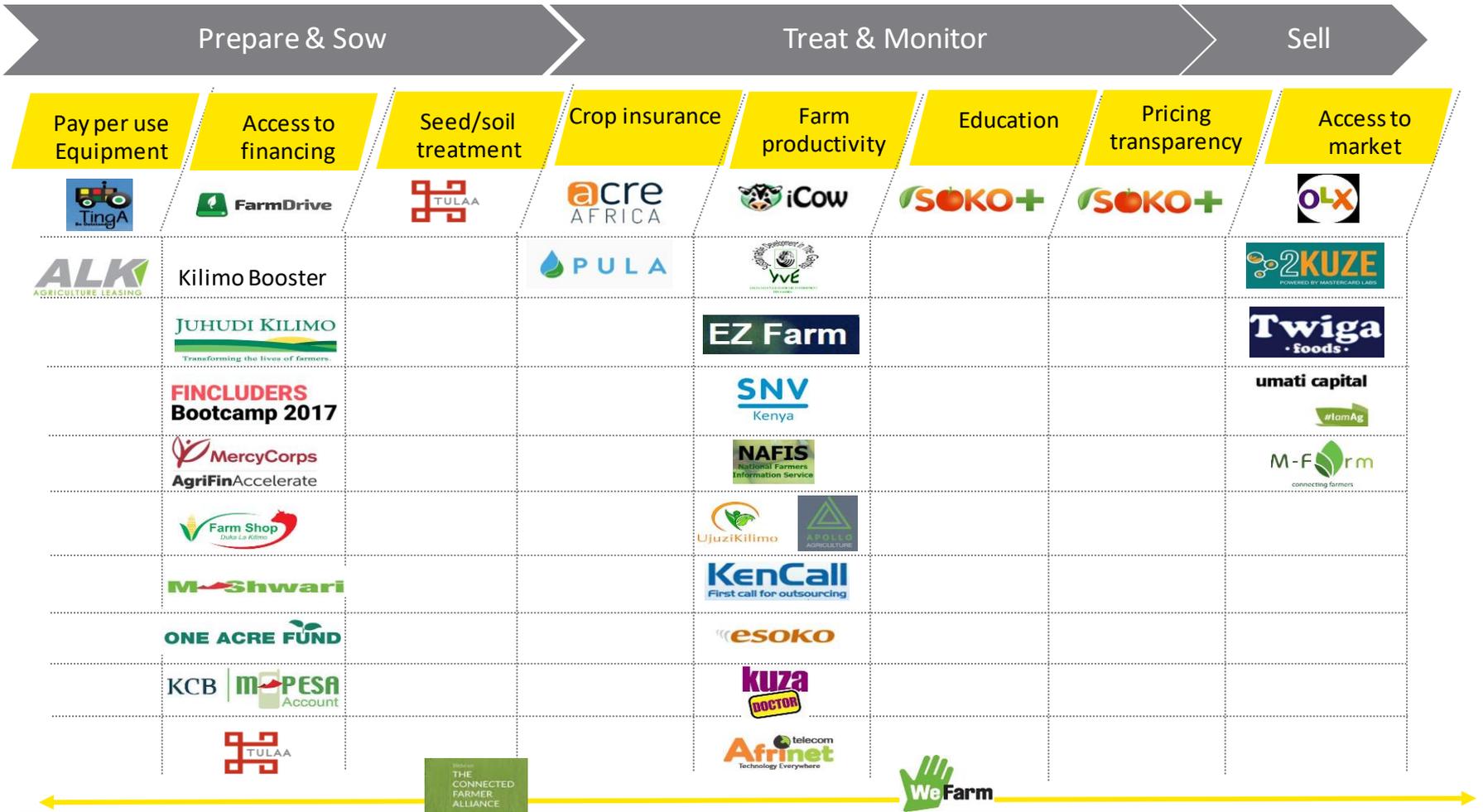


Scope of FinTech in Agriculture

FinTech helps tackle the challenges that African small scale farmers face in accessing mainstream financial services products such as financing, insurance, payments and investments.

A country example: Agri-Fintech value chain players in Kenya



Embracing the FinTech ecosystem promotes both financial inclusion and business profitability



Selected case studies



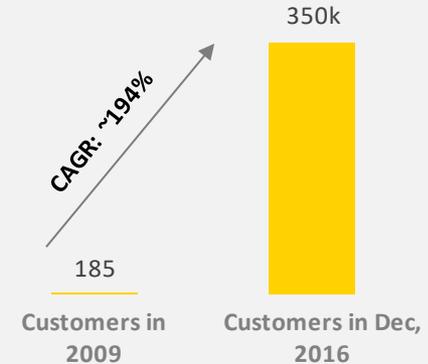
ACRE Africa: Agricultural microinsurance

Insurance could become attractive to farmers if premiums are taken care of



- Seed company pays farmer's insurance premium to micro-insurance provider
- Farmers insured via mobile network (which also enables location based data)
- In case seed germination fails due to lack of rainfall, farmers compensated via mobile money, enabling repurchase of seeds
- Ensures convenient drought risk mitigation for farmers and brand differentiation/loyalty, increases sales for seed company

Impact



Sources: Business daily

Key ecosystem partners*



Seed company

- Pays insurance premium on farmer's behalf to build brand loyalty for its seeds
- Bundles service with seed packets



Agrovets

- Local merchants present at point of sale when farmers purchase seeds ; best positioned to educate farmers about insurance product



Mobile operator network

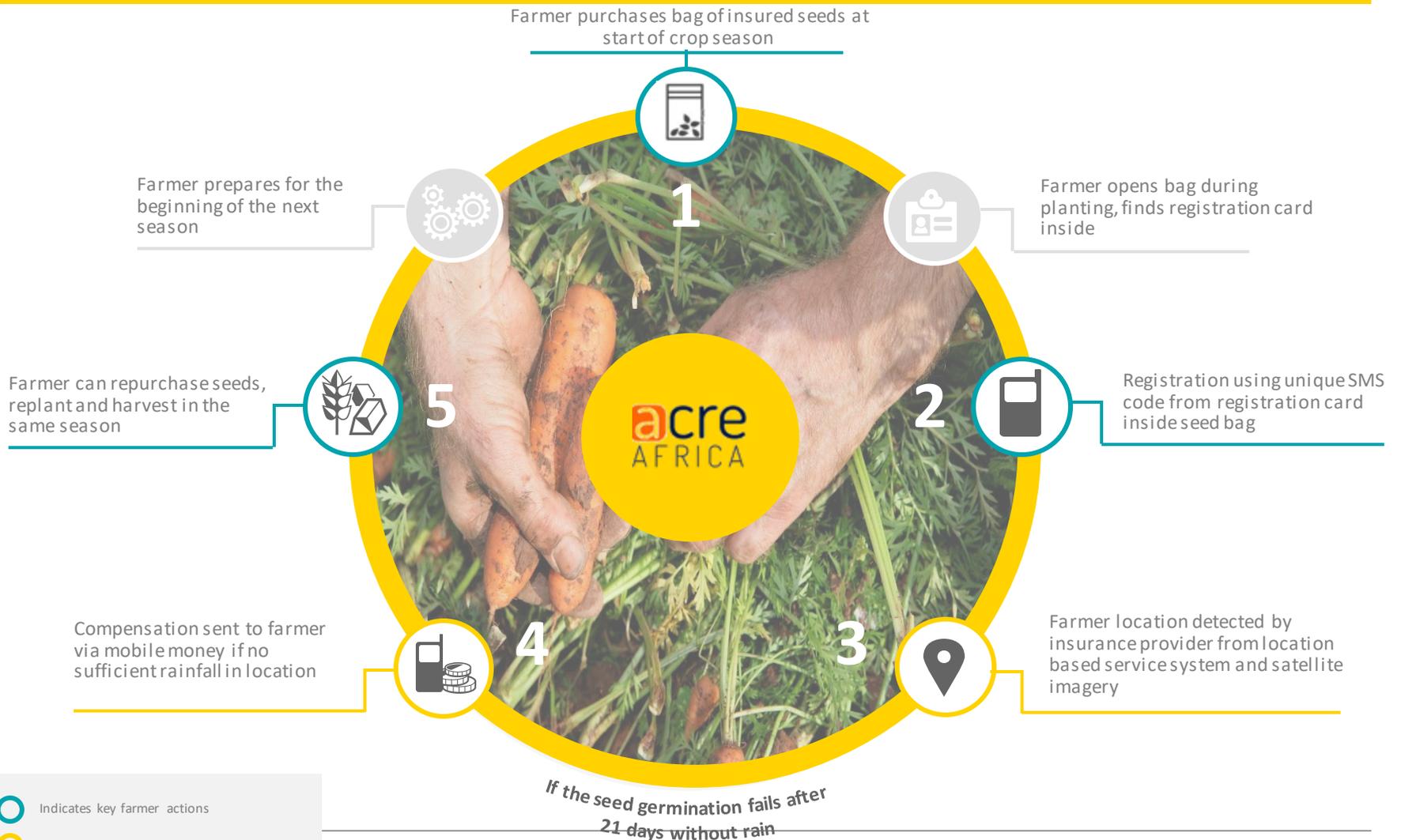
- Marketing, channel for registration, payments via mobile
- Location based data



Micro-insurance provider

- Integrate microinsurance products
- Underwrite the risk

ACRE Africa: How does it work?



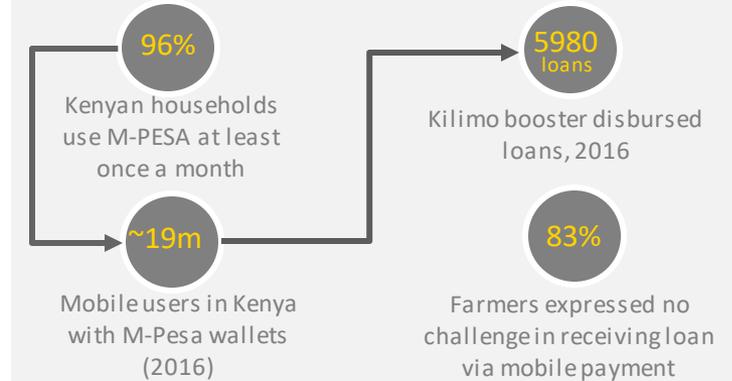
Kilimo Booster: Agricultural microfinance

Smallholder farmers benefit from a flexile repayment schedule and immediate loan disbursement

Kilimo booster

- M-PESA based loan product specifically for small farmers
- Flexible terms and customizable grace period based on individual clients' unique agricultural activities
- Estimation of loan-readiness using automated cash flow model
- Immediate disbursement, in less than 72 hours
- Enables diversified farm endeavours and overcoming overcome agricultural shocks such as disease/pests quickly

Impact



Source: Daily Nation, USAID

Key ecosystem partners*



Micro finance institution

- Developed Kilimo Booster platform for smallholder farmer loans
- Provides loans to the farmers



Mobile operator network

- M-PESA platform utilized to receive and make payments
- Customers can also use mobiles for loan queries



Non-profit for financial inclusion

- Provided IT support & design based research process
- Helped create cash flow analysis model and customer facing USSD application



Non-profit organization

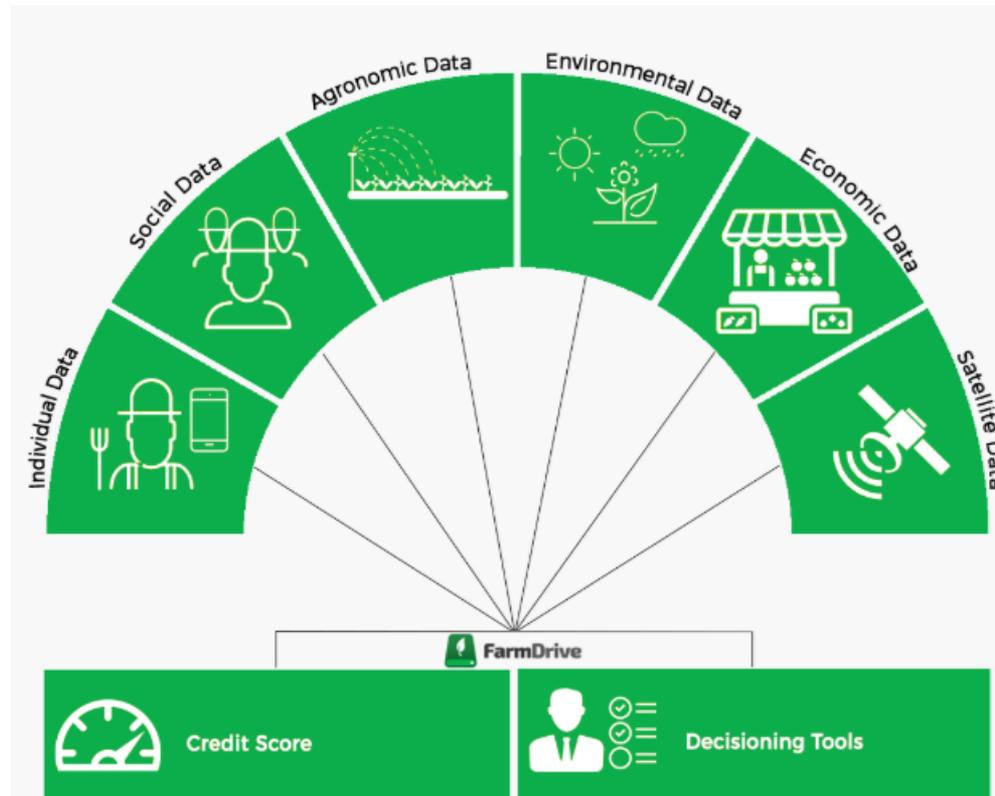
- Provided additional funding to enhance technological capacity

Kilimo booster: How does it work?



FarmDrive: Agricultural credit scoring

FarmDrive collects and aggregates alternative datasets from multiple sources to build credit scores for smallholder farmers in Africa



The alternative datasets are analyzed by machine learning algorithms to produce relevant credit scores for smallholder farmers, and decisioning tools that enable financial institutions to develop small-scale agriculture loan products.

Other examples

Banking & Lending

- ▶ In Kenya, Umati Capital has created an app called **Umati Application**, which offers supply chain financing, a product that gives small businesses credit to pay up to 80% of their suppliers' invoices in days. This results in fewer past due statements, more loyal suppliers and smoother income flows

Insurance

- ▶ In Zimbabwe, Econet Wireless created a weather-indexed microinsurance cover called **EcoFarmer** for small farmers. Farmers pay a premium of 10% e.g. \$2.50 for \$25 cover per season, and this can be deducted from their prepaid phone account. Membership includes farming best practice training, funeral insurance and membership with the Zimbabwe Farmers' Union.

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