

## PROJECT SUMMARY

### **WAYNI MÓVIL: DIGITAL BANKING FOR THE UNDERBANKED (AR-L1305 AND AR-Q0018)**

According to the Global Findex, the World Bank's database on issues of financial inclusion, in 2017, 49% of Argentinians did not have a bank account, a key indicator of financial inclusion. This figure is lower than the global average (69%) and the Latin American and Caribbean average (54%) where Brazil (70%) and Chile (74%) rate highest. The gap is even greater compared to the countries of the OECD (95%), an organization that Argentina aspires to join, and the picture worsens further when focused on the more disadvantaged sectors, where, of the 40% of the population with the lowest incomes, 62% do not have bank accounts. In addition, it is estimated that one out of five people with bank accounts in Argentina use them mainly to collect subsidies, and of these, 76% tend to withdraw all the money as soon as it is deposited. At the same time, nine out of ten people in Argentina have a smart phone.

Wayni Móvil is an easy-to-use digital platform (cellular telephone application) for underbanked and unbanked persons that enables access to microloans with very few requirements (identification document, Internet connection, and utilities receipt) This innovative fintech solution is offered by Wayni Coin S.R.L., an early growth stage firm founded in Buenos Aires in 2016.

The platform is integrated with networks of prepaid cell phones and is a pioneer in the use of cloud infrastructure to connect its service with more than 245,000 kiosks (in the Latin American and Caribbean region) that are used to make payments and withdraw cash. It utilizes an ecosystem that is totally interoperable and integrated with three of the five largest mobile payment networks in the region (Pago Fácil, Rapipago, and Telerecargas), enabling it to expand steadily at both the national and regional levels. It currently operates only in Argentina, and over the last six months it has grown by 10% to 15% monthly in terms of users. Additional financing is now needed to fund the growth of its loan portfolio and serve a larger number of unbanked and underbanked people. Wayni Móvil is one of the startups that was accelerated and received an investment from the NXTP Labs accelerator and venture capital fund (MIF/AT-1236), and it was NXTP Labs that recommended that IDB Lab consider investing in it.

The firm's most important milestones to date include the following: (i) loans disbursed per month increased from 114 in January 2017 to 1,150 in August 2018 (a tenfold increase); (ii) the per-client acquisition cost dropped from US\$15 in 2017 to less than US\$8 in August 2018; (iii) the new model and algorithm for credit scoring introduced in May 2017 was able to reduce loans more than 90 days past due from 40% of the portfolio in May 2017 to an average of 15% following its implementation; (iv) an online smart form was launched in September 2017 to facilitate digital sign-up of clients with mid- to low-end cell phones; (v) the strategic partnership with Banco BACS that began with initial financing of US\$24,000 in May 2018 and reached a total of US\$120,000 in August 2018; (vi) a client renewal rate of around 50% to 60%; and (vii) the gradual implementation of loans with longer terms: the average term of the loans increased from two months in January 2017 to four months in August 2018.

IDB Lab's loan (of up to US\$1 million) and investment (of up to US\$500,000) will support the expansion of Wayni Móvil's operations, helping the firm reach more than 166,000 clients from the most disadvantaged sectors in Argentina with microloans and, eventually, credit and/or debit cards by the end of 2023. Likewise, the following outcomes are expected by the end of the fifth year after the first disbursement: (i) US\$21 million in microloans disbursed over five years; (ii) 50% of microloans dispersed to clients with monthly incomes lower than US\$400;

(iii) 16,000 clients opening a bank account as a result of a Wayni Móvil loan; (iv) extension of the portfolio's average financing term from 4.8 months to 8.6 months; and (v) Wayni Móvil expands its operations to another South American country. IDB Lab's financing is part of a general expansion plan that, in the medium-term, could include the launch of Wayni Móvil operations in other South American countries.