

4. AFRICA TRADE AND INVESTMENT CONTINUED

Connecting China and Africa

The growing trade and investment links between China and Africa offer huge opportunities to expand Africa's manufacturing sector and create jobs. Analysts estimate that over 10 000 Chinese-owned firms operate across Africa. Increasing numbers of African businesses are also doing business in China. In both cases, these businesses range from large corporations to small-scale firms with ambitions to grow. Since 2008, Standard Bank and the Industrial and Commercial Bank of China (ICBC) have been working in partnership to encourage trade and investment in the China-Africa corridor, and fulfil the needs of these diverse businesses with a broad suite of financial services. Since 2016, Standard Bank and ICBC have jointly closed USD3.6 billion worth of deals in Africa, with a focus on infrastructure and energy.

AFRICA CHINA AGENT PROPOSITION

Standard Bank's **Africa China Agent Proposition** (ACAP) supports African importers to source and validate quality goods, safely and efficiently, from the most competitive suppliers in China.

African importers often have contact with only a handful of trusted Chinese suppliers, providing them with limited choice and restricting their negotiating power. While ordering online provides access to a wider range of suppliers, it introduces potential risk in relation to the quality of products, and generally requires advance payment before goods can be shipped. Payment terms often specify cash, without reciprocal guarantees of delivery or quality. As a result, African importers often carry a disproportionate burden of risk in transactions. Language and cultural barriers may also pose a challenge when travelling and negotiating supplier agreements in China.

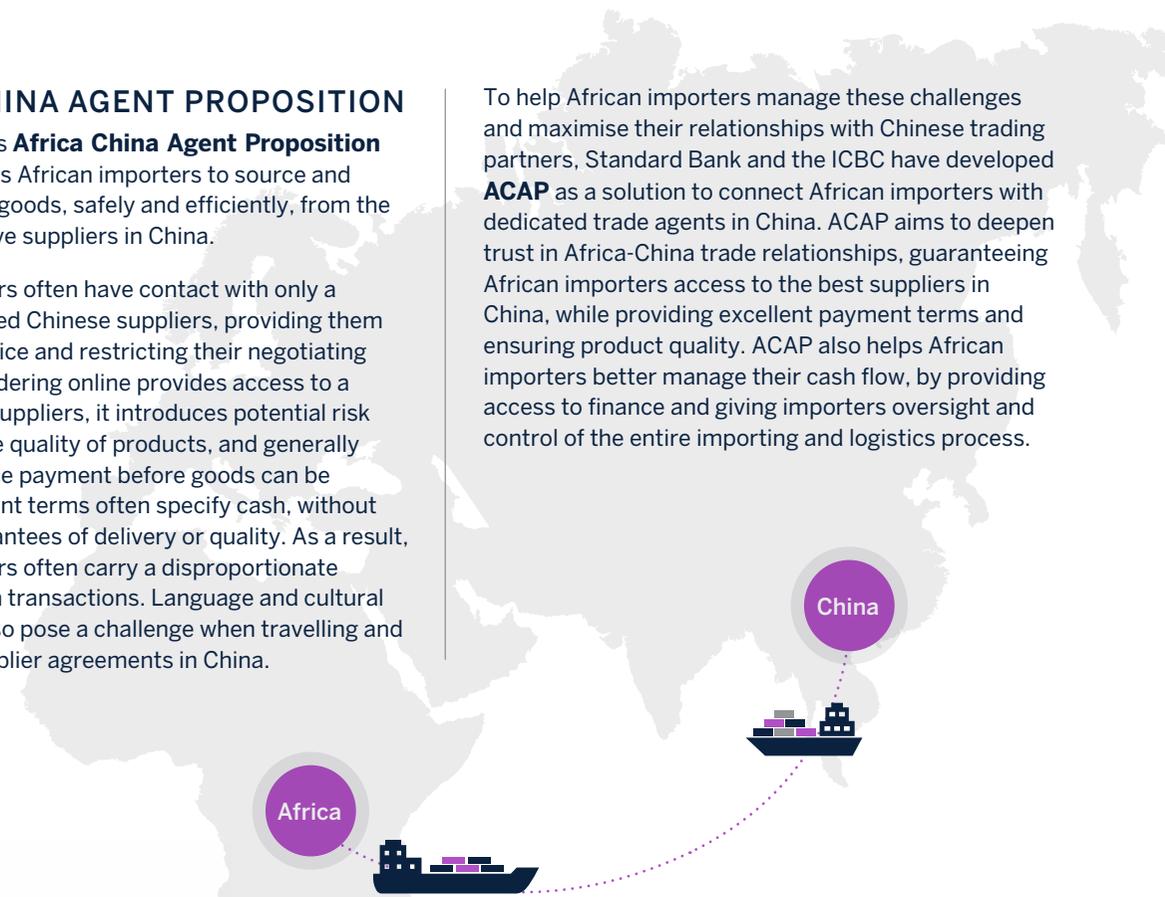
To help African importers manage these challenges and maximise their relationships with Chinese trading partners, Standard Bank and the ICBC have developed **ACAP** as a solution to connect African importers with dedicated trade agents in China. ACAP aims to deepen trust in Africa-China trade relationships, guaranteeing African importers access to the best suppliers in China, while providing excellent payment terms and ensuring product quality. ACAP also helps African importers better manage their cash flow, by providing access to finance and giving importers oversight and control of the entire importing and logistics process.



Manessah Alagbaoso

Head, Africa China Integration, Standard Bank

African importers meeting face-to-face with Chinese suppliers builds an understanding of what is expected when doing business with China. It is also the foundation of long-term, mutually beneficial and sustainable trade relationships. Equipping African importers to navigate both the simple and the complex aspects of doing business in China is what our ACAP is there to facilitate.



4. AFRICA TRADE AND INVESTMENT CONTINUED

The ACAP offering is underpinned by a letter of credit. This allows African importers to receive goods before payment is made. If any of the terms of the letter of credit are not met, payment will not be made. This significantly strengthens the negotiating power of African importers in relation to price, quality and efficiency of the importing process. Chinese suppliers can also be confident that once the terms of the letter of credit have been met, payment will be made in full and on time, guaranteed by Standard Bank and ICBC.

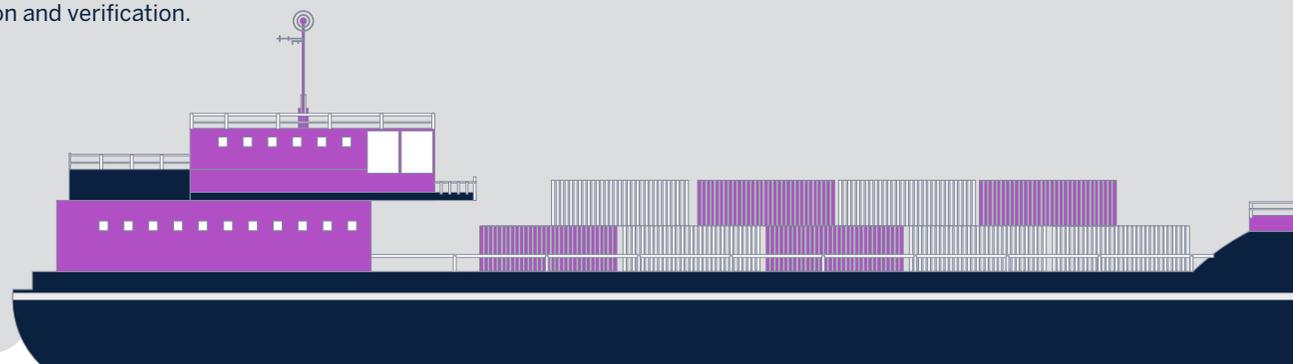
Apart from the fees associated with conducting an international trade via a letter of credit, the entire ACAP offering is available without cost, simply by joining Standard Bank's digital trading platform, the Trade Club. ACAP is available in Ghana, Kenya, Mozambique, Nigeria, South Africa and Uganda, and will be launched in other markets in the coming months.

Zhejiang International Trading Supply Chain Co. Ltd (Guomao) is the first Chinese trade agent nominated by ICBC to partner with Standard Bank to assist African importers trade seamlessly with China. In time, Standard Bank's ACAP offering will include other Chinese trade agents in other key international trade hubs in China, deepening access to China's supplier

universe. Guomao currently has about 10 000 suppliers that meet the import needs of Standard Bank's clients. Guomao assists African importers to source the right suppliers, negotiate the best prices and trade conditions and validate the quality of goods. It also assists African importers to arrange travel to China and meet with a broad range of suppliers and provide translators to facilitate trade negotiations and discussions. Guomao provides quality guarantees on goods from its recommended Chinese suppliers and rectifies any quality issues on behalf of the African importer. It also provides support in handling shipping logistics and providing finance based on a letter of credit from Standard Bank and ICBC. If a client requires something beyond the capacity of Guomao's supplier base, Guomao will source new suppliers who will be subjected to validation and verification.



Standard Bank representatives with General Manager, Zhejiang International Trading Supply Chain Company Limited, Mr Ralph Deng, at the launch of Stanbic IBTC Africa-China Agent Proposition in Lagos on 21 May 2019.



AFRICA CHINA EXPORT PROPOSITION

Standard Bank's **Africa China Export Proposition** (ACEP) aims to boost the export of African products to China, by easing language, cultural, logistics and regulatory challenges, and connecting our export-ready clients from across Africa with suitable importers in China.

Standard Bank's experience in facilitating Africa-China trade means our clients benefit from access to trusted market opportunities in China, while simultaneously being able to access trade finance and guidance on the requirements for bringing their specific product into China. We work with our clients to find a trusted importer match from the ICBC client base, and then support them with information on regulatory requirements and how to adequately prepare their products for export. Through ACEP, we aim to introduce

at least one national product from each African country to China's list of approved export products.

Leveraging our strategic partnership with ICBC, we've partnered with trade agents Chenshia Group and Axis Group International, who have 20 years' experience in foreign trade services, a deep understanding of the African and Chinese trade and cultural landscape, and a solid track record in introducing new brands to the Chinese market.

4. AFRICA TRADE AND INVESTMENT CONTINUED

FACILITATING CHINA-AFRICA TRAVEL

1



Standard Bank, ICBC and UnionPay International, the world's largest card issuer, have partnered to facilitate seamless transacting for Africans travelling in China, and Chinese citizens travelling in Africa. ICBC's I Go Global rewards scheme, which operates in partnership with UnionPay, offers ICBC's 139 million credit card holders travelling abroad access to exclusive discounts on tours, shopping, restaurants and more. It aims to develop and promote China-Africa tourism, for both leisure and business travellers.

2



Standard Bank launched ICBC's 'I Go Global' credit card reward schemes in Zambia and Tanzania in 2019, complementing existing I Go schemes in South Africa, Kenya and Ghana. The launch of I Go Zambia coincided with the launch of the Zambian government's 2019 Zambia China Culture Year, which aims to boost Zambia's profile as a preferred tourism destination in China.

3



Not only can Chinese tourists enjoy a host of benefits when visiting participating countries, but Stanbic card holders can also enjoy the same benefits in China. This includes being able to travel through participating countries without having to worry about exchanging currency.

4



Standard Bank's South African account holders can access the UnionPay card from the bank's Shyft app, enabling them to exchange pre-loaded rands into multiple currencies and load these onto a physical UnionPay card. Cardholders can fix their exchange rate before travelling, which eliminates rate fluctuation, and top-up when their funds run out. Transactions can be made virtually or physically, in South Africa and in China. The UnionPay card is accepted through most mobile payment apps.



Leina Gabaraane

CE, Stanbic Zambia

Zambia has over the years depended on only a few sectors of the economy such as mining, agriculture and manufacturing to some degree. However, there is a part of this economy that remains untapped and that is tourism. It could be one of the key drivers of the economy if properly leveraged and exposed.



4. AFRICA TRADE AND INVESTMENT CONTINUED

CROSS BORDER PAYMENTS

As Africa's relationship with China matures and deepens, the wider use of the renminbi across Africa offers opportunities to increase efficiency and reduce the risk and cost of intra-African and Africa-China trade. Standard Bank offers CNY capacity in all our subsidiaries in African countries. We provide short-term renminbi credit facilities, money market deposit and call accounts; we offer global markets trading products, CNY-denominated accounts, cash settlement transactions and notes for Chinese businesses; calibration of remittance flows; and on-the-ground expertise. We also offer a 24-hour regulatory-compliant and risk-managed foreign exchange service which includes the renminbi. This is supported by our Mandarin-speaking banking teams, together with our agreement with UnionPay International to host and support their electronic payments portal in Africa, and between Africa and China. Many African countries that experience regular dollar constraints have arranged renminbi swap links, allowing them to use renminbi to pay for imports from China. Renminbi swap links are resulting in more African central banks holding larger amounts of renminbi in reserve.



CHINESE- LANGUAGE SERVICES

We employ Chinese-speaking customer-facing business banking professionals in 15 of our countries of operation.

We operate an entirely Mandarin-speaking branch at Crown Mines in Johannesburg, which is dedicated to helping our Chinese customers with all their personal and business banking requirements. We have Africa-China Banking Centres (ACBC) in Johannesburg and Lagos staffed by Mandarin-speaking bankers and serving personal and business banking clients in South Africa and Nigeria. Consultation and advisory services are provided via telephone, online or email, and African and Chinese clients can link into China's digital banking and customer knowledge systems. We are in the process of rolling out the ACBC in Ghana, Kenya, Mozambique and Uganda with other markets to follow in 2020.



Adrian Vermooten

Head, Direct Banking PBB, Standard Bank Africa Regions

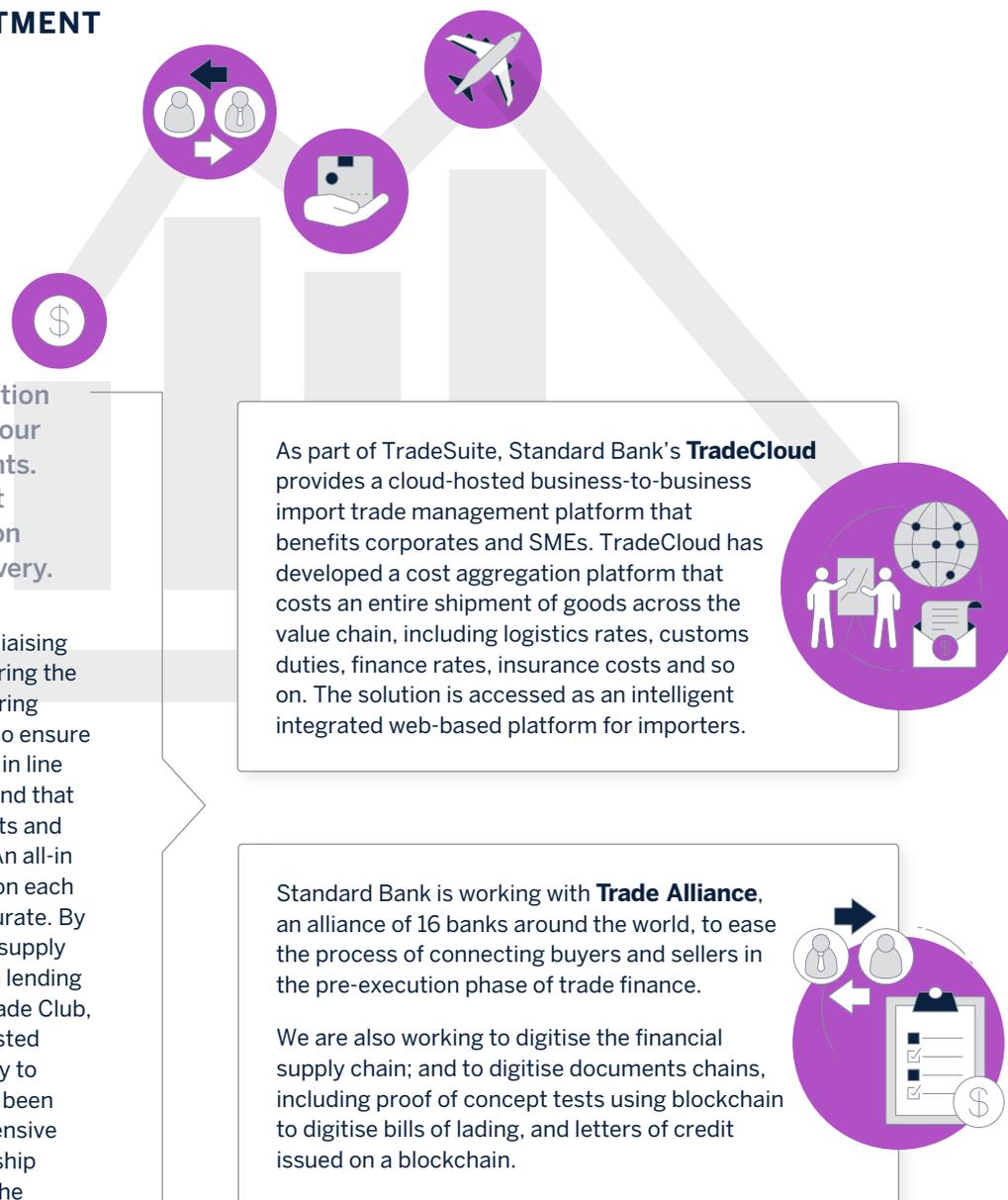
Digitally supporting the functionality, success and growth of our Africa-China trade and investment corridor with innovative digital solutions that drive client growth is a strategic imperative of Standard Bank and a core function of our digital practice in Africa.

4. AFRICA TRADE AND INVESTMENT CONTINUED

Taking the friction out of trade finance

Standard Bank's TradeSuite solution provides end to end servicing of our clients' trade finance requirements. It offers our clients a single point of contact for all their importation requirements, from order to delivery.

The service includes supplier tracking, liaising with logistics service providers, monitoring the goods while they're in transit, and ensuring customs is cleared in good time. We also ensure that currency fluctuations are covered, in line with the company's hedging strategy, and that all documentation required for payments and importation is available when needed. An all-in landed cost on each item is calculated on each order to help ensure that pricing is accurate. By helping to improve the reliability of the supply chain, the product also assists us in the lending process. Clients can also access the Trade Club, which comprises more than 15 000 trusted businesses from around the world ready to trade with African businesses. This has been achieved by leveraging the group's extensive African footprint, our strategic partnership with ICBC, and by helping to establish the International Trade Alliance. Using technology and AI, we can help our clients to access new international trade opportunities.



Our **My Imports** service provides an end to end import management solution using a digitised, modularised platform. Importers of international goods face multiple challenges in the importation process, including managing supplier delivery, tracking goods around the world, ensuring availability of adequate facilities, having adequate forex cover, and costing and managing all the individual providers that support a single transaction, including banks, clearers and forwarders. My Imports provides a transparent, affordable one-stop-shop, and frees up our clients to focus on growing their businesses.