

SME Toolkit Caribbean

A Republic Bank Perspective

SME Banking Conference
Global & Local Trends in SME Banking and the Role of
Non-Financial Services
Pakistan
March 15, 2011

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Caribbean Highlights

Thousands of islands make up what is considered the Caribbean – making it a very unique place.

The financial industry is an exciting one with very large, vibrant regional and international banks, such as Citi and Bank of Baroda

Caribbean Highlights (cont'd)

Spurred by the return to growth of several developed economies, Caribbean economic activity increased marginally in 2010.

UN ECLAC projects the region's economy to expand by 0.9% in 2011, after contracting 2.3% in 2010.

The primary source of revenue for the Caribbean is tourism with few islands having other sources of bauxite, agriculture, offshore banking and oil.

Impact on the US, UK and other developed places, significantly impact Caribbean growth and development.

Caribbean Highlights (cont'd)

It is evident that small & medium sized business profitability & longevity is very challenging in this climate.

Highlights of Republic Bank Limited

- Republic Bank Limited (the parent) is incorporated in the Republic of Trinidad & Tobago.
- It is a financial services group comprising 15 subsidiaries and 3 associated companies, engaged in a wide range of banking, financial and related activities.
- Operating primarily in Trinidad & Tobago, the Republic Bank Group spans (Trinidad, Grenada, St Lucia, Guyana, Barbados, Cayman).

Highlights of Republic Bank Limited (cont'd)

- It is one of the largest indigenous banks in the English speaking Caribbean, celebrating 174 years in 2011.
- Asset base of the group stands at \$46 billion (USD 8 billion). 2010 net profit after tax of USD 179 million.

Highlights of Republic Bank Limited (cont'd)

- We are a full Retail, Commercial & Corporate Bank.
- With strong promotion of life-cycle/stage banking i.e. starting your career, planning your family, accumulating wealth and planning for retirement.
- The bank has identified a need to invest in the region's business sector and to stimulate growth amongst small and medium enterprises.

SME Banking in the Caribbean

It is impossible for SME's, particularly in the Caribbean, to survive without significant help and investment from key players in the society, primarily banks and government.



SME Banking in the Caribbean (cont'd)

Most local banks use different methodologies to segment SME's and thereby provide products and services based on this segmentation:

- Annual revenue
- Annual expenditure
- Number of employees
- Type of industry
- Type of business
- Needs (cash vs credit)

SME Banking at Republic Bank

Republic Bank groups SME's into its Commercial Customer target market, based on annual revenue, with a range of Commercial banking products:

- Small business loans
- Lines of Credit
- Business Chequing Accounts
- Business Credit Cards
- Electronic Banking Services
- Trade Finance & Trade Services
- Automated Clearing House

SME Banking at Republic Bank (cont'd)

- However, unlike Corporate structured businesses, SME's require much more from banks than just these products.
- As such, in 2005 Republic Bank launched a more relationship-based strategy to Commercial banking.
- We commenced partnerships with many institutions to find added value over and above funding, that can make small businesses more profitable.

SME Banking at Republic Bank (cont'd)

The Account Manager support structure was established, thereby providing every SME customer with a dedicated and trained Account Manager who can provide expert financial advice.



SME Banking at Republic Bank (cont'd)

- Republic Bank launched several non-financial programs to support SME's:
 - Excellence in Business Awards was launched in 2005 in conjunction with the Business Development Company of Trinidad and Tobago. This focused on awarding entrepreneurs that excelled in various categories of small business.
 - Commercial Customer Business Programme, launched in 2005 is a 6 week training programme with the Graduate School of Business focused on topics pertinent to small business: understanding the business environment, business strategy, financial management, taxation, marketing and human resource management. 2 programmes a year have been run since 2005.

SME Banking at Republic Bank (cont'd)

- Book of the Quarter Programme was launched in 2008 and is focused on providing useful business publications to SME's in our customer base.
- SME Toolkit Caribbean

Republic Bank's Mission

- It is Republic Bank's mission to provide personalized, efficient and competitively priced financial services to the benefit of all our customers.
- Whilst financial performance is one measure of our success, as a member of the communities in which we operate we must add value to these communities. At Republic, we are proud to state that we seek to add value beyond pure financial performance. We are particularly proud of our philanthropic endeavors through our "Power to Make a Difference" Programme. This programme, operational for the last five years, is targeted at certain key areas namely poverty alleviation and health and youth development through education, sport and culture and most recently the disabled.
- SME Toolkit Caribbean contributes to this mission.

Why Republic Bank and SME Toolkit Caribbean?

- Republic Bank has traditionally worked together with commercial customers towards business and knowledge development.
- We understand the importance of information for the small/medium businessman.
- We believe this segment is vital in the region's commercial landscape.
- This initiative supports our ongoing tradition of growth and excellence.

Why Republic Bank and SME Toolkit Caribbean?

- Moreover from a business perspective, like other relationship-based strategies to developing SME businesses, Republic Bank has objectives of revenue potential in the SME Toolkit:
 - As another channel by which increased sales of commercial products can be facilitated.
 - Identifying new customers and databases, thereby increased share of wallet for Republic Bank.
 - Increased revenue potential for existing customers, thereby increased opportunity for loans for existing SME customers of Republic Bank.

The SME Toolkit Caribbean Experience

Localization Plan

- The localization plan for the SME Toolkit Caribbean planned for launch in each market where Republic Bank has a branch network to support.
- It also planned for one SME Toolkit website, linking all markets.

Localization Plan (cont'd)

- To maximize the investment in the partnership, we used a co-branded URL address.

<http://smetoolkitcaribbean.republictt.com>

- This also lent trust to a programme that was new to the Caribbean, using Republic Bank's name in its branding.

Caribbean Launch

- Republic Bank partnered with the IFC and launched the SME Toolkit Caribbean in 3 of its markets of operation:

- ✓ Trinidad – July 2009
- ✓ Guyana – March 2010
- ✓ Grenada – May 2010

Caribbean Launch (cont'd)

- Trinidad Population – 1.3 million
- SME's registered – 17,758
- Guyana Population– 751,223 (census 2002 figures)
- SME's registered – 25,000
- Grenada Population – 110,224
- SME's registered – 1,414

Caribbean Launch (cont'd)

- Photos and press release information are widely available across the internet.
- There was significant media advertising post-launch.
- The response to the SME Toolkit in these markets have been phenomenal, particularly in Trinidad & Guyana. Testimonials continue to flow in after almost 2 years.

Caribbean Launch (cont'd)



Caribbean Launch (cont'd)



Caribbean Launch (cont'd)



Caribbean Launch (cont'd)

- All Account Managers in the 54+ branch network were trained together with officials of the Training and Development departments in each country.
- The SME Toolkit programme was added to the list of available courses in the Bank's T&OD calendar, as well as part of the Bank's commercial service offering on www.republictt.com

Caribbean Launch (cont'd)

- Account Managers on a one-on-one basis and also in groups of 5 and over, conduct training sessions at the various branch locations.
- Account Managers have a significant role in the promulgation and use of the SME Toolkit.
- As such, targets were placed on annual performance expectations for all Account Managers to enlist a specific number of SMEs onto the Toolkit per region.

Advantages of Launching the SME Toolkit Caribbean

- To a small business it provides access to FREE tools, documents and resources that would not be readily available without significant cost.
- It provides a foundation for start-up businesses or opportunity for growth for existing businesses in this region.
- It adds value to the SME segment by developing earning power.

Advantages of Launching the SME Toolkit Caribbean

- It is an opportunity to reduce delinquency amongst the SME target.
- It will most certainly increase the approval rate for loan/funding facilities to form and grow business.

Advantages of Launching the SME Toolkit Caribbean (cont'd)

- As a partner it's a huge opportunity for Republic Bank in continuing to differentiate ourselves as a caring financial institution, and a competitive financial institution.
- It builds and fosters stronger relationships with our SME customers.
- It represents a bridge between academia and the corporate world and embodies the bond between Republic Bank and its SME customers.

Challenges & Solutions: Website

- To create a website layout that was more appealing to visitors while conforming to the SME Toolkit content-management system framework.
- How was this done:
 - We sought feedback from users and was able to use this to place a lively, fresh feel to the website.
 - We consulted with a website design company who made creative recommendations.
 - Adding a rotating panel on the website allowed us to cycle fresh content and make the site more appealing to returning visitors.

Website Before



Website After



Challenges & Solutions: Content

- As there was no dedicated staff assigned to the SME Toolkit, there were challenges to keep content current via new articles and success stories that pertained to our region.

Challenges & Solutions: Content (cont'd)

- We hired an independent contractor to provide at scheduled intervals, new articles and success stories, for updating of the website.
- As part of ongoing best practice we will commence email marketing, advising all registered users when new articles and stories are uploaded.

Challenges & Solutions: Promotion

- The allocation of funds to advertising and promoting the SME Toolkit Caribbean. This has to be balanced with other SME programs planned for the year.
- Aligning the SME Toolkit's plans into the overall Bank's strategic plans for the SME target.
- Finding ways to get businesses registered in the Small Business Directory area. This was important to the Bank to derive a mailing list of potential customers.

Challenges & Solutions: Promotion (cont'd)

- Funds were allocated at the beginning of the Bank's fiscal dedicated to SME Toolkit growth.
- An activity calendar developed containing SME Toolkit plans. This is amended monthly in conjunction with other Bank's activities.
- We developed an incentive campaign to encourage businesses to register. Winners were to be chosen from list of registrants in the Toolkit.

SME Toolkit Caribbean: 2011 Plans

1. Launch of SME Toolkit in Barbados
 - Population - 276,302 (Dec 2010)
 - Number of registered SME's – 11,274
2. Partnership with the Governments of Trinidad, Guyana and Grenada to promote and endorse the SME Toolkit and its benefit to the overall economy of the Caribbean.

SME Toolkit Caribbean: 2011 Plans (cont'd)

3. Focus on reaching out to new users:
 - ✓ Start of an aggressive advertising campaign with two main objectives:
 1. Promote the SME Toolkit website
 2. Increase the amount of registered customers on the business directory.
 - ✓ The campaign will advertise the website and also FREE SME Toolkit training session. Four sessions will be conducted.

SME Toolkit Caribbean: 2011 Plans (cont'd)

- ✓ Customers will be required to call and book attendance.
- ✓ This will be done through traditional media, i.e. press and radio, as well as online channels i.e. email marketing and social media.

SME Toolkit Caribbean: 2011 Plans (cont'd)

- ✓ The primary objectives to be derived from these initiatives are:
 - ✓ Increased number of Commercial customers by 10% in 2011.
 - ✓ Increase Commercial loan balances by 5% in 2011.
 - ✓ Achieve the highest share of voice amongst this target market.

SME Toolkit Caribbean: Success Story

“When Cellular Planet Limited started business just about 9 years ago, we pretty much had to develop many of our own comprehensive procedures and guidelines and particularly more so over the years in our quest to become best practice practitioners. In reviewing and using this site I am happy to be able to declare that in many ways it showcases many of the same documents and procedures etc that we have ourselves come to use and are still continuing to fine-tune as we go forward. In many ways, our growing success can be attributed to our determined will to constantly refining many of the business habits we have cultivated, while still fundamentally respecting the basic business tenets and utilization of proper tools in way in which we conduct our day-to-day business affairs.

I would strongly recommend the use of this “tool” for any budding entrepreneur as it provides easy to use, quick, visible and easy access to documents and guidelines that could very easily assist a small company in developing the right way. I am impressed with how quickly it is to navigate through the site and how easily files can be downloaded for use in preformatted MS Office compatible configurations. In fact, the site is quite informative and can be educational for many”

Mr. Geevan Sankersingh, Managing Director, Cellular Planet Limited.

“Windows to Republic”

A Sneak Peak...
Launch of SME Toolkit Caribbean

Our business is to grow your business...



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