

CORPORATE NEWS

'Being at centre of Covid fight paid off'

Despite the pandemic, the Equity Bank marked its best year yet, crossing the Sh1 trillion mark in value, a fete CEO James Mwangi attributes to the customers rewarding the lender for standing with them at their lowest moment.

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Anyone who has followed the story of James Mwangi, the chief executive of Equity Bank, knows that he is immensely proud of his roots.

After the untimely death of his father, the young Mwangi and his five siblings were brought up by their widowed mother, a poor small-scale farmer.

But Grace Mwangi had the backing of society, which enabled her young son and his siblings to get an education.

"Society gave me a chance by giving me bursaries to study," said Mwangi in an interview with *Financial Standard*.

Through this generosity, Mwangi defied the odds to become one of the most respected bankers globally. And at the end of last year, Equity became the most profitable and the most capitalised lender in the region, crossing the Sh1 trillion mark in asset base.

This made 2020 the best year yet for the lender despite the negative impact of Covid-19 on businesses, economies and households globally. At personal and professional levels, Mwangi has endeavoured to show that "purpose can be transformed into profit."

It is this zeal for giving back to society and using business as a vehicle to solve societal problems - his way of giving capitalism a human face - that has seen Equity Bank score highly at a time of uncertainty.

When the Covid-19 pandemic reached the Kenyan shores, Mwangi immediately saw an opportunity to be part of "a once-in-a-lifetime movement" to show gratitude to the society that had been so generous to him.

"I have done much in giving to my village of Nyagatugo. I have done much in giving to the Wings to Fly but never on a scale of society. Very few people have ever had that privilege of sharing their prosperity with an entire society," he said. In total, the bank ended up giving Sh4.1 billion in financial support.

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Equity Group CEO James Mwangi



Of this amount, about Sh1.7 billion was used to support Covid initiatives. But the outlay was much bigger if you include the waiver on all of Equity's mobile transactions (Sh1.2 billion).

"I believe that became disposable income to families," reckoned Mwangi.

The bank also waived Sh1.4 billion in the form of loan rescheduling fees after it gave borrowers distressed by the pandemic up to three years in repayment holidays.

About 32 per cent of the customers with loans amounting to Sh171 billion took up the offer, the highest in the industry.

"By the end of the year, we had saved 186,000 jobs. People would have laid off their workers, but we gave them an additional accommodation room to keep their staff, to transform," said Mwangi. His family gave Sh450 million to help fight the pandemic. A big chunk of the money (Sh300 million) went to the Covid-19 Board Fund, while the rest was distributed to the governments of Uganda, Rwanda and DRC where Equity has subsidiaries.

"Maybe that is the money I see the highest return ever in my life. I have savings, I have bought plots, I have bought a house here and there, but looking back, it gave me many lessons. It gave me the biggest fulfilment that I rose to a course. My family rose up to a challenge, and I made my contribution when it was needed the most," he said.

In total, the Equity Group Foundation mobilised Sh1.1 billion, which together with the Sh300 million to the Covid-19 Fund, provided a Sh1.4 billion war-chest to help 68 hospitals not only have Personal Protective Equipment (PPE) but also kept machines in some textile factories to roaring.

These factories were repurposed to produce PPE after the pandemic interrupted their normal business operations. It was a double-win against a pandemic that has been both a health and economic crisis.

Mwangi, who was elected the chairman of the Kenya Covid Fund Health Committee, quickly put together a team of seven medical professionals who became his technical advisors. At first, he admitted, he was scared of the job. "But we ended up demonstrating that answers and solutions are not technical. They are more of problem-solving skills," said the man who helped transform Equity from an insolvent building society into one of the largest banks in the region.

Thanks to the effort of the seven-member team, the country was able to produce quality and cheaper PPE.

"A full overall cost Sh9,000, but we are now buying it for Sh650. The surgical mask that we had been told would cost us Sh750 is now going at between Sh5 and Sh8," said Mwangi.

The return of factories saw an additional 3,700 workers employed. Soon, the factories were also exporting PPE.

Bedi Investments in Nakuru, for example, supplies almost 70 per cent of PPE in Uganda. "They also got orders in Europe, the US and many other areas. The country has become a major exporter of PPE," he said.

"That is how we got a double win. We got PPE to the hospitals, and we got economic activities reactivated."