

**PROJECT SUMMARY**  
**NEW DIGITAL FINANCIAL SERVICES FOR UNSERVED AND UNDERSERVED RURAL AREAS**  
**(BO-T1368, BO-L1214)**

Significant financial inclusion gaps persist in Bolivia that the service models of traditional banks and microfinance institutions have proved unable to address successfully. As a result, a substantial portion of the rural and lower-income segments of the population are still unserved or underserved.

While access to microlending has expanded and there is the potential for making use of emerging digital financial services, the financial products currently on offer do not yet meet the needs of people living in rural and peri-urban areas or those in lower socioeconomic segments of the population, whose dealings involve small monetary transactions. These people are in need of flexible, low-cost financial products that can be tailored to the nature of their day-to-day transactions and that help to shield them from the vulnerabilities associated with the volatility and low level of their incomes. This situation is attributable to the lack of business models for the cost-efficient, financially viable administration of small financial transactions.

The project's objectives are to expand financial service coverage and access for the low-income population in Bolivia by using new digital technologies to strengthen the digital financial service ecosystem. Its purpose is to validate, at the pilot level, the comprehensive digital financial solution of Sembrar Sartawi Institución Financiera de Desarrollo [SS-IFD] and its transactional ecosystem for the delivery of lending, deposit (savings) accounts, and payment services over mobile devices, especially in rural and peri-urban areas that lack Internet service.

SS-IFD estimates that, within a span of three years, these digital products could allow it to reach approximately 5,500 low- or lower-middle income people who are either living in poverty or in economically vulnerable circumstances and have little or no access to credit or other financial services offered by traditional banks. It is also projected, however, that the replication of this technology in other development finance institutions or financial entities could make it possible to reach over 30,000 direct beneficiaries after five years' time.

SS-IFD is a microfinance institution that specializes in providing financial services to small-scale agricultural producers and entrepreneurs in rural and peri-urban areas of Bolivia. This visionary institution has pioneered the development of various technologies and tools for the rural agricultural sector, including farm and livestock loans, crop insurance, and technological modernization and automation of the lending process for both individuals and village banking institutions (bancos comunales). Under this project, SS-IFD hopes to modernize its operations and make a qualitative leap forward in the way it reaches out to its clients by innovating and using financial technologies to complement the services it currently offers.

IDB Lab will issue a US\$2 million loan to SS-IFD to finance the expansion of its portfolio of new loans delivered by digital and other means. It will also provide technical-cooperation to support the development and rollout of new digital financial products for the delivery of credit, deposit (savings) accounts, and payment services via mobile devices, especially in rural and peri-urban areas that lack Internet coverage. This effort will include a program to introduce users to these new digital products, train them how to use them, and familiarize the target population with this new technology in order to pave the way for its adoption.