



AFRICA SME FINANCE FORUM

Lessons and Solutions in Managing Non-Performing Loans to SMEs in
Africa – a global perspective

Objectives of Problem Loan Management

- Development of expertise in one unit
- Standard procedures for all NPLs in the bank – can't have one branch giving better terms than another branch
- Recover as much cash as possible for the bank – at reasonable cost and risk, also in the available time scale
- Stabilise the bank's balance sheet
- Find a structure for holding good assets which will recover in the future when the economy is better (which it will be, the only question is when.)

Key Points

- Consistency – treat all customers the same
- Transparency – be open about your procedures and requirements
- Honesty – tell customers and staff the truth, and don't be afraid to tell them when things change

And remember . . .

- It's a people business
- Your staff are people
- Your borrowers are people
- Your shareholders are people
- Your bosses are people
- Treat people consistently and fairly