



## **CO-OPERATIVE BANKS DEVELOPMENT AGENCY**

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## **GUIDELINES TO EXEMPTION NOTICE RULES**

### **THE BUSINESS PLAN**

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- The need for a Co-operative Financial Institution (CFI) to have a business plan is reflected in this requirement on Note 3 of the Rules, criteria for registration.
- A “**business plan**” means, in respect of a specified time period, a document that sets out –
  - (a) its common economic and social objectives and aspirations together with a description of the short and long term strategies for achieving those needs; and
  - (b) its market strategy, the scope and nature of the business (including the types of products offered), the expected volume of deposits and the details of lending and investment objectives;
- It is also states under requirements for registration that a financial co-operative (FSC or SACCO) must demonstrate to the satisfaction of the Regulator that it has sufficient human, financial and operational capacity to function efficiently and competently as a financial co-operative
- Taking into account all the above, the following high level format is proposed to meet all the minimum requirements incorporated into this format of a business plan

**The applying CFI’s Business Plan should therefore include the following:**

<p><b>1. ORGANIZATIONAL OVERVIEW</b></p> <ul style="list-style-type: none"> <li>a) History and Incorporation</li> <li>b) Common Bond/Membership criteria</li> <li>c) Vision &amp; Mission (developmental value)</li> <li>d) Business Strategy and Objectives</li> <li>e) Regulation &amp; Supervision to date in terms of the Exemption Notice</li> <li>f) Linkages with related representative or support organisation</li> </ul>	
<p><b>2. CORPORATE GOVERNANCE</b></p> <ul style="list-style-type: none"> <li>a) Board Membership &amp; Recruitment</li> <li>b) Board Code of Conduct</li> <li>c) Skills and Competence of Directors</li> <li>d) Board Development</li> <li>e) Governance Committee</li> <li>f) Audit Committee</li> <li>g) Other Board Committees and Composition</li> </ul>	
<p><b>3. MARKETS &amp; CLIENTS</b></p> <ul style="list-style-type: none"> <li>a) Target Markets / Membership Criteria</li> <li>b) Current Client/Member Profiles</li> <li>c) Products and Services being offered</li> </ul>	

<ul style="list-style-type: none"> <li>d) Research and Development and Future Services</li> <li>e) Distribution channels</li> <li>f) Advertising and Promotions</li> </ul>	
<p><b>4. SAVINGS SERVICES</b></p> <ul style="list-style-type: none"> <li>a) Product Features</li> </ul> <p><i>Refer to the guidance note on the savings policy</i></p>	
<p><b>5. LOAN SERVICES</b></p> <ul style="list-style-type: none"> <li>a) Product Features</li> </ul> <p><i>Refer to the guidance note on the lending policy</i></p>	
<p><b>6. OTHER PRODUCTS</b></p> <ul style="list-style-type: none"> <li>a) Product Features</li> </ul> <p><i>Please attach related policies and procedures for any other products</i></p>	
<p><b>7. INFRASTRUCTURE</b></p> <ul style="list-style-type: none"> <li>a) Offices / Branches – Suitability of Premises</li> <li>b) A copy of the Lease Agreement for business premises, if not owned;</li> <li>c) Assets owned i.e. computers, fax machines etc</li> </ul>	
<p><b>8. MANAGEMENT</b></p> <ul style="list-style-type: none"> <li>a) Schedule of Management including qualifications and experience</li> <li>b) Organization Chart/ Organogram</li> </ul>	
<p><b>9. HR MANAGEMENT</b></p> <ul style="list-style-type: none"> <li>a) Staff Profile</li> <li>b) Staff turnover</li> <li>c) Remuneration Policies</li> <li>d) Staff Training and development</li> <li>e) Other Policies</li> </ul>	

<p><b>10. MANAGEMENT INFORMATION SYSTEM (MIS) / INFORMATION COMMUNICATION TECHNOLOGY (ICT)</b></p> <ul style="list-style-type: none"> <li>a) Systems/Software in Use</li> <li>b) System attributes</li> <li>c) Back up/Business continuity arrangements</li> </ul>	
<p><b>11. FINANCIAL PERFORMANCE</b></p> <ul style="list-style-type: none"> <li>a) Projected three year pro forma financial statements (balance sheet and income statement) based on the CBDA Return 051 and 052 respectively) <u>or</u> newly formed CFI should complete the financial forecast guideline for start-ups.</li> <li>b) Latest Management Accounts</li> <li>c) Financial Policies &amp; Procedures</li> <li>d) Liquidity and Cash Management</li> <li>e) Funding Strategies (if applicable)</li> <li>f) Taxation</li> </ul>	
<p><b>12. AUDIT</b></p> <ul style="list-style-type: none"> <li>a) Name of external auditor or Accountant and contact details</li> <li>b) Details of engagement with auditor/ Accountant</li> <li>c) Frequency of internal audit and reporting arrangements</li> <li>d) Summary responsibilities of internal auditor</li> </ul> <p><i>Please refer to Exemption Notice Section 3, Condition (i)</i></p>	
<p><b>13. INTERNAL CONTROLS</b></p> <ul style="list-style-type: none"> <li>a) Frequency of internal audit and reporting arrangements</li> <li>b) Summary responsibilities of internal audit</li> </ul> <p><i>Please refer to Exemption Notice Section 3, Condition (i)</i></p>	
<p><b>14. OTHER POLICIES</b></p> <ul style="list-style-type: none"> <li>a) Indicate/list any other policies and procedures in place</li> </ul>	