



EMBRACING INNOVATION

We understand the scale of disruption that is currently sweeping through the financial services industry. We recognise that banks need to work hard to maintain their relevance in an increasingly digital world.

We believe in rising to the challenge, by actively embracing disruption and innovation, by working with innovation partners to deliver better value for customers and clients, and by adopting a commitment to continuous engagement, experimentation, innovation and improvement. For us, the purpose of innovation is to find ways to make financial services more cost-effective, convenient, and relevant, to tailor solutions to meet diverse needs and preferences, and to make life easier and better for Africa's people.



NEW WAYS OF WORKING

INNOVATION helps us to be the **trusted first choice for our customers and clients, able to service the full range of their financial services requirements in a holistic manner.**

We recognise that our customers' needs and expectations are evolving as rapidly as new technologies are developed. The evolution and spread of internet and mobile technologies has created an "always on" mindset – customers and clients expect to be able to transact and engage with their financial services providers whenever and wherever it is convenient and necessary for them to do so. We need to meet these expectations across all our areas of business, efficiently and cost-effectively.

TECHNOLOGY, no matter how sophisticated, will never fully replace the need to be able to sit with a customer, face-to-face, and talk through an issue when required. We don't expect our branches to disappear altogether, but we do recognise that there will be fewer of them, and that they'll undergo fundamental changes in the coming few years.

Our customers want to deal with people who are able to take accountability for solving problems and achieving outcomes, at the initial point of contact. Our branch and call centre employees must be able to listen, understand and be empathetic. And they need to be capable and empowered to make decisions and assist the customer, there and then.

As part of the lessons learnt and the restructuring of our Personal & Business Banking (PBB) offering, we're in the process of devolving more decision-making power to the frontline, supported by automated data processing capabilities. Frontline employees will have quick and convenient access to a customer's transactional history with the bank, enabling them to assist customers at the initial point of contact.



FOR EXAMPLE, when a customer requests a loan, an automated programme will run an immediate analysis of the customer's credit-worthiness based on income, spending patterns and past credit history, will assess this within the framework of the bank's risk appetite and lending criteria, and provide an objective recommendation. On this basis, the employee will be able to make an almost instant decision on whether to grant a loan, and will communicate this directly to the customer.



BECOMING A DISRUPTER

Our non-traditional competitors are gaining momentum. M-PESA in Kenya, for example, has become the most successful mobile phone-based financial service in the developing world, offering financial services at very low unit costs. We recognised this as an opportunity to extend our services to small businesses.



In 2014, we introduced **Till2Bank** in Kenya. The solution, a partnership between Stanbic, M-PESA, and Kopo Kopo, enables merchants, shops, supermarkets and SMEs to accept payments on M-PESA. The payments reflect immediately in their bank accounts, without them needing to physically visit a branch to deposit cash or fill any forms. It also gives us a better understanding of their financial status, enabling us to offer them broader banking services and products, according to their needs and risk profile.

We're harnessing the ability of fintechs to offer a bespoke, customer-driven service, at a competitive price, coupled with our 154-year track record and our commitment to building long-term customer relationships built on trust, to provide a more accessible, more affordable and more attractive service to our customers. We've partnered with China's TenCent to launch the WeChat mobile wallet service, which enables users to make person-to-person payments from their bank account or credit card to another person's account using smartphones. In South Africa, our partnership with MoneyGram – EcoCash – enables Zimbabweans living in South Africa to remit funds back home. We're continually exploring new opportunities for viable partnerships. Our Pathfinders Challenge, for example, offers fintech entrepreneurs the chance to win R500 000 in prizes and business support.

Collaboration with M-PESA in Kenya enable retail cashless transactions



In October 2016, our Shyft app was awarded a bronze international award in the Most Disruptive Innovation category at the 2016 EFMA-Accenture Distribution and Marketing Innovation Awards, in Barcelona. **Shyft enables forex transactions while eliminating paperwork and queues.** By accessing a "foreign exchange mobile wallet", customers can buy a number of different currencies at a live rate, store the funds in eWallets, and make purchases using physical or virtual card capability, or make international transfers using the cross-border payments capability.

Slydepay
– Ghana's leading online payment application

We embrace the opportunity to learn from disruptors, and are always alert to the potential to forge partnerships with innovators. Stanbic Ghana, for example, partnered with DreamOval to implement their Slydepay app – which has gone on to establish itself as Ghana's **leading online payment application**. Slydepay serves both individuals and businesses, with solutions tailored for the local Ghanaian market. Individual customers are able to monitor their finances, make free payments by scanning QR codes or entering an email address, top up their accounts using VISA, Airtel Money, First Capital Plus Speedbanking vouchers and MTN Mobile Money. Businesses benefit from a cashless payment system, which allows payments to be conveniently collected and tracked. At the 2016 Ghana Banking Awards, Slydepay won Product Innovation of the Year 2015, and Stanbic Ghana came second in the categories Most Cashless Bank, and Best Bank for Savings and Deposits.

Shyft
– foreign exchange mobile wallet

In Uganda, we used to experience long queues in our bank branches whenever it was time for school fees to be paid. Parents would queue for hours at the bank to withdraw cash, then hours at the school to pay their fees. The Pay+ solution has introduced quick and easy payments and collections, which have been taken up not only by schools, but also utility companies and insurance companies. Schools and companies are able to integrate the solution into their existing systems, and to track payments and reconcile accounts with minimum hassle. The platform is highly secure, signing on for collections is free, and financial reports generated by the system can be customised according to the business' particular needs.



SUPPORTING ENTREPRENEURS: THE STANDARD BANK INCUBATOR

The Incubator team is small, but is able to make a big impact by drawing on skills and expertise within other parts of Standard Bank, and by partnering with external organisations dedicated to nurturing entrepreneurs and small businesses.

Visit our Incubator at:
**5 Cradock Avenue,
Rosebank, Johannesburg**

LIONESSES OF AFRICA, for example, is the digital home for a rapidly growing audience of over 300 000 women entrepreneurs across 49 African countries. We've partnered with Lionesses on their monthly Lioness Lean In Breakfast series, which feature inspirational women speakers, and are co-hosted by the CEO of Lionesses and a senior Standard Bank representative. We aim to host 20 of these events across Africa during 2016/2017. We also sponsor Good Morning Lionesses, the organisation's daily electronic newsletter that is available at no cost to entrepreneurs and Standard Bank customers. And we run a structured three-month Women's Accelerator Programme, sponsored by Liberty. We sponsored the first Lionesses of Africa Conference, which attracted over 300 of Africa's leading women entrepreneurs and influencers, in which women entrepreneurs shared their start-up stories, addressed key challenges, and provided inspiration for the next generation of women entrepreneurs.

Our **IGNITOR BOOTCAMP AND ACCELERATE PROGRAMME** helps entrepreneurs to take their businesses to the next level. Entrepreneurs attend a weekend boot camp, at which we assess and provide advice on their business proposals. The most promising candidates are selected for three months of acceleration and support. Start-ups can apply for the weekend boot camp at <http://www.ignitor.co.za/>. We ran six accelerate programmes in 2016, and we've begun partnering with our corporate clients to structure sector-specific accelerators.

We host monthly **MASTERS AND MENTORS** events in Johannesburg, Cape Town and Durban. Each event attracts over a hundred entrepreneurs, across industries and from every walk of life. Our guest speakers are seasoned entrepreneurs and knowledgeable experts that speak on various topics, from funding to B-BEEE, marketing, scaling and more.

We sponsor several global competitions for start-ups. Through the Incubator, we've partnered with **START-UP GRIND**, a global start-up community powered by Google for Entrepreneurs, as the country sponsor in South Africa. It's designed to educate, inspire, and connect entrepreneurs. Start-up Grind and Standard Bank host monthly events in Cape Town, Johannesburg and Durban, featuring successful local founders, innovators, educators and investors who share personal stories and lessons learnt on the road to building great companies.

The 2016 winner, **ID Works**, is a digital platform for artisans to showcase their skills, get rated and receive payment for jobs completed. In March 2016, Giraffe Jobs, the winner of the 2015 South African title, went on to compete with other 63 start-ups from around the world for the title of Seedstars World Global Winner. Giraffe took the top prize, winning \$500 000. Its automated mobile recruitment app enables businesses to recruit employees faster and cheaper, and connects medium-skilled jobseekers with opportunities for free. Since launching in February 2015, Giraffe has attracted over 75 000 jobseekers and has placed candidates with hundreds of employers. Their story and others can be found on Standard Bank's [#EntrepreneurialSpirit](#) blog.



Embracing innovation

ROAST REPUBLIC, the onsite coffee shop at the Johannesburg Incubator, is a great example of how creating shared value with our clients helps us to drive Africa's growth. It gives away 50% of its profits to an NGO called Youthzones, which provides youth development programmes across 43 communities. Since launching, it has opened three new coffee shops, including a coffee shop in a box concept, and has created an additional 16 jobs.

The Incubator also engages with corporate clients to encourage innovation. In January 2017, for example, in a global first, we partnered with **GENERAL ELECTRIC** to launch a joint Healthcare Professional Accelerator, to build the business and technical skills of healthcare professionals. In 2016, we presented our Incubator Framework to the Global Innovation Conference/EFMA in Barcelona, and to the World Bank, as a model that could be replicated to support entrepreneurs around the world.

Incubating entrepreneurs



6 000
SMEs made use of the Incubator since 2015

Mentoring and coaching start-ups



150

sustainable businesses since opening

Expanding to **Kenya, Ghana and Nigeria**



Expanded to **Mozambique**

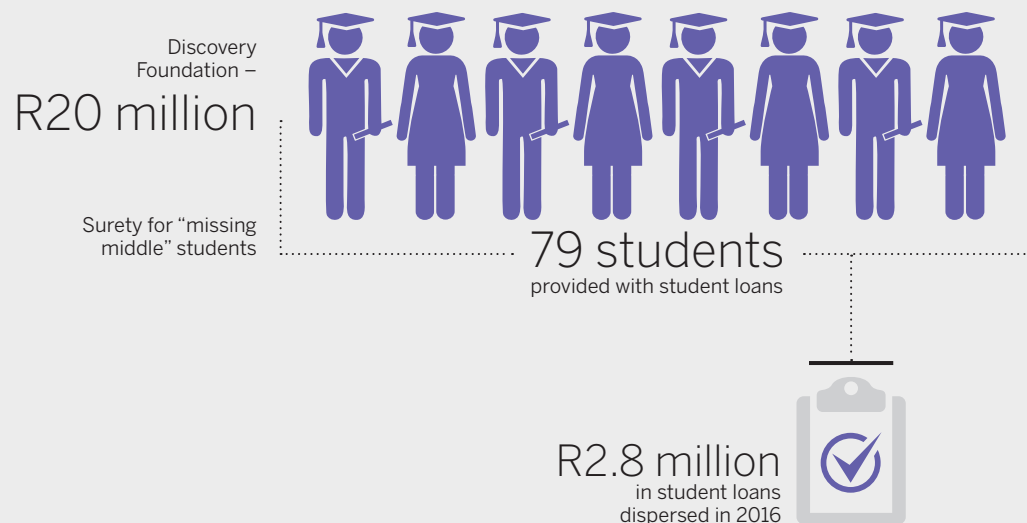
We're also the South African sponsor of **SEEDSTARS**, a global competition that invites technology entrepreneurs to pitch their business proposals. Start-ups have to get through an initial selection round, and are then invited to pitch to an investment panel and compete for the title of most promising seed-stage start-up. 12 competitors are selected from each of Cape Town, Johannesburg and Durban, and three per city advance to the final round at the Standard Bank Incubator. The competition provides participants with exposure to disruptive technology, inspirational discussions and networking sessions. The winner joins the global Seedstars Family and takes part in the regional and global Seedstars Summits with the opportunity to win up to \$1.5 million in investment prizes.

We share our experiences and work with schools, universities, government departments and corporations to explore how the model can be adapted to different environments.

Incubator survey

130 unique jobs created from 56 businesses accelerated and graduated from the Incubator

Social innovation in education



INNOVATION THAT MEETS SOCIAL NEEDS

In South Africa, the #FeesMustFall movement saw protests at campuses across the country in 2015 and 2016, causing severe disruption at many of the country's tertiary institutions, resulting in extensive damage to and closure of some campuses, and putting the academic year at risk. Standard Bank is actively engaged in working with government and universities to develop and implement workable and sustainable solutions for affordable, accessible, quality higher education. We are working with the Ministerial Task Team mandated to develop a comprehensive funding and student support model for poor and "missing middle" students.

We have been closely involved in the development of the Ikusasa Student Financial Aid Programme (ISFAP), which aims to mobilise a range of funding sources, including developmental finance institutions,

corporate funding, individual contributions and social impact bonds, to provide loans and/or grants to "missing middle" students. The pilot was launched in February 2017 for selected new university and college entrants. We have committed R25 million to the initiative, covering the total cost of funding for approximately 250 students, inclusive of fees, accommodation, travel, books, meals, social support, life skills training and medical support as required.

Standard Bank is also engaging with universities and corporate donors to develop alternatives to the surety traditionally required by students to obtain a loan. We are currently piloting a programme in conjunction with the University of Pretoria's medical school and the Discovery Foundation. In 2016, the initial year, we dispersed R2.8 million to 79 students. This collaboration enables the Foundation to have a

greater impact, as the **funds can be used as surety to provide student loans**, at a total value greater than that of the fund's value, to students who do not usually qualify for typical student loans or government grants – commonly known as the "missing middle" students. We believe this solution has the potential to substantially expand the number of students that could qualify for an affordable loan, on a sustainable basis.



MORE THAN A BANK...

Bank branches tend to be far more numerous, and far more conveniently located, than Home Affairs offices. During 2015, Standard Bank, along with South Africa's other big banks, ran a pilot with the Department of Home Affairs, in which we hosted satellite Home Affairs offices within selected head office buildings. Bank employees were able to visit the Home Affairs offices and apply for passports and Smart ID documents. The pilots proceeded smoothly, responses from employees were extremely positive, and applications were processed and delivered within weeks. In 2016, we rolled the service out to the broader public. Home Affairs satellite offices have been established in selected bank branches around South Africa. Members of the public are able to apply for Smart ID cards and passports online, and to collect them from the branch – minimising time spent in queues, and providing a more convenient experience.



Another first was the introduction of the Standard Bank **Kidz Banking app**, launched in September 2016 in South Africa. The app which is accessible on smartphone or tablet, is targeted at children between the ages of six and 11; it makes the concept of money management more tangible for kids while enabling parents to create healthy financial habits for their children. It uses entertaining concepts such as animation and games.



I SEE MY JOB DIFFERENTLY...

Emile du Plessis – Economics insights manager

I see things differently, because I analyse and understand the market, before I recommend strategies and products. Every day, I see what the people of South Africa are experiencing. Their life stages, accomplishments, discontent and economic behaviour. I pick up where firms are starting, when they are struggling or expanding. I translate it to our business partners, by providing advice on how best to respond. This gives us a competitive advantage to be first in supporting new businesses, helping students and assisting families. Simultaneously, we grow revenue and market share. I see things differently, because I look from outside in, the market is the sum of our current and future customers. Now we can understand and bank our customers better.