Government knows that lending to MSMEs is important, providing measures & support to lend...

https://www.pna.gov.ph/articles/1110506_JULY 29, 2020

...the central bank has implemented several measures that include the total of 175 basis points reduction in the BSP’s key rates... implemented relief measures for banks to support lending to micro, small, and medium enterprises (MSMEs); and slashed reserve requirements of thrift banks (TBs), rural banks and cooperative banks (RCBs) by 100 basis points...

but banks & financial institutions are still cautious.


....Nevertheless, banks are cautious when it comes to lending during these times. We noticed a 2% (about PHP200bn) decline in loan portfolio from December 2019 to May 2020. Accordingly, loans to deposit ratio of the banking industry likewise decreased from 80.2% to 75.8% during the same period. In the long run, this is not healthy for both the financial services sector and the economy....
About Our Priority Sector: Sari-Sari Stores & the Traditional Convenience Stores
The traditional convenience store found in every street in the Philippines

The simple Filipino's "pantry extension" where we can buy goods & services in very small quantities

A "community center" where we take breaks, listen to stories and catch up on latest news & gossip
**SPOTLIGHT ON: SARI-SARI STORES**

<table>
<thead>
<tr>
<th>Size</th>
<th>Customers</th>
<th>Peculiarities</th>
<th>Community Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Million+ Sari-Sari Stores &amp; Market Stalls*</td>
<td>Typical Filipino, class CDE &gt;80% of the population*</td>
<td>Majority have no bank accounts &amp; have working-capital constraints; only have Barangay Permits &amp; have limited ID cards</td>
<td>TRUST is KEY; reciprocal trust with SUKIs (loyal &amp; vetted customers)</td>
</tr>
<tr>
<td>Php1.3 Trillion Grocery Sales Yearly in the Philippines**</td>
<td>Visits 5x a week, spends Php59/trip**</td>
<td>They work with the FAMILIAR: they order from trusted inventory suppliers (2-3 vendors) &amp; pay in CASH; Intuitive &amp; not data-reliant</td>
<td>Their Store IS Their Home (most of the time)</td>
</tr>
<tr>
<td>30% of the Philippines' Informal Economy*</td>
<td></td>
<td></td>
<td>Their Store IS the MAIN Family Business</td>
</tr>
</tbody>
</table>

FINANCIAL INCLUSION AND THE CURRENT SITUATION OF SARI-SARI STORES

LIMITED ACCESS TO MAINSTREAM BUSINESSES

VULNERABILITY
to Loan Sharks charging as high as 6% for 3 days,
to various emergencies (medical, business-related etc.)
At the onset of COVID season, on the Community Page that we set-up for Sari-Sari Store Owners (Sari-Sari Stories by SukiPlus), owners kept asking us about loans – despite the fact that we have deliberately kept the Community Page separate from our SukiPlus Business Page. We did not actively promote SukiPlus’ financing facility in the Sari-Sari Stories Page because we want the community page to be an independent & open venue where people can share about Financial Literacy, Business Tips & Success Stories.

https://web.facebook.com/sarisaristoriesbysukiplus?_rdc=1&_rdr
Sari-Sari Stores
Unbanked Micro-Entrepreneurs

1 Million+
Market Stalls & Sari-Sari Stores in the Philippines*

1.3 Trillion PHP
Annual Grocery Sales Turnover*
27.6 Billion USD (1 USD: 50.68 PHP)

30%
Of the Philippines' Informal Economy

AND there are similar markets in SouthEast Asia, worth 214 Billion USD...

Read more about our research on the Traditional Store market:
https://psa.gov.ph/content/informal-sector-operators-counted-105-million-results-2008-informal-sector-survey
How do we make lending more efficient and less risky?
Supply Chain Data (Sales/Inventory)

SARI-SARI STORE OWNERS

INVENTORY SUPPLIERS: VENDOR-PARTNERS

FINANCIAL INSTITUTIONS

Working Capital Loans
Our Approach

VENDOR-PARTNERS

✓ Share data
✓ Refer us to sari-sari store customers
✓ Vet for those who will use loans

We provide

✓ Retail Solutions App (Wholesaler App) for FREE
✓ FINANCING for their customers
Our Approach

FINANCIAL INSTITUTIONS

✓ Collect data related to sari-sari store & owners
✓ Consolidate customers into networks
✓ Monitor Payments & Loan Use

FINANCIAL INSTITUTIONS

Working Capital Loans

INVENTORY SUPPLIERS: VENDOR-PARTNERS
Traditional Approach of Working with Data

Traditional Approach:

- Female, 49 years old
- Government ID: Barangay ID ONLY
- Business License: Barangay Permit ONLY, No City Permit
- Loan Amount Requested: Php5,000

Probable Outcome: Bank Disapproves Loan

About 80% of small retailers who didn’t borrow said the lack of access to affordable credit was the primary reason.

Source: https://www.bain.com/insights/fulfilling-its-promise/
We use Supply Chain Data (Sales, Inventory & Vendor Referrals) to paint a better picture of the Micro-entrepreneur's (*Sari-Sari Store) business.

How do we get access to data? Through SukiPlus Apps & Retail Solutions (Ordering Systems etc.) and Partnerships with their existing Vendors.
WHY IS SUPPLY CHAIN DATA A GOOD PROXY FOR WORKING CAPITAL LOAN BEHAVIOR?

Vendor-Partners have been sitting on data of their transactions with their clients (sari-sari stores).

Inventory is the main working capital & asset (in general) of sari-sari stores.

Purchases from Vendor-Partners are highly indicative of the Inventory that a store will be able to turn-over.

Frequency and Consistency of Purchase is highly indicative of how a sari-sari store owner manages their working capital.
Our Approach

UNBANKED MICRO-ENTREPRENEURS
Priority Sector: Sari-Sari Stores (Philippines)
- Expand Product Offerings
- Increase Customer Reach
- Grow Capital
- Maximize their Current Retail Connections

VENDOR-PARTNERS AND FMCG SUPPLIERS
- Increase Sales to Current Store-Clients
- Strengthen Relationships and promote Loyalty

FINANCIAL INSTITUTIONS
- Collect Data
- Consolidate Customers into Networks
- Monitor Payments and Loan Use

GROWTH
TRUST
SUSTAINABILITY
Revolving Line of Credit
(similar to a Credit Card)

- Good for 1 Year
- Amount is based on Sari-Sari Store's Weekly Inventory Turnover PLUS an Upside given their current cash constraints
- Loan is to be used exclusively to buy from Vendor-Partner
- Vendor-Partner & App monitor if Credit Line is maximized to buy goods
- Interest is Fixed even if Store doesn't maximize Credit Line

Deposit Account &/or Pay Vendor-Partner (Principal & Interest)

Revolving Line of Credit
Weekly Cycle for Sari-Sari Stores

Principal is used to Purchase & Pay for Goods/Inventory

Sell Goods/Inventory
Collect Cash Payments from Customers
Summary of Services for Vendor-Partners & Sari-Sari Stores

**Work with wholesalers & sub-distributors?**

**Wholesaler & Distributor App**
Pseudo-POS system
Records orders made by sari-sari stores when they visit & purchase from wholesaler
Can give visibility to sari-sari store product distribution, sales frequency etc.

**Want sari-sari stores to order from you online?**

**Facebook Chatbot**
Order from your home or store (*available 3rd Week of June 2020*)
Automates and aggregates orders from your current pool of sari-sari store customers, and can be integrated to your current systems

**Help stores strengthen their business thru credit?**

**Working Capital Loans**
Connect sari-sari stores to financial institutions that can provide loans
Loan is used exclusively to buy goods from you & your distributors

LINK TO APPS' SCREEN RECORDINGS: https://drive.google.com/drive/folders/1MRmeNgeaEScdtd7z2EuX7B7LKMQ-g3Jj?usp=sharing
WHOLESALE/DISTRIBUTOR APP DETAILS

1. Shares previous customer data.
2. Vets customer information.
3. Records purchases & interest or inventory payments.
4. Monitors loan usage (on a weekly basis), overdue & flags customers.

SukiPlus ADMIN triggers changes in customer status (cash or credit). APP automatically computes for loan dues & due dates.

Vendor-Partners

Wholesaler APP

Ordering Module
Customer Module
Loan/Payments Module

APP Modules

API

Financial Institutions
Does Credit Scoring & approves loans

Sari-Sari Store Profile in Wholesaler APP

Fills up profile & uploads customer details (ie IDs, permits) needed for loan application.

Sari-Sari Stores
Unbanked Micro-Entrepreneurs
Examples of Approved Sari-Sari Store

Complete Requirements:

- Barangay Permit
- Government Valid ID
- Billing Statement
- Store Picture (inside/outside)
- Passed Criteria Scoring

<table>
<thead>
<tr>
<th>CUSTOMER CODE</th>
<th>NAME</th>
<th>AVERAGE MONTHLY SALES</th>
<th>YEARS IN BUSINESS</th>
<th>MICRO FINANCE</th>
<th>BUSINESS PLACE (OWNED/RENTED)</th>
<th>SOURCE OF FUNDS</th>
<th>20-40</th>
<th>40-60</th>
<th>60+</th>
<th>BPOY PERMIT</th>
<th>VALID ID</th>
<th>PROOF OF BILLING</th>
<th>INVOICE</th>
<th>OTHER INCOME</th>
<th>STOCKS INVOICE</th>
<th>RECOMMENDED</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CC01-001</td>
<td>Rosemarie Ramiscal</td>
<td>40,000</td>
<td>10</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>X</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3.35</td>
</tr>
</tbody>
</table>
How We Make Money

2. SukiPlus provides data (for alternative Credit Scoring) & monitors payment.
3. SukiPlus charges Bank a Service Fee (based on Interest-Sharing) & a one-time Processing Fee.
Our Team

LEE ANONAS
Co-Founder & CEO
- Director at Premiere Horizon Alliance Corp., a publicly-listed company
- Previous owner of various FMCG distribution companies (Nestle, Philip Morris, Alaska, Century Canning etc.)
- Worked at Citibank and International Finance Corp.
- BS Management, Ateneo de Manila University
- MBA in Finance, Fordham University

AVA DE GUZMAN
Co-Founder & COO
- Ex-Nestle & Ex-Procter & Gamble: Consumer Packaged Goods Distribution
- Worked with Lee Anonas (Founder) as Operations Manager of a large Nestle Distribution company
- Cum Laude, BS Legal Management, Ateneo de Manila University
- Company scholar: Asian Institute of Management, Management Development Program

JAYFER BALECHA
Tech Partner
- Senior Full Stack Developer
- Previous CTO of TripZeeker
- Skilled in
  - BACKEND - PHP5-7, PHP Frameworks (Symfony, Laravel, Slim)
  - FRONTEND - AngularJS, Javascript, Typescript, jQuery, CSS, Bootstrap, html5, twig CMS - Wordpress (Custom Theme & Plugin, WooCommerce)
  - SERVER - Linux server Ubuntu and CentOS DB MANAGEMENT - mysql, mariadb
  - OTHERS - docker, apache, nginx, git, redis, elasticsearch, SEO

Plus 7 more staff handling roles in Finance, Sales/Collection, Social Media, App Training and Technology Development...
We are gaining traction!

From **July-December 2019**, Financing Pilot (Working Capital Loan)

- **Total Loan Fund:** Php464,959
  - 21.94x Turned Over
- **Total Value of Loans Turned Over:** Php10.19 Million
- **Average Loan Size:** Php5,000
- **Interest Rate:** 1-1.5% for 7 days
  - at 1.5%-2% moving forward
- **200+ Sari-Sari Stores reached in Quezon City & Caloocan City**
  - Started with 145 accounts
  - With recurring weekly loans: 103 accounts
- **91% Repayment Rate** (*based on Interest)

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**SukiPlus: User Growth**

- **Average Monthly Growth:** +23%
- *did not increase # of vendors by November 2019 (to limit scope of pilot), resulting to less growth*
Future Implementation
Right now, we’re focusing our efforts in training our Vendor-Partners on how to use our apps. We have also reached out to consumer goods (FMCG) manufacturers and financial institutions who have already expressed interest in partnering with us.

Vendor-Partners
**in-discussion with Distributor Manager
**verbal agreement with FMCG Sales Team and NCR Distributor for pilot

Financial Institutions Partners
**MOA to be finalized
**MOA to be finalized
**MOA to be finalized

**recruitment via Facebook
We’re currently applying for our own Money Lending License.

and are also looking at partnerships with:

- E-Wallets
- Loans Management Software

...to make our Operations more seamless & scalable.
Our Long-Term View

Financing & Retail Technology is an entry-point to tap and capture the “sari-sari store”/micro-entrepreneurs’ network.

Some possible Revenue Streams to look at*:

• Margins in wholesaling consumer goods
• Other financial & technological products/services that can be sold to stores (i.e. micro-insurance, savings accounts, telco e-load facility)
• Digitizing the “sari-sari stores’ ledger”: provide a view on who avails in cash & in credit (useful for consumer lending & other financial services)
• Partnering with Delivery Startups & E-Commerce Players (Onboard mom and pop stores to provide spaces in their shops for delivery parcels, and for proprietors to act as delivery persons)

*Source: https://www.techinasia.com/india-stores-tech-startups
Our Long-Term View

Having a Consolidated Service for the Sari-Sari Store Network will be key... and research shows that THEY are interested.**

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**Source: [https://www.bain.com/insights/fufilling-its-promise/](https://www.bain.com/insights/fufilling-its-promise/)
Our Fundraise

250K USD

To scale operations & cover 1,500 sari-sari stores in Greater Metro Manila

To apply for own Money-Lending License, fund part of the loans & further increase margins

MILESTONES:

▪ 1,500 sari-sari stores with loans
▪ Loan Book: PHP7.5Million monthly
▪ Working Model on Partnership with Financial Institution/s
▪ Securing own Money-Lending License
▪ Tech Developments
  ▪ Wholesaler App
  ▪ Distributor App (online/offline)
  ▪ Online Ordering (FB Messenger Chatbot)

▪ ONCE MILESTONES ARE ACHIEVED, WE WILL RAISE A SEED ROUND TO FURTHER SCALE OPERATIONS
THANK YOU!
Thank You!