ECOSYSTEMS

Wendy Pienaar
UBS South African Financial Services Conference
7 October 2021
What to expect today

1. SBG is transforming beyond financial services
2. Establishing ecosystems, a common language and proven approach
3. Translating ecosystem ambition into execution, and early promises of scale
4. Closing remarks and video
Ecosystem definitions

**Ecosystem**
At network of cross-industry players who work together to define, build and execute market-creating customer solutions

**Platform Business**
A business model based on enabling value-creating interactions between external producers and consumers

**Technology Platform**
Hardware and software that enables and supports the Platform Business
SBG is transforming beyond financial services

PAST

Trusted bank in South Africa

PRESENT

Trusted financial services provider across sub-Saharan Africa

SBG 2025

Agriculture
Bank
Trade
Trader
Global citizen
Invest
Home
Health
Energy
Fleet
Education
Beyond
Mobility
FX
...enabled by common capabilities

...and we will contribute to others...

1. A coordinated network of participants and devices (Internet of Things) combining Standard Bank Group’s own offering with that of partners, enabling clients, partners and producers to fulfil a broad range of needs seamlessly in a domain.
Our 10 prioritised ecosystems: accessing value pools totaling USD1.0trn - USD1.2trn

**Trader**
Activities of small informal traders, including sale of FMCGs\(^1\) and small digital products such as airtime

**Home**
Sale and rent of personal homes, including sales and moving logistics

**Global citizen**
Participation in a global world, including exchanging currencies and facilitating travel

**Trade**
International and regional exports and imports of goods, including trade logistics

**Agriculture**
All agricultural sales, including production tools and final sales of products such as fruits and vegetables

**Energy**
Activities within all sectors which generate energy

**Education**
All forms of primary and secondary education, both private and public

**Health**
Provision and coordination of medical and related goods and services

**Fleet**
Coordination and delivery of goods by road, air or water and the management of the tools used

**Mobility**
Transport of people for day-to-day activities, both public and private, by various modes

\(^1\) Fast-moving consumer goods
Getting the best of both worlds

BANKING
the ecosystem*

Solution & partner to grow
across the value chain

Banking & other financial services products

Own the means of production, sales & service

* Value-chain banking
Getting the best of both worlds

**BANKING**
the ecosystem*

Solution & partner to grow
across the value chain

Banking & other financial
services products

Own the means of
production, sales & service

**&**

**BEING**
the ecosystem driver

Create valuable interactions
“You can't fake an ecosystem”

Platform Business
Aggregator or orchestrator
Bank Products | Other Products

Create means of
connection

* Value-chain banking
Benefits of being the Ecosystem Driver

Winner Takes Most

- Layered increased revenue as we get deeper into clients’ ecosystems
- Transformed value proposition to clients and whole sectors
- Ability to generate data and insights across clients' lives and businesses
- Support horizontal teams internally to leverage solutions and services from consumer to wholesale
- Scale and win through partnerships
Mindset changes

DIGITAL TRANSFORMATION SUCCESSFULLY DRIVES THE FOLLOWING BUSINESS CHANGE

- Client Experience (Client obsessed)
- Fast innovation mainly driven by the business
- Focussing on client needs rather than on products
- Flexibility

PLATFORM BUSINESS MODELS EXTEND THIS TO DRIVE

- Attraction of Clients (Consumers) and Partners (Producers) to transact
- Client and Partner Experience (CX / PX)
- Not needing to own and control all the resources (only strategic assets)
- Modular flexibility for scale
- Enable open innovation outside the business

Customer experience at the core

Customer and partner experience at the core
Challenges and solutions to solve

- Require **scale** to drive network value
  - Build focused **ecosystem** teams
- **Competition** comes from anywhere
  - Partner are critical / Partnership as a Service
- “Test and learn” is key to success
  - Provide the right **conditions** / learn quickly
- Must bring **regulators** on the journey
  - Carry out extensive and regular engagement
- Require **new skills, capabilities and processes**
  - Define targeted **reskilling and recruitment**
  - Establish ecosystem **commercial framework** and layering
- Must **monetise** the platform

*FinTechs, Big Tech, Mobile Network Operators*
ECOSYSTEMS
IN EXECUTION
SME Health Score

Data Sources
- Financial Data
- Transaction Data
- Movement Data
- Sentiment Data
- Supply Chain Data
- Other Data Sources

Measure
- Health of SME
- Context of what they do

Manage
- Credit Decisioning
- In-life Risk Management

Support
- Corporate Insights
- SME Insights

Healthscore Consumers
- SMEs
- Banks
- Government
- Corporate Partners
- Insurers

Achievements to date:
- 50 million data points processed daily
- Take up rate is 4x higher than traditional
- Payment efficiency is 129% when compared against expected

“Help more SMEs access financing”
“Help lenders to successfully lend to more SMEs”
“Help corporate partners to better understand the resilience of the supply chain”
Trader Ecosystem

Customer & Producer
- Traders
- Wholesalers
- Agents
- FMCG
- Consumers
- Distributors
- Community

Grow
- Land
- Sell

Manage
- Buy
- Store
- Protect
- Run

Connect
- Services
- Community

Trader Platform
Empowering Africa’s Traders to grow and manage their businesses by facilitating connections across the ecosystem.

Partners & Service Providers
- Banks
- Insurance
- Government
- Importers
- Channel Partners
- Technology Partners

Achievements to date:
- Partners, Global Multi-Nationals, joining platforms
- Credit performance better than expected
- Foundational elements live in 7 countries, roll out in 3 more in 1H22

Community
- Distributors
- FMCG
- Wholesalers
- Consumers
- Agents
- Traders

“Help you get Coke at a lower price”
“Lend to you to buy more Coke”
“Get more customers in your shop to buy Coke”
Agriculture Ecosystem

Smallholder Ecosystem
- Farmers
- Input traders
- Tractor drivers
- Co-operatives
- Agronomists
- Aggregators

Enterprise Service Providers
- Banks
- Insurance Providers
- Manufacturers
- Exporters
- Input providers
- Data & tech providers

Achievements to date:
- Significant increase in yield for ~25,000 farmers on platform
- 18 data points per farmer
- Large off-takers, Global Multi-Nationals, joining platform

OneFarm Platform
B2B platform that connects and provides services to entities across the value chain

LEND   PROTECT   GROW   TRADE   SHARE

Data Services
Platform Services
Closing remarks

We are leveraging our existing networks and expertise in our defined ecosystems to:

1. Broadening our value proposition and attract additional partners,

2. Develop new business models to drive a better client experience and,

3. Scaling and diversifying to deliver our **2025 revenue targets**
   - Revenue CAGR, 7% - 9%
   - Partnerships and non-financial products revenue, ~R10bn p.a.
VIDEO
SBG Ecosystems Video - UBS Financials Conference 2021
QUESTIONS AND ANSWERS
Disclaimer

The Group may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, expectations, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, the impact of the COVID-19 pandemic on Standard Bank Group’s business, results of operations, financial condition and liquidity and statements regarding the effectiveness of any actions taken by the Group to address or limit any impact of COVID-19 on its business; statements regarding exchange rate fluctuations, volume growth, increases in market share, cost reductions, and business performance outlook.

By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.