

# Creating Jobs, Simplifying Transactions: Ugandan Mobile Money Company Expands with Private Equity

SUCCESS STORY

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## In Brief

In May 2016, the USAID East Africa Trade and Investment Hub coordinated an independent impact review of two of its investment transactions. The assessments were encouraging, with documented job creation and positive social impact from investee expansion.

In its review of Chims Africa -- a mobile money company in Uganda -- the independent consulting firm EBS Advisory found that within 10 months of transaction closure, Chims had:

- Opened 21 new mobile money outlets
- Created 23 new jobs
- Grown its transaction volume by 25 percent
- Increased the availability of mobile money for small- and medium-sized enterprises and agricultural traders.



Atuhaire Gillian operates a mobile money outlet on a secondary road outside Entebbe, Uganda. She estimates that she serves 50 customers a day

The urban streets of Kampala, Uganda are saturated with small metal kiosks advertising the presence of mobile money services. Mobile money is the transfer of money using cell phones, and it has been consistently identified as a way to increase access to financial services and, ultimately, more broad-based economic growth in Africa.

A few kilometers from the main road between Entebbe and Kampala, 26-year-old Atuhaire Gillian operates a Chims Africa mobile money kiosk, just opposite a local market. She started working for Chims in August 2015, the same month that the USAID East Africa Trade and Investment Hub (the Hub) helped the company secure \$2 million in private equity from an investor. Chims may have secured the investment on their own, but it wouldn't have happened so quickly and with so little cost, without the Hub's no-cost transaction services. The Hub's investment transaction advisors conducted commercial due diligence, which included a market analysis of the mobile money market in Uganda and a strategy for the firm's expansion. The kiosk where Ms. Gillian is based was one of the first new kiosks to come online after the investment closure.

“I no longer have to travel long distances to collect produce and pay suppliers,” said Mr. Kulumba.



David Kulumba runs his own agricultural business, dealing mostly with green matoke (bananas). He saves money and time by paying his suppliers through a Chims mobile money kiosk close to his house.

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Ms. Gillian lives within walking distance of the Chims kiosk where she works. She knows most of the customers she serves. That’s part of the Chims model: set up mobile money kiosks where banks can’t go, expand steadily to more rural areas, and create local employment.

One of Ms. Gillian’s most consistent customers is a matoke (green banana) seller named David Kulumba. Mr. Kulumba credits the nearby availability of mobile money as a major factor in helping him to grow his business. “I no longer have to travel long distances to collect produce and pay suppliers,” said Mr. Kulumba.

In the 10 months following the infusion of private equity, Chims opened 21 new mobile money outlets, many of which were located in rural parts of Uganda. These outlets spurred 23 new jobs and an increase in the availability of mobile money to small- and medium-sized enterprises and agricultural traders in Uganda and the region. The independent consultant group EBS Advisory estimated that the volume of Chims-enabled transactions grew by 25 percent.

Twenty-seven year old Gramel Turyabamukamo is another recent Chims employee. He operates a kiosk within a five-minute drive of Uganda’s main international airport in Entebbe. His kiosk is full of English-language novels that he reads between customers. Similar to Ms. Gillian, he just completed university and says he “appreciates the opportunity [with Chims]. It’s a good start.”

Mr. Turyabamukamo walks customers through the mobile money transaction process. He says many of his customers use it as a bank. It helps them save. Chims doesn’t charge for deposits, only for removing money.

Mr. Turyabamukamo’s strong customer service is another quality that distinguishes Chims’ kiosk operators. The Hub-supported investment plan stressed customer service and optimizing cash requirements for existing agents. Chims’ kiosk operators are better able to handle large transactions compared with their competitors, and they have cash on hand for those who want to withdraw funds.

“There’s lots of competition, but ours is more reliable. We have float and cash,” said Ms. Gillian.

Companies like Chims are helping Uganda overcome barriers to economic growth, leading the nation toward its goal of becoming a middle-income country. Chims is accomplishing two powerful things to help Uganda on that path: creating jobs and simplifying business transactions.

The Hub provides no-cost transaction support services, such as due diligence, financial analysis, market intelligence, deal structuring, and fundraising support for private equity funds and companies seeking to invest \$2 million or more in high-impact sectors of eastern Africa. Since its launch in 2014, the Hub has facilitated \$31 million in new investments in the technology, dairy and financial services sectors.