

CASE STUDY | AUGUST 2022

# Enabling business growth for Informal Retailers



## Introduction

This impact study presents insights from customer research with 250 retailers in Lusaka, Zambia based on data collected by 60 Decibels. Zambia, one of Nomanini's most mature markets where we are rapidly approaching 10,000 retailers, is classified as a lower middle income country by the World Bank, meaning that people living under \$3.10 a day are considered to be living under the poverty line. Access to relevant, affordable, and responsible finance remains a persistent barrier, constraining stability and growth for these MSMEs – especially smaller shop owners in the informal sector<sup>1</sup>. However, advances in technology enable new digital business models that have the potential to overcome these limitations and provide MSMEs with viable solutions for increased access to finance.

As a fintech that provides informal retailers with the tools to improve their businesses by combining new digital financial services with existing distribution networks, Nomanini develops interoperable, white-labelled **retailer till point services** enabling traditional finance institutions to create points of representation and acquire retailers within the informal market as business banking customers.

As part of its partnership with the Standard Bank Group, Nomanini has developed a low-cost retailer till point solution, deployed by the bank under the name **Trader Direct**, that adds to a compelling value proposition that not only resonates with customers but improves their lives. Through the platform, retailers have access to an interoperable business banking wallet to sell a range of digital services (prepaid airtime, electricity, bill pay and cash in /out), pay suppliers and access multiple lines of credit.

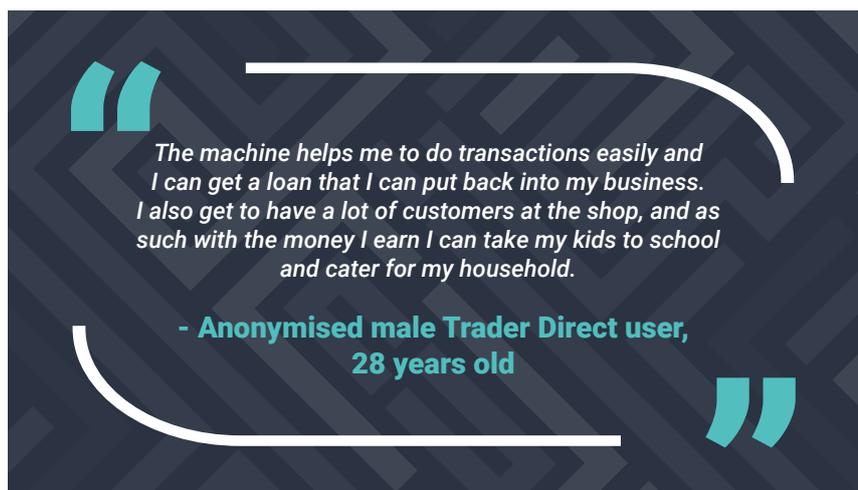
In Zambia, Trader Direct helps retailers unlock business opportunities and improve ways of doing business with more affordable services for MSMEs. A majority of the retailers using the platform cite affordability as a key source of value and the reason they choose to use the product. The platform also extends Standard Bank's reach to communities that are underserved by traditional players. These markets present a huge opportunity for traditional finance companies to grow their customer base to include low-income earners in rural areas and offer digital banking solutions.

Despite having access to other banking options, platform users overwhelmingly see no compelling alternatives in the market. The value customers see in **Trader Direct** appears to be inversely related to income, with lower income earners reporting high levels of satisfaction.

In the World Bank 2021 Global Findex Database<sup>2</sup> data shows that households and businesses that have access to financial services are better able to withstand financial shocks than those that do not. In response to this data, it remains essential to identify barriers that create challenges to financial access, and deliver solutions to boost business growth for traditional retail shop owners who are the cornerstone of African trade and account for 65% to 75% of sales in most of the region.

The COVID-19 pandemic has led to the adoption of digital finance solutions, accelerating and transforming access to a wider range of finance solutions. A recent study from the Boston Consulting Group<sup>3</sup> revealed that across Africa, small retailers are willing to modernise their businesses to respond to a challenging, shifting landscape. This evolution is expected to take different forms across different markets, dependent on strategies employed by different retailers, and especially solutions that are provided by technology companies which can influence buying patterns.

Of the 250 retailers who participated in the survey, 70% reported that their quality of life has improved, 69% increased their ability to manage their finances and 60% improved the quantity and quality of their meals. For these retailers, success depends to a great extent on the variety of products they can offer, as well as the amount of stock they can purchase upfront. Judging from Trader Direct's uptake and retailer testimonials, **Trader Direct** adds to a compelling value proposition that not only resonates with customers but improves their lives.



*The machine helps me to do transactions easily and I can get a loan that I can put back into my business. I also get to have a lot of customers at the shop, and as such with the money I earn I can take my kids to school and cater for my household.*

**- Anonymised male Trader Direct user, 28 years old**

<sup>1</sup>Dalberg, 2019 "Bridging the Credit Gap for Micro and Small Enterprises through Digitally Enabled Financing Models" <https://www.findevgateway.org/slide-deck/2019/01/bridging-credit-gap-micro-and-small-enterprises-through-digitally-enabled>

<sup>2</sup>The World Bank 2021 Global Findex Database <https://www.worldbank.org/en/publication/globalfindex>

<sup>3</sup>The Future of Traditional Retail in Africa <https://www.bcg.com/publications/2022/the-future-of-traditional-retail-in-africa>



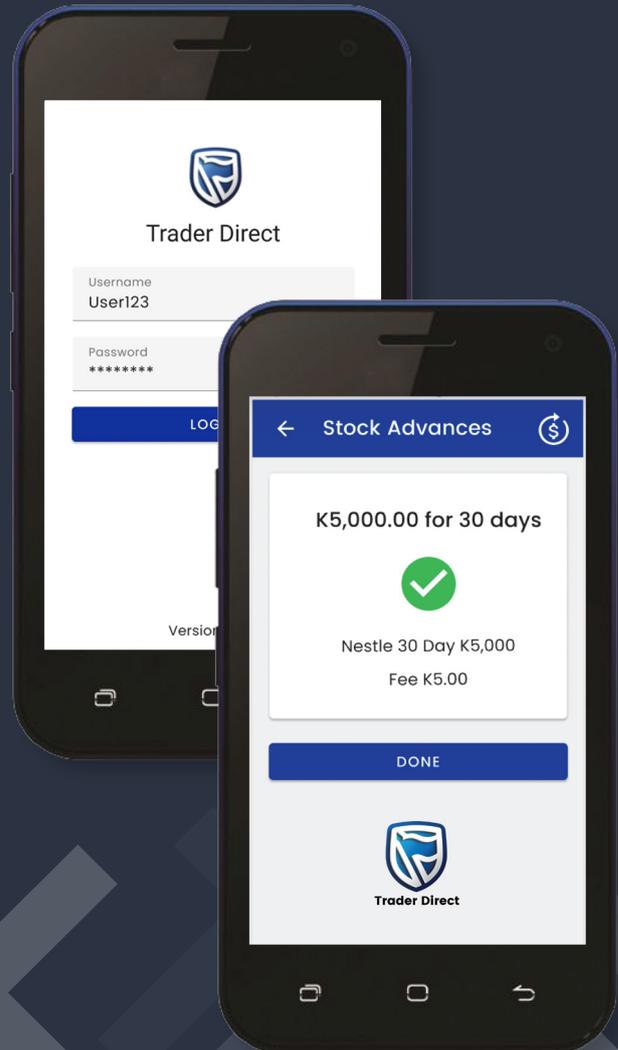
## The Solution: Trader Direct

Trader Direct is the **retailer till point** solution offered by Nomanini in partnership with Standard Bank.

**Overview:** Interoperable wallet enabling FSPs to create points of representation and acquire informal merchants as business banking customers.

Trader Direct enables retailers to sell digital VAS products, access large volumes of cash deposits and withdrawal transactions in the informal market. The solution is customisable and can include merchant savings, business/consumer insurance and account openings for FSPs.

**It's Impact:** Build sustainable businesses, increase income, improve quality of life.



The typical trader direct agent in Zambia is a 33 year old male living in a 4 person household

Nomanini is serving a high proportion of first-time digital finance users. 82% of these retailers are accessing a service like Trader Direct for the very first time, and cannot easily find a good alternative. This indicates that Nomanini is providing a service that agents would struggle to find elsewhere as well as filling a pertinent gap in the market.

In an environment susceptible to external shocks, Trader Direct offers a way for informal retailers to grow their businesses with minimal risk. Even a small increase in monthly sales can have a huge impact on the lives of informal retailers and their families.

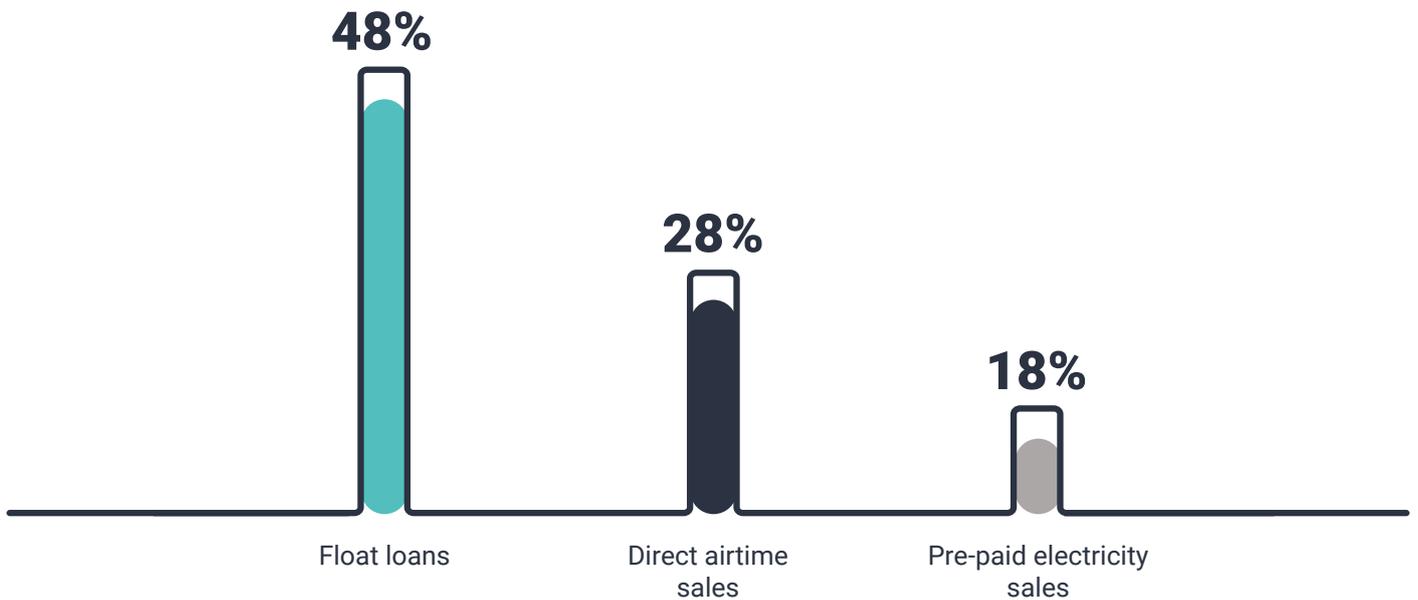
# Key Findings

## What Impact Does Nomanini Have On Retailers' Lives?

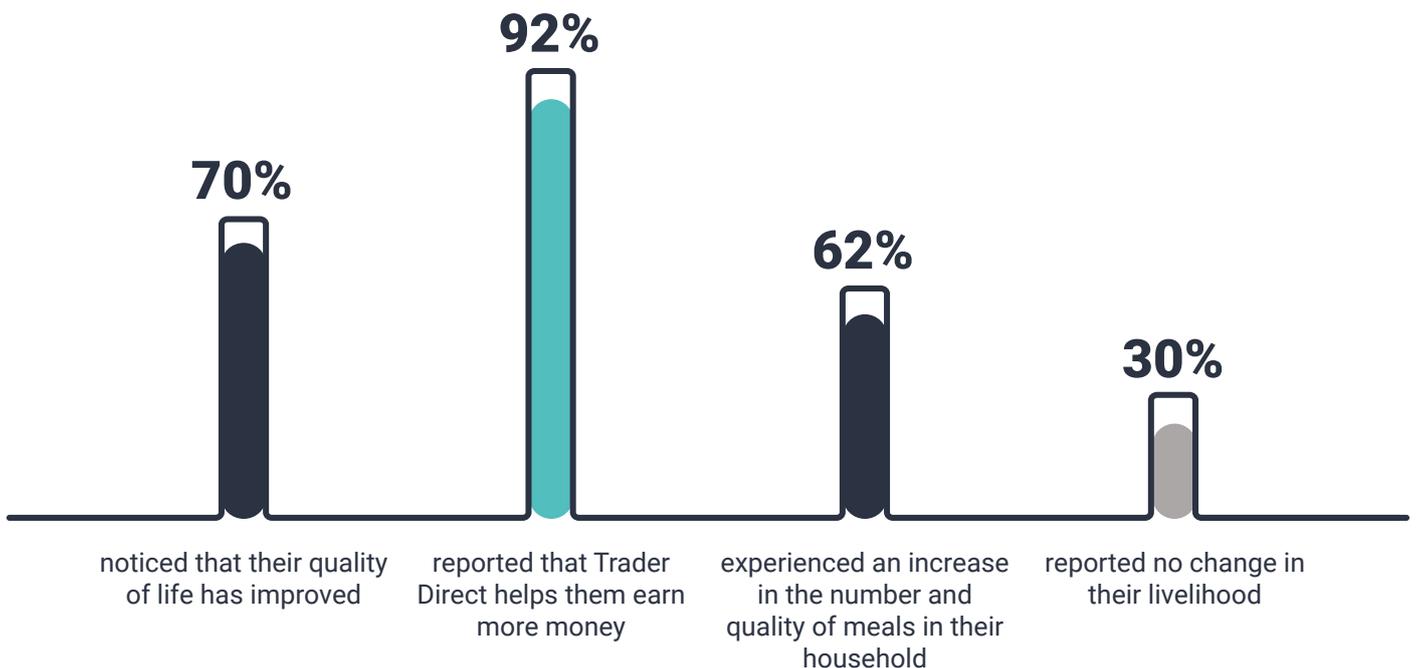
97% of Nomanini's retailers have the same goal. They want to grow their business, improve their quality of life and increase their income. 9 out of 10 retailers report that Trader Direct is helping them achieve these goals. This suggests that the Nomanini value proposition tailored to lower-income customers resonates well.

To gauge the depth of impact, the data relied on the actual voices of customers from the survey to interpret the impact Trader Direct has on its users. Retailers were asked to reflect on whether their quality of life has changed as a result of the Trader Direct service.

### The top three business area for agents:



### Perceived quality of life change:





*There is an improvement in the quality of life because currently, we do not struggle so much with home bills and taking care of the children's school needs.*

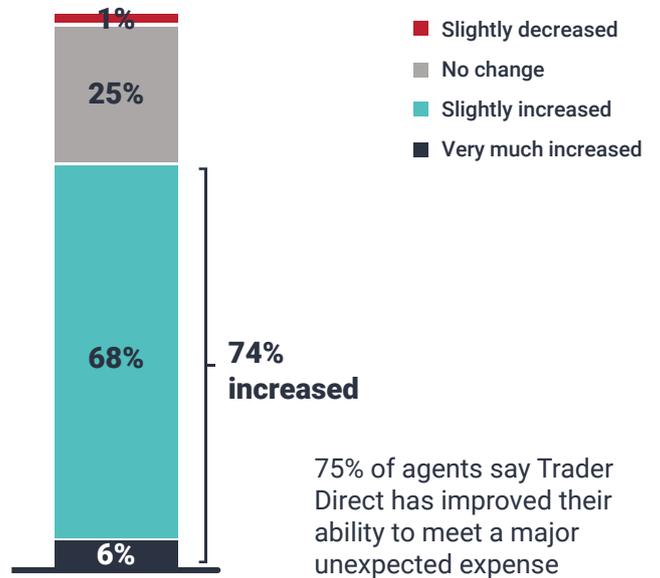
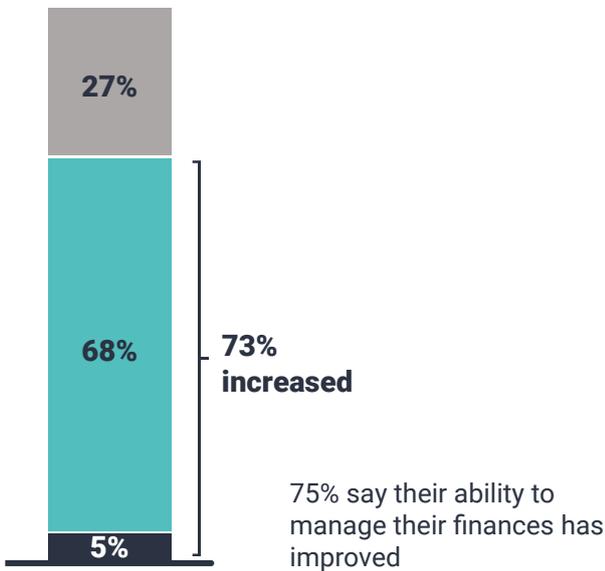
**- Anonymised female Trader Direct user, 41 years old**



Of the 70% who noticed an improvement in their quality of life, 49% reported their ability to pay household bills, 35% talked about an increased ability to provide for their family and 14% can now afford to pay for their children's education. Of the 30% who reported no change in their lives, the majority reported that they would still use their profits to reinvest into their business and the minority reported they had only recently started using the platform so therefore were unable to account for their profits.

**Perceived benefit on business:**

- Virtually all agents reported an increase in customers because of Trader Direct.
- Nearly all agents say their business income has increased.



Our findings also revealed areas for improvement. Two thirds of retailers on the platform reported that the most common challenge experienced with Trader Direct, is network connectivity challenges, which often results in system downtime. Since Trader Direct is rolled out with pre-inserted sim cards as part of a partnership with a mobile network provider in Zambia, Nomanini is looking to establish alternative partnerships with mobile network providers who provide better network connectivity across Zambia. In addition, Nomanini is exploring formalising an agreement with retailers that gives them the option to select their network preference and take on the responsibility to purchase and load a sim card of their choosing.



*Trader Direct has helped me gain more customers as they come to buy airtime and these other services, and they also buy other products from my shop.*

**- Anonymised male Trader Direct user, 27 years old**



28% reported experiencing challenges with restocking printing paper rolls, which is hard to come by in the region. To alleviate the pressure retailers experience to restock, Nomanini has established a process with field agents, the representatives on the ground, to assist with delivering printing paper on a more frequent basis to solve distribution challenges retailers face. 11% raise a concern about the delayed reflection of transactions, to which Nomanini has implemented a solution that integrates to the system every 10 minutes, allowing deposits to reflect in retailers wallets timeously.

These findings support our overall value proposition that our retailer till point solution is well placed to deepen financial inclusion by offering affordable, accessible products that reach beyond payments and are relevant to improving the lives of low-income customers. While the findings are encouraging, more research is needed across other active markets to determine conclusive statements about the broader impact Nomanini has made in advancing financial inclusion.



# See Nomanini's platform in action

**\$1,053,994**

Total Loans  
dispersed  
this year

**5**

Countries  
active

**2 300 000**

Number of  
transactions a  
month

**12,000**

Number of  
retailers

**\$5,710,267**

Value or %  
growth in  
credit sales

To learn more about Nomanini's platform and how it helps financial services providers and FMCGs to connect and improve the lives of thousands of informal retailers in Africa, please visit our website at

[www.nomanini.com](http://www.nomanini.com)

[Book a Demo](#)

## Acknowledgements

This impact study features insights from research commissioned by Nomanini and conducted by 60 Decibels under the leadership of Judy Mwangi, Head of Product at Nomanini.

This report would not have been possible without the time and dedication of the team from 60 Decibels and Nomanini's retailers.

**nomanini**