



9 May, 2012

Stanbic Bank Offers Innovative New SME Product

GABORONE - As part of an ongoing drive towards encouraging and aiding Small and Medium Enterprises (SMEs) across Botswana, Stanbic Bank this week launched its new loan product: The SME Quick Loan. The first of its kind on the market, it combines a unique credit technique with a much simpler application process in circumstances where financial information and or collateral are not always available.

The SME Quick Loan uses a battery of risk assessment tests, which is then used to assess willingness to repay the loan and is aimed at enabling entrepreneurs to speedily access much-needed finance. Instead of looking to financial information only, entrepreneurial competencies of the SMEs form the primary assessment criteria. Customers of Stanbic Bank who do not meet requirements to qualify for finance facilities under the current lending criteria will now have easier access to credit.

Championed by Stanbic Head of SME Banking, Mr. Keletso Setimela, the new loan product is tailor-made for SME customers who need to finance their working capital requirements. It allows Stanbic Bank to move into the previously unserved informal business sector.

“A great deal of SMEs see opportunities to grow and actively try to do so. Providing access to finance SMEs has traditionally been challenging due to lack of financial statements, credit history, lack of credit bureau data and collateral among SMEs,” said Mr. Setimela.

In the past, SMEs have often been viewed by financial institutions as being risky due to the lack of collateral to secure their loans. “What many fail to recognise, however, is how critical a role this sector plays as a key driver of growth and in contributing towards economic diversification, job creation and poverty alleviation. SMEs account for nearly 90% of the businesses registered in Botswana, employing a staggering 300, 000 people.

As such, Stanbic Bank refuses to ignore the importance of this sector. This is why we have developed SME Quick Loans; to set a new precedent in SME financing,” continued Mr. Setimela.

He says a number of differences set the loan apart from other more traditional lending: the SME Quick Loan is a fast, unsecured business loan. It promises a hassle-free application process, takes 3 days in which funds are disbursed following approval, and flexible repayment terms. In addition, no penalties are charged on loan settlement, clients have unlimited access to their loans and the pricing is about half of what is charged for similar loans in the market.

The Stanbic Bank SME Quick Loan crucially lends a hand to businesses in the start-up or growth phase of the business life cycle, while other financial institutions loan offerings only accommodate those in the maturity stage. “These businesses are highly influenced by and exposed to the external environment and we have taken this into account and catered for these needs. Stanbic Bank remains committed to growing and developing SMEs across Botswana, from wholesalers to retailers and most especially to female entrepreneurs. The SME Quick Loan works towards this aim,” concluded Mr. Setimela.

This innovative credit solution has already been successfully launched in Kenya, Ghana, Nigeria and Tanzania by the Standard Bank Group, of which Stanbic Bank is a part. Standard Bank already provides financial services to more than 140,000 SMEs across Africa, lending their expertise and deep understanding of SME markets to the launch of this new loan facility in Botswana.

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For more information contact:

Taazima Kala, HOTWIRE PRC, taazima@hotwireprc.com, +267 3923579

OR

Ruth Modisane, Public Relations Manager, modisaner@stanbic.com, +267 3618230