

PROJECT FACTSHEET

Title of project	Digital Platform for Rotating Savings and Credit Associations
Country / region	Mexico, Countrywide
Financial Intermediary	Akiba
Competence Centre mandated for execution	E-Savings.club SA
Overall project budget	CHF 207,950.00
SCBF contribution	CHF 149,450.00 (72%)
Date of project approval	04.12.2015
Project period	03.2016 until 08.2017
Context	<p>Despite recent progress in increasing access to financial services in Mexico, inclusion or usage of formal savings and credit remains a challenge for low-income households and micro, small and medium enterprises (MSMEs). The World Bank estimates that only 14.5% of adults in Mexico have saved in a formal financial institution in the last 12 months.¹ Many underserved adults therefore, turn to alternative informal mechanisms, such as; rotating savings and credit associations (ROSCAs) or “tandas” to meet their savings and credit needs² (17,6% saved using a savings club or tanda in the last year). This is because these mechanisms are often: 1) low-cost, 2) convenient, and 3) easy to understand, making them a preferred alternative to formal financial services. 18 million people in Mexico save through informal savings mechanisms such as tandas, a higher number than those saving in a formal institution.</p> <p>The new product will enhance Akiba’s ability to meet its social mission by allowing the financially excluded to organize in order to pool their funds collectively and lend to each other using the digital version of the ROSCA. The project is intended to provide a platform for Mexicans to organize ROSCAS on the basis of formal contracts among members and with a level of transparency that the technology can provide. It is a highly innovative venture, and has so far not been implemented anywhere else in the world. It will therefore allow Akiba to play a significant role in financial inclusion in Mexico. The success of such a solution will have tremendous demonstrative effects for the broader financial sector in Mexico, and beyond.</p>
Current status of the Fintech startup	<p>Akiba will be incorporated as a SAPI (<i>Sociedad Anónima Promotora de Inversión</i>) in Mexico, and 99.9% owned by E-Savings.club SA in Switzerland. Its primary product offering will be the Akiba application, which will expand to include other mobile financial services such as recurring savings products. Akiba while a new venture in Mexico, as a fully-owned subsidiary of E-Savings.club will benefit from the expertise and experience of the E-Savings.club team in other developing countries (ex: E-tontine in Bénin).</p> <p>E-Savings.club has so far performed a feasibility study of the Akiba product in Mexico and has developed a preliminary version of it which will be improved thanks to this project.</p>
Objective and main activities	<p>Learning from the traditional practice of informal ROSCAs, this project aims to develop a digital platform for small savers to grow their savings, and for micro-entrepreneurs to obtain much-needed finance for their businesses. To achieve this goal, E-Savings.club has self-funded a feasibility study and initial product development in Mexico and plans to register a local company in Mexico, called Akiba. Subsequently in the context of this project it will launch a special mobile application called <i>Akiba</i>. The application will allow customers to create and operate ROSCAs with other trusted individuals across the country, simply by using their mobile phone. The project aims to reach 5’000 customers during the support period (18 months), and a total of 18’000 customers three years after the support period (Year 5). Upon project completion, Akiba Mexico should be in a position to sustainably allow lower-middle income mexicans to use mobile technology to self-finance their projects by lending and investing in each other.</p>

¹ World Bank, Global Findex (2014)

² Alberro, L. (2013)