**MEDIA STATEMENT**

**COMMITTEE SAYS POSTBANK MUST SPEED UP THE BANKING LICENCE**

**Parliament, Wednesday, 16 September 2020 –**The Select Committee on Public Enterprises and Communications was briefed by Postbank on the bank’s financial sustainability and the impact of Covid-19.

Postbank informed the committee that the financial position of the bank is anticipated to decline for the next two years, this is based on capacitation and modernisation plans for the next two years, as well as the modest economic recovery.

Postbank acting CEO, Mr Hannes van der Merwe, said despite not being a fully licensed bank, management tracks all key banking ratios and metrics, and is satisfied that all these are well within acceptable ranges.

Mr Van der Merwe said the impact of Covid-19 on the bank is that the risk profile of the bank deteriorated across all types because customers are losing jobs and do not have money to save and invest in the bank’s products. There is also an increase in IT and data costs to enable staff to work from home. In addition, the bank waived fees chargeable to Sassa beneficiaries in March 2020, resulting in a loss of revenue of R9 million.

The committee commended Postbank when it heard that even during the Covid-19 period, the bank managed to have some level of growth. Some of the bank’s growth is as a result of the accounts Postbank has opened for the beneficiaries of the Covid-19 unemployment relief fund. Over 6.3 million unemployment grant disbursements and credit transactions were done by Postbank to the value of over R3.2 billion.

Committee members expressed concern about the bank operating without a licence and emphasised that they want to see Postbank working fully without limitations. Board Chairperson for Postbank, Ms Phumzo Noxaka, said the bank operates with an exemption from the Bank Act and this was granted by the Reserve Bank. The committee said the bank needs to speed up the banking licence application process.

The committee questioned if the bank’s systems are reliable in grant payments. The committee was of the view that Postbank needs to operate effectively and efficiently in assisting poor people of the country. Members of the committee said it is concerning when they see long queues of pensioners accessing their social grants. The exposure to Covid-19 is high because people fail to adhere to the rules and regulations of social distancing.

The committee stated to the Department of Telecommunications and Postal Services that the stability of the board and filling of vacant critical positions is critical to the governance and financial stability of the organisation. Postbank currently has an acting CEO and acting CFO. The committee called on the board to ensure that these vacancies are filled. Ms Noxaka said the board has had challenges in attracting banking professionals, the issue is meeting the salary requirements and people are wary of working for a state-owned company.

Committee Chairperson, Mr Tshitereke Matibe, said it is important for the bank to have its presence in rural areas in order to address the financial sector of the previously disadvantaged areas.  Furthermore, the issue of research, digitalisation, strategy and widening the footprint of the bank are areas that need to be looked into.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE SELECT COMMITTEE ON PUBLIC ENTERPRISES AND COMMUNICATIONS, MR TSHITEREKE MATIBE.**