

Minutes of the 112th Annual General Meeting of members held on 11 August 2016 at 17h30 at the Wanderers Club, North Street, Illovo, Johannesburg

Chairman: Mrs Jalda Hodges

Directors' Present:

Marietjie Ferreira, Sharmila Govind, Geoff Law, Sean Stevens, Derek Shirley, Isaac Mapulane

Director Apology:

Vincent Masilo

Auditor: Coen Stokes

Members: 53 attended as per register

Welcome

The Chairman welcomed members and guests to the 112th Annual General Meeting (AGM) and the fourth award ceremony of the registered Professional Body for the banking sector, the Institute of Bankers in South Africa (NPC).

Apologies were received from 45 members.

Quorum and voting process

The meeting was declared quorate as 53 members were present. The Chairman declared the meeting duly constituted.

Seven proxies in favour of the Chairman were received and voting was done by a show of hands.

1. Notice of the meeting

The notice of the meeting was published on 12 June 2016 on www.iob.co.za.

Current members were additionally sent email notification of the meeting. The Minutes of the 111th Annual General Meeting were available to members on the IOB website and these were also forwarded to members on an App created specifically for the event and sent to all members who had accepted to attend. The minutes were unanimously accepted by the meeting.

2. Financial Statements and Auditors report for 2015

The audited Financial Statements for 2015 were presented to the meeting and adopted with unanimous consent by voting members. The Chairman highlighted certain items in the accounts namely:

The financial position of the Institute has seen a significant improvement over 2014. Under Income the following are worth noting:

- Fee Income. This increased by R1 000 000 over the previous financial reporting period. The increase is attributable to the income from NCA examinations. These are run monthly and in different centres countrywide. Many more examinations were arranged during the 2015 year.
- The income from critical skills visa letters has also increased. These are letters issued to qualifying applicants for a specific work visa. The number of applicants approaching the Institute has increased during the year. We maintain a policy which is strictly enforced to only issue letters to suitable applicants who have financial services/banking experience.
- Fees earned from membership increased marginally. There are members who did not renew their membership during 2015 for a number of reasons, one being the perceived lack of value offered to them. We hope that our focus for the coming year will change the perception.
- On the expenditure side it should be noted that the deposit which had been paid to the Sandton Convention centre during 2014 for a conference which was not held, was fully refunded.
- Consulting fees have increased which is as a result of the increased activity at the Institute and the greater demand for critical skills letters and other management interventions.
- All other costs have been contained and carefully monitored.

Overall the Institute has a profit over 2015 amounting to R709 457 which is a significant improvement over 2014 where there was a loss of R182 672.

The members unanimously accepted the audited accounts.

3. Chairman's Report

The full report is attached as Appendix 1.

Members voted unanimously to accept the report and its strategic intent for 2016/2017.

4. Election and Re-Election of Directors

The following Directors have made themselves available for re-appointment as Executive Directors:

- Marietjie Ferreira FIBSA Barclays Africa
- Sharmila Govind FIBSA HSBC
- Jalda Hodges FIBSA FFP
- Dr Derek Shirley FIBSA Cornerstone Performance Solutions

Directors co-opted during 2015:

- Geoff Law FIBSA Cornerstone Performance Solutions
- Sean Stevens FIBSA FNB

New nominations:

- Isaac Mapulane Nedbank

The following Director resigned during the course of 2015:

- Henk Potgieter FIBSA FNB
- Dimikatso Seete Bankseta
- Alida de Klerk CAIB(SA) FNB

The following Directors have not made themselves available for re-election:

- Vincent Masilo PB(SA) Nedbank

The members unanimously appointed the following Directors for the ensuing year:

- Mrs Marietjie Ferreira FIBSA
- Ms Sharmila Govind FIBSA
- Mrs Jalda Hodges FIBSA
- Geoff Law FIBSA
- Isaac Mapulane
- Dr Derek Shirley FIBSA
- Sean Stevens FIBSA

The Chairman thanked the Directors for their unstinting dedication, support and commitment during the past year. Their endeavours were encapsulated in the strategic focus which will now be pursued.

5. Election of Auditors for 2016/2017

The Board being satisfied that in all material aspects, Beraca Accountants and Auditors Inc is independent of the IOBSA as required in Section 90 of the Companies Act no 71 of 2008 proposed their re-appointment for 2016/2017. The appointment was unanimously approved by the members.

6. General

There being no further business to discuss the Chairman thanked the members present for their attendance and declared the meeting closed.

The award ceremony was then conducted.

APPENDIX 1

Chairman's Report 2015/2016

THE INSTITUTE OF BANKERS IN SA- THE INDEPENDENT VOICE OF THE PROFESSION

It gives me great pleasure to report on the activities and future direction of the Institute.

2015/2016 has been an important year in the continuing development of a new direction for the Institute.

Context – the past year



- Research
- Strategize
- Sell

The Directors focus has been guided by:

☐ Research: two research projects were undertaken this year. The first was done by an outside consultant and targeted mid and senior level employees across the sector. The research sample was limited.

It provided feedback on the limited exposure of these employees to the IOB, their lack of awareness of the IOB and their lack of understanding of its role. Only longer tenure staff had some recollection of the IOB. It underscored the fact that there is no promotion of the IOB within the sector banks. Those surveyed also felt that the cost of membership was not an issue but what would draw them was the value of membership.

A second research survey was undertaken amongst employees across the four major banks.

Albeit that again the sample was limited it was larger than the first sample.

The average age of the respondents was 34 (youngest 22, oldest 55)

It encompassed the racial demographic of the country

- ☐ Of these 58% had heard of the IOB
- ☐ 59% don't have NQF5- 88% are planning to or are currently studying

Out of a score of 5 (5 being most interested):

- ☐ 4.4 were interested in obtaining a designation
- ☐ 4.3 were interested in joining the IOB
- ☐ 4.2 were interested in IOB networking functions
- ☐ 48% indicated a willingness to pay subscription fees

- ☐ Strategize future direction.

The surveys and the planning sessions which the Board undertook were used to guide the development of future direction, focus and value proposition

- ☐ Selling the IOB.

Ongoing discussions have been held with the SARB, FSB, QCTO, BankSeta as well as various providers who have indicated a willingness and interest in dealing with and through the Institute.

☐We have seen our membership totals remain almost constant albeit that we have enrolled many new members but by the same token there are existing members who did not renew their membership this year. This can be attributed to a perceived current lack of value in the membership by some members

☐Two activities continue to be in high demand. These are the Critical Skills applications and the National Credit Act regulatory examination. Our membership from these applicants has increased

The International Landscape



- Massive, continuous innovation
- Regulation post-GFC

☒ Regulation has been strengthened across the world post the Global Financial Crisis

☒ The blurring of banking, insurance and capital market boundaries due to financial innovation creates complications for the design of appropriate regulatory arrangements

☒ The increasing internationalization of financial markets and institutions implies benefits from harmonization of regulation, but also creates risks for national economies and financial sectors which may imply a need for specific national regulatory requirements.

☒ Principles and approaches to consumer protection in financial markets had initially received less attention than issues to do with regulatory requirements and governance/activities of financial institutions.

☒ Focus of banks is now turning back to customer demands/needs

☒ Technology as a key driver and tool of banking delivery. The last two points have resulted in renewed emphasis on the customer is driving banks toward an omnichannel, customer-centric business model, which will drive major change in technology investments

The South African Legislative Landscape



- Consolidation under “Twin Peaks”
- Fiduciary and conduct regulation
- Competency regulation
- Treating Customers Fairly

The South African financial sector is part of the international landscape and as such it is also impacted by constant innovation and regulation. It is being impacted in particular by:

A. Twin Peaks

The Twin Peaks model of financial sector regulation will see the creation of a prudential regulator – the Prudential Authority – housed in the South African Reserve Bank (SARB), while the FSB will be transformed into a dedicated market conduct regulator – the Financial Sector Conduct Authority.

The implementation of the Twin Peaks model in South Africa has two fundamental objectives:

- ☐ to strengthen South Africa’s approach to consumer protection and market conduct in financial services, and
- ☐ to create a more resilient and stable financial system.

The Prudential Authority’s objective will be to promote and enhance the safety and soundness of regulated financial institutions; while the Financial Sector Conduct Authority will be tasked with protecting financial customers through supervising market conduct. Structures will be in place to ensure proper co-ordination between the two authorities and other regulators.

(The Financial Sector Regulation Bill (FSR Bill, December 2014) is the first in a series of bills towards the implementation of the Twin Peaks model and it follows two policy papers that respond to lessons learnt from the 2008 global financial crisis: (A Safer Financial Sector to

Serve South Africa Better (National Treasury, February 2011) and Implementing a twin peaks model of financial regulation in South Africa (Financial Regulatory Reform Steering Committee, February 2013).

B. TCF

Treating Customers Fairly (TCF) is an outcomes based regulatory and supervisory approach designed to ensure that regulated financial institutions deliver specific, clearly set out fairness outcomes for financial customers. Regulated entities are expected to demonstrate that they deliver the six TCF Outcomes to their customers throughout the product life cycle, from product design and promotion, through advice and servicing, to complaints and claims handling:

The further intention is that delivery of these specific outcomes will in turn ensure the supply of appropriate financial products and services to customers and enhanced transparency and discipline in financial institutions, resulting in improved customer confidence. The final desired outcome is that customers' financial services needs are appropriately met through a sustainable industry.

The intention of both Twin Peaks and TCF is to ensure competency regulation within the sector.

The Professional Banker of the Future



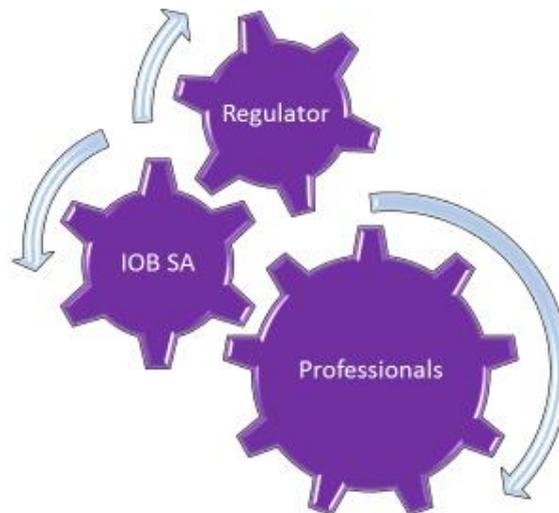
- Customer centricity
- Transparency
- Accountability
- Regulation of competency consolidated
- Competency set evolving
- Higher standards

These new regulations will impact staff within the sector through requiring :

- ☐ Customer centricity
- ☐ Transparency

- ☐ Accountability
- ☐ That the regulation of competency is consolidated
- ☐ Ensuring a higher competency set for staff in financial institutions leading overall to higher standards of performance in the sector

The necessity for the IOB



- Custodian
- Gatekeeper
- 'Bouncer'
- The link is the representative body

Given these wide ranging changes we believe firmly that the IOB as the Professional Body can be THE INDEPENDENT VOICE OF THE PROFESSION.

The role of a Professional Body speaks specifically to the changes which we see being embodied into the financial services sector.

A Professional Body should:

Represent and/or regulate a recognised community of expert practitioners

Protect the public interest in relation to services provided by its members and the associated risks

Develop, award, monitor and revoke its professional designations in terms of its own rules, legislation and/or international conventions

Set criteria for, promote and monitor continuing professional development (CPD) for its members to meet the relevant professional designation requirements

Publish a code of conduct and operate a mechanism for the reporting and investigating of members who are alleged to have contravened the code

Make career advice related information available to SAQA

Set and administer its own Board examination and develop new qualifications under QCTO

We see the IOB being the gatekeeper for the attainment of professional standards for the industry and the custodian of those standards. It can act as a "bouncer" to keep out people who do not adhere to or flout those standards. (This is done through membership of the Institute.)

IOB Functions



- Advisory
 - Partner with regulators
- Assessment and accreditation
 - Critical skills
 - CPD
 - Qualifications (QCTO)
- Professional development
 - Regulatory updates
 - Recognition of training providers
 - Advisory - professional learning pathways

Taking the role of a Professional Body as discussed above we then overlaid this onto the enhanced role which is being developed. We see the Institute taking on the following functions within the enhanced role:

Advisory:

- Strengthen the FSB relationship particularly with regard to CPD for the industry, FAIS compliance
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- Establish strategic alliances with the broader Financial Services Industry
- Maintain and expand the relationships with the SARB, BankSeta and BASA

Assessment and Accreditation

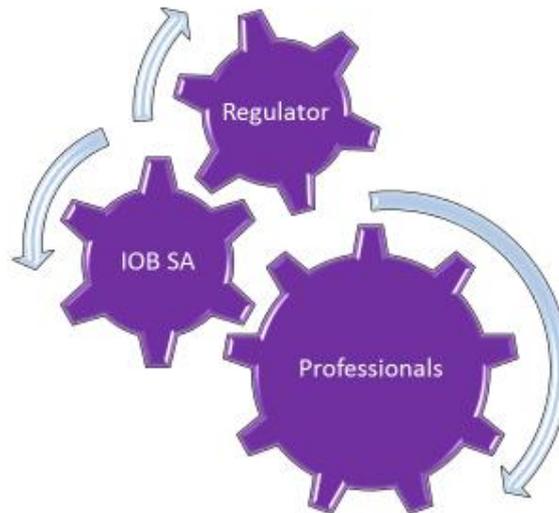
- Forging a role for IOB as the AQP in the QCTO space
- Developing the assessment for new QCTO qualifications
- Quality Assurance function for the NMFA
- Critical Skills letters.

Professional development

- Board examination for the Chartered Banker. Discussions have been held with the UOFS to develop the content for this designation.

- Collaboration with training providers and universities.
- Re-alignment of the designation's with emerging legislation
- Regulatory updates
- Launch the CPD platform, manage it in line with world best practice
- Offer CPD which will enhance proven competency of members
- Recognition of training providers
- Advising on professional learning pathways for the members and new sector entrants

NMFA Case study



Meetings have been held between the National Motor Finance Association and the IOB.

The purpose is to commence with a project to formalise the relationship between the NMFA and the IOB which was started several years ago but also to progress the function of the IOB to assist with the compliance of staff in this sector of the market and to prevent the industry from being red-carded by regulators.

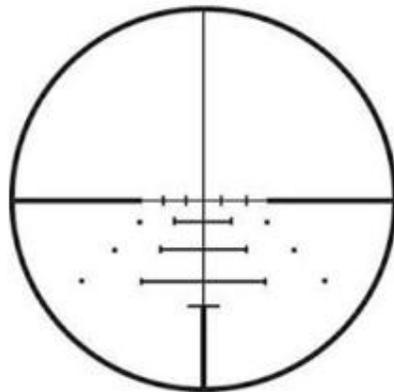
The scope of the project will cover the following:

- ☐ IOB NCA examinations facilitated by the IOB as gatekeeper to competence
- ☐ Training providers offering NCA courses will enter into an SLA with the Institute and will then be kept informed of the standard of the learning required and of legislative changes

- ☐ Maintaining and updating the national data-bank of standardised assessment appropriate to the assessment criteria; IOB NCA on boarding – review pass rate / governance to on board F&I's. Review & update examination paper
- ☐ Make available a mechanism and process for CPD; Continuous learning / awareness / refresher program keeping track on new legislative requirements
- ☐ Establish criteria and guidelines for the monitoring and evaluation of accredited training providers;
- ☐ Develop and publish relevant information on our website;
- ☐ Maintain a candidate record system; IOB data base to reflect F&I accreditation status / NCA / FAIS / fit & proper / debarment of representatives; provide web based access to NMFA member organisations on their members (staff)
- ☐ Have a secure system to manage scheduled assessments;
- ☐ Provide validated learner achievements to the industry ;
- ☐ Consideration will be given to the development of E-learning for this exam
- ☐ Issue the NCA card to successful candidates

Focus 2016-2018

- Capability
- Partnering
- Execution



2018 sees the end of the current registration of the Professional Body status and thus the IOB is developing its future roles in line with this fact. It will naturally reapply for the status in 2018. Given the fact that it had a mid term audit last year, which was successful there is every reason to be confident that the status will be renewed for a further term.

We will thus be ensuring our capability:

through increasing membership
additional services to members
staff appointments in line with organisation focus and developments

Partnering and building good working relationships:

With regulators for :

CPD

Capacity building

FAIS compliance accreditation and provision

With other industry bodies such as the NCR, SAQA, QCTO, DHA (Critical Skills)

Tertiary and private training providers to assist with skills development

Financial Service providers (Banks) to complement their need for professional and skilled staff in line with new regulations.

The Institute will strive to deliver against the pillars of our vision to:

Connect

Inform

Professionalise

In conclusion I am happy to report that the IOB continues to grow and to add to its scope of operation.

The coming year will see the projects which we are commencing with now completed. We will be engaging with the industry and regulators to meet our vision of being the

INDEPENDENT VOICE OF THE PROFESSION

I hope that we will be able to engage more regularly with members at networking functions and the first of these will be communicated shortly- this will be the launch of our CPD platform.

I hope that as members you share in our enthusiasm and I encourage you to communicate with me regarding any ideas or suggestions but also any concerns.

I take this opportunity to thank my team of Directors for their unceasing commitment to the Institute and to the development of the new role and focus. It remains a team effort.

In the same breath I also thank the staff at the office namely Martie, Niekie and Juan.

Many of you will have interacted with them and I believe you will share my view that they have the IOB at heart and particularly the members in all they do.

They keep the office working and make sure that we address your needs timeously.

That concludes my report.