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| <b>MEDIA RELEASE</b> | <b>PSA condemns move to liquidate KwaZulu-Natal's <i>Ithala Bank</i></b> |
| <b>DATE</b>          | 17 January 2025  |
| <b>EMBARGO</b>       | None   |
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The Public Servants Association (PSA) strongly opposes the Prudential Authority's (PA) shocking decision to file a high court application seeking the provisional liquidation of *Ithala SOC Limited*.

This reckless move threatens the financial security of more than 270 000 depositors, the livelihoods of employees, and the broader economic stability of KwaZulu-Natal. *Ithala Bank* is a beacon of economic empowerment for historically marginalised communities of KwaZulu-Natal. It has for decades provided accessible banking services, small business financing, and economic development initiatives in areas where major commercial banks have failed to penetrate. It has been the financial backbone of small enterprises, rural development projects, and citizens who rely on its services in the absence of other banking alternatives.

The high court application for liquidation undermines this legacy and disregards the socio-economic impact on KwaZulu-Natal's poorest communities. The PA's argument that *Ithala Bank* lacks a banking license is disingenuous and malicious. *Ithala Bank* has been operating under an exemption granted by the Minister of Finance, a regulatory allowance that was never a secret. If government and the South African Reserve Bank were truly concerned about *Ithala Bank's* compliance, they should have worked towards assisting it in acquiring a full banking license instead of pushing for its destruction.

The PSA questions the selective enforcement of banking regulations. *Ithala Bank* is being targeted whilst numerous financial institutions in South Africa have faced compliance issues without such draconian interventions. The liquidation bid reeks of systemic bias, undermining homegrown financial institutions that serve Black and working-class communities.

The liquidation of *Ithala Bank* will have far-reaching and devastating consequences. These include job losses as hundreds of employees, many of whom are breadwinners, will be affected. Thousands of depositors, especially in rural areas, will be without access to banking services. Small businesses that depend on *Ithala Bank's* financing will face collapse, further straining the local economy.

The move directly contradicts government's stated commitment to economic transformation and financial inclusion. The PSA demands an immediate halt to liquidation proceedings and calls on the Minister of Finance to intervene decisively to save *Ithala Bank*. Government must prioritise finding solutions over destruction through recapitalisation, restructuring, or strategic partnerships that will secure *Ithala Bank's* future.

The PSA will not stand idle whilst corporate and political forces conspire to erase one of KwaZulu-Natal's most vital financial institutions. The PA's actions are an unacceptable betrayal of the working class and historically disadvantaged communities. The PSA will oppose this unjust decision and urges all stakeholders, government, unions, and community organisations, to stand united in defence of *Ithala Bank*.

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