

FINANCIAL INCLUSION

Government Payments Using the Post as a

Cash Merchant

Segments Covered:

- Introduction
- Financial Services Market Share in Kenya
- Characteristics of the PCK- Cash Merchant Model
- Cash Merchant Success Factors
- Postal Service Cash Merchant Service Key Figures;
- Impact of reaching the Unbanked population;

Introduction:

Postal Corporation of Kenya has a strong cash flow and a large network countrywide that has been benefiting from the cash merchant model, which has seen the financial institutions use Postal Corporation to reach potential customers in underserved regions.

Using Point of Sale, GSM mobile devices and the postal outlets, customers can interact through retail agents in a secure manner.

The PCK cash merchant model has provided financial services to the following;

- unbanked
- underbanked population

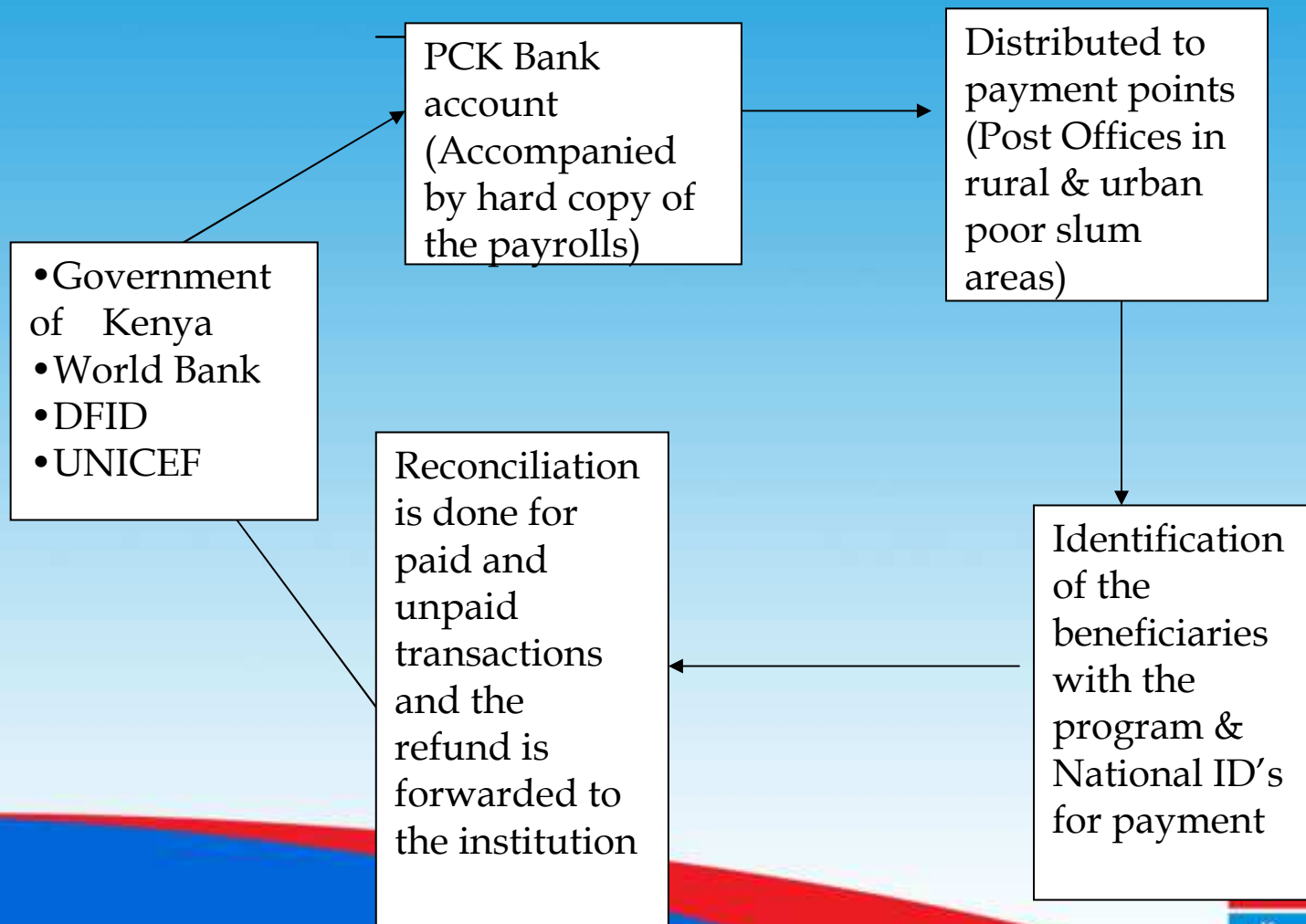
Introduction

- This is a system whereby, the government of Kenya and UNICEF World Bank and DFID gives funds to the orphans and vulnerable children through their guardian the money is used to cater for their basic needs, people with severe disability and older persons are provided for funds to ensure that they can meet their basic needs. Using the cash merchant model or system, the Postal Corporation of Kenya has been able to ensure that this money reach the beneficiaries of this fund all over the country.

Financial Services Market Share in Kenya

- On market share of remittance services, figures from the Central Bank of Kenya published in December 2010, indicate that Safaricom through its M-PESA transferred Ksh. 728 billion, while PCK transferred Kshs. 8.3 billion through Postapay money transfer, Money order and agency services, in the year to 2010.
- MPESA hence commands 93.6% of the remittance market, whose total worth is Kshs 777 billion. PCK's share is a meager 1.1% of this while the Airtel Money, Orange Money, Yu Cash, Money gram, Western Union, commercial banks and the informal sector share the rest 5.3%
- Pck is therefore looking for an integrated system, which can be compatible with all existing mobile telephone networks, so that Pck can increase the percentage of remittances in the Kenyan market.

Postal Corporation of Kenya- Cash Merchant Model



Cash Merchant Success Factors:

PCK as an institution has been able to extend its reach when no one else will. The organization can attribute its success factors for its cash merchant model as follows:

- Availability of cash-in/cash-out services, preferably on a per transaction basis
- The PCK vast network
- Availability of cash management system
- Availability of cash in transit services
- PCK is currently working on automation and is in the process of
- buying a switch that enable the clients use a debit card and
- also receive money through a mobile phone.

Postal Service Cash Merchant Service Key Figures;

The Postal Corporation of Kenya is currently serving approximately 100,000 (one hundred thousand) customers per day in their outlets.

The organization has been able to use its cash merchant model to reach the community members get access to income so that they can meet their own development needs and in some cases, solid expertise in terms of cash logistics that banks and financial institutions can not offer.

Some of the programs that have been successful in Postal Corporation of Kenya using its cash merchant model are as following:

- Ministry of Gender children and Social Development Cash transfer for Orphans and Vulnerable Children (OVC), Older Persons Cash Transfer (OP_TC), People with Severe Disability (PWSD)
- Microfinance (Jamii-Bora)
- Utility Companies payments (Kenya Power Company Ltd)

Tables Below shows the number of transactions and the money transferred in Ksh (Ministry of Gender OVC)

MGCSD :CT OVC	Month	2011	
		Traffic (Number of transactions)	Amount transferred (Ksh)
	Jan-Feb '11	45,016	167,028,000.00
	Feb-March '11	41,968	128,299,040.00
	March-April '11	43,840	133,375,000.00
	May -June '11	43,840	133,750,000.00
	June-July '11	43,840	133,750,000.00
	July-August '11	82,616	253,468,220.00
	Sept-October '11	82,439	252,492,000.00
	Nov- December '11	89,244	270,277,000.00
	Jan - February'11	101,708	312,294,000.00
	March- April '11	108,461	324,277,000.00
	May- June'11	112,046	341,608,060.00
	July-August '11	114,529	345,008,020.00

Microfinance (Jami-Bora)

(Jan-September 2011):

Collections

Period	Collections	Traffic
January '11	3,739,064.00	1,660
February '11	2,802,470.00	1,496
March '11	2,493,425.00	1,425
April '11	2,073,790.00	950
May '11	803,035.00	348
June '11	354,860.00	184
July '11	270,770.00	122
August '11	281,570.00	135
September '11	242,385.00	131

Microfinance (Jamii-Bora) (Jan-September 2011): Disbursement.

Period	Disbursement	Traffic
January '11	4,780,695.00	604
February '11	2,364,593.00	313
March '11	1,349,989.00	233
April '11	3,026,098.00	647
May '11	1,194,786.00	324
June '11	613,004.00	130
July '11	936,173.00	310
August '11	922,751.00	195
September '11	587,059.00	102

Utility Companies Collection (Kenya Power Company Ltd)

		2011	
Month		Traffic	Amount Collected (Ksh)
KPLC	Jan	237,331	328,504,189.23
	Feb	230,062	333,692,954.11
	March	273,912	389,354,721.89
	April	238,466	354,827,383.40
	May	271,572	436,255,332.53
	June	256,686	424,774,028.23
	July	248,743	411,781,390.09
	Aug	294,100	477,147,582.17
	Sept	276,482	474,158,183.33

Impact Of reaching the Unbanked population;

The initiative of reaching the unbanked rural and urban poor has had the following impact;

- Provides for the Population financial independence
- Provides for access to health care and education
- They are able to meet their basic needs e.g. food, shelter and clothing

THANK YOU!

