



Speaker notes Nirmala Reddy: Senior Manager, Enterprise Development, Business Banking, Nedbank

AWIEF opening plenary session: Nedbank introduction

Thursday 8 November

- Honorable heads of state,
- Members of Government,
- Distinguished guests,
- Members of the media,
- Ladies and gentlemen,

Good morning,

My name is Nirmala Reddy and I am the Senior Manager for Enterprise Development, Business Banking, at Nedbank, one of South Africa's 'big four' banks.

There is no doubt about the important role that micro, small and medium enterprises play in building and growing a country's economy. Apart from any other consideration, the sector creates vital jobs – to the extent that it's expected to account for 90% of new jobs in South Africa by 2030, according to the National Development Plan.

But it's also been said that entrepreneurs are the ones who really change the world. Indeed, it is the visionary entrepreneurs who create whole new sectors – think of Steve Jobs and Bill Gates, without whom our business and social lives would be very different today.

So too do entrepreneurs create social change. A study by HSBC in 2016 found that **64% of entrepreneurs believe it is their duty to have a positive social and economic impact on society** and 74% had given to good causes in the preceding year. Furthermore, one-third of business owners contribute to society by taking an unpaid role in the community or donating time or expertise to social causes.

The role of the SMME sector in developing countries is even more critical: the entrepreneurial spirit is one that is able to identify new opportunities and is willing to

take the necessary risks to exploit them. Which in turn helps to break the vicious circle of low income and poverty that exists in developing countries.

Yet, we are seeing **fewer businesses being born now than 30 years ago**. The good news is that business failure rates are in a long-term decline, with **the rate at which businesses fail having fallen by 30% since 1977**.

Why do small businesses fail? Various research studies have found that 46% of businesses fail due to **incompetence**, 30% due to **lack of managerial experience** and 11% due to **lack of experience**.

In line with this, entrepreneurs surveyed for the annual Global Entrepreneurship Monitor believe the aspects of entrepreneurship education that are vital in preparing them to start their own business are **basic business skills** such as marketing or computer applications; **leadership and management skills**; and **entrepreneurship in practice skills such as business plans or business simulations**.

At Nedbank, we believe that small businesses also fail due to lack of access to funding: while studies have found that **80% of entrepreneurs use their own money** to fund their businesses, those that apply for financial assistance **walk away with a paltry 40% of the sum they require, with only 65% of loans sought approved**.

According to the 2018 Global Entrepreneurship Index rankings – an annual index that measures the ‘health’ of the entrepreneurship support systems in 137 countries across the globe – **Africa is one of the least supportive environments for the SMME sector**. The ‘healthiest’ African country on the index is Botswana, which ranks a dismal 52nd out of the 137 countries. South Africa is next at 57th, Namibia at 61st... and the rest of the African nations trail behind in the bottom third of countries ranked, if they’re listed at all.

So where does all of this knowledge leave Nedbank – an African bank whose simple purpose is to use its financial expertise to enable individuals, businesses and society to do good?

Nedbank has, over the years, instituted various interventions aimed at giving support to the small business sector. Over and above financial and funding support, we provide small business owners with assistance that goes beyond banking. Initiatives such as Small Business Friday, our free bi-annual Small Business Seminars and the SimplyBiz.co.za platform are all geared to support and nurture entrepreneurs.

While our enterprise development division supports the infrastructure of the sector in a number of ways:

- Through job creation in partnership with various municipalities, providing grant funding for capacity-building and mentorship programmes. The programmes encompass that much-needed business skills training and mentorship to ensure that the theory is practically applied in the respective businesses.
- Partnerships and alliances with non-governmental organisations (NGOs) that focus on job creation. Nedbank's crucial role is to provide complementary support by way of financial and non-financial interventions to these NGOs and emerging black enterprises.
- Nedbank has partnered with many different business incubators, training initiatives and sector-specific interventions. These provide SMMEs with a platform that ensures an end-to-end nurturing and development solution. The SME receives crucial support, such as training and infrastructure, and access to service providers and capacity-building programmes
- Training, mentorship and specialist advisory services, through alliances with service providers that provide accredited training programmes and capacity building, SMME's are assisted in areas where they lack acumen or expertise.
- Sponsorships such as **Pitch & Polish**, a national initiative offering free workshops for entrepreneurs and startups so that they can pitch their business ideas in front of an audience and judges; and **Finfind**, an online one-stop solution for access to finance for small businesses.
- Other Nedbank partnerships/sponsorships aimed at driving hands-on engagement and mentoring include:
 - Investment in partnerships with 702's Business Accelerator and Kaya FM to drive real engagement and learning with business owners.
 - LaunchLab: sponsorship of a technology lab in Stellenbosch to provide critical support to incubate new business ideas.
 - Riversands Incubation Hub: partnership with Riversands Hub in Johannesburg to grow and develop SMEs in and around Diepsloot.

In conclusion, the success of our clients – both big and small – is central to our goal to create jobs and grow the economy.

This mindset also dictates that we remain an organisation that recognises economic upliftment, business development, job creation, community empowerment and social transformation as key drivers of Africa's sustainable future.

With this at the forefront of our minds, Nedbank actively seeks out and pursues opportunities to support communities, develop and grow small businesses, foster job creation opportunities and contribute to the overall development of a sustainable and robust social structure in South Africa.

This noteworthy organisation is one such opportunity and we wholeheartedly embrace our involvement in the Africa Women Innovation and Entrepreneurship Forum.

Thank you