

Insight



What's the impact of investing in early-stage fintechs on financial inclusion?

Practical thinking on investing for development

Insight is a series of practical and digestible lessons on the issues of private sector investment and development. They're based on our experiences, knowledge and research and are aimed at investors, businesses, development professionals, and anyone with an interest in private sector development.

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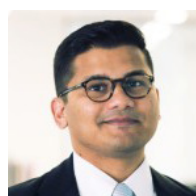
Foreword

As a development finance institution (DFI), British International Investment (BII) aims to drive economic growth that improves the lives of people in low- and middle-income countries. Through our venture capital (VC) investments, we support innovative early-stage companies with high growth potential that provide services to underserved individuals and businesses. This includes supporting technology-enabled financial services (fintech) companies that are increasing access to financial services in emerging markets.

This study takes a deeper look at our VC investments in fintech companies and the impact on households that have been using their products. Our investments include business models providing finance to micro, small and medium-sized enterprises (MSMEs), specialist-asset financing, fintech infrastructure, and credit scoring. Our goal is to understand the customers served by these companies, and their experience of using fintech products, including how they improve their access to financial services, their financial health and resilience, and ultimately their quality of life.

This study builds on the independent findings of our [Industries, Technology, and Services Portfolio Review](#), which included an assessment of digital service providers in our VC portfolio. It highlighted how technology and innovation can create scalable solutions to socio-economic challenges in emerging markets. This study was a comprehensive exercise, involving engagement with nine companies and surveys with thousands of customers across India and Africa that were willing to share their experiences. We are grateful for their time and inputs, and for the work of impact measurement company 60 Decibels in collecting data from the people whose lives have been most impacted by our investments.

The findings have helped us understand that our fintech investments enhance financial inclusion among underserved populations and have a greater impact on women than on men, and on customers from low-income households than those from wealthier households. They have also identified areas where we need to innovate further to deepen our impact. We are sharing this study for others to learn from our experience and hope it will help strengthen approaches to inclusion across the impact investing community.



Chirantan Patnaik
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Executive summary

Introduction

Our VC strategy aims to catalyse early-stage innovation and entrepreneurial activity in our markets to create positive impacts for people and planet. Our VC investments pursue four core impact objectives: increasing access to essential products and services for households, enabling MSMEs, disrupting agri-value chains, and accelerating climate innovation. They cut across various sectors, such as financial services, health, technology and digital services, renewables, and e-mobility. Our investments in business-to-customer (B2C) fintech providers aim to improve household financial inclusion through increased access to tailored financial services.

Study overview

This study seeks to understand how the B2C fintech companies in our VC portfolio support household financial inclusion by providing credit, saving or insurance products. It uses data collected directly from the customers served by these companies to generate evidence on the impact achieved by our investments. It aims to answer four key impact questions:

- a. Who do these companies reach?
- b. How do these companies improve access to useful financial products?
- c. How does access to these financial products improve customers' financial health?
- d. What is the impact of these financial products on customers' quality of life and financial resilience?

We worked with 60 Decibels to collect data through phone surveys from over 2,800 customers across nine B2C fintech portfolio companies.

Insights

	Research question	Insight
WHO	a. Who do these companies reach?	1: Two-thirds of customers are from low-income households based on the \$6.85 per person per day poverty line. 2: A quarter of customers are female, with companies in Africa reaching a significantly larger proportion of female customers than companies in India.
HOW	b. How do these companies improve access to useful financial products?	3: These companies are reaching previously underserved customers, with more than two-thirds of customers not previously having access to a similar product. 4: Overall customer satisfaction with these financial products is high.
	c. How do these financial products improve customers' financial health?	5: Access to these financial products supports customer ability to pay for household and personal expenses. 6: Over two-thirds of credit customers and more than three-quarters of health insurance customers find regular payments are not a burden. 7: Nearly two-thirds of credit customers and nearly four-fifths of savings customers find that their ability to manage their finances improved after using these financial products. 8: Nearly three-fifths of credit customers and more than three-quarters of savings customers find that their ability to meet their financial goals improved after using these financial products.
WHAT	d. What is the impact of these financial products on customers' quality of life and financial resilience?	9: These financial products helped improve the quality of life of nearly three-quarters of customers. 10: These financial products helped improve the financial resilience of nearly two-thirds of customers.
	Cross-cutting insight	11: Women and customers from low-income households report lower prior rates of borrowing and saving, and greater improvements in some financial outcomes from using these financial products.

The findings provide valuable evidence that portfolio companies are positively improving customers' lives in several ways, including their ability to manage their finances and meet financial goals, as well as their quality of life and financial resilience.

The evidence suggests that the impact on these customers is inclusive. Companies are reaching a high proportion of customers from low-income households. The impact on these customers is also deeper than for those from wealthier households. For savings products in particular, women are more positively impacted than men.

However, the share of women customers reached by these companies is low, with women making up just one quarter of the total. As we look to expand inclusive access to digital financial products, our aim is to better understand and overcome the key barriers preventing more women from accessing these products. Further, while overall customer satisfaction with these products is high, a quarter of customers report challenges, meaning there is scope to improve products and further increase customer satisfaction.

Conclusion

The results support BII's approach to investing in early stage fintech companies and providing much needed risk capital. They also provide a clearer view of the evidence and opportunities for impact of digital financial products. We hope this work will also strengthen the broader evidence base that recognises how fintech companies can have a positive influence on household financial inclusion.



1

Introduction

At BII, we aim to maximise the impact of our investments, and we believe learning is key to how we achieve greater impact. Early-stage venture investments are an important and impactful asset class, complementing our investments in more mature companies. Early-stage companies can introduce new technologies and business models capable of accelerating innovation and creating impact for people and planet, but are often too risky for most investors in our markets to invest in.

In this context, our VC investments play a key role in driving innovation and increasing economic opportunity by providing early-stage financing, support and technical assistance. Further details on the impact of our VC investments in digital services can be found [here](#).

Our VC portfolio is divided into three programmes: **Fund Partnerships** (VC Funds), **Equity** (VC Scale-up) and **Debt** (VC ScaleX) **Partnerships**. Through our VC Funds programme, we focus on forming partnerships with domestic fund managers based across key technology hubs in South Asia and Africa. We identify fund managers aligned with our impact and responsible investment objectives across climate, inclusion, and more broadly on impact. The funds we back tend to be the first institutional investors in highly nascent and early-stage startups and therefore bring a hands-on approach in helping these businesses grow. As India has a relatively well-established venture industry, we prioritise supporting the most innovative and impactful funds or funds through whom BII can better identify and fund early-stage opportunities in highly impactful startups. In Africa, where the venture capital industry is still nascent, our focus is on supporting the build out of the ecosystem and being a primary capital provider to fund managers. As of January 2026, we have committed more than \$355 million across 36 VC funds in Africa and South Asia.

\$355m

committed across 36 VC funds
across Africa and South Asia.

Through our *VC Scale-Up* programme, we identify high-impact equity co-investment and direct equity opportunities through our fund manager partners, helping to scale-up and accelerate impact across markets. We focus on companies using technology and innovative business models to achieve transformational impact at scale. The programme looks to bridge the funding and knowledge gap for early-stage businesses and develop VC ecosystems. As of January 2026, we have co-invested more than \$117 million in 26 VC companies in Africa and South Asia.

Through our emerging *VC ScaleX* programme, we are expanding access to non-dilutive debt capital across early-stage companies, particularly in underserved segments such as climate that require longer tenors. Critically, especially in Africa, the programme aims to drive the creation of an early-stage debt market by mobilising local financial institutions.

Overall, our VC investments pursue four core impact objectives: increasing access to essential products and services for households, enabling MSMEs, disrupting agri-value chains, and accelerating climate innovation. They cut across various sectors, such as financial services, health, technology and digital services, renewables, and electric vehicles. We also seek to actively mobilise private capital across all the three programmes to help further accelerate this innovation.

In the financial services sector, our investments support companies using technology and innovative business models to reach both businesses (business-to-business or B2B companies) and households (business-to-consumer or B2C companies). Our investments in B2B fintech providers help drive economic productivity and inclusivity by supporting MSMEs. For example, in Nigeria, **Moniepoint** provides small- and medium-sized enterprises (SMEs) with access to digital financial services, including accepting payments, accessing credit and managing their finances. Cumulatively, the funds we back have invested in more than 40 B2B fintech providers and we have directly invested more than \$16 million in three B2B fintech providers.

Our investments in B2C fintech providers, on the other hand, aim to improve household financial inclusion through increased access to tailored financial products, typically credit, savings, and insurance products. For example, **WeRize**, provides a loan lending platform to underserved customers in small Indian towns, with sales and after-sales services. Cumulatively, the funds we back have invested in nearly 40 B2C fintech providers and we have directly invested more than \$5 million in two B2C finance fintech providers.

Our investments in B2C fintech providers aim to improve household financial inclusion through increased access to tailored financial products, typically credit, savings, and insurance products.

Box 1: WeRize

WeRize is India's first socially-distributed full-stack financial services platform for families in small towns in India. It aims to meet the financial needs of households in small towns and cities by providing customised mortgages, unsecured loans and group insurance. WeRize uses a unique social distribution tech-enabled platform that engages freelancers in small towns to provide high quality sales and after-sales services to customers. As of 2025, the company serves 300 million customers across 5,000+ small towns and cities.

Box 2: FairMoney

FairMoney is a leading digital bank in Nigeria which focuses on expanding access to the unbanked. The company offers individuals and households various lending and savings products, in addition to payments products for businesses through tech-enabled platforms. FairMoney offers collateral-free loans to specifically target unbanked customers. As of 2025, it has more than 5 million customers across Nigeria.

Our VC investments in fintech companies are just one way we invest in financial services companies. Our broader financial services portfolio seeks to develop financial sectors and capital markets in our target geographies to unlock long-term funding. We partner with large-scale financial institutions – including banks, insurers, and regional DFIs – and financial service providers, such as non-bank financial service providers and market infrastructure providers. A comprehensive evaluation of the impact of our financial services portfolio is available [here](#).



2

Study overview

2.1 Objectives

This study seeks to understand how the B2C fintech companies in our VC Funds portfolio support household financial inclusion by providing credit, saving or insurance products. It uses data collected directly from their customers to generate evidence on the impact achieved by our investments. In doing so, it aims to set out the core elements of our impact framework (Figure 1) for this category of investments: (1) what impact they are having, who benefits and by how much, and (2) how they achieve this through the direct impact of the companies they support.

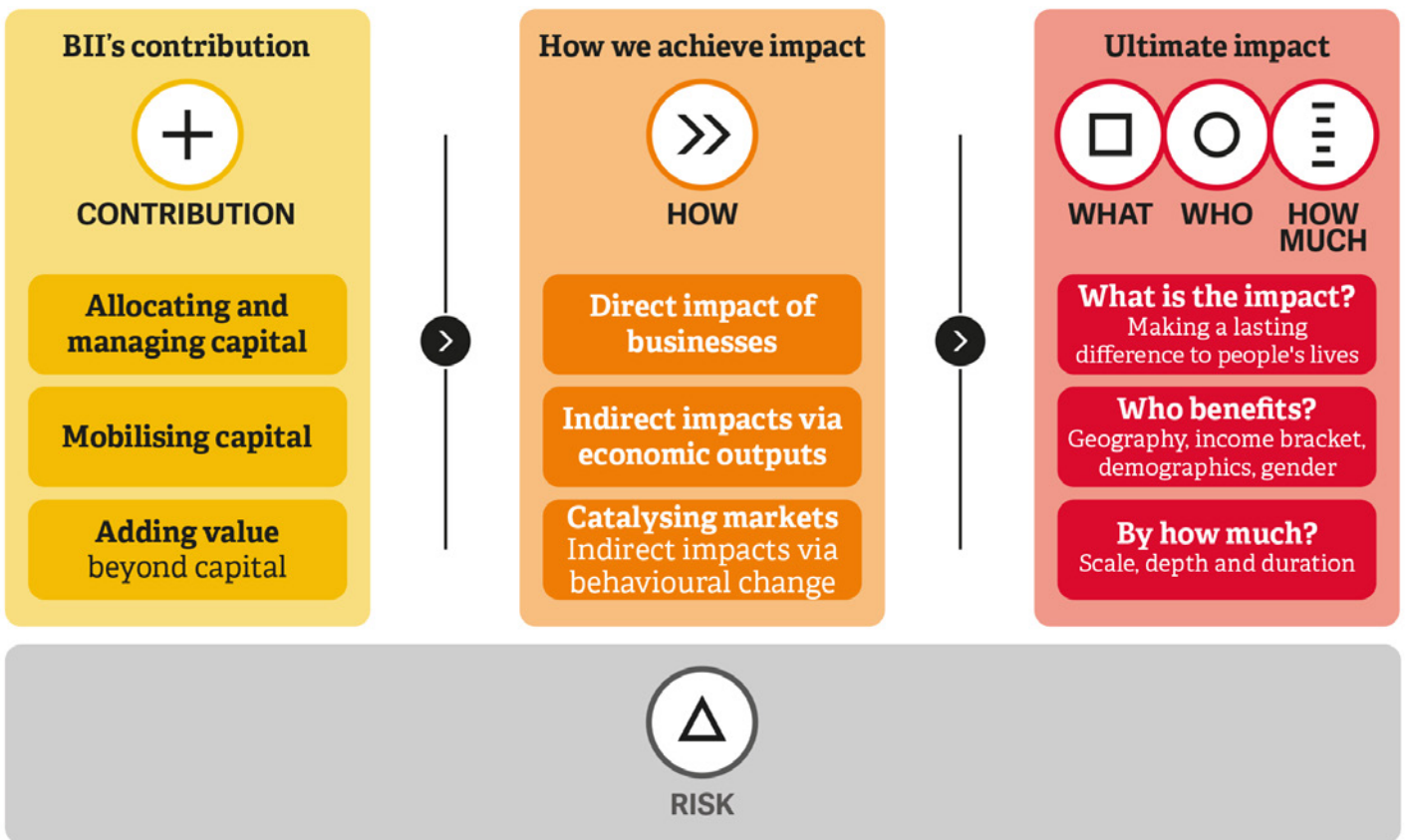


Figure 1: Our impact framework

Specifically, this study seeks to answer the following four questions:

- a. Who do these companies reach?
- b. How do these companies improve access to useful financial products?
- c. How does access to these financial products improve customers' financial health?
- d. What is the impact of these financial products on customers' quality of life and financial resilience?

2.2 Sample and methodology

The study involved primary data collection from the customers of eight portfolio companies through mobile phone surveys conducted by 60 Decibels between February and April 2025. Data from a customer survey of a ninth company conducted in August 2023 was also used in the analysis.

In line with the study focus, we invited all B2C fintech companies offering credit, savings or insurance products that BII-backed VC funds invested in between 2020 and 2023 to participate.

Of the companies meeting these criteria, eight were willing and able to participate in the study within the required timeframe, while one had already taken part in a survey. These nine companies represent 40 per cent of 22 eligible companies. The nine participants include five credit providers, three savings providers, and two insurance providers.¹ The credit companies offer a range of products including online loan and digital banking platforms and point-of-sales credit financing. The median loan size for the credit products of these companies ranged from \$80 to \$1,469. The savings providers offer digital banking products and online investment platforms. The insurance providers offer a range of insurance products, and the study focused on health insurance customers. Five of the nine companies operate in India, two in Nigeria, one in Egypt, and one operates in Kenya and Uganda. A total of 2,519 customers across the eight companies (275 to 288 customers per company) were surveyed between January and April 2025, in addition to 351 customers from the 2023 survey.

2,870

customers across nine companies were surveyed.

Box 3: Study limitation(s)

To gain a deeper understanding of how the impact of these companies compares with the impact of other fintech providers, we looked for a suitable sector benchmark. While we had access to the results from similar 60 Decibels surveys of customers of other financial services companies, these companies had vastly different business models to our portfolio companies, weakening the overall comparison.² We therefore chose not to show any sector benchmark figures in this report.

¹ One company offered both credit and savings products and customers using both products were surveyed.

² These companies were mostly microfinance institutions and other B2B financial services companies; very few were fintech companies providing financial products to households.



3

Insights

The 11 insights discussed in this report are:

	Research question	Insight
WHO	a. Who do these companies reach?	<ol style="list-style-type: none"> 1: Two-thirds of customers are from low-income households based on the \$6.85 per person per day poverty line. 2: A quarter of customers are female, with companies in Africa reaching a significantly larger proportion of female customers than companies in India.
HOW	b. How do these companies improve access to useful financial products?	<ol style="list-style-type: none"> 3: These companies are reaching previously underserved customers, with more than two-thirds of customers not previously having access to a similar product. 4: Overall customer satisfaction with these financial products is high.
	c. How do these financial products improve customers' financial health?	<ol style="list-style-type: none"> 5: Access to these financial products supports customer ability to pay for household and personal expenses. 6: Over two-thirds of credit customers and more than three-quarters of health insurance customers find regular payments are not a burden. 7: Nearly two-thirds of credit customers and nearly four-fifths of savings customers find that their ability to manage their finances improved after using these financial products. 8: Nearly three-fifths of credit customers and more than three-quarters of savings customers find that their ability to meet their financial goals improved after using these financial products.
WHAT	d. What is the impact of these financial products on customers' quality of life and financial resilience?	<ol style="list-style-type: none"> 9: These financial products helped improve the quality of life of nearly three-quarters of customers. 10: These financial products helped improve the financial resilience of nearly two-thirds of customers.
	Cross-cutting insight	<ol style="list-style-type: none"> 11: Women and customers from low-income households report lower prior rates of borrowing and saving, and greater improvements in some financial outcomes from using these financial products.

a. Who do these companies reach?

Insight 1: Two-thirds of customers are from low-income households based on the \$6.85 per person per day poverty line³

We wanted to learn the extent to which these companies are reaching low-income households in our markets with historically lower access to formal financial services. For example, in low- and middle-income countries, as of 2024, 79 per cent of relatively wealthy⁴ adults had a formal financial account compared with 67 per cent of relatively poor adults.⁵ 60 Decibels used the Poverty Probability Index (PPI) methodology⁶ to determine the probability that a respondent belongs to a household whose members are each living below the \$6.85 per person per day poverty line in purchasing power parity (PPP) terms.⁷

We found that 64 per cent of customers belong to low-income households. Across products, credit is the most effective at reaching households living below the poverty line at 70 per cent, but more than 57 per cent of savings and 54 per cent of health insurance customers also belong to low-income households (Figure 2). Across geographies, while 58 per cent of customers reached by companies in Africa belong to low-income households, this share was 67 per cent for the customers of companies in India.

64%

of customers belong to low-income households.

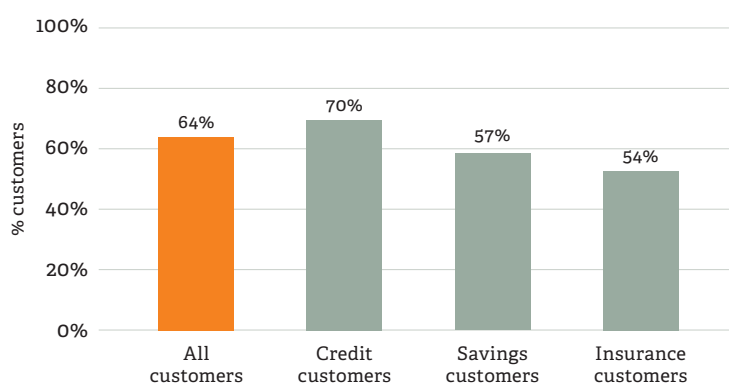


Figure 2: Share of customers from households living below the \$6.85 per person per day poverty line

In the countries in which these companies are based, just over 70 per cent of the population belongs to low-income households, suggesting that their reach among customers from low-income households is roughly representative of the population of the countries they are based in. Given that fintech providers tend to target wealthier segments of the population, this high proportion of customers from low-income households reached is evidence that these companies are proactively targeting low-income households and are committed to the goal of inclusion.

³ Low-income households for the purpose of this report are households whose members are each living below the \$6.85 per person per day poverty line in purchasing power parity (PPP) terms, which is the poverty line we use to assess the low-income reach of our investments.

⁴ 'Relatively wealthy' here is defined as the wealthiest 60 per cent of adults and 'relatively poor' is defined as the poorest 40 per cent of adults in low- and middle-income countries.

⁵ World Bank Group 'The Global Findex Database 2025: Connectivity and Financial Inclusion in the Digital Economy', 2025

⁶ The PPI methodology, developed by Innovation for Poverty Action, uses responses from individuals to 5–10 simple questions around household characteristics and asset ownership to determine their likelihood of living below different poverty line thresholds. The likelihood of a group of individuals belonging to households living below the poverty line is calculated by averaging the likelihood of all individuals in that group.

⁷ PPP is the rate at which the currency of one country would have to be converted into that of another country to buy the same amount of goods and services in each country

Insight 2: A quarter of customers are female, with companies in Africa reaching a significantly larger proportion of female customers than companies in India

Promoting gender equality and diversity through our investments is a priority and an essential part of our inclusive development agenda. Women in low- and middle-income countries encounter systemic barriers to financial inclusion as both individuals and business owners, including gender bias, lack of property rights and limited financial literacy. These factors reduce their access to credit, savings, payment solutions and insurance, undermining their economic empowerment and participation. In low- and middle-income countries for instance, while women's access to financial services is improving, a significant gap in the use of financial services remains. As of 2024, 78 per cent of men had a formal financial account compared to 73 per cent of women, and in South Asia, women are 15 percentage points less likely than men to use digital payments.⁸ We therefore wanted to understand the extent to which women were being reached by these companies.

We found that 25 per cent of customers are women. Among the companies in Africa, the share of female customers is 38 per cent, nearly 2.5x the share of female customers reached by the companies in India (Figure 3). Across products, in India, 18 per cent of credit customers and 12 per cent of savings customers reached are women. In Africa, 46 per cent of health insurance customers, and 33 per cent of credit and savings customers are women.

25%

of customers are women.

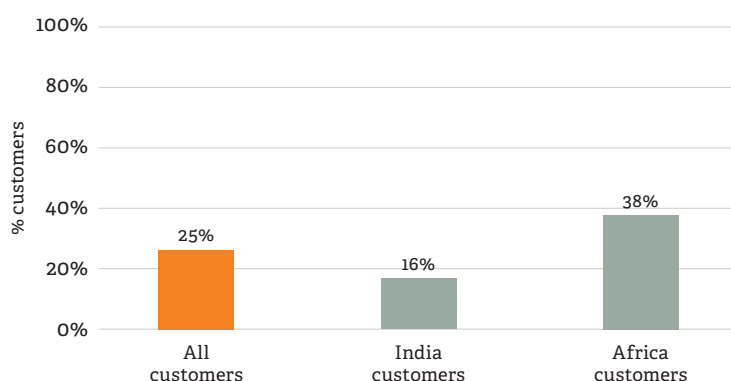


Figure 3: Share of female customers

One potential driver of this low female customer reach could be the digital nature of fintech products, which require smartphone ownership and internet connectivity for access. In India, for example, there is a gender gap in smartphone ownership, as 74 per cent of men own smartphones compared to 57 per cent of women.⁹ Further, research from India suggests women prefer traditional banking services to digital services, primary due to a lack of confidence in making online transactions.¹⁰ This preference is more starkly visible for women who have not completed schooling compared to women who are graduates and above. This research also highlights that support from family members makes women more comfortable with making such transactions. Another potential reason for low female customer reach is that these financial products are likely to be used by one person per household, and cultural norms around the management of finances often results in men using these products more than women.

⁸ World Bank Group 'The Global Finex Database 2025: Connectivity and Financial Inclusion in the Digital Economy', 2025.

⁹ Centre for Economic Data & Analysis 'Digital dreams, gendered realities: Women in digital India', 16 September 2025.

¹⁰ DBS Foundation and Haqdarshak, 'Women and Finance', March 2025.

A key takeaway is that there is scope for companies to reach a larger proportion of female customers, particularly in India. However, systemic barriers limiting women's access to these products, or how they use them, may make reaching more women customers challenging. Therefore, focusing on building women's confidence in using digital financial services, and tailoring digital products to suit their preferences, could increase reach among women customers and enhance inclusion from a gender lens.

b. How do these companies improve access to useful financial products?

Insight 3: These companies are reaching previously underserved customers, with more than two-thirds of customers not previously having access to a similar product

A key objective of our B2C fintech investments is to expand access to formal financial products to underserved customers, particularly those with no prior access to financial services. It is therefore critical to understand customers' previous use of similar financial products, their access to good alternatives, and most importantly, their previous access to any kind of financial services.

We found that 68 per cent of customers did not previously have access to similar financial products before using these financial products and 70 per cent do not presently have access to a good alternative. We also found that 73 per cent of credit customers have never previously borrowed from a formal source,¹¹ and 53 per cent have never borrowed at all. Among savings customers, 35 per cent have never previously used a savings product, and 16 per cent have never saved before (Figure 4). This further indicates how these financial products have been instrumental in expanding access to formal financial products for previously underserved populations.

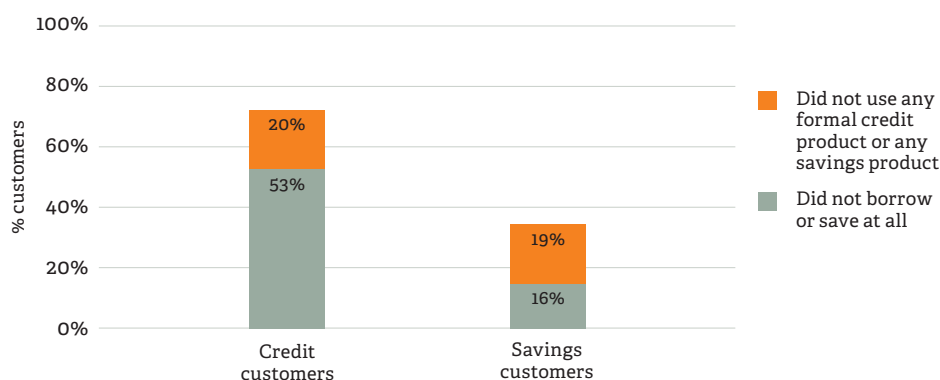


Figure 4: Customers' prior using of credit and savings products

Insight 4: Overall customer satisfaction with these financial products is high

The previous insight highlights that these companies are targeting underserved customers without access to quality alternatives. In underserved markets, customers risk being stuck with products they are dissatisfied with, given the lack of good alternatives. To understand customer satisfaction, we asked respondents to rate, on a scale of 0–10, how likely they are to recommend the product to a friend or family member. We then analysed the results using the Net Promoter Score (NPS) methodology.¹²

¹¹ Formal sources include banks and NBFCs.

¹² NPS is a widely used measure to gauge customer satisfaction. Customers are asked to rate the product on a scale of 0–10. 'Promoters' are those with a score of 9 or 10, 'passives' score 7 or 8 and 'detractors' score 0 to 6. NPS is calculated by subtracting the percentage of 'Detractors' from the percentage of 'Promoters'. The score ranges from -100 to 100.



I was facing difficulty in saving money, but since I started using [Company], the savings amount gets automatically deducted from my bank account, and I get some return on the amount deposited. I can withdraw funds whenever I need them during an emergency.

Male customer, 35



They are punctual in disbursing loans to customers and are user-friendly. They also offer extensions if you're unable to pay on time and have a valid reason.

Female customer, 67

We found that 52 per cent of customers are ‘promoters’ of the products (answered 9 or 10), indicating a high level of customer satisfaction (Figure 5). The average NPS across these companies is 38, considered a ‘favourable’ score.¹³ NPS scores vary considerably across companies, from -11 to 73. Across products, the NPS was higher on average for companies offering saving products (58) than credit products (35). For the one insurance company for which data was available, there is a significant difference in the NPS score for claimants (11) and non-claimants (-20), suggesting higher satisfaction for customers that had the opportunity to benefit from their health insurance.

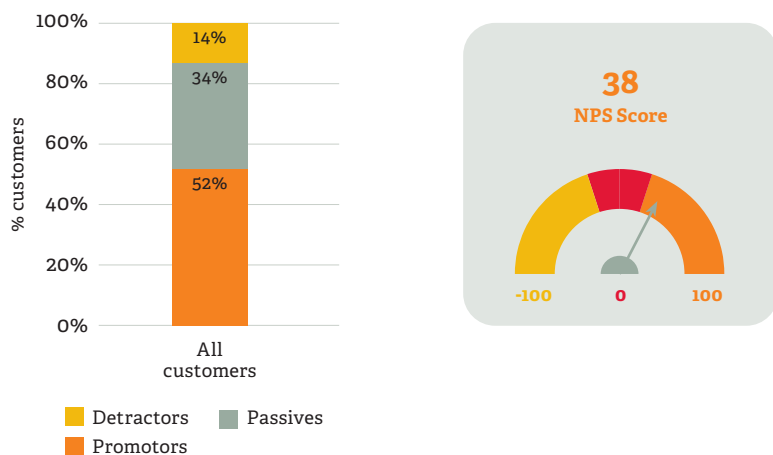


Figure 5: Customer satisfaction with the products

Additionally, 24 per cent of customers reported experiencing a challenge with the product. Credit customers reported high interest rates and repeated follow-ups by companies over repayments as their top challenge; savings customers pointed to inefficiencies in the technical platform and user interface; health insurance customers noted the inadequacy of coverage. While such challenges are not uncommon for early-stage companies trialling new products, these findings (which were shared with the companies) suggest scope for improvement in some product offerings.

c. How do these financial products improve customers’ financial health?

Insight 5: Access to these financial products supports customer ability to pay for household and personal expenses

The above insights show how companies have successfully increased customer access to financial products. However, it is equally important to understand how this access has improved customer financial health. As a first step, we tried to determine how customers use funds borrowed through credit products or those withdrawn from the savings accounts.

We found the most frequently reported use of funds from credit and savings products relates to personal and household expenses. However, 19 per cent of credit customers and 26 per cent of savings customers also report using funds for business expenses (Figures 6 and 7). This suggests these financial products are primarily being used for consumption smoothing.



[Company] needs to work on their policies; they need to make access to treatment more straightforward and find a way to remove the multiple verification steps so that people can get medical treatment on time.

Male customer, 48



The easy loan availability from [Company] helped resolve my financial problems. With the loan, I was also able to pay for health insurance, and my coverage is now active.

Female customer, 38

¹³ Bain & Company, the creators of NPS, suggest scores above 0 are considered ‘good’, scores above 20 are ‘favourable’, scores above 50 are ‘excellent’, and scores above 80 are ‘world class’.

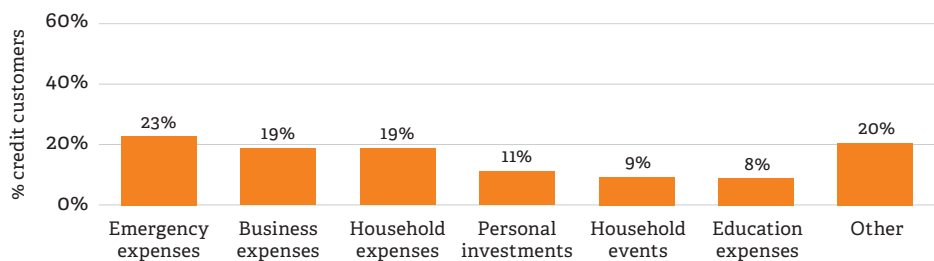


Figure 6: Credit customers' use of funds from the loan¹⁴

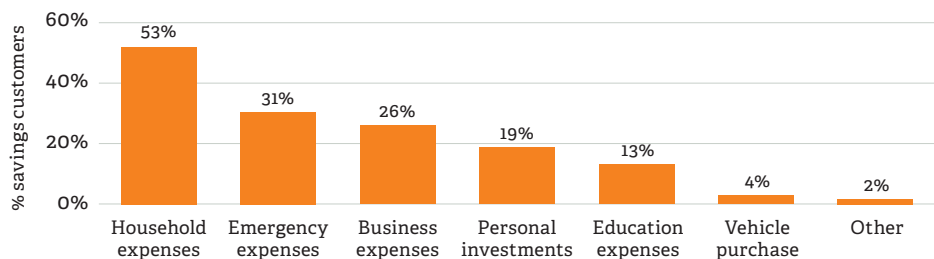


Figure 7: Savings customers' use of funds withdrawn from the savings account¹⁴

Further, 60 per cent of credit customers and 56 per cent of savings customers report they would have found it difficult to cover the intended expense incurred without the loan or savings account, suggesting these products played a key role in improving their ability to cover expenses.

For health insurance customers, access to these products supports increased access to healthcare, as 57 per cent of all health insurance customers and 76 per cent of health insurance claimants report that their ability to access healthcare increased after using the product.

Insight 6: Over two-thirds of credit customers and more than three-quarters of health insurance customers find regular payments are not a burden

Providing credit services to low-income households carries the potential risk that repayments become a financial burden. For health insurance customers, there is a similar risk of regular premium payments becoming an additional financial burden. We therefore tried to understand from customers whether these payments are manageable.

We found that 70 per cent of credit customers and 79 per cent of health insurance customers do not consider the payments to be a burden (Figure 8). Further, 75 per cent of credit customers and 89 per cent of health insurance customers report they 'rarely' or 'never' reduce household expenses to meet these payments. This crucial finding indicates these products are financially viable for most customers.



I needed a phone, but I did not have the means to buy one. [Company] provided me with a phone without requiring upfront payment, and they made it easy for me to pay in instalments.

Female customer, 38

¹⁴ Respondents were allowed multiple responses; hence the value of all categories together does not add up to 100 percent.

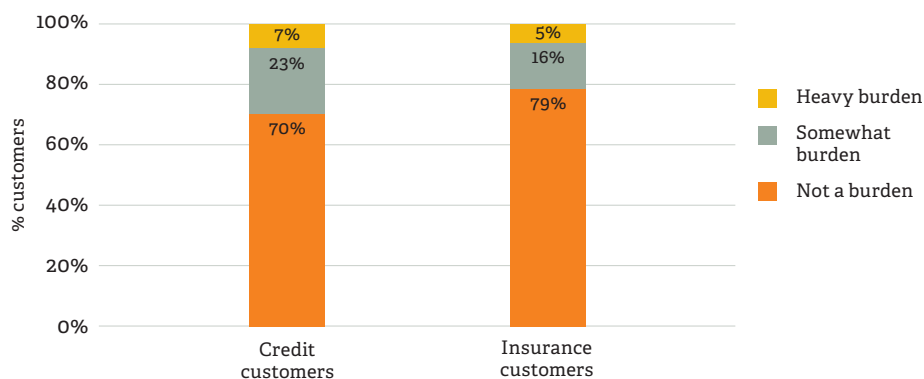


Figure 8: Customer perceptions of the payment burden

Further, 86 per cent of credit customers, 93 per cent of savings customers, and 68 per cent¹⁵ of health insurance customers report that product terms and conditions are easy to understand. This is in line with our overall approach to responsible investing where we are committed to customer protection, particularly responsible and fair marketing to customers.

Insight 7: Nearly two-thirds of credit customers and nearly four-fifths of savings customers find that their ability to manage their finances improved after using these financial products

A key indicator of financial health is the ability of customers to manage their finances and meet their monthly expenses. We therefore tried to understand from customers how access to these financial products affected their ability to manage their finances and how much they worried about their finances.

Nearly 65 per cent of credit customers and 79 per cent of savings customers report that their ability to manage their finances improved as a result of using these products. Further, 25 per cent of credit customers and 30 per cent of savings customers say their ability to manage their finances ‘very much improved’ (Figure 9). Among health insurance customers, 53 per cent report spending less time worrying about their finances as a result of using the product. Among claimants, this share is even higher at 71 per cent. This suggests these financial products play a key role in improving the overall financial health of customers by improving their ability to cover monthly expenses.

» *After taking a loan from [Company], I bought an auto rickshaw, which my husband now drives. Previously, managing household expenses was difficult. But now we are in a much better position.*

Female customer, 26

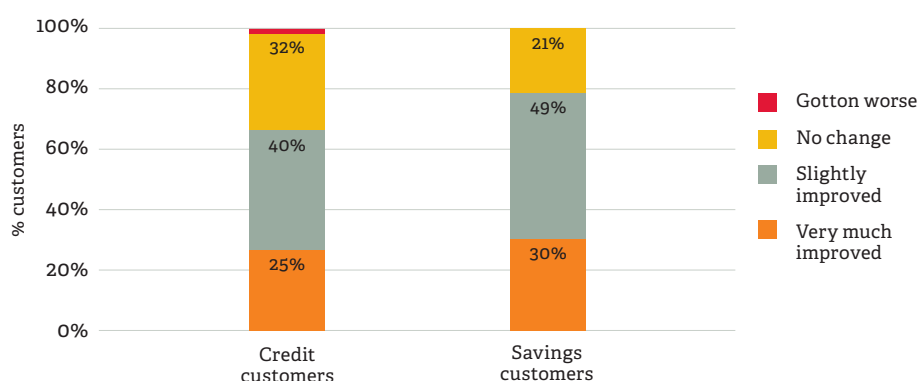


Figure 9: Customers' ability to manage their finances

¹⁵ This is higher among insurance customers who had submitted a claim: 84 per cent find the product terms and conditions are easy to understand.

Insight 8: Nearly three-fifths of credit customers and more than three-quarters of savings customers find that their ability to meet their financial goals improved after using these financial products

We asked customers to identify their most important financial goal and whether these financial products, particularly credit and savings products, helped improve their ability to achieve it.

Credit customers most often cite paying off prior loans, affording housing, and investing in their business as their main financial goals. Savings customers most often cite increasing their savings. Overall, 59 per cent of credit customers and 77 per cent of savings customers report that their ability to meet their main financial goal improved as a result of using the products. Of these, 21 per cent of credit customers and 23 per cent of savings customers say that their ability to meet their most important financial goal 'very much improved' (Figure 10). Further, 80 per cent of savings customers reported an improvement in their ability to save as a result of using the savings products.

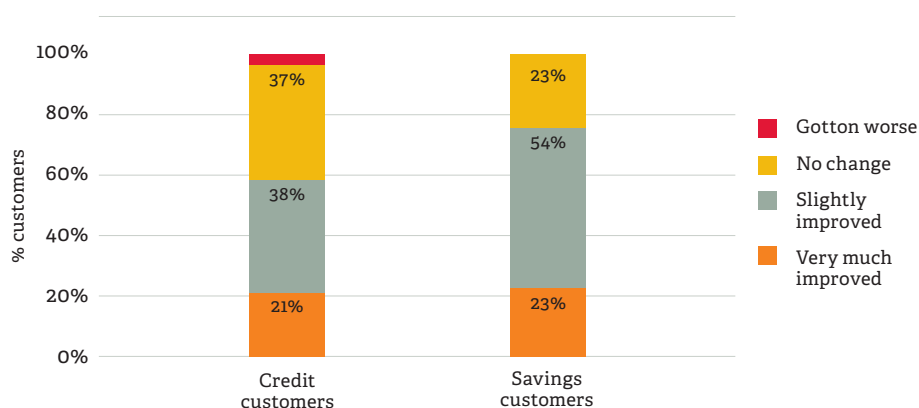


Figure 10: Customer ability to meet their most important financial goals

d. What is the impact of these financial products on customers' quality of life and financial resilience?

Insight 9: These financial products helped improve the quality of life of nearly three-quarters of customers

One of our key impact objectives is to make investments that help people escape poverty and attain higher living standards, ultimately improving their quality of life. We therefore asked customers how their quality of life had changed as a result of using these financial products.

73 per cent of customers reported an improved quality of life after using these products. Of these, 25 per cent said quality of life was 'very much improved' (Figure 11). Customers described several ways in which quality of life improved. Credit customers pointed to reduced financial burden and stress, an increased ability to meet financial needs, and business growth as the major benefits. Savings customers cited an improved savings habit and increased financial security as key benefits. Health insurance customers mentioned reduced financial strain and increased access to healthcare.



Earlier, I had multiple small loans, which caused me stress and financial difficulties. With a larger loan from [Company], I am able to pay off those loans.

Male customer, 26



[The loan] has helped my business. I started with no money, and now I can do business without waiting for my salary. As a businessperson, you always need to have cash on hand.

Female customer, 25



I am soon going to retire. This platform has given me a path through which I can invest judiciously and can get profit. It will be like a job even after retirement. I feel stress free now.

Male customer, 56

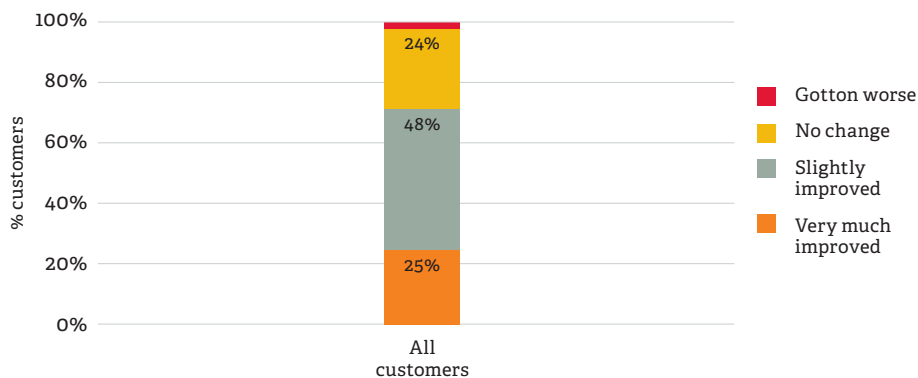


Figure 11: Changes in customer quality of life

Across products, the share of customers reporting improvements in quality of life was highest among health insurance customers at 89 per cent.¹⁶ However, even among credit and savings customers, 72–73 per cent report quality of life improvements.

Insight 10: These financial products helped improve the financial resilience of nearly two-thirds of customers

Financial vulnerability remains a major issue across households in South Asia and Africa. A key objective of our B2C fintech investments is to increase the financial resilience of households. In line with this objective, we wanted to assess whether improved access to these credit, savings, and insurance products increased their financial resilience, particularly in tackling financial emergencies. We asked customers whether they felt their ability to meet a ‘significant’ emergency expense¹⁷ changed after they started using these products, and by how much.

64 per cent of customers reported their ability to meet a significant financial emergency improved after using these financial products, including 27 per cent of customers whose financial resilience ‘very much improved’ (Figure 12). This indicates the crucial role these products have played in improving customers’ financial resilience.

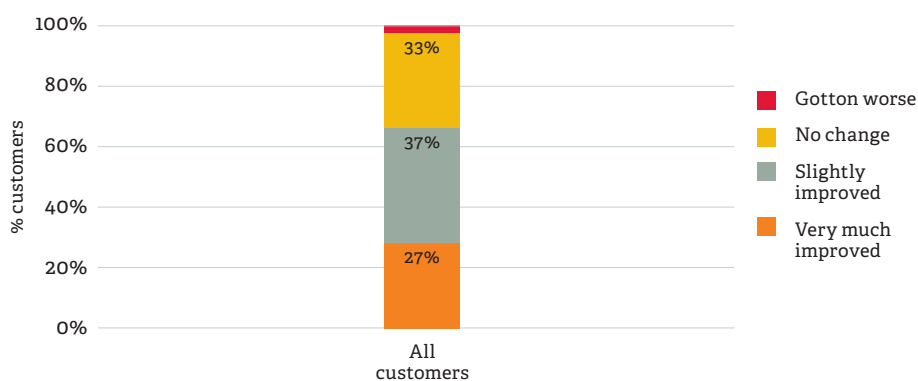


Figure 12: Changes in customer ability to meet a significant emergency expense

» *I have been managing high blood pressure for years, and it was always expensive. Since I got [Company], I now go for regular check-ups and get my medications without worrying about the cost.*

Male customer, 55

» *I am getting good returns, and my savings have improved from earlier. Savings are very important to secure yourself in case of any emergencies.*

Male customer, 32

¹⁶ This question was only asked to insurance customers who submitted an insurance claim.

¹⁷ For this study, a ‘significant’ expense was defined as equivalent to 1/20th of the country’s per capita Gross National Income

Across products, the improvement in the ability to meet emergency expenses is slightly higher among savings customers (69 per cent) and health insurance customers (71 per cent) than credit customers (63 per cent). Among health insurance customers, as with other key indicators, a higher share of claimants report improvements than non-claimants.

Cross-cutting insight

Insight 11: Women and customers from low-income households report lower prior rates of borrowing and saving, and greater improvements in some financial outcomes from using these financial products

Insights 1 and 2 indicate how effectively these companies reach women and customers from low-income households. Insights 3 to 10 show how well they are improving access to financial products financial health, quality of life, and financial resilience. We also analysed how these impacts differ by gender and between households living above and below the poverty line (Table 1).

Research question	Indicator	Average for female vs male customers	Probability of customer belonging to a low-income household	
b. How do these companies improve access to useful financial products?	Had no prior access to a similar financial product		+7 ppt	
	Had previously not borrowed from formal sources		+9 ppt	
	Had previously not used a saving product	+8 ppt	+11 ppt	
c. How do these financial products improve customers' financial health?	Credit	Improved ability to manage finances		
		Improved ability to meet most important financial goal	+4 ppt	
	Saving	Improved ability to manage finances	+17 ppt	+7 ppt
		Improved ability to meet most important financial goal		
d. What is the impact of these financial products on customers' quality of life and financial resilience?	Improved quality of life	+6 ppt		
	Improved financial resilience		+3 ppt	

Legend: Similar Higher

Table 1: Key findings of the survey by gender and income group¹⁸

¹⁸ Differences have only been indicated in Table 1 where statistically significant.

While for most indicators, the average results are not statistically different between female and male customers, a few differences stand out. Female savings customers are more likely to report they did not save in any way before using these products (41 per cent vs. 33 per cent of male customers). Women are also more likely to report an improved ability to manage their finances (92 per cent vs. 76 per cent for male customers).¹⁹ A higher share of female customers report improved quality of life (77 per cent vs. 72 per cent for male customers) after using the products.²⁰

Previously underserved customers are more likely to come from low-income households. Those without prior access to similar financial products, or who had not previously borrowed from formal sources or used savings products, are 7–11 percentage points more likely to be in low-income households than those who had. Across most indicators, the impact is also deeper for customers from low-income households. Among credit customers, those who report an improved ability to meet financial goals are more likely to be from low-income households (72 per cent) than those who do not (68 per cent). Among savings customers, those who report an improved ability to manage their finances are more likely to be from low-income households (58 per cent, compared with 51 per cent). Similarly, customers who report improved financial resilience are more likely to be from low-income households (65 per cent, compared with 62 per cent).

These findings suggest female savings customers and those from low-income households had less prior access to the financial products offered, and that they experience greater benefits from their use than male savings customers and those from higher-income households living above the poverty line. This indicates that portfolio companies are furthering our inclusion objectives by delivering stronger outcomes for underserved groups. From here, broadening the reach of these products among women and low-income households would help improve financial inclusion and drive greater overall impact for customers.

Female savings customers and those from low-income households had less prior access to the financial products offered, and they experience greater benefits from their use than male savings customers and those from higher-income households living above the poverty line.

¹⁹ The actual difference is 17 percentage points due to rounding.

²⁰ The actual difference is 7 percentage points due to rounding.



4

Conclusion

Through this study, we wanted to understand who the B2C fintech investments in our VC portfolio – across credit, savings, and health insurance products – are reaching, how they improve access to financial services and promote financial health, and their ultimate impact on quality of life and financial resilience for customers. We used primary surveys conducted by an independent provider, 60 Decibels, to assess and evidence this impact on households.

The findings provide valuable evidence that these companies are improving customers' lives in several ways. They are strengthening customers' ability to manage their finances and meet their financial goals, while also improving their quality of life and financial resilience. There is evidence that the impact is also inclusive. These companies are reaching a high proportion of customers from low-income households and delivering stronger outcomes than for wealthier households. For savings products in particular, women are benefiting more greatly than men.

However, while the depth of impact is greater for women, the proportion of women customers reached remains low. As we look to expand access to digital financial products for underserved segments, reaching more women and overcoming key barriers preventing their access to these products will be crucial. Further, while overall customer satisfaction is high, there is scope to improve products to further improve the customer experience.

These results support our approach to investing in early stage fintech companies to expand inclusive access and improve quality of life for customers. We hope it will also strengthen the broader evidence base that recognises how fintech companies can have a positive influence on household financial inclusion.

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For further information:

▶ Visit: bii.co.uk/insight

