



# UNDERSTANDING OUR CLIENTS

We want to make our customers' interactions with the bank as simple, convenient and satisfying as possible.

As part of this commitment, we're continually improving our services, in person, online and on mobile devices. We put the best interests of our customers first in every decision we take, and aspire to treat our clients fairly at all times.



## TAILORING PRODUCTS AND SERVICES TO MEET DIVERSE NEEDS

As a "universal bank", we are able to serve the full range of our customers' financial services requirements. We help them to manage, grow and protect their savings, assets and wealth, borrow safely and affordably to expand their businesses, buy homes, study and fulfil their personal ambitions, and to make provisions to ensure their financial wellbeing in retirement, or in the event of unplanned events. While our customers might access any of these individual services from a competitor, we aim to ensure we're their first choice delivering a fully integrated service that meets the full range of their needs. This is based on our understanding of their unique circumstances, the relationship of trust we've built with them, and the convenience and accessibility of our offering.

In a highly competitive environment, it's imperative for us to put our customers at the centre of what we do and the products we design. If we fail to do so, they will certainly go elsewhere.

This means **developing and delivering solutions tailored to their individual needs and preferences**. And it means putting what's most convenient and appropriate to the customer ahead of what's most convenient or profitable for the bank.



• Manage, grow and protect their savings, assets and wealth

• Borrow safely and affordably to expand their businesses

• Buy homes, study and fulfil their personal ambitions

• Make provisions to ensure their financial wellbeing in retirement, or in the event of unplanned events



**We help our clients to**

Partnering with fintechs



**Masterpass**  
– virtual wallet service



A large proportion of Africans remain unbanked. Working in partnership with mobile companies and other fintech services, we're developing new, low-cost products that meet basic banking needs, while maximising customer convenience, such as our **masterpass virtual wallet service**.

We're also developing new payment solutions that make it easier for small businesses to process non-cash payments – and to reduce the security risks associated with cash handling.



An example is our **SnapScan app**, with **500 000 registered customers**,

which enables **customers to pay at point of sale using their phones**, using Quick Read (QR) technology to process the payments. The benefit of SnapScan is twofold, consumers can pay for goods without having to physically present their cards (ensuring a heightened degree of safety), and customers who register can register online and are able to transact using the QR code (avoiding the need for expensive point of sale device fees). Both making transactional banking more accessible, affordable and safe.

**SnapScan**

– using cell phones to pay at point of sale

We've also been working with our business clients to make banking services more convenient and accessible for their employees. We've established mini 'branches' within some of our clients' offices, with access to a device or kiosk enabling electronic transactions. These kiosks are staffed by Standard Bank employees for a limited number of hours per week, enabling people to bank without leaving their workplace. In some companies, we've also installed ATMs onsite.

In 2015, executives across the group participated in a process which brought us much closer to our customers, and helped us to understand their perspectives and frustrations. Standard Bank's senior leaders, across the business, spent a week at the frontline – in our branches and call centres. Our collective learning from this programme has informed various changes over the past year – changes designed to minimise customer frustrations, and to deliver a far more customer focused service. We've made changes to a number of processes, products and delivery channels, improving response times and enabling more issues and queries to be resolved at the first point of contact.

Our presence across 20 African countries, and our strategic partnership with ICBC, enables us to connect our business and corporate clients with business opportunities across the continent, and to facilitate partnerships between Africa and China, while simultaneously providing seamless banking services across national borders. During 2016, we've worked closely with ICBC to structure joint financial solutions for a number of our multinational clients. With ICBC, we have committed and syndicated loans to Chinese companies for a total project size of \$3.8 billion in Africa in 2016, as well as another \$5 billion in the short to medium term.



## KEEPING OUR CUSTOMERS SAFE FROM FRAUD

Fraud, like cybercrime, is a significant risk to our customers and to Standard Bank. Fraud can be committed using bank cards, for example, at point of sale; digitally, for example, through online transactions; and by making false applications, for example, for home loans or vehicle finance. We continue to have improved success in fighting card fraud and application fraud, where technology and manual processes make it somewhat easier to detect fraudulent activity and intervene. Digital fraud is more challenging, in that it is more difficult for us to ensure that the person undertaking a transaction is in fact our client. The safety of our customers comes first and foremost in any decision we take. During 2016, we considered moving to real time clearing, enabling an electronic transaction to be immediately cleared, to improve convenience for our customers. However, after careful consideration, we decided that the risk of immediate clearing is too high, and that our customers are better served by delayed clearing, which allows us to verify the authenticity of the transaction using fraud detection technology, and gives us time to reverse or stop the transaction, if we suspect fraudulent activity, before the money leaves our customer's account.

In addition to this, Standard Bank has continued to invest heavily in anti-fraud technology. These tools identify potentially suspicious transactions and proactively alert customers (and the bank) of these behaviours preventing unnecessary fraudulent transactions and associated losses.

Our focus on keeping our customers safe from fraud has resulted in **approximately 90% of fraud being prevented or recovered**.

Our Fraudstop and Whistleblowing programmes contributed significantly to this success. The Financial Crime and Cyber teams work in close collaboration to harden the environment and mitigate cyber-fraud risk.

Read more about the Japan card fraud incident in our annual integrated report

### Keeping customers safe from fraud

Delayed clearing of transactions keeps our clients' wealth safe  
Allows detection and reversal of potential fraud

Approximately **90%** of fraudulent transactions prevented/recovered

## Community Banking in Uganda

During 2016, Stanbic Bank Uganda launched Community Banking, an affordable banking offering aimed at NGOs. It provides a secure online platform which allows administrators to access and monitor their account anytime. The platform is free and allows for segregation of duties for different users. It also has

a mobile money option, allowing organisations to pay beneficiaries directly into mobile money wallets. There are no transaction fees for internal transfers, cheque and cash deposits, and no account maintenance fees on accounts with a balance of at least one million shillings.



## STANDING BY OUR CUSTOMERS IN TOUGH ECONOMIC TIMES

We understand that our sustainability as a business depends on the financial health of our customers and clients. We're committed to building long-term relationships with the people and businesses that we bank. This commitment requires us to find ways to support them through tough times.

Tough economic conditions in several of our countries of operation have heightened credit risk and levels of consumer and business debt. Banking sectors in several of our countries of operation, including Ghana, Nigeria, Tanzania and Uganda, saw a significant rise in non-performing loans (NPLs) during 2016. This resulted in a tightening of credit, particularly for customers deemed to be high risk such as small businesses and entrepreneurs.

In South Africa, over the past few years financial pressures have impacted affordable homeowners, many of whom are finding it more difficult to make regular payments on their loans, including mortgages. We believe in partnering with our customers and doing our best to keep them in their homes. In 2016, our affordable housing loan book volume grew to 98 477 homes. We understand the economic challenges with which our customers are grappling, and we've worked hard to assist as many homeowners as we could to keep them in their homes without jeopardising Standard Bank's sustainability. **During 2016, we were able to assist 5 662<sup>✓</sup> affordable housing owners in financial distress** through restructuring their loans to ease their financial pressures.

In South Africa, **a number of our corporate clients encountered serious financial difficulties during 2016**. In each case, **we partnered with our clients and other financial institutions** to ensure that these businesses were able to stay in business, protecting thousands of jobs, while managing risk responsibly.

Read more about Access to credit in our Special Edition: Report to Society on **pages 28 – 29**. <http://sustainability.standardbank.com/downloads.php>

### Housing

**98 477**  
affordable homes financed by 2016

**5 662<sup>✓</sup>**  
affordable housing owners assisted through restructuring their loans

Read more about affordable housing online: <http://sustainability.standardbank.com>



## Partnering with our agri-business clients to get through the drought

The WEF Global Risk Report 2016 identified the failure of climate change mitigation and adaptation as the top risk facing the globe in the near term. The related risk of water crisis was ranked third. Africa, with our high dependence on rain-fed agriculture, and the unevenness of adequate water and sanitation infrastructure, is particularly vulnerable to climate change and to negative impacts on water and food security. We urgently need mitigation strategies, including the cultivation of more drought-resistant crops and the establishment of appropriate financing and insurance schemes, to help cope with the social, economic and environmental aspects of climate change.

Much of south-eastern Africa suffered the damaging impacts of

long-term drought during 2015 to 2016, with severe impacts on food inflation and food security. Madagascar, Mozambique, South Africa, Zambia and Zimbabwe were worst affected. Reports in June 2016, said more than 41.4 million people in the SADC region were food insecure, with about half needing urgent help, following the worst regional drought in 35 years. The region was about 28% short in terms of average cereal production, and livestock breeders had to cull stock owing to lack of food and water. Food insecurity was expected to peak from October 2016 to March 2017.

These conditions placed commercial, small-scale and subsistence farmers under enormous pressure. In South Africa, Agbiz and AgriSA revealed that a significant number of commercial farmers were struggling to service their loans with large commercial banks. There were also

reports of a rise in bankruptcy cases among small-scale emerging farmers.

**38% of Standard Bank South Africa's agri-business clients' loans were restructured owing to the severe impact of the drought.**

We worked with them to restructure their loans and keep their farms solvent – in the process saving 706 permanent and seasonal farm labourer jobs, and keeping just under 50 000 hectares of land agriculturally productive. In terms of the economic activity and contribution towards GDP and food prices, these farms had a total turnover of more than R180 million.

Our efforts to develop innovative solutions to support our agriculture clients and impact positively on society more broadly have been central in informing our understanding of how we create shared value – how we ensure we're more than just a bank. This supported the successful launch of our SEE More campaign.



### Agriculture

38 drought-impacted clients' loans restructured in in-land provinces between 2015 and 2016

Over R180 million in turnover kept economically active



Over 700 jobs saved

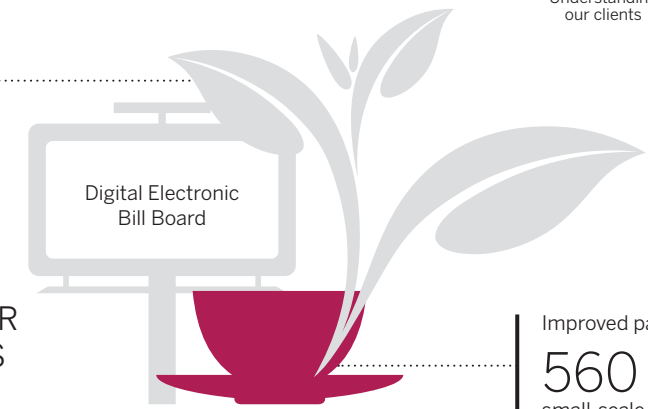
Kenya Tea Development Agency (KTDA):

70% of Kenya's tea production



## ENABLING PAYMENT FOR SMALL-SCALE FARMERS IN EAST AFRICA

The tea industry in Kenya is the second largest income earner in the country and has a rich history dating back to 1903. The Kenyan Tea Development Agency (KTDA) plays a crucial role with 70% of Kenya's tea production coming from the 54 tea companies and 560 000 small-scale tea farmers that make up the KTDA. Tea is sold at auctions in Mombasa where brokers auction the tea on behalf of the producers. In the past, the tea settlement after the auction was done manually. This manual process would take a lot of time to reconcile and allowed some brokers to siphon producer payments for their own gain. The KTDA approached Stanbic Kenya to provide a solution as the farmers were losing out, especially the small-scale farmers. Stanbic Kenya banks the KTDA and many of the businesses within.



Improved payments to 560 000 small-scale tea farmers

We used this relationship to create a **Digital Electronic Bill Board which makes the payments at auctions transparent and fair.** The funds from the sales are distributed fairly to brokers, warehousemen and producers through this system, settling accounts within 10 days as per the rules of the East African Tea Trade Association (EATTA). This collaborative solution with the KTDA has resulted in a much stronger economic base from which to transact ethically and transparently, resulting in the improved payments of small-scale tea farmers in East Africa.



## I SEE MY JOB DIFFERENTLY...

Siphesihle Budaza – Debt review officer

As a debt review officer and a customer, I understand that being overindebted is frustrating and can lead to depression and anxiety. It is therefore my duty to help customers to restructure their debt with the bank so that their financial burden is decreased and their lives can carry on knowing they don't have to stress too much about their debts. Through my work, people have more disposable income and I lend them a stepping stone in fixing their financial wellbeing.



Just under 50 000 ha of land kept productive