

More public sector accounts for Standard

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Standard Bank said on Wednesday (12 December) its public division had signed 13 new public accounts in the past year, 44% more than those signed in 2011.



Government accounts are key for banks as they generate fee income when public institutions deposit billions of rand. The accounts open up opportunities for banks to lend to municipalities and provincial governments.

Standard Bank's head of the public sector division Bongi Kunene said its offering was aligned with "government's focus on housing through dedicated capabilities for granting loans for infrastructure".

"Government on its own cannot meet the full funding needs for the high level of infrastructure needed in our country. We are committed in helping to meet those funding needs," Kunene added.

She said there were close to 40 active tenders in the public sector for 2012 and 2013 adding that Standard Bank was confident it would win a significant number of these.

She said in less than two years Standard Bank had doubled its market share in public sector banking and provided services to 20% of SA's 280 municipalities and to three provinces.

"The strategy of Standard Bank's public sector division within the retail bank (personal and business banking) is to partner with government in service delivery. We can do that by reaching the full public sector spectrum in the country. This means we will continue focusing on business across all spheres of government - from provincial accounts to municipalities."

Absa said it had a majority presence in the public sector with 131 municipal accounts, including five metropolitan councils and three provinces.

"The sector in question is a key client for Absa, in that the public sector is critical to the future of SA," Absa Capital spokesman Graeme Coetzee said.

Asked which province was key to bank he said: "Every province reflects different sectors of the economy, as well as

different challenges for the public sector."

First National Bank, which holds 37% market share in local government, said the aim was to increase this in the next three years and be the number one public sector banking partner in all spheres.

FNB's chief executive for local and provincial government Kgosi Ledimo said this would be done through innovative and cost efficient solutions.

"We believe there are still huge opportunities and foresee future partnerships being built as government is investing billions of rand in multi-pronged infrastructure development projects in a bid to stimulate economic growth and create jobs," Ledimo said.

"Our objective is to build sustainable business relationships based on integrity and high quality service delivery at all levels of government.

"We also service unions and political parties and will continue to look at opportunities to grow our business across municipalities and provinces," he added.

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