**DOCUMENTATION FOR AN EMBEDDED FINANCING SYSTEM FOR OJAPAY NIGERIA LIMITED**

1. INTRODUCTION

Some of the challenges facing small businesses today is the challenge of financial inclusion. Small Business Owners (SBO) are being ignored by commercial banks and the lending proportion offered to the informal sector is not realistic. The solution to this gap will involve a seamless integration of financial services to these businesses.

Embedded financing makes it possible for non-financial companies to offer financial services to small businesses. It provides a viable means for Small and Medium Enterprises (SME) to drive growth and capital for areas like farming, retail and logistics. Through embedded financing, SBOs can Buy Now and Pay Later (BNPL). They can walk away with a product while agreeing to make payment later to the non-financial company that facilitated it.

Embedded financing provides a faster way for businesses or users because they can find loans just at the time they need cash to make their purchase. On the other hand, lenders can make better decisions since they know what the borrowers are using the money for.

1. OJAPAY EMBEDDED FINANCING SYSTEM PROJECT
2. Mission

The mission of Ojapay is synonymous with the meaning of “Oja” which means “Market” – referring to market people, traders, artisans and the like you will find in a market place. Ojapay seeks to drive the embedded financing scheme as a fin-tech organization by facilitating credit equivalent commodities to small businesses to enable access to products which they would have otherwise sought a loan to purchase.

Ojapay as a fin-tech company will partner with distributors who will supply the goods or commodities. Ojapay will provide the credit to the distributors on behalf of the traders while the distributor delivers the good to the traders (customers). The goods delivery will be carried out by logistics partners who may also be agents of Ojapay.

Repayment at the end of the expiration period of the loan will be enforced by Ojapay agents through whom the traders will remit the loan.

1. Onboarding Agents

As part of the process to close the financial inclusion gap, agents will be located at the heart of communities and market places to support and facilitate transactions such as loan acquisition in form of goods and remittance of loan facilities. The project will best be achieved by expanding its geographical footprint using such agents as middlemen in areas where most of these self-employed market women, owning shops or make-shift shops can access these loans and pay back through the same agents.

**Agent Onboarding and Obligations**

The following will apply to the onboarding process and responsibilities of an Ojapay agent.

1. The agent will be an employee of Ojapay. The onboarding process of agents will include the supply of guarantors and collateral beside other credentials in order to complete the employment formalities.
2. Each agent will be required to fund the account on the remittance device from where payment will be made into the company coffers. Transaction is limited to the credit available in the account on the device.
3. Using the device, agents will accept cash payment by debtors along with any accrued interest. They will thereafter transfer the equivalent amount from the device to the company account.
4. Logistics partnership

Ojapay will partner with logistics companies that will be responsible for carrying out the deliveries of good and commodities from distribution partners to the customers. The customers receiving the goods are the traders acquiring loan facilities.

Dispatch drivers or riders conveying this goods to customers may also act as agents in order to make the process seamless.

1. End users

These are the traders, farmers, retailers, artisans and small business owners who will be beneficiaries of the Embedded Finance Scheme. They acquire loans in the form of commodities through Ojapay distributors and pay back the loans in cash through Ojapay agents.

1. Remittance System (Device)

This is a digital payment processing device that is used by Ojapay agents to remit loans paid back by the traders. Through the device, Ojapay agents transfer the remitted loan amount to Ojapay account.

When the agent transfers the remitted loan amount collected from the trader, it is recorded in the system upon payment.

1. Embedded Finance System Software

Ojapay will partner with OnePipe, a Nigerian fin-tech company and will employ their APIs to carry out the embedded finance project using one or more of the integrations they provide.

OnePipe has a suite of APIs which provide access to an array of financial services-related APIs like card charging, account debit, statement lookup, airtime purchase, bill payment, instant loan, and KYC lookup services. It wraps an abstraction layer around services from multiple providers such as Polaris Bank, SunTrust Bank, InterSwitch, Flutterwave and Paystack with the goal of providing consistent interface with integrators irrespective of the service provider enabling them to switch between provides at any time.

At the interim, Ojaypay will build an application that will consume the required APIs to provide loan payment and remittance, and other transactions through bank account or other payment options. This will enable automated processing of loan facilities to traders and other related processes.

The long-term design is to build a robust standalone software application that handles its own APIs and create its own seamless integration with multiple payment providers.