



CASHLESS BUYING SYSTEM



FARMER CARD



HOW IT WORKS

Cashless buying system for improved risk management, tracking of sales and controlling.



1

A registered Balmed Blockfarmer with his Farmer Card, a prepaid credit card to be used at ATM machines and banks.



2

Farmer bring his cocoa pods or wet beans to the nearest Logistic Center. The buying staff enter purchase data in the SAP traceability system and send directly payment to the farmer's card on the point of sales.



Balmed is developing a prepaid credit card system that operates at the point of sales. Its approach is to take out all physical cash handed in the organisation and replace it through electronic payments made on the designated credits cards.

All stakeholders involved in the program (farmers, landowners and committee) receives a unique credit card where all allocated funds are transferred to. Cash can be withdrawn at the nearby cash point operated by the implementing bank. The positive effect of the project is the sustainable way of linking rural people to modern banking solutions.



3

After he sold his cocoa to Balmed, and the Center staff has loaded his money on the card, the farmer goes to the rural community bank or any other branch to withdraw his money



4

The Farmer is benefitting from direct premiums and improved income through the sales of raw cocoa to Balmed. The card system is a unique opportunity to link rural communities to modern banking services.

PROCESS OVERVIEW

By using a prepaid credit card system, Balmed can make all transaction cashless when operating a point of sales system. Farmers and stakeholders are motivated by modern banking technology and transparent payments. The cashless system provides a unique banking solution for rural areas which creates sustainable banking structure in the area that will build up capacities in the local communities in modern business practices. Especially young people will be encouraged and attracted by the new technology.



PRODUCT PURCHASES

All products purchases are transferred on the specific card of the farmgroup or individual. The cardholder can then easily withdraw the money from the nearby cash point.



STAKEHOLDER SHARES

The card is used for stakeholders to receive their project share of the Blockfarming System. E.g. payments to landowners or payments to the committee.



CASH FOR WORK

Work contracts given to farmgroups can easily transferred on the cards. The card can furthermore be used as a microfinance prefinance tool, where cash for work facility is given to groups in advance to conduct work.



CERTIFICATION PREMIUM

The card is designated to receive premiums from various certification schemes.



SALARIES

The card is designated to receive premiums from various certification schemes.

Cardholder sells produce to the company

- Company load money on farmers card according to the value of produce
- Company send Cash-For-Work fundson farmer card

- Bank supplies detailed reports and account transactions to Balmed
- Bank provides POS system and credit cards

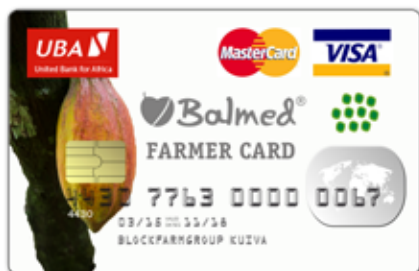
Company deposit trading funds at Bank

Farmer collects the money at the rural cash point, ATM or counter

Bank produces quarterly card statements for farmer



CREDIT CARDS



FARMER CARD

The Farmer Card is given to a farmgroup participating in the Blockfarming System and is administrated by the elected representative of the group's farmers. The card is ment to receive the allocated 20% share of the farmers in the Blockfarming System as well as the certification premium.



COMMITTEE CARD

The Committee Card is given to the Chieftom Committee responsible for overseeing and representing the communities in the Blockfarming System. The Committee card is used to receive the 2% Blockfarming stake as well as the Community Contribution Fund (30 USD/mT)



LANDOWNER CARD

The Landowner Card is handed over to a farmgroup participating in the Blockfarming system and is administrated by the elected representative of the group's landowners. The card is ment to receive the allocated 20% share of the landowners in the Blockfarming System.



VENDOR CARD

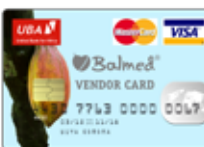
A vendor card is for groups or individuals. It can be given to trusted larger farmers, agents or whole communities (other than Blockfarmers) who supply products to Balmed.

Prepaid credit cards are handed out to the various stakeholders in the buying system of the company. All payments to the stakeholders are electronically transfered on their cards on the point of sales. Funds can be withdrawn at the rural cashpoint operated by the implementing bank. Cards are given to the various group representatives or individuals and administrated on their own.



BLOCKFARMING

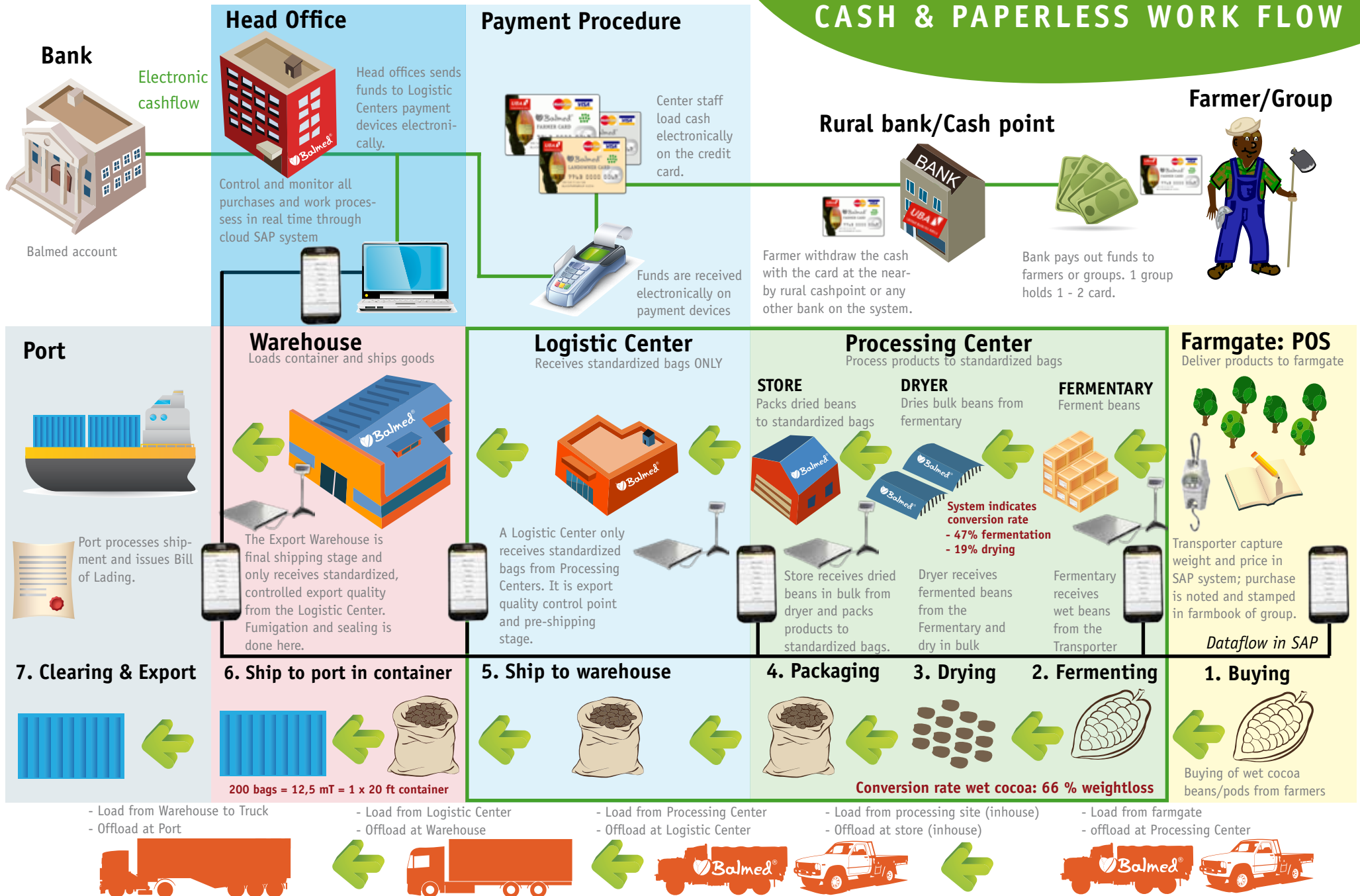
The Blockfarming scenario requires 3 different cards: The Farmer Card, The Landowner Card and the Committee Card. Each Blockfarm-group will receive 1 Farmer Card and 1 Landowner Card. The Blockfarming Committee will receive 1 Committee Card. Purchases and stakes of the stakeholders are directly loaded on the cards. A 400 ha/200 mT/1000 beneficiaries Blockfarming scenario would result in 61 cards with a total annual turnover of 278.000 USD equivalent to 4.550 USD on average per card, assuming that 20 groups (ca. 50 people/group) and 1 Chieftom Committee are involved and the price of cocoa is 3.000 USD, the UTZ premium share for the farmers is 100 USD/mT and the Community Development Fund amount is 30 USD/mT. Each card is governed by the elected representatives e.g. Masterfarmer and Secretary holding the Farmer Card, Landowner representative holding the Landowner Card, Committee Chairman holding the Committee Card. Each sale and transaction must also be recorded in the handwritten farmbook managed by the groups and committees.



VENDOR

The Vendor scenario requires 1 credit card: The Vendor Card. The Vendor scenario adresses trustful agents, communities or individuals supplying products to Balmed. The Vendor Card is given to producer(groups) who are not part in the Blockfarming System but associated to the company.

CASH & PAPERLESS WORK FLOW



BENEFITS

The cashless buying system is a risk management tool for the company's product buying system. It will remove all physical cash handled within the organization's buying procedure. The cashless buying system will reduce the risk of handling cash in the field as well as increase monitoring capacity and control over funds sent to the field. In combination with the SAP smartphone system it is an approach towards a complete cash- and paperless reporting process, giving real time tracking of products, due to modern cloud technology. In the cashless buying system, funds are loaded on payment devices within the various Centers and transferred electronically to the farmer's card.



Balmed smartphone traceability app



Buying from Balmed farmgroups



Controlled logistics and transportation



Payment instructions on SAP system for cash transfer on credit card



FULL CONTROL OF FUNDS IN THE FIELD



IMPROVED RISK MANAGEMENT AND SECURITY



REAL TIME REPORTING AND MONITORING

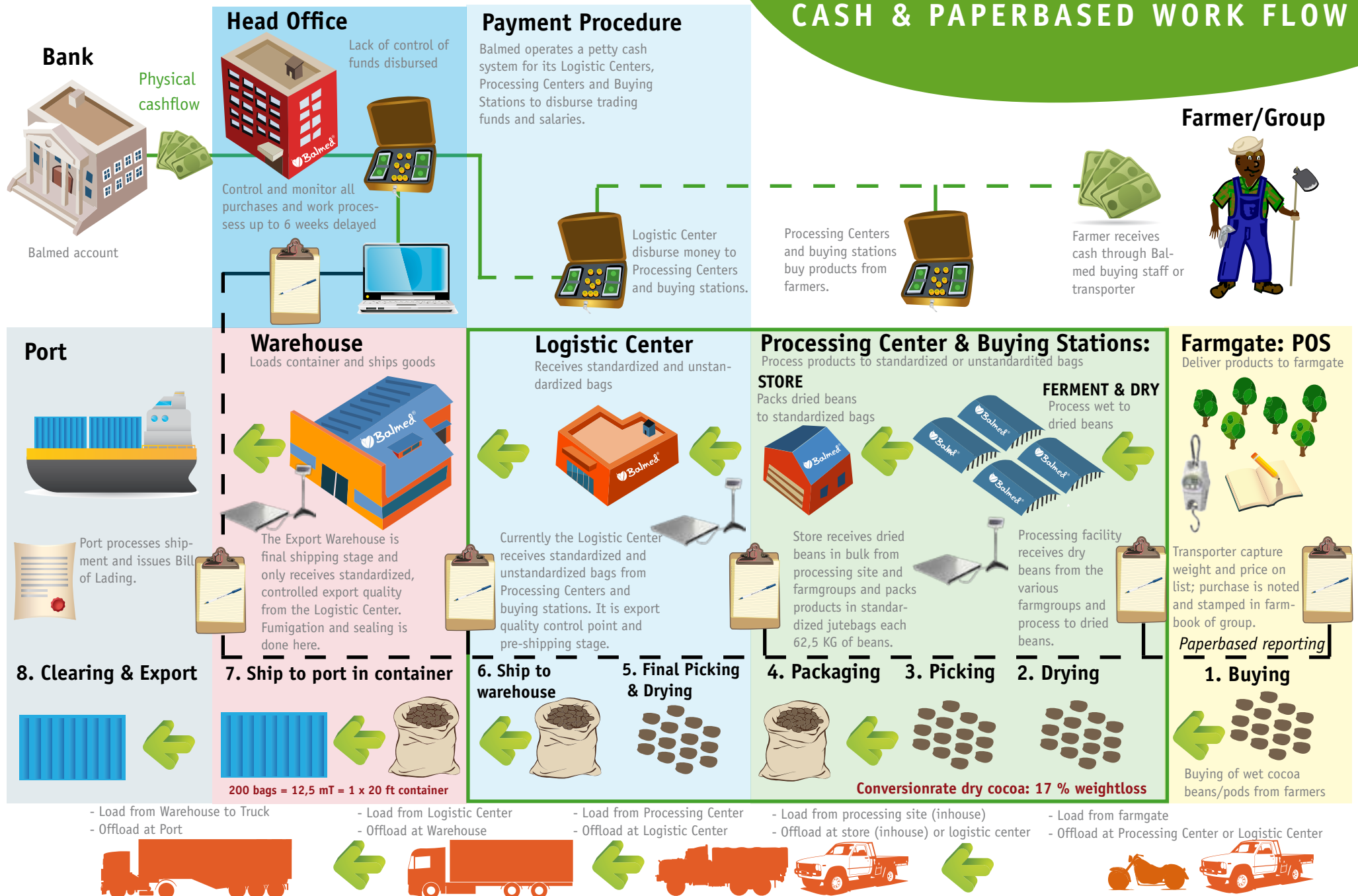


Cashless payment done on the point of sales



Cash on credit card ready to be collected from the nearby community bank

CASH & PAPERBASED WORK FLOW





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