

Audit firms have black talent for Absa - Lalu

Bank could tap big four in hunt for chief financial officer

By Mzwandile Jacks

South Africa's big four auditing firms had an abundance of black talent that Absa could tap into in its search for a new chief financial officer, a Joburg-based analyst said on Friday.

He was reacting to comments by experts last week that after the departure of Jacques Schindehette, Absa's chief financial officer, it would be difficult for the bank to find a good replacement, let alone a black one. This was in view of the scarcity of this type of talent.

Ajay Lalu, a senior partner at Bravura Consulting, told Business Report on Friday that Absa should look for a black chartered accountant with financial services experience, not necessarily in the banking sector, and someone who would be acceptable to the regulator from a risk perspective.

"There are good black partners in the big four auditing firms. These people audit companies like Absa from time to time. They can be in a good position to fill this role."

But Kokkie Kooyman, the global fund manager at Sanlam Investment Management, on Friday said it would not be easy to find a black candidate for the position.

"There are very few blacks in senior banking positions. The two best known are Sizwe (Nxasana) at FirstRand and Sim (Tshabalala) at Standard Bank. Others are being groomed and will come through. We must just be patient," Kooyman said.

"Banking is only profitable when the business is geared. Trust in an institution is very important for depositors. So, a chief financial officer who makes poor decisions can cause losses and depositor flight."

This had nothing to do with race but everything to do with experience and good banking practice. South Africa had a long list of banks that were run by white management with bad banking practices, causing large losses to shareholders and taxpayers. He gave Trust Bank, Saambou, Bankorp and Nedbank (1985) as examples.

An accounting or commerce degree helped, but most important for the chief financial officer was to have been involved in many aspects of the bank.

"The individual must have been in charge of a province or a large lending unit where he or she has seen how easy it is to make a loan that becomes a bad debt," Kooyman said.

An analyst, who did not want to be named, identified Rakesh Garach, the former head of financial services at Ernst & Young and an audit partner at Absa, as one such candidate. Garach is the former chief operating officer of Deutsche Bank.

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