



THE BANKING
ASSOCIATION
SOUTH AFRICA

“Financial Cooperatives Indaba 2012”

Fikile Kuhlase, Senior GM,
Socio-Economic Growth and Development
The Banking Association South Africa

Durban – 19 October 2012



SETTING THE SCENE...

"A journey of a thousand miles begins with a single step". (Lao-tzu)

- ❑ The Banking Association SA - not-for-profit **voluntary** industry body representing all registered banks operating in SA - currently has **34 member banks. VOICE of the industry.**
- ❑ **Role of banks is financial intermediation** – facilitating the flow of funds from savers to borrowers. Financial Intermediation – process performed by banks of taking in depositor funds and on-lending to borrowers.
- ❑ SA rated **2nd in soundness of banking system** after Canada. “Big 4”: ABSA, FirstRand, Nedbank, Standard Bank – **85% of total banking assets**
- ❑ **Continuum of financial institutions** for diversification, depth and reach
- ❑ SA Financial sector comprises of R6trillion in assets; 10.5% of GDP. Misnomer that banking is amongst most hated professions 😊
- ❑ Exploring **expected role of banking industry** in coop. banking (Kenya study tour etc.)



ROLE & GOVERNANCE STRUCTURE... 3

- ❑ Broad role of The Banking Association SA is to establish and maintain the best possible platform on which banks can do **progressive, responsible, competitive, profitable and sustainable banking.**
- ❑ **Main Board** – CEOs of ‘Big 4’ ABSA, FirstRand, Nedbank, Standard Bank and Investec. 2 Intl. Bank reps. – Citi and Standard Chartered, 2 Independent banks – African Bank and Ubank . **Board Exco – EXCO – MANCO**
- ❑ **MD, 4 Divisions** - Banking & Financial Services, Socio-Economic Growth & Development, Strategy & Stakeholder Management and Shared Services. **SEGD – Financial Inclusion, Financial Literacy, SME Development, CSI and Draft Financial Sector Code for transformation. SADC BA**
- ❑ Role of the banking industry in the real economy – poverty alleviation, job creation etc. Association is **Executive-driven** and advised by technical committees. **Lobbying and advocacy** a major part of our work. **Collaboration vs. Competition.** Challenge – remaining relevant and responsive, equity in serving ‘Big 4’ and other members



WEALTH CYCLE



- ❑ 27% of population financially excluded - 9.1m people; R12 billion under mattresses, 63% banked + 5% use non-bank formal financial services = 68% and 5% informally served
- ❑ FI principles: Access, usage, consumer financial literacy, innovation & diversification, simplicity, quality, appropriateness and affordability
- ❑ Culture of **delayed gratification** vs. instant gratification.
- ❑ **60% of employment by SMEs**
- ❑ **70% adult South Africans do not save**
- ❑ **SA Household debt at 75% of disposable income**





Teach Children to Save South Africa (TCTS SA™)

5

- ❑ To play our part – 5 years ago the Banking Association introduced the **Teach Children to Save South Africa™** (TCTS SA™) generic financial literacy programme to **inculcate a culture of saving in children and promote volunteerism** in the banking industry and broader financial sector. Integrated in school curriculum – Economic Mgt. Science (EMS)
- ❑ Since inception in 2008, **17 banks and 31 financial institutions** have participated reaching over 500,000 learners in over 2,000 schools nationwide - with many more reached through **programme integration**.
- ❑ Motto: **“Ligotshwa limanzi”** (meaning best shape a stick whilst still moist).
- ❑ Volunteer Bankers and Financial Sector Professionals “teachers-for-67minutes”.
- ❑ **SADC** Banking Association endorsement of programme





COLLABORATION...

- ❑ Collaboration and partnerships identified as key to advance financial inclusion and to build inclusive financial systems e.g. CBDA partnership
- ❑ Draft Financial Sector Code: Equity Equivalents programmes – designated groups are employees, communities and cooperatives
- ❑ Financial Inclusion Indaba – Inclusive/Community Banking divisions
- ❑ Target of 70% inclusion by 2013 & National Dev. Plan 90% inclusion by 2030
- ❑ Banking highly regulated – 211 pieces of regulation/legislation
- ❑ Regulation to be enabling – perception that banks are conservative and tend to over self-regulate
- ❑ JSE, SABRIC, Visa, NCR, **KZN Financial Literacy Association** (5 pillars: in-school youth, out-of-school youth, SMEs, women and govt. employees)

“Light is the task where many share the toil”. (Homer)

“Coming together is a beginning. Keeping together is progress. Working together is success”. (Henry Ford)





THANK YOU!

7

Financial Literacy is the core platform for
Financial Inclusion and Well-Being...



www.teachchildrentosave.co.za
www.banking.org.za

