



South African Reserve Bank
From the Office of
the Registrar of Banks

Confidential

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G7/08

TO ALL BANKS, CONTROLLING COMPANIES AND BRANCHES OF FOREIGN BANKS

**GUIDANCE NOTE 7/2008 ISSUED IN TERMS OF SECTION 6(5) OF THE BANKS ACT, 1990:
DEVELOPMENT PROGRAMME FOR DIRECTORS OF BANKS**

EXECUTIVE SUMMARY

Banks Act Circular 6/2007 dated 14 November 2007 regarding consultation with banks, controlling companies and branches of foreign banks in respect of directives, circulars and guidance notes refers.

The purpose of this guidance note is to inform all banks and controlling companies of the development programme for current and prospective directors.

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 and decided to provide guidance on this matter.

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. Guidance on 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.

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.

4. Acknowledgement of receipt

Two additional copies of this guidance note 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 guidance note issued was Guidance Note 6/2008, dated 7 May 2008.