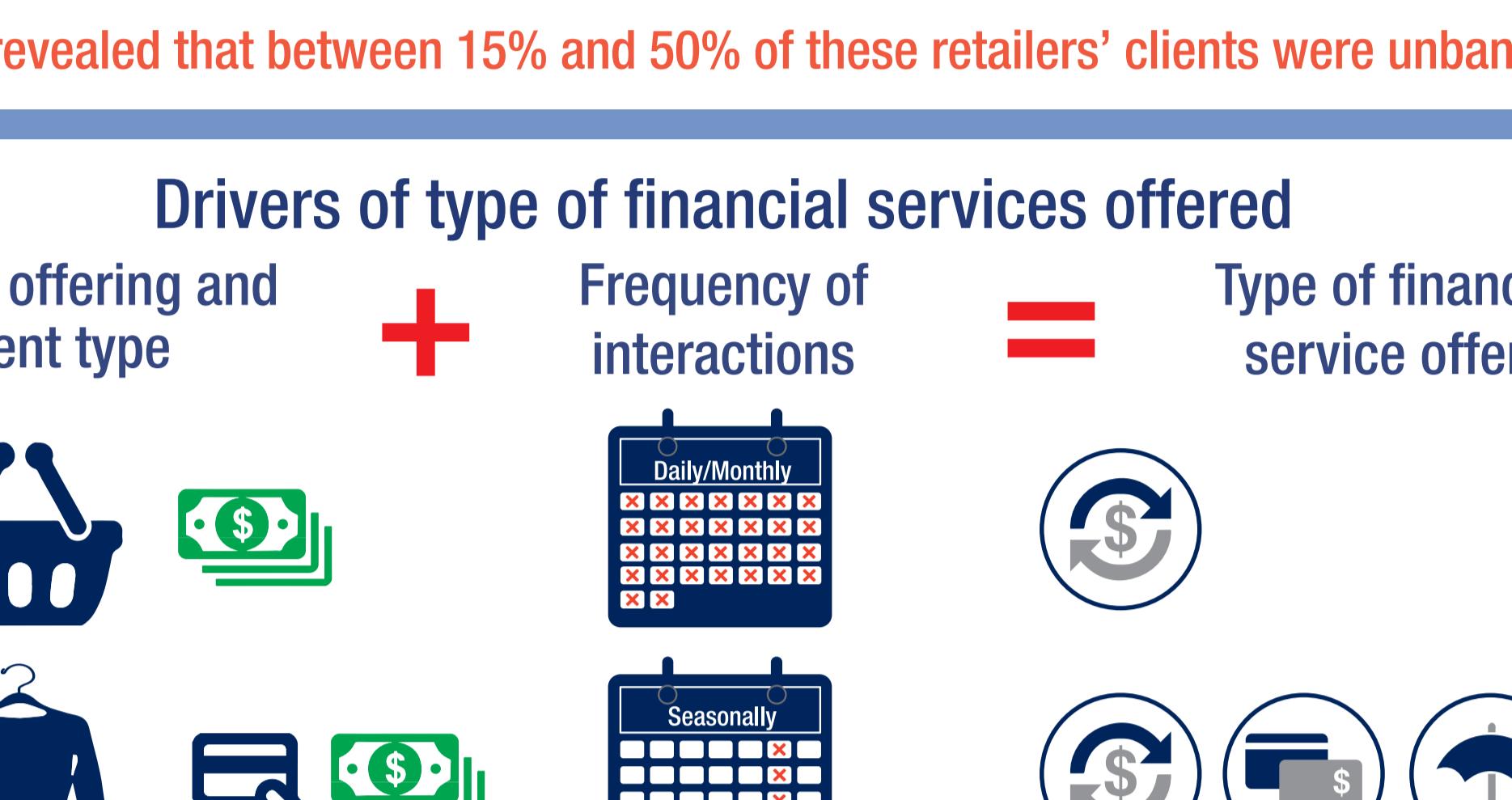


In South Africa, 5.7 million adults are financially excluded while 9.1 million adults or 25% of the adult population do not have a formal account at a financial institution. Those that are financially included, both those that do have a bank account and those that do not, use a range of non-traditional financial service providers to complement or meet their financial needs. These non-traditional financial service providers include many of the largest retailers in South Africa.

## WHAT MOTIVATES RETAILERS TO OFFER FINANCIAL SERVICES TO CLIENTS? SOUTH AFRICA CASE STUDY

Study reviewed 25 retailers operating in the low-income market



Study revealed that between 15% and 50% of these retailers' clients were unbanked

### Drivers of type of financial services offered

Retail offering and payment type + Frequency of interactions = Type of financial service offered



### Why are financial services offered by Retailers



### Business case for retailers: Increasing footfall

Increase client acquisition



"Money Market forms part of the Group's non-core value-added strategy aimed at increasing consumer traffic in its stores. The main focus of the services offered is adding value to consumers' shopping experience by providing convenience and saving the consumer time, so turning outlets into destination stores".  
Shoprite Annual Report (2007)

Increase the number of interactions with clients



Increase basket size



Sale of higher margin products

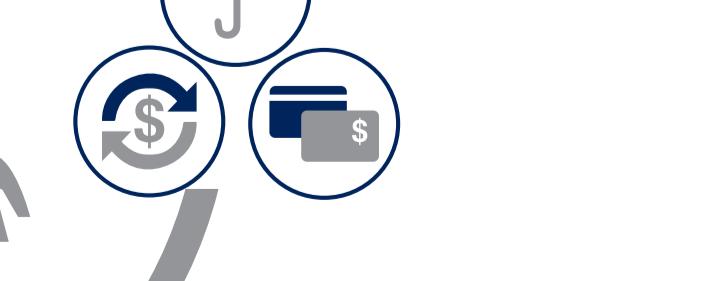
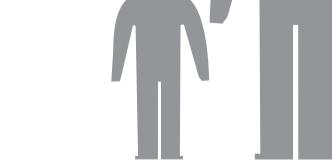
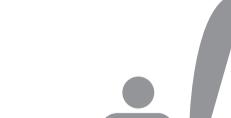


Min. spending to withdraw cash at the point of sale

Financial services conditional on purchasing a specific good (e.g. funeral insurance cover linked to airtime purchase)

### Business case for retailers: Driving more profitable behaviour

Trusted brands



Pick n Pay's switch enables it to offer third party bill payments to customers

Client data



Communication platforms



Edcon markets their financial services through their Edgars (1.6 million readers) and Jet Club (4.3 million readers) magazines

Existing payments infrastructure



Pick n Pay's switch enables it to offer third party bill payments to customers

Physical store networks



### Data Game: Financial services and merchandise

Generates Client Data

123456789 987654321 3211

Generates Client Data

123456789 987654321 3211

Informs Client Data

123456789 987654321 3211

Key: Cash payments Credit payments Payments Credit Insurance