

Financial Services (Money Market) Interview Notes

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Trading Entity Overview

Business Overview

Shoprite Financial Services comprises many brands, with the most well-recognised one being MoneyMarket. This Business Unit offers a wide range of financial and virtual Value Added Services to consumers, businesses and other entities within the Shoprite Group.

It strives to provide financial inclusion to the economy to individuals who are not able to open traditional bank accounts, and thus are not able to easily transact online. MoneyMarket kiosks allow them to perform a range of transactions in-store that would typically be done online, such as bill payments, money transfers, airtime & mobile data purchases, traffic fines, clothing account or insurance payments, etc.

Money Market offers a low end, "banking" service - in most cases for free - and include save, send & spend as well as cash withdrawal capabilities. Since for the lowest end of the market this is a "closed loop", FICA registration is not required, and traditional Banking Sector charges can be avoided.

As the sophistication of services increases (eg linking to XTra Savings card with debit/credit card capabilities) the service moves beyond "closed loop" and starts to attract charges and a "light" FICA is required.

Aspirations

The aim is to fulfil a central, group-wide role

- All VAS/virtual products to be sourced from Money Market
- To extend their role as Payment provider for all Group entities and across all channels (payment gateway, tender types, cash-up and reconciliation, banking relationships, Money Market as group currency, MM as staff card, manage credit books)
- Grow core base from in-store to digital engagement, maintaining low cost/cash based ethos. Extend services (debit/credit card, instant EFT, alternative payment gateways and accepting banks)
- Integrate with widest variety of mobile payment platforms (Flash, Kazang, BlueLabel) in-store and online
- Fraud management as a consolidated service on behalf of all Group channels and entities (at check out and subsequent pattern analysis) . Real-time fraud prevention is required for virtual product sales. Aim to use Cybersource in conjunction with an internal operations department.

Constraints

Lack of Organisational Clarity

There is considerable overlap between accountabilities across BUs and Channels. Future path would be simplified if there was:-

- Greater clarity about the operating model and organisational accountability for digital and e-commerce across the Group
- Reference architecture for digital and E-Commerce

Functional Area Analysis

Merchandising

- Focusing on virtual products and services, though some physical product is also sold in the form of cellphones, accessories and SIMs
- The range of consumer services includes (not exhaustive):-

- Primary tender type for in-store purchases in Group stores and for online 60:60
 - K'nect – mobile airtime, data, handsets. Effectively a full Telco offering with own packages, subscribers, SIMS.
 - Payment services to 3rd parties (eg traffic fines, utility bills, insurance, clothing accounts)
 - Gift cards, saving stamps, vouchers. Saving stamps can be used to save, send or spend but cant be withdrawn as cash.
 - Money transfers
 - B2B services for SME, NGO (employee salary payments into MM account)
 - Event Ninja – booking for event entries (races, tours etc) aligned and integrated with Computicket.
- Financial services also offers a shared Payments service platform to other Shoprite Group entities for:-
 - Payment gateway
 - Support for wide variety of tender types
 - Cash-up and Banking Settlement
 - E-Wallet
 - Fraud services – relatively low key now but expected to grow.

Marketing

- Advertising, Online and via App

Digital Content

Not discussed

Channels

- In-store
 - These services have traditionally been offered to consumers via in-store Money Market kiosks. Every store across all brands and all countries, with very few exceptions, has a kiosk.
 - The kiosks also support Computicket booking services, including Bus tickets, Flight tickets. (See [separate Computicket notes](#))
- Expanding to online
 - All of the services will soon be available on-line and via mobile application.
 - On-line service can be accessed via the Shoprite.co.za site
- Top-up wallet
 - MM available throughout africa in-store; Mobile rolling out through africa
- WhatsApp: linked to Money Market account. Can be used to deposit/spend funds (similar to typical USSD banking functions) and can generate tokens with a specified limited life-span that can be redeemed in-store (24h) or eventually online (will have shorter lifespan).
- The Money Market service runs on a 3rd Party ledger system (name?) which is licensed by Shoprite and upon which the application has been built.
- Electrum is the switching partner in-store as well as for VAS.
- K'nect is in partnership with one of the networks

Customer

- Mainly B2C, ranging from Mass market, lower LSM individuals or people not able to use traditional banking services or without online access, to a more sophisticated customer using the wallet to pay their domestic workers, make NGO donations, or craftsmen wanting to facilitate easier payment for their services and wares.
- The lower LSM sector is largely a cash-based economy, highly indebted and also subject to direct debits/garnishees on traditional bank accounts which drain their balances.
- B2B customers – target market SMEs (eg guest houses) where employees are unbanked. Pay wages into Money Market account which employee can use to save, spend and send or withdraw cash.
- 80,000 people have downloaded and are active on the Money Market mobile app.

Cart & Checkout

n/a

Payments & Financial

- Want to be able to facilitate eWallet as tender types by June 2021
- Using Ecentric payment gateway used for online by all except House&Home
- Runs Debtors for CFS & Transpharm

Orders

Not discussed

Fulfilment

- Physical products - cellphones, accessories & sim cards: piggy back off the rest of group for logistics

B2B

No B2B Commerce features used.

Marketplace

Not discussed

Recommendations / Take-outs

- This business unit is a supplier of virtual products and VAS. In the future architecture there will be benefits of ensuring all customers entering via any channel will have the ability to access the Money Market services catalog;
- The Money Market account is effectively an e-wallet that could be used as a primary tender type across entities/channels.
- More importantly this BU has a key role to play in a future unified commerce architecture as the provider of a wide range of leveraged payment related services for all entities and channels including Shoprite.Africa. This includes payment gateways, tender type management, cash-up and bank reconciliation, managing bank relationships, fraud management.