

“My chat with a bank CEO”

Joshua Oigara

Chat Summary

Thursday, 30th May 2013

Topic: SME Opportunities & Challenges

Time: 10:15 am – 11:30am

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If you had the opportunity to chat with a Bank CEO, what would you talk about?

Access to credit from Finance Institutions

@KieniGithinji: @KenyaBankers please ask the KCB CEO what they are doing to improve the speed on loan facilitation. The delays are killing SMEs #myCEOchat

JoshuaOigara: on loan processing times, banks are training and empowering branch teams to expedite SME applications...when all info is available, banks work quick on loan processing... banks are also introducing SME Relationship managers to help customers get all the required documentation for the loan.

JoshuaOigara: What we've found is that financial information is typically not complete; the biz case does not have all the inputs...the SME relationship manager then helps the SME enhance completion of their application to facilitate turnaround time. #myCEOchat

@kenyamompreneur: @kcbgroup access to credit is a big challenge

Mentorship & Networking opportunities for SMEs

@kenyamompreneur: @KCBGroup Another challenge is not enough affordable forums for business people to network. KCBGroup I also think entrepreneurship skills and not enough mentors into business @KenyaBankers

JoshuaOigara: indeed...this is why banks have created the business clubs to facilitate common knowledge, mentorship. These business clubs help SMEs share experiences, and information, help companies benchmark best practices @kenyamompreneur @KCBGroup #myCEOchat

@kenyamompreneur: @KenyaBankers how can women in business access these clubs? What makes us shy away is the cash...do we pay? @KenyaBankers @KCBGroup #myCEOchat

JoshuaOigara: Across the industry, women have a strong record on SME businesses. Also many business club members are women, at KCB, and I'm sure at others. We've found that women are good at record keeping for their SME biz, which is critical when it comes to borrowing. Women also follow through the end to end of their SME biz proposals, and they are strong in networking.

@Kotonyar: @KenyaBankers: I believe the business clubs attract extra charges and are the business trips funded by the Bank?

JoshuaOigara: @Kotonyar another benefit of biz clubs is that SMEs benefit from the discounts banks negotiate with the various suppliers #myCEOchat. Banks negotiate a discounted rate with suppliers (airline; hotel, etc.) and the customer pays to travel

@kenyamompreneur: @KenyaBankers okay that's interesting how women in business benefit from your mentorship?@KCBGroup

@kenyamompreneur: @KenyaBankers a lot of women in my networks though find a challenge in separating cash for business and for personal use. I think you need to come and speak to my networking group of Mompreneurs- Mothers in business...@KCBGroup #myCEOchat

Challenges SME's face

JoshuaOigara: Ondegwa commented on SME challenges...and would like to know how banks can assist #myCEOchat

JoshuaOigara: yes banks are working to address the challenges of guidelines, policies and limited access to finance by partnering with SMEs to overcome them...a lot of improvements in the legal & regulatory aspects as well as the upcoming Credit Information Sharing that assist the segment will also help to combat these challenges.

@SitatiVictor: #myCEOchat @JoshuaOigara @KenyaBankers for SMEs to grow, we need policies to support local production against up surging levels of importation to boost the local market & get value from what is within Kenya

JoshuaOigara: There is a lot of good will today between the new government, Banks and Business Community in addressing the SME challenges. As banks, we need to focus on providing products for this market – directly. SMEs also need to look at opportunities outside the local market; Africa is a fast growing frontier market.

@shantyaooH: @kcbgroup @kenyabankers fear of losing the business to the `big fish` in the country is one of the challenges SMEs face.

JoshuaOigara: Also there is a lot of exposure for SMEs to assist them in how to succeed in the various markets. SMEs grapple with the 'me too' syndrome which means we fight for the same opportunities, achieve less returns.

JoshuaOigara: There are numerous opportunities for SMEs to create value and exploit the value chain.... many banks offer training programs/business clubs to educate, & help SMEs overcome challenges... these business clubs help SMEs share experiences, and information, help companies benchmark best practices.

JoshuaOigara: There are also trips banks organise for SMEs, that focus on special areas of their interest; and on new markets to Israel, China, Turkey, and Malaysia. In my view the challenges faced by SMEs in Kenya have been overcome in other countries, so it's good to travel.

Thoughts on youth Businesses

@douglasarege: CapitalFM_kenya @KenyaBankers #myCEOchat @KCBGroup @JoshuaOigara are banks making it easier for youth startups to do business? Any success?

JoshuaOigara: Let me share some thoughts youth businesses. There is no shortcut in building a successful business; its hard work determination & commitment to fight for the vision. Youth should be open to network w/ others to enhance success of their business.

JoshuaOigara: Specifically, youth should pool resources together through investment clubs, social groups to make bankable proposals. There is a lot of goodwill btw Government & business community to support youth businesses with resources, mentoring. Another benefit of biz clubs is that SMEs benefit from the discounts banks negotiate with the various suppliers.

Other Questions

@CapitalFM_kenya: @KenyaBankers #MyCEOchat Clere asks: Rwanda has taken great steps to facilitating SME's & foreign investments, how's Kenya's government following suit?@CapitalFM_kenya

JoshuaOigara: The Rwandan economy structure is significantly different, but SME challenge is similar. Incentive schemes eg specialised funding is available in both countries. The Kenyan government has made tremendous strides, including in Real Estate, Infrastructure, Energy and Tourism.

JoshuaOigara: Kenya's financial sector is much deeper than that of Rwanda so there is more opportunity here. What we need in Kenya is continuous engagement to leverage on the positive changes made #myCEOchat @CapitalFM_kenya

@SitatiVictor: @kenyabankers @capitalfm_kenya he did nail on the right idea; positive changes offer the breeding ground to counter leveraging #myCEOchat

jonget asked: can I benefit from banks funding to start a business? #myCEOchat @KCBGroup

JoshuaOigara: Jonget, the answer is yes, it depends on the idea, feasibility of biz plan, the sector & your CV/experience. There is innovation in the way banks structure finance for new startups, eg in IT sector, Agribusiness, Real Estate and other sectors there is a different approach in that require specialty financing #myCEOchat

JoshuaOigara: I'd like to also comment that there are exciting opportunities for SMEs in Agriculture, Tourism, Real Estate and Transport. For SMEs these opportunities are multiple within the County Government, and should be exploited

Unanswered Questions:

@CapitalFM_kenya: @KenyaBankers #MyCEOChat Ken asks: Why's it so hard for startups to open business accounts with big banks as opposed to smaller banks? #requirements

muhire: KCB have been mainly a corporate and personal banking bank. What is the strategy for SME banking going forward?

jops: Being a relatively young CEO, does that put any pressure on you to perform and deliver for such an established institution?

@Daniel_Osiemo: @kenyabankers @kcbgroup Is it practical to lower interest rates to attract borrowing from the poor?

waithash: How is KCB supporting the SME sector given that access to credit is a big challenge especially for startup businesses which have no assets/security ?

General Comments and feedback

JoshuaOigara: SMEs are strong engines for growth in our economy in this decade. SMEs have opportunities to export their services & products to the greater EA region. Today Kenya & the EA region import a lot of products & services which can be made locally and competitively. All banks, instead of saying 'no' to SME requests, should be asking 'why not?' and 'how can we?' to SME requests

JoshuaOigara: Banks appreciate the role of SMEs, & are committed to working together with all SMEs, Government, and Counties to strengthen SMEs. We believe SME will contribute significantly to a stronger Kenya and EAC region. The banks are continuously providing total relationships for SMEs, i.e. end to end relationship, to enhance success. The SME/bank relationship should not be a lending relationship; or a loan application; a lot more goes into it.

JoshuaOigara: I'm looking forward for another opportunity to hear your comments, and answer your questions...& support your SMEs! #myCEOchat

@samwangombe: @CapitalFM_kenya @KCBGroup @KenyaBankers It's about whether we have exhausted SME products, segment the markets and differentiate as per need.

JoshuaOigara: Thank you for engaging with me for the past 1 hour #myCEOchat

@AliceOdera:@KenyaBankers the message by Joshua Oigara should be shared with all financial institutions. Great chat @NuruMugambi

@kenyamompreneur: @KenyaBankers networking should also be made affordable especially for startups I think people shy away coz of the cash issue #myCEOchat