

## 2020-12 | Hapa Cash Overdraft for Micro-merchants with M-Pesa

Partner Financial Institution:	<a href="#">FINCA Microfinance Bank</a>	SCBF Contribution:	CHF 133'360 (38%)
Grantee:	<a href="#">Kuunda Holdings</a>	Matching Contribution:	62%
Country:	Tanzania	Theme:	Resilience
Duration:	December 2020 – December 2021	Product:	Payments
Potential Outreach:	40'000 – 50'000 M-Pesa Agents	Target Group:	MSMEs
Thereof Women:	35-40%		

### CONTEXT

The objective of the Tanzania National Financial Inclusion Framework 2018-2022 (NFIF2) is that “Financial products and services meet the needs of individuals and businesses consistent with supporting livelihood improvement, household resilience and creation of jobs”. NFIF2 is on the usage of financial services, as part of its refocused agenda. On the demand side, the framework emphasises on households and micro, small & medium enterprises in the financial inclusion space. It accordingly gives special focus to women. On the supply side, the framework places emphasis on the requirements for a supply side ecosystem that implements solutions that are innovative, affordable, and responsive to the needs of individuals and businesses.

Agent networks have proven to be a critical channel through which Financial Service Providers (FSPs) can provide financial services to the unbanked and under-banked. In December 2017, there were 2.9 million active agents worldwide that processed \$17,2 billion cash-in-cash-out transactions (GSMA State of the Industry Report 2018). The continued development of these agent networks faces several challenges, the most critical of which is managing agent liquidity. This is specifically what the Hapa Cash Overdraft has been launched to solve for M-Pesa agents in Tanzania.

Kuunda launched its Hapa Cash liquidity platform with FINCA Microfinance Bank and M-Pesa in mid-December 2019. By the end of August 2020, over 906'000 loans have been disbursed since January, averaging >12'000 loans per day. Kuunda is now scaling the agent overdraft to over 75'000 eligible agents to opt into the overdraft service nationally. Agents using the Hapa Cash liquidity platform have seen their monthly revenues grow by greater than 20%.

### CURRENT STATUS OF THE PFI

FINCA Microfinance Bank has 23 branches nationally with more than 400 employees found in six regions and districts of Tanzania Mainland. In addition to these branches, FINCA has a 166 FINCA express agents, where these FINCA agents are contributing to financial inclusion by improving access to financial services to consumers who wouldn't normally be able to access the physical bank branches. Eastern region has 32 agents, Western region has 21 agents, Southern region has 32 agents, Northern region has 28 agents, Lake region has 25 agents and Central region has 28 agents. FINCA has more than 400'000 clients in the country serving its loan and saving products. More than 61% of these clients are rural clients as FINCA serves in majority in remote areas of the country. FINCA's market share is +/- 15% amongst formal bank accounts, when you include mobile mobile accounts, FINCA has a market share of +/- 2,5%.

### OBJECTIVES AND MAIN ACTIVITIES

The aim of the SCBF grant is to provide Kuunda, M-Pesa and FINCA additional support to help scale the reach of the Hapa Cash overdraft faster and more effectively. As the grant will be used to support the following: (1) significantly increase agent product training and awareness of the product, (2) to modify the overdraft platform and integration into the M-Pesa system to improve system stability through increased server capacity, integration modifications/improvements and improving the customer engagement engine, and (3) provide ongoing product enhancements to maximise liquidity to active agents.

Upon project completion, the financial institution should be in a position to have created a different segment of low-income customers who have previously not had access to financial services to help them with their liquidity challenges.

Partnering with:

