



FIRST +

Financial Institution
Resilience & STrengthening

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SEFWIMAN RURAL BANK LTD.

Transforming Systems and Practices to Expedite Successful Small Business Lending

A case study from FIRST+, a CapitalPlus Exchange, Bank of Ghana, Ghana Microfinance Institutions Network, and Mastercard Foundation partnership



Sefwiman Rural Bank Ltd describes itself as a relatively young but fast-growing Bank with a mission to accelerate economic development and reduce poverty in the communities where it operates in the Ashanti and Western regions of Ghana. Bank leaders celebrate the positive impact of every job created by a business loan. “We hope to grow with you” greets visitors to its website, and that sense of optimism and personal commitment to nurture the Bank’s customers is warmly reflected in its enthusiastic young staff.

Sefwiman Rural Bank’s drive for success prompted it to join the FIRST+ (Financial Institution Resilience and STrengthening) program. Through FIRST+, CapitalPlus Exchange (CapPlus) partnered with the Bank to develop new systems and deliver extensive skills building in proven practices, equipping the team to move beyond microfinance group lending to financing small businesses.

The impact on Sefwiman Rural Bank has been nothing less than transformative, sparking a paradigm shift in the way the Bank works and underpinning its expansion into small business lending to generate quality jobs. Lending increased by 6% over a twelve-week period, and the Bank’s employees are motivated to apply their new skills and methodologies to multiply their positive impact on the local economy.

FIRST+ (Financial Institution Resilience and STrengthening)

The FIRST+ program is catalyzing systemic change to accelerate job creation in Ghana through small business growth powered by access to finance.

Through FIRST+, CapPlus applies an ecosystem development approach to address the underlying challenges that inhibit financial institutions’ lending to small businesses, partnering with them to change mindsets, implement proven methodologies and practices, and tailor financial services for women and youth with a focus on the agricultural sector.

CapPlus employs change management principles while bringing best-in-class expertise and systems to profitably increase lending to underserved small businesses, the largest creators of jobs in Ghana.

FIRST+ is led by CapitalPlus Exchange (CapPlus) in partnership with the Mastercard Foundation, Bank of Ghana, and Ghana Microfinance Institutions Network (GHAMFIN) which offers group-based skills training on critically relevant topics to financial institutions, reinforcing the skills that CapPlus delivers in the field.





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(l to r) Eric Drobo, Credit Officer for Managed Fund Loans; Ernest Gyau, Head of Credit; and Laar Adam Namso, Bibiani Branch Credit Officer

Minimizing Credit Risk Through Accurate Appraisals

As Sefwiman Rural Bank was expanding from group lending to providing individual larger loans, it needed new systems, tools, and practices for analyzing loan requests consistently across the Bank. In response, CapPlus developed a customized credit risk management tool for appraising loan applications that reduces the turnaround time for loan approvals from several days to just hours. With the Integrated Creditworthiness Appraisal Model (iCAM), the Bank is now piloting a standardized loan appraisal system that equips credit officers to accurately assess loan applications and much more.

“The iCAM tool has changed the way we do our job. It has expanded our customer base and is helping us minimize loan defaults,” declares Emmanuel Frimpong, Tanoso Branch Manager. As a result, credit officers are more confident in conducting and defending credit appraisals.

“It has sped up the appraisal process and made it so easy to appraise customers. With the introduction of iCAM, all credit officers have a standard platform for collecting customer data, doing qualitative and quantitative analysis, and presenting the results. It gives us the confidence and skill to take the right information from clients and analyze it for our decision making,” adds Laar Adam Namso, Bibiani Branch Credit Officer.

iCAM improves the transparency of the loan process, increasing the chance for newer businesses to borrow. The tool computes ratings of multiple factors to provide an assessment of the applicant’s business and repayment capacity. It also collects data

on loan portfolio growth, while giving unprecedented insight into non-performing loans and which products have the worst repayment rates, and uncovers the reasons. Credit officers use the system’s data to advise business customers, including helping customers understand their inputs and the importance of monitoring them, or to produce an investment plan with them.

“iCAM depicts the strength of the customer, allowing us to give advice on the size of a loan if they request a higher amount than we know they can handle. We can give the customer advice on why we reduced the amount. We want to be sure they can create more employment in their localities,” explains Eric Drobo, Credit Officer for Managed Fund Loans. “Some clients don’t even keep records of their transactions, so at the end of the day they don’t know their true position, whether their businesses are growing or not. Now we lend with advice and help them understand the importance of keeping good records of their sales,” adds Mr. Frimpong.

To ensure iCAM’s positive change is sustained at Sefwiman Rural Bank over the long-term, CapPlus is providing intensive, hands-on technical assistance to transfer all the required skills and knowledge to employees at all levels from credit officers to management and even the Board of Directors. The Bank has appointed an “iCAM Owner” responsible for overseeing its implementation and long-term use, as well as “iCAM Champions” trained to teach their colleagues the appraisal skills and lending policies underlying iCAM’s formulas and outputs.

Credit officers have taken the tool and run with it to grow Sefwiman Rural Bank’s small-business loan portfolio, now that iCAM has removed the subjectivity of lending decisions. The tool’s speed enables them to work with more customers, more loans, and spend more time in the field. “Before, the collection and analysis of data was a bit cumbersome – it could take you one to two weeks. But iCAM has provided a roadmap to follow in our information gathering. With the customer in front of you and with your iCAM software, you follow the process and you are good to go,” says Mr. Namso. “With iCAM we’re able to quickly and accurately rate the customer in terms of character, competence, and ability to pay.”

Proactive Sales for Increased Lending

Staff from Sefwiman Rural Bank’s seven branches and Head Office also upgraded their customer service and outreach



Since I started working with Sefwiman Rural Bank, I have been able to buy a new milling machine and more raw materials for my business. I look forward to employing 10 additional people when I move to my new location.” – Farida Moro, Food Processor



skills through CapPlus’ intensive sales and marketing change initiative designed to increase financial institutions’ lending to small businesses that are seeking finance to grow.

“As a result of the sales and marketing training, our Bank’s MSME loan disbursements grew by 6% between October and December 2022. After the training, the Bank moved all mobile bankers to the marketing unit to reorient them as marketing officers to reach out to more customers and improve sales. These are lasting changes in the Bank’s operations, expected to improve lending performance,” reports Ernest Gyau, Head of Credit, who earned 2nd Place in the 2022 National Sales Champion Challenge, a competition among FIRST+’s participating banks.

Supporting Women Entrepreneurs Reduces Poverty

Sefwiman Rural Bank truly wants to see its women customers succeed and grow. “We believe that women control our economy. They are powerful and hardworking. From my experience, women’s loan defaults are less than men’s. Lending to a woman has a multiplier effect – we see that through her work she is able to educate her child to a higher level. If you

empower a woman, you empower the whole community; you empower the whole nation,” Mr. Frimpong explains. “Women also share their success stories with their friends, which further helps to expand our lending by informing the other women to come on board for loans.”

“Since I started working with Sefwiman Rural Bank, I have been able to buy a new milling machine and also buy more raw materials for my business,” says food processor Farida Moro. “My vision for the next three years is to create more employment for young people. I’ve already bought a piece of land that I’m developing to move to – it is bigger than my current facility. I look forward to employing 10 additional people when I move to my new location.”

“Women do business to support the family. We believe that if we resource these women, they can put food on the table; they can also employ at least one or two people to help them do their business,” offers Mr. Drobo. “Though the Bank cannot eliminate poverty entirely, we are trying to reduce poverty around our customers’ areas. And we are doing this through the women who bank with us.”



Sefwiman Rural Bank team members sharpening their sales and marketing skills to expand lending to MSMEs with trainer Terry Lennon



Food processor Farida Moro has 15 employees, mostly young people, and plans to secure another loan to expand her operations and increase her workforce. "My business is outgrowing the space I currently operate from, so I plan to move to a bigger place and employ ten more young people."



SEFWIMAN RURAL BANK 2022 IMPACT



3,109
MSME LOAN
CUSTOMERS



5,435
TOTAL JOBS



2,255
JOBS HELD BY
YOUTH



1,566
JOBS HELD BY
FEMALE YOUTH



4,106
JOBS HELD BY
WOMEN