: Basel III 2017 (Finalising post crisis reforms)

The Basel III framework introduced a simple, transparent, non-risk-based leverage ratio to act as a credible supplementary measure to the risk-based capital requirements.

19:43 To maintain the same level of resilience provided by the leverage rati…… (148:1540 [148:2092]) - D 19: Basel III 2017 (Finalising post crisis reforms)

To maintain the same level of resilience provided by the leverage ratio, a jurisdiction applying this discretion must also increase the calibration of the minimum leverage ratio requirement commensurately to offset the impact of exempting central bank reserves. In addition, in order to maintain the comparability and transparency of the Basel III leverage ratio framework, banks will be required to disclose the impact of any temporary exemption alongside ongoing public disclosure of the leverage ratio without application of such exemption.

19:45 In addition, in order to maintain the comparability and transparency…… (148:1806 [148:2092]) - D 19: Basel III 2017 (Finalising post crisis reforms)

In addition, in order to maintain the comparability and transparency of the Basel III leverage ratio framework, banks will be required to disclose the impact of any temporary exemption alongside ongoing public disclosure of the leverage ratio without application of such exemption.

20:1 The Code will be a guide for you when you transact with your bank and…… (3:618 [3:1013]) - D 20: Code of Banking Practice 2012

The Code will be a guide for you when you transact with your bank and it will help you better understand your rights and responsibilities as well as your bank's responsibilities in serving you. We are committed to meeting the standards set out in this Code. Our relationship with you will be guided by four key principles, namely fairness, transparency, accountability and reliability.

20:5 2 increase transparency so that you can have a better understanding of…… (4:196 [4:449]) - D 20: Code of Banking Practice 2012

2 increase transparency so that you can have a better understanding of what you can reasonably expect of the products and services; 2.3 promote a fair and open relationship between you and your bank; and 2.4 foster confidence in the banking system.

21:2 The objects of this enquiry are, in connection with the subject matter…… (5:2105 [5:2267]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

The objects of this enquiry are, in connection with the subject matter stated above: (a) to increase transparency and competition in the relevant markets;

21:6 Hence linked to requests to examine the level of fees was the request…… (12:162 [12:292]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

Hence linked to requests to examine the level of fees was the request for improved transparency and communication with customers.

21:8 The banking sector is urged to examine the presentations made by memb…… (12:2200 [12:2606]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

The banking sector is urged to examine the presentations made by members of the public and the various consumer and civil society organisations that appeared before the Panel. Such presentations highlighted the problems of high bank charges, transparency and disclosure of information, and the lack of access to basic facilities that poorer South Africans experience in the course of their daily lives.

21:10 Smaller institutions, such as Mercantile Bank and Capitec Bank, expres…… (14:233 [14:687]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

Smaller institutions, such as Mercantile Bank and Capitec Bank, expressed a preference for multilateral setting of interbank fees, which are independently and transparently overseen. Such interbank fees should cover the processing costs – and should be as price neutral as possible – and not be the main factor behind the acceptance of a new product or payment mechanism. The big banks also generally favoured multilateral setting of interbank fees.

21:11 The frustration arises in part because, while non-banks compete direct…… (16:915 [16:1748]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

The frustration arises in part because, while non-banks compete directly with banks in certain respects, such as extending credit and providing certain payment collection services to businesses, they have to rely on the banks (their competitors) to process their payment instructions and enable them to fulfil their mandate to their clients. This was expressed by some as a vulnerability, given the gate-keeping role to the payments system that the banks play. Non-banks are effectively at the mercy of the pricing decisions made by their competitors – the banks. Hence there was an appeal to improve the access of appropriately qualified non-banks to entities such as Bankserv – by eliminating or making more transparent the gate-keeping conditions and by a fairer and more transparent approach to pricing for such access.

21:13 The complexity of products and prices (combined with inadequate transp…… (19:698 [19:1239]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

The complexity of products and prices (combined with inadequate transparency and disclosure), the cost and difficulty for consumers in switching banks, and the reluctance of the major banks to engage in vigorous price competition with each other that could "spoil" the market for them in the long term – all contribute to producing a situation where the prices charged to consumers for transactional accounts and payment services are probably (although with some exceptions) well above the level that effective competition would allow.

21:19 Such asymmetries arise not only from the complexity already described…… (22:1459 [22:1658]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

Such asymmetries arise not only from the complexity already described, but also from inadequate transparency and disclosure in respect of the features and pricing of transactional banking products.

21:21 In addition to problems of transparency and disclosure, the greatest o…… (23:879 [23:1098]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

In addition to problems of transparency and disclosure, the greatest obstacle faced by consumers in the search process lies in the difficulty of making meaningful comparisons across the product offerings of the banks.

21:22 In addition to problems of transparency and disclosure, the greatest o…… (23:879 [23:1364]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

In addition to problems of transparency and disclosure, the greatest obstacle faced by consumers in the search process lies in the difficulty of making meaningful comparisons across the product offerings of the banks. The evidence presented suggests that the overriding reason consumers do not make choices primarily on the basis of price is that the cost and effort required to make such a determination with any accuracy is simply prohibitive for the great majority of consumers

21:24 The Panel proposed that the problem of interchange-setting and the dan…… (25:1656 [25:1961]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

The Panel proposed that the problem of interchange-setting and the danger of its abuse be addressed by way of a new statutory arrangement, which would ensure the setting of interchange by a transparent and objective process involving the participation of all stakeholders and an independent third party.

21:25 In short, it does not follow from the necessity of interchange that th…… (33:1420 [33:1798]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

In short, it does not follow from the necessity of interchange that the actual setting of interchange is free from the danger of abuse. Transparency and objectivity, and the resulting confidence on the part of both suppliers and consumers, are crucial to the setting of appropriate levels of interchange in the different payment streams in which it is shown to be necessary.

21:26 Transparency and objectivity, and the resulting confidence on the par…… (33:1557 [33:1798]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

Transparency and objectivity, and the resulting confidence on the part of both suppliers and consumers, are crucial to the setting of appropriate levels of interchange in the different payment streams in which it is shown to be necessary.

21:28 Submissions made by banks, taken together with subsequent exploratory…… (33:1801 [33:2591]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

Submissions made by banks, taken together with subsequent exploratory consultations with them, indicated that all would favour or accept a change from the present methods of setting domestic levels of interchange, to an independent, objective and transparent regulated process. The understanding was that such regulation would be based on a transparent approach: • with objective criteria being established for each relevant payment stream through a participatory process and justified in public • with the resulting appropriate levels of interchange, where applicable, being independently assessed on the basis of audited data • with the integrity of the process being verified under regulatory oversight • with the levels of interchange so determined being thereafter enforced.

21:29 Interchange also exists by interbank arrangement in other payment stre…… (34:351 [34:647]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

Interchange also exists by interbank arrangement in other payment streams. The Panel's recommendations include bringing the setting of interchange in such other streams – where interchange can be shown to be necessary – under essentially the same independent, objective and transparent process.

21:31 An independent, objective and transparent regulatory process for deter…… (38:1460 [38:2068]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

An independent, objective and transparent regulatory process for determining interchange in the payment card and other relevant payment streams should be put into effect and enforced as soon as practicable. The process envisaged would involve the establishment of an "Interchange Forum", within which there would be a specific sub-forum for each payment stream where interchange is to be subject to regulation. The regulator of the payment system – the SARB – would appear to have the authority under section 10(1)(c) of its own enabling Act to devise and implement the necessary rules and procedures.

21:34 Together with improving transparency, standardising terminology and e…… (42:1196 [42:1728]) - D 21: Competition Commission Banking Enquiry 2008 (Jali Report)

Together with improving transparency, standardising terminology and educating customers, the Banking Association should encourage the appropriate application of pricing initiatives aimed at reducing the fee burden on customers. Such initiatives include ad valorem pricing, banded fee options and appropriately bundled packages. They were highlighted by the banks during the course of the Enquiry as being beneficial to customers, but do not appear to be generally offered to lower-income customers or on entry level accounts.

22:15 (2) An advertisement promoting any matter contemplated in subsectio…… (49:1915 [49:2369]) - D 22: Consumer Protection Act (CPA) 2008

(2) An advertisement promoting any matter contemplated in subsection (1) must– (a) be accompanied by a cautionary statement in the prescribed wording and form, disclosing the uncertainty of the extent of– (i) work, business or activity available; and (ii) income or other benefit to be derived; (b) disclose at least the following information: (i) The full name, or registered business name, of the person promoting the matter, and the address

23:9 The FST ensures that the regulators have clear internal policies a…… (4:131 [4:322]) - D 23: Ernst and Young 2017

The FST ensures that the regulators have clear internal policies and procedures for enforcement, enhanced transparency and accountability, as well as a robust appeals mechanism.

23:17 10 Financial Sector Regulation Act | Implementing Twin Peaks and the i…… (10:1 [10:2567]) - D 23: Ernst and Young 2017

Promotes safety and soundness of financial institutions and market infrastructure and assists in maintaining financial stability • Protects financial customers against the risk that financial institutions may fail to meet their obligations Regulates and supervises financial institutions and market infrastructure, co-operates with all the other financial sector regulators and councils and supports financial inclusion and sustainable competition Sets prudential, joint and other regulatory instruments and notifies SARB and FSOC of steps to enforce a standard or directive Assigns subcommittee duties to PA committees States regulatory and supervisory priorities of the PA for the next three years and intended key outcomes of the strategy Establishes and implements appropriate and effective governance systems Minister of Finance and FSOC reviews and comments on Prudential Standards and a copy is sent to Parliament Appoints a CEO to manage and exercise powers of the PA • CEO recommends fees for the PA and protects assets of PA, maintains transparency and cost efficiencies • Financial accounts to form part of the SARB annual report Micro Prudential Macro Prudential Administers the collection and distribution of levies FSR Act National Treasury

24:4 Notwithstanding paragraphs 8.3.1 and 8.3.2, should any division or b…… (15:967 [15:1489]) - D 24: Financial Sector Code (FSC) 2012

Notwithstanding paragraphs 8.3.1 and 8.3.2, should any division or business unit or subsidiary within a measured entity be deemed as a significant division or business unit or subsidiary it shall, upon request of the Financial Sector Council be required to produce and submit its own scorecard to the Council for information purposes. The scorecard need not be independently verified; however, the head of that division or business unit or subsidiary must attest to the accuracy of the scorecard submitted.

24:13 STAATSKOERANT, 26 NOVEMBER 2012 No.35914 99 Note 1 Household in…… (97:1 [97:801]) - D 24: Financial Sector Code (FSC) 2012

STAATSKOERANT, 26 NOVEMBER 2012 No.35914 99 Note 1 Household income is a foreign term to banks as it is the applicant's income that determines affordability and the legal relationship between bank and client. None of the banks record household income on their application forms or systems. There is also a strong view that self-declared household income is not reliable and would be an impractical and costly exercise to validate. In an analysis undertaken by the banks in 2004, it was found that there is a strong correlation between applicant income (comprising both individual and joint applications) and household income. It was therefore felt that applicant income, whether single or joint, is a strong proxy for household income and a reliable and transparent measure.

24:18 According to the Terms of Reference, the objective of this project is…… (114:607 [114:1368]) - D 24: Financial Sector Code (FSC) 2012

According to the Terms of Reference, the objective of this project is for the Reserve Bank to "facilitate a fair and transparent process whereby interchange rates for each of the payment streams, officially recognised and registered with the Payments Association of South Africa (PASA), are reviewed in terms of: • Whether they are feasible and/or justifiable in that stream; and • Are realistic and appropriate for that payment stream based on acceptable parameters. " • Furthermore, the Terms of Reference state: "It will be a specific requirement in this project that stakeholders will not be permitted to gather together to discuss interchange or specific aspects relating to the determination of the actual interchange rate".

25:2 9 of 2017 Financial Sector Regulation Act, 2017 (ii) the matters to w…… (76:127 [76:522]) - D 25: Financial Sector Regulation Act 2017

9 of 2017 Financial Sector Regulation Act, 2017 (ii) the matters to which it should have regard in performing those functions; (iii) its approach to administrative actions; and (iv) how it should give effect to the requirements applicable to it with respect to— (aa) transparency; (bb) openness to consultation; and (cc) accountability; and (c) be aimed at giving effect to section 34(4).

25:3 (i) effective, efficient and transparent systems of financial and risk…… (82:237 [82:509]) - D 25: Financial Sector Regulation Act 2017

(i) effective, efficient and transparent systems of financial and risk management; (ii) an effective, efficient and transparent system of internal audit; and (iii) a procurement and provisioning system that is fair, equitable, transparent, competitive and cost-effective;

25:4 9 of 2017 Financial Sector Regulation Act, 2017 (f) ensure that the P…… (82:127 [82:1400]) - D 25: Financial Sector Regulation Act 2017

9 of 2017 Financial Sector Regulation Act, 2017 (f) ensure that the Prudential Authority has and maintains— (i) effective, efficient and transparent systems of financial and risk management; (ii) an effective, efficient and transparent system of internal audit; and (iii) a procurement and provisioning system that is fair, equitable, transparent, competitive and cost-effective; (g) take appropriate and cost-

effective steps to— (i) collect revenue due to the Prudential Authority; (ii) prevent losses resulting from criminal conduct and expenditure that is not in accordance with the Prudential Authority's operational policies; and (iii) manage available working capital efficiently and economically; (h) manage and safeguard the assets of the Authority, and manage the revenue, expenditure and liabilities of the Authority; (i) establish systems and processes to ensure that effective and appropriate disciplinary steps are taken against any staff member of the Authority who— (i) contravenes a law relevant to the performance of the Authority's functions; or (ii) engages in conduct that undermines the financial management and internal control systems of the Authority; and (j) generally ensure that the Authority complies with its legal obligations.

25:5 (2) A regulatory strategy must— (a) state— (i) the regulatory and su…… (94:2218 [94:2920]) - D 25: Financial Sector Regulation Act 2017

(2) A regulatory strategy must— (a) state— (i) the regulatory and supervisory priorities for the Financial Sector Conduct Authority for the next three years; and (ii) the intended key outcomes of the strategy; (b) set guiding principles for the Financial Sector Conduct Authority on— (i) how it should perform its regulatory and supervisory functions; (ii) the matters which it should have regard to in performing those functions; (iii) its approach to administrative actions; and (iv) how it should give effect to the requirements applicable to it with respect to— (aa) transparency; (bb) openness to consultation; and (cc) accountability; and (c) be aimed at giving effect to section 58.

26:8 Nevertheless, it is anticipated that the legislative framework for e…… (33:4348 [33:4815]) - D 26: SARB 2017 (Financial Stability Review)

Nevertheless, it is anticipated that the legislative framework for establishing trade repositories and a mandatory clearing of OTC derivatives will be introduced through regulations later in 2017. It is also anticipated that the implementation of a robust regulatory framework for OTC derivatives will contribute to the overall stability of financial markets by mitigating systemic risks associated with these products and providing greater transparency.

27:1 2 Foreword As outlined in the original policy document, A safer fina…… (2:1 [2:558]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

2 Foreword As outlined in the original policy document, A safer financial sector to serve South Africa better, published in February 2011, South Africa is committed to the highest standards for regulating the financial sector. This is because the financial sector affects all – people and companies - who transact through the financial system, including those who do so from outside South Africa's borders. It affects pensioners, workers, depositors, employers, businesses – as all receive, invest, or send money via a financial institution.

27:5 An effective regulatory framework requires strong coordination by regu…… (3:1462 [3:1866]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

An effective regulatory framework requires strong coordination by regulators. This document is a testament to the strong partnership between the National Treasury, the South African Reserve Bank, and the Financial Services Board, which together with the National Credit Regulator, are working together to bring about a better, safer and more inclusive financial sector to serve all South Africans.

27:7 The regulatory and supervisory framework will aim to be: Transparent…… (7:1685 [7:1893]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

The regulatory and supervisory framework will aim to be: Transparent Comprehensive and consistent Appropriate, intensive and intrusive Outcomes-based Risk-based and proportional Pre-emptive and proactive

27:13 9 Both funding models will be aligned with international best practic…… (9:1 [9:189]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

9 Both funding models will be aligned with international best practice to ensure transparency and independence from political interference and perceived "regulatory capture" by industry.

27:22 16 Overarching regulatory and supervisory principles The regulatory…… (16:1 [16:416]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

16 Overarching regulatory and supervisory principles The regulatory and supervisory frameworks will aim to be: Transparent – Appropriate information regarding the regulators' decisions, actions and approaches will be made available to its governance structures, regulated entities and the public in general, through consultation or other means, within the bounds of necessary confidentiality safeguards.

27:31 Arguments in favour of the twin peaks model The need for government i…… (27:1458 [27:1945]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

Arguments in favour of the twin peaks model The need for government intervention A financial crisis can impose considerable economic costs in lost output and through a substantial deterioration in public finances. In such cases, the government may need to intervene. In addition, as highlighted in the National Treasury policy document, stability is not the only policy objective of the financial sector, which also needs to be more transparent, competitive and cost-effective.

27:35 . The twin peaks model depends on appropriate and effective governanc…… (30:329 [30:1478]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

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The twin peaks model depends on appropriate and effective governance structures that clearly set out the function, mandate, powers and accountability of each regulator. An appropriate governance framework will: Establish statutory structures and institutional frameworks Address organisational effectiveness and adaptability Institute governance mechanisms to ensure operational independence and independent oversight Institute accountability mechanisms to enhance transparency and fairness Institute a standardised system for appointing, remunerating or removing senior staff and oversight committees Provide clarity regarding the roles of various stakeholders such as the Minister of Finance, the Governor of the South African Reserve Bank, the National Treasury and each regulator's governance and executive management structures Specify funding mechanisms Facilitate coordination and information-sharing within and between the regulators Entrench a culture of regularly reviewing performance and conducting benchmarking studies against other countries to align domestic regulation with global best practice.

27:42 32 In general, the regulators' transparency and accountability will a…… (32:1 [32:588]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

32 In general, the regulators' transparency and accountability will also be enhanced by: Establishing a stringent code of conduct Ensuring a regular flow of information to the National Treasury, including on actual performance against stated objectives Undergoing required audits Tabling strategic plans, budgets (where applicable) and an annual report in Parliament through the Minister of Finance, and by the Minister responding to questions in Parliament The Minister of Finance being in a position to order an independent inquiry into any regulatory failure/s.

27:47 Funding model The prudential regulator will be funded in line with in…… (33:256 [33:624]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

Funding model The prudential regulator will be funded in line with international best practice to ensure transparency regarding the cost of supervision and the protection of the independence of the regulator. A variety of options are being considered, including a formula-based levy on regulated financial institutions. Details will be communicated in due course.

27:57 Regulations will be largely based on principles, rather than rules, 2…… (44:727 [44:870]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

Regulations will be largely based on principles, rather than rules, 22 with the rationale for prudential regulation being fully transparent.

27:58 The prudential regulator will also consult with and transparently info…… (46:496 [46:668]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

The prudential regulator will also consult with and transparently inform all relevant parties about impending legislative and regulatory changes and their potential impact.

27:62 5.3 Regulatory and supervisory principles The market conduct regulato…… (48:916 [48:1346]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

5.3 Regulatory and supervisory principles The market conduct regulator will adhere to the eight overarching regulatory and supervisory principles set out in Chapter 1. In terms of these principles, the market conduct regulator's regulatory and supervisory frameworks will aim to be: Transparent: Transparency will be achieved through the oversight, reporting, governance and stakeholder structures discussed in Chapter 2.

27:65 49 Risk-based and proportional: In a risk-based supervisory framework…… (49:1 [49:534]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

49 Risk-based and proportional: In a risk-based supervisory framework, financial institutions that consistently comply with market conduct obligations and deliver TCF outcomes – as monitored by supervisory tools – will attract less market conduct regulatory scrutiny than those who show less regard for fair customer treatment. This principle will require a review of how appropriate the FSB's current risk-based models are for identifying and managing market conduct risk, as opposed to prudential or financial risk.

27:70 The TCF approach will require regulated financial institutions to con…… (50:998 [50:1535]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

The TCF approach will require regulated financial institutions to consider how they treat customers at all times, from product design and marketing to the advice, point-of-sale and aftersale stages. In particular, financial institutions will need to adopt a TCF culture and governance framework, embedding TCF principles and controls in their leadership, strategy, decisionmaking, performance-management and reward processes. The market conduct regulator will monitor the efficacy of an institution's TCF governance and controls.

27:71 51 The foundations of any ombud system are independence, accessibi…… (51:1 [51:729]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

51 The foundations of any ombud system are independence, accessibility, transparency, accountability, integrity, clarity of purpose and effectiveness. Such mechanisms are currently provided by the various ombud schemes contemplated in the Financial Services Ombud Schemes Act (2004). Despite its undeniable successes, the fragmented nature of the current ombud system, with its combination of statutory and voluntary schemes, poses the following actual and potential risks: Consumer confusion Gaps and overlaps in jurisdiction "Forum shopping" 24 Administrative inefficiencies Inconsistencies in approach Governance challenges Doubts regarding the independence of the industry-sponsored voluntary schemes.

27:75 Connected to financial market efficiency is the need for the market co…… (52:1363 [52:1716]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

Connected to financial market efficiency is the need for the market conduct regulator to ensure transparency, particularly with regards to trade information. The market conduct regulator will assume responsibility for regulating financial markets infrastructure conduct and ensure that the rules regarding transparency provide investor protection.

27:79 Mandate: Contribute to the policy objective of financial stability A…… (53:784 [53:2051]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

Mandate: Contribute to the policy objective of financial stability As outlined in Chapter 1, the National Treasury policy document articulated the following policy priorities for the financial sector: Ensure financial stability Ensure consumer protection and market conduct Expand access through financial inclusion Combat financial crime.

Of these, the consumer protection and market conduct priority clearly forms the basis of the market conduct regulator's strategic objective to "protect consumers of financial services and promote confidence in the South African financial system".

However, the market conduct regulator also has an important role to play in supporting the other three policy priorities. This will require the market conduct regulator to consider any potential impact on these objectives when carrying out other components of its mandate. Inevitably, situations will arise where policy priorities and strategic objectives compete. In such cases, the market conduct regulator will have to transparently and proactively engage the prudential regulator, the National Treasury and any other applicable / relevant agencies to manage shortor medium-term trade-offs without compromising on delivering long-term objectives.

27:80 However, the market conduct regulator also has an important role to pl…… (53:1386 [53:2048]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

However, the market conduct regulator also has an important role to play in supporting the other three policy priorities. This will require the market conduct regulator to consider any potential impact on these objectives when carrying out other components of its mandate. Inevitably, situations will arise where policy priorities and strategic objectives compete. In such cases, the market conduct regulator will have to transparently and proactively engage the prudential regulator, the National Treasury and any other applicable / relevant agencies to manage shortor medium-term trade-offs without compromising on delivering long-term objectives.

27:97 The legislation currently governing the FSB Enforcement Committee stip…… (72:133 [72:1069]) - D 27: Financial Regulatory Reform Steering Committee 2013 (Implementing twin peaks)

The legislation currently governing the FSB Enforcement Committee stipulates that any matters referred to it, including cases where a settlement is reached, are to be publicised. Publication is also prescribed for other formal enforcement actions, such as withdrawing or suspending a licence. Criminal proceedings, where applicable, are also a matter of public record. This feature will be retained in the market conduct regulator's framework, with the important proviso that the prudential regulator is to be consulted where publication of enforcement actions might introduce systemic risk into the financial system. However, given the regulators' overarching transparency principle, non-disclosure should be the exception rather than the rule, so that the deterrent factor of enforcement is not blunted. The reputational consequences of public disclosure should be an effective deterrent to unfair customer treatment.

28:1 New global realities are testing the leadership of organisations on is…… (7:369 [7:660]) - D 28: King IV 2016

New global realities are testing the leadership of organisations on issues as diverse as inequality, globalised trade, social tensions, climate change, population growth, ecological overshoot, geopolitical tensions, radical transparency and rapid technological and scientific advancement.

28:2 Financial instability is one driver of these changes. Financial crises…… (7:994 [7:2545]) - D 28: King IV 2016

Financial instability is one driver of these changes. Financial crises arising out of the capital crisis in the United States of America and the Sovereign Fund crisis in the European Union have still not been resolved. Brexit created further uncertainty for financial systems.

Another change driver is climate change. Even those who are skeptical about the scientific evidence for climate change, or who question whether climate change is attributable to human agency or simply part of a longer-term cycle, have to acknowledge that the world has experienced extreme weather conditions that pose new risks in the last several years.

It is a reality that organisations and individuals are using natural assets faster than nature is regenerating them.

This ecological overshoot will be exacerbated by continued population growth on the African and Asian continents.

The global population is currently at 7.5 billion, and could reach 9.3 billion by 2045 according to the United Nations. Consequently, the pressure on natural assets will increase, as they are finite; continuing business as usual is no longer an option.

Ubiquitous social media platforms are creating a world characterised by radical transparency. Corporations can no longer conceal their actions or secrets. Technological advances, including the emergence of the Internet of things, are generating huge amounts of data; more importantly, sophisticated analytics is converting that data into deep insight into the behaviour of humans and their organisations.

28:11 We live in an era of radical transparency, which is prompting a rethin…… (9:818 [9:1295]) - D 28: King IV 2016

We live in an era of radical transparency, which is prompting a rethink on corporate reporting. This is evidenced by the European Union's directive on environmental, social and governance (ESG) reporting, the United Kingdom's strategic report, the context of reports filed with the United States Securities and Exchange Commission, the Operating Financial Review in Australia and the listing requirements of several stock exchanges, including the Johannesburg Bourse.

28:38 Transparency The unambiguous and truthful exercise of accountability s…… (22:1194 [22:1445]) - D 28: King IV 2016

Transparency The unambiguous and truthful exercise of accountability such that decision-making processes and business activities, outputs and outcomes (both positive and negative) are easily able to be discerned and compared with ethical standards.

28:40 Ethical leadership is exemplified by integrity, competence, responsi…… (24:1222 [24:1343]) - D 28: King IV 2016

Ethical leadership is exemplified by integrity, competence, responsibility, accountability, fairness and transparency.

28:62) • To balance the less prescriptive approach adopted in King IV, the…… (31:1732 [31:1953]) - D 28: King IV 2016

) • To balance the less prescriptive approach adopted in King IV, there is greater emphasis on transparency with regards to how judgement was exercised when considering the practice recommendations contained in King IV.

28:80 Tax has become a complex matter with various dimensions. The governing…… (36:1702 [36:2101]) - D 28: King IV 2016

Tax has become a complex matter with various dimensions. The governing body should be responsible for a tax policy that is compliant with the applicable laws, but that is also congruent with responsible corporate citizenship, and that takes account of reputational repercussions. Hence, responsible and transparent tax policy is put forward as a corporate citizenship considerations in King IV.

28:100 Principle 14: The governing body should ensure that the organisation…… (45:919 [45:1161]) - D 28: King IV 2016

Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

28:103 Transparency: Members of the governing body should be transparen…… (48:443 [48:1083]) - D 28: King IV 2016

Transparency: Members of the governing body should be transparent in the manner in which they exercise their governance role and responsibilities.

2. The governing body should embody the above ethical characteristics in order to offer effective leadership that results in achieving strategic objectives and positive outcomes over time.

3. The arrangements by which the members of the governing body are being held to account for ethical and effective leadership should be disclosed. These arrangements would include, but are not limited to, codes of conduct and performance evaluations of the governing body and its members.

28:106 Economy (including economic transformation; prevention, detection and…… (49:2338 [49:2487]) - D 28: King IV 2016

Economy (including economic transformation; prevention, detection and response to fraud and corruption; and responsible and transparent tax policy).

28:119 The processes for nomination, election and ultimately, the appointment…… (55:313 [55:451]) - D 28: King IV 2016

The processes for nomination, election and ultimately, the appointment of members to the governing body should be formal and transparent.

28:130 27. The governing body should approve policy that articulates and give…… (68:1978 [68:2125]) - D 28: King IV 2016

27. The governing body should approve policy that articulates and gives effect to its direction on fair, responsible and transparent remuneration.

28:131 Principle 14: The governing body should ensure that the organisation r…… (68:2128 [68:2364]) - D 28: King IV 2016

Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

29:4 King III, therefore, is on an 'apply or explain' basis and its practic…… (7:1794 [7:2756]) - D 29: King III 2009 (updated June 2012)

King III, therefore, is on an 'apply or explain' basis and its practical execution should be addressed as follows: It is the legal duty of directors to act in the best interests of the company. In following the 'apply or explain' approach, the board of directors, in its collective decision-making, could conclude that to follow a recommendation would not, in the particular circumstances, be in the best interests of the company. The board could decide to apply the recommendation differently or apply another practice and still achieve the objective of the overarching corporate governance principles of fairness, accountability, responsibility and transparency. Explaining how the principles and recommendations were applied, or if not applied, the reasons, results in compliance. In reality, the ultimate compliance officer is not the company's compliance officer or a bureaucrat ensuring compliance with statutory provisions, but the stakeholders.

29:7 8. Key aspects of this Report The philosophy of the Report revolves a…… (10:2330 [10:3534]) - D 29: King III 2009 (updated June 2012)

8. Key aspects of this Report The philosophy of the Report revolves around leadership, sustainability and corporate citizenship. To facilitate an understanding of the thought process, debate and changes in the Report, the following key aspects are highlighted: 1. Good governance is essentially about effective leadership. Leaders should rise to the challenges of modern governance. Such leadership is characterised by the ethical values of responsibility, accountability, fairness and transparency and based on moral duties that find expression in the concept of Ubuntu. Responsible leaders direct company strategies and operations with a view to achieving sustainable economic, social and environmental performance.

2. Sustainability is the primary moral and economic imperative of the 21 st century. It is one of the most important sources of both opportunities and risks for businesses. Nature, society, and business are interconnected in complex ways that should be understood by decision-makers. Most importantly, current incremental changes towards sustainability are not sufficient – we need a fundamental shift in the way companies and directors act and organise themselves.

29:11 In January 2009, the Norwegian government launched a national White Pa…… (11:1905 [11:2249]) - D 29: King III 2009 (updated June 2012)

In January 2009, the Norwegian government launched a national White Paper on CSR. The Paper deals with the responsibility of companies in Norway to report on sustainability performance. The Paper explains how the GRI G3 guidelines can be used to fulfil the company's responsibilities to make transparent disclosure about sustainability issues.

29:43 8.5. Transparent and effective communication with stakeholders is esse…… (49:280 [49:610]) - D 29: King III 2009 (updated June 2012)

8.5. Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence 8.5.1. Complete, timely, relevant, accurate, honest and accessible information should be provided by the company to its stakeholders whilst having regard to legal and strategic considerations.

29:47 Transparency and accountability 9.1. The board should ensure the in…… (49:1397 [49:1630]) - D 29: King III 2009 (updated June 2012)

Transparency and accountability 9.1. The board should ensure the integrity of the company's integrated report 9.1.1. A company should have controls to enable it to verify and safeguard the integrity of its integrated report.

29:57 Corporate responsibility is the responsibility of the company for the…… (52:313 [52:844]) - D 29: King III 2009 (updated June 2012)

Corporate responsibility is the responsibility of the company for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that: contributes to sustainable development, including health and the welfare of society; takes into account the legitimate interests and expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the company and practiced in its relationships.

29:59 Values Describing conduct as 'good' or 'right' means measuring it agai…… (53:744 [53:1103]) - D 29: King III 2009 (updated June 2012)

Values Describing conduct as 'good' or 'right' means measuring it against standards, called 'values'. Ethical values are convictions we hold about what is important in our character and interactions with others. Examples of ethical values are integrity, respect, honesty (truthfulness), responsibility, accountability, fairness, transparency, and loyalty

29:62 Transparent Easy to understand or recognise; obvious; candid; open; fr…… (62:489 [62:561]) - D 29: King III 2009 (updated June 2012)

Transparent Easy to understand or recognise; obvious; candid; open; frank

30:5 (3) The Minister may make a regulation contemplated in subsection (l)…… (23:1200 [23:1973]) - D 30: National Credit Act (NCA) 2005

(3) The Minister may make a regulation contemplated in subsection (l)(b)- 5 15 CHAPTER 2 CONSUMER CREDIT INSTITUTIONS Part A National Credit Regulutor 20 Establishment of National Credit Regulator Regulator, which- 12. (1) There is hereby established a body to be known as the National Credit (a) has jurisdiction throughout the Republic; 25 (b) is a juristic person; (c) is independent and subject only to the Constitution and the law; (d) must exercise its functions in accordance with this Act; (e) must be impartial; and cf) must perform its functions- 30 (i) in as transparent a manner as is appropriate having regard to the nature of the specific function; and (ii) without fear, favour, or prejudice.

30:6 46 No.28619 GOVERNMENT GAZETTE, 15 MARCH 2006 Act No. 34,2005 NAT…… (24:1 [24:1830]) - D 30: National Credit Act (NCA) 2005

46 No.28619 GOVERNMENT GAZETTE, 15 MARCH 2006 Act No. 34,2005 NATIONAL CREDIT ACT, 2005 Development of accessible credit market 13. The National Credit Regulator is responsible to- (a) promote and support the development, where the need exists, of a fair, transparent, competitive, sustainable, responsible, efficient, effective and (i) historically disadvantaged persons; (ii) low income persons and communities; and (iii) remote, isolated or low density populations and communities, in a manner consistent with the purposes of this Act; (b) set appropriate conditions for the supplementary registration of credit 10 providers wishing to enter into developmental credit agreements, in order to promote access to credit in the manner, and for the persons, contemplated in paragraph (4 ; (c) monitor the following matters and report to the Minister annually in respect Of: 15 (i) Credit availability, price and market conditions, conduct and trends; (ii) market share, market conduct and competition within the consumer credit industry, the credit industry structure, including the extent of ownership, control and participation within the industry by historically (iii) access to consumer credit by small businesses or persons contemplated in paragraph (a)(i) to (iii); (iv) levels of consumer indebtedness and the incidence and social effects of over-indebtedness; and (v) any other matter relating to the credit industry; and (d) conduct research and propose policies to the Minister in relation to any matter affecting the consumer credit industry, including but not limited to proposals for

legislative, regulatory or policy initiatives that would improve access to credit for persons contemplated in paragraph (a)(i) to (iii).

31:1 • Feb 2011 – Twin Peaks discussion paper - A safer financial sector t…… (4:14 [4:679]) - D 31: National Treasury 2018 (South Africa Retail Banking Diagnostic)

• Feb 2011 – Twin Peaks discussion paper - A safer financial sector to serve SA Better • Policy Objectives - *Financial Stability, *Consumer Protection & Market Conduct, * Expanding Access - Financial Inclusion * Market Integrity – Combating Financial Crime • 2011 Minister – Budget Speech – in the context of the Banking Enquiry " I believe it is time to put in place measures that will ensure that banking charges are fairly set, are transparent and do not create undue hardship" • March 2011 – the FSB TCF roadmap Published • Financial Institutions expected to measure activities against the 6 TCF outcomes • NB, Voluntary therefore not enforceable 4

31:2 • The services offered to middle & low income South Africans must be g…… (5:291 [5:447]) - D 31: National Treasury 2018 (South Africa Retail Banking Diagnostic)

• The services offered to middle & low income South Africans must be guided by simplicity, comparability, transparency accessibility and competitive costs.

31:12 Product offer and sale: Findings Advertising and sales material • S…… (16:1 [16:523]) - D 31: National Treasury 2018 (South Africa Retail Banking Diagnostic)

Product offer and sale: Findings Advertising and sales material • Significant gap, and interpretative inconsistencies, in applicability of the FAIS to transactional accounts. Uncertainty regarding the application of general consumer protection legislation to transactional account and fixed deposits Product disclosure • Legal and regulatory framework for disclosure is fragmented and limited. Wide variation in what, when, and how information about product features and pricing is disclosed to retail customers.

31:21 • Recommended disclosure improvements should also be pursued to addres…… (23:396 [23:1220]) - D 31: National Treasury 2018 (South Africa Retail Banking Diagnostic)

• Recommended disclosure improvements should also be pursued to address the potential lack of customer awareness regarding the application of relevant fees. Such fees should not be enforceable unless disclosed consistently with requirements.

• Should issue specific regulatory requirements on transparency and fair conduct related to dormant accounts. Specific prohibitions of adverse practices should also be considered (e.g.

continuing to charge maintenance fees) • Should consider how best to regulate overdrafts (cognizant of both NCA and COFI/FSR Laws) to ensure banks do not engage in unfair practices in relation to temporary overdrawing of transactional accounts.

• More specific product-design obligations would better ensure that the inclusion of overdraft features is consistent with TCF Outcomes

31:23 • Should issue specific regulatory requirements on transparency and fa…… (23:643 [23:828]) - D 31: National Treasury 2018 (South Africa Retail Banking Diagnostic)

• Should issue specific regulatory requirements on transparency and fair conduct related to dormant accounts. Specific prohibitions of adverse practices should also be considered (e.g.

31:27 Recommended disclosure requirements should require banks to disclose c…… (24:775 [24:958]) - D 31: National Treasury 2018 (South Africa Retail Banking Diagnostic)

Recommended disclosure requirements should require banks to disclose clearly the contact information and basic processes for internal and external complaints handling mechanisms 24

31:28 Product closure and mobility: Findings Potential barriers to account…… (25:1 [25:1018]) - D 31: National Treasury 2018 (South Africa Retail Banking Diagnostic)

Product closure and mobility: Findings Potential barriers to account closure: • Banks generally confirmed that account closure is at the customer's discretion but that some administrative steps would need to be undertaken. The OBS reports only a few complaints related to account closure, but there seems to be a lack of transparency or publicly available information regarding applicable procedures and varying degrees of facilitation by banks Account-switching processes: • Banks tend to follow the CBP's provisions regarding switching processes, but these place some of the administrative onus on customers. Industry information regarding switching processes is unclear, and some banks are more facilitative than others. Some banks have developed debit order switching authorization forms as part of initiatives to assist customers to switch in Early termination and rollover of fixed deposits: • Customers may not understand fully the implications of restrictions on fixed deposit withdrawals.

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32:4 DISCUSSION DOCUMENT 7 regulating it for market conduct through a ded…… (7:1 [7:515]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

DISCUSSION DOCUMENT 7 regulating it for market conduct through a dedicated market conduct regulator. The decision to establish a market conduct regulator was given impetus by the work of the Competition Commission Banking Enquiry Panel (the Jali Enquiry) in 2008, which first outlined the poor treatment of customers in the retail-banking sector. It was part of a Government decision to make the financial sector safer and serve South Africa better, by shifting towards a Twin Peaks system of regulation.

32:10 Transactional banking – noncredit Opaque and complex fee structure…… (11:382 [11:1251]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Transactional banking – noncredit Opaque and complex fee structures undermine product comparisons and competitiveness, particularly fees relating to account transactions, penalties and ATM charges Incentives and inducements reduce customer scrutiny of core product features and distort decision making Unfair debit order practices (e.g. penalties on dishonoured debit orders and double debit orders) Other payment system issues relating to competition, pricing transparency and poor outcomes for end-users Lack of regulatory oversight of market conduct practices has slowed reforms e.g. implementing Jali Enquiry recommendations Insufficient focus on new customer channels emerging through new technologies, e.g. mobile banking and closed-loop payment systems (esp. domestic remittances) Fraud risk, particularly through electronic channels

32:18 Some issues, like those pertaining to costs and charges between prod…… (14:1727 [14:2058]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

 Some issues, like those pertaining to costs and charges between product providers, intermediaries and customers, may require structural intervention in the market to correct the underlying causes of poor customer outcomes, as problems may not be resolved merely by achieving greater transparency, through more disclosure.

32:20 Financial customers are not sufficiently empowered Ultimately it is t…… (16:2499 [16:3797]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Financial customers are not sufficiently empowered Ultimately it is the customer who best knows whether his or her needs and expectations are being realised, and yet as illustrated in Figure 1.2, in too many cases financial customers are not able to hold their product providers, sales persons, and advisers accountable for poor treatment. National Treasury’s document “A safer financial sector to serve South Africa better” observed the need for a comprehensive review of the ombud schemes to ensure a speedy and affordable redress for consumers that is independent, impartial, transparent and effective. But empowering consumers goes much wider than the ombud system, encompassing complaints procedures within financial institutions on the one hand, and improved financial literacy and capability of financial customers on the other. On this latter point, retail customers should be educated and informed about financial products and services, their own financial needs, as well as steps to take to enforce their rights, in order to ensure their effective and protected participation in the sector. Although many South Africans have become more financially savvy, examples of endemic exploitation suggest that deeper and more innovative interventions may be required.

32:21 National Treasury’s document “A safer financial sector to serve Sout…… (16:2844 [16:3116]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

National Treasury's document "A safer financial sector to serve South Africa better" observed the need for a comprehensive review of the ombud schemes to ensure a speedy and affordable redress for consumers that is independent, impartial, transparent and effective.

32:30 Transparent: The regulator will act transparently with regard to its…… (26:93 [26:2294]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

 Transparent: The regulator will act transparently with regard to its decisions, actions and approaches and will follow a consultative approach Comprehensive and consistent: The framework will aim to limit regulatory arbitrage by ensuring consistent principles and rules for similar activities. It will also ensure comprehensive coverage and consistent supervisory intensity based on identified risks Appropriate, intensive and intrusive: The framework must be appropriate to the sub-sector or activity concerned (i.e. not "one-size-fits-all"). Sufficient intensity and intrusiveness will ensure the rigour of regulation and supervision

32:45 In practice this means doing away with the Registrar model and the rel…… (36:1398 [36:1889]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

In practice this means doing away with the Registrar model and the related regulatory and supervisory silos of the current landscape. The FSR and CoFI Acts (and any other relevant legislation) should work together in order to provide complete, when necessary intrusive, and flexible powers. These powers should be balanced by enhanced transparency in decisionmaking and consultation to support accountability of the FSCA to the Minister of Finance, parliament and the general public.

32:47 Outcomes-focused supervision will aim not only to test financial insti…… (36:1896 [36:2295]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Outcomes-focused supervision will aim not only to test financial institutions on their delivery of the TCF outcomes (in the case of conduct of business), or on their pricing efficiency and transparency (in the case of market integrity). It is intended also to focus on financial sector policy outcomes more broadly, testing the financial sector's effectiveness in supporting the real economy.

32:48 Outcomes-focused supervision will aim not only to test financial insti…… (36:1896 [36:2135]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Outcomes-focused supervision will aim not only to test financial institutions on their delivery of the TCF outcomes (in the case of conduct of business), or on their pricing efficiency and transparency (in the case of market integrity).

32:51 The new regulatory powers proposed in the FSR Bill are an important de…… (37:2283 [37:2786]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

The new regulatory powers proposed in the FSR Bill are an important development towards enabling the FSCA to achieve the comprehensive consumer protection framework described in this document. To complement these strengthened regulatory powers, the various accountability measures proposed for the FSCA in the FSR Bill – including measures relating to Parliamentary and National Treasury reporting, transparency and consultation, and appeals and reviews - provide important checks and balances.

32:58 Such reforms, as set out in the review, would address many of the issu…… (47:524 [47:1437]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Such reforms, as set out in the review, would address many of the issues identified in Table 1.1 above, particularly from a payment system perspective. They include for example greater access to the payments system, changes to approaches on interchange particularly in terms of transparency, and better governance of the self-regulatory body managing payment system operators (the Payments Association of South Africa), 29 including increased independence from the banks. The Reserve Bank is already undertaking a strategic review of the neutrality and effectiveness of the national payment system. Further recommendations set out in the review include regulating the timeframes for switching banks, indemnifying consumers from interest, penalty fees and other charges incurred as a result of delays in switching bank accounts, and regulator developed tools to enable better product comparison.

32:59 They include for example greater access to the payments system, chan…… (47:679 [47:1004]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

They include for example greater access to the payments system, changes to approaches on interchange particularly in terms of transparency, and better governance of the self-regulatory body managing payment system operators (the Payments Association of South Africa), 29 including increased independence from the banks.

32:61 Treating customers fairly 32 The TCF framework is transforming th…… (50:561

32:65) Implementing a harmonised disclosure framework The high degree of i…… (51:2003 [51:3248]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

) Implementing a harmonised disclosure framework The high degree of information asymmetry between financial institutions and their customers is a significant source of conduct risk. In order for a consumer to make an informed decision, it is necessary that they be provided with certain essential information, and that the information is not misleading, deceptive or confusing. Many financial products are by their nature complex and their performance uncertain, and even with all available information, comparison across products may be difficult. It is therefore imperative that key information is provided in such a way that consumers can easily locate, compare and understand the information needed to make an informed decision. One of the explicit outcomes of TCF is that “Customers are provided with clear information and kept appropriately informed before, during and after point of sale.” Thandi’s story in Box 5.2 considers how the various regulatory actions proposed in this chapter, especially relating to disclosure within the TCF framework, may support greater customer-focus, attention and ultimately fairer outcomes in the short-term insurance sector.

32:67 Alignment and completeness of disclosure across retail market segments…… (53:1016 [53:1802]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Alignment and completeness of disclosure across retail market segments The aim is harmonisation of disclosure requirements, for both product provider and intermediary across market segments, and the filling of identified gaps within the existing regulatory framework. The workgroup is developing standardised templates for Key Information Documents to be provided before the sale of any retail financial product or service, which will allow easy comparison of that product’s benefits, costs, commitments, risks and suitability (see Box 5.3 below). It is anticipated that consumer testing of these templates will begin in 2015, for phased-in implementation over 2015-16 (with an initial focus on long-term and short-term insurance products and retail savings products).

32:69 Alignment and completeness of the law that supports and gives effect t…… (53:2724 [53:3091]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Alignment and completeness of the law that supports and gives effect to these disclosure instruments, identifying regulatory principles and rules necessary to support the desired TCF outcome This includes addressing identified disparities in disclosure standards currently applicable to different market sectors at different stages of the product life cycle.

32:71 dentifying ways to enhance the disclosure toolkit, and thereby improve…… (53:3095 [53:3386]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

dentifying ways to enhance the disclosure toolkit, and thereby improve the effectiveness of disclosure Work in this area includes collaboration with industry associations on the standardisation of key terminology. Included in this area is the development of a standardised method for the

32:72 disclosure of costs and charges for all investment products, including…… (54:26 [54:263]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

disclosure of costs and charges for all investment products, including standardised disclosure of the impact of such charges on investment returns (implementation is envisaged to take place under the current law, scheduled for 2015)

32:73 The RDR paper released in November 2014 sets out a number of proposals…… (54:1856 [54:2889]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

The RDR paper released in November 2014 sets out a number of proposals to support fair customer outcomes – with an emphasis on retail financial customers, who are most vulnerable to the risks of unfair and conflicted advice and sales practices. In particular it seeks to ensure that distribution models: Support the delivery of suitable products and provide fair access to suitable advice for financial customers Enable customers to understand and compare the nature, value and cost of advice and other services intermediaries provide Enhance standards of professionalism in financial advice and intermediary services to build consumer confidence and trust Enable customers and distributors to benefit from fair competition for quality advice and intermediary services, at a price more closely aligned with the nature and quality of the service, and Support sustainable business models for financial advice that enable adviser businesses to viably deliver fair customer outcomes over the long term.

32:76 Figure 6.1 – Customer recourse mechanisms Having already discussed th…… (57:843 [57:1093]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Figure 6.1 – Customer recourse mechanisms Having already discussed the internal complaints framework being developed under TCF in Chapter 5, we focus here on the alternative dispute resolution (ADR) mechanism provided by the ombudsman schemes.

32:77 This Act provides the foundations of an ombud system based on: Inde…… (58:2284 [58:2746]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

This Act provides the foundations of an ombud system based on: Independence Impartiality Confidentiality Openness and transparency Accountability Integrity Clarity of purpose 35 Voluntary ombud schemes are set up voluntarily through an industry initiative. Statutory ombuds derive their powers directly from the provisions of statute and their powers are set out in such statute.

32:78 This Act provides the foundations of an ombud system based on: Inde…… (58:2284 [58:2621]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

This Act provides the foundations of an ombud system based on: Independence Impartiality Confidentiality Openness and transparency Accountability Integrity Clarity of purpose 35 Voluntary ombud schemes are set up voluntarily through an industry initiative.

32:79 The ombuds have played a valuable role in dispute resolution, and have…… (59:211 [59:1136]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

The ombuds have played a valuable role in dispute resolution, and have worked to improve turnaround times for dealing with the increasing number of cases, partly brought about through an increasing awareness among customers of the schemes themselves. However, recent reviews and assessments of the ombuds schemes have pointed to weaknesses in the current system. For example in 2007 the FinMark Trust identified certain shortcomings in the present ombudsman structure in its report “Landscape for Consumer Recourse in South Africa’s financial services sector”. Problems which have been identified with the operation of the ombuds schemes include: A general lack of knowledge by consumers about ombud schemes Inadequate transparency and accountability of ombuds Jurisdictional boundaries of the various ombuds and customer confusion The need for greater coordination and consistency between ombuds.

32:80 Problems which have been identified with the operation of the ombuds…… (59:784 [59:1136]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Problems which have been identified with the operation of the ombuds schemes include: A general lack of knowledge by consumers about ombud schemes Inadequate transparency and accountability of ombuds Jurisdictional boundaries of the various ombuds and customer confusion The need for greater coordination and consistency between ombuds.

Since then the ombuds have agreed on the centralised helpline mentioned

32:82 Transparency and accountability Transparency and accountability en…… (62:26 [62:1047]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

 Transparency and accountability Transparency and accountability enhance the independence of an ombud. Ombuds should publish clear details about their powers and procedures, and the type and impact of their decisions. It is also considered good practice for ombud schemes to publish case studies that illustrate how the ombud approaches typical disputes, and an annual report setting out the work done by the ombud and the number and subject matter of such disputes. In line with a growing international trend to promote transparency, the current FSOS Council has recommended that recognised financial ombud schemes publicise industry performance including statistics and information related to the disputes of individual financial institutions (a 'name and shame' approach). Many ombuds do produce an annual report, and the strengthened FSOS Council will be encouraged to drive greater transparency of the ombuds schemes through these and other innovative mechanisms like websites or the media.

32:83 Transparency and accountability Transparency and accountability enha…… (62:27 [62:1049]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Transparency and accountability Transparency and accountability enhance the independence of an ombud. Ombuds should publish clear details about their powers and procedures, and the type and impact of their decisions. It is also considered good practice for ombud schemes to publish case studies that illustrate how the ombud approaches typical disputes, and an annual report setting out the work done by the ombud and the number and subject matter of such disputes. In line with a growing international trend to promote transparency, the current FSOS Council has recommended that recognised financial ombud schemes publicise industry performance including statistics and information related to the disputes of individual financial institutions (a 'name and shame' approach). Many ombuds do produce an annual report, and the strengthened FSOS Council will be encouraged to drive greater transparency of the ombuds schemes through these and other innovative mechanisms like websites or the media.

32:86 In line with a growing international trend to promote transparency,…… (62:504 [62:820]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

In line with a growing international trend to promote transparency, the current FSOS Council has recommended that recognised financial ombud schemes publicise industry performance including statistics and information related to the disputes of individual financial institutions (a 'name and shame' approach).

32:87 Many ombuds do produce an annual report, and the strengthened FSOS C…… (62:822 [62:1047]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Many ombuds do produce an annual report, and the strengthened FSOS Council will be encouraged to drive greater transparency of the ombuds schemes through these and other innovative mechanisms like websites or the media.

32:102 Financial markets should not unduly favour some market users over othe…… (72:453 [72:2082]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Financial markets should not unduly favour some market users over others. In particular, regulation should ensure the highest practicable levels of transparency and efficiency, and should ensure that investors are given fair access to market facilities, market information and price information 44 . Regulation should also detect, deter and penalise market manipulation and other unfair trading practices, and should be based on the following principles to underpin market integrity: Regulated entities should have a sound and effective corporate governance structure in place Internal controls of regulated entities should be documented and adhered to and be subject to review as part of the risk management function Disclosure and transparency should facilitate better understanding by consumers Entities must have a sound legal and accounting system in place A body of professional accountants, auditors and lawyers should be developed to assist in market integrity regulation The regulator should be independent and not prone to political interference in the carrying out of its mandate An efficient fit and proper vetting mechanism of key individuals and officers of regulated entities An effective enforcement regime An efficient judicial system for the criminal prosecution of infractions of integrity-related laws An effective whistleblowing program The existing financial market regulatory framework In South Africa, financial market integrity is promoted through the Financial Markets Act of 2012 (FMA) and the Credit Ratings Services Act of 2012 (CRS Act).

32:103 In particular, regulation should ensure the highest practicable leve…… (72:527 [72:759]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

In particular, regulation should ensure the highest practicable levels of transparency and efficiency, and should ensure that investors are given fair access to market facilities, market information and price information 44 .

32:104 Regulation should also detect, deter and penalise market manipulation…… (72:761 [72:2082]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Regulation should also detect, deter and penalise market manipulation and other unfair trading practices, and should be based on the following principles to underpin market integrity: Regulated entities should have a sound and effective corporate governance structure in place Internal controls of regulated entities should be documented and adhered to and be subject to review as part of the risk management function Disclosure and transparency should facilitate better understanding by consumers Entities must have a sound legal and accounting system in place A body of professional accountants, auditors and lawyers should be developed to assist in market integrity regulation The regulator should be independent and not prone to political interference in the carrying out of its mandate An efficient fit and proper vetting mechanism of key individuals and officers of regulated entities An effective enforcement regime An efficient judicial system for the criminal prosecution of infractions of integrity-related laws An effective whistleblowing program The existing financial market regulatory framework In South Africa, financial market integrity is promoted through the Financial Markets Act of 2012 (FMA) and the Credit Ratings Services Act of 2012 (CRS Act).

32:105 45 These laws generally…… (72:2085 [72:3009]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

45 These laws generally 44 Transparency may be defined as the degree to which information about trading (both for pre-trade and posttrade information) is made publicly available on as close to a real-time basis as is practicable for the characteristics and liquidity of the market/product. Pre-trade information concerns the posting of firm bids and offers as a means to enable investors to know, with some degree of certainty, whether and at what prices they can transact. Post-trade information is related to the prices and the volume of all individual transactions actually concluded. Efficiency on the other hand requires that the dissemination of relevant information is timely and widespread and is reflected in the price formation process. Transparency and efficiency, through the promotion of liquidity, can therefore be mutually reinforcing.

32:106 45 These laws generally…… (72:2085 [72:2436]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

45 These laws generally 44 Transparency may be defined as the degree to which information about trading (both for pre-trade and posttrade information) is made publicly available on as close to a real-time basis as is practicable for the characteristics and liquidity of the market/product.

32:107 Transparency and efficiency, through the promotion of liquidity, ca…… (72:2904 [72:3009]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Transparency and efficiency, through the promotion of liquidity, can therefore be mutually reinforcing.

32:108 Financial Markets Act (FMA) The FMA is a relatively new piece of legi…… (73:164 [73:573]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Financial Markets Act (FMA) The FMA is a relatively new piece of legislation for regulating the financial sector, enacted in 2013 to replace the Securities Services Act of 2004. It aims to achieve markets that are fair, 46 efficient and transparent. Fairness in the trading environment is important to support price formation and curb market abuse practices like insider trading and front-running 47 .

32:111 To achieve this objective, the FMA applies standards consistent with t…… (73:1063 [73:1639]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

To achieve this objective, the FMA applies standards consistent with the IOSCO Objectives and Principles of Securities Regulation 48 . These include principles relating to a strong, independent and accountable regulator, principles for good governance for models of industry "self-regulation" (explained below), principles for secondary markets that promote liquidity and stability, and principles relating to specific categories of regulated person including issuers and market intermediaries, dealing with issues like good governance, transparency and fairness.

32:113 The FMA seeks to increase confidence in the South African financial ma…… (73:2355 [73:2860]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

The FMA seeks to increase confidence in the South African financial markets by requiring that securities services be provided in a fair, efficient and transparent manner; and by contributing to the maintenance of a stable financial market environment. The Act also promotes the protection of regulated persons, clients and investors who invest in listed securities on a regulated market against three forms of market abuse: insider trading, market manipulation, and false and misleading reporting.

32:114 The FMA seeks to increase confidence in the South African financial ma…… (73:2355 [73:2609]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

The FMA seeks to increase confidence in the South African financial markets by requiring that securities services be provided in a fair, efficient and transparent manner; and by contributing to the maintenance of a stable financial market environment.

32:118 Key projects taking place currently include: reviewing the SRO model o…… (74:674 [74:1166]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Key projects taking place currently include: reviewing the SRO model of regulation; reform of the OTC derivatives markets; improved transparency in the government bond market; regularising the affairs of all unlicensed exchanges; and the global legal entity identifier update. An additional project being considered on the advice of a recent IMF Financial Sector Assessment Program (more commonly referred to as the FSAP), is to review requirements for the unlisted investment sector.

32:121 Impact of the proposed policy Both regulated entities and financial c…… (79:693 [79:1261]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Impact of the proposed policy Both regulated entities and financial customers have a strong interest in the way that this transition happens. Customers are looking for assurance that the new regulatory framework will lead to more appropriate products and services, sold in a more transparent manner, with better accountability by financial institutions should they suffer unfair treatment. Product and service providers seek assurance that the regulatory framework will be consolidated and rationalised to minimise complexity and avoid increasing their costs.

32:122 Customers are looking for assurance that the new regulatory framework…… (79:838 [79:1261]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Customers are looking for assurance that the new regulatory framework will lead to more appropriate products and services, sold in a more transparent manner, with better accountability by financial institutions should they suffer unfair treatment. Product and service providers seek assurance that the regulatory framework will be consolidated and rationalised to minimise complexity and avoid increasing their costs.

32:125 DISCUSSION DOCUMENT 86 Box A2.1– G20 principles on consumer protecti…… (86:1 [86:1490]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

DISCUSSION DOCUMENT 86 Box A2.1– G20 principles on consumer protection in financial services Financial consumer protection should be an integral part of the legal, regulatory and supervisory framework Financial consumer protection must be within the responsibility of key oversight bodies Equitable and fair treatment of consumers is imperative at all stages of the relationship with financial services providers Disclosure and transparency is required from financial services providers and authorised agents Financial education and awareness should be promoted by all relevant stakeholders Responsible business conduct of financial services providers and authorised agents involves, as an objective, working in the best interest of customers and upholding financial consumer protection Institutions must protect consumer assets against fraud and misuse Institutions must protect consumer data and privacy by having appropriate control mechanisms in place Complaints handling and redress mechanisms should be in place Competition should be promoted The G20 principles highlight at least three necessary elements for an effective market conduct framework – a strong legal and regulatory regime that emphasises fair customer treatment (with a focus on conduct of business), well-known, well-functioning dispute resolution procedures, and prioritising awareness and capability by financial customers through financial literacy initiatives.

32:126 1– G20 principles on consumer protection in financial services Fina…… (86:33 [86:1490]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

1– G20 principles on consumer protection in financial services Financial consumer protection should be an integral part of the legal, regulatory and supervisory framework Financial consumer protection must be within the responsibility of key oversight bodies Equitable and fair treatment of consumers is imperative at all stages of the relationship with financial services providers Disclosure and transparency is required from financial services providers and authorised agents Financial education and awareness should be promoted by all relevant stakeholders Responsible business conduct of financial services providers and authorised agents involves, as an objective, working in the best interest of customers and upholding financial consumer protection Institutions must protect consumer assets against fraud and misuse Institutions must protect consumer data and privacy by having appropriate control mechanisms in place Complaints handling and redress mechanisms should be in place Competition should be promoted The G20 principles highlight at least three necessary elements for an effective market conduct framework – a strong legal and regulatory regime that emphasises fair customer treatment (with a focus on conduct of business), well-known, well-functioning dispute resolution procedures, and prioritising awareness and capability by financial customers through financial literacy initiatives.

32:128 Bank fees: Investigation into bank fees and trends undertaken to addre…… (88:819 [88:1902]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Bank fees: Investigation into bank fees and trends undertaken to address perception that high level of concentration in Canada's banking sector means the market is not as competitive as it could be Consumer protection framework: Government considering implementing a stronger consumer protection framework, underpinned by standards and principles, which is more adaptable to changes in the financial sector The European Union Disclosure: Draft regulations aimed at ensuring that providers of packaged retail and insurance-based investment products produce standardised information documents Distribution: Markets in Financial Instruments Directive II (MiFID II) issued to improve, among others, transparency and management of conflict of interests and inducements India Intermediation: Strict rules implemented to regulate the behaviour of financial professionals and investment advisers, to protect investors and eliminate mis-selling of financial products Complaints management: Comprehensive customer complaints management and reporting standards introduced.

32:130 Consumer protection: Financial Services Transparency and Organisation…… (88:2226 [88:2645]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Consumer protection: Financial Services Transparency and Organisation Law sets minimum disclosure standards that financial institutions have to comply with when sending out statements Regulatory reform: 2014 financial sector reforms aim to strengthen the financial system by increasing transparency and consumer protection including creating new powers for the regulator and improving the dispute resolution system

32:131 DISCUSSION DOCUMENT 89 The Netherlands Pension funds: Reforms to ens…… (89:1 [89:1464]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

DISCUSSION DOCUMENT 89 The Netherlands Pension funds: Reforms to ensure greater transparency in costs and charges Credit insurance: Addressing hidden charges in sale of Payment Protection Insurance (PPI) 56 Pay day loans: Fines imposed on unlicensed entities offering pay day loans Life insurance: 'Woekerpolis affair' highlighted excessively priced and complex life insurance policies Investment services: Inducements for investment firms banned Philippines Consumer protection: In May 2014, the central bank in the Philippines adopted the Financial Consumer Protection Framework, institutionalising consumer protection as an integral component of banking supervision in the country Singapore Intermediation: The Financial Advisory Industry Review ("FAIR") aims to enhance the standards of financial advice and improve efficiency in distributing life insurance and investment products The UK Pension funds: General reform underway; focus on better disclosure of costs and charges Pay day loans: Criticism of the industry for fuelling debt crisis Debt collection: Poor debt collection practices identified, including overcharging and sending false letters of demand Intermediation: Retail Distribution Review addressed shortcomings with remuneration models and disclosure in the retail investment market Credit insurance mis-selling: Premiums excessively high and the product itself frequently mis-sold, resulting in a £22 billion redress.

32:132 Conduct supervision may not be the sole focus of financial sector regu…… (90:2240 [90:2869]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

Conduct supervision may not be the sole focus of financial sector regulators in other jurisdictions, but there is a notable trend toward stronger emphasis on consumer protection, even for authorities with more general mandates. In Peru, for example, market conduct supervision has been strengthened by establishing a new adjunct superintendence in market conduct and financial inclusion. This new department centrally supervises transparency and consumer protection. In India, the Reserve Bank has announced its intent to develop comprehensive consumer protection regulations and formulate a Charter of Customer Rights.

32:133 This new department centrally supervises transparency and consumer pr…… (90:2636 [90:2714]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

This new department centrally supervises transparency and consumer protection.

32:134 DISCUSSION DOCUMENT 92 Further policy issues that should be taken in…… (92:1 [92:1315]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

DISCUSSION DOCUMENT 92 Further policy issues that should be taken into consideration when issuing subordinate legislation – often done through setting standards – relate to: how to ensure regulatory effectiveness, minimising the potential for regulatory arbitrage, providing for proportionality and appropriateness, and transparency and accountability in how these standards are made.

Subordinate regulation in other jurisdictions has been developed to ensure regulatory effectiveness and empower the respective regulators to fulfil their mandates. In the UK, for example, the Financial Services Act of 2012 paved the way for the creation of the FCA and PRA, and specific conduct standards are laid out in the comprehensive FCA handbook.

Similarly, in the US, the CFPB has been granted wide regulatory powers to issue regulations for financial institutions to comply with 62 . The CFPB has issued regulations relating to mortgages, remittance transfers, and is working on rules related to debt collection.

Across other Twin Peaks jurisdictions, there is generally a defined set of conduct standards – whether set by the conduct regulator or other bodies – that is recognised as being applicable to all authorised institutions. Additionally, efforts are undertaken to avoid overlap or

32:135 DISCUSSION DOCUMENT 92 Further policy issues that should be taken in…… (92:1 [92:394]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

DISCUSSION DOCUMENT 92 Further policy issues that should be taken into consideration when issuing subordinate legislation – often done through setting standards – relate to: how to ensure regulatory effectiveness, minimising the potential for regulatory arbitrage, providing for proportionality and appropriateness, and transparency and accountability in how these standards are made.

32:137 To constitute a credible deterrent, enforcement powers need to be augm…… (94:2111 [94:2670]) - D 32: Treating Customers Fairly 2014 (Treating Customers Fairly in the Financial Sector Framework)

To constitute a credible deterrent, enforcement powers need to be augmented by visible, appropriate and swift enforcement and regulatory action, reinforcing the message that detection is likely and will have significant consequences. The authority should be empowered to make decisions based on judgment of unique cases against the relevant principles and rules – with such judgment supported by legislation. These wider enforcement powers need to be appropriately balanced by adequate accountability, transparency and appeal or review frameworks.

33:5 This will require collaboration, transparency and trust among all sta…… (6:3577 [6:3656]) - D 33: SARB 2018 (Vision 2025)

This will require collaboration, transparency and trust among all stakeholders.

33:9 Figure 1: The nine goals of Vision 2025 Vision 2025 Industry strateg…… (8:1088 [8:1485]) - D 33: SARB 2018 (Vision 2025)

Figure 1: The nine goals of Vision 2025 Vision 2025 Industry strategies and tactics Industry goals Promoting Financial inclusion competition and innovation Regional integration Transparency and public accountability Cost-effectiveness Interoperability Financial stability and security Flexibility and adaptability A clear and transparent regulatory and governance framework

33:10 The goals that guide the vision tend to focus on high-level issues s…… (9:588 [9:771]) - D 33: SARB 2018 (Vision 2025)

The goals that guide the vision tend to focus on high-level issues such as competition, innovation, transparency, preparing for future changes in the economy, and system stability.

33:12 1. A collaborative approach among industry stakeholders No effort aim…… (9:2393 [9:2761]) - D 33: SARB 2018 (Vision 2025)

1. A collaborative approach among industry stakeholders No effort aimed at improving and modernising payment systems can be successful without a collaborative approach among industry stakeholders. Community efforts aimed at improving payment systems and standards should be transparent and involve all payment system participants and other relevant stakeholders.

33:18 Transparency and public accountability (11:787 [11:824]) - D 33: SARB 2018 (Vision 2025)

Transparency and public accountability

33:19 1. A clear and transparent regulatory and governance framework Par…… (11:1418 [11:1677]) - D 33: SARB 2018 (Vision 2025)

1. A clear and transparent regulatory and governance framework Participants providing similar services should be subject to the same regulation that is transparent and appropriate for the risk being introduced in the payment system by each participant.

33:20 While technology and end-user expectations have changed, the need for…… (11:1998 [11:2318]) - D 33: SARB 2018 (Vision 2025)

While technology and end-user expectations have changed, the need for sound regulatory and governance frameworks to underpin payment systems has not. All payment system participants should be subject to fair and transparent regulation and governance frameworks to ensure stability and safety within payment systems.

33:21 . 1.1 Vision 1.1.1 Payment system participants providing similar ser…… (12:839 [13:75]) - D 33: SARB 2018 (Vision 2025)

.

1.1 Vision 1.1.1 Payment system participants providing similar services are subject to the same regulation, which is appropriate for the risk being introduced into the system by such a participant.

1.1.2 All payment system stakeholders have a clear understanding of the regulations and governance frameworks that apply to them.

1.1.3 Regulators and delegated authorities have clear mandates.

1.1.4 All relevant stakeholders provide input into governance structures and are consulted to help coordinate, harmonise and develop regulation. Relevant stakeholders include banks, system operators, non-bank payment service providers, FinTechs, remittance providers (including retailers), regulators, and end users (consumers and businesses).

1.2 Benefits 1.2.1 The continued safety, stability and availability of the payment system is maintained and enhanced.

1.2.2 All system participants offering similar services, regardless of whether they are a bank or non-bank, are faily regulated.

1.2.3 The confidence in the NPS among system participants and end-users is increased.

1.2.4 Other payment system goals (such as competition and consumer protection) in addition to the wider public policy goals (such as financial inclusion) are supported.

1.3 Strategies and tactics 1.3.1 Review the regulatory, supervisory and oversight frameworks of the payment system to ensure harmonization across payment systems.

1.3.2 Develop a consumer protection framework for payment services.

1.3.3 Develop fair, transparent and objective criteria to determine industry-level regulatory and governance issues.

1.3.4 Review and implement access and participation criteria for all payment service providers.

National Payment System Framework and Strategy • Vision 2025 9 1.3.5 I

33:25 1.3.3 Develop fair, transparent and objective criteria to determine i…… (12:2359 [12:2477]) - D 33: SARB 2018 (Vision 2025)

1.3.3 Develop fair, transparent and objective criteria to determine industry-level regulatory and governance issues.

33:26 Transparency and public accountability All system participants should…… (13:516 [13:823]) - D 33: SARB 2018 (Vision 2025)

Transparency and public accountability All system participants should be subject to public accountability and should have access to integrated management information related to the collaborative space in order to create a level playing field for all participants and to foster trust in payment systems.

33:28 As utilities that affect the lives of all South Africans, payment syst…… (13:826 [13:985]) - D 33: SARB 2018 (Vision 2025)

As utilities that affect the lives of all South Africans, payment systems must be transparent and system participants must be accountable to the wider public.

33:30 Transparency and public accountability will help to increase trust in…… (13:989 [13:1187]) - D 33: SARB 2018 (Vision 2025)

Transparency and public accountability will help to increase trust in payment systems while also ensuring that all system participants operate on a level playing field, which fosters competition.

33:34 Crucially, integrating management information across the industry can…… (13:2023 [13:2578]) - D 33: SARB 2018 (Vision 2025)

Crucially, integrating management information across the industry can help to limit information asymmetry across various payment system stakeholders. Information transparency is aimed at eliminating inefficiencies and decreasing risks across the industry. Decreasing information asymmetry would provide a more level playing field for system participants, which helps to promote greater competition in payment services. Clear and transparent regulatory and governance frameworks also contribute to greater transparency and public accountability.

33:37 2.1 Vision 2.1.1 As the NPS is the backbone of the South African eco…… (13:2581 [13:2809]) - D 33: SARB 2018 (Vision 2025)

2.1 Vision 2.1.1 As the NPS is the backbone of the South African economy that impacts on the lives of all South Africans, aspects related to payments service provision, including governance-related matters, are transparent.

33:39 4 Trust in payment systems grows as a result of increased transparenc…… (13:3042 [13:3140]) - D 33: SARB 2018 (Vision 2025)

4 Trust in payment systems grows as a result of increased transparency and public accountability.

33:40 7 Assist the market conduct regulator, where required, in achieving i…… (14:996 [14:1277]) - D 33: SARB 2018 (Vision 2025)

7 Assist the market conduct regulator, where required, in achieving its objectives related to payment systems, such as transparency on payment product pricing. The SARB will conclude a memorandum of understanding with the market conduct regulator to assist in this process.

33:43 6 Assist the market conduct regulator, where required, in achieving i…… (18:1007 [18:1168]) - D 33: SARB 2018 (Vision 2025)

6 Assist the market conduct regulator, where required, in achieving its objectives related to payment systems, such as transparency on payment product pricing.

33:45 System operating costs and transaction fees are another key factor tha…… (18:2746 [18:2984]) - D 33: SARB 2018 (Vision 2025)

System operating costs and transaction fees are another key factor that could help or hinder system participation and adoption by end users. Appropriate and transparent interbank pricing should help to promote competition and can be an

33:46 As noted in the SARB's Vision 2015 document, a transparent determinat…… (19:107 [19:666]) - D 33: SARB 2018 (Vision 2025)

As noted in the SARB's Vision 2015 document, a transparent determination of interchange fees was one of the recommendations of the Banking Enquiry. The Banking Enquiry Report acknowledged the importance of two-sided markets and the need for a fair, neutral and transparent interchange determination mechanism to replace the bilateral arrangements previously used by banks. The SARB was proposed as the appropriate entity to facilitate the establishment of such an interchange determination mechanism due to its neutrality and objective mandate.

33:50 4 Assist the market conduct regulator, where required, in achieving i…… (20:589 [20:752]) - D 33: SARB 2018 (Vision 2025)

4 Assist the market conduct regulator, where required, in achieving its objectives related to payment systems, such as transparency on payment product pricing.

33:57 The regulatory framework should enable non-bank service providers to a…… (25:488 [25:926]) - D 33: SARB 2018 (Vision 2025)

The regulatory framework should enable non-bank service providers to access payment systems to improve the reach of payment services. The role of consumer education in boosting awareness as well as trust in electronic payment systems is crucial, and the SARB will work with other authorities to actively support industry efforts aimed at educating South Africans on payment products and services in a fair and transparent manner.

33:60 Table 2: Vision 2025 strategies and goals Strategy A clear and tra…… (26:245 [26:739]) - D 33: SARB 2018 (Vision 2025)

Table 2: Vision 2025 strategies and goals Strategy A clear and transparent regulatory and governance framework Transparency and public accountability Financial stability and security Promoting

competition and innovation Cost-effectiveness Interoperability Flexibility and adaptability Regional integration Financial inclusion 1. Align to global regulatory and governance principles where applicable, such as the Principles for Financial Market Infrastructures.

33:61 Table 2: Vision 2025 strategies and goals Strategy A clear and tra…… (26:245 [26:598]) - D 33: SARB 2018 (Vision 2025)

Table 2: Vision 2025 strategies and goals Strategy A clear and transparent regulatory and governance framework Transparency and public accountability Financial stability and security Promoting competition and innovation Cost-effectiveness Interoperability Flexibility and adaptability Regional integration Financial inclusion 1.

33:62 Assist the market conduct regulator, where required, in achieving…… (26:1198 [26:1366]) - D 33: SARB 2018 (Vision 2025)

Assist the market conduct regulator, where required, in achieving its objectives related to payment systems, such as transparency on payment product pricing.

33:63 9. Develop fair, transparent and objective criteria to determine…… (26:1739 [26:1860]) - D 33: SARB 2018 (Vision 2025)

9. Develop fair, transparent and objective criteria to determine industry-level regulatory and governance issues.

33:65 The next steps The development of Vision 2025 is only the first step…… (29:657 [29:1668]) - D 33: SARB 2018 (Vision 2025)

The next steps The development of Vision 2025 is only the first step in the process of enhancing the current NPS. A clearly articulated vision must be accompanied by a transparent, industry-wide process to implement the identified payment system strategies and monitor progress on their execution. Upon publication, South African payment industry stakeholders should engage in collaboration on the implementation of these strategies to achieve the goals outlined in Vision 2025. The next steps in this process include the following: 1. The SARB shall convene the Payments Council as soon as it is established to work closely with the recognised industry forums and any other payment stakeholder or regulatory authority to plan the implementation of the payment system strategies and develop metrics to monitor progress. The Payments Council shall be an enabling governance mechanism for payment system stakeholders to collaborate on detailing and prioritising payment system strategies.

33:67 The Vision 2025 consultation process highlighted that there is a lot m…… (30:672 [30:1096]) - D 33: SARB 2018 (Vision 2025)

The Vision 2025 consultation process highlighted that there is a lot more for the SARB to do, with a wide range of stakeholders calling for additional intervention by the regulator. Consequently, non-bank participation in the NPS remains a focus area for the SARB over the next 10 years, as highlighted in goal 1 of the Vision 2025 publication, relating to a clear and transparent regulatory and governance framework.

34:44 Provided that the bank shall duly document its modelling approach in o…… (927:1 [927:184]) - D 34: Bank Regulations 2012

Provided that the bank shall duly document its modelling approach in order to ensure that the correlation and other modelling assumptions, for example, are available and transparent.

APPENDIX 6 - ETHICAL CLEARANCE UNISA

UNISA university of south africa

UNISA COMMUNICATION SCIENCE ETHICS REVIEW COMMITTEE

Date 19 August 2019

Dear Ms Anna Oksiutycz-Munyawiri

NHREC Registration # : Rec-240816-052

ERC Reference # :2019-COMMSCIENCE-CHS-48834343

Name: A Oksiutycz-Munyawiri

Student #:48834343

Decision:

Ethics Approval from 20 August 2019 to 23 August 2024

Researcher(s): Ms A Oksiutycz-Munyawiri

Supervisor (s): Prof GC Angelopulo
Department of Communication Science
University of South Africa
Angelgc@unisa.ac.za
012 429 6073
083 989 0034

Working title of research:

ORGANISATIONAL TRANSPARENCY IN SOUTH AFRICAN BANKING: AN INSTITUTIONAL FIELD DISCOURSE ANALYSIS

Qualification: PhD in Communication

Thank you for the application for research ethics clearance by Department of Communication Science Ethics Review Committee for the above mentioned research. Ethics approval is granted for five years.

*The **low risk application** was **reviewed** by the Departmental Ethics Review Committee on **08 August 2019** in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment. The decision was tabled at the Committee meeting on **19 August 2019** for approval.*

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The proposed research may now commence with the provisions that:

1. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the **Communication Science Ethics Review Committee**.
3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.
6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data require additional ethics clearance.
7. No field work activities may continue after the expiry date (**23 August 2024**). Submission of a completed research ethics progress report will constitute an application for renewal of Ethics Research Committee approval.

Note:

*The reference number **2019-COMMSCIENCE-CHS-48834343** should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.*

Yours sincerely,

Signature :

Mr Siyabonga M Mfuphi
Ethics Chair :
Communication Science Ethics Review Committee
E-mail: mfuphsm@unisa.ac.za
Tel: (012) 429-8264

Signature :

Dr Suryakanthie Chetty
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APPENDIX 7 - TURNITIN SIMILARITY INDEX REPORT

2/21/2020 Turnitin

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