

# **Case study: Successfully working with SMEs**

## **ProCredit Bank Albania**

**EFSE Annual Meeting, June 2011**  
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# Agenda

- ProCredit Bank Albania, mission and Shareholders
- SME in ProCredit Bank Albania
- SME market and competotors
- SME loan portfolio development
- Business Strategy and PCB Network
- How do we serve to SME Clients?
- Importance of training

# Mission and Shareholders



- ProCredit Bank is a development-oriented full-service bank. We offer excellent customer service and a wide range of banking products.
- In our credit operations, we focus on lending to Very small, small and medium-sized enterprises.
- We do not promote consumer loans. Instead we focus on responsible banking and building a savings culture among our customers.
- We invest extensively in the training of our staff in order to provide the friendliest and most competent service possible for our customers.

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## Shareholders

**80%**



**20%**



[www.commerzbank.com](http://www.commerzbank.com)

# SME Market in Albania

- More than 100,000 SME enterprises operating in Albania\*
- They contribute with more than 80% in total GDP\*.
- SME present 85% of all registered enterprises and cover 82 % of the total employment in the private sector\*.
- Sectors they are focused on: Trade , services and production
- Informality remain high
- Need more term financing with long maturities
- Sometimes lack of mortgage collateral

A successful story because:

- We do believe that development of SME play e great role in the development of Albania economy
- We made the clients our focus and we invested with our staff in long term relationship
- We know the market due to our long experience
- We know SME clients, their characteristics and their needs
- We serve to them a wide array of products, loans and banking services

## **Segmentation criteria based on characteristics of the clients**

- Informal cleints, in need for education to banking and to be focused to one bank relation
- According to the buisness yearly turnover ( Eur 50,000 – 500,000)
- No. of employees (5-50) and Volume of assets (Eur 50,000 to 1,000,000)
- To the business potential/ loan exposure potential (Eur 30,000-150,000 for Small and Eur 150,000-500,000 for Medium)

# SME competitors in Albania

- High competition on the market 5 out of 17 banks focus on SME target group
- Complex documentation and long processing time
- Lend on pledges and collateral
- High transaction costs including fees for evaluation, life and mortgage insurance
- Lack of skills for identifying the right product for the client
- Long term financing only for mortgage loan
- Lower interest rate attraction

# Business Strategy

## HomeBank for Business

- Aiming a home bank and responsible lending for all SME clients.
- Offering full service to SME clients
- Building up long term relationships and maximising SME networks
- Establishment of a well structured organization, based in professional regularity communication and loyalty.

## Dedicated structures

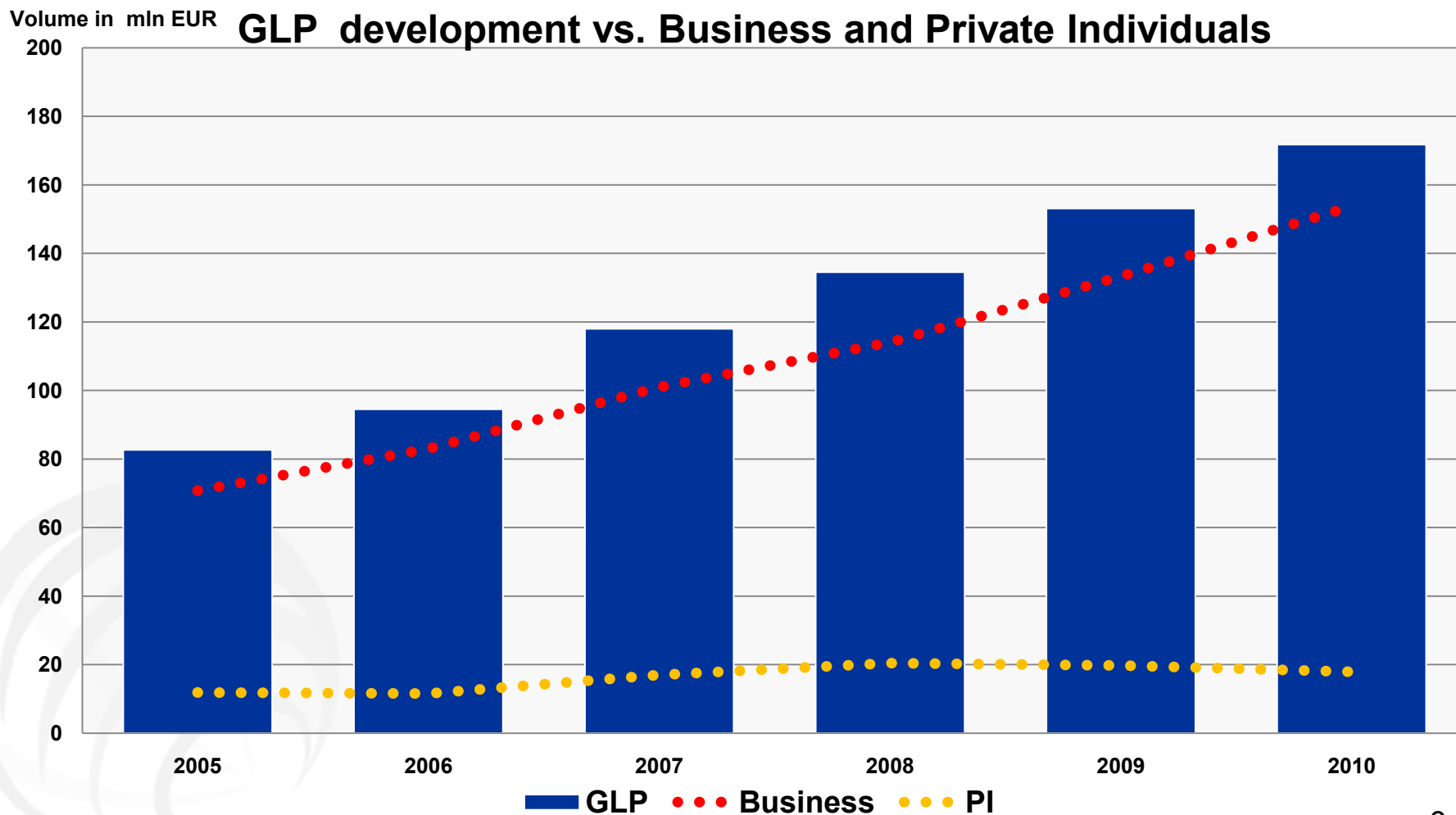
- A dedicated structure of Head Office aiming to support the branches in their SME Lending
- Strategy definition and implementation to ensure steady SME development
- A clear guideline on policies, processes and procedures
- Building stable branch structure to support SME development
- Business Units and branches are organized to better serve business clients needs.
- Separation of business units into . Business Centres, Branches, Service Centers and Service Points

## Specialised Staff

- Specialized staff profile responsible for client relationship management ( Medium CRM, and Small Business Advisors)
- Specialized structures for risk assessment (Small & Medium Credit Analysts)

# PCB Albania

## Loan Portfolio Development



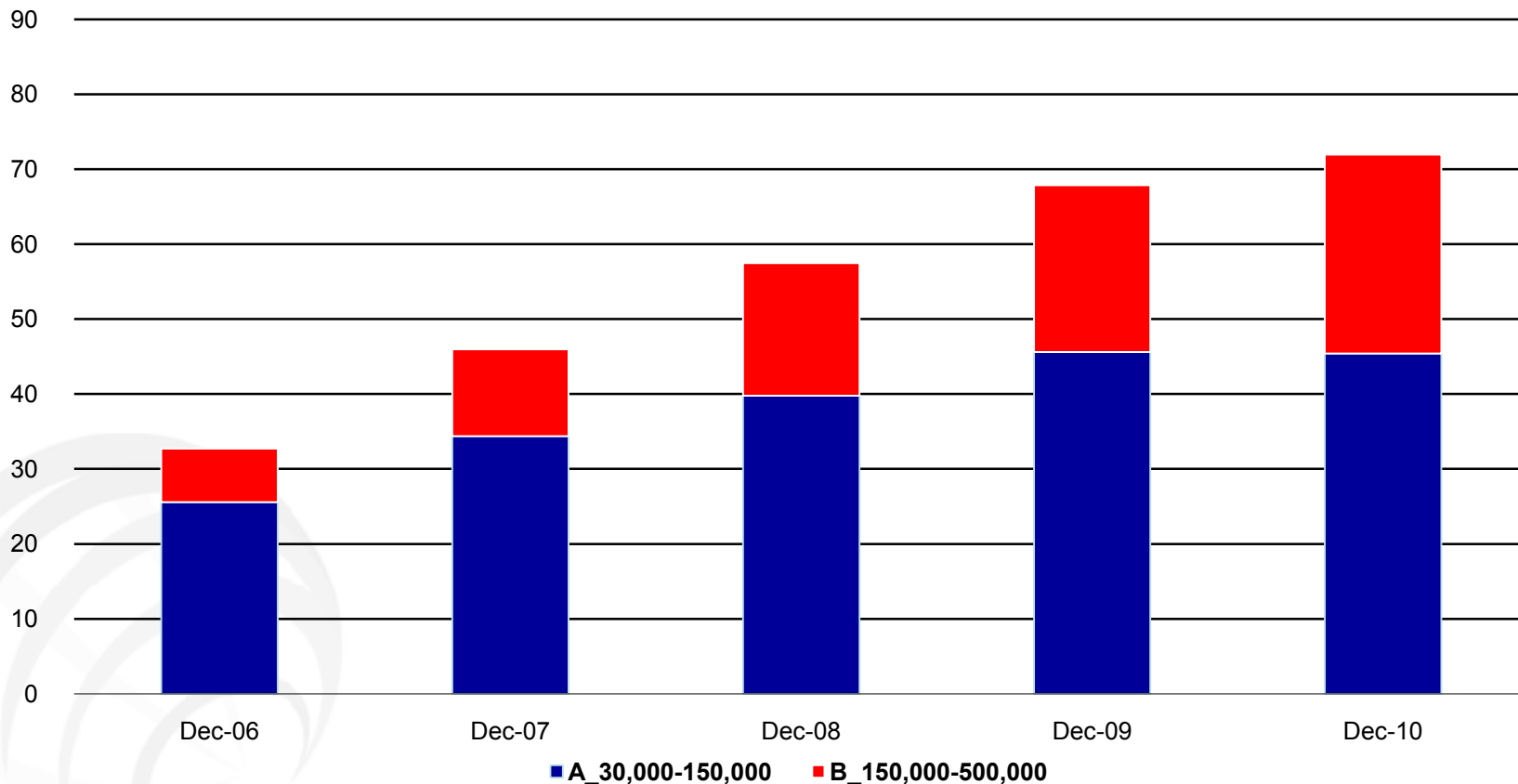
# SME Loan Portfolio Development



ProCredit Bank

## SME Loan Portfolio Development

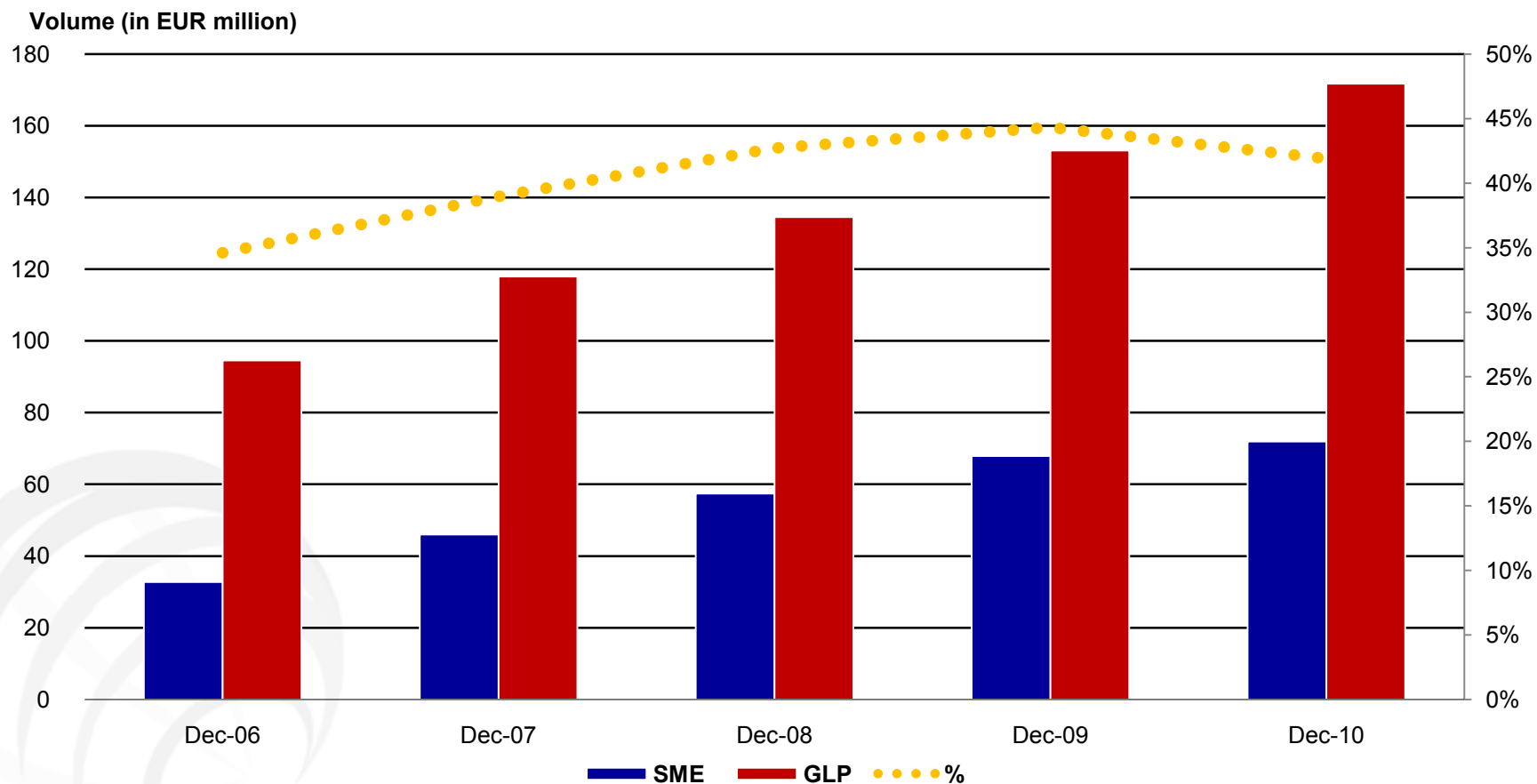
Volume (in EUR million)



# SME Loan Portfolio

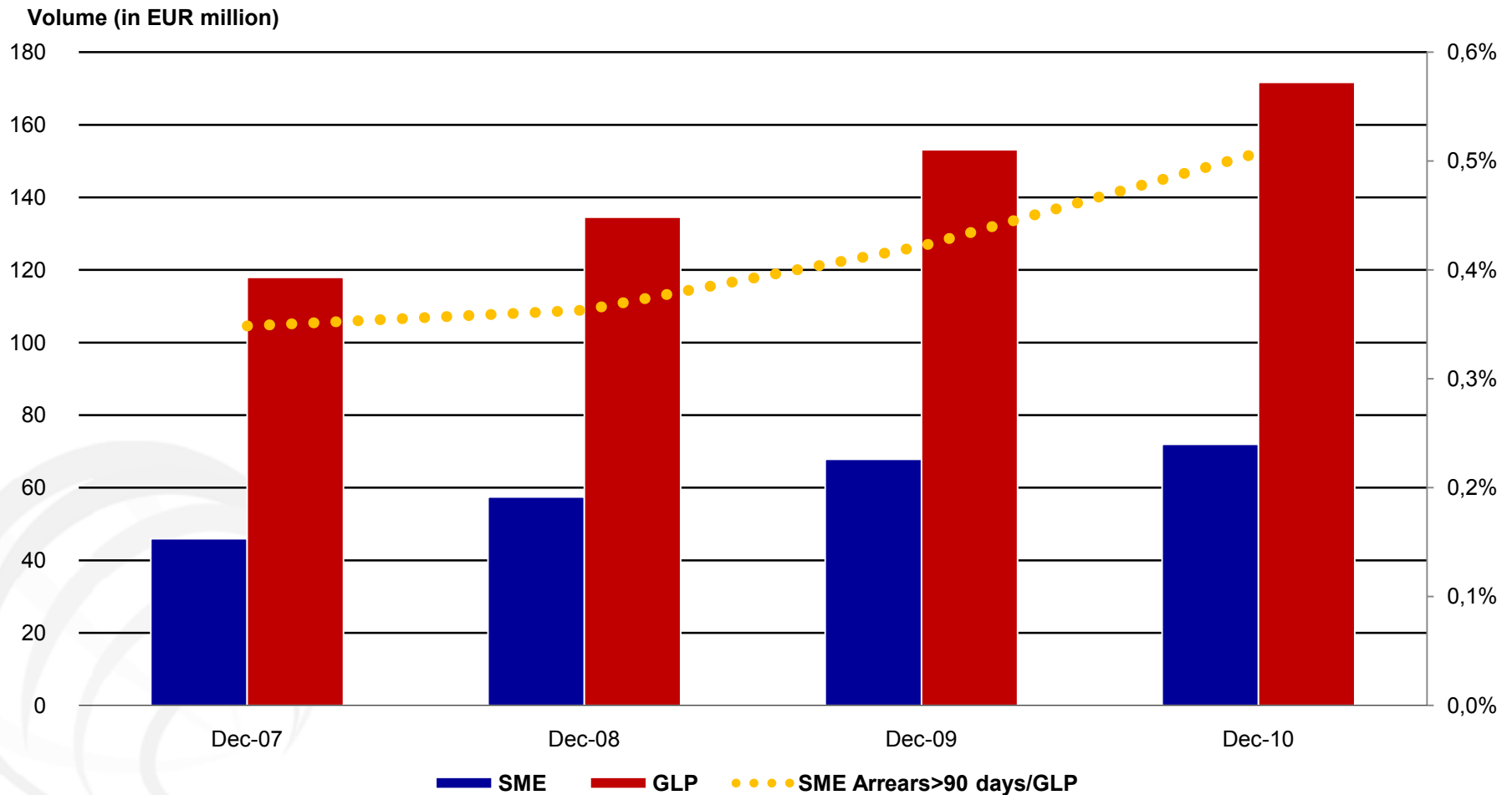


## SME vs. GLP



# SME Loan Portfolio

## SME Arrears to Total GLP



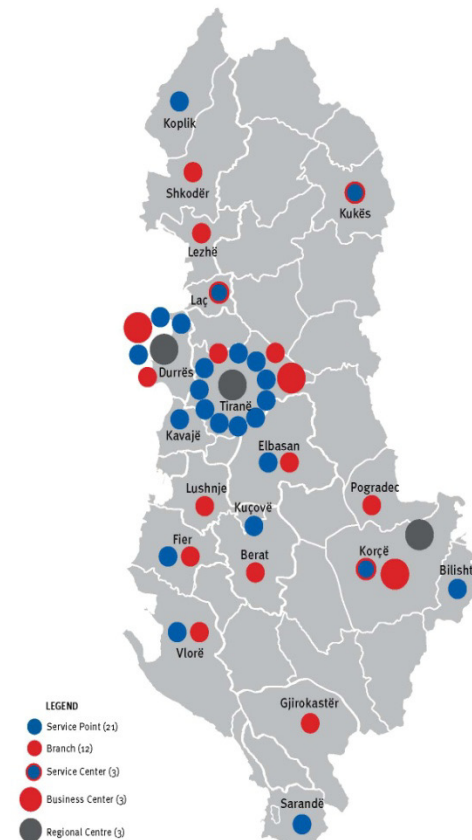
# PCB Branch Network



PCB Albania offers the services to its clients through:

- 40 outlets (Business Centres, Branches, Service Centers, etc)
- 3 Dedicated Business Center
- 640 professional staff

Branch Network – ProCredit Bank Albania  
as of end 2010 / Q1 2011



# How do we serve to SME?

- Dedicated Business Centres and Branches
- Highly efficient service.  
Branch outlook and design to support the fast service , Universal Desk.
- Professional and tailor made service to business clients through CRM structure.
- Wide range of products and service.
- Responsible lending via:
  - Thorough financial analysis
  - Profit and loss and cash flow analysis
  - Investment plan impact analysis



# Importance of training

Staff and the key element is a successful SME approach.

Qualified, experienced, self confident staff enhance a achievements in SME lending and not only.

Types of trainings:

- In house, focused on procedures knowledge and compliance, process optimisation, strategy communication and common understanding.
- External, focus in sales and acquisition, negotiation skills and communication

Objective of trainings

- Market and competition knowledge , expertise
- Increase awareness in being compliant with internal and external regulations
- Increase technical and other soft skills
- Share the best experiences
- Building up a professional and responsible staff



# Thank you!

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