



2009

A REVIEW OF THE SOUTH AFRICAN MICROFINANCE SECTOR VOLUME II – BACKGROUND PAPERS: SECTION III – MARKET SUPPLY



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CENTRE FOR MICROFINANCE

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PAPER 1 - MICROENTERPRISE LENDERS

THE SMALL ENTERPRISE FOUNDATION

The Small Enterprise Foundation (SEF) is a world-renowned non-profit microfinance institution established in 1991 and first disbursing loans in 1992, aimed at extending credit to those who live below half the poverty line. It is incorporated under Section 21 of the Companies Act.

SEF identifies its mission to work aggressively towards the elimination of poverty by reaching the poor and very poor with a range of financial services to enable them to realize their potential (SEF, 2008:2)

SEF targets primarily women from households living below half the poverty line (73% of current clients) as well as owners of existing micro enterprises (27% of current clients). SEF reports that 99% of its clients are currently female, and are typically comprised of hawkers, dressmakers and shopkeepers.

SEF operated only in the Limpopo province up to 2001, after which it began expanding into Mpumalanga. With an injection of funds in 2008 from Old Mutual Insurance Company, SEF launched operations in the Eastern Cape Province. In the same year, SEF also began operating in North West Province. At the end of its 2009 financial year, the organization operated from 38 branches as follows: Limpopo: 23 branches; North West: 5 branches; Eastern Cape: 7 branches; Mpumalanga: 3 branches.

SEF operates two loan programmes and encourages clients to save at either Postbank or Nedbank, depending on their proximity to SEF villages.

The SEF *MicroCredit Programme (MCP)* requires borrowers to have operated a business for a minimum of six months. Funding is aimed to improve business operations and attain growth. Microcredit facilities are extended to groups of five women who know and trust each other, with an interest in getting financing for their own businesses. The only collateral required is the members' guarantees of one another's payments. Currently 27% of SEF clients participate in the MCP.

The *Tshomisano Credit Programme* targets women who live below half the poverty line. SEF first conducts a Participatory Wealth Ranking to identify the poorest households in the community. Thereafter, field staff motivate women in those households to commence an income generating enterprise, for which microcredit is granted. As with the Microcredit Programme, facilities are extended to groups of five women who know and trust each other, with an interest in getting financing for their own businesses. The only collateral required is the members' guarantees of one another's payments.

SEF utilizes an adapted version of Grameen Bank's solidarity lending methodology, with a two-tier group structure: two or more solidarity groups of five members get combined into larger Centres of 20 to 50 members. If a member drops, groups may go down to four members for subsequent loans. Family members may not be in the same group; an age difference of a maximum of 20 years is allowed in one group. Members must live within walking distance of one another.

Loans are offered from R 500 to R 12 000. Five term options are offered: 8 Fortnights; 12 Fortnights, 4 months; 6 months; and 10 months. While groups meet fortnightly to conduct transactions, some groups qualify to repay on a monthly basis.

Each solidarity group is required to open a group savings account with three signatories at either the Postbank or Nedbank, depending on which is closest. Each individual must save R5 per fortnight and there is a minimum amount of savings which must remain in the account during each loan cycle and grows as follows: R40; R80; R120; R160; R200

In an effort to control operating expenses, SEF has chosen not to invest in a debtor management system. Branches operate on a manual record-keeping system and centralized records are maintained primarily in excel spreadsheets. In recent years SEF has been investigating debtor management system options.

Key individuals:

John de Wit	Managing Director
Mateo Zanetic	Chief Operating Officer
Matome Malatji	Chair of Board

Contact details:

Physical address (Head office)	42 Boundary Street Tzaneen 0850
Postal address	P.O. Box 212, Tzaneen, Limpopo 0850
Contact telephone numbers	015 307 5837
Email address	info@sef.co.za
Website URL	www.sef.co.za

Small Enterprise Foundation – Key Indicators:

		June 07	June 08	June 09
Total Assets (R 000)		57 436	85 660	104,126
Total Equity (R 000)		23 956	25 192	24 992
Net Operating Income (Loss) (R 000)		(795)	(1 785)	(8 244)
Financial Self Sufficiency %		97%	95%	86%
Total Staff		250	255	373
Total branches / outlets			27	38
Clients per L.O.		261	284	213
Total Number of Active loans		41 295	50 319	57 425
% Female Clients		99	99	99
Value of Gross Loan Book (R 000)		50,691	71,732	91,193
Provision/Reserve for Losses (R 000)		773	925	1224
Portfolio at Risk more than 30 days %		0.3%	0.2%	0.3%

MARANG FINANCIAL SERVICES

Marang Financial Services is a micro finance institution offering credit to micro entrepreneurs. It was established in the year 2000 to take over micro credit operations of Get Ahead Financial Services (GAFS) and the Rural Finance Facility (RFF). Marang has in total a network of 23 branches within five South African provinces with its Head Office based in Pretoria. The market served by Marang is largely the survivalist level, a majority being women.

The company was initially incorporated and registered under Section 32 Company (Limited by Guarantee) but in July 2001 converted to a Section 21 Company (Not for Profit). In order to reposition itself as the preferred micro finance provider in South Africa, Marang has registered itself as a private for Profit Company under the Companies Act. To date Marang has been approached by several funders with a view to entering into equity partnerships. The existing Section 21 company structure adopted by Marang has serious limitations in this regard.

To this end the Board has established a subsidiary, Marang Financial Services (Pty) Ltd to allow Marang to leverage its own capital and network together with likeminded partners to catapult the organisation into a new commercial era. With effect from 1 April 2009, the trading operations are conducted by Marang Financial Services (Pty) Ltd. The former Section 21 entity, now renamed Marang Enterprise Development Foundation, will remain a strategic shareholder in this company and will also fund research into and partner with other organizations to develop and provide business support to rural entrepreneurs.

MARANG targets clients within LSMs 1-3, predominantly adult women excluded from accessing financing from the formal financial sector due to a lack of adequate collateral. Clients are mainly rural women and breadwinners in households containing an average of 7.5 persons. These clients are involved in retail trade and small-scale manufacturing businesses.

Vision: To be the preferred Micro Enterprise Finance Provider in South Africa.

By this vision, Marang sees itself growing in outreach, profitability, and sustainability. The focus of the new for profit institution is on service delivery improvement and customer care as part of its overall strategy to reposition itself as the preferred micro finance institution in South Africa amongst growing competitors.

Mission: Marang's primary business is that of providing accessible credit and related financial services to microentrepreneurs to promote their continued participation in economic development.

With a Head Office in Pretoria, Marang has a network of 25 branches and 19 satellite offices located in five provinces: Eastern Cape, Gauteng, KwaZulu-Natal, Limpopo and Mpumalanga

Products: Group enterprise loans are offered to qualifying groups of five to ten members, with loan sizes of between R500 and R15 000 over a period of four to nine months. First time loans range from R500 to R2000 and there is a 20% increment from 1st cycle to the next and thereafter increase by 40% of the previous loan. Loans are issued in accordance with the size of the business and its needs as well as the business's affordability to repay the loan. Groups are required to contain members who know each other well; live close to each other; and trust one another and believe in each other's business. Prospective groups are tested for group coherence.

Members are encouraged to assess each other's businesses to ensure they are legitimate and that they will make enough money to repay a loan. A Loan Officer then visits the potential client's home and business to verify the information provided. Once all this has been done, an application form and a loan agreement are completed.

As many clients do not have bank accounts they are required to open a club account at a commercial bank or Post Bank. Ten percent of the loan amount must be deposited into this club account as an initial compulsory saving. From then on, clients are expected to regularly deposit a minimum of R20 per month into this bank

account. The money belongs to the clients but should not be withdrawn during the duration of the loan, unless the group experiences repayment problems which are beyond its control. The Branch Manager approves the loan for disbursement and it is deposited into the group's account, with each individual receiving his or her share. All group members are expected to be present at the office on the day of disbursement. On repayment, clients are expected to pay a collective monthly instalment of the loan.

The loan is disbursed to a group and not to an individual. This is done via an electronic funds transfer to the group's club account. Monthly instalments must be paid on due dates selected by clients and it is the responsibility of the whole group to ensure that this is done; this is part of the group guarantee system.

Information Technology: To remain ahead the Board has made a strategic decision to invest almost R5 million in an integrated MIS system based on SAP All-in-one Banking Solution software. To date, we have received donor support from the Umsobomvu Youth Fund (now the National Youth Development Agency, NYDA) and HIVOS of approximately R1.5 million and R2.1 million from Khula, and continue to seek donor support for the balance of this investment. We believe that this investment will lay the foundation for sustainable growth of Marang beyond 50,000 customers in the medium term and 100,000 customers in the longer-term.

The first phase of this project has now been completed and some benefits already realized include:

- Our ability to disburse loans within 48 hours, instead of 7 days as previously;
- Our ability to generate reports up to balance sheet stage daily;
- A payment system that allows disbursements for loans and creditors payments to be generated in SAP and uploaded into FNB's Online banking system, improving both efficiency and control over payments;
- Improved ability to analyze financial results by branch / region / department thereby commencing the process of building sensitivity to costs in line management.
- Improved adherence to business rules through the setting up of validations required before any amount can be disbursed to a group.

Key individuals:

Name	Title
Mr. Sikander Kajee	Chairperson of the Board
Mr. Gerhard Botes	Managing Director
Mr. Trevor Laing	CFO, Company Secretary
Mrs. Christinah Mapasa	Senior Operations Manager
Mrs. Vanessa Chettiar	Human Resources Manager

Contact details:

Physical address (Head office)	6th Floor Odendaal Building 320 Pretorius Street Pretoria
Postal address	PO Box 6560, Pretoria 0001
Contact telephone numbers	Tel: 012 320 1745 Fax: 012 320 6986
Email address	christinag@marangfinancial.co.za
Website URL	www.marang.co.za/index.asp

Marang Financial Services – Key Indicators:

		March 07	March 08	March 09
Total Assets (R 000)		29 791	39 464	65 718
Total Equity (R 000)		15 110	11 313	11 081
Net Operating Income (Loss) (R 000)		(2 084)	(3 797)	(231)
Financial Self Sufficiency %		87%	78%	78%
Total Staff		217	212	178
Total branches / outlets		23	23	23
Satellite offices		19	19	19
Total Number of Active loans		21 621	21 188	24 522
% Female Clients		92%	92%	95%
Value of Gross Loan Book (R 000)		22 053	24 685	28 529
Provision/Reserve for Losses (R 000)		493	270	1 208
Provision Ratio		2.2%	1.1%	4.2%

WOMEN'S DEVELOPMENT BUSINESS (WDB)

WDB was established as a Grameen Bank replicator in 1991, targeting poor rural women initially in Mpumalanga. Mrs. Zanele Mbeki is a founder member of WDB and is currently a trustee of the WDB Trust. She is a qualified social worker, committed to the social upliftment and economic empowerment of women in South Africa. The table below summarizes some of the important milestones in the history of WDB.

Year	Details
1991	WDB Microfinance is established as a Grameen Bank replicator, targeting poor rural women initially in Mpumalanga
1992	WDB Microfinance receives its first donor funding from Ford Foundation, Kellogg Foundation, Massmart & individuals who shared the same vision as WDB
1996	WDB Trust is formed as the mother body of the organisation
1997	WDB Investment Holdings (Pty) Ltd is established to generate income for the microfinance operations through investments.
2002	Information Communication and Technology Programme (ICT): WDB creates the ICT Programme to address illiteracy as well as to assist women in rural areas to bridge the digital divide
2004	WDB Microfinance launches an Enterprise Development Unit to enable their clients to grow their businesses and formalize their business existence in Mpumalanga
2006	WDB Microfinance implements a strategy that leads to an expansion into other provinces
2007	WDB Microfinance established its first branch in Limpopo Province
2008	WDB Investment Holdings reaches R 50 million in distributions to WDB Trust. WDB Microfinance exceeds its 30 000 targeted active clients in October

Vision: To offer real hope to the women of South Africa to enable them to build a self-sustaining future. The primary vehicle used to achieve this vision is by offering microcredit to rural women in order to help them out of poverty in a sustainable manner.

Mission: Women's Development Businesses Strive to improve the livelihoods of South African Women

Objectives:

- Disburse loans to poor rural women using a relationship based methodology
- Build women's financial knowledge and business skills
- Support technical, managerial, leadership and other skills
- Strengthen community and women's organizations
- Support, assist and conduct research programmes

The WDB-MF Head office is located at Mpumalanga in Nelspruit. The WDB branch is the core of the microfinance program, with a branch manager and six development assistants at each branch. With an injection of new capital from its sister companies, WDB MF grew dramatically over the past two years and now operates from 31 branches located as follows: 6 in Limpopo, 6 in Mpumalanga, 7 in Kwa-Zulu Natal North, 6 in Kwa-Zulu Natal South and 6 in the Eastern Cape.

WDB operates two group-lending programmes as follows:

Poverty Alleviation: The poverty alleviation programme aims to get the poorest of the poor engaged in income generation so as to enable them to lift themselves out of poverty. The poorest of the poor are defined as those households who earn less than 50% of the South African poverty standard i.e. R660 per month for a family of 5

or per capita of R132 per month. This program offers basic financial skills and credit management training and loans of between R300 to R4000. First Loans are strictly paid in 4 Months and subsequent loans can be paid in 4, 6, 9 or 12 Months depending on the group preference.

Enterprise Development: In 2005 WDB MF Development introduced the Enterprise Development program which is aimed at enabling women who are ready to graduate from basic income generation to operating a business or enterprise. The women in this program are assigned a business mentor and receive more substantive business skills training provided by the Business Skills program. The program provides loans of between R5 000 to R10 000 per group. The Loan Terms are 4, 6, 9 and 12 months.

WDB utilizes a Centres Based Group Lending methodology. Centres with between two to ten groups meet in their villages on a monthly basis to conduct transactions. Each and every group is expected to save a minimum of R100 per month in their Bank/Post Bank account.

The Debtor Management system used by Women's Development Businesses is called Micro Loans Administration System (MLAS), supplied by Integrated Product Intelligence (IPI).

Key individuals:

Ethel Matenge-Sebesho	Chair
Prof Nkondo	Board of Directors
Magaret Jiri	Board of Directors
Ben Nkuna	Chief Executive Officer

Contact details:

Physical address (WDB –MF Head Office)	5 th Floor, Bester Brown Center; 10 Paul Kruger Street; Nelspruit, 1200.
Physical address (Gauteng)	Ground Floor, Grosvenor Gate, Hyde Park Lane, Hyde Park 2199, Johannesburg
Postal address	Postnet Suite 213, Private Bag 31, Saxonwold, 2132
Contact telephone numbers	TEL: +27 11 341 9900; FAX: +27 11 341 9911
Email address	info@wdb.co.za
Website URL	www.wdb.co.za

Women's Development Business – Key Indicators:

		Feb 2007	Feb 2008	Feb 2009
Total Assets (R 000)		7 789	24 776	30 177
Total Equity (R 000)		6 423	15 367	13 592
Net Operating Income (Loss) (R 000)		(3 056)	(5 949)	(13 993)
Financial Self Sufficiency %		34%	45%	47%
Total Staff		44	120	244
Total branches / outlets		5	14	27
Total Loan Officers		30	84	162
Total Number of Active loans		2 230	14 867	32 078
% Female Clients		100%	100%	100%
Value of Gross Loan Book (R 000)		3 647	12 481	23 159
Provision/Reserve for Losses (R 000)		73	245	460
Portfolio at Risk more than 30 days %		0.1%	2.8%	1.7%

TIISHA ENTERPRISE FINANCE

Tiisha was incorporated in 1998 and commenced business in the same year.

Vision: To be a sustainable MFI promoting economically active and sustainable rural societies in South Africa.

Mission: To contribute to poverty alleviation by ensuring that the poor have access to affordable credit and empowering and motivating them to use it productively.

Objectives:

- To improve entrepreneurial capability of clients by facilitating access to capacity building.
- To motivate rural entrepreneurs to save.
- To develop healthy relationships with different stakeholders in order to promote sustainable integrated entrepreneurial development in South Africa.
- To stimulate creation of jobs in the area.

The organisation has just one branch based in Mokopane (Limpopo Province).

Tiisha utilizes a centre-based group lending methodology. Loans are for individuals who wish to start and grow their own businesses and improve their living standards through self-employment.

Loans range from R500 to R10 000 and are offered with terms from 4 to 12 months; a majority of clients choose the shortest terms of 4 or 6 months.

Pastel Partner supplied by Softline Pastel is utilized for both Debtor Management and general Administration.

Key individuals:

Ms A.M Rossouw	Chief Executive Officer
Mr M.M.S Lemekoana	Loans Administrator

Contact details:

Physical address (Head office)	58 De Klerk Street; Mokopane; 0600
Postal address	Box 1841; Mokopane; 0600
Contact telephone numbers	(015) 491-2679
Email address	tiisha@mweb.co.za
Website URL	www.tiisha.org.za

Tiisha Enterprise Finance – Key Indicators:

		Mar 2007	Mar 2008	Mar 2009
Total Assets (R 000)		3122	3276	3122
Total Equity (R 000)		3122	3276	3122
Net Operating Income (Loss) (R 000)		421	131	(164)
Operational Self Sufficiency %		100%+	100%+	110%
Total Staff		8	10	12
Total branches / outlets		1	1	1
Total Loan Officers		5	7	7
Total Number of Active loans		1453	2170	2136
% Female Clients		94	95	96
Value of Gross Loan Book (R 000)		1279	2063	2130
Provision/Reserve for Losses (R 000)		17	17	42
Portfolio at Risk more than 30 days %		4.4%	14.5%	16.8%

AKANANI FINANCE COMPANY

Akanani Finance Company was established in 1998 by the Akanani Rural Development Association, although it operates independently of the association. The office is situated at Waterval (Elim) and services the following municipalities: Makhado, Thohoyandou, Modimolle and Letaba.

The organization was started with the aim of developing and supporting small enterprises. The target market is previously disadvantaged communities, especially unemployed women.

Vision: To become the unique and leading financier, servicing small entrepreneurs.

Mission: To provide affordable finance to emerging entrepreneurs, in particular previously disadvantaged people.

Akanani utilizes a centre-based group lending methodology. The loan terms and sizes are:
R300 – R1000: 4 months; R1001 – R3000: 6 months; R3001 – R5000: 8 months

Akanani uses Pastel Partner for its debtor management and administration.

Key individuals:

Mr. Philemon Mdaka	Director
Mr. Gideon Ngwenya	Director
Mr. Richard Sambo	Managing Director

Contact details:

Physical address (Head office)	2189A Vutomi Medi Centre, Waterval, Elim 0960
Postal address	P.O. Box 1623 Elim Hospital 0960
Contact telephone numbers	015 556 5075
Email address	akfinco@telkomsa.net
Website URL	

Akanani Finance Company – Key Indicators:

		Mar 2007	Mar 2008	Mar 2009
Total Assets (R 000)		1 558	1 477	1 822
Total Equity (R 000)		1 499	1 422	1 290
Net Operating Income (Loss) (R 000)				
Operational Self Sufficiency %		100%+	100%+	100%+
Total Staff		5	5	11
Total branches / outlets		1	1	2
Total Number of Active loans		1134	1168	1782
% Female Clients		98%	97%	98%
Value of Gross Loan Book (R 000)		677	804	1 447
Portfolio at Risk more than 30 days %		11%	12%	15%

PAPER 2 - FINANCIAL COOPERATIVES

ALRODE SACCO LTD

Alrode Sacco was formed in 1996 and commenced business in 1997. Its common bond was everyone who worked within the Alrode Industrial area. It has since changed to: Everyone who lives, prays, and works within the KATHORUS Region.

We currently have one office in Alberton; we are looking at opening branches in the Township. Products are as follows:

Ordinary Savings: 6% return per annum
R150 minimum savings per month
Used as collateral when borrowing

Special Savings: 10% return per annum
R150 minimum savings per month

Short/Medium Term Loans: Risk Based Lending; require proof of income and ID document

Ranges from R1 000 to R25 000
Term of repayment is not longer than 60 months
Interest rate is 27% for payroll members & 28% for non-payroll members

Quick Emergency Loans: Salary Based; Ranges from R100 to R1 000
Term of repayment is not longer than 3 months
We charge R15 per R100 as a fee.

The system we use for both banking and debtor management is CUBIS (Credit Union Banking Information System), which is supplied by Fern in the UK.

Key individuals:

Mbongeni Manikivana	Chairperson
Zama Majalamba	Treasurer
Zanele Hlongwane	Secretary
Patson Ngwevela	Managing Director

Contact details:

Physical address (Head office)	54 Voortrekker Rd. Office # 2; G & S Centre, Alberton
Postal address	P.O Box 1794; Alberton, 1450
Contact telephone numbers	011 869 3381
Email address	alrode@saccol.org.za
Website URL	www.saccol.org.za

ALRODE SACCO - Key indicators:

		Feb 07	Feb 08	Feb 09
Total Assets		R10'509'749	R11'304'756	R12'004'414
Total Equity; Members Shares (excl savings)		R 1 780 373	R 2 470 531	R2 963 344
Net Income after Tax		R169'618	R138'336	-R368'496
Total Staff		4	4	3
Total branches / outlets		One	One	One
Ordinary Savings				
Total Number of Active Accounts		2550	2499	2700
Value of Savings Portfolio		R7'973'502	R8'299'750	R8'105'361
Average Balance		3 127	3 321	3,002
Special Savings				
Total Number of Active Accounts		528	605	628
Value of Savings Portfolio		R1'034'803	R1'395'369	R2'215'652
Average Balance		1 960	2 306	3 528
Loan Products - Combined				
Total Number of Active loans		788	837	909
Value of Gross Loan Book (capital only)		R8'725'513	R9'053'370	R9'719'353
Average Balance		11 073	10 816	10 692

BEEHIVE SAVINGS & CREDIT COOPERATIVE

The Beehive SACCO was established in 2002 (initially as Thaba Chweu Savings and Credit Cooperative). It is related to the Beehive Financial Services group, which also includes Indlu Finance (Pty) Limited, established in 2001 to provide incremental housing and enterprise loans, and Beehive Financial Services (Pty) Limited, which provides mortgage loans, life and other insurance, and cell phone banking.

The vision of the group is to become:

- Commercially viable and not be donor dependent
- A best practice institution by committing to transparency and efficiency
- Attractive for a great number of financiers/investors to finance the institution
- An organization with a broader range of products offering loans, savings, micro-insurance, and transmission products.

With a head office in Lydenburg, the Beehive SACCO has agents in all 9 provinces in the Republic of South Africa with a high density in the Western Cape.

Savings products:

Beehive SACCO offers three types of savings:

Anytime Savings: Can save any amount, any time, for any period

Term Savings: Signs a contract to save a fixed amount on a monthly basis for a fixed term

Fixed Deposit Savings: Can make a once off deposit and just accumulate interest on the amount

The savings products are designed in such a way that they incentivize an individual to save:

- They offer competitive interest rates (6% at current interest rates),
- They offer a 2% bonus if a person sticks to his/her savings commitment
- 1% interest on the savings is distributed as a lucky draw to all the people that have saved during the period of the lucky draw (Currently quarterly)

Minimum balance: R20

Membership fees: R10 per month or R120 per annum

Loan Products:

Loans against your savings: If you have saved for a period of 6 months or more, you will automatically qualify for a loan of double your savings. The savings will be kept as security until such time that the loan is repaid in full. The client can continue to save throughout the repayment of the loan.

MLAS (Micro Loans Administration System) from IPI is utilized as the debtor management system.

Other programs utilized: Workflow Program – Supplier – SEG; Absa Bureofokus and Cashfokus; Wizzit Debit Order Collections

Key individuals:

Lillian Ethel Segoane	Chairperson of the board
Wessel Jacobus Venter	Managing Director
Matladi Nelly Puane	SACCO Manager

Contact details:

Physical address (Head office)	C/O Voortrekker & Burgerstreets, Top Floor, OTK Building, Lydenburg, 1120
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Contact telephone numbers	013 235 1695
Email address	info@bedc.co.za
Website URL	www.beehivefin.co.za

Beehive SACCO – Key Indicators:

		Feb 2006	Feb 2007	Feb 2008
Balance Sheet				
Total Assets		54 738	321 073	591 323
Total Equity; Members Shares		2 741	9 149	9 229
Net Income after Tax		4941	34 968	5 216
Total Staff		1	2	4
Total branches / outlets		1	1	1
Total agents / brokers		0	2	2
Savings Product 1				
Total Number of Active Accounts		248	964	1724
% Female Clients		50%	48%	45%
Value of Savings Portfolio		35 010	242 315	547 337
Loan Product 1				
Total Number of Active loans		1	5	4
% Female Clients		0%	75%	75%
Value of Gross Loan Book (capital only)		R7 387	R15 537	R11 618
Provision/Reserve for Losses (on balance sheet at end of period)		Null	Null	Null
Portfolio at Risk more than 30 days (%)		100%	0%	0%

DISANENG FINANCIAL SERVICE CO-OPERATIVE

The above mentioned co-op originated in Mafikeng in the village called Disaneng. It started operating in October 2000. Microsaving started on the date when the co-op opened, microlending started in October 2006.

Our vision is to assist the community with good quality and better services and also to give the people products nearer to them. Our Mission is to provide products (savings/funeral loans and others).

We serve Disaneng and the surrounding villages (Kabe, Mmanawane, Makgobistadt and Mmasutlhe) which are in a radius of 15 km. Presently we are using manual record-keeping systems.

Savings Products: Interest is paid on the basic savings account once per year at the end of February, calculated on the minimum monthly balance. Interest rates are as follows:
R0 – R199, 0%; R200 – R499, 2.7%; R500 – R999, 4.1%; R1000 – R4999, 5.7%; R5000 – R9999, 6.7%; R10 000 – R19 999, 7.7%.

Loan Products: We are not using a salary based method. We are using an assessment method (whether the client can be able to repay the amount required and the reason for lending). Our loans are based on microenterprises and poverty alleviation. We are lending at a rate of 15% per annum.

Loan Amounts and Terms:

Amount	Term	Amount	Term
200	1 month	500	3 months
1000	3 – 6 months	2000	6 – 12 months
5000	6 – 12 months	10 000	6 – 12 months

Key individuals:

Phaedi M.N.	Chairperson
Molefi T.I.	Treasurer
Mogwera M.C.	Secretary
Botswe S.M.	Manager

Contact details:

Physical address (Head office)	Disaneng Financial Services,
Postal address	P.O. Box 12438, Disaneng 2746
Contact telephone numbers	018 362 0003
Email address	n/a
Website URL	n/a

Disaneng Financial Service Co-operative - Key Indicators:

		Feb 07	Feb 08	Feb 09
Total Staff		4	4	4
Total branches / outlets		1	1	1
Savings Product 1				
Total Number of Active Accounts		367	602	649
Value of Savings Portfolio		955 429	1 918 696	831 600
Loan Product 1				
Total Number of Active loans		115	92	87
Value of Gross Loan Book (capital only)		120 000	240 000	N/A
Provision/Reserve for Losses			N/A	N/A
Portfolio at Risk more than 30 days (%)		16%	11%	N/A

DITSOBOTLA SACCO

DITSOBOTLA SACCO was formed in October 2000, as a result of a merger of three SACCO's. A common bond was opened to accommodate any residents of DITSOBOTLA municipality and the employees of Lafarge cement and incorporated in May 2001.

Vision: Strong owned Sacco that provides excellent financial services to all its members.

Mission: To serve our members needs in a friendly, efficient and personalized manner. Operate in a safe and sound manner.

Our main objectives:

- Operate efficiently while delivering accurate, professional and high quality service.
- Increase market share through growth in targeted members
- Continue to be well capitalized
- Operate in a safe and sound manner and be recognized for so doing by the regulatory authorities.
- Maintain a quality, motivated staff.
- Contribute to the economic well being of the community and be recognized for so doing by the regulatory authority.

Our office is located in the middle of the shopping mall in town. We mobilize significant volumes of personal saving. Every potential member purchases the minimum shares as determined by the SACCO, making each member an owner of the co-operative.

Savings products: Regular share saving; Xmas savings; Education savings; Funeral insurance; Credit life insurance.

Loan Products: Members are encouraged to save towards loans; loans are issued based on the five C's of lending and based on member savings. Loans carry an interest of 24% per annum. Our loans are for individuals who have established their credit worthiness.

Quick Loans: Available to members to meet unforeseen circumstances not budgeted for, typically between R100.00 and R600.00 with one, two, or three installments, with a fee of R10.00 per R100.00. Salary- based and enterprise based.

Short term loans: loans between R1 000 to R5 000 paid within a year

Long term loans: loans longer than 12 months.

CUBIS is utilized, CREDIT UNION BANKING INFORMATION SYSTEM, provided by FERN an Irish software.

Key individuals:

Sabi Veronica Padi	Managing Director(108 632 5520/03)
Bereng Mohale	Chairperson(018 632 5520)

Contact details:

Physical address (Head office)	1o5a-108b, Sanlam Centre, Lichtenburg
Postal address	Box 3337, Lichtenburg, 2740
Contact telephone numbers	018 632 5520
Email address	itirelen@mail.ngo.za
Website URL	

Ditsobotla SACCO – Key Indicators:

(Company overall)		2006/07	2007/08	2008/09
Total Assets		5.4m	6.0m	6.4m
Total Members Shares (includes savings)			4.8m	5.3m
Net Income after Tax			21054	65805
Total Staff		4	4	4
Total agents / brokers		1	1	1
Savings Product 1				
Total Number of Active Accounts		1236	1394	1420
% Female Clients		20%	28%	35%
Value of Savings Portfolio		4 657 223	4 810 425	5 393 413
Average deposit balance		3 767	3 448	3798
Loan Product 1				
Total Number of Active loans		687	604	769
% Female Clients		12%	18%	22%
Value of Gross Loan Book (capital only)		3 743 087	4 124 343	4 840 367
Provision/Reserve for Losses		423 210	736 049	743 361
Portfolio at Risk more than 30 days (%)		0,5%	0,5%	0.5%

MATHABATHA FINANCIAL SERVICES PRIMARY CO-OPERATIVE

The co-operative is based at Lekgwareng village gaMathabatha under Lepelle-Nkumpi Local Municipality. It commenced business in May 2000. Initially only deposits were taken. As from 2006, the co-operative started with microlending where poverty Alleviation and Micro Enterprise Development loans were disbursed.

The targeted market is the so called unbankable group i.e. non working poor of the poorest who have business ideas needing funding. Within the targeted group, elderly people and community members getting social grants are included.

Vision: To give financial services to the rural community and promote better financial management and empowerment.

Mission: To facilitate the implementation of programmes which strengthen the fight against poverty and to create an environment of wealth and sustainability in partnership with different stakeholders.

Objectives: To assist members to keep money safely; to encourage group savings.

The co-operative does not have any branches. However areas serviced by this FSC spread about 50km radius. As of now, no ATM is available although we are intending to have one. Neighbouring villages are an integral part of this FSC.

Savings products:

- Regular saving product- The primary account offered to members. The account is easily accessible and funds in this account are used to secure loans.
- Short term special purpose product- These accounts are for special purposes such as Christmas, vacations, wedding, traditional ceremonies and birthday parties and so on.

Loan products:

- Microenterprise development loans - this loan product is for micro enterprise development and it targets entrepreneurs generating an income above R1 500 per month. Loan sizes range from R2 001- R10 000
- Poverty Alleviation - This loan product targets households that earn an income of R1500 and less per month. The loan funds are utilized for small business. Loan sizes range from R100 to R2 000.

Key individuals:

Mabusa Watson	Chairperson
Mathabatha Aron	Loan committee convener
Mokgophi Princess	Bank manager
Moloto Billy	Secretary

Contact details:

Physical address (Head office)	Stand no 02- Lekgwareng-Ka tlase
Postal address	BOX 873 Mathabatha 0733
Contact telephone numbers	0823464030 / 0726509977
Email address	mathabathafsc@webmail.co.za
Website URL	

Mathabatha - Key Indicators:

		Feb 07	Feb 08	Feb 09
Balance Sheet				
Total Assets		280 855	477 379	556 684
Net Income after Tax				
Total Staff		4	4	4
Total branches / outlets		1	1	1
Savings Product 1				
Total Number of Active Accounts		1 650	1 728	1 927
% Female Clients		35%	49%	49%
Value of Savings Portfolio				
Loan Product 1				
Total Number of Active loans		355	431	646
% Female Clients		90.62%	93.91%	93.50%
Value of Gross Loan Book (capital only)		422 222	390 332	396 032
Average Loan outstanding		1 189	905	613

MOTSWEDI FSC

Motswedi FSC started its operation in February 1996 with 150 members who pledged shares with a minimum share of R10.00 (Ten Rands). At that stage it had only three products to offer to its clients, namely: Shares; Savings; Fixed Deposit (three terms only 3, 6 and 12 months). The interest on the above products was calculated from the minimum balance available on the accounts.

The Mission of Motswedi is to service the community that was not serviced by the commercial banks, to reduce the distance for banking, to encourage clients to save for future use and also to pay SOCIAL GRANTS through SASSA.

Motswedi FSC is currently operating in Motswedi village which has a population estimated at 7500. In 2000 there was a demand from the neighbouring villages to use the services within the co-operative so we spread our services to three villages. To date we have 3500 members who use their different accounts daily.

Motswedi has only one type of savings where clients can deposit and withdraw as and when he/she requires. The minimum balance required for this account is R50.00 and has no ceiling, the interest on this account is calculated monthly based on the minimum balance of R1000.00 and from there it is on the sliding scale.

Motswedi FSC has not yet issued loans, the board is still planning the strategy on how to issue loans and to whom the loans should be granted as well as the lending methodology.

No IT system in place. The operation is manual.

Key individuals:

Lesatsi Kedibone Adam	Chairperson
Khutsoane Gaonakala Isaac	Secretary
Mongae Gabogaisane Moses	Treasurer
Kgosiemang S. Shadrack	Manager
Khutsoane M. Frederick	Investment Advisor

Contact details:

Physical address (Head office)	Shop Number 3 Motswedi North West Development Corp. Building Motswedi, North West, 2870
Postal address	Private Bag X1005, Motswedi, 2870
Contact telephone numbers	018 365 1701 (Tel/Fax); 083 337 0804
Email address	
Website URL	

Motswedi FSC – Key Indicators:

		2007	2008	2009
Total Staff		6	6	6
Total branches / outlets		1	1	1
Savings Product 1				
Total Number of Active Accounts		2678	2711	2632
% Female Clients		70%	75%	72%
Value of Savings Portfolio		R4 725 610	R4 909 432	R5 278 000
Average Deposit Balance		1 765	1 810	2 005

NEHAWU SACCO LIMITED

NEHAWU Savings and Credit Co-operative (SACCO) was launched in November 2006, and began operating in April 2007. In November 2007 the first loan product – emergency loan began. The other loan product – short-term loan was issued in December 2007.

A Savings and Credit Co-operative membership is open to all who belong to the group (Nehawu members and employees) regardless of race, religion, colour and gender or job status.

Mission: It is the purpose of NEHAWU SACCO to promote savings among its members and create a source of credit for provident and productive purposes.

Nehawu is one of the few SACCOs working at a National Level. With a head office in Gauteng, Nehawu serves members in all 9 Provinces and 32 regions of the union.

There are three types of **Savings Accounts**:

Regular Savings	R50 upwards	12 months @ 11% interest
Xmas Savings	R100 upwards	12 months @ 10% interest
Education Savings	R100 upwards	12 months @ 10% interest

There are two **loan products**:

Emergency Loan	R200 – R1000	3 months @ R15 per R100
Short-term loan	R1100 – R10 000	24 months @ 24% interest

Future **financial services** to be offered:

Funeral Insurance	R40	Monthly
Housing Loan	R40 000	Long-term
Debit card services	R100 minimum balance	-

Nehawu utilizes the CUBIS system (Credit Union Banking Information System)

Key individuals:

Noluthando Mayende-Sibiya	Chairperson
Tebogo Phadu	Secretary
Rabbi Montingwe	Treasurer
Patiswa Kruca	Manager

Contact details:

Physical address (Head office)	56 Marshall Street, Marshalltown; Johannesburg, 2001
Postal address	P.O. Box 10812, Johannesburg, 2001
Contact telephone numbers	011 833 2902/ 083 210 8094
Email address	patiswa@nehawu.org.za
Website URL	www.nehawu.org.za

NEHAWU SACCO – Key Indicators:

		Oct 07	Oct 08	Oct 09
Balance Sheet				
Total Assets		727 756	1 011 759	n/a
Members Shares (includes savings)		269 940	622 547	n/a
Net Income after Tax		569 514	(448 166)	
Total Staff		1	2	3
Total branches / outlets		1	1	1

SAMWU SACCO LTD

SAMWU was launched in Cape Town in February 2001, for the benefit of the members of the South African Municipal Workers' Union. The overarching goal for establishing the Sacco was to wean our members off loan sharks, to inculcate a savings culture and to educate our members in financial matters.

The SACCO is administered from the Union's office in Cape Town although members can go to any of the Union's 29 offices throughout the country for assistance.

Savings products:

There are no minimum saving balance requirements. We pay interest at the rate of between 4 and 5% p.a. depending on the rates obtained from our fixed deposit investments.

Contributions to the Sacco is deducted from payroll and paid across to us on a monthly basis.

We offer two loan products:

1. Quick loan: The maximum loan amount is R600 payable over 6 months at the rate of R110 per month.
2. Long term loan: The maximum loan is R5000 and the maximum term is 18 months. The interest rate is 19.5% pa. A member must at all times keep a minimum of one-third of the outstanding loan amount in his/her savings.

Key individuals:

Patrick Odendaal	National Benefits Officer-SAMWU
Zukiswa Ntsiko	Sacco Administrator
Samuel Maloka	Chairperson of Samwu Sacco Board

Contact details:

Physical address (Head office)	8 Beverley Street, Athlone, Cape Town
Postal address	Same as above
Contact telephone numbers	021 697 2508/09
Email address	Zukiswa.Ntsiko@samwu.org.za
Website URL	N/A

SAMWU – Key Indicators:

		2007	2008	2009
Total Staff		2	2	2
Total branches / outlets		1	1	1
Savings Product 1				
Total Number of Active Accounts		4343	4866	5290
Value of Savings Portfolio		2 824 635	3 061 295	3 440 882
Average Balance of Savings		650	630	650
Loan Product 1				
Total Number of Active loans		1484	1510	1546
Value of Gross Loan Book (capital only)		2 016 533	1 827 796	1 871 688
Average Loan Balance		1 358	1 210	1 210
Loan Product 2				
Total Number of Active loans		453	705	845
Value of Gross Loan Book (capital only)		158 645	236 992	288 711
Average Loan Balance		350	336	342

SIBANYE CAPE SACCO Ltd

SIBANYE CAPE SAVINGS AND CREDIT CO-OPERATIVE Ltd (SC SACCO) registered with the Registrar of Co-operatives in 1997. Our Main office address is in Bellville. The SACCO has four branches namely in Cape Town, Bonteheuwel, Gugulethu and at the University of Western Cape. The SACCO is a result of a merger between CME (Cape Member & Employees formed in 1994), CAMESCO (Cape Metropole formed in 1989) and UWC (University of the Western Cape formed in 1991) SACCO's that took place in 2005.

The SACCO has approximately 2200 members using their services. Of these members about 1400 are male, 830 female and 45 groups and organizations. We have members in 16 different factories that range from a total of 9 to more than 250. These members all have payroll deductions. Of our private members and groups most pay through debit order and some deposit cash in our bank account or at the SACCO offices.

Our SACCO's common bond reads as follows: *"SC SACCO is a sustainable member driven organization that empowers people to become self sufficient by providing products and services through encouragement of regular savings to individuals and their families who live, work and worship in the Cape town area"* At this stage we have member's in Khayelitsha, Belhar, Gugulethu, Atlantis, Epping, Bellville, Cape Town and Mitchell's Plain that both work and have joined privately. Any person that falls within our common bond can join and our Registration fee is R50.00 and each member must buy a minimum of 100 shares worth one Rand each to become a fully-fledged member, at which time the person can use any of the SACCO's services or products.

Vision: "Empowering people to become financially independent members of Sibanye Cape SACCO"

Mission: "Addressing the plight within our target market by introducing and educating them on our products and services."

Mandate: "To cultivate a culture of savings, provide productive loans and encourage entrepreneurship amongst our members"

Savings products

The various products that the SACCO offers is all member driven and designed to mobilize significant volumes of personal savings to satisfy members growing needs and improve their financial well-being. Each member decides how much he/she wants to save and can choose amongst the following:

♣ **SHARES:** Each member is required to have a minimum of 100 shares of R1.00 each. This will give the member ownership as a shareholder and yearly dividends get paid from profits made by SC. Members can also buy more than the required 100 shares.

♣ **SAVINGS:** Members are encouraged to save regularly to improve their financial well-being and become financially empowered. Members are guaranteed a return of 6% interest per annum on savings that are paid quarterly.

♣ **TERM SAVINGS**

▼ **XMAS SAVINGS:** This product has been introduced to encourage members to save towards the end of the year, as people tend to spend more during the holiday season. Members contribute from January to November and receive 6% interest per annum.

▼ **SCHOOL SAVINGS:** Members also save from February to December with the purpose of meeting their family's educational needs and back to school expenses during January. You can also open an account to save towards your children's further education needs.

▼ **OTHER:** Members are also encouraged to open term accounts for special occasions like Ramadan, Weddings, Holiday trips etc. and only need to contact the office for further details.

♣ **SUPERSAVE CLUB ACCOUNT:** This is a special account for children under 18 to save and come into the habit of saving for a better future at an early age.

♣ **PRESTIGE CLUB :** This is a specialized account for groups like burial societies, saving clubs, spaza shops, informal traders etc. that have difficulty in using the formal financial sector. Your account is tailor made to serve your business needs.

Housing Improvement Project

Housing is one of the major problems the communities in SA face. With the advent of RDP houses and the Self Help schemes people have been able to secure houses but today have problems with renovating, extending or finishing those same houses. Sibanye Cape SACCO have set up a project whereby these members in these Self Help and other houses have access to a savings scheme to encourage them to save towards these goals in an environment where they will be assisted through various ways to meet their housing needs.

Term and Revolving Loans:

A revolving loan system will be used whereby a member who has shown the ability to repay an existing loan will be allowed to top up the loan to a balance the said member qualifies for even though the previous loan has not been fully repaid.

The applicant must be a fully paid up member for three (3) to six (6) months in order to be eligible for a loan and all loans will be approved subject to an ITC Credit Bureau report when necessary or as determined by the Credit Committee. However the Credit Committee can at any time request a Credit Report or any other additional information as required and the Credit Committee can reduce the amount especially with new members where no track record exists.

A minimum number of shares and savings requirements of 33% up to R6, 000 and 50% for loans above the amount of R6, 000 will be required as security on the loan and for the life of the loan. Other types of security can also be obtained like Provident Fund for housing purposes or insurance policies, property etc. depending on the discretion of the credit committee. All loans that do not fall in this category must be brought to the Board of Directors.

The maximum loan amount that can be borrowed by members is R25 000. However any amounts above this cap can be considered by the board of directors depending on availability of funds and members ability to repay the loan. Loan applications shall be considered in the order in which they are received provided that whenever there are more applications for loans than there are funds available; preferences will be given, in all cases, to smaller loans, members who have never borrowed before, new members who have qualified for a loan and members who have cleared their first loans.

The interest rate on all loans will be 40% per annum and upon request member must receive a schedule of payments which will reflect duration of loan, total amount payable per month and total interest payable upon life of loan.

Emergency Loans

Emergency loans to the maximum value of R500.00 will be available based on the following conditions:

These loans will be repaid with a R20.00 fee per R100.00 in five installments of R120.00 per month. However Emergency Loans can also be taken for shorter periods as agreed with the member. The member must have been a fully paid up member for six weeks and should have contributed regularly. An emergency loan is an unforeseen financial hardship for example funeral expenses, natural disasters etc.

The name of our Management system is CUBIS (Credit union Banking Information System) and is an Irish system and the name of the company is Fern.

Key individuals:

Mr. Stanley Matthews	Chairperson
Mr. Thabo Theodore Maboe	Vice- Chair
Mrs. Esther Hlatana	Secretary
Mr. Charles Duncan	Treasurer
Mr. Victor Botha	Manager

Contact details:

Physical address (Head office)	13 Blanckenberg st, Belle Cape building 2 nd floor; Bellville 7530
Postal address	PO Box 7532, Sanlamhof, 7532
Contact telephone numbers	Tel; 021 9491429, Cell: 0828750333, fax 0866399756
Email address	sibcape@mail.ngo.za , vbotha@mail.ngo.za

Sibanye – Key Indicators:

	2006/07	2007/08	2008/09
Balance Sheet			
Total Assets	5 399 906	6 511 148	5 285 467
Total Equity; Members Shares	(1 284 803)	(1 620 716)	(2 063 369)
Net Income after Tax	(293 793)	(243 778)	(534 788)
Total Staff	8	8	7
Total branches / outlets	4	5	4
Savings Product 1 - Shares			
Total Number of Active Accounts			2383
% Female Clients			37%
Value of Savings Portfolio			839 263
Average Balance			352
Savings Product 2 - Savings			
Total Number of Active Accounts			3 412
% Female Clients			39%
Value of Savings Portfolio			3 912 000
Average Balance			1 147
Savings Product 3 - Christmas			
Total Number of Active Accounts			430
% Female Clients			56%
Value of Savings Portfolio			517 113
Average Balance			1 202
Loan Product 1 – Long Term			
Total Number of Active loans			
% Female Clients			36%
Value of Gross Loan Book (capital only)			1 576 810
Loan Product 2 – Short Term			
Total Number of Active loans			
% Female Clients			38%
Value of Gross Loan Book (capital only)			2 715 512
Loan Product 3 - Emergency			
Total Number of Active loans			
% Female Clients			41%
Value of Gross Loan Book (capital only)			212 685

STELLENBOSCH WINE-LANDS & EMPLOYEES (SWE) SAVINGS & CREDIT CO-OPERATIVE LTD

SWE was established in August 2002 and Registered as a Co-operative in December 2002. The initial operating costs were met by a grant from Breadline Africa obtained through Stellenbosch Business and Learning Centre, which also employed the SACCO's first development worker and administrative assistant. An office was opened at Lynedoch within the site of a primary school for farm workers' children.

In its first year of operation the SACCO recruited 100 members. Most of these were workers from a local wine estate which contracted with the SACCO to take over and manage outstanding debts of its workers. In this period, members were recruited from the wine estates of Meerlust and La Provence, and from residents and workers within Lynedoch Development, including at the local Primary school and Sustainability Institute.

The main objective of the SACCO is to encourage members to save.

Farm workers in the Wine-lands are among the lowest paid. Their access to personal loan finance is limited. Their use of credit agencies is frequently costly and can be harmful to household security. There is no culture of saving in the community. The main challenge is to assist members to achieve greater financial security and increased management of their own resources.

Of the current membership, 75% are farm workers. Of these, 70% are women, most of whom are household heads with children. In addition, the SACCO runs a savings scheme for learners in four primary schools for farm workers' children, with a total of 230 learners. All the farm-worker members live on the land and for most of them that has been their only place of residence. Educational attainment is limited. Family health is generally poor and associated with inadequate nutrition. Alcohol misuse is a feature of farm community life with attendant social and family disruption. The need for focused and sensitive community education is paramount and an essential component of the SACCO's approach.

Vision: SWE SACCO is a sustainable organization supporting the community of Stellenbosch and surrounding areas with training and economic development for a better quality of life.

Mission: To connect with our target market by making suggestions regarding training and our products and services.

Mandate: To create a savings culture and to make provision for productive loans and to encourage entrepreneurship amongst our members.

A system of farm representatives was introduced to increase information exchange. A programme of workshops on farms on household budgeting and debt management was initiated using the expertise of "You and Your Money".

Areas of Operation include: Winelands District; Kayamandi; Dwaarsrivier Valley; Pniel; Lanquedoc; Kylemore

Savings Products:

70 % of members Savings are on payroll. Savings are withdrawn at anytime members need money. The bulk of members withdraw their savings the minute it gets deposited. In the past Interest was paid every quarter, but due to unnecessary withdrawals we now pay annual interest.

Name	Interest	Conditions	Balances
Ordinary Savings	Interest 4%	Minimum balance R50.00	R222,955
Christmas Savings	Interest 7%	No minimum only withdraw able December	R74,174
Back-to-School Savings	Interest 7%	No minimum only withdraw able January	R4,770
Medical Savings		R50 minimum (new product)	No balance yet
School Savings	Interest 4%	No minimum children save 10c whatever they can afford	R20,664
Retirement Savings		R50 minimum not withdraw able until retirement (new product)	No balance yet
Investment	(10 yrs no interest)	Meerlust Farm	R40,000
Investment		Stellenbosch Small Farmers Holding Trust (small emerging farmers)	R6,412

Loan Products:

70% of borrowers repay using a payroll deduction.

Long term Loans	12 to 18 months	Interest 4% per month payable on reducing balance	R 133 616
Emergency Loans	3 months	Fee R20 per R100.00	R 25 741

CUBIS Financial Control System is utilized (Fern Computers- Northern Ireland)

Key individuals:

Eric Swarts	Chairperson
Pauline Malgas	Secretary
Kerneels Claasen	Vice-chairperson
Harriet Stewart	Development Officer

Contact details:

Physical address (Head office)	R310 Baden Powel Drive; Lynedoch 7603
Postal address	P. O Box 131; Lynedoch, Stellenbosch; 7600
Contact telephone numbers	021 881 3733
Email address	swe@hixnet.co.za
Website URL	www.saccol.org.za (do not have our own website)

SWE – Key Indicators:

		2006/07	2007/08	2008/09
Balance Sheet				
Total Assets		R358,237.00	R339,835.00	R377,318.53
Total Equity; Members Shares		11,676.00	13,762.46	22,160.00
Total Staff		1	3	4 – 1 = 3
Total branches / outlets		1	1	1
Savings Product 1 - Shares				
Total Number of Active Accounts				780
% Female Clients				70%
Value of Savings Portfolio				R24,945.67
Savings Product 2 - Savings				
Total Number of Active Accounts				780
% Female Clients				70%
Value of Savings Portfolio				R222,955.00
Savings Product 3 - Christmas				
Total Number of Active Accounts				23
% Female Clients				40%
Value of Savings Portfolio				R74,174.25
Savings Product 4 – Back to School				
Total Number of Active Accounts				3
% Female Clients				10%
Value of Savings Portfolio				R4,770.00
Loan Product 1 – Emergency Loans				
Total Number of Active loans				108
% Female Clients				45%
Value of Gross Loan Book (capital only)				R25,740.73
Loan Product 2 – Long Term				
Total Number of Active loans				73
% Female Clients				70%
Value of Gross Loan Book (capital only)				R133,615.88
Provision/Reserve for Losses				10%
Portfolio at Risk more than 30 days (%)				35%

PAPER 3 – SALARY BASED MICROLENDERS

ATLAS FINANCE HOLDINGS

Atlas Finance was founded in 1994 by the current CEO, Jack Halfon, and grew through a steady stream of acquisitions of approximately 20 entities, which were themselves founded in the mid-1990s. The group was restructured in 2007 into three companies: Atlas Holdings (Pty) Limited, Atlas Finance (Pty) Limited, and Atlas Finance Cell Captive (Pty) Limited. Ownership remains with the Halfon family and company management.

Vision: To position the Atlas Finance Group as a leading Financial Services provider in the middle to lower income market in South Africa.

Mission: Atlas Finance is a growing provider of micro lending services and related financial services, which continuously strives to meet the needs of its clients by offering a package of location, price and service as a one-stop progressive, economic development organization.

With a head office in Saxonwold, Johannesburg, Atlas operates from over 90 offices in five provinces: Gauteng, 67 branches; Mpumalanga, 12 branches; North West, 7 branches; Free State, 4 branches, and Western Cape, 2 branches.

Atlas offers three types of loan: 1 month loan, 2 to 6 month loan, and a payroll loan for corporate clients. Credit life insurance is also offered.

Atlas utilizes their own Loan Management System called Aessex.

Key individuals:

Name	Title
Jack Halfon	Chief Executive Officer
Tim Ray	Operations Director
Norman Leibowitz	Finance Director
Alan Halfon	Sales Director

Contact details:

Physical address (Head office)	123 Oxford Road c/n Cotswold, Saxonwold, Johannesburg 2196
Postal address	
Contact telephone numbers	011 446 – 4000; Fax: 011 – 447 - 7938
Email address	niresh@atcorp.co.za
Website URL	

BLUE FINANCIAL SERVICES

Blue Financial Services is a multinational microfinance institution established in 2001. It operates in 14 countries, with over 300 branches and 3 000 employees. The company is listed on the AltX board of the Johannesburg Securities Exchange, as well as the Botswana Stock Exchange. In December 2008, Blue Financial Services acquired Credit U Holdings and incorporated 96 branches.

In South Africa, Blue targets low income, salaried individuals who fall between the segments LSM2 and LSM7. In the rest of Africa a similar profile of customer is targeted, but with a much reduced product offering.

Blue offers ethical and innovative financial services to formally employed, but underbanked and underserved employees. We assist clients to improve their standard of living.

Vision: Is to be the leading financial services provider in Africa, striving to be the: Financial solution of choice; Partner of choice; Investment of choice; and Employer of choice

Mission: To consolidate our position as the market leader through ethical business practices with preferred partnerships, constantly improving our products, service, and operations.

With a head office in Pretoria, Blue has 178 branches nationwide in South Africa.

Blue has opened offices in 14 other African Countries including Zambia, Uganda, Tanzania, Malawi, Botswana, Lesotho, Namibia, Swaziland, Rwanda, Kenya, Nigeria, Cameroon, Ghana, and Lesotho.

Nine Loan Products are offered:

Bonded Housing Finance: housing loans of up to R350 000, over a period of up to 20 years at a prime-linked interest rate. This product is funded jointly by the National Housing Finance Corporation and Blue Financial Services.

Cellular Loans: A loan facility to finance new generation mobile handsets.

Consolidation Loans: Facilities whereby clients can lump all loans into one account and pay those at a single rate.

Education Loans: Targeted at parents of school-going children, the product offers loans to pay for tuition fees and school uniforms, provided that the educational institution is recognized. Instead of providing money to the borrowers, Blue pays suppliers and institutions directly upon receipt of an invoice.

Home Improvement Loans: Targeted at borrowers who want to purchase building material or pay for construction costs in improving their homes. Loans typically range from R1 000 to R15 000 and are payable over a period of 24 to 36 months. These loans are loaded on to loyalty cards, from which borrowers can purchase construction materials from authorized building suppliers.

Pension and provident fund-linked home loans: this home loan product offers mortgage finance using pension and provident funds as collateral.

Personal loans: These general-purpose loans range from R1 500 to R15 000, payable over three to 36 months, subject to a rigid approval process.

Salary advances: In partnership with employers, provide salary advances of approximately R1 500 to employees.

SMME loans: Loans to small, medium and micro-enterprises range between R15 000 and R3 million. These loans are targeted at businesses that require start-up capital, and the amounts extended to borrowers depend on the size and types of business.

Five Insurance Products are offered:

Life Insurance and Funeral benefit plans

Building/Structure insurance: Insurance policies to safeguard homeowners against damage to their building caused by fire, wind, water, hail, lightning, geyser failure and theft. The policy does not cover the contents of the home.

House content insurance: Covers movable goods damaged by fire, wind, water, hail, lightning, geyser failure and theft. The policy does not cover immovable goods.

Personal legal liability insurance: Insurance to guard against damage to persons or un-owned assets.

Vehicle insurance: Cover pertaining to the loss or damage of vehicles. Vehicle insurance policies can be comprehensive (covers own damage, third party insurance, fire and theft), comprehensive without theft cover, limited (third party insurance, fire and theft) or third party insurance.

Blue utilizes an in-house developed system which is used to provide a credit score as well as manage the account. NAEDO and AEDO are utilized as payment systems and Nu Pay is the supplier

Key individuals:

Dave van Niekerk	CEO
Christo Klopper	Operations Director
Les Richardson	Country Director

Contact details:

Physical address (SA Head office)	Building 3, 107 Haymeadow Street, Boardwalk Office Park, Faerie Glen, 0043
Postal address	P.O. Box 76193, Lynnwood Ridge, 0040
Contact telephone numbers	012 -990 5603
E-mail address	lesR@blue.co.za
Website URL	www.blue.co.za

MAFORI FINANCE (PTY) LTD

Mafori Finance (Pty) Ltd, previously known as Blue Dot Rural Finance, was registered in 2005. Mafori's growth was accelerated over the past two years through the acquisition of three companies: Peulwana Finance in April 2008; Dynamco Finance in May 2008; and IBUSO Finance in May 2009.

Mafori's vision is to be the most admired Credit Provider. The Target Market is segments LSM 3 to 6.

Strategic Priorities include: Improving the product range; improving technology and developing staff; and improving customer service. Mafori also has the underlying philosophy to empower its clients and staff.

With a head office in Centurion, Gauteng, Mafori operates through agents in 11 branches in six provinces Gauteng, Mpumalanga, North West, Kwa Zulu Natal and Limpopo.

Up to the present time, Mafori has concentrated on lending to individuals with salaries with two defined products: Unsecured loans with terms of 12 to 24 months and loan sizes of R1 000 to R15 000; and short term loans with terms of 1 to 6 months and loan sizes of R1 000 to R7 000.

Mafori is now piloting enterprise lending through strategic alliances with small/black lenders, such as Ndiza Finance. They have also launched a new loan distribution channel with a ProCard (electronic purse) which is an approved MasterCard with Mercantile Bank.

Two primary loan management systems are utilized:

Process Flow System	System name: Reward	Supplier: Xpertek
Debtors Management System	System name: Acquire	Supplier: Xpertek

Two different payment systems are also utilized:

NAEDO	System Name: Allps	Supplier: Intecon
AEDO	System Name: Nupay	Supplier: Nupay

Key individuals:

Pakie Mphahlele	Managing Director
Hennie Ferreira	Executive Director
Jaco Pieterse	General Manager: MD's Office

Contact details:

Physical address (Head office)	Block C, Inkwazi Office Park; 1350/3 Embankment Road Centurion
Postal address	PO Box 13650, Hatfield, 0028
Contact telephone numbers	(012) 663 8851
Email address	jacop@maforifinance.co.za
Website URL	www.maforifinance.co.za

ONECOR (PTY) LTD

Vision: To become the independently owned leader in the micro finance industry through creating access to micro credit for customers, specifically focused on providing services to LSM 1-7 customers

With a head office situated in Pretoria, Onecor has an agent/originator network of +/- 100 branches country wide.

Three primary term loans are offered:

Loans between R500.00 – R6, 500 with repayment options of 4 months

Loans between R500.00 – R6, 500 with repayment options of 6 months

Loans between R500.00 – R20, 000 with repayment option of 12 months

Onecor utilizes a net based system which was developed in-house.

Key individuals:

Emile Aldum	Director
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Contact details:

Physical address (Head office)	2 nd Floor, Atrium Building, 60 Glenwood road, Lynnwood Glen, PTA
Postal address	P/Bag X 20, Lynnwood Glen, PTA, 0040
Contact telephone numbers	0861 112 754
Email address	sja@onesys.co.za
Website URL	-

THUTHUKANI FINANCIAL SERVICES

Thuthukani was established in 1998, when its originators acquired various cash loan businesses.¹ In 2001, Saambou Holdings Limited purchased all the shares of the Thuthukani Group Limited, which continued to operate as usual. At this point, Thuthukani consisted of a holding company and 17 subsidiary companies, six of which included second shareholders with a minority position managing the subsidiary on a day to day basis.

In February 2002, Saambou Bank Limited was placed under curatorship and Thuthukani shares were purchased by Mark Seymour and Elardus de Beer, who continue as the current owners. As part of a turnaround strategy, a new and innovative ownership structure was introduced which saw Thuthukani share ownership on a 50:50 basis with owner managers of each subsidiary company.

Vision: To be a leading Southern African financial services group, providing financial services in the high growth sectors of the market, satisfying the needs of the target market with financial products, financial information and financial services and delivering acceptable returns to our shareholders.

Mission: To consistently satisfy the needs of our target markets and build owner-entrepreneurial-managed companies subscribing to our business philosophy and values.

We aim:

- To have above average owner-managers and personnel who are trained and developed to combine service with the relevant technology on a quality and user-friendly basis;
- To use the best management training and development techniques to unlock the potential of our employees; and
- To achieve quality in everything we do.

With a head office in Pretoria, Gauteng, Thuthukani operates from approximately 62 branches in all provinces, with the exception of the Northern Cape.

Thuthukani offers three types of loans: Short Term Loans – 30 days; Medium Term Loans – 2 to 6 months; and Long Term Loans – 7 months or more.

Thuthukani utilizes the Elfin loan management software, supplied by AMSA, a sister company owned by Elardus de Beer.

Key individuals:

Mark Seymour	Shareholder / Managing Director
Elardus de Beer	Shareholder
Fanie van Vuuren	Financial / General Manager

Contact details:

Physical address (Head office)	19 Onida Ave, Cnr Onida & Kirkia Str, Val de Grace, 0184
Postal address	PO Box 73789, Lynnwood Ridge, 0040
Contact telephone numbers	012 804 1443
Email address	marks@tfsmail.co.za
Website URL	www.thuthukani.co.za

¹ Thuthukani means to help one another in progress (in the Zulu language)

PAPER 4 - ALTERNATIVE BANKS

AFRICAN BANK

Before 1998, African Bank had operated for 24 years as a small commercial bank focused on the historically disadvantaged market, offering loan finance, deposit taking and transaction banking activities. A new African Bank was formed after a 1998 acquisition by the Theta Group (the holding company, later named African Bank Investments Limited, ABIL) and subsequent merger of African Bank, King Finance, Unity Financial, and Alternative Finance. The new entity focused on loan activities, phasing out the deposit taking and transaction banking facilities of the original African Bank (ABIL, 2008: 2). In 2002, African Bank acquired and integrated the personal loan book of Saambou Bank, worth R2.8 billion, significantly higher than the R1.7 billion Boland book acquired in 1998. In 2008, ABIL acquired Ellerines, a retail furniture and appliance group (ABIL, 2008:3).

Unlike other banks, African Bank has chosen not to operate a deposit-taking service but to fund its loans from wholesale sources. Of the R17.2 billion in assets at September 2008, 62.8% were funded by bonds and other long-term funding from other banks and development banks, and 17.4% were funded by short-term demand deposits and certificates of deposit.

African Bank's strategic objective is "to entrench itself as the market leader in the personal, unsecured credit market in South Africa, and in so doing grow the overall size of the market" (ABIL, 2008:12).

African Bank's target market comprises of individuals who fall within LSM3-8 who are formally employed, aged 18 and above, and banked (ABIL, 2008:12).

African Bank serves its approximately 1.7 million customers from 478 branches located across South Africa.

For all the credit products below, no collateral is required but applicants must be formally employed and be able to produce a pay slip.

Long term loans: African Bank offers long-term loans of up to R30 000 over 12-60 months. Amounts are disbursed into a transactions account and repayments are automatically deducted from the same bank account.

Short term loans: These loans range from R500 to R 5 000 over 3, 6 or 9 months. Amounts are paid into a transactions account; repayments are automatically deducted from the same account.

Standby loans: These emergency loans of R1 000 are available to long term loan clients.

Blue credit cards: This is African Bank's entry level credit card offering, with a limit of between R2 000 and R8 000 currently at 24% interest. Monthly repayments of 7.5 -10% are applied. Cards are issued instantly. African bank alerts clients using SMS notifications for purchases exceeding R100. Repayments are automatically deducted from a client's bank account through a debit order.

Gold credit card: This card offers a limit of up to R20 000 currently at 19% interest after 60 days. Two free ATM balance enquiries and four free ATM withdrawals are allowed. Monthly repayments of 5 - 7.5% are applied. Cards are issued instantly. African bank alerts clients using SMS notifications for purchases exceeding R200. Repayments are automatically deducted from the client's bank account.

Key individuals:

Leon Kirkinis	Chief Executive, ABIL
Dave Woollam	Managing Director, African Bank

Contact details:

Physical address (Head office)	59 16 th Road, Midrand
Postal address	Private Bag X170, Midrand 1685
Contact telephone numbers	011 256 9000
Website URL	www.africanbank.co.za

African Bank – Key Indicators:

	Sep 2006	Sep 2007	Sep 2008
Total Assets (R Millions)	8 163	11 752	17 339
Total Equity (R Millions)	2 690	2 965	3 081
Net Income after Tax (R Millions)	1176	1375	1491
Return on Equity %	55.3	60.6	60.4
Total Staff	2727	3011	3426
Total branches / outlets		550	478
Gross Loan Book – Total			
Total Number of Active loans	1 358 000	1 803 000	2 196 000
Value of Gross Loan Book (R millions)	7 340	10 889	15 818
Average loan balance outstanding (Rand)	5 235	6 040	7 204
Gross Loan Book – Retail			
Total Number of Active loans	1 006 000	1 252 000	1 604 000
Value of Gross Loan Book (R millions)	5 475	8 246	12 577
Provision/Reserve for Losses	18%	15.7%	14.7%
Average loan balance outstanding (Rand)	5 442	6 586	7 841
Gross Loan Book – Credit Card			
Total Number of Active Loans	19 000	157 000	298 000
Value of Gross Loan Book (R millions)	72	466	1 079
Provision/Reserve for Losses	2.7%	10.9%	14.6%
Average loan balance outstanding (Rand)	3 642	2 971	3 622
Gross Loan Book – Mining Sector			
Total Number of Active Loans	205 000	201 000	166 000
Value of Gross Loan Book (R millions)	747	925	1 023
Provision/Reserve for Losses	17.9%	21.8%	22.6%
Average loan balance outstanding (Rand)	3 802	4 602	6 160
Gross Loan Book – Payroll			
Total Number of Active Loans	69 000	56 000	56 000
Value of Gross Loan Book (R millions)	494	461	549
Provision/Reserve for Losses	18.0%	19.9%	17.4%
Average loan balance outstanding (Rand)	7 157	8 226	9 812
Gross Loan Book - Discontinued products			
Total Number of Active Loans	59 000	137 000	72 000
Value of Gross Loan Book (R millions)	552	791	590
Provision/Reserve for Losses	32.1%	32.3%	42.1%
Average loan balance outstanding (Rand)	9 363	5 712	8 194

CAPITEC BANK

Capitec Bank is a domestic retail bank focusing on providing affordable and accessible financial services, originally to lower-income segments. It was established in March 2001, after the amalgamation of a number of short-term lenders. Capitec offers unsecured credit as well as bank accounts. Since February 2002, Capitec Bank has been listed on the main board of the Johannesburg Securities Exchange. Its business model is technology driven, and the bank has relationships with a number of merchants, which enable it to extend its distribution in a cost-effective way by offering low cost transacting and access to loans via point-of-sale devices.

Capitec's target markets include individuals within LSM 5 to 8. The objective is to acquire over 5 million clients who are in need of basic everyday money management, which is simplified and low cost. A focused product range offered via the use of innovative technology enables reduced infrastructure costs, simplified/easy client usage and aggressive pricing.

Capitec has a nationwide network spanning over 380 branches, and 765 ATMs. The company employs 3414 staff and serves more than 2 million clients. As part of the Saswitch network, Capitec's clients may transact on most other banks' ATMs. Additionally, Capitec has agreements with five supermarket chains, where clients may draw cash at tills at R1 per transaction: Pick n Pay, Shoprite, Checkers, Boxer or Score supermarkets.

The bank implements many online and paperless processes, and makes use of biometric verification, enabling Capitec to operate on a simple and relatively low-cost platform.

Unsecured loans of up to R50 000 over terms of between one and 36 months are offered to individuals with a salary. Free credit life insurance is provided for loans with terms of six to 36 months.

Capitec bank has not yet entered the micro-enterprise lending market except in a limited way on a pilot basis.

The Global One account is a transactional and savings account, offering relatively high interest rates on daily balances. Structured savings plans are also available on the Global One facility. Up to four savings plans can be opened, and these may be flexible (funds can be immediately withdrawn) or fixed for up to 24 months. Plans are limited to a maximum investment of R2 million each. Point-of-sale transactions are free when using the Global One debit card.

Capitec utilizes the Bancs system, offered by the Tata group.

Key individuals:

Name	Title
R Stassen	CEO
C Oosthuizen	CE IT
C Fischer	CE Marketing

Contact details:

Physical address (Head office)	10 Quantum Street, Techno Park; STELLENBOSCH 7600
Postal address	
Contact telephone numbers	+27 21 809 5900
Email address	communications@capitecbank.co.za
Website URL	www.capitecbank.co.za

Capitec Bank – Key Indicators:

		Feb 2007	Feb 2008	Feb 2009
Total Assets (R million)		2 191.6	2 936.4	4 969.4
Total Equity (R million)		1 117.5	1 217.4	1 406.2
Net Income after Tax (R million)		166.9	229.1	319.3
Return on Equity (%)		26	22	27
Total Staff		2 129	2 800	3 414
Total branches / outlets		280	331	363
Specify _Own ATM_____		264	328	348
Specify _Partnered ATM__ ² _____		143	437	571
Total Gross Loan Book (R million)		898	2,167	3,195
Total Number of Active loans		2,9 million	3,1 million	3,5 million
Average loan balance outstanding (Rand)		R 310	R 699	R 913
% Female Clients		54%	54%	54%
1-month				
Value of Gross Loan Book (capital only)		R108 million	R118 million	R137 million
Provision/Reserve for Losses (on balance sheet at end of period)		R10 million	R9 million	R11 million
Provision Ratio %		9.3%	7.6%	8.0%
3- and 6-month				
Value of Gross Loan Book (capital only)		R194 million	R242 million	R297 million
Provision/Reserve for Losses (on balance sheet at end of period)		R30 million	R32 million	R34 million
Provision Ratio %		15.5%	13.2%	11.5%
12- and 18-month				
Value of Gross Loan Book (capital only)		R446 million	R763 million	R981 million
Provision/Reserve for Losses (on balance sheet at end of period)		R50 million	R63 million	R82 million
Provision Ratio %		11.2%	8.3%	8.4%
24- and 36-month				
Value of Gross Loan Book (capital only)		R150 million	R1 044 million	R1 780 million
Provision/Reserve for Losses (on balance sheet at end of period)		R6 million	R130 million	R111 million
Provision Ratio %		4.0%	12.5%	6.2%
Retail savings deposits – Value (R million)		554	842	1 306
Retail fixed deposits – Value (R million)				265

² Two companies provide ATMs with Capitec Bank system support and funding. They own the machines and arrange the replenishment services

TEBA BANK

Although Teba Bank had been operating under an exemption to the Banks Act since 1976, it acquired a full banking license in 2000. The bank is wholly owned by a trust managed by the National Union of Mineworkers and the Chamber of Mines, and is a registered financial services and credit provider. It is the ninth largest bank by assets.

Teba initially provided basic financial services, such as facilitating remittances from miners and their families. Today, the bank offers payroll solutions for gold and platinum mines, savings accounts for miners and their spouses, fixed deposits, microloans, home loans, ATM cards and funeral insurance.

Microsavings have been offered since 1976. Microlending was launched in 2000.

Teba Bank targets individuals in LSM 1 - 8, or households earning up to R16 000 per month. Its client base is comprised of individuals from the mining employee market, other workers, their families and their communities.

Vision: To be the workers' bank of choice

Objectives: To attain 1.2 million customers by 2012

Teba Bank's head office is located in Sunninghill, Johannesburg. It has branches and agencies in seven provinces – Limpopo, North West, Gauteng, Mpumalanga, KwaZulu-Natal, Free State and Eastern Cape – and has more than 40 ATMs located near mining areas. Teba also operates in neighbouring Botswana, Lesotho, Swaziland and Mozambique, which is reached through its agency network, Teba Limited. Teba Limited is a recruiting company for mineworkers in the SA mining industry and Teba Bank uses their network of branches to provide withdrawal services to its customers both locally and in neighbouring countries.

Makoya Credit: The Makoya Credit product is a personal loan for mineworkers. Approval is based on an affordability check, and the maximum loan size is R12 000 over a period of up to 24 months. Funds are transferred directly into a Teba Bank savings account, with fixed repayments over the term of the loan.

Tirisano Credit: The Tirisano Credit facility is geared towards mineworkers at Impala Platinum mines who face debt problems. Like the Makoya Credit Product, the facility is fully compliant with the NCA, and all funds are transferred to the borrowers Teba Bank savings account, with fixed repayments. The maximum loan size is R10 000 and the maximum period is 24 months.

Create a Dream Home Loan: Teba Bank offers a home loan facility called the Create a Dream Home Loan, which is secured by borrowers' provident or pension fund. It is aimed towards low income earners who are denied access to home loans (for purchase or improvement) at larger financial institutions, since they are considered risky. The maximum loan size is R350 000 over a period of a maximum of ten years. Teba Bank does not repossess the homes and does not restrict borrowers in their choice of contractor. Teba offers assistance with the application process and payment holidays where required. The product is also offered to prospective clients who do not have a Teba Bank account. Approval is subject to negotiations with the mine shop steward, employer and the borrowers' provident or pension fund.

Teba bank offers the following deposit services:

GWU Savings: Minimum balance required of R40; interest ranges between 0.25% - 1.50%, calculated daily and capitalized monthly.

Debit card: A transactional service

Fixed deposits: R1 000 or more with terms of 1 – 24 months; interest varies according to the period of investment chosen (current range: less than R10 000: 4.50% - 4.85%, more than R10 000: 5.50% - 5.85%); option of interest payable monthly or end of period

Teba uses two primary systems: Credit Ease, supplied by Key Concepts, and Bridge, developed in-house by Teba Bank. The payment – stop order system was also developed in-house and is called TSDN.

Key individuals:

Name	Title
Mark Williams	Chief Executive
Jo Pohl	Chief Financial Officer

Contact details:

Physical address (Head office)	Sanhill Park, 1 Eglin Road, Sunninghill
Postal address	Private Bag 101, Sunninghill, 2157
Contact telephone numbers	011 518 5000
Email address	Fiona@tebabank.com / Shayama@tebabank.com
Website URL	www.tebabank.co.za

Teba Bank – Key Indicators:

	Feb 2007	Feb 2008	Feb 2009
Total Assets (R millions)	R2, 325	R2, 639	R3, 089
Total Equity (R millions)	R 500	R 565	R 622
Net Income after Tax (R millions)	R 35	R 63	R 57
Return on Equity (R millions)	6.9%	11.2%	8.2%
Total Staff		892	930
Total branches / outlets	90	92	96
Total agents / brokers	54	54	54
Specify _____ATMS_	51	53	60
Total Number of Active loans	77 918	90 048	99 828
Value of Gross Loan Book (R millions)	R 338	R 505	R 669
Average Loan Balance outstanding	4 338	5 608	6 701
Provision/Reserve for Losses (R millions)	R 42	R 85	R127
Provision Ratio	12%	17%	19.0%
Portfolio at Risk more than 30 days (%)	18%	24%	27%
Total Number of Active Accounts	515 768	506 257	484 594
Value of Savings Portfolio (R millions)	R 1,700	R 1,900	R 2,300

WIZZIT PAYMENTS LIMITED

The WIZZIT Bank concept was created in 2004 and WIZZIT Payments Limited was established as a formal institution in March 2005. WIZZIT has an Alliance Banking relationship with The South African Bank of Athens Limited, utilizing their banking license to support thousands of cell phone-based savings accounts extended to the unbanked.

A sister company, RQubed Consultants, developed the EVEREST Mobile Commerce Solution ("EVEREST") which is a fully functional mobile commerce and cell phone banking platform. EVEREST gives a bank the ability to offer its customers a world-class cell phone banking service. In addition to applying this technology at WIZZIT Bank in South Africa, RQubed has sold the technology to clients worldwide.

WIZZIT has received funding from the AfriCap Fund, Oiko credit, and the International Finance Corporation.

Mission statement: The bank's mission is to make a difference to the lives of un-banked people. The bank focuses on the plight of the un-banked in South Africa and how difficult it was to be part of an economy where you only had cash as a means of transacting and how difficult it was for the un-banked to open a bank account. We will bank a significant number of the unbanked in South Africa, who will transact on an ongoing basis, utilizing cell phone technology and debit card.

The target market is the estimated 16 million un-banked or under-banked South African adults.

Objectives:

- To provide a fully functional bank account with which clients can have debit orders and stop orders
- To allow clients real time transactional capability on their cell phone for the payment of accounts, person to person transfers, and the purchase of airtime.
- To provide clients with an internationally recognised debit card for purchases and ATM withdrawals

With a head office and customer service call centre in Sandton, Johannesburg, WIZZIT reaches out to clients through a network of trained and registered agents called WIZZKids. These agents sell savings account starter packs to low income individuals. The agent then trains the individual on how to conduct the range of possible transactions (see below).

The World of WIZZIT service centre is open from 07:00 to 22:00 daily, to answer queries or provide statements upon request.

WIZZIT currently has over 300 000 account holders in all provinces throughout South Africa.

WIZZIT has been evaluating the viability of entering the lending business but will have to do it under a separate legal entity as the current license does not allow WIZZIT Payments to offer loans

The deposit product offered is a low cost, transactional bank account, which uses cell phones for conducting all transactions. There is no minimum balance requirement and there are no monthly fees. Interest is paid on balances over R5 000.

The range of transactions offered includes:

- Person-to-person transfers /payments to other WIZZIT accountholders
- Cash withdrawals at ATMs or point of sale locations using a Maestro debit card
- Payments in the formal retail environment using the debit card
- Pre-paid purchases of airtime and utilities, as well as bill payments
- Account balance enquiries
- Deposits made through Postbank or ABSA bank offices.

Two primary systems are utilized: A Call Centre/Client Management System called Reward which is supplied by Xpertek, and the Cell phone System called Everest which was developed by RQubed, a sister company of WIZZIT.

Key individuals:

Charles Rowlinson	Chairman
Brian Richardson	Group CEO
Mutsa Sibanda	Chief Operating Officer - WIZZIT
Pieter Kruger	CEO, RQubed

Contact details:

Physical address (Head Office)	4th Floor, South Tower, Nelson Mandel Square at Sandton City, Sandton, South Africa
Postal Address	P.O. Box 786521, Sandton, 2146, South Africa
Contact telephone numbers	0861 949 948
E-mail address	brianr@wizzit.co.za
Website URL	www.wizzit.co.za

POSTBANK SOUTH AFRICA

Postbank is a savings institution that has been operating as a division of the South African Post Office since 1991. Postbank pursues a mission of making banking affordable and bringing it to the majority of South Africans, who were historically unbanked. They have applied for a commercial banking license but have not yet completed the registration process.

The Post Office Saving Bank (Postbank) is a deposit taking institution but does not yet provide credit services. Its aim is to provide banking facilities for the people of South Africa who previously had limited access to financial services.

Mission:

- ✓ To become the main provider of basic financial services in South Africa while fulfilling the needs of our clients.
- ✓ To become the bank of choice, offering the people of South Africa a range of essential banking services.
- ✓ To ensure financial services are available to all South Africans through the restructuring of services in the branches and outlets across the country.
- ✓ To broaden and diversify the product range by offering new products that will meet the demands and financial service needs of our clients.

The Postbank offers its products and services through the more than 2500 Post Office branches and outlets in the country. The impressive distribution network of Postbank is an important lever for the development of the organisation. Recently Postbank initiated the creation of its own branded outlets. These outlets will boast the latest technological developments in the field of point-of-sale devices. An example of innovation is the biometric technology that is used to process payment transactions in a quick and secure way. The development of internet and cell-phone banking are other technological innovations that Postbank is implementing.

Postbank offers four savings products:

1. **Smart Save:** Formerly known as the book-based savings account, it is the preferred way to save money for emergencies, to build up cash reserves or to keep money in safe custody while getting interest on the funds put aside. The minimum balance to open and maintain an account is R50. This account offers clients the opportunity to deposit and withdraw money in every post office countrywide.
2. **Flexi Card:** The Postbank Flexi Card, formerly known as the Telebank account, is a card-based transaction account. It can be used as a convenient medium to deposit and withdraw salaries and other payments. Postbank Flexi Card transactions are made over Post Office counter terminals and at over 7 200 ATMs of other banks. The minimum amount to open an account is R10.
3. **Maxi Save:** The Postbank Maxi Save used to be the Savings Bank Certificate. It offers an opportunity to maximise profits and get attractive interest rates. The minimum deposit is R1 000 and funds are available on contract maturity. The minimum period to deposit money is six months. Differentiated interest rates are applicable, depending on the balance held in an account.
4. **Mzansi:** Postbank has joined forces with the leading commercial banks to offer the low cost "Mzansi Account" and is the leading provider in this market segment with a share of 40%.

Key individuals:

Totsie Memela-Khambule	Managing Director
------------------------	-------------------

Contact details:

Physical address (Head office)	Postbank: A Division of the Post Office Group
Postal address	
Contact telephone numbers	+27 12 401 7669
Email address	
Website URL	www.postbank.co.za

Postbank South Africa – Key Indicators:

For the Post Office			Mar 2008	Mar 2009
Total Assets			7 691	8 691
Total Equity			1 597	1 963
Total Staff				
Total branches / outlets				2 500+
Other delivery channels (ATMS, POS, other?)				
Total deposits from public (R millions)			2 892	3 296
Current and savings deposits (R millions)			2 670	3 043
Term deposits (R millions)			222	253

PAPER 5 - PRIMARY BANKS

THE STANDARD BANK GROUP

The Standard Bank Group is the largest South African bank by assets. It was established in 1862 and has operations in 17 African countries and 16 other countries. The Group is headquartered in Johannesburg. In 2008, 77% of the Group's earnings came from the South African operations, which accounts for 75% of Group total assets.

Standard Bank has launched initiatives to reach the low income market going back as far as 1994, such as the E-Banking initiative and a microenterprise lending pilot in Soweto. Due to budgetary and operational challenges, the microenterprise initiative was not sustained while E-Banking was rebranded and combined with other divisions.

Following industry commitments to the Financial Sector Charter, the Community Banking Division was established to renew and coordinate efforts to reach the unbanked and underbanked population. This includes anyone earning up to R8 000 per month who currently does not have a bank account or has a bank account that does not fulfill their needs. Community Banking's mission is to create and sustain financial inclusion by providing customers with access to the formal financial services sector as well as access to capital. The first step to achieve this is to provide a bank account that is affordable and can be easily accessed.

Community Banking's head office is currently based at 78 Marshall Street Johannesburg. Teams of up to seven individuals are located in each of the following areas: Umlazi, (KZN), Bethelsdorp, (EC), Tembisa and Bekkersdal, (GP).

Community Banking has established an additional distribution channel in the form of in-community retailers who act as transaction hubs for customers in that community. Currently there are 68 retailers in Umlazi, 6 in Bekkersdal, 22 Bethelsdorp and 67 in Tembisa. The model allows customers to make use of all existing banking infrastructure.

Community Banking's microenterprise lending pilot has just commenced in Tembisa. There are 4 loan products: 1. Micro Working Capital Loan, 2. Small Working Capital Loan, 3. Micro Equipment Loan, and 4. Small Equipment Loan. All loans are to individual business owners and are non-salary-based.

A decentralized approach is being used with respect to: Origination; Assessment and Evaluation; Loan Approval; and Loan collections and recoveries. Due to the fact that the pilot is still in its infancy, the finer details have not yet been decided.

Community Banking Transactional Product: The transactional product is a card- and mobile-based transactional account with no monthly charges. A mobile phone application provides a platform for payments, prepaid purchases and account information. An un-embossed debit card is also issued which can be used at all existing bank infrastructure. An additional distribution channel has been implemented in the form of in-community retailers that allow customers to do transactions within walking distance from their homes. The transactions are priced at a 1% ad valorem with a minimum of 10c and a maximum of R10. A dedicated savings pocket has now been designed.

MTN MobileMoney: The MobileMoney account is a card- and mobile-based transactional account offered by MTN Banking, a division of Standard Bank. A mobile phone application provides a platform for payments, airtime purchases and balance enquiries for free. Accountholder calls made to a dedicated call centre are also free. A bank card is also provided, which allows for ATM withdrawals. A credit card is available, which allows for transactions at POS terminals. Account deposits and payments to selected stores may also be made at EasyPay terminals. Accountholders require a mobile phone accessing the MTN network, as well as their South African identity document. In 2007, MTN MobileMoney had more than 500 000 customers (Wolff, 2008)

MTN Money Transfer: The Money Transfer facility is targeted towards the unbanked market, providing a platform for remittances and other transfer transactions. Senders pay cash amounts (principal and fee amount) to participating merchants who capture transaction details on their handsets. Merchants then provide senders with a receipt that contains a transaction and token identification number. Senders pass this information to receivers, who visit participating merchants with the transaction and token details. Merchants verify these details, disburse amounts and record the transaction on their handset, which produces a receipt for the receiver. Both the sender and receiver must produce their identity documents for validation. Additionally, the sender requires the identity number of the recipient before money can be sent to the recipient. The fee amount is R15.00 per transaction. Merchants are typically trading stores located in Gauteng, Limpopo, KwaZulu-Natal, Eastern Cape and Western Cape.

Mzansi BlueAccount: Standard Bank also participates in the Mzansi account initiative through the BlueAccount and Money Transfer products. The BlueAccount is open to individuals aged 16 or older with a South African identity document, valid telephone number and a R20 initial deposit. The BlueAccount is a basic transactional account offering facilities to deposit and withdraw money at Standard Bank branches and ATMs. Facilities to purchase airtime and make balance enquiries are also available. The first five deposits or withdrawals, as well as the first five debit orders in a month are provided at a discounted rate to Mzansi accountholders, while one free ATM and branch balance enquiry and provisional statement are provided.

Mzansi Money Transfer: The Mzansi Money Transfer facility allows banked and unbanked customers to send cash amounts to recipients in South Africa. Cash amounts are paid at a branch of any of the Mzansi participants (including post offices), and recipients may collect these amounts immediately. An identity document is required to use the facility. Fees charged depend on the amounts transferred, and these are levied on senders. A maximum of R5 000 can be transferred.

Systems utilized include: Mobile Money, MTN Banking, Fundamo, and BankServ

Key individuals:

Name	Title
Coenraad Jonker	Director
Caroline Southey	Director
Joanne Murphy	Head, Lending
Graunt Kruger	Head, operations

Contact details:

Physical address (Head office)	78 Marshall Street; Johannesburg 2001
Postal address	
Contact telephone numbers	011 374 1293
Email address	Cheslyn.jacobs@standardbank.co.za
Website URL	www.standardbank.co.za

Standard Bank – Key Indicators:

		2006/07	2007/08	2008/09
Total Assets (R millions)		976 184	1 191 254	1 509 459
Total Equity (R millions)		64 187	77 489	105 143
Net Income after Tax (R millions)		10 551	13 925	14 833
Return on Equity (%)		25.4%	24.8%	18.2%
Staff and Operating Locations involved in Micro finance operations (in South Africa only)				
Total Staff (microenterprise only)				72
Total branches / outlets				4
Specify: Retailers				163
Savings Accounts – Low Income				
Total Number of Active Accounts				8 074
% Female Clients				62%
Value of Savings Portfolio (R millions)				R 2.2

ABSA BANK GROUP

Absa was established in 1991 after the amalgamation of UBS Holdings, Allied Bank, Volkskas Bank and a portion of the Sage Group. In 1992, it acquired the Bankorp Group and, by 1998, had consolidated the Allied, Trustbank, Volkskas, and United brands under one banner. In 2005, Barclays acquired a majority shareholding in the Absa Group.

Absa's strategic framework lists its purpose as: to be partners in growing prosperity for all its stakeholders, and its mission as: to be the best provider of financial services in South Africa and selected African markets.

In 2007, ABSA moved aggressively into both microlending to salaried individuals and microenterprise lending. Low income groups are a segment of the Flexi Banking target market.

At 31 December 2008, Absa operated from 975 outlets and 5044 ATMs in South Africa. Outlets include branches, loan centres, micro-enterprise finance centres, remote sales points, kiosks, pre-fabricated outlets and mobile outlets.

Personal Microloans

Absa's Personal Loan Business Unit was established in February 2007 as a focused unsecured lending business. The Unit established 56 dedicated Loan Centres nationally by December 2009. These outlets are located in non-traditional banking locations to provide easy access to customers within the lending market. The Business Unit also established a mobile sales force (lead generators) of 180 by December 2009. A dedicated Call Centre was established in Coega to provide specialist outbound and inbound sales support to customers. During 2009, sales via internet banking and cell phone banking were enabled. End to end processing time on the internet channel (from application to payout) of less than 10 minutes is currently being achieved.

The product range consists of Micro Loans and Personal Loans. The Micro Loan product ranges from R3 000 to R15 000 with terms from 12 months to 60 months. Personal Loans products are offered to customers from R15 000 to R150 000 with terms from 12 months to 84 months. Sophisticated risk-based pricing models are applied to both products to price the product according to the specific credit risk of each customer.

Microenterprise Lending

Absa has made the most serious investment so far of any formal financial institution into the microenterprise market. The ABSA Microenterprise Finance Division was launched in 2007. By December 2009 it had opened 7 branches dedicated to group lending and 16 branches dedicated to individual lending, with a total of 64 loan officers and 124 staff.

The group loan product utilizes the centre group methodology. Clients form groups of five which are then combined into centres which meet on a monthly basis. Loans range from R1 000 to R5 000 per group member and are repaid over a period of between 4 and 12 months. Clients open a club account into which the group loan is disbursed. Repayments are made by the group at the bank branch, with deposit slips being submitted at Centre Meetings.

The individual loan product provides loans from R1 000 to R15 000 over a period of between 6 and 12 months. Microenterprise owners must have a permanent place of business and a minimum of 12 months' business experience. A Community Finance Officer (CFO) visits the home and place of business to conduct an assessment and compile financial statements. Approval is done at head office following a recommendation from the local credit committee.

Deposit Accounts for the Mass Market

Absa offers three accounts which suit those with annual incomes of less than R8000 per month.

Absa Flexi Account: The Absa Flexi account is a card-based low-cost transaction and savings account. A R50 minimum opening balance is required. Free funeral cover is provided to clients ages 18 to 65, and other free services, including legal assistance, emergency medical evacuation and funeral support, are provided, subject to the minimum balance requirement being fulfilled.

Mzansi account: The Absa Mzansi product is a basic card-based transaction account. It requires a R10 opening deposit and no minimum account balance is enforced. However, a maximum account balance of R15 000 is applied. There are no administrative or initial card issuing fees, and deposit fees are waived on one such transaction per month. Discounted transaction fees are applied to the remaining four deposit transactions in a calendar month, as well as on the first five credit transactions per month, including withdrawals or debit orders. Accountholders who transact more than these limits attract a R12.50 premium added to normal transaction fees per transaction. Debit and stop orders are enabled for the product, and cell phone banking is also available.

Sekulula: Absa offers the Sekulula card, aimed at social grant beneficiaries, which credits accounts with their grant receipts on the first working day each month, eliminating the need to wait in queues to receive their grants.

Key individuals for Micro Market:

Name	Title
V (Alfie) Naidoo	Member: Executive Committee
Gerhard Coetzee	Head: Micro Enterprise Finance
Gerret Oosthuizen	Sales: Absa Personal loans
Sonya van Vleet	Head: Mass market deposits

Contact details:

Physical address (Head office)	Absa Towers, 160 Main Street Johannesburg 2001
Contact telephone numbers	0860 008 600
Email address	absa@absa.co.za
Website URL	www.absa.co.za

Absa Bank – Key Indicators:

(Company overall)		Dec 2006	Dec 2007	Dec 2008
Total Assets (R millions)		495 112	640 909	773 758
Total Equity (R millions)		34 921	42 560	52 966
Net Income after Tax (R millions)		8 266	10 025	11 243
Return on Equity (%)		27.4	27.2	23.4

Staff and Operating Locations involved in Micro finance operations (at end of fiscal period)				
Total Staff		35 154	36 893	37 828
Total branches / outlets		759	892	975
Total agents / brokers				
Other delivery channels				
Specify _Absa owned ATMs_____		3 753	4 684	5 044
Specify _Non-Absa owned ATMs__		3 300	3 640	3 796
Specify _Micro loan centres___		9	36	n/a

Microenterprise Loans (all data at November 2009)				
Group Microenterprise Loans				
Loan officers				18
Total Number of Active loans				1700
% Female Clients				90+%
Value of Gross Loan Book (capital only)				1 463 000
Average loan outstanding				860
Individual Microenterprise Loans				
Loan officers				46
Total Number of Active loans				417
% Female Clients				
Value of Gross Loan Book (capital only)				1 040 000
Average loan outstanding				2 494
Discontinued Yanda Loan				
Total Number of Active loans				727
% Female Clients				
Value of Gross Loan Book (capital only)				391 399
Average loan outstanding				538

		Dec 2006	Dec 2007	Dec 2008
Savings Accounts for the Low Income market; Mzansi and other				
Mzansi Account				
Total Number of Active Accounts			569 900	674 531
Value of Savings Portfolio (R Mlns)			R 145	R 168
Flexi Account				
Total Number of Active Accounts			3 756 807	4 260 523
Value of Savings Portfolio (R Mlns)			R 9 419	R 9 731

FIRST NATIONAL BANK (FNB), A DIVISION OF FIRSTRAND BANK LIMITED

FirstRand Limited is an integrated financial services group which acquired the FNB shareholding in 1998. The group is listed on the JSE and the Namibian Stock Exchange, and is comprised of a number of franchises, including First National Bank (FNB), Rand Merchant Bank (RMB), Wesbank and Momentum.

Microloans were introduced in 1999 as proof of concept, with loans being offered via payroll only. Today FNB also makes general debit order loans. The responsible department for microloans within FirstRand is the Smart Product House, a business unit within the Smart Solutions segment. Products aimed at the mass market, defined as the segment of individuals earning less than R100 000 annually or R8 333 monthly (currently), are generally grouped under the FNB Smart brand.

FNB operates through a countrywide network of 712 branches and ATMs, including mini-ATM facilities at retailers. Other self-service banking channels include cell phone, internet and call centre (interactive voice response) banking facilities. Microloans are also sold through external sales consultants who visit work sites of employees (following employer approval) to issue finance to employees on site.

The Smart Spend Loan is a credit facility offered to employed individuals who have had an active bank account for at least three months, earning a take-home pay of at least R750 per month (net of the Smart Spend Loan and other financial obligations). Loan amounts start from R2 000 to a maximum of R15 000 over a period of between six and 60 months, and may be used for any purpose. A one-month payment holiday is allowed every January, and the loan is offered with insurance. Repayments are taken from a monthly debit order, and installment amounts remain fixed over the loan period, regardless of interest rate movements. Borrowers with an FNB account enjoy lower interest rates.

The *Smart Bond* product is a housing finance facility aimed at households earning less than R15 000 a month, providing 100% bond finance. Interest rates are variable, but an optional five-year fixed interest period is available. Loans start from R20 000 over a period of between five and 20 years. Installments are paid via a monthly debit order or payroll deduction facility. An initiation and monthly administration fee is applied. Secondary products available with the Smart Bond facility include the Further Bond facility, which allows borrowers to take an additional bond if the need for additional finance arises, a free home-ownership education programme for first-time property buyers, a six-month loan cover facility in the event of retrenchment, and life cover.

FNB participates in the *Mzansi Account* initiative with Standard Bank, Absa, Nedbank and the Post Bank, to provide a simple and cheaper savings and transaction account. Individuals are only allowed to open one FNB Mzansi account, and no monthly statement is provided. Cell phone banking and FNB's free *InContact* service are available for free with the Mzansi Account. Although no minimum balance is required, the account balance may not exceed R15 000 (i.t.o. FICA) on the Mzansi facility. A penalty fee of R8.00 is charged on each transaction exceeding the monthly threshold of eight transactions. One free branch deposit is allowed per month, and one dishonoured payment per month incurs no fees.

The Smart Account is a savings and transaction account offered by FNB that serves the mass market. The Smart Account also offers free cell phone banking and use of the free *InContact* service, but has a wider range of features than the Mzansi product, such as free cash deposits and balance enquiries at FNB ATMs, as well as free prepaid airtime purchases through the bank's telephone, cell phone, online and ATM channels. Free funeral cover to the value of R1 000 or R10 000 (depending on the account pricing option) is offered to accountholders with a positive balance.

Stokvel: This group savings book based account is ideal for those saving in groups towards a common purpose. This is a book based savings account with free deposits and withdrawals and no minimum balance requirements in the account. It requires two authorised signatures to withdraw money, which secures the group. Free electronic transfers are offered from a smart cheque account into the stokvel account. *InContact* is offered as a free value-add service, which alerts up to 3 members when a transaction happens on the account.

The operating system used by FNB is BOB @ Work, which was developed in-house. Both the front- and back end systems are developed and maintained in-house.

BOB @ Work also functions as a debit order system, initiating the AEDOS / NAEDOS requests.

Key individuals:

Name	Title
Line Wiid	CEO Smart Solutions (Mainstream segment)
Rolf van Staden	CFO Smart Solutions
Henry Walton	CEO Smart Product House

Contact details:

Physical address (Head office)	6 th Floor, BankCity C/o Pritchard and Simmonds Str, Johannesburg, 2000
Postal address	P.O. Box 1153, Johannesburg, 2000
Contact telephone numbers	(011) 371 2111
Email address	personalloans@fnb.co.za
Website URL	www.firststrand.co.za or www.fnb.co.za

First National Bank – Key Indicators:

(Company overall)		June 07	June 08	June 09
Total Assets (R billions)		459 141	567 792	
Total Equity (R millions)		24 949	29 290	
Net Income after Tax (R millions)		5 388	6 961	
Return on Equity (%)		31%	21%	

Staff and Operating Locations involved in Micro finance operations				
Total Staff		150	200	
Total branches / outlets (includes branches, agencies, Bank on Wheels, etc.)		698	712	
Total agents / brokers		1 company	1 company	
Specify _ATMs_____		4 561	4 800	

Savings Product 1: Smart Save		DDA 80		
Total Number of Active Accounts		140,042	127,432	118,416
% Female Clients		54.69%	55.40%	56.21%
Value of Savings Portfolio		R 896,954,678	R 882,308,403	R 887,643,810

Savings Product 2: Stokvel		DDA 84		
Total Number of Active Accounts		6,492	9,400	13,915
% Female Clients		n/a	n/a	n/a
Value of Savings Portfolio		R R54,434,373	R 76,502,149	R112,711,660

Savings Product 3: Mzansi		DDA 22		
Total Number of Active Accounts		305,165	317,453	339,043
% Female Clients		58.48%	59.50%	60.21%
Value of Savings Portfolio		R 115,118,289	R 109,660,613	R 110,104,252

THE NEDBANK GROUP

Nedbank was founded in the 1880s as the Nederlandsche Bank en Credietvereniging voor Zuid-Afrika (later the Netherlands Bank of South Africa, and then Nedbank in 1971), and was established as a banking company in the early 1950s. Nedbank has been listed on the JSE since 1969. A number of acquisitions, mergers and restructuring activities have shaped what is now the fourth largest South African bank by assets. The present Nedbank Group is comprised of a diverse number of subsidiary companies present both in South Africa and abroad, and the group is majority owned by the Old Mutual Group. Nedbank's full-range banking business is separated into corporate and business banking (Nedbank Corporate), investment banking (Nedbank Capital), retail and private banking (Nedbank, BoE and Fairbairn Capital), as well as vehicle and asset finance (Motor Finance Corporation).

Nedbank envisions becoming Southern Africa's most highly rated and respected bank... by [their] staff, clients, shareholders, regulators and communities.

The Group is predominantly a wholesale banking provider, but is also focused to grow in the SME financing market. Nedbank is not targeting the microlending market for either salary based individuals or microenterprises; very few loans have been disbursed below R50 000. Nedbank is committed, however, to serve the middle and higher income consumer markets with convenient savings and transactional services.

At the end of 2008, Nedbank Retail operated from 444 branches, 42 banking outlets (typically at Pick 'n Pay stores), 230 personal loan kiosks and 26 personal loan branches. In addition, the bank had 101 mobile sales teams. The bank had 1 747 ATMs and 324 self-service terminals, and offers internet banking facilities.

Nedbank participates in the Mzansi Account initiative, providing a basic savings and transaction account targeted primarily at the previously unbanked market. Accountholders receive a debit card, which allows them to swipe for purchases made at retailers, and funds can be withdrawn from ATMs (no additional charge is levied when using other banks' ATMs), post offices and Pick 'n Pay tills, and interest is earned on positive balances. No monthly maintenance fee is charged on the account and cheque deposits into the account are free. Accountholders are granted one free cash deposit per month. A balance limit of R15 000 is applied to the account, and accountholders may withdraw a maximum of R5 000 a day, and R25 000 per month. Accounts can be opened at Nedbank branches, as well as certain Pick 'n Pay, Score and Boxer retailers.

Nedbank also offers a Transactor Plus account for the lower income market.

Key individuals:

Name	Title
Mike Brown	Chief Executive Officer
Poovi Pillay	Marketing

Contact details:

Physical address (Head office)	Nedbank Sandton, 135 Rivonia Road, Sandown 2196
Postal address	PO Box 1144, Johannesburg 2000
Contact telephone numbers	011 294 4444
Email address	
Website URL	www.nedbankgroup.co.za and www.nedbank.co.za

Nedbank – Key Indicators:

(Company overall)		Dec 2006	Dec 2007	Dec 2008
Balance Sheet				
Total Assets (R millions)		424 912	488 856	567 023
Total Equity (R millions)		29 388	35 125	40 073
Profitability				
Net Income after Tax (R millions)		5 061	6 641	7 004
Return on Equity (%)		18.6	21.4	17.7
Staff and Operating Locations involved in Micro finance operations (at end of fiscal period)				
Total Staff		13 442	15 356	16 461
Total branches		441	468	444
Specify _ ATMs_____		1 283	1 636	1 747
Specify _Banking outlets ____		27	42	50
Specify _Mobile sales/banking outlets__		72	91	101
Specify _Personal loan kiosks____		250	200	230
Specify _Personal loan branches____		22	26	26
Specify _Self-service terminals____		316	375	374

PAPER 6 - RETAIL DEVELOPMENT FINANCE INSTITUTIONS

NATIONAL YOUTH DEVELOPMENT AGENCY (PREVIOUSLY UMSOBOMVU YOUTH FUND)

The Umsobomvu Youth Fund microfinance operation began with incorporation of the loan book from Nicro Enterprise Finance and The Nations Trust in 2005. Umsobomvu administered and expanded the loan book from 2006 until a merger with the National Youth Commission in 2009. The merged entity was renamed the National Youth Development Agency (NYDA).

Umsobomvu also provided wholesale funding to the three largest microfinance not-for-profit entities in the country: the Small Enterprise Foundation, Marang Financial Services, and Women's Development Business.

Purpose: To enable the implementation of effective youth development programmes and mainstreaming of youth development for young people to have sustainable livelihoods.

Vision: To enhance the active participation of South African youth in the mainstream economy.

Mission: To facilitate and promote the creation of jobs and skills development for South Africa's young people.

Core Value: We are driven by our belief in the infinite potential of young people.

Target Market: All young people between the ages of 18 and 35 years of age.

With a head office in Midrand, Gauteng, the microfinance division provides funding through one or two offices in each province.

Umsobomvu focused on individual microenterprise lending until 2008, when group lending was also introduced.

Type of Loan	Term	Size
Step up loan	1 – 24 months	1,000.00 – 10,000.00
Bridging Finance	3 months (bullet payments)	10,000.00 – 100,000.00
Small loan	Up to 36 months	10,000.00 – 100,000.00
Group Loans	3 – 24 months	1,000.00 – 10,000.00

The non-financial services offered include vouchers for professional services, market linkage support, and skills development support.

The NYDA lending operation utilizes MLAS as its debtor administration system, offered by IPI (see Section I.7 on Banking Systems)

Key individuals:

Stieneke Samuel	National Director : Microfinance
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Contact details:

Physical address (Head office)	Umsobomvu House, 11 Broadwalk Avenue Halfway House, 1685
Postal address	P. O Box 982, Halfway House, 1685
Contact telephone numbers	011 651 7000
Email address	SSamuel@nyda.gov.za
Website URL	www.nyda.gov.za

National Youth Development Agency – Key Indicators:

		Mar 07	Mar 08	Mar 09
Total Assets (R millions)		576.2	702.8	Incomplete
Net Income after Tax		-5.4	-16.4	Incomplete
For the Microfinance operations:				
Staff and Operating Locations				
Total Staff		21	29	47
Total branches / outlets		7	8	13

For Microfinance Portfolio **				
Total Number of Active loans		1 004	2 002	2 487
% Female Clients		90	98	93.2
Value of Gross Loan Book (capital only)		6m	15m	20m

Distribution of Loan Disbursements for the most recent reporting Quarter: April to June 2009

(Also just for the Micro loan book)

Loan Product 1: Individual lending	Average Loan Size	Number Disbursed	%	Value Disbursed	%
0 to 5 000	3 175	52	38%	R 165 124	7%
5 001 to 10 000	7 331	18	13%	R 131 971	5%
10 001 to 30 000	17 978	30	22%	R 539 352	22%
30 001 to 50 000	44 874	36	26%	R 1 615 471	66%
		136	100%	R 2 451 918	100%

Loan Product 2: Group lending	Average Loan Size	Number Disbursed		Value Disbursed	
First cycle	1 000	95	81%	R 95,000	73%
Second cycle	1 600	22	19%	R 35,000	27%
		117	100%	R 130 000	100%

ITHALA DEVELOPMENT FINANCE CORPORATION

The Ithala Development Finance Corporation Limited was established in 1999 as a development finance corporation, mandated to ensure delivery of sustainable development.

Ithala origins began in 1959, when an institution known as the Bantu Investment Corporation Limited (BIC) was established by the state, responsible for the development of all black areas in the Republic of South Africa. Over the years it has transformed and redefined itself several times to become the Corporation for Economic Development Limited (CED) in 1977 and the KwaZulu Development Corporation Limited (KDC) in 1978. The transformation activities culminated in the promulgation of the KwaZulu-Natal Ithala Development Finance Corporation on 2 March 1999, from which date the corporation became known as "Ithala".

Ithala's mission is to drive economic development and empowerment, whilst remaining financially sustainable. The objectives of the corporation are to promote, support and facilitate social and economic development in the Kwa-Zulu Natal Province by -

1. mobilising financial resources and providing financial and supportive services to persons domiciled, ordinarily resident, or carrying on business within the Province;
2. planning, executing, financing and monitoring the implementation of development projects and programmes in the Province;
3. promoting, assisting and encouraging the development of the Province's human resources and its social, economic, financial and physical infrastructure;
4. promoting, encouraging and facilitating private sector investment in the Province and the participation of the private sector and community organisations in development projects and programmes and in contributing to economic growth and development generally;
5. Acting as the government's agent for performing any development-related tasks and responsibilities that the government considers may be more efficiently or effectively performed by a corporate entity.

Ithala Finance Corporation operates from offices located in more than 20 shopping centres, and has in excess of 40 banking facilities in the KwaZulu Natal Province.

Ithala operates as a full financial intermediary, offering both savings and loans. Ithala provides deposit services with the convenience of 24-hour Automatic Teller Machine (ATM) transactions anywhere in South Africa and access to point-of-sale terminals at numerous retail outlets countrywide. The savings products are not, however, targeted at the micromarket:

Debit Card account: combines an ordinary savings account with the convenience of 24-hour ATM transactions anywhere in South Africa and access to point-of-sale terminals at numerous retail outlets countrywide. This account requires a minimum opening deposit of R20-00.

Passbook Savings Account: A minimum balance of R50 and tiered interest rates.

Target Save: Customers make regular monthly or weekly deposits that remain in the bank for a minimum period of one year. Only after a year are customers able to withdraw the money and earned interest. Arrangements may also be made to withdraw money after nine months, but lower interest rates are then applicable.

Club Account: Enables clients to save in a group; offers higher tiered interest rates than normal savings accounts. The first R2 000 of interest received from the Ithala Club Save is tax- free!

Fixed Deposits: Three term options: six months, 12 months, or 24 months. While they cannot withdraw money during the agreed period, Ithala can grant loans immediately in case of an emergency, secured by the deposit.

Funeral Scheme: Funeral cover at a cost of R24.10 per month; a wide range of insurance cover plans to choose from.

Cash Loans account: allows clients to use up to 90% of their investment as security for cash loans. The repayment period is determined by maturity of the investment.

Due to a lack of response to our survey questionnaire, the following description of Ithala's microenterprise activities was drawn from "An investigation into Collateral Options for lending to Small and Micro Enterprises", Vulindlela Development Finance Consultants, South Africa (Pty) Limited, and Kunene, Ramapala, Botha, KRB Law Firm, published by Finmark Trust September 2009.

"The micro loans unit finances loans from R10 000 to R500 000. They have a range of products including Agricultural loans; Bridging finance; Co-operative finance; Empowerment Equity loans; Land and Building finance; Invoice discounting finance; Order discounting finance; Plant and Equipment finance; VAT loans and Working Capital loans.

The co-operative loans performed badly, largely due to the perception of easy money. Government advertised these loans to their constituency. No collateral was taken and the loans carried subsidized rates, reinforcing the grant mentality: 40% of the first R50 000 loan was a grant; the balance under R10 000 was charged at prime less 5%; above R100 000 was charged at prime. This product has been put on hold.

The overall micro portfolio has been deteriorating. Reasons provided for this include: there has been a superficial level of financial assessment; collateral has not been emphasized; and a risk fund was established by the provincial government which was used up in the first year and was not renewed.

The policy states that 60% of the loan must be covered by collateral; often the assets being funded are provided as collateral (land or building or machinery). With the bridging loans; the invoice discounting, and the order discounting finance, Ithala was using cessions rather than collateral. When government banned the cessions, the portfolio deteriorated significantly and Ithala suspended disbursement on these products. Due to government pressure, however, Ithala was asked to start disbursing again.

Ithala believes MSEs form a big potential market, but that more mentoring and lending support is required: *"More and more provincial governments are stipulating that a certain percentage of their purchasing has to go through SMEs. The reality is, however, that SMEs lack capacity. While money is allocated to capacity building, few lenders have the personnel to manage the chosen service providers and money tends to be wasted"*, Neli Shezi, Divisional Manager, Microfinance and Cooperative Development, Ithala Development Finance Corporation. "

Key individuals:

Mrs Manana Nhlanhla	The Chairperson
Mr Sandile Zungu	Deputy Chairperson
Mr IS Nxedlana	Chief Executive Officer

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LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA (LAND BANK)

The Land and Agricultural Development Bank of South Africa trading as Land Bank, is a parastatal under the auspices of the Department of Finance. It works closely with the Ministry of Agriculture, Forestry and Fisheries and Rural Development and Land Reform. Since its inception in 1912, Land Bank has undergone various phases of transformation. One of these came in 1997 when the Strauss Commission's Report into Rural Finance came with recommendations and a new mandate for the Land Bank, to de-racialise the agricultural sector and assist farmers from previously marginalized groups to enter the mainstream of South Africa's agricultural sector. A key factor for the Bank's success in rural development and equal provision of finance to all farmers was made possible by the enactment of the Land and Agricultural Development Bank Act 15 of 2002. The Act equips the Land Bank with the power to facilitate and play a significant role in the support of historically disadvantaged individuals in the agricultural sector, as discussed further below.

Land Bank offers tailor made financial services to established and emerging farmers. Its task is that of raising the levels of productivity and income in order that the rural communities and the country in general can achieve self-sufficiency in food production, general employment as well as adequate export potential. The Land Bank was officially named as the custodian of Micro Agricultural Finance Scheme of South Africa (MAFISA) in December 2008. (See Section I.9 – Wholesale DFIs.)

The objectives of the Bank, as outlined in the Act include amongst others, the promotion, facilitation and support of:

- Equitable ownership of agricultural land, in particular the increase of ownership of agricultural land by historically disadvantaged persons;
- Agrarian reform, land redistribution or development programmes aimed at historically disadvantaged persons or groups of such persons for the development of farming enterprises and agricultural purposes;
- Land access for agricultural purposes;
- Agricultural entrepreneurship;
- The removal of the legacy of past racial and gender discrimination in the agricultural sector;
- The enhancement of productivity, profitability, investment and innovation in the agricultural and rural financial systems;
- Programmes designed to stimulate the growth of the agricultural sector and the better use of land;
- Programmes designed to promote and develop the environmental sustainability of land and related natural resources;
- Programmes that contribute to agricultural aspects of rural development and job creation, commercial agriculture and food security.

The Land Bank consists of a head office that is situated in Pretoria, Gauteng, 27 branch offices nationwide and 2 Corporate Finance Offices one in Cape Town and the other in Pretoria

The Land Bank offers six types of loans, but these are generally offered above the R50 000 cut off for this study: Long-term Mortgage Loans up to 25 years; Medium Term business loans up to 15 years; Short term loans for seasonal requirements, up to 5 years; Guarantees for corporate clients; Establishment Loans for establishing perennial crops; and installment sale finance on equipment.

Products designed to accelerate development include the Special Mortgage Loans and the Unsecured Loans.

Special Mortgage Loans: The Special Mortgage Loans are aimed at making it possible and cheaper for emerging farmers to obtain finance for the purchase of land. The first R500 000 per individual of the loan amount carries a rate of 10% for 2 years.

Unsecured Loans: The Bank offers unsecured loans of up to R25 000 to the bronze clients. These would normally be the small-scale farmers. However, clients must use the loans for agricultural purposes.

In the three months of June to August 2009, only 21 loans were disbursed with values below R50 000, for a total value of R 545 025, or an average loan size of R26 000. Less than 1% of the total assets of the Land Bank are made up of loans with disbursed values of below R50 000.

Land Bank utilizes a debtor management system called People Soft

Key individuals:

Prof Herman van Schalkwyk	Chairman of the Board (Interim):
Mr Ncaphayi Diko	Board Secretariat
Phakamile Hadebe	CEO

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The Land Bank – Key Indicators:

		Mar 07	Mar 08	Mar 09
Total Assets (R millions)		17.975	17.142	17.544
Net Income after Tax (R millions)		100	18	166
Total Staff		571	896	679
Total branches / outlets		27	27	27

Microfinance Portfolio only **				
Value of Gross Loan Book (R millions)		90.7	82.1	

** Micro defined as loans with disbursed values of less than R50 000 each.