Savings and Retail Banking in Africa

A case study on digital platforms serving the agricultural sector

November 2021
Table of contents

1. Executive summary 3
2. Introduction 4
3. Digital Platforms in Africa 6
   3.1. Platforms in the Agricultural Sector in Africa 6
4. DigiFarm in Kenya – Partnering to enhance a value proposition 9
   4.1. Partnerships are key to offering a wide range of services 9
   4.2. Making an impact 10
5. EcoFarmer in Zimbabwe – Leveraging existing customers and building volume 11
6. FCMB in Nigeria – A vision of retail banking for the entire value chain 12
   6.1. The role of the agent in building trust 13
   6.2. Deepening client engagement propositions by offering additional value 14
7. Lessons for FSPs keen to develop via agricultural platforms 15
8. Bibliography 17
9. About the report partners 18

Glossary

- AFA  AgriFin Accelerate
- FSP  Financial Service Provider
- FCMB  First City Monument Bank
- MM  Mobile Money
- MMO  Mobile Money Operator
- MNO  Mobile Network Operator
- NGO  Non-governmental Organisation
- ZFU  Zimbabwe Farmers Union
1. Executive summary

Digital platforms are all the rage. Whether creating jobs by linking workers to gig opportunities or providing smallholder farmers with a reliable one-stop-shop to sell their produce and obtain inputs, online platforms are becoming central to the functioning of our economies. African agriculture is no exception. The emergence of digital platforms serving farmers in Africa is of enormous importance: agriculture employs more than half of Africa’s labour force, and accounts for almost 20% of the continent’s gross domestic product.

For a Financial Service Provider (FSP) weighing whether to launch an online platform for farmers, two questions arise: Why should I participate – and if I do, what must I keep in mind? This case study looks closely at some of the successful digital farmers’ platforms across the African continent to answer these two questions. It finds that agricultural platforms hold considerable promise for FSPs, because of the strategic importance of this sector in the economy. Such platforms are a means to reach large numbers of business and commercial customers who have substantial financing and transactional needs, at a time when sharp cuts in IT costs are making participation economically viable - though attracting many competitors.

This report also shows that farming platforms offer very diverse services to their users, and that financial services are just one part of the mix.

An FSP keen to succeed in this realm must ask itself:

- **Am I sufficiently digitalised?** If you want to supply financial services online, you must have a digital product to offer.
- **Am I big enough?** Digital platforms need scale to succeed and become profitable. The platform or the FSP must have, or attract, a sizeable number of customers – and have systems in place to service them. If these are lacking, the FSP must make plans to achieve these goals.
- **Do I have a sound customer value proposition?** Successful digital platforms evolve fast as customer needs develop. These may – but may not – include various types of financial services. What do agricultural value chain customers need, and how will that change in the future?
- **Who should I partner with?** Few stand-alone platforms succeed. All in this case study – and most identified in the literature – amalgamate diverse services offered by a variety of institutions that service particular farmer needs.
- **How does this align with the regulatory and policy environment?** Agriculture plays an important role in the economy of most African nations. Ensuring that the platform – and the FSP’s participation in it – aligns with national priorities will help the platform take advantage of current and future economic growth opportunities.
2. Introduction

This study is part of WSBI State of the Savings and Retail Banking Sector in Africa research series. Other case studies in this series are focused on Innovative Business Models, Mobile Solutions and the Covid-19 Impact.

Banking everywhere is becoming highly digitalized, especially since the COVID-19 pandemic accelerated the trend toward increased digital customer interactions with FSPs, boosted digital payments, and encouraged different ways of working. This accelerating shift looks set to spur the development and diversification of FSP models. Increasing cooperation between FSPs, and between FSPs and non-FSPs, indicates that a ‘marketplace of services’ is emerging as one model. Outside financial services, we have seen the rise of platforms hosting diverse services, much like Amazon and similar tech firms. Some big Chinese tech firms have been exploring the platform model for delivering financial services. This has raised regulatory concerns, but such models will probably continue to develop, albeit with a greater focus on market protection and transparency.

This trend toward the rise of digital platforms is also occurring in Africa, and extends to the development of agricultural platforms. Sub-Saharan Africa has enjoyed a surge in internet connectivity, with mobile phone subscriptions increasing from 60 per 100 people in 2012 to 87 per 100 people in 2019, and internet access from 10% of the population in 2012 to 19% in 2017. The number of secure internet servers per million rocketed from just 19 in 2015 to almost 800 in 2020, showing that the IT infrastructure needed to run digital platforms is becoming widely available across the continent. The number of digital platforms available in Africa has surged: in 2005 there were just nine digital platforms in the major African markets. By 2018, this had blossomed to 268 – with an average of 90,000 customers per platform. Combined with a growing market for agricultural produce, this has allowed large numbers of customers to access digital platforms that offer them new kinds of services at affordable prices, paving the way for modernisation of food systems.

The idea of supporting smallholder farmers to drive economic development is not new. Many governments have been providing agricultural extension services for over 60 years. More recently, they have been joined by NGOs, the private sector and social enterprises. But digital technologies, and the spread of mobile internet connectivity have enabled the emergence of multi-partner platforms that connect the various actors in the food chain, overcoming the challenges of information and market access posed by geographic isolation and lack of information that have hitherto held back agricultural development.

The platform model is still very new in the agricultural arena. In Africa, as elsewhere, early online platforms typically offered a sector-specific set of consumer services, such as those targeting home-buyers or leisure travellers, though many such sites have been hard-hit by the pandemic. But the use of platform services to support smallholder farmers has also blossomed, and during the pandemic they proved a valuable lifeline, enabling farmers to stay in touch with their customers and suppliers, and facilitating transactions despite widespread movement restrictions.

Looking forward, it is now clear that agricultural digital platforms have the potential to play a powerful role in achieving the sustainable development goals, particularly:

- **Ending Poverty (SDG1)** – Agricultural platforms help create work and prosperity by facilitating access to markets.
- **Zero Hunger (SDG2)** – Agricultural platforms give farmers knowledge and skills necessary to improve their farming, help them access expanding markets, and enable them to supply to emerging cities with food. Over time, this increases and stabilises food supply, and improves price stability.
- **Decent work and economic growth (SDG8)** – Agriculture is a significant contributor to African GDP. Unlocking growth in this sector provides jobs throughout the food chain and enables it to meet the needs of growing urban populations, helping to underpin sustainable economic growth.
- **Reduced inequalities (SDG10)** – Improving access to skills and markets enhances farm incomes, and over time reduces inequality.

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1 World Bank - DataBank https://data.worldbank.org/indicator/IT.CEL.SETS.P2?locations=ZG
2 Ghana, Kenya, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia
Agricultural platforms are also key in assisting two particular population groups in Africa: youth and women. More than half of Africa’s population is under 25 - and by 2050 Africans will account for 33% of the world’s youths – up from 20% today. Women, meantime, provide around 40% of the agricultural labour force in sub-Saharan Africa, but often achieve lower output and remuneration than men. This is mostly because they have lower status and less access to productive resources, such as land and finance. Online, women are on equal footing, and have equal access to information. The online environment can thus be leveraged to support the empowerment of women - if access can be ensured. This enables them to increase their remuneration and play a bigger role in providing food security and economic stability.

This study provides an overview of digital platforms serving the farming sector in Africa and highlights three case studies. The study is guided by the overarching objective of the WSBI report series, which is to inform FSPs about developments in the finance industry that affect services to low-income customers. It is important that FSPs consider developments in provision of financial and related services to small farmer customers, who form a critical group of entrepreneurs on the African continent, and decide what role that they could or should play.

Figure 1 - Evolution of smallholder agricultural services

Source: ISF Advisors and RAF Learning Lab analysis

3 A youth is defined as someone under the age of 25. For more information see - Youth Employment in Agriculture as a solid solution to ending hunger and poverty in Africa – Food and Agricultural Organisation 2018
3. Digital Platforms in Africa

The burgeoning platform economy offers opportunities for many traditional businesses to generate new revenue streams and deepen their client relationships. Amazon and Uber are well-known examples of platform businesses that facilitate completely digitalized business-to-consumer interactions. As these and other companies build scale and disrupt traditional players in their industries, economic activity is rapidly shifting from pipeline-based models, where a single company controls the value chain, to platform-based alternatives where the platform reaps rewards by acting as a market place connecting all the players in an industry.

Despite particular challenges arising from patchy networks, lack of capable consumer devices, and heavy reliance on informal delivery services, the platform economy is gaining traction in Africa as consumers and businesses grow accustomed to online services. The continent-wide digital infrastructure usually required for the rise of platform is still being established, but Africa is forging ahead nonetheless by creating alternative infrastructure, typically mobile-enabled. The sophistication and rapid growth of Africa's mobile-money market, for instance, shows that the continent is already a global leader in some areas of the platform economy. Well-established African organisations can build on this and take the platform economy forward.

Africa may well draw on the experiences of both India and China, where governments played an enabling role by developing standards and creating basic digital capabilities such as digital IDs for citizens, leaving private companies to build and extend the necessary financial and logistics infrastructure.

Meanwhile, though the COVID-19 pandemic has weighed heavily on African and global economies, it is clear that platform companies are faring better than most. The pandemic has driven many interactions and transactions online, and this should provide additional impetus to become involved in developing and extending platform capabilities.

3.1. Platforms in the Agricultural Sector in Africa

Agriculture is the dominant source of livelihoods and employment in many countries in Africa, so it seems natural that agriculture will be a big focus for platform development in Africa. Two basic approaches are apparent. Some platforms supply a specific set of services with a single objective, for example precision weather information services. Others take a more developmental view, and offer a set of services that seek to address a broad range of needs experienced by those on the farm and in the food chain. Both approaches have met with some success in the market, so it is likely that we will continue to see a range of platform types being set up.

The landscape of digital financial services and agriculture offerings is already diverse and fast-evolving. To reach their market and to expand, many need a range of commercial and non-commercial actors to be involved. Before exploring this facet in more depth, it is helpful to describe what the platforms do, highlight their objectives, and review the partners involved.

The range of services offered on platforms and the level of integration between the services are determined by factors unique to the agricultural segment(s) targeted, including: the extent to which the agricultural value chain is organised, which crops are produced, and to what extent growers are connected to other actors within it.

Digital platforms improve the performance of value chains by meeting specific farmer needs, including:

1) **Providing access to markets:** farmers need to sell their produce to make a living. Connecting vendors digitally to a single buyer or many buyers creates a marketplace that enables price discovery, and enables sellers to optimise the type and timing of production and sales, and vendors to optimize the timing and price of purchases, enhancing the efficiency of the production system, and raising farm incomes. Access to markets is a major driving factor behind many digital platforms.

2) **Providing important information:** farming is a complex business. Farmers must pick the best moment to prepare their soil and plant crops, relative to weather and market demand, nourish their crops with timely application of water and fertiliser, and harvest at the best moment. They need access to reliable, accurate and timely information. This can range from critical weather information, through input prices, to techniques for introducing new crops or producing long-standing crops more efficiently.

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6 By ‘platform economy’ we mean a set of value-creating interactions facilitated by digital intermediaries
7 Sangeet Paul Choudary, Jonathan Lamb and Kent Marais (2020), Can Africa Take the Platform Economy Forward?
8 IFC (2018), Digital Financial Services for Agriculture
3) **Procuring inputs:** farming requires different types of inputs – such as seeds and fertiliser, and access to mechanical equipment, tillage, transport and storage services.

4) **Record keeping and business support:** to manage their business and crucially, to qualify for credit and financial support (see below) farmers need accurate records of how much they produce, when, and the resulting revenue. They may also need precise records to meet product quality and regulatory standards, for example in livestock rearing, or supplying ‘organic’ products to developed markets.

5) **Access to financial services:** farm production is often cyclical, and revenues seasonal, with little revenue inflow during growing periods for both crops and livestock. Farm equipment is costly. So as subsistence farming gives way to commercial production, farmers increasingly need access to financial services. These range from payments solutions to savings options, and credit solutions for procuring inputs. Weather insurance – linked with the digital capture of information – is increasingly used to manage weather and climate risk.

Figure 2 - Digital platforms succeed by relentless focus on using technology to build solutions to client needs, in this case the farmer.

Examples of agriculturally-focused digital platforms in Africa that provide elements of the five factors outlined above\(^9,10\) include:

- **myAgro:** provides a facility for layaway savings to pay for agricultural inputs, the purchase and delivery of the inputs and training of farmers, sharing harvest-improving techniques and knowledge. It partners with agricultural input suppliers to supply seed, fertiliser and other agri-products and with agri-businesses for storage and transport needs based on demand. MyAgro operates in Mali, Senegal and Tanzania.

- **Tulaa:** offered a digital end-to-end solution for farmers to access inputs on credit, obtain advisory services and access markets. Farmers could purchase inputs from their nearest retailer on credit, with Tulaa paying the retailers and collecting phased mobile repayments from the farmers. Farmers received free SMS messages with tailored advice. Tulaa signed short-term offtake agreements with the farmers to purchase their crops, which it then sold via wholesale markets. Tulaa coordinated logistics to transport the crops to the market and paid farmers for their produce using mobile money. Tulaa partnered with input retailers, aggregators and buyers. It operated in Kenya. Tulaa, which was still in its early years, has been recently liquidated. Nevertheless, it serves as a good example of what digital platforms can achieve.

- **HelloTractor:** offers an information platform for the use of small-scale agricultural equipment. It is a similar concept to Uber and allows owners to rent out farm equipment and small-holders to book and pay for the use of the equipment. Asset tracking is part of the offering. The platform partners with dealers and owners of agricultural equipment, with Mobile Money Operators (MMOs) providing mobile payments capability. HelloTractor operates in Nigeria, Kenya and 12 other African countries.

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\(^9\) IFC (2018), *Digital Financial Services for Agriculture*
\(^10\) Ezinne M. Emereana, Liz Trenchard and Katharina Dehnen-Schmutz (2020), *The Revolution of Mobile Phone-Enabled Services for Agricultural Development (m-Agri Services) in Africa: The Challenges for Sustainability*
• **AgUnity**: provides a mobile platform for digital payments and financial services, accounting/record-keeping services and e-commerce services for agricultural products and transactions in the agricultural value chain. This includes farmers digitally interacting with their cooperatives and other market actors. Tracking and transaction finalisation is managed using blockchain technology. AgUnity partners with farmers’ cooperatives and other actors dealing with farmers. The technology platform enables other partners to join and to provide relevant services to farmers. NGOs and farmer cooperatives play a critical role in identifying, contacting and onboarding potential customers in rural areas. The platform operates globally and is very active in Africa.

• **M-Farm**: provides updates to farmers on current prices of goods across the country and a networking platform for farmers to sell their produce wholesale. It connects local farmers directly to suppliers and provides access for farm inputs. M-Farm partners commodity markets, buyers and mobile money operators. It operates in Kenya and Ghana.

• **Esoko**: connects non-governmental organisations (NGOs), agri-businesses and the government to farmers. It provides agricultural content, marketing, advisory and monitoring services for farmers and potential investors. Esoko partners with organisations helping smallholders, and with microinsurance providers and weather services (aWhere). It operates in Mozambique, Cameroon and seven other African countries.

There are scores of other examples and ever more new platforms are emerging even as some fade away. The more established platforms, however, demonstrate the promise of platform-based smallholder transaction and information services, in several different contexts in Africa. They are built around adding value for users, rather than financial services. The table below provides a summary of the value proposition of the platforms identified above.

**Table 1 – Value proposition of the agriculturally-focused digital platforms**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Market access</th>
<th>Information source</th>
<th>Input provision</th>
<th>Record &amp; Business services</th>
<th>Access to finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>MyAgro</td>
<td>X</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
<td>✓</td>
</tr>
<tr>
<td>Tulaa</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
<td>✓</td>
</tr>
<tr>
<td>MyTractor</td>
<td>X</td>
<td>X</td>
<td>✓</td>
<td>X</td>
<td>✓</td>
</tr>
<tr>
<td>AgUnity</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>M-Farm</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Esoko</td>
<td>X</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
<td>✓</td>
</tr>
</tbody>
</table>

From the overview two things are clear. Firstly, there is no single thing that a platform must do (such as providing market access, inputs, or information) for financial services to be a worthwhile add-in. Secondly, whilst there is no single winning combination, these platforms almost always offer financial services directly alongside other services. Thus the app becomes a one-stop-shop – with financial services embedded directly next to a particular need – such as market access or acquiring inputs. What are the lessons for FSPs?
4. DigiFarm in Kenya – Partnering to enhance a value proposition

DigiFarm is a mobile platform for smallholder farmers in Kenya, owned by Safaricom. Safaricom is the largest mobile network operator (MNO) in Kenya, with 26 million subscribers. Safaricom is also the issuer of M-Pesa, the hugely successful mobile money (MM) offering after which many other MMs are styled. Many successful MMOs find that revenue per user decreases as user numbers rise, because later joiners make less use of services. This drives many MMOs to build additional revenue streams from existing subscribers by adding more services. DigiFarm reflects Safaricom’s strategy of extending the services it offers in the Kenyan market.

Agriculture is key to Kenya’s economy, contributing 26 per cent of GDP and another 27 per cent indirectly through links with other sectors. It is the country’s biggest export earner, providing 65% of export earnings. It employs more than 40% of the population and more than 70% of Kenya’s rural people, and provides the livelihood (employment, income and food security needs) for more than 80% of the population. In 2017, over 85% of Kenya’s agricultural output, and 70% of produce marketed, was grown by some seven million smallholder farmers. More than 90% of smallholder farmers own mobile phones, and half of these use M-Pesa, providing an opportunity to extend services into this market. Safaricom launched DigiFarm in 2017, in conjunction with several partners.

The DigiFarm platform was designed to address the needs of Kenyan smallholder farmers after an in-depth assessment of their day-to-day lifestyle. The technology is the fruit of a partnership launched in 2015 between Safaricom and AgriFin Accelerate (AFA), run by US-based NGO Mercy Corps. After interviewing farmers, AFA assessed farmer awareness of Safaricom and the technology-based services then available. The research then sought out suitable partners, who were assisted to adjust their business models to help them integrate into the mobile platform.

Safaricom expects DigiFarm to outpace M-Pesa in the next five years – a highly ambitious expectation given M-Pesa’s high market penetration and continued growth.

4.1. Partnerships are key to offering a wide range of services

The value proposition for DigiFarm was to establish a single mobile platform offering farmers access to a set of services needed in the agricultural sector. Initial partners in establishing DigiFarm were:

- **Safaricom** - provides the platform on which transactions occur, and serves as the data hub for services offered
- **iProcure** - provides farming inputs and uses dispersed depots from which these inputs can be obtained
- **FarmDrive** - provides access to finance, incorporating credit scoring, credit assessment, and loan management services
- **Arifu** - offers interactive information services and e-learning programmes on agronomy and farming techniques. Arifu further offers financial education relating to DigiFarm’s loan and credit services, and product training on DigiFarm applications.

DigiFarm also include DigiSoko as a partner:

- **DigiSoko** is an online marketplace connecting farmers to potential produce buyers in specific value chains. DigiSoko gives farmers access to a wider market, but does not guarantee farmers the sale of produce.

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14 AFA (2019), DigiFarm: A Digital Platform for Farmers
DigiFarm continues to take on new partners such as:

- **iCow and Mediae**: these provide agricultural learning content on the platform, alongside Arifu

- **Kenya Livestock Producers Association (KLPA)**: this association for livestock producers in Kenya has rolled out the DigiFarm Village Advisor network providing 1,500 field experts to support farmers as they learn to use DigiFarm’s digital tools to enhance their productivity and prosperity. The field experts provide support and advice to farmers on crop production and pre- and post-harvest management. They also coordinate input distribution to the contracted farmers

- **AgroCares**: provides soil testing capability and intends to implement scanner technology to selected pilot counties in Kenya to facilitate soil testing

- **Georgetown University’s Gui2de programme** – this allows for research and quantitative assessment of the impact of DigiFarm on farmers in Kenya by US-based academics.

DigiFarm is also actively involving more FSPs to strengthen the financial services available to DigiFarm users. Stanbic and Equity Bank have partnered with DigiFarm to provide credit to farmers via the digital platform. Loans are backed by life insurance provided by Stanbic. Participating on the platform requires the FSPs to digitalise their services to integrate into the platform. The Kenyan government currently has a scheme providing a 50% insurance premium subsidy to private insurance companies that insure main food crops such as maize, Irish potatoes and pulses produced by smallholder farmers. This scheme is supported by FSPs ACRE Africa and Pula. DigiFarm thus helps farmers benefit from the crop insurance support provided by the government.

### 4.2. Making an impact

The DigiFarm platform had registered over 1 million farmers by May 2019, with 43% of the registered farmers being women. Over 310,000 farmers have used the platform learning content and Arifu’s customer services has recorded an average of over 25 messages per farmer - enough for each to complete two training courses. Approximately 60,000 loans have been approved digitally on the platform, with a 90% repayment rate, and a growing numbers of repeat borrowers. Beyond this, more than 50,000 farmers have used the platform to purchase inputs.

Customers say that access to finance through the platform has enabled them to buy quality seeds and other supplies, leading to improved harvests. Arifu’s customer experience records suggest that improved knowledge acquired through DigiFarm has enabled farmers to increase yields. However, there is still too little quantified evidence to fully understand the impact of DigiFarm.

Qualitative evidence suggests that using DigiFarm is beneficial. A survey of 1,400 DigiFarm clients, with an average age of 39, found that 65% of farmers reported learning better farming practices thanks to the information they received through the platform. Nineteen out of ten agreed that DigiFarm equipped them with information that enabled them to operate more effectively in the wider agricultural sector. And 87% believed they would achieve a larger harvest and be financially stronger in the future.

Use of financial services by DigiFarm subscribers appears relatively low, however. Fewer than 5% of registered farmers have purchased inputs through DigiFarm. Farmers may be unaware of the service, reluctant to use it, or find the range of services inadequate. Farmers still experience high transport costs to obtain agricultural inputs, as the iProcure network is not as well developed as those of some competitors. A further concern is that iProcure sells inputs in large quantities, detering farmers who need smaller quantities.

DigiFarm also faces competition from other similar agricultural platform services in Kenya, such as Wefarm and, until recently, Tulaa. Wefarm provides free information on crop and livestock management practices. Wefarm is well-established in East Africa, with 2.1 million users in Kenya, Tanzania and Uganda. Tulaa only had about 15,000 users.

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15 [https://gui2de.georgetown.edu/digifarm/](https://gui2de.georgetown.edu/digifarm/)
16 [https://fsdkenya.org/blog/can-platforms-and-technology-accelerate-the-african-green-revolution/](https://fsdkenya.org/blog/can-platforms-and-technology-accelerate-the-african-green-revolution/)
17 [https://www.transformationalupskilling.org/digifarm](https://www.transformationalupskilling.org/digifarm)
19 [https://www.reuters.com/article/kenya-safaricom-agriculture-idUSL8N2DH3EW](https://www.reuters.com/article/kenya-safaricom-agriculture-idUSL8N2DH3EW)
20 [https://www.transformationalupskilling.org/digifarm](https://www.transformationalupskilling.org/digifarm)
5. EcoFarmer in Zimbabwe – Leveraging existing customers and building volume

Econet is a global telecommunications group, and its subsidiary Econet Wireless Zimbabwe is the dominant mobile network operator in Zimbabwe. Econet launched a mobile money service, EcoCash, in 2011 and gradually expanded the range of services available to subscribers. As another extension of Econet’s services, Econet launched a mobile farming platform, EcoFarmer, in 2013\(^2\). Agricultural activities employ 60-70% of the population of Zimbabwe, and contribute 40% of total export earnings and approximately 17% of Zimbabwe’s GDP. It therefore made economic and developmental sense for Econet to structure services for this sector\(^3\).

EcoFarmer was initially positioned as a weather-indexed insurance business for cash crops, with insured farmers also receiving free advisory and market information. Econet’s wide reach and customer base were the drivers for the service, which enjoyed some popularity amongst smallholder farmers, as fluctuating rainfall and adverse weather are constant farming concerns in Zimbabwe.

Registration of farmers on EcoFarmer is currently done through the EcoCash platform. Registered farmers can access various services from the EcoFarmer platform such as:

- EcoFarmer’s SMS advisory services, which provide tips on farming certain crops in partnership with Ruzivo, an e-learning provider
- EcoFarmer’s advisory bulk SMS service to keep farmers in touch with existing and potential suppliers and buyers.
- Vaya, a transport service provider unit of Econet, which enables farmers to hire, book and pay for farming equipment on their mobile phones.

EcoFarmer currently has approximately 1 million subscribers, across all segments of the agricultural economy.

EcoFarmer conducted research into customer needs and expectations in conjunction with a partner, the Technical Centre for Agricultural and Rural Cooperation\(^2\) (CTA). Additional information services, financial services and links to other actors in the agricultural value chain were identified. The partners put users at the centre of the services they designed.

As a result of the research, a partnership was formed with the Zimbabwe Farmers Union (ZFU), and the bundled service EcoFarmer Combo, consisting of funeral cover, weather index insurance, union membership and access to advisory services was launched. Other partners provide access to farming inputs, like fertiliser and seeds, on the EcoFarmer platform. The ZFU acts as the product champion and co-owner, trains agents and promotes the product through these agents. The University of Zimbabwe leads the review of EcoFarmer educational and promotional content. This service costs US$1 per month and approximately 20,000 farmers have taken up this service.

Steward Bank is a wholly-owned subsidiary of Econet and thus a FSP in the same stable as EcoFarmer. Steward Bank has recently announced the launch of AgroFuture, an agribusiness banking service package\(^4\). Services in the package include a trading platform for farmers, linking them with aggregators to bring farmers and buyers together. This service will be made available on the EcoFarmer platform, adding to services available.

Another product offered by EcoFarmer is the Diaspora Agriculture Finance Plan. This EcoFarmer service allows Zimbabweans living abroad to buy agricultural inputs and pay for tillage services for their dependants back home via a one-stop online shop\(^5\).

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21 Amea (2020), Agricultural Technology Guide for Advancing Farmer Organizations
23 CTA is a joint international institution of the African, Caribbean and Pacific (ACP) Group of States and the European Union (EU), funded by the EU.
25 https://www.ecofarmer.co.zw/diaspora-agriculture-finance-plan
6. FCMB in Nigeria –  
A vision of retail banking for the entire value chain

Agriculture provides almost a quarter of GDP in Nigeria and employs 36% of the labour force. Over 80% of those work on smallholder farms. Nonetheless, Nigeria runs a trade deficit in food products, importing more than it exports. Developing a more productive and resilient agricultural sector will benefit many Nigerians and contribute to food security.

FCMB was founded in 1977, becoming First City Monument Bank (FCMB) in 2001. Today, FCMB serves the retail, business and commercial banking markets. It has made considerable efforts to support business sectors, throughout Nigeria, including the diverse participants of agricultural value chains. The bank has a long history of providing credit to farmers at preferential rates. It has also organized several innovation competitions targeting pressing challenges in agricultural finance.

The bank’s latest initiative in this field was the launch in 2021 of a platform called EasyClub. The platform aims to serve participants in the agricultural value chain by providing a one-stop-shop for farmers and those that serve them where farmers can sell their produce, buy inputs, share information and obtain appropriate financial services. Figure 3 below provides an overview of the EasyClub platform.

Five elements stand out:

- **Leveraging trusted agents in the community to onboard clients (1):** The first element of the EasyClub process flow is onboarding clients through trusted local partner groups – such as local farmers’ associations. These play a key role in building trust and achieving scale.

- **Providing clients with a one-stop-shop to sell and buy (2):** Once approved, clients have access to the EasyClub digital platform. Here, they can find all of the platform partners – including produce buyers, and input providers. They can also access financial services, provided by FCMB, and find information and training to help their business succeed.

- **Onboarding partners that meet farmer needs (3):** In parallel to expanding its user-base, EasyClub onboards partners such as produce buyers, and companies offering services that farmers need – such as tractor suppliers, tillage service providers, seed vendors, and others.

- **Protecting client and providers by leveraging an Escrow account to de-risk (4):** Smallholder farmers and their suppliers sometimes fail to fulfill their obligations. To protect transaction partners against loss, FCMB holds funds in trust once a farmer places an order, until satisfactory delivery and fulfillment to the farmer by the provider.

- **Leveraging smart-warehouses to support fulfillment (5):** The final part of the EasyClub process flow involves the delivery of inputs to the farmer, or delivery of the crops by the farmer. This is done via smart-warehouses, located throughout the area served by the EasyClub platform. These leverage data analytics to balance supply and demand.

Over time, as the EasyClub platform grows and more input providers, farmers and produce buyers join, the platform will become a vehicle for the digitalisation of a large part of the value chain. The goal of the EasyClub platform is to onboard one million farmers by 2025. By October 2021 it already had 50,000 farmers on the platform out of total 650,000 farmers banking customers. Some 40% of those using the financial services attached to the platform were women. Some 43% of the overall users of the financial services linked to the platform were aged 18-30 while the rest were over 30 years old. The EasyClub platform aims to become a key agricultural value chain player, providing end-to-end solutions for the Nigerian farming and food industries.
6.1. The role of the agent in building trust

To facilitate the roll-out of the programme in rural areas and farming communities, FCMB made the strategic decision to partner with two sets of agents, shown as the bottom and middle layers in figure 4 on the following page. A first group of regular agents supports the day-to-day transactions of individual farmers, for example facilitating deposits or withdrawals. These agents act like the bank or mobile money agents found across the continent. The second group are master agents, often local farmer associations and aggregators. These master agents help onboard farmers scattered across rural areas, and provide a single contact point for FCMB to understand the needs of these farmers, and help the bank identify groups of farmers who are potential clients, and who can benefit from more support. The master agent also acts as a trusted communication channel with the farmers in their community, vouching for and sometimes even underwriting members (in the case of farmer associations). This helps ensure loans are repaid.
6.2. Deepening client engagement propositions by offering additional value

The agent system is a novel feature of FCMB’s platform. The bank is also seeking partnerships with varied value chain players – such as tractor providers, seed suppliers, and agro-processing entities, with which farmers may contract. At the time of publishing FCMB has concluded an agreement with a tractor firm, allowing farmers to lease machines, and pay for their lease, via the FCMB platform. Negotiations with other potential partners are ongoing. As more suppliers join, the platform becomes increasingly useful for farmers. This gradual approach allows for farmers to be taken along, rather than overwhelmed – whilst permitting the platform and its back-end infrastructure to grow organically and allowing time for new features to be added.

The EasyClub platform learns about the farming systems in use and crops produced and is thus able to provide farmers with information that is relevant to their farming business. It can help farmers assess, for example, whether particular crops will do well on the soils they farm and advise on techniques appropriate to particular crops.

This trust building approach is important to the future success of the EasyClub platform. The use of escrow accounts, for example, requires considerable trust on the part of farmers – who part with their funds upfront, only to receive their goods later. The benefit for farmers, is that it protects them from rogue suppliers. Similarly, funds placed in escrow to purchase farm produce ensures farmers will be paid for a specific quantity at agreed prices. The escrow services provided by FCMB enable the bank to provide financial services that take future revenues and expenses of farmers into account, allowing the bank to offer solutions that provide cashflow to all the players in the value chain when necessary.

FCMB is developing a local digital ecosystem that brings together the different stakeholders in the agricultural value chain. EasyClub is starting to behave both as a ‘market maker’ and a financier to this market. It provides farmers with modern financial services tools, and many other services that they need – including technical and market information.
7. Lessons for FSPs keen to develop via agricultural platforms

The development of food chain platforms that transform and extend financial services is already firmly entrenched. Already sizeable, this field continues to grow strongly. But the market is fragmented and there are many different approaches to building a successful farming-based digital platform. As the market for these services matures, winning models will emerge for the African continent.

There are, however, some common ingredients for success that emerge from our case studies. Any FSP keen to unlock the opportunities offered by these agricultural platforms and the millions of entrepreneurs in the farming and food sector needs to focus on six elements, set out in Figure 5 below:

Figure 5 - The key to unlock development

- **Retail banking is not enough:** to ensure that customers engage in the long term – and keep coming back – there must be some “value plus” component. Whether this is providing information, offering a place to purchase inputs, or something else, financial services alone will not be enough to ensure the platform's sustainability and longevity.

- **Local community standing matters:** without local community trust, or some form of partnership with local community institutions that are trusted, uptake tends to be low because potential clients are either unaware of, or mistrust, the new solution.

- **Agent credibility is crucial:** once the customer engages with your agents, their credibility is crucial. Should they run out of cash, or any other challenges arise, the customer may blame the platform and stop using it. Supporting agents, by ensuring they know the products and have sufficient cash-on-hand, is critical. This should be a part of the value proposition.

- **Networks are a pre-condition for success:** in rural areas, network coverage may be intermittent or incomplete. If clients cannot access the platform at important moments, they will not use it. Roll-out should only happen where there is digital infrastructure to support it.

- **Financial education matters:** many farmers may be unable to follow or understand complex terminology. Operating in this environment requires a deliberate effort to educate and support users, as well as to engage with them in ways they find accessible. FCMB agents have used pictures to help illiterate clients. Engaging with people in this manner ensures they understand your product and feel they can engage with you.

- **Enlisting government support:** like banks, governments are keen to develop agricultural markets to increase prosperity, ensure food supply, and generate revenues. Government can assist in myriad ways, including by reducing the costs of inputs through bulk purchases, by subsidising farmers, and by ensuring appropriate regulations. Agricultural websites need to align with government extension services. Government can also assist by shouldering some of the costs in the initial phases of the roll out – by providing a guarantee to reduce the risk the bank is exposed to in the initial phases of the development of a platform-based credit product.
Other studies have highlighted diverse other factors to keep in mind. Examples include the E-Agriculture Good Practice guidelines of the United Nations Food and Agricultural Organisation, and the Digitisation of African Agriculture report by the Technical Centre for Agriculture and Rural Development. These provide a more comprehensive list of actions for all stakeholders – including donors and governments. For more information about financial service digitalisation in Africa, see the case other studies in this research series.

Summary box: General considerations based on other literature

The following lessons are based on research conducted as part of the Scale2Save programme, as well as the E-Agriculture good practices guidelines of the Food and Agricultural Organisation and the Digitisation of African Agriculture report by the Technical Centre for Agriculture and Rural Development:

- **Digitalisation is a pre-requisite:** it is difficult to participate in the platform world without some type of digital capacity. The exact nature of digitalisation required will depend on the role that the FSP wishes to play, but might include providing loans or assisting with a payments solution on an existing platform.

- **You can build it yourself if you have some reach:** platforms are often young, but successful initiatives have also been started by organisations having existing relationships with farmers, such as an FSP or a mobile money operator. The key requirement is to have access to a large community of farmers who can benefit from particular services – such as better connections with potential buyers of their produce.

- **The customer must be at the core:** the successful platforms outlined here all set out to identify and fulfil the needs of smallholder farmers. This was the driving factor for subsequent actions – such as forming partnerships to bring together services needed by farmers in a single online location. FSPs should ensure that their participation on a platform is determined by the needs of the customers of that platform, and should only get involved if it makes sense for the farmer and the FSP.

- **Whether you’re building or not, partnerships will be key:** the successful solutions outlined in this case study are all based upon varying types of partnerships that meet the diverse needs of farmers in different contexts. FSPs that lack wide reach, or that do not yet have fully functional digital payments solutions can nonetheless partner to provide back-end services such as credit, savings and insurance.

- **Scale will be a deciding factor:** platforms should be designed so that they can attract a big audience and develop new services as subscriber needs evolve. The design and operating model must be determined up-front, and adjusted as new insights demand. The design should embrace a wide range of user needs.

- **Align the platform to the policy and regulatory environment:** digital platforms are not built in a vacuum. They should align with the national policy and regulatory environment in the countries where they operate, and be ready to evolve as regulations and policies evolve.

Digital platforms serving the agricultural sector in Africa are in their infancy, but hold great promise. Platform deployment requires a human-centric and needs-based approach, with integrated service offerings. FSPs should examine what role they can play, and how they need to shape their own digitalisation to be able to readily integrate their services into the platform offering.

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26 To learn more about digitalisation as a journey for financial services providers, please see the case study on mobile financial services of this series: https://www.wsbi-esbg.org/SiteCollectionDocuments/Scale2Save%20Case%20Study%20on%20Mobile%20Financial%20Services.pdf

27 To understand the importance of customer centricity, and why this is key to success, see the 2019 report of WSBI State of the Savings and Retail Banking Sector in Africa research series: https://www.wsbi-esbg.org/SiteCollectionDocuments/0913_ESBG_BRO_2019SURVEY_FINAL%20(1).pdf

28 To learn more about different types of partnership models for FSPs, see the case study on innovative business models of this series: https://www.wsbi-esbg.org/SiteCollectionDocuments/S2S-Case-study-on-innovative-business-models%20FINAL.pdf
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9. About the report partners

About WSBI and Scale2Save

The World Savings and Retail Banking Institute (WSBI) created in 2016 a new programme in partnership with the Mastercard Foundation “to establish the viability of low-balance savings accounts and use of customer-centric approaches to address barriers faced in access, usage and affordability of savings services”.

Called Scale2Save, the programme is set against a backdrop of problems such as high poverty rates and financial exclusion in sub-Saharan Africa, as well as low formal savings rates. FSPs have a poor understanding of the market savings potential of people in various low-income segments. The needs of existing and potential customers – and how much customers can afford to pay to meet those needs – are not well reflected in FSPs’ business models, customer interfaces and interactions. The resulting poor customer experience gives rise to extremely high rates of bank account dormancy and inactivity. This is a significant cost for FSPs and undermines potentially sustainable business cases to deliver accessible financial services to people in these segments.

The Scale2Save programme’s core activities are to:

• Provide financial service providers with technical assistance to develop savings services valued by low-income customers. WSBI works with eleven financial service providers to develop and deliver savings products that not only broaden access to financial services but also drive ongoing use of those services. The banks are located in Cote d’Ivoire, Kenya, Morocco, Nigeria, Senegal and Uganda. A bank in Tanzania acts as a knowledge partner.

• Conduct research and share lessons between partner banks. WSBI publishes the annual Savings and Retail Banking in Africa report series to facilitate peer learning and the spread of knowledge. The institute also researches new pricing models to help establish a business case for low-balance savings and conducts household research to contribute to knowledge of cash flows in households.

• Communicate lessons learned to the wider sector. WSBI has developed and carried out a targeted communications strategy to share the knowledge generated by the project with key stakeholders.

• Monitor and evaluate the programme. WSBI monitors project progress at partner banks and oversees mid-term and final project evaluations. The programme started in September 2016 and will continue until August 2022.

For more information about WSBI please visit: www.wsbi-esbg.org
For more information about Scale2Save, please visit: www.wsbi-esbg.org/KnowledgeSharing/Scale2Save/Pages/EmptyHomepage.aspx

About the Mastercard Foundation

The Mastercard Foundation works with visionary organizations to enable young people in Africa and in Indigenous communities in Canada to access dignified and fulfilling work. It is one of the largest private foundations in the world with a mission to advance learning and promote financial inclusion to create an inclusive and equitable world. The Foundation was created by Mastercard in 2006 as an independent organization with its own Board of Directors and management.

For more information on the Foundation, please visit: www.mastercardfdn.org
About FinMark Trust

FinMark Trust is an independent non-profit trust whose purpose is “Making financial markets work for the poor, by promoting financial inclusion and regional financial integration”. This goal is pursued through two principle programmes. Firstly, it creates and analyses financial services consumer data to provide in-depth insights into both served and unserved consumers across the developing world. Secondly it carries out systematic financial sector inclusion and deepening programmes to overcome regulatory, supplier and other market-level barriers hampering the effective provision of services. These programmes unlock financial inclusion and sector development through symbiosis between rigorous data collection and research activities. Their work can be found in South Africa, throughout the Southern African Development Community and around the world.

For more information about FinMark Trust please visit: https://finmark.org.za/