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Championing the SDG Agenda for a Better Ghana

The YieldReport

Notice Board >>>

YieldRock launches Uber Car Maintenance Loan; excites the market

Finally, owners of Uber cars can now access up to GH¢1,000 to pay for repairs and maintenance of the cars.

YieldRock has chalked another milestone with the introduction of new product offering for the consumer market. “With Uber Car Maintenance Loan (UCML), vehicle owners can now access up to GH¢1,000 within 48hours”, said CEO during the launch. UCML is a critical liquidity pipeline that helps Uber owners avoid service interruption due to mechanical faults.

For more information go to [Http://yieldrockgh.com](http://yieldrockgh.com)



Financial Inclusion

Breaking down barriers to access

Affordability and eligibility are important indicators when measuring financial inclusion, according to Alliance for Financial Inclusion. But with average market interest rate of 5% and processing fees of 4%, is micro-credit really promoting financial inclusion in Ghana?

With 23.4 per cent of the Ghanaian population living below the poverty line (GH¢4.8 a day), focus has shifted on

why past gains seem to be reversing. The number of people considered poor, according to Ghana Living Standards Survey Round 7 reduced by only 0.8 percent from 2013 to 2017, compared to a reduction of 7.7 percent within the six years prior to 2013.

One of the reasons assigned was the unequal distribution of growth across various percentiles of the population. The Growth Elasticity of Poverty showed that economic growth did not benefit the poor much. A percentage change in mean per capita income led to 0.07 reduction in poverty by 2016/2017. Financial inclusion is therefore a critical policy issue given this dire context.

Access, usage, quality and impact are collectively referred to as the Core Set of Financial Inclusion Indicators.

“Given such pricing structures and credit conditions [...], Ghana faces an uphill battle against poverty.”

According to the Alliance for Financial Inclusion, Access is the ability to use products and services offered by formal financial institutions. Access to loan products facilitates productive inclusion of the poor. Unfortunately, those that need credit most are priced out

due to high interest rates and facility fees. On average, interest rate in the Tier 3 and 4 segments of licensed Non-Bank Financial Institutions (NBFIs) is about 4% per month. Processing fees of 3.5% are deemed by some industry practitioners as “normal”. Given such pricing structures and credit conditions (such as cash collateral), Ghana faces an uphill battle against poverty and inequality.

YieldRock delivers value with SDG Partnership Program >>>

Micro-credit clients to benefit from suite of value-added services

As a business, the decision to focus on building strategic partnerships that delivers value to our community of economic actors has been exciting. For our on-lending clients, this only means more returns.



Fee Waiver

Despite a tariff revision that saw processing fees increased across board, on-lending continue to attract 0% processing fees. In addition, we now offer discounts on risk premiums for clients who follow through on agreed performance improvement plans.

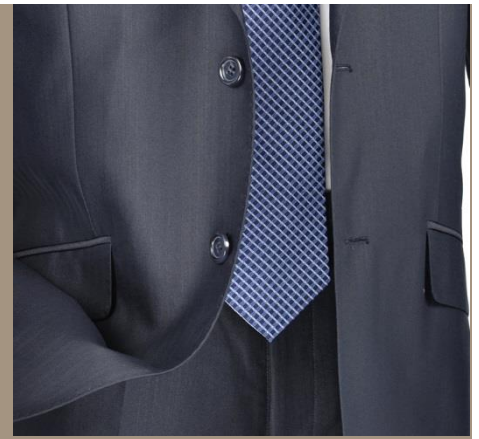
Credit with Education (CwE)

Micro-credit has evolved from just a passive portfolio management approach to engaging customers through educational outreaches. The goal is to deploy capital as a

tool for community development. In this regard, we have committed to providing useful resources to assist our clients conduct community outreach programs. Our focus will be on financial literacy, health & sanitation, and pro bono business advisory. This is all FREE service to our cherished clients.

Capacity Development

We recognize that capacity gaps, particularly with human resources, contribute to some of the operational and credit risks that our clients face. Our solution? Periodic training sessions on credit risk management, customer service delivery, strategy formulation, etc. Programs are designed in consultation with clients and therefore needs-based.



Time is money

Market Update: Inflation stable but volatility persists

If you are a fund manager or have responsibility for capital allocation, your biggest headache is risk. Measuring volatility accurately, and managing same intelligently, has tremendous impact on the quality of your portfolio.

January 2019 inflation reduced by 40 basis point to 9 percent. Both food and non-food category drove down this decline. On the currency front, the US Dollar has registered a year-on-year gain of 11% by close of Jan 2019, causing a lot of uncertainty in the market. This obviously has pricing implications that may fuel inflationary pressures in the near term. On the monetary front, the banking sector seem to have settled in following the reforms, albeit the resulting liquidity pressures are being felt by small and medium businesses.



Coming Soon >>>

SDG Community Blog for Micro-creditors

YieldRock is developing a web portal with user-generated content to share stories of community impact and customer experience. This portal will also be monetized with Google AdSense to generate revenue for users that create good content. A portal for Micro-creditors is based on the thesis that harmonizing stories of social impact allows for evidenced-based impact evaluation studies by researchers, policy-makers and governmental regulators.

>>> More details soon.

Governance & Compliance Lessons from uniBank et al.

There will always be disagreement on details, but when all is said and done, the fundamental issues that emanated from the recent banking sector “clean up”, boils down to governance inadequacies, regulatory breaches and ethical violations by the shareholders, board and management of these companies. What are the lessons?



The news was shocking. How hath the mighty fallen? From whence cometh this; that the winner of several banking awards would be cited for egregious offences never known in the history of Ghana’s banking sector? In the words of the Governor of Central Bank, “a few indigenous banks [were found] vulnerable with inadequate capital, high levels of non-performing loans, and weak corporate governance.” In the case of uniBank, it was found that the bank was exposed to shareholders, related and connected parties to

the tune of GH¢5.3 billion representing 75% of total assets. With Heritage Bank, the case of an unnamed investor transferring GH¢15.8 million to the bank attributed to called-up unpaid capital, begged the question whether they met the condition for operating license in the first place. The list goes on, count after count of regulatory breaches and corporate governance failures. Some lessons can be drawn for Tier 3 and Tier 4 micro-creditor operators:

1. Prioritize compliance obligations. Ensure you report faithfully and diligently.
2. Keep within Single Obligor Limits of 5% of net own funds (for unsecured exposures) and 10% for secured exposures, subject to their respective absolute caps of GH¢10,000 and GH¢20,000.
3. Be mindful of your non deposit-taking status when designing products and services.
4. Ensure persons on your advisory boards are “fit and proper”.

Ask YieldRock >>>

Q: What is SDG Partnership Program?

A: Because we believe that partnership

[...] is the new innovation, one way to speed up financial inclusion is to partner with other micro-credit businesses, particularly ones that have good leadership, sound governance frameworks and sensible business models. What we do is to deploy capital according to their operational needs and risks profile, and also set up gaps in their governance and compliance framework as Performance Improvement Plans. The latter is a central part of how we operationalize the ESG framework in our business model.



YieldRock Crystal Ball: Finance Sector in 2019

Following a clean-up of the sector that commenced in 2017, YieldRock foresees a consolidation of sector going forward. Principally, we see an increasing regulatory emphasis on three (3) key Directives that were released in 2018; Fit & Proper Directive, Corporate Governance Directive and Cyber & Information Security Directive. These we expect, would impact all regulated financial institutions regardless of tier classification.

Trends to Watch: Fintech

Technology continues to change the way work is done. In the conversational commerce space, voice-based Artificial Intelligence is delivering seamless consumer experience just as blockchain is opening up possibilities for volume growth in global transactions. Financial inclusion continues to stimulate interest, as stakeholders shift attention on data and measurement models that generates useful insights.

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final thoughts...



Consensus has been reached in the literature and among practitioners on why startup businesses fail. Some of the factors responsible for the high startup mortality rate are quality of ideas, business model, diversity and experience of management team, execution capabilities, and access to funding. To succeed in the current competitive environment, collaboration is central to unlocking synergies around these core determinants, especially business model and execution. So as we enter the final month in quarter one of FY 2019, bear this in mind.

Focus on instituting strong corporate governance practices in your business. As a business leader you must build a strong corporate culture around result-orientation, respect for people, democracy of ideas and continuous change. Businesses that are able to embed these critical values into their operating processes will gain competitive edge in their respective markets. Finally, don't ignore the imperative to exercise good corporate citizenship. Have a good financial quarter.

The YieldReport >>>

In The Next Issue

More on SDG Community Portal
Managing Risks: The YieldRock Way
Entrepreneurship 101
Financial Inclusion: The Tech Edge



We've got that expenditure covered

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342-290-962