InclusiveFintech
Emerging fintechs for financial inclusion 50

DECEMBER 2020

Inclusive Fintech 50: Driving financial inclusion amid crisis

TABLE OF CONTENTS

TABLE OF FIGURES

Acknowledgements

LEAD AUTHOR

Chrissy Martin Meier

LEAD ANALYSTS

Matthew Barger

Simon Agez

Inclusive Fintech 50 identifies promising early-stage fintechs driving financial inclusion and resilience around the globe through a competitive process led by an independent panel of judges from venture capital, technology, and financial services. Applicants are assessed on the degree to which their target market includes underserved people or businesses, and whether their innovation offers a new value proposition, shows early-stage traction, and can have a noticeable impact on the more than 3 billion financially underserved people globally. Inclusive Fintech 50 was founded by MetLife Foundation and Visa, with support from Accion and IFC, and additional funding from BlackRock and Jersey Overseas Aid & Comic Relief. The initiative is managed by Marie Valdez and Nikhil Gehani of MIX (now a unit within the Center for Financial Inclusion (CFI)). Learn more at www.inclusivefintech50.com.

We would like to thank Lindy Mockovak and Mark Pickens of Visa Inc.; Meredith Hyland and Evelyn Stark of MetLife Foundation; Alana Kelly and Jose Morell-Ducos of Comic Relief; Arielle Miller, Akiko Shimizu, and Karolina Walecik of BlackRock; Adrian Mattmann, Matthew Saal, and Beniamino Savonitto of IFC; Robert Abare, Katie Mounts, Amee Parbhoo, and Jim Rosenberg of Accion; and Mayada El-Zoghbi, Lauren Braniff, and Maha Khan of CFI for their valuable input and guidance throughout the initiative. We would also like to thank each of the applicants for the time and effort they invested in completing the Inclusive Fintech 50 application, as well as the judges who provided invaluable expertise.

OVERVIEW

Driving financial inclusion amid crisis

Inclusive fintechs[1] are introducing new models for the design and delivery of financial services. Through the innovative use of technology and data, inclusive fintechs have the potential to make financial products and services more accessible, affordable, and appropriate for low-income people who are traditionally underserved by the financial sector. Their role in challenging the status quo for financial services is particularly relevant today as the world experiences the gripping effects of a global pandemic. While financial services that require in-person interaction present health risks to consumers, technology-enabled business models facilitate remote transactions and are well suited to the practice of social distancing to curb the spread of the virus. Traditional players are also suffering from economic contraction, fueled by lockdown measures and moratoria, limiting their ability to serve low-income clients. With their technology-led business models, fintechs are digital natives and well positioned to pivot and adapt under COVID-19 to play an important role in supporting the resilience of both individuals and small businesses.

COVID-19 has reinforced the importance of financial services in helping people navigate the effects of the pandemic and lay the foundations for recovery. As governments implemented restrictive measures to curb the spread of the virus, individuals and firms have had to evolve their practices and look for virtual ways to survive. Many small firms have converted to digital channels to sell their goods and services and in turn have had to adapt to accept digital payments at unprecedented speed. By the same token, individuals who historically rely on remittances and savings to respond to income shocks have also had to use digital channels to transact. The rapidly changing context presents a unique opportunity for fintechs and other digitally driven business models to step in and onboard new customers to meet this evolving demand.

[1] Inclusive fintechs are defined as technology-first financial services companies who are actively working to provide services to those who lack access to meaningful financial services.

BOX 1: REFINED CRITERIA TO IMPROVE MEASUREMENT OF INCLUSIVE FINTECHS

In 2019, MIX[2] undertook market research to develop a proposed set of data standards for inclusive fintech to allow for industry-wide analysis across geographies, business models, and product types. The research identified that investors and fintechs do not always use the same metrics to define success, or they might use the same metrics with different definitions. Furthermore, fintechs do not have a simple way to demonstrate their commitment to inclusion. As a result, investors and fintechs struggle to discover relevant partners, especially remotely, and it is difficult for investors to compare how a fintech is performing relative to its peers given the limited availability of benchmarks.

Inclusive Fintech 50 integrated the resulting set of metrics into the 2020 process to provide quantitative and descriptive data points to measure performance (such as active users, revenue per user, and cost per user) as well as more complex questions, such as how a fintech's business solution tackles the financial inclusion gap.

[2] MIX, the entity which manages Inclusive Fintech 50, joined CFI in June 2020.

FIGURE 1 INCLUSIVE FINTECH 50 SELECTION CRITERIA

SCALE POTENTIAL

Solutions should have a noticeable impact on the more than three billion financially underserved people. Judges review applicants' growth model, internal capacity, unit economics, growth strategy, and total addressable market.

TRACTION

Products or services should be able to show some indication of traction. Judges review the product or solution's stage of development, the startup's funding and/or revenue, existing customer base, and other indicators that show early-stage traction.

INNOVATION

Innovation is more than disruption, it's about offering a new value proposition. Applicants are assessed on whether their business model reduces costs, improves a product experience and opens up financial services to previously underserved people.

INCLUSIVITY

Fintechs should fill a market gap and contribute to inclusion. Applicants are assessed on the degree to which their target market includes underserved people and the problem that the startup is aiming to solve.

While the demand-side opportunity for digital financial services has been fueled by COVID-19, the pandemic has made it difficult for fintechs and other financial service providers to raise capital at the same time that revenues fell and human resources were strained due to remote work and economic uncertainty.

As this new reality emerged, the second year of Inclusive Fintech 50 launched. Inclusive Fintech 50, an initiative funded by MetLife Foundation and Visa Inc., with support from Accion and International Finance Corporation (IFC) and additional funding from BlackRock and Jersey Overseas Aid & Comic Relief, creates visibility for the most promising inclusive fintechs addressing the challenges of underserved segments.

Inclusive Fintech 50 sources a global applicant pool with the aim of surfacing high-potential fintech startups that may not yet be on the radar of investors. The initiative accomplishes this by:

1. Sourcing a wide range of early-stage inclusive fintechs through a **broad, global network** of partners including fintech associations, incubators, and ecosystem supporters;
2. Screening applicants using **robust selection criteria** (see Figure 1) to ensure a focus on early-stage fintechs driving financial inclusion;
3. Surfacing potential winners through a **scoring methodology** that uses both quantitative and qualitative criteria to provide the depth of insight investors require; and
4. Selecting the top 50 with an **independent judging panel** made up of industry experts from sectors including venture capital, technology, and financial services.

This year's competition maintained the core value proposition of the 2019 initiative — a transparent methodology, independent judging panel comprised of industry experts, and a strong focus on inclusion — while iterating to ensure relevance in a particularly challenging year. The 2020 competition attracted 403 qualified applicants operating in 111 countries and reaching 116 million customers. New for 2020, the competition provided cash prizes to two winners that demonstrated a particularly strong commitment to supporting their customers' financial resilience during the crisis. The independent judging panel of 35 experts selected PesaKit and reach52 for their contribution to the financial resilience of low-income households and micro, small, and medium enterprises (MSMEs) (see Box 2).

Drawing on the data submitted by the 2020 cohort of applicants, this paper provides insights as to how early-stage fintechs are adapting to the current economic uncertainty and continuing to advance financial inclusion and resilience for the estimated 3 billion financially underserved people worldwide.

Snapshot

of 2020 Inclusive Fintech 50

WINNERS BY MAIN OPERATING COUNTRY

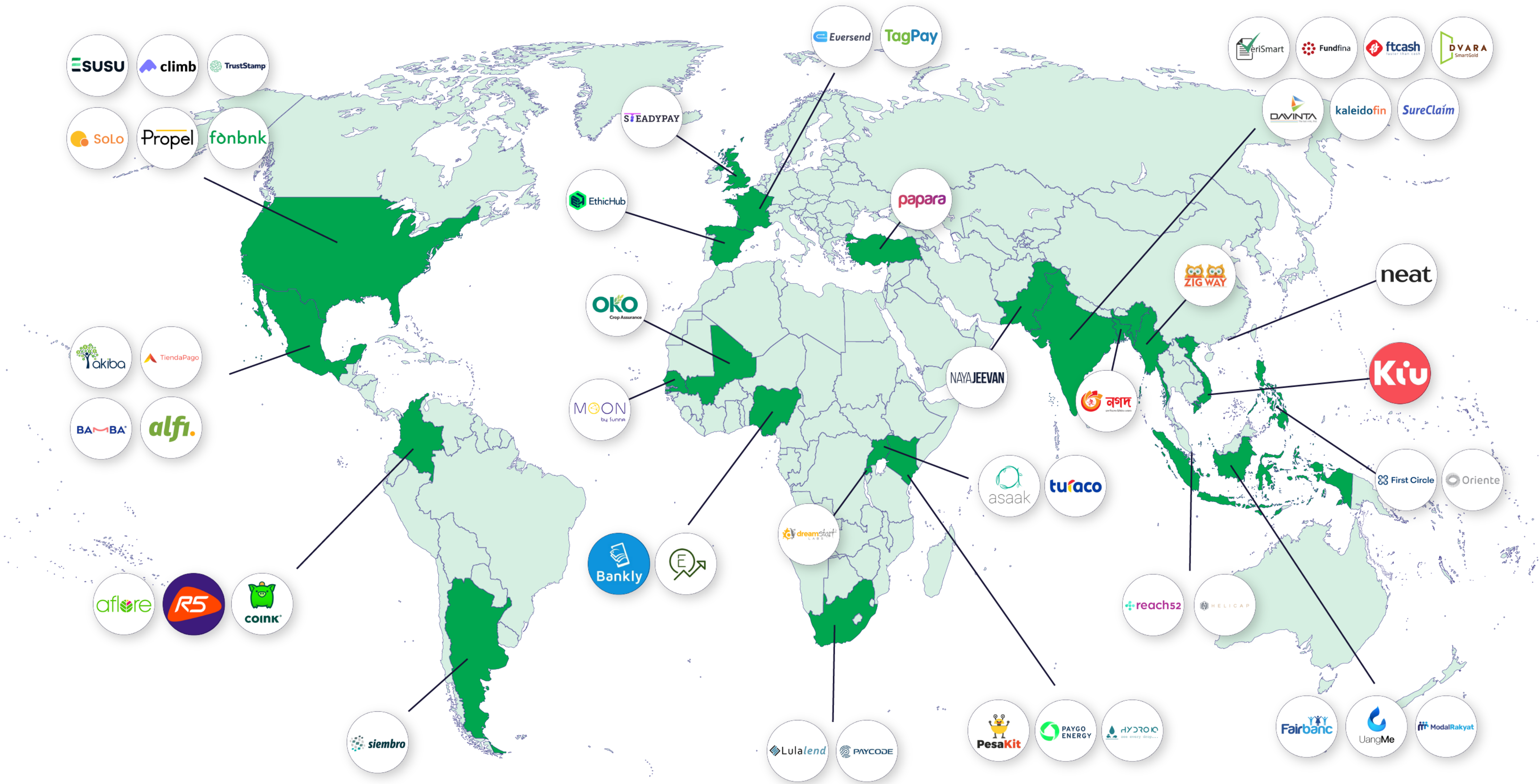
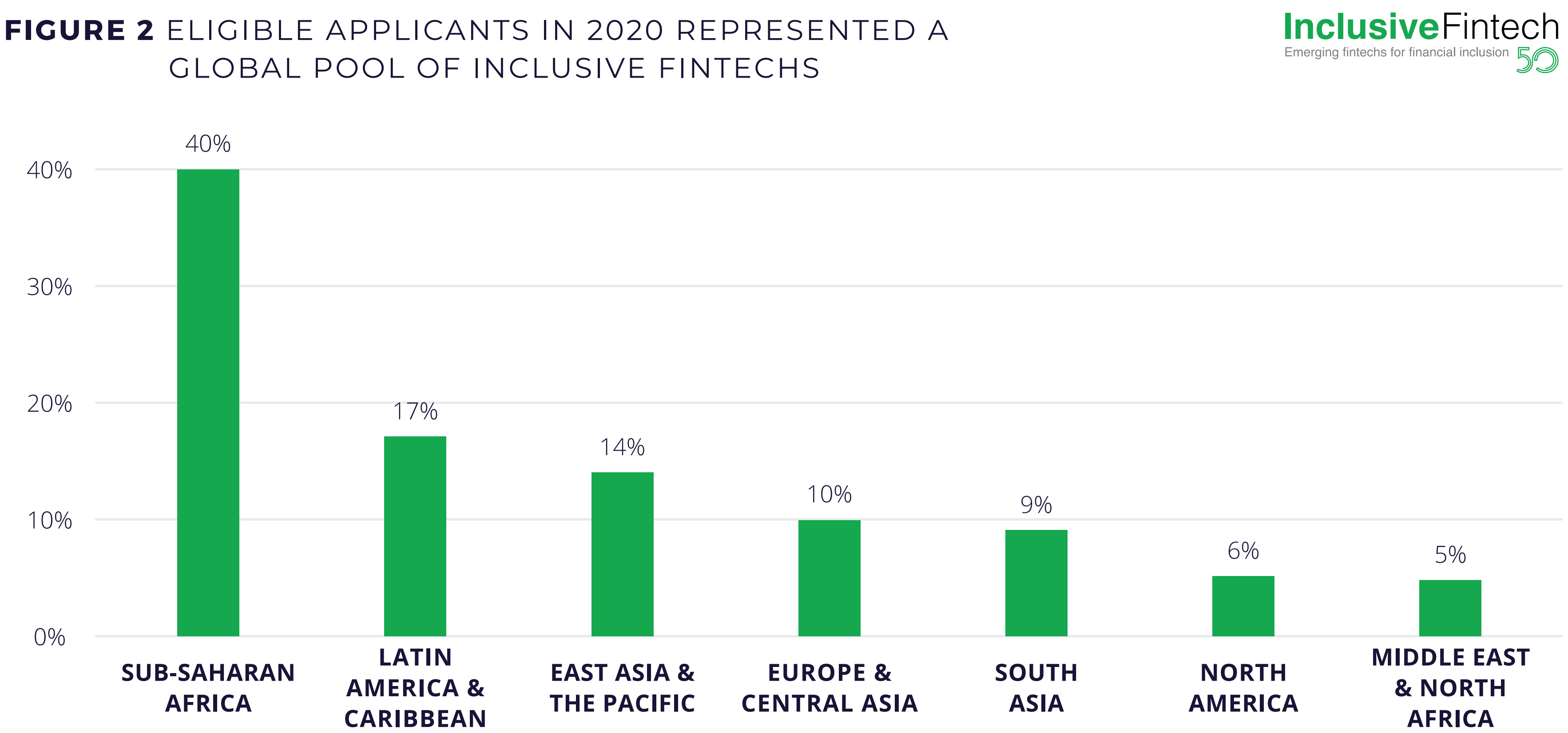
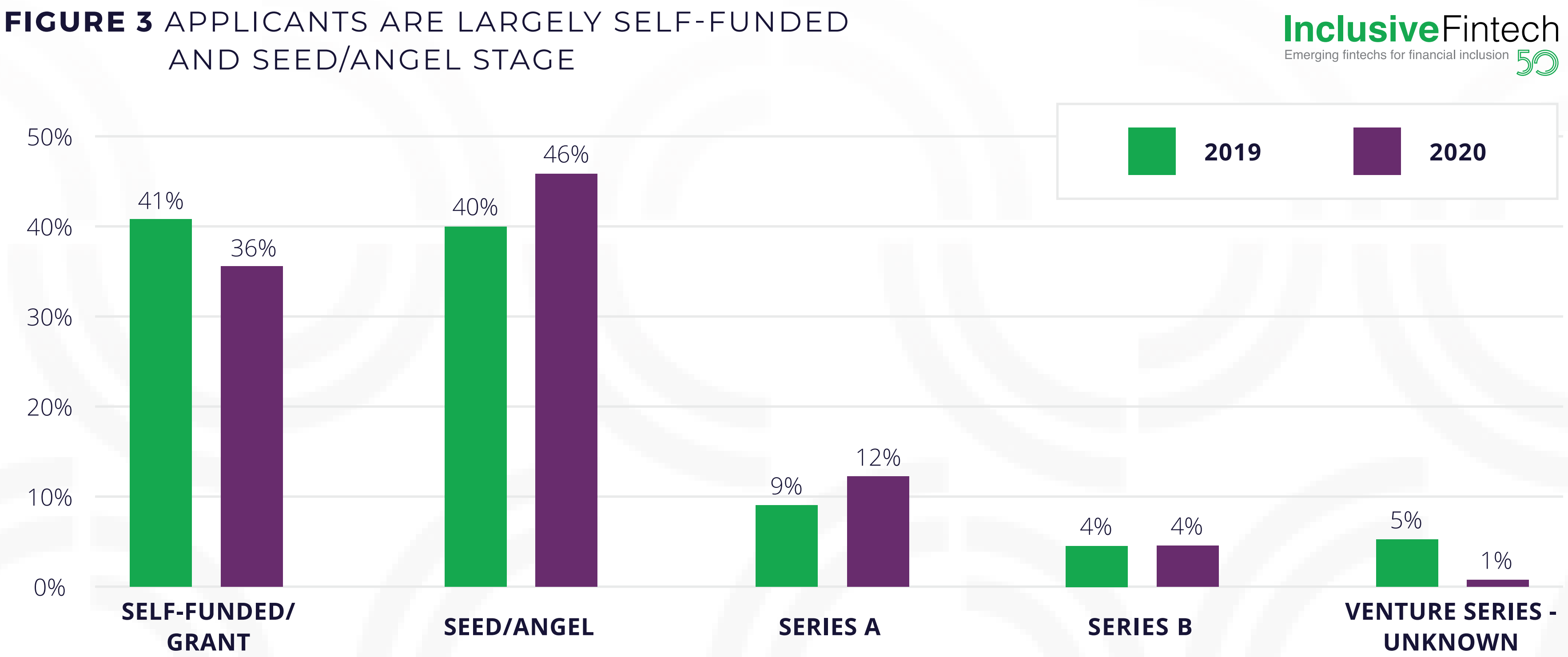


FIGURE 2 ELIGIBLE APPLICANTS IN 2020 REPRESENTED A GLOBAL POOL OF INCLUSIVE FINTECHS



N=403; Regional distribution of eligible applicants by operating country

FIGURE 3 APPLICANTS ARE LARGELY SELF-FUNDED AND SEED/ANGEL STAGE



2019 N=400, 2020 N=403; Funding stage of eligible applications

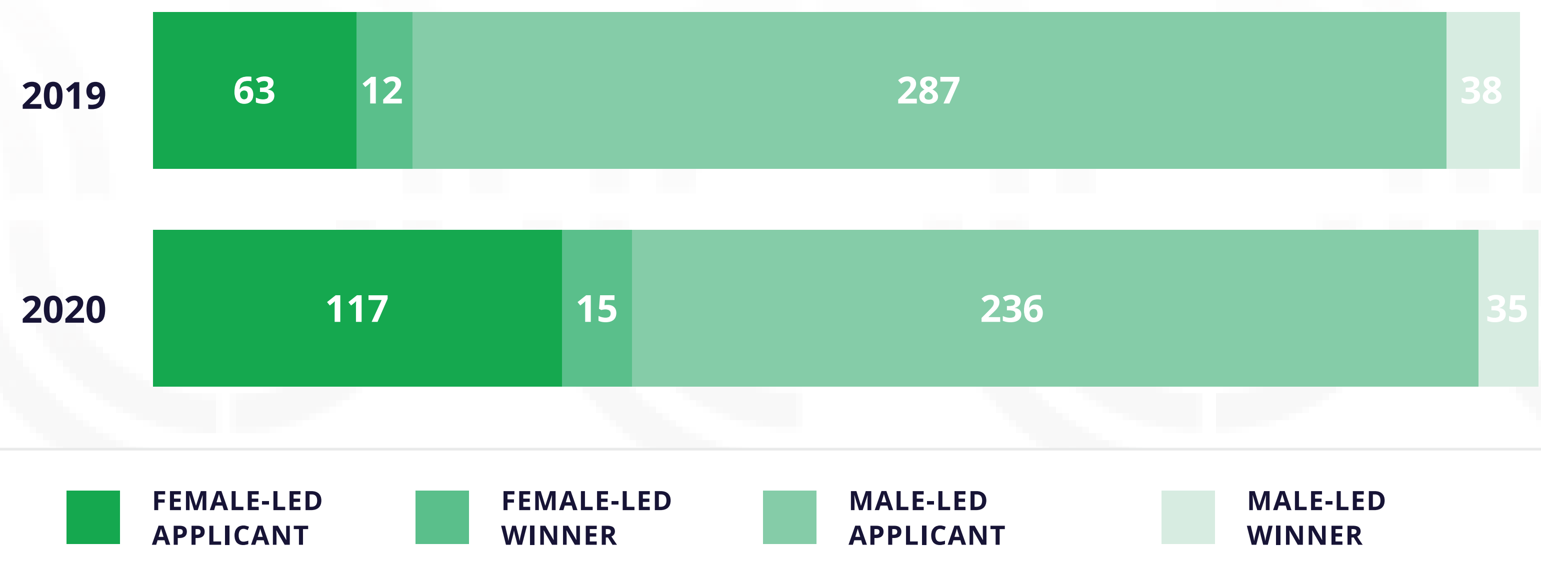
The 2020 cohort of 403 eligible applicants highlights the strength and diversity of early-stage fintechs committed to expanding financial inclusion. These applicants operate globally — with the largest proportions operating in sub-Saharan Africa (40 percent) as depicted in Figure 2. To facilitate global reach, the process leveraged a strong network of partners to spread the word on this initiative, including fintech associations, incubators, and ecosystem supporters.

Similar to 2019, 2020 applicants are largely self-funded or seed/angel stage (Figure 3), a group which can be the most difficult for investors to find as they may not yet be listed on public data sources or have a significant online presence.[3]

[3] Per interviews with investors.

Around 30 percent of applicants and winners in 2020 were female-led fintechs. This represents a marked increase from the 2019 cohort, including a 76 percent increase in applicants and a 25 percent increase in winners from 2019 (Figure 4). Globally, only 7 percent of fintech founders are women and 1.3 percent of total venture capital fintech funding went to companies founded only by women. The increase in women in leadership and their impact on operations is of particular interest and will be explored in greater depth in the Inclusivity section.

FIGURE 4 FEMALE-LED APPLICANTS AND WINNERS INCREASED FROM 2019 TO 2020



2019 N=400, 2020 N=403; Female-led vs male-led applicants and winners in 2019 and 2020.
Female-led is defined as at least one female CEO or co-founder.

BOX 2: INCLUSIVE FINTECH 50 FINANCIAL RESILIENCE PRIZE WINNERS

PesaKit, considered the "The Bank Branch of the Future," enables mobile money agents to better serve their customers and manage their financial health. With bank branches and ATMs in short supply in Kenya, mobile money agents are a critical access point for financial services but suffer in turn from volatile shifts in liquidity. PesaKit offers agents working capital in the form of e-float loans, through regulated microfinance institutions as well as enabling agents to access new revenue sources by acting as providers of additional financial and digital services. PesaKit has already reached over 8,000 of Kenya's 220,000 registered mobile money agents.

With operations in Cambodia and the Philippines, **reach52** provides microinsurance directly to rural consumers through their marketplace service and networks of predominantly female area managers. The company operates in communities that are over an hour away from health and financial services facilities and with family incomes of USD$2-8 per day. In addition to insurance, consumers in these communities can also order from 500+ prescription and over-the-counter medicines, consumer health products, and diagnostic products — removing barriers of availability, affordability, and distance. The marketplace service is a key component of the health systems reach52 has established in over 1,000 communities, through which they also deliver health awareness, screening, and health worker capacity building.

Key Insights

- Scale potential
- Traction
- Innovation
- Inclusivity

Key insights from this data set are organized according to the four selection criteria: scale potential, traction, innovation, and inclusivity. While these insights are only a subset of the stories that this rich data set can tell, they provide a window into the nature and trajectory of the inclusive fintech industry as it adapts to a shifting and unpredictable global economy.

Scale potential

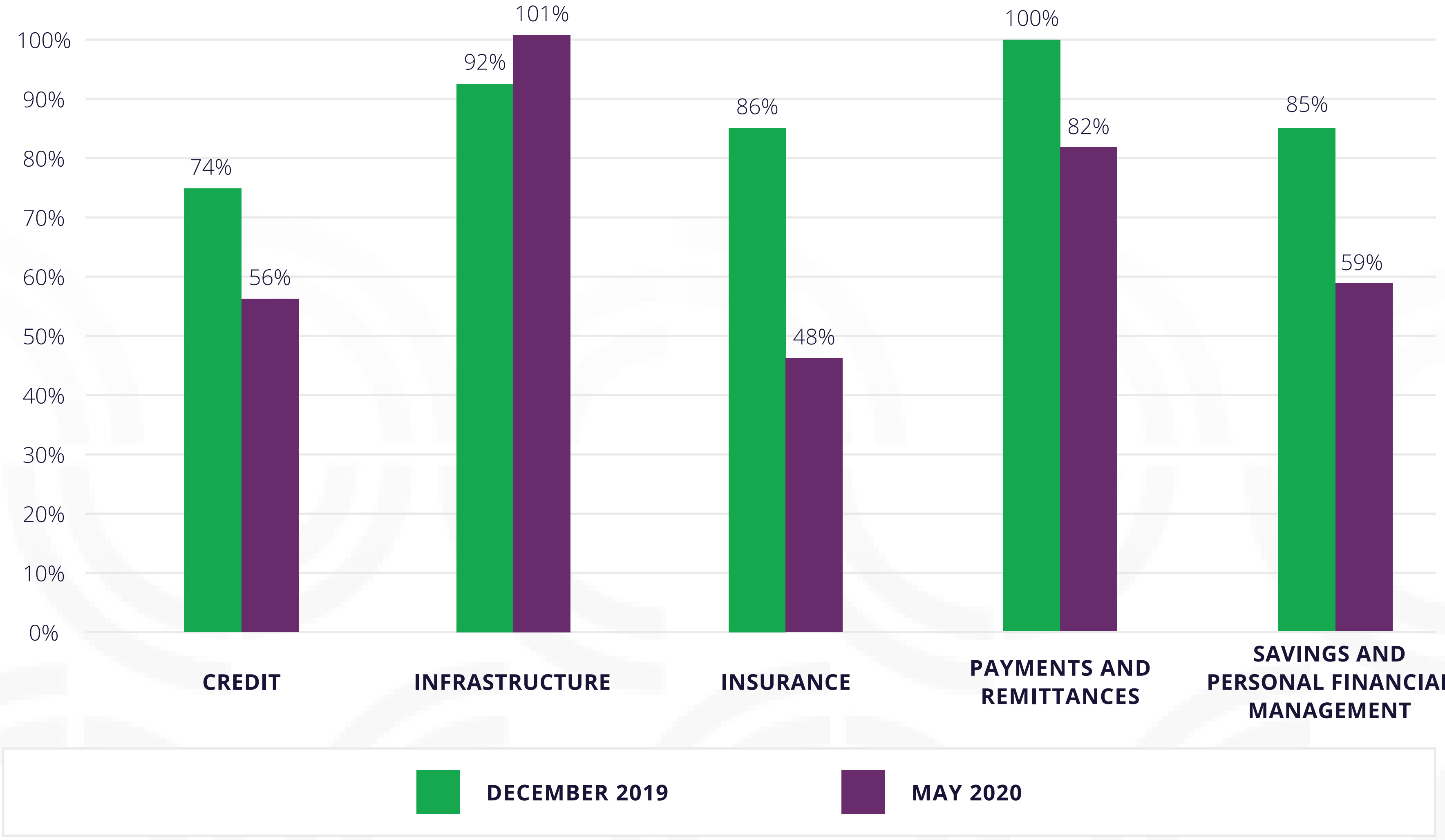
To assess a fintech's potential to scale, Inclusive Fintech 50 uses cost and revenue metrics as well as leadership capability. The premise of this scoring is that financial service providers (FSPs) can scale their products through improving the unit economics of their business model. This happens when FSPs either increase revenue, reduce expenses, or invest in other business strategies that propel a growth trajectory, such as business partnerships. Since this year's competition took place during COVID-19, many early-stage fintechs demonstrated their potential to scale by adjusting their operations to account for economic uncertainty.

INSIGHT 1

Fintechs improved operating efficiency to withstand the economic impact of the pandemic.

The economic slowdown as result of COVID-19 has directly impacted many types of businesses, including fintechs. CFI's data on micro and small enterprises (MSME) shows that 29 percent of MSMEs surveyed in Colombia have closed due to COVID-19 and MSMEs in Colombia, Nigeria, and Indonesia have reduced their number of employees by 50 percent or more. Similarly, lower customer spending during the pandemic put pressure on revenue and margins for participating fintechs, thus requiring aggressive cost-cutting measures for businesses to stay afloat. Fortunately, as shown in Figure 5, a large number of fintechs in this sample were able to reduce their overall cost-to-revenue ratio between December 2019 and May 2020, indicating improved efficiency.

FIGURE 5 FINTECHS REDUCED THEIR OVERALL COST TO REVENUE RATIO IN RESPONSE TO INITIAL COVID-19 LOCKDOWNS



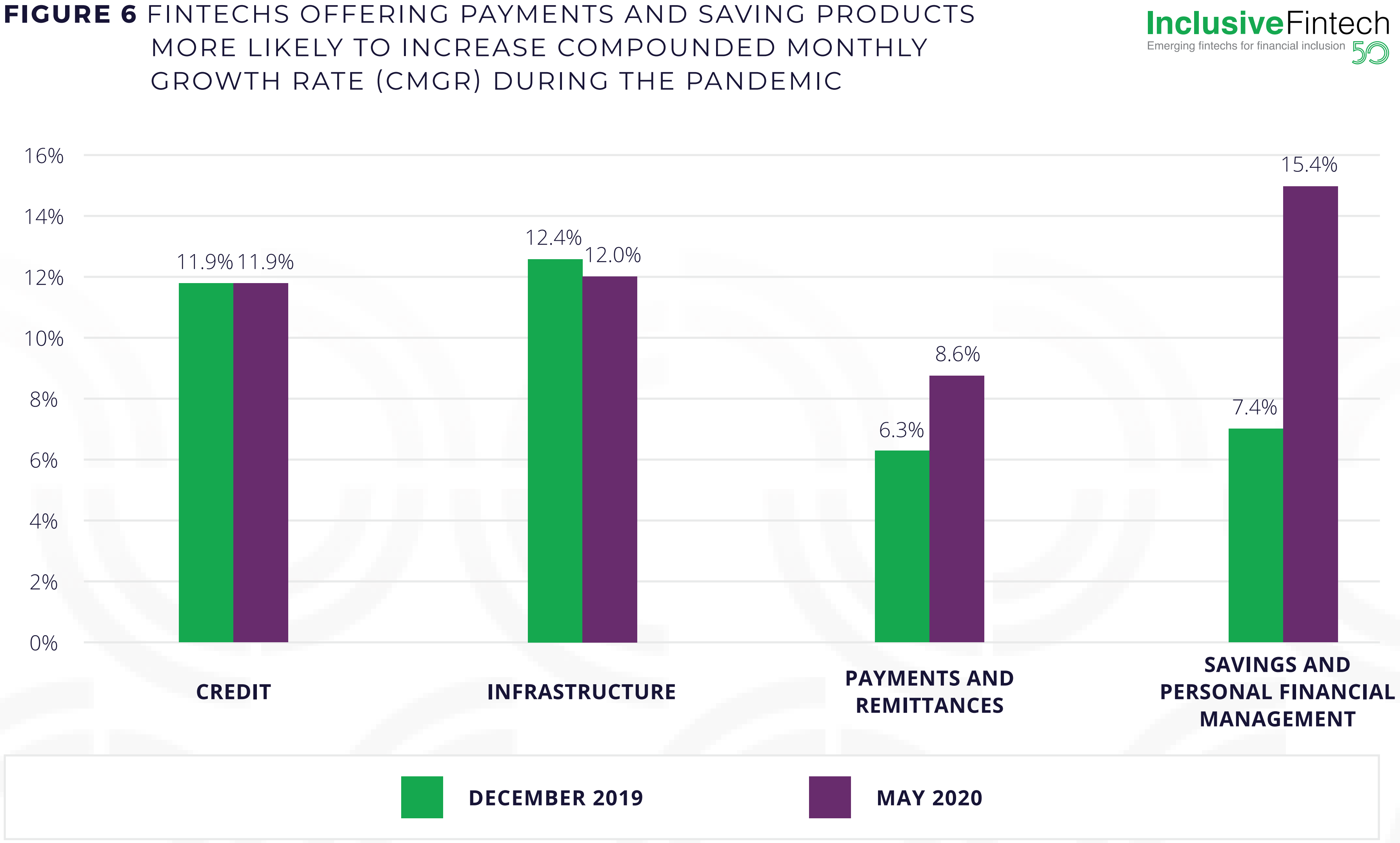
Total N=113; Median cost-to-revenue ratio by product category for those fintechs able to report cost per customer and revenue per customer for both December 2019 and May 2020

INSIGHT 2

COVID-19 fueled consumer demand for savings, personal financial management, and payments in the initial months of the pandemic.

While in 2019, the potential for scale was more visible with credit- and infrastructure-focused fintechs, in 2020 the pandemic has fueled a very different outlook. When comparing compounded monthly growth rate (CMGR) by financial service product on offer, growth is most visible for fintechs offering savings and personal financial management, followed by payments and remittances. This is perhaps not surprising given the economic stress that COVID-19 has had on both individuals and MSMEs. CFI's research has shown that MSMEs have shed more than 50 percent of their employees during the pandemic and have had to rely on savings to help them weather the economic shocks.

FIGURE 6 FINTECHS OFFERING PAYMENTS AND SAVING PRODUCTS MORE LIKELY TO INCREASE COMPOUNDED MONTHLY GROWTH RATE (CMGR) DURING THE PANDEMIC



N=165; Includes fintechs that submitted CMGR for both December 2019 and May 2020. Excludes insurance-focused fintechs.

On the other hand, credit and infrastructure fintechs did not see a similar increase in revenue, and thus are more likely to have improved their cost-to-revenue ratio by lowering expenses.[4] Notably, they did not lower expenses through staff cuts: the median number of full-time employees actually increased slightly from six to seven. Only two fintechs of the 403 applicants mentioned salary cuts in their narrative explanations of COVID-related changes. Rather, many fintechs are improving efficiency by digitizing processes and employing new measures for digital customer onboarding such as video and face ID recognition, while others are offering contactless payments such as QR codes and point-of-sale (POS) machines. As the example in Box 3 shows, some are combining digital channels with new, hyperlocal approaches to customer registration to avoid the need for travel. These measures accommodate social distancing measures while making operations more cost efficient.

In order to determine how best to support early-stage fintechs during this time of economic upheaval, the Center for Financial Inclusion (CFI), in partnership with the Swiss Capacity Building Facility, conducted research to understand fintechs' early adaptation and coping models under COVID-19. The findings, published in the recent brief "Rapid Innovation: How Fintechs are Adapting Under COVID-19" show that fintechs are coping through five methods:

1. Operational resilience. Fintechs are maintaining a cash buffer and employing diverse strategies to keep their staff on board.
2. New partnerships. Fintechs are creating new partnerships with banks, government, and non-governmental organizations that need to digitize their services.
3. New approaches to customer acquisition. Fintechs are employing digital delivery-like platforms to increase uptake.
4. New products and product changes. Fintechs are quickly pivoting products to meet changing client needs.
5. New funding sources. Fintechs are diversifying their funding base to strengthen their fundraising strategies.

[4] Insurance fintechs not included as only 14 insurance-focused fintechs were able to provide CMGR for both December 2019 and May 2020.

kaleidofin

BOX 3: KALEIDOFIN USES DIGITAL CHANNELS TO MAINTAIN CUSTOMER SAVINGS AND ONBOARD NEW CUSTOMERS DURING INDIA'S INITIAL LOCKDOWN

Kaleidofin is a neo-bank in India that works with their customers — largely informal workers with unpredictable incomes — to develop a customized financial plan based on their goals, financial capability, and sources of financial vulnerability. In April and May 2020, most states in India where Kaleidofin operates were under strict lockdown. Despite the restrictions and impact on workers' incomes, 70 percent of existing customers continued to save through the existing digital payments channel. The company's call center adapted to work with existing customers to help them continue to transact during the lockdown. Furthermore, the company introduced a new onboarding channel, KaleidoAssist, whereby specific customers were identified as influencers and empowered to act as onboarding agents for people within their own community (limiting travel and new contacts in light of social distancing). In less than one month, 387 KaleidoAssist agents were receiving a commission for each customer they registered; within eight months, that number grew to 1,200 agents who had registered 4,189 new customers. This localized onboarding is complemented by Kaleidofin's existing algorithms which help each new customer select the most appropriate financial products.

Traction

Traction is a signal that an early-stage fintech will eventually scale to reach a large number of users. It is measured by outreach (number of registered and active users) and investment to date.

As a group, the 2020 applicants reached 116 million clients globally, which was a significant increase from the year prior, in which applicants reached approximately 70 million clients. However, much of this increase can be attributed to a handful of fintechs each with over 10 million clients. Excluding those top performers, most fintechs in the 2020 applicant pool targeted broad markets, instead of niche segments including smallholder farmers and refugees. But a small group of B2C and B2B2C fintechs that applied in both 2019 and 2020 show promising signs of targeting particularly marginalized population segments. From 2019 to 2020, fintechs serving smallholder farmers and other rural populations grew their customer base from 260 to 10,214. Similarly, fintechs providing services to refugees or migrants grew their customer base from 7,429 to 32,527. Even with this progress, more analysis is needed to understand the cost to acquire and serve these customer segments.

Findings from the 2020 cohort are also consistent with the 2019 findings that investment is concentrated among fintechs which are headquartered in a small number of relatively wealthy locations, and which are mostly led by men. While the 2020 cohort saw an increase in representation by female-led fintechs, the data demonstrates that further work is needed to achieve parity in the investment into female-led fintechs.

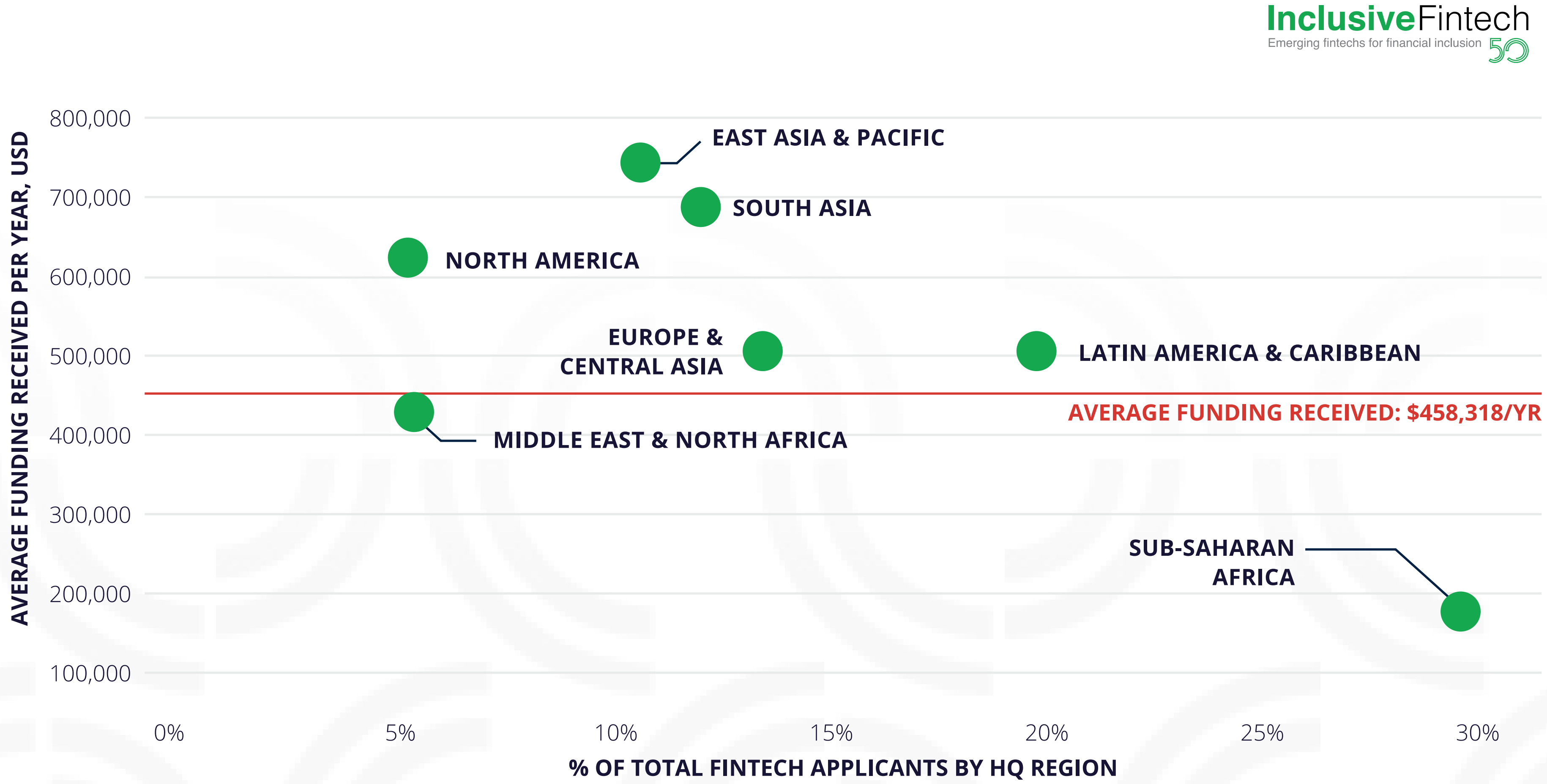
INSIGHT 3

Funding remains geographically concentrated among fintechs headquartered close to sources of capital.

In both 2019 and 2020, Inclusive Fintech 50 applicants demonstrated a persistent concentration of funding flows within regional hubs of investment capital, as shown in Figure 7. In 2020, fintechs headquartered in sub-Saharan Africa, for instance, comprised 30 percent of the applicant pool, yet received only 15 percent of investment funding.

In 2020, fintechs headquartered in sub-Saharan Africa, for instance, comprised 30 percent of the applicant pool, yet received only 15 percent of investment funding.

FIGURE 7 FINTECHS LOCATED IN SUB-SAHARAN AFRICA, THE LARGEST PROPORTION OF FINTECHS IN THE SAMPLE, RECEIVED THE LEAST FUNDING

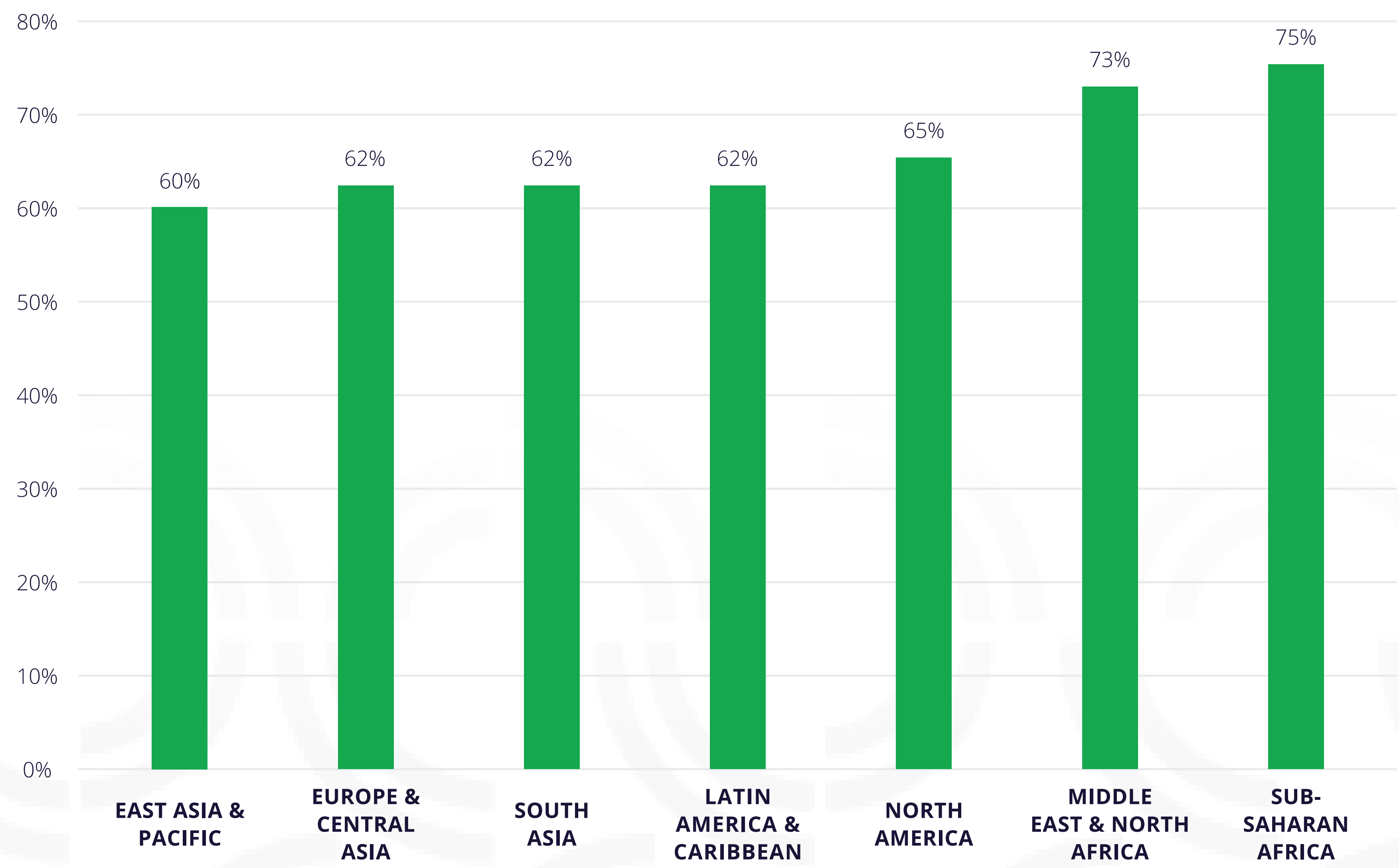


N=398, excludes fintechs with funding > USD25M

The high concentration of funding and investment has been well documented in recent years and shows that funding is most likely to go to companies with certain characteristics — namely, male-led, founded by expatriates, and located in specific geographic hubs. In 2017, Village Capital released research indicating that only 10 percent of the funding raised in East Africa goes to local founders. Findings from this cohort confirmed that many set up headquarters in wealthy hubs — far from their operating countries and the customers they aim to serve — to be closer to investors.

It appears that COVID-19 might exacerbate some of these existing inequalities. Seventy-five percent of Inclusive Fintech 50 applicants noted that their fundraising strategy changed between December 2019 and May 2020, mainly by diversifying their funding base. However, this impact varied by region. As seen in Figure 8, nearly 75 percent of fintechs in sub-Saharan Africa and the Middle East and North Africa (MENA) changed their fundraising strategy due to COVID-19, while for all other regions it was closer to 60 percent.

FIGURE 8 FINTECHS IN SUB-SAHARAN AFRICA AND MENA WERE MOST LIKELY TO REPORT AN IMPACT ON THEIR FUNDRAISING STRATEGY DUE TO INITIAL IMPACT OF COVID-19



N=403; Percent of fintechs by region reporting that their fundraising strategy had changed due to COVID-19 as of May 2020

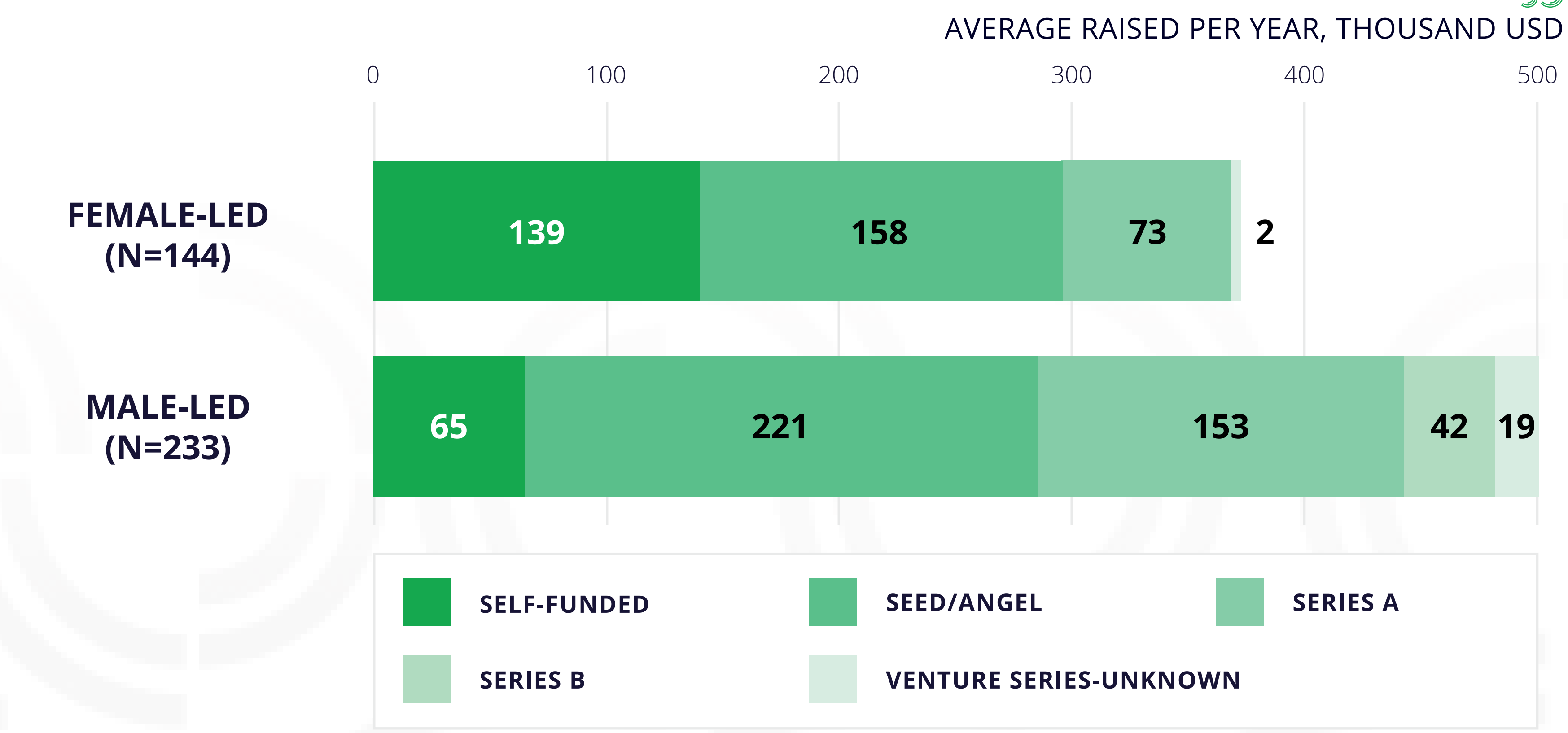
InclusiveFintech 50
Emerging fintechs for financial inclusion

INSIGHT 4

Female-led fintechs face a persistent gap in access to funding.

While location matters when it comes to fundraising, so too does the gender makeup of the leadership team. Among this cohort, we see a trend towards more female-led fintechs: Over 60 percent of female-led fintechs in this cohort started operations in the past two years. However, female-led fintechs have less developed funding networks than their male counterparts, which negatively affects the amount of funds they raise. As seen in Figure 9, female-led fintechs raise 54 cents for every dollar raised by their male-led counterparts. This difference is not due to the age of the fintech, as female-led fintechs are receiving less funds on average per funding announcement.

FIGURE 9 FEMALE-LED FINTECHS STRUGGLE TO ATTRACT INVESTMENT AND THUS RELY MORE HEAVILY ON SELF-FUNDING.



Average annualized funds raised per year in business, thousands USD. Includes all funding announcements below USD 5 million/year and fintechs up to five years of age

The lack of progress for women-led fintechs suggests that the status quo has not changed since 2019. The Inclusive Fintech 50 2019 White Paper also reported that female-led fintechs struggled to access funding at early stages. These findings are not unique to the Inclusive Fintech applicants; the 2019 OECD report "Levelling the Playing Field" found that female-led startups are less likely to get financing and, when they do, they receive 33 percent less than their male peers. While some investors are actively investing in resources to level the playing field for female founders through programs like Accion Venture Lab's workshops for current and aspiring female entrepreneurs, more is needed to reset the imbalance that currently exists. Box 4 highlights the fundraising journey of one of this year's female-led winners, Aflore.

BOX 4: ANA BARRERA LEADS AFLORE TO A SERIES B

Aflore is expanding financial inclusion in Colombia by recruiting and training women as informal advisors, equipping them with a mobile platform that enables them to offer financial services to their personal networks. Ana Barrera, who started the company in 2014 in partnership with company builder Polymat Ventures, will close Aflore's Series B in November 2020.

The fundraising journey over the past six years has been challenging, with the company forced to decelerate their growth on several occasions. In its first two years, Aflore largely relied on friends and family to provide funding. Even still, limited funds meant the company had to change its typical loan product from an average of USD$800 over 18 months to USD$150 for three months in order to address liquidity shortfalls. Given that it was particularly difficult to secure the debt funding necessary to fund the loan portfolio, Aflore created a special purpose vehicle (SPV) to reduce the risk for investors. This approach had not been used widely in Colombia at the time, yet the founder's background in investment banking proved instrumental in structuring the SPV. Once the Series B closes at the end of 2020, an effort that has taken about two years, Aflore will have secured sustainable loan capital in addition to a diverse group of equity investors who believe in the company's ability to scale financial services to the underserved, especially to women who currently comprise 57 percent of their customers.

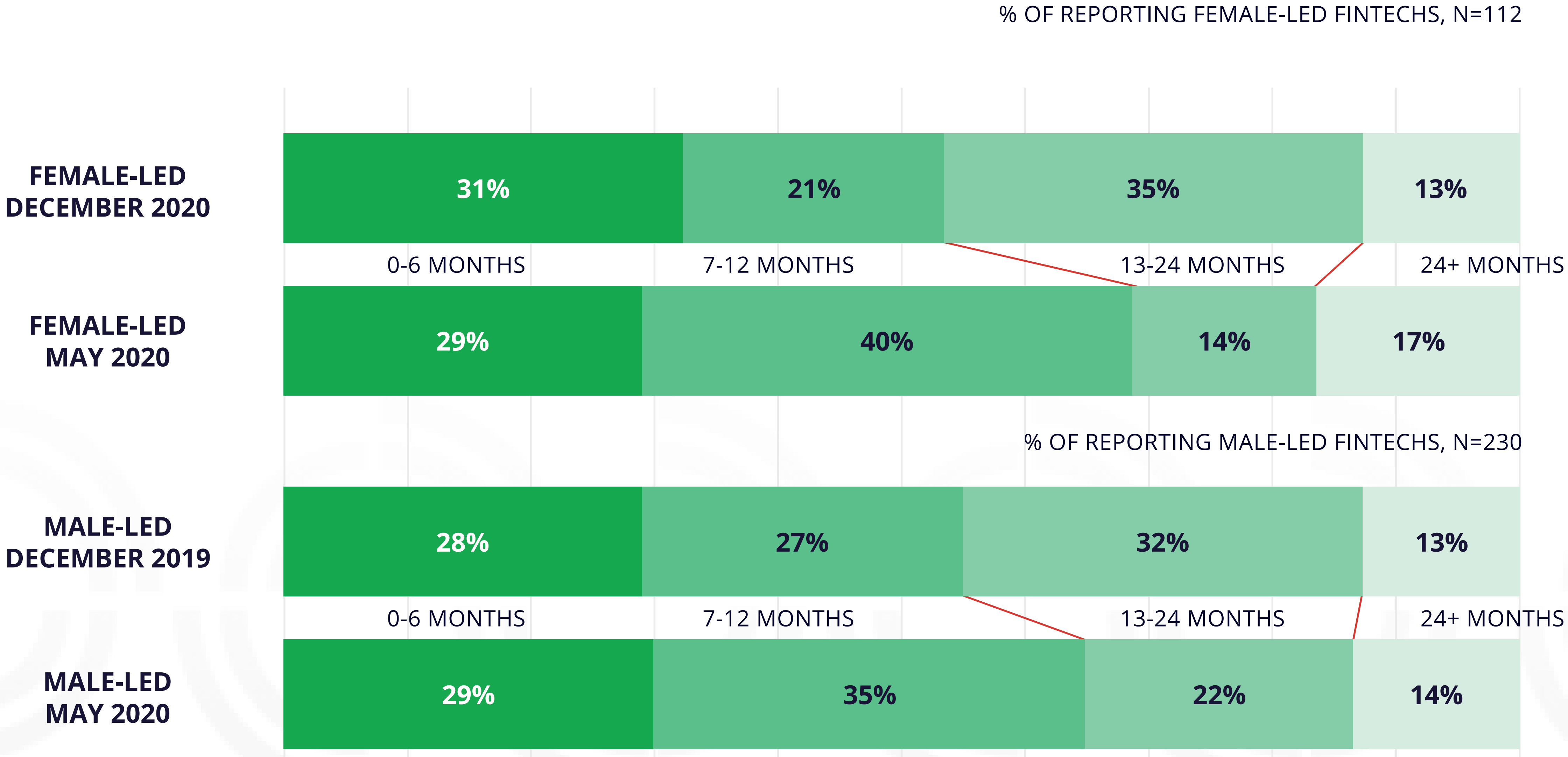
INSIGHT 5

Female-led fintechs were more reliant on cash reserves during the early months of the pandemic

Given the difficulties female founders experience with fundraising, female-led fintechs report being more reliant on cash reserves as fundraising dried up due the uncertainly related to COVID-19. Figure 10 presents data on the cash runway of female-led fintechs. The figure highlights that the cash runway for female-led fintechs has declined since 2019. While 35 percent of female-led fintechs had up to 24 months of cash runway in December 2019, only 14 percent had a similar cushion in 2020.

Ten percent of male-led fintechs, on the other hand, experienced a similar decrease between 2019 to 2020. While overall, fintechs in this cohort demonstrated operational resilience by keeping cash on hand for three- to nine-month slowdown scenarios, these cash reserves will deplete as the pandemic extends into 2021.

FIGURE 10 FEMALE-LED FINTECHS RELIED MORE ON CASH RUNWAY IN THE EARLY MONTHS OF THE COVID-19 RESPONSE



Cash runway by tranche for fintechs who reported cash runway for both December 2019 and May 2020, disaggregated by those with a female CEO or co-founder and those without

InclusiveFintech
Emerging fintechs for financial inclusion 50

Innovation

Innovation is assessed by looking at how fintechs use technology to develop new business models, distribution methods, and delivery channels to create a new value proposition for their customers. Fintechs must demonstrate how they are using technology to differentiate themselves from their peers, how these investments translate to an improved customer experience and a reduction in costs, and how the innovations are reaching new clients.

INSIGHT 6

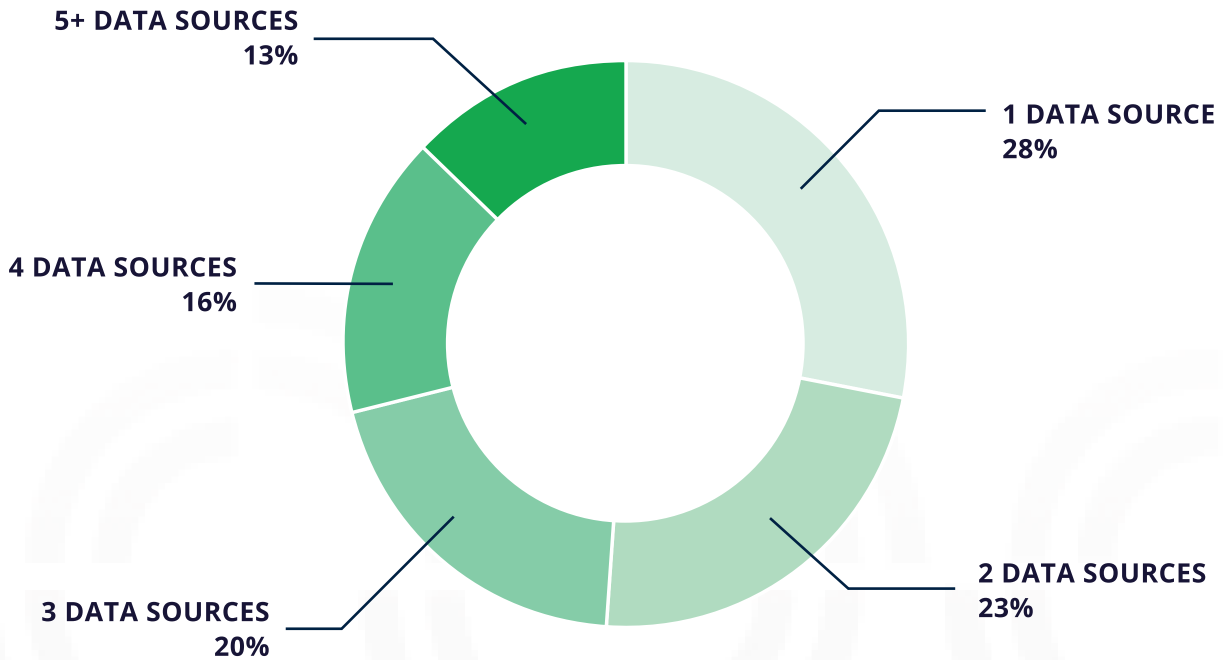
Fintechs are combining a number of technologies in new ways to reach customers at the last mile.

The fintechs in this cohort innovated rapidly in the early months of the pandemic, leveraging their digital native status to implement new ways of serving clients during lockdowns. The most common way in which fintechs adapted during the pandemic was in the expanded usage of digital and remote channels to onboard customers. More specifically, fintechs — 25 percent of whom already use social media as part of their core business model — described increasing their use of smartphone applications, Facebook, and WhatsApp for both marketing and training.

A great deal has been written about the use of alternative data to reach consumers who may have been invisible to traditional providers. Fintechs rely on data as core to their business model and often use one or more sources of data, such as transaction history, patterns of mobile phone usage, and geolocation. Theoretically, the more data sources a fintech uses, the more likely it will be to reach consumers who have thin data files. For example, women who use a shared phone may not have an obvious data trail to assess their creditworthiness, but by making use of multiple sources of data, the picture may become clearer. However, the increasing use of data also presents risks, as discussed further in the following section.

Figure 11 provides an overview of the 2020 cohort and the types of data sources they use. Seventy-two percent of fintechs in the sample are using more than one data source to enable their business, with an average of three different data sources selected across the sample. For example, 2020 Winner ftcash uses at least five data sources to create customized credit scores for their small business clients, including transaction flow data, savings, network diversity and geographical patterns and psychometric analysis. Since launching in 2015, ftcash has reached over 400,000 small businesses and micro-merchants.

FIGURE 11 MAJORITY OF FINTECHS USE AT LEAST TWO DATA SOURCES TO ENABLE THEIR BUSINESS MODEL



N=201; share of fintech applicants by number of data sources used. b2b fintechs excluded. Choices included (1) financial and transaction history; (2) mobile/data/text use; (3) geolocation (4) behavioral biometrics (5) social media; (6) physical biometrics; (7) sensor data. Choices listed here in order from the most to least frequently selected.

InclusiveFintech 50
Emerging fintechs for financial inclusion

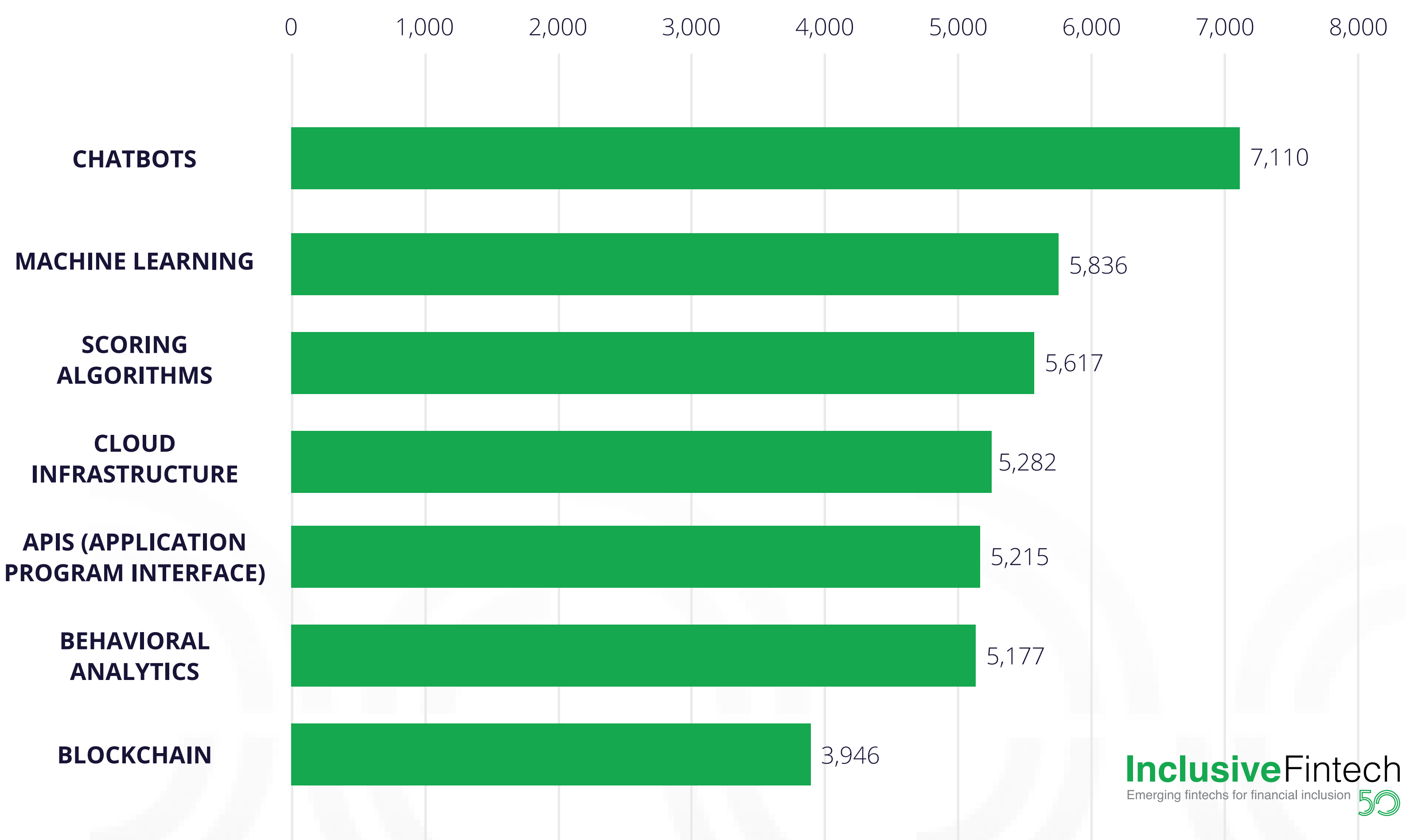
INSIGHT 7

Chatbots are delivering on their potential to increase customer outreach.

Fintechs are also using a variety of technologies to collect, store, share, and analyze customer data. Figure 12 depicts the types of technologies being used by the 2020 cohort and the corresponding number of consumers served. Fintechs that use chatbots are reaching 7,110 new customers per year on average — 22 percent above the next most commonly reported, machine learning. In 2019, DFS Lab reported that chatbots had the potential to both improve the customer experience and deliver financial services at greater scale by changing the economics of delivering services for microinsurance, guiding users through transaction funnels, and providing educational programs that improve customer engagement for various financial products. 2020 Winner Fonbnk demonstrates the power of chatbots, as explained in Box 5.

Fintechs that use chatbots are reaching 7,110 new customers per year on average — 22 percent above the next most commonly reported, machine learning.

FIGURE 12 FINTECHS THAT USE CHATBOTS HAVE MORE REGISTERED CUSTOMERS



N= 268; average total of registered users by technology used to collect, store, share, or analyze customer data. Sample normalized to exclude outliers.

BOX 5: FONBNK CUSTOMERS USE CHATBOTS AND SOCIAL MEDIA TO TRANSACT AND GET SUPPORT

Fonbnk operates in nine countries in sub-Saharan Africa and Colombia and offers a digital wallet which allows anyone with a prepaid mobile SIM card and a verified online identity to have a free, stored value account. Fonbnk enables customers to complete transactions entirely through a chatbot powered by Facebook Messenger, a platform already used regularly by their customers. Fonbnk runs thousands of daily transactions through the Facebook Messenger chatbot. If customers need additional support, they can communicate with other customers or with Fonbnk's customer support staff via WhatsApp. The chatbot and availability of human support helped foster customer trust and engagement. According to Fonbnk CEO Chris Duffus, "The chatbot is a great channel to provide support for low-margin, high-scale financial transactions."

Inclusivity

Ensuring that fintechs reach low-income customers is a key feature of Inclusive Fintech 50, differentiating it from other fintech competitions. The use of technology alone is insufficient to reach customers who may have capability and technological barriers to using tech-enabled financial services. Fintechs must be able to leverage technology to create new products and services that are more accessible, affordable, and appropriate (AAA Framework) than existing alternatives which have yet to help underserved households and small businesses meet their short and long-term financial goals, as well as improve their resilience, particularly in the wake of the current economic crisis.

CFI worked with BFA Global's Catalyst Fund to develop a set of 15 business characteristics for the 2020 application, organized according to the AAA framework and with the intention of measuring fintechs against these categories.

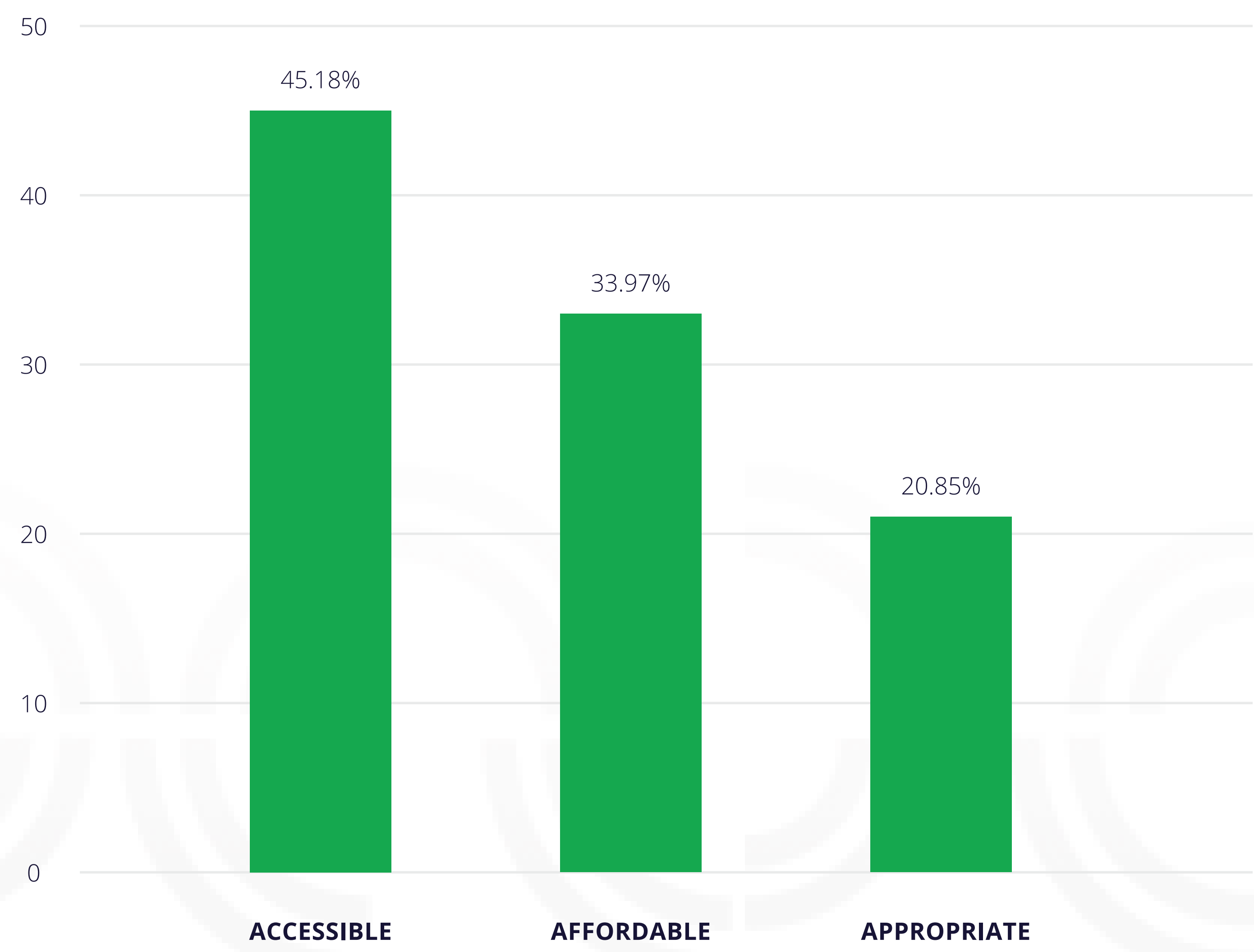
"Accessible" refers to serving customers with little reported financial data, including farmers and women.

"Affordable" refers to reduced business costs through smart use of tech that results in lower prices for customers.

"Appropriate" refers to tailored products that are flexible, fast, and simple to use.

As presented in Figure 13, fintechs report delivering business solutions to make financial services more accessible to underserved individuals and small businesses. Fewer fintechs, on average, selected options related to affordability, while fewer still selected options related to making services more appropriate.

FIGURE 13 FINTECHS' BUSINESS SOLUTIONS MOSTLY ASSOCIATED WITH MAKING FINANCIAL SERVICES MORE ACCESSIBLE AND AFFORDABLE



N=403; Fintech applicants' selections of preferred business solutions. Fintechs were able to select up to three choices.

15 business characteristics based on BFA Catalyst Fund's "Triple A Framework"

DEVELOPED BY CFI AND BFA CATALYST FUND FOR THE 2020 INCLUSIVE FINTECH 50 APPLICATION

Accessible

- Distributes financial services to new user groups by creating new distribution channels for financial services which leverage existing business relationships (this includes, for example, plaforms to connect buyers and sellers which then offer payments or credit based on transactions).
- Improves distribution of financial services through newfound eligibility as the result of improved data collection, use, or analytics.
- Improves physical distribution of financial services through improved agent networks (including point-of-sale devices).
- Improves uptake of formal financial products by reaching unserved and underserved customers.
- Lowers the burden of customer due diligence (CDD) for financial service providers (FSPs) by improving ID authentication.

Affordable

- Better meets the needs of end users or business through micro or flexible payment structures.
- Lowers cost per acquisition for business customers by providing its technology solution to identify, analyze and target suitable customers.
- Lowers fees for consumers (B2C) by offering a regulated product in a structured manner.
- Lowers operating costs for businesses (B2B) by leveraging technology to streamline processes.

Appropriate

- Improves customers' comfort with the service by designing for cultural considerations, gender, and/or use local languages.
- Adapts to typical user's comfort-level with technology through additional 'touch' components.
- Adapts to typical user's comfort-level with technology through improved user interface.
- Improves delivery time (delivers value more quickly to users than alternatives) through use of data analytics and technology.
- Increases usage of product/service through improved customer engagement (data driven alerts, or chatbot driven customer care executives, or phone calls, or customer townhalls).
- Provides users with more control over data.

INSIGHT 8

Investing in appropriate business solutions will help fintechs reach more underserved customers.

Despite strong evidence that agent networks are critical to support the use of digital financial services, Figure 13 shows that just 4 percent, or 16 fintechs, are focused on improving physical distribution of financial services. Managing agent networks can be difficult, expensive, and even prohibited by regulations, but leveraging or partnering with existing networks to extend a fintech's reach can be an efficient and cost-effective approach to reaching underserved customers. Beyond agents, there are other high-touch ways to reach clients who are less comfortable with technology or beyond the reach of physical infrastructure, including roving field agents, call centers, and leveraging savings groups. However, only 1 percent (four fintechs) are focused on using such strategies to adapt to customers' comfort level with technology through additional low-tech or high-touch components. For fintechs that are using agents or kiosks, the benefits are evident, as they onboard 44 percent more underserved users per year on average — often combining in-person networks with high-tech solutions, as per the example in Box 6.

Appropriateness refers not only to the delivery channel, but also to the design of financial products. Only 10 percent of fintechs report that they design for cultural considerations, like religion. While only 1 percent selected women as their primary target market, the 2020 Inclusive Fintech 50 applicants have an average of 42 percent female clients among B2B2C and B2C fintechs. For context, microfinance institutions have, on average, 80 percent female customers. Despite the strong role microfinance institutions play in advancing women's financial inclusion, there remains a persistent gender gap in access to financial services, which remained unchanged at 9 percent between 2014 and 2017. Reaching underserved customers, especially women, will require fintechs to develop a more nuanced understanding of the financial needs and ambitions of customers, as well as the physical and cultural constraints they face. To make meaningful impact in reaching underserved customers, providers will need to make intentional efforts to understand customers and design products and services with their specific needs in mind.

BOX 6: EXTRAMILE AFRICA DESIGNS PRODUCTS THAT WORK FOR ALL CUSTOMERS, REGARDLESS OF CONNECTIVITY OR LITERACY

Extramile Africa offers a mobile platform that incorporates blockchain technology, data science, and artificial intelligence to leverage the savings of low-income earners for direct investment in MSMEs and smallholder farmers. Extramile balances a high-tech solution that is designed specifically for use by low-income, rural customers with limited familiarity with digital financial services. For example, the company's Extracard product allows rural customers to transact without a smartphone by leveraging a widespread agent network. Customers can use their Extracard at agent locations to save, access small loans, or withdraw money even if they aren't comfortable with digital payments or do not have adequate connectivity. To provide rural customers with appropriate incentives to save, the model provides customers with the opportunity to invest in MSMEs and smallholder farmers. Thus, customers can invest in their local, rural community while growing long-term savings — a targeted incentive that is also critical for informal workers without a pension.

INSIGHT 9

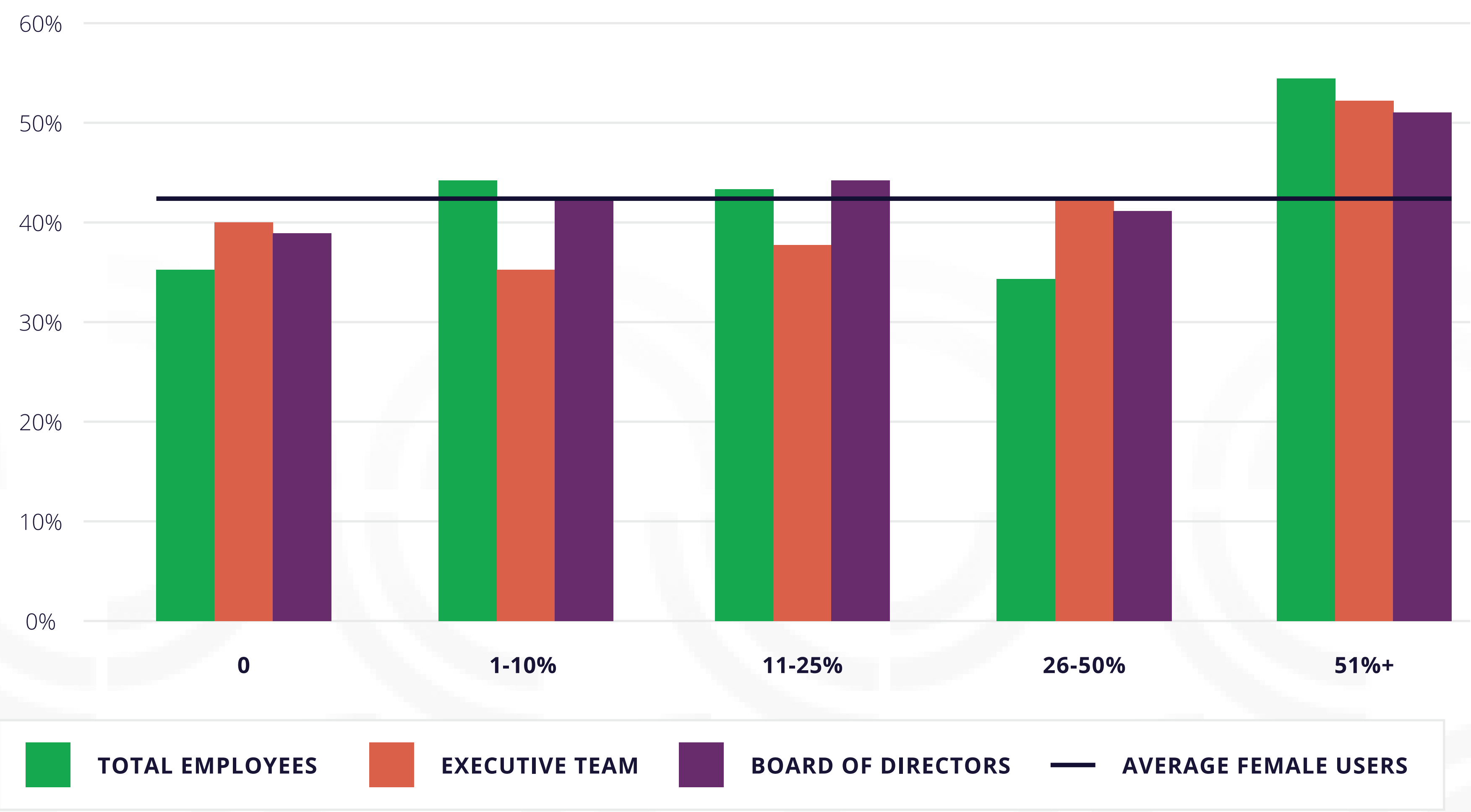
Fintechs with gender diversity at leadership levels are more likely to reach a large proportion of female customers.

Figure 14 shows that fintechs which exceeded the cohort average of 42 percent female users have a board of directors, executive team, and staff that exceeds 50 percent female representation. Gender diversity in leadership can increase a fintech's outreach to female customers.

The 2020 cohort overall, however, reported a lack of gender diversity at leadership levels. Forty-five percent of fintechs report that they have no female representation at the board level, and 27 percent do not have any women on the executive team. While leadership diversity is just one of many critical ingredients to expanding women's financial inclusion, progress is likely to be limited without a concerted effort to diversify leadership at fintechs.

FIGURE 14 GENDER DIVERSITY IN LEADERSHIP IS CORRELATED WITH STRONGER OUTREACH TO FEMALE CUSTOMERS

InclusiveFintech
Emerging fintechs for financial inclusion 50

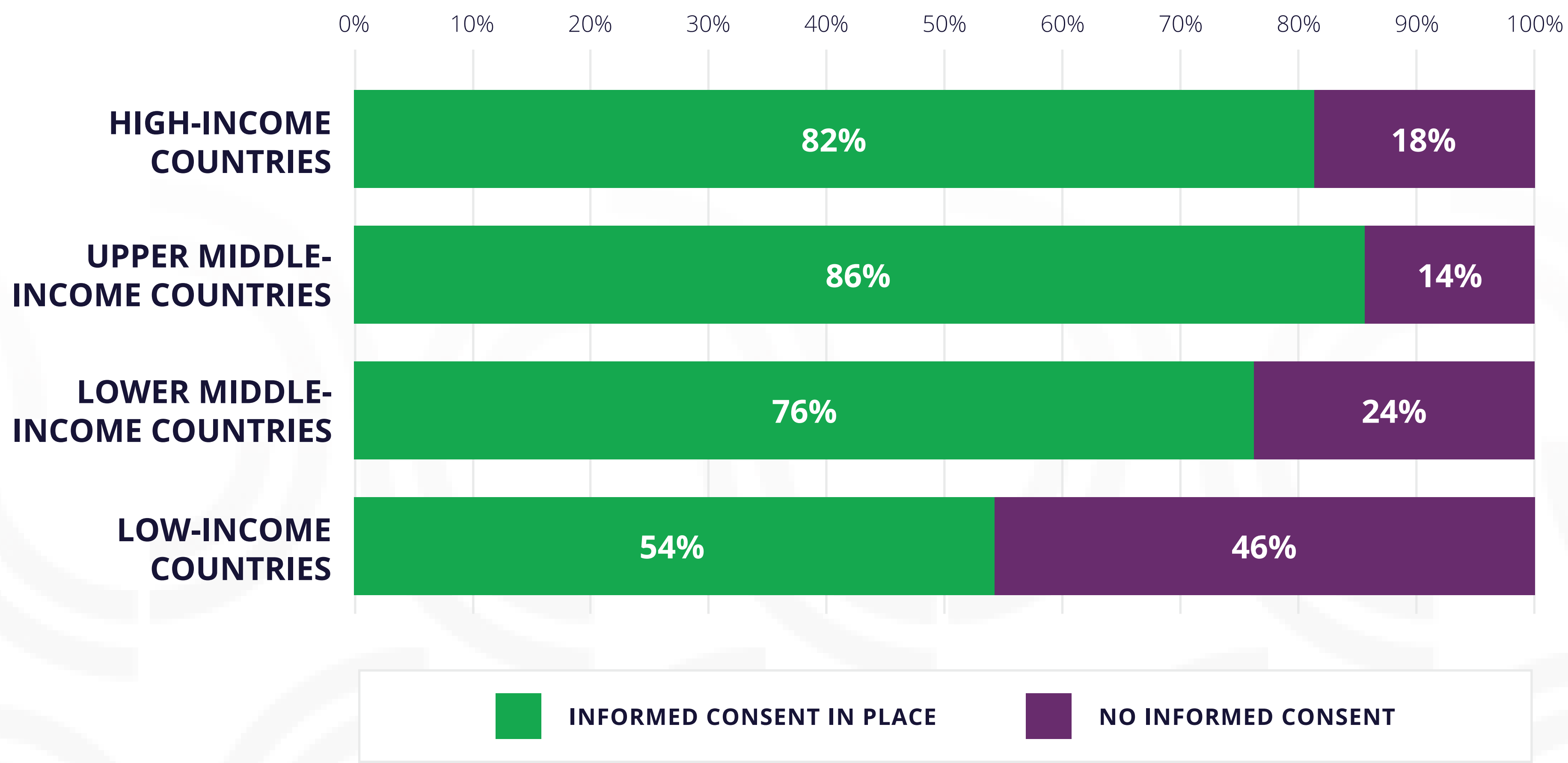


N=195 (B2B excluded); share of female users relative to reported female representation at employee, executive team, and board of directors

Basic data protection measures have not yet been widely adopted by fintechs operating in low-income countries.

Data protection is defined, in large part, by legal and regulatory frameworks in place in a given country, which, ideally, protect consumers and mitigate risks while allowing for innovation. However, legal and regulatory frameworks are not uniform, and many countries — particularly low- and lower middle-income countries — are still in the midst of developing robust data protection frameworks. Furthermore, fintech startups may be subject to different types of regulation than traditional financial service providers and mobile money operators, who, in many cases, have data protection measures in place due to their relative maturity and strong regulatory guidance. Thus, the onus is often on fintechs to adopt data protection measures to earn customer trust. At the same time, considering research that suggests customers in low-income countries will pay for data privacy, even during the pandemic,

FIGURE 15 FINTECHS OPERATING IN LOWER-INCOME COUNTRIES ARE LESS LIKELY TO HAVE MECHANISMS FOR INFORMED CONSENT IN PLACE



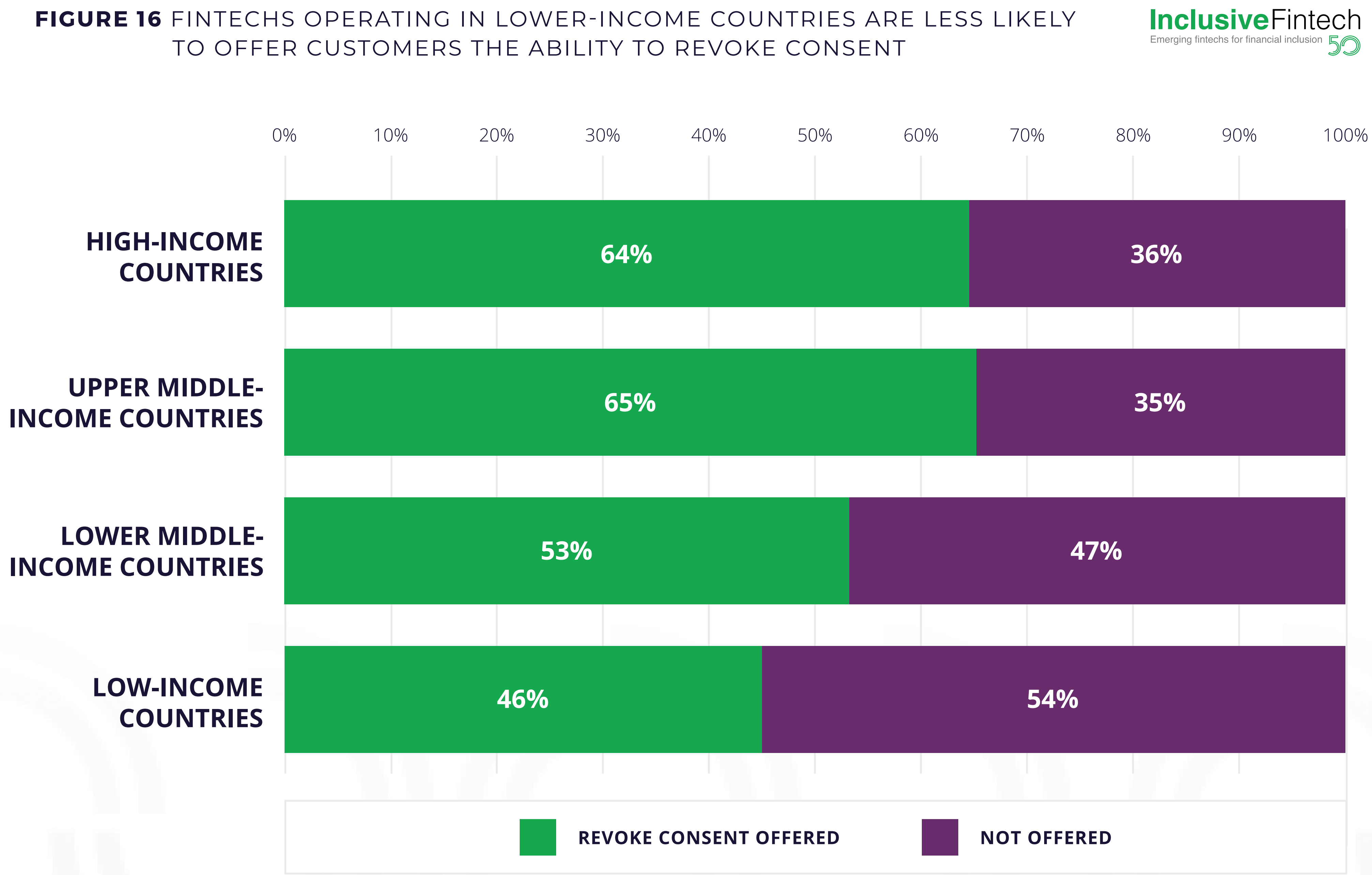
N=320; Share of fintech applicants by country income level and informed consent policies. Yes/no answers from B2C and B2B2C fintechs by income level of main operating country, per the World Bank classification. "Yes" answers required a screenshot or other document as verification.

it is in the interest of both investors and fintech startups to work together to ensure that robust data protection measures are in place.

While using alternative data enables fintechs to expand reach, it also presents unique risks for low-income consumers who may not understand how their data is being used, shared, and stored. Emerging guidance from CFI and others is increasingly calling on providers to embed practices that are adapted to the level of capability of the consumers they aim to reach and shift the onus of responsibility to providers and not their customers.

While nearly 80 percent of B2B and B2B2C fintechs in the applicant pool have mechanisms for informed consent in place, Figure 15 shows that fintechs operating in high- and upper middle-income markets were far more likely to have informed consent in place than low-income countries (only 54 percent). CGAP has written extensively about the limitations of using consent as a means to protect customer data. The fact that even this insufficient practice is not used widely across markets is cause for concern.

FIGURE 16 FINTECHS OPERATING IN LOWER-INCOME COUNTRIES ARE LESS LIKELY TO OFFER CUSTOMERS THE ABILITY TO REVOKE CONSENT



N=320 (B2B excluded); Share of fintech applicants by country income level and informed consent policies. Yes/no answers from B2C and B2B2C fintechs by income level of main operating country, per the World Bank classification. “Yes” answers required a screenshot or other document as verification.

Recognizing the limitations of informed consent, applicants were also asked whether customers are able to revoke consent. Figure 16 shows that only 58 percent of fintechs in the 2020 cohort are offering this service. In low-income markets, only 46 percent are doing so.

While there is significant opportunity for progress in this area, some fintechs among the cohort stand out for their commitment to data protection. For example, one of this year's winners, Verismart, provides solutions for enterprises that want to move beyond the standard consent model, as described in Box 7.

BOX 7: VERISMART ENSURES THAT ALL ENTERPRISES CAN PROVIDE CUSTOMERS WITH DATA PRIVACY AND CONTROL

Verismart is a B2B solution that provides eKYC services to enterprise clients using a blockchain platform that automates and standardizes customer due diligence and data sharing, driven by the consent of users. Through Verismart, banks, telecoms, healthcare, and insurance providers can ensure that user data is protected from abuse that can occur when such companies sell customer data to third parties without explicit consent. Rather than monetizing data by selling it to third parties, Verismart provides clients with tools to monetize data through personalized product recommendations, sharing data only privately and with the consent of the user. Furthermore, Verismart facilitates secure collaborative customer due diligence by facilitating data sharing between enterprises for alternative data assessment and risk management, helping companies comply with anti-money laundering regulations and those countering the financing of terrorism (AML/CFT). Verismart's clients report a 400 percent reduction in customer acquisition costs, a 75 percent reduction in process redundancy, and a 68 percent improvement in the speed of customer onboarding. These efficiency gains are complemented by the enterprises' ability to earn customer trust by protecting their data. Verismart has reached 1.2 million end users since launch.

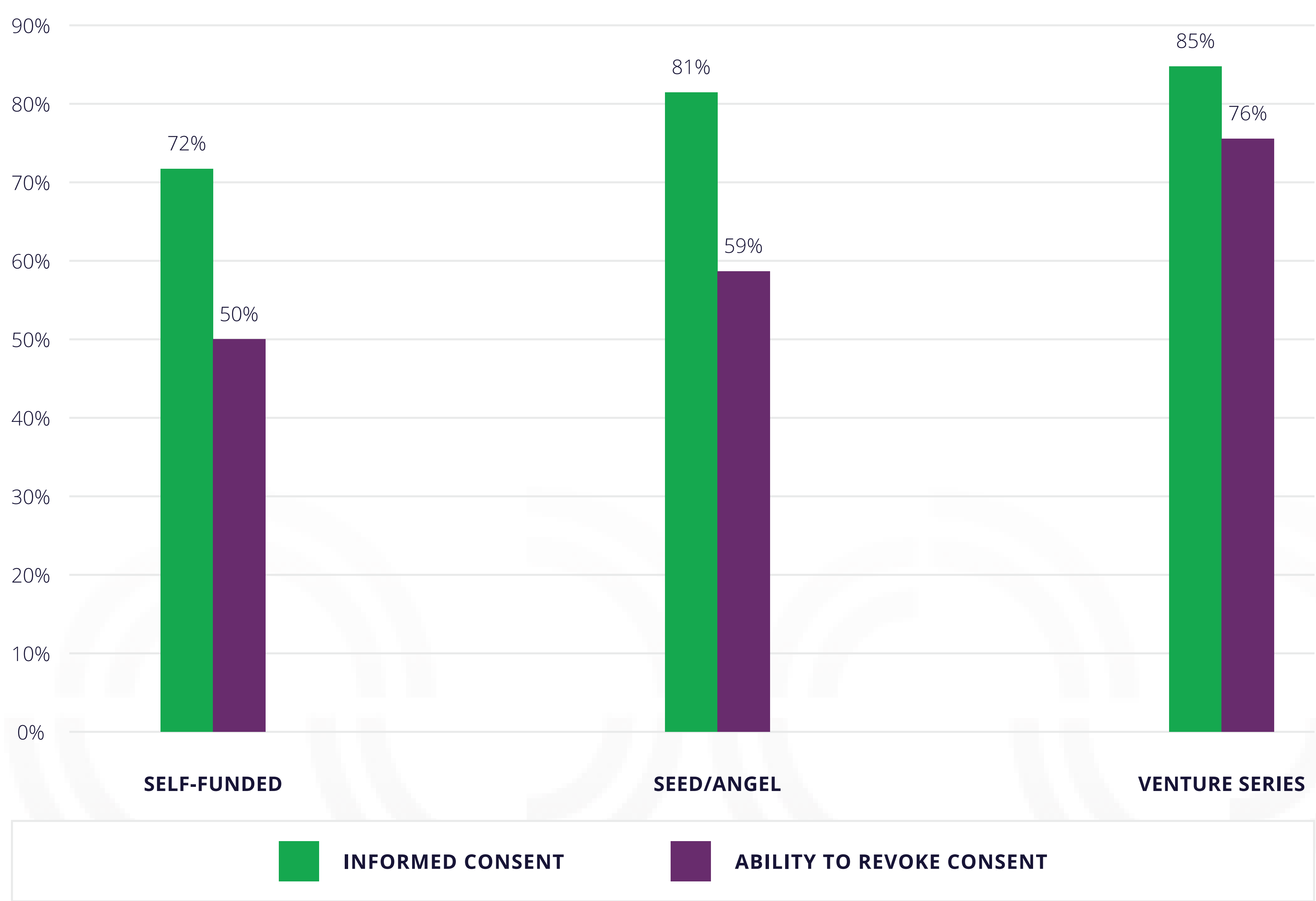
INSIGHT 11

External funding supports — but does not guarantee — stronger data protection measures.

Investors have a role to play in ensuring that fintechs stay ahead of the status quo in terms of data protection through incentivizing and supporting good practices. Figure 17 shows the correlation between responsible data privacy practices and type of investment. Seventy-two percent of self-funded fintechs have informed consent mechanisms in place, which increases to 81 percent of seed/angel fintechs and 85 percent of venture series.

On the other hand, only 50 percent of self-funded fintechs provide customers with the ability to revoke consent, while 59 percent of seed/angel fintechs and 76 percent of venture-funded services do so. This correlation between external funding and improved data protection practices holds true regardless of fintech age or product stage and presents an important leverage point for investors to influence the trajectory of responsible practices among growing fintechs.

FIGURE 17 EXTERNAL FUNDING HAS A POSITIVE IMPACT ON CONSUMER PROTECTION MEASURES



N=320; Excludes B2B. Share of fintech applicants by funding stage and data protection policies. Mechanisms for informed consent are in place, yes/no, and customer have the ability to revoke consent, y/n, by funding stage

InclusiveFintech
Emerging fintechs for financial inclusion 50

Looking forward

Drawing on the insights from two years of data from the Inclusive Fintech 50 applicants, there is a lot to celebrate about the role of fintechs in advancing inclusive finance, yet much remains to be done. There are three key opportunities for investors to take meaningful action to improve the ability of fintechs to reach underserved customers and advance financial inclusion.

RECOMMENDATION 1

Invest in fintechs with solutions that are accessible, affordable, and *appropriate*.

To meet the needs of underserved users, who represent an untapped market of potential customers, financial services must become more accessible, affordable, and *appropriate*. While driving down costs and building accessible digital channels comes naturally to technology-first companies, building services which specifically meet the needs of the historically underserved — women, smallholder farmers, MSMEs, those with low technical and financial literacy — is less common.

Solutions must be designed with a nuanced understanding of customers, including, for example, the social and cultural constraints they face, the physical challenges of delivering services in the locations where they live and work, their literacy levels, perceptions of technology, and more. In some cases, this will require distribution channels that combine advanced technology with non-tech services, such as agent networks, literacy programs, and recruiting sales agent and support staff within local communities. In other cases, appropriate solutions will be entirely tech-enabled. Investors can support these efforts by screening for fintechs that have designed solutions that account for the specific needs of their customers. In doing so, investors would also help build an evidence base on the link between customer centricity, appropriate products, a fintech's business model, and customer impact.

RECOMMENDATION 2

Investors must be intentional in their efforts to identify and support promising fintechs with diverse leadership.

Despite an increase in female founders between 2019 and 2020, Inclusive Fintech 50 shows that the industry has yet to achieve the gender diversity in leadership required to close the gender gap in financial services. Moreover, the diversity challenge in fintech goes beyond gender. Globally, the industry is dominated by white men at every level, from founders to board members to the investors who make the decisions as to which startups receive funding.

Investors who intentionally source and support fintechs with diverse leadership are key to tackling this challenge. For instance, by establishing and announcing metrics for diversity before recruiting their portfolio, DFS Lab successfully developed a global portfolio of promising early-stage fintechs of which 50 percent are led by women, and who, collectively, have a customer base that is 50 percent female. Incubators and accelerators can also provide early-stage fintechs that have diverse leadership with the support they need to further develop their business model and successfully fundraise. To be effective in implementing and supporting such programs, investors must also take steps to improve the diversity of their own staff and work with their teams to raise awareness of implicit biases and the impact on their business practices.

Amplifying and scaling efforts that explicitly target and support fintechs that are female-led and with diverse leadership will help ensure that the fintech industry has the perspectives required to change the status quo and reach the diverse range of individuals and MSMEs that are currently excluded and underserved.

RECOMMENDATION 3

Work with current and potential investees to ensure sufficient data protection practices are in place.

The ever-increasing use of customer data among fintechs presents an evolving set of risks for customers as well as reputational and legal risks for investors and providers if adequate protections are not in place. Data protection measures that provide users with transparent control over their data are even more scarce in low-income markets than they are in the rest of the world. Yet data from the 2020 Inclusive Fintech 50 applicants demonstrate that fintechs with venture investors were more likely to have data protection measures in place.

Investors can play a key role in screening for fintechs that actively address any data protection risks in their model, and influencing their portfolio companies to adopt strong data protection frameworks. This is especially important as fintechs often navigate within vague regulatory guidelines; the onus is on them to create customer loyalty, build trust, and employ forward-looking data protection measures to protect customers and themselves in markets where regulations are not strong.

While research is ongoing to address many open questions on effective approaches to data protection, investors can use their leverage and play an active role in ensuring that their portfolio stays abreast of these issues and proactively puts measures in place to protect customer data.

The pandemic has highlighted the critical role financial services play in ensuring that everyone can store, send, and access the funds they need to withstand economic shocks. By increasing their own operational resilience and innovating to adapt to the rapidly changing environment, fintechs worldwide are ensuring that individuals and MSMEs can keep transacting despite lockdowns and economic uncertainty. As the world emerges from — or learns to live with — the pandemic, the fintech sector must make intentional efforts to diversify at every level to meet the challenge of reaching underserved customers with products that solve their needs, while also ensuring that robust data protection measures are in place. Only then will fintech be able to deliver on its promise to use technology and innovation to deliver meaningful services to all.

Meet the 2020 Judging Panel

NEJOUD AL MULAIK

Director, Fintech Saudi

BINDU ANANTH

Chair, Dvara Trust

TAREK ASSAAD

Managing Partner, Algebra Ventures

SARAH AUSTRIN-WILLIS

Senior Director, Financial Health Network

GINGER BAKER

Head of Financial Access, Plaid

HENRY BAYE

CEO, Jersey CI, Standard Chartered Bank

KEITH BERRY

Executive Director, Moody's Analytics Accelerator

MELISSA BRADLEY

Co-Founder, Ureeka

MAELIS CARRARO

Director, BFA Catalyst Fund

NADINE CHEHADE

Senior Financial Sector Specialist, CGAP

TAMARA COOK

CEO, FSD Kenya

MARTA CRUZ

Co-Founder & Managing Partner, NXTP

continued on next page

MEET THE 2020 JUDGING PANEL (CONTINUED)

MAX CUVELLIER

Head of Mobile for Development, GSMA

BERNHARD EIKENBERG

Partner, Emerging Markets, Community Investment Management

MARIE-THERESE FAM

Managing Partner, Flat6Labs

BUHLE GOSLAR

Africa CEO, Jumo

BRAD JONES

CEO, WaveMoney

ZENNON KAPRON

Founder/Director, Kapronasia

MACHAL KARIM

Executive, Development Impact, Financial Institutions, CDC Group plc

TERRY LUCIANI

Vice President, Enterprise Innovation, MetLife

JOJO MALOLOS

CEO, JG Digital Equity Ventures & Data Analytics Ventures

ROBERT MITCHNICK

Vice President, BlackRock

TAYO OVIOSU

Founder & CEO, Paga

MARK PICKENS

Senior Director, Social Impact, Visa Inc.

LILIANA POZZO

Advisory Services Manager, IFC

MARIA PUCH HERREROS DE TEJADA

Institutional Development Director, New Ventures Mexico

ROCIO ROBLES

Partner, Tenet Consultores, S.C

KUNAL UPADHYAY

Advisor, ADB Ventures

SHWETANK VERMA

Co-Founder and General Partner, Leo.Capital

GRAHAM WRIGHT

Managing Director, MicroSave

ZIA ZAMAN

Innovator

GABRIELA ZAPATA ALVAREZ

Profesional independiente en inclusión financiera, Independent Consultant (Financial Inclusion)

Meet the 2020 Inclusive Fintech 50

Aflore

CREDIT | B2B | MSMES | SERIES B

Headquarters: Colombia
Operating Countries: Colombia

Aflore combines tech and data with existing personal relationships to expand financial services to the middle class in Latin America. Clients often have limited or no access to formal credit and a deep distrust of banks. Many of the typical clients have resorted to borrowing from loan sharks or friends and family, and 57 percent are women. The company recruits and trains women as Informal Advisors, equipping them with a mobile platform and enabling them to offer financial services to their personal networks. The Informal Advisors earn income through Aflore's incentive system while extending financial services to clients. Since launching in 2014, Aflore has reached 25,000 Informal Advisors, of whom over 19,000 are women.

www.aflore.co

Akiba

SAVINGS AND PERSONAL FINANCIAL MANAGEMENT | B2B2C | LOW-INCOME | VENTURE SERIES

Headquarters: Mexico
Operating Countries: Mexico, Peru

Akiba aims to improve the financial wellbeing of low-income employees by enabling savings and providing access to emergency lines of microcredit. Through its app, Akiba helps to digitize Latin America's ubiquitous Employee Savings Banks, and increases the adoption and use of these savings mechanisms. The company also supports employees by helping to bridge their cash needs in the days leading up to payday through lines of credit. Akiba's automatic and recurring deductions leverage behavioral science to help users save for short-term goals and keep emergency cash. One third of users who have been using Akiba for three years have saved 174 percent more when using the fintech product. Akiba users saved 174 percent more when using the fintech product. More than 90 percent of Akiba's 82,000 registered users are active users.

akibaa.com

Alfi

SAVINGS AND PERSONAL FINANCIAL MANAGEMENT | B2B2C | MASS MARKET | SERIES A

Headquarters: Mexico
Operating Countries: Chile, Mexico, Peru

Alfi is a platform and app that connects users to a marketplace of financial products while improving their financial management skills. Through gamification and machine learning, the platform adapts to individual profiles and preferences, delivering unique experiences. Users learn to make decisions about reducing delinquency and debt, growing their income, and improving their financial health overall. Alfi then connects users with appropriate financial products offered by the company's partners, based on the user's needs. Since launching in 2019, Alfi has reached 150,000 registered users, half of whom they estimate are underserved.

www.soyalfi.com

Asaak

CREDIT | B2B | MSMES | SEED/ANGEL

Headquarters: United States
Operating Countries: Uganda

Asaak is an asset financing company that provides credit by lending motorcycles, fuel, and smartphones to drivers to improve the lives of informal workers in Uganda. In Africa, the informal sector accounts for 86 percent of all businesses and provides employment opportunities to low-income workers, including drivers. Yet, these entrepreneurs lack access to credit. Along with providing motorcycle financing, Asaak also provides additional training to help these drivers begin working for ride-share or delivery companies like Uber or Jumia. Asaak is also expanding its financial platform to include automated educational services around key business skills to help its customers grow their enterprises. Since launching, Asaak has reached thousands of end-users in this underserved market.

www.asaak.com

Bamba

INSURANCE | B2C | LOW-INCOME | SEED/ANGEL

Headquarters: Mexico
Operating Countries: Mexico

Bamba is a platform that brings low-income domestic workers into the formal financial system. Domestic workers in Mexico, including housekeepers, drivers, maids, and nannies, are often paid in cash and without benefits, making them vulnerable to health or income shocks. Bamba's platform brings workers, employers, and financial institutions together through a low-cost annual membership that provides workers with personal accident insurance, indemnity insurance, free medical consultations, a savings account, and a debit card for electronic payments. This helps ensure workers receive a regular salary, can save money, and can generate a credit history. Since launching, Bamba has reached over 6,000 registered users.

www.vivebamba.com

Bankly

SAVINGS AND PERSONAL FINANCIAL MANAGEMENT | B2C | NON-SALARIED WORKERS | SEED/ANGEL

Headquarters: Nigeria
Operating Countries: Nigeria

Bankly helps its users digitize and grow their cash in a safe, simple manner through technology. In Nigeria, Bankly supports unbanked and underbanked people who currently save with thrift collectors and pool clubs. These are often farmers, market traders, artisans, and transport workers who are paid in cash and cannot access a bank easily. Through a series of tech- and human-based touchpoints including its app and agent network, Bankly helps its users digitize their cash, which can then generate data to create a digital and financial identity. The Bankly Agent app provides a suite of services including savings, transfers, withdrawals, bill payments, airtime top-up, and financing. Bankly has reached over 35,000 registered end-users, with nearly 75 percent of users identifying as underbanked.

www.bankly.ng

Climb Credit

PAYMENTS AND REMITTANCES | B2B2C | MASS MARKET | SERIES A

Headquarters: United States
Operating Countries: United States

Climb Credit provides accessible and affordable payment options for partner schools that focus on jobs with strong earning potential in today's economy. The company offers financing solutions to adults with the desire to increase their salary or completely change their career path and industry, as well as those who are unemployed or have low credit scores. Climb Credit's unique underwriting has a strong focus on accessibility for adult learners with different financial backgrounds and helps remove financial barriers to promote economic mobility by advancing education along resilient career paths.

climbcredit.com

Coink

SAVINGS AND PERSONAL FINANCIAL MANAGEMENT | B2B2C | YOUTH | SEED/ANGEL

Headquarters: Colombia
Operating Countries: Colombia

Coink is an app that brings the traditional experience of the piggy bank into the digital age. The company focuses on financially underserved populations in Colombia and especially those with little financial education including young people. Coink is a fully-licensed financial institution and users are able to access several financial services directly from the app. The user experience creates an emotional, reward-based link between decisions and finances, building positive habits for long-term financial health. Coink has reached over 14,000 registered users, over 10,000 of whom come from underserved populations.

www.coink.com

Davinta

CREDIT | B2C | RURAL | HOUSEHOLDS | SELF-FUNDED

Headquarters: India
Operating Countries: India

Davinta is an AI-based digital platform that offers credit and other financial products to unbanked and underbanked customers in India. The company focuses primarily on women living in rural areas. Davinta's platform leverages data from both traditional and alternative channels to recommend financial products tailored to their specific needs. Through a network of partnerships, Davinta creates micro-markets where its customers get opportunities to create and sell products and services to generate sustainable livelihoods. Davinta has acquired nearly 15,000 registered users, approximately 12,000 of whom are women.

www.davintafinserv.com

DreamStart Labs

SAVINGS AND PERSONAL FINANCIAL MANAGEMENT | B2B2C | LOW-INCOME | SEED/ANGEL

Headquarters: United States

Operating Countries: Bangladesh, Benin, Ethiopia, Philippines, Rwanda, Sri Lanka, Tanzania, Uganda, Vietnam, Zambia

DreamStart Labs offers digital banking solutions for informal community savings groups. More than 200 million unbanked people around the world today rely on informal community banks as their primary source of financial services. While these groups are extremely beneficial, managing them is difficult. Transactions are calculated by hand in paper ledgers, with cash stored in metal lockboxes. DreamStart Labs offers mobile apps that make it easy for members to conduct transactions, build credit history, and connect to formal banks. DreamStart Labs has reached thousands of savings groups across Africa, Asia, and Latin America, with over two-thirds of its end-users as underserved women.

www.dreamstartlabs.com

Dvara SmartGold

SAVINGS AND PERSONAL FINANCIAL MANAGEMENT | B2B2C | LOW-INCOME | SEED/ANGEL

Headquarters: India
Operating Countries: India

Dvara SmartGold creates financial security for lower- and middle-income households by encouraging micro-savings. The company enables households to systematically, securely, and transparently save through gold, an asset class they are familiar with. Customers save via digital channels but can redeem the gold physically, in a convenient manner in case they need to liquidate their holdings for any unforeseen expenses or emergencies. To help customers become comfortable with digital savings, Dvara SmartGold offers door-step collection. The product is offered through microfinance institutions, self-help groups, fintechs, and business correspondents, among others. Since launching in 2019, Dvara SmartGold has built a registered user network of nearly 9,000 users.

www.dvarasmartgold.com

Esusu

CREDIT | B2B | LOW-INCOME | SEED/ANGEL

Headquarters: United States
Operating Countries: United States

Esusu uses rental payment data to help underserved populations build their credit histories and unlock new opportunities. The company serves low-to-moderate income households, the vast majority of whom earn less than USD 40,000 annually and are predominantly African-America, Asian, and Latinx populations. Esusu's proprietary rent reporting platform covers data from over 250,000 rental units across the United States from which it extracts data, transforms data in line with applicable regulations, and reports data into Equifax, Experian, and TransUnion. The company's primary partners are large multifamily owners and operators.

www.esusurent.com

EthicHub

CREDIT | B2B2C | SMALLHOLDER FARMERS | SEED/ANGEL

Headquarters: Spain
Operating Countries: Mexico, Spain

EthicHub connects smallholder farmers with lenders and direct buyers from around the world. In the coffee trade in Mexico alone, there is a USD 700 million financing gap for smallholder farmers. Through an integrated, peer-to-peer online marketplace, EthicHub makes it possible for smallholder farmers to access affordable loans, build credit history, and sell their crops at fair prices without intermediaries or the speculative prices of commodities markets. Direct buyers benefit from lower prices and total traceability of the products they buy. In its first market in Mexico, hundreds of farmers already use EthicHub to access formal financial services and grow their businesses.

www.ethichub.com

Eversend

PAYMENTS AND REMITTANCES | B2C | MASS MARKET | SEED/ANGEL

Headquarters: France
Operating Countries: France, Ghana, Kenya, Uganda

Eversend is a mobile banking solution that provides essential financial services through smartphones and basic mobile phones. For many of Eversend's customers, this is their first experience with formal financial services. This includes refugees who may be far from a bank branch, low-income laborers who do not meet the necessary capital requirements to open a bank account, or women who are unable to provide traditional forms of collateral. Eversend offers several financial services through a basic mobile application including loans, insurance, remittances, bill payment, and debit card. The company also provides instant money transfers directly to mobile money accounts. Eversend has registered 60,000 users since launching.

www.eversend.co

Extramile Africa

SAVINGS AND PERSONAL FINANCIAL MANAGEMENT | B2B2C
SMALLHOLDER FARMERS SEED/ANGEL

Headquarters: Nigeria
Operating Countries: Kenya, Nigeria, United States

Extramile Africa helps transform savers into investors while enabling MSMEs and smallholder farmers to access capital to grow their businesses. Through a mobile platform that incorporates blockchain technology, data science, and artificial intelligence, Extramile Africa provides low-income earners the opportunity to make daily, weekly, or monthly contributions to a savings wallet that can then be deployed as direct investments in MSMEs and smallholder farmers. The accumulated funds are released to verified recipients that are primarily unbanked and underserved traders and farmers working in agricultural value chains. Extramile has reached nearly 150,000 registered users since launching, over half of whom remain active users. Nearly half of Extramile's registered users are female.

www.extramileafrica.com

Fairbanc

CREDIT | B2B | MSMES | SEED/ANGEL

Headquarters: United States
Operating Countries: Indonesia

Fairbanc is a highly-scalable closed loop credit platform for micro-merchants to purchase fast-moving consumer goods. Through a distribution partnership with Unilever, micro-merchants can purchase goods on credit without needing a smartphone. Fairbanc's "Pay Later" API integrates directly into Unilever's order-taking tablets, so micro-merchants only need a basic phone to receive SMS messages and a unique passcode for each credit purchase. Fairbanc emphasizes women's financial inclusion and through its current partnership has access to a customer base of 650,000 mostly unbanked micro-merchants in Indonesia, nearly 260,000 of which are women.

www.fairbanc.app

First Circle

CREDIT | B2B | MSMES | SERIES B

Headquarters: Philippines
Operating Countries: Philippines

First Circle builds resilience and unlocks economic opportunity for business-to-business SMEs in the Philippines. First Circle's customers often have no credit data or fixed collateral and are excluded from the banking sector. Many have been forced to work with predatory lenders and approximately 40 percent are female-owned. With First Circle, these SMEs can secure finance in as little as one day through a digital and automated application process that delivers flexible loan terms tailored to their unique needs. First Circle has built a proprietary database of more than 250,000 business records and USD 1.5 billion of supply chain data that enables the company to underwrite thin- or no-file SMEs.

www.firstcircle.com

Fonbnk

PAYMENTS AND REMITTANCES | B2B2C | MASS MARKET | SEED/ANGEL

Headquarters: United States
Operating Countries: Botswana, Colombia, Ethiopia, Ghana, Kenya, Mozambique, Nigeria, South Africa, Tanzania, Uganda

Fonbnk provides borderless banking infrastructure directly to unbanked people around the world using the mobile internet. Using the Fonbnk's Airtime Wallet, anyone with a prepaid mobile SIM card and a verified online identity can have a global stored value account for free by recharging their existing mobile phone. The company targets young, tech-savvy users who have experience with online revenue generation tasks and pays them with prepaid airtime, which can be instantly distributed globally and without friction. This borderless payments infrastructure makes it possible for users to access, earn, transfer, pay, and save money easily and all from their existing mobile device.

www.fonbnk.com

ftcash

CREDIT | B2B | MSMES | SERIES A

Headquarters: India
Operating Countries: India

ftcash aims to empower micro-merchants and small businesses with the power of credit through digital payments. For millions of people in India, unexpected health issues or other financial shocks can push them into poverty. Compounding this problem is the fact that many living in or near poverty lack access to effective tools for saving, sending, and borrowing money to mitigate financial risks. ftcash uses a proprietary algorithm to assess the creditworthiness of micro-merchants and small businesses using transaction flow data, savings, network diversity, and geographic patterns, along with psychometric analysis. The customized credit score is used to access financial services including advances. Since launching in 2015, ftcash has reached a registered user network of over 400,000 small businesses and micro-merchants.

www.ftcash.com

Fundfina

CREDIT | B2B2C | MSMES | SEED/ANGEL

Headquarters: India
Operating Countries: India, United Kingdom

Fundfina is a financial marketplace powered by open banking architecture, machine learning analytics and a digital distribution engine. The company partners with financial institutions to serve more than 150,000 MSMEs across India, who otherwise have difficulty accessing credit due to a lack of credit history, a need for small dollar loans deemed unprofitable by larger institutions, and a slow and complex lending process. Fundfina supports these merchants by curating appropriate financial products on its platform, enabling thin-file credit assessments through proprietary indices, and offering cash flow management tools.

www.fundfina.com

Helicap

CREDIT | B2B2C | UNDERSERVED | SERIES A

Headquarters: Singapore
Operating Countries: Cambodia, Indonesia, Philippines, Singapore

Helicap is a fintech specializing in the alternative lending space in Southeast Asia and Australia. Helicap targets underserved individuals and SMEs who face cashflow problems and need access to credit facilities. Helicap's proprietary technology employs credit analysis and scoring algorithms to analyze millions of loan data points from alternative lenders, allowing its loan origination partners to supply SMEs with working and investment capital, and enabling individuals to purchase productive equipment, pay university fees, or fund their small business. Since its launch in 2018, Helicap has facilitated lending capital to over 200,000 underlying borrowers, over 90% of which remain active today.

heli-cap.com

Hydrologistics Africa

PAYMENTS AND REMITTANCES | B2B2C | MASS MARKET | SEED/ANGEL

Headquarters: Kenya
Operating Countries: Kenya

Hydrologistics Africa has redesigned the water and utility management experience by building tools that empower consumers, utilities and the industry to bring efficiency, transparency and value in every drop of water. Hydrologistics Africa's founders grew up in Kenya, where water accounts for 11% of family income, yet three or more days a week, water taps are dry. Their solution, HydroIQ, is an IoT device that is connected to the water system. It enables consumers to regulate and manage their water use. Through a simple interface, consumers can pay for the water they use through SMS or a mobile application. HydroIQ has created an active user network spanning 3,000 households across Kenya.

www.hydroiq.africa

Kaleidofin

SAVINGS AND PERSONAL FINANCIAL MANAGEMENT | B2B2C | LOW-INCOME | SERIES A

Headquarters: India
Operating Countries: India

Kaleidofin is a neo-bank that offers intuitive and tailored financial solutions to underserved customers, helping them meet their real goals in life. A large segment of the company's customer base are engaged in the informal sector with unpredictable incomes and little familiarity with financial products. Kaleidofin creates a customized financial plan for each customer based on their goals, financial capability and sources of financial vulnerability. This plan becomes the basis on which tailored solutions are created by combining a diverse set of financial products including savings, investments, insurance, and credit solutions that help customers meet their goals. Since launching in late 2017, Kaleidofin has reached nearly 130,000 active users, over 95 percent of whom are women.

www.kaleidofin.com

Kiu Global

INFRASTRUCTURE | B2B | MSMES | SEED/ANGEL

Headquarters: Vietnam

Operating Countries: Bangladesh, Cambodia, Myanmar, Philippines, Thailand, Vietnam

Kiu Global's technology platform provides tools for MSMEs and farmers to be more efficient and productive, while leveraging data for access to capital. The MSMEs that Kiu Global serves are unbanked and underbanked, with knowledge gaps in business best practices, accounting, and financial management. The mid-market firms need digital tools to increase productivity and efficiency and the enterprise firms need a single platform to manage operations and supplier payments. Together with Kiu Global's loan management system, the company's ERP and accounting system drives a credit scoring engine and enables partner banks to assess loan risk while reducing administration costs. Loans can be delivered in less than 24 hours from the initial request. Since launching, Kiu Global has reached a market of 35,000 businesses.

www.kiuglobal.com

Lulalend

CREDIT | B2B | MSMES | SERIES A

Headquarters: South Africa
Operating Countries: South Africa

Lulalend offers working capital loans to small businesses across South Africa. Sixty percent of South African small business owners cite "access to capital" as a leading obstacle to growing their business, particularly the arduous paperwork, long wait time and high collateral requirements. Lulalend offers an online end-to-end credit management platform that uses artificial intelligence to instantly score creditworthiness with only minimal financial information and no collateral required. Business owners can receive funding within 24 hours of applying. Lulalend has processed over 70,000 applications and helped thousands of small businesses across South Africa to grow.

www.lulalend.co.za

Modal Rakyat

CREDIT | B2B2C | MSMES | SEED/ANGEL

Headquarters: Indonesia
Operating Countries: Indonesia

Modal Rakyat is a working capital enabler for startups and MSMEs. Through its API-driven technology, the company unlocks a "pay later" option and invoice financing solutions for logistics marketplace, point-of-sale merchants, and online banks' payment points. Modal Rakyat targets MSMEs, which are mostly underserved by traditional banks and lack access to working capital to sustain and grow their businesses. Rather than acquiring and building a network of MSMEs, the company partners with several technology partners with broad MSME networks, including e-commerce firms, logistics aggregators, and online bank agent networks. Since launching in 2018, Modal Rakyat has deployed 25,000 MSME loans in Indonesia.

https://modalrakyat.id

Moon

INFRASTRUCTURE | B2C | RURAL HOUSEHOLDS | SEED/ANGEL

Headquarters: Senegal
Operating Countries: Senegal

Moon enables rural Africans to purchase proprietary pay-as-you-go smartphones, along with a range of solar charging kits and solar home kits. In Africa, 600 million people lack access to electricity and cannot charge their phone reliably. Additionally, many lack access to smartphones and the benefits of digital and financial inclusion. Moon's cloud platform manages the sale of smartphones on a pay-as-you-go model with low-data usage apps designed to encourage digital literacy. A dedicated digital payment app allows remote payments for the device as well as the home solar kits that provide charging and lighting for the household. Moon has equipped 5,000 families in rural Senegal and aims to reach 150,000 families in Togo by 2025.

moon.community

Nagad

PAYMENTS AND REMITTANCES | B2C | MASS MARKET | SERIES A

Headquarters: Bangladesh
Operating Countries: Bangladesh

Nagad provides digital financial services to nearly 20 million customers in Bangladesh, ensuring low-income populations can benefit from formal financial services. Through a digital KYC process, Nagad simplifies the account opening process and creates access to several solutions including CICO, peer-to-peer money transfers, mobile recharging, merchant payment, and bill payment. The company also enables salary payments for factory workers, government payments, and digital payments for micro-merchants and other distributors. Nagad was classified as an emergency service by the government during COVID-19.

www.nagad.com.bd

Naya Jeevan

INSURANCE | B2B2C | MSMES | SERIES A

Headquarters: Pakistan
Operating Countries: Pakistan

Naya Jeevan designs and delivers health and wellness solutions that match the unmet needs of employees in large and small companies. The company focuses on individuals linked to corporate value chains, including distributors, retailers, sales force, factory workers, and farmers. By partnering with major underwriters, Naya Jeevan can offer a range of off-the-shelf and customized health, life, disability, livestock, and general insurance solutions. The company combines the insurance solutions with tele-medicine, preventative health interventions, and an automated claims process. Naya Jeevan has reached over 150,000 registered end-users and has over 45,000 lives actively enrolled in its annual, digital health insurance and wellness plan, with over 75 percent of these being low-income beneficiaries insured for the first time.

www.naya-jeevan.com

Neat

PAYMENTS AND REMITTANCES | B2B | MSMES | SERIES A

Headquarters: Hong Kong
Operating Countries: Hong Kong, United Kingdom

Neat makes the world of international trade more accessible to entrepreneurs, SMEs and ambitious young companies from across the globe. Its financial services platform enables businesses to quickly, simply and securely incorporate in Hong Kong or London and open an account to receive and transfer multi-currency funds, issue corporate cards to employees, integrate with accounting and payment gateways and more. The application process is fully online and can be completed in just 15 minutes. Since launching, Neat has opened more than 28,000 customer accounts, helping businesses from over 35 countries to expand and trade internationally.

www.neatcommerce.com

OKO

INSURANCE | B2B2C | SMALLHOLDER FARMERS | SEED/ANGEL

Headquarters: Israel
Operating Countries: Mali, Uganda

OKO secures the income of unirrigated farmers in developing countries through a mobile-based crop insurance that automatically compensates them if they suffered from adverse weather. More than one and a half billion people globally depend on rain-fed agriculture for their income and a very large majority is unbanked. OKO creates affordable insurance products that are directly related to weather conditions and satellite observations. OKO's products are accessible from any kind of mobile phone and in rural areas since it uses simple technologies including SMS. At the end of January 2020 OKO became available to all Orange customers in Mali and by June had more than 1,800 paying customers.

www.oko.finance

Oriente

CREDIT | B2C | LOW-INCOME | SERIES B

Headquarters: Hong Kong
Operating Countries: Indonesia, Philippines, Vietnam

Oriente is building a digital-first infrastructure designed to ignite economic opportunity for unbanked consumers and underserved merchants. The company's fintech platforms provide access to a wide range of affordable financial services for its 5 million users, including cash loans, digital credit, and offline-to-online consumer finance. Through real-time data and insights, Oriente also empowers tens of thousands of merchants to increase conversions and lower risks. For the underbanked communities it serves, Oriente aims to accelerate inclusive economic growth by unlocking vital financial access, powering commerce, and improving financial literacy through its platform and community outreach programs.

www.oriente.com

Papara

PAYMENTS AND REMITTANCES | B2C | LOW-INCOME | SELF-FUNDED

Headquarters: Turkey
Operating Countries: Turkey

Papara is a financial superapp that enables individual users and businesses to send and receive money without worrying about bank hours, fees, or hidden expenses. The company targets unbanked and underserved customers, including youth, who may have a bank account but are unhappy with the services. Through its technology, Papara reduces the costs and complexities associated with typical financial operations. For both unbanked and underserved customers, Papara's online KYC and onboarding capabilities streamline the signup process. Since launching in 2016, Papara has a registered user base of over 5 million and over 15 million transactions per month.

www.papara.com

Paycode

PAYMENTS AND REMITTANCES | B2B2C | RURAL HOUSEHOLDS | SERIES A

Headquarters: South Africa

Operating Countries: Botswana, Ghana, Guinea, Nigeria, Mozambique, Namibia, South Africa, Zambia

Paycode provides last-mile delivery financial services technology solutions to unbanked citizens offline in real-time. Designed for the hard-to-reach remote, rural end-users, Paycode's Electronic Data and Payments Technology (EDAPT) creates, captures and verifies identity of citizens through biometric data collection, stores that information on a biometric smartcard, and uses that information to verify and authenticate digital banking transactions securely. Paycode partners with financial institutions in order to create low-cost bank accounts for first-time users. Launched in 2014, Paycode has reached over 4 million end-users across 8 countries.

www.paycode.com

PayGo Energy

INFRASTRUCTURE | B2B2C | LOW-INCOME | SERIES A

Headquarters: Kenya
Operating Countries: Kenya

PayGo Energy builds hardware and software solutions that makes clean cooking accessible and sustainable for low income households. In sub-Saharan Africa, over 80 percent of households cook with dirty, dangerous fuels such as charcoal, kerosene and firewood. While these households have sufficient income to purchase clean-burning liquified petroleum gas (LPG), they cannot afford the upfront cost of a whole cylinder. PayGo Energy's flagship product is an IoT device that attaches to an LPG cylinder and enables consumers to purchase the fuel in small amounts using mobile money. Over 80 percent of PayGo Energy's customers are first-time users of gas and 71 percent are women.

www.paygoenergy.co

PesaKit

INFRASTRUCTURE | B2B2C | MSMES | SEED/ANGEL

Headquarters: Kenya
Operating Countries: Kenya, Tanzania

Considered the "The Bank Branch of the Future," PesaKit enables mobile money agents to better serve their customers and manage their financial health. With bank branches and ATMs in short supply in Kenya, mobile money agents are a critical access point for financial services but suffer in turn from volatile shifts in liquidity. PesaKit offers agents working capital in the form of e-float loans, through regulated microfinance institutions as well as enabling agents to access new revenue sources by acting as providers of additional financial and digital services. PesaKit has already reached over 8,000 registered mobile money agents.

www.pesakit.co.ke

Propel

SAVINGS AND PERSONAL FINANCIAL MANAGEMENT | B2C | LOW-INCOME | SERIES A

Headquarters: United States
Operating Countries: United States

Propel's app helps low-income Americans improve their financial health by introducing users to new ways to save and earn money. The forty million Americans who receive SNAP benefits on EBT cards must check their balance by calling a phone number on the back of the card. The Fresh EBT smartphone app replaces that phone call and provides EBT balance, transaction history, and budgeting tools, using EBT balance checking as a hook towards greater financial health. Fresh EBT is used by over 3 million Americans across the country each month.

joinpropel.com

R5

INSURANCE | B2C | LOW-INCOME | SEED/ANGEL

Headquarters: Colombia
Operating Countries: Colombia

R5 is an online insurance and lending platform that uses assets as collateral to offer better rates, larger amounts, and longer terms. The company focuses its insurance offering on low-to-mid income vehicle owners who are price sensitive and can use their car or motorcycle as collateral. For loan products, R5 serves low-to-mid income individuals, 50 percent of whom are self-employed as micro- and small-business owners. The company accepts sub-prime and near-prime applicants who are excluded from the banking sector. Through the vehicle insurance product, R5 can determine creditworthiness for thin-file customers who need access to credit but have no previous credit history.

www.grupor5.com

Reach52

INSURANCE | B2B2C | LOW-INCOME | SEED/ANGEL

Headquarters: Singapore
Operating Countries: Cambodia, Philippines, Singapore

Reach52 provides micro-insurance directly to rural consumers through their marketplace service and networks of predominantly female area managers. The company operates in communities that are over an hour away from health and financial services facilities and with family incomes of USD 2-8 per day. As well as insurance, consumers in these communities can also order from 500+ prescription and over-the-counter medicines, consumer health products, and diagnostic products – removing barriers of availability, affordability, and distance. The marketplace service is a key component of the health systems reach52 has established in over 1,000 communities, through which they also deliver health awareness, screening, and health worker capacity building.

www.reach52.com

Siembro

CREDIT | B2B2C | MSMES | SEED/ANGEL

Headquarters: Argentina
Operating Countries: Argentina, Mexico

Siembro uses an AI-powered loan algorithm to enable instant loan approvals for agricultural inputs and machinery in Latin America. The company targets SME farmers in Latin America, specifically the 1.5 million medium-sized farmers in Argentina and Mexico with more than 10 hectares of land but limited access to credit. Siembro specializes in lending to corn, wheat, and soy farmers, where there is a deep need for innovative financing due to limited cash flows for these crops. Siembro enables farm equipment suppliers to originate medium-term loans at physical and digital points-of-sale, helping these suppliers provide customers with instant loan approval.

www.siembro.com

SoLo Funds

CREDIT | B2C | MASS MARKET | SEED/ANGEL

Headquarters: United States
Operating Countries: United States

SoLo Funds is a peer-to-peer mobile marketplace where borrowers can obtain small dollar loans that meet their needs. Seventy-eight percent of American workers live paycheck to paycheck, often forced into borrowing money from family or friends, or taking loans from payday lenders that average 400 percent APR. SoLo Funds provides access to affordable loans by connecting borrowers to lenders through its marketplace. Lenders earn "appreciation tips" while borrowers set their own payback terms and enjoy same-day receipt of their funds.

www.solofunds.com

SteadyPay

CREDIT | B2C | NON-SALARIED | WORKERS | SEED/ANGEL

Headquarters: United Kingdom
Operating Countries: United Kingdom

SteadyPay supports hourly and gig workers in the United Kingdom through income smoothing. Two-thirds of the country's employment growth since 2008 has been workers with no fixed paycheck, who have limited access to credit and, as a result, are often reliant on payday loans and overdrafts – products that carry a poverty premium and high risk of problem debt. The SteadyPay app charges a small weekly subscription fee, which gives users access to credit for top-ups if their pay falls below their average income, either due to unpaid sick leave or are scheduled for fewer shifts. The app plugs directly to their bank account so it can monitor their income and provide a top-up to make up the difference. SteadyPay has cultivated thousands of users, all of whom work in their market of underserved hourly and gig economy.

www.steadypay.co

SureClaim

INSURANCE | B2B2C | MASS MARKET | SEED/ANGEL

Headquarters: India
Operating Countries: India

SureClaim aims to reduce the cost of healthcare for its users. The company provides recommendations for health insurance plans that match an individual user's specific health risks. At the time of hospitalization, the platform recommends hospitals to users where their out-of-pocket expenses will be lowest based on their insurance plans. SureClaim's AI/ML-based technology also enables the maximum monetary recovery of hospitalization expenses in insurance claims. Since launching in 2017, SureClaim has reached 76,000 registered users and earned more than USD 100,000 in total revenue.

www.sureclaim.in

TagPay

PAYMENTS AND REMITTANCES | B2B2C | MASS MARKET | VENTURE SERIES

Headquarters: France

Operating Countries: Burkina Faso, Cameroon, Colombia, Cote d'Ivoire, DRC, France, Gabon, Madagascar, Senegal, Togo

TagPay is a digital banking system that replaces legacy core banking systems and enables the creation of digital and neo-banks. The digital banking system makes it possible for traditional banks to easily and affordably extend their financial services to previously unserved or underserved populations. Through a cloud-based, mobile-centric platform, local banks can build digital banks with limited initial investment and offer mobile money solutions for users without an existing bank account. TagPay's customers often use third-party agent networks and merchant distributors to provide cash withdrawal, money transfers, bill payment, and credit and savings products to their clients. Since launching the platform in 2019, TagPay has amassed an active user network of 2.6 million.

en.tagpay.fr

TiendaPago

CREDIT | B2B | MSMES | SERIES B

Headquarters: Mexico
Operating Countries: Mexico, Peru

TiendaPago is an innovative and emerging fintech player that provides closed loop working capital financing targeted at "Mom and Pops". Launched in 2014, Headquartered in Miami and with ongoing operations in Mexico and Peru, TiendaPago has developed a mobile based platform that specializes in inclusion finance and aims to tackle a key challenge in the traditional retail channel: Merchants often have limited cash available to pay distributors, which leads them to buy limited inventory, thereby limiting full potential sales and store sustainability. By leveraging FMCG partnerships and using inventory purchases to assess the creditworthiness of merchants, TiendaPago creates a targeted solution designed to give both distributors and merchants the opportunity to grow their businesses.

investors.tiendapago.com

Trust Stamp

INFRASTRUCTURE | B2B2C | MASS MARKET | SERIES A

Headquarters: United States
Operating Countries: Mexico, Poland, United Kingdom, United States

Trust Stamp delivers privacy-preserving biometric identity authentication technology. Around the world, 1.1 billion people are without any form of viable identification, limiting their ability to access financial services. Many biometric identity systems have limited or no interoperability and lack proper storage of sensitive data, both of which make it difficult for individuals to access or manage their personal data. Trust Stamp transforms biometric and other identity data into unique hashed-tokenized identities that can be verified anywhere in the world, both online and offline, so the user can authenticate quickly and seamlessly. The company's cross-industry customers include those that need to verify the identity of their end users and employees. In 2019, Trust Stamp earned USD 2.1 million in total revenue.

www.truststamp.ai

Turaco

INSURANCE | B2B2C | LOW-INCOME | SEED/ANGEL

Headquarters: Kenya
Operating Countries: Kenya, Uganda

Turaco is an inclusive insurtech startup that frees people from the fear of financial shocks. The company works through sector-agnostic partnerships with local businesses to design and distribute simple and useful health and life insurance products to their end-users in emerging markets. Presently, Turaco has a footprint in Kenya and Uganda where they offer low-cost insurance cover for as little as USD 2 on flexible monthly payment plans. To date, they have administered over 155,000 policies with 31,000 active users and 1,800 claims paid in an average turnaround time of less than 72 hours. Turaco is working toward actualizing its audacious vision of insuring a billion people within the next 25 years, doubling the current global standing.

www.turaco.insure

UangMe

CREDIT | B2C | LOW-INCOME | SERIES A

Headquarters: Indonesia
Operating Countries: Indonesia

UangMe provides unsecured short-term loans and installment loans to underbanked individuals through its mobile lending app. The company aims to provide services to the estimated 300 million financially underserved people in Southeast Asia, starting in Indonesia with customers who have a bank account but are unable to secure a loan from a traditional financial institution. For the retail lenders it works with, UangMe also provides wealth management products to its customers through its app. UangMe has 4.3 million registered users with total disbursed loans of USD 220 million.

www.uangme.id

Verismart

INFRASTRUCTURE | B2B2C | MSMES | SERIES A

Headquarters: United States
Operating Countries: India, Singapore, United Arab Emirates, United States, Vietnam

Verismart is an identity blockchain platform which automates KYC and data sharing between enterprises, third-parties, and regulators, driven by the consent of users. The company caters to banks, telecoms, healthcare, and insurance providers to ensure user data is protected from potential abuse, spam, and identity fraud. The enterprise customers are able to monetize the data through personalized product recommendations, but it is driven by the consent of the user in order to build deeper trust. Customers can share data safely, confidently and efficiently for uses such as alternative data assessment and risk management through a blockchain-based protocol, which removes process redundancies, simplifies customer on-boarding, and brings down customer acquisition costs. Verismart has reached 1.2 million registered end-users since launching.

www.verismart.ai

ZigWay

INFRASTRUCTURE | B2C | LOW-INCOME | SELF-FUNDED

Headquarters: Myanmar
Operating Countries: Myanmar

ZigWay helps low income families access household essentials affordably. It offers a monthly subscription service that enables households to purchase quality products in bulk, such as rice and cooking oil, which saves them up to 20 percent compared to making small purchases. Subscribers are offered a flexible payment plan at no extra cost, which ZigWay supports through its proprietary, machine learning-based credit scoring model. ZigWay ensures accessibility by empowering “Super Users” to register their neighbors, request services, and make payments on their behalf. ZigWay has piloted with over 500 customers, delivering enough food for over one million meals.

www.zigway.co

Methodology and Process

In 2020, 544 applicants applied to Inclusive Fintech 50. This analysis includes the 403 deemed eligible. Eligibility required a company to prove that they: (1) are a fintech, defined as technology-first financial services company; (2) have at least one live customer; (3) are at Series B financing round or earlier; and (4) were not a previous winner of Inclusive Fintech 50.

Data included in the analysis included all applications questions as well as 11 COVID-specific questions developed in partnership with the Swiss Capacity Building Facility.

All data points are self-reported by the fintechs and are not independently verified. All applications were reviewed for completeness, outliers, and currency discrepancies, and the point of contact listed for each fintech had the opportunity to correct the application accordingly. Remaining outliers were excluded from the analysis as necessary to avoid distorting the data.

Selection of Winners

Inclusive Fintech 50 2020 was open to fintechs worldwide, including business-to-business (B2B), business-to-consumer (B2C), and business-to-business-to-consumer (B2B2C) fintechs in the following categories: credit, infrastructure, insurance, payments and remittances, and savings and personal financial management.

To ensure participation from early-stage and lesser-known fintechs, the project team and its partners conducted outreach and generated awareness in each of the target regions, using a coordinated communications strategy that included direct outreach to fintech hubs, incubators, and accelerators, and robust social media and email campaigns. The application was initially open from June 15 to July 10, 2020 and was extended to July 20, 2020. In total, we received 544 applications through the Inclusive Fintech 50 website.

The application questions balanced the desire for firm and specific answers against the reality that fintechs, particularly very young companies, might be constrained by limited information and time. The scoring process utilized both absolute and relative scoring methods to account for the variety of possible responses, the range of performance metrics, and the lack of existing benchmarks in the fintech space. Applications were reviewed and scored by three to five judges, including both CFI staff and the judging panel.

- Absolute scoring: Each applicant is scored based on their responses to specific questions. This is mainly used for scoring Innovation and Inclusivity.
- Relative scoring: Each applicant is scored against their peers (same product category, business model and, where relevant, country-level income) on quantifiable measures such as investment-to-date and number of customers reached.

Based on interviews with investors and fintechs, we developed selection criteria that provided a comprehensive understanding of each applicant. Each of the selection criteria listed below was vetted through interviews with investors and fintech founders to ensure it: (1) provided meaningful insight from an investor perspective, (2) did not place undue burden on an early-stage fintech or was otherwise not possible to fulfill, and (3) represented the experience of fintechs along the early-stage spectrum. This selection criteria are based on the 2019 methodology with updated according to the data standards (see Box 2).

The Inclusive Fintech 50 selection criteria is underpinned by four evaluation areas of equal weight: (1) Inclusivity, (2) Innovation, (3) Traction, and (4) Scale Potential.

INCLUSIVITY

Inclusivity questions measured the impact of innovation on the end customers. Questions included:

- Target market
- Accessibility of the product
- The problem the fintech is seeking to solve
- Outreach to underserved customers
- The top three ways they are addressing financial inclusion

INNOVATION

Inclusive Fintech 50 defines innovation as "new techniques, processes, technologies, or business models that offer a new and unique value proposition." To demonstrate innovation, an applicant's product could result in any combination of the following:

- Delivers financial services to a new, previously underserved market
- Improves the product experience and associated value proposition
- Reduces the cost(s) of existing financial services

Firms were asked to describe their innovations and how those innovations differentiate them from their competitors. Also, the firms were assessed on their agility and adaptation to changing market.

TRACTION

Traction takes on different forms based on a firm's age, the business model employed, and product category, to name a few variables.
The Inclusive Fintech 50 selection criteria considered the following when evaluating traction:

- Number of customers
- Number of active customers
- Revenue and other sources of funds
- Awards, recognition, or participation in accelerators

SCALE POTENTIAL

Many investors rely on company projections against estimates of total addressable market, both of which can vary widely and tend to be overly optimistic. The Inclusive Fintech 50 methodology used a combination of the following to assess scale potential:

- Experience of the founding team
- Compounded Monthly Growth Rate (CMGR) and unit profitability
- Growth strategy

To gauge whether these projections were realistic, the judges reviewed the firm's growth strategy; applicants articulated these strategies in a narrative describing their path to the 5-year projections and the assumptions that informed those plans.

Meet the 2020 Sponsors and Partners

ABOUT METLIFE FOUNDATION

At MetLife Foundation, we are committed to expanding opportunities for low- and moderate-income people around the world. We partner with nonprofit organizations and social enterprises to create financial health solutions and build stronger communities, while engaging MetLife employee volunteers to help drive impact. MetLife Foundation was established in 1976 to continue MetLife's long tradition of corporate contributions and community involvement. From its founding through the end of 2019, MetLife Foundation provided more than $860 million in grants and $85 million in program-related investments to make a positive impact in the communities where MetLife operates. Our financial health work has reached more than 13.4 million low- and moderate-income individuals in 42 countries. To learn more about MetLife Foundation, visit metlife.org.

ABOUT VISA

Visa Inc. (NYSE: V) is the world's leader in digital payments. Our mission is to connect the world through the most innovative, reliable and secure payment network — enabling individuals, businesses and economies to thrive. Our advanced global processing network, VisaNet, provides secure and reliable payments around the world, and is capable of handling more than 65,000 transaction messages a second. The company's relentless focus on innovation is a catalyst for the rapid growth of connected commerce on any device, and a driving force behind the dream of a cashless future for everyone, everywhere. As the world moves from analog to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce. For more information visit About Visa and @VisaNews.

Meet the 2020 Sponsors and Partners

BlackRock.

ABOUT BLACKROCK

BlackRock's purpose is to help more and more people experience financial well-being. As a fiduciary to investors and a leading provider of financial technology, our clients turn to us for the solutions they need when planning for their most important goals. As of September 30, 2020, the firm managed approximately $7.81 trillion in assets on behalf of investors worldwide. For additional information on BlackRock, please visit www.blackrock.com/corporate

JOA
JERSEY OVERSEAS AID

COMIC RELIEF

ABOUT JERSEY OVERSEAS AID & COMIC RELIEF'S BRANCHING OUT: FINANCIAL INCLUSION AT THE MARGINS PROGRAM

In 2018, Comic Relief and Jersey Overseas Aid announced a four-year £8 million partnership called "Branching Out: Financial Inclusion at the Margins" to improve access to affordable financial services for those at the margins of society in in Sierra Leone, Rwanda and Zambia. Comic Relief and Jersey Overseas Aid believe that one of the best ways to do this is by transferring knowledge to build responsible and inclusive financial systems, incubating FinTech, and focusing on service delivery to increase bottom-of-the-pyramid access to financial services including bank accounts, savings, insurance and credit, providing low-income households with the means to plan for the future as well as unexpected events. The partnership grants support a diverse set of organisations, made up of international and local NGOs, with each grantee delivering programmes designed to meet different community and national needs in addressing financial inclusion.

Meet the 2020 Sponsors and Partners

ACCION

ABOUT ACCION

Accion's seed-stage investment initiative Accion Venture Lab provides capital and extensive support to innovative fintech startups that improve the reach, quality, and affordability of financial services for the underserved and have the potential to scale. Backed by commercial and impact investors since the launch of its third-party fund in 2019, Venture Lab has invested in more than 40 early-stage startups that operate in 30 countries worldwide. Venture Lab is a part of Accion, a global nonprofit committed to creating a financially inclusive world, with a pioneering legacy in microfinance and fintech impact investing. Accion catalyzes financial service providers to deliver high-quality, affordable solutions at scale for the 3 billion people who are left out of — or poorly served by — the financial sector. For nearly 60 years, Accion has helped tens of millions of people through our work with more than 160 partners in 55 countries. For further information, visit https://www.accion.org/venturelab.

IFC | International Finance Corporation
WORLD BANK GROUP
Creating Markets, Creating Opportunities

ABOUT IFC

IFC — a sister organization of the World Bank and member of the World Bank Group — is the largest global development institution focused on the private sector in emerging markets. We work with more than 2,000 businesses worldwide, using our capital, expertise, and influence to create markets and opportunities in the toughest areas of the world. In fiscal year 2019, we delivered more than $19 billion in long-term financing for developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org

References

Agez, S. & Khan, M. (2020, October 6). Rapid innovation: How fintechs are adapting under COVID-19. Center for Financial Inclusion. https://www.centerforfinancialinclusion.org/rapid-innovation-how-fintechs-are-adapting-under-covid-19

Baird, R., Bhattacharyya, B., & Strachan Matranga, H. (2017, June). Breaking the pattern: Getting digital financial services entrepreneurs to scale in India and East Africa. Village Capital. http://archive.vilcap.com/wp-content/uploads/2017/06/VC_Breaking_the_Pattern.pdf

Bansal, H., El-Zoghbi, M., & Michaels, L. (2020, August 5). Preserving liquidity: Policymaker responses to COVID-19 and the impact on low-income customers. Center for Financial Inclusion. https://www.centerforfinancialinclusion.org/preserving-liquidity-policymaker-responses-to-covid-19-and-the-impact-on-low-income-customers

Barrie, G., Kendall, J., & Wills, A. (2019). Conversational interfaces and the long tail of languages in developing countries. DFS Lab. https://dfslab.net/wp-content/uploads/2019/01/NLP-Language-Divide-Report-.pdf

Brummer, C. (2020, June 9). Fintech's race problem. Medium. https://chrisbrummer.medium.com/fintechs-race-problem-856df6351695

Bull. G. (2019, January 29). Great expectations: Fintech and the poor. CGAP. https://www.cgap.org/blog/great-expectations-fintech-and-poor

Daruwalla, T. (2020, September 29). How the pandemic is spurring microentrepreneurs to go digital. Accion. https://www.accion.org/how-the-pandemic-is-spurring-microentrepreneurs-to-go-digital

DiLeo, P., Kanze, A., Lieberman, I., & Watkins, T. A. (2017, May 11). Fintech in microfinance: In search of the high-tech high-touch unicorn? Center for Financial Inclusion. https://www.centerforfinancialinclusion.org/fintech-in-microfinance-in-search-of-the-high-tech-high-touch-unicorn

Dubin, A. & Grant, A. (2019, October). Handbook on consumer protection for inclusive finance. Center for Financial Inclusion. https://content.centerforfinancialinclusion.org/wp-content/uploads/sites/2/2019/10/Handbook-Consumer-Protection-Inclusive-Finance_FINAL.pdf

Eckenrode, J. & Sparks, A. (2020, October 1). Achieving gender equity in the fintech community. Deloitte Insights. https://www2.deloitte.com/us/en/insights/industry/financial-services/women-in-fintech.html

El-Zoghbi, M. (2018, April 30). Measuring women's financial inclusion: The 2017 Findex story. CGAP. https://www.cgap.org/blog/measuring-womens-financial-inclusion-2017-findex-story

Faz, X., Murthy, G., & Vidal, M.F. (2019, May). Fintechs and financial inclusion. CGAP. https://www.cgap.org/research/publication/fintechs-and-financial-inclusion

Ferenzy, D. Johnson, T., & Loufield, E. (2018, June 13). Accelerating financial inclusion with new data. Center for Financial Inclusion. https://www.centerforfinancialinclusion.org/accelerating-financial-inclusion-with-new-data-2

Ferenzy, D., Kelly, S., McGrath, A. (2017, July). How financial institutions and fintechs are partnering for inclusion: Lessons from the frontlines. Center for Financial Inclusion. https://content.centerforfinancialinclusion.org/wp-content/uploads/sites/2/2018/08/IIF-CFI_FI-Fintech_Partnerships_Final.pdf

Gehani, N., & Khan, M. (2020, April 16). Disrupting fintech: Four ways early-stage fintechs are adapting to deal with the effects of COVID-19. MIX. https://www.themix.org/news-blog/disrupting-fintech-four-ways-early-stage-firms-are-adapting-to-deal-with-the-effects-of-covid-19

Gravesteijn, R. & Katakam, A. (2020, August 18). Remittances and financial inclusion: "Sending money home" in the COVID era. Center for Financial Inclusion. https://www.centerforfinancialinclusion.org/remittances-and-financial-inclusion-sending-money-home-in-the-covid-era

Gugu, S. (2020, April 17). Bridging the gap between local and expat founder funding. VC4A. https://vc4a.com/blog/2020/04/17/bridging-the-gap-between-local-and-expat-founder-funding/

Jack. W. & Suri, T. (2016, December 9). The long-run poverty and gender impacts of mobile money. Science. https://science.sciencemag.org/content/354/6317/1288

Hernandez, E. (2019, November). Agent networks at the last mile: A guide for digital finance to reach rural customers. CGAP. https://www.cgap.org/sites/default/files/publications/2019_11_Technical_Guide_Agent_Networks_Last_Mile_0.pdf

Kelly, S. E. & Rhyne, E. (2018, May). Financial inclusion hype vs. reality. Center for Financial Inclusion. https://content.centerforfinancialinclusion.org/wp-content/uploads/sites/2/2018/09/FI_Hype_vs_Reality_Deconstructing_2017_Findex_Results-08032018-1.pdf

Kessler, A. & Rizzi, A. (2020, October 15). Data for inclusive finance: Delivering on the promise for consumers. Center for Financial Inclusion. https://www.centerforfinancialinclusion.org/data-for-inclusive-finance-delivering-on-the-promise-for-consumers

Khamar, M. (2019, May). Global outreach and financial performance benchmark report, 2017-2018. MIX. https://www.themix.org/publications/global-outreach-and-financial-performance-benchmark-report-2017-2018

Khan, M. & Ruh, C. (2020, August 27). Including women in "inclusive fintech". Center for Financial Inclusion. https://www.centerforfinancialinclusion.org/including-women-in-inclusive-fintech

Lassebie, J., et al. (2019, June 18). Levelling the playing field: Dissecting the gender gap in the funding of startups. OECD Science, Technology and Industry Policy Papers. https://www.oecd-ilibrary.org/science-and-technology/levelling-the-playing-field_7ddddd07-en

Loufield, E. & Vashisht, S. (2020, January 15). Data consent: Let's share the burden for effective consumer protection. Center for Financial Inclusion. https://www.centerforfinancialinclusion.org/data-consent-lets-share-the-burden-for-effective-consumer-protection

Martin Meier, C. & Stephens, B. (2020 January). Results of the fintech benchmarks proof-of-concept. MIX. https://www.themix.org/publications/fintech-benchmarks-report

Medine, D. & Vidal, M. F. (2020, July 30). Study shows Kenyan borrowers value data privacy, even during pandemic. CGAP. https://www.cgap.org/blog/study-shows-kenyan-borrowers-value-data-privacy-even-during-pandemic

Noggle, E. (2020, September 10). MSMEs in Indonesia are surviving but COVID-19 leaves little margin for error. Center for Financial Inclusion. https://www.centerforfinancialinclusion.org/msmes-in-indonesia-are-surviving-but-covid-19-leaves-little-margin-for-error

Tescher, J. (2020, June 17). Time to talk (again) about fintech's white privilege. Forbes. https://www.forbes.com/sites/jennifertescher/2020/06/17/time-to-talk-again-about-fintechs-white-privilege/?sh=5117c63a40b2