

FSW-23 | Feasibility Study to Offer the Akiba App to Low-Income Employees in Colombia

Partner Financial Institution:	To be established	SCBF Contribution:	CHF 70'050 (77%)
Grantee:	E-Savings.club SA / Akiba	Matching Contribution:	23%
Country:	Colombia	Theme:	Resilience
Duration:	December 2020 – June 2021	Product:	Multiple
Potential Outreach:	n/a	Target Group:	Multiple
Thereof Women:	n/a		

CONTEXT

Colombia, a country of 49 million people, has a financial inclusion rate of 85% and has shown challenges in usage of financial services, rather than in access. Today, there are over 1'600 employee savings funds which are lightly regulated by the "Solidarity Economy Supervision Authority" and that provide service to 1 million employees by managing their savings.

Akiba is one of the 50 most inclusive fintechs globally; it 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 will help digitize Colombia's ubiquitous employee savings funds, and increase adoption and use of these savings mechanisms. The company also supports employees by helping bridge their cash needs in the days leading up to payday through loans and micro-lines of credit backed by payroll. Akiba's automatic and recurring deductions leverage behavioural science to help users save for short term goals and keep emergency cash.

CURRENT STATUS OF THE MFI

Akiba holds a track record of both providing access to a broader range of financial services and increasing usage of financial services for low and lower middle-income Mexican employees. Currently, Akiba has over 70'000 active users in Mexico that recurrently use its products, particularly the employee savings fund. Employee savings funds impact low-income employees' financial behaviour by providing a digital easy-to-use substitute for traditional informal mechanisms and by reducing financial stress.

Akiba has achieved sustainability and is on a good growth trajectory, aiming to expand cross-borders into Colombia. Entering a new market is a long process that would probably take a year, and the feasibility study is the first step in that process. The SCBF grant will support in assessing the opportunity of penetrating the Colombian market and provide insights on the necessary considerations to comprise an adequate value proposition for such a market. Also, this support is important to determine the size and characteristics of the credit line for the product upscaling.

OBJECTIVES AND MAIN ACTIVITIES

This feasibility study (FS) aims to assess the viability of Akiba penetrating the Colombian market. To that objective, the activities in the FS will answer eight sets of questions: (i) what is the market size? (ii) How are employees currently saving and taking up loans in Colombia? (iii) What is the competitive landscape? (iv) What are the relevant regulations in the country and country specifics? (v) What are the costs derived from starting a business in Colombia? (vi) What is the perception of the potential market towards Akiba's value proposition? (vii) Who is the ideal partner? And (viii) What are the relevant country demographics?

Key activities are a desk review, competitive landscape research, qualitative research, key informant interviews and partner selection. Upon study completion, the financial institution should be in a position to comprise an adequate value proposition for the Colombian market and to determine the size and characteristics of investment for delivering such value proposition

NEXT STEPS

In case of positive outcomes, the next steps are: (1) Design of market-entry strategy, (2) partnership signature, (3) design of the operational model tailored to Colombia's specificities, (4) product adjustments, and (5) go-to-market and upscaling.

Partnering with:

