



SMEAZ PRESENTATION

Overview

- Introduction to CABS
- Definition of CABS SME Customer
- CABS' Rationale for Banking SMEs
- Why CABS
- CABS Products
- SME Loan Products
- Bankable Projects
- Reasons Loans Are Declined
- Invoice Discounting Product
- Textacash

Introduction to CABS

- Central Africa Building Society (CABS) is a registered Building Society in terms of the Building Societies Act (Chapter 24:02) in Zimbabwe.
- CABS is wholly owned by Old Mutual Zimbabwe Limited
- The society is a distribution channel for the Old Mutual Group Products.
- It is the largest building society in Zimbabwe by asset size with 56 branches, 50 ATMs and 1 450 Integrated Point of Sale Devices countrywide.

Definition of CABS SME customer

- Small and medium-sized enterprises (SMEs) represent an extremely diverse group of companies, ranging from small owner-managed enterprises to medium-sized enterprises that employ managers.
- Broadly speaking, their financial requirements are too large for microfinance, yet too small to be effectively served by corporate banking models.
- SMEs are those companies that fulfil at least two out of three maximum requirements for employees, assets, or annual sales as defined by the Reserve Bank of Zimbabwe in the 2013 Monetary Policy Statement.

Characteristics of SMEs

<u>FACTOR</u>	<u>INDICATOR</u>
Asset Base	\$10 000 to \$2million
Employment	5 to 75 people
Annual Turnover	\$30 000 to \$5million

- Banking Institutions are required by the Reserve Bank to reorient their portfolios such that loans to the SME sector should constitute at least 30% of the total loan book.

CABS' rationale for banking SMEs

SMEs have become a strategic focus area for the Group for the following reasons:

- SMEs are a primary driver for job creation and GDP growth.
- They greatly contribute to economic diversification and social stability, and they play an important role in private sector development.
- Business owners and employees also provide a significant opportunity to grow our Gold Account customer base.
- The SMEs sector requires adequate funding to unlock its potential as a source of rapid economic growth, poverty reduction, bridging current supply gaps in the economy, and uplifting living standards in Zimbabwe
- SMEs also provide a wider tax base and cultivate a culture of entrepreneurship
- SMEs provide significant revenue opportunities within the group through our ability to cross sell group products (Loans, Pension Funds, Funeral Policy).

Why CABS?

- CABS is part of an international long-term savings, protection and investment Group that has over 168 years experience in providing life assurance, asset management, banking and general insurance in 33 countries (Africa, Europe, the Americas and Asia).
- Our SME clients enjoy a one stop shop experience for all their savings, investment and insurance requirements.
- CABS has a wide branch network coverage and distribution channel increasing accessibility of banking facilities to SMEs and their stakeholders.
- CABS has a strong capital base, a strong shareholder backing and thus is a stable financial institution

Current CABS Products

CASH MANAGEMENT SOLUTIONS

- Transacting Accounts, Investments, Internet Banking, Point of Sale Machines and Textacash

LENDING PRODUCTS

- Overdraft Facilities
- Short Term and Medium Term Loans
- Mortgages
- Personal Loan Facilities (CPS)

STRUCTURED FACILITIES

Mortgages

- Employer Assisted Housing Schemes – Cash backed, company guaranteed or supported by Pension Fund Investments.

DIMAF

- Working Capital and Capital Expenditure Loans for Distressed and Marginalised Companies.

Youth Fund

- Over 10,000 applications vetted, 760 approved with a value of over \$1.5m

TRADE FINANCE PRODUCTS

- Guarantees By Bank

New Product Offering

With the Introduction of a Corporate Banking Department and awarding of the Authorised Dealership Licence, CABS will soon be offering the following products in line with it's strategy:

BANKERS' ACCEPTANCES (Tradable Instruments)

TRADE FINANCE PRODUCTS

- Letters of Credit – Import and Export.
- Pre/Post Shipment Finance Facilities

STRUCTURED FACILITIES (more capital efficient)

- Invoice Discounting Facilities
- Supply Chain Financing

SME Department Products

Product Name	Facility Structure	Target Client	Collateral Requirement
SME Easy Benefit Product	3yr Business Loan @ 13% per annum, Pension Benefit for minimum 5 Employees (Monthly Contribution 12.9% of Gross Incomes)	Small to Medium SMEs	Mortgage Bond over Fixed Property, Guarantees
Business Loan	Working Capital Loan – 1 year, 15 – 20% per annum Capital Expenditure Loan – 2 years, 15 – 20% per annum	All SMEs	Mortgage Bond over Fixed Property, Guarantees
Agritrade Loan	Working Capital Loan over 1 year, 11% per annum, 2% establishment feed	Small to Medium SMEs purchasing Agro Produces from Small holder farmers	Mortgage Bond over Fixed Property, Guarantees
Trade Products	Invoice Discounting Bank Guarantees, Letter of Credit	Medium SMEs	Mortgage Bond over Fixed Property, Guarantees

CABS is currently considering facilities under the following sectors: Manufacturing , Retail and Distribution, Agriculture (Structured Lending), Services, Construction and Transport.

Bankable Projects

Small to Medium enterprises turn to banks for credit to smooth out their cash flows. Securing these lines of credit however remains a challenge for many companies. The following steps should be adopted and implemented by those SMEs wishing to proceed with an application for finance from the banks:

- Open Operating accounts with at least two banks (that have SME divisions) and build a track record with both.
- Appoint an auditing firm for large SMEs or Invest in a good accountant who will maintain reliable books or outsource if needs be.
- Build a good reputation with your suppliers, employees, clients and other banks; banks can sometimes check the market for character references.
- Be compliant with all the laws governing your particular sector.
- Share a clear, concise and detailed utilisation plan of the facilities requested and your financing needs. Include supporting documentation
- Though you may have an existing business plan, prepare re-worked updated version that speaks to a particular bank's requirements.
- Provide detailed information on your business model and history, industry specific background, terms of trade, organisation charts and resumes of people and employees, a financial snapshot, list of suppliers and clients and were possible testimonials from clients.

Reasons Loan Applications Are Declined

Banks are in the business of lending, but this is directly linked with risk mitigation. Typically, banks will want to differentiate between financing for growth and expansion and basic finance to kick-start a business. The latter is not as commonly granted in Zimbabwe and instead those SMEs with an established presence of three to four years operational history will be preferentially considered. Below is a list of some of the reasons why credit is denied.

- No Banking Culture to provide a track record
- Bad reputation with suppliers, customers and other financial institutions
- Insufficient Information submitted with applications
- Wrong information submitted
- Limited Value adding capabilities and Competitiveness of businesses
- Inadequate Collateral
- Lack of Managerial Capacity

Cont....Reasons Loan Applications Are Declined

- Poor Record Keeping
- High leverage ratio (e.g Gearing Ratio and Interest Cover)
- Over expansion (Trying to do too much at the same time)
- Industry Risk
- Business Operations Not Viable
- Financial Institutions may lack expertise in understanding small and medium based business.

Invoice Discounting Product

- CABS is finalizing a supply chain intervention product in an effort to release immediate working capital to suppliers without affecting the merchant/anchor's cash flow.
- This product will assist SME clients requiring working capital funding but do not have the required collateral security.
- Invoice Discounting mitigates risk of default by the SME client as performance will have been proven. The Society will however need to be satisfied with the risk rating of the merchant/anchor company.
- With invoice discounting cash can be obtained without using any assets as collateral – only invoices/accounts receivables.
- Invoice discounting will also eliminate the hassle of collecting invoice payments.
- The merchant gives the suppliers an “I Owe You” paper acknowledging the debt for the supplies received. This paper together with the invoices and the goods received note will be traded through CABS in the money market at a discount for early settlement.



textacash

Send. Receive. Smile.

A complete banking product that offers a convenient and affordable alternative to paying cash.



The complete package...

- More than just sending cash from one cell phone to another.
- It's a complete banking product.
 - Affordable banking for those that need the basics.
 - A vehicle for Corporates to make bulk payments.
 - Unbanked individuals can be paid to cell phone.
 - An account that can be operated from a cell phone, a card or both.
 - There is a country wide supporting network of Agents and CABS branches.
 - ZimSwitch enabled.





textacash

Send. Receive. Smile.

- Allows clients to send money to intended beneficiaries using one's cellphone.
- Sender needs to have a Telecel line and be a CABS Account Holder. Non CABS account holders can buy a textacash card that they load with funds.
- Receivers can be on any phone Network, Econet, Telecel or Net One.
- Once receiver gets confirmation of transfer, withdrawal of funds can be done at a CABS Branch or Merchant.
- Reduced risk as no cash is involved. Reduced cost of banking.

Benefits to the Employer

- No Need to Source Large Quantities of Cash
- Convenience of Paying Electronically
- Secure Way to Process Bulk Payments
- Employee accounts opened on site





Benefits to the Employee

- Linked to Telecel line on sign-up
- Low entry level - only ID required
- ZimSwitch Enabled
- Low transaction charges
- No minimum balance required
- No monthly service charges
- Can be used to make purchases
- Allows basic banking functionality
at Branches or Agents



Textacash Tariff Schedule

TRANSACTION TYPE	RANGE		CUSTOMER CHARGE
	MIN	MAX	
Deposit Cash	0	Unlimited	Free
Send money to another cell phone (receiver does not need to be registered for Textacash)	\$10	\$1000	20c + 1% cash amount
Redeem cash received on cell phone	\$10	\$1000	Free
Buy Air Time (only telecel)	\$1	\$10	Free
Balance Enquiry On cell phone / card on CABS machine Card on Zimswitch machine			Free 8c
Mini-Statement			Free
Purchase using card on CABS machine			Free
Purchase using card on Zimswitch machine			50c
Withdrawal from Textacash account using card	\$5	\$1000	1% of cash amount
Inter-Account Transfer (carried out on cell phone or POS machine) Between any Textacash or CABS accounts	\$1	\$10 000	20c



The CABS Branch and Agent network

Branches (56)



- Beitbridge
- Bindura
- Bulawayo x 3
- Chegutu
- Chinhoyi
- Chipinge
- Chiredzi
- Chitungwiza
- Gokwe
- Gwanda
- Gweru
- Harare x 15
- Hwange
- Kadoma
- Kariba
- Karoi
- KweKwe
- Marondera
- Masvingo
- Mt Darwin
- Murewa
- Mutare
- Ngezi
- Norton
- Nyanga
- Plumtree
- Rusape
- Victoria Falls
- Zvishavane

Agents



- 597 Textacash devices and over 200 sites
- Approximately 30 new sites being set up each month

POS



- 871 devices countrywide
- 400 sites countrywide
- Leading acquirer of POS transactions in Zimbabwe

ATM



- 50 ATMs in process of being upgraded and rolled out



The logo for CABS, featuring the letters 'CABS' in a bold, yellow, sans-serif font. The text is set against a blue, trapezoidal background that has a slight 3D effect with a purple shadow underneath. The background of the entire slide is dark blue with light streaks and bokeh effects.

CABS

We want to do things better

A Member of the  **OLD MUTUAL** Group

Do You?

The text 'Thank you' is written in a large, orange, serif font. It is centered on the lower half of the slide. The background behind the text is dark blue with light streaks and bokeh effects.

Thank you

Any questions?