



South African Reserve Bank

FROM THE OFFICE OF
THE REGISTRAR OF BANKS

CONFIDENTIAL

2006-11-22

BANKS ACT CIRCULAR 9/2006

TO ALL CHIEF EXECUTIVE OFFICERS OF BANKS AND MUTUAL BANKS

DEVELOPMENT PROGRAMME FOR DIRECTORS OF BANKS

1. Introduction

This Office has conducted a detailed analysis of the information obtained from banks in response to Banks Act Circular 5/2006 – Training of Directors.

Regarding the subject of director induction and development, it has become clear that most banks do not have a formal or uniform development programme for directors. Furthermore, development programmes which are available do not necessarily cover all the key aspects that would equip non-executive directors with the requisite skills to perform their fiduciary duties.

2. Requirements of directors

The banking landscape has changed drastically over the past few years. Changes have occurred both in the regulatory framework and the range of activities that banks engage in. Therefore, newly-appointed as well as experienced directors require development on certain aspects.

All banks should be cognisant of the fact that the newly-appointed directors of today will be the “experienced directors” of tomorrow and, consequently, be entrusted the responsibility of not only leading the banking industry but also providing guidance to new directors.

3. Accredited external development programme

Against this backdrop, and in view of the legal obligation placed on the Office for Banks to assess directors of banks, this Office has been in consultation with the Banking Association to discuss the issue of director development. Both parties agreed that this matter needs urgent attention and concurred that no accredited external development programmes intended for bank directors are currently available.

Following these discussions, the Banking Association pursued the matter. This culminated in enquiries by the Banking Association to the Gordon Institute of Business Science ("GIBS") regarding the feasibility of them presenting a programme that would cover all the key issues under consideration. GIBS representatives prepared such a programme and in doing so received input from various interested parties. The Banking Association and this Office both believe that this programme would be of value to directors of all banks. The Banking Association will be forwarding the development programme to banks within the following week.

In its pursuit of promoting a sound and stable banking sector, this Office strongly encourages the chairpersons of banks' boards of directors to consider the development programme. Chairpersons, together with individual directors, should identify the areas in which directors would require development. It is envisaged that new directors would benefit from the complete development programme, whereas experienced directors might need to complete selected modules.

Banks should be aware that this programme should be considered supplementary to any internal induction and development programmes which banks may have, and not as an alternative, thereto.

Acknowledgement of receipt

Two additional copies of this circular are enclosed for the use of your institution's independent auditors. The attached acknowledgement of receipt, duly completed and signed by both the chief executive officer of the institution and the said auditors, should be returned to this Office, at the earliest convenience of the aforementioned signatories.



E M Kruger
Registrar of Banks

The previous circular issued was Banks Act Circular 8/2006 dated 11 October 2006.