

BRIEF ON DIGITAL PAYMENTS, EXPENSE MANAGEMENT & ACCOUNTING SOLUTION FOR BUSINESSES

WWW.POPOTE.COM

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Overview

Despite the availability of digital & 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 latest solutions do not sufficiently address their needs where the act of payment is only one component within the transaction which has actions preceding & coming after.

Popote Pay is a revolutionary Payments, expense management & accounting solution for businesses. It is unique in that enables all the actions within a transaction to be performed in one place i.e requisitions, approvals, disbursement & accounting thereof, with a wealth of supporting features & capabilities.

It allows multiple users on an account to collaborate on payments, while providing the controls & visibility to do so safely. Users can be assigned rights & limits to either create, approve their own or approve others payments. Payments can be disbursed one at a time, in instalments or in bulk to a wide range of recipients. They can also be transmitted instantly or post-dated. Thereafter expenditure records are maintained in an accounting format, by general ledger & a variety of cost centres including Branches, Jobs, Projects, Fleet Vehicles & Plant & Machinery, which can be filtered, drilling down & also displayed graphically.

It is used from a web portal or the mobile application & incorporates SMS & email communications which empowers users to perform their roles from anywhere. At the minimum it allows businesses to go cashless, but if adopted fully it replaces cheques & all other payment methods with the benefits of standardizing the payments process & maintaining expense records all in one place.

Popote Pay also enables businesses to access instant, unsecured, short term loans. Ultimately, for Businesses, Popote Pay eliminates risks, prevents fraud, reduces workload, delivers higher profits & improves the quality of work life for investors, managers, employees & auditors alike.

Platform

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

Popote Pay is available to Banks in either a Partnership format or a White Label license format.

Product Market Fit

Popote Pay has been developed over 5 years & tested in the market. In Pilot it acquired over 300 business customers across a range of industries & processed over 300,000 transactions amounting to over Kes 22Bn (USD2.2M). It also generated significant revenues within its pilot, proving its business model as well. It has been perfected through user feedback & is now available to financial institutions to offer to their business customers. This proposal has been prepared for the bank to better understand the offering & opportunity.

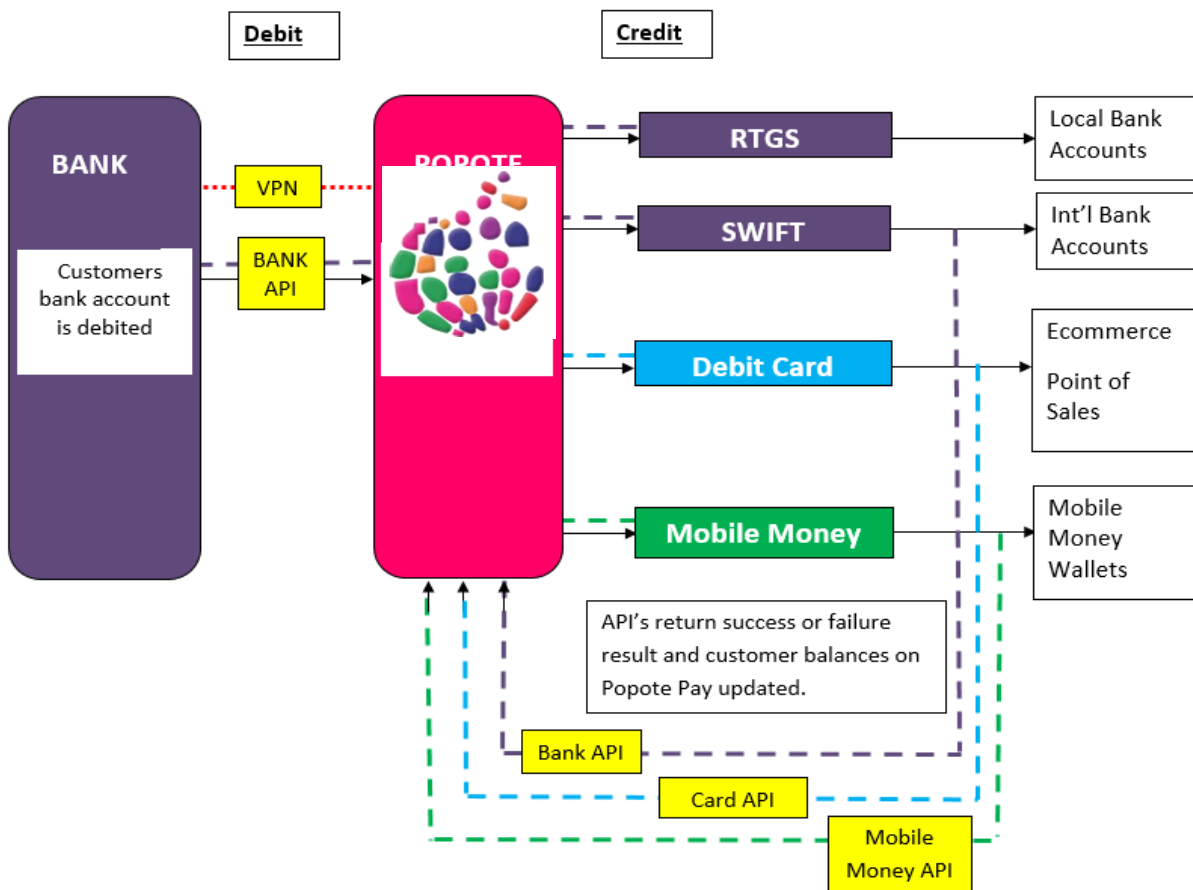
Benefits to the Bank

- Transactional revenue
- New revenue streams - e.g subscription fee, increased ledger fees
- Financing revenue - short term, unsecured loan/overdraft facilities can be provided on the solution
- Cash float – customers will no longer withdraw cash from the bank in lump sum, in advance of need
- Increase deposits - customers will bank more revenue rather than keep some for cash operations
- Reduce in-branch traffic – customers will have less need to visit the bank
- Customer loyalty - the solution is sticky as the records it maintains are important to the business
- Consumer Insights - the solution collects & arranges big data which the bank can make use of

Integration

Popote Pay does not need direct integration with the Banks systems. It works by connecting to the Banks API's (Application Program Interfaces) if the bank has them, or to 3rd party interfaces or a combination. These allow payments actions taken on the Popote Pay to cause a debit on the customer's bank account & a transfer to occur & a credit to the receiving bank account, mobile money wallet, or other store of funds. Where deployed with the Bank as a white label, integrations can be done according to the Bank's protocols.

The below diagram shows the relationship between the solution, the bank & 3rd party's.



Financing

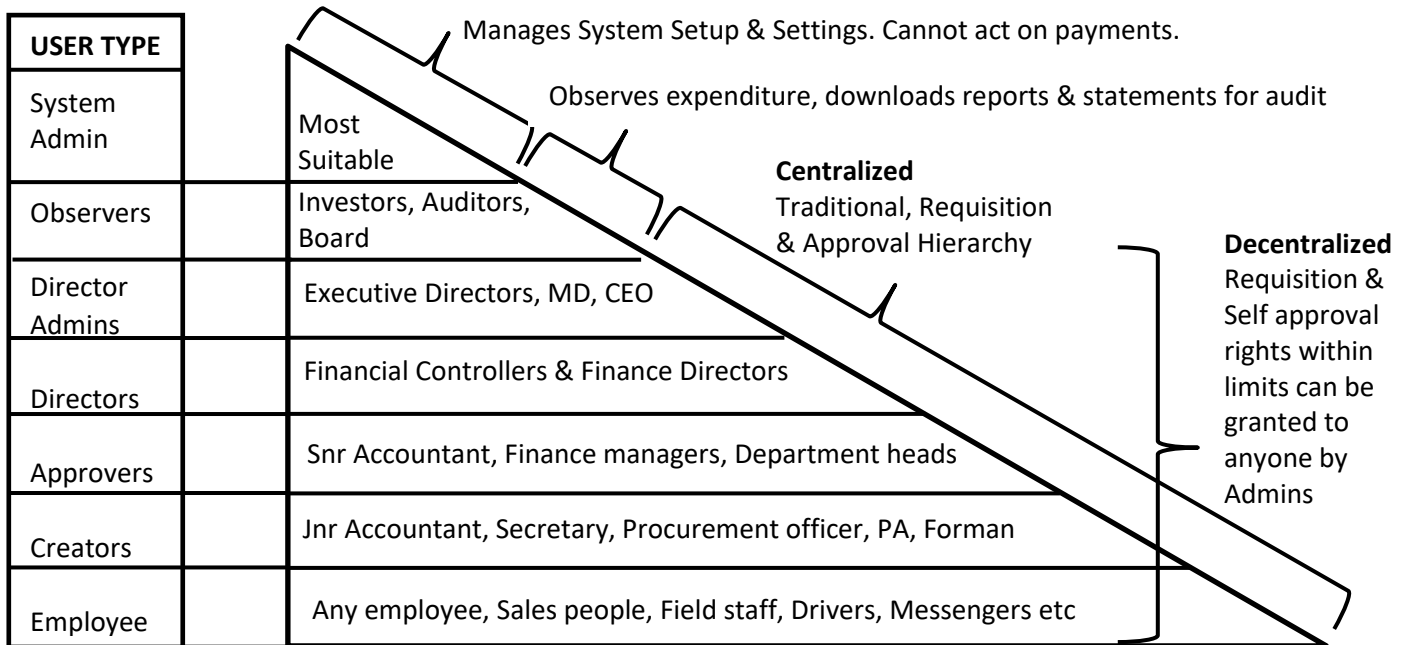
Business's often face short term cashflow problems which Banks are often unable to help with because their procedures don't support instant, unsecured lending & of small amounts.

Popote Pay enables the bank fill this gap with the risks are mitigated in the following ways;

- A robust credit scoring algorithm based on expense data; on who, when, how much & what the customer makes payments for.
- Loans are intended to bridge cashflow, therefore they are of low value & short duration.
- Loans are applied as an overdraft on the customer's Popote Pay account & linked to particular payments pending approval. This reduces the risk of diversion of funds from the intended purpose which happens with traditionally issued loans.
- Popote Pay is ideally suited for value chain financing because it resolves a range of operational problems for business', teaches financial acumen & loans obtained through it can be marked to only be paid out to the particular distributor that the user falls under.
- Popote Pay incorporates a complete backend loan management system or can work with the bank's existing system.

Decentralized Control

Popote Pay allows for the usual requisition & approval process i.e. centralized control. It further promotes a self-creation & approval process i.e. decentralized control. The user hierarchy is as follows:



Decentralization of payment roles is unique to Popote Pay. With it any employee can be added on as a user & assigned per transaction & per period limits. Using the mobile application they can make payments on the go, append adequate notes & attach receipts for those in financial roles to thereafter categorize & push to the accounting records. Some examples of expenditures that employees could handle themselves are transport, meals, per diems, airtime & entertainment. Each payments destination is visible to higher level users so diversion of funds is difficult. The employees GPS location is also reported each time they make a self-approved payment such that it can be corroborated that they were indeed out on the company’s business. 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, causing higher revenues & ultimately more profit, while enhancing enjoyment of work for all involved.

Security

Popote Pay systems have been penetration tested & security reviewed by PWC.

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 business’, it is suitable for individuals especially those running a household where payments can be decentralized from parents to teenage children & domestic staff. It is also suited to complex entities such as of investment groups, corporates, government institutions & NGOs.

Popote Pay is a single platform but offers different account types & payment plans, each optimized for the various types of entities.

Customer Trust

Key to Popote Pay’s success is that users can trust that their information on expenditure, accounting, supplier relationships & employee structures, will be available to them regardless of the changes they may make to the bank they use &, in the case of accounting information, for at least the number of years

required by the law.

Given these considerations, such a solution cannot be provided successfully solely by a bank. A partnership is required to maintain the Chinese walls that generate trust & drive adoption. While Popote pay will provide the bank with a customer acquisition & retention advantage, the customer must not perceive it as a means to their becoming irreversibly bound to the bank. Popote Pay therefore retains certain information on the cloud, which is accessible to the customer in perpetuity.

Road Map

The following is a suggestion of the next steps.

- NDA
- Product demo
- Commercial agreement
- Project implementation
- Deployment to pilot customers
- Deployment to all customers
- Ongoing technical support & updates

Popote Pay Services

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