



Case Study

Afribank ,Nigeria



AFRIBANK Microfinance Bank

**Afribank Microfinance
Bank, Nigeria**

Version 1.0.1



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About AfriBank MicroFinance

AfriBank Microfinance Bank Limited is a subsidiary of AfriBank Plc. AfriBank Plc is one of the leading universal banks in Nigeria. The bank was licensed in 1959 and commenced banking business in 1960. The bank is poised to become a financial supermarket offering a wide range of financial services that are most easily accessible through its many subsidiaries. AfriBank has over the years been serving an ever increasing customer base. As with most universal bank's, it has been very challenging for the bank to meet the service needs in the informal sector, as well as those of micro and small scale entrepreneurs. It was the bank's determination to respond to these needs that gave rise to the establishment of this new subsidiary. AfriBank Microfinance Bank Ltd is therefore established to meet the financial needs of small businesses, the underserved and un-served.

With the grant of Operating Licence by the Central Bank of Nigeria (CBN), AfriBank Microfinance Bank Limited proposes to establish fourteen branches in its first year of operation. The bank is determined to bring financial services to the door steps of the under banked and the economically active poor to reduce unemployment, create wealth and contribute to the macro economic growth of the country through its various branches to be established across the country.

The main business operations is based on group lending , where a group of customers come together as a group to secure each others funds in order to get loan. Other products provided include, savings, overdrafts, fixed deposits, individual loans /group loans and normal loans. Currently the bank has about 14 branches , however they intends to establish a minimum of 80 branches and reach out to over 400,000 clients.

Background

Business System Operation

The main Microfinance solution in use is Bankers Realm Core Microfinance solution that provides easy to use and manage functionalities of the core business of microfinance such as track loan repayments by groups, manage accounts, transaction management, reports management, and accounts reconciliations.

In order to reach customers in remote areas, Afribank initially would sent field officers to specific groups in their market areas to collect loan repayments , process over counter services such as deposit and withdrawal. All these transactions were maintained in a group collection sheet, which was later updated to the main system on return from the markets.

Challenges Faced

The main challenges faced with the field officers in collecting payments from groups in markets include;

- Recovering payments
- Paper work in reconciling group collections
- Lots of time in reaching customers and reconciling feedback with main transactions
- High risk of data , record discrepancies –transfer from collection sheet to system
- Delay record update – reconciling from market branch
- No inter account transfer transaction was not possible from the field
- Customers reach to collect and register new members took time

Solution Provided

Implementation Strategy

In effort to expand business and provide better and effective service to their remote customers in market areas , Afribank Micro finance sorced for a branchless solution .The solution provided was **Point of Sale (POS)** , which could connect to the core microfinance solution using the switch connection (**Bankers Realm Electronic Funds Transfer – BREFT**),also provided by Craft Silicon. The POS was issued to the field officers, and this enabled them to go into the markets, enroll customers to POS , perform cash deposit ,withdrawals , loan repayments , print statements and check account balance. This services provided were online and real time, and therefore, no need of going back with collection sheet to main branch to update transactions. Currently they are about 46 POS devices spread across different parts of country. The POS offers security to transaction operations as transaction is update to system directly , also provides security to customer on access using the biometric –finger print authentication. Currently in the process of implementing **Automatic Teller Machines (ATM)** and **Short Message Service (SMS) Banking** for their business in order to expand business , and increase service reach to their customers.

Benefits of POS to business

To Business

The main benefits of the POS to business include;

- Increase revenues due to charges posed for POS transaction.
- Increase customer market and reach for business.
- Reduced risk of record discrepancies since transactions are posted directly to database.
- No time wastage on record update using collection sheet.
- Flexible service provided to customers.
- Field agents were now able to reach to more customers.

To Customers

The main benefits of the POS to customers include;

- Flexible to access account statement, deposit, withdrawals, loan repayment.
- Security on account transaction updates.
- Inter branch transaction.
- Able to get up to date transactions balance.
- Availability of POS in different easy to access location e,g markets.
- Can deposit to any field officer, other than one assigned to group, in any market.

Brief description of product

Bankers Realm Core Microfinance is a microfinance solution targeted to small and growing microfinance business growing to big banks. It offers easy integration with **Bankers Realm Electronic Funds Transfer (BREFT)** switch , which connect to alternate channels that offer branchless service to banks such as **Point of Sale (POS)** , **Automated Teller Machine (ATM)** , **Mobile banking (SMS , True cell)** .