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ICT and AG Profile

SMARTMONEY

Area of Focus: Mobile payments

How it works: SmartMoney, a third party provider of mobile money, partners with agribusinesses to introduce its mobile money payments system to various actors along the value chain. Agribusinesses can use SmartMoney's web interface to transfer electronic funds into the mobile wallet of their intermediary buyer. The buyer in turn purchases crops by transferring money to the mobile wallet of the farmer. The farmer can then choose to cash out at a SmartMoney agent or maintain the stored value in the mobile wallet for future bill payments. SmartMoney agents—which include kiosk vendors, input suppliers, and cooperatives—can then replenish their liquidity with the agribusiness. SmartMoney trains its partners to identify and train agents in the areas where farmers live and work.

Technology used: Mobile phones, unstructured supplementary service data (USSD) aggregation

Implementer/funder: Founded in 2010 with initial capital of $500K provided by its founder. The company is pursuing a broad array of short-term and long-term funding options from foundations, local banks, and private investors. They hope to be self-sustaining from revenue generation by 2014.

Fees: Free to farmers. SmartMoney collects a five percent fee from the agribusiness each time they transfer money. One percent of that is distributed to cash agents (as commission) and four percent to SmartMoney.

Primary markets: SmartMoney currently operates with six cotton ginneries in Tanzania serving 750,000 farmers. In Uganda, SmartMoney is partnering with the Ministry of Industry, Trade & Cooperatives to introduce SmartMoney to their 13,000 cooperatives throughout the country. The ministry has identified a small pilot team that will be working with local SmartMoney staff to travel around the country registering 3,250 pilot participants with 20 cooperatives and SAACOs involved in coffee, maize, fish, fruit and dairy.

Users: Farmers who sell their production to SmartMoney lead firm partners.

Business model: SmartMoney reduces its operational expenses by having agribusinesses operate the service. The first clients in each country are not only customers but also partners in bringing SmartMoney into the area. As partners, they have options to purchase shares in the service and receive training of trainers, so that they can, in turn, train farmers and village cash agents on how to use SmartMoney.

Impact: As a relatively new service, it is too soon to measure impact, although farmers can benefit through free and convenient access to mobile money transfer service. Agribusinesses can also benefit from cost savings by removing expenses associated with handling cash—such as transport, safeguarding employees, and losses from theft and corruption. Cash handling costs are typically 7-20 percent of annual turnover in the countries SmartMoney works, as compared to the 5 percent fee charged by SmartMoney to its partners.

For more information visit: www.smartmoneyproject.org
Sources: Company website; interviews with Michael Spencer, Founder and President; Fred Shindika, CEO of Shindika and SmartMoney Country Manager; and Simon Kilasa, Accountant for Shindika and SmartMoney in August 2012.

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