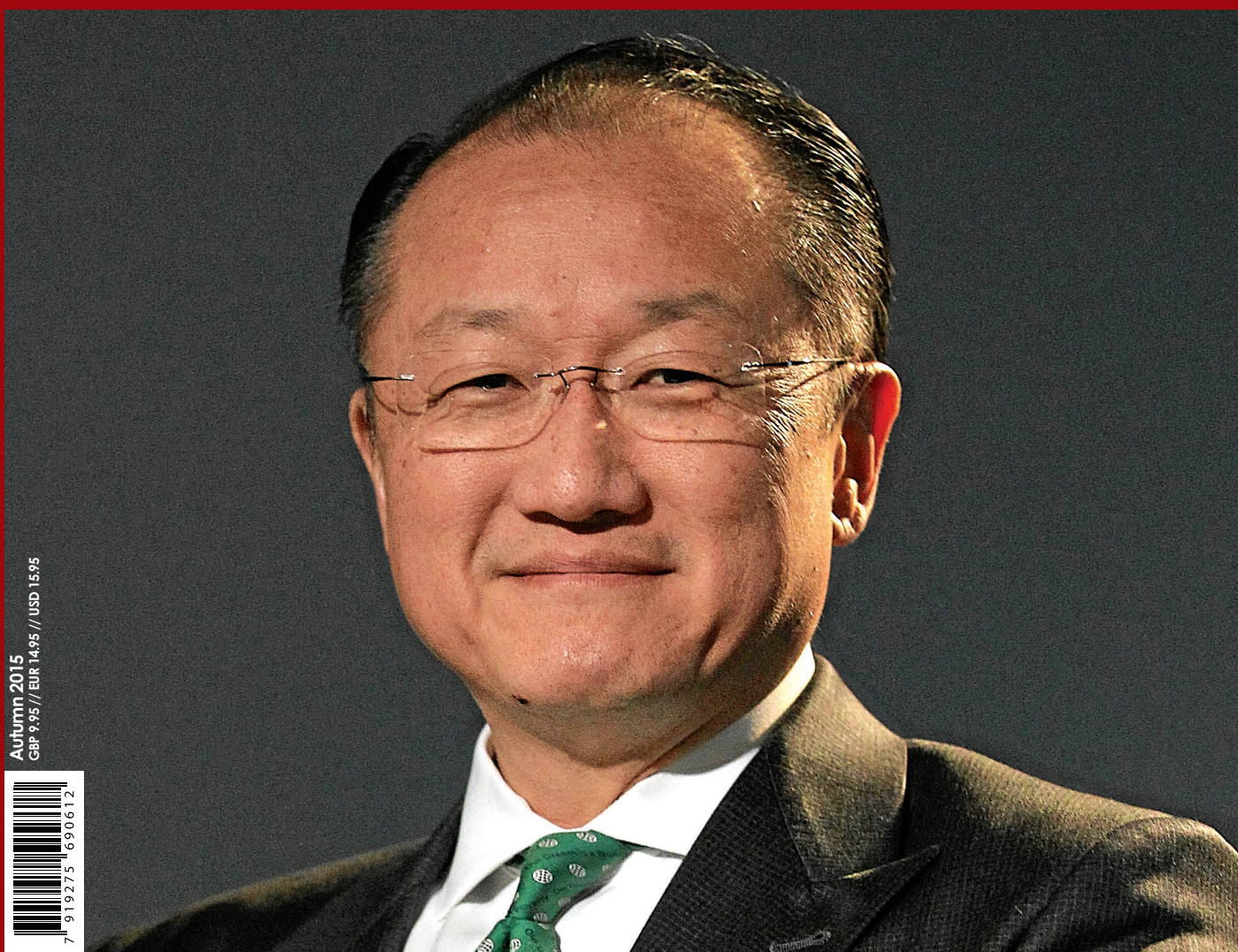


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AS WORLD ECONOMIES CONVERGE



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THE ROAD FROM LIMA

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MIGA'S KEIKO HONDA: INVESTMENT GUARANTEES // UNCTAD: DEVELOPING BUSINESS LEADERS

> WIR FINANZIERER: MOST INNOVATIVE SME FINANCE GERMANY 2015



WIR Finanzierer[®]

Just as England is endearingly known as a nation of shopkeepers, Germany enjoys the reputation of being a nation of manufacturers. Smaller German businesses have often been run by the same family across many generations. As a rule, their owners take great pride in the superior products and services delivered with reputation having an edge over the bottom-line. Germans admire their “Mittelstand” – the demographic of rather dull and conservative, but invariably hard-working and diligent, entrepreneurs who form the indestructible backbone of the nation and its robust economy.

However, a fair part of Germany's vast SME universe is not too keen on the

nation's banks which, while well equipped to deal with large corporations, are often at a loss when it comes to serving the needs of smaller businesses. Even though almost everyone agrees that SMEs fulfil a crucial role and are the drivers of job creation and economic prosperity, so far little has been done to help these companies obtain easier access to credit.

That has changed with WIR Finanzierer, a financial services provider specifically set up to allow German SMEs to tap into capital markets. WIR Finanzierer bundles bonds issued by duly rated companies which it then sells to investors. Participating SMEs are checked by rating agency Euler Hermes for their creditworthiness in a wholly transparent

process that ensures investors buy into well-rated companies. The model developed by WIR Finanzierer benefits both sides of the equation: SMEs obtain quick access to the funds they need to drive expansion, and investors gain a unique financial instrument that allows them to become part of the Mittelstand – the quintessentially German success story.

The CFI.co judging panel commends WIR Finanzierer for finding a solution to a long-standing problem – the proper financing of SMEs. The judges are encouraged to see that the firm now mulls expansion into neighbouring countries. The panel wishes to congratulate WIR Finanzierer with its win of the 2015 Most Innovative SME Finance Germany Award.

> COOP MORTGAGE BANK: BEST MORTGAGE BANK NIGERIA 2015



The COOP Mortgage Bank has been providing mortgages in Nigeria for over twenty years. A successful rebranding exercise and the necessary recapitalisation took place in 2009 which now allows the bank to concentrate on serving cooperative societies very effectively. Much progress has been made in this regard during recent years.

By grouping people with similar needs and purchasing power and dealing directly with housing developers, significant cost savings can be achieved. This translates into very competitive mortgage offerings by COOP. With the high cost of financing elsewhere in Nigeria these days, COOP Mortgage Bank clients are doing very well for themselves.

Innovation and creativity are the core strengths of the exceptionally talented team at COOP Mortgage Bank. Staff training is exemplary and the CFI.co judging panel commends the bank on its carefully considered and highly efficient management style.

The COOP Mortgage Bank initiative on cooperative society work – which now accounts for a full 70% of their mortgage business – without doubt creates value but also reduces risk for lender as well as client. It is easy for clients to exit their agreement if their situation changes and so default is not a worry.

Headquartered at Ibadan, COOP Mortgage Bank has branches in Lagos and Abuja. The bank is active across six states and

there are plans in place to expand the network in Nigeria and even venture overseas. It would certainly seem that the business model at COOP would have a very strong chance of success in other countries. COOP Mortgage Bank is a key player in the Nigerian mortgage industry, works to international best practice, and seems poised to take advantage of the groundwork prepared so well at home.

The panel feels that COOP Mortgage Bank is doing much to respond to the needs of the market and admires the approach taken to help in the provision of affordable housing in Nigeria. The 2015 award for Best Mortgage Bank, Nigeria goes to COOP Mortgage Bank.

> CFI.co Meets the CEO of WIR Finanzierer: Mark H van den Arend



Sometimes, all one needs is a break – lucky or otherwise. Mark H van den Arend got his one when Deutsche Bank hired him despite being a teenager with a slightly crooked CV that contained no discernible experience in either finance or administration.

As it happened, this young man just liked the whole idea of negotiating deals and working the numbers.

Deutsche Bank did not regret its audacious choice and supported Mr Van den Arend to obtain an MBA from Ashridge Management College and The City University of London. With a remarkable knack for identifying – and rectifying – market inefficiencies, Mr Van den Arend soon worked his way up the hierarchical ladder: “After two decades, I ended my career at the bank as a managing director overseeing its operations on Wall Street. Soli Deo Gloria.”

However, the at times glaring and puzzling shortcomings of markets continued to fascinate this South African-born banker who is now the driving force of WIR Finanzierer, a German financial services provider sharply focused on helping small and medium-sized enterprises (SMEs) gain access to capital. “Even though Germany is an overbanked market, plenty of well-run SMEs simply dislike dealing with banks and

hence are increasingly receptive to other means of financing.”

With WIR Finanzierer, Mr Van den Arend has set out to tackle the problem. His company helps SMEs obtain “indirect” access to capital markets with amounts ranging anywhere from €500,000 to €10m per client. With the refinancing of bundled SME bonds, WIR Finanzierer is conceptually applying a structure similar to a securitisation. The process is remarkably fast and requires each SME bond issuer to obtain an indicative rating from rating agency Euler Hermes.

Once properly screened, financing may be arranged via WIR Finanzierer. “The process is transparent from end to end so that SMEs and investors alike know precisely what they are buying into. Moreover, WIR Finanzierer always participates with its own funds and refrains from anything which would jeopardise the simplicity, transparency, and comparability of its transactions.”

While SME financing, or the dearth thereof, is near the very top of both the political and economic agenda, so far little has been done to tackle the problem. Although there is more than enough money slushing around the economy, it fails to reach most SMEs.

Given the immense significance of the SME-

Sector to overall economic health, it is of paramount importance that SMEs have efficient access to sufficient financing – for modernisation and expansion.

“That is precisely what WIR Finanzierer does. We act in a swift and decisive manner. The streamlined procedure allows for snap decisions. Not only SMEs are thus helped, investors also benefit enormously as they receive access to an asset class previously unavailable to them: the vast universe of the German Mittelstand. The portfolio returns – on average about six percent annually – are attractive as well, considering the investment grade profile of this investment.”

Tapping into the multibillion euro German SME market is only the beginning. WIR Finanzierer also eyes expanding into neighbouring countries, deploying the same strategy of splitting larger investments into bite-sized bits for SMEs who are, due to their size, otherwise unable to tap capital markets on their own.

“People who understand what we are doing realise that we are at the forefront of the European Capital Markets Union. The fact that we bring together SMEs and capital markets investors in a unique way is probably the main reason why you find our SME bond factsheet (KMU-Anleihe) on the website of the European Commission.” ❄