



Co-operative Bank has a dedicated Co-operatives Banking Division to engage Co-operative Societies who are the backbone of the bank and have become a key financial inclusion vehicle.

The bank traces its foundation to Kenyan farmers who started the bank through the Co-operative Movement. Therefore, agriculture has been at the core of who we are and we continue to innovate in order to deepen our support to the sector.

To that end, in February 2021 the bank entered into a partnership with Mastercard and Rabobank to create *CO-OPBANK SOKO*, a digital marketplace that brings together various players in the Agricultural Value chain. The platform is aimed at promoting financial and economic inclusion of small-scale farmers by leveraging on technology to avail markets, credit, inputs and other Agro services in one digital space while generating new revenue streams for ecosystem players such as input providers, buyers, and logistic providers.

#### **How does it work?**

Farmers who are registered on Co-opBank Soko will apply for farm input loans through the platform. Upon approval of the loan, the farmers will be able to redeem the farm inputs from the input suppliers that have been onboarded onto the platform. This arrangement ensures farmers get quality farm inputs and prevents the diversion of funds or inputs by the farmer or Co-operative society.

Upon harvest of the produce, farmers will deliver the produce at a collection center which is registered with Co-opBank Soko, including those that belong to Co-operative societies. Agents at the collection center will upload the quantity, quality and price of produce for visibility by the buyers in the Co-op Bank Soko platform to make offers. This will allow farmers to get competitive prices for their produce and once the produce is bought the proceeds will be channelled through Co-op Bank accounts for loan repayment thereby strengthening the loan recovery process.

Apart from providing access to financial services to a small scale farmers, a segment that could otherwise have not been reached, the platform offers a number of benefits to the various players in the Agri Value Chain including:

- ✓ Automation of the credit appraisal process thus reducing the costs of administering the credit, monitoring it and collecting repayments
- ✓ Convenience: Payments are disbursed digitally at a single point thus reducing the cost, time and effort required to pay small holder farmers. Farmers do not have to queue to apply for and receive loans or to sell their produce.
- ✓ Transparency: near real-time visibility of end-to-end value chain transactions.
- ✓ Operational Efficiencies: Reduced sourcing costs as the platform aggregates produce from farmers easily through aggregator agents (collection centres).
- ✓ Trust: Stronger relationships between Agri sector partners and visibility of produce.

The first pilot was successfully launched in Kitale, Kenya in September 2021. The pilot has reached 4,849 farmers and 49 agents so far and provided a great opportunity for us to validate our hypothesis with the maize farmers. We are learning a lot and are ready to scale up, with an ambitious objective to reach 2.2M farmers in 5 years and provide affordable credit to 60% of all the farmers on the platform.

This Partnership creates a unique opportunity to expand access to the formal economy and financial services for millions of small-scale farmers. By joining forces with Mastercard and Rabo Bank and leveraging on our unique strengths, we can address the shared goals to increase financial inclusion in the agri-sector and increase prosperity for marginalised communities.

