



FIVE

FINANCIAL INCLUSION

Many Africans remain excluded from formal financial systems. They are limited to transacting in cash, rely on family and friends for credit, and have no personal or business insurance. Standard Bank is working to open up the formal financial sector to the unbanked. Making this possible requires low-cost, convenient digital applications that can be accessed without having a bank account; alternative forms of collateral; and effective consumer education to enable people to manage their finances more effectively.

INNOVATION TO IMPROVE ACCESS AND AFFORDABILITY

Instant Money

= ACCESS TO FINANCIAL SERVICES WITHOUT BANK ACCOUNTS



Affordable, safe and reliable



48% year-on-year growth in volumes

New Instant Money Wallet

ENTRY POINT INTO FORMAL BANKING WITHOUT THE USUAL FEES



17.5 million vouchers in 2017



Average transaction is R669

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<http://sustainability.standardbank.com/downloads/>

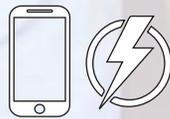


Instant Money

MORE THAN **2 MILLION PEOPLE ACROSS SOUTH AFRICA** USE STANDARD BANK'S INSTANT MONEY EVERY MONTH.

- An affordable, safe and reliable way to send money to anyone with a basic cellphone.
- Money can be sent instantly from an ATM, via the banking app, online banking, cellphone banking or through our retail partners.
- Neither the sender nor recipients need a bank account.

Instant Money is also available in Botswana, Lesotho, Namibia, Uganda and Zambia.

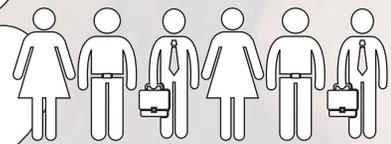


MOST FREQUENT TRANSACTIONS WAS PURCHASING OF
airtime, electricity and data

Instant Money Wallet

INSTANT MONEY WALLET IS AN ENTRY POINT INTO FORMAL BANKING, **PROVIDING USERS WITH MANY BANK ACCOUNT FUNCTIONS, WITHOUT ANY FEES.**

- We engaged our customers to understand what more they need from the Instant Money product and how it could be improved.
- Based on their input, we created the Instant Money Wallet, which can be operated on a basic cellphone (a smartphone is not required).
- Users have the option to withdraw a portion of their funds or the full value of a voucher.
- They can use their wallet to buy pre-paid airtime, electricity, and data.
 - They can also send money to another wallet, free of charge.



6.5 million
USERS IN 2017



Nigeria

Stanbic IBTC offers an instant online account opening service. Once a simple form is completed and submitted online, the account holder can instantly access the account.

Stanbic IBTC has implemented a new digital payment solution to make it easier to pay school fees. The multi-platform, multi-bank solution enables educational institutions to provide automated payment channels for students and parents. The system features online, real-time payment and collection of fees and real-time issuance of electronic receipts.



Zambia

Stanbic Zambia introduced a 'Bank for Free' service, in partnership with MTN. Stanbic account holders who are MTN customers have free access to an internet banking and mobile banking smart application.



South Africa and Mozambique



Standard Bank has partnered with Mukuru money transfer service to enable affordable transfers from South Africa to Mozambique. Amounts transferred from Mukuru in South Africa are credited to current accounts at Standard Bank in Mozambique, or collected at no cost from a branch of the bank. The fixed rate of 10% for a transfer is significantly lower than the average of 16.3% on money transfers between the countries.

ALTERNATIVES TO TRADITIONAL FORMS OF COLLATERAL

Standard Bank South Africa provides dedicated funding for black-owned small and micro enterprises as part of our commitment to transformation in terms of the Financial Sector Code. Our criteria for funding under this programme include 51% black ownership, or 30% black female-owned, with an annual turnover under R50 million. Our offering to the sector combines enterprise development and supplier development, funding and market access. Successful applicants can borrow up to R50 million.

We provide grant funding for early start-up black businesses. Our approach draws on the learning from our Feenix model of crowd funding. This entails attracting funding from national and international donors, to be pooled with our own enterprise development funds and those of participating Standard Bank corporate clients.

The bank offers finance tailored for applicants with verified contracts or purchase orders. We have developed three lending solutions specifically for participating government departments and agencies. At the time of publication, we were assessing 118 cooperatives for lending and development opportunities through partnerships.

In 2018, we plan to **significantly increase our support to SMEs** both in monetary and non-monetary ways to a **value of R1 billion**, using favourable rates to encourage access to financial services.

Standard Bank established an independent NPO called the Tshwaranang Trust to provide collateral against which loans can be extended to small businesses. This NPO enabled R215 million to be lent to black businesses. The total value of Standard Bank loans provided to black-owned businesses, including Tshwaranang Trust collateral collaboration, amounts to approximately R556 million. 53% of these loans are in good standing. We're working with underperforming borrowers to address these challenges and learn from them. The Tshwaranang Trust financing mechanism facilitated funding in the first six months of 2017. A revised model will be considered going forward.

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Financial inclusion

STANDARD BANK DEVELOPING ENTREPRENEURS IN 2017

ACCESS TO MARKETS

CONNECTING TO OUR corporate clients

Job creation

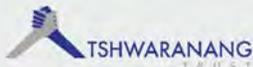
PARTNERSHIPS WITH OUR STATE-OWNED ENTERPRISE (SOE) CLIENTS



APPROXIMATELY
2 000
JOBS CREATED
BY OUR CLIENTS

ACCESS TO FUNDING

TSHWARANANG TRUST – STANDARD BANK COLLABORATION:



R13.58 million ✓

COLLATERAL RESERVED TO ENABLE ACCESS TO FINANCIAL SERVICES FOR OUR CLIENTS

R50.98 million ✓

LOANED TO SEVEN CLIENTS



BUSINESS DEVELOPMENT SUPPORT

4 000+ ENTREPRENEURS PARTICIPATED IN CONFERENCES

250+ BUSINESSES REACHED THROUGH STRUCTURED BUSINESS DEVELOPMENT PROGRAMMES



631 ENTREPRENEURS ATTENDED OUR BOOT CAMPS AND HACKATHONS

GRANT FUNDING –

R50 million

PURCHASE ORDER FINANCING –

R5 million

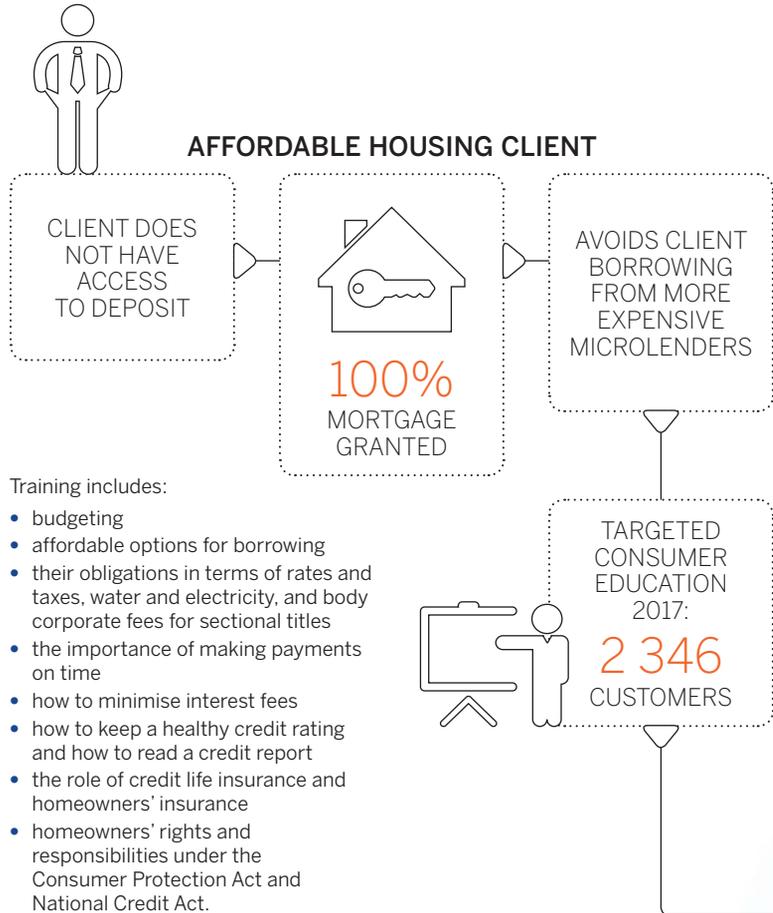
Helping people buy homes – affordable housing in South Africa

Helping people to buy a home is one of the most important roles a bank plays in society. A home provides shelter and dignity for families, and the opportunity to build wealth.

Standard Bank is a major provider of home loans in South Africa, with a 33% market share. Our South African affordable housing book – i.e. the money we've lent to households earning between R3 501 and R23 500 per month – is valued at about R25 billion. As the largest lender in the affordable sector, **we have assisted almost 100 000 lower-income families purchase a home.**

We work closely with the Department of Human Settlements and provincial housing departments to help our customers access the Finance Linked Individual Subsidy Programme (FLISP) offered by government. The programme targets the 'gap market' – households earning more than the R3 501 per month but less than R15 000 per month. These families find it hard to qualify for housing finance, as their income is regarded as too low for traditional mortgage finance from banks, but too high to qualify for the government free basic house subsidy scheme. Qualifying households can access a FLISP subsidy, ranging between R20 000 and R87 000, depending on the applicant's monthly income.

We offer our affordable housing mortgage clients online or classroom-based training to help manage their home ownership obligations.



Training includes:

- budgeting
- affordable options for borrowing
- their obligations in terms of rates and taxes, water and electricity, and body corporate fees for sectional titles
- the importance of making payments on time
- how to minimise interest fees
- how to keep a healthy credit rating and how to read a credit report
- the role of credit life insurance and homeowners' insurance
- homeowners' rights and responsibilities under the Consumer Protection Act and National Credit Act.

Training is provided by external service providers and funded by the bank. In 2017, 2 346 customers participated in this programme. Although South Africa's economic slowdown has increased pressure on low-income households, 88% of our affordable housing clients continued repaying their loans within agreed timeframes. We're working with the 7% of clients in early arrears to get back on track, with 2 316 home loans restructured to keep people in their homes. The bank has entered legal processes to resolve the 5% of clients in a default situation. Chapter 10 provides more information about this process.

RTS 78 Read more on sales in execution

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Financial inclusion

88%

SUCCESSFULLY SERVICE DEBT



2 316[✓]
HOME LOANS
RESTRUCTURED

90
HOMES
REGRETTABLY
ENTERED SALES
IN EXECUTION

99 158
TOTAL
AFFORDABLE
HOMES FINANCED

4 752
AFFORDABLE
HOMES FINANCED
IN 2017





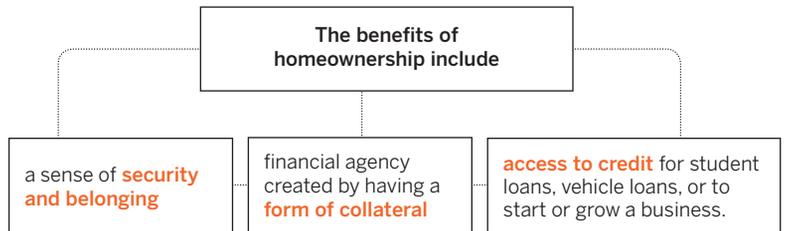
 This is an important step towards giving many more people in South Africa the full benefits, security and pride associated with owning a home. There is a long journey ahead to achieving decent housing for all in our country, but if more people get involved we can make significant strides together in uplifting the lives of South African citizens.

– Andrew van der Hoven, Head of home loans, Standard Bank South Africa



ACCESS TO TITLE DEEDS

A TITLE DEED IS A CRUCIAL MECHANISM OF ECONOMIC EMPOWERMENT.



Without a title deed, selling, renovating or borrowing against a home is not possible.

- Across Africa, lack of access to title deeds undermines the extent to which homes can become a **real wealth-creating asset**.
- In South Africa, an estimated **5 million to 7 million black families still do not have ownership rights** to houses they have lived in for generations.

- In 2017, Standard Bank helped 100 residents of Kwakwatsi Koppies in the Free State to secure title deeds for their homes.
- The individuals were all tenants of council properties.
- Standard Bank partnered with the local municipality and the Khaya Lam (My Home) Land Reform Project.
- Standard Bank funded the legal process for issuing title deeds, at a cost of about R2 100 per person.



EFFECTIVE CONSUMER EDUCATION

Under South Africa's Financial Sector Code, banks are required to allocate 0.4% of net profits to consumer education. At Standard Bank, we have allocated these funds to educate consumers about effective management of their personal finances through the **WalletWise** programme.

WalletWise

The programme drives awareness through edutainment by using print media, social media, radio and television, and classroom training in selected communities.

Content is provided in nine of South Africa's official languages.

Topics covered through WalletWise:

- savings
- insurance
- customer rights and responsibilities
- how to access your credit record
- cybercrime
- ways to making banking cost effective
- the functionality of cellphone banking
- withdrawing cash at retail till points as alternatives to in-branch banking.

We encourage customers to provide feedback on these initiatives, and to inform us on topics that interest them.

We also commission external independent measurement of the impact, effectiveness and reach of the campaign.

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Transformation report

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OTHER CUSTOMER AWARENESS PROGRAMMES IN 2017 INCLUDED:



Consumer education for young people, targeting university students and young working people, and incorporating the Banking Association South Africa Star Saver initiative.



A campaign for small enterprises to support improved financial management. Classroom training was provided and selected participants also took part in a bank-run 'Basics of Business' course designed for small enterprises.



Raising awareness of government's Finance Linked Individual Subsidy Programme (FLISP) for affordable housing, and training for mortgage customers.

