

African Bank unveils plans for early 2024 launch of transactional business account

In early 2024, Grindrod Bank, acquired by African Bank for R1.5bn in 2022, is set to introduce a new transactional business account. This initiative aligns with its strategy to enhance outreach and attract clients within the lower echelons of the business-banking sector.



Source: Supplied.

The upcoming transactional account not only enhances the value proposition for Grindrod Bank's current business clients also aligns with its overarching objective to introduce a business-banking solution tailored for owner-operated small to medium-sized enterprises (SMEs) in the long run.

Following the announcement by its parent company, African Bank, of the R3.26bn acquisition of Sasfin Bank's Commercial Equipment Finance (CEF) and Commercial Property Finance (CPF) units in October, Grindrod Bank is poised to incorporate approximately R3.2bn in assets, bolstering its existing book, which stands at about R12bn.

With the expanded balance sheet of African Bank, Grindrod Bank is now positioned to pursue more substantial commercial and industrial property deals, surpassing the traditional scope of transactions ranging from R100m to R150m, which have historically constituted its primary focus.

David Polkinghorne, the group executive responsible for Grindrod Bank said the bank was looking at deals between R300m and R400m.

"We're even looking at a R1bn transaction," he said.

Grindrod Bank is also looking at writing cheques ranging from R50m to R100m.

The bank's priority involves enhancing its physical presence in business banking across new geographies, including Mbombela (Nelspruit), Bloemfontein, Howick, Pietermaritzburg, Stellenbosch, Paarl, and selected areas in the Eastern Ca

Since its acquisition of Grindrod Bank and Ubank assets, liabilities and operations, African Bank is now servicing 4 million active customers across its platforms, a massive 158% increase from its previous fiscal year.

Its net advances portfolio surged by 41%, reaching R32bn (FY22: R22.6bn), wherein secured business banking loans constituted more than a third of the group's overall loan portfolio.

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