

Co-operative Bank Launches Import Finance Product for MSMEs

Nairobi, 28th Feb 2019 ... Co-operative Bank has launched the Import Duty Finance to the rapidly evolving Micro, Small & Medium-sized Enterprises (MSMEs) in Kenya as it commits to remain innovative in offering relevant services in the dynamic business segment. The product was launched to Co-operative Bank customers; specifically those who are involved in the Import business. Import Duty Finance (IDF) is financing product for importers designed to help them to have a seamless process during clearing and transportation of imported cargo from the port of origin to the final destination.

The Import Duty Finance solution ensures prompt payment of duty and other related costs; it unlocks working capital for the customer while ensuring timely delivery, as well as saves them from incurring high storage & demurrage charges.

The Bank also introduced Supply Chain Financing, a financing offer that facilitates suppliers who sell to buyers to obtain prompt payment once they submit their invoices. It provides short-term credit that optimizes working capital for both buyer and seller. To the buyer, it ensures a constant supply of goods and a good business relationship with suppliers; To the supplier, in addition to working capital they are able to extend financial credit to buyers by using approved invoices as a form of surety and reduce the debtors' days.

Speaking at the launch of the Import Duty Finance product, Co-operative Bank Head of Business Banking, Moses Gitau said, "In the last 2 years, the Bank expended a lot of resources on customer engagements and research work to understand the dynamics of this critical business segment and tailor made the MSME package to make it more responsive to the needs of MSMEs. In the one year we have been rolling our revamped MSME offering to our customers and the public in general, the results have been positive. This year, we are now refining the product to target specific groups of MSMEs such as the import and export industry"

The Import Duty Financing and Supply Chain Financing are part of a bouquet of trade products custom made for MSMEs, specifically those in the import & export industry. The products include **Letters of Credit**, an undertaking by the bank on behalf of the importer to the exporter's bank guaranteeing payment upon delivery & shipment of goods as per the agreed terms; **Bid and Tender Bonds**, an entry solution required for contracts & tenders, unsecured up to Ksh.5million; **Performance Guarantee & Bond**, upon tender award the bank issues a guarantee to the employer on the customers' ability to perform & deliver on the contract and **Invoice Discounting & LPO Financing**, the arrangement between buyer and bank to settle invoices & LPO and payment done directly to the bank.

The trade finance products are targeted at importers of motor vehicles and equipment, importers of second hand items for sale, these are business people who import second hand goods for resale including business people in Gikomba and other markets, Importers of other goods such as manufacturers (raw materials), construction materials suppliers or other businesses etc. Clearing and logistics firms who handle clearing and forwarding services as well as logistical solutions. A customer can apply from as little as Ksh. 50,000/- up to 100% of value of invoice or quotation raised by third parties such as KRA, clearing agent, freight company among others.

The Bank continues to look for more opportunities and develop various solutions to build on its vision for MSMEs, which is to grow world class entrepreneurs beyond the Kenyan borders.

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