

Statement on the liquid asset requirements for banking institutions

Issued by Dr Gerhard de Kock, Governor of the South African Reserve Bank

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In my statement of 8 December 1983, certain adjustments were announced in the liquid asset requirements for banking institutions as part of the process of implementing the recommendations of the Commission of Inquiry into the Monetary System and Monetary Policy in South Africa. In addition to the steps taken at that time, it has now been decided to effect the following further adjustments to the liquid asset requirements of banking institutions:

- (i) The requirement in respect of short-term liabilities to the public of banking institutions is reduced, with effect from the date of certification of the monthly statement (B A Form No 7) for 29 February 1984, from 30 to 25 per cent. An amount of approximately R450 million in liquid assets would be released to banking institutions by this change; and
- (ii) The requirement that banking institutions must maintain a supplementary cash reserve equal to 2 per cent of their medium-term liabilities to the public with the National Finance Corporation of South Africa is withdrawn with effect from 15 March 1984 and, as a result of this reduction, the total liquid asset requirement in respect of their medium-term liabilities is reduced from 20 to 18 per cent. An amount of R217,5 million in cash is released to the banks.