



**Co-operative  
Banks  
Development  
Agency**

## **Financial Family Parliamentary Induction Workshop**

**20 August 2019**

**An Overview of the Cooperative Banks Development Agency  
(CBDA)**

# TABLE OF CONTEXT

1. Mandate

2. Role of CBDA

3. Strategic Pillars

4. Cooperative Banking Sector Status

5. Key policy developments and legislative changes

# 1. MANDATE

- CBDA established in terms of the Cooperative Banks Act, No. 40 of 2007;
- Schedule 3A public entity funded through fiscus;
- Reports directly to the minister of Finance and housed within National Treasury;
- Guided by the policies developed by the Tax and Financial Sector Policy of the NT
- CBDA has its own Board of Directors, Managing Director and staff;
- Manage its operations through the following legislative framework:
  - ☐ Public Finance Management Act (PFMA);
  - ☐ Treasury Regulations (TR);
  - ☐ Labour Relations Act (LRA) etc

## 1.1 Functions

The CBDA fulfils its mandate through the following functions as set out in the Cooperative Banks Act, 40 Of 2007

- To support CBI with capacity building initiatives;
- Enhance CBI operational capabilities through Banking systems;
- To facilitate, promote and fund education/training to enhance CBI;
- To promote, register and regulate representative bodies; and
- To accredit and regulate support organisations;

## 1.2 Mission and Vision

### **VISION:**

To facilitate financial inclusion, economic transformation and financial sector competitiveness through cooperative banking.

### **MISSION:**

To develop the cooperative banking sector through:

- ✓ Provision of innovative capacity development and support to Cooperative Banking Institutions (CBIs) and their members;
- ✓ Promotion of cooperative banking, cooperative philosophy and principles; and
- ✓ Enhance operational capability and discipline in the Cooperative Banking Sector, through introduction of innovation and technology.

## 2. ROLE OF THE CBDA

To create an enabling environment for the Cooperative Banking Sector in the country

**Co-operative banking has a vital role to play in:**

- ✓ Providing fair competition within the banking sector;
- ✓ Reducing inequality;
- ✓ Economic transformation; and
- ✓ Financial inclusion for all South Africans.

### 3. STRATEGIC PILLARS

#### HOLISTIC COOPERATIVE BANKING INSTITUTIONS SUPPORT

##### Business Transformation

###### Improved Operational Efficiency

- **People** - Skills & competencies, roles & responsibilities, PMS, segregation & controls, governance)
- **Process** - Understanding, re-engineering policies, procedures and reporting
- **Technology**

##### Organisational Development

###### Improved Effectiveness

Informal, formal training, mentorship, coaching and other capacity building interventions – match theory with practice

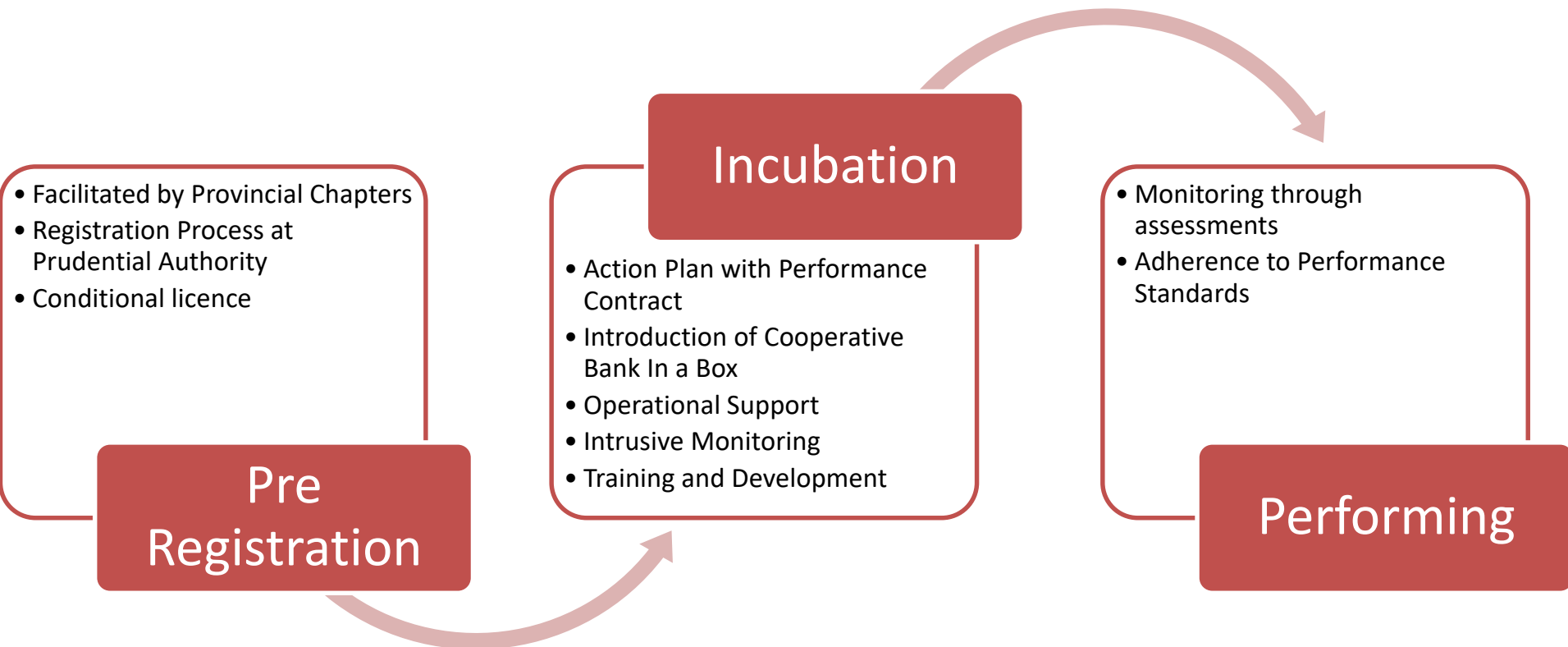
##### Branding & Marketing

###### Recognition, Loyalty, Reliability and Trustworthiness

Develop strong CFI brand  
Brand ambassadors  
Build marketing campaigns

## 3.1 Capacity Building

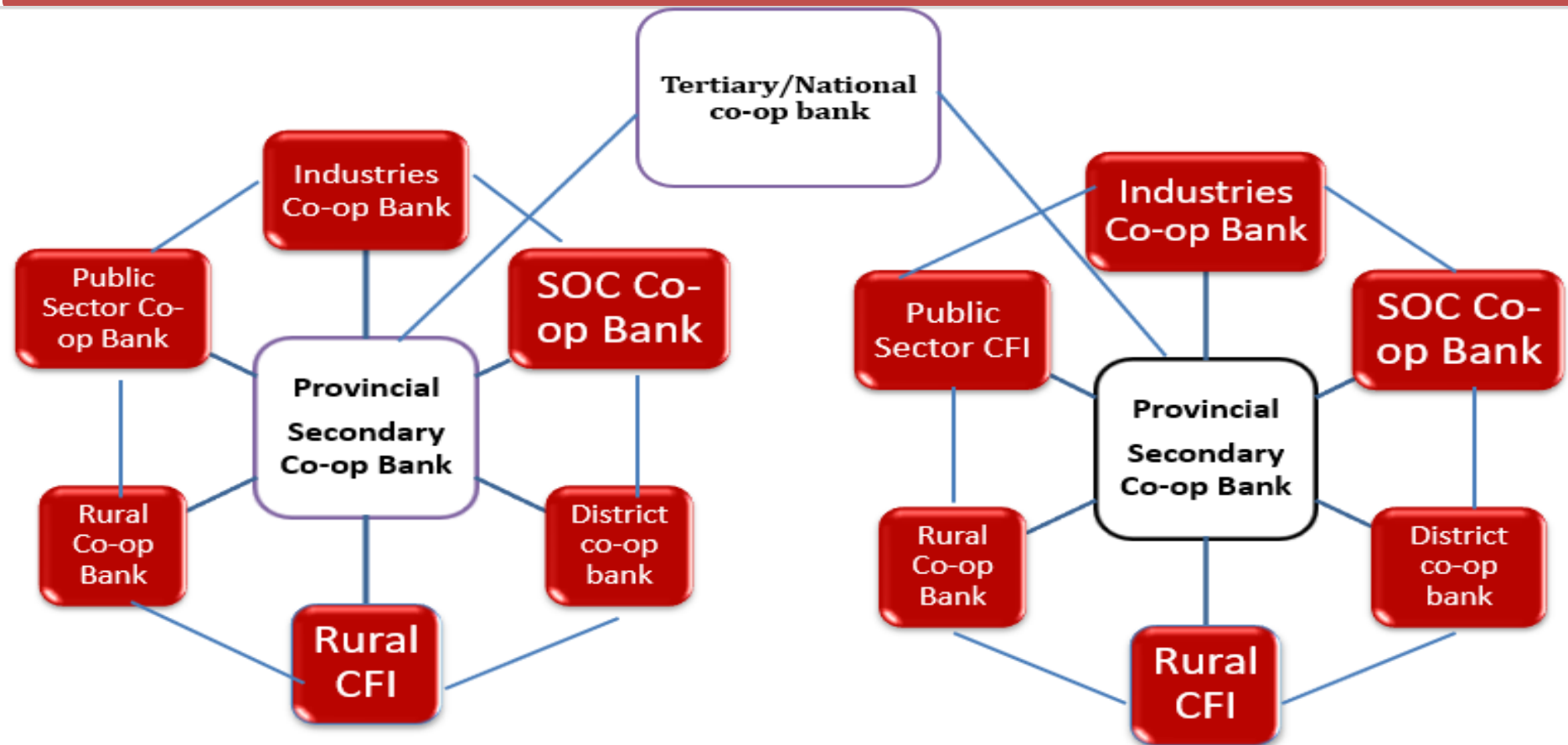
Strategic Objective: An Adequately Capacitated Cooperative Banking Sector





## 3.2 Central Support Services

Strategic Objective: To enhance the Operational capability of CBIs and integrate to NPS



## 4. COOPERATIVE BANKING SECTOR STATUS

TOTAL SECTOR PERFORMANCE AS AT 28 FEBRUARY 2019

	Number of institutions		Members		Deposits		Assets	
					R Millions		R Millions	
February*	2018	2019	2018	2019	2018	2019	2018	2019
Co-operative Banks	3	4	3 246	4 321	R128.8	R145.3	R153.5	R177.4
CFIs	23	22	24 618	23 170	R128.6	R149.1	R180.4	R192.1
<b>Total</b>	<b>26</b>	<b>26</b>	<b>27 864</b>	<b>27 491</b>	<b>R257.4</b>	<b>R294.4</b>	<b>R333.9</b>	<b>R369.5</b>

Source: Prudential Authority 2018/2019 Annual Report.

\*The financial year- end of Co-operative banks and CFIs is 28 February.

## 5. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

Implementation of the recommendations of the Standing Committee on Finance and Portfolio Committee on Trade and Industry's as articulated in the *Transformation of the Financial Sector Interim Report, dated 6 September 2017*:

### 5.1 Development of a National Cooperative Banking Strategy:

- Rabobank Partnerships will develop, in close cooperation with World Bank, CBDA and the CBIs, a comprehensive reform program for the South African Cooperative Banking Sector;
- The Strategy will clearly articulate a policy position (working policy makers) on cooperative banking, options and/or models for a financially sound and sustainable cooperative banking sector;
- Possible recommendations for the legislative framework.
- Draft to be submitted to the Finance Standing Committee in the 3<sup>rd</sup> Quarter of 2019/20 FY.

## 5. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

### 5.2 Strengthening the legislative and regulatory framework:

- *CFI Workstream* - CBDA and Prudential Authority (PA) worked together in developing an interim arrangement for the registration, supervision and regulation of CBIs;
- The commitment by the PA in ensuring a progressive regulatory regime is evidenced by their stance in putting on hold the development of new rules for the cooperative banking sector, until the finalisation of the National Cooperative Banking Strategy.
- CBDA & PA MoU.

# THANK YOU



**CO-OPERATIVE BANKS DEVELOPMENT AGENCY**

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