



South African Reserve Bank

## Media Statement

Thursday, 7 December 2017

### New Cooperative Bank registered in South Africa

The South African Reserve Bank is pleased to announce the issuing of another Cooperative Banking Licence. The Ziphakamise Savings and Credit Co-operative (SACCO) licence is the first cooperative banking license to be issued since 2011.

The SACCO has expanded the beneficiaries of its services from the employees of Bell Equipment to now include the Community of Umhlathuze, KwaZulu Natal. Prior to registration with the South African Reserve Bank (SARB), the institution was regulated under the exemption notice administered by the Cooperative Banks Development Agency (CBDA).

The current legislative framework makes provision for 3 types of banking licenses; Commercial, Mutual and Cooperative banks. South Africa has two cooperative banks, namely, the OSK Koöperatiewe Bank and Ditsobotla Primary Savings and Credit Cooperative Bank, which were both registered in 2011 (Ditsobotla was Registered as a co-operative bank with CBDA in 2011 and transferred to SARB in 2014 when the supervision function was transferred from the Agency).

“Ziphakamise Cooperative bank is deemed to have sufficient human, financial and operational capacity to function efficiently and competently as a co-operative bank, Deputy Governor of the Reserve Bank Kuben Naidoo.”

The SACCO became eligible to apply for registration as a co-operative bank after reaching the membership and deposits of 200 and R1 million, respectively. As of 31 June 2017, the SACCO reflected 618 members and a deposit of R4 million.

### **Notes to the Editor:**

- There are 3 types of banking licences, namely:
  - Commercial bank licence as provided for in terms of the Banks Act, 1990 (Act 94 of 1990)
  - Mutual bank licence as provided for in terms of the Mutual Banks Act, 1993 (Act 124 of 1993)
  - Cooperative bank licence as provided for in terms of the Cooperative Banks Act, 2007 (Act 40 of 2007)

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- **A Commercial Bank:**

- Is a public company owned by its shareholders who are not necessarily depositors/customers of the bank?
- The legal designation and recognition of the application requires that the applicant be registered as such by the South African Reserve Bank through the Registrar of Banks in the case of banks
- The registration process for banks requires that the applicant first submit an application for authorisation to establish a bank and, if granted, within 12 months submit an application for registration as a bank.
- In addition to the R250 million minimum capital requirements, all applications are assessed in terms of compliance with the prescribed legal structure of the entity, prudential requirements, corporate governance considerations and public interest considerations as detailed more fully in the respective Acts and corresponding Regulations.
- There is no prescribed form and applicants must compile an application, with comprehensive supporting documentation to satisfy the requirements of the respective legislation, and submit the application to the office of the Registrar of Banks.

- **A Mutual Bank:**

- Is a juristic person and is, in essence, owned by its depositors who qualify as members by virtue of their being shareholders in that juristic person and who are entitled to participate in the exercise of control in a general meeting of that mutual bank.
- The legal designation and recognition of the application requires that the applicant be registered as such by the South African Reserve Bank through the Registrar of Banks in the case of mutual banks
- The registration process for mutual banks requires that the applicant first submit an application for authorisation to establish a bank and, if granted, within 12 months submit an application for registration as a bank.
- In addition to the R10 million minimum capital requirements, all applications are assessed in terms of compliance with the prescribed legal structure of the entity, prudential requirements, corporate governance considerations and public interest considerations as detailed more fully in the respective Acts and corresponding Regulations.
- There is no prescribed form and applicants must compile an application, with comprehensive supporting documentation to satisfy the requirements of the respective legislation, and submit the application to the office of the Registrar of Banks.

- **A Cooperative Bank:**

- Is an autonomous association of persons united voluntarily to meet their common economic and social needs and aspirations through a jointly owned and

democratically controlled enterprise organised and operated on co-operative principles whose members -

- ❖ are employed by a common employer or who are employed within the same business district; or
  - ❖ have common membership in an association or organisation, including a religious, social, cooperative, labour or educational group; or
  - ❖ Reside within the same defined community or geographical area.
- The legal designation and recognition of the application requires that the applicant be registered as such by the South African Reserve Bank through the Supervisor of Cooperative Banks in the case of cooperative banks.
  - For application to be registered as a cooperative bank, the applicant must be registered as a cooperative financial institution with 200 or more members and holding member's deposits of R1 million or more.
  - Applications must be submitted (and are assessed) in accordance with the form, content and criteria as prescribed in terms of the Cooperative Banks Act.

**Issued by SARB Media Relations**

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