

## Corporate Capabilities

CapitalPlus Exchange enables financial institutions in emerging markets to serve small and growing businesses more effectively, profitably, and at greater scale. Committed to reducing poverty by expanding and strengthening services to SMEs and focusing proactively on women entrepreneurs, CapPlus provides financial institutions with strategic and operational capacity building, training and peer learning, and pilots of innovative solutions to expand markets.

### SERVICES

The CapPlus model consists of mutually reinforcing interventions that address financial inclusion for small businesses, including women entrepreneurs and social enterprise SMEs such as affordable private primary schools and clinics.

#### Strategic and Operational Capacity Building

##### Typical clients

- Commercial banks wanting to serve smaller enterprises (“downscaling”) or strengthen their current SME platform and business line as well as cross selling
- Microfinance institutions wanting to diversify and finance businesses whose financial needs are greater than can be met through microfinance products (“upscaling”)
- Private equity and social impact investment funds wanting to strengthen the institutions in which they invest capital, consistent with the “capital plus” approach to investing

##### Offerings

- **Strategic assessments and due diligence**  
CapPlus applies its small business banking diagnostic to identify opportunities to strengthen a financial institution’s financial performance, operations, management or governance. Assessments are done on behalf of investors or client institutions and are often the first step in long-term capacity building assignments. Deliverables typically include specific recommendations and an implementation roadmap.
- **Implementation: technical expertise**  
CapPlus assists clients in implementing changes to achieve their growth and performance objectives. Areas of technical expertise include:
  - Credit: products, processes, policies, portfolio management, operations, and credit scoring
  - Customer relationship management: client acquisition, retention, sales, marketing, cross-selling

- Governance: board training and coaching
- Human resources: leadership, staff development, performance management, employee engagement, human resources administration
- Information technology: diagnostics, system upgrades, implementations and conversions
- Markets: research, segmentation and sizing
- Risk management: best practices and implementation
- SME strategy

#### Distinctive features

- Financial support: CapPlus often assists its clients in obtaining financial support to cover the implementation and consulting costs
- Co-pay: In all capacity building engagements, CapPlus requires financial institution clients to contribute a co-pay to ensure complete ownership of the plan and its successful implementation
- Peer community: Clients not only have access to the onsite consultants but also to the larger community of CapPlus staff and clients, whose informal coaching, experiences, and long-term relationships are available to help an institution succeed.
- Proactive focus on financing of women entrepreneurs

## Peer Exchange

#### Typical clients

- Senior managers from financial institutions, development institutions, fintech companies, investment funds, and country markets who are striving to improve their companies' services to SMEs
- SME Finance Forum, managed by IFC

#### Offerings

- **Monthly webinars** led by experts who offer practical solutions to common issues
- **Workshops and training sessions** to share knowledge and enhance skills
- **CEO and senior management roundtables and forums** to advance best practices and innovation

#### Distinctive features

- Instruction from global experts is combined with participants' experience and expertise to accelerate learning and practical application
- Global experts include innovative, industry-leading companies that disseminate knowledge, tools and solutions

## Piloting Innovations

CapPlus develops and mainstreams new solutions to common challenges experienced by SMEs and the institutions that could provide them financing.

Examples:

- Piloting and scaling the first membership-based network among financial institutions in emerging economies focused on financing small and growing businesses, the Small Business Banking Network
- Exploring scalable solutions to financing social enterprises such as private schools and clinics, generating social benefit as well as financial return

## EXPERIENCE AND RESULTS

Over the past decade, CapPlus has demonstrated that its services can increase clients’ scale, profitability and development impact in SME lending:

- 22% CAGR in clients’ loan portfolios within 3 years
- \$6.1 billion in loans to small businesses by clients within 3 years
- Trained over 2,300 bank managers in over 200 financial institutions spanning 30 countries
- 82% of clients request additional projects with CapPlus

**Small Business Banking Network:** Beginning in 2010, CapPlus launched and piloted a network of 60+ financial institutions in emerging economies that shared a commitment to scaling finance to SMEs. In 2015, with the concept proven, CapPlus’ Small Business Banking Network merged into the G20’s SME Finance Forum’s new network. CapPlus is now the Forum’s strategic partner in serving network members.

## REPRESENTATIVE CLIENTS, PARTNERS AND FUNDERS

<b>Clients</b>	<b>Partners</b>	<b>Funders</b>
- Ahli Microfinance Company, Jordan	- Equator Capital Partners	- Argidius Foundation
- Bai Tushum Bank, Kyrgyzstan	- SME Finance Forum	- OeEB (Development Bank of Austria)
- BRAC Bank, Bangladesh		- European Investment Bank
- Commercial Bank of Africa, Kenya		- Swedish International Development Cooperation Agency
- IDLC, Bangladesh		
- Khushhali Bank, Pakistan		
- Madison Finance Company, Zambia		
- National Microfinance Bank, Tanzania		
- PNG Microfinance/IFC, Papua New Guinea		
- Sathapana, Cambodia		

## REPRESENTATIVE PROJECTS



**Khushhali Bank Limited, Pakistan:** CapPlus worked with KBL, the largest microfinance bank in the country, to launch an MSME pilot program focused on individual small business entrepreneurs – it is now KBL’s fastest growing, high-quality portfolio. CapPlus assisted in designing new products, refining procedures, and implementing a recruitment strategy to attract the best-qualified loan officers to support the bank’s growth. CapPlus also developed a capacity building plan incorporating branch operations, operational efficiency, credit risk management, IT, human capital, branding and marketing, and communications. Management now expects the MSME business line to achieve a target of USD 180 million by 2020.



**Madison Finance Company Limited, Zambia:** With on-site support from CapPlus, MFinance transformed its main business line from consumer to MSME lending. CapPlus assisted in rolling out seven new MSME products and implementing a new core banking system necessary to handle the expanded strategic focus. CapPlus provided MFinance with tools and resources to strengthen its credit risk management function, improve portfolio quality, launch the MSME business, improve efficiency, and strengthen staff capacity.



**Reliance Financial Services, The Gambia:** An SME diagnostic and technology assessment and plan developed by the CapPlus team guided RFS through a successful IT system conversion that was critical to supporting the institution’s SME growth. By following the detailed roadmap to set up in-house IT capacity, RFS is now able to manage its IT infrastructure, assets and activities effectively.

## HISTORY

CapPlus was established in tandem with the ShoreCap Investment Fund in 2004 as an independent nonprofit affiliated with ShoreBank, the USA’s first community development bank. CapPlus’s goal was to apply a “capital plus” approach with investees of the ShoreCap Equity Fund, combining the power of equity and governance with capacity building and peer learning in order to accelerate investees’ financial services to SMEs.

CapPlus’s mission has since expanded to working with other financial institutions, investment funds, innovators and stakeholders committed to scaling small business finance in developing economies around the world.