

Nestlé, Nomanini and Standard Bank partner to help informal retail sector

The informal economy in sub-Saharan Africa accounts for 38% of the region's GDP. What's more, according to the International Labour Organization, retail and wholesale is the second biggest employer across the region after agriculture.



Source: Supplied

However, informal retail Small, Medium and Micro Enterprises (SMMEs) are largely underserved and underbanked. Plus, they face a distinct challenge: their scarce working capital must be balanced between various products that need to be stocked, or else they lose customers.

With these retailers typically generating 80%-85% of their revenue through the sale of fast-moving consumer goods (FMCG), a collaborative partnership between Nestlé Eastern and Southern African Region, Nomanini and Standard Bank is aiming to provide SMMEs with access to working capital via Trader Assist, a digital finance solution that enables retailers to sufficiently stock up their shops.

With Trader Assist, Standard Bank provides access to responsible working capital while Nestlé enables quality products to be delivered to the retailers, helping them to offer a wider range of quality products and attract more customers.



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Since launching the solution, Standard Bank has been able to onboard more than 20 merchants per week per branch with minimal back-office staff. More than 70% of retailers who were onboarded were eligible for credit after the initial 30-day period, and over 80% of those retail merchants who used credit once went on to become repeat borrowers. This credit has funded between 60%- 80% of retailers' trading volumes.

Vahid Monadjem, CEO and founder of Nomanini, says, “Access to finance has been a major obstacle for SMMEs in Africa. Trader Assist connects the informal retail ecosystem by integrating payments, working capital, and data analytics to help ensure small retailers continue to thrive.”

Retailers who access working capital credit have an approximately 30% higher activity rate than those who do not. Alex Chalwe, the owner of Edua Grocery in Lusaka, Zambia, shares that prior to the arrival of Trader Assist, things were tough. “We couldn’t stock up adequately and we only carried a few goods. From the time Trader Assist came, the number of products we stock has gone up.”

Proprietor of Freshways Grocery, Moses Lungu, adds that he was struggling to balance his stock, but now he is able to split the capital on different products. “As I sell the products, I’m able to get other things even while I’m preparing to repay the advance.”



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Trader Assist proved particularly helpful to retailers during the Covid-19 pandemic. Esther Mpamba, owner of Lusaka-based CTV Grocery, says, “When Covid-19 came, a lot of businesses were affected. Many goods from abroad were not entering the country because of the lockdown. Although I was affected by the pandemic, I was still able to order goods and Nestlé was able to deliver their products to me. Trader Assist grew my capital, which enabled me to buy more products.”

John Ashley, chief financial officer at Nestle East and Southern Africa Region, concludes, “Informal retailers require a holistic solution that leverages technology and partnership to enable and sustain their business growth in the long term. With the Trader Assist programme, we aim to support 10,000 traders in growing sustainable businesses in Zambia. We plan to expand our partnership across eastern and southern Africa thereafter.”

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