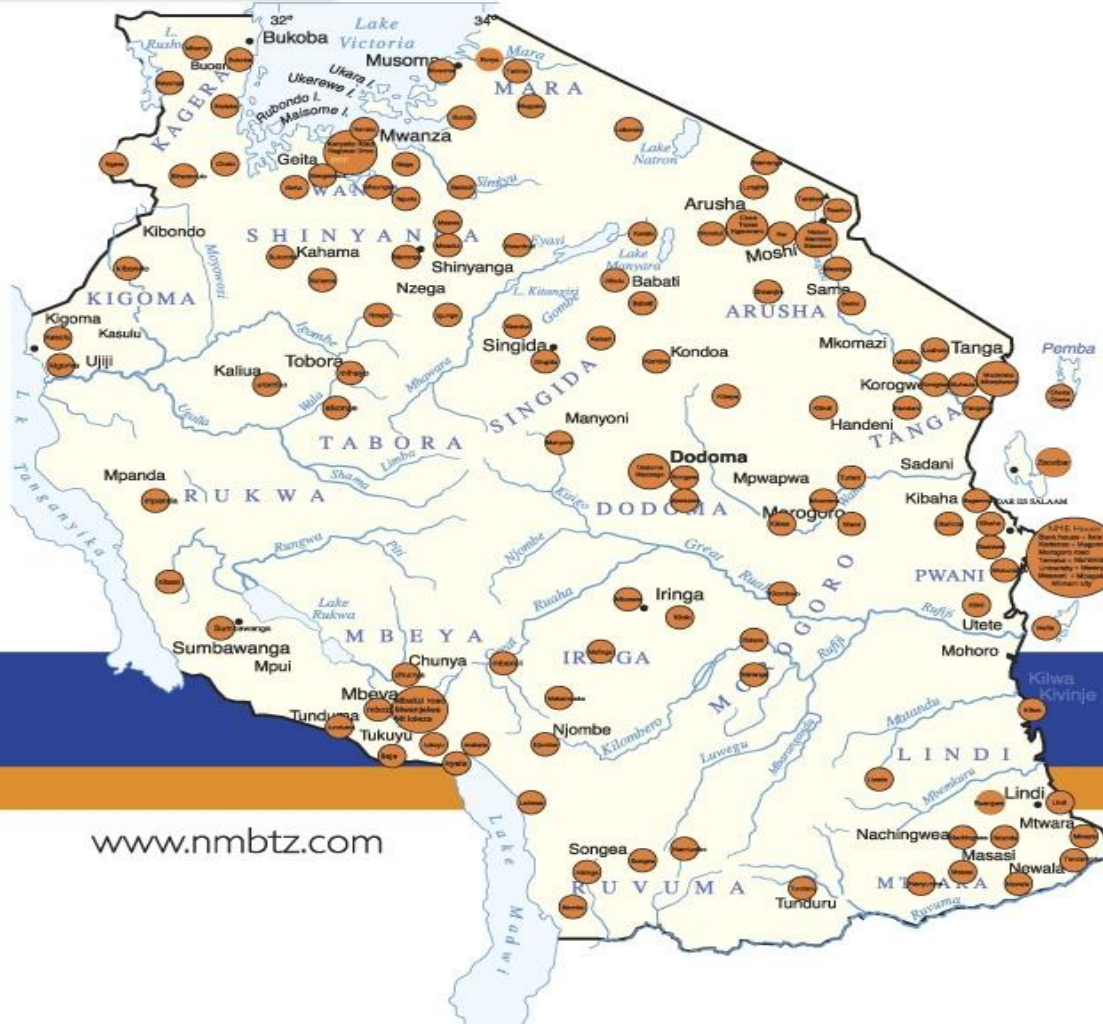


NMB EXPERIENCE OF WAREHOUSE RECEIPT SYSTEM BY ROBERT PASCAL HEAD OF AGRIBUSINESS – NMB PLC





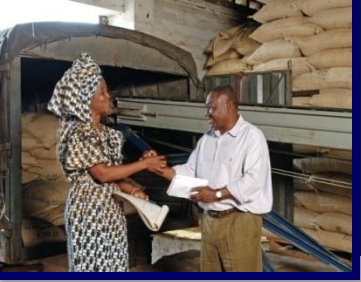
About NMB



- 49% share – R/Consort.
- 51% share – Priv. & Govt.
- 142 Branches & growing
- 420 ATMs & growing
- NMB Mobile Banking
- Bank on Wheels

www.nmbtz.com



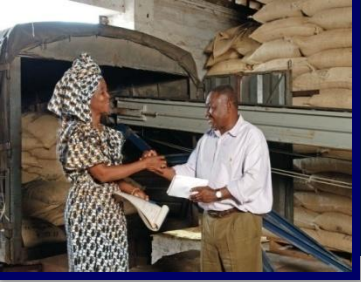


What is a Warehouse Receipt?

- Is a document issued by a licensed warehouse operator certifying the **QUALITY** and **QUANTITY** of a specified commodity placed by a named **DEPOSITOR** into a secure storage environment'

It specifies:

- Location of warehouse
- Commodity type
- Quality and quantity
- Name of depositor
- Date of delivery
- Storage charges



Types of a Warehouse Receipt

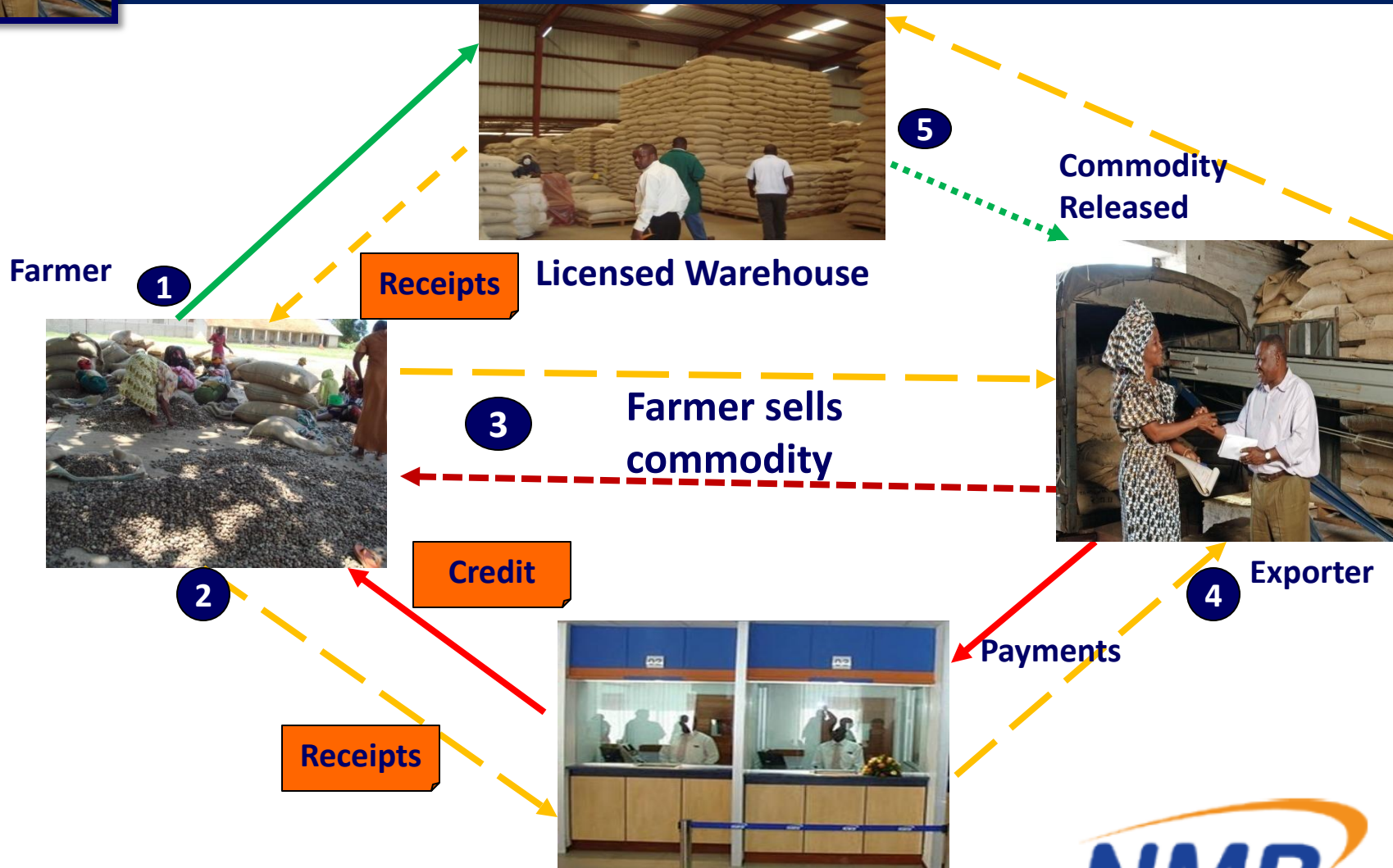
1) Non-negotiable Certificate

- cannot be transferred or sold
- sale of commodity requires cancellation and re-issue

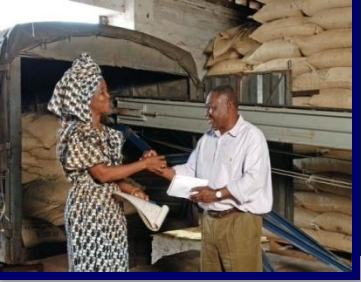
2) Negotiable Instrument

- bought and sold with legal protection against claims by previous owners
- 'bank note' concept

Warehouse RS – How it works



Key success factors



- Good warehouses
- Good roads & reliable communication
- Warehouse receipt financing act & operation guidelines



- Properly organized marketing systems
- Preferably Commodity exchange



- Banks with good delivery channels, easily accessible
- Good performing core banking system & MIS

Key Risks Identified in WRS Financing

Operation risk	<ul style="list-style-type: none">-Performance Bond-Indemnity cover insurance
Storage risk	<ul style="list-style-type: none">-Insurance against fire, burglary-Inventory management skills
Credit risk	<ul style="list-style-type: none">-Discount value of commodities
Price risk	<ul style="list-style-type: none">-Access to formal markets-Price risk insurance, discounting the receipt value
Market risk	<ul style="list-style-type: none">-Establish commodity exchange market-Put or call options

Key Risks Identified in WRS Financing

Legal risk

- Enforceability of the warehouse receipt act laws incase of problems/disputes
- Harmonization of laws to accommodate warehouse receipt financing act i.e. company laws, crop boards regulations, local council by-laws etc



WRS Financing status in NMB

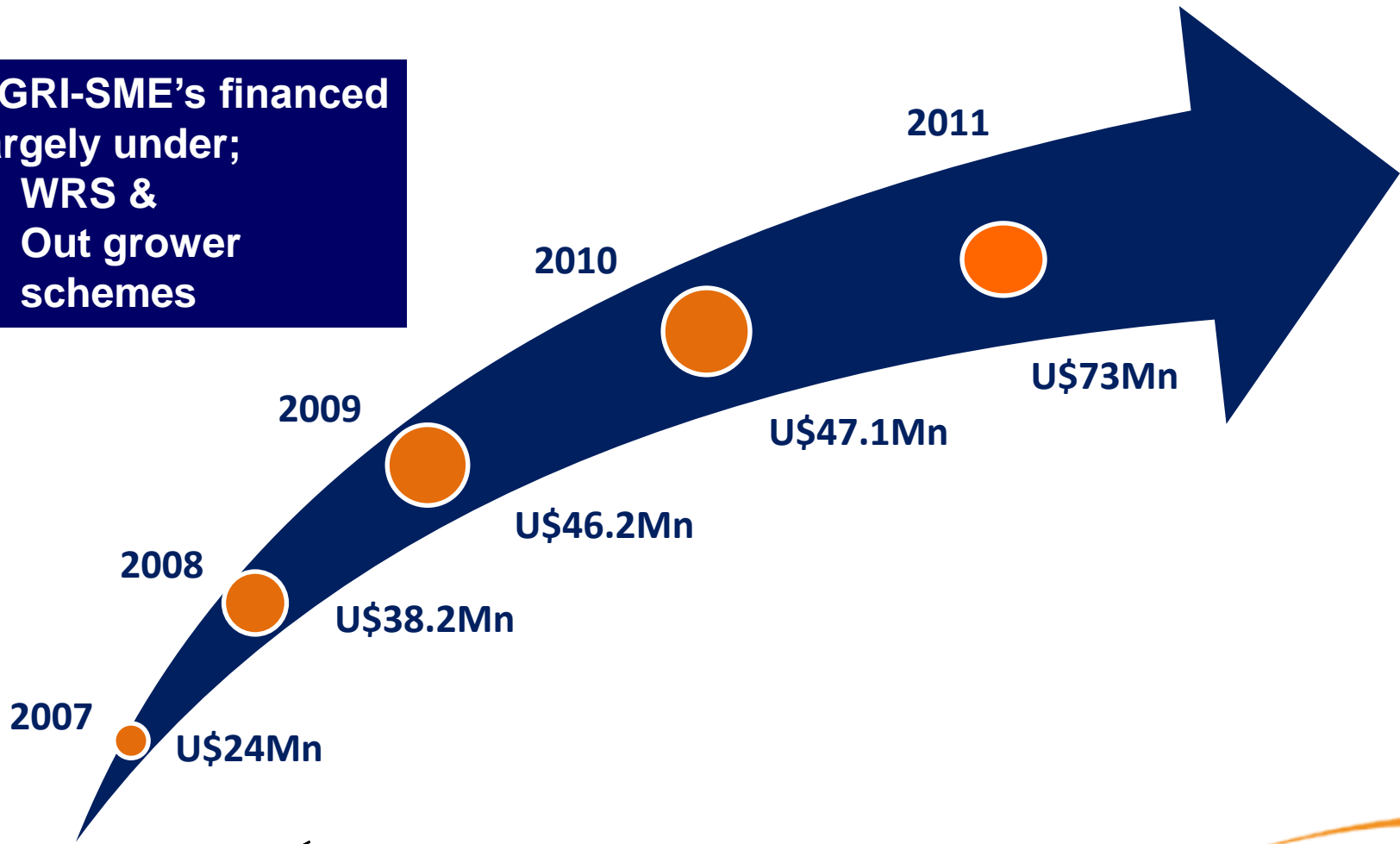
- More than 28 warehouses have been licensed suitable for the scheme
- Ownership some private & others cooperatives

About 7 crops under the scheme (coffee, Pigeon peas, cashew, maize, paddy, sun flower, sesame)

- Selling is done through auction system – manual not electronic
- Initiatives underway to establish Commodity Exchange for efficient marketing

Agri-SME's portfolio growth

AGRI-SME's financed largely under;
- WRS &
- Out grower schemes



Lessons Learnt

Strong and transparent market environment required – No Govt. Inter.



Volume-based trade with long term outlook



Stimulation of storage industry

Establish Commodity Exchange



Establish reliable Commodity Database



Invest in infrastructure including communication



Capacity Building to Farmers & Stakeholders



TIME IS NOW, WE CAN CHANGE LIVES!!!!



FROM ABSOLUTE POVERTY



TO GREEN REVOLUTION IN AFRICA

NMB