

THE BANKING
ASSOCIATION
SOUTH AFRICA

Transformation Report 2024

The Financial Sector Code

The 2024 Transformation in Banking Report is based on data supplied by 20 participating banks, accounting for 96% of all bank assets.

The metrics and targets are set out in the Financial Sector Code (FSC) scorecard. The full report covers four years of data - 2020 to 2023, inclusive.

For ease of reference and clarity this presentation highlights the 2023 statistics.





Financial Sector Code

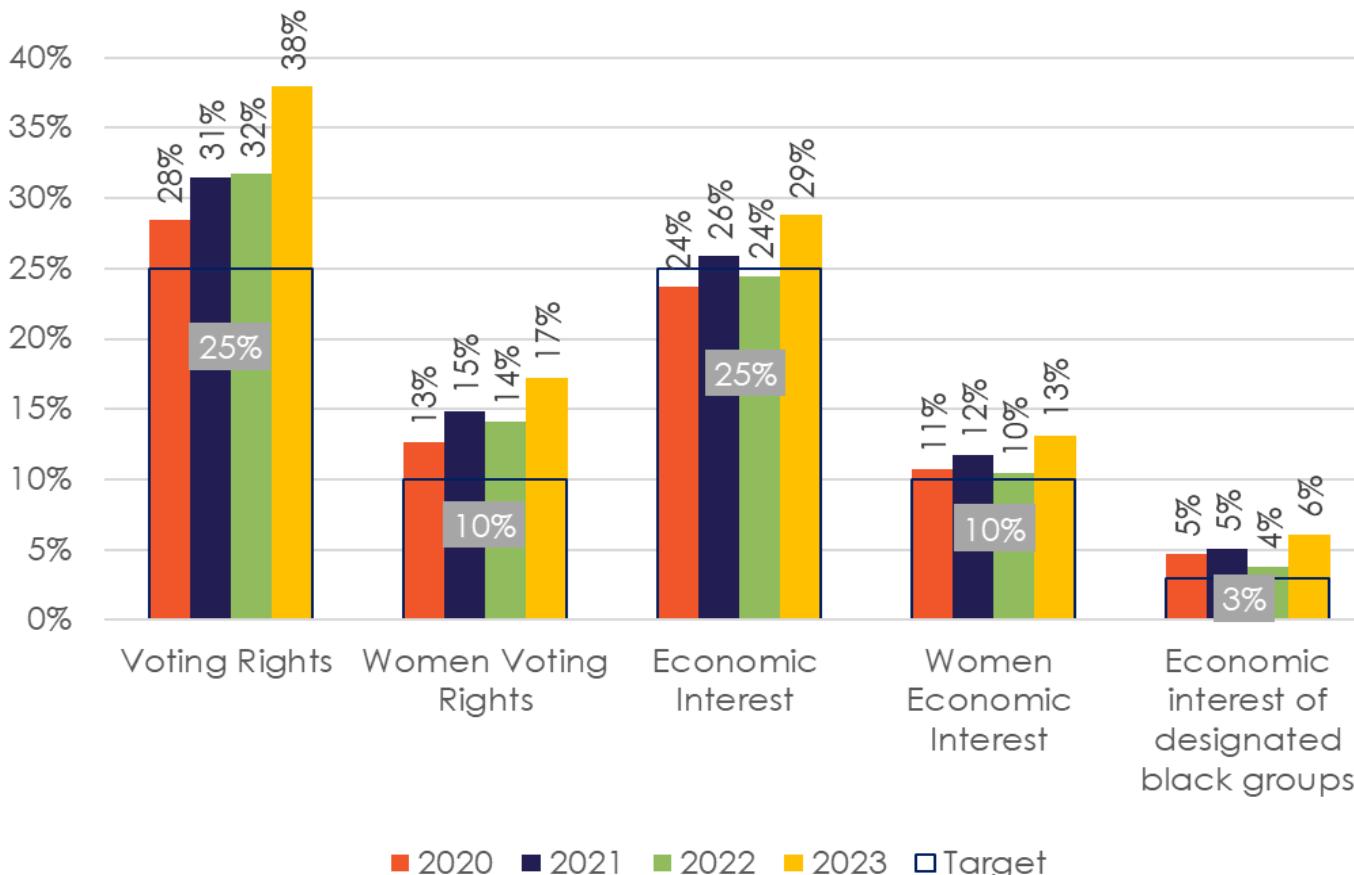
- Nine of the biggest banks in South Africa (83% of industry assets) have already achieved most empowered status (Level one).
- There have been consistent improvements in key transformation metrics, year-on-year, except for during the Covid-19 pandemic.
- On key metrics, like black ownership, economic interest and some management targets, the industry is ahead of FSC targets.





Ownership

Black ownership measurement in banks (weighted)



In 2023 the banking industry exceeded targets for voting rights and economic interest for blacks, black women and designated groups.

Weightings are based on each bank's proportion of total assets across all banks. Weightings give a more accurate indication of what proportion of the sector is managed by black people.



Management



The strong pipeline of black junior and middle managers means that senior black managers will better reflect the demographics of South Africa.

Banks spent R5,648 billion on skills development in 2023.

Already 48% of bank directors are black South Africans.



Women Management



Ongoing transformation and skills development, with a focus on women, means that there is an increasing proportion of black women managers.

In 2023, black women were:

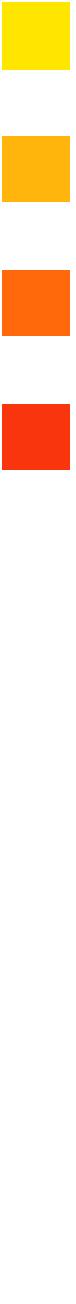
62% of junior bank managers

38% of middle bank managers

25% of senior bank managers

11% of top senior bank managers

24% of bank directors



Empowerment Financing



Banks provided financing for empowerment and transformational infrastructure, including:

R45 billion for affordable housing.

R40 billion for black small and medium enterprises.

R26 billion to finance black agriculture.

R69 billion in transformational infrastructure.

R157 billion to finance black economic empowerment transactions and Black Business Growth Funding.



Supplier Development

Supplier and enterprise development & preferential procurement

provide small businesses with access to markets



Supplier development supports businesses that provide banks with goods and services.

Banks spent R1,806 billion on supplier development, in 2023.

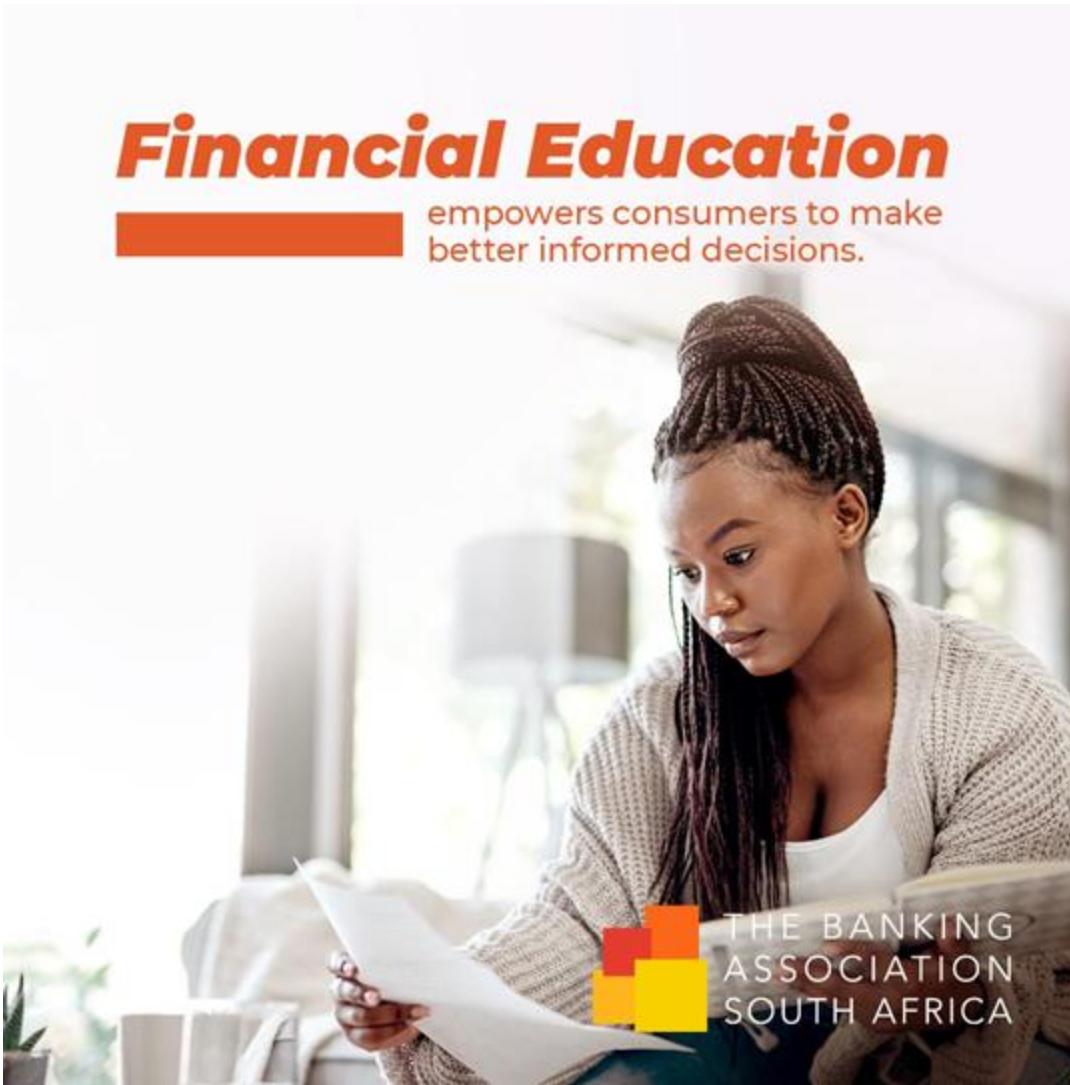
Enterprise development supports micro- and small enterprises that are majority black, or black woman, owned.

Banks spent R216 million on enterprise development, in 2023.

Banks preferential procurement spend – the purchase of goods and services from BEE compliant and small black and black women owned businesses - reached R133 billion.



Financial Inclusion



Financial inclusion provides individuals and businesses with access to appropriate and affordable financial products and services that allow them to make payments, save and have responsible access to credit.

Banks had 23 million qualifying product accounts that facilitate economic inclusion in 2023.

Banks spent R237 million on consumer financial education in 2023.



Inclusive Economic Growth



It is the business of banks to finance economic activity which leads to inclusive, sustainable economic growth. Beyond the FSC targets, in 2023, banks provided:

R366 billion for investment in manufacturing.

R215 billion for investment in infrastructure.

R209 billion for investment in agriculture.

R325 billion for investment in sustainable development projects.

R261 billion to small businesses.



Conclusion

- The binding constraint on the speed of transformation and financial inclusion is the economic growth rate.
- While the FSC score card tracks banks investments to support transformation and inclusion, its does not measure outcomes: how they materially improve the lives of people.
- Both inputs and outcomes need to be measured and incorporated into future transformation and empowerment policies to ensure programmes are operating effectively and making a real, sustainable difference.
- The review of the FSC – which began in 2018 – must be completed to see what successes can be built on and to address shortcomings.

THANK YOU



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