



**CO-OPERATIVE BANKS DEVELOPMENT AGENCY**

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**The CFI Indaba 2011  
Welcoming Address by the Chairman of the CBDA Board  
Mr. Sifiso Ndwandwe**

20 October 2011

The Honorable Deputy Minister Mr Nhlanhla Nene,

Distinguished Guests

Ladies and Gentlemen,

On behalf of the board, management and staff of the Co-operative Banks Development Agency, allow me to take this opportunity to welcome you all at this important event. It is indeed a pleasure and privilege to be with you today.

Given that this is the first occasion we have had to talk to the entire financial co-operative sector at once, allow me to take this opportunity to briefly introduce the CBDA and its work to you.

The CBDA, taking from the Cooperative Banks Act has defined its mission as “Creating a strong and vibrant co-operative banking sector that broadens access to and participation in diversified financial services towards economic and social well-being”.

As an organization we believe the mission focuses on the development of the cooperative banking sector within the context of protecting those who participate in it through:

- Appropriate regulation and supervision
- Innovative capacity development and support
- Promoting the value of co-operative values and principles.
- Promoting a savings culture and financial literacy and
- Protecting depositors

As a result of the above mission, from inception the CBDA has focused on creating a conducive regulatory framework that provides for the registration and supervision of cooperative banks. Among the first outputs we generated, in conjunction with the Reserve Bank and National Treasury was to design the rules for co-operative banks to register. Once we had published these rules for comment, we held our first consultative conference with those financial co-operatives that were eligible to apply to discuss with them, whether they felt they were able to meet those requirements or not.

To date, nineteen (19) financial cooperatives have applied to be registered as co-operative banks. We are pleased that two of you, Ditsobotla and OSK, have been registered as co-operative banks. Our supervision work has not ended there. Once registered our supervisory team does regular examinations of co-operative banks to ensure they maintain prudential standards and remain strong.

However, many of you who did apply were not registered as co-operative banks as the supervisor identified issues that needed to be addressed by your SACCO or FSC before it could be registered.

This is where the second mission of the agency comes into play. Consistent with our earlier work to establish the context of the sector and to identify key interventions which could accelerate growth, we paid due regard to the need to ensure that members deposits are safe. Most financial co-operatives here must have been involved in our benchmarking workshops which assisted us in the development of performance standards which you all approved.

From these workshops, we identified how best to promote and develop CFIs through various capacity building initiatives. Our priority areas, which are currently in the process of being rolled out, include an accounting verification program and institutions of higher learning training program for managers.

We also identified that many financial co-operatives were not promoting the values of co-operatives and their principles. One of the principles of co-operatives is “co-operation amongst co-operatives”. However the fact that the sector is fragmented, and not organized into a single vibrant movement has been of great concern to us.

Furthermore, it is not, and has never been, governments nor the CBDAs intention to undermine the co-operative principle of “self help”. It is not our responsibility to run your financial co-operatives. Rather we see ourselves as facilitators in this process. Hence we appeal to you, in this room today, to concentrate on building firstly strong financial co-operatives and secondly, to build a strong movement with whom we, as the CBDA, can work with as partners in development. Let me reiterate that this conference is not meant to be a one way dialogue, so we, as an organization, would appreciate, during the course of this conference, your feedback as to our work and how you feel we can better support you.

In all this, we must not lose sight of our overall objective. That is to build a sustainable and vibrant financial co-operatives sector which can play a key role in enhancing financial inclusion in this country. The CBDA cannot do this alone. We have to better understand, define and harness the role of CFIs and their ability to create unified strong movement as partners in this noble objective.

I therefore, wish to commend you all for seeking to promote a dialogue between government, the financial co-operatives sector, universities, as well as regional and international players through this Indaba. I believe today's Indaba will significantly enrich our understanding of the role that CFIs are playing towards attaining financial inclusion and how a strong unified movement will go a long way towards building sufficient critical mass to make a vibrant co-operative banking sector in South Africa a reality.

Our Minister of Finance, Mr. Pravin Gordhan, is very committed to the objective of financial inclusion and to observing our progress as an agency. He would have liked to join us today; however, this was not possible. He however, still felt he wanted to address this meeting, and requested to deliver his message to you through video. Ladies and gentlemen, let us take a few minutes to listen to the honorable Minister.

#### *Minister's video plays*

It is also my privilege at this juncture to formally introduce our key note speaker, The Honorable Deputy Minister of Finance, Mr Nene.