

# FedGroup disrupts wealth creation model

By [Danette Breitenbach](#)

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With the launch of its direct ownership network, the FedGroup has, in a world first, harnessed tech innovation for wealth creation.

The independent financial services provider launched the solution in Sandton last night. In a disruption to traditional approaches to wealth creation this is a peer-to-peer model, which means that all parties benefit as it leverages the ownership of the physical asset to generate income.

## Sunny returns

The first project was also launched on the evening. This project allows consumers to purchase a solar panel that forms part of a larger solar facility. Consumers purchase the panels from FedGroup's online platform, which are then installed on the roofs of commercial and industrial buildings for which the solar panel owners then receive a rental income based on the power generated by the panels. FedGroup administers and pays the rental to the panel owners.

Panel owners can expect an internal rate of return on the price they paid for their panels to be over 11% per annum, over the 20-year lifespan of the project. With tax allowances this return can be boosted further. At the end of the 20-year term, panel owners can take physical ownership of their panels or sell it back at a residual value of R1,000.



FedGroup CEO, Grant Field

This is just the first of other direct ownership opportunities that the company will be bringing to market says Grant Field, CEO of the FedGroup, who explains that direct ownership is part of doing something different that would challenge the status quo and make a difference to the country and its people.

"The world is changing rapidly and industry upon industry is being disrupted. In the past a financial services company could grow slowly but this is no longer the case – in fact this will kill you today. To survive today companies do not have to be the strongest or most intelligent, but they must be the most adaptive. It is no longer business as usual. Our industry is

evolving."

## Disruptive problem-solving

The world we live in is filled with breath-taking moments he adds, but also with serious problems and that is the landscape we find ourselves in. "As a traditional financial services company, we powered ahead without stopping to ask ourselves what are we actually doing. But when we did stop and ask the answers were interesting."

They looked at a survey from the United States, which found that consumers no longer trust brokers – which is their traditional model of operating – and want to access financial services via their mobile devices.

"Our starting point was the white board. We asked what are the problems facing South Africa, not what are the problems facing our business. We looked at access to finance for lower income earners as well as regulation and the high cost of banking."

On the eve of launching their first solution, changing regulation led to it being obsolete but instead of walking away, Field says they went back to the white board. "We wrote down the problems again. We asked ourselves what would Uber do?"

The result is the direct ownership network. The solution is in partnership with GreenSheep Ventures, a financial technology company.

“What we are launching is not a new product but an entirely new way of thinking. It is an exciting time for us to do something different’ something that is not financial.”

## ABOUT DANETTE BREITENBACH

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a Masters in Financial Journalism from Wits.

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