

2022-08 | Embedding and scaling SympliFi’s digital collateral to facilitate affordable MSME lending and financing

Financial Sector Partner (FSP):	SympliFi	SCBF Contribution:	CHF 81,850 (47%)
Country:	Nigeria	Matching Contribution:	CHF 91,205 (53%)
Duration:	Jul 2022 – Dec 2023	Theme:	Financial resilience
Potential Outreach:	6,000 borrowers	Product:	Digital collateral solution
Including Women:	40%	Target Group:	MSMEs

CONTEXT

There are nearly 500 million micro, small and medium enterprises (MSMEs) in emerging and developing economies with a possible US\$5 trillion finance gap. Informal MSMEs dominate the private sectors in Nigeria and Senegal. They often lack credit history or collateral and as a result are unable to access loans, stunting their business growth and ability to increase their revenue. At the same time there are vast sources of capital in developed countries that can be leveraged to support MSMEs. In 2020, the UN reported that 280 million migrants were sending approximately US\$589 billion (projected by the World Bank for 2021) to their loved ones in developing countries using costly remittance services. The UN estimates that 15-25% of these annual remittances are used for long term needs such as housing, business and income generating activities. Given the current paradigm of sending remittances, senders are unable to save and build their financial security/wealth and receivers remain unbanked, unable to build their credit history and financially dependent. SympliFi’s digital collateral solution enables immigrants to sustainably support MSMEs back home and breaks down key barriers to access to finance for excluded MSMEs.

CURRENT STATUS OF THE FSP

SympliFi is a first of its kind financial technology company that provides a digital collateral platform to facilitate instant access to affordable credit for unbanked or underserved microentrepreneurs in developing countries. In April 2020, SympliFi launched a pilot in the UK - Nigeria corridor. The first use case of SympliFi’s digital collateral solution was for Nigerian immigrants in the UK to help their unbanked families in Nigeria access business loans from microfinance banks. In 2021, the solution was migrated to a mobile app for immigrants in the UK and EU. SympliFi then launched a pilot with Baobab Senegal (with grant support from UNCDF) in December 2021 to facilitate secured loans for Baobab’s micro and small enterprise clients. SympliFi currently has partnerships with lending partners in Nigeria and with support from SCBF, SympliFi plans to scale up by diversifying its fully integrated partnerships with quality lenders and to facilitate instant access to affordable loans for MSMEs.

OBJECTIVES AND MAIN ACTIVITIES

With the support of SCBF, SympliFi will engage new lending partners in Nigeria to fully integrate SympliFi’s digital collateral solution into their lending processes and thereby facilitate loans for 6,000 MSMEs. During the project, SympliFi will work on creating a seamless customer journey and improving customer understanding of the solution, its benefits and responsible borrowing. Upon project completion, SympliFi will be ready to expand to new markets and reach even more MSMEs in urban and rural areas with affordable credit products adapted to their needs that break down access barriers and help them improve their livelihood.

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