

NON-FINANCIAL SERVICES AS A TOOL TO GROW BUSINESS BANKING



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NON-FINANCIAL SERVICES IS A RECENT TREND

Non-Financial Services are business support services, enterprise development or value added services which compliment the financial offerings of a bank

PROVISION OF NFS TO MSMES IN EMERGING MARKETS IS A RECENT TREND

NFS services started being offered in the past 5-7 years, which correlates to the rise of SME banking in emerging markets

Both current and prospective clients are served – 80% of survey banks target existing clients for seminars and workshops

NFS can facilitate financial inclusion and help reach new target segments such as MSMEs, farmers, women and start-ups

TYPES OF NFS OFFERINGS



Information Dissemination

- Web-based / online platforms and toolkits
- Call centers
- Publications related to various industries, economic condition of target export markets etc.
- TV /radio/ print media



Training/Capacity Development

- Organization of training workshops/ seminars on:
 - Business planning
 - Financial management
 - Accounting
 - Taxation
 - Trade & Export
 - Policies & regulations
 - Government schemes
 - Sales & Marketing



Consultancy / Mentoring

- Advice by in-house and / outsourced consultants / mentors on:
 - Business (e. i. marketing, business plan; HR)
 - Operational
 - Financial (e. i. account management, tax)



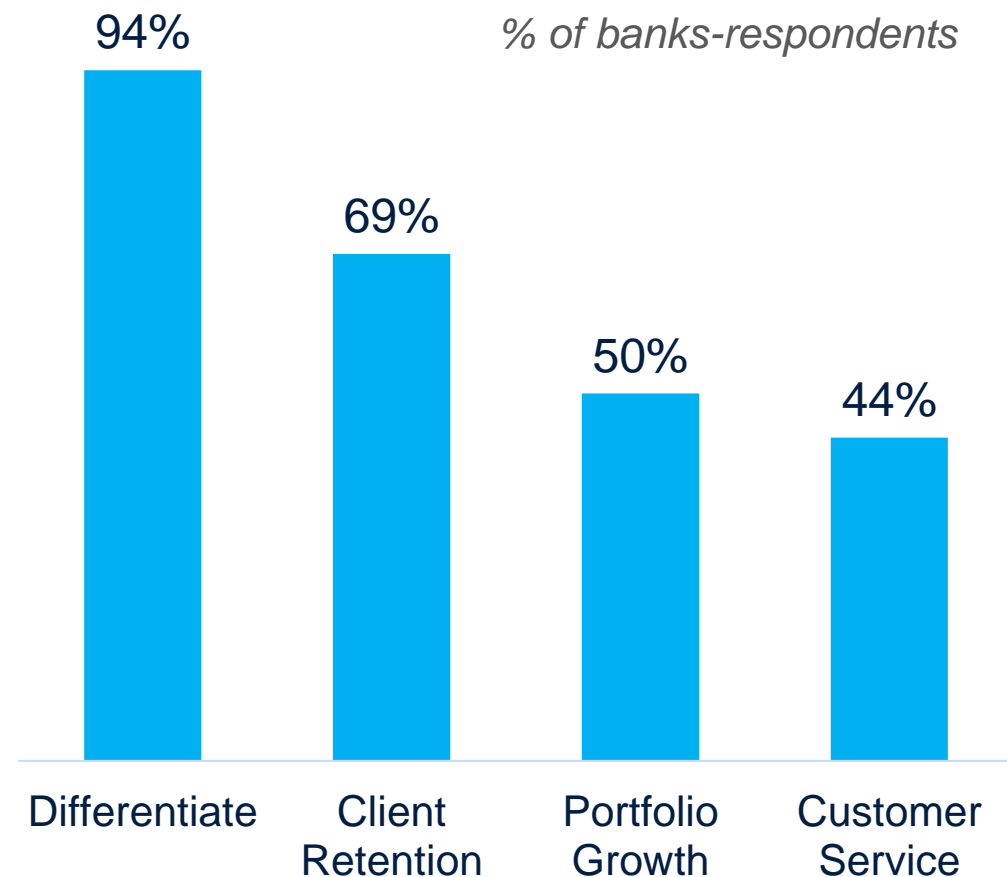
Networking

- Trade fairs / SME expos
- Road shows
- Discounted buying
- Business Clubs/SME Clubs
- Excellence awards

BENEFITS OF PROVIDING NON-FINANCIAL SERVICES TO SMEs

- Become SME Bank of choice
- Strengthened knowledge of SME clients
- Positive branding and differentiation
- Attracting more SME customers - market share
- Increasing loyalty of existing customers
- Better marketing/cross selling
- Improving quality of SME Portfolio

Banks' main objectives for Non-Financial offerings



Source: Why Banks in Emerging Markets Increasingly Providing Non-financial Services to Small and Medium Enterprises, IFC.2011 [sample includes 21 banks in Emerging Markets]

BUSINESS RESULTS FOR FINANCIAL INSTITUTIONS



COMPETITION

Acquisition / Conversion
of new clients acquired
of new referrals
% conversion rate into clients



SME NEEDS

Brand Awareness
Net promoting score
of participants/users
Client satisfaction level



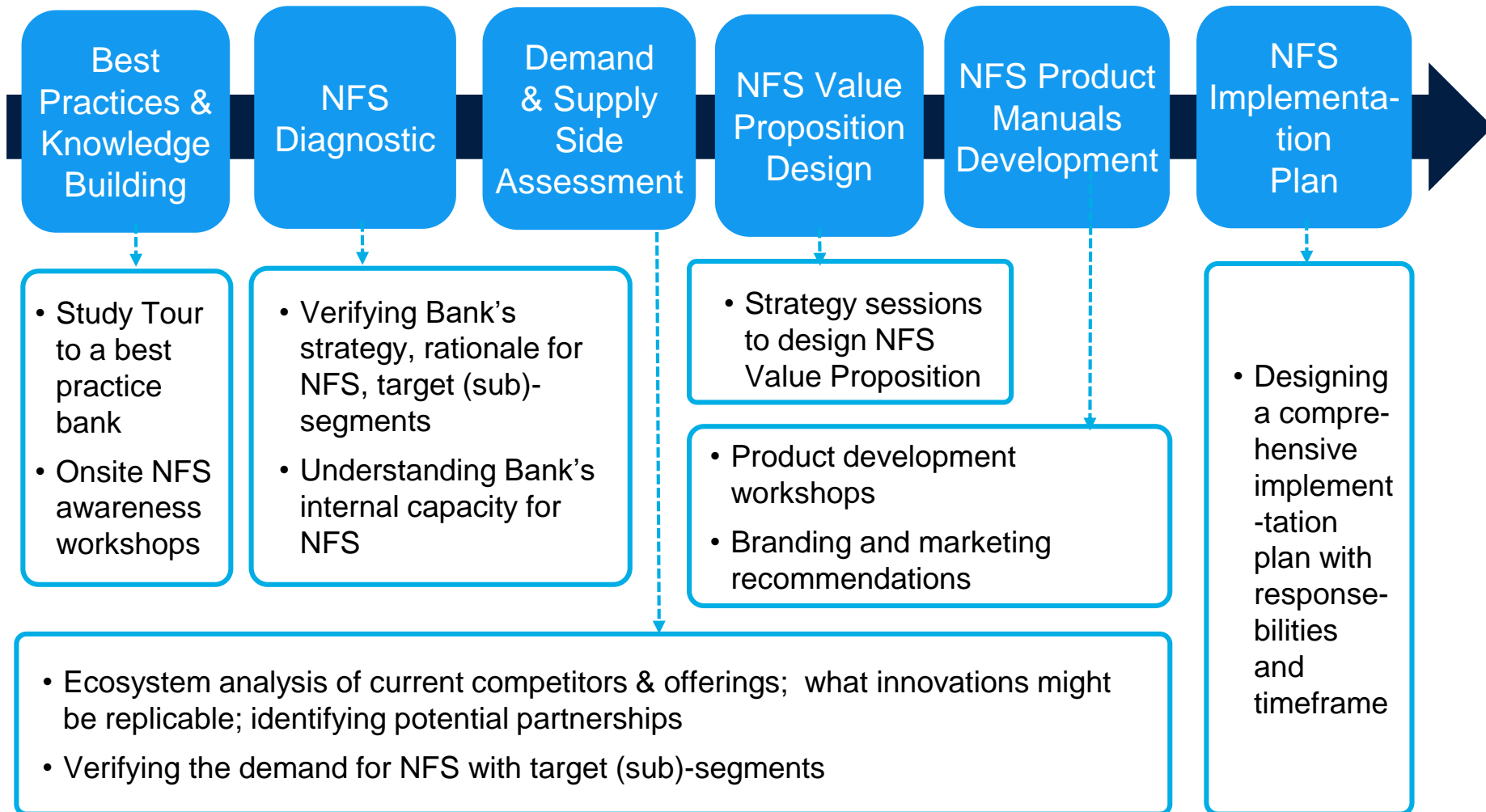
PORTFOLIO

Portfolio / Profitability
\$ increase in clients' daily balances
of financial products per client
% of reduced NPLs

**TOP FOUR
PREREQUISITES
FOR NFS
OFFERINGS**



IFC APPROACH TO IMPLEMENTATION OF NON-FINANCIAL SERVICES



THANK YOU
