# CASHLESS BUYING SYSTEM



Blockfarming



# FARMER CARD

# WBAN DO ANNEL WISA WBOJMED FARMER CARD 7763 0000 0067 13/35 000 33/38 BLOCKFARHGROUP KUIVA

# **HOW IT WORKS**

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



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



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 transfered 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 Cash can be withdrawn at the nearby cash point operated by the implementing bank.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.



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



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 practics. Especially young people will be encouraged and attracted by the new technology.



Carlholder salts produce to the contrainty Company send Cash for Work funds on famer card

**Bolmed**®

- Bank supplies detailed reports and account transactions to Balmed

- Bank provides POS system and credit cards

Company deposit trading funds at Bank



# PRODUCT PURCHASES

All products purchases are transfered on the specific card of the farmgroup or individual. The cardholder can then easily withdraw the money from the nearbuy 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 transfered 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.

# 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 Chiefdom 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 transferred 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 Blockfarmgroup 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 Chiefdom 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.

# Bank



Balmed account

# **Head Office**



Head offices sends funds to Logistic Centers payment devices electroni-

Control and monitor all purchases and work processess in real time through cloud SAP system



Funds are received electronically on payment devices

# **Payment Procedure**



Center staff load cash electronically on the credit card.



**STORE** 

# CASH & PAPERLESS WORK FLOW

# Rural bank/Cash point



Bank pays out funds to farmers or groups. 1 group holds 1 - 2 card.

**FERMENTARY** 

Ferment beans

# Farmer/Group



# **Port**



Port processes shipment and issues Bill of Lading.



The Export Warehouse is final shipping stage and only receives standardized, controlled export quality from the Logistic Center. Fumigation and sealing is

# 5. Ship to warehouse







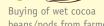












other bank on the system.

# Warehouse

Loads container and ships goods



done here.

# **Logistic Center**

Receives standardized bags ONLY



A Logistic Center only receives standardized bags from Processing Centers. It is export quality control point and pre-shipping stage.

# Processing Center Process products to standardized bags

## DRYER Packs dried beans

Dries bulk beans from fermentary



Store receives dried beans in bulk from dryer and packs products to standardized bags.

Dryer receives fermented beans from the Fermentary and dry in bulk

3. Drying

Fermentary receives wet beans from the Transporter

2. Fermenting

# Farmgate: POS

Deliver products to farmgate



Transporter capture weight and price in SAP system; purchase is noted and stamped in farmbook of group.

Dataflow in SAP

# 7. Clearing & Export







200 bags = 12,5 mT = 1 x 20 ft container

6. Ship to port in container









4. Packaging



- Load from processing site (inhouse)









1. Buying

beans/pods from farmers

- Load from Warehouse to Truck
- Offload at Port

- Load from Logistic Center
- Offload at Warehouse



- Load from Processing Center
- Offload at Logistic Center

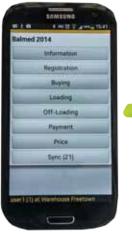


- Offload at store (inhouse)
- Load from farmgate - offload at Processing Center





# BENEFITS



Balmed smartphone traceability app

Information

LITZ Wes



Controlled logistics and transportation

Payment instructions on SAP system for cash transfer on credit card

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 cashand 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 transfered electronically to the farmer's card.



# FULL CONTROL OF FUNDS IN THE FIELD



# IMPROVED RISK MANAGEMENT AND SECURITY



# REAL TIME REPORTING AND MONITORING





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

# Bank



Balmed account

# **Head Office**



Control and monitor all purchases and work processess up to 6 weeks delayed



# funds and salaries.

**Payment Procedure** 

Balmed operates a petty cash

system for its Logistic Centers,

Processing Centers and Buying Stations to disburse trading

> Logistic Center disburse money to Processing Centers and buying stations.

# CASH & PAPERBASED WORK FLOW

# Farmer/Group





**FERMENT & DRY** 

Process wet to

dried beans

Processing facility

receives dry

various

beans.

beans from the

farmgroups and

process to dried

2. Drying



Farmgate: POS

Transporter capture

weight and price on

and stamped in farm-

book of group.

list; purchase is noted

Paperbased reporting

1. Buying

Buying of wet cocoa

beans/pods from farmers

Deliver products to farmgate

# **Port**



Port processes shipment and issues Bill of Lading.

8. Clearing & Export







200 bags = 12,5 mT = 1 x 20 ft container

# Warehouse

Loads container and ships goods



The Export Warehouse is final shipping stage and only receives standardized, controlled export quality from the Logistic Center. Fumigation and sealing is done here.

7. Ship to port in container



dardized bags



receives standardized and unstandardized bags from Processing Centers and quality control point and pre-shipping stage.





5. Final Picking



# 4. Packaging 3. Picking

Store receives dried

processing site and

products in standar-

dized jutebags each

62,5 KG of beans.

farmgroups and packs

beans in bulk from

Processing Centers

and buving stations

buy products from

farmers.

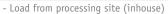
Packs dried beans

to standardized bags

**STORE** 

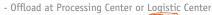


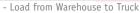






- Load from farmgate



















Processing Center & Buying Stations:
Process products to standardized or unstandardited bags





# **Logistic Center**

Receives standardized and unstan-

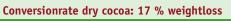


Currently the Logistic Center buying stations. It is export

























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