FNB acquires fintech company Selpal to accelerate financial inclusion in townships

23 March 2021: Over the last few years, FNB has made significant strides in supporting and becoming more relevant to community-based businesses. To reaffirm its commitment and further increase the level of financial inclusion in SA, the Bank has acquired 100% of Selpal – a financial technology solutions (fintech) company that operates specifically in townships and rural sectors of the economy.

Jacques Celliers, FNB CEO says “Community-based businesses have an important role to play in driving economic activity and creating employment opportunities in townships and rural areas in South Africa. As the banking sector, we can help facilitate this by accelerating financial inclusion through tailored financial services to elevate and develop these businesses. Given the nature and environment in which the businesses operate, this market has traditionally been classified as ‘informal’ because it predominantly operates in cash – which in turn undermined the sophistication, scale and potential of such community-based businesses.”

“We aim to bridge this gap by continuing to enable community-based businesses easy access to banking practices and money management solutions to help them realise their goals. This will be achieved by unlocking several benefits such as increased access to electronic payments, funding (working capital), access to suppliers and customers, amongst others,” adds Celliers.

Gordon Little, FNB Business CEO says “As part of our broader strategy, we are dedicated to help support small businesses that are predominantly cash-based and operate in a less formal manner. Our latest acquisition and integration of Selpal complements the significant milestones we have reached in executing on this strategy. Selpal already has a footprint supported by an integrated system that connects informal retailers such as spaza shops with FMCG (fast moving consumer goods) suppliers, wholesalers and manufacturers. Their user-centric digital platform, was designed and built using direct observations, engagements and understanding of the pain-points that various users experience along the entire FMCG supply chain in the informal sector, from manufacturer to consumer.”

From a business user experience perspective, Selpal merchants are equipped with a Selpal POS (Point-Of-Sale) device that enables them to view, order, and pay for and sell stock (including various value-added services such as airtime) without the merchant needing to leave their shop.
Considering the cash-intensive nature of this market, FNB is leveraging its collective current cash handling infrastructure to enable Selpal to seamlessly facilitate payments between stakeholders in the supply chain. This further solves a large challenge of security and convenience for all participants along this supply chain.

Little says data and insights gathered through the devices will be highly instrumental in helping the Bank to develop more relevant products and solutions in the near future for the informal sector i.e. card/QR payment acceptance, access to credit and various insurance products – helping to grow and develop community-based businesses in a similar way that most formal businesses are able to via the formal financial system.

“This will further enable us to make better informed credit and product decisions, making it easier to facilitate lending through the ability to measure performance, track and gather information on the business’ activity over a reasonable time period. As our knowledge and understanding of this market matures, we will be able to provide more value to these valuable small businesses in future,” he adds.

“Ultimately, we aim to deliver financial services in a similar style to the FMCG supply chain – a market that most merchants understand extremely well. If community-based businesses can see the value in what we are offering, we are confident that they will make use of our products and services, and in-turn, help increase the level of financial inclusion,” says Little.

“For example, FNB recognises that the spaza shop, which is arguably the oldest form of small merchant business in South African townships, is an integral part of the community economy and our objective is to incentivise these entrepreneurs that run these types of businesses to adopt more formal financial services. As an example, this could include objectives such as increasing the level card/QR payment acceptance at spaza stores for consumers to pay at, which ultimately benefits both businesses and consumers. The journey involves helping businesses to get access to financial education and skills, access to funding and access to markets,” concludes Little.

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