

Linkage Banking



A Presentation for the
Ugandan Banking Community

5 August 2004

MOFPED - FSDU

Objectives

1. Introduce Link Banking, vision and practice
2. Show advantages for all partners
3. Lead to further enquiry

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Linkage banking:

A business partnership
between a commercial bank
and small, independent,
non-regulated financial
institutions - and,
potentially, other partners...

The relationship must be:


- Formal
- More than financial
- Mutually beneficial
- Long-term
- Creative and evolving

Cameroon Tripartite Model

practiced by Afriland First Bank



Commercial
Bank



NGO Support
Organisation

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SACCO

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SACCO

SACCO

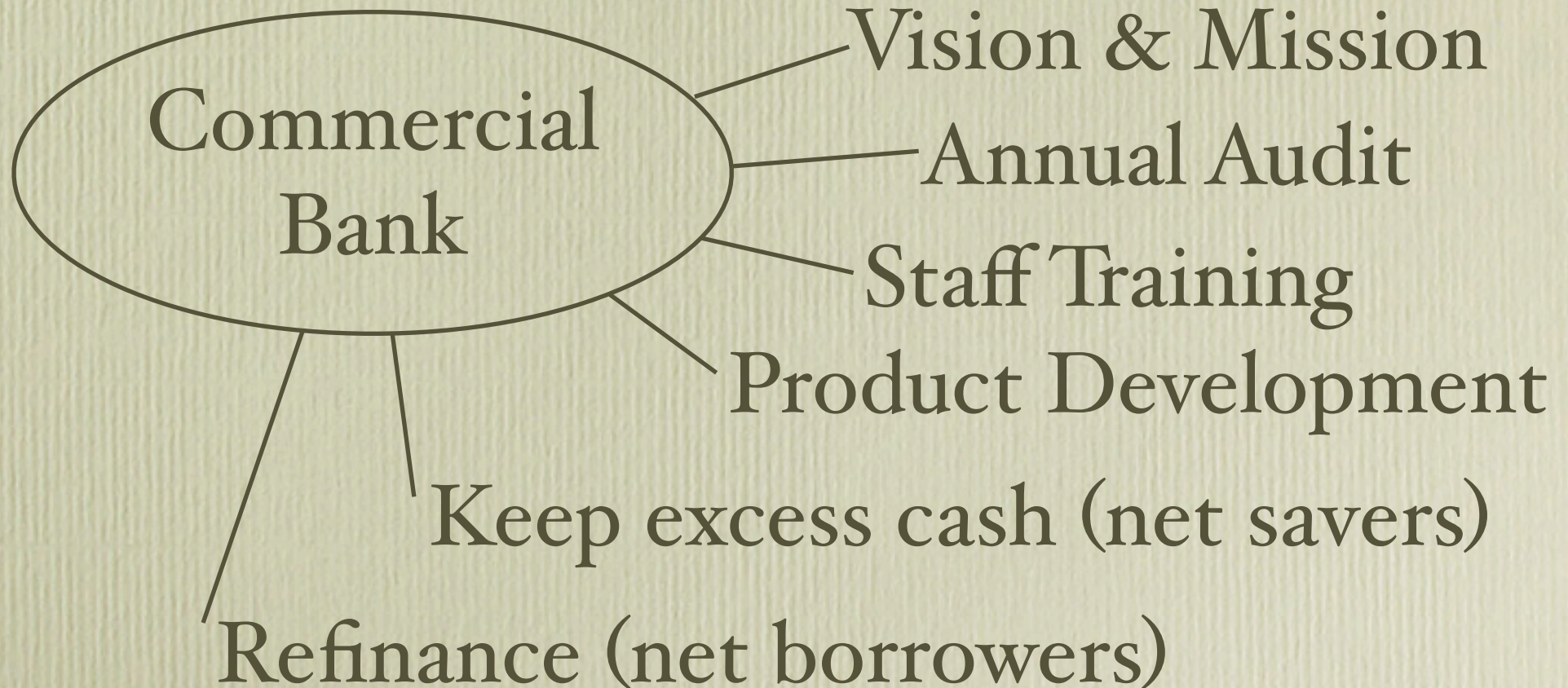
SACCO
MC₂

Responsibilities of Each Party




Commercial
Bank

Responsibilities of Each Party



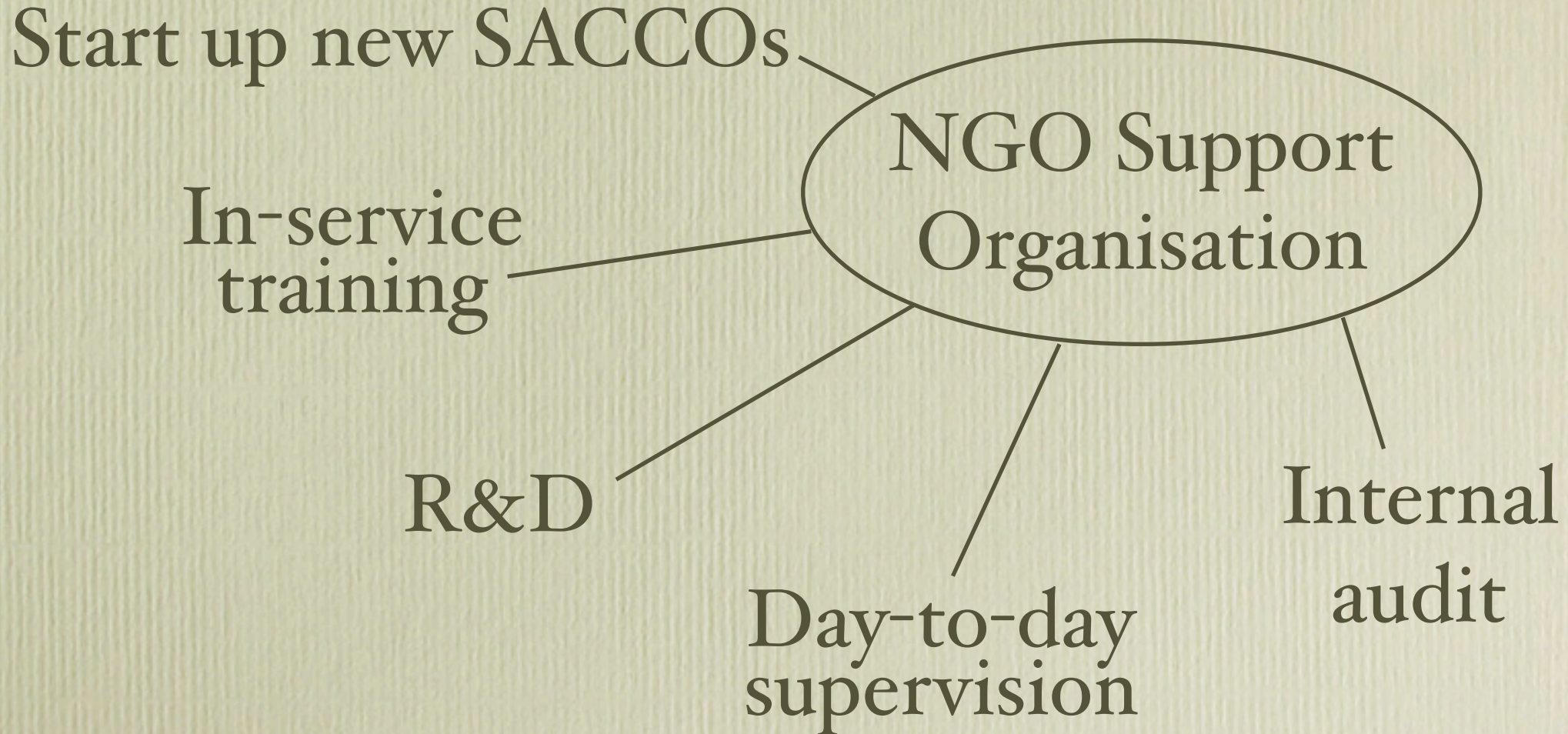
The bank provides services that are valuable to SACCOs but low cost to the bank.

Responsibilities of Each Party



NGO Support
Organisation

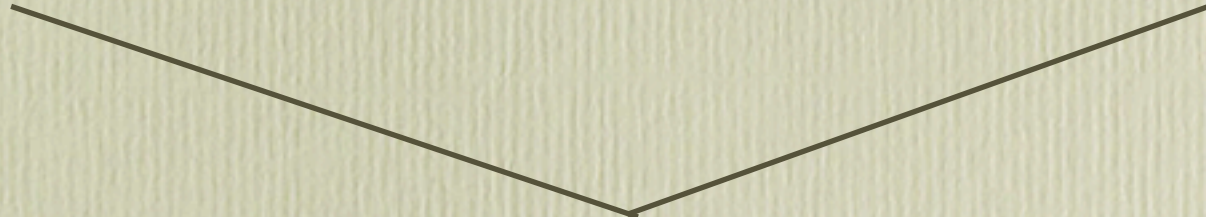
Responsibilities of Each Party



Responsibilities of Each Party

Efficient provision
of financial services

Transparent
Governance



SACCO

SACCO

SACCO

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Vision

- Economic and social development is good business
- People are competent, trust them, train them, but be nearby just in case...
- “Afro-pessimism” is a self-fulfilling, continent-wide disease...
...that can be cured!

Vision (2)

- Image and positioning of the bank and its partners are valuable business assets that are worth a long term investment.
- Learn from everyone - South-South, North-South - but, above all, trust yourself.

Strategic Advice

- Compare the advantages and costs of working with existing institutions v. start-ups
- Get unambiguous buy-in from all stakeholders
- Clean up portfolio and accounts before you do anything else

Start Small



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Advantages for Each Party



NGO Support
Organisation

Fulfill its social mission with
greater efficiency and
professionalism

Advantages for Each Party

Training

Supervision

Refinancing

Security

Confidence

Audit

SACCO

SACCO

SACCO

SACCO

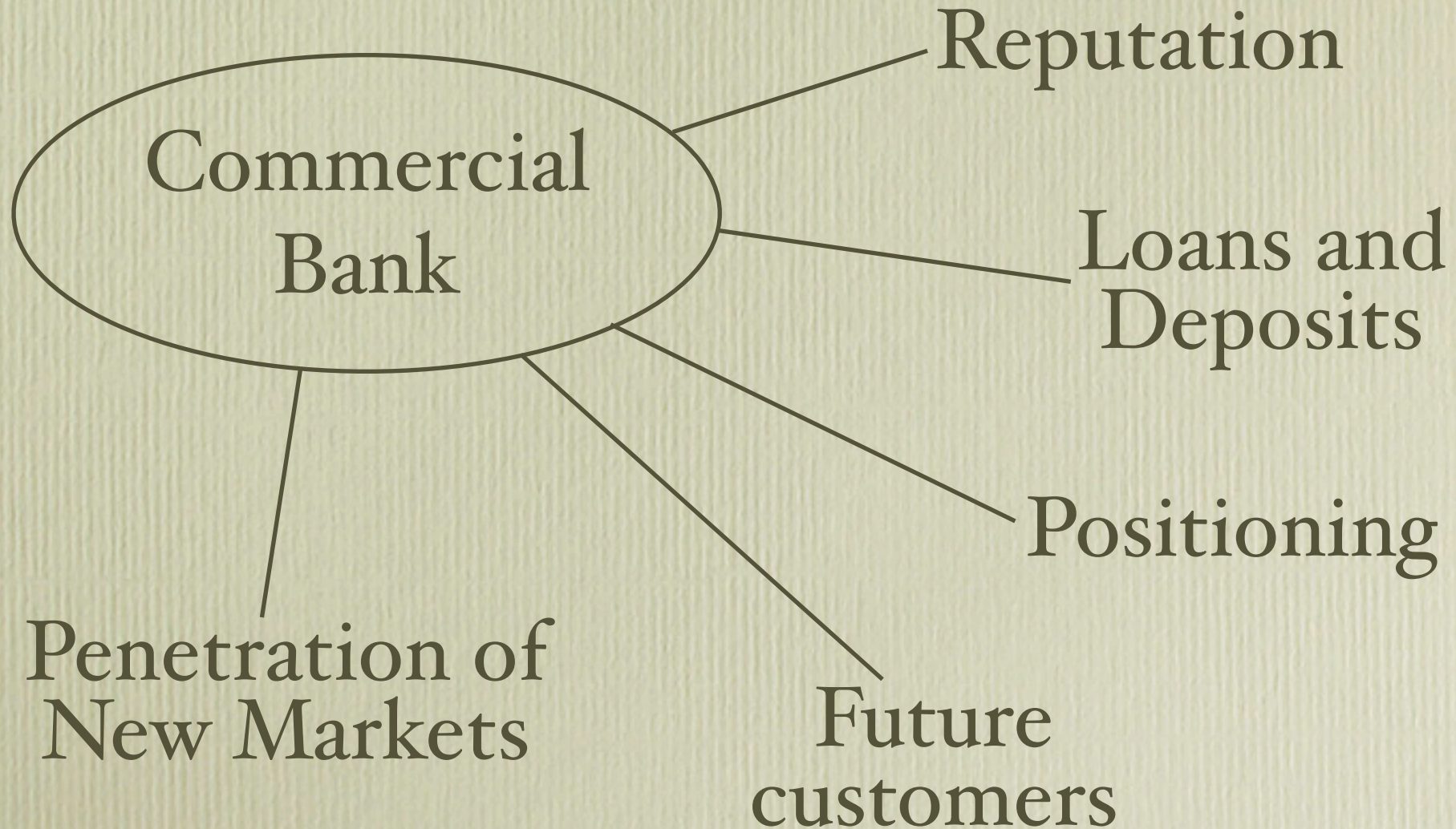
SACCO

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Advantages for Each Party



Afriland First Bank at a Glance

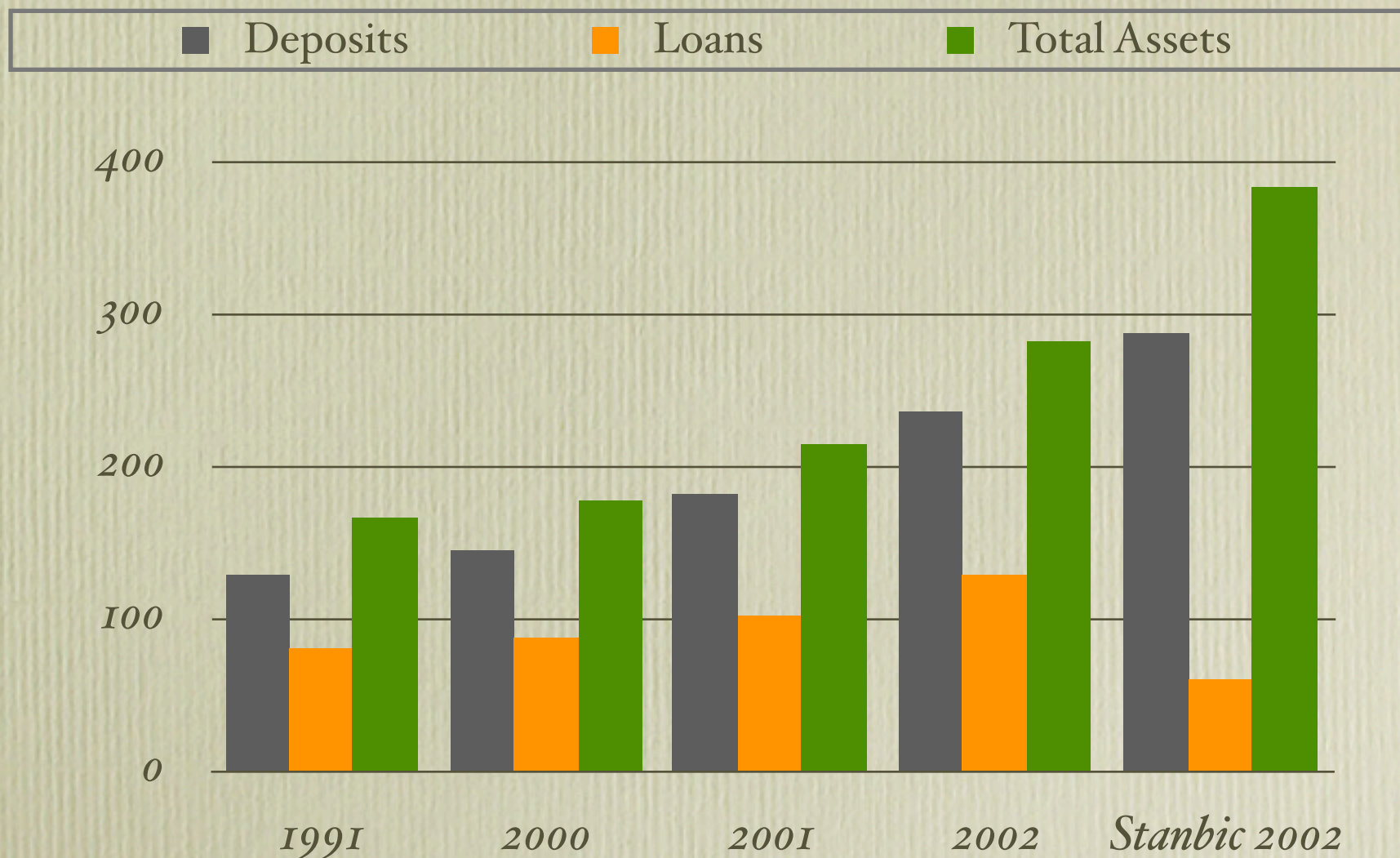
- Private universal bank (Commercial and Investment).
- Created in 1987, HQ in Yaounde, Cameroon.
- 3 representation offices in France; Brazzaville; Beijing
- Two affiliates in Equatorial Guinea & Sao Tome.
- 12 branches
- 350 employees
- Ownership: 85% by Cameroonians and 15% by FMO.

Afriland First Bank Model

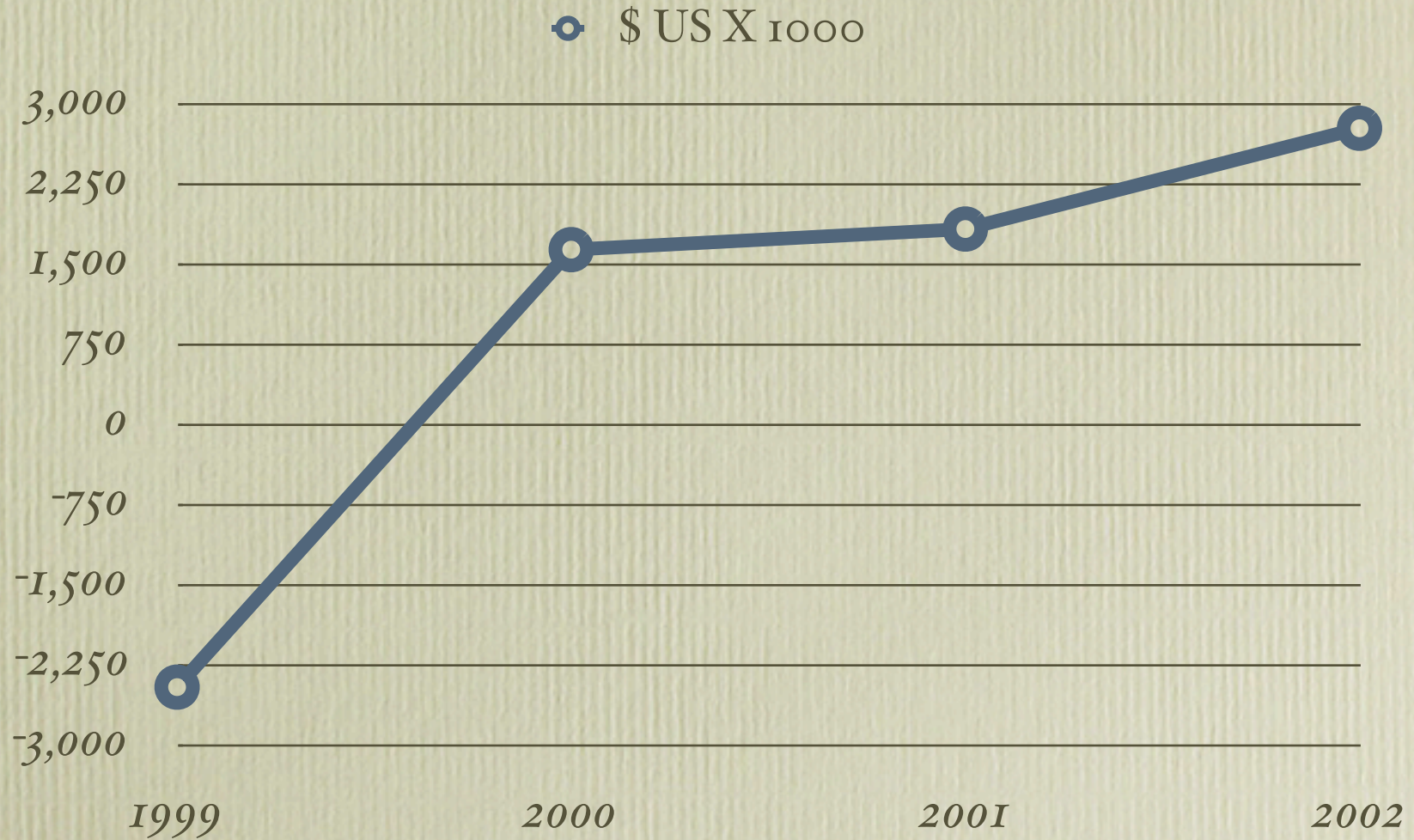
- Integration of banking practices with social, economic, cultural and religious dimensions of the population
- Emphasis on *development* and *savings*
- Effective involvement of stakeholders in the management and administrative structures
- Emphasis on *participative approach*

Key Financial Indicators

AFB \$ US X 1000



Financial Results - AFB



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What You Can Do: Next Steps

- As the Afriland CEO says, *Think Differently!*
- Use people from Cameroon Study Tour as resources
- Apply to Consolidation Challenge Fund
- Brainstorm informally with FSDU - fill out the card in your packet

Thank you for your time and
attention!