



## Simtel in \$13.5m re-branding drive

Simtel has announced that it has changed its brand identity to RSwitch. Business Times has learnt that this development follows a couple of new strategic moves premised around a \$13.5 million capital injection by Simtel's new owners, which is meant to better serve the banking sector through new service delivery breakthroughs.

After being bought by private equity firm African Development Corporation (ADC) of Germany as part of the government of Rwanda's privatization public program.

Simtel as a payment system solution provider, in the banking sector, has seen its activities being reinforced by the new shareholders.

ADC had acquired a 70 percent stake in Simtel in 2007 by injecting \$3.5 million as new capital plus making pledges of another \$10 million to transform the firm's value propositions in the local market.

ADC as a specialty private equity firm, is focused on investing in firms within the financial sector with potential for turnaround or growth in certain Sub Saharan African markets such as Rwanda. ADC had promised as part of its take over to turn around Simtel into a more efficient and relevant player in the banking sector through injecting additional working capital and expertise.

Consequently, the transition from Simtel to RSwitch can be seen as part of the turn around strategy promised by ADC. The new programme is expected to boost the way the 12 licensed banks within the country's entire financial system does business within the economy according to the firm's top officials.

"When we took over the management of Simtel the firm was in a stage where it was on the verge of achieving a number of breaking deliveries to the market. The white-label debit cards delivery term was shortened from nearly 3 months to few days by implementation of cards personalization. With our new value addition, Simtel has just gone through a major upgrade of its systems", the firm's new Chief Executive Officer (CEO) Ronald Hoekman told Business Times.

Hoekman added that more than 50 percent of the Automated Teller Machines (ATM)s in Rwanda are now connected through RSwitch and the availability of such service which is critical to the delivery of more efficiency within the local banking sector is now increasing on a daily basis.

"To achieve such a feat required addressing some of the challenges that the firm was facing previously and once we had sorted out these challenges we thought it wise to rebrand in the process so that we could also reconnect with our clients in a more newer, relevant and hence more meaningful way", Hoekman added.

"RSwitch is entering into a new era that must be characterized by stabilization of the services such as improved customer service and gradual development of its staff, systems and services. To emphasize entry into the next phase, we have decided to implement the new RSwitch brand in tandem with our aspirations to offer new set of products and services to the market", Hoekman said.

At the moment RSwitch is now expected to deal with only a portion of the electronic, cashless payments as it builds its internal capacities before it will be able to embrace other services in the near future. This means that that payment cards are expected to significantly reduce the current cash logistics that is not only expensive but cumbersome too, within the banking sector.

Secondly, with ATM's taking over the withdrawals, the banks connected to RSwitch will be able to serve their customers better at the branches and provide them with more sophisticated products instead of just undertaking simple withdrawals. RSwitch hopes that such a service delivery, if sustained over time, will positively impact on the overall efficiency of the entire banking sector whose total assets is expected to go beyond \$1 billion next year up from less than \$600 million when ADC took over Simtel in 2007.

Customers have previously experienced long and endless queues in the bank branches. However, RSwitch hopes that such queues are soon to be significantly reduced through ATM's deployment throughout the country by the banks that will enable bank clients easy access to their money either through ATM withdrawals and or card based payments.

In addition, RSwitch says that more sophisticated card products will soon be available locally. This includes international cards issuing and acquiring or providing credit cards which, in one way or another, will also represent, new but significant revenue streams for the banks in the future.

RSwitch sees itself as transitioning to become a cards payments competency center for the banks and has even plans of rolling out its services to cover the larger East African region. "At the moment we are working on stabilization of the already implemented services and improvement of the service levels and availability of the ATM network. In parallel we are increasing significantly the cards issuing capacity. RSwitch can now issue around 15,000 cards per month", Jan Vondracek, RSwitch's Chief Finance Officer (CFO) said.

"To satisfy the demand from the banks we have set plans to boost our capacity to distribute to bank clients over 400,000 cards in the next two years, meaning that RSwitch must triple its current capacity", he added. The firm, buoyed by its investment upgrade now says that the network of Point of Sales (POS) within the sector will be implemented during the next year, enabling the card holders to pay for goods and services with their cards.

"Finally, we are in the final stage of Data Security Certification (PCI DSS) required by Visa and MasterCard Associations. That suggests that we are also in the middle of intensive talks with international card associations and hope to be soon to be able to process payments with international cards as well as supporting the banks in issuing the international payment cards to Rwandan customers", Vondracek added.

RSwitch is currently running on top of the edge technology platform comprising state of the art IBM servers and a new switching system known as Base24 that is widely used by the largest and leading financial institutions in the world.

With the development of the telecommunications infrastructure in Rwanda, the firm is now in the process of utilizing the fiber optics network for connectivity with banks and the ATM network. This step will increase the availability of the ATM's to over 99 percent.

The firm has also said that it is preparing the implementation of its disaster recovery capabilities that will enable it to run round the clock, seamlessly, without any interruptions.

**Ends**