

Banking without Bricks and Mortar

The 70 year old former mineworker in Welkom slowly swiped his new plastic card through the small portable banking machine. As it showed his transaction had been completed, he grinned. "Free at last," he said. "Free at last."

For impoverished communities like his that depend on mining, banking has remained beyond

reach. Despite some rapidly growing national financial programs to serve the rural and township poor, nearly half of all South Africans still have no access to bank services. As they confront infrastructure hurdles and high establishment expenses, some banks are exploring lower cost mechanisms to reach the market of 17 million unserved potential clients.

Shared Interest's most recent guarantee represents a breakthrough in banking. It is designed to enable 360,000 impoverished South Africans to open bank accounts in their communities for the first time -- electronically. The R5,400,000 facility will partially guarantee R12 million in credit extended by Teba Bank to launch "portable banks." Upon completion of this pilot project, Teba plans to roll it out to thousands more low-income South Africans.

Shared Interest's partner, the Thembani International Guarantee Fund, has structured this guarantee with Teba, which has operated in South African mining communities for more than a century. The National Union of Mineworkers is one of its major shareholders. Three years ago, Teba sought a cost-effective way to expand further beyond the mining areas. First the bank provided a debit card for its customers. Then, it developed the systems and software to deliver services to previously "unbankable" communities -- without the bricks and mortar.

The new technology is a "Point of Service" (POS) machine resembling a credit-card processing device and weighing less than two pounds. Operating on batteries and satellite cell technology, it is activated by a card similar to a debit card and programmed with a



BFS clients learn to use portable banking machines.

PIN number. Transactions include basic ATM services in addition to bill payments and Visa/MasterCard accreditation.

The system is people-intensive. Teba will extend credit for two franchisees to purchase 4,000 POS devices over a three-year period and lease them for R350 a month to nearby community merchants. These may be small

spaza shop-keepers or other retailers whose own businesses would benefit from financial products. They will be approved to offer specific services tailored to their goals, capacities and customers. With each transaction, they will earn a small profit, to be shared with Teba. The bank will assist franchisees in maintaining or if necessary replacing the devices, providing electronic trouble-shooting, weekly telephonic upgrades, a call center and back-up machines.

Teba has tested its system with Beehive Financial Services (BFS), another Shared Interest guarantee beneficiary, which extends credit through groups of women who save and borrow together. BFS has found the cards to be practical and popular among its clients, who can use them to purchase goods from suppliers without the dangers of carrying cash.



Customer displays her new bank card.

Teba is eager to broaden its client base. "After six months, Teba can establish a credit history for a client to use when that client comes to Teba for a loan," points out consultant Veon Cupido. The bank is running a race against time. Soon competing banks will try to imitate the technology. By then, many new customers will be established as "bankable." And that, for Shared Interest and Thembani, is the point.

NOTE: US\$1 = R6.4 on September 21, 2005

Twin Cities and Detroit Receive S.I. and C.G.



PHOTO: ROY LEVINS

Herb Strather addresses guests.

This summer Shared Interest organized events in Minneapolis and Detroit to introduce its work and to welcome Chicago-based South African Consul General, Yusuf Omar. As a previous Consul for the South African Consulate in Dubai; manager of the Department of

Trade and Industry's Trade and Investment Promotion Plan in Africa and the Middle East; and anti-apartheid activist -- Mr. Omar maintains a strong commitment to human rights, the development of international partnerships and small-medium enterprises.

In Minneapolis, the reception was hosted on July 20 by the Center for Global Education at Augsburg College, a



Consul General Yusuf Omar, Donna Katzin, Rev. Mangedwa Nyathi and Consul Machiel Van Niekerk at Detroit reception.

provider of cross-cultural, educational opportunities in Latin America, Southern Africa and other sites across the globe. Organized with the assistance of seasoned activist and South Africa supporter, Mark Halvorson, the evening engaged Twin Cities' internationalists in discussions about ways to further South Africa's development during its second democratic decade.

In Detroit, on August 11, Shared Interest investor Herb Strather, hosted a breakfast for Shared Interest and the Consul General at the Renaissance Club. Mr. Strather is

INVESTOR SPOTLIGHT

OMI Increase Loan to Shared Interest

In September, the U.S. Province of the Missionary Oblates of Mary Immaculate increased their loan to Shared Interest from \$300,000 to \$500,000. The order of 4,500 priests and brothers working in 71 countries has a long history in the region.

"Southern Africa holds a special place in our history, as it stands among the first places our founder chose to establish a missionary presence," noted Fr. Seamus Finn OMI. "We have many moving stories in our archives about the work of the congregation in South Africa. We are blessed to count the late Archbishop Denis Hurley OMI in our family and we celebrate the contribution of hundreds who made their home and their life's work there."

During the 1980's, the Oblates joined others working with the Southern African Catholic Bishops Council and South African Council of Churches to end apartheid. In the year 2000, they made their first loan to Shared Interest.

"Our renewed and increased commitment to the work of Shared Interest serves to strengthen the very special bond that the Oblate congregation feels with the people of Southern Africa," explained Fr. Finn. "We are grateful for the ways in which Shared interest makes it possible for us to fortify our relationship and celebrate the South African people's courageous pilgrimage to freedom."

a founding partner of Atwater Entertainment Association. Guests discussed the roles of government, business, individuals and religious congregations in advancing South Africa's goals. Rev. Mangedwa Nyathi of Hartford Memorial Church and Rev. Justus Reeves of the Progressive National Baptist Convention (PNBC) helped organize the event.

The previous evening, PNBC honored Shared Interest with its Esther Smith International Missions Award. "This year's award was presented to Shared Interest for its extraordinary work for the people of South Africa," commented Rev. Reeves. It also highlights Shared Interest's ongoing partnership with the highly committed denomination and its member congregations. Thanks to all!

FROM THE EXECUTIVE DIRECTOR

Dear Friends,

One of the most empathetic statements after Hurricane Katrina came from President Mbeki. This was no coincidence. South Africa's own struggles with disaster and development have taught basic lessons about reconstruction and, ultimately, justice.

First the parallels. Apartheid and slavery have left a wake of economic deprivation and environmental degradation – disproportionately directed at low-income black communities. In the impoverished neighborhoods of the Delta, and the townships and rural areas of South Africa, residents wage an uphill battle for jobs, homes, and basic services – while seeking a say in their own communities' reconstruction.

Now the differences. First, although South African relief efforts are not always optimal, the nation's constitution enshrines basic economic rights absent from our legal framework, such as access to housing. Second, despite fierce South African debates, their national priorities clearly focus on providing jobs, secure homes, and healthy communities. The same cannot be said of U.S. policies directed at the Delta.

Third, as South Africans have debated the plans to replace shack settlements, it has increasingly recognized its grassroots communities as drivers of "democratic development." They have yet to teach our nation their lessons of restorative justice.

Ultimately, communities devastated by Katrina – and apartheid – will not only measure success by the jobs,

...Long distances separate us from the states of Louisiana, Mississippi and Alabama that bore the brunt of the destructive fury of Hurricane Katrina. But as human beings, and given our historic links with the American people, we cannot but share their pain at this moment of a degree of suffering that no human beings should be asked to endure.

At this moment of great tragedy for the American people, we cannot but recall that they helped to prepare some of our greatest liberators for the work they did to establish and lead our movement, the ANC...Neither can we forget the intense and sustained struggle they waged as an important part of the world anti-apartheid movement, which played such a vital role in helping us to achieve our freedom...

It is therefore both natural and inevitable that we too should grieve with the American people as they strive to cope with the catastrophe imposed on them by the ferocious Hurricane Katrina. As an expression of that grief, we have conveyed our sincere feelings of sympathy and solidarity...We did this hoping that the knowledge of our sentiment would, at least, help to assuage their pain and strengthen them in their efforts to rebuild the lives of the living, who have lost everything

– **Thabo Mbeki**, Letter from the President,
ANC Today, September 9, 2005

houses and services delivered. They will also assess their power to rebuild according to their own agendas and dreams.

Sincerely,
Donna Katzin



Executive Director

Yes, I support South Africa's democratic development!

- Please send me information about how to invest in Shared Interest.
- I am enclosing a tax-deductible contribution for \$_____ to support Shared Interest's work.
- Or, please bill my: VISA MASTERCARD AMERICAN EXPRESS
- for a tax deductible contribution of \$_____.

Account Number _____

Exp. Date _____

Signature _____

- Please add me to your mailing list.

- Please send Newsletter E-Mail only.

Name _____

email _____

Address _____

Zip _____

Please return this form to:

Shared Interest
121 W. 27th Street, Suite 905
New York, NY 10001

Or fax it to (212) 337-8548

For further information please call: (212) 337-8547

Or email: info@sharedinterest.org

Website: www.sharedinterest.org

Thank you for your generous support.



Mumsy Malema

Raising five children would not have been easy in Ipopeng, the small low-income community in Limpopo where Mumsy Malema lives. But after her husband lost his job in a local milling company and was unable to find work on any of the local farms, the family's economic situation became critical. Mumsy tried selling vegetables. But business was unreliable. "People don't pay until after a long time," she recalled.



Mumsy observed that a number of women in her village were saving and borrowing together in groups of five to start and expand their businesses, under the auspices of the Small Enterprise Foundation (SEF) (a beneficiary of a Shared Interest guarantee). She told one of

her neighbors that she was interested in joining a group so that her children could continue in school. Last year, when a space became available, her colleagues invited her to join them. She explained, "they appreciated me." Their invitation began to change her life.

With the help and advice of the other group members, and a R1,000 loan from SEF, Mumsy began a new business: selling snacks to school children during recess. A resourceful entrepreneur, Mumsy observed that the youngsters were savvy consumers who compared the sizes and prices of snacks sold by competing vendors. She moved quickly to put a few more snacks in each plastic bag. With three subsequent loans, each of R1,000, Mumsy has increased her sales and branched out to make and sell frozen juice ices. Today Mumsy's business and family are both doing well. She is now working and planning, with hopes of sending all of her children to college.

SAVE THE DATE

Monday, March 6, 2006

Shared Interest's 6th Annual Awards Dinner

Gotham Hall, 1356 Broadway, New York City

For information, please call **646-442-0186**

Shared Interest's mission is to mobilize the resources for South Africa's economically disenfranchised communities to sustain themselves and build an equitable nation.

SHARED INTEREST

121 W. 27th Street, Suite 905

New York, NY 10001

Address Service Requested