



# Barclays Africa Group

Jason Quinn, Group CFO

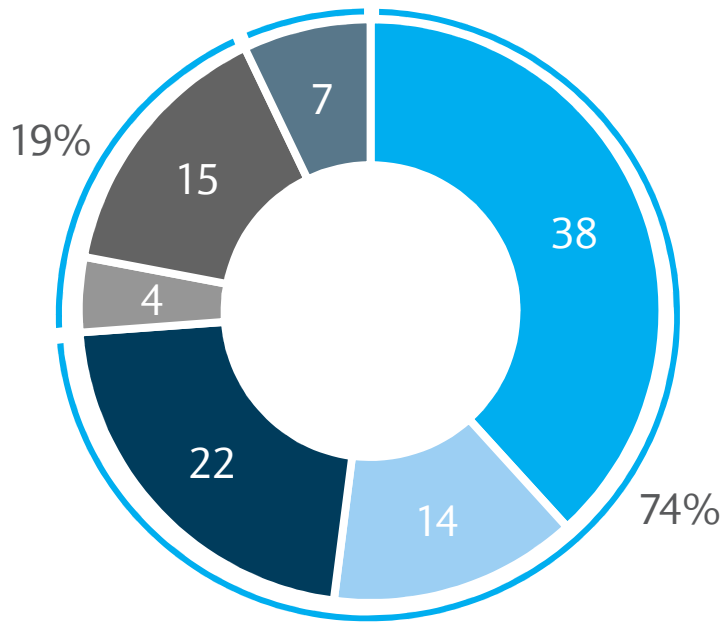


UBS Financial Services Conference

October 2017

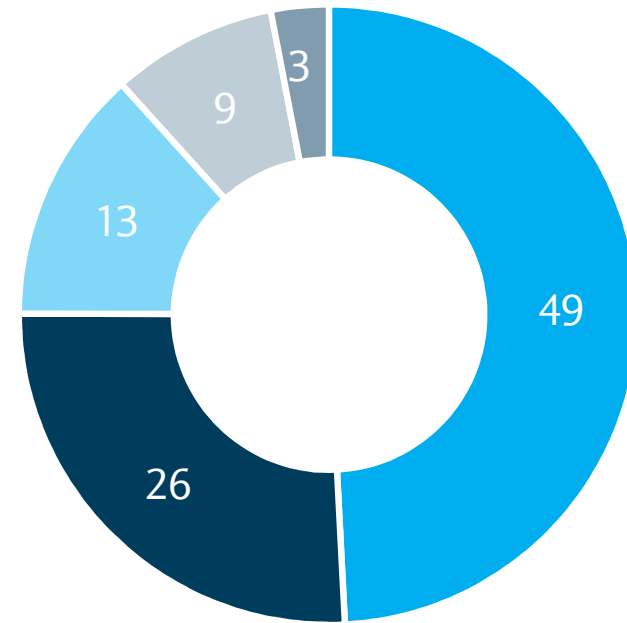
# Bancassurance diversifies our earnings

Group earnings mix 1H17 (%)



- Retail Banking SA
- CIB SA
- CIB Rest of Africa
- Business Banking SA
- RBB Rest of Africa
- WIMI

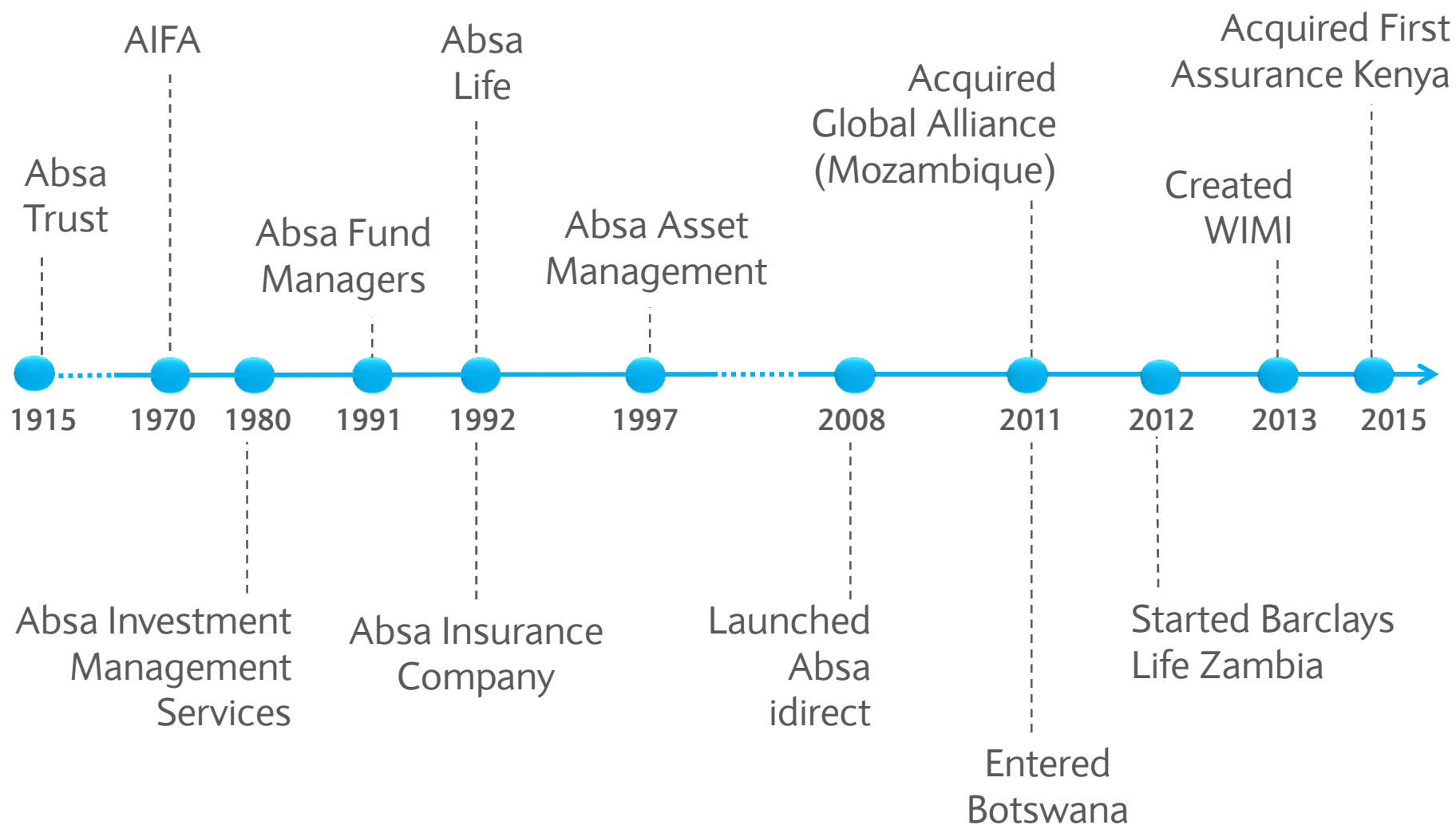
WIMI earnings split FY16 (%)\*



- Life
- Short-term
- Distribution
- Wealth and IM
- Fiduciary

Note: \* Excludes other

## We began integrating financial services in the 1990s ...



## ... as increases participation in financial services



Banks often at the **heart** of most consumers' **borrowing** and **savings decisions**



**Emerging middle class** of 300 million people and growing by 10 million every year



Banks uniquely placed to use **extensive customer data** and **insights** to actively **promote coverage of insurance products**



**Regulatory changes** to align insurance and banking regulations



Providing **insurance on loans** **protects consumers** against **unforeseen events**

# Our bancassurance model puts customers at its core

## BANK BENEFITS

- Broader customer proposition set
- Source of non-interest revenue
- Diversifies income
- Increased customer retention
- Productive use of costly distribution infrastructure that is critical in a developing market (e.g. branches, face- to-face)

## CUSTOMER BENEFITS

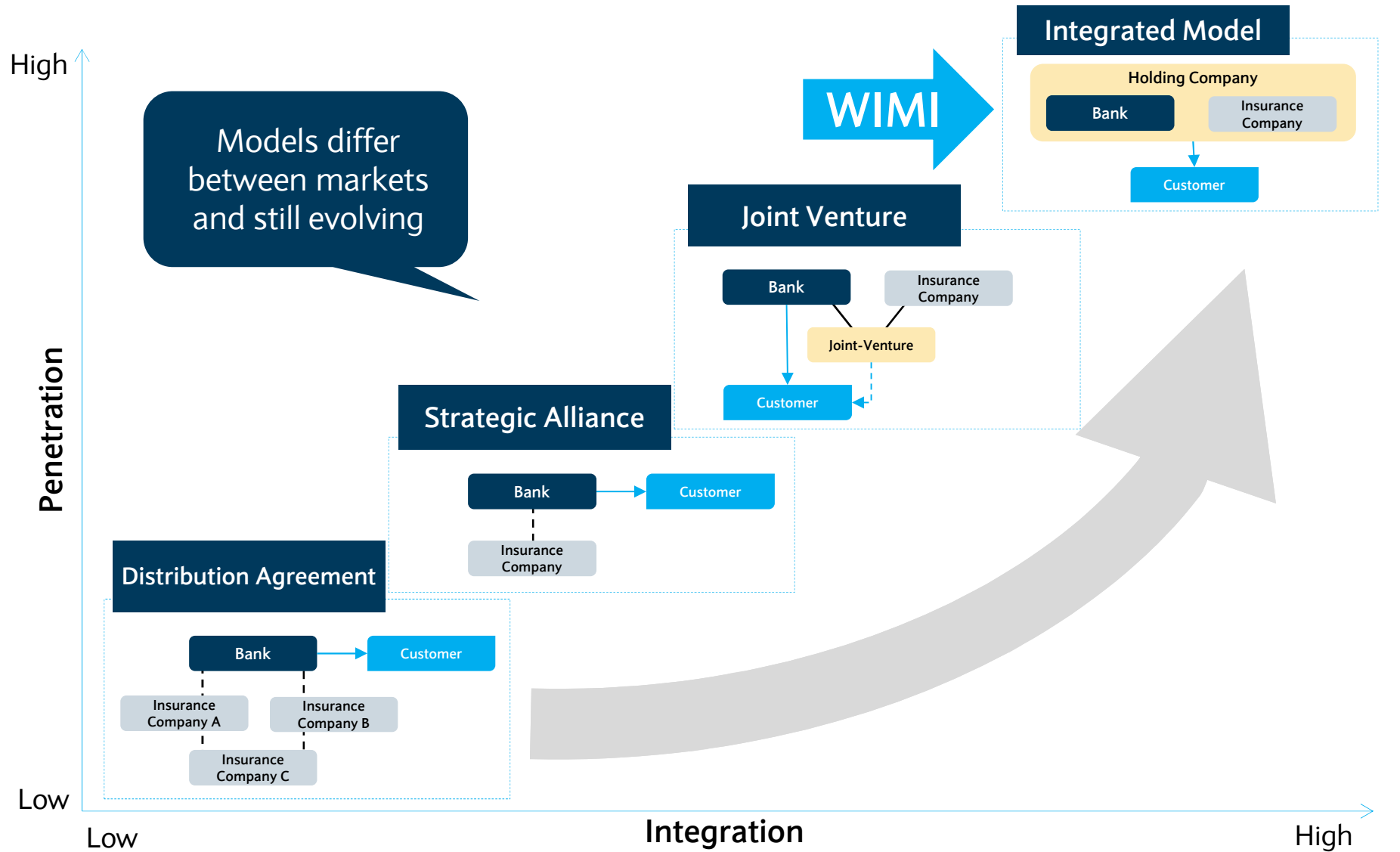
- Convenience and increased access to insurance and other financial services
- Trust in banks high in SA Banks can offer competitive pricing due to low customer acquisition costs
- Integrated solutions for customer based on lifecycle
- Widespread multi-channel access offers customer convenience
- **Bancassurers have imperative to solve customer complaints, pay claims, deliver good outcomes etc to maintain core banking relationships**

## SOCIETAL BENEFITS







- Increased insurance penetration
- Higher financial inclusion is key for economic development
- Opens opportunity for broader financial conversations (e.g. long-term savings and investments)
- Promotes growth of retail products

Our model has also provided attractive cash returns to Barclays Africa Group with a 23% average RoE and WIMI has paid dividends of over R6bn in the past five years

# Bancassurance models are evolving



# WIMI's offerings and distribution

WIMI Solutions	
<b>Life Insurance</b> 	<ul style="list-style-type: none"> <li>Credit life</li> <li>Complex life</li> <li>Accident</li> <li>Funeral cover</li> </ul> <ul style="list-style-type: none"> <li>Customers*: c1.6m</li> <li>Penetration**: c60%</li> <li>PBT: R1bn</li> </ul>
<b>Short-term Insurance</b> 	<ul style="list-style-type: none"> <li>Personal lines</li> <li>Commercial</li> <li>idirect</li> </ul> <ul style="list-style-type: none"> <li>Customers*: c500k</li> <li>Penetration**: c13%</li> <li>PBT: R281m</li> </ul>
<b>Wealth and IM</b> 	<ul style="list-style-type: none"> <li>Active, Passive, Alternative, multi-management</li> <li>Wealth management, unit trust, stockbroking, linked investments</li> </ul> <ul style="list-style-type: none"> <li>Customers*: c200k</li> <li>Penetration**: c6%</li> <li>PBT: R627m</li> </ul>
<b>Employee Benefits</b> 	<ul style="list-style-type: none"> <li>Private Funds for corporates</li> <li>Umbrella, plan-based funds</li> <li>Retirement Annuities</li> </ul> <ul style="list-style-type: none"> <li>PBT: R72m</li> </ul>
<b>Trust</b> 	<ul style="list-style-type: none"> <li>Wills</li> <li>Trusts</li> <li>Estates</li> </ul> <ul style="list-style-type: none"> <li>Customers*: 500k</li> <li>Penetration**: c13%</li> <li>PBT: R135m</li> </ul>
<b>Africa</b> 	<ul style="list-style-type: none"> <li>Current: South Africa, Botswana, Zambia, Mozambique, Kenya, and Tanzania</li> </ul>

Multi-Channel Distribution (SA)	
<b>Face to Face</b>	<ul style="list-style-type: none"> <li>Retail advisors</li> <li>Wealth advisors</li> <li>Financial Planners (tied)</li> <li>Other (incl. EB advisers)</li> <li>Advisory sales support</li> </ul>
<b>Branches &amp; Kiosks</b>	<ul style="list-style-type: none"> <li>Advice consultants</li> <li>Non-advice consultants</li> <li>Branch sales support</li> </ul>
<b>Call Centres</b>	<ul style="list-style-type: none"> <li>Sales agents</li> <li>iDirect</li> </ul>
<b>Digital</b>	<ul style="list-style-type: none"> <li>Online bank registered users for insurance, unit trusts and fiduciary solutions</li> </ul>

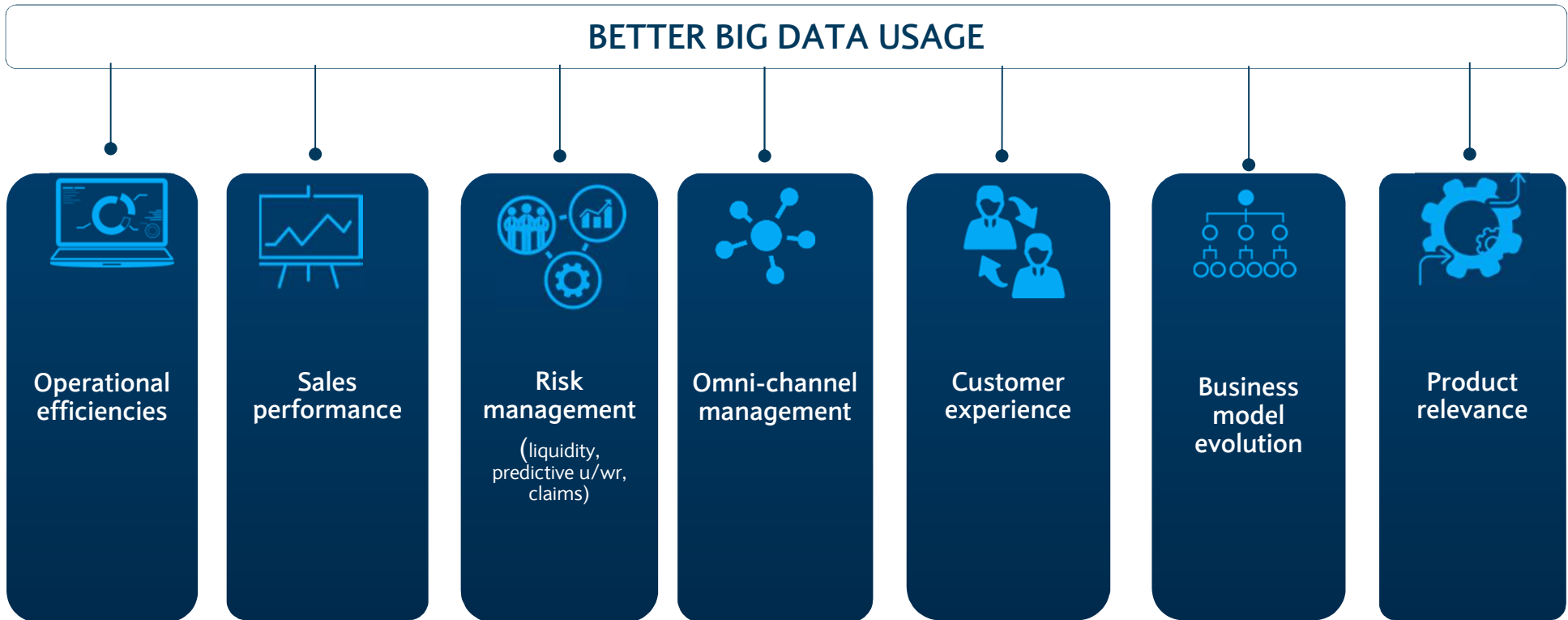
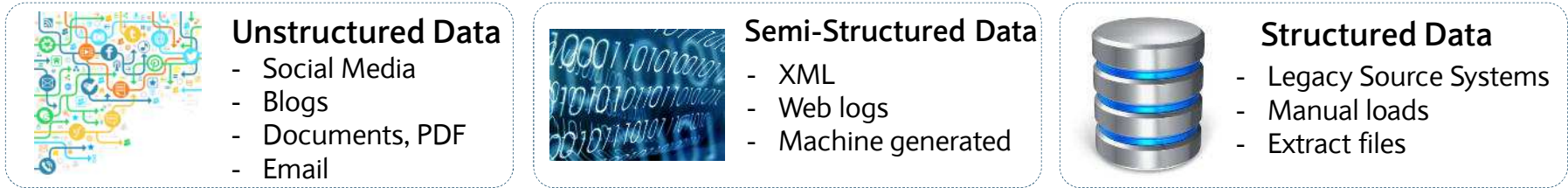
Note \* Income generating customers, \*\* Penetration of chosen target customer segments

# Our integrated model offers strategic advantages

- **ONE CUSTOMER** #1  
One view of customer to drive behavioural analytics and insights
- **SINGLE VIEW OF CUSTOMER VALUE PROPOSITION**  
Seamless customer segmentation and full customer value propositions
- **USE THE BANK BRAND**  
Get the bank to benefit from the full customer value proposition
- **INTEGRATE MARKETING** #2  
Products should look and feel like bank products
- **MAXIMISE THE CHANNELS** #3  
Blended channels that benefit the customer
- **LOYALTY FOR ALL** #4  
Customers to get the full value of using the bank for all their services



# #1: One customer



# #2: Seamless marketing



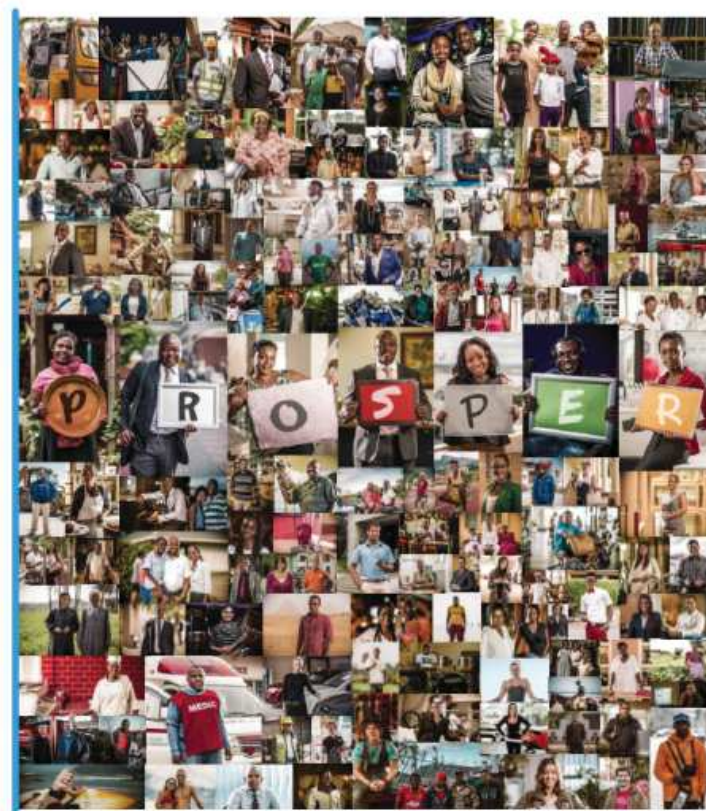
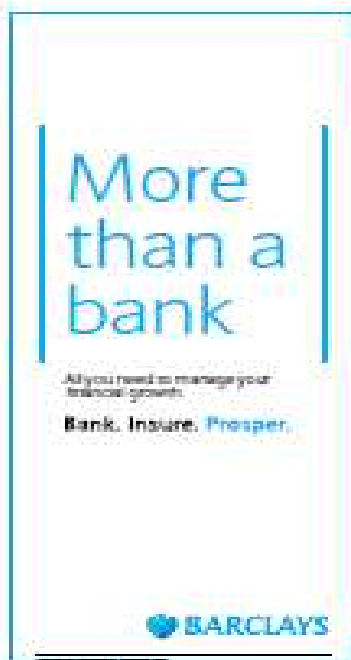
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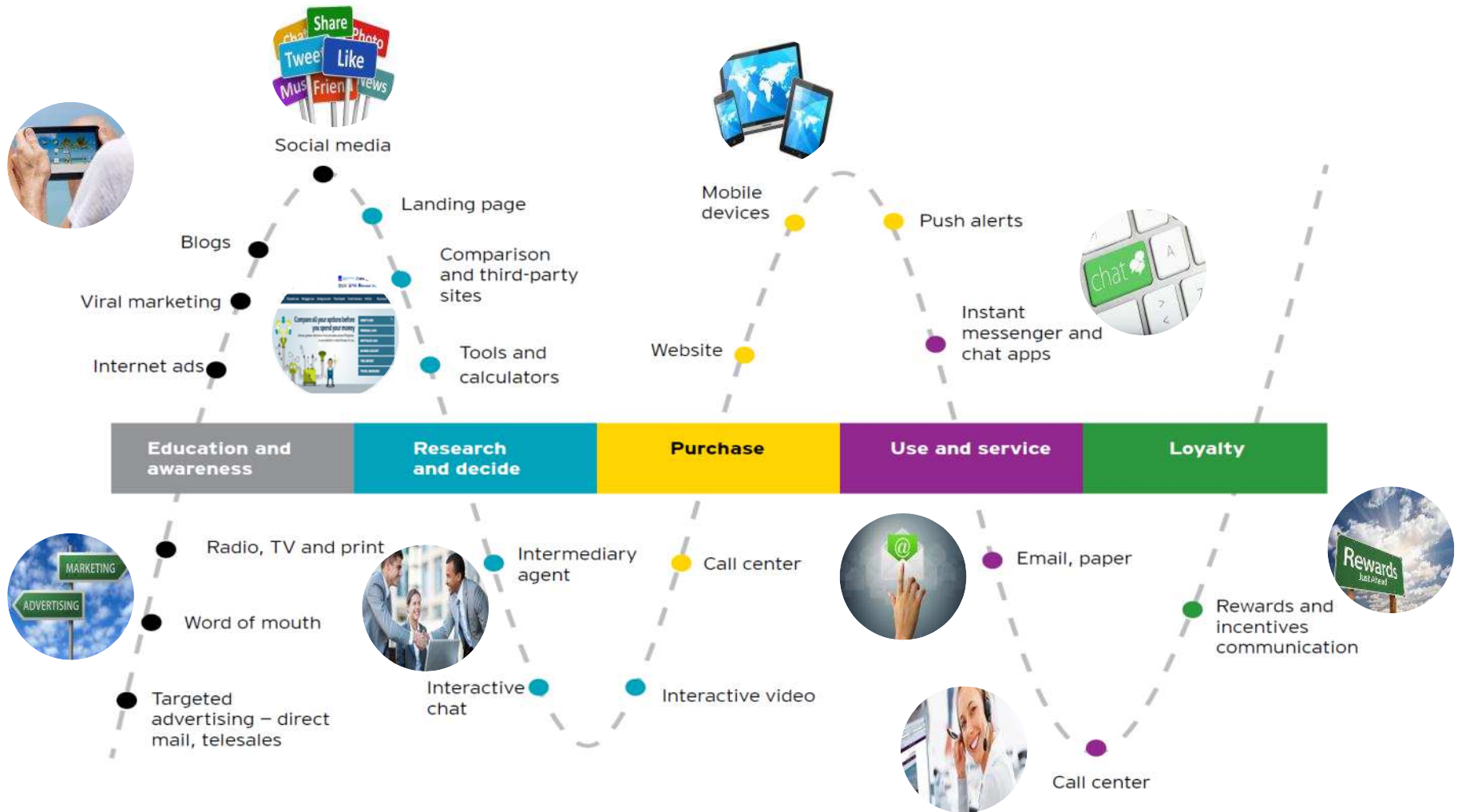
What does **prosper** mean to you?

Prosper. It's a new word you come across every day. Ask people what it means to them and you'll discover exactly what we did: that everyone has their own definition. Invariably, it's about more than money. It's about wanting a better life, one that tells a story of substance. We understand. That's why, at Barclays, we're committed to providing the products, services, and advice they need to make the most of life. It speaks to our very essence because, as we see it, we're not just there to help you live, we're here for you to prosper. [barclays.co.uk/prosper](http://barclays.co.uk/prosper)

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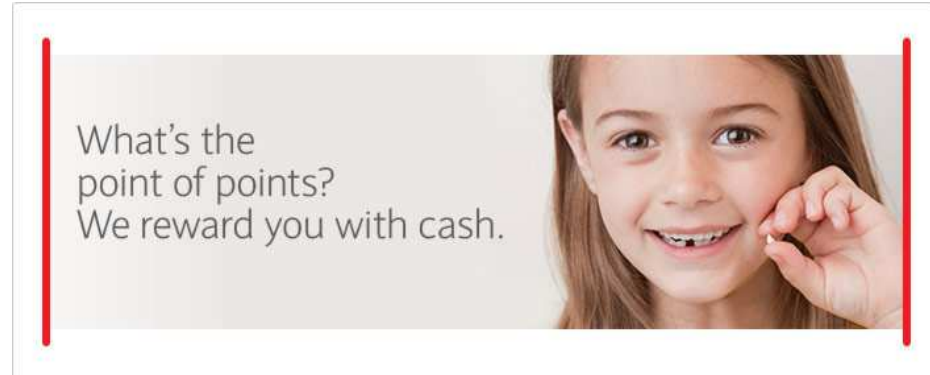
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# #3: Omni-channel access



Source: Adapted from EY, The Journey Toward Greater Customer Centricity, 2013

# #4: Loyalty for all



**ABSA**

## Features Store

Customise your cheque account with features and lifestyle benefits to suit your pocket.


Browse Select Add Features Check Out

Customise your account Features Special Offers Switch to Absa | Absa Online Customer Track your order


Bank with Absa and prosper with our value added features  
Start by choosing a cheque account, then shop from our variety of lifestyle, technology and travel features to design the solution you want

### 1. Choose your product


Select the card and core features that suit your lifestyle




Flexi account  
Minimum income: R2 000 pm



Gold account  
Minimum income: R4 000 pm




Platinum account  
Minimum income: R25 000 pm




Private Banking  
Minimum income: R62 500 pm

### 2. Choose your price

Get the right pricing option




**Pay-as-you-transact**  
An additional fee will be charged for each transaction




**Value Bundle**  
Pay a fixed monthly fee for a bundle of transactions

### 3. Add features


Value-added products and services



**Lifestyle**  
Improve your life every day



**Technology**  
Devices and data to keep you connected



**Travel**  
Become a jet setting VIP



## Accident Protect

Expedites Road Accident fund claims and provides medical-legal and administrative support. Available as part of the Road Travel Pack in the Features Store.

# Life Insurance aims to be a top 3 risk insurer in Africa



## Geographic Footprint: (The What)

Life Insurance, covering death, disability, critical illness and retrenchment, as well as funeral and investment products, while operating in

- South Africa
- Botswana
- Kenya
- Mozambique
- Zambia

## Product Suite: (The How)



### South Africa

- Credit Life
- Funeral Cover
- Group Schemes
- Personal Accident
- Hospital Cash
- Life Cover
- Education Plan
- Investment Products
- Underwritten Life Insurance (Instant Life – Entity)



### Botswana

- Credit Life
- Funeral Cover
- Individual Life (Simple & Underwritten)
- Education Plan
- Group Life
- Annuity
- Investment Products



### Kenya

- Credit Life
- Funeral Cover
- Personal Accident
- Education Plan
- Family Protection
- Group Risk & Group Funeral



### Mozambique

- Credit Life
- Funeral Cover
- Personal Accident
- Group Schemes
- Health Insurance



### Zambia

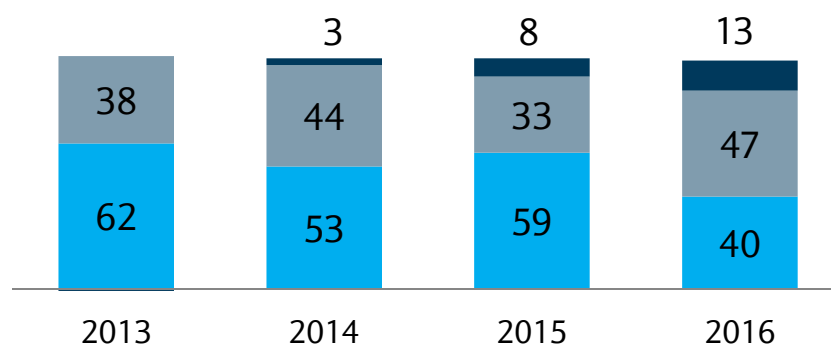
- Credit Life
- Funeral Cover
- Personal Accident
- Hospital Cash
- Group Schemes
- Health Insurance
- Travel Insurance



## Channels: (The How)

- Financial Advisors
- Direct (Call Centres)
- Branches
- Digital (e.g. Instant Life – Underwritten Life Insurance; Online)

## Value of new business(%)

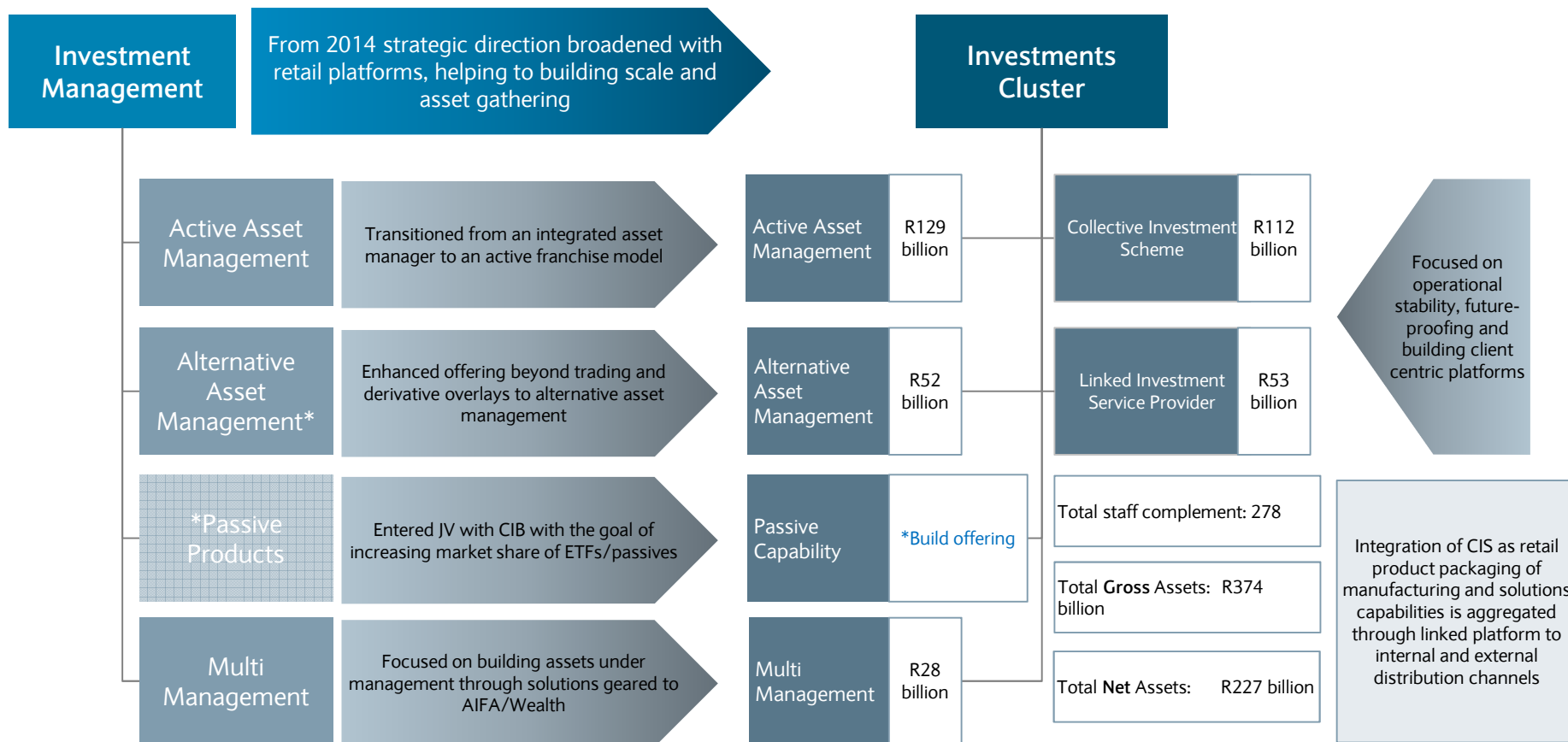


■ Credit life ■ Other risk policies ■ Investments

## Highlights & focus areas

- Diversified business mix towards standalone risk
- Prudent earnings recognition
- Attractive returns
- Continued growth in sales through our direct and digital channels

# Building diversified, multi-capability investment business



14 | Note \* Includes Passive Asset Management capability (CIB); \*\* Smart alpha refers to an alternative means of constructing an index of stocks using factors such as momentum, value and defensive rather than market capitalisation. This allows for potential additional return above standard market benchmarks using quantitative asset allocation techniques.

# Short-term aims to be preferred provider to our clients

**Geographic Footprint: (The What)**  
 Property and Casualty insurance in SA and Centre of Excellence for Rest of Africa (Kenya and Mozambique)  


**Product Suite: (The How)**  

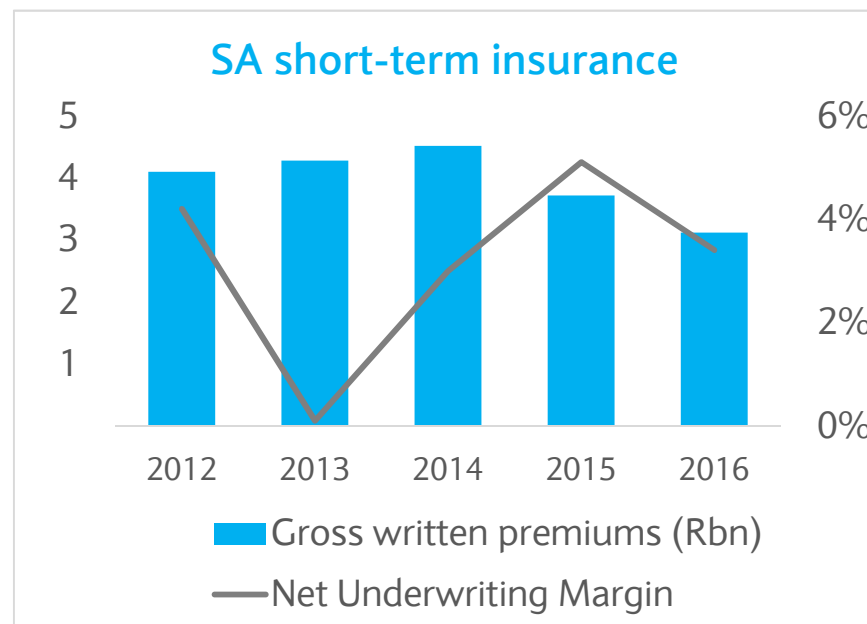

-  Personal Lines
-  Bancassurance
-  Commercial Lines
-  Niche

**Channels: (The How)**  


-  Intermediated
-  Tied Agency
-  Embedded Bancassurance
-  Direct
-  Digital (Online and Apps)

**Highlights & Focus Areas**

- Pricing interventions & claims cost initiatives improved margins but negatively impacted sales
- Rest of Africa premium growth slowing due to economic headwinds and increased competition.
- Digital channel to enable self service & automation
- Data & Analytics to improve retention & risk management
- Remedial actions in rest of Africa to restore profitability



# Disclaimer

## Forward-looking statements

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