



“ BankOne has revolutionized our organization's digital transformation objectives and helped us keep up with the latest fintechs in terms of expanding our digital reach and serving our clients seamlessly. Since Covid, our asset-base has grown at 11.1% annually! ”

Eniola Agbesoyin,
Managing Director, Ekondo MFB

Introduction

Created in 1997, Ekondo Community Bank started in modest circumstances with lofty ambitions to provide banking services to the people of Cross-river. Upon commencing activities over 26 years ago, their *raison d'être* was to improve the economic condition of indigent people within their environs. Against the Backdrop of a military regime in Nigeria and a dwindling economy, the community bank welcomed its first set of customers.

In 2005, the Apex Bank and Financial regulator created the Microfinance Policy, Regulatory and Supervisory Framework to provide, among others, increase financial inclusion rate in the country, improve access to financial services for the economically active poor, pursue poverty eradication as well as mainstream the informal microfinance sub-sector into the formal financial system.

Underpinned by the new regulation Ekondo became a Microfinance bank and in 2012 owning 12 branches they were licensed to become a State MFB, as of today they have 18 branches and over 250 staff.

In growing from a community bank with 1 location in Cross Rivers to a banking juggernaut with 18 branches and over N2. 9 billion in assets, Ekondo has faced and surmounted numerous challenges across multiple fronts namely regulatory, managerial, technological, and strategic.

As of today, the bank serves tens of thousands, and it has grown to a financial institution that works with its clientele to fulfil their dreams. **Ekondo serves a plethora of individuals in Cross River State and Nigeria**, from the average retail customer to the small business that needs to be enabled, from farmers to teachers to civil servants, Ekondo promises a better financial future as captured in their vision “to lead and excel in the provision of safe banking and financial services within the microfinance sub-sector”, and operationalized in their mission to “provide unique and specialized financial services tailored to suit the individual needs of our customers, at the least cost, least delivery time, with minimum risk and in a most effective manner using a well-motivated staff”

Today, Ekondo has a product ecosystem of 24 products for salary earners, SME at al and their geographic spread covers about 75% of Cross River State.

This case study will also explore the challenges faced by the bank, the strategies employed to overcome these challenges, and the prospects of the bank in the highly competitive Nigerian banking industry.

Evolving against all Odds

When Ekondo opened its business in August, 1997 to cater to the needs of active poor people in Cross River, it knew that innovation would make a key difference in ensuring the sustainability of the fledgling business. Over the years they evolved however, challenges in some areas highlighted below constituted niggling concerns.

Managing Technological Deficit:

With the cost of top engineering talent, Ekondo was at the mercy of a volatile talent market to actualize its technological objective, given that the market for engineering talent is rife with competition.



Rising Operational cost:

By 2012, Ekondo had 12 branches, with the subpar state of National infrastructure, they faced severe challenges in managing high operating costs, such as rent, salaries, and other administrative expenses, which was eroding their profits and affecting their ability to provide affordable credit to their customers.



Sustainability Expectations:

Ekondo plays a critical role in provide financial services to the unbanked and underbanked populations, promoting financial inclusion and economic growth. However, like many MFBs in Nigeria, Ekondo has faced challenges in maintaining their operations and achieving long-term sustainability. These challenges include limited access to funding, high operating costs, and limited technical capacity.



Coping with Expansion:

As Ekondo expanded their customer base and lending portfolio, they had to manage their growth effectively to avoid operational and financial risks. Coping with this growth required investment in building organizational capacity, including hiring more staff, improving technology infrastructure, and developing strong risk management frameworks. They also needed to ensure that they maintain adequate liquidity levels, comply with regulatory requirements, and manage credit risk effectively. Any failure in managing this growth could result in the deterioration of asset quality, liquidity challenges, and loss of confidence from investors and customers.



Preempting regulation and compliance

The regulatory environment in Nigeria for MFBs is complex and rapidly evolving, with new rules and guidelines being introduced regularly. Compliance with these regulations can be challenging, time-consuming, and costly. Coping with regulations required a deep understanding of regulatory requirements, established strong internal controls, and invest in technology infrastructure to automate compliance processes.



BankOne: The Game Changer

In 2014, under new leadership, Ekondo strategically aligned on the direction for the future. To build the foreseen future, innovation was required to drive all decision-making and impact across every facet of the organization and to digitally transform the organization. To fulfil this requirement, Ekondo engaged Appzone (now Qore) to make inquiries about BankOne Banking as a platform, and this proved to be the right choice as a cloud-based platform that could automatically reposition them for the future.

At its most basic form, a cloud-based core banking application is a digital platform that allows MFBs to manage their end-to-end financial operations online. This type of system is accessible via the internet and can be accessed from anywhere in the world. Implementing this system solved the challenges that Ekondo faced in various ways.

Driving Operational cost leadership and Sustainability

Cost leadership and sustainability work hand in hand. BankOne enabled Ekondo to manage its operational costs by reducing the need for physical branches and hardware infrastructure. By hosting their data and applications in the cloud, Ekondo eliminated the need for expensive on-site servers and redundant IT support staff. This resulted in significant cost savings, which were reinvested into the business thus improving sustainability and growth as evidenced by the 11.1% increase in asset base.



Ways that Bankone reduced operational cost and ensured sustainability include the following.

1. Implementing an active account-based billing model which reduced the Cost/customer account
2. Utilizing a cloud-based solution ensures complete interoperability, platform agnosticism and security provision.
3. Reduced service downtime by leveraging automation and self-service channels.
4. Abstract technology to retain organizational knowledge and enhance ease of business continuity.

Navigating Regulation and Compliance:

BankOne's entrenched interests in the Banking industry ensures that we stay abreast of regulation and compliance requirements. Ekondo is subject to strict regulatory requirements that can be time-consuming and expensive to comply with. BankOne helped the bank streamline its regulatory compliance efforts by providing a constantly updated centralized platform for managing compliance reporting requirements. Thus, we helped reduce the risk of non-compliance and avoid costly penalties.

Enabling Growth and Expansion:

Operating under the conventional banking model, Ekondo's growth was tied to its geographical spread which led to a two-pronged growth dilemma of managing scalability and infrastructure. BankOne addressed these challenges by providing a digital, scalable, and flexible platform for acquiring and serving customers. By exposing Ekondo to digital self-service channels such as Web banking, Mobile banking and USSD, and a plethora of APIs, Ekondo truly became borderless. Ekondo expanded its reach and increased its customer base to 87,000 plus without incurring significant infrastructure costs.

In conclusion, implementing a cloud-based core banking application helped *Ekondo* to address the challenges of cost management, sustainability, regulation, and growth



Impact In numbers

1



Successfully expanded loan book to a value of N70,000,000,000 since inception

2



Achieved customer deposits exceeding N1,100,000,000 and an asset base of N2,900,000,000.

3



Proudly serving a loyal customer base of 87,320 individuals.

4



Offering a diverse range of 22 products to cater to the unique needs of customers.

5



Facilitating over 1,000,000 customer transactions annually, with a majority of over 60% through digital channels.

6



Efficiently processing more than N12,000,000,000 in annualized transactions through our robust digital channels.

7



As of the end of 2022, Ekondo successfully provided loans averaging N414,000 to 3943 individuals, marking a remarkable 14% growth in average loan value from the previous year and a significant 22% increase from two years prior

8



Thousands of debit cards active

Ekondo Societal Impact

It's truly heart-warming to see how Ekondo's innovation has positively impacted the lives of the people in Cross Rivers state. Thanks to their efforts, many customers have been able to support their children's education from nursery up to tertiary, which is truly remarkable achievement. Additionally, Ekondo has helped many individuals' transition from being acyively poor to becoming successful business owners who now pay taxes and contribute to the growth of the state.

The impact they have had on farmers, teachers, civil servants, and many others in the state cannot be overstated. Ekondo is making a real difference in people's lives, one person at a time, and that is truly something to be celebrated. At BankOne, we are glad to support this journey.

“ Realizing the positive impact our solution has on the lives of people and the value it creates for Ekondo MFB is a constant source of motivation for us to keep innovating and pushing the boundaries of technology. We are driven by empathy and a deep desire to make a meaningful difference in people's lives. ”

Yvonne Ige, VP Qore

About BankOne

Founded in 2008, Nigerian-based Qore (formerly Appzone Core, the Banking-as-a-Service company incubated by Appzone Group) is on a mission to revolutionise financial services through innovative technology solutions. Qore has become the continent's leading FinTech provider. It backs 18 commercial banks for success, its cards issuance service is used by over 450 microfinance institutions, it hosts over 10 million accounts, and its systems processes \$11.8 billion in transaction values. It has a reputation for innovation, having achieved a range of global firsts including launching blockchain technology for interbank transactions and creating Africa's 1st cloud-based core banking solution and a mandate platform for direct debits.

BankOne is a platform that provides financial institutions with world class Wallet management, Core Banking automation and unlimited access to alternative Banking channels. The platform enables electronic channels like ATMs, POS terminals, Mobile phones and Internet while incorporating financial institutions into main-stream Inter-Bank payment systems, management information system thereby allowing for customers to enjoy seamless digital access to funds as well as inward and outward electronic remittances.