

## **Opportunity for pan-African financial services player, says Sanlam's Kirk**

Cape Town, 30 July 2015: Financial services models are not easy to export to other countries, but there is a definite opportunity for a pan-African financial services player to provide consistency and support to multinationals doing business in more than one country on the continent, Sanlam Group Chief Executive Ian Kirk says.

Kirk was speaking this week at the Investment Intel conference hosted by Glacier by Sanlam and Sanlam Investments in Cape Town during a panel discussion on how big business was addressing common challenges. The panel was moderated by Patrice Rassou, head of equities at Sanlam Investments.

Kirk said creating a pan-African financial services business was challenging as there was no single African model. "Each country is different, we view this as the opportunity, and if we can negotiate the challenges, then that is where the value lies."

He said Sanlam's approach to international expansion was to partner with and support existing businesses. "This is our fundamental philosophy. We don't think we know it all in Bellville. We do it in stages, and we pick our markets carefully. It is not about sticking Sanlam flags down and announcing our arrival – it's about the business need driving the business where the opportunities are."

Kirk told the panel the ability to execute strategy was crucial for international expansion. "Anyone can do the necessary research and analysis, but the question is whether you can put your people on planes on a Sunday afternoon to go and fix a claims system in Ghana, or do the underwriting or branding, or just be there to help and support your partners in the various countries?"

Kirk was joined on the panel by two other captains of industry: Pick n Pay CEO Richard Brasher and Spur Group CEO Pierre van Tonder.

Agreeing with Kirk that every African country was different, Van Tonder said South African companies often made the mistake of thinking that expanding into other countries was a 'cut and paste' exercise. "We have operations in 13 African countries, and these are as different to each other as are 13 countries

in Europe. So our advice is to invest substantially in your research – do this properly, before you press ‘play’. Once you are on the treadmill, it is an expensive exercise to re-engineer your strategy.”

Another issue affecting businesses across all sectors was being continually left in the dark through load-shedding. Van Tonder told the panel his group had had to introduce generators as a short-term solution. “We are up to around 350 generators now, and have another 100 to go. They are not the most environmentally friendly solution in the long term, and we are working hard on alternatives.”

Van Tonder said the Spur Group had lost between 2% and 2.5% in turnover in the last financial year due to load shedding. “This naturally creates a level of anxiety. But as a South African business, we are always resilient. We are doing what we have to do at the moment.”

Addressing another challenge facing all businesses – that of sustainability – Brasher said his company had recently launched a ‘war on waste’ crusade. “We are committed to 20-20-20 by 2020. We aim to reduce our energy consumption by 20% and the food waste sent to landfill by 20%. We also aim to employ 20 people per day until 2020.

“There is a huge amount we can do. As a country, we dump 10 million tons of food in the ground through the supply chain. When at least a third of our customers are going to bed without having eaten enough, I think this is morally questionable,” he said.

Responding to a question from Rassou on how to remain relevant and succeed in capturing the so-called millennial market, Kirk said the financial services sector had to remain relevant to all segments of the market. “It’s about having the right technological ability. But another critically important factor in the financial services industry is that we are selling something intangible, a promise that we will be there for our clients in their hour of need at some point in the future. So our brand, and trust in our brand, is absolutely essential, for all market segments, including the millennials,” Kirk concluded.

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