

## PRODUCT UP-SCALING SUPPORT – FACTSHEET

<b>Product Up-scaling Support</b>	<b>SCBF 2016-01: KiWi, expanding digital platform for micro-merchants</b>
<b>Country / Region</b>	<b>Mexico</b>
<b>Partner Financial Institution/s</b>	<b>KiWi Mexico</b>
<b>Grantee</b>	<i>KiWi</i>
<b>Overall Budget</b>	CHF 181'500 (21% self-contribution)
<b>SCBF Contribution</b>	<b>CHF 143'600</b> (79% SCBF funding share)
<b>Date of Approval</b>	04.12.2015
<b>Duration</b>	01.2016 until 12.2016
<b>Context</b>	<p>ePayments are growing fast in Mexico. The number of prepaid, debit and credit cards now exceeds the total population. However, merchants still don't accept cards, with only 10% of them equipped with a point of sale device. This is part of the reasons why only 38.7% of adults have a bank account.</p> <p>KiWi Mexico provides a digital “smart point of sale” device to micro-merchants so that they can accept card payments, register their sales and sell new services such as airtime top-ups. On top of that, KiWi Mexico offers micro-merchants a better access to loans (new) by introducing a cash advance solution linked to the volume of transactions done with the app.</p> <p>KiWi Mexico improves the whole ecosystem and pushes financial inclusion. Micro-merchants make more money accepting card payments and see that as a strong incentive to have a bank account and to use it. Cardholders' life is also improved as their bank account becomes more liquid (can pay in more places and don't have to always cash out at ATMs). More generally, this also contributes to the reduction of the informal economy.</p>
<b>Current Status of the Fintech Company</b>	<p>KiWi is live in Mexico since Nov 2014, with now more than 100 micro-merchants equipped. The product works, they like it and the positive impact on their business and family is likely to be high. The challenge is now to scale-up with the solution and KiWi sees 2 key steps in order to succeed:</p> <ol style="list-style-type: none"> <li>1) validate at least one good distribution model, that will probably be a) in partnership with a MFI (2 projects running with 2 great Mexican MFIs, FINCA and CAME) or with other institutions with a strong network of micro-merchants, such as Tupperware; or b) through digital marketing and online on-boarding;</li> <li>2) further improve the product so that a) micro-merchants get such a strong value proposition in front of them that they overcome their fears of taxes and/or technology; b) potential partners also find it attractive to team-up with KiWi.</li> </ol>
<b>Objective and Main Activities</b>	<p>The project is divided into 3 main activities / objectives:</p> <ol style="list-style-type: none"> <li>1) An up-scaling model has been validated. At the end of this activity, KiWi will be in conditions to validate and select the distribution model(s) that will be retained for the up-scaling phase;</li> <li>2) Product V2 is launched and ready for scale up. KiWi will add a) cash advance (credit to micro-merchants in partnership with a bank) and b) airtime top-ups (merchants sell airtime to their own customers and make an extra income). This will further improve the value proposition to a) micro-merchants and b) potential partners;</li> <li>3) Full scale operations, with the objective of confirming traction in terms of adoption (number of micro-merchants) and usage (they actually make a strong usage of the product).</li> </ol> <p>Upon project completion, the Financial Institution should be in a position to prove that its business model is scalable and sustainable, ready for replications in other emerging markets.</p>