



Madison Finance Company Limited

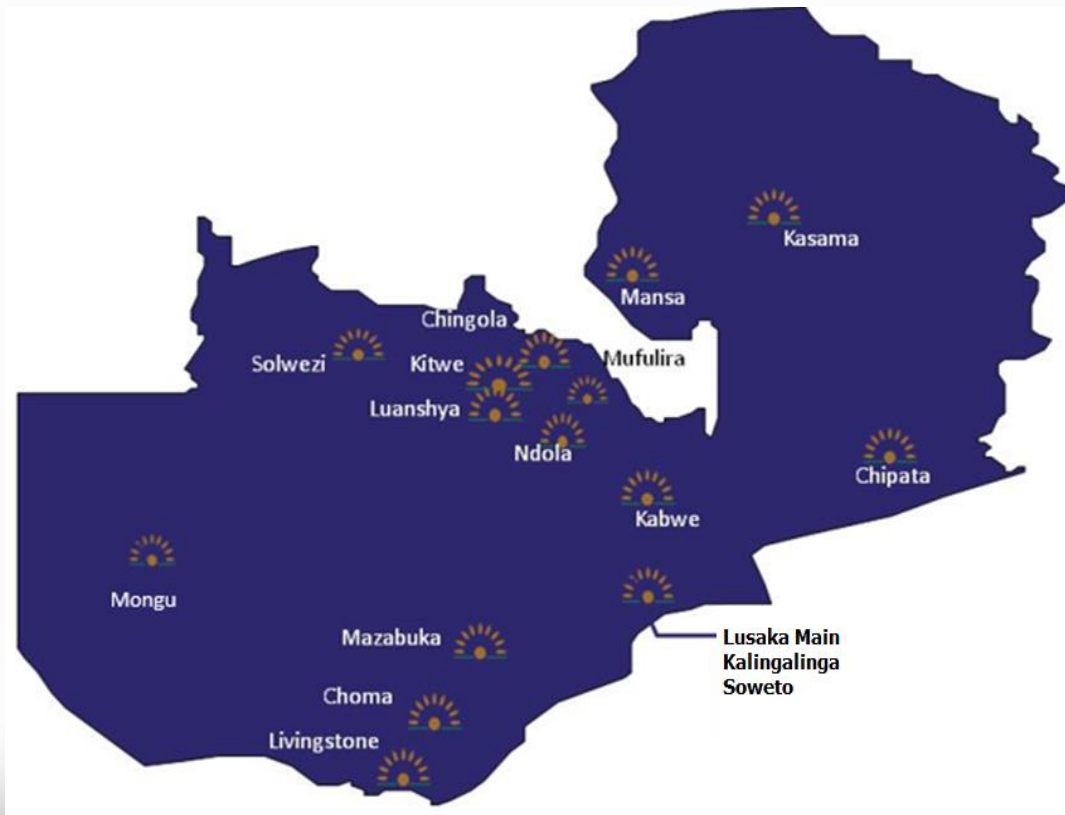
Digitization of Mfinance in
Agriculture

MFinance Background

- Licensed Deposit Taking NBF1
- Subsidiary of Madison Financial Services Public Limited Company
- Has been in existence since 2009 following a merger between Capital Solutions and Madison Premier
- MFinance provides:
 - Microfinance loans to MSMEs
 - Asset Finance loans
 - Agriculture loans
 - Working capital
 - Group loans
 - Term deposits & savings accounts
- Zambia is a vast country and it is therefore a challenge for MFinance to access potential clients in far flung areas. Therefore, the company aims to continue to develop products and services focused on branchless expansion through digitalization, in order to expand delivery channels

Geographical Location

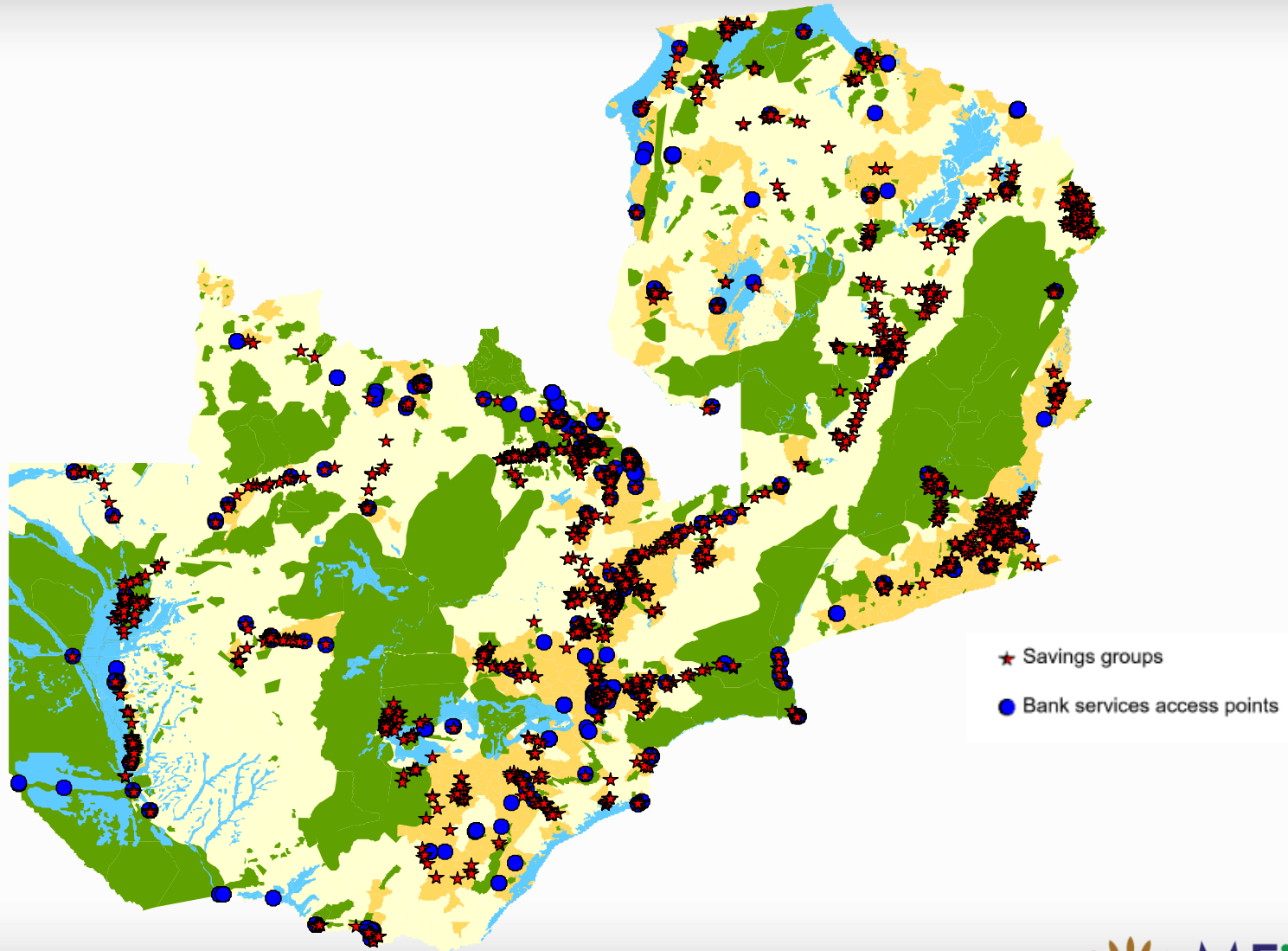
MFinance is headquartered in Lusaka, with operations in 9 of the 10 provincial centres. MFIs are typically concentrated in Lusaka and along the line of rail, with only a handful having branches away from the line of rail



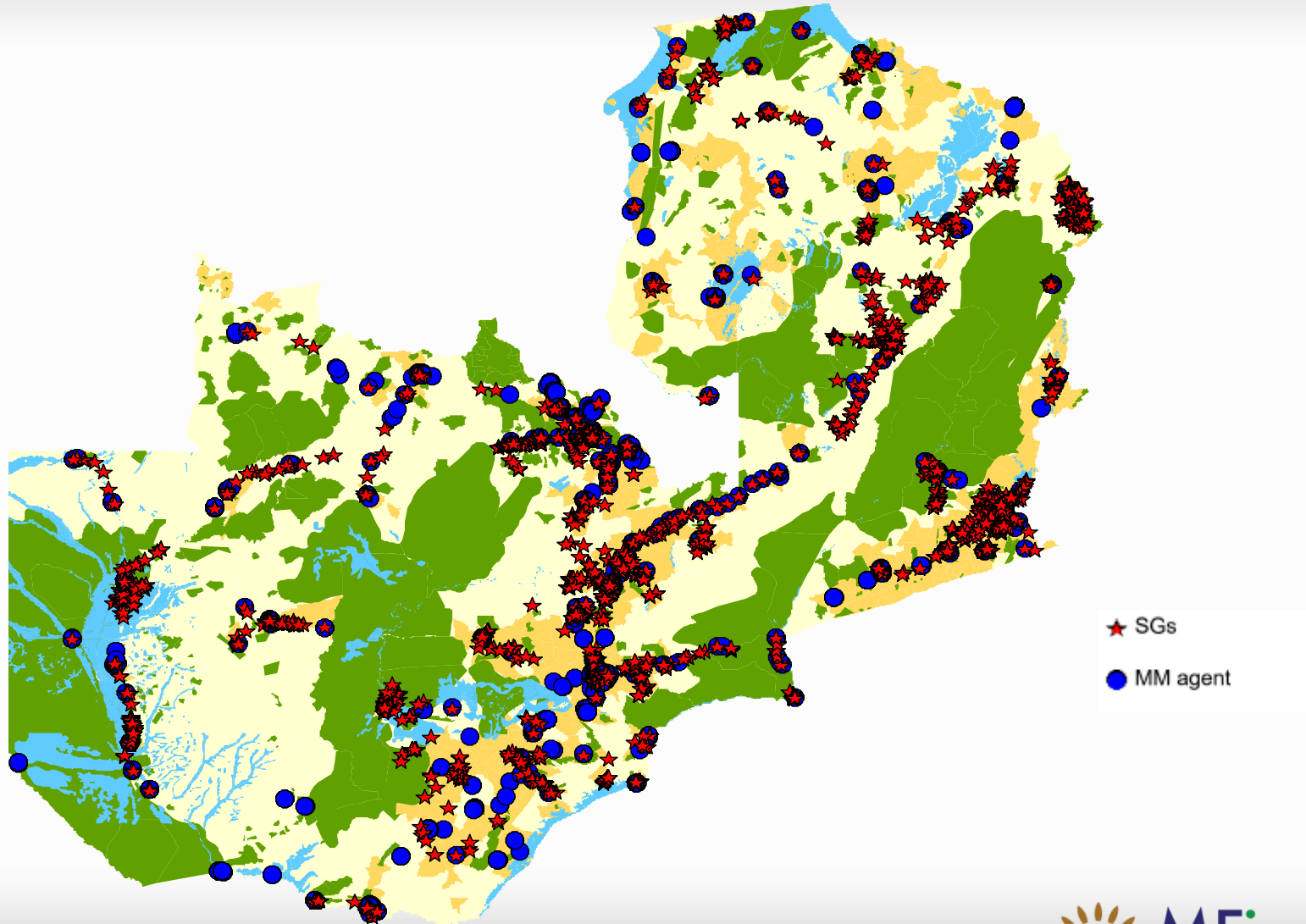
Agriculture Savings Group Details

- There are approximately 500,000 SGs in Zambia
- 7% of population in SGs (finscope 2015)
- Outreach donor facilitated
- These are unbanked informal savings groups that have revolving funds averaging US\$10,000
- This unbanked market provides huge opportunities for our digitization efforts

Agriculture SG distribution relative to bank access points



Agriculture SG distribution relative to active mobile money agent locations



Challenges of reaching clients in rural areas

- Distance
- Financial illiteracy
- Vastness of Zambia
- Relevant products

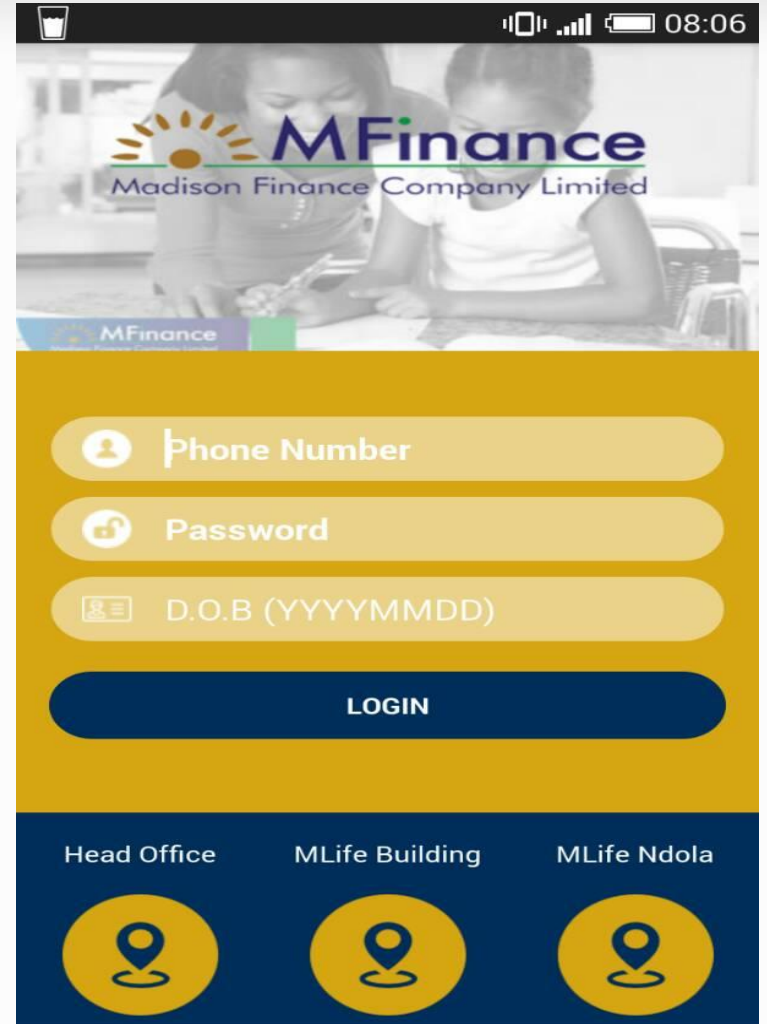
Proposed Solutions

- Warehouse receipting
- Mobile money
- Agency Banking
- Value Chain
- Partnerships to offer Financial education

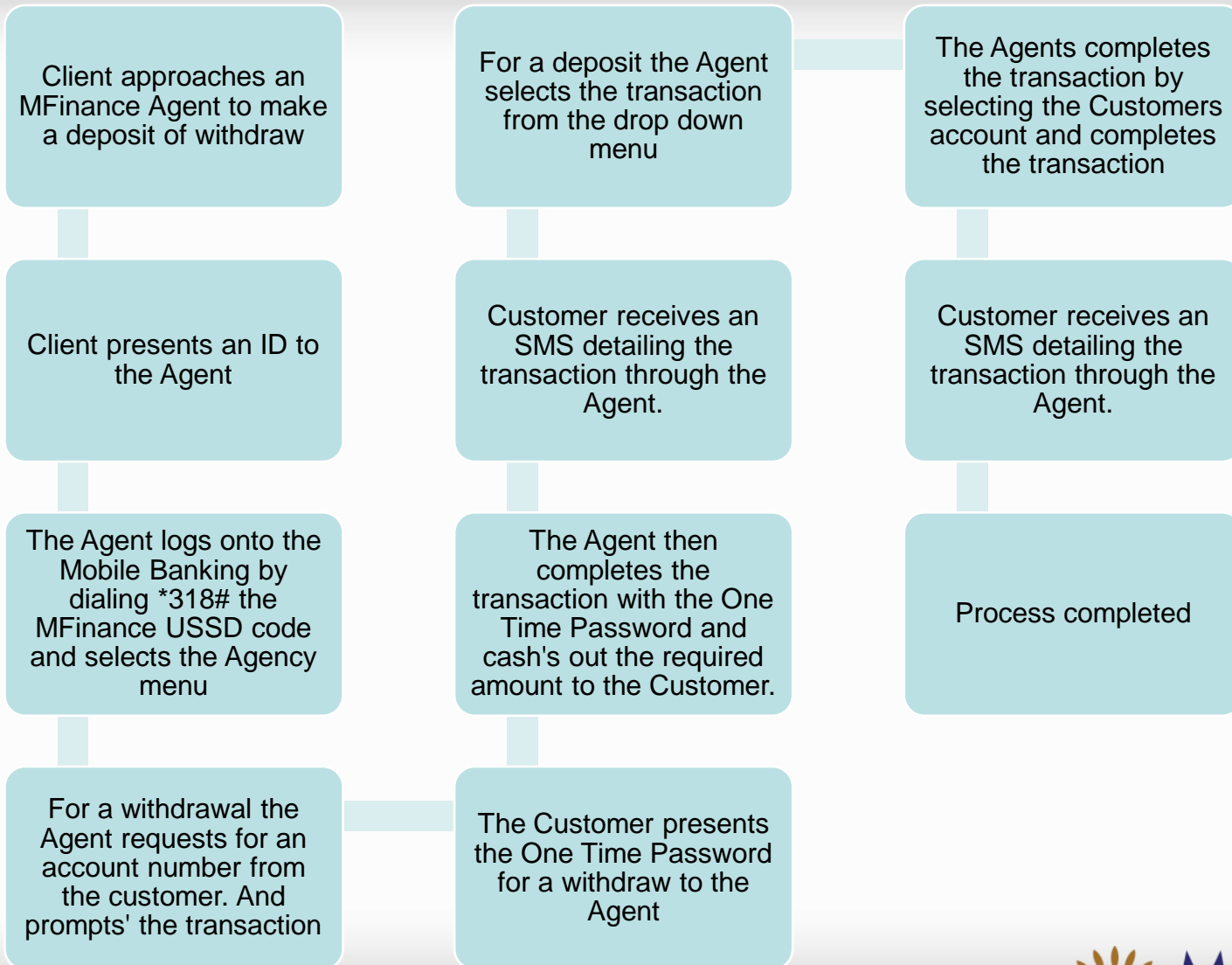
Mobile Banking Platform

MFinance has developed a mobile Banking platform with the following services accessed through the platform:

- Balance enquiry
- Payments services
- Purchase of airtime
- Loan operations
- Banking services
- Funds transfer
- Agency Banking



Agency Banking



The MNO Partnerships

- **Cash collections for Savings**

MFinance has worked with the MNO's to develop a cash collection solution which allows clients to deposit their funds into their mobile money account at any Airtel/ MTN kiosk or service provider, and thereafter, logging onto their Airtel/ MTN mobile money platform and transfer the funds from their mobile money account to their MFinance account to for Savings and loan repayments.

- **Cash Withdrawals**

MFinance has worked with the MNO's to develop a cash disbursement solution which allows clients to access the funds in their MFinance account from any Airtel/ MTN kiosk or service provider by logging onto their mobile banking platform, requesting for a card-less withdrawal and transferring the funds to their Airtel/ MTN Mobile Money account from their MFinance account.

Airtel and MTN cash Out option



Client logs onto mobile banking by dialing *318#

Client selects cash out option through Airtel/ MTN/ cGrate

Client indicates amount to transfer

Client goes to any Airtel/ MTN/ cGrate agent and requests a withdrawal using the unique reference No.

Client mobile money account/ konse konse account credited instantly

Client commits transaction

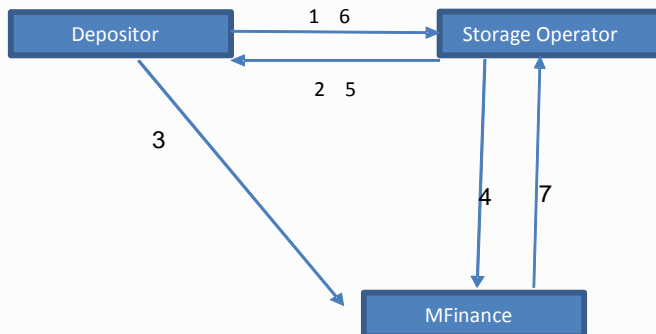
Client presents the unique reference number to Agent

Client withdraws funds through agent

Process completed



Product Summary-Warehouse Receipting Finance



1. The Depositor (Farmers), deposits the commodity with the Storage Operator
2. The Storage Operator (**Zdenakie**) Issues a Warehouse Receipt
3. The Depositor Pledges the Receipt with MFinance
4. MFinance issues a Draw down to the storage Operator
5. The Storage Operator disburses to the Depositor
6. The Depositor makes the repayment to the Storage Operator
7. The Storage Operator then makes the repayment towards the Drawdown to MFinance

Impacts of efforts

- Cheaper way of expanding the business while increasing our coverage and market share
- Playing a huge role in financial inclusion
- Opportunity to grow our deposit base as well as our loan book
- The platform also opens up opportunities to cross sell products such as micro insurance
- Empowering rural populations

Challenges

- Regulatory requirements
- Financial Literacy