

## COMING TO KIBERA IN STYLE ! (WITH GOODIES NOT STONES)

This coming Friday, a previously little-known Microfinance organization, which converted into a SACCO, will hand out a silver-plated trophy and a number of embroidered certificates to 5 out of its 8,000 members. These members have excelled in money discipline after starting-off with loans of Kshs 500/= in 1998 and now taking out loans above Kshs 50,000/=. According to Ms Christine Awuor , the Head of Operations *“These are the Jewels of Riverbank Credit SACCO Limited- There is nothing more satisfying than to see borrowers grow and their businesses expand not by hand outs but by their own discipline and attention to detail”*. The award function will be attended by Mr Ouma Nyakach the Area Chief, who has also invited the Area DC , DO and civic authorities who have all welcomed the effort Riverbank is making in eradicating poverty, ignorance and disease.

Riverbank Credit SACCO Limited began as a merry -go- round lending group to members in 2002, expanded its small loans outside of membership and formally registered as a Self Help Group in 2005, set up the professional Lending Arm (Riverbank Credit ) in 2008 and fully converted to a Savings and Credit Society in 2009. All this was done without external funding and up to this day, Riverbank SACCO Limited does not have a bank loan. The SACCO is open to anyone, going by its motto *“The Power to Unlock Human Potential”*. At the beginning, they would lend a maximum of Kshs 2,000/- per person with the borrower having the option of either returning the principal sum the next day or paying interest for the loan. This would be open for a period of 14 days after which the loan would be paid back. Sam Odhiambo Chief Executive Officer says *“This ensured that we had zero Portfolio at Risk. During the assessment, the Credit Officer must establish that the borrowers stock-in trade is worth more than Kshs 2,000/=:, for a period of seven days after registration the potential borrower is vetted on daily basis to establish that daily income less personal expenses exceeds interest payable per day . A simple contract is made with the borrower where he or she undertakes not to divert the revenue generated from the business and the loan is disbursed without any security. On first evidence of default, the borrower is requested to return principal sum immediately. This lending model has jumpstarted hundreds of Kenyans into small business and we believe it will even spur further growth “*

Riverbank began giving loans formally in June 2008 and to date the SACCO has 8,000 plus members. Disease and death of the unsecured borrowers also began to feature as a cause of default and to address this, Riverbank partnered with several insurance companies in 2008 to tailor make insurance products suitable to the poor. At a mere cost of Kshs 165/= , the member gets a cover guarantee to receive Kshs 10,000/- in the event of death. Riverbank recently executed a comprehensive long-term Memorandum of Understanding with Pioneer Assurance to increase insurance penetration. Among the products launched are **Riverbank Nikumbuke**: a Comprehensive in-patient cover for designated hospitals without limit at a cost of Kshs 3,650/- per annum and **Tembea na Msalaba**: a Comprehensive Medical cover for in-patient and out-patient medical cover at a fraction of market cost. All young entrepreneurs should no longer fear redundancy or worship employers merely for the fear that resigning from formal employment would mean uncertainty in the event of sickness either self or dependants. In addition, Riverbank undertakes to provide Insurance Premium Financing on the entire portfolio . *“Millions of Kenyans stick to employment merely for the fear that if they venture on their own then they loose Medical cover benefits”* says Ms Winnie Kanyukii – Sitting Director for Incline Solutions (Corporate Investor at Riverbank ) *“ The ownership of Riverbank is national. The Board of Directors has a written rule to accommodate only University Graduates “*

At their headquarters at Nacico Plaza, Landhies Road, we found the Manager, Mr Wanyeki who explained that Riverbank continues to grow continuously with 135 member registrations daily. At the moment the movement operates branches at Nacico Plaza, Kibera, Mathare, Kayole, Korogocho and

Mombasa. **“Membership recruitment is driven by the fact that Riverbank model is to use Field Officers in handling all matters pertaining to customer service starting from recruitment, loan disbursement and collections”**. Riverbank has set a monthly target of 4,000 registrations.

Asked to advise how he intended to deal with such rapid growth in the business, Jim says Riverbank has signed an agreement with PesaPot Holdings Ltd, the local representative for the RedCloud application from the UK. Effective from 15<sup>th</sup> July 2010, Riverbank will be implementing the application that embraces the revolutionary concept of Cloud Computing, which gives Riverbank access to a core banking application hosted in the UK using the most modern servers and with the best data security practices in the world. The application allows Field Officers to carry out online registration of groups and clients using a Java Application downloaded to their mobile hand sets. This data is updated on the servers and database instantly, reducing the time and cost of registration significantly. RedCloud also allows for integration with Mobile Money Transfer Services (MMTS) like Mpesa, Zap & Yu-Cash to ensure that funds can be remitted by members for savings and loan repayments and account balances updated instantly! Using RedCloud, Riverbank intends to reduce the cost and time taken by field officers in performing routine functions, translating into savings in both time and money, thereby reducing the cost of transactions. Riverbank will translate these lower costs into cheaper and more readily available loans. This is another “First” as Riverbank is the first Sacco to embrace Cloud Computing and outsource data processing. That is the approach all financial institutions should adopt, allowing them to concentrate on their core business - financial services. The related costs of data security, servers, switches, IT staff costs are thus dispensed with. Riverbank will thus concentrate on employing relevant staff to give customers quality service. Needless to say, the PesaPot/RedCloud/Riverbank partnership is going to transform financial landscape once again in Kenya because RedCloud is fully web-based and cell phone hand set enabled. Users will eventually have access to balances, statements and other details on their mobile phones. The opportunity also exists for facilities such as bill payment and cash withdrawal from ATM's.

Riverbank has several customer friendly products such as low cost land purchase and construction loans, LPO financing loans, light Asset financing loans, business based loans , chicken and rabbit rearing loans, standard education, personal and emergency loans. The SACCO has a culture of providing their members with a monthly financial training day, an open learning day where members interact with the management. Leadership coaches, mentors get opportunity to unleash passion of the members all day long and rewards are handed out to outstanding achievers. Starting the coming month and due to diversity of membership, Riverbank has contracted **Hidalgo Group of Companies**, the owners of **SOKO DIRECTORY** and a PR company, to arrange monthly gatherings /conferences, where the tradition of will continue with a new concentration on the topics of unemployment/self-employment, school leavers and graduate youth.

With account balances on cell phone handsets, partnerships with giants in the insurance field like Pioneer Assurance, robust Officers willing to market and Non –partisan, **national**, an aggressive Board of Directors and a firebrand CEO, it remains to be seen whether sooner or later, Riverbank will once again change its name and status on the microfinance and financial industry. All the particulars are available on the company's website: **[www.riverbankcredit.com](http://www.riverbankcredit.com)**