Bayport’s story is about offering services that have the power to change lives
In a study of 5,000 millennials across 18 countries, 36% of respondents ranked “to improve society” as the number one priority of business. This implies that the emerging generation of investors is likely to seek achievement of social objectives in addition to financial returns.

– World Economic Forum Millennial Impact Report
With this report we want to communicate our value, share good practice, discuss the results of our efforts and promote a culture of learning and transparency.
About this report

In simple terms, impact reporting entails communicating the difference an organisation has made to the people it wants to support, and/or to the issue it wants to improve, over a set period.

For Bayport, the people are our customers, staff members and investors, and the issue at hand is financial inclusion and its life-changing impact.

As was the case with our first impact report in 2020, our starting point in compiling this document, was the framework created for the issuance of Bayport’s first social bond in 2019. Given that social impact had to be demonstrated for the bond to be rated as such, it still makes sense to report our impact according to the same criteria.

Where appropriate and necessary, given changes to our business model in South Africa particularly, we expanded the definition of certain criteria. We have also expanded our reporting on Bayport’s impact on the lives of the people it employs because impact, like charity, begins at home.

Populating the reporting framework entailed gathering information from our operations, our central reporting systems and partner organisations. We also drew on the results of customer research, which we regard as the ultimate touchstone of impact measurement.

Where possible, we used established methodologies for quantifying impact, such as the World Health Organisation’s metric for measuring the difference access to clean water makes in communities.

The report is not externally assured, but was approved by the Bayport board.

We trust that a variety of stakeholders will find the report useful. These include our funders and investors, shareholders, public and private partners, our regulators, our customers and our own staff members.

Bayporters create the impact recorded on these pages, and in a real sense this report is a tribute to them.

Impact ˈɪmpəkt/ n. a powerful effect that something, especially something new, has on a situation or person.

– Cambridge Dictionary
One could argue that impact reporting is the domain of not-for-profit organisations and charities, those who depend on the goodwill of others to achieve their objectives.

However, in a world that is increasingly faced with the consequences of unbridled capitalism, impact is a question all enterprises must answer.

The value that asking the right question can unlock, was highlighted again in the compilation of our second impact report. The key to stories is questions, and sometimes we have to ask several questions before finding the key that unlocks a wealth of information. This is what the impact report continues to teach us: as we refine our questions, so Bayport’s impact moves into sharper focus.

Truly great questions are not the ones that have a right answer – it is those which push us to think and reflect and come up with something new. Such was the question that led to the establishment of the Bayport brand 20 years ago. By asking themselves how financial inclusion can become a reality for mineworkers in Zambia, Stuart Stone and Grant Kurland founded a business that continues to positively impact millions of people in developing countries through financial empowerment.

Today, Bayport is a leading unsecured payroll lender across three continents. It is also a forerunner in its sector when it comes to digital innovation. The latter gives more people access to a broader range of services and a broader choice of channels to interact with Bayport. Not only does this bring greater ease and convenience, it also sends a message of respect and appreciation.

We believe that empowering people through access to finance and financial solutions is key to creating sustainable and broad-based development. But we also believe that impact is created not only in what we offer our customers, but how we do it.

This report addresses both these aspects. Reflected in these pages I see Bayport’s interest in the lives, challenges and triumphs of its stakeholders. I also see who Bayport is, where our passions as a business lie and what we need to thrive.

It is thus with great pride that I present Bayport’s second impact report to our funders, investors, regulators and other stakeholders, confident that you will find it informative and inspiring in equal measure.

Nicholas Haag
Chairperson, Bayport Management Ltd

Chris Newson
Bayport Group CEO

To this end, we identified five ESG principles:

1. Balanced: We balance economic success with environmental responsibility and the social upliftment of our people and our communities.

2. Socially aware: We identify and address the environmental and social impacts of our business activities.

3. Sustainable: We prioritise business that enables financial inclusion and sustainable growth.

4. Globally relevant: We endeavour to adhere to the letter and spirit of internationally recognised ESG principles and standards.

5. Governed: We ground our sustainability strategy in robust governance policies and leadership KPIs.

While a formal ESG strategy is new to us, the ESG spirit has long been embedded in how we do business. Our ESG strategic pillars are our three most critical and actionable areas of influence, ie, our business, our customers and our people. These same three areas are also the focus of this Impact Report – a document I am proud to present to our stakeholders as a tribute to Bayport’s past efforts and a benchmark for the future.

Much as this report is an attempt to quantify the annual impact of our operations and activities on the people who are touched by the Bayport Group, we are keenly aware that impact is a long-term construct.

A loan that sends a child to school reflects on our books for a year or two, but the impact of education only truly reveals itself over the course of a lifetime. Similarly, a home-renovation loan is a finite thing, whereas the improvement in a family’s quality of life reverberates through generations.

The Group’s newly launched environmental, social and governance (ESG) strategy is born from this same extended view of Bayport’s place in and responsibility towards the world in which we do business. Introduced during 2021, the strategy seeks to focus Bayport’s efforts on advancement and sustainability, rather than on reporting only. Our goal is to balance fiscal targets and ESG aspirations.

We see our place in, and responsibility towards, the world in which we do business as a marathon, not a sprint.
Without Bayport’s services, many of our customers would be unable to invest in life-changing opportunities such as education, housing, agriculture, healthcare and entrepreneurship.

Our impact framework

Bayport provides financial services to underserved people in emerging and frontier markets, thereby promoting financial inclusion and economic empowerment.

To achieve direct positive social impact, we decided in 2019 to issue social bonds, the proceeds of which are being used to finance and refinance assets and projects with social benefits that promote the financial inclusion of citizens and SME businesses in emerging and frontier markets.

Enabling access to financial services is one of the cornerstones in creating economic empowerment and promoting social welfare.

The areas in which Bayport seeks to create social impact through its social bonds are set out in our social bond framework. It is aligned with the Social Bond Principles published in 2018 by the International Capital Markets Association and was prepared in cooperation with DNB, Norway’s largest financial services group.

The social bond framework also serves as the impact framework for this report:
• Financial inclusion
• Access to financial services
• Corporate social investment
• Micro enterprises

In addition to these four points, we have added two impact measurements, namely housing and education, given that these are what the vast majority of our customers use their loans for.

Social bonds explained

Social bonds are financial instruments that allow investors to finance projects or companies that have a social impact.

The social bond market developed after the United Nations launched the sustainable development goals (SDGs) in 2016, a development that united the world in a mission to end poverty, fight inequality and tackle climate change.

One of the results of the SDGs was that a growing number of investors started to focus on environmental, social and governance (ESG) standards in their investment decisions.

In order for Bayport’s issuances to be recognised as social bonds, Bayport had to have them externally rated by a specialist rating agency, Sustainalytics.

In Sustainalytics’ opinion, we met the requirements for a social bond because the funds would be used for financial inclusion, access to financial services, employment generation from SME financing and microfinance, and corporate social investment aimed at our customer base, namely low-income employees and pensioners.

Through our social bonds, Bayport therefore supports the realisation of the United Nations’ sustainable development goals.
Company overview

Who we are

WHY WE EXIST: Our mission
Bayport’s mission is to provide financial solutions suited to the needs of an inclusive and broad customer base, embracing technology, product leadership and innovation and so becoming one of the leading developing market financial solutions providers.

WHAT WE ASPIRE TO: Our vision
Our vision is to be the most valued financial solutions brand in our chosen markets by providing a broad range of relevant financial solutions tailored to the needs of our customers.

To achieve this, Bayport will engineer a new reality in the provision of financial services, and will be recognised for consistently demonstrating the highest standard of care, responsibility and innovation.

Bayport will be the first choice for the fulfilment of the economically active population’s financial needs - bringing hope, upliftment, financial liberation and inclusion to the communities we serve.

Where we operate

The Bayport journey

2001 Bayport incorporated
2002 Zambia
2003 Ghana
2004 Uganda
2006 Tanzania
2010 Botswana
2011 Colombia
2012 Mozambique
2014 Mexico and South Africa
2017 51% sale of Bayport SA to facilitate a BEE transaction
2020

Our product offering

• Credit products
  – Payroll lending, also known as at-source deduction, is Bayport’s primary financial services product and is offered in all our markets. These unsecured personal loans are granted to employees with the agreement of and in co-operation with their employers, and is collected through payroll deduction. This product design dramatically reduces the complexity to originate, as well as the risk inherent in traditional retail lending in low-data markets. It also provides a low-risk entry point for individuals entering the credit market for the first time. Moreover, the stringent and hard-set affordability limits imposed by agreement with employers prevents over-indebtedness.
  – Unsecured retail credit is provided on a limited basis in South Africa.

• Insurance solutions
Every Bayport loan is sold with compulsory credit life insurance that covers the outstanding debt on a customer’s loan under specific circumstances.
Bayport also offers education protection plans, hospital and funeral cover, and personal accident cover.

• Savings and deposits
In selected markets, Bayport offers local currency term deposits and local currency demand deposits.

Our customers
In most of our markets, the bulk of our customers are government employees – teachers, nurses and police officers – who use their loans to educate their children, improve their homes, deal with family emergencies and run businesses to supplement their income.
Latin America and South Africa are, to some extent, exceptions to this rule.
Large public pension systems are a feature of Latin America, hence a significant proportion of Bayport’s business in Colombia and Mexico is focused on pensioners – a situation very different to our African markets.
In South Africa, there used to be no focus on a specific market segment: our retail loans were available to any formally employed citizen. However, as of 2019, our focus has been shifting away from retail lending and towards rolling out our comprehensive financial wellness programme through formal agreements with private and public sector employers.
Through this programme, we help employed South Africans to address their immediate debt challenges and acquire the financial know-how to build a secure future for themselves and their families (read more on page 20).
Between 2019 and 2022, Bayport will deploy the USD340 million raised though its two social bond issuances to achieve direct social impact.

In 2021, the Bayport Subordinated Social Bond total nominal value balance was USD 309 443 998 million. The full proceeds of the bond issue have been allocated, with 28.2 per cent (28.2%) of proceeds financing new loans, and 71.8 per cent (71.8%) for refinancing purposes. The proceeds have been allocated across the following countries and loan categories as follows:
Our customer:
The social bond funds allocation corresponds with how our customers use their Bayport loans.

Customer profile: Africa*

- **Average age**: 35-43
- **Urban**: 54%
- **Rural**: 46%
- **Average people per household**: 4
- **Average employed per household**: 2

**Primary loan use**
- **33%**: Housing and home improvement
- **32%**: Education/tuition fees
- **12%**: Starting, growing or investing in a business
- **6%**: Farming and agriculture
- **1%**: Home/electronic appliances
- **4%**: Motor vehicle and transport
- **1%**: Funeral/wedding
- **4%**: Settling other loans/debt(s)
- **3%**: Health expenses
- **4%**: Other

*Demographics based on the customer sample used for the customer loan usage study conducted by Sagaci Research in December 2021.

Customer profile: Latin America*

- **Average age**: 54
- **Single**: 43.4%
- **Married**: 56.6%
- **Average employed per household**: 45%
- **Employed**: 56.3%
- **Retired**: 43.7%

**Primary loan use**
- **26.6%**: Housing and home improvement
- **18%**: Health
- **14%**: Personal needs
- **33.4%**: Consumer products and tourism
- **4.2%**: Small business
- **2.8%**: Education
- **1%**: Vehicle
- **0.1%**: Funeral

*Demographics based on the active loan book as at 31 December 2021.
The impact of the value we create

How we calculate the value we create

The profit for the year (interest margin)
31.3%
Minus
16.6%
What we paid for the money (cost of funds)

Results in:

Net Interest Income (NII)
USD154.9 million
Impairment of financial assets
USD18.6 million
Other income and associate profits
USD39.3 million
Foreign exchange impacts
USD2.1 million
Total value created
USD173.5 million

How we allocate the value we create

Invested into improving lives
43%
22%
3%

Invested into growing Bayport
20%
5%
7%

Staff and agents
USD75 million
2021
Government and employers (taxes and collection fees)
USD37.4 million
2021
Local partners
USD5.3 million
2021

Value allocated
USD173.5 million
(2020:199.9 million)

67.8%
32.2%

Investment in present
USD33.8 million
2021
Investment in innovation
USD9 million
2021
Investment in growth
USD12.9 million
2021

Spending that enables the Bayport business to meet short- and medium-term business targets and ESG initiatives. This includes the recruitment, retention and development of staff, continued improvement of systems and channels, as well as ongoing brand-building, marketing and client protection initiatives.

Spending that enables the design and implementation of new products and delivery channels to accelerate Bayport’s digital journey and improve the customer experience.

Income that is intended to fund organic growth in existing markets.
In 2021, Bayport paid 409 Covid-related death claims totalling USD993,000. Mexico accounted for 71% of the value of the claims, and Botswana 23%.

5.1. Financial inclusion

According to an IMF discussion note on finance and equality that was published in January 2020, the institution’s own staff research has found a 2% to 3% GDP growth difference over the long term between financially inclusive countries and their less inclusive peers.

Financial inclusion simply means more people and companies having cheaper and easier access to financial services. Such access, which includes credit and bank accounts, creates opportunity and makes it possible for people to save, start a small business, and improve their children’s education options. In the longer run, this reduces income equality and pushes up GDP.

Research data also shows that while both men and women gain from inclusion, the largest reduction in income inequality comes when women are given increased access to financial services.

Bayport’s financial inclusion portfolio

We offer our customers a range of financial services, all designed with our values of simplicity, empowerment and partnership in mind:

- Unsecured payroll and retail loans.
- Insurance (credit insurance, funeral, education and personal accident cover).
- Deposit taking that enables customers to save and invest.

Not all our operations offer standalone insurance, savings or deposits.

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<thead>
<tr>
<th>268 425</th>
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<tr>
<td>Personal loans issued across all operations in past financial year</td>
<td>Standalone insurance products sold across all operations in past financial year</td>
<td>Credit insurance products sold across all operations in past financial year</td>
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Our products bridge the gap between substantial, asset-backed loans and high-rate, small-quantum unsecured loans through meaningful unsecured credit at rates that enable financial sustainability.

The difference context makes

Access to financial services or products does not in and of itself change people’s lives. The context in which products and services are made available and are used, determines to a large extent the value people can derive from them.

This is a truth we continuously see in South Africa with our financial wellness programme that is implemented in public and private sector companies. Called Bayport Money Solutions, the programme combines practical debt solutions and financial literacy.

Bayport’s practical debt solutions include negotiating settlement terms and discounts with creditors, stopping legal action where possible, and other steps to help improve a person’s credit score.

Employees who qualify can take out a Bayport loan to consolidate their debt at a preferential interest rate due to the payroll deduction agreement between Bayport and their employer. Given the reduced-risk context this agreement creates, employees can get access to credit even with an impaired credit score, which keeps them away from the perils presented by informal lending. The agreements between Bayport and employers also include safeguards, such as a maximum debt-to-income ratio, maximum salary utilisation percentage, limited cash-out and minimum take-home pay, which prevent a continued cycle of over-indebtedness.

Importantly, the programme has a strong financial literacy foundation to equip employees with the knowledge and skills that underpin long-term financial wellness. Online financial literacy resources, on-site awareness events and ongoing communication using company communication channels support employees on their journey to financial wellness.

The power of financial literacy

Financial inclusion extends beyond access to financial services to financial education.

Studies across the world have found that people with low financial literacy:

- Incur high transaction costs, pay higher fees and use high-cost borrowing methods.
- Carry excessive debt loads and are unable to judge their debt positions.
- Are less able to cope with emergency expenses and weather income shocks.

We understand the impact that financial literacy has, hence our operations invest significant resources in consumer education.

Since January 2019, Bayport Money Solutions disbursed R2,9 billion in consolidation loans, assisting 24 190 employees.

On average, 70% of the value of every loan is used to settle existing debt.

Bayport has reduced customers’ overall debt burden by more than R100 million through settlement discounts. Employees saved more than R108 million in monthly instalments due to Bayport’s intervention.
Case study

The very first employee Bayport Money Solutions helped at this mining company, was referred to us when HR realised that her physical wellbeing was at risk because of her dire financial situation. The employee had, in fact, been admitted to hospital.

When Bayport’s financial coach first made contact, the employee had no hope that her debt burden could be resolved. However, with careful consideration and consultation with Bayport leadership, what seemed impossible was achieved.

The employee had accumulated debt amounting to almost R267 000. Her monthly repayments were just more than R32 300, which was more than her net salary. Repayments on active debts came to R26 900, which left her R534 for living expenses.

Bayport started by having five debts, totalling R124 331, prescribed and removed from her debt profile. The next step involved the consolidation of four formal and five informal loans. As a result of these interventions, the employee’s monthly repayment was reduced by more than R21 500 to R5 300. With her total debt exposure reduced to R142 639, the employee will be debt free in 54 months.

Her financial situation, and her life, has well and truly been changed.

Moeketsi Ramoekoena
Municipal employee
Mthatha, Eastern Cape

I honestly do not know how to thank Bayport and everyone who has made it possible for me to get this financial freedom.

At March month end I slept on the couch because my wife, who is unemployed, was so mad at me for coming home with only R12.80 of my net salary. Something had to change.

The next day I went to Bayport with my predicament. At Bayport they sat me down and for hours helped me with explanations. Then agent Codesa Ntwanambi went with me to the places that I owed money and asked for settlement letters. If he was not with me, I bet that I would not have gotten them!

Bayport settled all my debts and I got R7 792.46 as a cash payout. The best was when Codesa told me that on 25 April I will get a net salary of R12 000. That was when emotion got the better of me and I cried in front of this young man Codesa.

After I got the money, I ran to my lovely mad wife and we went to buy groceries. We both fell in love again. Wooooow, what a feeling!

Thank you, Bayport, I will never go to cash loans ever again.

People’s ability to build wealth depends more on how they manage their money than on how much they earn.

Customer impact

Moeketsi Ramoekoena
Municipal employee
Mthatha, Eastern Cape

Case study

In addition to three bank loans and one from an unsecured lender, the customer had taken loans with informal credit providers. By the time she approached Bayport Money Solutions, she could not keep up with the repayments and had fallen into arrears. Her biggest need was to settle the informal credit providers who were harassing her.

Bayport negotiated settlement discounts of between 25% and 49% with the formal lenders, and consolidated and settled most of the customer’s formal loans. The consolidation loan also gave her cash in hand to settle all her informal loans. Bayport furthermore cleared her credit bureau listings and settled outstanding school fees.

With her total debt repayments cut by R4 000 per month, the customer’s cash flow is greatly improved. Her biggest relief, however, is that she has been freed from the informal lenders and can now manage her finances on her own.
Impact measurement

5.2. Access to financial services

Access to financial services is a prerequisite for financial inclusion. Our distribution model has therefore always been focused on how to bring our services to our customers instead of expecting them to come into our branches.

In the early days, mobile sales agents were a cornerstone of Bayport’s distribution model. These men and women often braved adverse weather conditions and long hours of travelling to reach customers in remote areas.

In recent years, we embarked on a digital journey that added online and digital channels to our delivery model, allowing customers to choose their preferred way of interacting with us.

Today, customers can access our services through operations’ websites and call centres, social media platforms and mobile apps.

We are also equipping our mobile sales agents with digital tools to improve customer service levels and shorten turnaround times.

“\nI only heard of Bayport and chose Bayport due to the company’s digital channels that made it easy and possible for me to get a loan, and now my life is transformed.\n”

– Robert F Lukanga via Instagram

Robert won a motorbike in Bayport Tanzania’s November 2021 promotion to attract new customers.

Eustácio Monteiro
Xai-Xai Branch
Bayport Mozambique

Since I started using the digital application, my work has improved as my sales volumes increase more and more. One of the big advantages is that disbursements are very fast. The deals I submit are easily approved, because I bet on quality. I encourage my colleagues to do the same. The higher the quality of your work, the higher the possibility of the customer receiving the money quickly.

Arão Lidumbe
Pemba Branch, Bayport Mozambique
(Number 1 digital sales agent)

The My Bayport digital application makes our work easier in all aspects: reduction of dependency on the branch; improved response time; timely information on simulations and the progress of the process; improved disbursement time; and increasing Bayport’s credibility in the eyes of the customer.

What made me the big winner are having a working plan, focusing on what makes Bayport better than other credit providers, and treating my customers with humility, humanity, honesty, respect and thoughtfulness. I spare no effort when it comes to focus and determination, and investing in myself for my work!

Arão Lidumbe, Pemba Branch, Bayport Mozambique.

Digital and traditional working together

In 2006, Bayport Tanzania launched its business with a mobile branch - a Nissan Hardbody pickup that drove around the country, introducing customers to Bayport, originating loans and opening branches.

In 2019, the operation closed all its bricks-and-mortar branches as part of Bayport’s digital journey.

Despite the success of digital, brand recognition and loyalty suffered. To remedy the situation, the operation returned to its roots during 2021 when six mobile branches took to the road.

The roadshow targeted regions and employers that were traditional Bayport strongholds, with the specific aim to take on the competition and protect the Bayport brand.

By year-end, the six mobile branches were contributing 18% of Bayport Tanzania’s loan sales.

Cleverly, the operation also used the face-to-face interactions to get feedback on customer pain points and perceptions of the Bayport brand.

The initiative is a perfect example of how digital and traditional marketing work together. The vehicles and promotional items are all branded with Bayport’s toll-free number and USSD self-origination platform to remind customers of the options they have.

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Arão Lidumbe, Pemba Branch, Bayport Mozambique.
“It is the most fascinating experience to get money in your account from just a conversation!”

– Bayport Tanzania customer

The advent of channel-based pricing

One of the biggest benefits of Bayport’s digital journey for customers, in addition to convenience and shorter transaction turnaround times, is channel-based pricing. The latter is instrumental in achieving our objective of offering customers the lowest possible prices.

Our digital journey enables channel-based pricing as it allows us to accurately calculate the front- and back-office costs of concluding a deal. Branches and agents are our most expensive channels (due to the direct costs of the agent channel and the fixed costs associated with managing and running a branch infrastructure), while self-origination is the cheapest as there are no direct costs. Call centres, with their lower direct and management costs, present the middle ground.

To arrive at a channel-based price, the cost of selling a loan to a customer is calculated by taking the full cost of the entire channel into account. Based on the cost, we fix the selling price to the customer.

Channel-based pricing in Bayport Tanzania

Tanzania is the first Bayport operation to introduce layers of pricing, expressed as a different interest rate depending on the channel customers use to conclude their transaction. In simple terms, the less a Bayport agent is involved, the lower the interest on the customer’s loan.

A customer choosing to interact face to face with an agent and completing a digital application form, incurs a 38.9% interest rate. The same product, offered via the call centre with less agent interaction, will have an interest rate of 37.5%. However, when a customer self-originate via the USSD channel, the same loan will be sold at an interest rate of 35%. This pricing not only affects what a customer pays but has a significant impact on the loan amount the customer can afford.

Tanzania has fully completed its migration from an agent-based network to the call centre model, and is currently working on converting customers to self-origination.

The growth in digitally originated loans as % of total issued loans

By going digital, we are meeting our customers where they are and increasingly will be in future.

The uptake of digital channels confirms that we are creating impact through digital access.

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Impact measurement

5.3 Housing

The old saying that a man’s home is his castle certainly holds truth for Bayport’s customers – men and women alike! Almost one-third of loans issued in our African markets, and a quarter of those issued in our Latin America region, are used for housing and/or home improvements.

More than a roof overhead, a home signifies dignity through ownership and a safe place to build a family, while also being a signpost of economic and personal advancement.

The story of one of the first Bayport customers ever illustrates the importance of this area of impact. Over the course of 20 years and several Bayport loans, Liko Ngona, an employee of Mopani Copper Mines in Zambia, has completed the building of one house and is currently completing a second. We have not had occasion to discuss his plans for the future, but it is possible that these homes will be a legacy he passes on to his two children.

Liko’s story is by no means the only one. Since its inception, Bayport has been driving an impact agenda aimed at financial inclusion and universal access to credit.

Miguel Eugénio Matusse
Moçambique

I have been a Bayport Mozambique customer since 2017. My wife and I live with our three children, two daughters (aged 16 and 12) and our long-awaited baby son, on Inhaca Island.

These days we live in a concrete, two-bedroom house with a living room, bathroom and kitchen. It is so much better than our old house made of reeds. The reed house had only a bedroom and living room – the bathroom and kitchen were outside. The house leaked terribly when it rained and I had to fix it constantly.

I had used my savings and salary advances to build the new house’s foundation, when I heard about a Bayport loan from colleagues at work. With my first loan of MT50 000 (USD817), I built the walls and with top-up loans I put in windows, completed the roof, sank a borehole and bought a water pump. We also bought a gas stove for the kitchen, so now we can cook inside and no longer outside on coal and wood. Once my loan is paid off, I will take another one to finish the house.

From a reed house, we are now here, in our own house, made of concrete. My daughters can sleep in their own bedroom. They are happy. I feel fulfilled because I have improved the conditions of my family and our lives.

33% of customers in Africa take out loans to build or improve their homes.
26.6% of customers in Latin America use their loans for housing and/or home improvements.
My plans are to focus on my business and to fulfil my ambitions to improve my house when my business does well.

Mwamvua Mhina
Tanzania

When I went to borrow from Bayport it was for two purposes: to move into my house and to build my business.

For this reason I divided the money into two. I took Tsh300 000 and bought mosquito nets for my house’s windows, and Tsh150 000 I put towards my sweet business.

The business doesn’t require a lot a capital, but the profit is big. When I put together the profit for two or three months, I plan with the engineer the next works that need doing in the house.

I continue building slowly until the savings run out, then I work and save again.

I believe there is no work without profit. With the money I borrow I go and do business and make a profit.

I believe Bayport is capable. If you are determined and use the money you borrow properly, Bayport can empower you and you will live a good life of joy and happiness.
Impact measurement

5.4 Education

Evidence from the World Bank based on Mincerian models of analysis suggests that on average, each additional year of education results in an increase in individual earnings of 9.7%. For women and people living in lower-income regions, the uplift tends to be slightly higher.

The social benefits of education are many and varied, resulting in a general enhancement of society. Based on an overview of previous research, Social Value UK summarises these benefits as follows:

- Children benefit from their parents’ education. Parents who are educated beyond high school level are more likely to be involved in their child’s education, and have the skills to help with homework and coursework. The development of a child’s early language, literacy and numeracy skills are also influenced by parental education levels.
- Improved level of education has a positive relationship with levels of exercise, physical health, life expectancy and family planning. This may be due to improved understanding of health and diet, higher income and better working conditions. In both developed and developing countries, the offspring of better educated parents display reduced rates of teenage pregnancy and an improved ability to control their family size.
- Increased education enhances the efficiency of consumer choices made. For example, better educated individuals may find it easier to understand interest rates on consumer loans, receive better prices for certain products and are more likely to save.
- It has been suggested that increased education is related to improved levels of confidence, which may impact levels of social cohesion as individuals can more readily engage socially and politically.

Improved education also increases the likelihood that an individual can afford to live in an area with low levels of crime and anti-social behaviour, further raising their levels of interpersonal trust. The stories of Bayport customers investing in their own education and that of their children or dependants, are plentiful. Almost all loan usage stories include a reference to schooling and education, and this has been the case from Bayport’s inception.

Let us return to Liko Ngona, mentioned on page 34, who received his first Bayport loan in November 2002. It was a six-month loan to the value of K1 973.77 (roughly USD109 at the current exchange rate). Today, he has an active, 48-month loan with Bayport Zambia. Liko’s loans over the years were largely spent on funding his children’s education. His daughter is a graduate from Zambia’s Mulungushi University and his son, who completed Grade 12 in 2021, will be going to Eden University.

Bayport’s focus on creating impact through education is also evident in our CSI projects (see page 38) and the opportunities made available to staff members (see page 42).

32% of loans extended to Bayport customers in Africa are used for education or tuition fees.

2.8% in Latin America, the figure is much lower.

Education is the passport to the future, for tomorrow belongs to those who prepare for it today.

– Malcolm X
Impact measurement

5.5 Micro enterprises

Small and medium enterprises are engines of growth and catalysts of socio-economic transformation. By giving entrepreneurs access to funding, Bayport contributes to economic advancement.

According to the World Bank, most formal jobs in emerging markets – up to seven out of every 10 – are generated by SMEs. Bayport loans have supported the establishment and growth of countless small businesses over the years. From sweet and stationery shops to farms and transport enterprises, we have helped entrepreneurs pursue their dreams, and employed people to supplement their incomes through small businesses.

*L’Aspirante a la paz* (2019) summarises the findings of a survey of 1,000 women and men rural dwellers in various parts of the country. It is a research project led by the Lutheran World Federation. The survey indicates that many of the small businesses have been created by women.

Lillian Seth Mallya
Tanzania

I am married, have four children and work as a nurse at Machame Hospital.

Life was difficult and very tight: I struggled to pay school fees for three children and stock a small business, but Bayport has really empowered me.

The Bayport loan officer educated us on the loans, explaining I could choose to take a loan for up to five years, depending on my affordability and requirements, and informing me that my loan will be deducted directly from my salary.

With my first loans I paid my child’s university fees, made some home improvements, and bought more chickens for my poultry and eggs business. I also bought more cows and pigs. The cattle dairy business is seasonal in Machame. If the season is good then dairy is plentiful; during droughts there is no cow feed and therefore less milk. Right now the season is good and I can get 10 litres in the morning and 10 litres at night. The money from the milk helps my family with food and medical treatment.

I have taught my children that if you have money, use it for the right reasons and not on things that are not productive. Bayport has really made me happy. It has made me feel like a human being and has reduced my life burdens a lot.

The level of entrepreneurial activity is higher in emerging markets than in developed economies, driven by high levels of necessity and lower barriers to entry.

— Researchgate.net

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— Researchgate.net
Partnerships is a Bayport value that finds expression in many areas of our business, and none more powerfully than our approach to corporate social investment.

Our flagship CSI partnership is with Innovation: Africa (iA). Based in New York, this non-profit organisation set itself the goal of impacting 10 million African people by 2025 by completing nearly 200 projects that will deliver access to clean water and energy.

In the context of its Bayport partnership, iA completed seven water and/or solar power projects in Zambia since 2020. Over 24 000 people have benefitted directly from having access to clean, safe drinking water in their villages, while healthcare services have improved greatly at the Mzime Health Centre where solar power now makes round-the-clock care possible.

Of the 120 babies recently born at the centre, 104 arrived at night. Emmanuel Lungu, a nurse at Mzime, proudly relates that thanks to the solar-powered lighting, they were all delivered safely. The Mzime Health Centre serves a community of almost 5 000 rural Zambians.

Twelve-year-old Mercy Banda is a pupil at Zatose Primary School, which falls in the area served by the Chisulo water project in Zambia. “Now that we can get water from a tap, instead of walking far to fetch it, I can concentrate on my studies,” she says. “I no longer feel thirsty or tired from searching for water.”

The project that has delivered water to Chisulo village, is making it possible for the Banda family to live in a well-built home. The father of the household, Julius, has started making bricks to build a house for his wife and three children.

A similar story comes from Mitole village where young Violet Zulu has started a vegetable garden since water has been brought to the village. She now grows healthy food to help sustain her family and earns an income from the surplus produce she sells to her friends and neighbours.

The Bayport-iA partnership
Bayport first joined forces with iA in 2018. We entered into a three-year partnership that included financial support, as well as strategy and financial modelling expertise.

Bayport has helped iA to expand its operations in both South Africa and Tanzania through providing support and infrastructure. As a result, iA has completed 228 solar and water projects across both countries, impacting the lives of over 940 000 people.

In 2019, Bayport Zambia partnered with iA independently from the group agreement, pledging USD250 000 to bring clean water to five villages and a school in Zambia’s Katete District.

In 2021, Bayport renewed its commitment to support iA with financial and other resources.

BML contribution
Financial: USD100 000
In kind: overall strategy and financial modelling

Operations contribution
In kind: South Africa – logistical support
In kind: Tanzania – logistical support and the purchase of a vehicle

Bayport-supported projects
Zambia: 7 completed

People impacted
Zambia: 24 760 impacted by Bayport

– Sivan Yaari
Founder & CEO of Innovation: Africa

When aiming to create a positive impact, initiatives must be designed to meet a documented need and provide a solution that is both measurable and sustainable.

– Alexandra Ostrow
Founder, WhyWhisper Collective
Education

Education remains a stated focus area for CSI programmes throughout Bayport.

• Mozambique

The Bayport nas Escolas (Bayport in Schools) competition ran during the first half of 2021 in the Gaza province of Mozambique. This USD20,346 joint venture between Bayport and the Provincial Directorate of Education supported infrastructure improvements at rural schools.

To take part in the competition, pupils had to create a poem, story or artwork that answered the question “What have I learned from Covid-19?” Each school submitted its best entry to the district head of education with an investment plan that explained how the school would use the prize money to upgrade facilities and/or implement activities for pupils. Each district head selected the district’s best entry and submitted it to the provincial director of education who, together with Bayport, chose the overall winners.

The winning school built six classrooms, which benefitted 140 students and four teachers. The first runner-up used its prize money to rebuild its ablution blocks with a positive impact on 426 pupils and 13 teachers of the school that came third.

The winning schools received their cash pay-outs according to the investment plans they submitted and had three months to complete their projects.

Family photo of Bayporteers and staff of the Provincial Directorate of Education of Gaza province in Mozambique.

In 2021, the Bayport Group spent USD141,306 on CSI initiatives.

• Ghana

The flagship CSI project of Bayport Savings & Loans in Ghana is the Bayport Educational Scholarship Scheme, with an annual budget of around USD40,000.

The Scheme provides a full scholarship, covering tuition, accommodation and books for secondary and tertiary education to selected students. Only wards of Bayport customers are eligible.

Since its inception, the Scheme has enrolled more than 100 students and have seen dozens graduate from senior high schools and reputable universities in Ghana. Some of these young people, such as Gloria Asiedu, have been offered permanent roles in the business.

“I was 18 years old when I received a Bayport scholarship. Over the next five years, with Bayport’s support, I completed senior high school (SHS) and attended the University of Cape Coast where I completed a Bachelor of Education (mathematics) degree. I joined Bayport in August 2015.

“As a finance officer, I prepare and submit Bayport’s daily, weekly and monthly reports to the Bank of Ghana. Among other duties I also assist in budget preparation and management activities, update internal systems with financial data and track bank deposits and payments.

“The Bayport scholarship gave me the opportunity to complete my SHS and motivated me to study hard, which enabled me get admission to university. This scholarship has gone a long way to give me permanent employment with Bayport.”

Bayport customer, Albert Scott-Lutterodt, with his son Rodger Mascost-Lutterodt, who is studying for a Bachelor of Medicine/Surgery.

Other significant Bayport CSI projects

Support for displaced persons, as well as those adversely impacted by Covid-19, featured in several of our African operations’ CSI activities.

Bayport Mozambique coordinated, warehoused and transported the goods donated by Bayporteers for the victims of the armed conflict in Cabo Delgado, while Bayport Uganda provided USD3,315 in financial support to government officials during the country’s Covid-lockdown in July 2021.

Business model changes created CSI opportunities in at least two operations, with Bayport Tanzania and Bayport Mozambique donating office furniture to government entities in their respective countries.

Other projects in Mozambique during the year included a USD971 sponsorship to enable four Mozambican gymnasts to participate in a championship in Paris, France, during September 2021, and a USD630 donation of non-perishable foodstuffs to Maputo Social Services to mark African Children’s Day.
Bayport as an employer

In a world that is increasingly faced with the consequences of unbridled capitalism, impact is a question all enterprises must answer.

Globally, Bayport employs 2,870 full-time Bayporteers, and provide commission-based earning opportunities to 3,753 sales agents.

But we are more than just an employer. Across the group, we offer employees support for further studies, in addition to internal skills development and mentorship opportunities. Employee assistance programmes provide support to Bayporteers who experience personal and professional challenges, and wellness days help employees to advance their physical, emotional and financial wellbeing.

During 2021, these programmes focussed mainly on mitigating the impact of Covid-19 on Bayporteers and the workplace.

Vaccination programmes

In-house vaccination and information programmes across the Bayport Group have helped to stop the spread of Covid-19.

The first operation to facilitate vaccinations for Bayporteers was Bayport Uganda whose programme rolled out in the first half of the year.

In July, Bayport Colombia started vaccinating Bayporteers, some of their family members and certain key suppliers. Having joined Colombia's ANDI vaccination programme, the operation bought 300 full vaccine doses for its internal rollout.

By the end of August, 75% of Bayporteers in Colombia had been vaccinated, along with 66 family members and 144 suppliers.

The programme resumed in mid-September, targeting those Bayporteers who had Covid-19 and needed to observe a 90-day recovery period before they could be vaccinated.

Research in South Africa has shown that lack of access contributes to the country's relatively low vaccination rate. With this in mind, Bayport International Group Support (BIGS) in Johannesburg decided to give Bayporteers the time they need to get vaccinated.

This initiative, called Vacation-Day-for-a-Vaccination-Day, encouraged vaccination by giving Bayporteers a day’s free leave, i.e., leave does not come off the person’s annual leave balance, for every vaccination shot they got.

To further help overcome vaccine hesitancy, Bayporteers at BIGS and the South African operation were invited to tune into a four-part webinar called “Understanding Covid-19 vaccines”, which was presented by the Discovery Health medical scheme during October.

Bayport Mozambique invested USD12,642 for its employees and their dependants, as well as sales agents, to receive Covid-19 vaccinations as part of the UNIVAX programme. As part of the vaccination initiative, Bayport donated 10% of the total number of vaccine doses purchased to Mozambique’s National Health Service.

Employee wellness initiatives

Having realised that losing connection is one of the biggest impacts of working virtually and from home during the pandemic, Bayport Colombia and Bayport Mexico introduced a fun competition, known as “Know to acknowledge”. Run in three phases, the competition set employees different tasks to complete to get to know each other better.

In October 2021, BIGS also ran an employee wellness survey through iCAS. Action plans were put in place to actively address the trends identified.

During May, Bayport Tanzania launched a wellness programme geared to create a healthy workplace culture for employees by addressing and encouraging physical, mental and financial wellbeing. From aerobics classes and road running to a reading club, the programme has something for everyone.

Great places to work

During 2021, both of Bayport’s Latin American operations received recognition from the Great Place to Work Institute® (GPW).

Bayport Colombia ended the final evaluation of the year ranked 14th out of 250 companies in the category of 300 to 500 employees. Bayport Mexico was ranked as the 52nd best place to work in Mexico in the category for multinational companies with between 50 and 500 employees.
Employee impact

Financial literacy

In Botswana, the business actively promotes financial wellness and financial literacy as much to internal audiences as to external ones.

Florence Masego Chikwereti
Chief collections officer
Bayport Botswana

I pay attention to the financial literacy content because money tips and advice never get old. Also, as a person involved with collections and having to rehabilitate financially distressed customers, the advice doesn’t only work for me but comes in handy in supporting my delinquent customers.

Covid has had a big impact on our family as my partner was retrenched and had to relocate. This increased my financial responsibilities. Learning to budget better and tracking my expenses has helped me to do away with unnecessary costs and waste, and placed me in a better position to support the family.

Career advancement

Bayport sets great store by the value that committed, loyal and experienced staff members add to the business. The Group’s preference, therefore, is always to develop internal talent before recruiting externally to fill positions. This philosophy has resulted in remarkable career development successes across all operations.

Kwame Asamani
Operational risk officer (IT & cyber risk)
Bayport Savings and Loans (Ghana)

I started my Bayport career as a call centre sales agent, and from the get-go, I was supported. My experienced colleagues taught me how to convert customers and this helped me meet my targets after months of struggling. My managers gave me the chance to prove myself in retail campaigns and challenged me to lead my team a couple of times. They also put me forward when it came to representing the call centre in departmental activities.

I am thankful for how far I have come, especially in a space where I am putting into practice my academic knowledge. Through my studies in advanced cybersecurity, I am on my way to becoming an information security and cloud computing expert.

Lily Barajas
Direct channel sales coordinator
Bayport Colombia

My first job at Bayport, which I started in November 2016, was credit origination assistant for the retention and loyalty channel. Over the years I had several roles in the different sales channels, including being involved in the creation of the mobile channel, the Vantage channel and, during the pandemic, the self-origination channel and the agent portal.

I started in my current position in December 2021. My leaders and the human resources team have always believed in me, even identifying abilities that I had not recognized before. Through different areas and projects I get to interact with colleagues who always share their knowledge with me, while promotions in the company have allowed me to invest in my education.

Today I feel very proud and grateful for this.

Catherine-Kagabane Munyaga
Senior manager: credit administration & operations
Bayport Uganda

I joined Bayport as an insurance administrative assistant on 22 November 2013. Eight years later, in November 2021, I was appointed in my current position.

My journey has been fantastic, and I am incredibly grateful for the opportunities I’ve been given. I feel lucky to have had such an all-round involvement in Bayport. This gives me an understanding of my colleagues’ situations and makes working here just that much easier.

I am blessed to work for an organisation that sees vision, values and other purpose-based immersion sessions as a valuable use of time. I’ve never experienced that anywhere else.

Jesca Sisya
Call centre supervisor
Bayport Tanzania

When Bayport started the transition from paper-based loan processing to end-to-end digital in 2019, I was hired as an intern to support the sales agents. In March 2020, I was offered a position as a call centre agent, and a year later I was promoted to my current role.

I received moral support, encouragement and a helping hand from my colleagues throughout my journey. It is really a case of “teamwork makes the dream work”.

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The reaction from stakeholders to our 2020 impact report, indicated clearly how much impact matters at this point in time.

The pursuit of profit in isolation is increasingly unacceptable to investors. The bottom line has to make sense economically as much as environmentally, socially and from a governance point of view.

As our data gathering, analysis and interpretation improve, so does our understanding of what constitutes impact in the lives of the people our business touches. Increasingly, we are able to define impact by placing ourselves in their shoes. This, in turn, influences and shapes our business processes and practices.

We can only claim to make an impact when we help to bring about positive changes in the lives of our customers, and contribute socially and economically to the countries in which we operate. Simultaneously, we actively reduce negative impacts, such as our environmental footprint.

During 2021, we incorporated these aspirations and our values into a formal environmental, social and governance (ESG) strategy. With the plans and budgets in place to deliver on our ESG requirements over the next 12 months, the 2022 impact report will reflect specifically on how we engage with our customers, our people and the broader business universe.

As we continue on our impact journey, we thank every Bayporteer who brings our mission, vision and values to life. We thank every investor whose confidence in our business model enables us to expand our products and services. We thank our local partners with whom we share a common philosophy and passion. And we thank every customer who chooses Bayport as their financial partner.
Impact is measured by numbers, but real impact manifests in hope, joy and quality of life.