

## PROPOSAL FOR A DIGITAL PAYMENTS, EXPENSE MANAGEMENT AND ACCOUNTING SOLUTION FOR BUSINESS

[WWW.POPOTE.COM](http://WWW.POPOTE.COM)

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## **Problem**

Despite the availability of digital banking, mobile money & card payment methods, businesses still use physical cash mainly for petty cash & casual wages & cheques mainly for supplier, utility & statutory payments. They do so with full awareness of the risks that using cash creates & the operational delays that cheques create but have little alternative because the solutions available do not sufficiently address their needs because the method of payment is only one component of a longer financial operations process.

## **Solution**

Popote Pay is a revolutionary payment, expense management & accounting solution. It is unique in that it enables the financial processes around payments to be performed in one place i.e requisition, approval, disbursement & accounting thereof, with a wealth of supporting features & capabilities that are compelling enough to cause user adoption & replacement of all other prior used methods, both traditional & digital.

It allows multiple users on an account to collaborate on payments, while providing the controls and visibility to do so safely. Users can be assigned rights and limits to either create, approve their own or approve other's payments. Payments can be disbursed one at a time, in instalments or in bulk to a wide range of endpoints including; mobile numbers, paybills, buygoods, bank accounts, ecommerce and POS. They can also be transmitted instantly or post-dated to mimic the use of cheques. Thereafter expenditure records are maintained in an accounting format, by general ledger and a variety of cost centres including branches, jobs, projects, vehicles and plant and machinery, which can be filtered, drilled down and displayed graphically.

Popote Pay is sufficient for the accounting needs of small businesses. It however allows for data export into accounting systems such as quickbooks, which are in use by medium sized businesses and allows for integration with resource planning systems (ERPs) such as SAP, which are in use by large businesses. It is complimentary rather than competitive to accounting and ERP systems.

Popote Pay incorporates SMS and email communications which empowers users to collaborate with one another from anywhere. At a minimal adoption level it allows businesses to eliminate petty cash and handle bulk payments, but adopted fully it handles accounts payables and every other expenditure to achieve complete digitization of expenditure within the business.

Popote Pay promotes best business practice in financial control & accounting. Its use eliminates risks, prevents fraud, reduces workload, & improves the quality of work life for all involved in or overseeing expenditure; e.g investors, managers, accountants & auditors.

## **User Interface**

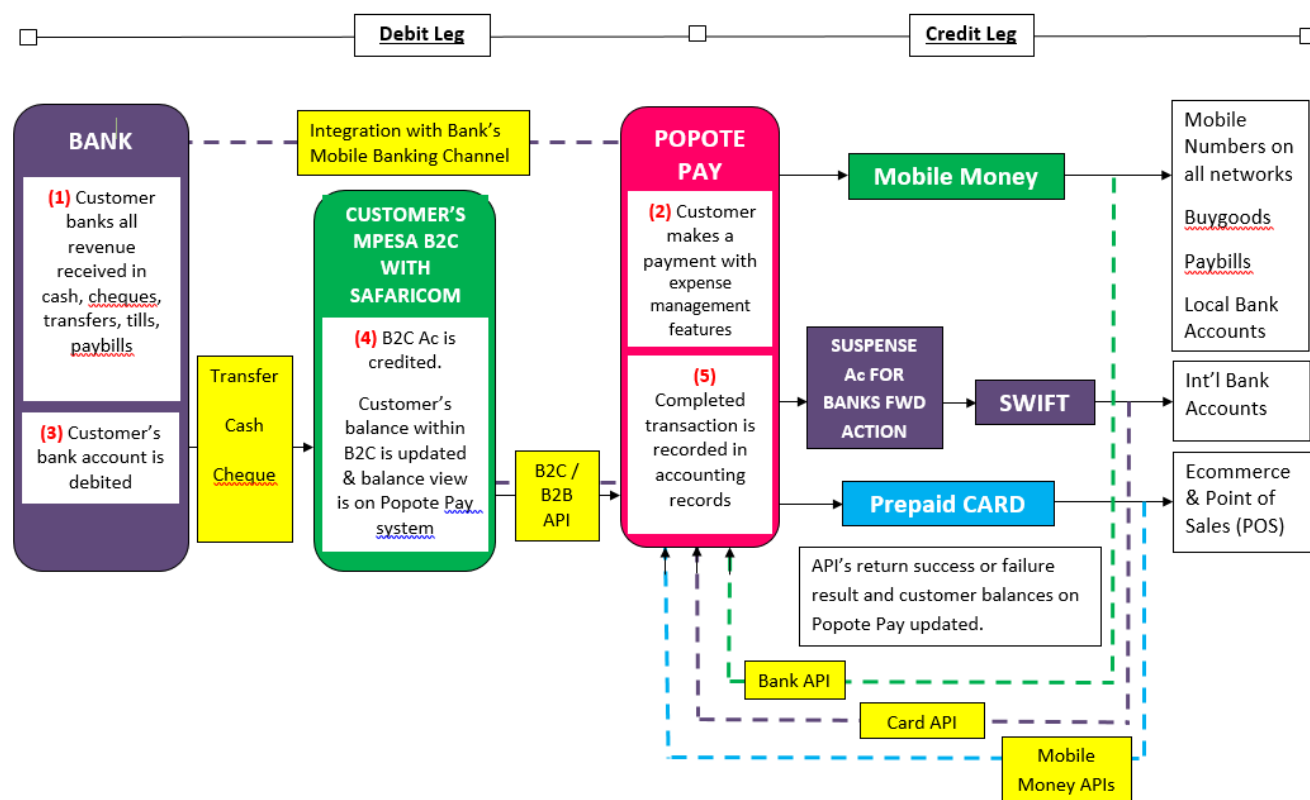
Popote Pay is cloud based. Users access it via the mobile application or web portal to make payments to bank accounts, mobile wallets and most other destinations. Users can also opt for a linked card to make payments on websites and point of sales, with data returned to the application for accounting purposes.

## **Process flow**

Safaricom offer a certain business account known as a B2C. The Popote Pay application connects into a Mpesa B2C account to enable customers make payments out of it in a superior manner than is offered directly. Customers can opt to use our pooled B2C or to open their own with Safaricom directly which we thereafter integrate into.

The B2C can be thought of as a bank account for expenses only. The ideal process is that customers should bank all income in their usual account/s and then periodically move an amount required for upcoming expenses funds to the B2C account. This funding action can be done instantly from within the Popote pay application using one's bank given mobile banking credentials. It can also be done with a longer waiting time from outside the application via a bank transfer or by depositing a cheque or cash into the B2C account. When funds are received the pooled or dedicated B2C balance is updated and displayed on the application.

The below diagram shows the relationship between the customer, bank, B2C and Popote Pay solution.



### Transaction Limits

Popote Pay allows the smallest to largest transactions in order to be useable in every payment scenario a business faces.

Recipient	Minimum	Maximum (pooled B2C)	Maximum (Dedicated B2C)
Mobile Nos - Mpesa un-registered & other networks	Kes 101	Kes 35,000	Kes 35,000
Mobile Nos - Mpesa registered	Kes 101	Kes 70,000/-	Kes 70,000/-
Buy Goods Till	Kes 10	Kes 10,000,000	Kes 50,000,000
Pay Bill Number	Kes 101	Kes 10,000,000	Kes 50,000,000
Local Bank Account	Kes 101	Kes 10,000,000	Kes 50,000,000
International Bank Ac	Kes 101	Kes 10,000,000	Kes 50,000,000
Card Payments	Kes 101	Kes 1,000,000	Kes 1,000,000

## **Service level Agreement**

Popote Pay guarantees 99.9% system uptime and further guarantees the following times for completion of transactions.

<b>Recipient</b>	<b>Amount &gt; 70,000</b>	<b>Amount &gt; 70,000</b>
Mobile Nos	Target 2 mins, Max 15 mins	Not Applicable
Buy Goods Till	Target 2 mins, Max 15 mins	Target 15 mins, Max 1 hour
Pay Bill Number	Target 2 mins, Max 15 mins	Target 15 mins, Max 1 hour
Local Bank Account	Target 15 mins, Max 2 hours	Target 30 mins, Max 4 hours
International Bank Ac	Target 2, Max 3 working days	Target 2, Max 4 working days
Card Payments	Target 2 mins, Max 15 mins	Target 2 mins, Max 15 mins

## **Target Market**

Popote Pay can be used by any entity that has a need to collaborate amongst a team & more easily account for expenditure. Apart from businesses, it is suitable for individuals especially those running a household or side business. It is also suited to investment groups, corporates, institutions & NGOs. While it is a single platform different account types & price plans are offered to suit each type of customer.

## **Product Market Fit**

Popote Pay is fully developed. In pilot over 300 businesses across a range of industries processed over Kes 2.2Bn (USD2.2M) in over 300,000 transactions. It has been perfected through user feedback and is now is available to customers directly and to banks to offer to their customers as a value added service being an alternative payments channel, linked to their bank accounts.

## **Loans**

Business's often face short term cashflow problems which banks are often unable to help with because their procedures don't support instant, unsecured lending of small to moderate amounts. Popote Pay provides a solution to this challenge by enabling borrowing for short periods with a same day approval process.

Customers loan limit is determined by a credit scoring algorithm based on their usage and external factors. Loans are applied as an overdraft on the customer's Popote Pay account.

## **Decentralization**

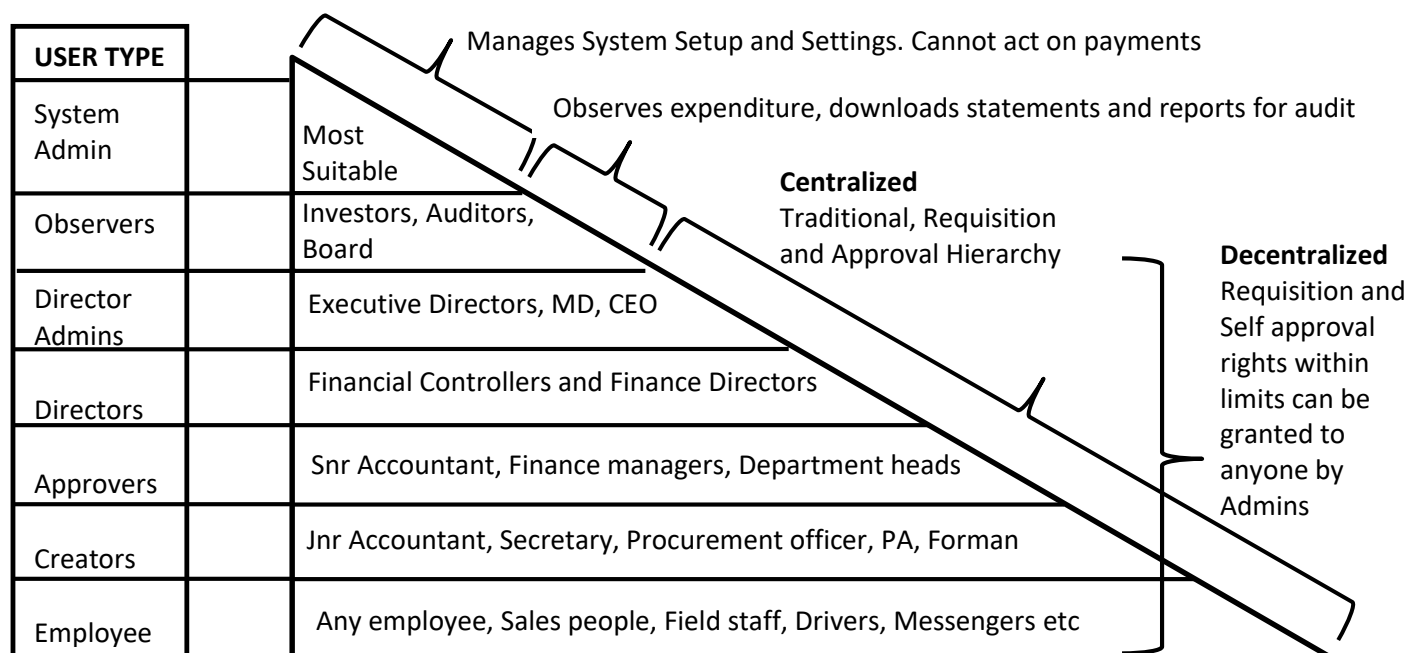
Popote Pay allows for the usual requisition and approval process i.e. centralized control. It further promotes a self-creation and approval process i.e. decentralized control which is unique and at the heart of why the system can drive the shift to 100% digitization of payments amongst the businesses that adopt it.

With decentralization any employee can be added as a user to the account and assigned a per transaction and per period limit. Using the mobile application, they can make payments on the go, append notes and attach receipts. Those in financial roles are able to track the expenditure in real-time and perform follow up actions such as categorizing and pushing them to the accounting records.

Decentralization would not work if it could be used to defraud the business, therefore Popote Pay incorporates safety featured. It allows permissions to be set on which final recipients can be paid and alerts higher level users of each expenditure in real-time including the employees GPS location via google maps

such that it can be corroborated that they are indeed where they are meant to be on company business. Some examples of expenditures that employees can handle themselves are transport, meals, per diems, airtime and entertainment, which they would primarily pay to mobile numbers, tills and paybills. Employees that are required to spend online or travel overseas can do so using linked cards issued to the company.

The level to which a business decides to decentralize is at their discretion but if used well can deliver immense value by increasing the speed of operations, boosting competitiveness, driving revenues and profits, while enhancing enjoyment of work for all involved.



### Regulation and Security

Popote Pay is authorized to operate as a partner to Payment Service Providers (PSP's) by the Central Bank of Kenya. Its systems have passed penetration testing and security review by PWC.

### Next Steps

There is no upfront fee for using Popote Pay. The following are the next steps to on-board your organization which can take as little as 2 hours.

- Product Training for finance team - 1 hours
- Account opening – must be by a director – 5 minutes
- Account setup including KYC checks – 1 hour
- Connection with pooled B2C – 1 hour
- Connection with dedicated B2C – 3 days after opening B2C with Safaricom
- Account active

## Price Plans

PERSONAL	SME	CORPORATE	ENTERPRISE	DISBURSERS	PRICE COMPARISON
For Individuals With Side Hustles & Diaspora With Projects In Kenya					
Main Services	Notes		Rates		
Monthly Subscription	Use of Mobile Application & Web Portal		Free		
Users	2 Users, additional Kes 500/- per month each		Free		
Kes 101 up to Kes 70,000	mobile no's (all networks), paybills, buygoods & bank accounts		Same as <a href="#">Mpesa tariff</a> to mobile No's		
Kes 70,001 up to Kes 140,000	paybills, buygoods & bank accounts		Kes 150/-		
Kes 140,001 up to Kes 500,000	paybills, buygoods & bank accounts		Kes 300/-		
Kes 500,001 up to Kes 750,000	paybills, buygoods & bank accounts		Kes 450/-		
Kes 750,001 up to Kes 1,000,000	paybills, buygoods & bank accounts		Kes 600/-		
SMS Communications	All Networks		Single SMS 2.50/- Bulk SMS 1.50/-		

PERSONAL	SME	CORPORATE	ENTERPRISE	DISBURSERS	PRICE COMPARISON
For Small To Medium Businesses.					
Main Services		Notes	Rates		
Monthly Subscription	Use of Mobile Application & Web Portal		FREE		
Users	3 Users, additional Kes 1,000/- per month each		Free		
Single payments	mobile no's (all networks), paybills, buygoods & bank accounts		1.5%. Min 15/- and capped at 500/-		
Bulk payments	mobile no's (all networks), paybills, buygoods & bank accounts		1.5%. Min 15/- and capped at 100/-		
SMS Communications	All Networks		Single SMS 2.50/- Bulk SMS 1.50/-		
Optional Services					
Sender I.D			Kes. 5,000/- per month		
Bookkeeping			Kes. 15/- per transaction.		

PERSONAL	SME	CORPORATE	ENTERPRISE	DISBURSERS	PRICE COMPARISON
For Medium To Large Companies.					
Main Services		Notes	Rates		
Monthly Subscription	Use of Mobile Application & Web Portal		Kes 19,950/-		
Users	10 Users, additional Kes 1,000/- per month each		Free		
Single payments	mobile no's (all networks), paybills, buygoods & bank accounts		1.0%. Min 15/- and capped at 350/-		
Bulk payments	mobile no's (all networks), paybills, buygoods & bank accounts		1.0%. Min 15/- and capped at 75/-		
SMS Communications	All Networks		Single SMS 2.50/- Bulk SMS 1.50/-		
Optional Services					
Sender I.D			Kes. 5,000/- per month		
Bookkeeping			Kes. 15/- per transaction.		

PERSONAL	SME	CORPORATE	ENTERPRISE	DISBURSERS	PRICE COMPARISON
For Large Organizations.					
Main Services	Notes	Rates			
Monthly Subscription	Use of Mobile Application & Web Portal	Kes 39,950/-			
Users	20 Users, additional Kes 1,000/- per month each	Free			
Single payments	mobile no's (all networks), paybills, buygoods & bank accounts	0.5%. Min 15/- and capped at 200/-			
Bulk payments	mobile no's (all networks), paybills, buygoods & bank accounts	0.5%. Min 15/- and capped at 50/-			
SMS Communications	All Networks	Single SMS 2.50/- Bulk SMS 1.50/-			
Optional Services					
Sender I.D		Kes. 5,000/- per month			
Bookkeeping		Kes. 15/- per transaction.			

PERSONAL	SME	CORPORATE	ENTERPRISE	DISBURSERS	PRICE COMPARISON
This Account Type Allows For Integration With Your Existing Mpesa B2C Paybill. Ideal For Bulk Disbursers E.G Credit Microfinances, Lenders, Saccos, Share Registrars, Gaming & Betting Companies.					
Main Services		Notes	Rates		
Monthly Subscription		Use of Mobile Application & Web Portal	Custom		
Users		Unlimited	Free		
Kes 101 up to Kes 1,000		mobile no's (all networks), paybills, buygoods & bank accounts	Kes 15/-		
Kes 1,001 up to Kes 70,000		mobile no's (all networks), paybills, buygoods & bank accounts	Kes 22/-		
Kes 70,001 up to Kes 140,000		paybills, buygoods & bank accounts	Kes 25/-		
Kes 140,001 up to Kes 500,000		paybills, buygoods & bank accounts	Kes 50/-		
Kes 500,001 up to Kes 750,000		paybills, buygoods & bank accounts	Kes 75/-		
Kes 750,001 up to Kes 1,000,000		paybills, buygoods & bank accounts	Kes 100/-		
Kes 1,000,001 up to Kes 5,000,000		paybills, buygoods & bank accounts	Kes 150/-		
Kes 5,000,001 up to Kes 10,000,000		paybills, buygoods & bank accounts	Kes 200/-		
SMS Communications		All Networks	Single SMS 2.50/- Bulk SMS 1.50/-		
Optional Services					
Sender I.D			Kes 5,000/- per month		
Bookkeeping			Not Available		

## Popote Pay Services

<b>Platform and Technologies</b>	<b>Expenditure Controls</b>
Web Portal, Mobile App (Android and iOS), linked Card (Mastercard/Visa)	Self-Approval controls
Microsoft Cloud, Machine Learning, AI, Big Data, Image Recognition	Multi-level approval controls
<b>Accounts</b>	Purchase Orders
Linked Accounts - One login to multiple accounts	Post-dated payments
<b>Users</b>	Standing orders
Several User levels with varying rights	Contracts management
Cross pollination of users across linked accounts (Multi-Tasking)	<b>Accounting and Analytics</b>
<b>Payment Types</b>	Transaction tagging by General Ledger / Categories
Single payments	Transaction tagging by Cost Centre / Branches
Bulk Payments	Transaction tagging by Jobs / Projects
Instalment /Split Payments	Transaction tagging by Fleet / Vehicles
Utility Payments	Transaction tagging by Plant / Machinery
Tax and Statutory Payments	Analytics and Statements
Airtime	Capture of income to derive Cashflow /P&L
<b>Payment Receivers</b>	Outstanding Issues tracking – loan repayment, receipts obtained, goods received, change received, VAT and W/H Tax
Mobile Money wallets – Mpesa, Airtel Money, Equitel, Telkom Kash	Supporting document storage – Paperless records
Mpesa Buygoods tills	<b>Fraud Prevention</b>
Mpesa Paybill numbers	GPS Location tracking of users
Local Bank Accounts	Flagging of suspicious transactions
International Bank Accounts	Managed Viewing rights - Users can only see what they are authorized to see by their level.
International Mobile Money wallets	Fuel Consumption Data – Fleet Vehicles by Mileage, Plant and Machinery by Hours
Local Ecommerce website checkout via Mpesa	<b>Financial Services</b>
International Ecommerce websites checkout via linked Card	Loans
Local Point of Sales checkout via linked card (M-visa/Masterpass)	Savings
International Point of Sales checkout via linked card (M-visa/Masterpass)	<b>CSR - Corporate social responsibility</b>
	Set a % of expenditure to go to a charity, cause or religious organization