

Reaching the underserved

Jaza Duka Programme



Partnership based on shared vision and values



Connect 500 million consumers and 40 million micro entrepreneurs to the formal financial system

Leverage organisational capability across 5 continents to sustainably take people from poverty to prosperity

Inform inclusive growth and financial inclusion approaches through ground breaking pilots and research



Have a positive impact on the lives of 5.5 million people by improving smallholder farmer livelihoods, increasing retailer incomes and building participation of young entrepreneurs in our value chain.

Improve the health and well-being of more than one billion people through our brands, products and supply chain.

ENDING THE CYCLE OF CASH FOR RETAILERS

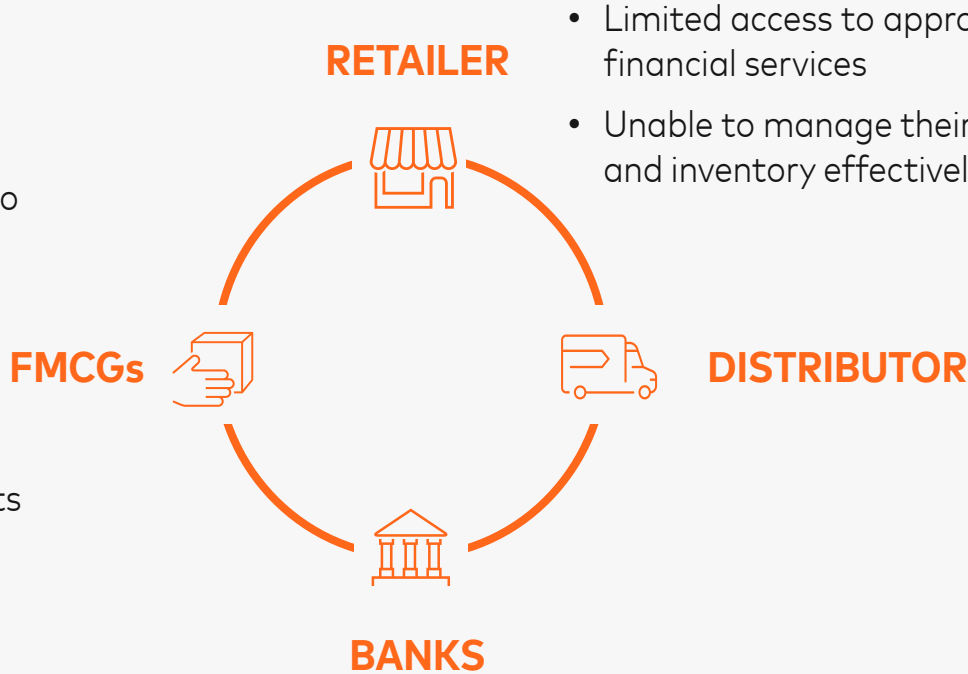
Across East Africa, over 1M small retailers are trapped in a cycle of cash, unable to manage and grow their business effectively.

Jaza Duka, a programme linking small retailers to their supply-chain, reduces uncertainty, ensures retailers can buy what they can sell, and unlocks financing based on the data generated by their purchases. It's in use today by small retailers in Kenya, and expanding globally.



Lack of working capital credit causes pain points across the retail value chain

- Limited visibility into small retailers
- Lack of ability to influence sales at independent stores
- Inability to track counterfeit products or grey imports at retailer level



- Limited access to appropriate financial services
- Unable to manage their supply chain and inventory effectively

- Cash transactions with retailers are expensive and a target for fraud
- Managing orders and distribution to small stores is highly inefficient

- Insufficient data to enable SME lending
- Expensive to engage with SME traders and deploy digital payment tools

Specific market conditions enable the needs of underserved segment to be met

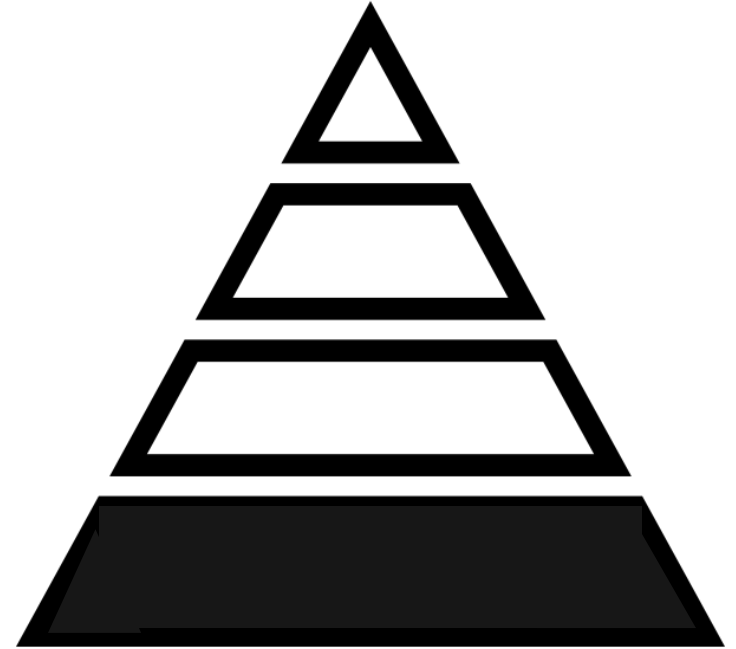
Large volumes of cash constrained, unbanked micro stores, with limited access to credit

B2B distribution channels with visibility of store level sales transactions


Incentive led government initiatives promoting financial inclusion

Bank with SME strategy for low risk acquisition of new customer segment

Availability of easy mechanisms to replay credit and digitise cash



Jaza Duka enables business growth for the cash constrained, unbanked population



Fulfil your dreams of growing your shop

WITH JAZA DUKA

"I did not have enough money to buy stock every so often. My income was low but when I enrolled in Jaza Duka I now access Unilever products and pay later. It has enabled me to stock bigger packs, which I did not stock previously. Now my customers have increased because they can now find what they are looking for."
— Jane W, Shop Owner, Ngang'

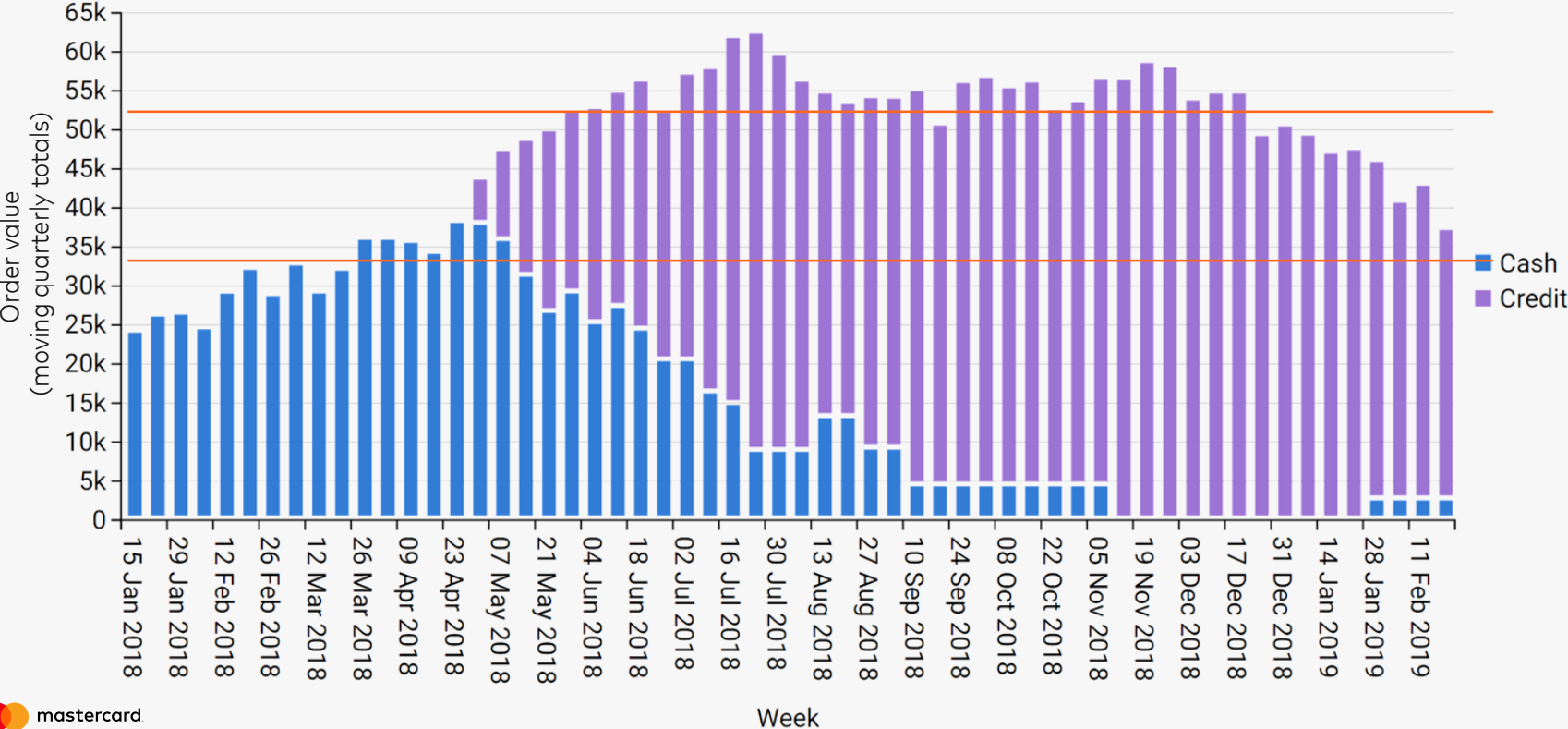
mastercard. Unilever ACE BANK

- Digital credit account for established Unilever customers, **issued by local bank** (KCB) and **enabled by Mastercard**
- Eligibility & credit limit driven by **history** of Unilever purchases
- **Controlled** access to credit. Initially for Unilever purchases only, but planned expansion to FMCG consortium
- **Leverages** Unilever sales force for KYC data captures and onboarding
- Up to **17 days** interest free
- Several repayment options (e.g. mPesa, KCB bank, agents)
- Financial and merchandising training to grow the business¹

¹developed with the help and investment from Mastercard's Center for Inclusive Growth (CFIG)

Example of loyalist store that has been ordering on credit since May 2018 – Order volumes increased significantly from that point

“Vision 2030” orders over time



Results from Unilever customer research

Benefit Provided by Jaza Duka

Access to credit:

Increased number and variety of products:

Increased revenues:

Financial management training:

Related Customer Experience

88% said they cannot easily find a good alternative to Jaza Duka

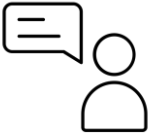
52% reported improvements in their business from increase in product number and variety

31% reported improved quality of life due to increase in cashflow / sales, which enables them to better provide for their households

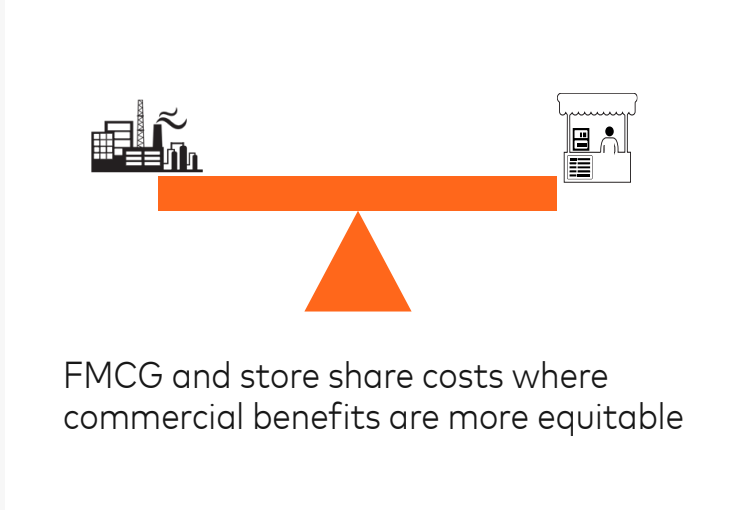
28% said Jaza Duka changed their way of doing business because they were able to plan and manage better

Key learnings: Plan for significant change to minimise challenges

- ✓ Driving habitual change requires timely incentives, training and communications
- ✓ Define the role each partner plays in on the ground operations
- ✓ Integrate into existing ways of working, rather than changing practices
- ✓ Technology platform is not the programme, but an integral part



Fee share model directly correlates to the benefit share between stakeholders



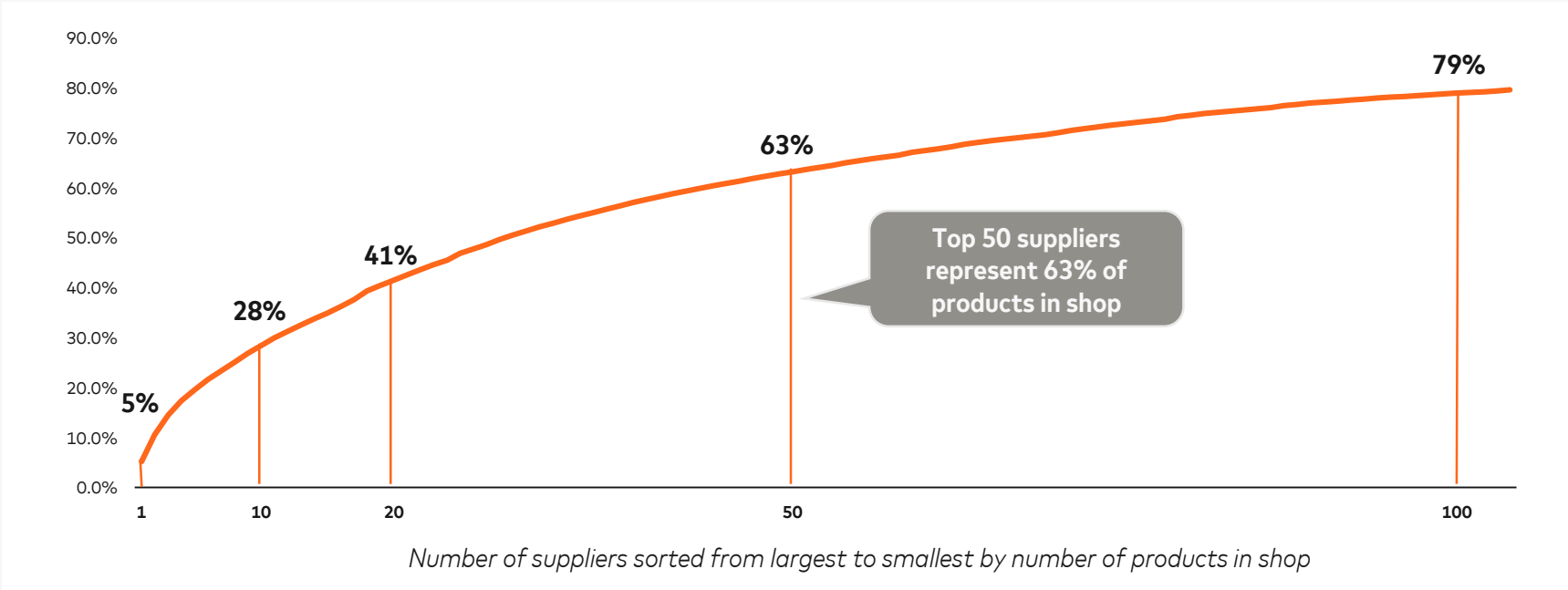
Initial set up and running costs:

- Mastercard covers platform costs
- FMCG covers integration of credit payment within their mobile ordering device and ERP
- Mastercard, FMCG and bank share marketing costs
- Bank offers credit and takes the risk

FMCG consortium will maximise amount of inventory a store can buy on credit

Single credit wallet with programme rules to ensure appropriate credit proportion per FMCG

Percentage of products in shop



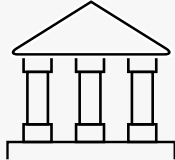
Source: Stock survey of 20 micro-retailers in Kenya

Financial inclusion that creates a win-win for all parties



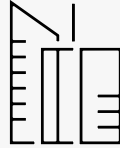
Store

- ✓ **Sales uplift** from the sale of additional stock purchased using credit
- ✓ **Digital payment** reducing the cost of cash
- ✓ **Financial literacy** learnings to help grow the overall business



Issuer

- ✓ Access to **new customer segment**
- ✓ **Aggregated data** for credit scoring and reduced lending risk
- ✓ **Increased market share** of issuing volume
- ✓ **New revenue line**



Acquirer

- ✓ Access to **new customer segment**
- ✓ **Aggregated data** for credit scoring and reduced lending risk
- ✓ **Increased market share** of acquiring and issuing volume
- ✓ **New revenue line**



Supplier

- ✓ **Sales uplift** from the sale of additional stock purchased using credit
- ✓ **Last mile visibility**
- ✓ **Cost savings** through improved route to market
- ✓ Real time supply chain **insights**
- ✓ **Reduced cash handling fees**



Mastercard

- ✓ **Acceptance growth** in a new customer segment
- ✓ **Inclusive growth** is at the heart of the program

2019 is the year of expansion

- Grow Kenya and Egypt pilots to full scale
- Expand program across all geographies
- Support acquisition through introduction of **Member get Member** program (launched)
- Raise awareness and 'pull' from the market from extensive **PR** campaign
- Launch **Membership Benefit** platform
- Introduce **new FMCG players** into the market to extend inventory covered by the program



Forbes

How Mastercard Could Close A \$300B Credit Gap For Women Entrepreneurs

FINANCIAL TIMES myFT

Unilever PLC + Add to myFT

Unilever credit initiative aims to drive Africa revenues

Kenya scheme offers alternative lending to local traders to help increase sales



Francis Magambo says the Jaza Duka programme has 'transformed' his business © Fredrik Lerneryd

investing your earnings

Why Unilever wants to fill your duka on credit



Unilever launches loan plan for SMEs

by Mutwiri Marithi

More than 20,000 small and medium-sized businesses are set to benefit from a credit scheme rolled out by a consumer goods company to enable Kenya expand its market.

Unilever East Africa president Luck Ochung launched the partnership, testing a pilot scheme in Kenya's financial inclusion journey aiming to empower small retailers to grow their businesses.

"Jaza Duka in line with Unilever's sustainable business agenda is a testimony of what business growth looks like in Kenya."

Global SME Finance Awards 2018



BETTER THAN CASH ALLIANCE UNHCR UNICEF

Cash Digitization: UN Collaboration, Coordination, and Harmonization Opportunities

DECEMBER 2018




Retailers boost

NAIROBI From left: Mastercard Regional Manager Adam Jones, UNICEF Country Head of Business Operations Njagi Satoro and Unilever Africa Director for East Africa Luck Ochung during the launch of Jaza Duka Shop at Lumbwa. The new Jaza Duka outlets have partnered to help SMEs to stock and sell Unilever's products across Kenya on lower cost management.

