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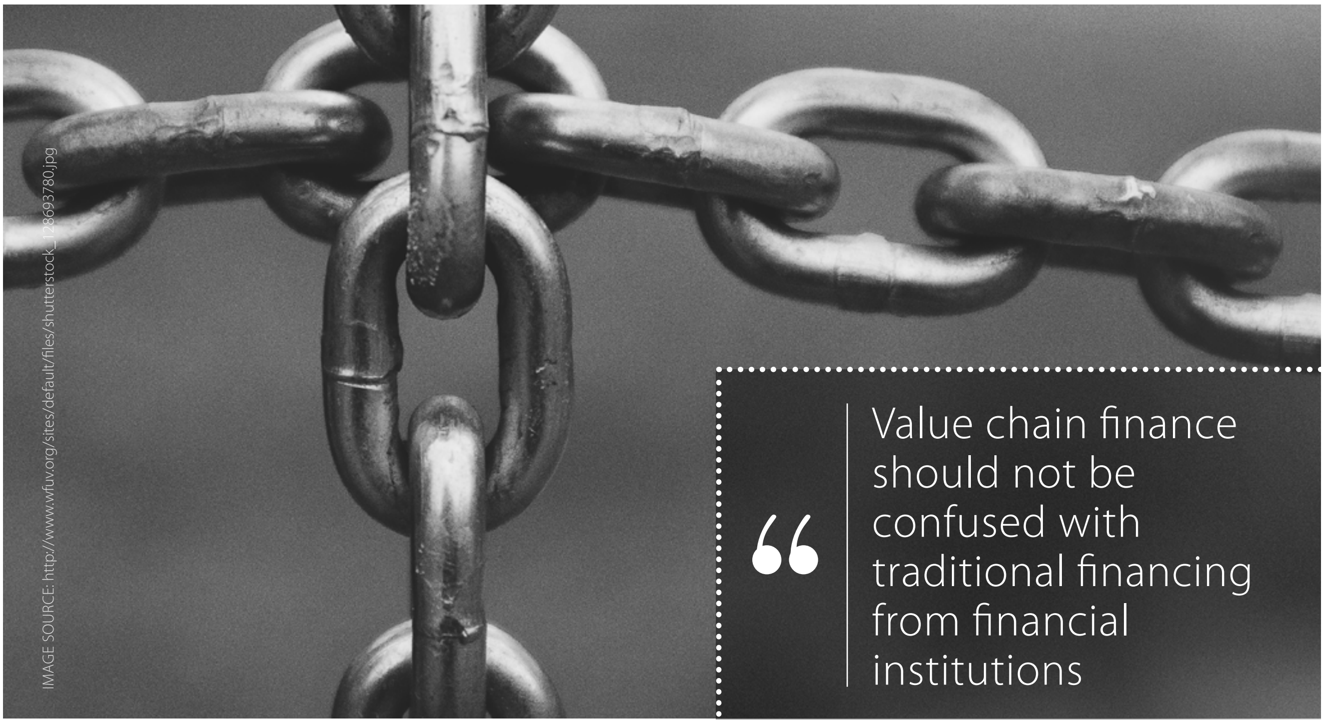


VALUE CHAIN FINANCING

By Timothy Mutyavaviri

In the developing finance context, value chain finance is an evolving term that has taken on a range of meanings and connotations. The flows of funds to and among the various links within a value chain comprise what is known as value chain finance. Stated another way, it is any or all of the financial services, products and support services flowing to and/or through a value chain to address the needs and constraints of those involved in that chain, be it a need to access finance, secure sales, procure products, reduce risk and/or improve efficiency within the chain. The comprehensive nature of value chain finance, therefore, makes it essential to analyse and fully understand the value chain in all aspects.

Value chain finance should not be confused with traditional financing from financial institutions, such as banks, it is not value chain finance unless there is a direct correlation to the value chain. An example of a value chain would be input supply, production, trading, processing and consumption.

Value chain finance can be employed in different sectors for example agriculture and manufacturing. CFIs can play a pivotal role in value chain financing for example in agricultural or manufacturing finance. The CFI will act as an intermediary between different actors in the value chain. A CFI will have its members as different players/actors in the agriculture and manufacturing value chain, it will then fund the purchase of inputs and the processing of the products until it is sold at the markets. After the products have been sold at the market the different players will pay back the loans to the CFI and save also with the CFI. This creates an opportunity for strong CFIs since the value chain finance empowers members in terms of having income and surplus to save.

Understanding value chain finance can improve the overall effectiveness of those providing and requiring agricultural or manufacturing financing. It can improve the quality and efficiency of financing value chains by: identifying financing needs for strengthening the chain; tailoring financial products to fit the needs of the participants in the chain; reducing financial transaction costs through direct discount repayments and delivery of financial services; and using value chain linkages and knowledge of the chain to mitigate risks of the chain and its partners.

special report

EDITORIAL

These are explosive times for the financial sector, with strides within the fintech space, potentially disrupting the way banks offer their services to their members. According to the consulting firm, Mckinsey, if the last battleground in retail banking was defined by a boom-to-bust expansion of consumer credit, the current one will be defined by digital. This will include rapid innovation in payments and the broader transformation in systems enabled by digital technologies.

The urgency of acting is acute. The report gives banks three to five years at most to become digitally proficient. If they fail to take action, they risk entering a spiral of decline similar to laggards in other industries. Consequently, revenues and surpluses will migrate at scale toward institutions that successfully use digital technologies to automate processes, create new products, improve regulatory compliance, transform the experiences of their customers, and disrupt key components of the value chain.

In this edition, we provide you with updates on two initiatives the CBDA, in collaboration with various sector players, to ensure the Co-operative Financial Institutions (CFI) will rise to the digital disruption challenge. The Online Portal is intended to make regulatory reporting much more seamless, and efficient, allowing CFI managers to focus their attention on ensuring that member needs are met. The banking platform on the other hand, completely reinvigorates the member journey map within the CFI sector, and as it unfolds will ensure that the sector is firmly on track to ride the digital innovation.

We also welcome and feature several new CFIs that were registered over the past couple of months, and it is our hope that such entrants will continue to grow the movement for the betterment of our communities. Enjoy

RELEVANCY OF CO-OPERATIVE FINANCIAL INSTITUTIONS IN SOUTH AFRICA

By Oral Matsimbi

There is a greater need and relevancy for the Co – operative Financial Institution (CFI) to be established for relevant common bonds within Republic of South Africa. It is a fact that the most used institutions in South Africa for banking services are the commercial banks, which mostly concentrate more on the working class as their income generating customers. Furthermore, they are able to use the functions provided by the commercial banks on a continuous basis.

The CFI model is a member owned organisation which provide its members with services that are more similar to that of commercial banks. Its main purpose is to assist its members make long-term improvements in their lives through the effective use of their money. People join CFIs because they expect to get something out of joining and people organize, promote and volunteer for CFI because they believe in the values and the purpose.

Example; there are disadvantaged communities around South Africa in terms of development and technology. I visited Mmathabatha Village Bank (Limpopo) and Kwa – Machi FSC (KZN) which was an eye opener of the disadvantage areas that relies more on CFIs as their solution in terms of all banking functions. Both villages are more than 50 – 60 km from the ATMs and commercial banks, senior citizens (old people), small businesses, schools, churches and other users find it more convenient to utilize these CFIs than to take the limited resource they have to travel to the bank.

Apart from the above example, there are CFIs in urban areas that are serving a particular common bond and they are growing at an acceptable level. For the fact that commercial banks have stringent conditions and high rate of charges, the public can find it more convenient to be members of the CFI at any given day.

It is in this view that the Co – operative Financial Institution sector has the potential to grow to another level in South Africa where citizens can rely more on its services.

CFI INDABA 2015

BLOEMFONTEIN

By Oral Matsimbi

The 2015 CFI indaba was hosted by the Free State Province in Bloemfontein from 15 to 16 October 2015. The following provides a summary of the main discussion items during the Indaba.

GUEST SPEAKER: REPRESENTATIVE FROM THE EXECUTIVE MAYOR'S OFFICE

Ms Nthabiseng Mokotjo represented the office of the Executive Mayor who was absent due to business engagements.

The speaker thanked and recognised the presences of NACFISA, CBDA and Cooperative Financial Institutions (CFIs) for making the 2015 Indaba to be successful and choosing Free State – Bloemfontein to be the hosting province.

The speaker reiterated that the unemployment, inequality and poverty is slowing down the South African economy due to lack of economic transformation. The poor are getting poorer and the rich are getting richer. The CFI model was highlighted as the way the best model that the communities within South African can use to benefit themselves because the requirements of the commercial banks are very stringent especially to the poor. Managers and board of directors were encourage to have more members within their CFIs in order to circulate the money within their communities that will be saved to the bank that is owned by the community.

The supply chain management policies within government departments and municipalities should be amended in order to include procuring goods and service from the cooperatives.

The supply chain management policies within government departments and municipalities should be amended in order to include procuring goods and service from the cooperatives. She encouraged managers, board of directors including NACFISA to initiate the National Cooperative Bank where stockvels and potential groups will save money instead of using the commercial banks.

CFIs AND THE FUTURE IN SA

Mr Ernest Biyela from NACFISA (a member of board of directors) presented under the topic – CFI and Future of South Africa.

The difference between the CFI and commercial banks, adding that CFIs are owned by its members. Furthermore, even though the banks are currently dominating the sector there is still a room for CFIs to grown in South Africa. The Government does not have to own the sector but communities where CFIs are operating or where the common bond exists.

The speaker indicated that saving through the CFIs can make a very huge impact in the economy of South Africa as money will be saved within communities and help. BankSeta was recognized for the good work in terms of funding different activities happening within the sector concerning CFIs and creating the work place environment for young people by supporting the cooperatives.

PRESENTATION OF AWARDS

Representative from CBDA (Mr David de Jong) presented the awards to CFIs

CFI INDABA 2015

BLOEMFONTEIN

- continued

The supervisor encouraged the audience to read the regulatory framework

that have performed well; he initially explained the criteria/process that was used to nominate the winners. The criteria were based on the growth in membership, growth in balance sheet for three years and growth in savings.

The awards and price was finally presented as follows:

- First Place: Kwa – Zulu Natal Ladies – R20 000.00 in Government Bonds;
- Second Place: Boikago and Nehawu – R15 000.00 each in Government Bonds

CONFERENCE SESSION

The programme director indicated that due to other speakers not available (e.g President of the Republic and other Ministers) then the programme should be amended.

OFFICIAL OPENING

The official opening of the conference was done by Mr P Mofokeng (the chairperson of NACFISA Free State Chapter). The representative indicated that NACFISA is ready to re - build the stakeholder relationship with Government especially the CBDA.

RELEVEANCE OF THE CFI MODEL IN THE MODERN AFRICAN ECONOMY

Mr James Nkambule: ACCOSCA

The speaker indicated that the reason why CFIs in Swaziland and Kenya is because the governments of those countries have authorised deductions directly from the salaries of the members in order to make it convenient to save. Furthermore, some of the government employees are earning their salaries via the CFIs.

REGULATORY INFO FOR BEST PRACTICE VIABILITY AND SUSTAINABILITY

The Supervisor (Mr D. de Jong)

presented the following components of CFI model:

- including co-operative principles,
- importance of savings mobilising for a sustainability,
- solvency, capital adequacy,
- good loan management and management, and
- looking forward with risk management mitigation strategies.

Questions were asked relating to the CFI model and the presentation; the presenter answered the questions making reference to the regulatory framework already in place including the CBDA rule published on the 01st July 2015.

The main concern was that most of the board of directors and managers does not read and familiarise themselves with the regulatory framework and this has resulted to non – compliance by the institutions. The supervisor encouraged the audience to read the regulatory framework and forward the questions to his office where they don't understand.

The conclusion remarks of the Supervisor was welcomed by the audience, as he handed over to the programme who further reiterated that for the CFIs to be recognized as well structured institutions they have to be governed by certain regulations and maintain a particular standards to a level where communities can rely on them.

After the lunch break, three different commissions were established to discuss topics that are indicated below.

COMMISSION 1: ROLE OF SUPPORT AND REPRESENTATIVE ORGANISATIONS IN GOVERNMENT AN STAKEHOLDER ENGAGEMENTS

The first commission's report received lot of criticism as they didn't provide the feedback related to the topic that was commissioned to them. The following points were reported:

- Government must provide support and development programs for CFIs (as stated in the Co-operative Banks Act)

- Government must provide institutional and administrative support (non-financial support as stated in the Co-operative Banks Act)
- Government must provide education and training programs that is visible
- Government should exempt CFIs from tax
- Government should consult NACFISA before deregistering a CFI
- Government should provide equal treatment to all Co-operatives (some get R300k grant while others not, and per province)
- Nacfisa should:
  - » lobby for insurance for the movement
  - » Lobby for payroll deduction
  - » Lobby for inclusion in government programs
  - » ensure compliance and register

COMMISSION 2: WHAT PROGRAMS ARE REQUIRED TO SUPPORT GROWTH OF THE CFI SECTOR?

Whilst the CBDA was meant to facilitate this session, Bheki from the BankSeta agreed to assist and facilitate.

Commission addressed the question from two angles. For growing CFIs and for increasing membership.

7 PROGRAMS:

1. Institutional infrastructure :	Assist to build trust , For security, For better visibility
2. Marketing :	Brand building, Tailor products,Toolkit
3. Advocacy :	Relationship building, Engagement?
4. Education and training :	Continuous training
5. Governance programs:	Regulatory, Compliance
6. Research needs to be conducted:	Value chain enhancement, Packages required for each CFI Monitoring, Best practice, Benchmarking
7. Fund raising:	Provincially and nationally

COMMISSION 3: WHAT REGULATIONS ARE REQUIRED TO BUILD VIABLE, COMPETITIVE AND SUSTAINABLE CFIs

Session was moderated by Ehard of the GDRV.

Moderator introduced the topic with an explanation on the merits of the European Enterprise led model arguing that we needed to adjust or model to a similar model as they have.
The question above was slightly adjusted to "what current regulations are impeding growth". To this question there were two that stood out.

Cebisa raised the issue of the 15% being prohibitive for housing and vehicle loans and KLadies raised the issues of the common bond being prohibitive.

The SARB responded to both concerns. On the issue of the 15% strong feeling that CFI should grow their savings base to provide larger loans and not rely on external credit. One large housing loan defaulting could wipe out the surplus of a CFI to the point that it cannot recover. No incentive for members to repay if it is "government money". The question that should be asked is: why are members not saving with CFIs? Issues of confidence and trust need to be addressed.

Secondly, the SARB pointed out that CFIs have the option to increase their liquidity through asking members for loans. This point was not well understood and debated quite a lot. On the issue of the common bond, it was pointed out the KLadies has a common bond that covers over 2million people, but their membership sits at 2,000 odd. DGRV emphasised that in Germany, notwithstanding size and different model, geographical location and knowing members in your area is still a cornerstone of the movement.

BANKING PLATFORM PROJECT

By Kobus Van Niekerk

The Banking Platform Project was initiated to give the collective, Co-operative movement access to a solid banking platform with access to the National Payment System.

The implementation of the banking platform with various products and integrate it into the National Payment System is a complex exercise and requires detailed planning and execution. Integration into the National payment system is scheduled for the 4th quarter of the 2016/17 year.

The tender for the Banking Platform has been awarded and a service provider selected. The successful service provider is EOH. Work has commenced on the system with Functional testing in progress

The Head of the Central Support Services has been appointed and the unit are being prepared to perform its mandate. In addition the unit is finalising a recruitment process for key staff

Interns were brought on board and the team has proved to be invaluable in the data analysis and preparation of onboarding of the respective CFI's as well as the testing of the system.

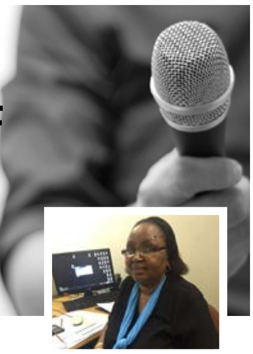
User acceptance testing has been conducted and the generic products signed off. The system is available for transactions for MMK, K Ladies and King Grange. The data migrations for the aforementioned CFI's are being prepared.

Training has been done for K Ladies, King Grange and MMK. Additional training sessions are scheduled the first week in March for K Ladies

Boikago and Nehawu are scheduled to be on boarded in April 2016.
Nare Senne and Khuthala Lengisi with the test system displayed showing the CBDA logo. They are part of the team tasked to test the Banking Platform before it is handed over to the CFI's as part of the on boarding process

CFI MEMBER INTERVIEW OF BOIKAGO CFI

by Beauty Gwabeni



1. What is unique about your CFI?

» We are quick and offer proper customer service

2. How has your CFI transformed since you joined it, any success stories?

» Before we did not have annual general meetings and no elections, today we have those big meetings where we also choose our board of directors

3. What do you think makes your CFI to be successful?

» Quality Management, Quality Governance, Cooperation between members and staff members

4. What strategies do you use as a member to ensure the growth of your CFI?

» We educate our members about CFI's and encourage them to recruit as well and its working very well especially with the local municipality members.

5. What do you think about the Banking Platform System as a member?

» It will help the CFI to submit 100% accurate reports and help manage the inflow and outflow of cash and will relieve with the entire unnecessary work load that the CFI's are experiencing.

CATHERINE WHITLEY, PERSONAL ASSISTANT

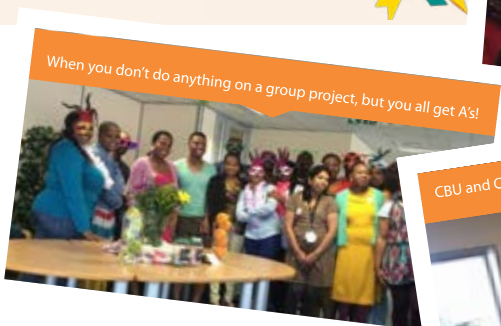
Kids in my family call me "Nina" the hat lady!!

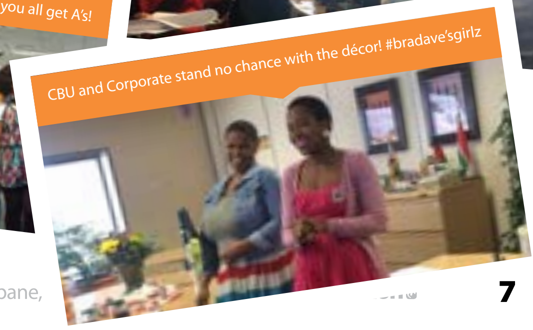
Catherine provides administrative support to the Managing Director, Central Support Services & Corporate Services Units of the Co-operative Banks Development Agency . A bit of background Catherine spend 16 years within the SAPS as part of her training as a police officer. She then resigned and spend 2 years home to be available for her kids. The time at home became a bit of a bore to her and she started working as Personal Assistant at Deloitte in April of 2005 and moved on to Nedbank Group Forensic Service in Sandton, in 2007 as a Professional Assistant.

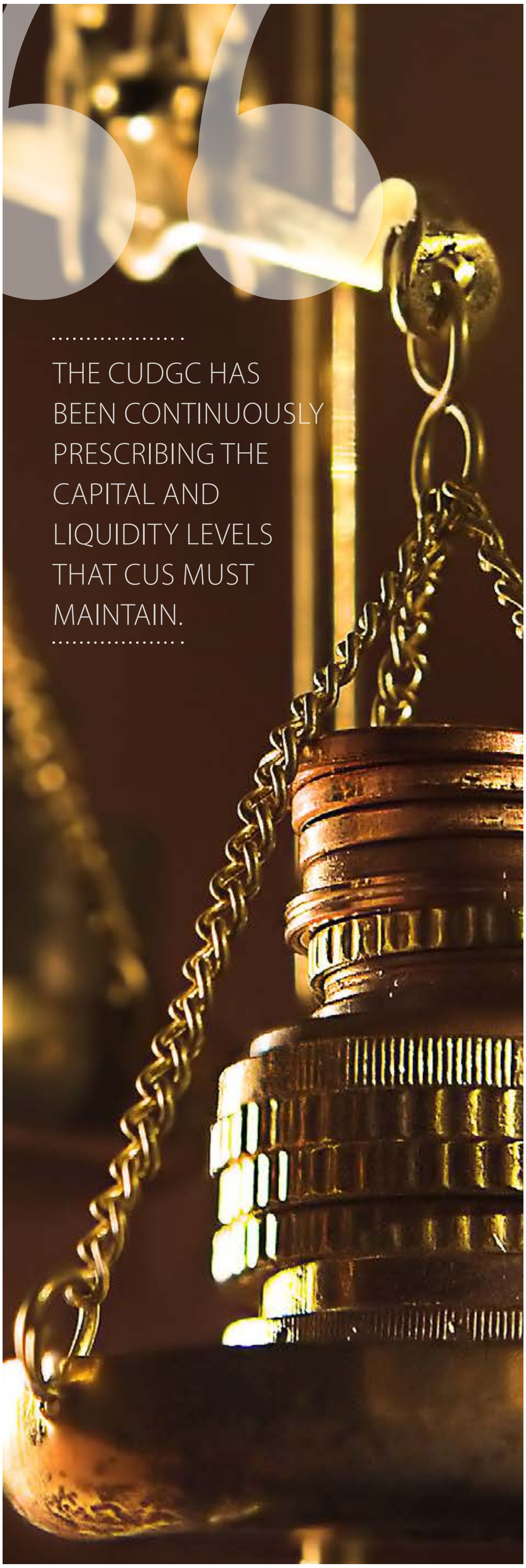
In 2009 she decided to move closer to home and started working at Momentum Information Technology as an Office Manager to the group. This lasted for 5 years and in 2013 she resigned and decided to become a Home Executive for a time. Well well ..did it last long NO, because in January of 2014 , she started working at CBDA as the Business Support Manager. She took a break in July of 2014 to travel the world. The nomadic lifestyle seemed like heaven to her but then she realised that South Africa is home to her. She then heard the position which she left at CBDA was vacant and jumped at the opportunity.

2015
CBDA SPRING DAY!

Taking an inspiration from the birds and the bees, the skies of blue, the colours of the rainbow, the blossoms on the trees, and the minty hue of new leaves…







THE CUDGC HAS BEEN CONTINUOUSLY PRESCRIBING THE CAPITAL AND LIQUIDITY LEVELS THAT CUS MUST MAINTAIN.

DEPOSIT INSURANCE FUND AND STABILISATION FUND COMPARISON

By Lucky Gumede

BACKGROUND

Cooperative Financial Institutions (CFIs) are part of the financial system and also a key component of economic growth and development. Over the years, the CFI model has demonstrated sound reliance and sustainability owing to its uniqueness that emphasizes savings mobilisation, affordable credit advancement and equal equity sharing amongst the CFI membership. Across the globe, sustainability and profitability of financial institution(s) relies mostly on the ability to mobilise and grow adequate members' savings, protect members' savings, ensure accessibility of member savings withdrawals and loans disbursements.

The quest to achieve sound reliance and sustainability calls for development and application of a deposit insurance fund (DIF) and stabilisation fund (SF).

As you will recall, in the previous edition of this newsletter we discussed the fundamentals of designing and implementing a deposit insurance fund, and contextualizing it for the South African CFI set-up. In this edition we continue our discussions on deposit insurance by providing more insights regarding the deposit insurance fund and stabilisation fund as tools that promote financial stability.

Our primary objective is to outline the differences between the two funds through a "question and answer approach", followed by a quick snapshot that explores worldwide trends. The article concludes with a quiz regarding the stabilisation principles.

QUESTIONS AND ANSWER: THE DIFFERENCES

WHAT IS THE MAIN DIFFERENCE BETWEEN THE DEPOSIT INSURANCE FUND AND STABILISATION FUND?

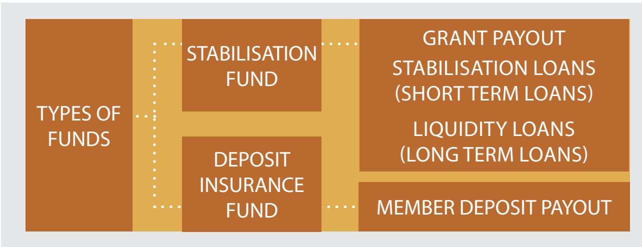
The main difference is that the deposit insurance fund has the role of safeguarding members' deposits in the event of liquidation, while the stabilisation fund has its role set on preventing CFI failure.

Furthermore, the DIF is used as a measure of last resort while the SF is a preventative measure that curbs a possible collapse of the institution.

DO BOTH FUNDS HAVE THE SAME OBJECTIVES?

As depicted in figure 1 below, the objective of the deposit insurance fund is to provide for member deposit payout during and or after CFI liquidation whiles the objectives of stabilisation fund is to provide for stabilisation mechanism (grant payout, long term and short term loans) that minimise possible CFI liquidation.

Figure 1



WHAT IS THE GOVERNANCE STRUCTURE OF THESE FUNDS?

In most cases the deposit insurance fund is managed by an independent corporation or board of directors established by the government, while the stabilisation fund is managed through board committees' of either the national association or the established independent corporation.

WHAT CONTRIBUTIONS ARE MADE BY THE MEMBERSHIP TOWARDS BOTH FUNDS?

Under deposit insurance fund, CFI's make compulsory contributions that are premium based while contributions made towards the stabilisation fund are investment based as CFI's contribute a certain percentage of their annual savings.

HOW ARE CONTRIBUTIONS TREATED?

The contributions made to the deposit insurance fund may be treated as investment with a set date of maturity as prescribed by the Board of the established independent corporation. Other countries may also choose to treat the deposit insurance fund contribution as an expense. On the other hand, the stabilisation fund contributions may be investment based and recorded as an asset for the CFI, with a set date of maturity prescribed by the board committees'.

HOW ARE THESE FUNDS FUNDED?

The deposit insurance fund is funded through a risk based premium paid by the CFIs together with the interest received from investing those premiums paid. On the other hand, the stabilisation fund is funded through the investment/deposits made by CFIs, the loan repayments and interest on loans.

ARE THESE FUNDS USED FOR THE SAME ACTIVITIES?

Both funds are used to cover the fund administration cost and the appointment of auditors for further investigation during and after liquidation. The stabilisation fund may however further be used to provide assistance to troubled CFI, and cover expenditures that threatens the CFI continuity.

EXPLORING INTERNATIONAL TRENDS: QUICK SNAPSHOT

THE CANADIAN: QUICK SNAPSHOT

The Canadian credit unions (CU's) established the Credit Union Deposit Guarantee Corporation (CUDGC or 'the Corporation') as early as 1991. To date, the CUDGC has clear and transparent mandate of protecting members deposits up to C$250,000 (R 2 876 572) per deposit account type, per member.

To ensure effective delivery on the mandate of protecting credit union deposits against impairment arising from financial losses and insolvency, the CUDGC established the stabilisation fund as an integral component of the Deposit Guarantee Fund. Membership and contribution is compulsory for credit unions, furthermore the CUDGC requires that all credit unions meet predetermined statutory financial and organisational standards.

The CUDGC has been continuously prescribing the capital and liquidity levels that CUs must maintain. Consequently, any deviation from the prescribed levels, the CUDGC may require the credit union board of directors to submit a detail plan illustrating when and how the credit union will meet its compliance obligations with the Act/Regulations.

THE KENYAN: QUICK SNAPSHOT

The Kenyan government facilitated the establishment of Central Finance Fund operated by the national union of Savings and Credit Co-operatives (SACCOs), the Kenya Union of Savings & Credit Co-operatives (KUSCCO). Firstly, KUSCCO resolved that SACCO's shall determine minimum monthly contributions subject to a minimum of Kush 5 000 (R789), KUSCCO also stipulated conditions that the SACCO must be a paid-up affiliate member of KUSSCO, and shall contribute regularly for a period of 6 months before qualifying for a loan.

DID YOU KNOW?

- Deposit insurance fund and stabilisation fund are independent yet complement each other
- Successful development both funds depends on effective and enforced regulation and compliance with compulsory financial and operational standards.
- Successful implementation of both funds requires continuous monitoring, supervision and examinations of CFIs by the regulatory authority.
- Stabilisation fund has the power to intervene when CFIs fail to meet required financial and operational performance targets.
- Stabilisation fund could be used to provide technical and financial assistance to CFI's facing liquidity, solvency and or restructuring challenges.

THE BASEL COMMITTEE ON FINANCIAL INCLUSION

By David De Jong

The Basel Committee on Banking Supervision formulates broad supervisory standards and guidelines, and recommends best practice in banking supervision. The purpose of the committee is to encourage convergence towards common approaches and standards.

The CBDAs supervisory practices have continually evolved taking into account best practice and adapting it to the South African CFI sector. Two document of note to date have influenced our supervisory approach. The first was the Basel document "The Core Principles for Effective Supervision of Deposit Taking Micro Finance Institutions, and the second being the International Credit Unions Regulators Network's (ILCURN) Guiding Principles on Enhancing Governance of CFIs.

In December 2015 the Basel committee released a new consultative document "Guidance On The Application Of The Core Principles For Effective Banking Supervision To The Regulation And Supervision Of Institutions Relevant To The Financial Inclusion" calling for public comment by March 2016. This consultative document builds on past work by the Committee to elaborate additional guidance in the supervision of financial institutions engaged in serving the financially unserved and underserved. This includes a report of the Range of practice in the regulation and supervision of institutions relevant to financial inclusion, and expands on Microfinance activities and the Core Principles for Effective Banking Supervision.

The document is significant in so far as it recognises that the fast pace of change in the financial inclusion landscape is presenting supervisors with new issues and challenges. Developments in digital financial inclusion, in particular, are posing new challenges for how authorities define their regulatory scope and allocate supervisory resources. The report reveals the extent to which supervisory and regulatory practices are evolving in response to the emergence of new institutions, financial products and intermediation channels that service poor and low-income customers in different jurisdictions.

Once the document has been finalised, the CBDA will again benchmark itself against these recommendation, specifically as they apply to financial co-operatives, as recognised in the document.

LOOKING AT BU

By Lorna Padayachee, Lebogang Chauke and Catherine Whitley

Budgeting is a concept that most people can easily explain but when it comes to the application of the concept most people might find it hard to implement. A failure to properly budget will land you in a debt spiral where you feel like there is leakages in your pocket, you are working hard for your money that you can't see nor enjoy the benefit of having. The Consumer credit records proved that 45 percent of credit-active consumers in South Africa are in arrears on at least one account or have a debt judgment against them.

People also get into more debt than they can handle because of unforeseen events – like a big expense they can't cover or an interest rate hike. This also indicates a failure to budget properly. By curbing your spending and prioritising paying off debt, you can "shock proof" your finances against further interest rate hikes.

Now is an opportune time to assess your household budget and finances and allow your money to work for you by investing were you could possibly earn interest or dividends. Separate the wants from the needs in order to maintain a viable way of managing your finances.

So what do you look at?

First you need a clear overview of how you spend your money every month and how much debt you are really servicing. From this you will be able to identify and address your most expensive debts, such as credit card, bond or vehicle repayments.

DGETING AND OUR FINANCES

> BY CURBING YOUR SPENDING AND PRIORITISING PAYING OFF DEBT, YOU CAN "SHOCK PROOF" YOUR FINANCES AGAINST FURTHER INTEREST RATE HIKES

Secondly you have to determine if you have a budget deficit which means your spending exceeds your income, which can be too your detriment. A process or plan needs to be implemented in order to reduce any deficits and stabilise your debt. There's only one way to do this: cut back on your spending. This means eliminating wasteful expenditure/ wants as well as being more prudent when spending on essentials.

In order to cut a deficit, you need to identify your needs versus your wants. Needs are expenses that cannot be avoided, such as your mortgage bond payment, medical aid, etc. whilst wants are things that you can do without for a while such as satellite package, gym memberships and magazine subscriptions etc. Thirdly you need to do extraordinary things even with your necessary expenses since you have a measure of control over what you spend on. Here's a few ways in which you can curb you're expenditures or make informed decisions:

- Try shop around for better deals through comparing advertised promotions.
- Cut down on fuel expenses by planning your travel routes and times.
- Some expenses, like insurance, can be brought down through consolidation. It's best to have a single policy for home, car and personal insurance. Even if you have consolidated already, you should shop around for a better deal annually
- Sell unused items.
- Bulk buying is a saving tool which most companies use and even individuals can apply as well and enjoy the benefits of the discounted price or look for items that are on special.

Fourthly it's important to save, even while servicing debt. You should never sacrifice saving to pay debt. If you're not saving, you're always at the mercy of events around you and never in control of your finances.

If you suddenly lose your job, the debt payments you've been making religiously will amount to nothing if you don't have savings to cushion the blow.

Put away even a small amount of R100.00 each month. The importance of this fund can't be overstated. When there is no margin in your budget and the inevitable happens – your car needs a service or your geyser bursts – you will find yourself on the brink of financial ruin, this saving would be handy.

If you struggle to save, stokvels, group savings clubs, tax free investments allow you to save.

By starting and looking at you budget and finances it is the first step to you having a measure of control and confidence in your financial affairs and prepare you for unforeseen events.

THE YOUNG WOMEN IN BUSINESS NETWORK CO-OPERATIVE FINANCIAL INSTITUTION

By Nthabeleng Likotsi




The Young Women in Business Network Co-Operative Financial Institution (YWBN CFI) Ltd was registered as a Co-operative Financial Institution by the Co-operative Banks Development Agency on 2 December 2015 with Registration Number 2015/014461/24.

The CFI was officially launched on the 4th of December 2015, at an elegant black tie and traditional themed gala dinner which attracted many prestigious guests and Government leadership. These included Dr Maureen Tong, Ms. Phelisa Nkomo the Advisor to the MEC of Economic Development in the Gauteng Province, the MMC Mahlangu in the Department of Economic Development in City of Ekurhuleni, Mme Sheila Sisulu, Mr. Jabu Stone, and the Mayor of Ekurhuleni Metropolitan Municipality Clr. Mondli Gungubele.

COMMON BOND

The Common bond of the CFI is any member of the Young Women In Business Network

The CFI is an associational CFI for the Young Women in Business Network. The YWBN is owned, controlled and managed by women for women professionals, entrepreneurs and industrialists who are dedicated to the economic empowerment of young women from the age 16. We have representation throughout South Africa and in the Southern African Development Community (SADC) region.

Although men are welcome in the network, the intention is to ensure at least 60% of the network members are female.

OBJECTIVES OF THE YWBN CFI

a. To promote and advance the social and economic welfare of its members by enhancing access to financial services under sustainable conditions by providing banking services.
b. To encourage savings by providing a means whereby such savings may receive a competitive rate of interest.
c. To provide financial and investment services to its shareholders. YWBN CFI has the full rights, powers, privileges to carry out and undertake business, act or enter into any transaction on behalf of its members.
d. To implement savings programs that is aligned to young professionals and budding entrepreneurs
e. To provide accessible finance by removing barrier to credit and loans

CURRENT MEMBERSHIP AND ASSET SIZE

The Young Women in Business Network Co-Operative Financial Institution has to date over 245 registered members; who have collectively invested over R2.4 million in member share capital. Member savings and loans will commence in March 2016.

PLACE OF BUSINESS

The registered address of the Co-operative is **Namlog Building, 1 Corobrik Street, Meadowdale, Edenvale.**

BOARD MEMBERS

Name	Title	Qualifications & Experience
Dr Maureen Tong	Chairperson	Holds an international PhD in Law from Universite de Stranbourg in France. She established the Thabo Mbeki African Leadership Institute as well as The First Presidential Library.
Dr. Poloko Leotlela	Deputy Chair	D.Phil Genetics from Oxford University. Executive Director of IAMI and Leotlela and Associates.
Ms. Yvonne Mashigo	Secretary	Founder and CEO of an insurance broker company named African Dawn. She has a Bachelor's Degree in Communications, from UNISA
Mrs. Yonela Jeneto	Treasurer	Snr. Accounting Service Advisor at Eskom and a qualified Chartered Accountant .Obtained her CTA qualification at UCT
Ms. Nthabeleng Likotsi	Managing Director	Masters Degree (Entrepreneurship) from Wits Business School. Founder and executive chairperson of Young Women in Business Network
Mrs Portia Mdekazi	Head - Credit Committee	Degree in Marketing and furthering her studies with a Business Studies qualification from UNISA. Founder of the YWBN CFI and also owner and CEO of Mzilikazi Site Solutions.
Ms. Phumaphi Irene Thwala	Head- Marketing Committee	Councillor of Steve Tshwete local Municipality Coordinator for SAWID Managing Director of Asisukumeni Arts and Crafts.
Mrs Ntsiki Sisulu-Singapi	Head - Governance Committee	Chief Director at the Department of Women in The Presidency and she studied Clinical Psychology at Roosevelt University in Chicago

STRATEGIES GOING FORWARD

Our strategy focuses on developing SMMEs in banking services and business development through our product offering.

PRODUCT OFFERING

SAVINGS ACCOUNTS:	LOANS
1. Mandatory Savings – Collateral Legacy savings of R1000 per month.	1. Project Finance 2. Procurement Finance
2. Voluntary Savings – Each member can choose to save monies and withdraw at any given time	3. Infrastructure Finance 4. Debt Factoring 5. Rural Development

HOW TO BECOME A MEMBER

The following fees are to be incurred by person's who wish to be part of the YWBN CFI:

1. R550 Registration fee (Annual)
2. R10 000 Share Capital (once off)
3. R1000 monthly savings – over 5 years amounts to R 60 000

Everyone who is interested in joining our co-operative is more than welcome to contact us for more information and the membership forms.

HOW TO JOIN

The following fees are to be incurred by person's who wish to be part of the YWBN CFI:

4. R550 Registration fee (Annual)
5. R10 000 Share Capital (once off)
6. R1000 monthly savings – over 5 years amounts to R 60 000

Everyone who is interested in joining our co-operative is more than welcome to contact us for more information and the membership forms.

CONTACT DETAILS

Tel: (061) 433 7507, (061) 437 3517
Fax: (086) 560 8583
E-Mail: info@ywbn.co.za
Website: www.ywbn.co.za

CBDA SUPERVISION PILOTS ONLINE PORTAL FOR CFIS

By Mufunani Kuhlengisa

The CBDA Supervision Unit is tasked with the registration and supervision of Co-operative Financial Institutions (CFIs). The Supervision Unit is consistently looking for ways to provide innovative and efficient supervisory tools and techniques for the CFI sector.

In an effort to improve the application and returns submission process for CFIs, the Unit has been working on implementing an online application submission system (OASS) and an online returns filing portal (ORFS) using the internet to allow online document submissions, and real time feedback on returns submitted.

The portal allows all prospective CFIs to submit their application documents to the CBDA online. This allows the prospective CFI to receive real time notification on the status of their application, as well as save costs of shipping the documents or coming to hand deliver to the CBDA.

Registered CFIs will also be able to apply for their annual renewal through the portal as well as update their information online by uploading their documents and/or submit their quarterly returns through the portal. The portal will also provide the CFIs with a dashboard of financial indicators summarizing their financial performance once the return has been loaded. This can be a useful management tool for the CFIs to self-monitor their own performance.

From 11-12 February 2016, the CBDA unit invited all the registered CFIs to get a feel of the online portal and make suggestions on further enhancements they would like. The workshop was considered a success with over fifty delegates from the CFI taking the opportunity to play around with the portal, loading application documents and submitting returns. Ms. Suenette Thomson gave the portal a big thumps up, noting that it was user-friendly, intuitive and easy to use.

The takeaway for the Unit from the workshop was the need to fix the bugs that were noted and to continuously provide a helpline for the CFIs should they need assistance with the Portal.

The final portal can be accessed from *http://cbdaportal.treasury.gov.za*

CAPACITY BUILDING THIRD QUARTER ACTIVITIES

By Timothy Mutyavaviri

Pursuant to its role of providing capacity building and promoting cooperative banking in the country, the capacity building unit performed a number of interventions in the third quarter of the 2015/16 financial year.

In a bid to have a pool of professional practitioners that are able to offer expert support to CFIs, two train of the trainer programmes were conducted in Kwazulu Natal (KZN). The purpose of the training was to enable the participants to be able to use the manual accounting system and being able to offer support to the CFIs in the province. The second part of the training was to enable the participants to be able to analyse CFIs financial statements so that they would be able to pass working recommend actions for financial performance improvement to the CFIs.

In a move to have functional and effective credit and supervisory committees, six training sessions were conducted in Polokwane, Kwazulu Natal and Mafikeng Three training sessions were conducted in the three provinces on Credit Management to assist the credit committee members to understand their roles and responsibilities in managing the lending and collection procedures in the CFIs. Three training sessions were conducted in the three provinces to the Supervisory Committee members to help them understand their role as the "watchdog committee" in the CFIs as well as their powers and reporting structures.

To enhance the performance management systems in the CFIs, performance management training was conducted in KZN. The purpose of the training was to equip the CFI managers and board members with the knowledge on how to implement a working performance management framework for the CFIs particularly focusing on the Individual employees' performance and the financial performance of the CFIs at large.

To acquaint the new board members with their roles and responsibilities, board orientation training was conducted in KZN and Cape Town. Board members were trained on the CFI model, their roles as board members and managing the board members and managers conflict for the realisation of optimal performance in the CFIs.

Recognizing the need for continuous on the job support, direct technical assistance was conducted to four CFIs across the country. The assistance included but not limited to manual accounting support, savings and interest rates calculations and action plant implementation review.

In promotion of cooperative banking, information sessions were conducted in Limpopo and Gauteng Provinces. The purpose of the sessions was to meet with organised groups that had potential to register as CFIs and present the CFI model as well as the CFI registration requirements.

CHARACTERISTICS OF NEW GENERATION CO-OPERATIVES/CFIS

By Olaotse Matshane

Having worked closely with the CFI sector for the last 4 years, I have made some interesting observations, of what has been termed "new generation co-operatives". These characteristics apply to financial co-operatives just as much as they apply to all other types of co-operatives. For the purposes of this article, focus will be made on co-operatives in general and in specific instances, CFIs will be singled out.

1. SUSTAINABLE AND INDEPENDENT

Sustainability and independence are two very important cornerstones of new generation co-operatives. Traditionally, co-operatives are known to have very high mortality rates, and are mostly dependent on government for funding. However new generation co-operatives understand the value of being sustainable and independent from any external donor and grant funding.

There are many dimensions to sustainability, with the main and most common dimension being financial sustainability. However new generation co-operatives and CFIs need to be concerned with sustainability in a holistic manner. This means also considering Institutional Sustainability which looks at amongst others Human Resource Sustainability – i.e. the ability of the co-operative/CFI to recruit, induct, and keep appropriately qualified personnel. Other sustainability measures include Market Sustainability, i.e. is the CFI able to serve members with different types of needs leading to sustainability of demand for the products offered.

1. Sustainable and independent
2. Run like business enterprises
3. Embrace technology
4. Member welfare and service to members is a top priority
5. Instruments to achieve radical economic transformation – create employment, Reduce poverty and inequality
6. Co-operation amongst co-operatives

Another important dimension of sustainability is Legal, Policy Environment Sustainability. Government needs to ensure that the environment in which Co-operatives and CFIs operate is conducive for entry and growth of co-operatives and fosters co-operatives to mobilise savings, provide their products and services, are able to mobilise resources from capital markets etc. If the environment does not provide this type of sustainability, co-operatives need to organise themselves in order to lobby government to change what does not work and include what works for them in the legal and policy frameworks.

2. RUN LIKE BUSINESS ENTERPRISES

New generation co-operatives are business enterprises and therefore should be run as such. Business enterprises are profitable and aims at all times to operate effectively and efficiently while reducing costs, and generating an income thereby ensuring "financial" sustainability. Furthermore business enterprises continually scan the market to understand the needs of the members and develop appropriate products to meet and service those needs.

3. EMBRACE TECHNOLOGY

In these times of rapid technological advancements, it is imperative for co-operatives to move with the times, and constantly reinvent themselves and keep pace with the technological trends. The theme of the World Economic Forum 2016 in Davos was about the 4th Industrial Revolution. Co-operatives and CFIs need to understand how this industrial

CHARACTERISTICS OF NEW GENERATION CO-OPERATIVES/CFIS

Co-operatives when run like business enterprises, are sustainable in all dimensions, ensure the needs of their members are top priority they will be best placed to create employment, thereby reducing poverty and inequality.

revolution is disrupting the banking and financial services sector and how they need to respond to this revolution in order to stay relevant. Co-operatives need to be innovative, and should not be afraid to explore new business models brought about by technological advancements

4. MEMBER WELFARE AND SERVICE TO MEMBERS IS A TOP PRIORITY

As in the past, today and tomorrow everything that co-operatives do, they need to keep the welfare and needs of their members at centre stage. While running efficiently as business enterprises, making profits and embracing technological advancements, co-operatives need to ensure that meeting the needs of their members remains a top priority.

5. INSTRUMENTS TO ACHIEVE RADICAL ECONOMIC TRANSFORMATION – CREATE EMPLOYMENT, REDUCE POVERTY AND INEQUALITY

Co-operatives should see themselves as agents to achieve radical economic transformation. Co-operatives when run like business enterprises, are sustainable in all dimensions, ensure the needs of their members are top priority they will be best placed to create employment, thereby reducing poverty and inequality. Co-operatives and CFIs will stay relevant only if they deliver meaningful and sustainable socio-economic impact to the lives of their members.

6. CO-OPERATION AMONGST CO-OPERATIVES

This is one of the 7 principles of co-operatives, but probably the most neglected of them all. Co-operators always talk about co-operating amongst themselves, but in practice very little of this co-operation and collaborations happens. Co-operatives need to understand the power of sharing information and knowledge, best practises, ICT systems, value chains etc. This sharing provides economies of scale thereby leading to cost savings, increase revenue generation, improved up scaling and outreach.

Lastly, it is imperative for co-operatives to understand and embrace the power of one voice. With one voice co-operatives can tackle and lobby the government to take seriously issues that are important for the growth of the sector such as the legislative and policy framework. With one voice co-operatives have the power and significance to negotiate e.g. the terms of trade with suppliers in their value chains and actually be heard and taken seriously.

These are very simple characteristics and the list is definitely not exhaustive, but if taken seriously and actually applied, they have far reaching effects to change the face of the co-operative sector towards long term significance, exponential growth and effecting radical economic transformation in the lives of their members.

OPMathane

CO-OPERATIVE
BANKS DEVELOPMENT AGENCY

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