THE BANKING ASSOCIATION SOUTH AFRICA

SOCIAL SPENDING IN THE SOUTH AFRICAN BANKING SECTOR

A STUDY ON THE BANKING SECTOR'S CONTRIBUTION TO SOCIO-ECONOMIC DEVELOPMENT AND SKILLS DEVELOPMENT

FEBRUARY 2019

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EXECUTIVE SUMMARY

The banking sector contributes to transformation in South Africa in a number of ways. In 2018, the Banking Association of South Africa commissioned primary research to obtain information on how the banking sector is contributing to society through corporate social investment (CSI), Consumer financial education (CFE), skills development and related programmes. This report is the presentation and analysis of information collected on the following activities of 19 of BASA's members:

- Corporate social investment(CSI): The report covers expenditure of over R823 million per annum (2018)
- Consumer financial education (CFE), with expenditure estimated at approximately R153 per annum (2018)
- Internal and external skills development, on which banks are estimated to spend R3.5 billion and R348 million respectively (2018)
- Tertiary bursaries to the value of approximately R105 million in 2018
- Empowerment trusts of which there were four reported in the survey, with a net asset value of R9.45 billion and 2018 flows of approximately R120 million.

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INTRODUCTION

Section 1

OBJECTIVES AND SCOPE

In 2018, BASA commissioned primary research on how the banking sector is contributing to society through CSI, CFE and related programmes.

The research covers 19 of BASA's 34 members and includes major and smaller local banks as well as off-shore banks with representative offices in South Africa.

The objectives of the research are to:

- Provide the required information to enable BASA to establish a narrative about what its members contribute to societal programmes
- Identify patterns of giving that might facilitate opportunities for improved collaboration in the sector.

The scope initially included:

- **Socio-economic development** (SED) often referred to as CSI expenditure,
- **Consumer financial education** (CFE), specifically education programmes that qualify for the FSC and are not directly related to specific products/services or the sale thereof
- **Bursaries or funds allocated to external tertiary institution** programmes, for the benefit of non-employees. Budgets could be sourced from either CSI or skills programmes.

During the design phase of the project, this was expanded to include:

- **Skills development:**
  - **Internal skills development**
  - **External skills development**
- **BEE Trusts created for empowerment purposes**

A NOTE ON FINANCIAL SECTOR CODES

The research focuses primarily on two elements of the Financial Sector Codes, namely **skills development** and **socio-economic development and consumer education**. On the scorecard, these two elements represent 20 and 5 points respectively out of 120 points. The research contains some analysis of trusts created for BEE empowerment purposes, but does not provide analysis of the ownership element in its entirety. The research does not include enterprise supplier development.

The survey completed by BASA members was designed to align with the Financial Sector Codes and definitions where possible. Some additional elements that may be of interest to the sector have also been included (such as SED volunteering). Definitions are aligned to those in the code, except where stated otherwise. For further information, refer to the code series. FSC scorecard below is that which is used for banks in the calculation of their B-BBEE level (Amended Financial Sector Code, Government Gazetted, December 2017).

FSC ELEMENT	WEIGHTING
Ownership	23
Management control	20
Skills development	**20**
Procurement and Enterprise supplier development (ESD)	15
Socio-economic development and Consumer education	**5**
Empowerment Financing and ESD	25
Access to financial services	12
TOTAL	**120**

METHODOLOGY

Section 2

OVERVIEW OF METHODOLOGY

The research was divided into three phases

In the **research design phase**, a workshop was held with BASA to agree on the scope.

Questionnaires were prepared in excel format to gather the relevant information. Care was taken to ensure that there was no double counting of expenditure as in some organisations a single department might be responsible for expenditure across a number of categories.

In the primary research phase, the research questionnaire was distributed to BASA members.

The information was obtained through a combination of the questionnaire submissions, interviews and telephonic and email follow-ups. In some instances information was sourced from similar information published in the South African *Business in Society Handbook* (Trialogue, 2016-2018). Information was sought for the most recent full financial year, as well as the two previous financial years. This was completed by banks where possible.

The completed questionnaire was sent back to the bank for their record and confirmation.

In the **analysis and reporting phase**, the data was consolidated, cleaned and prepared for analysis. Over 20 000 data points were collected in total.

Treatment of missing data. Not all questions have a full response from the sample and so careful attention should be paid to the sample size of graphs and data presented (this is written as “n=…”).

19 BASA MEMBERS PARTICIPATED IN THE RESEARCH

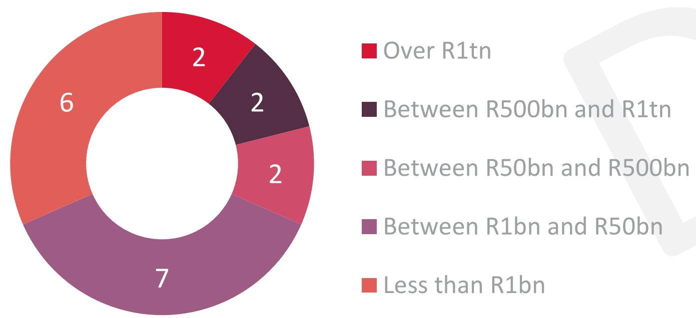
The 19 BASA members that participated in the research have total assets of over R4.7tn (*as at Nov 2018, source: SARB*). The total assets are relatively concentrated in six of the largest banks, which together represent 95% of assets in the banking sector. They are sometimes referred to as the 'big banks' in this research.

The members collectively employ approximately 158 000 people in South Africa. In line with their large market share, the six big banks by number of employees collectively employ 93% of workers in the banking sector.

The majority of the respondent banks are locally controlled banks (13), with a small number of branches of foreign banks (4) and one of each foreign controlled and mutual banks.

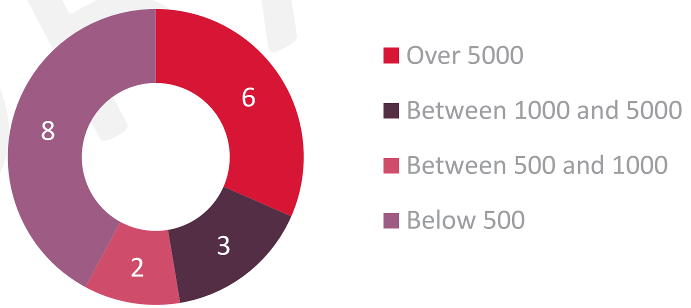
BASA members by total assets

(Nov. 2018, n=19)



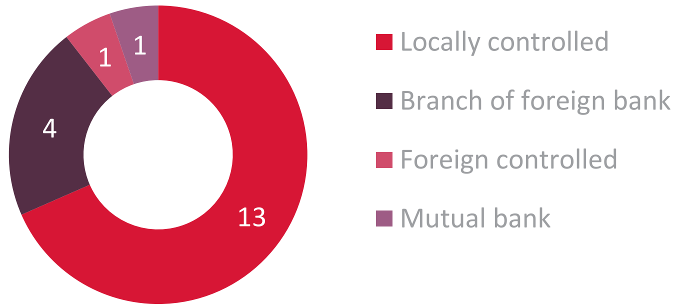
BASA members by number of employees

(2018FY, n=19)



BASA members by type of bank

(2018, n=19)



Source: SARB

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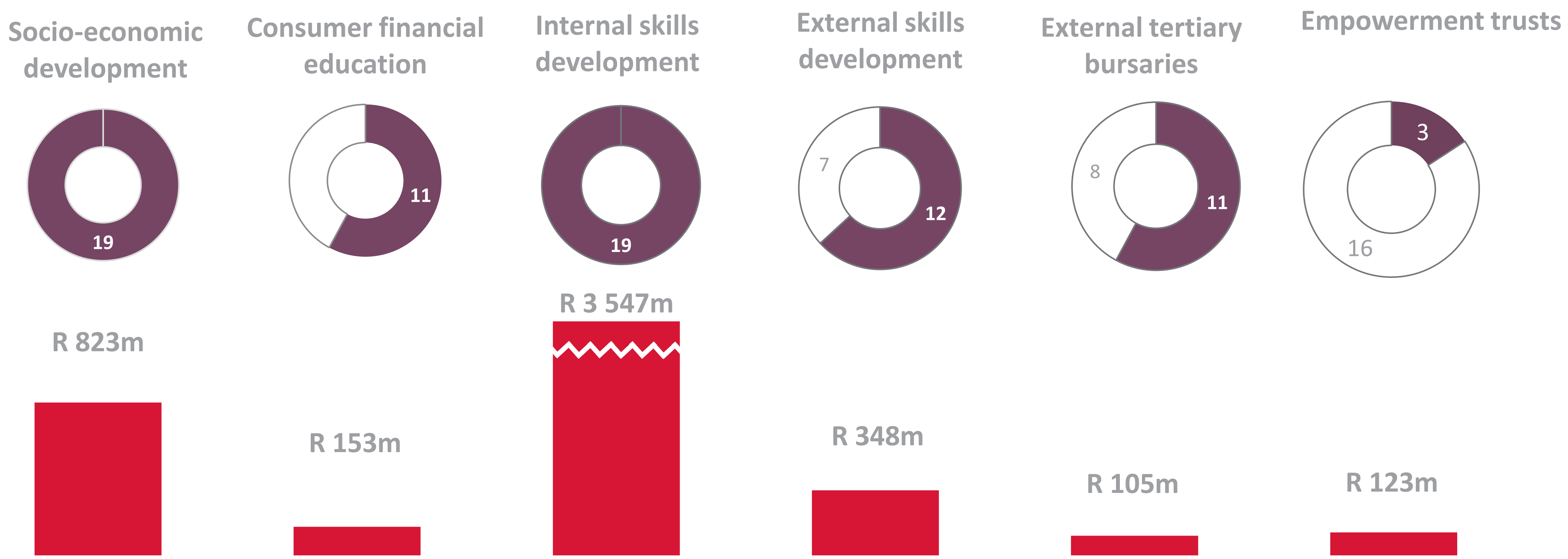
RESEARCH FINDINGS

Section 3

19 BANKS WERE SURVEYED ACROSS SEVEN CATEGORIES OF SOCIAL INVESTMENT

All banks surveyed reported expenditure on internal skills development, as well as socio economic development (SED). In the 2017/18 financial year, collective expenditure in these two categories was approximately R3.5 billion and R823 million respectively. The next biggest category of social investment was external skills development – with 12 banks reporting collective expenditure of R348 million. Eleven member banks have consumer financial education programmes, with collective expenditure of approximately R153million.

In addition to bursaries offered through SED expenditure, 11 of the banks extended tertiary bursaries to the value of approximately R105 million, most commonly through their human resources budget. Four banks reported having set up at least one empowerment trust, with expenditure of approximately R123 million in 2018.



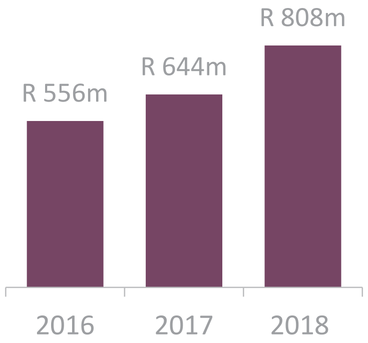
SOCIO-ECONOMIC DEVELOPMENT EXPENDITURE BY BANKS WAS R823 MILLION IN 2018

Expenditure by BASA's 19 members on socio economic development amounted to R816 million in 2018. Six member banks spend over R10 million each on SED per annum – two of which have a budget of over R200 million per annum. These six banks accounted for 95% (R775 million) of SED expenditure by the banking sector in 2018. Against this, the magnitude of SED budgets spans a wide range, with a large portion of banks spending less than R2 million per annum. The concentration of SED spend among a few major banks is in keeping with the high market concentration of the sector.

Among the 18 members that were able to provide data across three years, year-on-year expenditure grew by 16% in 2017 and 26% in 2018. The significant rise in total expenditure in 2018 compared to in 2017 was largely due to the near doubling in budget by one of the largest members in 2018 (reportedly in response to the #feesmustfall campaign).

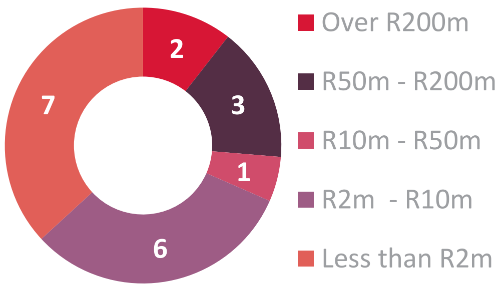
Total SED expenditure 2016 – 2018

(n=18)



SED expenditure by banks

(n=19, number of banks)



Non-cash SED in the form of goods, products, services and volunteer time is relatively lower in the banking sector compared to the rest of corporate South Africa. Non-cash giving amounted to 1.5% of total banking SED expenditure in 2018 – this is low compared to 11% reported by the 74 corporate respondents in the South Africa *Business in Society Research (*Trialgoue, 2018). In the banking sector this stemmed largely from one of the bigger members for whom expenditure in the form of goods/products and services comprised 62% of spending on SED.

Although almost all banks reported having volunteer programmes, only two quantified the value of employees' volunteering time in their calculation of total SED expenditure. These two banks reported non-cash giving in the form of volunteer time as 4.5% and 1.4% of SED spend in 2018 respectively.

STRUCTURES FOR SED.

For most of the banks, the SED function is located within the company, with only one reporting that SED is managed through a separate legal entity, in this case as a foundation. The most common managing functions for SED are human resources or the marketing and communications department.

SED VOLUNTEERING.

Around two thirds (twelve) of banks report having volunteer programmes. The most common types of volunteering initiatives are company-organised volunteering initiatives such as annual volunteering days (eight banks) and fundraising/collection drives organised by the company such as for food, blankets, clothes, books or money (eight banks).

Six banks keep a record of the number of employee hours spent volunteering – which came to 44 048 hours in FY2017/18

EDUCATION ACCOUNTS FOR TWO THIRDS OF BANKING SECTOR SED

The education sector received approximately R509 million from BASA members through SED programmes in 2018. Only 3 of 18 banks that were able to provide a sector break-down for SED spend are not involved in at least one education project.

The second most popular cause was social and community development which received approximately R170m in 2018, representing 21% of total SED spend. This category includes expenditure on community facilities, job creation projects and support of vulnerable groups such as orphans and vulnerable children, the elderly, the disabled,.

This finding is in line with SED expenditure by South African corporates, which also spends mostly on education and social and community development.

The remaining 16% of expenditure is spread relatively evenly among a number of sectors depicted in the adjacent chart.

Each bank supported an average of 4.5 development sectors in 2018. The most number of sectors supported by a single bank is seven, and the fewest is three. This is the similar to South African corporates in general. By contrast*,* international research (*Giving in Numbers,* CECP, 2018) shows that the average US company supports 1.4 development sectors. This is one of a few indicators of the US's more focused approach to social spending compared to South Africa.

SED by development sector 2018

(% of total spend; n=18)

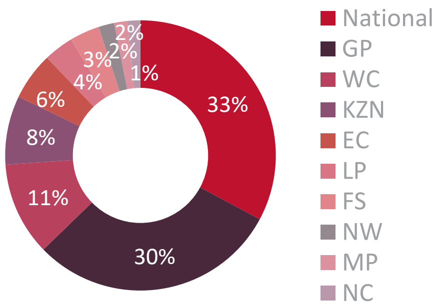
GAUTENG PROVINCE THE TOP RECIPIENT OF SED

A third of banking sector SED expenditure is directed to national projects that cut across several provinces, while Gauteng received around a third of the banking sector's spending on socio-economic development in 2018. This was followed by the Western Cape (11%), KZN (8%) and the Eastern Cape (6%). The tendency for projects to be located in Gauteng, South Africa's financial hub is expected. Gauteng province is the top recipient of corporate SED, accounting for 16% of corporate SA SED expenditure. However, expenditure by the 74 respondents in the Handbook research is more evenly spread across the provinces.

Most banks have projects in four or more provinces. Five banks have projects in only one province (usually Gauteng), however these tend to be the smaller banks.

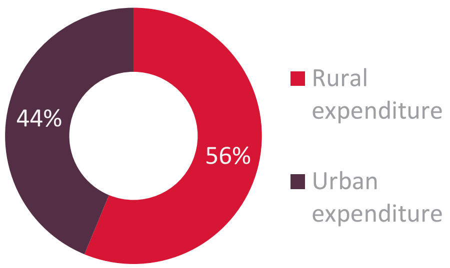
SED expenditure by region

(% of total spend, n=19)



SED expenditure: rural v urban

(% of total spend, n=19)



Rural areas accounted for 56% of SED expenditure and urban areas 44% in 2018. This reflects spending by the 12 member banks that were able to provide a breakdown of expenditure by rural versus urban locations.

SED PROJECT RESULTS, MONITORING AND EVALUATION

SED project results have been assessed using the Kellogg Foundation framework for results and monitoring and evaluation. The framework is a programme logic model that links *outcomes (both short- and long-term) with program activities/processes and the theoretical assumptions/principles of the program.* There are five components to the logic model:

Inputs → **Activities** → **Outputs** → **Outcomes** → **Impact**

Inputs and activities are the *planning* components, and outputs, outcomes and impact the *results* components.

The survey tried to get a sense of the extent to which the banks are tracking the components above, and thus the maturity of the projects supported by the banks.

Banks were asked to provide relatively detailed information on their top five or 'flagship' projects.

Keeping track of **inputs** (human and financial resources), **activities** (steps required to achieve outputs) and outputs (goods and services delivered, e.g.: 5 workshops or ten libraries) is usually relatively straightforward and can be done at low-cost.

Achieving and evaluating **outcomes** (changes in behaviour, skills, knowledge and quality of life of participants and organisations) and **impact** (where outcomes generate systemic level changes beyond the initial programme) is relatively more difficult to do, often requiring considerable resources. It may require setting out baselines, control groups, etc. even prior to programme implementation. A critical mass of investment into a programme over a number of years may be required in order to warrant an evaluation of outcomes and impact.

BENEFICIARY NUMBERS

Beneficiary numbers are usually reported under the outputs and outcomes components and would include the number of people to which services or goods were delivered.

Although most banks do collect this information it is not possible to aggregate beneficiary numbers in a meaningful way. There is no common definition as to what magnitude or depth of goods/services provided to a person qualifies them as a 'beneficiary. The variability across sectors and even within sectors is too great to enable this type of aggregation. For example, one project might reach 1 000 beneficiaries in a one-day extra maths workshop with the same amount of inputs as another project that reached 10 beneficiaries who were given extra maths tuition over a one-year period. To say that 1 010 beneficiaries isn't particularly meaningful.

PROJECT MATURITY

In terms of the maturity of projects along this logic model, the most influential factor was the size of the SED budget. **Banks with larger SED budgets tend to support more mature projects where outputs and some outcomes are measured**, although still with a large degree of variability.

Banks with smaller SED budgets tend to track inputs and activities, and some outputs. Most of the smaller banks were unable to complete much of the information requested at a project level. This is to be expected especially where budgets are particularly small and the project size would not warrant monitoring and evaluation on outcomes and impact. The smaller banks with smaller budgets also tend to make donations to organisations or projects where they are one of a number of donors.

SED: TOWARDS SYSTEM CHANGE AND POLICY IMPACT

Project information for the banks with larger SED budgets generally contained a lot more detail, with some evidence of more rigorous monitoring and evaluation. This is also to be expected, considering the much larger amounts that are invested into projects.

However, some banks with SED budgets in excess of hundreds of millions appeared to collect output and only limited outcome information. For example, for one of the larger SED bursary programmes, the bank tracks the number of scholarships that were awarded and some information pertaining to this, such as subject area and graduate rate. However, based on responses to the survey it does not seem as if students are tracked beyond university. Metrics that would demonstrate the outcomes of such a programme would include measures such as:

- Number of supported graduates that received jobs within 2 years of graduating
- Income earnings of supported graduates within 2-5 years of the programme
- Senior and key positions occupied by supported graduates within 5-10 years of the programme; etc.

It is encouraging that a number of banks are on a path to becoming more focused and more purposeful with their monitoring and evaluation. This observation is based on face-to-face and telephonic interviews held with some of the respondents.

TOWARDS SYSTEM CHANGE AND INFLUENCING POLICY

Achieving this level of impact is the holy grail of all development projects. The ultimate value that a programme can provide is to demonstrate more effective, cost-efficient and ultimately scalable solutions to development issues. These may be referred to as 'catalytic interventions, because they can generate change beyond the immediate programme. This may require substantial financial and human resources on a programme level and in terms of M&E and engaging with government to influence policy. If effective it can be well worth the investment and have major developmental pay-offs and high visibility credited partly to the programme funder.

Most of the large banks have the financial resources for this. The skills in terms of the monitoring and evaluation and programme design for achieving impact tend to be outsourced, but for which a number of banks set resources aside.

At least one bank demonstrated that they have used their programme to generate practices to improve delivery of government services. This instance was in the roll-out of ECD programmes in one of the provinces. This programme including lobbying government to adopt a more effective approach to ECD subsidies, with potential development and economic gains.

Some of the banks have commissioned evaluations on their interventions, where there has been an attempt to establish the outcomes of programmes. This is often done either in partnership or through specialised independent or university affiliated research organisations .

EXPENDITURE ON CONSUMER FINANCIAL EDUCATION BY SEVEN BANKS WAS R153 MILLION IN 2018

Eleven banks run consumer financial education programmes, including the six big banks. Of the eleven banks running CFE programmes, seven provided figures for annual expenditure in 2018, with five able to provide figures for annual expenditure over the last three full financial years. Among these five banks, the growth in CFE expenditure over the three year period was high at around 50%. This was driven largely by two respondents whose CFE expenditure grew more than twice fold from 2017 to 2018.

Four banks are spending approximately R30 million or more on CFE per annum.

Note, the five banks in this sub-sample represent 87% of the members by assets managed and so it is estimated that actual CFE expenditure is slightly higher.

BENEFICIARY PROFILE

Beneficiaries of CFE programmes are mainly individuals, with only one bank reporting that 60 SMMEs are counted among its beneficiaries.

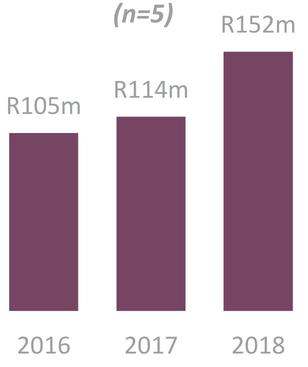
There is no standardised method for counting the number of individual beneficiaries of CFE programmes and so company calculations differ substantially and are therefore not directly comparable. Most banks were unable to estimate the number of individual CFE beneficiaries, but of the four that did, around 12 million people were reached. To demonstrate the lack of a standardised measure consider that for two member banks spending approximately the same amount on CFE, the number of individual beneficiaries differed by a factor of more than 100.

GEOGRAPHIC PROFILE

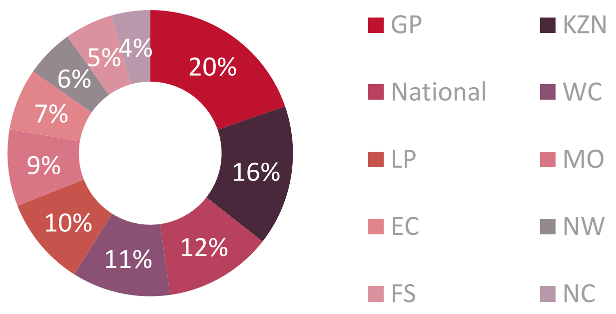
7 out 11 banks that offer CFE were able to provide a breakdown of expenditure by rural versus urban. Amongst these seven banks, 58% of CFE expenditure is in rural areas, and the remainder in urban areas. The Code requires banks to allocate a minimum of 25% of CFE expenditure to rural areas, with all seven banks meeting this criteria.

The provincial breakdown of CFE expenditure by seven banks (covering expenditure of R152 million) is shown in the chart below. The province receiving the most CFE funds was Gauteng (20%), followed by KZN (16%) and the Western Cape (11%).

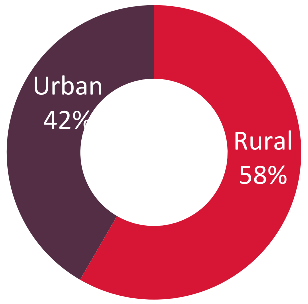
CFE expenditure 2016-2018
(n=5)



CFE expenditure by province
(2018, n=7)



CFE Projects: rural v urban
(2018, n=7)



CONSUMER FINANCIAL EDUCATION PROJECTS PRIORITISE INTERACTIVE PROJECTS

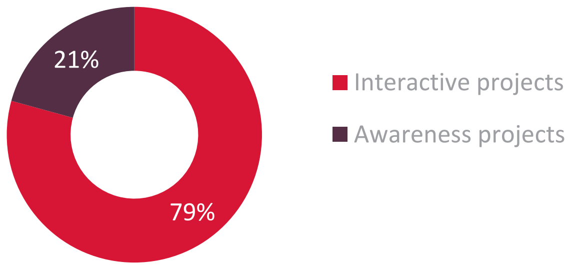
Around 79% of CFE expenditure is directed to interactive projects, according to expenditure figures provided by six banks. The FS Codes infer a preference for interactive projects on which banks are allowed to spend up to 100% of CFE funds. Up to 40% of CFE funding can be spent on awareness projects.

The FS code definitions are:

- **Interactive**: *any initiative where there is active interaction between the facilitator and the target audience. Examples include face to face classroom type of initiatives, theatre and other edutainment programmes which are facilitate with an audience, radio or TV programmes where listeners can engage either online or by phoning in etc.*
- **Awareness**: *consumer financial literacy projects through which consumers are provided with basic information of financial literacy concepts, their rights and responsibilities as consumers in the financial services field, where they can find information about financial services product types and services, as well as where they can go for assistance and/or recourse. They do not include in-depth education.*

Interactive v awareness projects

(2018, n=6)



MEASURING THE RESULTS OF CFE

The objectives of most of the programmes are to empower and to educate consumers on financial literacy, with various iterations of this depending on the type of programme.

Delivery modes are varied and include:

- Face to face training through courses and workshops;
- “Edu-tianment” (e.g.: integrating financial literacy education themes into TV and radio soap operas);
- Radio and television talk shows
- Print media campaigns
- Social media campaigns

All of the large banks track inputs, activities and outputs of their CFE programmes. This is done relatively extensively and most commonly reported on through quarterly and annual ‘close-out’ reports to the banks’ senior management .

Most of the large banks are able to provide beneficiary numbers that are specific to their programmes, and on an output level only (e.g.: 20 people trained in small business financial management).

As was the case SED, the methods of calculating and defining *a beneficiary* are too diverse to enable an aggregation that is meaningful. For some of the radio edutainment programmes, beneficiaries may exceed 100 000 people as this is who was tuned into the programme. For some of the targeted training programmes, beneficiaries may amount to 100 university students training and equipped with the tools for better personal budgeting.

CFE: TOWARDS MEASURING OUTCOMES AND IMPACT

TOWARDS MEASURING OUTCOMES AND IMPACT

The nature and typically wide reach of some of the CFE programmes makes it difficult to measure their outcomes and impact (imagine trying to establish the behavioural changes of beneficiaries who have tuned into a radio programme for example).

However, for certain types of programmes this is possible. In the case of financial education programmes, the types of outcomes might be expected as a result of interventions:

1) **changes knowledge** on personal finance (short-term, immediately after intervention)

2) **changes in attitude** such as intent to change behaviour towards savings and budgeting for example (short and medium-term)

3) **changes in personal financial behaviour** (increased financial planning and savings, more responsible borrowing habits etc.) (usually measured over the long-term)

Some banking sector members have in made attempts to achieve and measure these types of outcomes. The mechanism for this is to implement an M&E framework that enables the bank to track the programme results, pre-, during and post-implementation.

However, there was not much evidence to indicate that this is common-practice among the banks, even in a select-few flagship programmes.

As was the case with SED, there are benefits to measuring outcomes and impact of CFE programmes, even if the process requires greater investment. It would go some way to establishing best-practice principles and guidelines for interventions that have the most impact in shifting the dial towards responsible consumer financial behaviour.

EXPENDITURE ON INTERNAL SKILLS DEVELOPMENT WAS R3.5B IN 2018

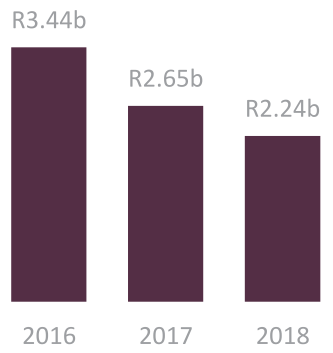
Internal skills development was the category with the highest expenditure at R3.5b in 2018. Expenditure on internal skills has the strongest link to business development, with direct commercial benefits for a business. The four largest banks by assets make up 93.5% of this expenditure.

Among the 16 banks that were able to provide three year expenditure data in this category, there was a one third drop in total expenditure on internal skills development from 2016 to 2018. A three-year trend could be established for a sub-set of 16 banks, representing only 63% of the sector's expenditure on internal skills development, with one of the large banks unable to provide historical data in this category. This drop in expenditure is mainly as a result of a significant drop in the expenditure of one of the top six banks, which reduced its expenditure on internal skills in 2018 to around a quarter what it had been in 2016 (and from 15% of its payroll to 4% of its payroll respectively). **This bank is an outlier in terms of the expenditure trend from 2016 to 2018, with most banks reporting an increase in expenditure on internal skills development over the period.** The median change in expenditure on skills development from 2016 to 2018 was a 33% increase.

The median bank expenditure on skills development as a percentage of payroll was 2.3%. The range was between 0.23% and 8%, with one bank reporting expenditure of 71% of its payroll..

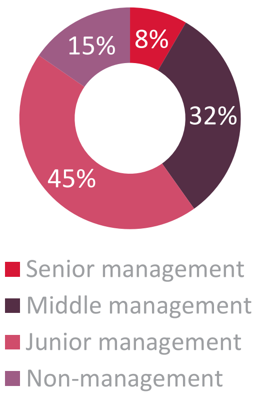
Internal skills development 2016-2018

(n=16)

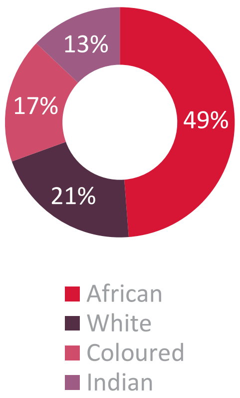


Internal skills development by management level

(2018, n=17)

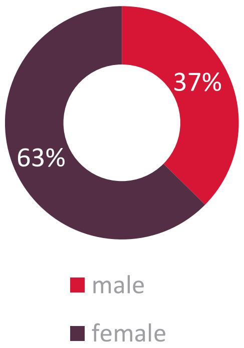


...by race *(2018, n=18)*



...by gender

(2018, n=18)



The bulk of internal skills development expenditure is on middle and junior management, representing 32% and 45% of total expenditure in this category respectively in 2018. **Around half of this expenditure is directed to African employees**, and around a fifth of expenditure directed to White employees.

Skills development expenditure on females is around 63% of the total amount.

Expenditure on employees with disabilities was 0.85% of the total expenditure of internal skills, equivalent to around R30.4 million.

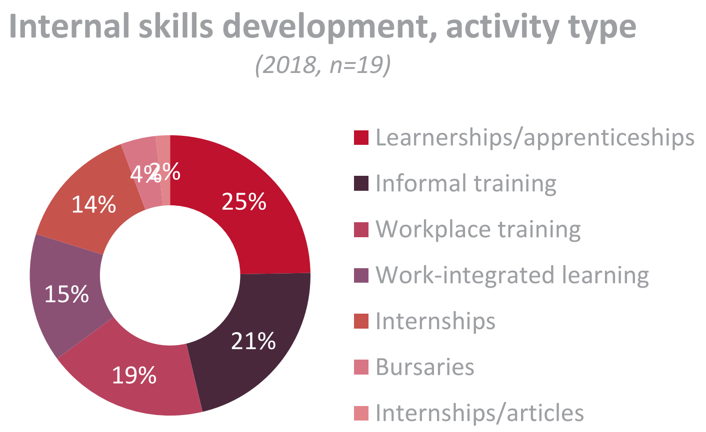
Note that this does not necessarily indicate that banks have a preference for any profile of employee within each of these categories, as without the employee composition data it is not possible to calculate expenditure per head (e.g.: expenditure on each female versus each male). The differences could be reflective of the overall profile of employees (e.g. expenditure on females is greater simply because there is a greater number of females employed in the sector. Incorporating the employee composition as per each of these categories would reveal a more accurate and direct comparison.

Note: The data by management level is represented as portions of black (which includes African, Coloured and Indian) employees only as this is how the scorecard defines it

APPRENTICESHIPS AND INTERNSHIPS MAKE UP THE BULK OF EXPENDITURE ON INTERNAL SKILLS

Around one quarter of total expenditure on internal skills development is on learnerships or apprenticeships, defined in the FSC codes as "occupationally-directed instructional and work based learning programmes that require a formal contract – formally assessed by an accredited body". The delivery modes for internal skills development are relatively evenly spread across learnerships/apprenticeships (25%), informal (21%) and workplace (19% training, work-integrated learning (15%) and internships (14%).

All banks were able to provide a breakdown of internal skills development expenditure by type of activity which correspond to those defined in the FSC, as per the chart below.



ELEVEN BANKS REPORTED R348M EXPENDITURE ON EXTERNAL SKILLS DEVELOPMENT IN 2018

Twelve banks responded that they invest in external skills development, with eleven of these detailing expenditure amounts. External skills development is defined as skills development of non-employees and forms part of total skills development in the FS Codes. To some degree, this category overlaps with SED expenditure, as external skills may also be categorised under the 'education', or 'tertiary education' sector of SED expenditure.

Five banks provided data for external skills development expenditure over the three year period requested in the survey, representing only around one third of expenditure. Among these five banks, expenditure on external skills also declined by around one third. This trend was driven mostly by one member, the same member that drove the same trend in expenditure on internal skills development.

MODE OF DELIVERY

Learnerships/apprenticeships are the most prevalent form of external skills development offered by the banking sector – comprising 50% of total expenditure on external skills and offered by five banks. This is Followed by bursaries which make up 31% of expenditure and is offered by at least five banks. The separate analysis on external tertiary bursaries shows that this number is actually higher – the reason for this could be that some banks do not count external tertiary bursaries under skills development.

RECIPIENT PROFILE

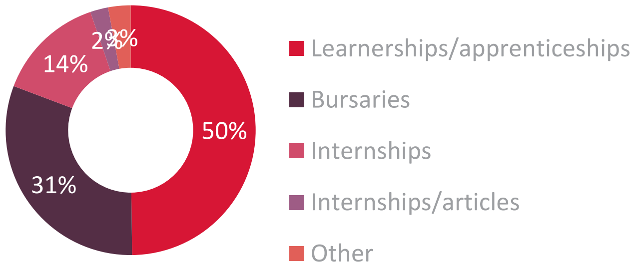
African people received 73% of expenditure by nine banks on external skills, followed by coloured people who received 14%.

Most external skills development went to **females** (56%).

Two banks reported expenditure on skills development for disabled people in 2018, representing 7% and 1.5% of their external skills expenditure.

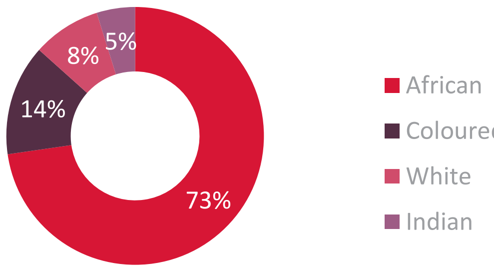
External skills development by type of activity

(2018, n=11)



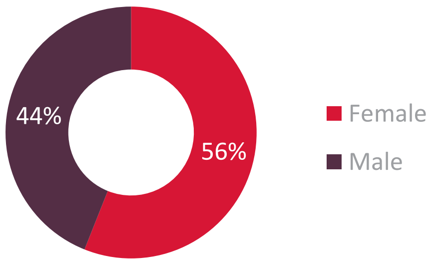
…by race

(2018, n=9)



… by gender

(2018, n=9)



EXTERNAL TERTIARY BURSARIES WERE PROVIDED TO 846 STUDENTS IN 2018

Eleven banks spent at least R105 million on 846 external tertiary bursaries in 2018. This works out to an average of around R91 000 per student in a year, spanning a range of R6 000 per student to R136 000 per student.

The total amount of bursaries provided is more than is reported here, as some banks count tertiary bursaries as part of their SED expenditure.

BURSARY PROFILE

The majority of bursaries are provided to students studying commerce (42%), the sciences (22%) and engineering (19%). The focus on commerce is to be expected from a banking sector funders.

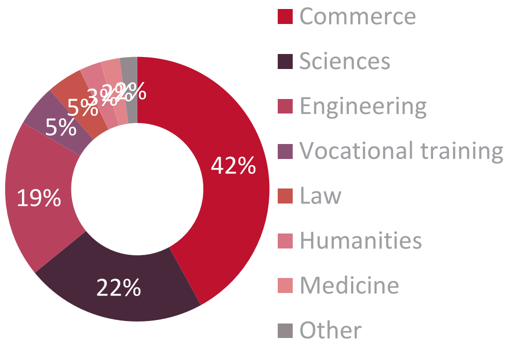
Sixty percent of 424 bursaries are provided to undergraduate level students, followed by 24% to masters level students, and 15% to honours level students. A negligible 1% of students supported are studying diplomas while none of the ten banks that provided data in this category fund PhD students. One of the big banks who provides half the number of bursaries in this subset did not provide a breakdown and so this analysis is not of the full 846 bursaries. Most students supported are studying either at university (82%) or at a university of technology (17%).

All eleven banks support students to complete a full degree, whether this is a three undergraduate degree, or a one year honours or diploma course. In addition to this, some banks also provide for part of a degree where appropriate.

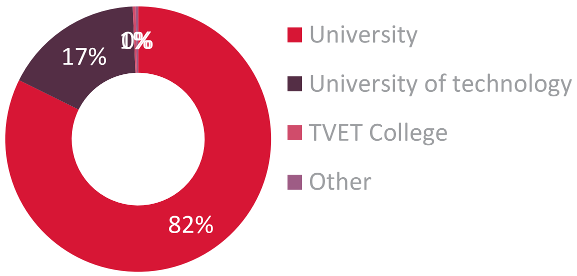
Of the ten banks that provided detailed information on tertiary bursaries (representing about half of the bursaries in the sub-set), all provide tuition and text books, including other academic support materials. Seven out of ten also provide accommodation and living expenses. Fewer numbers of banks provide for transport and extra tuition.

The finding that only three banks provide support for extra tuition is surprising. National research shows that there is a great need for bridging support and other types of academic support for many students emerging from high school.

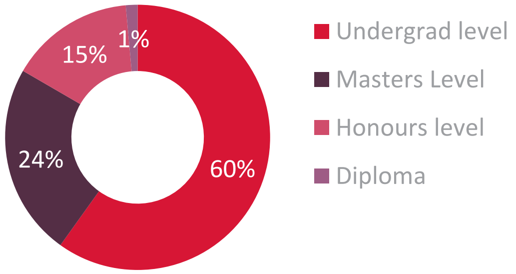
Commerce is the most supported subject area *(2018, n=11)*



Most bursaries are to university students *(2018, n=11)*



60% of bursaries are undergraduate level *(2018, n=10)*



In addition to tuition and text books, most banks also pay for some living expenses *(n=10)*

Tuition	10
Text books	10
Accommodation	7
Living expenses	7
Transport	4
Extra tuition support	3
Other	3

TERTIARY BURSARY RECIPIENTS

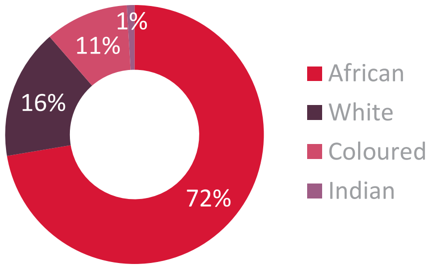
BURSARY RECIPIENT PROFILE

African students receive the majority of funding on external bursaries (72%), followed by White students (16%).

As with other categories of expenditure, there is a tendency to allocate more funding to **females** (53%) compared to males (47%).

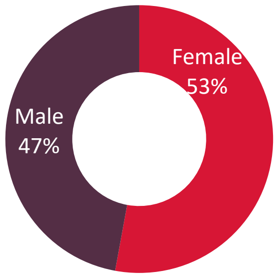
....by race

(2018, n=11)



...by gender

(2018, n=11)



THREE BANKS REPORTED ON FOUR TRUSTS CREATED FOR EMPOWERMENT PURPOSES

Three banks reported having created four trusts. All three banks are among the top six banks. However, a study called *Empowerment Endowment* by Intellidex suggests that there are more trusts than what was reported by banks in our survey.

TRUST OBJECTIVES

Three of these were established to facilitate black economic empowerment in terms of the Financial Sector Charter. The trusts are mostly intended to facilitate black ownership of bank shares. Sometimes the owners are black employees of the bank, and in some cases they may be black-owned businesses or community foundations.

These are most commonly structured in accordance with the direct ownership requirements of the charter.

TRUST ENDOWMENT

The net asset value of the four trusts combined is approximately R9.45 billion.

Three of the trusts are endowed by shares only, and the fourth endowed by a combination of shares and loans.

FUNDING FLOWS

Funding has begun to flow from all four trusts. Funding flows to beneficiaries from three of the four trusts since their inception is approximately R341 million, according to our survey. In the last three full financial years, the funding flows from the four banks are approximately R284 million.

DEVELOPMENTAL FOCUS

Two of the trusts direct all flows to the education sector, in line with overall SED/CSI flows. One trust reports directing three quarters of funding to education and the remaining quarter to SMMES which falls into the community and social development category.

BENEFICIARY PROFILE

Two of the funds are directed at staff only, with one aimed fully at black or previously disadvantaged staff, and the other targeting a minimum of 85% proceeds flow to black staff. The other two funds are directed towards previously disadvantaged persons and communities at large.

OVERLAP WITH SED/CSI

The developmental focus on education of three of the trusts overlaps with their overall SED focus on education.

Aside from this, the same two trusts that support staff only do not report an overlap with SED and CSI activities of the bank, and do not intend to establish such.

The two trusts that support previously disadvantaged persons and communities at large report the following overlaps with SED:

- Jointly funded projects
- Same management team
- One builds a pipeline for the other (e.g.: funding for school level education builds pipeline for tertiary bursaries etc.)
- Common implementing partners

Where there are overlaps, these are intentional with the aim to increase efficiency and proficiency in a particular area, as well as to achieve economies of scale through a focused approach.

Where there are not overlaps this is because the mandate of the trust is fundamentally different to the objectives of SED – because the trusts are set up to empower staff specifically.

THE BANKING ASSOCIATION SOUTH AFRICA

RECOMMENDATIONS

Section 4

THE BANKING ASSOCIATION SOUTH AFRICA

RECOMMENDATIONS TO THE SECTOR

SED

- **Continue to narrow focus across development sectors and within development sectors**. Fewer projects in fewer developmental focus areas facilitates more learning, economies of scale and generates efficiencies.
- **Improved monitoring and evaluation for select, flagship programmes**. This includes implementing M&E frameworks from the outset of a programme and setting aside resources for programme tracking over time, including post-implementation.
- **Given the unique and scarce skills that exist within banks, pro-bono volunteering is an opportunity for banks to potentially make a greater contribution to society.** Pro-bono services also have the added advantage of providing skills transfer to areas where it might be most needed. **No banks engage in pro-bono work**. Along with national trends in volunteering, banks tend to engage in activities that specifically do not use their unique and scarce skills (such as in the process of company organised volunteer days, which are the most prevalent form of volunteering among the banks). Research covering SA corporates at large shows that this form of volunteering is typically the least appreciated by NPOs of all possible forms of assistance.

CFE

- **Enhanced monitoring and evaluation** of outcomes and impact for select, flagship programmes where feasible, in order to generate best-practice for the sector. Few banks are able to demonstrate if and how they have shifted the dial in moving beneficiaries towards more responsible financial management. This despite the substantial resources that have been channelled into programmes
- **No banks indicated that they have employee volunteering components in their CFE programmes**. This could be an opportunity for banks to make use of their skills on a pro-bono basis.

SKILLS DEVELOPMENT

- It is recommended that further research into the outcomes and impact of skills development programmes be done. It is expected that large amount of expenditure in this area is making a substantial contribution to the economy, which was outside the scope of this research.

TERTIARY BURSARIES

- **The national discourse and research by organisations such as the Joint Education Trust show that there is a need for bridging support for students coming out of high school.** The finding that only a few banks contribute to extra academic support and tuition was surprising.