



NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 537 [NW594E]

DATE OF PUBLICATION:

537. Mr K J Mileham (DA) to ask the Minister of Finance:

- (1) Whether, with reference to his reply to question 2150 on 9 November 2016 and noting the requirements of section 7(3) of the Local Government: Municipal Finance Management Act, Act 56 of 2003, the VBS Mutual Bank is a registered bank according to the Banks Act, Act 94 of 1990; if not, why has no action been taken against any of the specified municipalities that deposit funds with the specified bank; if so, (a) on what date was the bank registered and (b) what are the further relevant details in this regard;
- (2) whether any action will be taken in future to prevent further deposits by municipalities with the bank; if not, why not; if so, what are the relevant details?

NW594E

REPLY:

- (1) (a) VBS Mutual Bank was established in 1982 and initially operated as the Venda Building Society in the former Venda Homeland. VBS Mutual Bank (VBS) is registered with the South African Reserve Bank and operates under banking license No. 1051 in terms of the Mutual Banks Act of 1993. The bank was granted a permanent Mutual Bank license on 11 October 2000.
- (b) VBS Mutual Bank is not registered under the Banks Act of 1990 and therefore does not have a commercial banking license. It is one of three banks currently registered as mutual banks in South Africa. However, as stated in the MFMA, municipalities are free to use the banking services of any of the 17 banks licensed in terms of the Banks Act of 1990, but not with a bank operating in terms of the Mutual Banks Act of 1993.
- (2) VBS is allowed to accept deposit in terms of section 54(1) (a) of the Mutual Banks Act, 1993 which reads as follows, "A mutual bank may, subject to the provision of this Act and such directives as may from time to time be issued by the Registrar- a) accept deposits and grant loans, advances or other credit in the Republic."

The National Treasury will communicate with specific municipalities, in this regard.

