

# Business agility in economic downturns

## A balancing act between recovery and growth

Paramaribo, February 11<sup>th</sup>, 2019 Eblein G. Frangie  
ALV Vereniging Surinaams Bedrijfsleven



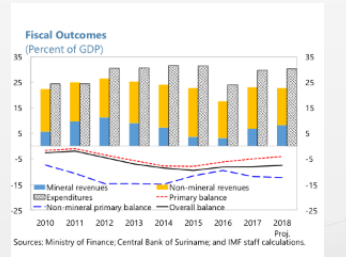
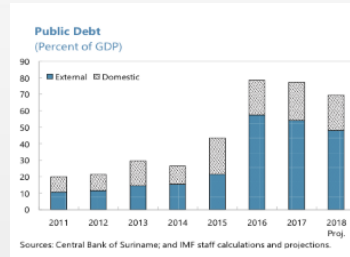
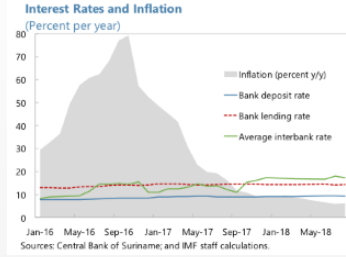
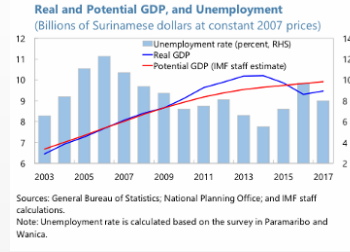
# Overview and introduction

1. Introduction;
2. Current state of the economy;
3. Effects on the banking sector;
4. Business agility;
5. Discussion and questions.



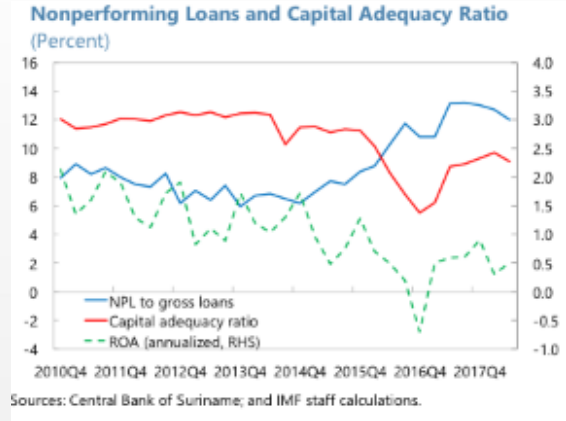
# Current state of the economy

1. Suriname is recovering from a deep recession of 2015 – 2016;
2. Heavy dependence on mineral sector;
3. Low domestic economic productivity;
4. External position has on balance strengthened;
5. Significant fiscal deficits;
6. Significant debt position;
7. Inflation has reduced to single digit;
8. Exchange rate is relatively stable;
9. Real interest rates have turned positive;
10. International reserves increased;
11. Banking sector is vulnerable.



# Effects on the banking sector

1. Higher liquidity buffers;
2. Higher interest rates due to inflation and margin compensation ;
3. Higher loan loss provisions;
4. Higher costs due to devaluation and regulation;
5. Lower net income;
6. Stricter regulations p.e. Basel 3;
7. Lower ROE;
8. Changing business models to reduce risk.



# Business agility

1. Strengthen governance;
2. Proper financial reporting and planning;
3. Focus on operational efficiency;
4. Deleveraging: increase equity instead of attracting loans;
5. Liquidity is king;
6. Increase financial flexibility: buy vs lease, own staff vs temporary workers;
7. Workforce empowerment;
8. Innovate new products and/ or markets;
9. Rethink business model in order to adjust to the new normal;
10. Focus more on adding value for your customers;
11. Find strategic partnerships to execute business plan.

		PROMOTION-FOCUSED MOVES		
		MARKET DEVELOPMENT	ASSET INVESTMENT	BOTH
PREVENTION-FOCUSED MOVES	EMPLOYEE REDUCTION	GOOD SALES 4.6% EBITDA 6.6%	BAD SALES 3.9% EBITDA 3.3%	WORST SALES 3.3% EBITDA -5.2%
	OPERATIONAL EFFICIENCY	GOOD SALES 7.1% EBITDA 4.2%	GOOD SALES 8.4% EBITDA 8.4%	BEST SALES 13.0% EBITDA 12.2%
	BOTH	BAD SALES 5.2% EBITDA 2.1%	BAD SALES 5.2% EBITDA -0.5%	GOOD SALES 9.2% EBITDA 4.6%



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