

## MPs note Nedbank progress

Nedbank emerged as the frontrunner of the banking sector in terms of its achievements in employment equity at the top layers of its management structure.



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Its progress was noted by MPs after a presentation by Nedbank CEO Mike Brown at a public hearing on the transformation of the financial services sector organised by Parliament's finance and trade and industry committees.

Wednesday was the second day of hearings, with a third scheduled for May.

Last week the other three major banks - Barclays Africa, Standard Bank and FirstRand - made submissions on their progress on transformation but these showed that more still had to be done. The Banking Association SA has also emphasised the banking sector needed to accelerate employment equity.

None of the big four banks has significant direct black ownership, with 49% of their combined shareholding foreign owned and the rest held mainly by institutional investors.

Brown told MPs Nedbank had maintained its level-two ranking on the broad-based black economic empowerment scorecard for the eighth successive year. Nedbank's score under the financial sector charter in 2006 was 56.6, improving to 98.6 in 2016, the highest among its peer group.

This charter score was very important to the bank, Brown said, as this was a way of attracting clients. The higher the score, the higher the procurement points clients could earn on their own scorecards.

Of more than 32,000 employees, 78% were black and of its 7.7m clients 78% were black.

On employment equity, Brown said two of the three executive directors of Nedbank were black and of the 10 independent nonexecutive directors, seven were black.

Blacks were also well represented in the executive team running the operations of the bank. Black top management represented 54% of the total, black senior management 38%, black middle management 60% and black junior management 88%. The figures were all above the average for South African businesses.

Barclays Africa achieved its level-two status on the scorecard in 2016. Blacks make up 25% of the Barclays Africa group board, 34% of its executive committee, about 24% of top management, just under 40% of senior management, about 55% of middle management and about 70% junior management.

Blacks in Standard Bank make up 22.2% of top management, 40.7% of senior management, 68% of middle management and 86.6% of junior management.

As regards FirstRand, which also has level-two status on the scorecard, blacks are 52% of the board, 34% of top management, 35% of senior management, 59% of middle management and 81% of junior management.

On ownership, Brown noted that Nedbank's audited direct and indirect black shareholding, including the see-through from parent company Old Mutual, was 37% in 2016.

The direct black ownership was 5.44%. He said Nedbank was institutionally owned, with foreign mandated investments representing 18%, domestic institutions 76% (including Old Mutual's 54% stake), the empowerment scheme 4% and individuals 2%.

There are differences in the way ownership is calculated but last week MPs heard that black ownership in Barclays Africa stood at 17.36%, with a greater share due to become available when Barclays plc disposes of its shareholding.

FirstRand told MPs that blacks owned 36.5%. Standard Bank emphasised the spread of its share ownership among institutional investors and pension funds in which ordinary citizens invested their savings.

**Source:** *Business Day*

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