

South Africa Commercial Banking Report 2007, new business publication announcement from Report Buyer

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Dec. 7, 2007 - [PRLog](http://www.prlog.org) -- Report Buyer (<http://www.reportbuyer.com>) the online destination for business intelligence for major industry sectors, has added a new report called "South Africa Commercial Banking Report Q3 2007"

Report Summary

The potential mild slowdown to growth is discussed at length later in this report.

The economy will continue to perform robustly, but the effects of monetary tightening on consumption, as well as a widening trade deficit, will mean slightly lower growth in 2007 and 2008.

The latest quarterly bulletin from the SARB revealed little change in the current trends and dynamics of the South African economy. Although resilience is likely to remain the key word, we do expect some further slowdown in household consumption levels going forward, with high levels of investment likely to keep overall levels of growth strong in 2007, and at similar levels to those seen in 2006.

The Commercial Banking Sector South Africa's banking sector is not only the largest and best-developed in Africa, its leading players are genuine multinationals with a presence in first world economies such as England and Australia as well as the countries in its own region. They have also attracted foreign investment, with Barclays buying a 56% holding in South Africa's second-largest bank, Absa. Australia's Macquarie Bank and Richard Branson's Virgin are also buying positions in the market.

Given the consumer credit boom that has been taking place in South Africa - loan growth was 29% in the 12 months to December 31 2006 - it is not surprising that bank profits have been very strong. This has had the rather less desirable effect of attracting the attention of the Competition Commission. The commission has begun an enquiry into bank charges and the payments system. It is due to report by June 2007.

In the context of a successful economy, BMI is expecting that banking assets and deposits will all grow at an average 18% per annum (pa) in local-currency terms through to 2010 and about half that in US dollar terms. We expect loans to grow at around 21% during the same period. During this time, total assets will grow from US\$294bn to US\$472bn. Loans will grow to US\$245bn and deposits to US\$526bn. The loans/deposits ratio that is already a relatively high 112.2% will then have risen to 127.3%, while the assets/loans ratio will be a more moderate 90%.

The general environment remains favourable.

Press Reports Recent reports in the domestic and international press have shown a number of new developments in the South African Banking sector. Britain's Barclays announced that it would reintroduce its Barclaycard branded credit cards in South Africa. The Visa credit cards will be issued through South Africa's biggest retail bank, Absa, majority-owned by the British banking group. Absa also announced plans to proceed with the acquisition of Barclays' African operation and said it would review products, prices and services to ensure they are in line with market and regulatory requirements.

South Africa's Standard Bank Group finalized its acquisition of BankBoston Argentina, enabling it to extend its position in the South American market.

The Reserve Bank has three applications for registration of small banks, two of which are from foreign banks wanting to open a branch. No new small bank has opened in South Africa since 2001, largely because of increased regulation and compliance requirements.

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“South Africa Commercial Banking Report Q3 2007” is available from Report Buyer. For more information go to: http://www.reportbuyer.com/banking_finance/country_overvi...

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