



IMPROVING COMPANY PROFITABILITY THROUGH DIGITAL PAYMENTS

UGANDA

McLeod Russel Uganda (MRUL) cut costs and increased financial inclusion for workers after transitioning to a secure mobile payment system in Uganda.

McLeod Russel is the world's largest tea production company with tea estates in India, Rwanda, Uganda, and Vietnam.

The company recognized there are many challenges with cash payments: dropping cash by plane on their tea estates every 15 days lost staff time, human effort, and theft. As a result, MRUL partnered with local

mobile network operators (MNOs) Airtel and MTN, as well as UNCDF Mobile Money for the Poor Program (MM4P), to move its worker payroll from cash to mobile payments at two of its tea estates in Uganda. If fully optimized across all estates, mobile payments could reduce the costs of cash currently estimated at 6.5 percent of employee salary costs.

BENEFITS OF SHIFTING TO DIGITAL PAYMENTS

IMPROVED EFFICIENCY



MRUL reduced operating costs currently estimated at

6.5% of employee salaries and saw increased productivity equivalent to **25 full-time farm workers** per month.

GREATER TRANSPARENCY AND SECURITY



Mobile payments helped MRUL to:

- remove the need of dropping cash by plane every 15 days at its estates
- reduce risk of theft for staff and estate workers
- increase transparency and eliminate payments to "ghost" workers

CHAMPIONING THE SDGs

In Uganda nearly 90% of farmworkers were unbanked and living on less than \$2 a day, making it difficult to access formal financial services and send remittances to their families.

Roughly **550 workers** accessed a mobile banking account and formal remittance services for the first time. If worker payroll is fully digitized in Uganda, 8,100 workers will be eligible for these services.



BUILDING BLOCKS FOR SUCCESS



Build the internal value proposition

Understand the “cost of cash” story of your company. MRUL assessed its costs of cash and realized the importance of tracking workers’ payments to avoid potential “ghost” workers. Working with different partners, MRUL identified mobile money payments as a solution to reduce costs and increase transparency.

Ground program design in worker priorities. Workers need to support the shift to digital payments to be successful. In order to ensure a strong value proposition for workers, MRUL, with MM4P, surveyed workers to understand their pain points and priorities and identified the additional financial services they needed beyond payments, such as remittances to workers’ families.



Engage and create value for supply chain partners

“ I usually save. When I am paid 100,000 UGX (28 USD), I manage to save 20,000 UGX (5.5 USD) on my phone. I advise my colleagues to save too; it’ll come in handy in the future. ”

KASANDE is one of the workers who has received first-time access to a mobile money account and formal remittance services through local MNOs. She participated in onboarding training and town hall discussions that had been facilitated by MRUL and MM4P to help workers join the program and is now able to receive and save money through her mobile phone.



Contribute to local market environment

Solve problems with local financial service providers. MRUL and MM4P worked with local mobile network operators Airtel and MTN to move worker payroll from cash to mobile payments. MRUL and MM4P offered trainings and informational sessions to simplify the enrollment process for workers.

Source: Data from company and partner

More information on:
www.betterthancash.org

LEADING COMPANY AND PARTNER

