

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 3035

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Dr D T George (DA) to ask the Minister of Finance

Whether, with regard to the management of systemic risk to the SA financial system, the National Treasury has conducted an assessment of the impact of defaults on loans to fund black economic empowerment deals; if not, why not; if so, what are the relevant details.

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REPLY

No, the National Treasury has not conducted an assessment of the impact or systemic risk posed by defaults on any loans, including loans to fund BEE deals.

The National Treasury does not duplicate, or interfere with, the work of supervisors and regulators in the financial sector. Regulators in the Banking Supervision Department and Financial Services Board generally use a risk-assessment approach to guide their supervisory responsibilities, and assess the impact of any major category of defaults on lending institutions they regulate or supervise. The actual supervision process is, however confidential. The regulators nevertheless produce annual reports that provide an assessment of the sectors they regulate. The Banking Supervisor monitors defaults on all loans (be they part of black economic empowerment deals or not), requiring all banks to report on a monthly basis. Accordingly, these assessments undertaken on the soundness of the system would have included the effect of any BEE loan defaults.