

## 4G CAPITAL COLLABORATES WITH TECHNOSERVE IN SMART DUKA PILOT SCHEME SUCCESSFULLY INCREASING SME REVENUE BY 82%

- Since July 2017, 645 working capital loans worth >\$78,357, were disbursed
- 85% of SME's repeated loan process
- Only 3% NPL rate, 6% better than industry average (9%)
- Participating SMEs recorded an average 82% increase in revenue

**25<sup>th</sup> July 2018, Nairobi:** At the Smart Duka Stakeholder's Forum in Nairobi, TechnoServe and 4G Capital today announced results from a year-long pilot partnership in which TechnoServe's Smart Duka program integrated 4G Capital's Kuza working capital retail credit service to blend business training with small enterprise loans.

The pilot scheme began in July 2017 and sought to address the barriers to growth faced by small retail business owners across 10 neighbourhoods in Nairobi.

Kenya's informal retail sector is predominantly populated by Micro-SMEs. Although 'small', according to research provided by Nielsen (2015), they generate 70% of Kenya's retail revenue with 95% of shoppers frequenting these businesses (known as 'Dukas') to stock up on day-to-day products.

Despite their critical role, many Dukas face challenges resulting in low earnings. These include poor record keeping and inventory systems, financial management and customer relationship skills, as well as limited access to appropriate financial services.

It is almost impossible for Duka owners to receive loans from commercial banks without providing substantial collateral and satisfying vigorous data requirements. This finance gap contributes to the stifling of growth and opportunity.

4G Capital offered TechnoServe's Smart Duka business education program an SMS based credit service designed specifically for the micro-retail sector. Kuza, (which means "growth" in Swahili) supports the needs, business cycles and cost base of micro-retailers.

Historic performance data from each participating Duka was fed into 4G Capital's unique algorithm to assess loan affordability. Duka owners were given expert advice that enabled them to increase stock of items that carried higher margins and greater revenues. Once customers repaid their loans, they qualified for repeat credit to match their business cycle and growth.

645 working capital loans, worth >\$78,357, were disbursed over the period, at a timescale and price-point designed around clients' business dynamics. Average loan size was \$120. Interest rates were capped at a maximum of 8% of the amount borrowed. 85% of Smart Duka beneficiaries accessing Kuza took repeat loans.

TechnoServe's Smart Duka survey reveals an 82% increase in revenue for Kuza customers, whereas those who did not use Kuza saw a 12% increase in revenue.

4G Capital Founder and CEO, Wayne Hennessy-Barrett said, "This partnership has broken new ground in financial inclusion and enables us to set new standards in the way African enterprises are supported. Our approach of blending training with access to credit makes a tangible and positive impact to our

customers' financial wellbeing. We are now able to partner with almost any distributor to provide the right credit solution for small businesses, boosting sales across the entire value chain."

John Logan, TechnoServe Country Director for Kenya, said "Kuza offers a safe way for informal traders to really grow their businesses while serving consumers at the bottom of the pyramid more effectively. Kuza offers a sustainable way for the micro-retailer sector to grow and be a vital cog in raising standards of living for a large number of Kenyans."

Further to the success of the pilot scheme, 4G Capital will continue to support Smart Duka beneficiaries in Kenya and other partnership programmes in Uganda.

**Ends**

### **About 4G Capital**

4G Capital has supported micro-enterprises in Africa since 2013, providing financial literacy training with working capital loans to help small businesses grow sustainably.

4G Capital clients receive a bespoke programme of business training to help them use micro-loans to achieve much higher take-home earnings. 4G Capital's proprietorial machine learning technology delivers high fidelity insights from traditionally data dark sectors. We design scalable credit products and services optimized for clients' business risks, timescales and affordability. Training is delivered via mobile apps and face-to-face outreach. Using only mobile money, loans are accessed in under two minutes with either smart or feature phones.

4G Capital seeks to address the Finance Gap across Africa. This stands at over \$19 billion for Micro and SMEs in Kenya alone (source: IFC), even though this important segment accounts for over 30% of GDP. It is almost impossible for these companies to access credit without high collateral and data requirements. Over 30% of small businesses fail due to lack of funding.

4G Capital consistently achieves very high collections rates without collateral or refinancing its clients by only lending to viable businesses on terms that are right-sized for them. 4G Capital is on target to positively impact over 1 million people by 2020. With operations in Kenya and Uganda, and having received multiple industry awards, 4G Capital is now scaling across the continent and expanding its suite of products and services as Africa's Fastest Fintech.

### **Key 4G Capital achievements to date:**

- >94% collection rates without refinancing clients
- Net Promoter Score 72
- Clients increase revenues by average 82%
- 81% Women Customers
- 82% Repeat Customers
- 77% Rural Clients
- 94% Increased financial literacy
- \$32M worth of loans to date
- >50 locations in Kenya, Uganda and beyond

### **Media Enquiries:**

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