



# Fintech for Inclusion in Emerging Markets

2020 Year In Review



# Quona Capital is a venture firm focused on advancing financial inclusion in emerging markets.

We bring deep expertise as operators, investors, and world citizens who are active locally in the markets we serve.

Our unique global and market segment perspectives **strengthen our CEOs, engage our partners** and **set the stage** for the next decade of great financial solutions.

Because we are dreamers who do.

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## QUONA IN 2020

\$372  
million

AUM<sup>1</sup>

33  
active portfolio  
companies

1  
IPO  
since inception

2  
acquisitions  
since inception

\$47  
million  
investment capital deployed

\$2 billion  
cumulative equity raised by portfolio companies<sup>2</sup>

8  
new  
investments

15  
follow-on  
investments

QUONA TEAM  
21  
world citizens speaking  
14  
languages

<sup>1</sup>AUM refers to total committed capital.

<sup>2</sup>Since portfolio companies' inception.

MAKING AN IMPACT IN 2020\*

13.9 million

customers served

90% of which were underserved

\$939M

loans financed

\$6B

payment transactions enabled

\$518 million

revenue generated

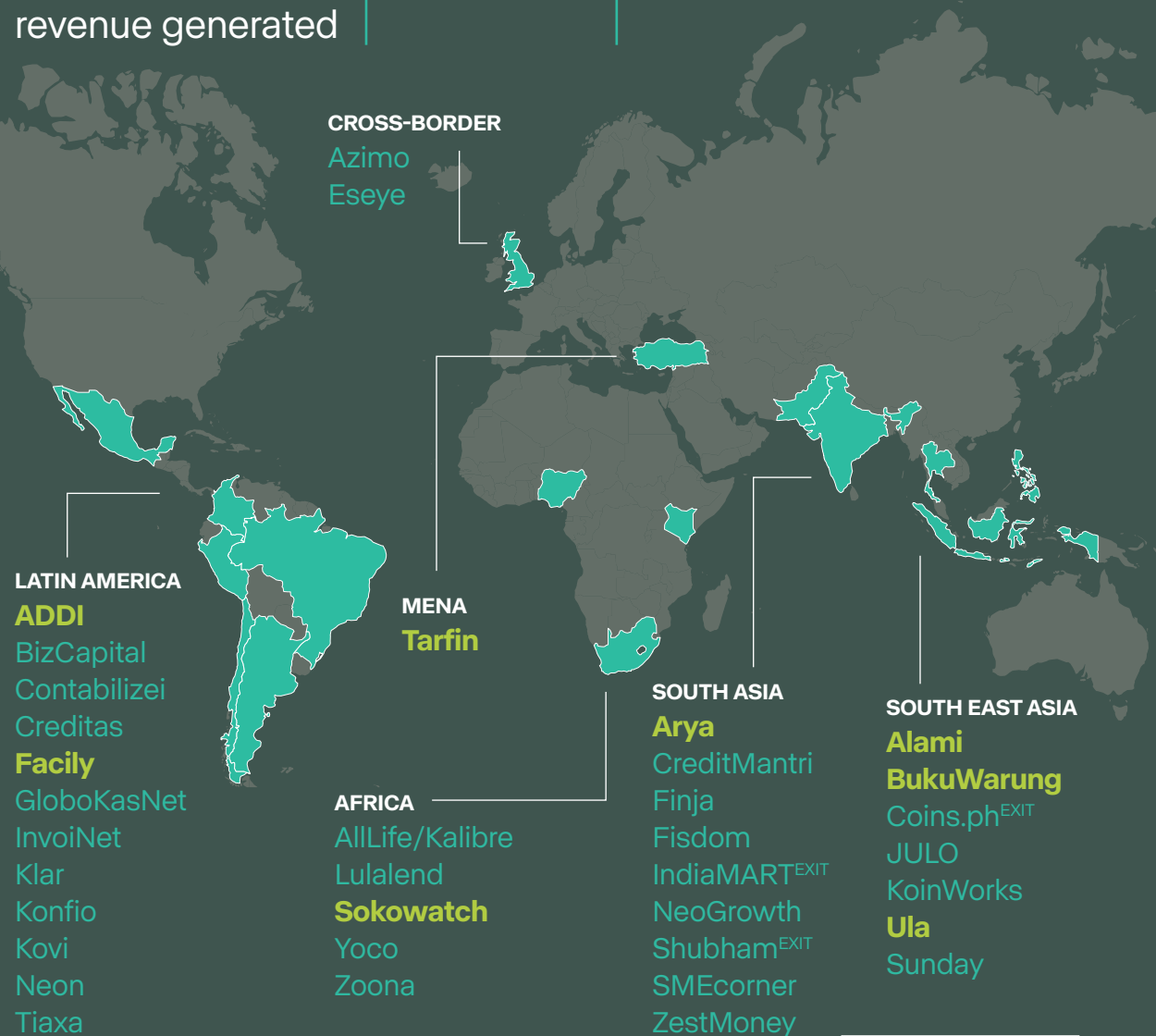
12.8K

employees

7.8 million

MSMEs served

86% of which were underserved



AllLife/Kalibre, Azimo, Eseye and Tiaxa operate across borders.

● 2020 Investments

## Diversity and Inclusion Efforts in Emerging Markets

A number of companies across Quona's core global markets are stepping up to prioritize diversity and inclusion among their ranks.

**Creditas**, the largest fintech focused on secured lending in Brazil, serves a vastly diverse population of Brazilians. To do that means cultivating a company culture that's as rich and diverse as the country's population of more than 213 million. It's a massive undertaking for a company as big as Creditas, which boasts 2,000 employees, but its founder and CEO, Sergio Furio, has prioritized diversity and inclusion through strategic recruiting, onboarding, and internal support efforts. "Companies are a critical part of the social fabric that gradually transforms society," says Furio. "The responsibility is huge and permeates multiple areas, from education through to innovation, diversity and values."

And Creditas is not the only one. Across Quona's core markets—Brazil, Mexico, South Africa, Kenya, India and Indonesia—diversity and inclusion efforts, often new territory for many of these companies, are becoming a crucial part of their growth strategy. With unique local and cultural challenges from one geography to the next, these companies are taking deliberate, participatory, and employee-based approaches to strengthen inclusivity across the board.

93.2 million

lives touched\*



# How Quona portfolio companies are approaching diversity and inclusion:

### Identifying & Addressing Inequities

Based in a market with a complex racial history, Creditas spent months consulting across its team, from staff-led peer groups like Blacks@Creditas to weekly town hall meetings. Initiatives focused on inclusion have been core to Creditas' culture from the outset, and in early 2020 the company pushed to incorporate metrics on diversity, salary, and promotions into inclusion efforts. Similarly, **BizCapital**, a Brazilian digital micro, small and medium enterprise (MSME) lender, has incorporated a People and Compensation Committee into its board, with a specific focus on discussing approaches to hiring and salary inequities.

Companies are also working to create a more inclusive and flexible workplace to better support female employees simultaneously juggling parenting and careers. At **NeoGrowth** in India, this comes in the form of adding a work-from-home day to the schedule and providing maternity benefits for up to an additional three months over the government-mandated six months. NeoGrowth also created a "second innings for women" program targeting women who took career breaks. "The field presence required for NeoGrowth's tech and touch model has historically been male-dominated," says Arun Nayyar, CEO of NeoGrowth. "However, we recognize the strengths that women bring to the table, and we are focused on working to not only create an inclusive culture, supported by diversity hiring-focused training for field leadership, but also to provide flexibility where family is concerned."



Creditas' journey exemplifies Quona's mission, investment thesis, and approach to investing with conviction for financial inclusion.



**Founded:** 2012

**Sector:** Consumer Finance

**Market:** Brazil and Mexico

**Quona:** Initially invested in 2015 Series A

**Valuation:** \$1.75B (as of December 2020 Series E raise)

- Solutions impacted **196K** lives
- **2.2x YoY** growth in lending portfolio

“Companies are a critical part of the social fabric that gradually transforms society. The responsibility is huge and permeates multiple areas, from education through to innovation, diversity and values.”

— Creditas CEO Sergio Furio



Building a Pipeline

Companies across Quona’s portfolio are seeking out ways to attract more diverse candidates for open positions. Creditas is offering programming training to ten female employees over the next two years to help build the pipeline of women in technical roles. **ZestMoney**, a digital point of sale financing platform in India, now offers coaching opportunities to middle management to encourage more women to transition into leadership roles in the company. And BizCapital started to hire more women to balance gender numbers and started a pilot coaching program with women leaders who can be inserted in the company’s top management.

**KoinWorks**, a peer-to-peer lending company in Indonesia, has put a greater focus on searching for qualified female candidates to add to the applicant pool for open positions by actively seeking them out and recruiting via LinkedIn. And South Africa-based payments startup **Yoco** is taking a long term view and prioritizing diversity over speed in its hiring process. The organization was forced to restructure its team due to COVID-19, leaving the engineering team without female members. The company has set an OKR to complement its hiring ambitions of having 80% of new leadership hires, and 70% of new technology hires identifying as female.

External Playbooks & Partnerships

Building a diverse pipeline often requires using external playbooks or partnerships to help establish best practices and reach candidates who might otherwise go unnoticed. At **Klar**, a Mexico-based challenger bank, for every 20 male engineering job candidates, the company gets just one female candidate. To change this dynamic, Klar signed the United Nations’ Women Empowerment Principles, which was used to create an internal set of objectives and goals around hiring more women for technical roles and building a more inclusive environment. Meanwhile, BizCapital has partnered with a software development school working specifically with low-income students to help tap and hire new staff members.

**Konfio**, which offers digital banking and software to MSMEs in Mexico, leveraged its partnership with IDB Invest to create an 18-month working plan focused on increasing the diversity and inclusion of Konfio internally, and within their target market. Today, 33% of the company’s disbursed loans are to women-owned companies, a number founder and CEO David Arana is actively working to expand. With 90% of those female-run companies falling into the sole proprietor category, Konfio is taking a more deliberate approach to better suit a diverse market. “Without a doubt, it is necessary to analyze in detail the current scenario in terms of gender equity in order to propose real solutions that allow men and women to have equal opportunities and thus promote access and prosperity,” said Arana. “It’s a win-win situation at its best.”

SNAPSHOT: DEI IN THE QUONA PORTFOLIO



100%  
of Quona’s portfolio companies\* are measuring and focusing on **gender diversity**

Other diversity lenses were market-dependent and included racial diversity (**Brazil; Southern and East Africa**), sexual orientation, etc.

\*Of companies surveyed or interviewed



# This Year, We're Doubling Down on Impact

Quona's impact framework is harmonized with the Impact Management Project, UN Sustainable Development Goals, and IRIS+. Quona is a recent signatory to the IFC's Operating Principles for Impact Management.



Quona invests in solutions that advance financial inclusion in emerging markets through:



**ACCESS**

Expanding access to financial services for previously underserved segments and market demographics.

**QUALITY**

Improving the quality of financial services as measured by affordability, product depth and breadth, convenience and efficiency.

**MARKETS**

Impacting markets for inclusive finance by creating a demonstration effect and building ecosystems conducive for innovation and investment.

## In 2021, Quona is focusing on the following impact initiatives:

### Operating Principles for Impact Management and Independent Impact Verification

After becoming a signatory of the Operating Principles for Impact Management in 2020, Quona contracted leading verification provider **BlueMark** in early 2021 for an independent review of our impact measurement systems. This process highlighted the strength of Quona's impact and ESG measurement frameworks, and directed our focus to initiatives that would add depth to our impact measurement.

### Building a Framework to Systematically Assess Impact Performance

Quona is moving beyond impact reporting, taking an additional step to analyze impact performance on a company and firm level. To do this, we are building a framework that will enable us to better assess and quantify relative impact performance and alignment with Quona's impact thesis.

### Incorporating Stakeholder Voices through 60 Decibels

Quona's current impact framework leverages output-level data from portfolio companies to measure financial inclusion impact. Acknowledging the value of stakeholder-level insights, and with a focus on incorporating more outcome-level impact data, we are partnering with lean data service **60 Decibels** to launch a pilot with three portfolio companies in 2021 to gather customer impact data.





# Increasing Impact During COVID

Quona's thesis has never been more relevant than it was in 2020. Amidst the COVID-19 pandemic and the resulting economic challenges around the world, **access to critical financial services has been essential**, particularly for the most vulnerable populations.

Quona's portfolio companies rose to the challenges created by the global pandemic, whether actively assisting in their communities or proactively adjusting business models. While some **doubled-down in online engagement** as digitization accelerated globally, others **fast-tracked non-lending products** like insurance, investment and payments. Our companies are well poised to support and advance opportunities within their respective markets, ensuring **we emerge from the pandemic stronger and even better equipped for the future.**



## Sunday, Thailand

In response to a lack of reliable COVID data, insurance provider Sunday became a central gateway for COVID information in Thailand, including sharing information on where customers could get tests and receive treatment. Sunday launched multiple COVID insurance programs, and integrated COVID information into their recently-launched telemedicine portal.

**sunday**





## Sokowatch, East Africa

Sokowatch, a working capital provider and last mile distributor serving informal retailers in East Africa, leveraged its existing infrastructure and partnerships with local banks and foundations to provide digital food vouchers to thousands of families impacted by the COVID-19 lockdowns. Digital voucher recipients were able to easily access essential goods from Sokowatch's network of informal merchants.



## Konfio, Mexico

Konfio, which offers digital banking and software tools to underserved small and medium-sized businesses in Mexico, stepped to provide special purpose financing to businesses forced to shut down during the pandemic. For example, Konfio partnered with Grupo Modelo to offer loans to thousands of tienditas, or small shops, impacted by the COVID-19 pandemic lockdowns.





# Quona's Impact Performance

Quona has harmonized our impact framework to that of the **Impact Management Project** to evaluate the impact of our investments.

The assessment shown on the right reflects an analysis of **Quona's overall portfolio-level impact** across the IMP's three impact classes:

- **Act to Avoid Harm**
- **Benefit Stakeholders**
- **Contribute to Solutions**

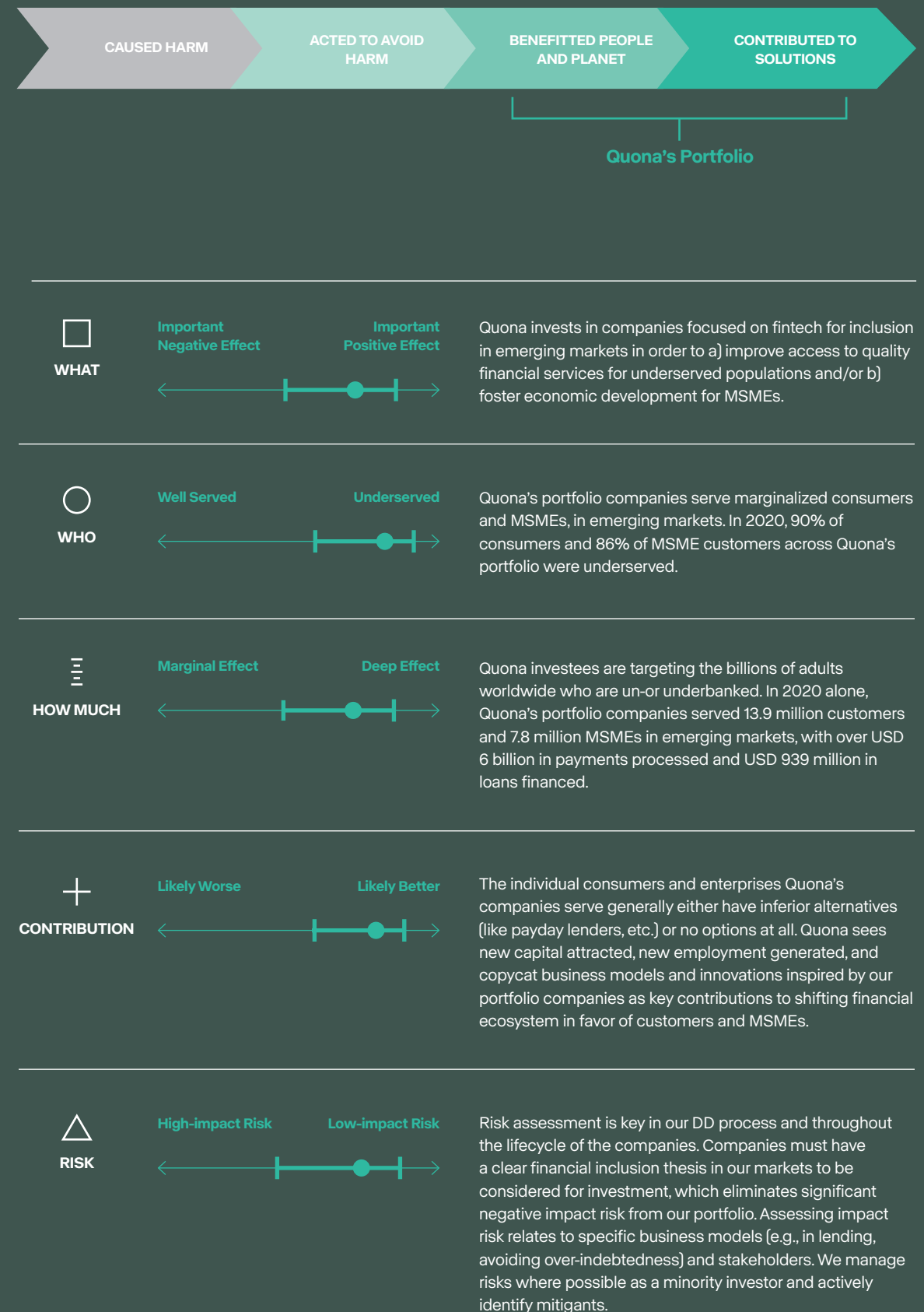
**IMPACT  
MANAGEMENT  
PROJECT**



Photo credit: Yoco

- **Act to Avoid Harm**
- **Benefit Stakeholders**
- **Contribute to Solutions**

**IMPACT  
MANAGEMENT  
PROJECT**





# Impact Spotlight

Quona's portfolio continues to demonstrate sustained growth across markets, further promoting financial inclusion and providing essential financial services to vulnerable populations with over **93.2 million lives touched in 2020.**

However, Quona's impact metrics only tell part of the story. For example, in 2020, **Quona deepened our embedded finance investment strategy**, investing in six companies that have integrated financial services into their models to materially improve their clients' quality of life.

We have **expanded our impact into a number of new areas of use case-driven finance**—including food supply, agriculture and supply chain for SMEs—and increase our portfolio's reach to rural communities.



## Social E-Commerce

### Brazil

**Founded:** 2018



Despite Latin America's high internet and mobile phone penetration, e-commerce represents only 3% of the region's USD 2 trillion retail market and primarily serves upper income customers with premium products. Facily, a late 2020 investment, has flipped the conventional e-commerce construct on its head to serve low- and mid-income consumers in Brazil with its innovative social commerce model, enabling the company to deliver quality grocery products and other low-ticket goods (fresh produce, cleaning supplies, small-ticket electronics, etc.) to its users at a fraction of the cost of traditional retail.





Photo credit: Ula

## B2B Marketplace

Indonesia

Founded: 2019

ula

Ula aims to empower small store owners across Southeast Asia (starting in Indonesia) through digital commerce and fintech capabilities. This is a segment that banks and alternative financing providers have traditionally been reluctant to serve.

Ula is working to revolutionize MSME trade using technology and data, helping increase efficiency for small retailers and providing tailored products at competitive prices. Ula's recent geographic expansion into new towns in Indonesia, along with business model innovations that add value to SMEs—such as pick-up services for perishables—is facilitating greater access to quality business and financing for SMEs in Indonesia.

### CUSTOMER VOICE

#### Ibu Desi

Ibu Desi and her mother run Toko Harun, a small, local shop in Semarang, Indonesia. Before joining **Ula**, the shop struggled with efficient inventory management. Every morning, they spent hours planning their restock and then had to rush to the local market and get the supplies they needed for the day. Shopping was tedious as they bought up to 20 cartons, and had to bring the supplies back themselves, using a pedicab.

Since finding Ula, her mother no longer spends hours planning out what to restock for the day. Instead, she orders directly from Ula's simple app whenever the stock runs low. Ula's supply delivery also helped Ibu Desi and her mother save the money they used to spend on their daily pedicabs to markets. In Ibu Desi's words, "If you shop at Ula, besides the friendly service, you get on-time delivery and good quality goods. It's also very easy and safe. Thank you Ula!"







Tarfin co-founder and  
CEO, Mehmet Memecan

Photo credit: Tarfin

# Agri-finance

Turkey

Founded: 2017



Tarfin provides easy, quick and flexible point of sale financing to farmers in Turkey to purchase agricultural inputs from independent agri-retailers with extended payment terms to fit farmers' cash flow.

Farmers can either place orders directly on the Tarfin app to pick up or purchase directly from Tarfin's network of retailers across the country who facilitate the farmers' Tarfin application at the point of sale. This model combines traditional supply channels with technology and financial resources while adding value to each stakeholder.

## CUSTOMER VOICE

### Bayram Yeşildaş

Bayram Yeşildaş runs what was a small family business in Karaman (Central Turkey). Before **Tarfin**, his business didn't have the financial capacity to trade in fertilizers. Bayram started selling products with Tarfin's financing, which allowed him to become one of the top retailers in Karaman. When a farmer walks in to purchase a certain product with Tarfin's financing, Bayram can also sell additional products to these customers. Through Tarfin, he's been able to improve his margins. "Being able to provide financing has given us strength in the region—when other vendors' financing costs were too high, Tarfin's competitive pricing allowed us to quickly expand," says Bayram.

Tarfin has recently launched Tarfin Mobil, which enables farmers to compare prices across retailers and apply for financing digitally, meaning agri-dealers like Bayram can become supply pick-up points rather than places to apply for credit. Bayram also started buying and storing additional agri-inputs at his shop through Tarfin Direct, Tarfin's procurement and inventory financing solution. With Tarfin Direct, Bayram is now able to keep inventory without tying up any equity and upsell his client base. "Tarfin allowed us to reach and service 20% more customers this year," says Bayram.





**\*Overall:** Figures presented are as of December 31, 2020. **Lives touched:** Quona defines Lives Touched as the sum of customers and/or businesses served by Quona's portfolio companies and the number of full-time employees of the Quona portfolio companies, together multiplied by the average household size of each market in which Quona portfolio companies operate. **For customers and micro, small and medium enterprises (MSMEs) served:** To align its retail customer and MSME customer metrics, Quona reports active customers where possible/appropriate, and where not possible/appropriate, number of customer transacting over a period of time. **For "underserved":** To determine what constitutes "underserved," Quona has developed a tailored approach for each individual company for defining its underserved customer segments (for example: retail customers with no, thin or poor credit history; retail customers under a certain income threshold for the given market; MSME customers under a certain revenue threshold defined for the given market). For company information used to calculate impact metrics and other company information stated in this report, Quona has relied on information provided by Quona's portfolio companies themselves.