

PROJECT SUMMARY

PROMOTING THE FINANCIAL INCLUSION OF MIGRANTS (RG-L1157)

Migration has become a topic of interest not only globally but also, increasingly, in Latin America and the Caribbean where several countries have experienced considerable demographic changes over the last decade. At end-December 2020, more than 5.4 million Venezuelan refugees and migrants had left their country, with 4.6 million of them emigrating to Latin American and Caribbean countries.¹ Colombia and Peru are the largest recipients of Venezuelans in the region, followed by Chile. When migrants leave their countries, among other things, they leave behind not only their jobs and businesses, but also their financial, educational, health, and identification records and histories; as well as references attesting to their standing financially, professionally, and/or in business, all of which are crucial for establishing recognition and trust in a society, as well as for transaction purposes. Migrants arriving in their destination must contend with many challenges and obstacles before they can become integrated in the host country and have a normal life again.

Migrante is a fintech company that was established in Chile in 2018 to provide financing mainly to underbanked migrants. Initially it was supported by Endeavor Chile's Scale Fintech program (sponsored by SoftBank, BCI, Ripley.com, and Consorcio) from which it graduated in March 2020. It is the first and only immigrant-focused finance company in Chile, and since becoming active has served more than 12,000 clients; it is currently expanding its operations into Peru.

The project aims to help improve access for immigrants to loans and other financial services tailored to their needs and available digitally. It also seeks to contribute to Migrante's growth and international expansion, as well as to validate the applicability of its model for delivering financial services to immigrants in other countries, beyond Chile, and to reach underserved segments of immigrants. The credit granted by Migrante will support immigrants in accessing productive assets that they can put to work immediately to generate income, either in the gig economy² or in other sectors; it will accelerate validation of university degrees earned in their country of origin, which will enable them to qualify for jobs, as well as helping them to provide security deposits to rent housing, allowing them to adapt to the economy of the host country.

The IDB Lab loan to Migrante, of up to US\$1.5 million, is specifically designed to pilot new financial products for immigrants in Chile (focusing on the development of a gender strategy), as well as to support Migrante's international expansion to Peru and finance the portfolio of loans to migrants in that country.

Through this project, IDB Lab will help Migrante expand its services to more than 330,000 clients.

The project is of potential interest to IDB Invest (which referred it to IDB Lab), as it could become a potential client in the medium term, either through the financing of a debt fund or a direct loan.

¹ According to R4V, the Inter-Agency Coordination Platform for Refugees and Migrants from Venezuela: <https://rmrp.r4v.info/>

² Gig economy: a free-market system in which organizations and independent workers participate in short-term work arrangements.