



SME BUSINESS SOLUTIONS

CASE STUDY: TBC BANK'S NON-FINANCIAL SERVICES STRENGTHEN GEORGIAN SME CLIENTS

TBC Bank, Georgia

IN PARTNERSHIP WITH



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO



**International
Finance Corporation**
WORLD BANK GROUP



Bank's Need

The goal of TBC Bank was twofold:

1. help SME clients overcome major obstacles to doing business and thereby become stronger banking clients.
2. become a market leader – a major partner bank for SMEs.

By helping its SME clients address their insufficient business management skills, TBC Bank could help them build up their business knowledge and achieve better results.

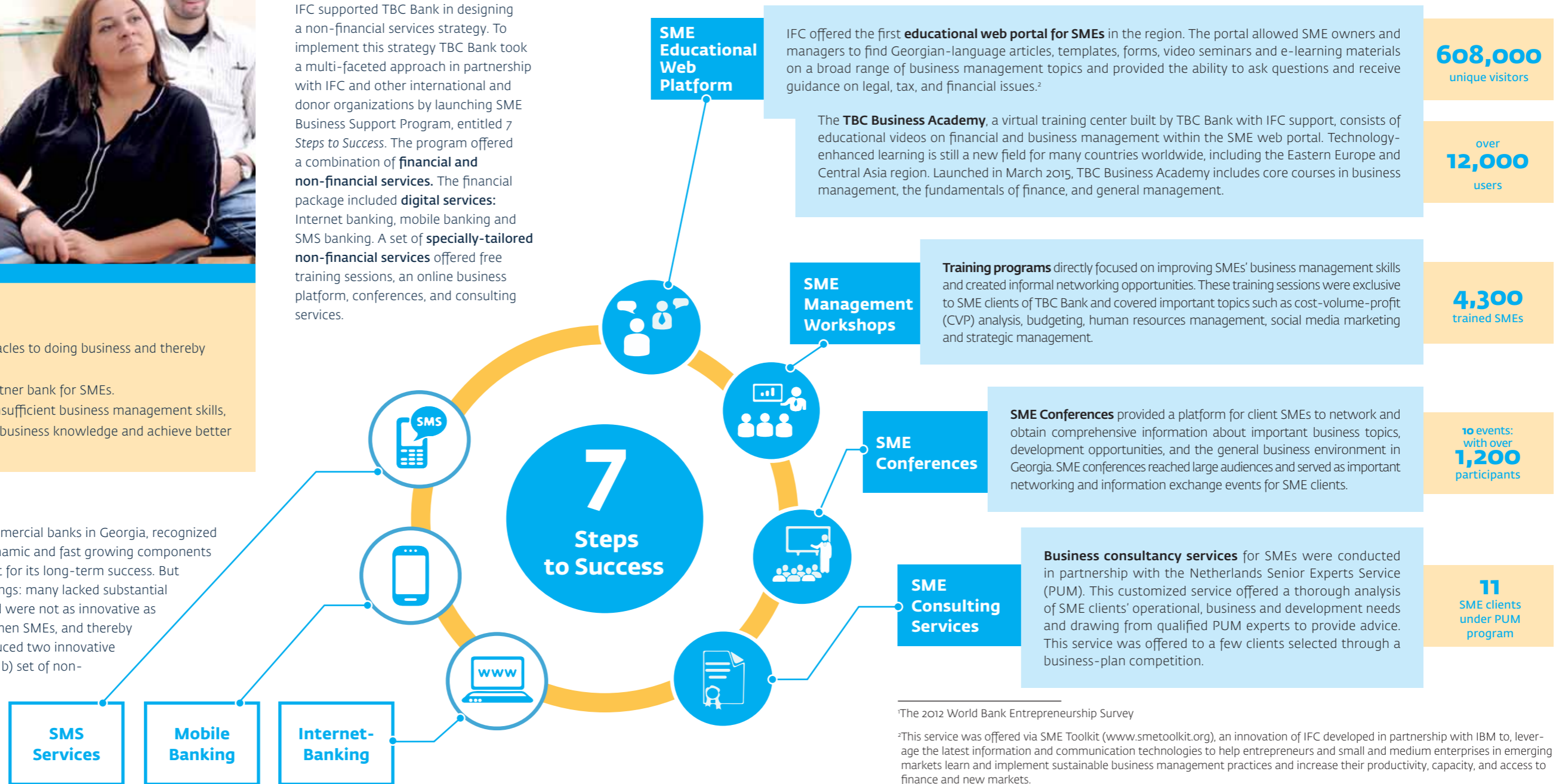
Challenge

In 2012 TBC Bank, one of the stronger commercial banks in Georgia, recognized that the SME sector – one of the most dynamic and fast growing components of the country's economy – was important for its long-term success. But SMEs in Georgia had numerous shortcomings: many lacked substantial managerial and technical specific skills and were not as innovative as SMEs in neighboring countries.¹ To strengthen SMEs, and thereby its own competitiveness, TBC Bank introduced two innovative packages: a) digital technical support; and b) set of non-financial services (NFS). TBC partnered with IFC, a member of the World Bank Group, which had significant global experience in developing these services in local markets, to develop non-financial services for its SME clients.

Project Approach

IFC supported TBC Bank in designing a non-financial services strategy. To implement this strategy TBC Bank took a multi-faceted approach in partnership with IFC and other international and donor organizations by launching SME Business Support Program, entitled *7 Steps to Success*. The program offered a combination of **financial and non-financial services**. The financial package included **digital services**: Internet banking, mobile banking and SMS banking. A set of **specially-tailored non-financial services** offered free training sessions, an online business platform, conferences, and consulting services.

The Key Components of the NFS Program:



¹The 2012 World Bank Entrepreneurship Survey

²This service was offered via SME Toolkit (www.smetoolkit.org), an innovation of IFC developed in partnership with IBM to, leverage the latest information and communication technologies to help entrepreneurs and small and medium enterprises in emerging markets learn and implement sustainable business management practices and increase their productivity, capacity, and access to finance and new markets.

Results

TBC Bank's focus on small and medium-sized businesses, through its NFS approach, has been a considerable success. Since the launch of the Business Support Program in 2013, the Program has helped position it in the market as the partner of choice for that customer segment.

Strategic differentiation from competitors	#1	partner bank for businesses
Better client acquisition	50%	of newly registered businesses become TBC Bank's clients.
	57%	increase in the number of SME clients (from 42,000 in 2013 to 67,000 in 2015)
Portfolio growth	37%	annual growth in the SME portfolio since 2013
Increased client loyalty	59%	Net Promoters Score (NPS)
Strengthening client performance and profitability	2%	non-performing SME loans remain low despite political and financial turmoil

The success of the NFS program and IFC's skills development offerings for SMEs in Georgia were recognized by the International Business Brilliance Award under the category, *The Best New Product Launched in 2014*.

Benefits for the Bank

- Market leadership:** By deploying non-financial services, TBC Bank brought its service for MSME clients to a new level, where the bank is providing a combination of financial support and business advice.
- Maximum reach to clients:** A suite of complementary NFS offerings maximized the reach of TBC Bank to its clients through new delivery channels.
- Better performance of SME clients:** The business performance of SME clients can be enhanced by offering complementary non-financial services that strengthen SME business skills.
- Sustainable customer base:** NFS also enhances SME client satisfaction and loyalty, providing a stronger, more stable customer base despite local and global political and financial turmoil.
- Global expertise to local clients:** Partnerships with international development institutions, such as IFC, ADB, or PUM, help local banks bring global experience to local clients.

IFC EMENA Banking Advisory Services IFC SME and Value Chain Solutions

Olena Prokopovych, EMENA Non-Financial Services Lead
oprokopovych1@ifc.org
ifc.org



Project Lead Says:

TBC Bank provides an excellent example of how financial institutions can effectively embrace the untapped potential of SMEs by helping existing and prospective clients develop their business and financial skills. TBC Bank's experience led to a chain reaction: new clientele started onboarding very shortly after the bank offered NFS. This translates into a growing SME portfolio, increased sales of SME products/services, lower NPLs, better results and satisfied customers choosing TBC as their partner bank.

Garth Bedford,
Banking Advisory Services Lead, Central Asia and
Eastern Europe, IFC

Partner Says:

The innovative NFS package truly complemented the TBC Bank's new MSME strategy and helped us stand out in a very competitive and well-developed financial market. As a result of supporting our client MSMEs through NFS, TBC Bank is now perceived as a partner bank for micro, small and medium size businesses.

Tamar Zhizhilashvili
Deputy Director,
Business Banking

Beneficiary Says:

Those who have made investments into small family businesses often are unable to get business advice from highly qualified specialists. It's the same with me. Being self-educated and new to the business environment, I am trying hard to learn and develop professional business skills. To do so, I could never imagine any better partner than www.tbcbusiness.ge.

Mariam Gengashvili
Entrepreneur and Founder of Silver Hotel