Blue Financial Services (Blue) has been granted a R100 million financing facility from the National Housing Finance Corporation (NHFC), which will significantly expand its mortgage lending business in South Africa.

George Earle, General Manager for the Blue home loans division, says the funding will be allocated to the SA home ownership division, which provides housing finance to lower and middle income groups, for loans up to R400 000.

Earle says that despite the current economic climate, Blue is seeing a significant increase in home loan applications — and the funding line will enable the group to provide housing to numerous families in SA. “We operate in sectors where the more conservative banks are reluctant to lend, from our experience in our chosen market we are ideally positioned to determine our client’s ability to repay whilst also adhering strictly to the requirements of the National Credit Act. The NHFC funding allows us to extend our products to a market which is currently struggling to receive affordable credit and in this process play our role in the delivering of housing.”

Blue mortgage lending products are focused on the Northern Cape, Gauteng and KZN markets, and to a lesser degree in the Eastern Cape. Earle says that the new funding allows the company to expand its geographic reach. “Property developers across the country have been informed that we have received this additional finance, to be on-lent to aspiring home owners.”

Blue home loan finance is traditionally over a twenty year term and appropriate collateral is provided by the customer in the form of a deposit or a retirement fund guarantee as found in the pension supported housing loan model. Home loan clients are evenly split between those employed by government and those working in the private sector.

Earle says the NHFC funding gives a tremendous boost to Blue’s capacity in this sector. “The NHFC has approved this financing facility as part of its mandate from government to address the shortage of homes in the country and to ensure that every South African with a regular source of income is able to gain access to home ownership finance. We hope this is the start of a long-term relationship whereby all South Africans can benefit.”

Ends
Blue Financial Services (Pty) Ltd

Blue, the AltX listed pan-African financier, is currently one of the “big three” listed micro-finance companies in South Africa. Of the three, Blue is the only micro-finance with a significant presence outside of South Africa, currently operating in 12 other countries and planning to open further African subsidiaries before the end of the year. Blue presently services its clients through 175 branches manned by more than 2,000 employees.

Blue offers formally employed people in the LSM 2–7 brackets access to credit solutions such as salary advances, home improvement loans, home loans and insurance. Blue is registered with the Finance Services Board (FSB) of South Africa and the central banks in each of its operating countries.

Blue recently announced its intention to purchase another Alt-x lender called Credit U for R280 million.

Blue is awaiting a Credit U shareholder meeting and competition commission approval in this regard.

Blue will be releasing its Interim Financial Results next week and recently put out a trading update that these would be more than 100% improvement on the same period for the previous year.