

2. JOB CREATION AND ENTERPRISE GROWTH CONTINUED

Innovative credit solutions

Africa's informal retail sector, which includes kiosks, spaza shops and open-air markets, transacts primarily in cash. Informal traders are often unbanked or under-banked, lack documented credit history, and have historically been considered an unviable credit risk. This is changing, however.

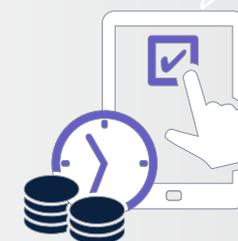
Standard Bank's USD4 million (**R61 million**) investment in **Nomanini** enables us to offer credit to many small shop owners and other informal retailers across Africa. Nomanini connects informal merchants with distributors via an electronic wallet. Using Nomanini technology, Standard Bank collects and analyses data on the retailers. This enables us to build up a financial profile for every trader, understand their ordering patterns and assess their risk profile for lending. We're also able to pre-empt their re-stocking needs and send them alerts offering to arrange and underwrite their next order, for example. This can be done via Nomanini or Standard Bank devices supplied to the traders, or by leveraging other existing networks or devices from third parties – whatever fits best in each market. We also offer products such as short-term savings and insurance.

Standard Bank's commercialised **Trader Platform Solution** enables informal sector retail traders to apply for stock advance loans in the form of virtual stock (airtime) and physical stock (FMCG). We assess the applications using the Nomanini platform – we analyse 30 days of 'health and wealth' trading data, derived from the way in which the traders sell prepaid airtime and other services to their customers. This provides us with appropriate information to make a loan decision.

The loans are provided quickly and digitally, enabling traders to minimise the downtime that would usually be created by stock shortfalls and the need to close shop in order to restock. The solution was launched in Zambia in September 2019, and subsequently in Eswatini and Lesotho in November 2019, and will be launched in several additional African countries in 2020.

The group owns a percentage stake in fintech **Merchant Capital**, with whom we partner to facilitate lending to small businesses. Merchant Capital offers collateral-free working capital loans to small businesses, incorporating a smart collections model of 'pay as you trade', through technology embedded in point of sale machines. Successful applicants receive their finance within 24 to 48 hours. There are no fixed payment terms. A business owner can decide to pay off a loan in three months, or over three years, at the same cost. By having access to a client's sales, the lender can monitor a client's monthly revenue and pre-empt any repayment challenges by providing the client with advice and support. By late 2019, Merchant Capital had successfully concluded **R200 million in deals**. Merchant Capital sees a high rate of returning borrowers, and a default rate of just 2% to 3% of the book.

Standard Bank South Africa is the first commercial bank in Africa to offer a business working capital loan of up to R6 million **in just 3 minutes**, applicable to lifestyle, entrepreneur, business and commercial customers in respect of new and limit increase overdraft applications that fall within our enterprise risk limit. If the application is approved, the customer just needs to sign the agreement and guarantee, and the funds are released immediately. No other documents are required. Loan applications made through Standard Bank's internet banking website can now be assessed, granted and disbursed within four hours through BizFlex.



2. JOB CREATION AND ENTERPRISE GROWTH CONTINUED

Technological solutions for small-scale farmers to improve productivity and access to finance

Agriculture is a major productive sector in African economies and the main contributor to pro-poor growth and poverty reduction, especially in rural areas. The sector is largely subsistence-based. It faces major stresses and shocks caused by environmental degradation and climate change. It is also a major contributor to climate change. Standard Bank aims to work with our clients to increase the profitability and sustainability of Africa's small-scale farmers, while improving Africa's food security.

Challenges facing these farmers include lack of funding for the sector, which tends to be informal and fragmented; poor infrastructure; pricing; lack of information; and sale of fake inputs, including fake seeds and fertiliser. Large corporate buyers of agricultural product face uncertainty about the volumes of specific commodities that will be available at harvest, and the risks associated with the application of sub-optimal agricultural processes. Emerging technologies can play a crucial role in helping farmers to manage their costs, improve productivity, and access markets. We are working with our small-scale farming clients to help them make the most of such technologies.

In **Uganda**, we're piloting the **OneFarm Agri Platform**, working with farmers and cooperatives to help them ensure a successful and profitable maize crop. Five cooperatives, 350 farmers, a maize aggregator and a local tech start-up have partnered with us for the pilot. The farms have been GPS-mapped and validated by satellite. Standard Bank has allocated a credit risk limit to each farmer, based on their verified farm size. Sixteen

local agents, chosen from the various cooperatives, have received training and smartphones, and are employed to do farmer profiling, manage input distribution and support the farmers. The bank has financed high quality seed and fertilizer, and access to tractor time, for distribution to the farmers. The team has also employed an agronomist to provide training on best practices to the farmers and manage demo farms. We've developed monitoring dashboards for each farm, integrating the satellite data. These dashboards ensure potential threats, such as pests and disease, can be detected at an early stage, enabling a quick response and maximising the proportion of the crop that can be successfully harvested. The bank is also working with the farmers to help them access markets/off-takers for their crops, ensuring that they receive a fair price for their produce. Early indications show that the increased access to working capital has enabled farmers to plant additional fields, while access to tractor time has made it easier to cultivate the larger area. Farmers have increased their capacity significantly as a result of this initiative.

In **Zambia**, we're helping local farmers keep better track of their crops, make more informed decisions, and engage more effectively with the financing partners, through a digital satellite application. The web- and mobile-based **Contour app**, developed in partnership with Origin Enterprises Plc (trading under RHIZA), uses agricultural satellite imaging and analysis to give farmers



satellite data, crop growth models, soil analysis mapping, independent fertilizer recommendations and weather data. The app is affordable, working out at about USD5.50 per hectare. Farmers can pick the pricing plan which suits their farm, and those who get the app through Stanbic Bank receive it for half price. The information, which is accurate and secure, enables farmers to keep better track of their crops and make more informed decisions, helping them to improve planning, decision making and responsiveness, save money and improve their yields. The bank also benefits, as we can monitor what is happening on the ground, and use this insight to tailor our services according to each farms' needs.



2. JOB CREATION AND ENTERPRISE GROWTH CONTINUED

Partnership with UN Women to improve women farmers' productivity through climate smart agriculture

We are working with UN Women on a programme to empower women by enhancing agricultural productivity and income, through climate smart agriculture – farming methods and commodities that are resilient to climate change. Standard Bank has pledged USD3 million over two years.

The programme is running in Malawi, Nigeria, South Africa and Uganda. It includes a focus on improved weather forecasting, early warning systems, and insurance to help farmers reduce risk.

Focus areas include:

Increasing women's secure land tenure

Increasing women small holders' productivity in a changing climate and reducing the physical burden of agricultural work

Removing financing barriers and increasing women's capacity to invest in climate-resilient agriculture

Promoting opportunities for women small holders to move up the value chain

The programme is being run in partnership with local farmer associations and cooperatives, relevant UN agencies and international aid agencies, national and local governments, local private sector partners and NGOs. The aim is to reach over 50 000 women across the four countries over three years, providing them with entrepreneurial and financial capacities, affordable technology and value addition, and using ICT to increase access to markets and to finance.

- In **Uganda**, we launched the programme in May 2019, with 700 women participants. Standard Bank's USD300 000 (R4.6 million) sponsorship will be invested in fish farming/aquaculture in the Bugiri District. We are also aiming to develop specific banking products that meet the needs of women-owned start-up businesses.
- In **Malawi**, we launched the programme in October 2019. Malawi's agricultural sector contributes a third of the country's GDP and is a major employer and exporter. But lack of climate-friendly smart technologies and knowledge among small-scale farmers has hindered growth. We aim to support 10 000 rural women farmers in the Mzimba, Mchinji and Lilongwe districts, in the production of ground nuts and rice, and access to the procurement value chain. Participating women farmers will be able to access collateral-free loans up to USD6 700.

In addition to Standard Bank's USD225 000 (R3.3 million) sponsorship, we're also providing financial literacy forums for participants.

- In **Nigeria**, we are investing USD475 000 (R7.3 million), working with rice farmers in Ebonyi State and with shea nut farmers in Niger State, and aim to assist 12 500 women farmers and agri-business owners.
- In **South Africa**, our focus is on bean and vegetable farmers in Limpopo province and Free State province. We're investing USD600 000 (R9.2 million). Standard Bank will train participants in financial literacy, while Vodacom will assist with digital literacy skill training.



William le Roux

CE, Stanbic Malawi

We are happy to know that by using the climate smart approach to farming, a sustainable way has been found to increase productivity and incomes while reducing greenhouse gas emissions, a contributor to global warming and attendant climate change. The modern interventions toward farming among women is a huge paradigm shift in line with global commitments to eradicate poverty.

2. JOB CREATION AND ENTERPRISE GROWTH CONTINUED

Services tailored for small enterprises

Some of the other ways we are making life easier for small businesses include:

- SimplyBlu** – an online business in a few clicks: While online sales potentially offer access to new markets and revenue streams for small businesses, the cost of setting up an online trading platform can be prohibitive. Costs range from design, security and financial compliance to setting up an integrated invoicing and accounting platform. Simply Blu, our new and innovative all-in-one payment solution enables businesses to start and manage a customisable online business from a single, secure platform. With an easy to use mobile app, the business owner can set up their store, issue e-invoices and securely accept digital payments. The app requires no development skills or knowledge of coding. It's also cost effective. Businesses can start trading on the Internet for a R500 once-off set up fee, and a monthly R575 subscription fee. All card payments are 3D secure authenticated and PCI DSS compliant. Applicants can apply and submit their documents online. **SimplyBlu** is the first service of its type to be offered to small businesses by a financial institution in South Africa.



- Access to corporate supply chains:** In South Africa, we offer an enterprise and supplier development (ESD) funding solution to our corporate clients, to help minimise the risk associated with bringing new small businesses into their supply chains. We provide financial support to black-owned small businesses to enable them to access corporate supply chains, and developmental support to help address any challenges they may experience. When certain conditions are met, we also offer loans to SMEs who have secured a contract with a Standard Bank corporate client. We charge tiered interest rates, to lower barriers to entry for new suppliers.



- We are looking at ways to improve women entrepreneurs' access to affordable lending solutions. **Stanbic Bank Zambia** has secured a 200 million Kwacha (USD15 million) loan from the IFC, to expand its lending to SMEs. At least 25% of the loan is earmarked for women-owned businesses.



Leina Gabaraane
CE, Stanbic Bank Zambia

The funding from IFC fits with our SME strategy, which leverages our corporate banking ecosystem to identify new SMEs for funding. By 2022, we plan to quadruple the number of women-owned SME borrowers from 50 to about 200.