

# From Micro to Macro

AUHF Presentation

by

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# Background

- Established in March 1999,
- Listed on the Johannesburg Stock Exchange (JSE) in 1999,
- Acquired by Saambou Bank in October 2001,
- Saambou curatorship February 2002,
- Management buy-out June 2002,
- Initial focus on short-term consumption lending,
- Entered housing developmental lending in 2012,
- Disposal of consumption lending business in 2017,
- Current focus of Thuthukani is Developmental Housing Finance.

# What we stand for ?

- Thuthukani is Zulu word meaning “Helping you in Progress”,
- Helping individuals to access personal loans where the formal financial sector don't,
- One of the 1<sup>st</sup> larger institutions to provide access to personal loans,
- Helping individuals access housing finance to improve their living conditions.

“We don’t sell products, we strive to make dreams a reality and create a lasting impact”



# Current reality for many individuals in townships and rural villages



# It all starts with an aspiring dream

I want to improve my living conditions.....but I don't know how



# This is where Thuthukani comes in

- **The Solution**
- Home Improvement Loan
- Building Merchant
- The Journey Starts.....

The Journey starts:

BRICK by BRICK



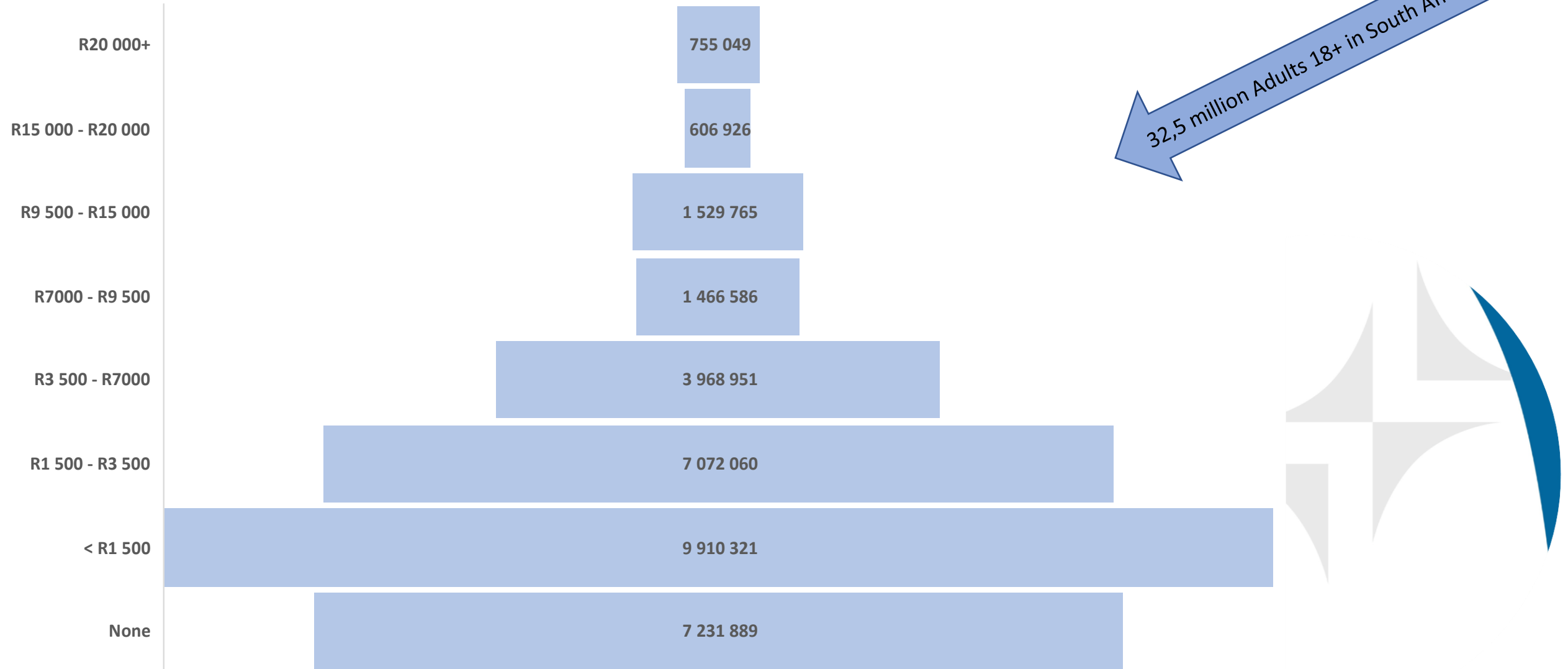


and the dream becomes a REALITY



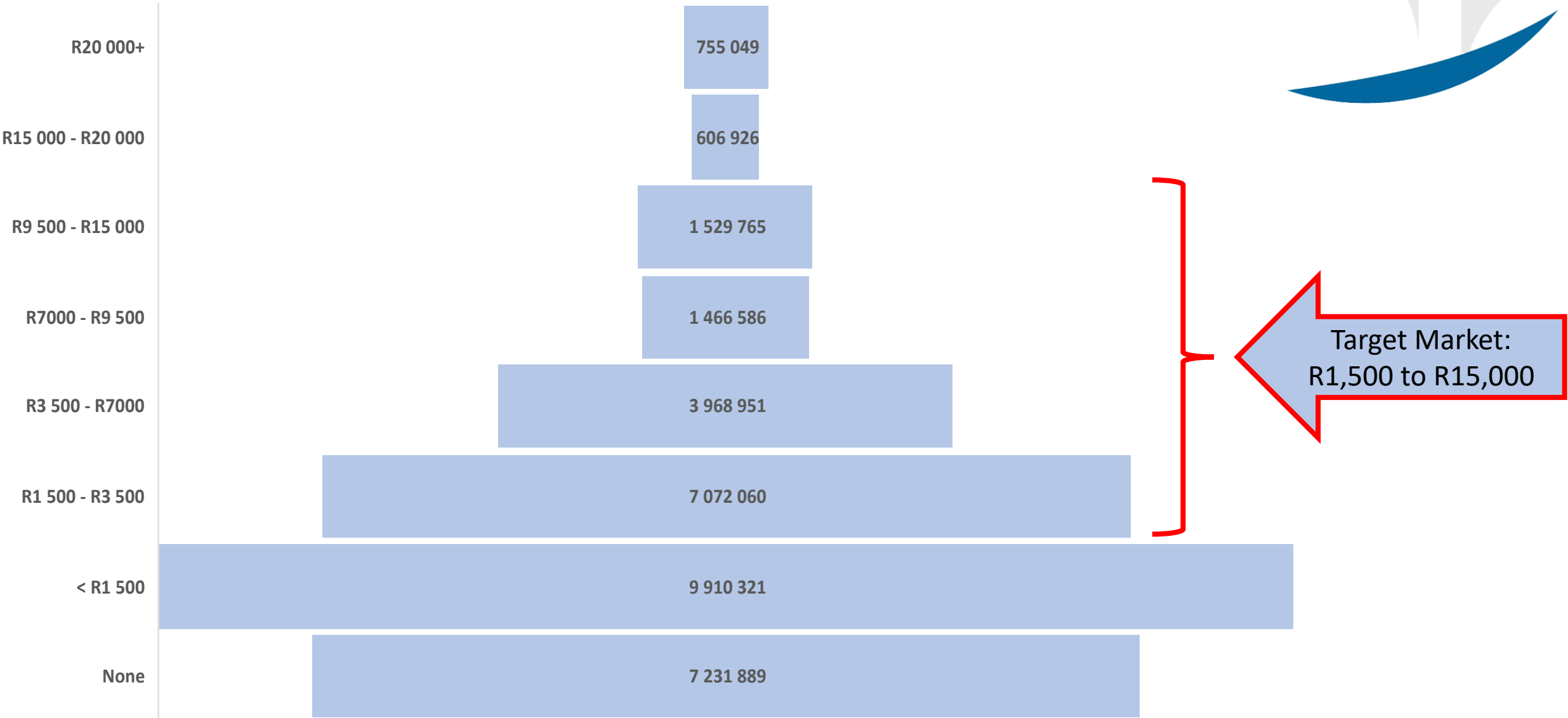
# Adult population per income distribution

Adults in SA 18+ per Income Band



# Thuthukani Target Market

Adults in SA 18+ per Income Band



# Client Composition

- Income distribution:
  - 10% < R3,500 per month,
  - 90% earning R3,500 to R15,000 per month,
  - 42% < R7,500 per month.
- Loans to woman = 43%.

# Distribution Channels

- **In-store** loan origination for individuals wanting to purchase building material.
  - Loan Officers serving clients from kiosks in building merchants.



# Distribution Channels

- **In-store** loan origination for individuals wanting to purchase building material.
  - Loan Officers serving clients from kiosks in building merchants.
- At employers as part of corporate **employee scheme**.
  - Employers seeking legitimate provider of home improvement finance,
  - Trained HR staff at employers,
  - In collaboration with trade unions,
  - Loans collected through a payroll deduction agreement.

# Thuthukani Niche Offering

- Thuthukani ensures that all its funding is used for housing purposes,
- We link clients up with building merchants,
- We make payment directly to building merchants,
- Building merchants deliver material directly to clients,
- Portion of our loans can also be used for paying contractors.

# Responsible Lending Practices



- Compile a Budget,
- Affordability assessment,
- Compliance with legislation,
- TCF (Treating Customer Fairly)





# New Initiatives

- Expand product offering in South Africa to include Pension-backed lending,
  - Utilise strong relationships with building merchants,
  - Ensure loans are used for housing purposes,
- Expand home improvement finance to other SADC countries
  - Utilise strong relationships with building merchants.

# Funding for Growth

- Funding required to enable:
  - Growth into Pension-backed lending,
  - Growth into SADC region through in-store credit with building merchants

# Solid Track Record

- In existence since 1999,
- Survived many changes in credit landscape,
- Active involvement in many credit and housing forums,
- Part of various industry bodies (MFSA, SACRRA, Credit Ombud, PSSF, NCR, FSB)
- Experienced and well qualified executive team.

Thank You