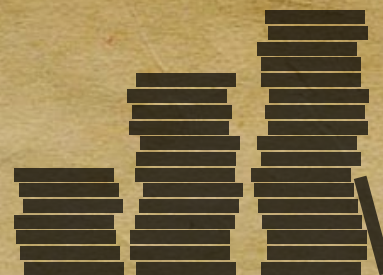


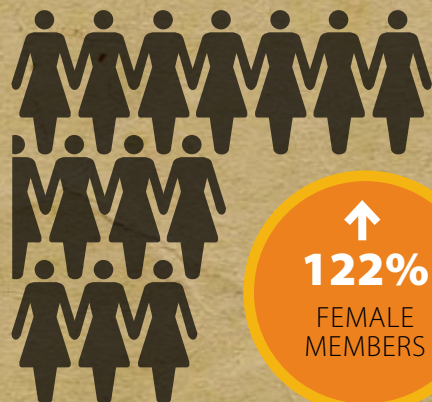


Co-operative Financial Institution QUARTERLY REVIEW

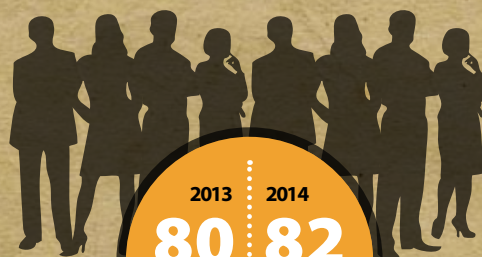
AUG 2014,
VOLUME 1



180
SMEs
FINANCED



↑
122%
FEMALE
MEMBERS



2013 : 2014
80 : 82
PEOPLE EMPLOYED
IN THE FUNDED
SMEs

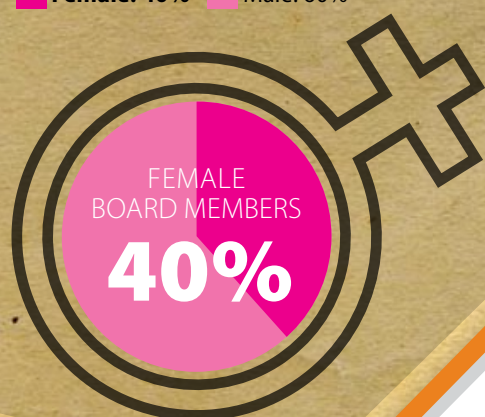
MEMBERS UNDER

35 YEARS

2013
1573

2014
1745

Female: 40% Male: 60%



↑
15%
EMPLOYEES

SA ECONOMY

The SARB's Monetary Policy Committee's July 2014 meeting highlighted the deterioration in the economic growth outlook on the back of strike action in the mining and manufacturing sectors, resulting in the economy contracting in Q1 2014.

Growth outlook for the rest of the year remains subdued amid low business confidence, further compounded by an uptick in year on year inflation to 6.6 per cent driven by pressures on the rand against major currencies and rising food prices too.

Consequently, the committee resolved to continue on its gradual normalization path and raise the repurchase rate by 25 basis points to 5.75 per cent per annum, effective from Friday 18 July.

The July 2014 credit extension report also

Organisation for Payments (CUSOP), got a licence from the Central Bank at the end of last year to operate the new system. (*Irish Independent, 2014*)

The African Development Bank (AFDB) conducted a study in collaboration with Umande Sacco and Cooperative Bank, two CFIs that provide microcredit services in Nairobi's Kibera slum. The study aimed to investigate and evaluate the impacts of access to financial services on income and poverty levels by people in the Bottom of the Economic Pyramid (BOP) segment. Study concluded that the urban BOP segment provides business opportunities to both individuals and institutions like CFIs. CFIs should be supported and operated formally so as to support national development objectives. To promote performance and sustainability of these businesses, customized financial training is necessary and should be encouraged. Also, business investment in this sector should not only focus on micro small businesses but also small and medium enterprises to support industrialization, and the government should support the regulation of CFIs to support BOP development.

(*Mutisya, E. and Yarime, M. (2014), Microcredit for the Development of the BOP Segment: Impact of Access to Financial Services on Microcredit Clients, Institutions and Urban Sustainability, Working Paper Series N° 199, AFDB*)

highlighted contraction in the annualized household credit, with annual growth slowing to 4.1 per cent. General loans and advances (mostly unsecured personal loans) were virtually flat (0 per cent m/m or R51.3 million) following a R1.2 billion contraction in June. The continued weakness in personal loans reflects both tighter lending criteria and households' weaker credit appetite as credit affordability deteriorates. On an annual basis, growth in general loans and advances slowed sharply to 0.2 per cent in June. annual growth installment sale credit moderated to 9.7 per cent in July from 10.6 per cent in June, mainly due to declining passenger vehicle sales. Household mortgage advances increased by R2.3 billion in July, lifting annual growth to 2.6 per cent in June.

INTRODUCTION

This is the first issue of the CBDA's CFI Quarterly Review whose purpose is to inform on the impact the CFI sector has by focusing on selected social, economic and developmental indicators on the sector to highlight the importance of CFIs and co-operative banks in fostering economic and social development.

It is also intended that the review will assist the CBDA and its stakeholder to target interventions at areas that have the greatest impact. It also gives a high level snapshot of the SA economy to assist managers in their day to day management of the CFIs.

The review will also feature case studies of CFIs doing well and how members are benefiting from the CFIs. Information is collected through a Social Indicator Survey distributed to the CFIs on a quarterly basis. For this issue, 13 CFIs (60%) responded to the survey.

SECTOR SNIPPETS

CFIs in Ireland are lining up to take on the banks, with large numbers now set to provide electronic payment options to members. The locally owned lenders are also about to apply to the Central Bank for approval to offer debit cards. The combination of electronic payments and the ability to offer debit cards will see CFIs putting it up to the banks by offering an alternative to banks' current accounts. This will allow members to have their wages or pension paid directly into their member accounts and make payments out electronically. CFIs in Malahide, Co Dublin, Clara, Co Offaly, Rathfarnham, Co Dublin, Carrickmacross, Co Monaghan; and New Ross, Co Wexford, are up and running with the new system. The roll-out of electronic payment services comes after a body owned by CFIs, the Credit Union Service

CFI FINANCIAL INDICATORS

PERIOD	REPORTING CFIS	CHANGE	
May-12	19	-	-
May-13	15	-21%	↓
May-14	25	67%	↑

PERIOD	MEMBERSHIP	CHANGE	
May-12	25,253	-	-
May-13	19,295	-24%	↓
May-14	23,019	19%	↑

PERIOD	ASSETS (RANDES)	CHANGE	
May-12	102,518,439	-	-
May-13	99,926,873	-3%	↓
May-14	152,510,462	53%	↑

PERIOD	LOANS (RANDES)	CHANGE	
May-12	54,786,057	-	-
May-13	57,084,217	5%	↑
May-14	81,703,316	43%	↑

PERIOD	SAVINGS (RANDES)	CHANGE	
May-12	88,396,837	-	-
May-13	77,557,700	-12%	↓
May-14	124,811,300	61%	↑

PERIOD	CAPITAL (RANDES)	CHANGE	
May-12	8,456,937	-	-
May-13	17,402,043	106%	↑
May-14	22,757,755	31%	↑

Understanding The Data in this Table

A green arrow signifies a large positive change in the value of the financial indicator while a red arrow indicates a large decrease