



# Transforming lives through responsible credit and financial wellness solutions

*SmartAdvance presentation for Bondster*



A Finclusion Group Company

# Finclusion Group at a glance

An African neobank accelerating financial inclusion, and quality of life



- We are enhancing financial inclusion in African markets through investing in and growing high potential fintech businesses
- We have long-standing financial services, ecommerce and technology experience – with a track record of successful African exits
- Our focus areas are:
  - Financial wellness – Improving the financial health of the formally employed through wage-streaming and credit education
  - Credit scoring (facilitating credit to those traditionally excluded)
  - Direct lending (empowering SMEs to grow businesses during difficult times)
- We invest in businesses (post-revenue) with capacity to scale quickly, on the back of profitable unit economics in high-growth sectors well-positioned to benefit from the growing middle class

Disbursements:  
**>\$300m**

Loans:  
**>1m**

Employment:  
**> 5 000**

Defaults:  
**7.1%**

Employees:  
**>100**

Loan Book:  
**\$15m**

## Footprint



TrustGro lending operations  
Eastern Africa  
Kenya | Tanzania



SmartAdvance lending operations  
South Africa | Eswatini |  
Namibia



Credit risk clients  
Fractal Labs  
Active clients



# We are positively impacting our customers' lives

Actively contributing towards the UN's Sustainable Development Goals



## Financial education

Provide the tools and platforms to educate clients on financial basics, enabling them to make better financial solutions for the future.



## Educational Loans

Offering educational loans at a lower interest rate to those that wish to further their education



## Empowering small businesses:

Providing a digital platform for small businesses to display products, enabling exposure to a larger market and safe payment solutions. Product delivery is fulfilled by a partnership with Drivers Club which works with personal transport and taxi services nationally



## Credit rehabilitation

Provide a platform and service to clients that have found themselves in financial difficulty, preventing over-indebtedness and blacklisting, whilst assisting with removal of judgements through tailored financial products

No poverty



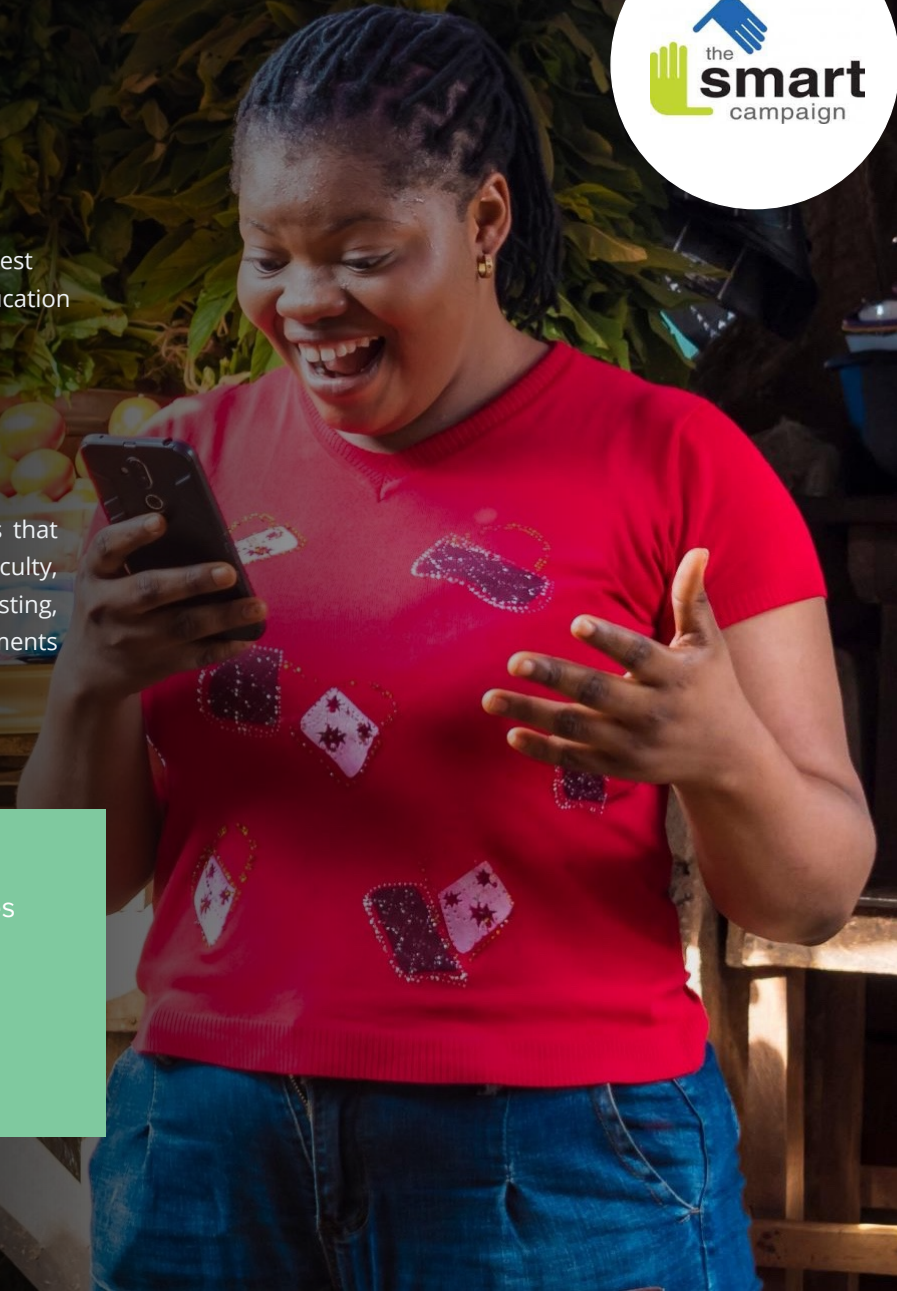
Quality education



Decent work & economic growth



Reduced inequalities



# SmartAdvance: Who we are

Capitalising on our African credit expertise

**Mission:** Empower employers to uplift and enable employees through safe and affordable financial products and services.

SmartAdvance is a **financial wellness provider** that empowers employers to uplift and enable employees with safe and affordable financial products and services.

By adopting the SmartAdvance wellness programme, employers can facilitate financial stability, reduce bad debt, improve employee credit scores and reduce personal stress – resulting in more productive employees.

## Why

1. Prevent employees from falling into a debt-trap
2. Enhancing **financial wellness** within the formally employed
3. Providing **secured payroll deduction loans** which significantly reduce employees' monthly debt
4. Create happier, healthier, and more **productive employees**



Customers served:

>150k



Default Rate to date:

9%



Loans issued:

>1.2m



Total applications scored:

2.15m



Loan Book:

\$15.6m

# Our core lending products



## Online loans

- Unsecured digital loan
- Market: Direct to consumer
- Max term: 6 Months
- Amount (ZAR): 1,721 to 12,000 (Avg. 10,531)
- Average maturity: 16 months



## Payroll loans

- Deduction at source payroll loans
- Market: Employee of employer partners
- Max term: 36 Months
- Amount (ZAR): 1,721 to 25,815
- Average maturity: 16 months



## Earned wage access

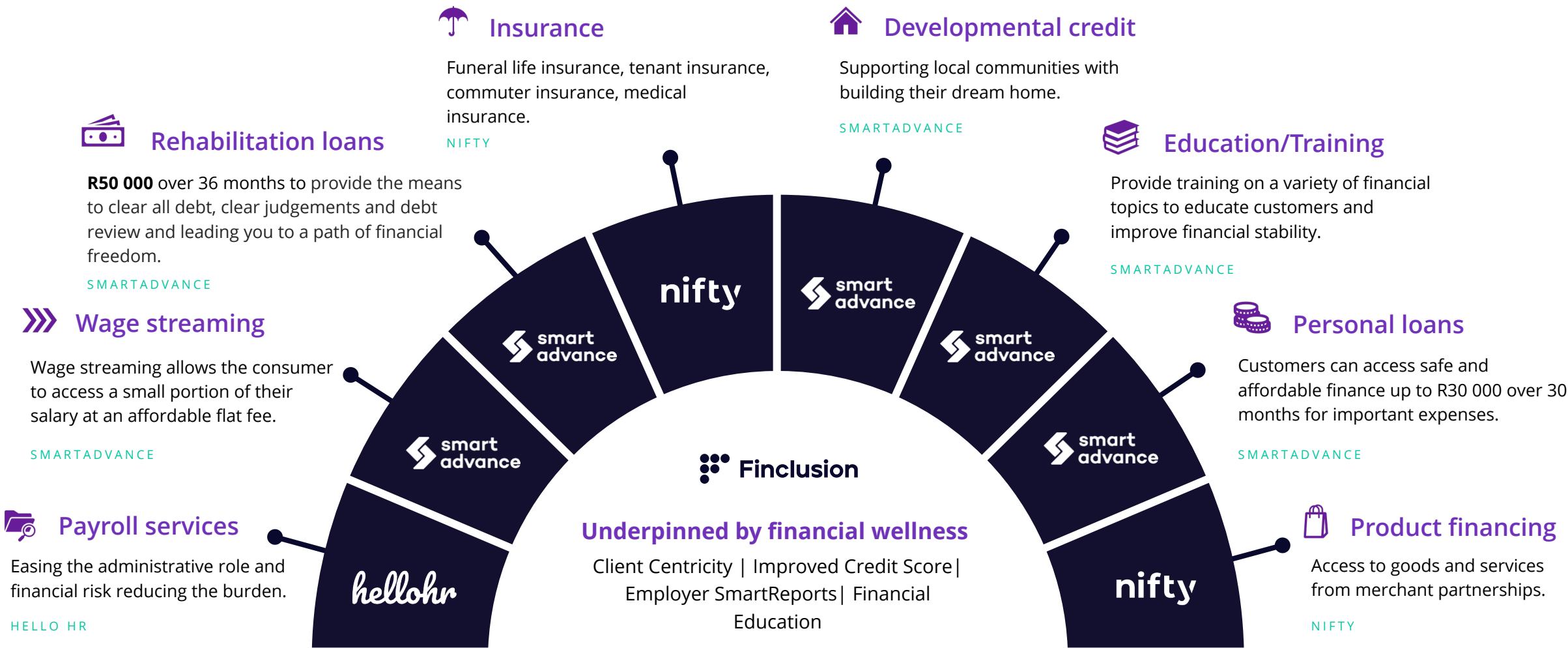
- Access to your already earned wages
- 0% interest over the term for a fee of R40 per month
- Automatic pay-out scheduling
- Maximum 1 month maturity

**Average period rate: 58%\***

\*Verified by microfinanza rating agency

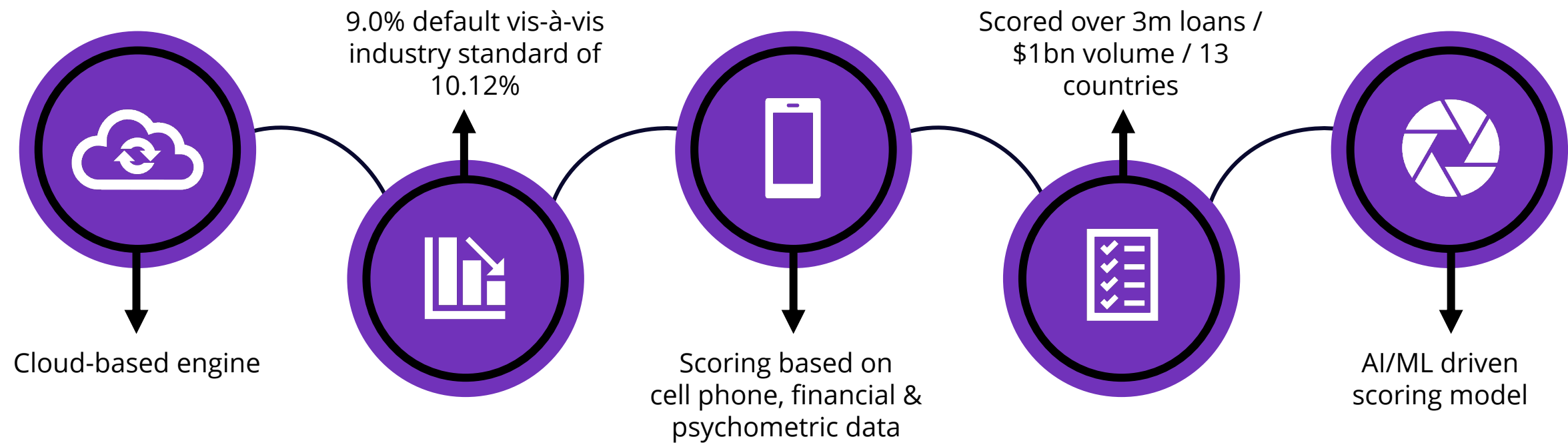
# Our ecosystem delivers turn-key employee wellness solutions

Product stack supported by supporting verticals to reduce financial stress and help employees prepare for the future.








# Credit-led growth strategy enabled by superior risk modelling

The first step in overcoming the African credit gap is understanding the continent's risk profile



# Our credit scoring credentials

Credit scoring models calibrated based on >\$1bn credit granted in >3m loans

-  A fully autonomous AI credit scoring system to calculate customer affordability and well as assess the risk of clients applying for credit and the probability of a client defaulting.
-  Analyses traditional financial data as well as alternative data sources such as SMS messages and social media data.
-  Using customer data SmartAdvance can offer a client an alternative product such as affordable loan amounts and terms to choose from.
-  Can extract data and make predictions within seconds, greatly improving the speed of loan application processes as well as user experience.
-  Parameter driven maintenance allowing “on-the-fly” changes to key rules and validations



Over **3 million** loans disbursed across 3 continents



**>\$1bn** in disbursements



**9.0%** default rate to date



**>6 million** loan applications scored

# Caring for the mental and financial health of your employees

Due to the continuing pandemic and other uncertainties, there are tremendous challenges at the workplace, that affects employee productivity and moral, often due to financial stress

Employers now have the option to minimise the stress of employees.

## Simplify

Provide a simple and accessible financial benefits programme relevant to employee needs.

## Educate

Educate employees on their personal finances and how our services can enable growth in their personal lives.

## Support

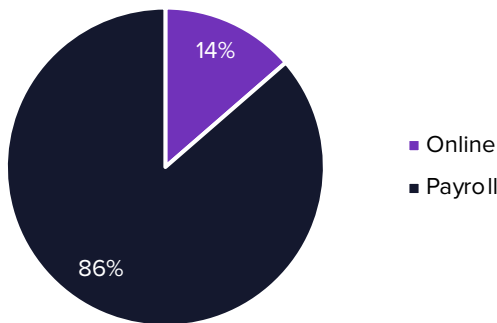
Continuous support to employees to assist with queries, concerns and the processing of applications.



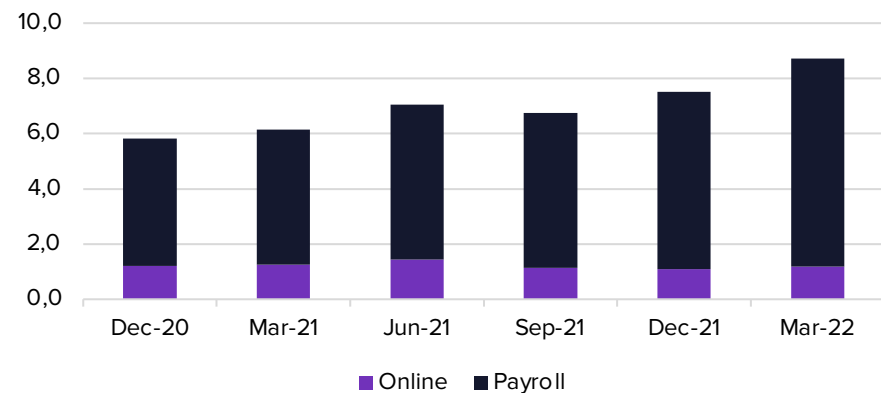
# Key performance indicators

Sustained credit quality improvements

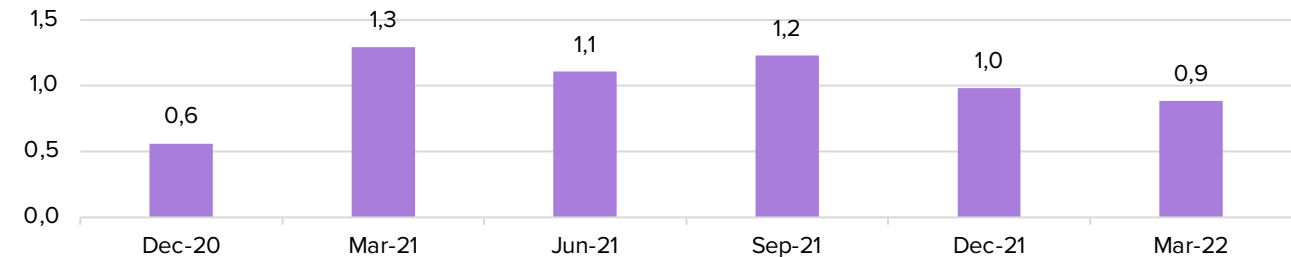
Product mix as of 31 March 22



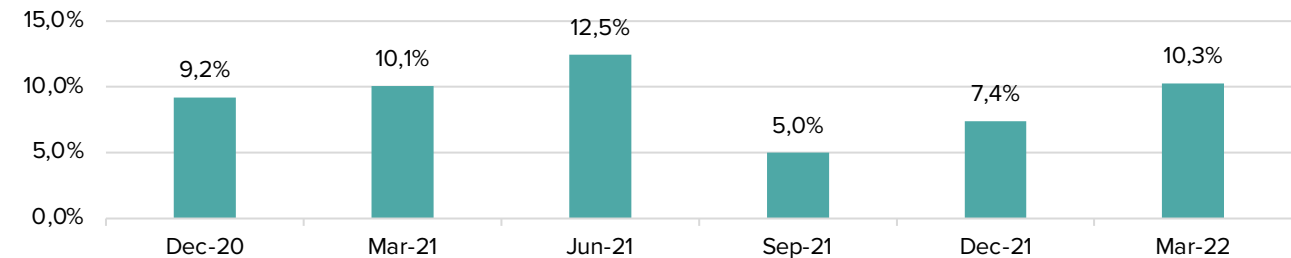
Quarterly Gross Book Value USDm



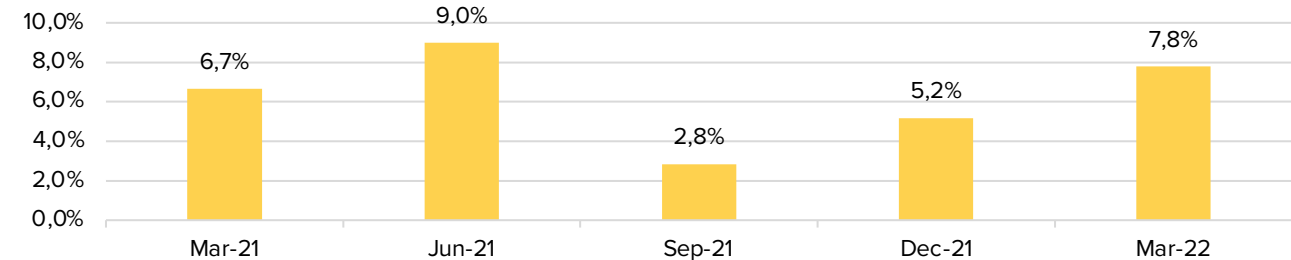
Total disbursement USDm



Expected credit loss as %

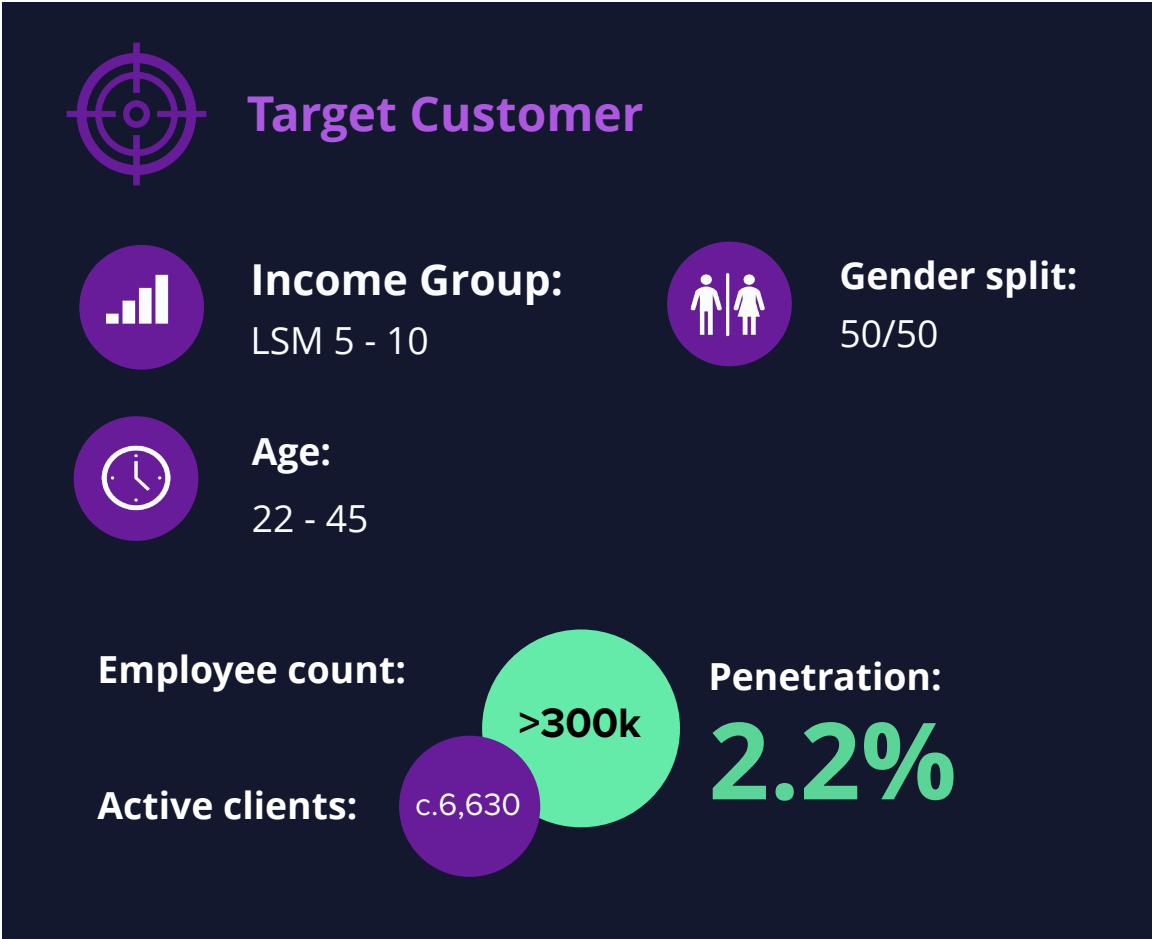


NPL in %



# Customer profile

Leveraging an employer-led distribution model SmartAdvance is able to quickly scale its customer base of employed individuals



## Employer partners

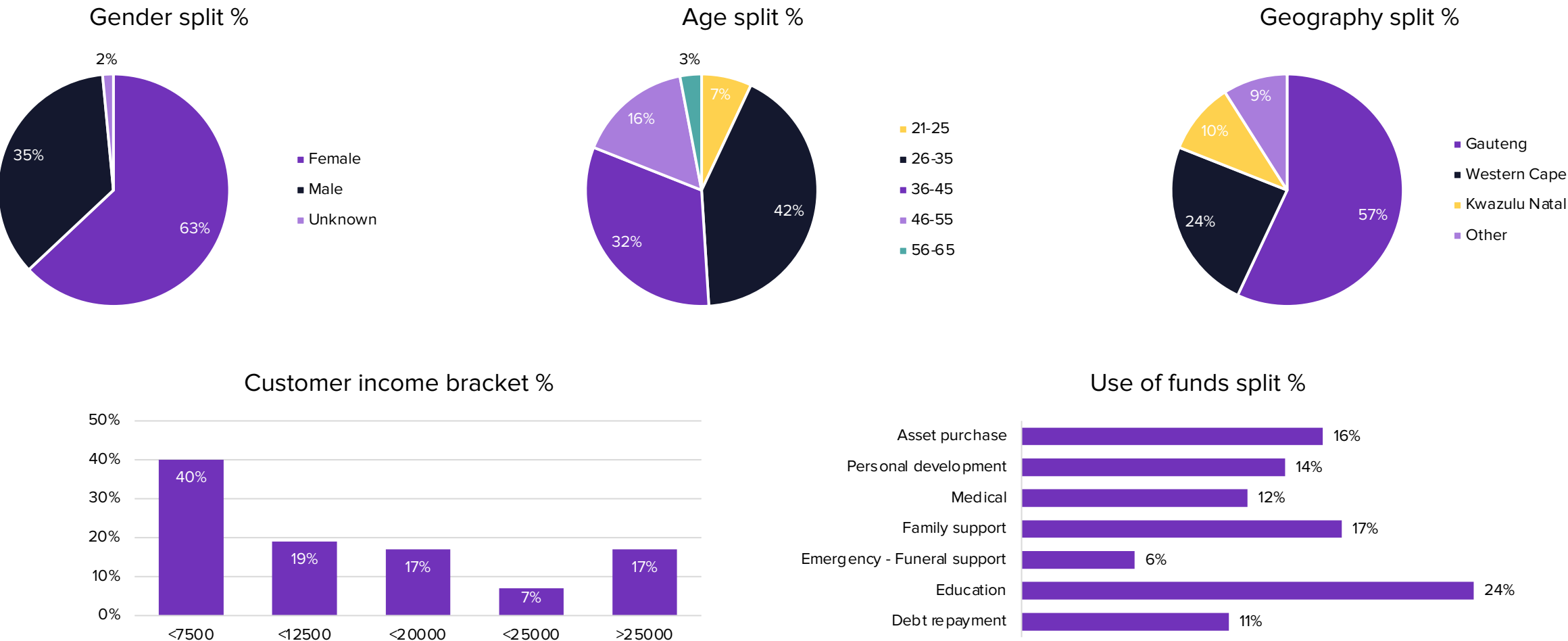
Partnering with employers provides distribution to all staff and allows for quasi-secured loan repayments

## CORE BUSINESS PARTNERS:



# Customer demographics

An inclusive product stack allows SmartAdvance to service a wide variety of clients



# How we prepared for a Covid-19 world

The business took corrective action to mitigate credit risk, improve the loan process, and maintain a high level of customer service.



## Voice contracting

- ✓ Reduce time on application
- ✓ Improve turnaround time
- ✓ Quicker payout of funds

## Remote contact centre

- ✓ AI driven call center
- ✓ Accessible from any device
- ✓ Flawless customer service

## Adapted lending criteria

- ✓ Mitigate reckless lending
- ✓ Reduce over indebtedness
- ✓ Improve credit quality

## Collection innovation

- ✓ Provided payment plans
- ✓ Alternative payment options
- ✓ Rewards good behaviour

# How we are positively impacting our clients and driving loyalty



## Financial education

Provide the tools to educate clients on financial basics, enabling them to make better financial solutions for the future.



## Education loans

Offering education loans at a lower interest rate to those that wish to further their education.



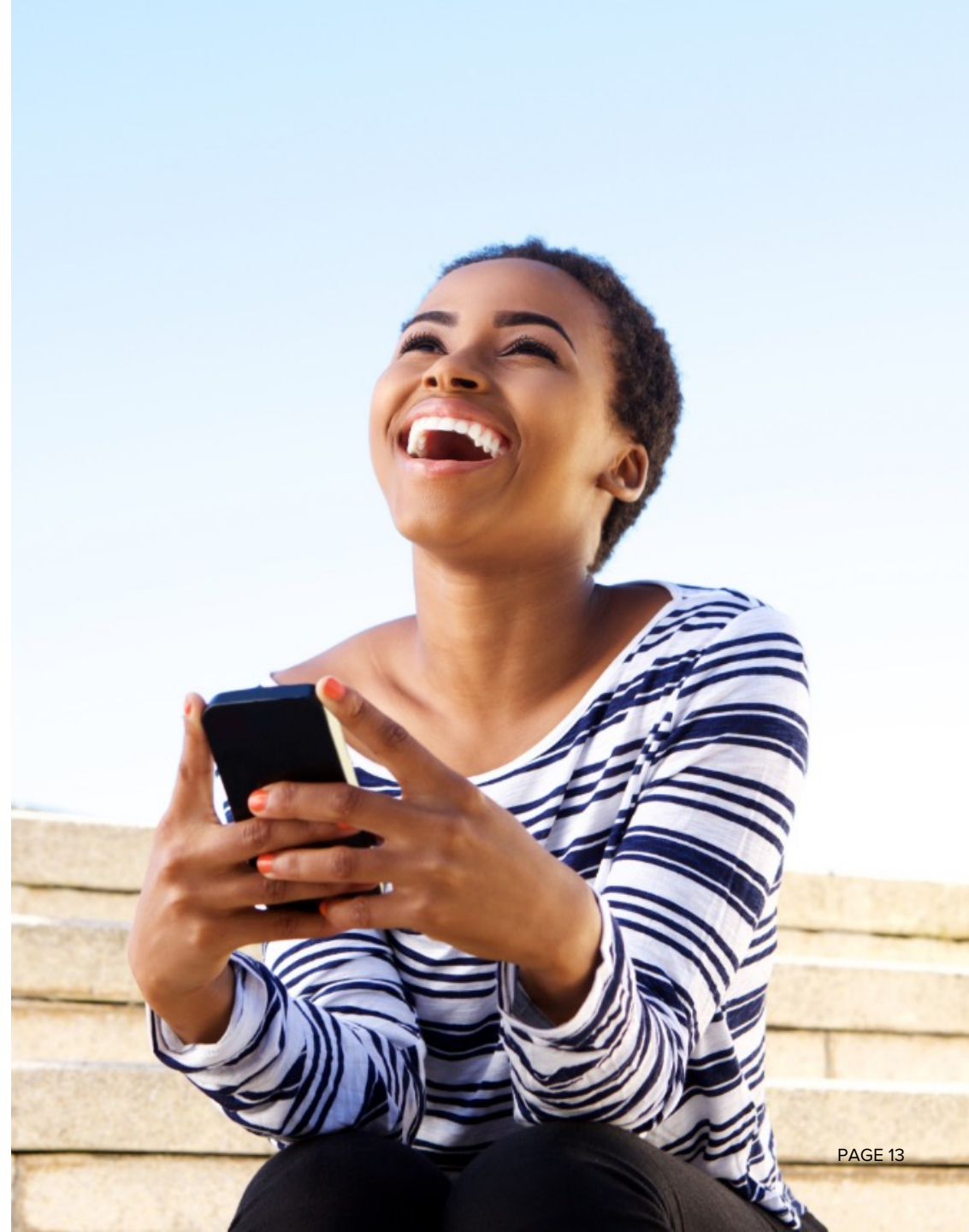
## Credit rehabilitation

Provide a product to assist with over-indebtedness, backlisting and judgements through tailored financial products.



## Funeral cover

Customers have access to funeral cover tailored to suit family and financial needs that will ease financial stress in future.



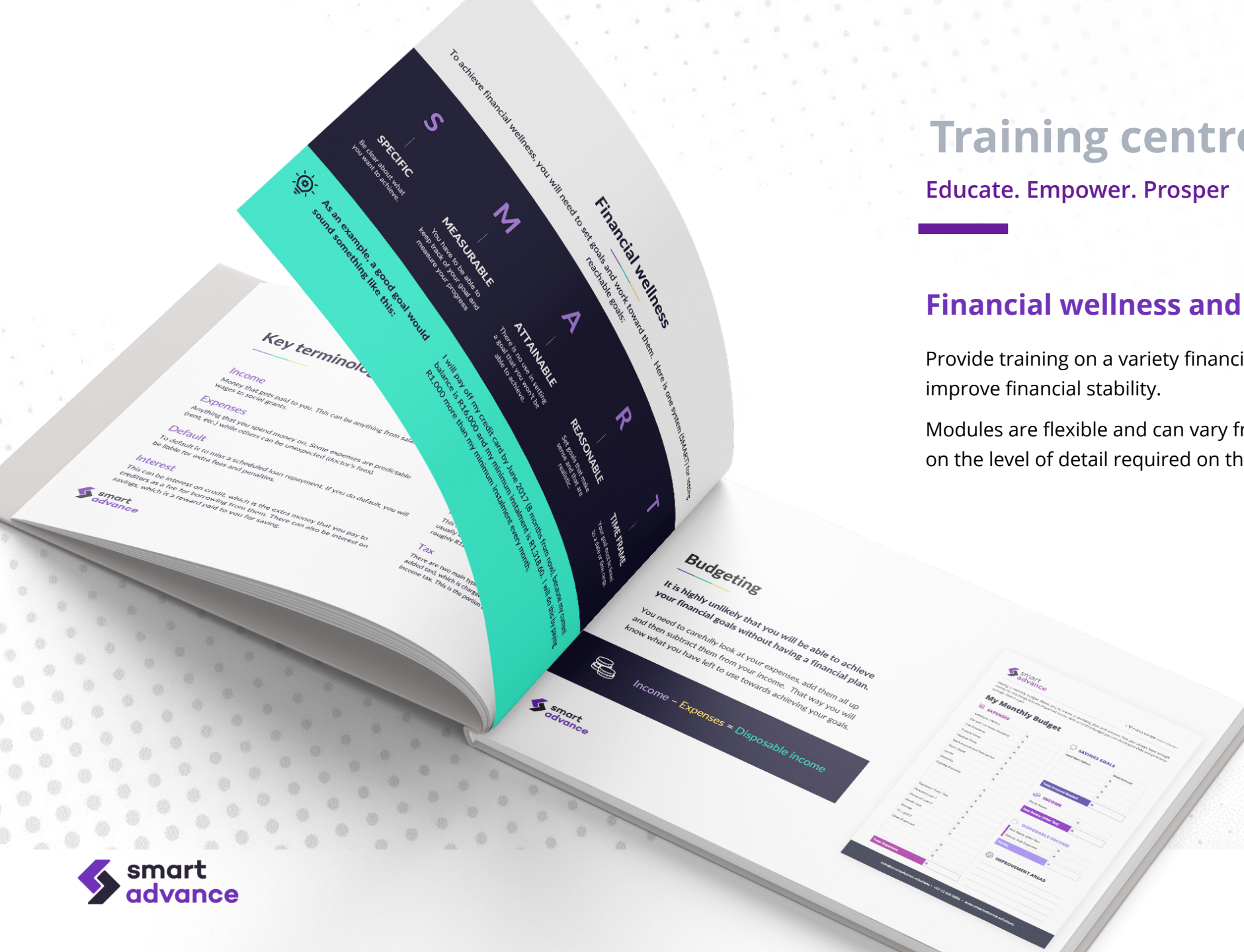
# Training centre

Educate. Empower. Prosper

## Financial wellness and education

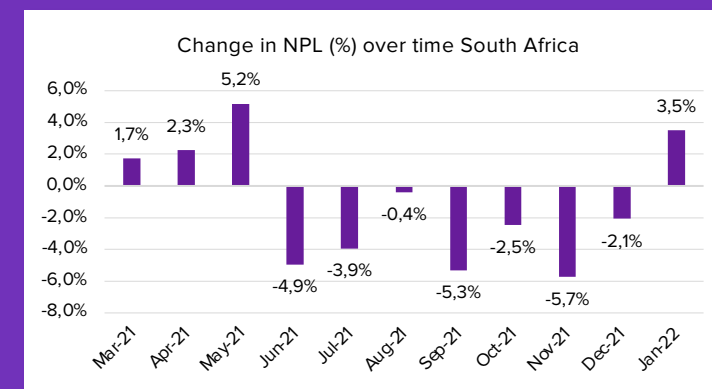
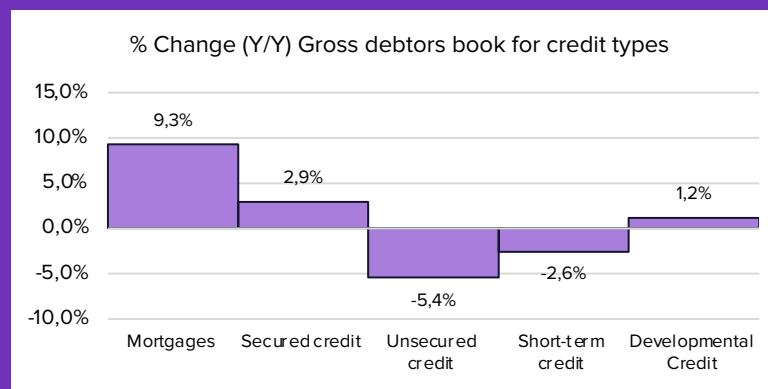
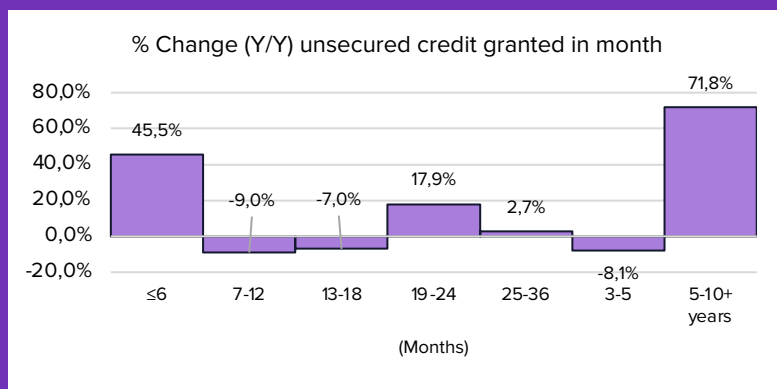
Provide training on a variety financial topics to educate customers and improve financial stability.

Modules are flexible and can vary from five hours to three days depending on the level of detail required on the given theme.



# State of the market

The South African market remains exposed to the financial impact of the pandemic



## YoY increase in credit granted

- There has been a significant increase in 5-10+ Year unsecured credit (71.8%)
- This is indicative of cash strapped consumers looking for low-cost loans and credit providers unable to service them at lesser maturities due to the current state of the market

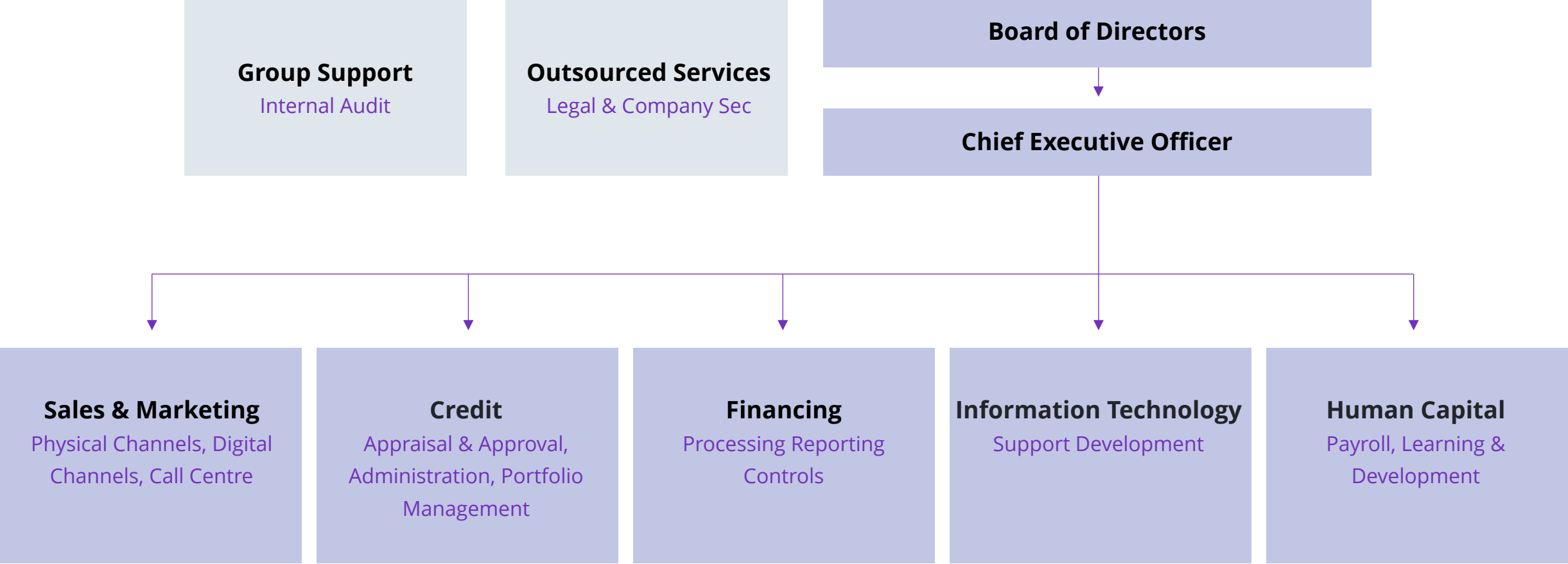
## YoY change in gross debtors

- With the exception of mortgage balances (9.3%), there has been negligible change in gross debtors balances for the period
- The -5.4% decrease in unsecured credit balances is a result of the continued risk-off approach by local credit providers
- We expect this supply shortfall will continue for the foreseeable future, increasing the demand for SmartAdvance unsecured lending products

## Change in NPL's overtime

- The movements in NPLs coincided with the imposition of Covid-19 lockdown restrictions
- There was a sustained improvement throughout the remainder of the year as restrictions eased, meaning NPLs dropped 22.4% between May and December 2021
- Further lockdown restrictions are highly unlikely, however, SmartAdvance is prepared for such an eventuality with adaptive lending criteria

# Organisation Structure



# Meet the team



## Gert Thomas Fourie

### CEO

Gerrie has nearly two decades of microfinance and people management experience. He started his career as branch manager for Capital Finance Cash Loans in 2002. Gerrie then held a number of leadership roles in the microfinance industries, including Blue Financial Services. He was later appointed as the accounts assistant and then Internal Auditor of their African countries in 2007. Gerrie held the country manager positions for Blue Financial Services, in Ugandan and Swaziland, before joining MyBucks as a chief operating officer of the Group's Zimbabwean operations in 2012. He held this position until 2019, when he was appointed as the Chief Commercial Officer for the MyBucks Banking Corporation's Mozambique operations, before being appointed as the Country Head of SmartAdvance (PTY) Ltd.



## Yuleesha Maharaj

### Head of Legal

Yuleesha is a skilled legal professional with an LLM in Business law focused on Tax Law/Taxation, Corporate Law, and Contract Law from the University of KwaZulu-Natal. Yuleesha cut her teeth at a number of private law practices in South Africa before joining the SmartAdvance. Over her six-year career, she has become a specialist in legal Administration, Contract Management, Drafting and Negotiation, Debt Collection, Critical Thinking, Regulatory Compliance, and Corporate Governance.



## Matthew Schulz

### Head of Marketing

Matthew's background is in digital marketing – and before joining us, he started his career in the corporate environment of Media24 Magazines Digital Division, after which he co-founded a digital marketing agency that grew rapidly and focused on building the brands of South African start-ups. Matthew has a decade of experience in building start-ups, team management, e-commerce, website UI and UX, creative development, brand strategy, team management and key project management. Former Head of Business development and innovation at Lumico, where he was responsible for client brand development, digital ecosystem ideation and creation.



# Meet the team



## Charl Janeke

### Head of Finance Department

Charl is the Head of Finance for Smartadvance with 11 years' experience in Finance. He holds a Bcom accounting Sciences degree from Unisa, and is in process of completing a and post graduate Management also from Unisa. Charl completed his SAICA articles from Equifin Consulting in 2012 after which he served as an Audit Manager for a period. He joined GetBucks in 2014 as a senior accountant working on the accounts for entities in Botswana, Zimbabwe and South Africa. He continued with Mybucks as a Group accountant and part of the consolidation team. In November 2019 he joined Smartadvance as the Head of Finance for southern Africa.



# Thank you

WWW.SMARTADVANCE.CO.ZA



1<sup>st</sup> Floor, The Wedge | 43 Garsfontein Road, Waterkloof | Pretoria, South Africa



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