



Merchant payments: VAS playbook

Ideas for building a better value proposition for merchants, employees and customers to use mobile payments in the retail space



Introduction

Since the launch of mobile merchant payments (referred to as Lipa* in this document) in Tanzania in 2014, MNOs have seen a spike in the enrollment of merchants onto the platforms. However the number of active users remains low due to limited incentives to use these platforms.

CGAP worked closely with Dalberg to understand the ecosystem of and around merchants in Tanzania and the challenges they were facing on a day-to-day basis. Through a human-centered design approach (HCD), the team conducted interviews with about 80 merchants, employees, and customers in urban and semi-urban areas, developed and prototyped potential solutions, and held a design workshop to discuss strategic questions and prioritize interventions.

Value Added Services (VAS) and loyalty models were recommended to support an increase in uptake and active use of mobile retail payments. **This playbook discusses the various potential Value Added Services that could increase uptake of mobile retail payments in Tanzania and similar emerging markets.**

**the Swahili word for ‘pay’, widely used by East African MNOs as a moniker for mobile merchant payments*



Merchants face constraints to growth in three key areas where digital solutions can unlock value



Limited tools to build strong customer relationships

Merchants operate in highly competitive markets; with little product-based competition, superior customer service is the major differentiator. However, merchants lack the tools to build solid relationships with more than a few customers



Insufficient business intelligence

Merchants lack the tools to understand how their businesses are performing: how much of each product they are selling and to whom; how customers are experiencing their products; how staff are performing; etc. This information is crucial to making sound data-based business decisions in key areas such as inventory management and marketing



Inadequate access to suitable finance

Many merchants lack sufficient capital to finance operations and grow their businesses. They often lack the collateral and credit profiles required to access working capital

To unleash growth, MNOs can provide a suite of value added services to merchants, helping them establish meaningful relationships with customers and access business intelligence and a broader set of financial services

Value-Added Services

Over the course of multiple rounds of concept design, prototyping and infield testing, we have identified and prioritized multiple VAS concepts that can be offered with merchant mobile payments (“Lipa”) platforms in order to drive uptake and usage of the platforms

A. Drive growth through improved customer relationships

Prioritized VAS concepts

- CRM
- Bulk SMS marketing
- Store credit
- Layaway manager

Additional VAS concepts for future consideration: *E-catalog or merchant portal*

B. Drive growth through greater business intelligence

Prioritized VAS concepts

- Till app
- Business analytics
- Staff management

Additional VAS concepts for future consideration: *Business recommendations based on CRM data and sales tracking; competitive revenue, cost, and performance metrics; light-weight inventory management; information portal/merchant community*

C. Drive growth through improved access to financial services

Prioritized VAS concepts

- Working capital
- Supplier payments

Additional VAS concepts for future consideration: *Informal business cooperative / savings group support and credit services*

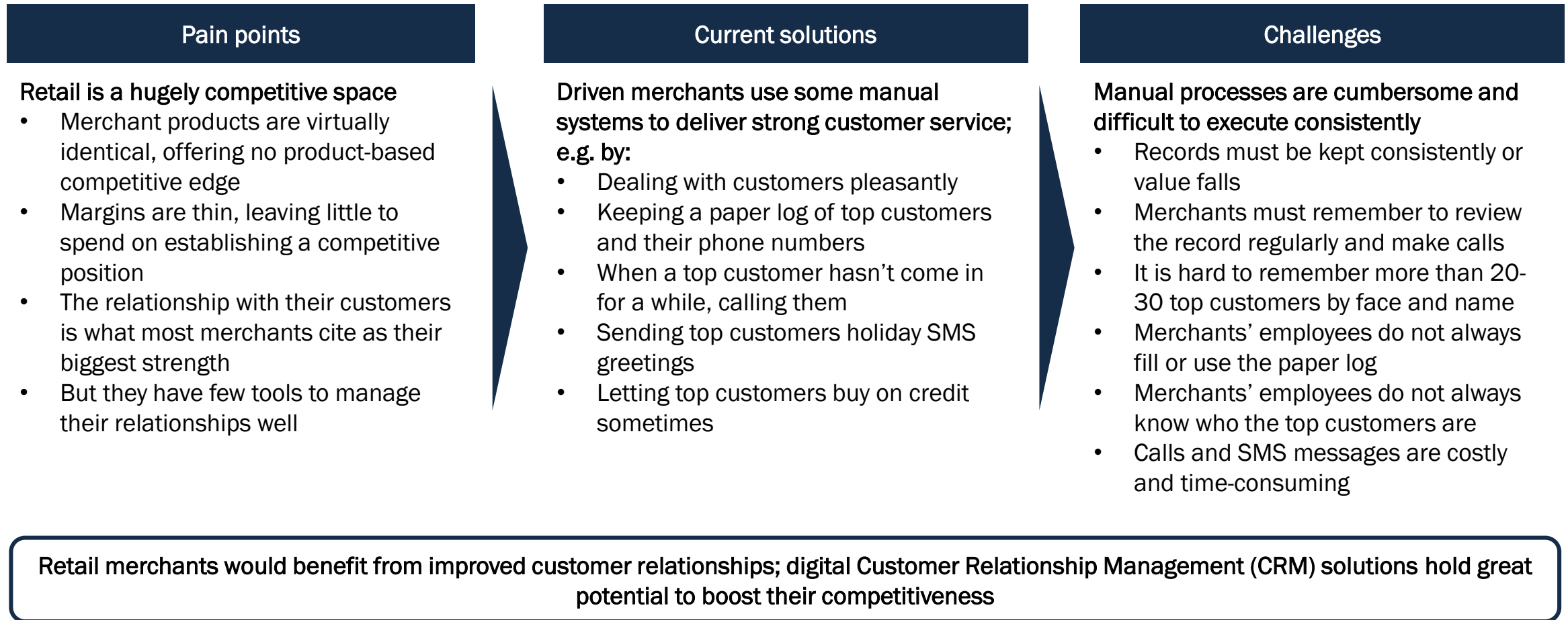
Value-added service concepts

A. Improved Customer Relationships

B. Greater Business Intelligence

C. Improved Access To Financial Services

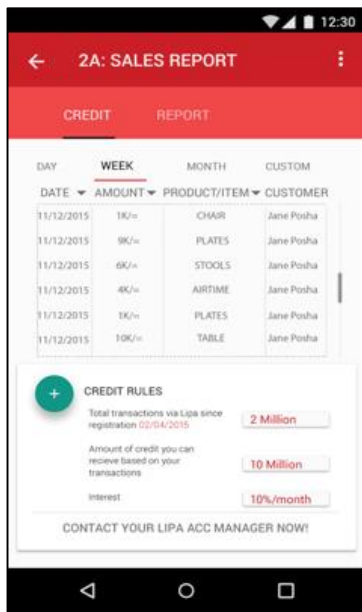
Customer relationship management is a crucial element of retail; merchants however are unable to achieve this efficiently at scale



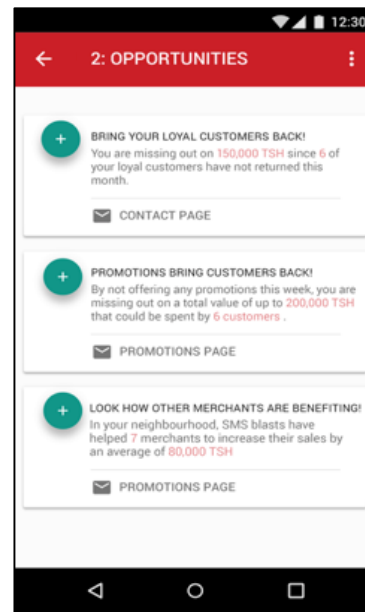
A. Drive growth through improved customer relationships: CRM

OVERALL OBJECTIVES

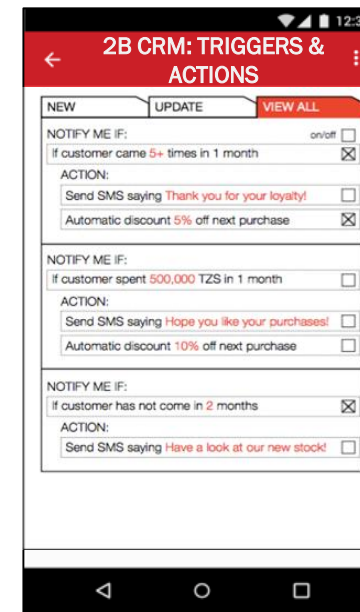
- Give merchants simple but effective tools to manage and build customer relationships - not just the top 20 people they can remember, but the next 50-100 people down
- Build tools that work across multiple storefronts and irrespective of who happens to be manning the till, enabling a more complete picture of the business



A semi-automated CRM tool with customer contact details and transaction history



Opportunity notifications based on customer & competitive merchant activity to encourage merchants to reach out to customers



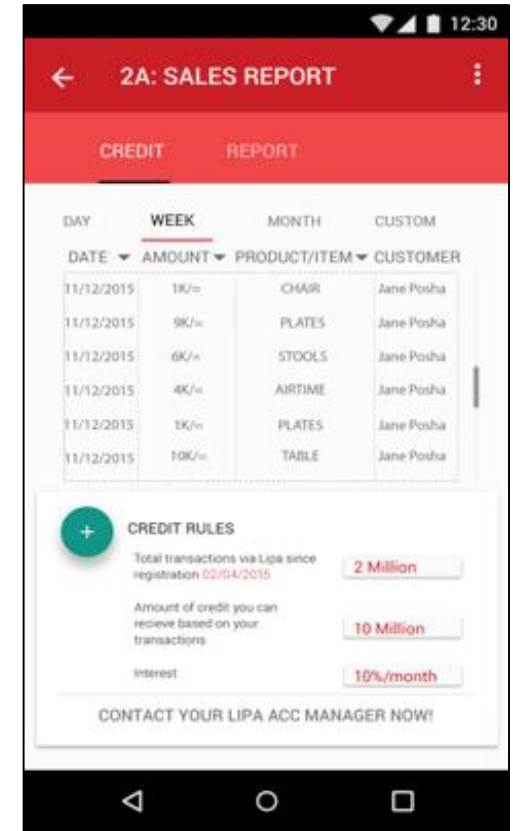
Alerts and triggers, enabling merchant & customer notifications based on pre-determined and customized triggers



Bulk SMS marketing from merchants to their customers. Integration with opportunity notifications (from CRM component)

A. Drive growth through improved customer relationships: Semi-automated CRM tool

Objective	<ul style="list-style-type: none">Enable merchants to know who their customers are and support merchants in building relationships with those customers, through a semi-automated CRM tool (such as a searchable and sortable database of contacts)
Rationale	<ul style="list-style-type: none">Merchants require a living repository of customer data (contact details, spending histories, etc.) to better understand and therefore better serve their customers
Potential features	<ul style="list-style-type: none">Automated record of customer transaction history and contacts, with information pulled directly from the Lipa system and automatically stored in the CRM – no need for merchant to enter dataFlagging of top customers (e.g. the top 20%) by the system based on transactions, for easier interaction and automatic alertsOne-click messaging to all flagged customers (e.g. a holiday message, advance notice about new products in stock or invitation to a special event)Discounts or promotions for all flagged customers (informed through a one-click bulk message)



A semi-automated CRM tool with customer contact details and transaction history

A. Drive growth through improved customer relationships: CRM – alerts, triggers, and notifications

Objective	<ul style="list-style-type: none">Empower merchants to motivate customers to return and spend more, through a CRM system that enables merchants to drive tailored customer interactions - notifications based on predetermined and customized triggers
Rationale	<ul style="list-style-type: none">Helping merchants get closer to their customers will make them feel valued and potentially increase sales
Potential features	<p>Send alerts when specific triggers are set off and enable the merchant to take action with a single click, for example:</p> <ul style="list-style-type: none">If the flagged (top 20%) customer hasn't come by for one month, enable a one-click message with a greeting or discount offerIf any customer has spent more than \$40 in a month, enable a one-click thank you messageIf any customer has come by the store 5 or more times in a month, enable a one-click thank you messageWhen there is a national or religious holiday, enable a one-click holiday greeting to all flagged (top 20%) customersWhen it is a flagged customer's birthday, enable a one-click birthday greeting

The screenshot displays a mobile application interface titled "2B CRM: TRIGGERS & ACTIONS". It features three tabs: "NEW", "UPDATE", and "VIEW ALL". The interface is designed for creating or editing trigger-based actions. Each rule consists of a "NOTIFY ME IF:" condition and an "ACTION:" response. The first rule is active (checkbox checked) and triggers an SMS saying "Thank you for your loyalty!" and a 5% discount. The second rule is inactive (checkbox unchecked) and triggers an SMS saying "Hope you like your purchases!" and a 10% discount. The third rule is active (checkbox checked) and triggers an SMS saying "Have a look at our new stock!".

NOTIFY ME IF:	ACTION:
If customer came 5+ times in 1 month <input checked="" type="checkbox"/>	Send SMS saying Thank you for your loyalty! <input checked="" type="checkbox"/> Automatic discount 5% off next purchase <input checked="" type="checkbox"/>
If customer spent 500,000 TZS in 1 month <input type="checkbox"/>	Send SMS saying Hope you like your purchases! <input type="checkbox"/> Automatic discount 10% off next purchase <input type="checkbox"/>
If customer has not come in 2 months <input checked="" type="checkbox"/>	Send SMS saying Have a look at our new stock! <input type="checkbox"/>

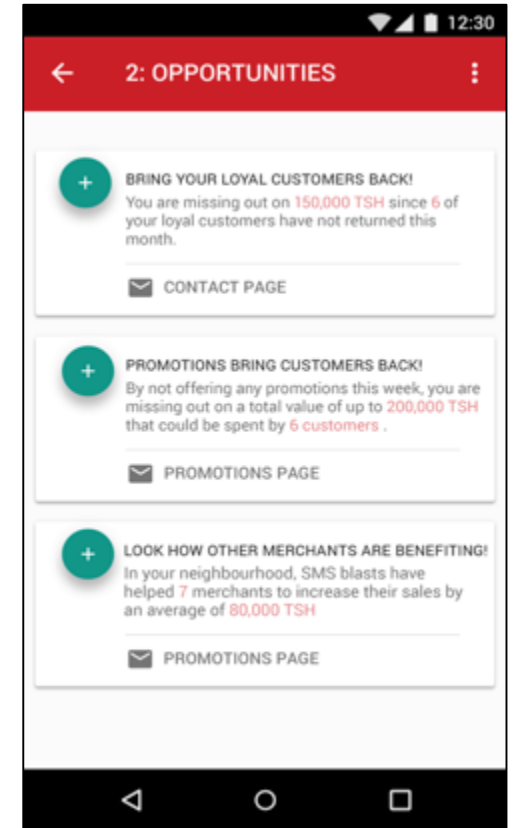
Alerts and triggers, enabling merchant and customer notifications based on predetermined and customized triggers

A. Drive growth through improved customer relationships: CRM – alerts, triggers, and notifications

Potential features

Alert merchant on opportunities to earn additional revenue:

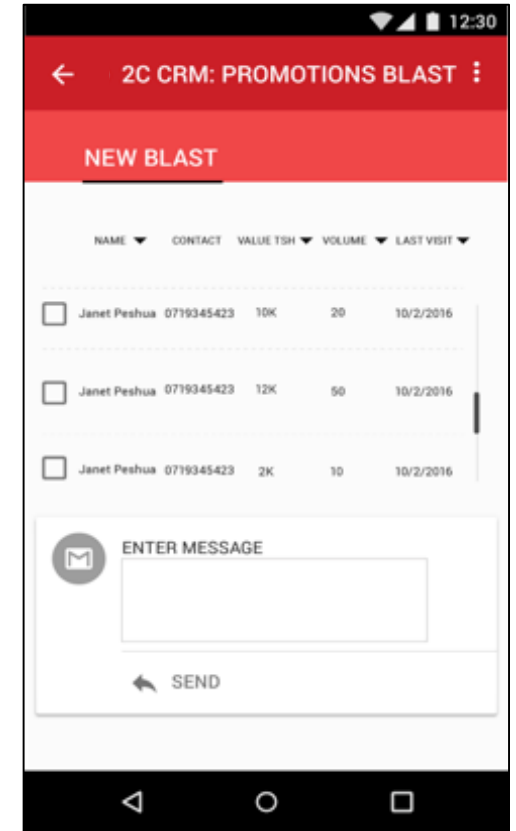
- Prompt on how much revenue is being missed out on due to specific regular customers not coming by for a long time – and provide simple marketing solution, e.g. enable one-click discount offer to those customers
- Prompt on the average revenue response other merchants in their neighborhood have seen from using SMS promotions or discount offers – and enable merchant to take action easily, e.g. enable one-click access to bulk send a promotion or discount offer



Opportunity notifications based on customer and competitive merchant activity to encourage merchants to reach out to customers

A. Drive growth through improved customer relationships: Bulk SMS marketing

Objective	<ul style="list-style-type: none">Enable merchants to reach various segments of their customers more efficiently, through a bulk messaging solution – and if the MNO offers bulk sending pricing, reduce costs to the merchant
Rationale	<ul style="list-style-type: none">Merchants often need to contact a large number of their customers at the same time, for example, to notify them about discounts or new products that might be of interest to them. However, sending messages to a large number of customers is very time-consuming
Potential features	<ul style="list-style-type: none">All customers: Generic messaging for all customers during festivals or public holidaysTop customers: Strategic bulk messaging during sale, or new inventoryNiche customers: Strategic marketing messages to selected customers based on their preferences and purchase habits, informing them of goods or offers that might be of interest to them



Bulk SMS marketing from merchants to their customers

Integration with opportunity notifications (from CRM component)

A. Drive growth through improved customer relationships: Store credit

Objective	<ul style="list-style-type: none">• Enable merchants to offer store credit more effectively, allowing more informed decisions, clearer overview, better repayment, less social friction, and overall lower credit risk
Rationale	<ul style="list-style-type: none">• Store credit can be a powerful incentive for customers, yet merchants are often unable to manage it efficiently, leading to delinquencies and conflict. A product which enables merchants to offer store credit more effectively will build and maintain their customer relationships
Potential features	<ul style="list-style-type: none">• Provide an automatic and objective ‘third party’ record of store credit extended, including date, amount and borrower details like name and phone number• Provide evidence of the agreement by making the borrower authenticate the store credit with a PIN on issuance• Provide automatic alerts to the customer when agreed repayments are coming due (saving the merchant some of the social friction around reminders)• Support merchants’ decision to offer store credit using prospective customers’ past repayment history of store credit from other merchants in the system (e.g., “This customer has taken out more than five store credits before and is in good standing”)• Potentially underwrite the loan using existing credit score and past store credit repayment data for the end customers to offer digital loans directly to them, saving the merchants from encumbering and risking their own capital

Set up a retail credit record for customers

A. Drive growth through improved customer relationships: Store credit

Potential features

- Give merchants visibility on their total credit outstanding (total, by month, by customer)
- Facilitate remote repayments between the customer and merchant digital accounts

Process flow

- If goods are being purchased on credit, merchant puts down the down payment and the remaining amount in the app and maybe even clicks a picture of the customer
- Platform sends an instant message to the customer about the remaining balance to be paid over a specified period

For example:

- Customer purchases hand-bag for \$100 but has only \$20 at the moment
- Merchant says 'No problem, you are one of my regulars, you can take the bag on credit. Pay me via Lipa and my system will capture the information'
- Customer pays, gets an automated response from the system saying 'You have paid \$20 to Mr. Abdul. Your outstanding credit now is only \$80. Pay all by the end of 4 weeks or pay \$20 each week. Choose 1 for weekly payments or 2 to pay the whole value at the end of 4 weeks'
- Once the customer chooses their repayment modality, the system sends repayment reminders as the due date approaches, e.g. 'Hope you are enjoying your new hand-bag. Pay Mr. Abdul your weekly \$20 and maintain your star rating'



Track and monitor retail credit / layaway status across customers

Automatic alerts for delinquent accounts

A. Drive growth through improved customer relationships: Layaway Manager

Objective	<ul style="list-style-type: none">Help merchants better facilitate layaway transactions at scale by providing a neutral record, better tracking, automatic reminders, and easier payments
Rationale	<ul style="list-style-type: none">Layaway programs allow merchants to build relationships with customers and encourage spending. However inadequate record keeping and limited transparency on customer payments erodes benefits of layaway programs
Potential features	<ul style="list-style-type: none">Provide an automatic and objective ‘third party’ record of store credit extended, including date, amount and borrower details like name and phone number as well as potentially images of the borrower with the goods purchasedProvide incontrovertible evidence of the agreement (as well as its completion or cancellation, as the case may be) by making both merchant and end customer authenticate key decision points with a PINHold layaway instalments received in escrow on the merchant side so as to keep it from being commingled with other merchant funds and enable frictionless repayment in case the layaway agreement cannot be completed (on whichever side)Give merchants and end customers each visibility on total down payments made against the total amount payable (for the merchant: total, per month, per customer)Facilitate the remote payment of instalments directly between the customer and merchant digital accounts, capturing a neutral record of the transaction

The screenshot shows a mobile app interface titled "3: LAYAWAY/CREDIT MANAGER". It has two tabs: "LAYAWAY" (selected) and "CREDIT". Below the tabs are three buttons: "NEW", "UPDATE", and "VIEW ALL". The "NEW" button is highlighted with a red underline. The form contains the following fields: "PRODUCT/ITEM", "PRODUCT PRICE", "LAYAWAY", "CUSTOMER NAME", "CUSTOMER PHONE", and "END DATE" (with a calendar icon). Below these fields is a section titled "REMIND CUSTOMER EVERY" with five radio button options: "day", "week", "fortnight", "month", and "custom". At the bottom of the form is a green "SUBMIT" button. The app is running on an Android device, as indicated by the navigation bar at the bottom.

Set up a retail layaway record for customers

Value-added service concepts

A. Improved Customer Relationships

B. Greater Business Intelligence

C. Improved Access To Financial Services

Business intelligence is currently out of reach for many small and medium retail merchants

Pain points

Merchants require data-based insights to make strategic business decisions

- Merchants require a strategic direction to navigate competition
- To do so, merchants need to consistently track the performance of their products and products, and evaluate the experience of their customers
- However merchants lack the appropriate tools to analyze their businesses or to compare performance with the competition

Current solutions

Most merchants keep manual paper records of performance

- Many merchants keep a paper record of sales, costs, and other key performance data, but some do not keep any records at all
- Merchants occasionally consult their books to get a sense of how the business is doing
- Many rely on a gut feeling to gauge how the business is doing

Challenges

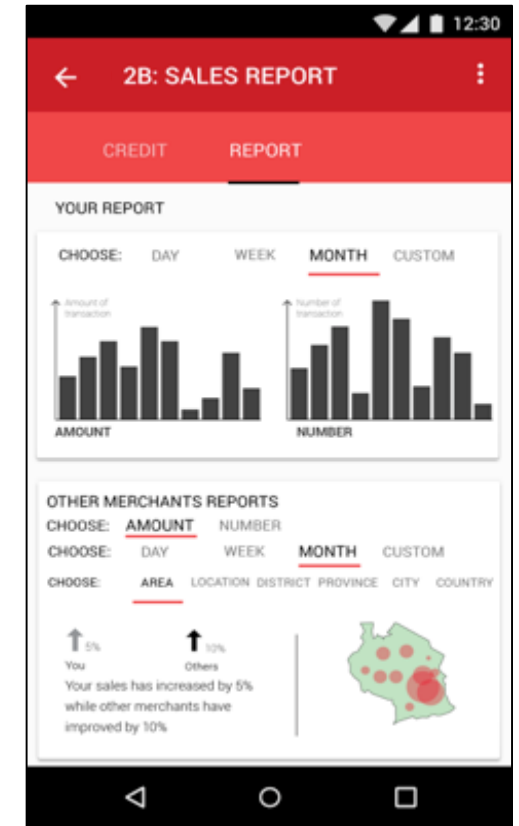
Paper records are rarely adequate to paint a clear picture

- Paper records are time consuming to create
- There are sometimes multiple books that need reconciliation
- Paper records can be incomplete, lost, or ruined
- It is hard to distil business intel from paper records
- Even basic statistics such as monthly turnover can be a real challenge

Digital performance records and analyses can help merchants make better business decisions

B. Drive growth through greater business intelligence: Business analytics

Objective	<ul style="list-style-type: none">Offer merchants a mechanism to visualize their business performance in an intuitive manner, that allows them to readily draw conclusions on performance and take the necessary steps to improve
Rationale	<ul style="list-style-type: none">Data on sales, expenses, number of customers, etc. is difficult to collect and manage. Even where such data exists, merchants cannot readily use it to make crucial decisions; they need to be able to draw insights from it
Potential features	<ul style="list-style-type: none">Enable merchant to see daily, weekly, monthly or quarterly figures on gross revenue, expenses (e.g. payments to suppliers and staff through the system) and net revenueSales growth figure for last month compared to the month before and/or to the same month last year (“You did better last month - redouble your efforts!”)Sales growth figure for last month compared to similar merchants in the same area (“You are doing better than your peers - keep it up!”)Prompt to alert merchant of historical swings in demand (“This weekend is likely to be busy, especially in the evening - make sure to have inventory and stay open late!”)Prompt to alert merchant of potential opportunities (“Other merchants of your type average \$77 in daily revenue between 6pm and 8pm - consider staying open longer!”)Merchants categorized on signup to maximize the relevance of peer analytics (e.g. pharmacies are compared to other pharmacies)



Reporting trends and comparing business performance over time and relative to peers

B. Drive growth through greater business intelligence: Business analytics

Potential features

- Track merchant total transaction volume and value in a given time period to determine eligibility for a working capital loan. Merchants with higher transaction value and volume receive better loan amounts and terms
- If tills are managed by employees, allow the owner (merchant) to download the app, enter the merchant code and password and visually see real time or end of day reports. This also allows merchants to manually enter the list of all goods sold in the store and associated prices

The screenshot shows a mobile application interface. At the top, there's a red header with a back arrow, the text '2A: SALES REPORT', and a menu icon. Below the header, there are two tabs: 'CREDIT' and 'REPORT', with 'REPORT' being the active tab. The main content area is divided into two sections. The top section is a table with columns for 'DATE', 'AMOUNT', 'PRODUCT/ITEM', and 'CUSTOMER'. The table is filtered by 'WEEK'. The bottom section is titled 'CREDIT RULES' and contains three rows of information: 'Total transactions via Lipa since registration 02/04/2015' with a value of '2 Million', 'Amount of credit you can receive based on your transactions' with a value of '10 Million', and 'Interest' with a value of '10%/month'. At the bottom of this section, there is a button that says 'CONTACT YOUR LIPA ACC MANAGER NOW!'. The bottom of the screen shows the standard Android navigation bar.

DAY	WEEK	MONTH	CUSTOM
DATE	AMOUNT	PRODUCT/ITEM	CUSTOMER
11/12/2015	1K/=	CHAIR	Jane Posha
11/12/2015	9K/=	PLATES	Jane Posha
11/12/2015	6K/=	STOOLS	Jane Posha
11/12/2015	4K/=	AIRTIME	Jane Posha
11/12/2015	1K/=	PLATES	Jane Posha
11/12/2015	10K/=	TABLE	Jane Posha

CREDIT RULES

Total transactions via Lipa since registration 02/04/2015	2 Million
Amount of credit you can receive based on your transactions	10 Million
Interest	10%/month

CONTACT YOUR LIPA ACC MANAGER NOW!

Historical sales analytics
(weekly, monthly, quarterly)

B. Drive growth through greater business intelligence: Staff management

Objective	<ul style="list-style-type: none">Allow merchants to monitor the performance of sales staff, using a staff management tool
Rationale	<ul style="list-style-type: none">Merchants need the ability to catch poor performance early and correct it, and identify and reward excellent performance in order to maintain motivated teams and drive overall performance. A staff management tool can both simplify and strengthen these efforts – particularly for merchants operating multiple outlets
Potential features	<ul style="list-style-type: none">Enable sales staff to check in/out from the staff management app, possibly linked the till app (e.g., by logging to an account by entering a unique PIN)Enable merchants to see in real time, or as aggregated reports, when employees across multiple outlets open and close the till for the dayEnable merchants to track the total sales and comparative performance across staffGive merchants alerts when triggers are hit, e.g., when tills have not been opened punctually, transactions are unusually low or high, etc.Enable merchants to set up and execute transparent performance incentive schemes for sales staff (at the individual, outlet and/or area level)The incentives in the scheme could be offered by the DFS provider as part of the VAS offering, e.g., sales staff that hit certain targets get airtime from the providerProvider could offer this to the merchant and the merchant can then offer it to his staff OR the provider could directly offer it to the salesperson

The screenshot displays a mobile application interface for '5. EMPLOYEE MANAGEMENT'. At the top, there's a red header with a back arrow, the title '5. EMPLOYEE MANAGEMENT', and a menu icon. Below the header, a filter bar shows 'INDIVIDUAL' selected and 'ALL' as an option. A tabbed interface below shows 'SARA', 'GEORGE', 'MICHAEL' (selected), and 'ADD NEW'. The 'MICHAEL' tab displays an 'INFO' section with a silhouette icon and personal details: Name: Michael Killewo, Date of birth: 27/02/1992, Number: 07876274635, Address: 23 Rosebery Ave, Dar es Salaam, Monthly salary: 100,000 TZS, and Start date: 12/01/2015 (8 months). Below this, it shows 'SALES TOTAL: 1,700,000 TZS' and 'CUSTOMERS TOTAL: 48'. A 'COMMISSION SALES TARGET' section includes 'COMMISSION: 5%' and 'MILESTONE: after 50,000 TZS'. The 'SALES' section has tabs for 'DAILY', 'WEEKLY' (selected), 'MONTHLY', and 'CUSTOM'. It features a table with columns: DATE, ITEM NO, VALUE, and CUSTOMER. The table lists five entries for the date 10/09/2015, all with a customer named 'Gerard Pash'. The values are 1K TZS, 9K TZS, 2K TZS, 3K TZS, and 9K TZS. A red bar chart on the right side of the table indicates the cumulative value. The bottom of the screen shows standard Android navigation icons.

DATE	ITEM NO	VALUE	CUSTOMER
10/09/2015	265348	1K TZS	Gerard Pash
10/09/2015	985435	9K TZS	Gerard Pash
10/09/2015	765098	2K TZS	Gerard Pash
10/09/2015	167296	3K TZS	Gerard Pash
10/09/2015	297653	9K TZS	Gerard Pash

Employee management tool

B. Drive growth through greater business intelligence: **Customer feedback**

Objective	<ul style="list-style-type: none">• Help merchants learn about the customer experience and change their approach accordingly, through a customer feedback collection system
Rationale	<ul style="list-style-type: none">• Without customer feedback, merchants likely receive only ad-hoc information regarding how customers experience their products and stores – or are only aware of negative perceptions when they lose the customer. Capturing feedback allows merchants to course-correct (stock products customers like the most, fix inefficiencies, etc.) and retain customers
Potential features	<ul style="list-style-type: none">• Customers can provide an assessment of their store experience independently – without the assistance of a staff member• Feedback can be collected along a short list of key parameters (e.g., customer service, waiting times) that customers can rate in a Likert scale• These parameters can be linked to key performance indicators, allowing the merchant to compare her performance across different areas with competitors• Feedback data can be linked to the CRM to monitor and manage the experience of top customers• Prompt to alert merchant when top customers provide significantly low scores on key metrics

B. Drive growth through greater business intelligence: Till app*

Objective	<p>Provide merchants with an app that will:</p> <ul style="list-style-type: none">• Greatly enhance the functionality and power of other VAS features by extending the information captured to include cash based transactions• Provide the merchant with accurate and comprehensive sales data• Facilitate accurate daily or weekly reconciliations of sales and expenses (particularly for businesses with multiple outlets / not owner operated)
Rationale	<ul style="list-style-type: none">• Merchants lack efficient systems to track sales and expense data, leading to poor judgement of business performance. Merchants need to know when they are making a loss or a profit and predict how performance might change going forwards based on historical trends. A till app can provide this
Potential features	<p><i>Basic till app</i></p> <ul style="list-style-type: none">• Enable merchants to enter an end of day total sales report, so as to capture total revenue even if details on individual transactions are lost

**the app is not a VAS in itself, but a necessary tool to power other VAS that offer business intelligence*

Basic version for end-of-day recording at high-volume, low-value businesses (e.g., bars, small shops, etc.).

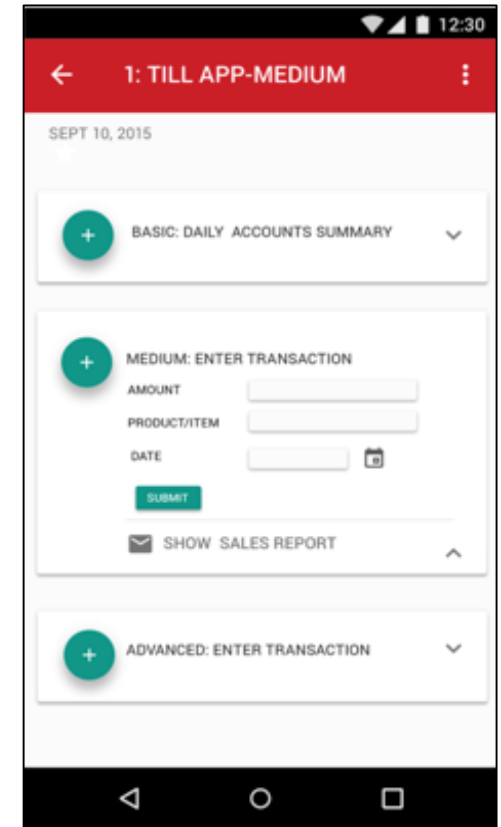
Total sales and expenses tracking.

B. Drive growth through greater business intelligence: Till app

Potential features

Medium till app

- Extremely simple interface, intuitive UX and speedy transaction process to reduce friction and ensure that the app is actually used to record all cash transactions, including at peak hours
- Require sales staff to enter only an amount and possibly product ID, since this is the key information required (the system will automatically capture a time and date stamp)
- Support basic analytics and inventory management by capturing product categories sold e.g. through drop-down list or buttons with the main categories



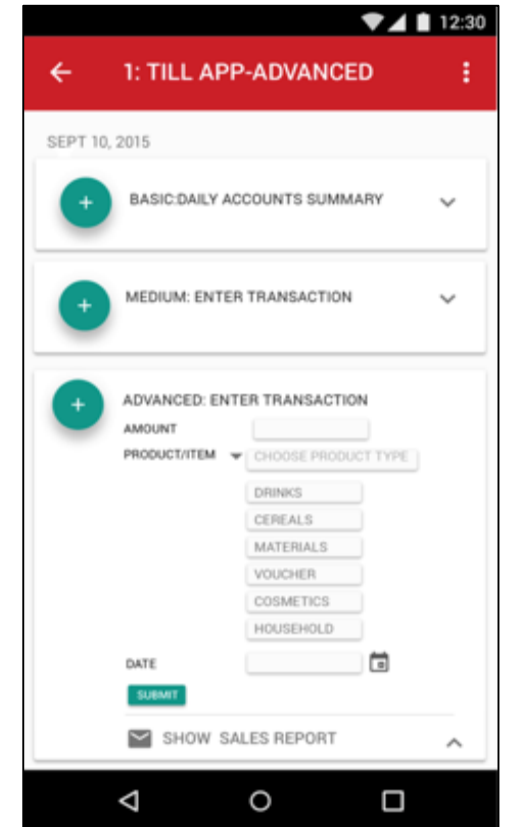
Medium version for recording each transactions (mobile payment and cash).

B. Drive growth through greater business intelligence: Till app

Potential features

Advanced till app

- Enable sales staff to enter the phone number of the customer, so as to link the transaction to an individual and power the CRM VAS. The customer could be enticed to allow this by the opportunity to e.g., give feedback, receive discounts and promotions, get alerts about new inventory, etc.
- Capture which sales staff accepted each payment (through separate user accounts or PIN codes for different staff) so as to power the analytics and staff management VAS
- Tie into staff performance management and rewards system so as to enhance those VAS functions and align incentives for sales staff to continually use the app: e.g., Hasan was the salesperson who convinced a couple to buy a new sofa worth \$450. He is now eligible for a commission of 5%. Based on value of goods sold the merchant can assign a commission split to incentivize employees
- Support advanced analytics and inventory management by capturing specific products sold; e.g. the merchant can pre-enter a list of all goods sold in his or her store and the price of each, and once a purchase is made, select the goods from a drop-down menu and push a notification requesting the customer to pay the total (in cash or electronic payments); a similar system using barcodes could also be implemented. This is especially helpful for high-value, low-volume businesses (e.g. furniture or electronics stores)



Advanced version for recording transactions, including details of specific products sold. Optional employee tracking and commission management.

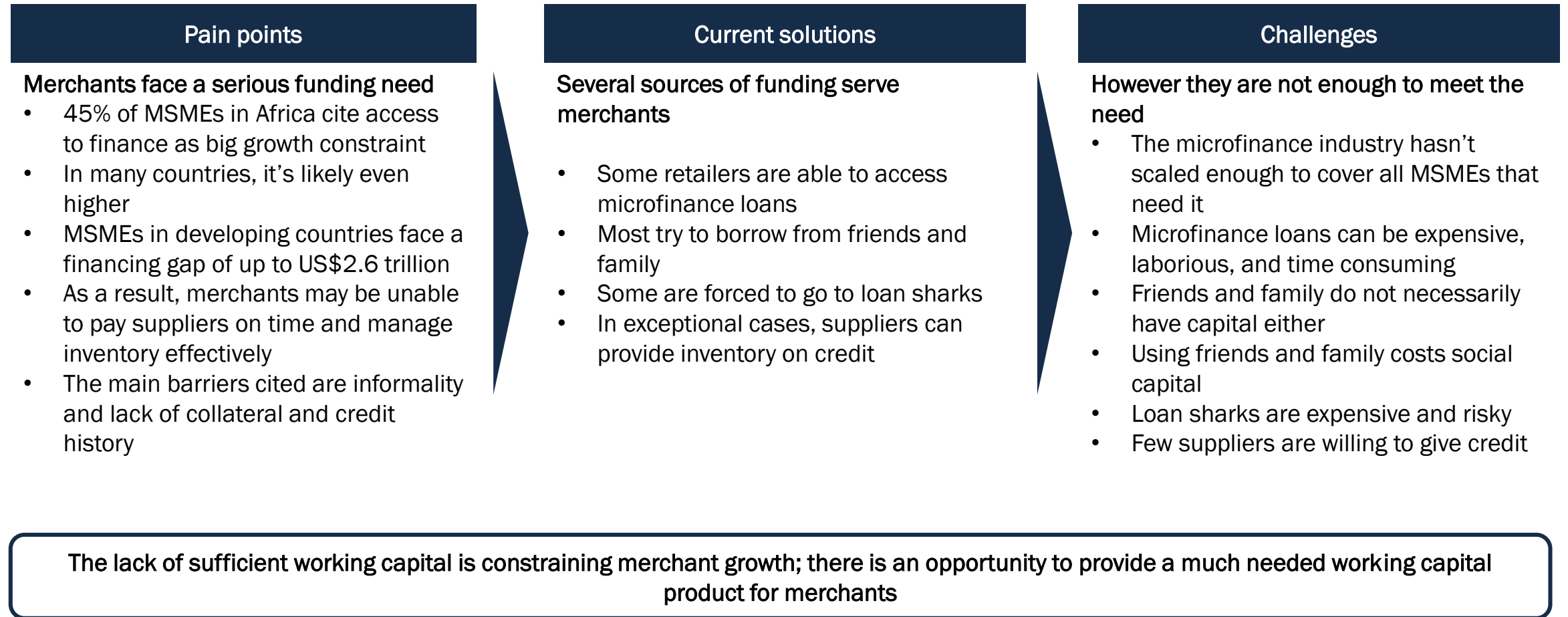
Value-added service concepts

A. Improved Customer Relationships

B. Greater Business Intelligence

C. Improved Access To Financial Services

The single most common complaint for small and medium retail merchants is inadequate access to working capital



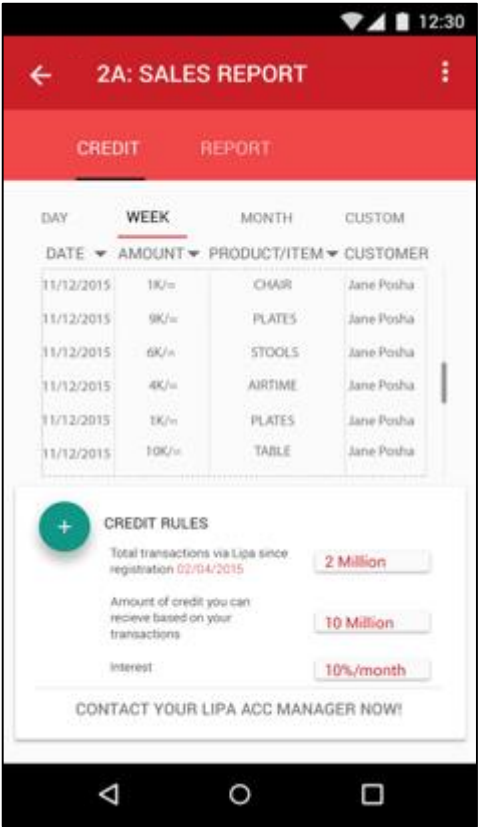
C. Drive growth through improved access to financial services: **Working capital**

Objective	<ul style="list-style-type: none">• Offer merchants a mechanism by which they can access credit for working capital for their business, repaid through a convenient mechanism (e.g. automatically deducted from transactions)
Rationale	<ul style="list-style-type: none">• 70% of all MSMEs in emerging markets lack formal access to working capital, notably small and semi-formal businesses; such a product would enable retail merchants to have enough resources to manage operations and scale their businesses
Potential features	<ul style="list-style-type: none">• Access to working capital loans based on business performance and till app usage to record Lipa transactions, which will provide the ‘business health history’• Automatic, continually updated credit scoring based on transaction volumes and patterns<ul style="list-style-type: none">○ Maximum loan is % of monthly revenue with no need for collateral○ Repay-as-you-go as % of revenue collected over the system (no loan maturity), settled in high frequency and low volumes (e.g. once per day)• Desired interest rates range: 10-14% per annum• Enable merchants to see their approved credit limit any time and explore the options (e.g. repayment rate) before making up their mind• Enable instant application and disbursement through the app• May also be included as part of a loyalty program for high-achieving merchants

Repayment as % of transactions has several key advantages:

- Powerful incentive for merchants to promote the channel to customers
- Saves merchants the mental stress of a hard repayment date and makes them feel “the loan just repays itself”
- Daily repayment rather than monthly instalments means better cash flow and easier risk management for lenders

C. Drive growth through improved access to financial services: **Working capital**



Credit limit based on past transaction history

MERCHANT PERSONAS		LOAN SIZE*
LOW-VAL HIGH-RANGE	MULTI-LANE SUPERMARKET	5-8M TSH
	PHARMACY	2-5M TSH
	DUKAS/ GROCERY	1-3M TSH
	CLOTHING STORE	1-3M TSH
	TAXI	1-2M TSH
HIGH-VAL LOW-RANGE	FURNITURE STORE	8-10M TSH
	MOBILE PHONES/ACCESSORIES STORE	5-8M TSH
	HOTEL	8-10M TSH

* Indicative based on field interview inputs

Annual PayPal Sales		Desired Loan Amount		
This is one of the factors we use to estimate your loan. It's okay to guess.		Try different amounts to understand how the numbers change.		
\$ 100,000		\$ 9,000		
Repayment percentage ?	Percentage you keep	One-time fixed fee	Total to be repaid	
30%	70%	\$362	\$9,362	
25%	75%	\$438	\$9,438	
20%	80%	\$556	\$9,556	
15%	85%	\$762	\$9,762	
10%	90%	\$1,213	\$10,213	

Merchant can pick repayment rate (and thus total cost)

C. Drive growth through improved access to financial services: **Supplier payments**

Objective	<ul style="list-style-type: none">• Help merchants manage inventory purchases more efficiently and with lower costs, by finding mechanisms through which they can pay their suppliers with the income they receive through Lipa
Rationale	<ul style="list-style-type: none">• Merchants need to be able to pay suppliers with their income – if they cannot do so with money received from Lipa without cashing out, they will face large transaction fees and be put off accepting Lipa. Meanwhile, paying with electronic funds can reduce the cash handling costs of both them and their suppliers, potentially reducing costs
Potential features	<ul style="list-style-type: none">• Enable real time payments to supplier bank accounts from a merchant collection account• Make payments easier by keeping a list of supplier accounts for merchants to choose from, and saving past supplier payments for easy repetition (one-click payment to the same supplier for the same amount)• Facilitate a discount from the supplier when purchasing inventory electronically• Prompt merchants when they might need to stock up on inventory, based on past supplier transactions as well as anticipated market swings (“It has been longer than usual since you bought inventory from the Coca Cola company - don’t forget to restock!” or “This weekend we expect beer sales to be high - make sure you have enough!”)

Solutions Overview: Value-Added Services

These VAS concepts vary in their potential appeal to merchants, due to differences in payment and transaction behaviors by merchant persona

MERCHANT PERSONAS		A. Drive growth through improved customer relationships	B. Drive growth through greater business intelligence	C. Drive growth through improved access to financial services
<ul style="list-style-type: none">• Multi-lane Supermarket• Pharmacy• Dukas/ Grocery• Clothing Store• Taxi	LOW-VALUE/ HIGH-RANGE	<ul style="list-style-type: none">• CRM• Bulk SMS marketing	<ul style="list-style-type: none">• Till app• Staff management	<ul style="list-style-type: none">• Working capital
<ul style="list-style-type: none">• Furniture Store• Mobile Phones/ Accessories Store• Hotel	HIGH-VALUE/ LOW-RANGE	<ul style="list-style-type: none">• CRM• Bulk SMS marketing• Store credit• Layaway manager	<ul style="list-style-type: none">• Till app (advanced version)• Business analytics	<ul style="list-style-type: none">• Working capital

