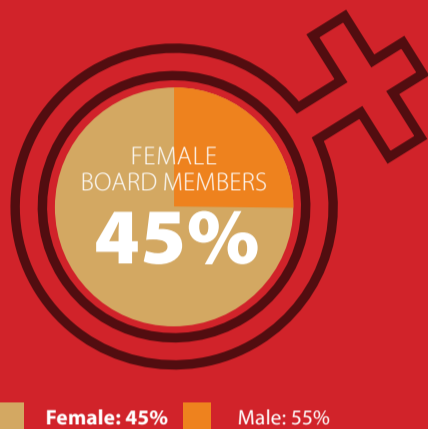
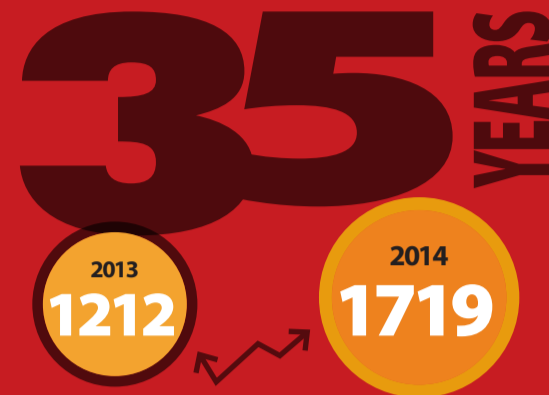


MEMBERS UNDER



Female: 45% Male: 55%



RESEARCH TEAM
McIntosh Kuhlengisa
Zanoxolo Long

CONTACT DETAILS

Tel: +27 12 315 5438

Fax: +27 12 315 5905

Email: cbda@treasury.gov.za

Web: www.treasury.gov.za/coopbank/

GLOBAL ECONOMY

The US and the UK remain the main drivers of global growth although more broadly, global growth may get some impetus from lower oil and food prices, which should provide some boost to consumers. The outlook for emerging markets is mixed, with emerging Asian economies expected to benefit most from the positive spillovers from the US recovery. This is expected to offset in part the adverse impact of the slowdown in China, where growth is expected to be lower than in the past few years, as the economy rebalances away from investment towards consumption. Global inflation is expected to moderate in the face of benign food price inflation and falling international oil and other commodity prices.

SA ECONOMY

The SARB's Monetary Policy Committee's November 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 to.

Consequently, the committee resolved to continue on its gradual normalisation 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 highlighted contraction in the annualized household credit, with annual growth slowing to 4.1 per cent. The continued weakness in personal loans reflects both tighter lending criteria and households' weaker credit appetite as credit affordability deteriorates.

SECTOR SNIPPETS

RABOBANK AND LESSONS FOR SA

With regard to expanding non-agricultural activities in rural areas, within the **integrated and inclusive rural economy cluster**, the National Planning Commission recommends, among other strategies, the development of strategies for economic cooperation that give producers greater collective market power in value chains and improved access to information. Such economic cooperation will also allow producers to achieve the minimum supply volumes required for participation and empower them to negotiate improved terms of participation. Within this scope, are opportunities for financial co-ops to contribute along the value chain, especially the financing and insurance aspects, provided they can develop appropriate products and services tailored for the needs of agriculture and other producer co-operatives. Local financial co-operatives can take inspiration from Rabobank. Rabobank, headquartered in Utrecht, the Netherlands, was originally founded over 110 years ago as a rural credit cooperative by Dutch farmers who sought to provide their rural communities with access to fair and reliable sources of credit, and to help build and support each other's businesses. Today, Rabobank is a cooperative bank with over €679 billion in assets (R9.5 trillion), 9.5 million customers, 55,000 employees, and a presence in 46 countries. Rabobank is one of the 25 largest financial institutions in the world based on Tier 1 Capital and has been ranked as the world's safest non-government owned bank by Global Finance magazine (a Financial Times publication) every year since 1999.

HIGHLIGHTS OF THE FINSCOPE SA 2014 SURVEY

FinMark Trust launched the results of FinScope South Africa 2014 on 4 November 2014. The results indicate an increase in the number of financially included adults from 17.7 million in 2004 to 31.4 million in 2014. Banking increased from 46% in 2004 to 75% in 2014. The overall increase in financial inclusion from 61% to 86% over the past ten years is mainly driven by an increase in banking with more people accessing banking products driven by organic banking growth and SASSA roll out. Although an increase in banking is noted in 2014, the survey shows that the rate of growth in banking has dropped as indicated by bank account product usage remaining static at 75% for both 2013 and 2014.

Although there is an increase in the salaried adult population in 2014 (7.2 million in 2004 to 12.4 million in 2014), there is also an increase in dependence on government grants (19% in 2004 to 30% in 2014). The survey showed that while savings is difficult due to low levels of income, most people prefer to save at home possibly due to high banking fees and a lack of confidence in the financial services sector. Although unsecured loans are on the increase, 40% of these are being used for developmental reasons.

There has been a substantial increase in the usage of cellphones since 2004, with 33 million adults using cellphones in 2014 up from 12 million in 2004. However, despite the increase in usage of cellphones at 90% in 2014, only 24% of the adult population uses cellphone banking. Cellphone banking only increased from 8.3 million in 2012 to 8.6 million in 2014. Over one third of adults in South Africa find technology complicated to use for financial activities according to the study.

CFI FINANCIAL INDICATORS

PERIOD	REPORTING CFIS	CHANGE	
Aug-12	18	n/a	n/a
Aug-13	18	0%	↓
Aug-14	23	27%	↑

PERIOD	LOANS (R)	CHANGE	
Aug-12	66,766,686	n/a	n/a
Aug-13	71,649,328	7%	↑
Aug-14	86,966,805	21%	↑

PERIOD	MEMBERSHIP	CHANGE	
Aug-12	25,318	n/a	n/a
Aug-13	26,986	7%	↑
Aug-14	24,159	-11%	↓

PERIOD	TOTAL SAVINGS (R)	CHANGE	
Aug-12	84,920,729	n/a	n/a
Aug-13	103,747,066	22%	↑
Aug-14	128,769,954	24%	↑

PERIOD	TOTAL ASSETS (R)	CHANGE	
Aug-12	102,128,510	n/a	n/a
Aug-13	137,962,867	35%	↑
Aug-14	147,921,606	7%	↑

PERIOD	TOTAL CAPITAL (R)	CHANGE	
Aug-12	11,633,063	n/a	n/a
Aug-13	19,859,711	71%	↑
Aug-14	21,849,681	10%	↑

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. Figure comparisons are year on year changes. Sixteen (16) CFIs responded to the survey this period.