

RSA FINANCIAL COOPERATIVES RETAIL SAVINGS BONDS

Presenter: Thebe Moloto | National Treasury | October 2011



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

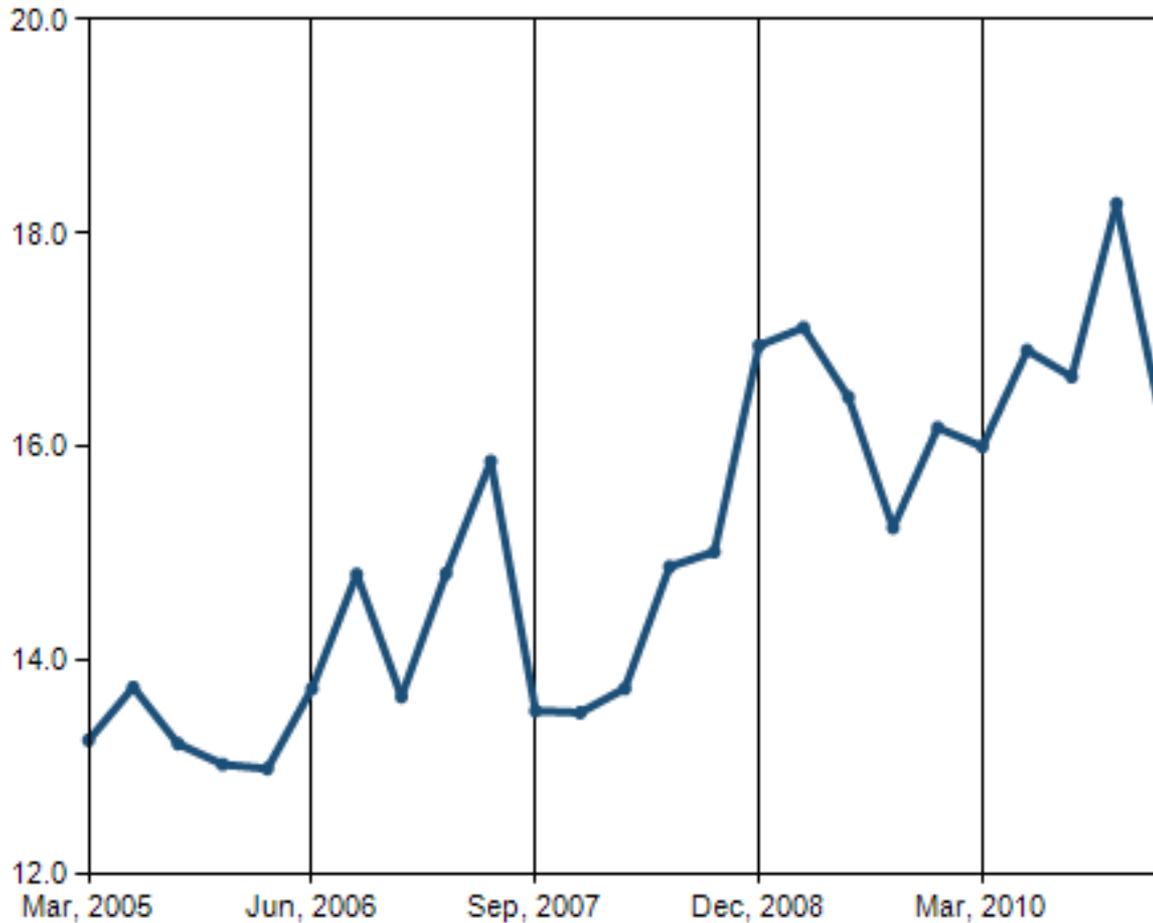
OVERVIEW

- Savings Landscape in RSA
- Purpose and Objectives of the Issuance
- Features of the Financial Cooperative Retail Savings Bonds
- Authorized Purchasers

OVERVIEW

- Distribution Channels
- Types of Co-operative Retail Savings Bond
- Questions

SAVINGS LANDSCAPE IN RSA



Gross saving as % of GDP

Ratio of gross savings to GDP Current prices. Seasonally adjusted at annual rate Quarterly Percentage

Source: SA Reserve Bank

PURPOSE AND OBJECTIVES OF ISSUANCE

- In compliance with section 86 of the Co-operatives Banks Act, 2007 (no. 40 of 2007), Part 3, paragraph 3.2(a)
- To offer products which support Government's social responsibility; not profit driven but cost effective.
- To provide a secure, affordable savings vehicle for Financial Services Co-operatives and Co-operative Banks
- To diversify savings instruments available to Financial Services Co-operatives and Co-operative Banks

FEATURES OF THE FINANCIAL CO-OPERATIVE RETAIL SAVINGS BOND

- Investment amount:

Minimum R1000.00, No Maximum

Top-up minimum R500.00
- No costs or fees charged
- Guaranteed returns
- Backed by full faith of Government

AUTHORISED PURCHASERS

- Financial Services Co-operatives; and
- Co-operative Banks, as registered

DISTRIBUTION CHANNELS

- National Treasury: Asset & Liability Management Division
- CBDA: Co-operatives banks Development Agency
- CBSU: Co-operatives banking supervision unit
- SACCOL & SAMAF

TYPES OF FINANCIAL CO-OPERATIVE RETAIL SAVINGS BONDS

- 1-year Co-operative Retail Savings Bond
- 2-year Co-operative Retail Savings Bond
- 3-year Co-operative Retail Savings Bond



RETURN ON INVESTMENT

- The interest rate calculation dates are 30 April & 31 October
- Interest will be Capitalised
- Interest will be derived from the six month (182-day) Treasury Bill rate
 - Formula = $[\text{Interest rate} / 2] \times \text{Capital Balance}$
- The effective Treasury Bill Floating Rate example:

April 2009 = 8.10%

October 2009 = 7.70% (indicative rates only)

Current rates = 5.90% (as at 18 October 2011)

ACCESS TO FUNDS

- The co-operative banks and financial services co-operatives will have access to their funds invested after (6) six months, on condition that they can only withdraw their investments twice during a financial year.
- No penalty is charged on withdrawals
- The Financial Co-operative Retail Savings Bond can be used as collateral when borrowing money

QUESTIONS?



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

THANK YOU



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA