



THE BANKING
ASSOCIATION
SOUTH AFRICA

IBT SUMMIT

**Challenges in the Bankability of IBTs Linked Housing
Projects and
Applied De-risking Instruments to Stimulate Supply**

03-04 FEBRUARY 2026



Introduction

- The Banking Association South Africa is the industry body representing all registered banks operating in South Africa, comprising 33 South African and international member banks.
- Advocates the views of the banks on legislation, regulation, and social and economic issues that affect the industry.
- The BASA property (human settlements) portfolio:
 - institutional shortcomings and market/legislative inadequacies/gaps within affordable housing;
 - provision of housing finance to the affordable housing market segment.



Member Banks requirements – IBTs /ABTs

□ General valuation requirements:

- Municipal Approved Building Plans.
- Developer/Seller or Builder/Contractor NHBRC Registration Certificate.
- NHBRC Enrolment of Property | Confirmation of Enrolment
- Compliance with National Building Standards
- All Services certificates (including Electrical certificate)
- Occupancy Certificates



Member Banks requirements – IBTs / ABTs

□ Additional requirements:

- Agrément certification and technical report/s
- Structural Engineers Certificate
- SABS Certificate of Compliance
- Specific registration requirements based on the technology used
- Quality control system
- Confirmation of the availability of building materials for repair/additions/insurance purposes.



Member Banks requirements – IBTs / ABTs

□ Additional requirements:

- Confirmation of the availability of building materials for repair/additions/insurance purposes.
- Confirmation that the system is capable of accommodating additions with ease,
- Durability, and maintenance requirements of the building system/components/materials.
- The address of the factory where the system/materials/components are manufactured.



Member Banks requirements – IBTs / ABTs

□ Additional requirements:

- A list of site addresses and References from clients/ customers where the building system/materials/processes have been built.
- Construction cost rate per square meter.
- Client acceptance survey
- A Community Social Acceptability Study
- Site visits, where necessary



BASA concerns – IBTs / ABTs

□ Further Consideration for Market adoption

- Uptake and social acceptance of IBTs has been generally slow
 - limited market demand / low risk appetite
- Suitability of products for affordable housing sector
- Lengthy turnaround times – cumbersome requirements
- Quality and durability of products



BASA concerns – IBTs / ABTs

□ Further Consideration for Market adoption

- Costs of products (are they really cheaper?)
- Limited availability of products
- Concerns over regulatory mechanisms
- Clear understanding of the market



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