Unlocking opportunity through first principles.

100 Million

SMBs across Middle East & Africa

~50%

Average Contribution to GDP

90%

Share of Total Employment

The Acceptance Gap

Millions ready to pay. A few places to accept in 2014.

Consumers with Cards

70% of Adult Consumers had a card

Acceptance Gap

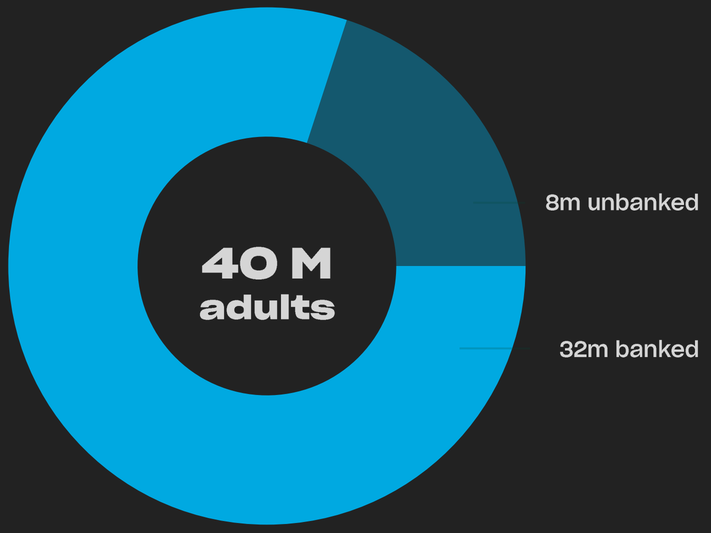
Demand existed. Access did not.

Merchants with card terminals

Only 1 in 10 could accept payments

Unlocking **acceptance** unlocks the economy.

South Africa market opportunity in 2014



Highly banked Population

Large untapped small business population

Consumer Payments

Four friends envisioned a future of
Open Commerce.

Rocket Internet	Actuarial Society		
Delta Partners	Rocket Internet		Delta Partners
Accenture	Monitor Group	Yeigo	Citi
UCT	Wits	UCT	AUB

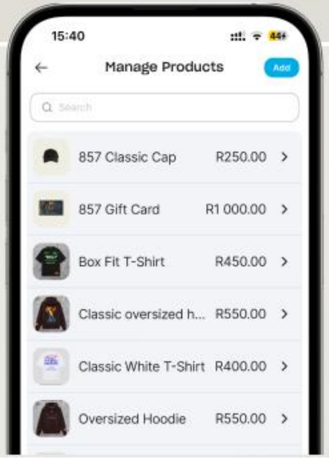

YOCO
YOCO
YOCO
YOCO

POS

The Yoco POS, for selling your products or services.

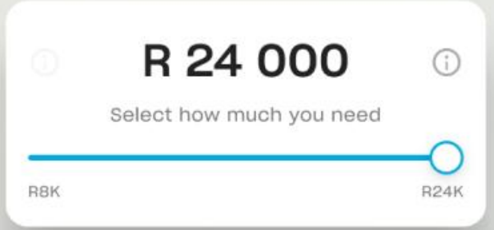
App

Track payments, monitor sales, send invoices and more.



Capital

Yoco Capital is a fast, flexible cash advance for Yoco customers.



Card Machines

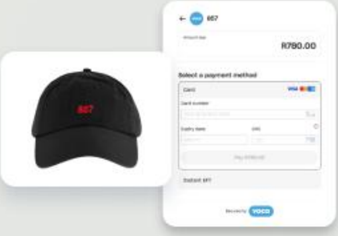
SA's favourite card machines

Invoices

Create and send professional, click-to-pay invoices to your customers.

Gateway

Accept card payments on your website.

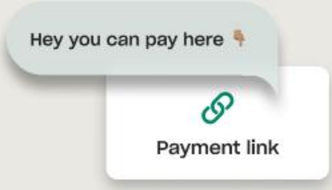


Portal

Stay on top of business performance.

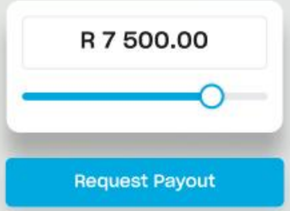
Link

With Yoco Link, you can accept card payments in any chat.

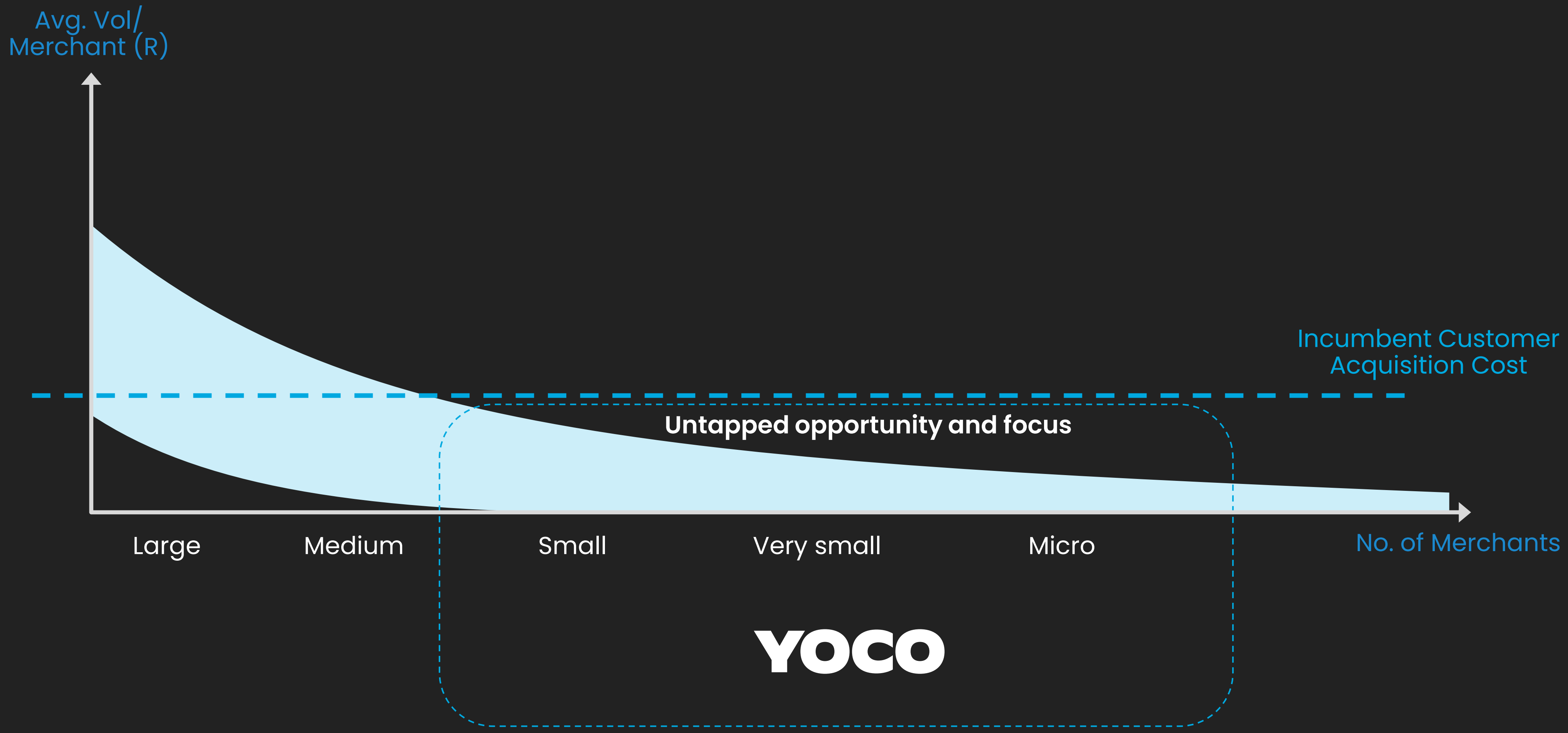


Instant Payout

Take control of your cash flow and get your money in minutes.

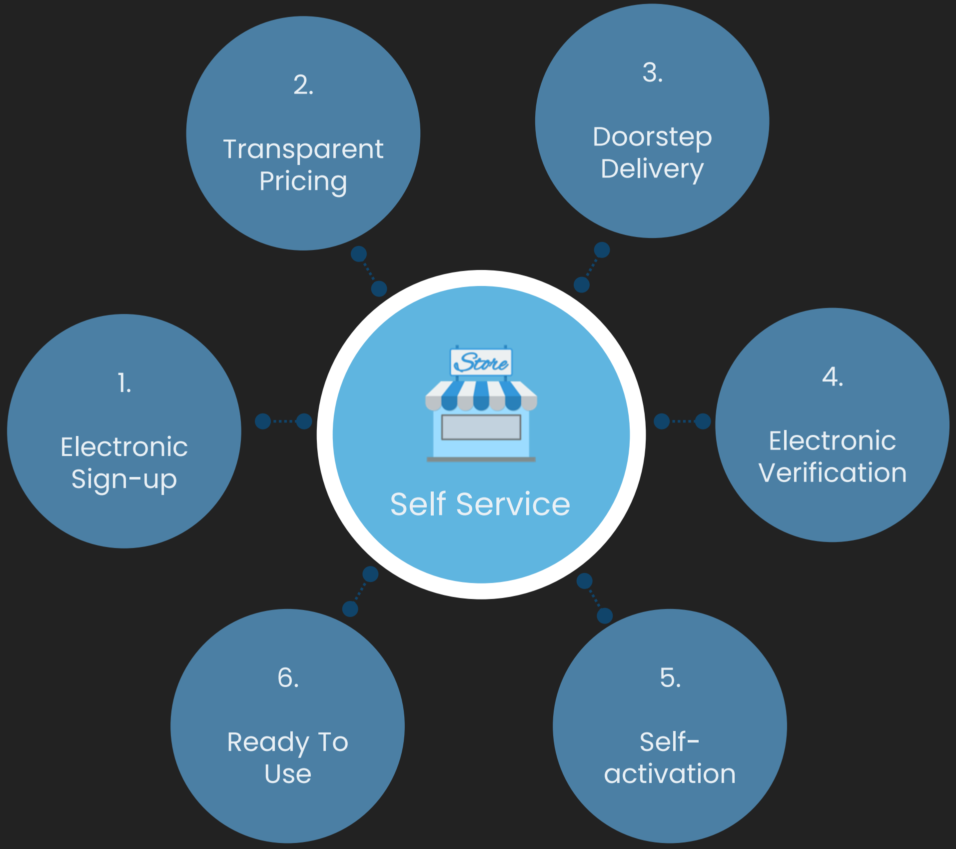


The economics of reaching SMBs were not supported by traditional people-heavy distribution models.

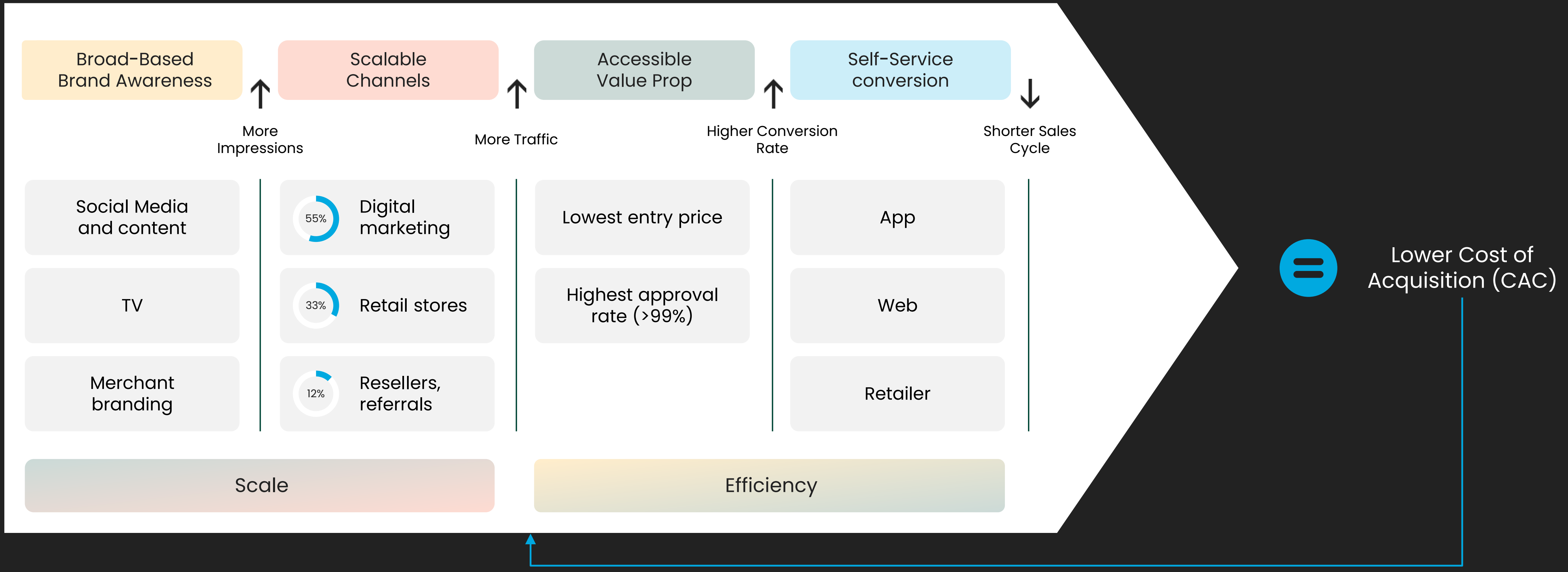


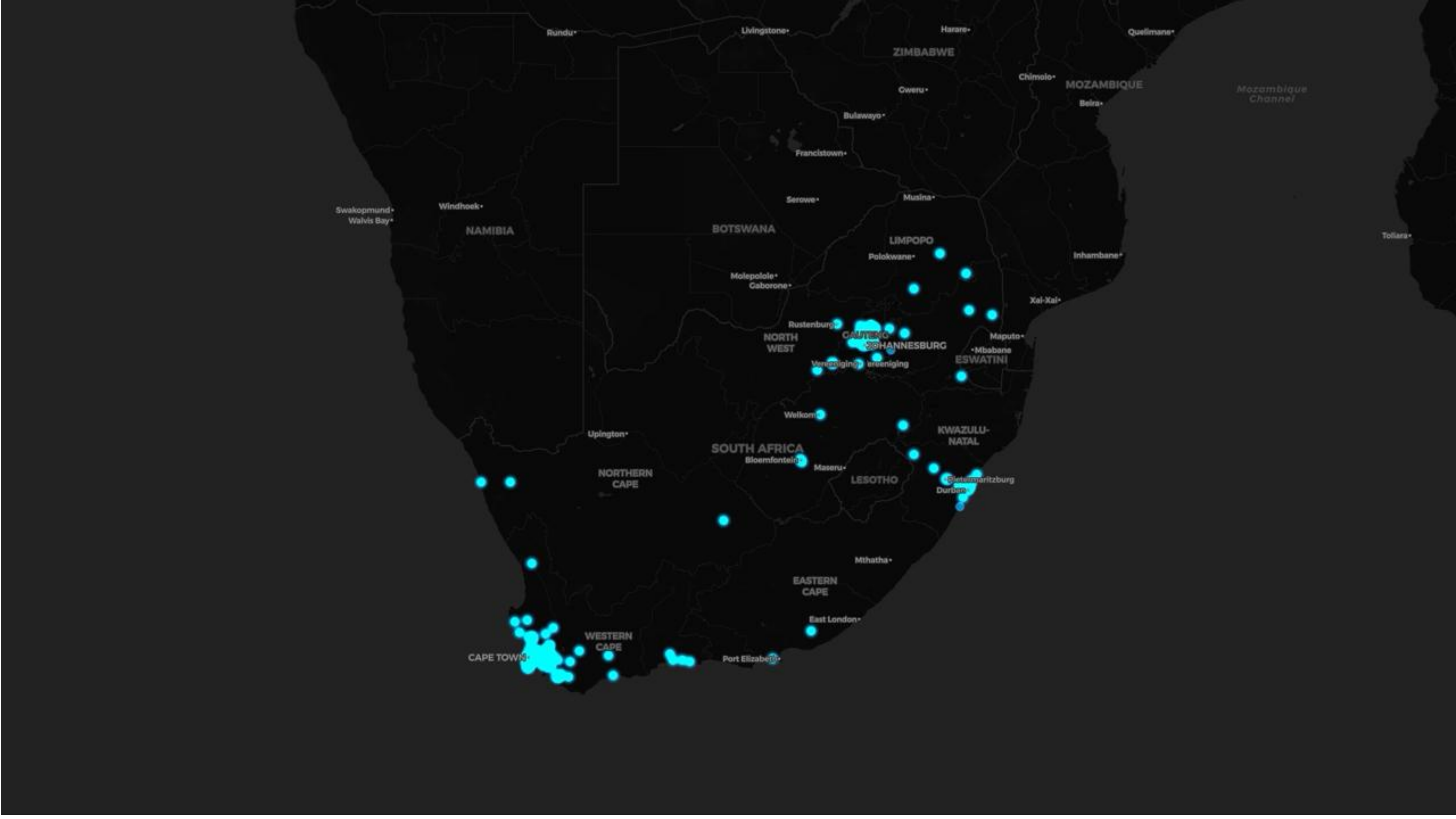
Core Insight

If you can use a smartphone, you can use a card machine. Self-service was the unlock in distribution.



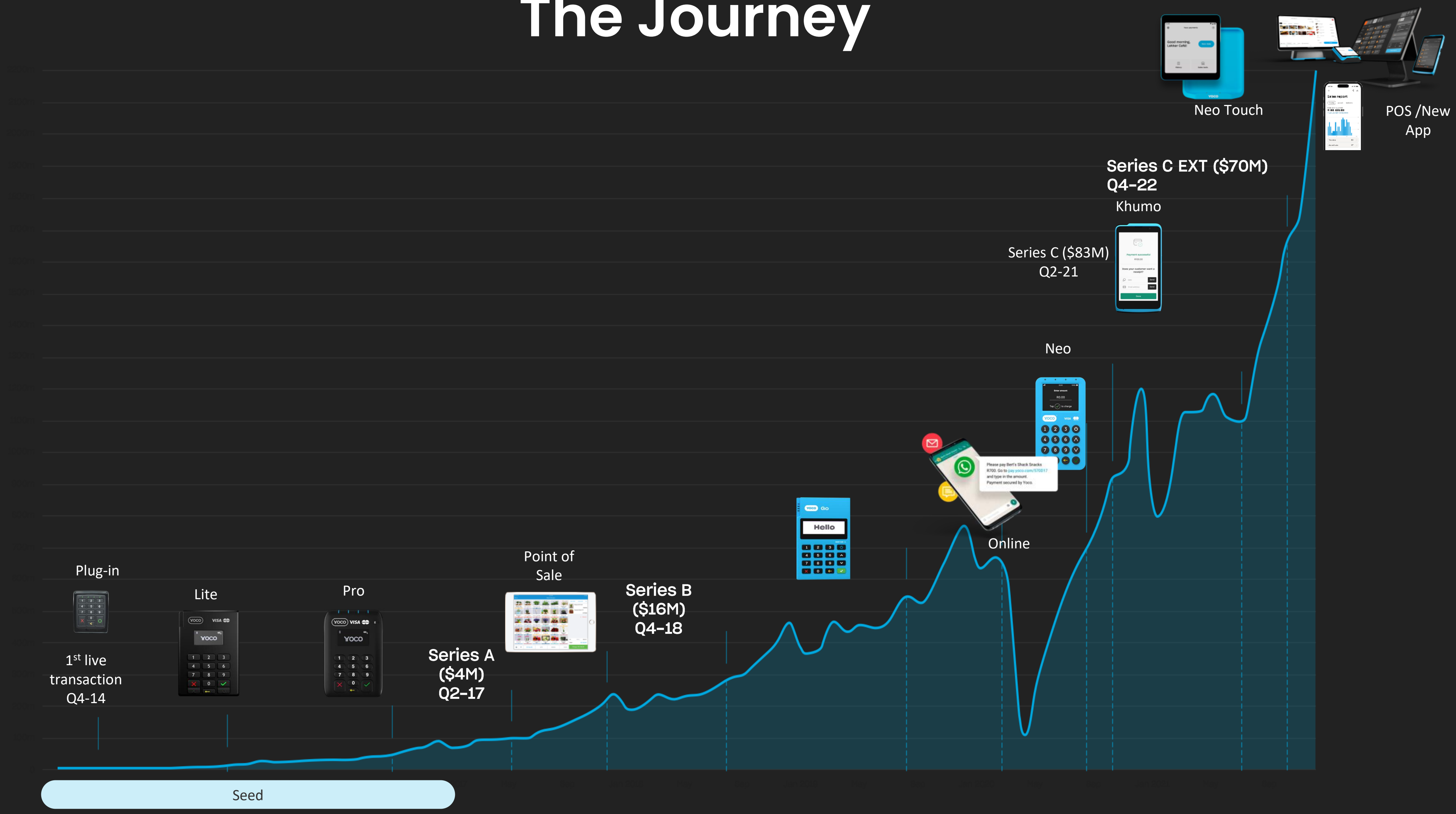
Self-service allowed us to tap into new, and multiple channels to drive reach, lower CAC





Rundu
Livingstone
Harare
Quelimane
ZIMBABWE
Chimoio
MOZAMBIQUE
Mozambique Channel
Gweru
Beira
Bulawayo
Francistown
Serowe
Musina
Swakopmund
Walvis Bay
Windhoek
NAMIBIA
BOTSWANA
LIMPOPO
Polokwane
Toliara
Inhambane
Molepolole
Gaborone
Xai-Xai
Rustenburg
GAUTENG
NORTH WEST
JOHANNESBURG
Maputo
Mbabane
ESWATINI
Vereeniging
Welkom
KWAZULU-NATAL
Upington
SOUTH AFRICA
Bloemfontein
Maseru
NORTHERN CAPE
LESOTHO
Pietermaritzburg
Durban
Mthatha
EASTERN CAPE
East London
WESTERN CAPE
CAPE TOWN
Port Elizabeth

The Journey



Plug-in
1st live transaction Q4-14
Lite
Pro
Series A ($4M) Q2-17
Point of Sale
Series B ($16M) Q4-18
Online
Neo
Series C ($83M) Q2-21
Khumo
Series C EXT ($70M) Q4-22
Neo Touch
POS /New App
Seed

We have partnered with some of the best capital allocators in the world

Yoco Today

$ Billions
Total Processing Volume

> 200 000
12-month active merchants

350 people
Cape Town • Johannesburg • Amsterdam

> $ 200 million
Capital Disbursed

More than numbers

8 out of 10
New to Card

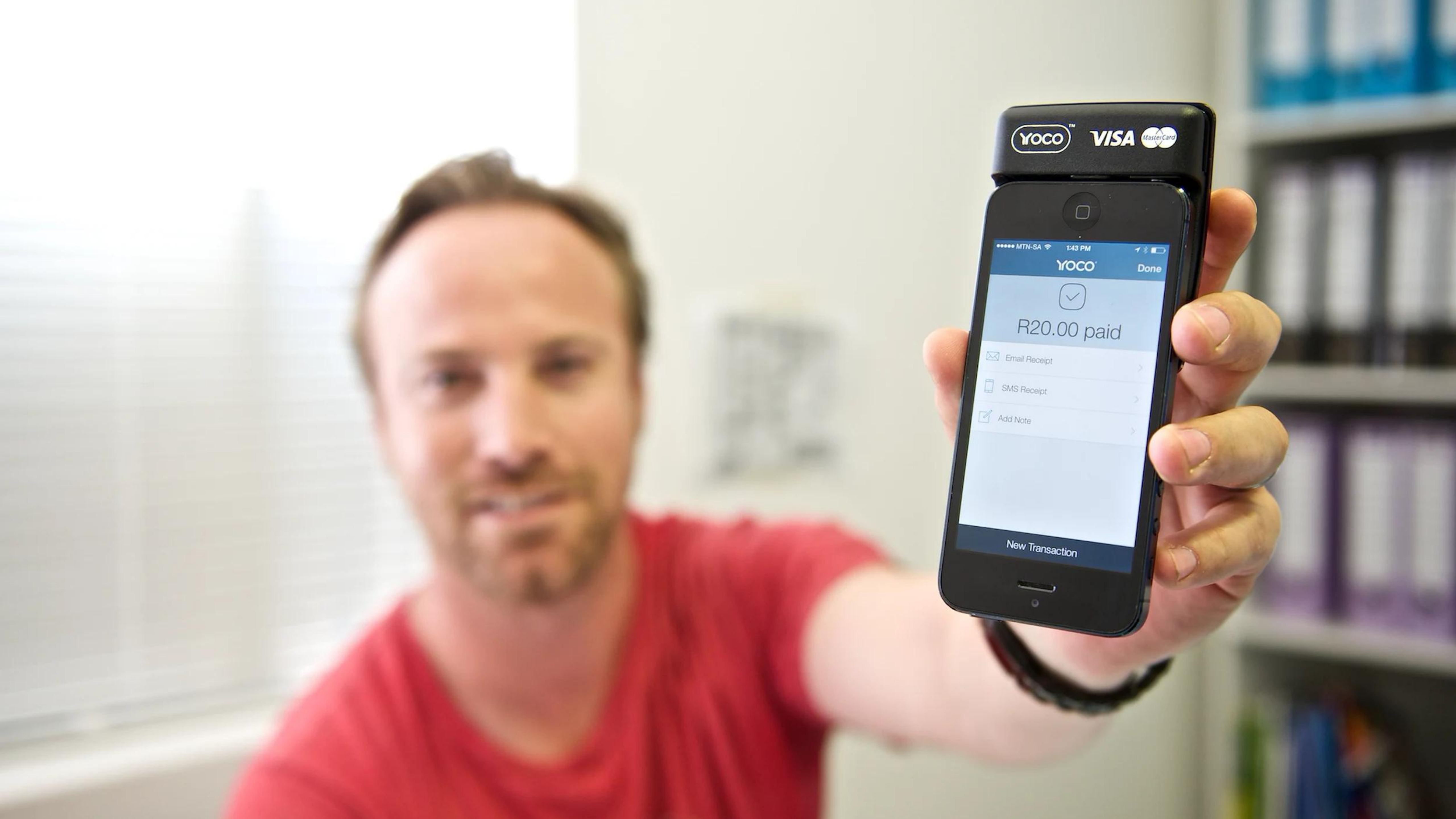
60%
Sole-Proprietors

1/3
Rural

49%
Female Entrepreneurs

The story behind the story


MID/TID + TAC Values
Certification process
SA-specific issues
1. Immediate issue
2. Impact Next week
3. APIs
SAMSUNG


YOCO
VISA
MasterCard
MTN-SA
1:43 PM
YOCO
Done
R20.00 paid
Email Receipt
SMS Receipt
Add Note
New Transaction


COUNTRY HOUSES OF FRANCE


INCENTIVES
MON TUE WED THU FRI

Innovation at Yoco

“Solving customer problems using a myriad of tools and methods, unconstrained by conventional wisdom.”

Core values - the Yoco formula

Our unique approach

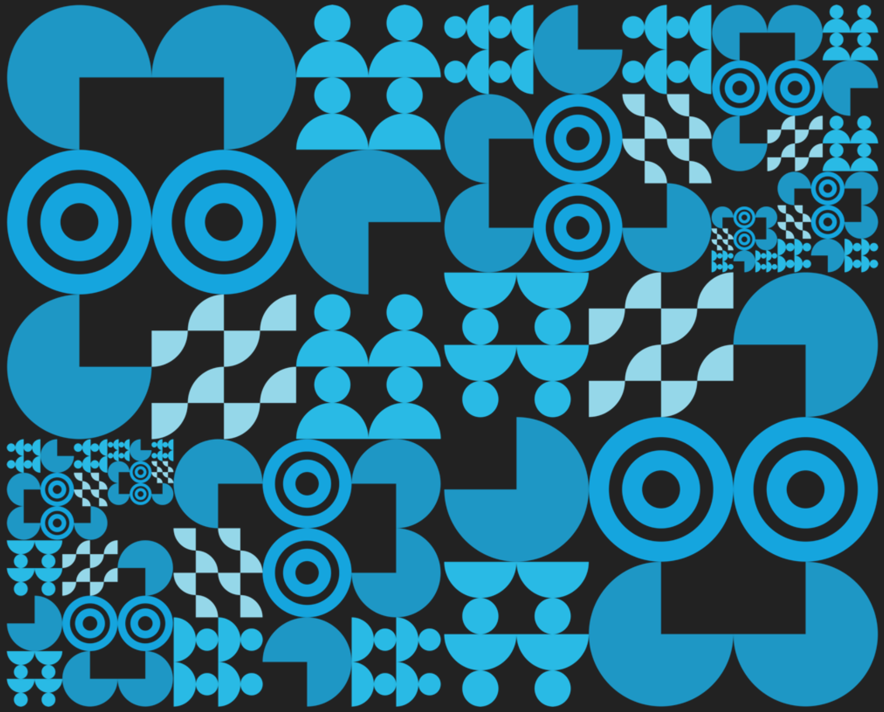
Staying Connected

Keep it simple

Make Space to Explore

Master your craft

Unique, relevant outcomes



Clayton Christensen identifies three critical innovation categories that play distinct roles

Market-Creating Innovations

Transform expensive and inaccessible products into affordable and accessible offerings for larger populations.

Sustaining Innovations

Improve existing products and services to better serve current customers without expanding accessibility

Efficiency Innovations

Help companies reduce costs through automation, outsourcing, or process optimisation for existing offerings.

The different innovations play a very different role in prosperity

Market-Creating Innovations

- Generate widespread jobs
- Stimulate entrepreneurship
- Reshape economies
- Enable sustainable growth

Sustaining Innovations

- Strengthen competitiveness
- Improve existing products and services
- Redistribute value among incumbents
- Limited creation of new growth opportunities

Efficiency Innovations

- Improve company performance
- Increase returns to investors
- Optimise cost structures
- Do not create new markets on their own
- May lead to job losses without market-creating innovation

Comparing the Innovation types

Market-Creating

Focus: New, affordable & accessible markets

Impact: Creates demand where none existed

Examples: Ford Model T, M-Pesa, Grameen Bank

Jobs: Generates widespread employment

Beneficiaries: Non-consumers & broader society

Prosperity Role: Primary driver of long-term economic growth

Sustaining

Focus: Improvement for existing customers

Impact: Drives competition at the upper end of the market

Examples: Smartphone features, higher-res TVs

Jobs: Maintains existing employment levels

Beneficiaries: Existing customers & competitors

Prosperity Role: Maintains competitiveness

Efficiency

Focus: Cost reduction & optimisation

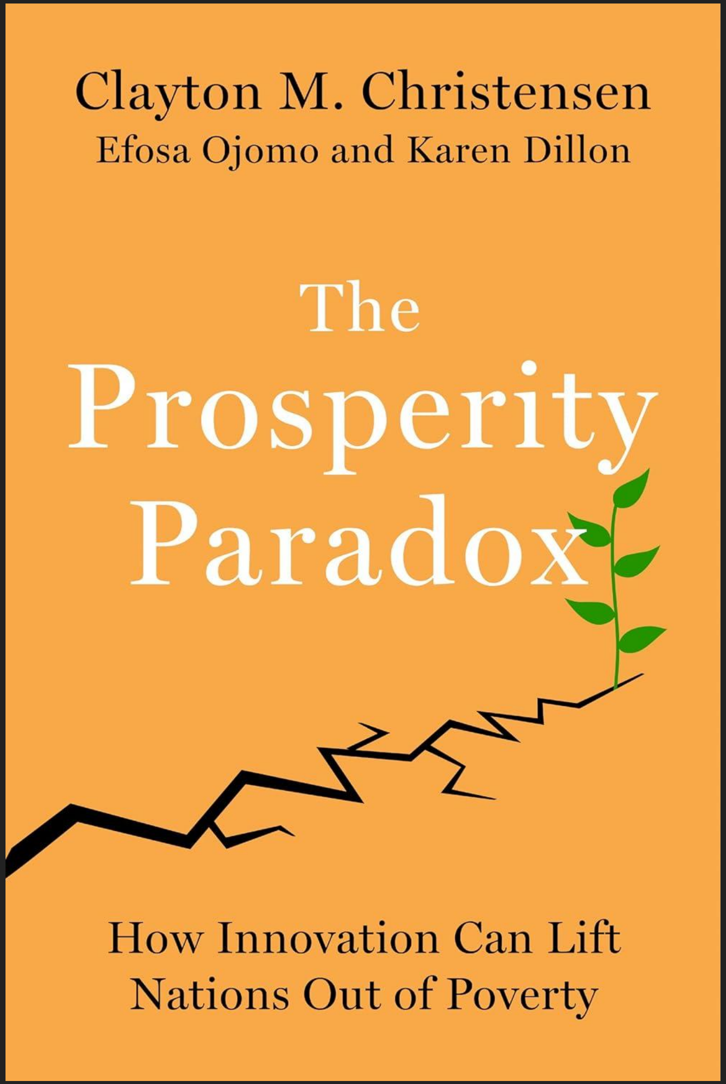
Impact: Increases margins & frees capital

Examples: Automation, lean production, cloud computing

Jobs: Often reduces employment

Beneficiaries: Companies & investors

Prosperity Role: Improves profitability but not growth

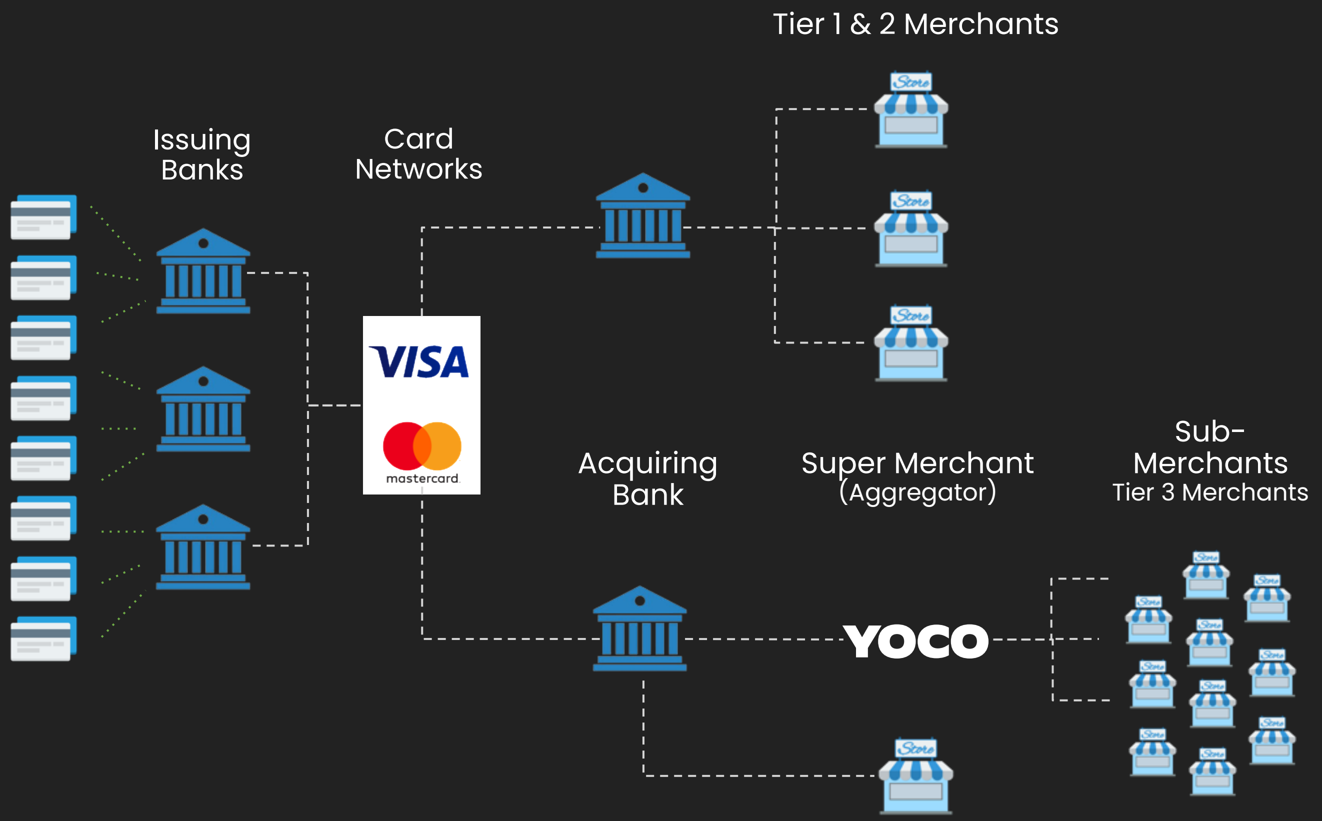

Clayton M. Christensen
Efosa Ojomo and Karen Dillon
The Prosperity Paradox
How Innovation Can Lift Nations Out of Poverty

Yoco approaches innovation through a market-creation lens, successfully encouraging small businesses to adopt products they had never tried or had previously lacked access to.

Examples

A. Business Model

The 3rd-party aggregation framework enabled proportional regulation, opening the door to reach



Traditional Model

- Infrastructure for high-touch engagement
- Traditional salesperson/branch model
- Deposit-taking regulatory oversight

Expensive, economics for Tier 1 & 2 merchants

Aggregation Model

- Cloud-based infrastructure
- Online channels
- Proportionate regulation

Reaching a new class of merchants (Tier 3)

In 2015, Yoco was the fifth entrant in a hot space

SnapScan
https://www.snapscan.co.za › about

The SnapScan Story: Pioneering mobile transactions

In 2013, **SnapScan launched** one of the first mobile payment apps in South Africa. By combining our ingenuity with Standard Bank's impressive financial ...

Absa launches Payment Pebble customer service

30 JUN 2014 SAVE | EMAIL | PRINT | PDF

Absa has announced the launch of the Payment Pebble, a small plug-in device that turns most smartphones completely into mobile card machines.

absa | thumbzup

The Payment Pebble offers businesses and customers the security of being able to pay and getting paid with a debit or credit card conveniently and securely, anywhere, anytime.

Nedbank launches mobile POS device

LinkedIn Twitter Facebook + More

12 FEB 2013

South Africa's Nedbank has launched a mobile point-of-sale device that can accept credit and debit card payments, the latest bank in the country to target small businesses with such a product.

The bank's new device is called PocketPOS and connects to a smartphone or tablet through which transactions are authenticated and processed. The device is linked to the mobile device via Bluetooth.

Other South African banks with similar products either in the market, or in the process of being launched, include Absa and rival First National Bank. The latter is offering a device from UK firm Powa.

The Nedbank device can read both magnetic stripe and chip & PIN cards. Initially it will work with only iPhones and iPads, with Android and BlackBerry devices to follow in coming months. The device accepts Visa, MasterCard and American Express cards.

The device would enable those businesses who currently handle large amounts of cash to accept card payments, so reducing their security risk. It also reduces the charges they incur for depositing cash into a bank account, although obviously they now incur a new processing charge from the bank.

PREVIOUS ARTICLE
BlackBerry Z10 hardware on par with Galaxy SIII

NEXT ARTICLE
Huawei takes third spot in smartphone sales – Gartner

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AUTHOR

Richard Handford

Richard is the editor of Mobile World Live's money channel and a contributor to the daily news service. He is an experienced technology and business journalist who previously worked as a freelancer for many publications over the last decade including...

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UK's Powa signs up brands for payments, geolocation service

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Durban payments start-up eyes world stage

By Duncan McLeod – 17 January 2014

Facebook Twitter LinkedIn

Emerge Mobile MD Matt Putman

Emerge Mobile, an ambitious start-up based in Umhlanga, north of Durban, has developed a smartphone-based mobile payments system similar to the US solution Square, and has secured certifications from international bodies. It now plans to launch the product in Africa and other emerging markets.

Emerge Mobile was founded by the father and son team of Clive Putman (who is technology director) and Matt Putman (MD), along with Ramsay Daly (marketing director), with whom Matt went to school at the exclusive Hilton College in KwaZulu-Natal.

The Emerge Mobile solution is the second such payment system being developed by a South African start-up. Thumbzup, founded by well-known technology entrepreneur Stafford Masie, is also working to launch a smartphone-based payments system in collaboration with banking group Absa.

"Ramsay and I came across an article on Square and its founder Jack Dorsey in *Fortune* magazine, and we realised it was a good concept," Matt Putman says. The pair contacted Square, hoping to represent the company in South Africa, but were told that the US start-up had no immediate plans to expand into Africa.

Clive Putman

Instead, they decided — perhaps not realising the scale of what they were taking on — to develop a Square-type product of their own. Clive Putman had a strong background in IT, especially in hardware development and cryptography. "We realised the Square concept would have legs in South Africa and Africa and slowly, piece by piece, we started to put it all together," says Matt.

The founders, with a small team of engineers based in Durban, began work on a prototype at Clive's house in Umhlanga. Through a friend of Matt's, Bevan Ducasse of the Cape Town-based wiGroup, the young start-up secured a first round of funding from Capital Eye Investments, a private equity business that had emerged from the formerly listed UCS Group, some of whose assets have now been sold to IT services company Business Connexion.

"We weren't looking to raise hundreds of millions in the first round. It was important for us as founders to retain majority control, so we worked on tight budgets with three or four engineers to start with, who worked under Clive's supervision," says Matt. "We sent them overseas to find out what sort of security was needed, how the cryptography had to be structured, and so on. After that, we built out the design of the model we eventually got through the labs."

Emerge Mobile's M-POS terminal docked with an iPhone

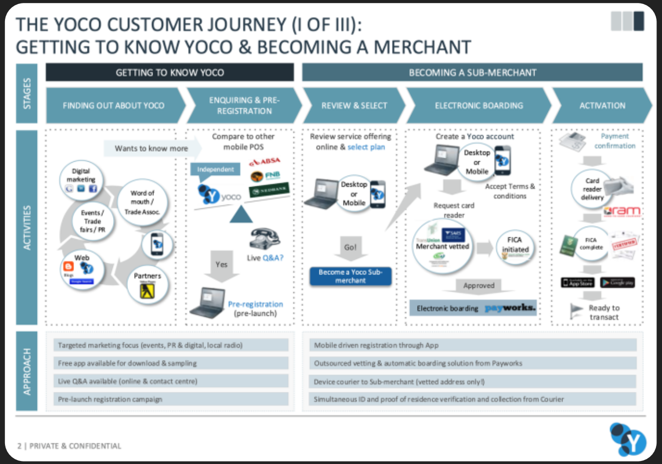
The biggest learning curve, he says, was understanding the difference between the legacy magnetic stripe technology employed by Square — chip cards are not common in the US — and the chip-and-Pin systems used in many other markets, including South Africa.

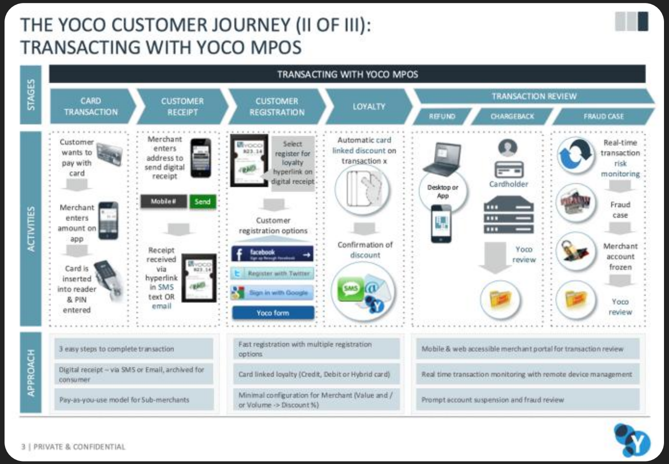
"We didn't just want to build a piece of hardware," says Matt. "We wanted to build a whole platform and take a brand to market in South Africa, building all the components we needed to, and then finding a bank to give us an aggregator relationship."

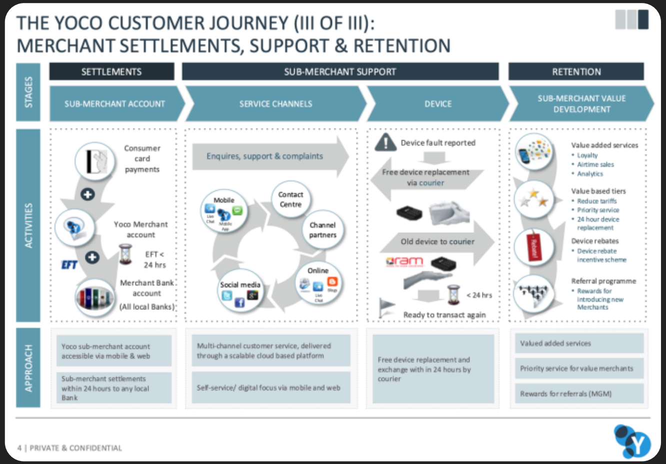
That turned out to be harder than expected. Local banks told the start-up that they wanted to control the technology and the process, so the team decided instead to "white-label" the platform and act more as a technology services platform provider to help banks, especially in other emerging markets. The company is confident of signing its first white-label deal soon.

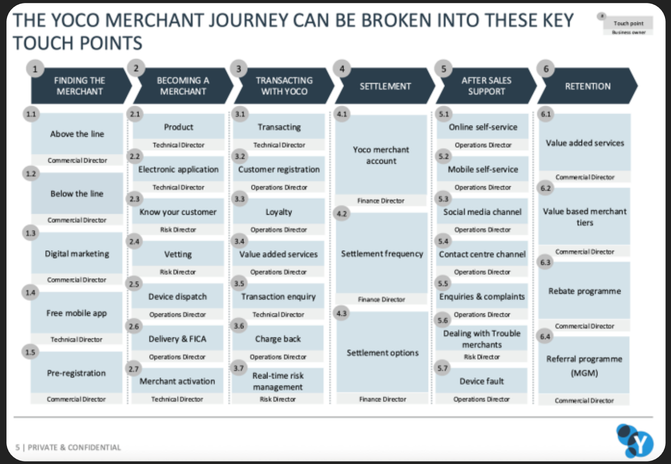
B. Working backwards from the customer journey

Working backwards from the customer journey

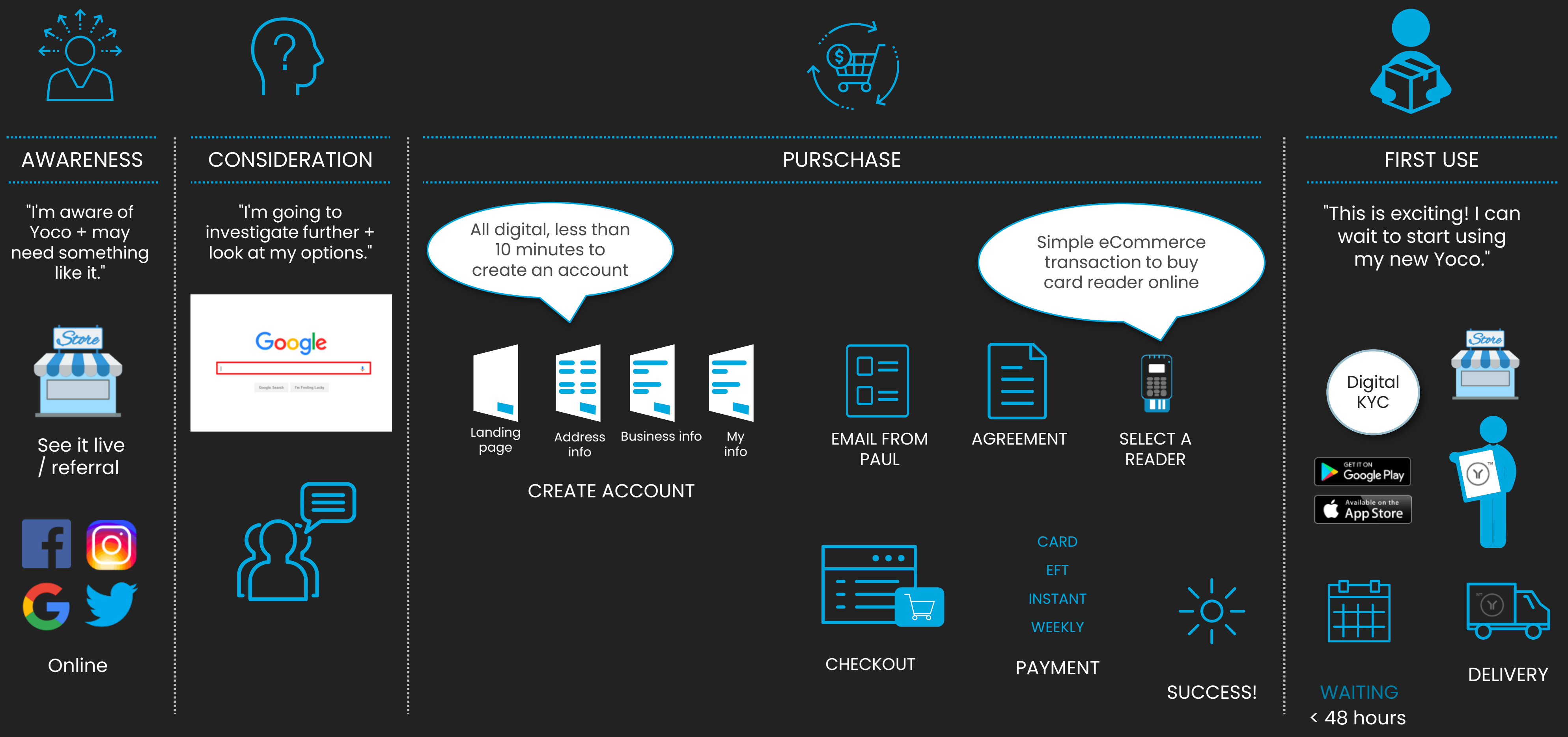






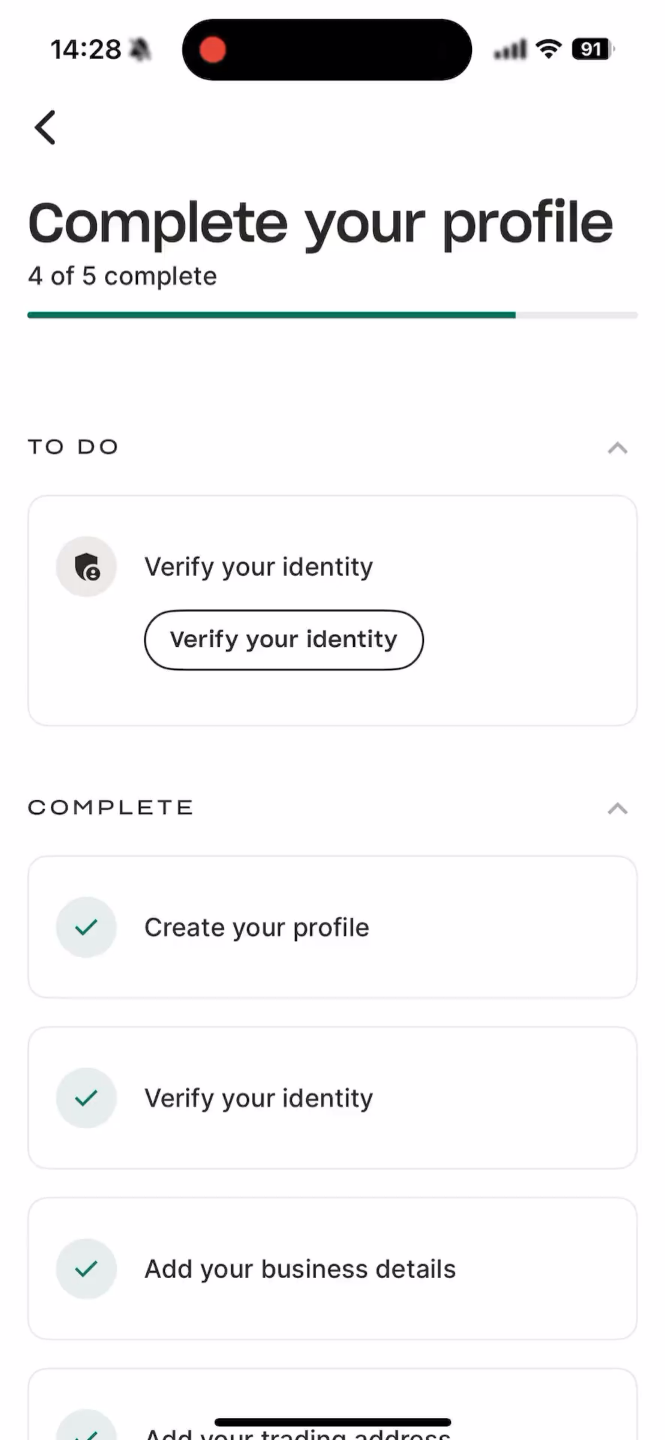


An all-digital onboarding process, with < 10 minutes to sign up. Card reader delivered in < 48 hours on average

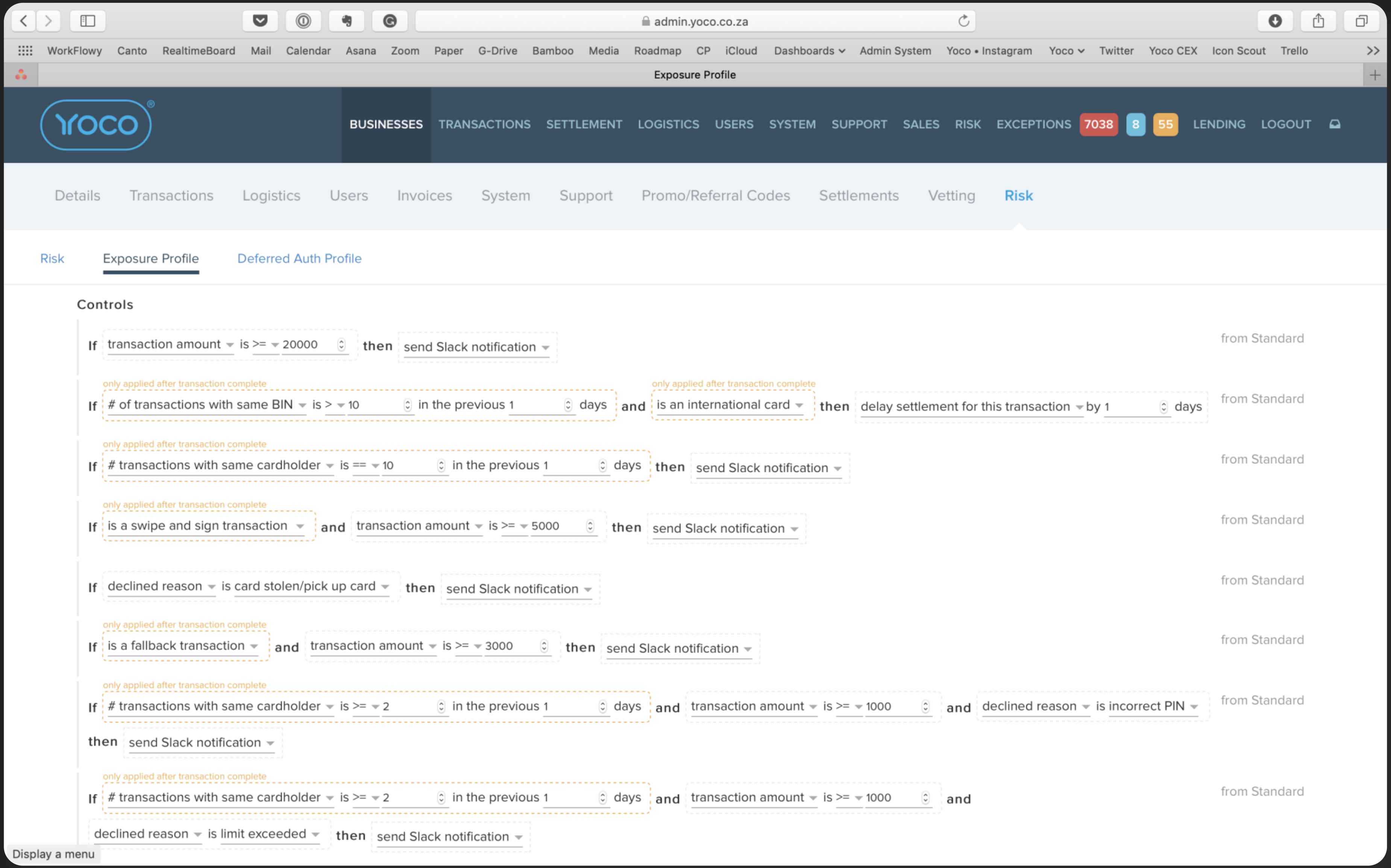


C. Risk Management & Compliance

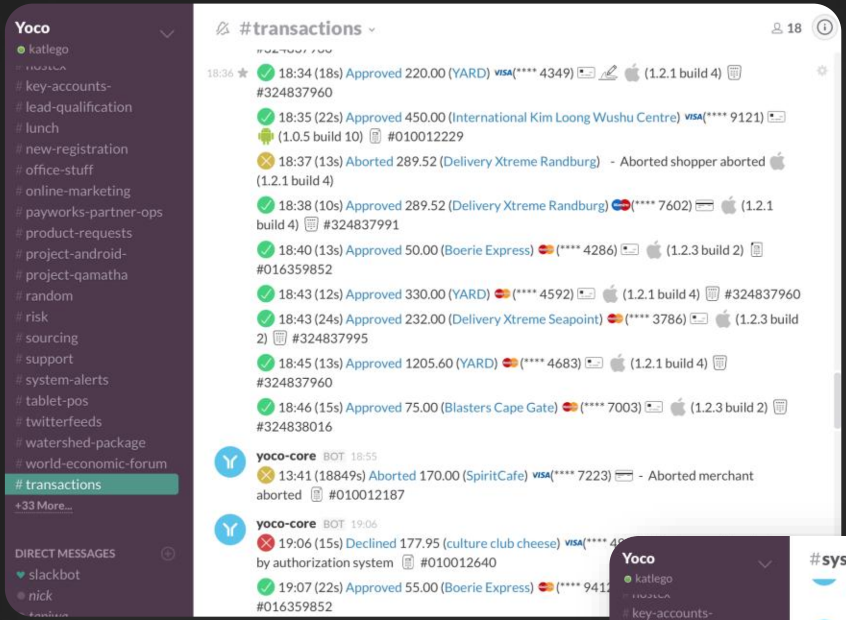
Digital onboarding was a key enabler

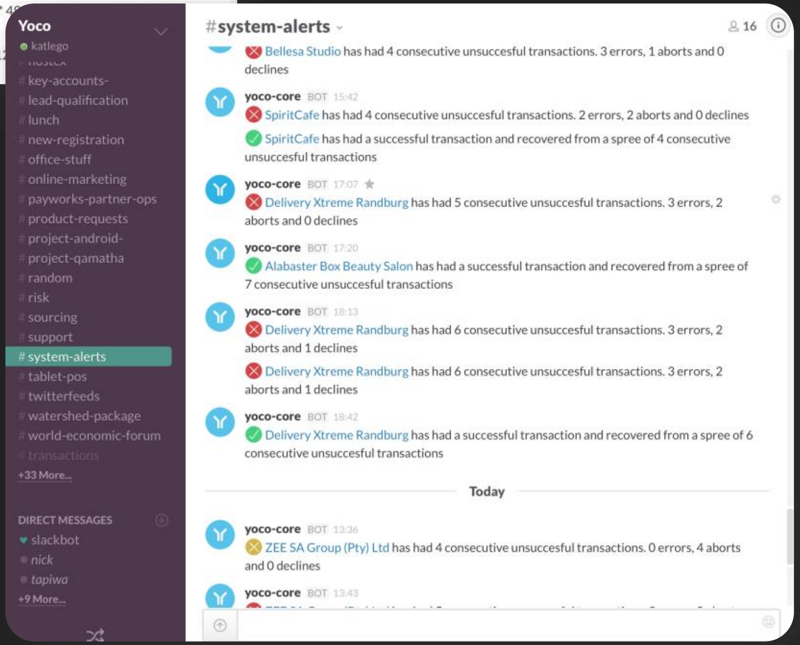


Managing Risk Exposure



Realtime alerts





D. Brand Building & Storytelling

2016 - 2018

2018 - 2020

2020 - 2023

2024

Our evolution from black to blue was not an obvious decision at the time.

2019

R799. The most affordable card machine in SA. Ever.

Let's Go

Request a Callback

Launch Price **R799***

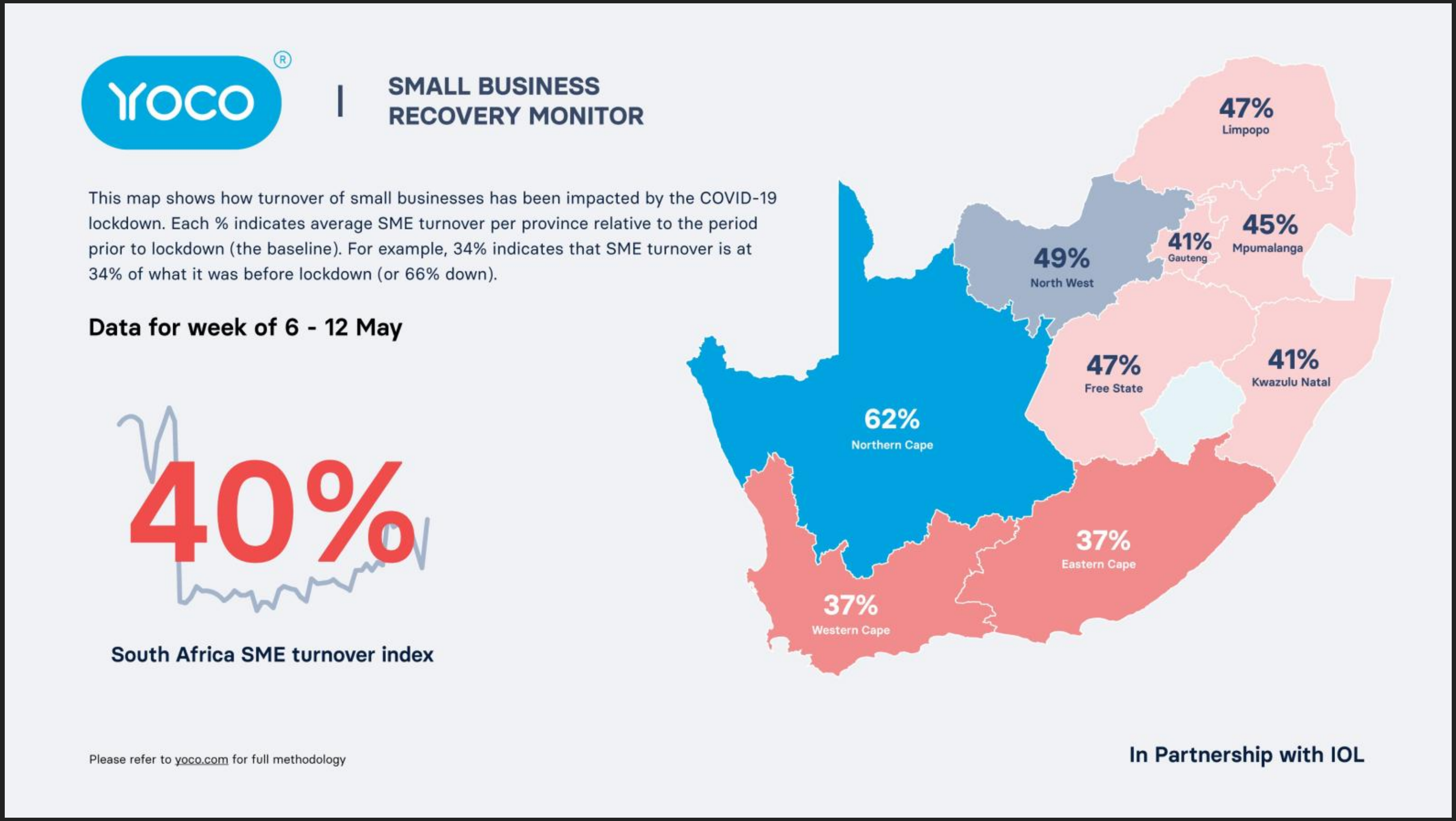
or pay weekly: R50 x 21 weeks

***while stock lasts**

F. Innovating through Crisis

MOST NOTABLY, WE RELEASED THE SMALL BUSINESS RECOVERY MONITOR, A BOLD ATTEMPT AT TELLING THE STORY OF SMB RECOVERY THROUGH DATA FROM OUR 80,000 MERCHANTS

- The recovery monitor was cited in the press more than 400 times.
- Used by investment banks such as Goldman Sachs and HSBC in their research.
- Helped the government make important policy decisions.
- Most importantly, small businesses found it very useful to know how they were doing compared to their peers.



SMALL BUSINESS RECOVERY MONITOR

Impact of COVID-19 lockdown on South African small businesses over time

This graph shows how turnover of small businesses in South Africa has been impacted by the COVID-19 lockdown. Each % indicates average SME turnover relative to the period prior to lockdown (the baseline). For example, 34% indicates that SME turnover is at 34% of what it was before lockdown (or 66% down).

A. Lockdown announcement on 24 March | B. Lockdown level 5 started on 27 March | C. Lockdown level 4 started on 1 May

Please refer to yoco.com for full methodology

In Partnership with IOL

G. Product Innovation


YOCO Counter

YOCO
Cafe Deja Vu
LUKAS PETRUS V.
Find a product...
All
Burgers
Hot drinks
Retail
Sandwiches
Sides
Truth
Americano
Avo Burger
Beef Burger
Burrito
Cafe latte
Cappuccino
Chai latte
Cheese Bu...
Coffee be...
Country H...
Espresso
Mini Burge...
Amount
Products
Shortcuts
New sale
Add note
Print bill
Onion rings
R130.00
Cafe latte
Double
R70.00
Americano
Double
R25.00
Cafe latte
Single
R35.00
Discount
Total
R1 342.00
Save
Charge
Sell
History
Reports
More


YOCO
YOCO

Setting up Yoco Counter, a self-service example

H. Technology & Infrastructure

The Yoco Iceberg

AI @ Yoco

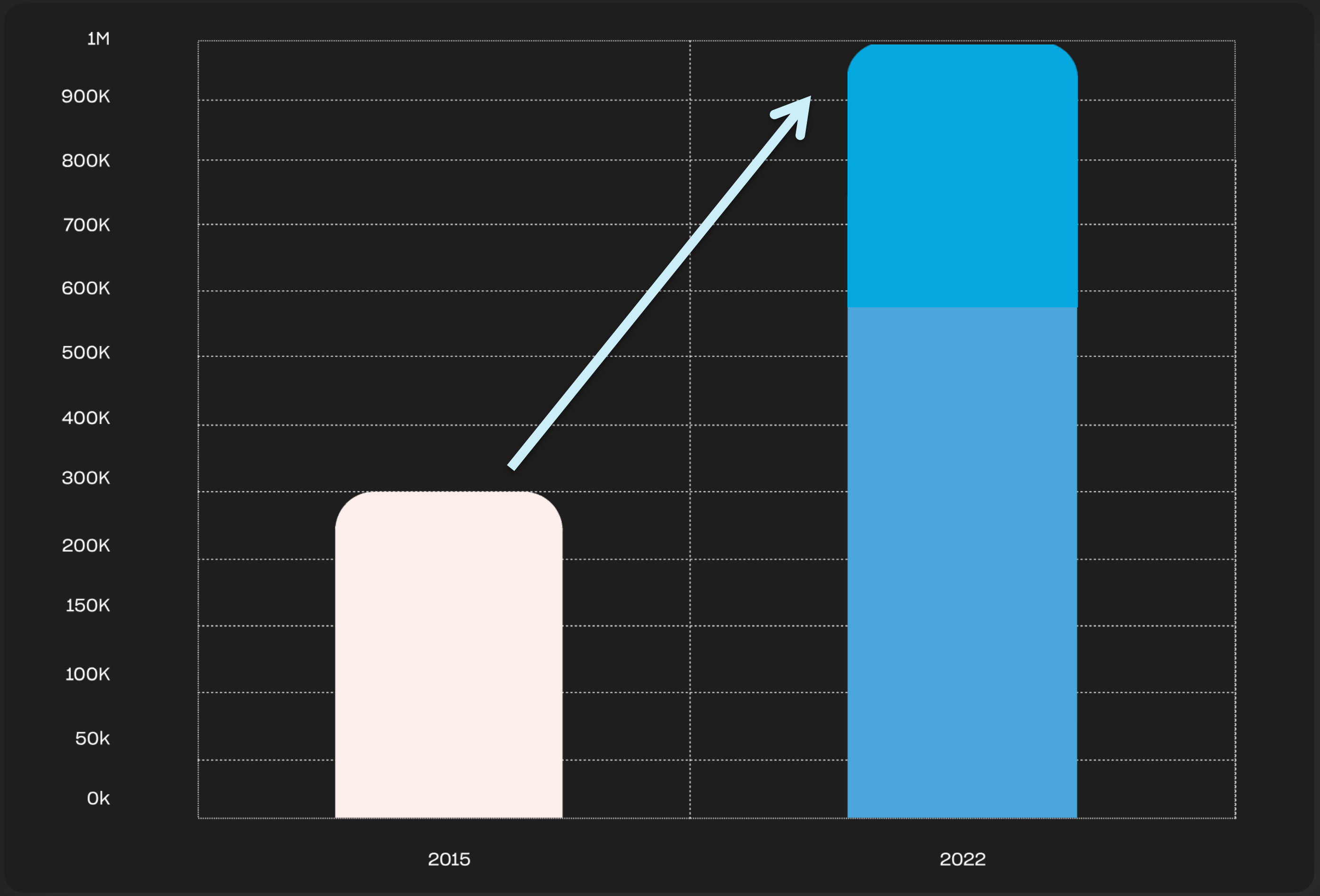
The innovators mindset

- Look outside the room you’re standing in/ step outside of your box.
- Be married to the problem, not the solution.
- Solve at the source.
- Stay connected to your customers, partners and team to remain relevant.

“Today’s solutions are tomorrow’s problems”. Keep moving forward.


What's Next?

SA market growth, a maturing market in the formal space



Access → Product Orientation

Regulation

Single → Multi-Market


an underdog story

Thank you!