

## FEASIBILITY STUDY FACTSHEET

<b>Title of feasibility study</b>	<b>SCBF FSW-02: Development of an ePayment Solution adapted to micro-merchant</b>
<b>Country / region</b>	<b>Morocco / country-wide</b> via leading financial institutions as distributors
<b>Financial Intermediary(ies)</b>	n/a
<b>Competence Centre mandated for execution</b>	<b>eBOP SA («KiWi»)</b> , Lausanne, Switzerland
<b>Overall study budget</b>	CHF 81'060 (17% self-contribution by partners)
<b>SCBF contribution</b>	<b>CHF 67'600</b> (83% SCBF funding share)
<b>Date of project approval</b>	14.08.2013
<b>Study period</b>	09.2013 until 11.2013
<b>Context</b>	<p>The penetration of affordable financial products is largely dependent on the development of low cost distribution channels. This project aims at improving, in Morocco, one of the most promising channels for financial inclusion: ePayments.</p> <p>In Morocco, only 2k merchants do accept cards payments. Much lower than countries like Spain (1.4m), Mexico (300k) or Colombia (120k). ePayments are still "illiquid" and inconvenient, a serious bottleneck to financial inclusion. Savings account are much less attractive without an efficient ePayment ecosystem (where can I pay or at least cash out); electronic subsidies (G2P) are also challenging beneficiaries, queuing behind ATMs to get their only reliable solution: cash. The main issue is that micro-merchants represent +80% of companies in Morocco, but existing ePayment providers consider them as unprofitable (#\$ transactions), risky (informality); unreachable (peri-urban &amp; rural) and poor (unable to pay).</p> <p>Today CMI accounts for almost all 25k existing POS. ABB, M2M and other new players have not started to deploy their solutions, most of them being still under proof of concept. KiWi has the potential to be their ideal partner to massively deploy through the 3m Moroccan micro-merchants.</p> <p>KiWi is developing an mPOS solution that allows micro-merchants to accept prepaid/debit/credit cards payments through their phones, reducing costs, while enabling new services far beyond payments. This solution is adapted to micro-merchants and is distributed through the right channels, such as MFIs. KiWi transforms merchants into agents, selling air-time, accepting bill payment, doing cash-in / cash-out for savings and insurance products. This generates new incomes for merchants, reduces their risks and improves their liquidity management. Targets: 150k micro-merchants equipped with KiWi eKiosk within first 5 years of operations.</p>
<b>Current status</b>	<p>KiWi developed a generic business model that is now ready to be tested and adapted to Morocco. KiWi identified and started discussion with local potential partners willing to start operating in Morocco.</p> <p>KiWi already has a good knowledge of the ePayment ecosystem in Morocco, especially on the demand side from low income – peri-urban people. Next step is now to conduct this feasibility study in order to identify the right partners; test the prototype onsite; review barriers such as regulation, frauds, smartphones penetration; refine assumptions and financials, among others.</p>
<b>Objective and main activities</b>	<p>The <b>objective</b> is for KIWI to prepare well the launch of KiWi Morocco, thanks to an onsite feasibility study that will refine assumptions and targets, as well as respond to key operational, technological and legal questions. <b>Main activities</b>:</p> <ol style="list-style-type: none"> <li>1) Prepare onsite work (desk research, prototype, set up meetings...)</li> <li>2) Assess market readiness through field visits to peri-urban and rural areas</li> <li>3) Find the right partnerships with local stakeholders (acquires, MFIs, providers...)</li> <li>4) Assess legal challenges: regulation, compliance, fraud</li> <li>5) Finalize and wrap up the study</li> </ol>
<b>Next steps, if positive results of feasibility study</b>	Set up of KiWi Morocco as payment facilitator in partnership with an acquiring bank. Operations are expected to start in Q2-Q3 2014.