

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2385 [NW2624E]
DATE OF PUBLICATION: 24 AUGUST 2018

2385. Mr W M Madisha (Cope) to ask the Minister of Finance:

Whether the Government intends to provide a rescue plan and/or resources to rescue VBS Mutual Bank from liquidation; if not, why not; if so, what (a) is the rationale for the provision of a rescue plan and (b) are the relevant details of the rescue plan?

NW2624E

REPLY

On the 9 August, following the recommendation from the Registrar of Banks, the Minister placed the Venda Building Society (VBS) Mutual Bank under curatorship as a consequence of the bank being unable to honour its financial commitments. Government's primary focus is to protect ordinary retail depositors. The curatorship process is still in progress, including a forensic investigation. Following an initial report from the curator, government has already provided a guarantee to the South African Reserve Bank amounting to R336 million to facilitate the repayment of all retail deposits up to R100 000 per retail depositor, starting from Friday, 13 July 2018. Retail deposits are defined as deposits in VBS by individuals, burial societies, stokvels and savings clubs, collectively referred to as retail depositors. The guarantee does not cover municipal or corporate deposits.

Details of the qualifying depositors and modalities of payment of retail depositors can be found in Annexure A¹. The Government will only make a final decision on further steps to take on VBS Mutual Bank once the curator and forensic investigators have submitted a further substantive report.

Beyond rescuing ordinary depositors outlined above, there are therefore no plans to rescue VBS Mutual Bank from liquidation.

¹<https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/8657/VBS%20Mutual%20Bank%20Media%20statement,%209%20July%202018.pdf>