



South African Reserve Bank - Prudential Authority

Presentation to Parliament

4 February 2025



SOUTH AFRICAN RESERVE BANK

Overview of regulated deposit-taking entities

September 2024	Number of entities	Total assets R'million	Composition based on total assets
Total		8,153,398	100.00%
Commercial banks	28	8,148,684	99.94%
• Of which branches of foreign banks	11	472,468	5.80%
Mutual banks	4	3,985	0.05%
Co-operative banks	5	566	0.01%
Co-operative financial institutions	23	163	0.002%

Commercial banks: Big 5 banks contribute approximately 90% to total assets of the sector and most industry trends are therefore driven by these entities.

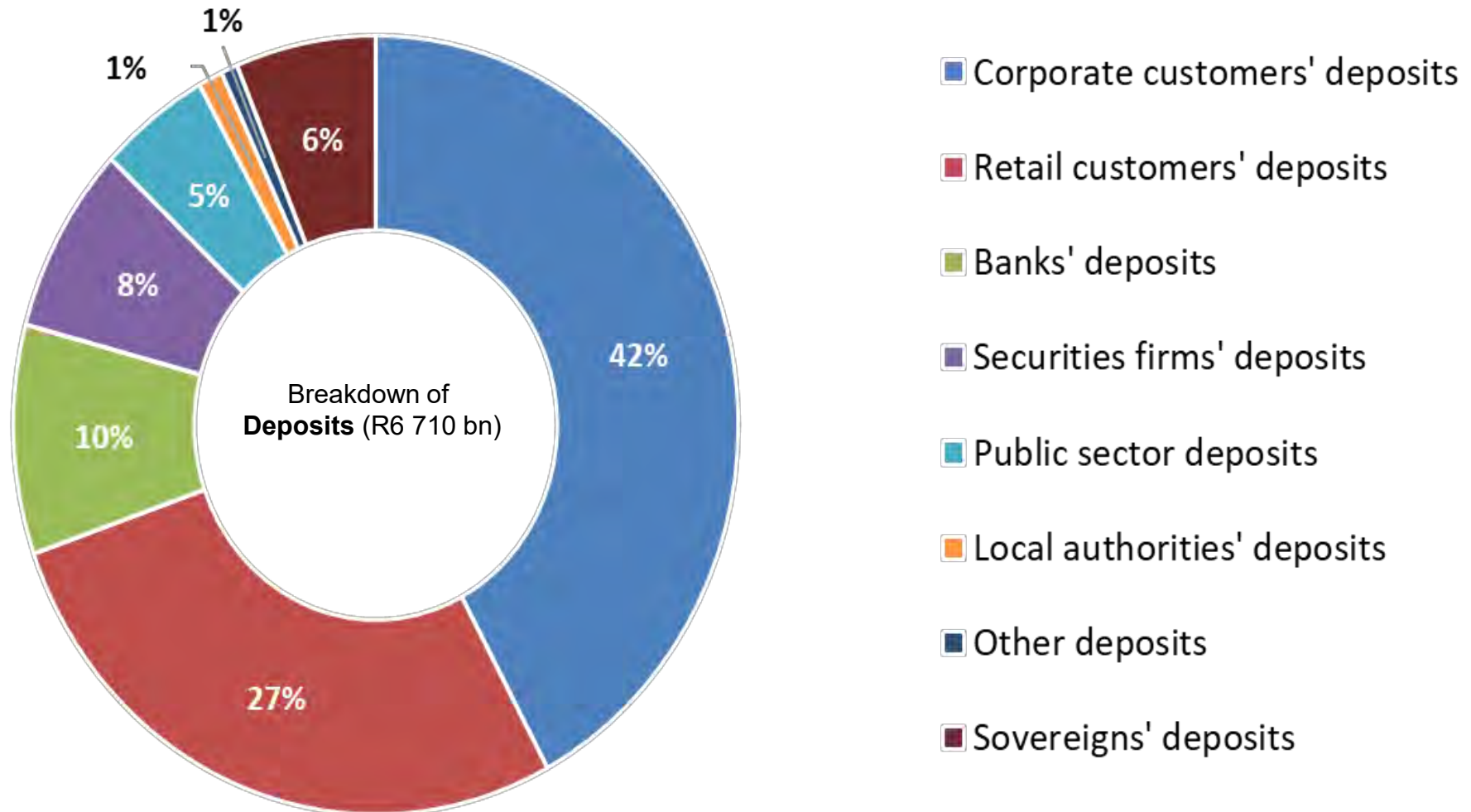
Mutual banks: GBS, Finbond and Bank Zero. Although YWBN was registered as a mutual bank during August 2024, it is not operating as one – it operates as a CFI.

CFIs: There were 23 registered CFIs at the end of August 2024.

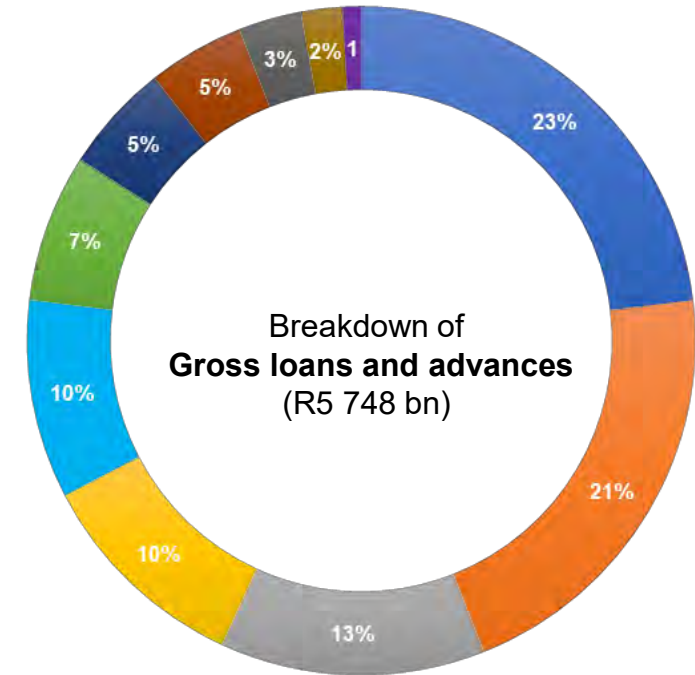
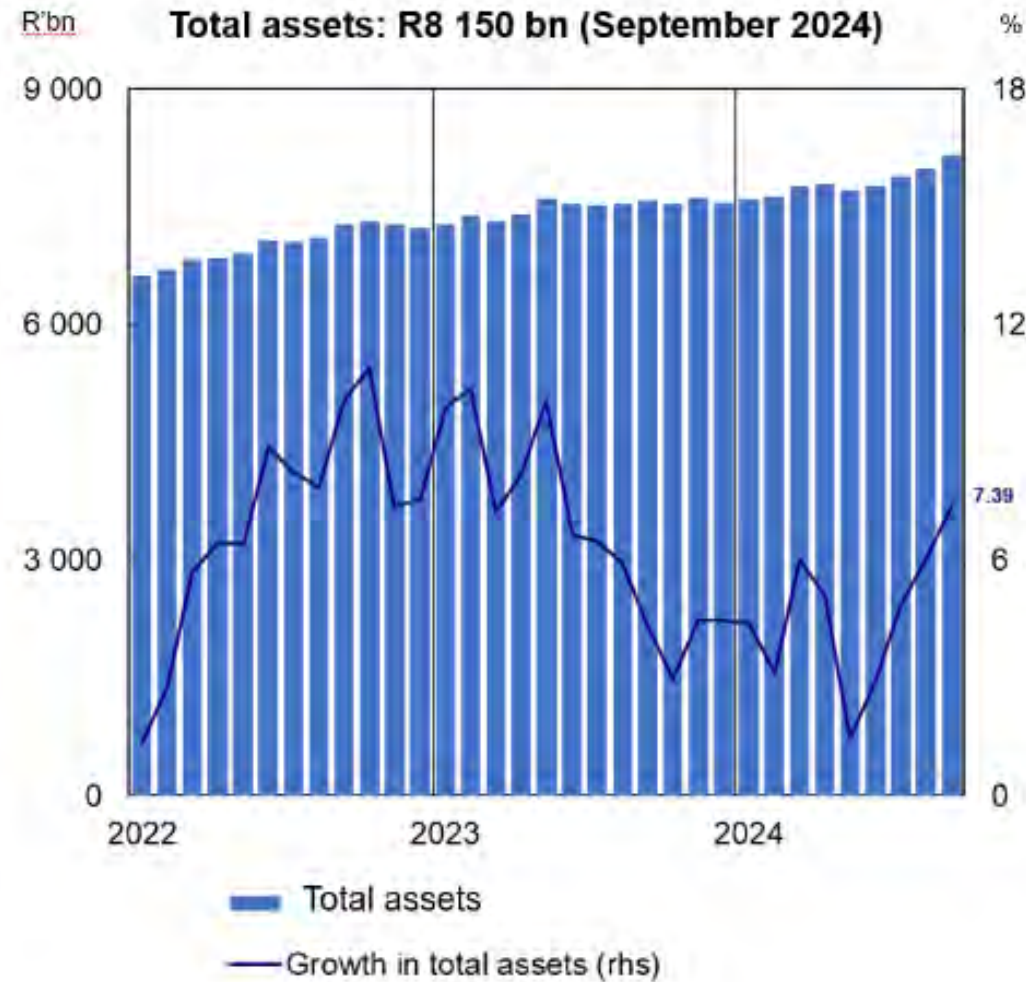
Overview of commercial banks – Funding

Total liabilities in respect of the banking sector stood at R7 507 billion in September 2024 and grew by 7.3% year-on-year (y-o-y), mainly driven by an increase in deposits.

- 89.4% of bank funding originated from deposits.

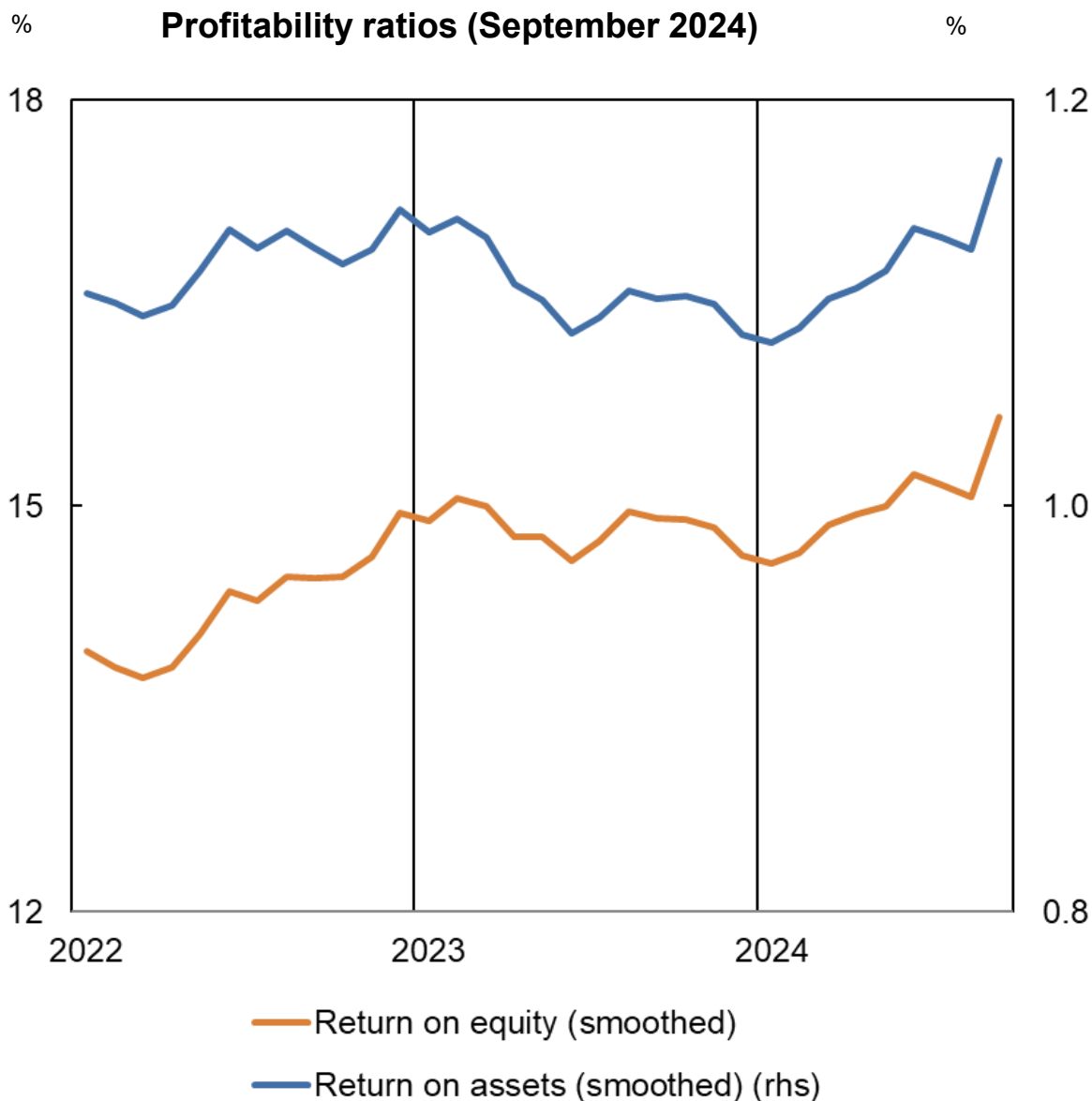


Overview of commercial banks – Assets



- Homeloans
- Other loans and advances
- Repurchase agreements
- Bank intra-group
- Credit cards
- Factoring accounts, trade bills and BA's
- Term Loans
- Lease and instalment debtors
- Commercial mortgages
- Overdrafts
- Redeemable preference shares

Overview of commercial banks – Profitability



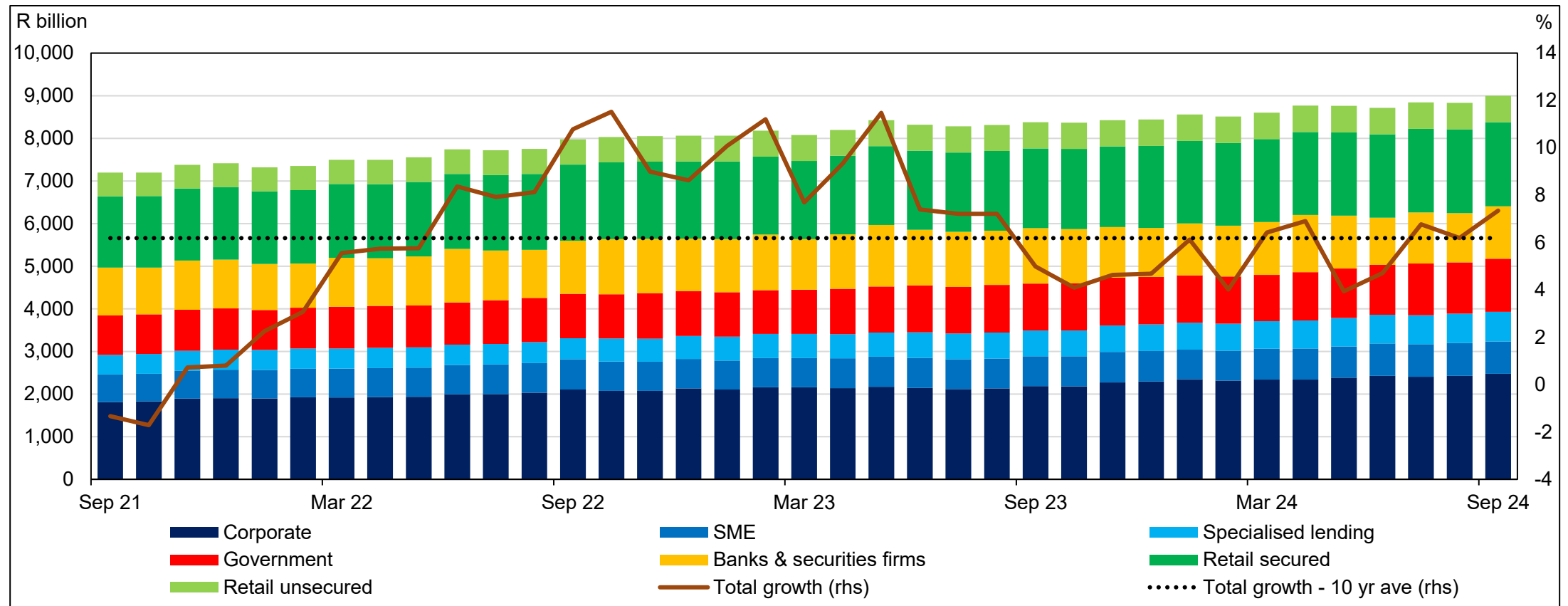
- Operating profit grew by 9.1% y-o-y in September 2024 (September 2023: 2.3%), mainly driven by the decline in the growth rate of credit losses coupled with increases in net interest income and non-interest income.
- The ROE and ROA ratios increased from 14.91% and 1.10% respectively in September 2023 to 15.64% and 1.17% in September 2024, driven by the increase in profit.

Overview of commercial banks – Capital and liquidity

September 2024	Minimum requirement (%)	September 2023 (%)	September 2024 (%)
Total capital adequacy ratio	11.5	17.15	17.10
Liquidity ratios			
• Liquidity coverage ratio	100	148.01	146.29
• Net stable funding ratio	100	116.88	118.36
• Statutory liquid assets as % of the requirement		333.4	343.3

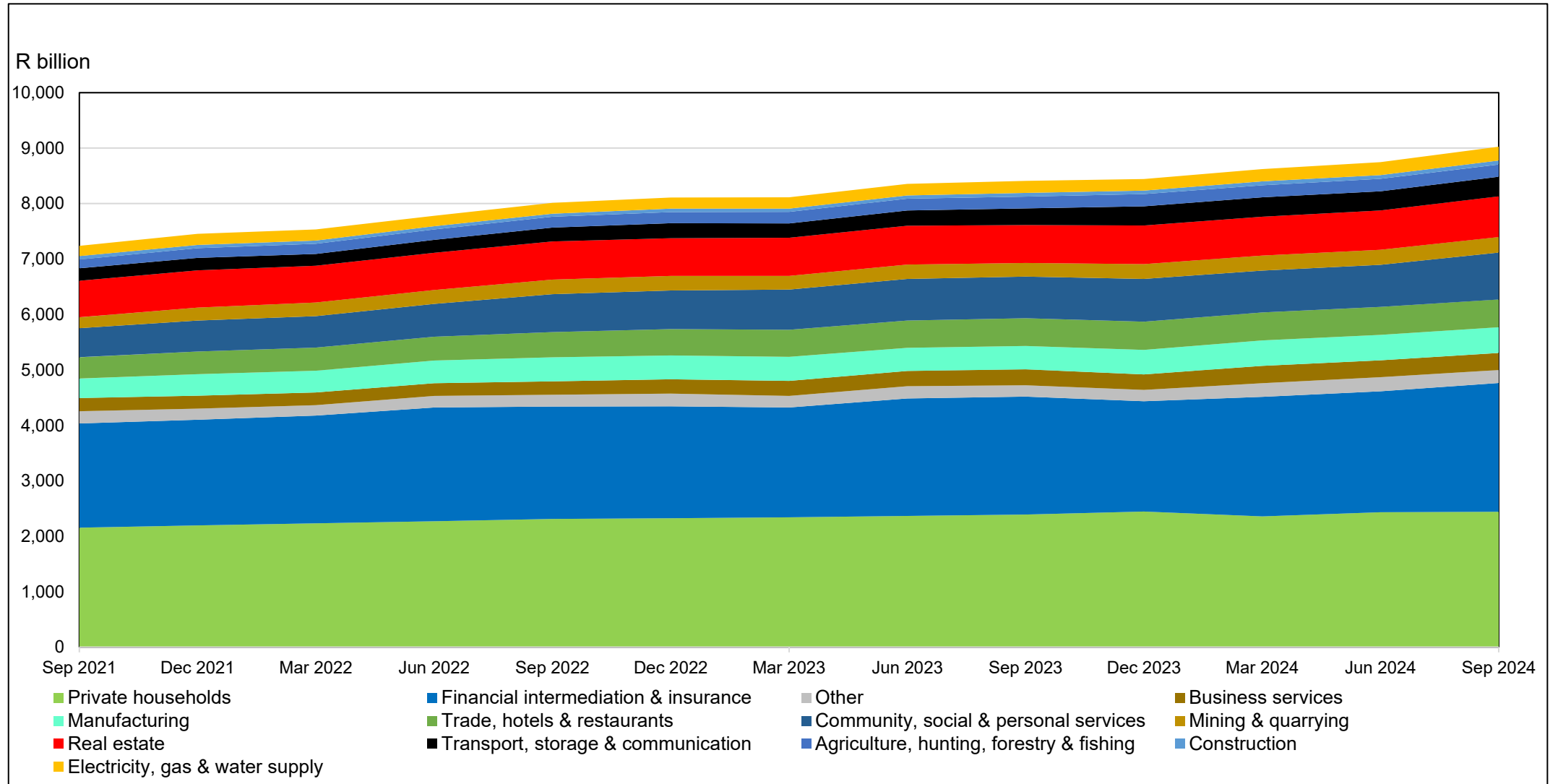
Credit profile within the banking sector

Credit extension in the banking sector

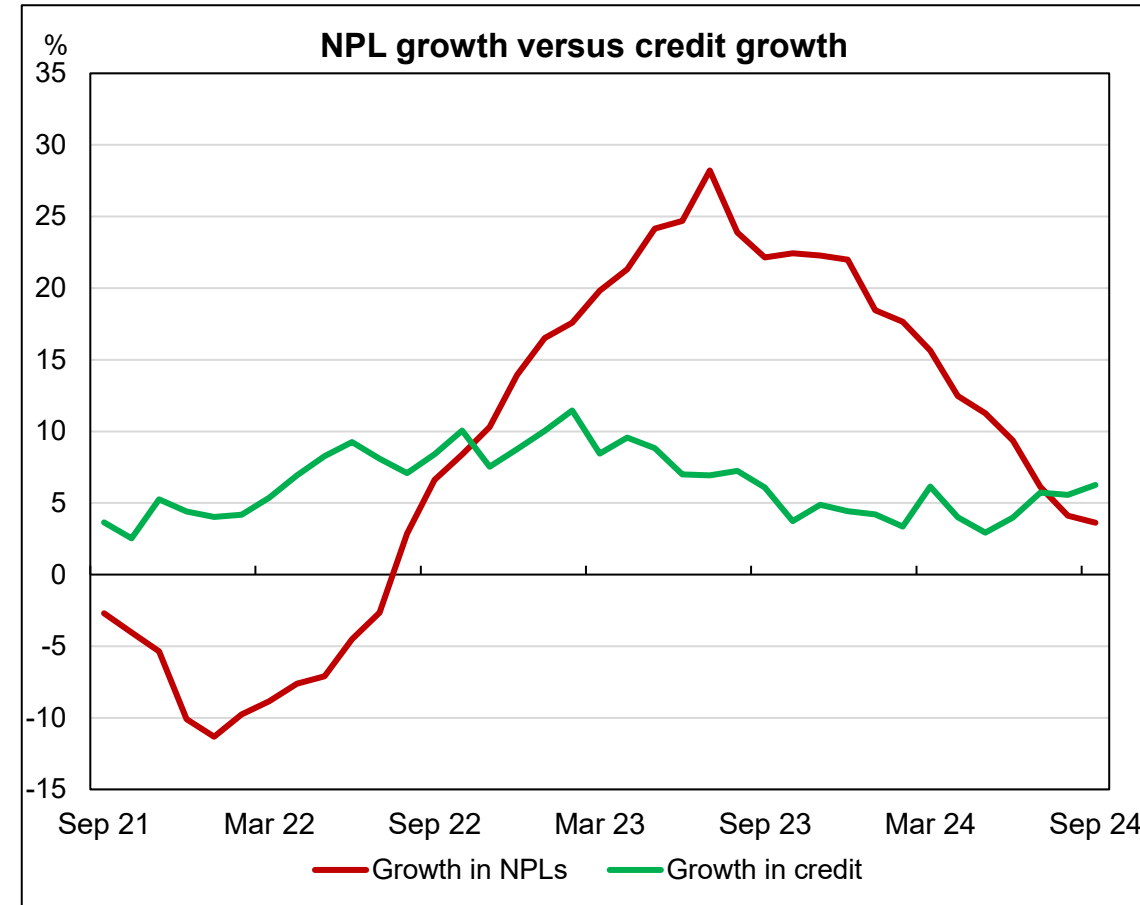
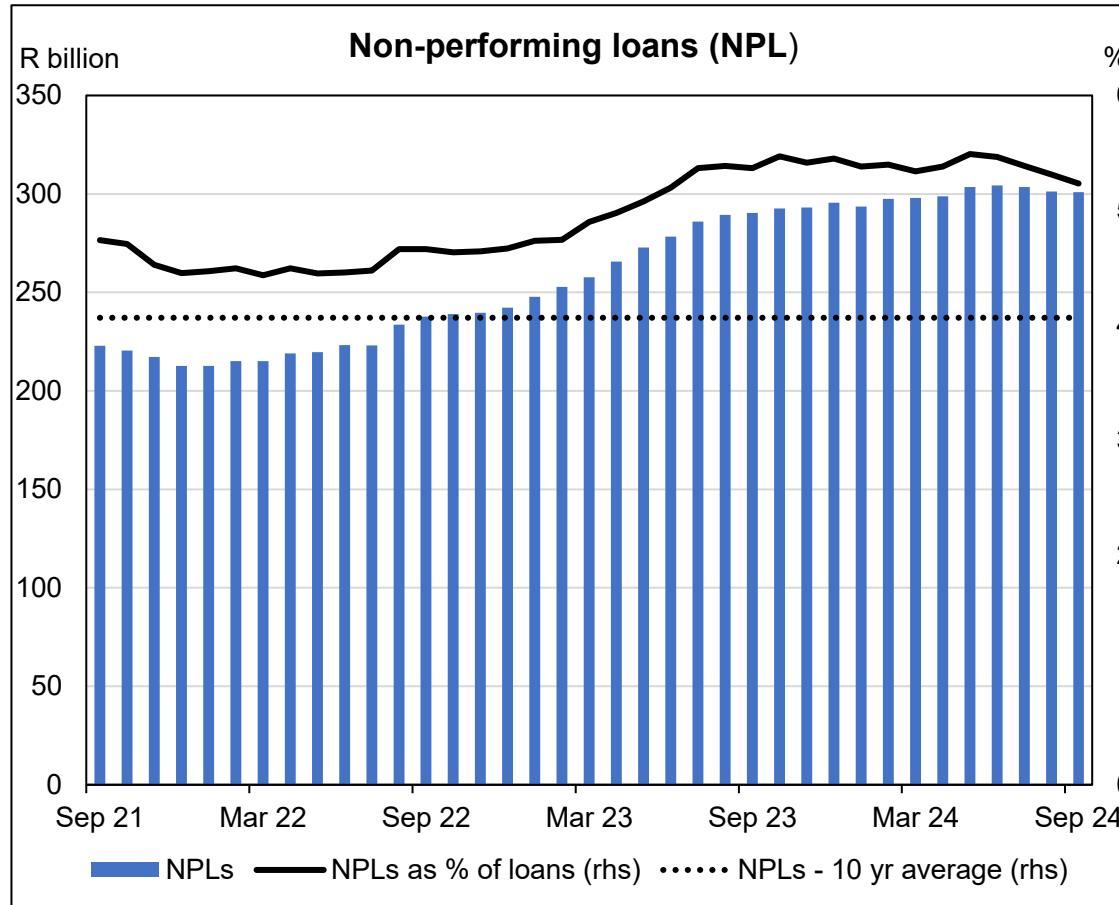


Composition and Year-on-Year Credit Growth (%)	Composition (as at Sep'24)	Sep'21	Sep'22	Sep'23	Sep'24
Corporate	27%	-5.1	16.5	3.6	13.2
Specialised Lending	8%	0.2	5.9	22.9	15.0
SME	8%	3.2	9.5	-0.6	8.6
Retail Secured	22%	6.6	7.1	4.7	5.3
Retail Unsecured	7%	2.6	5.9	3.7	1.2
Government	14%	8.0	17.6	10.2	11.1
Banks & Securities Firms	14%	-14.4	10.7	4.2	-5.3

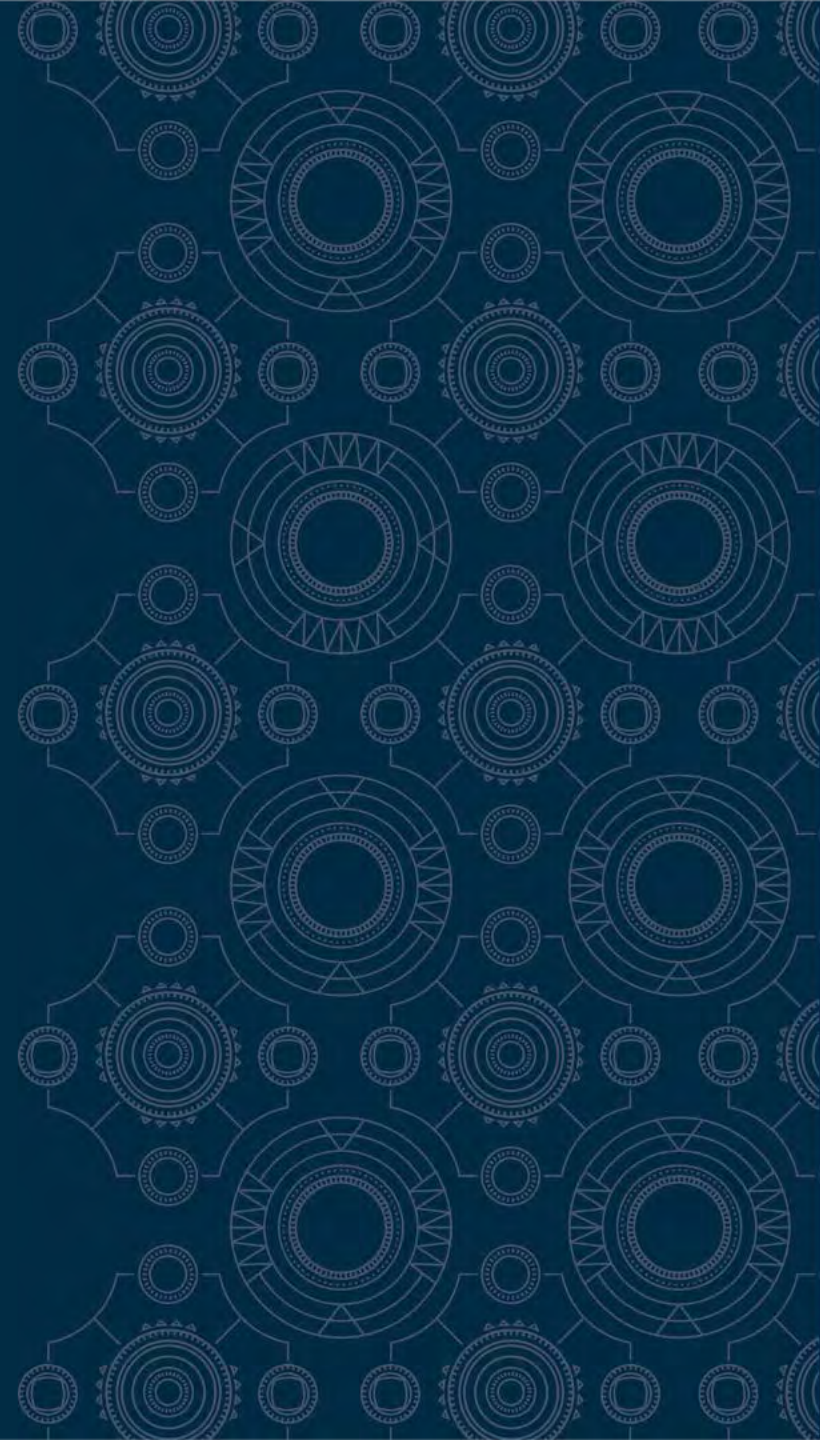
Lending to economic sectors



Credit quality in the banking sector

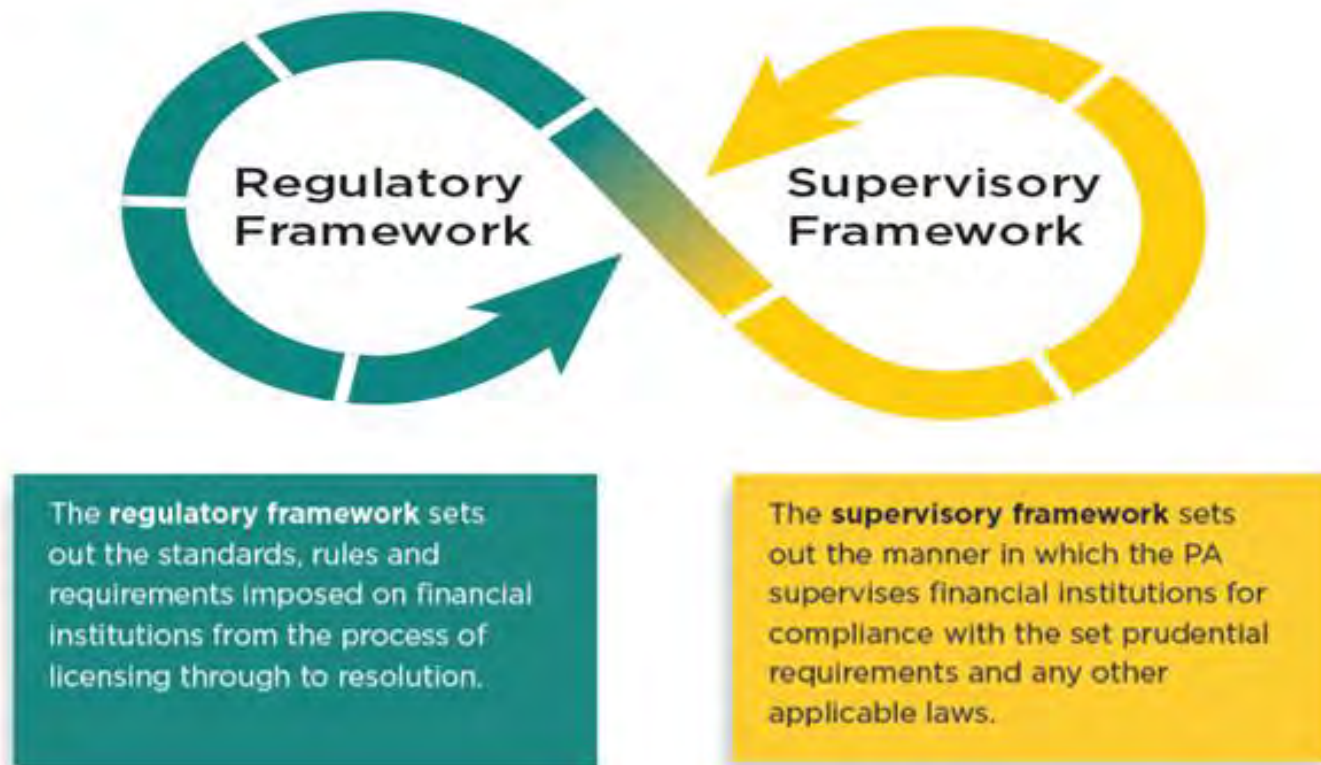


Transformation in the financial sector



Transformation – PA approach

The two fundamental aspects of the PA's approach are:



POPI Act and confidentiality in the banking sector

POPI Act and the FSR Act

- As juristic persons, the SARB and the PA are required to comply with the requirements of the POPI Act
- The FSR Act specifically deals with requirements on the collection, usage, sharing and disclosure of regulatory information received from financial institutions
- The collection, usage, sharing and disclosure of information is permissible to achieve regulatory objectives and perform supervisory functions
- Disclosure is permitted if it complies with regulator obligations:
 - legal proceedings;
 - warning financial customers against conducting business with persons conducting activities in contravention with financial sector laws and the FIC Act;
 - informing customers of actions taken against financial institutions;
 - alerting financial customers on risky activities;
 - protecting public interest; or
 - deterring, preventing, detecting, reporting and remedying fraud/other criminal activity related to financial products or services.



THANK YOU

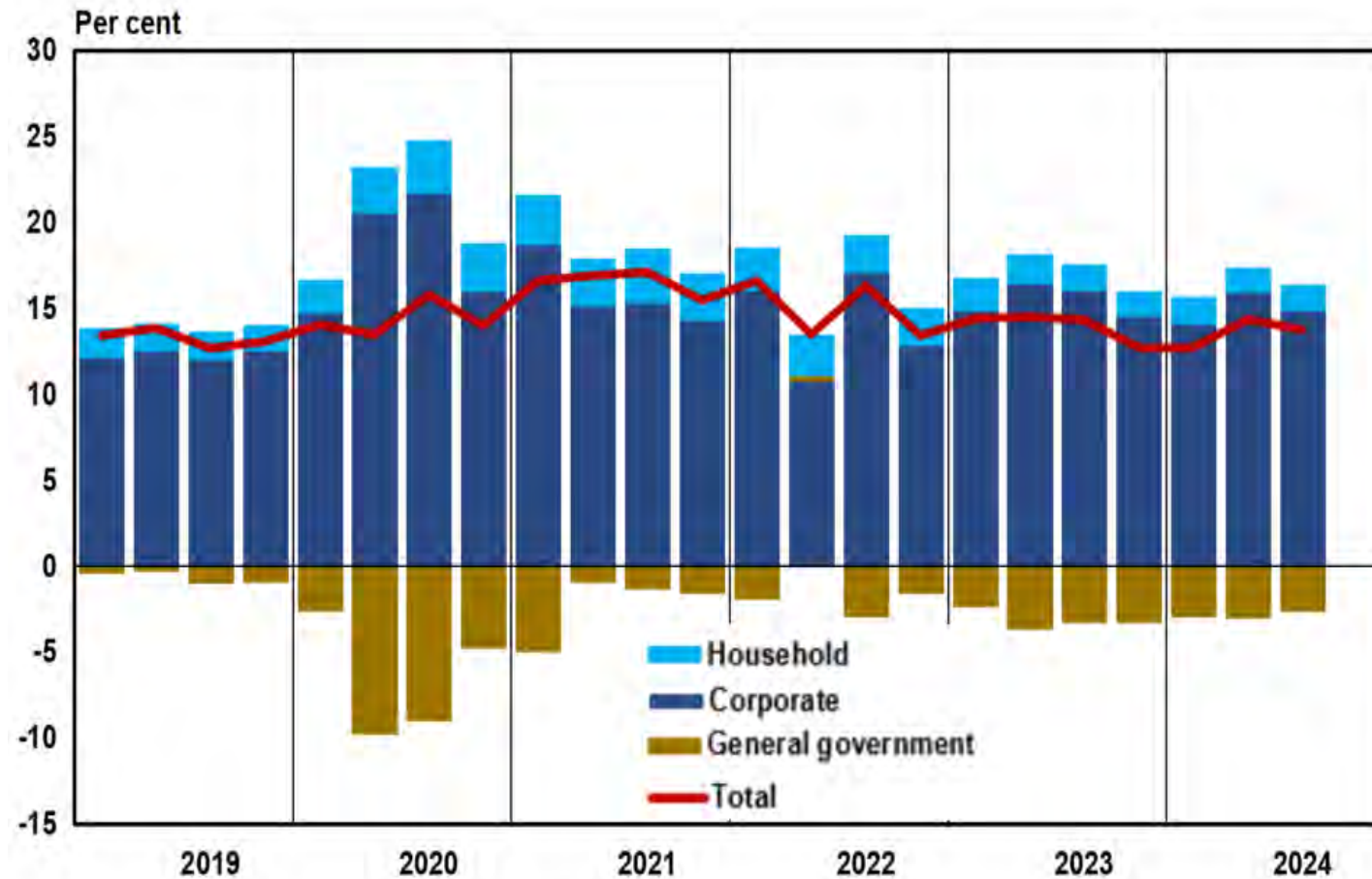


SOUTH AFRICAN RESERVE BANK

Additional slides

The state of savings in SA

Gross national saving as a % of gross domestic product

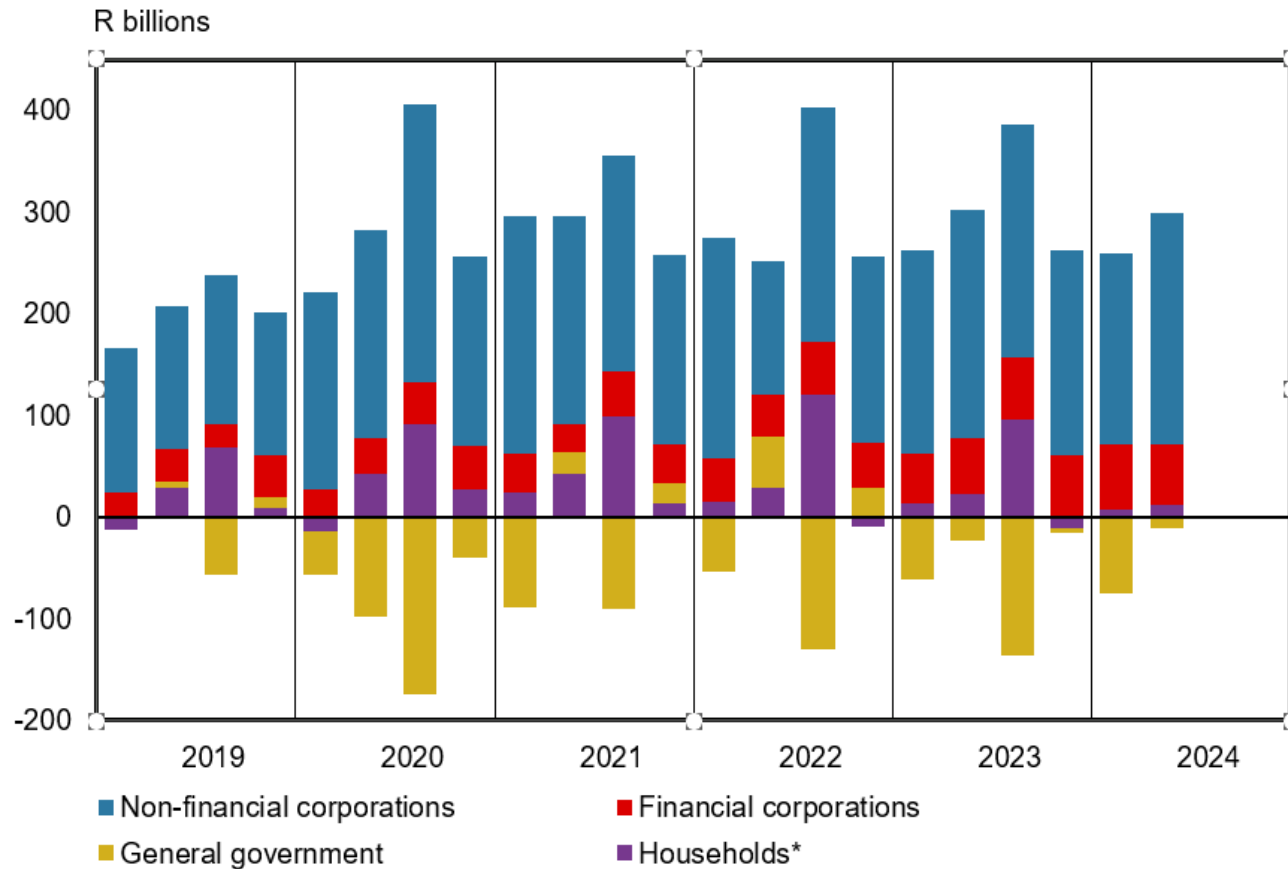


Sources: Stats SA and SARB

Per cent

	Total	Corporate sector	General government	Household sector
2019Q1	13.4	12.1	-0.5	1.8
Q2	13.8	12.5	-0.3	1.6
Q3	12.6	12.0	-1.0	1.7
Q4	13.0	12.5	-1.0	1.5
2020Q1	14.0	14.7	-2.6	2.0
Q2	13.4	20.5	-9.8	2.8
Q3	15.8	21.7	-9.0	3.1
Q4	14.0	16.0	-4.8	2.8
2021Q1	16.6	18.6	-5.0	2.9
Q2	16.9	15.1	-1.0	2.7
Q3	17.1	15.3	-1.4	3.1
Q4	15.4	14.3	-1.6	2.8
2022Q1	16.6	16.0	-2.0	2.5
Q2	13.5	10.7	0.4	2.4
Q3	16.3	17.0	-3.0	2.3
Q4	13.4	12.8	-1.6	2.2
2023Q1	14.4	14.8	-2.4	2.0
Q2	14.5	16.4	-3.7	1.8
Q3	14.3	16.0	-3.3	1.6
Q4	12.7	14.5	-3.3	1.5
2024Q1	12.7	14.0	-3.0	1.6
Q2	14.3	15.9	-3.0	1.5
Q3	13.7	14.9	-2.7	1.5

Gross national saving by institutional sector



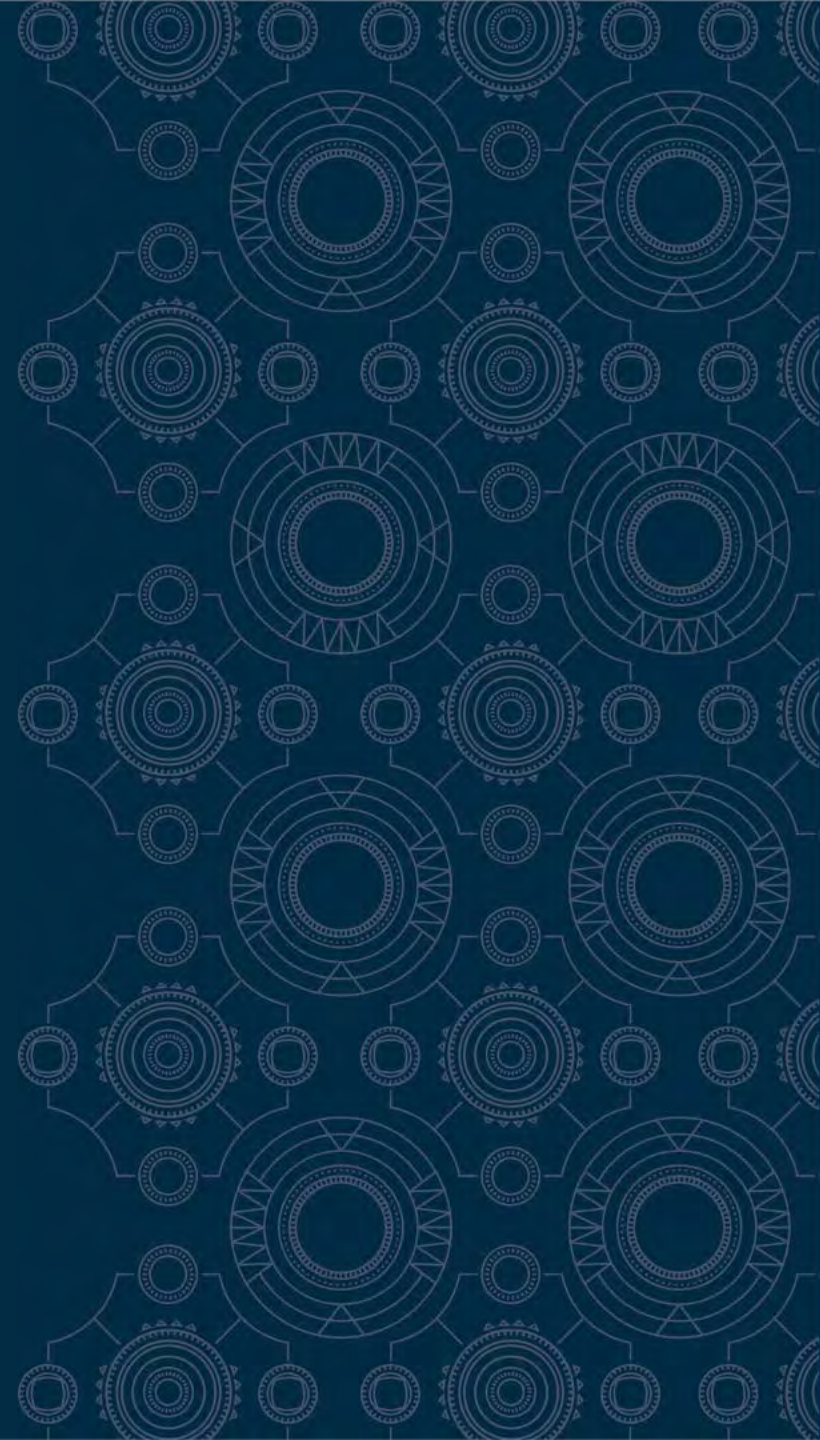
* Including non-profit institutions serving households
Gross saving (+)/dissaving (-)

Source: SARB

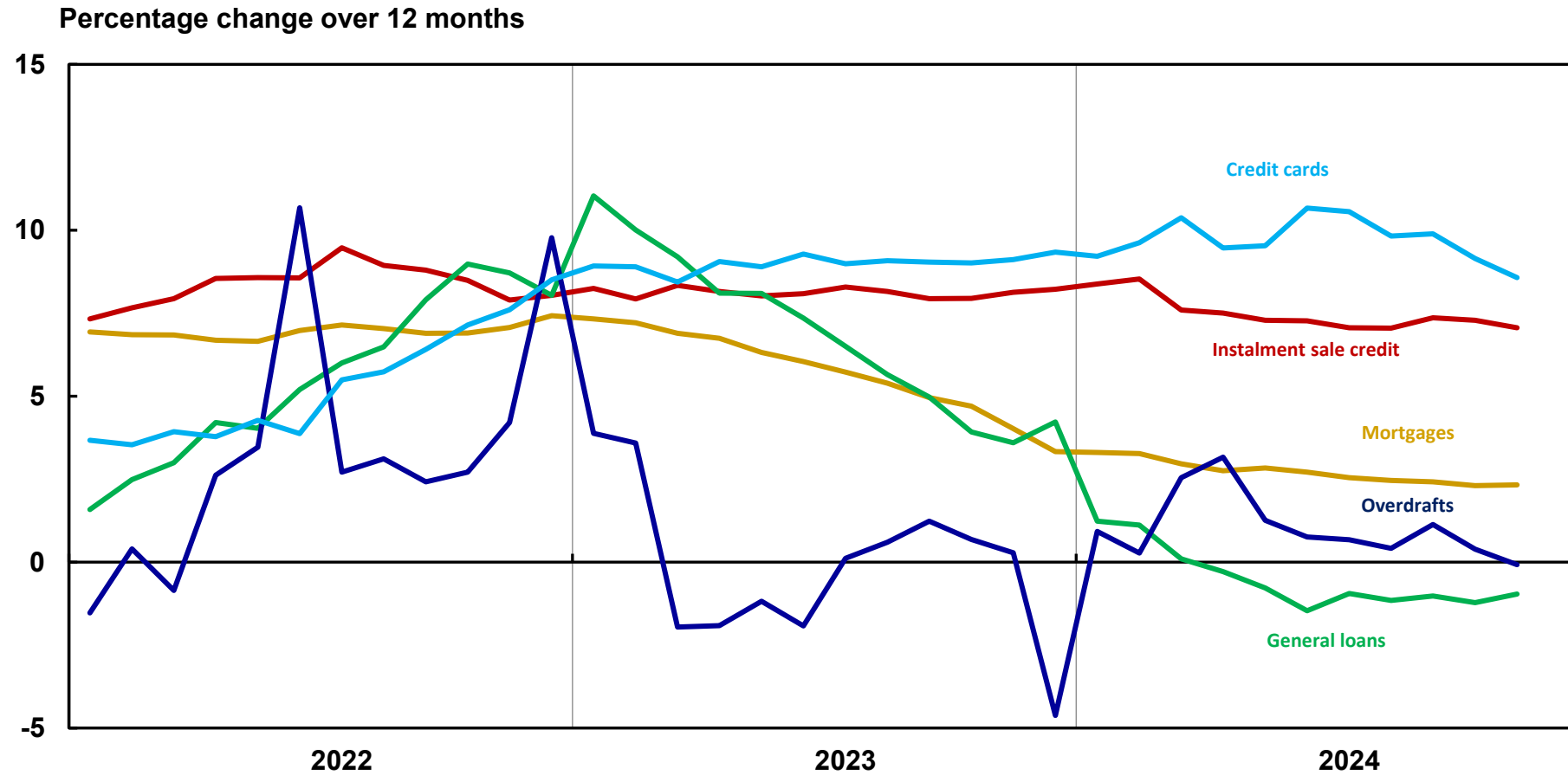
R billions

		Total domestic economy	Non-financial corporations	Financial corporations	General government	Households
2019	Q1	154	142	25	0	-13
	Q2	208	140	32	7	28
	Q3	180	147	23	-57	68
	Q4	202	141	41	11	9
2020	Q1	164	193	28	-44	-14
	Q2	184	204	36	-98	42
	Q3	231	273	41	-175	92
	Q4	218	187	42	-39	28
2021	Q1	207	233	38	-89	24
	Q2	295	203	28	21	43
	Q3	267	213	44	-90	99
	Q4	257	185	38	20	14
2022	Q1	222	218	42	-53	15
	Q2	252	131	42	50	29
	Q3	272	231	51	-131	121
	Q4	247	184	43	29	-9
2023	Q1	202	200	49	-61	13
	Q2	279	224	55	-23	23
	Q3	251	230	61	-136	95
	Q4	247	202	60	-4	-11
2024	Q1	184	188	64	-75	7
	Q2	288	228	60	-11	11
2024	Q3					

Consumption credit vs productive credit



Loans and advances extended to household sector



Loans and advances extended to corporate sector

