



31 July 2020

Press statement on VBS Mutual Bank banking licence

The South African Reserve Bank (SARB) has received a number of letters from parties interested in reviving VBS Mutual Bank. The SARB and the Prudential Authority (PA) have and will continue to engage with communities and other interested parties seeking to enter the financial sector.

We do, however, wish to point out that VBS Mutual Bank was placed into liquidation by the High Court on 13 November 2018. VBS Mutual Bank is presently being liquidated. This means that the collection on loans is continuing and assets are being sold to recover monies owed to depositors. The SARB has provided R261 million, covering over 97% of retail depositors who originally deposited with VBS Mutual Bank. To date, over 98% of deposit balances guaranteed by government have been claimed.

The banking licence under which VBS Mutual Bank operated was suspended. VBS Mutual Bank, in its old form, cannot be revived. The old VBS Mutual Bank banking licence cannot be bought by another party. The SARB cannot give that licence to someone else or to another entity.

If anyone wishes to apply for a new mutual or commercial banking licence, they are welcome to do so. Any party wishing to buy any of the assets of the old VBS Mutual Bank may do so, through the liquidator. They can also apply to use the name VBS or Venda Building Society, with the permission of the courts (and, in this case, the community involved). This process would be similar to the new licence granted to the resuscitated African Bank after the old African Bank was placed into curatorship in 2014.

A banking licence application is, however, for a new licence and the applicant would need to meet the financial and prudential requirements of the particular licence that they are applying for (licence conditions for mutual banks, cooperative banks and commercial banks differ).

The application process for a banking licence is a relatively long one and can take between one and two years. The SARB and the PA welcome any engagement with any party that wishes to enter the financial sector. We stand ready to advise and guide applicants through what is a long and complex process. We remain committed to ensuring a safe and sound financial sector that meets the transformational and financial inclusion objectives of government.

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media@resbank.co.za