



Covid 19 Data Update

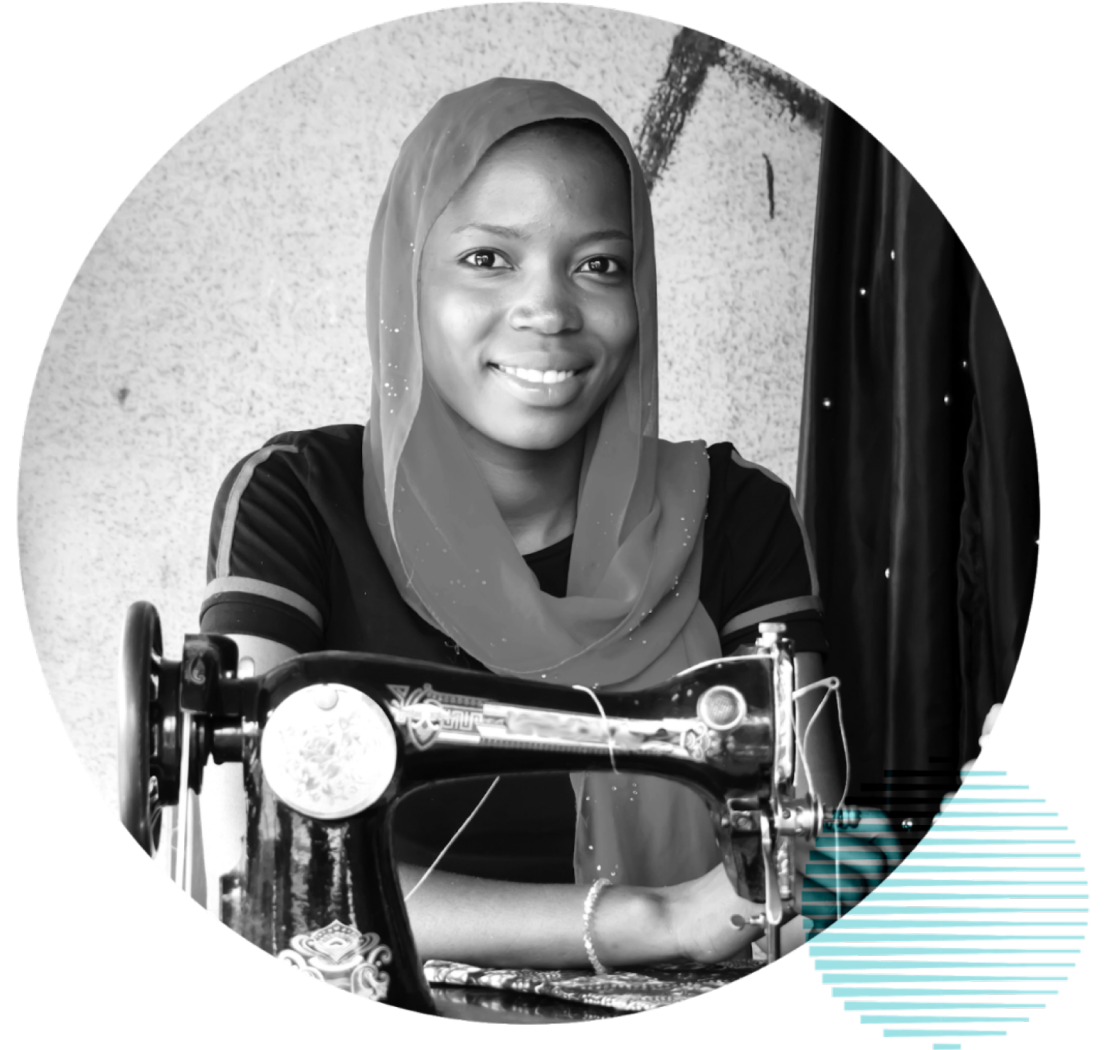
SPTF Webinar presentation

Genevieve Hennessy-Barrett



Who are we?

4G Capital powers **micro enterprise growth** in Kenya and Uganda's large informal sector. **Instant access working capital** is delivered with **enterprise training** to drive exceptional client revenue growth (82% annual), repayment rates of 95%, high loyalty (~81% repeat business) and financial inclusion across the sector.





Client Overview

- Client Profile; Micro-entrepreneur operators of micro businesses in low income informal markets.
- \$2-5 per day net income but with high buy-at / sell-at margins.
- Very short business cycles of 1 to 30 days.
- 81% Female traders seeking to provide for family needs.
- 77% rural markets in agriculture, FMCG, household goods and service value chains.
- 40% under 35 years old.
- Highly resilient and aspirational, seeking a better future for themselves and their families.





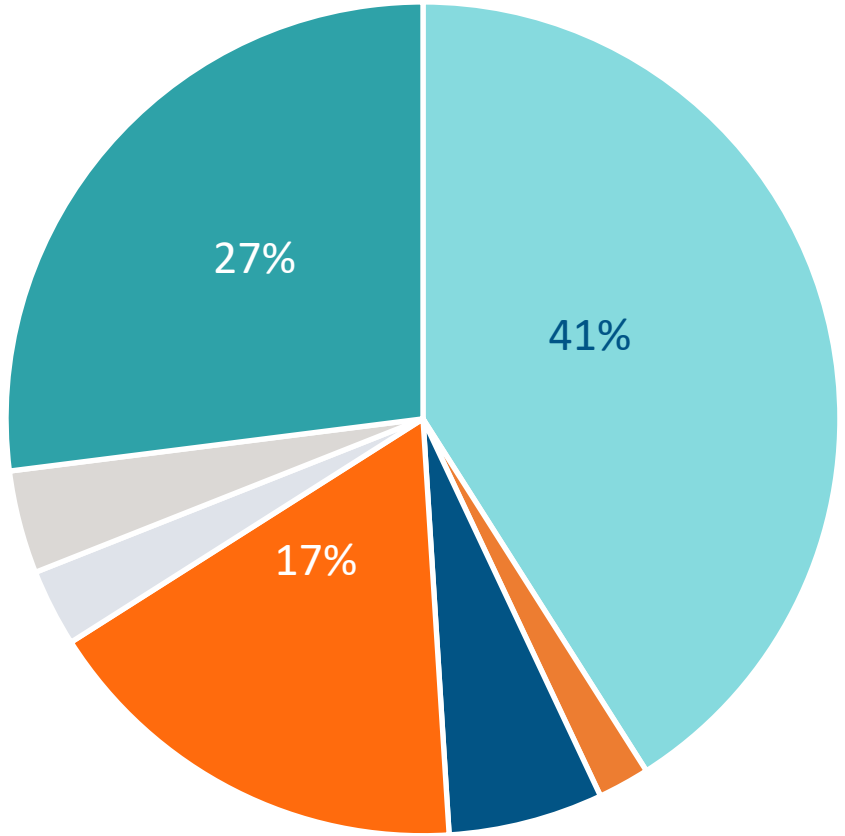
4G Capital have been tracking our Clients through the pandemic via a number of different means...

- One to one interviews (google form) staff to client April and June results.
- Measurement of Covid's impact based on Client loan history.
- In-depth case study interviews with customers.
- SMS Survey on our Client's overall perception of current risk.



SMS Survey; What do you think is your biggest risk right now? (1372 Responses)

5th May 2020



OTHERS;

- Financial Problems
- Hunger/Starvation
- Joblessness
- Madness
- Corruption

Client Success Activity During Covid 19



Penalty Fee Waiver and Price Drop

- To lessen the strain on our customers, 4G Capital has discounted its flagship product by 10% and waived all late fees for the pandemic duration. As per our usual "Bad Luck Customer" (BLC) policy; if Clients are unable to repay their loan on day 30 due to a Bad Luck event, no penalty fees will be charged and no further interest accrued. All clients have been automatically categorised "BLC" and are being rehabilitated supportively by our on-ground teams.



COVID Health Insurance

We are now offering Turaco med cover, inclusive of COVID infection for all existing and new clients. Live as of April 2020

HOSPITAL CASH & LIFE PLUS

Get Cover, Stay Protected
This 12-month hospitalization insurance is your safety net if admitted to a registered hospital for 3 nights or more in the unfortunate event that you pass away.

It also covers admissions and death resulting from a Coronavirus (COVID-19) diagnosis.

	Hospital Cash maximum benefit	Life benefit	Price for 12 months
Platinum	60,000 max 2,000 per night	200,000	2,500
Premium	30,000 max 1,000 per night	100,000	1,500
Value	15,000 max 500 per night	50,000	1,000

Call us on +254 725 525 561 to learn more or sign up!



Safe Hands Kenya

- 4G Capital is proud to be a part of Safe Hands Kenya, a mission-driven alliance of Kenyan companies, has mobilised to rapidly manufacture and distribute hand sanitiser, soap, surface disinfectants and face masks to all Kenyans – for free. We have simultaneously launched a massive consumer education campaign to drive behaviour change around adoption and maximise public health benefits. This is branded #TibaNiSisi ("We are the cure" in Kiswahili).

Face Mask Collaboration

Francis is 31 and operates a tailoring shop at Banana. Since becoming a client Francis' business has grown and he says 4G Capital has been like family to him. Francis is hopeful that this pandemic will soon end. Business has been bad as most of his clients have closed. 4G Capital has contracted Francis to produce face masks, thereby promoting his business and protecting our employees and clients

Customer business training

- We have launched a training programme designed to help our customers to keep their businesses safe during Covid. Information is sent via Call Centre, Social media content and SMS blasts.



Food Distribution

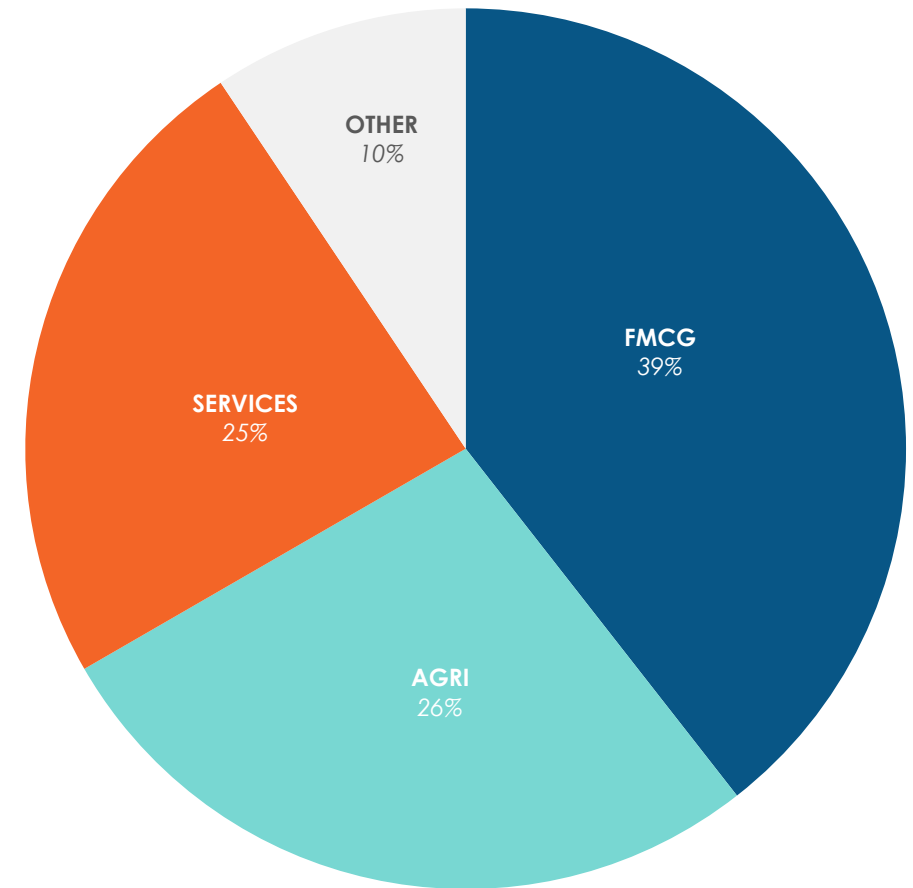
- 4G Capital have provided food packages to 330 customers who are most affected by the enforced market closures. These packages have been distributed to across Kenya. To avoid a security situation similar to that in Kibera at the beginning of April, our customers were invited to the branches to collect the packages and free government regulation face masks.





One to one interview (google form) Staff to Client April and June results.

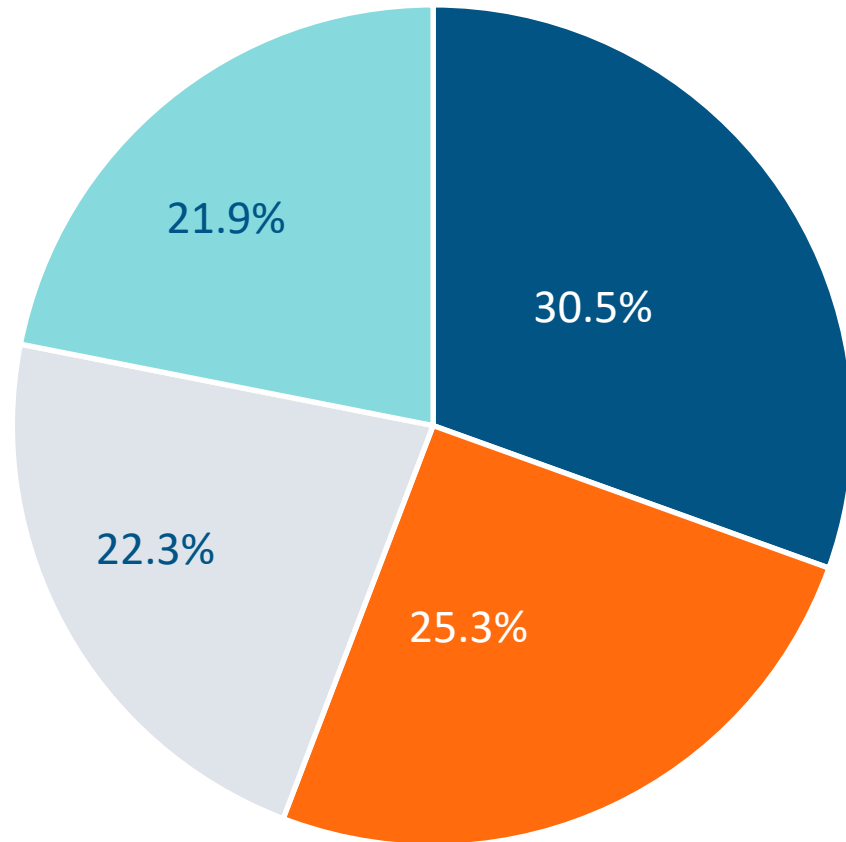
- 1st April 2020 – 292 Responses
- 1st June 2020 – 170 Responses
- Client respondents selected at random across all of our locations.
- Respondants distributed evenly across all sectors.





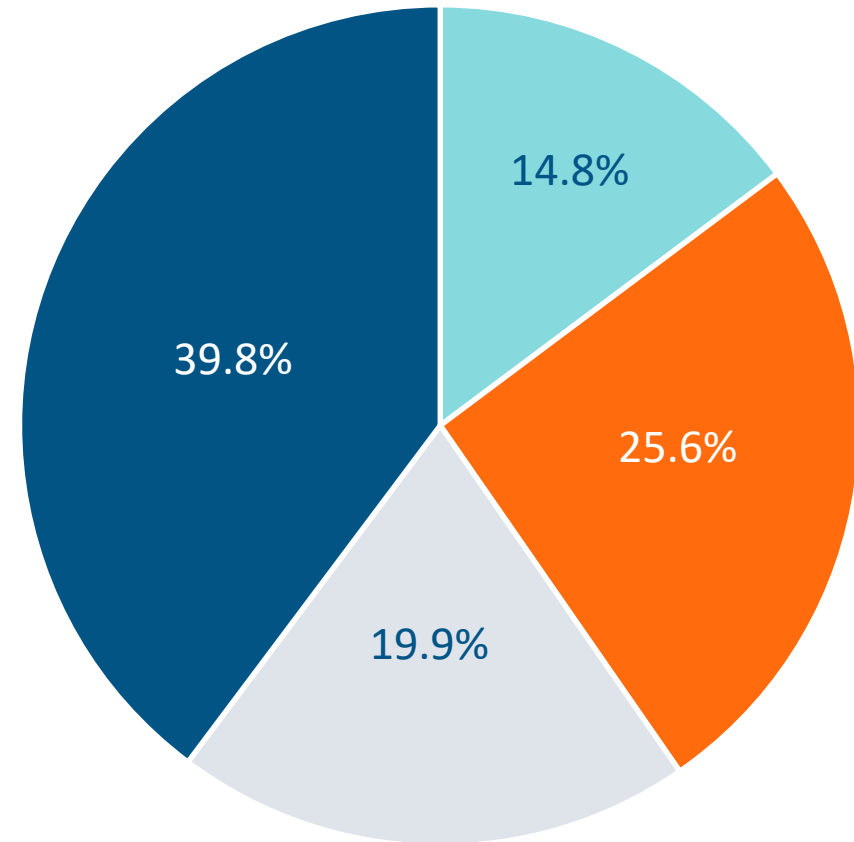
What is your general feeling about Covid?

1st April 2020



■ Hopeful ■ Afraid ■ Confused ■ Helpless

1st June 2020

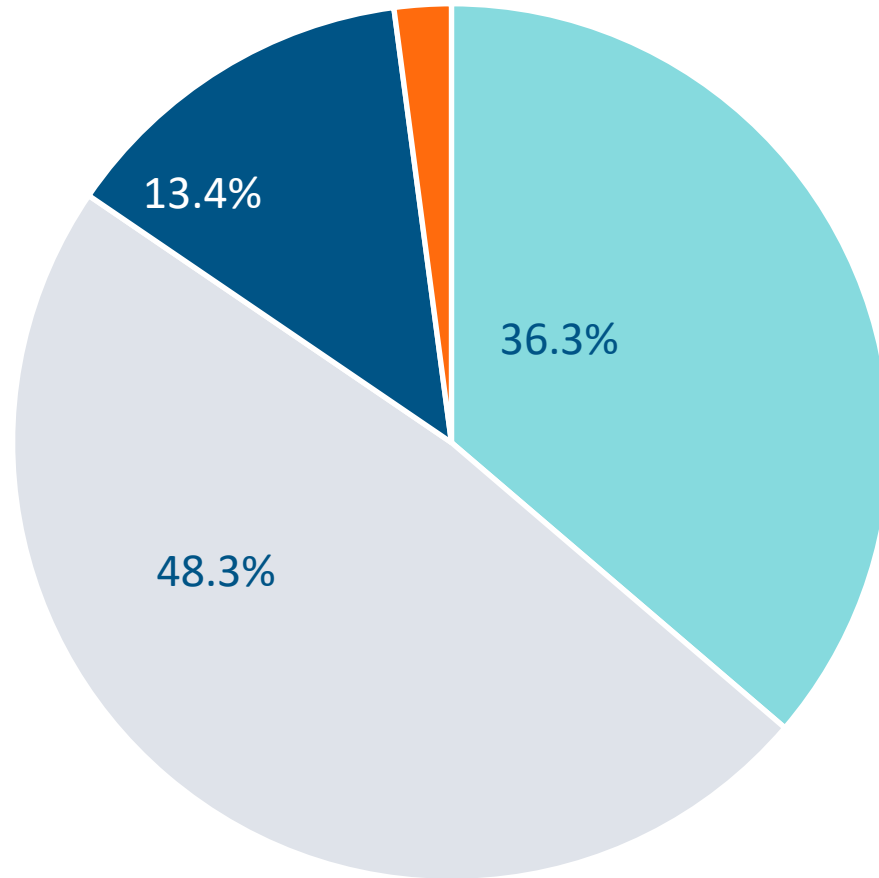


■ Annoyed ■ Afraid ■ Confused ■ Hopeful



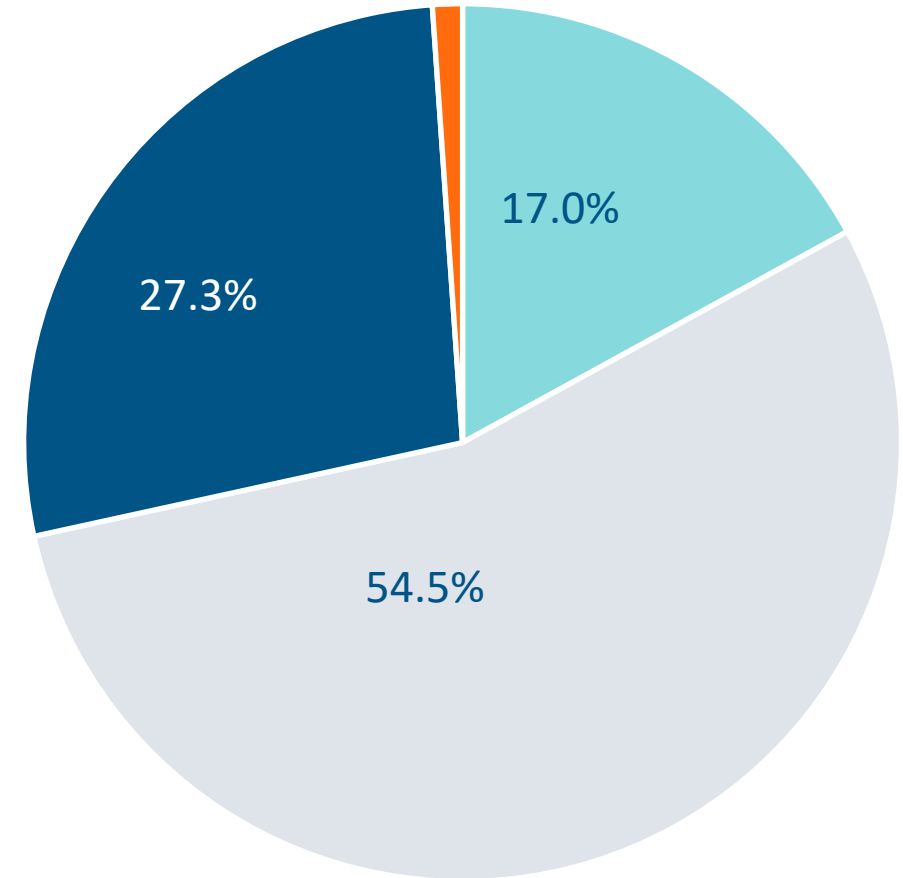
How is your business doing?

01-Apr-20



■ Extremely bad (closed) ■ Bad ■ Good ■ Extremely good

1st May 2020

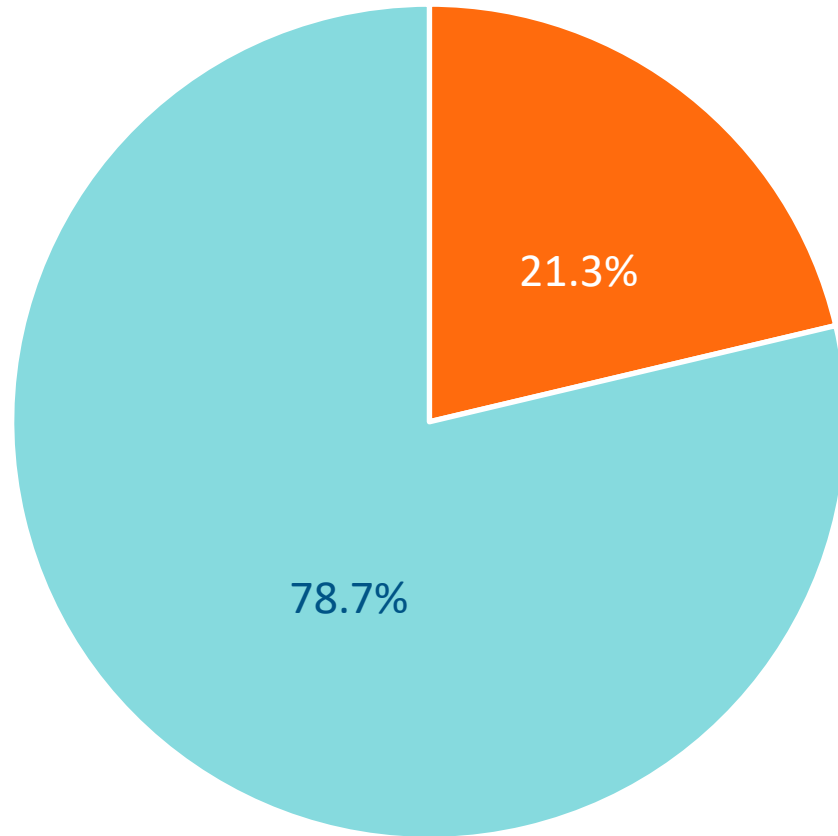


■ Extremely Bad (Closed) ■ Bad ■ Good ■ Extremely Good



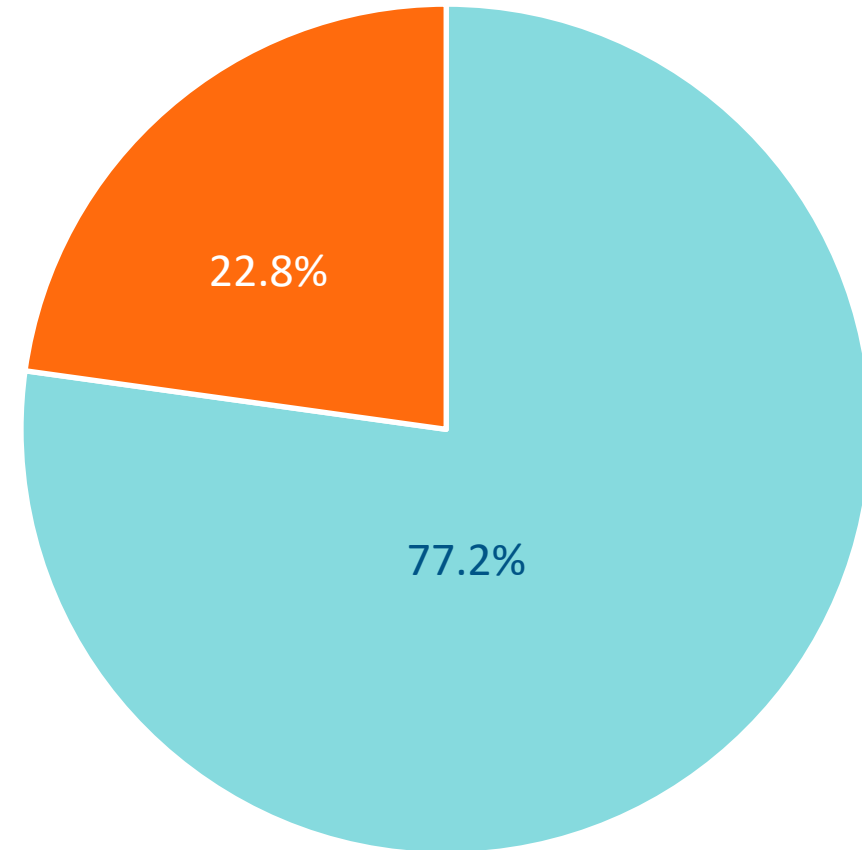
If your business is closed do you have an alternative source of income?

1st April 2020



■ Yes ■ No ■ ■

1st June 2020

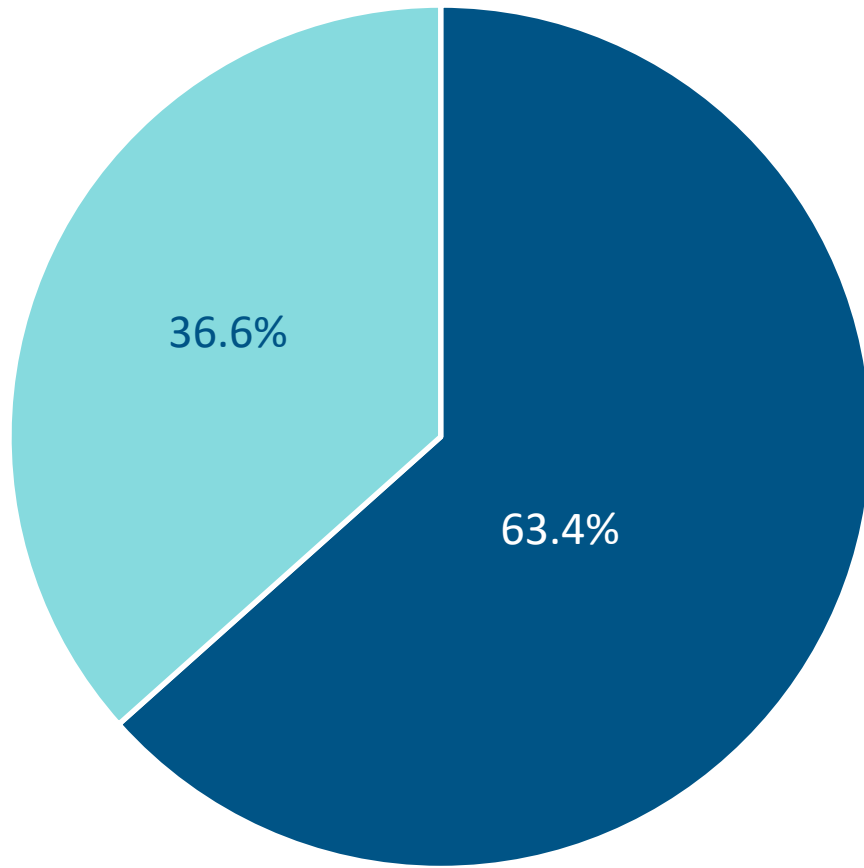


■ Yes ■ No



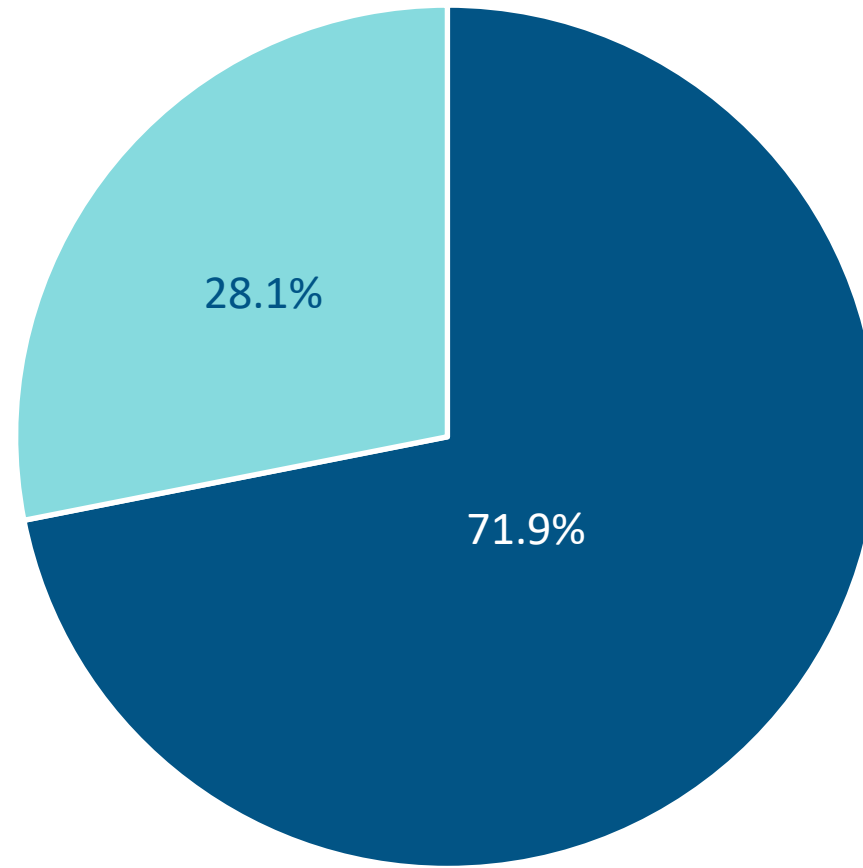
Have your suppliers increased their pricing?

1st April 2020



■ Yes ■ No

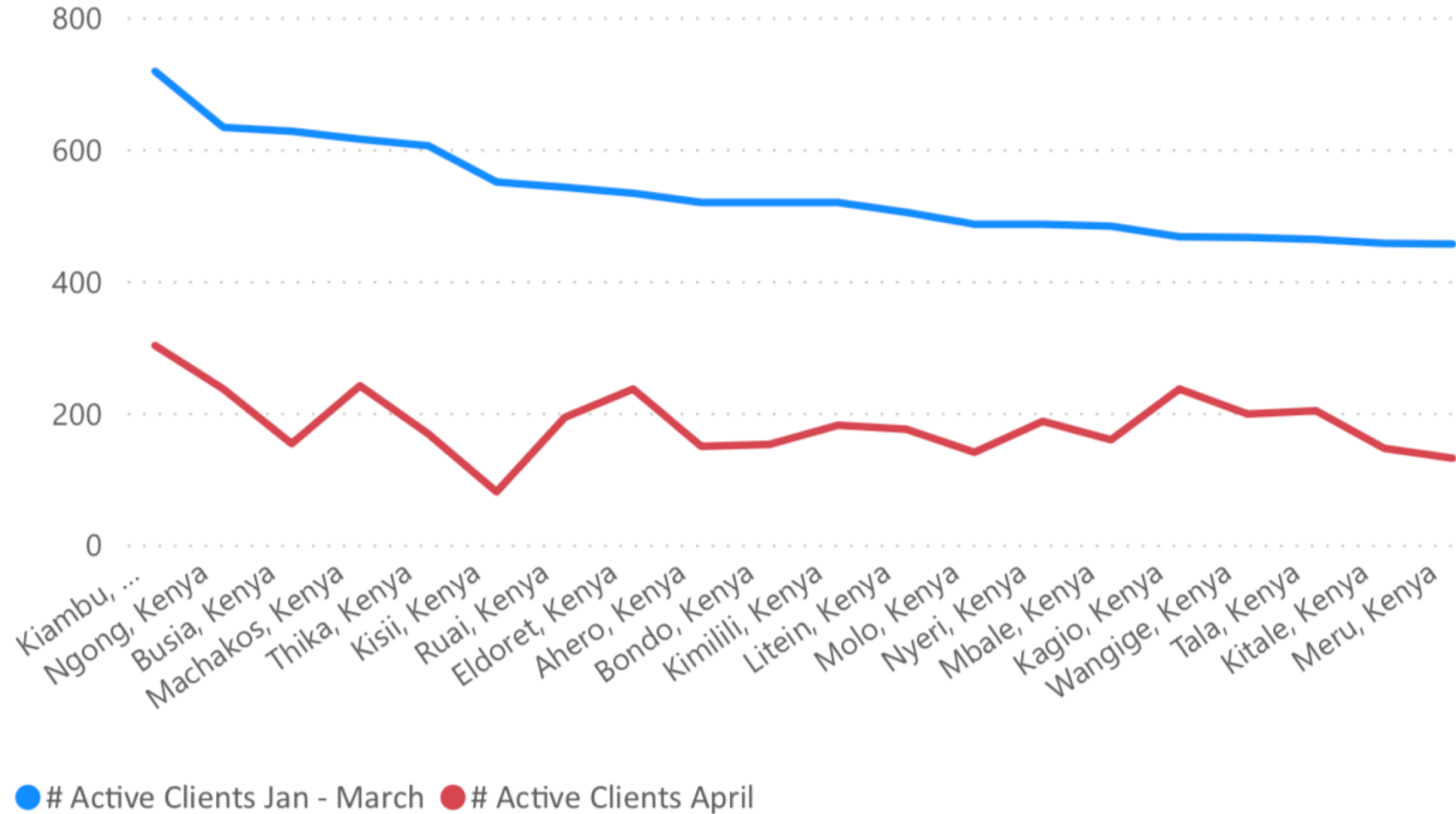
1st June 2020



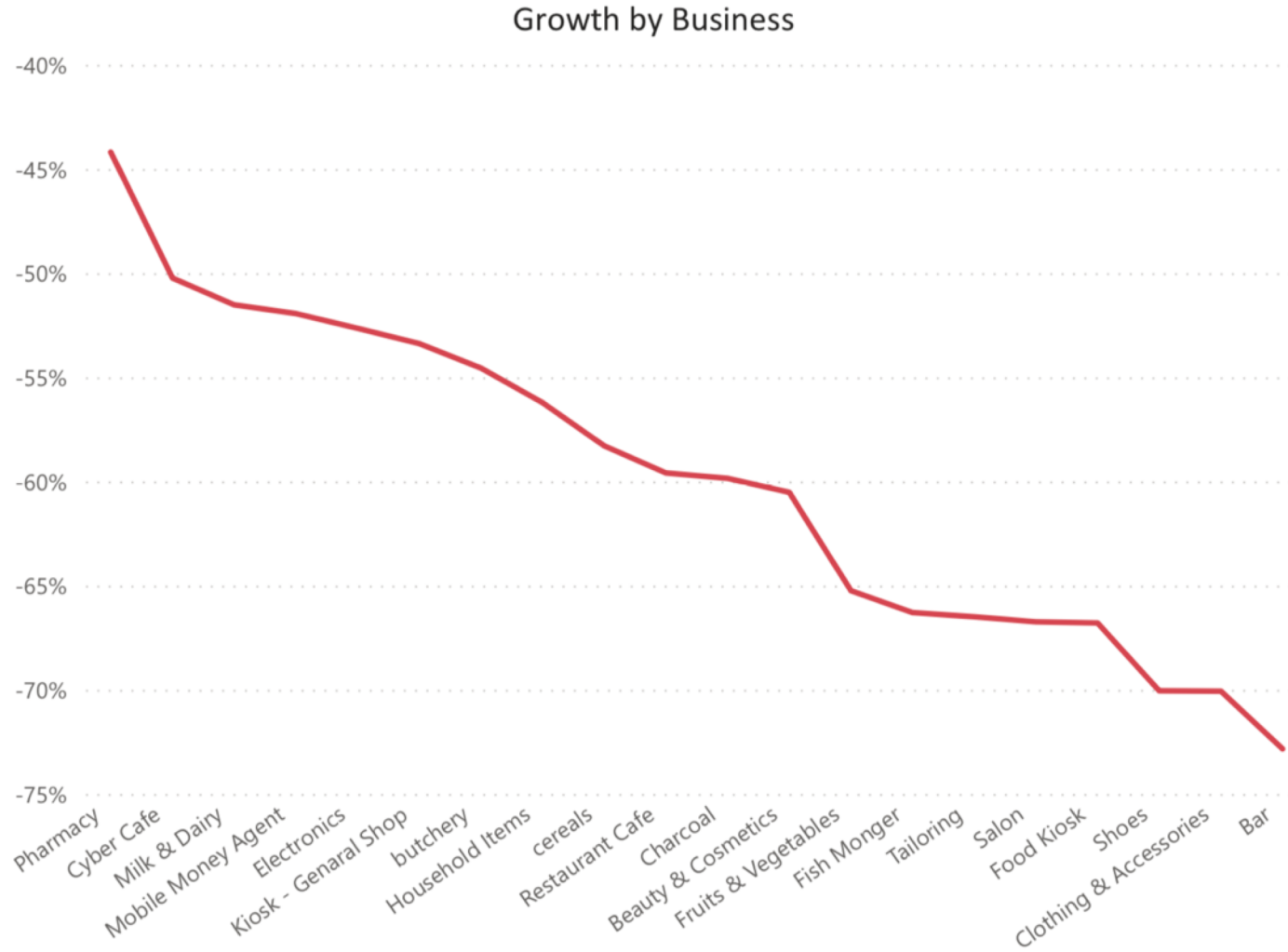
■ Yes ■ No

Impact based on Client loan history

Active Clients 2020 By Market



Impact based on Client loan history



Impact based on Client loan history

Business	# Active Clients - Jan - Mar	# Active Clients - Apr	Growth
Pharmacy	290	162	-44.14%
Cyber Cafe	271	135	-50.18%
Milk & Dairy	680	330	-51.47%
Mobile Money Agent	661	318	-51.89%
Electronics	327	155	-52.60%
Kiosk - General Shop	3,797	1,772	-53.33%
butchery	466	212	-54.51%
Household Items	381	167	-56.17%
cereals	740	309	-58.24%
Restaurant Cafe	571	231	-59.54%
Charcoal	306	123	-59.80%
Beauty & Cosmetics	587	232	-60.48%
Fruits & Vegetables	5,169	1,799	-65.20%
Fish Monger	394	133	-66.24%
Tailoring	1,210	406	-66.45%
Salon	1,546	515	-66.69%
Food Kiosk	2,138	711	-66.74%
Shoes	470	141	-70.00%
Clothing & Accessories	3,599	1,079	-70.02%
Bar	577	157	-72.79%





In depth case studies.

JOY WANGIRU KARIBA

Joy is 47 years old. She joined 4G Capital in 2019, she operates a second hand clothes shop at Matasia served by Ngong Unit. Joy has taken 10 loans since being introduced to 4G Capital. Her average loan size is Ksh.7,500 and she uses the loan to buy quality stock for her business.

Normally she makes a profit of ksh.12,000 to ksh.15,000 but since the outbreak of the Corona Virus her profits have halved. Joy is hopeful the pandemic will end soon as she has great plans to diversify her business by making and selling carpets. Currently things are really tough for the business but she is not giving up.

UPDATE END OF MAY; Joy has been going through hard times. in mid-April the health officer forced them to closed business. For two weeks she was not in business, during which time her loan was due. Her landlord was not considerate. She was given notice - if she didn't pay rent she would be forced to vacate. Joy paid her rent with the little she had and is still in arrears with 4G Capital. She is grateful for our support and forbearance. But she is determined to settle the loan balance so she may access more capital to restock.





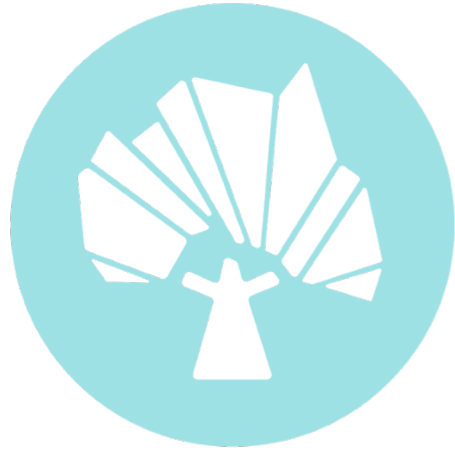
Summary – Learnings and delivery

Insight

- Key concern identified among clients is Health/sickness.
- Largest proportion our clients feel hopeful and determined to protect themselves in the future.
- Suppliers/wholesalers have increased their pricing, business' are more expensive to run.
- We can assess risk based on type of business and geographical area

Response

- Introduction of affordable health insurance that covers Covid.
- We stay by their side, continue to lend and train customers to diversify.
- We need to be prepared to lend higher amounts clients at a lower interest rate.
- This enables us to support our clients whilst protecting them from over-indebtedness.





Overview of client coronavirus survey

Small Enterprise Foundation





Introduction

- Presenters
 - **Esido Mushwana**, *Research and Development Manager*
 - **Colin Rice**, *Head of Social Performance*
- Organization
 - Founded 1992
 - ~210,000 clients
 - Loan products
 - Group Lending; Individual Liability; Larger Loan Programme
 - Additional services
 - Savings mobilization; Financial education



Survey Overview- Design

- Initiated on March 24
 - South Africa lockdown implemented on March 27
- Survey performed by Social Survey Officers (5) and Customer Care Operators (2)
- Over 3700 surveys completed
- Clients randomly selected from across regions
- Data analysed and summarized in different rounds over time to follow changes



Survey Overview- Content

- Initial Focus
 - Level of impact on business operations
 - Reason for impact
 - E.g., lack of customers; transport issues; health concerns
 - Other general concerns
 - Impact on non-business income; household concerns
- Additions
 - Proportion of household income from different sources
 - Optimism/stress
 - Obstacles to operating
 - Strategies to adapt
 - Permits
 - Social grants



Data Analysis- Height of Impact

Client Business Still
Operating
~30%

Negative impact (of
Businesses Still
Operating)
~60%

- **The primary reasons for no longer operating:**
 - Inability to restock; Lack of customers; Following lockdown restrictions (non-essential businesses)
- **Least impacted businesses (percent of clients with that business type):**
 - Spaza/groceries (31%); Tailor/sewing (13%); Room rentals (2%)
- **Most impacted businesses (percent of clients with that business type):**
 - Shebeen/alcohol (8%); Events (3%); Selling at schools (7%)



Data Analysis- Recent Findings



- The primary reasons for no longer operating shifted more towards stocking issues and following lockdown regulations.
 - Lack of customers less of an issue



Data Analysis- Comparison Over Time

	A	B	C	D	E	F	G	H	I	J	K
1		Round 1	Round 2	Round 3	Round 4	Round 5	Round 6	Round 7	Round 8	Round 9	Round 9.5
2		March 24, 25, 26	March 27, 30, 31	April 1,2,3,6	April 7,8,9	April 14, 15, 16	April 16 (half), 17, 20, 21, 22 (half)	April 22 (half), 23, 24, 28, 29, 30	May 4, 5, 6, 7 (half)	May 7 (half)- 21	May 22-June 4 (half)
27	Proportion of total income from business? (For clients with a business, where business is the primary source of income)	%	%	%	%	%	%	%	%	%	%
28	A little	-	-	-	7%	7%	10%	11%	4%	2%	0%
29	About half	-	-	-	56%	32%	34%	28%	14%	21%	27%
30	Most	-	-	-	37%	61%	56%	61%	83%	77%	73%
31											
32	Able to pay for essentials after loss of business income? (For clients with a business)	%	%	%	%	%	%	%	%	%	%
33	Less than 2 weeks	-	-	-	15%	20%	12%	7%	7%	12%	8%
34	2 weeks to a month	-	-	-	49%	49%	57%	49%	41%	31%	17%
35	1 to 2 months	-	-	-	21%	21%	18%	16%	29%	33%	43%
36	Over 3 months	-	-	-	15%	10%	13%	27%	23%	24%	32%
37											
38	Business types (Can be more than 1 per client)	%	%	%	%	%	%	%	%	%	%
39	Spaza shop/groceries	-	39%	35%	27%	26%	28%	30%	24%	23%	21%
40	Shebeen/tavern/alcohol	-	12%	6%	9%	9%	8%	8%	8%	7%	5%
41	Events (equipment rental and/or catering)	-	1%	3%	8%	2%	3%	2%	1%	1%	0%
42	Hair salon	-	5%	5%	4%	5%	3%	3%	1%	0%	0%
43	Tailor/sewing	-	21%	13%	11%	12%	11%	11%	9%	5%	5%
44	Selling at schools	-	4%	8%	11%	5%	8%	4%	5%	5%	3%
45	Room rentals	-	2%	2%	2%	1%	3%	3%	3%	1%	0%
46	Other (please specify)	-	17%	28%	27%	40%	36%	40%	49%	58%	65%
47											
48	Business still operational? (Of clients with a business, not asked until April 2)	%	%	%	%	%	%	%	%	%	%
49	no	-	-	70%	75%	72%	66%	62%	50%	44%	33%
50	yes	-	-	30%	25%	28%	34%	38%	50%	56%	67%



Data Analysis- Segmentation Input

14	Business/Impact Characteristics	Responses	Percentage
15	Impact on other income (All clients)	No	87%
16		Yes	13%
17	Has a business and has had stock within 2 months? (All clients)	No	27%
18		Yes	73%
19	Business still operational? (Of clients with a business)	No	33%
20		Yes	67%
21	Proportion of total income from business? (Of clients with a business)	A little	26%
22		About half	32%
23		Most	42%
24	Any impact on business? (For businesses that are still operating)	No impact	20%
25		Positive	7%
26		Negative	73%
27	How strong of a negative impact? (For businesses that are still operating that have already noticed impact)	Not strong	15%
28		Somewhat strong	60%
29		Very strong	25%



Data Analysis- Segmentation Output

	E	F	
14	Segments	Percent of Clients	Level of Impact
15	Not in business; no impact on other income	24%	Low
16	Not in business; impact on other income	3%	Moderate
17	<i>In business; business not operating; business accounts for 'a little' of total income</i>	6%	
18	In business; business not operating; business accounts for 'a little' of total income; no impact on other income	5%	Low
19	In business; business not operating; business accounts for 'a little' of total income; impact on other income	1%	Moderate
20	In business; business not operating; business accounts for 'about half' of total income	8%	High
21	In business; business not operating; business accounts for 'most' of total income	10%	High
22	In business; business still operating; business accounts for 'a little' of total income; no impact on business	2%	Low
23	In business; business still operating; business accounts for 'a little' of total income; positive impact on business	1%	Low
24	In business; business still operating; business accounts for 'a little' of total income; negative impact on business (not	1%	Low
25	In business; business still operating; business accounts for 'a little' of total income; negative impact on business	6%	Low
26	<i>In business; business still operating; business accounts for 'a little' of total income; negative impact on business (very strong)</i>	2%	
27	In business; business still operating; business accounts for 'a little' of total income; negative impact on business (very strong); no impact on other income	2%	Low
28	In business; business still operating; business accounts for 'a little' of total income; negative impact on business (very strong); impact on other income	0%	Moderate
29	In business; business still operating; business accounts for 'about half' of total income; no impact on business	3%	Low
30	In business; business still operating; business accounts for 'about half' of total income; positive impact on business	1%	Low
31	In business; business still operating; business accounts for 'about half' of total income; negative impact on business (not	2%	Low
32	<i>In business; business still operating; business accounts for 'about half' of total income; negative impact on business (somewhat strong)</i>	7%	
33	In business; business still operating; business accounts for 'about half' of total income; negative impact on business (somewhat strong); no impact on other income	6%	Moderate
34	In business; business still operating; business accounts for 'about half' of total income; negative impact on business (somewhat strong); impact on other income	1%	High
35	In business; business still operating; business accounts for 'about half' of total income; negative impact on business (very	3%	High
36	In business; business still operating; business accounts for 'most' of total income; no impact on business	4%	Low
37	In business; business still operating; business accounts for 'most' of total income; positive impact on business	1%	Low



Data Analysis- Segmentation Summary

	A	B	C	D
1	Estimates by Loan Term (with moderate impact)	Percent of Clients		
2	Expected to pay (near end of loan term)	59%		
3	Not expected to pay (not near end of loan term)	41%		
4				
5	Summary by Level of Impact	Percent of Clients		
6	Low Impact	53%		
7	Moderate Impact	12%		
8	High Impact	35%		
9				
10	Final Estimates			
11	Low impact	53%	Payment issues unlikely	60%
12	Moderate impact (near end of loan term)	7%		
13	Moderate impact (not near end of loan term)	5%	Payment issues likely	40%
14	High impact	35%		



Insights

1. Business type was the best indication of expected level of impact
2. Some businesses were able to thrive and see a positive impact from the lockdown
3. Business is the largest source of income for roughly 40% of our clients
4. Vast majority of clients did not see any benefit to obtaining a permit (even with an eligible business)
5. Supply-chain issues were some of the primary obstacles for clients
 1. Regardless of regulation, a large proportion of clients were only stopping operations due to lack of stock



Actions

- Rescheduled repayments
- Communication and guidance to clients
- Additional grant funding to assist clients
- Informing government ministers of findings to guide policy decisions
- Relevant financial education



Questions?