



CO-OPERATIVE BANKS DEVELOPMENT AGENCY

2012 CFI Indaba

THE PAST, THE PRESENT AND THE FUTURE

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MD: CBDA



CO-OPERATIVE BANKS DEVELOPMENT AGENCY



Contents

- Since the 2011 Indaba
- Where the sector is at
- Where we are going

Introduction to “CBDA”

- Section 54 of the Co-operative Banks Act - 2007 to regulate, promote & develop co-operative banking, including deposit-taking and lending co-operative
- **Facilitate, promote and fund** education, training & awareness in connection with & research into matters affecting the functioning of co-op banks
- Our **vision** is creating a strong and vibrant co-operative banking sector that broadens access to & participation in diversified financial services towards economic & social well-being.





CO-OPERATIVE BANKS DEVELOPMENT AGENCY



➤ **Since the 2011 Indaba**

- Supervision
- Capacity Building

Since the 2011 Indaba

Supervision & Capacity Building

- SARB issued - Banks Act Exemption Notice – CBDA – May 2012
- 9 Provinces 10 Road shows
 - Registration requirements
 - Presentation of rules & regulations
- Final rules published 20 July 2012 – incorporating all comments
- CFIs – 200 members + R100k shares register before 31st December 2012

Since the 2011 Indaba

Supervision & Capacity Building

- Improving data collection, management & dissemination
 - Assisted 16 CFI Production of Annual Financial Reports
- Assist CFI establish a representative body
 - Establishment National Association – 9 provinces – provincial chapter meetings
 - Strategic plan + draft constitution



Since the 2011 Indaba Supervision & Capacity Building

- Facilitating Development of Learning Programmes
 - Certificate Course in CFI Management – 20 Managers trained
 - Governance Training
- Improving Compliance Rates
 - CFI's assisted registration requirements, strategic plans, development of policies





CO-OPERATIVE BANKS DEVELOPMENT AGENCY



➤ **Where the sector is at?**

- Assets
- Co-operative Retail Bonds
- Challenges Remain

Status of the Commercial Banking Sector

- Financial services sector in total R6 trillion worth of assets
- Banking Sector R3,4 trillion worth of assets
- Employs 155 000 people
- 43 million retail bank accounts

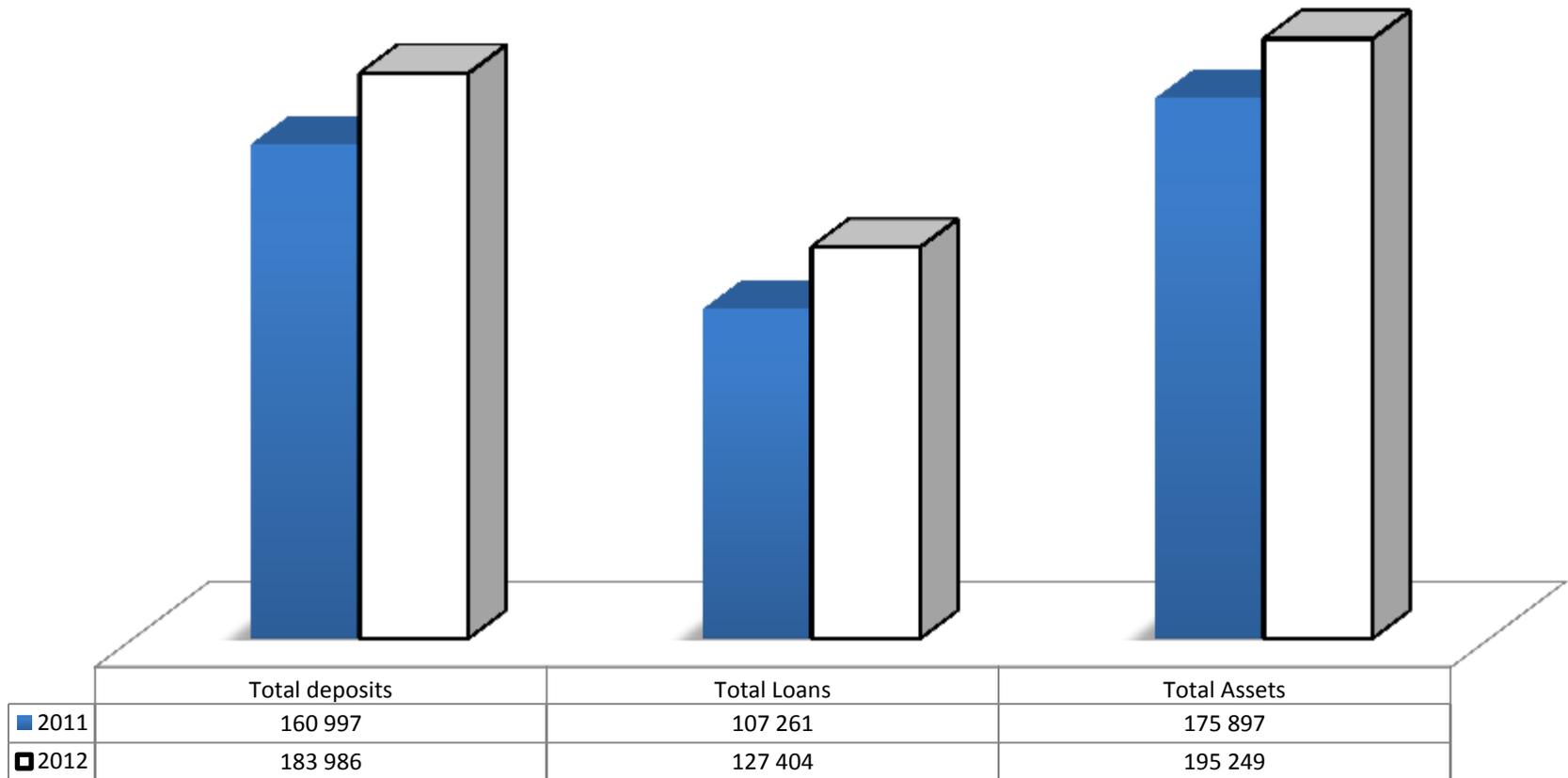
State of the sector

- 2 Co-operative Banks (CBDA & SARB)
- 19 Eligible CFIs but only 6 have potential to register as Co-op Banks
- Membership has increase by 12,5% from 28 034 to 31 481 (when are we reaching the 100 000 mark?)
- 4 Applications CB License



State of the Sector

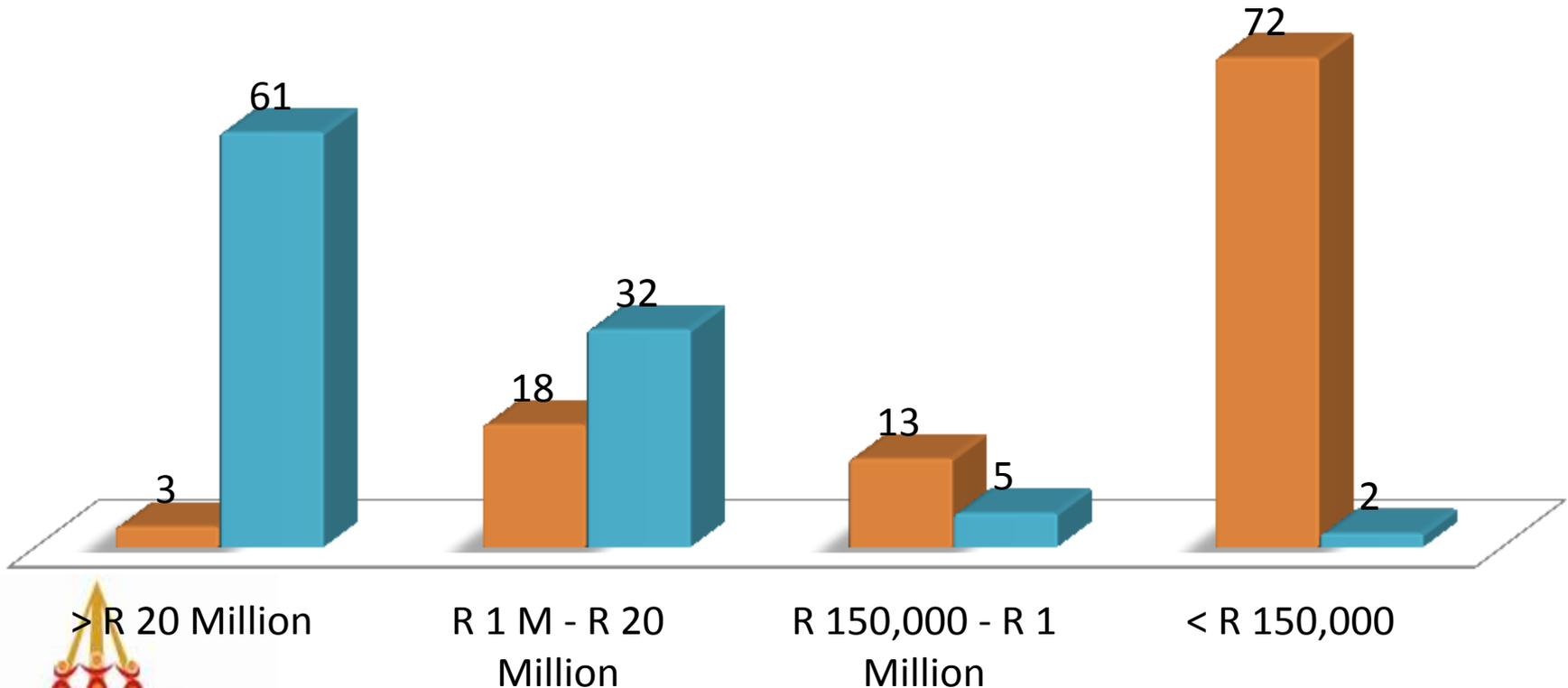
2011 - 2012



State of the CFI Sector

Sector Classification by Assets

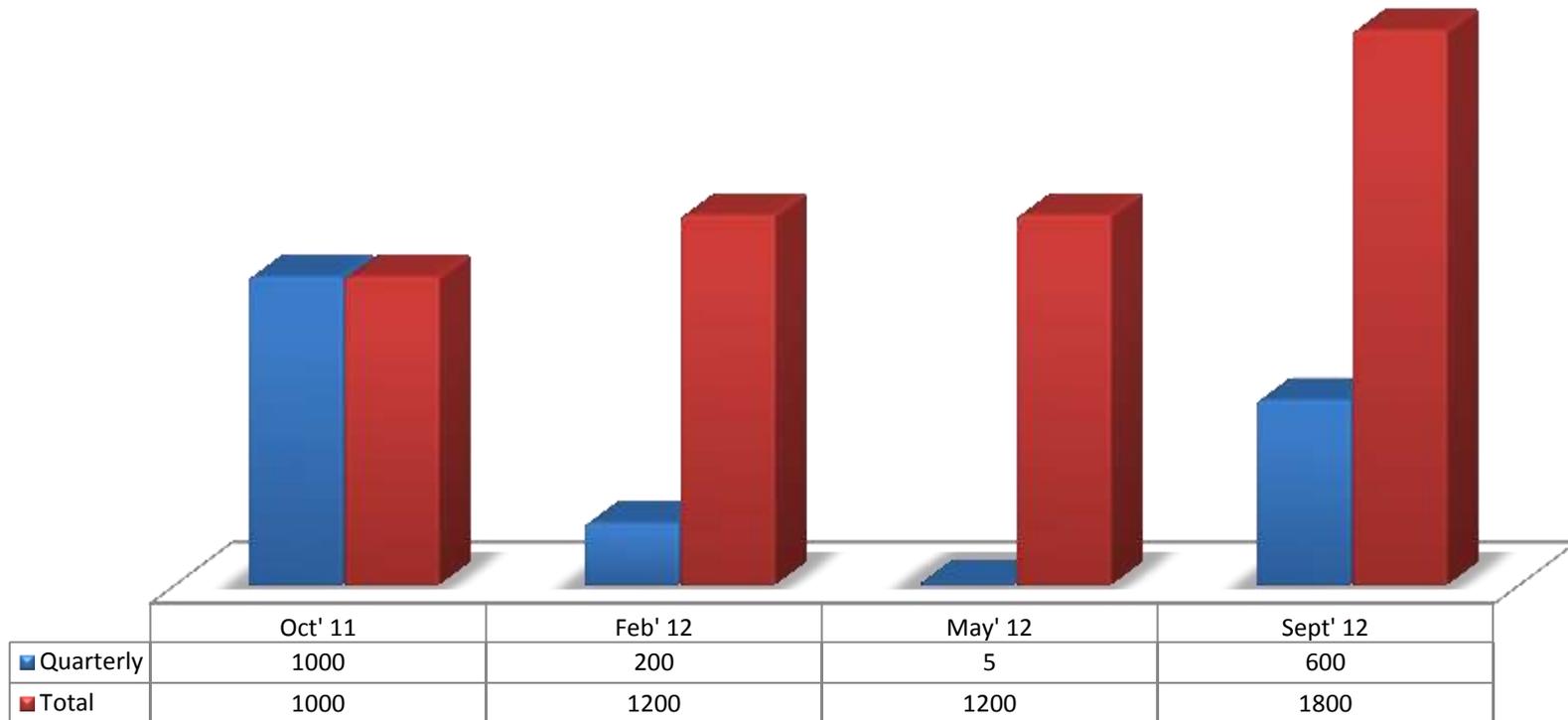
■ No. of CFIs ■ Sector Percentage (%)



Challenges Remain

- Inadequate Capital (42 % of the eligible CFIs have less than 3% capital adequacy)
- Poor Governance
- Inadequate Credit Risk Management
- Weak/No MIS
- Reporting on Financial Performance

Co-operative Retail Bonds Uptake 2011 - 2012





CO-OPERATIVE BANKS DEVELOPMENT AGENCY



➤ **Where we are going**

- Co-operative principles – base
- CFIs as business enterprises
- Banking Platform

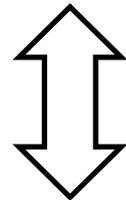
7 Co-operative Principles

- **Voluntary & Open Membership**
- **Democratic Member Control**
- **Economic Member Participation**
- **Autonomy and Independence**
- **Education, Training and Information**
- **Co-operation Among Co-operatives**
- **Concern for Community**

CFI's as Business Enterprises

Non profit

Not for profit



Build Capital

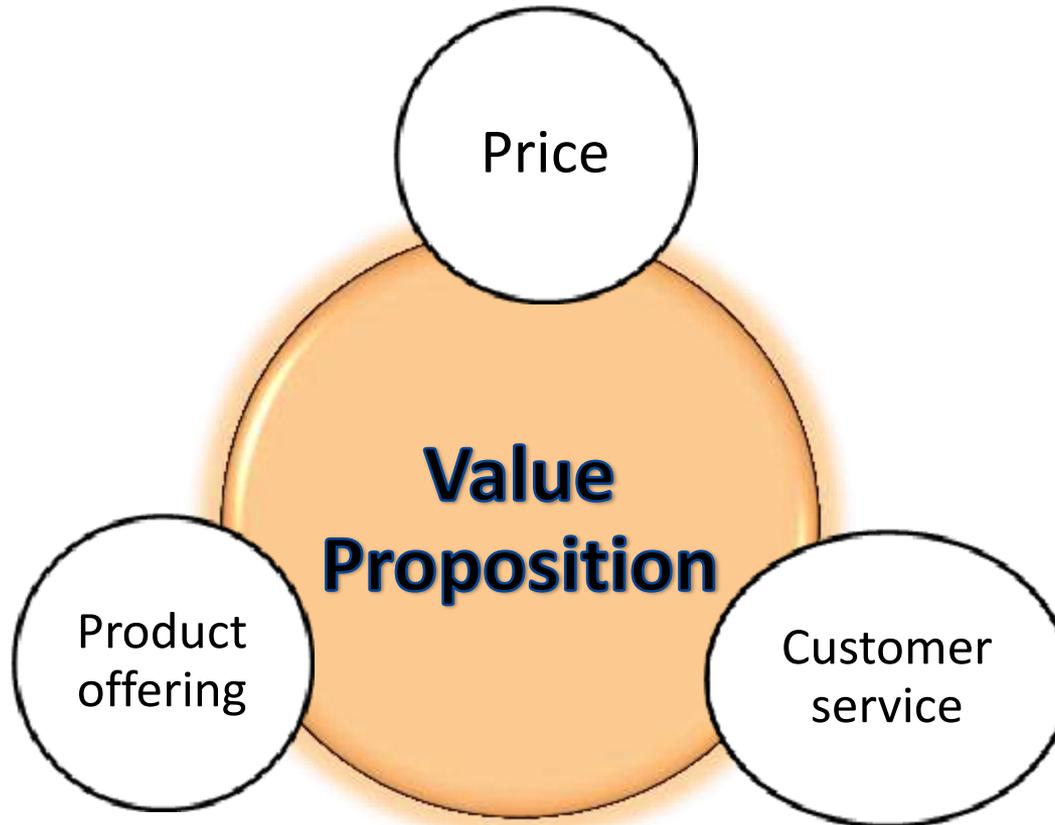
Sustainable/
Self-
sufficient

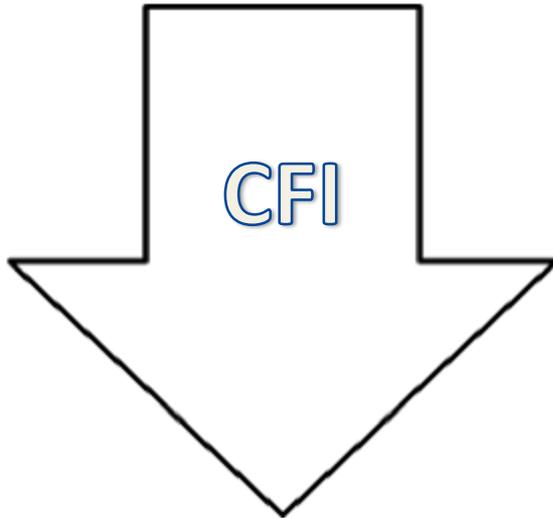
Member
Welfare/rewar
d patronage

Community
responsibility



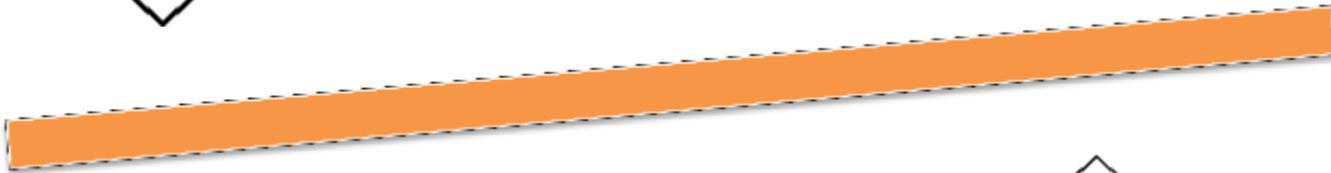
CFI's Strategic Vision



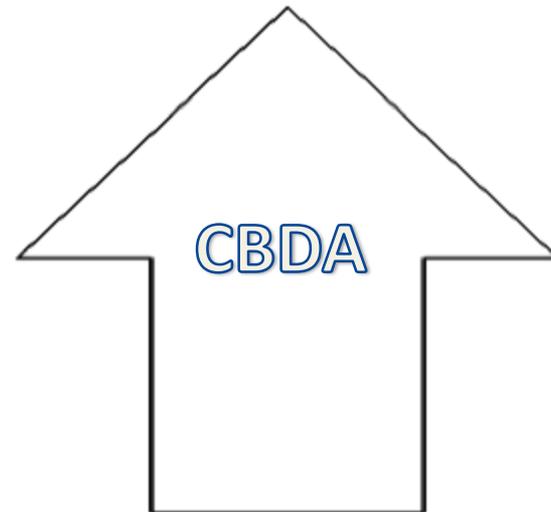


Board Governance – constitution & policies enforced

- Skilled Professional & Committed Staff
- Member Growth/ Savings Mobilisation
- Strategic Planning
- Compliance rules and regulations
- Produce Financial Reports



- **Supervision & Regulation**
- Capacity Building



Embrace Information Communications Technology

Banking Platform

MIS – Reporting:

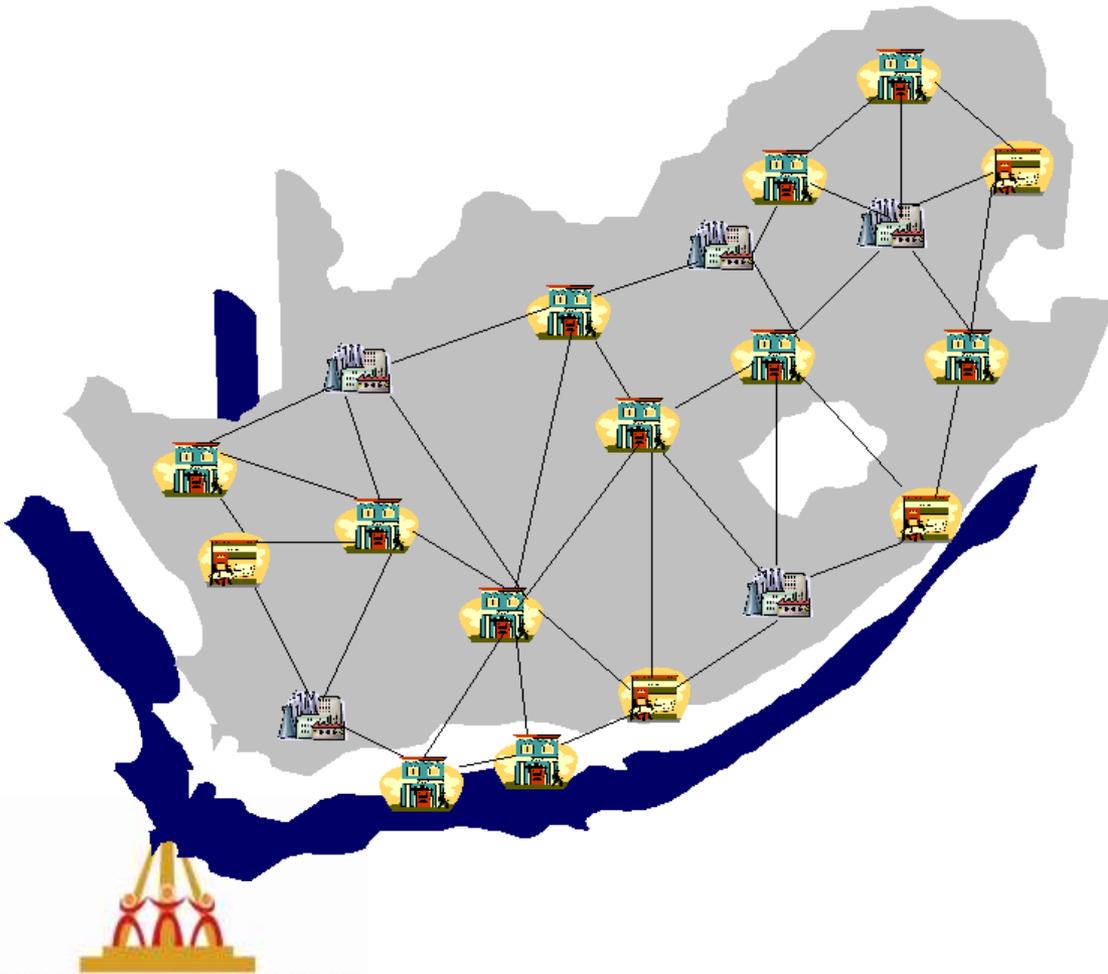
- CFI Data Management
- Regulator: Prudential
- Accounting & Finance

CFIs should be connected:

- to each other and
- to the national payment system grid

Members to transact:

- at any CFI as well as any other point of presence (e.g., ATM, point of sale) linked to the NPS





5Cs of Co-
operative
success

- **C**reativity
- **C**ommunicate
- **C**ommitment
- **C**onfidence
- **C**o-operate



***CO-OPERATORS ARE HAPPY
PEOPLE***

*BE PART OF
THE HAPPY
FAMILY!!!*