



ACCION

**2022
Impact
Report**



COVER: Amelia, a client of Fairbanc who owns a small shop with her mother in Serang City, Indonesia

THIS PAGE: Claudia Patricia Villalba Melo, a small business owner and Ovante user in Bogotá, Colombia

Contents

Message from Our CEO	5
Over Sixty Years of Impact	6
2022 Impact at a Glance	8
Our Impact Framework	10
Our Portfolio Impact in 2022	11
Our Impact Strategy	12
Our Approach	13
Our Impact Industry Leadership	15
Looking Ahead	16
Our Partnership with Mastercard	20
Accion & BancoSol: Three Decades of Impact	24
Catalyzing Demonstration Models	26
What Impact Means to Us	28
Accion's Theory of Change	29
Continuous Learning Drives Deeper Impact	30

Since our founding, Accion has helped build more than 235 financial service providers serving clients across 75 countries, reaching more than 350 million people.



Michael Schlein speaks at the 2022 Fintech for Inclusion Global Summit in The Hague

Dear Friends,

At Accion, we are working to create a fair and inclusive economy where underserved people have quality financial choices and opportunities to improve their economic wellbeing. Accurate data to gauge our impact is central to achieving our mission. And in this report, we are excited to provide an update on our progress to date.

Impact is in our DNA. Since 1961, we have sparked game-changing impact that reaches local communities and global systems. We pioneered the first microcredit programs in Latin America. We co-founded the world's first regulated microfinance bank, which invented a socially-responsible, financially-viable model that now reaches hundreds of millions of low-income people globally. We established the Center for Financial Inclusion to advance inclusive financial systems that prioritize consumers' rights. And we created the world's first global funds focused on fintech for inclusion, harnessing the capital markets to drive revolutionary innovations. Today, we're a global leader in nurturing fintech companies that are applying powerful technologies like AI and data analytics to reach and serve those who've been left out.

We are proud of our legacy. And we also know that the best way to understand the impact of our work is to listen to clients. We have strengthened our efforts in this area—through internal initiatives and through collaboration with partners—to ensure we're not only measuring the reach of inclusive financial services, but also their impact on clients' small businesses, their livelihoods, and their financial health.

The insights in this report elevate important learnings and help highlight areas for future growth. To all our partners who are joining us on this impact and learning journey: thank you. Together, we are powering meaningful impact for millions of underserved people around the world.



Michael Schlein

President & CEO, Accion



The best way to understand the impact of our work is to listen to clients.



Over Sixty Years of Impact

1961

Accion Founded

Accion was founded by Joe Blatchford, a UC Berkeley law student who later became the 3rd Director of the U.S. Peace Corps. We began with hands-on humanitarian work in Venezuela.

1970s

Launching Microcredit

Accion focused on the lack of economic opportunity in Latin American cities and began issuing small loans to microentrepreneurs in Recife, Brazil, launching microfinance in Latin America.

1980s

Expanding in Latin America

Accion helped start microfinance programs in 14 Latin American countries to meet the distinct needs of microenterprises. Accion's clients shattered the myth that lending to low-income people was too risky. During this time, Accion also launched a loan guarantee fund, the Accion Bridge Fund.

1991

Bringing Inclusive Finance to The U.S.

Accion piloted a microlending program in Brooklyn, NY. Accion Opportunity Fund is now the leading nonprofit small business lender in the U.S., serving a client base that's more than 90% women, people of color, and/or low-to-moderate income.

1992

Inventing a New Model of Microfinance

Accion co-founded BancoSol in Bolivia, the world's first private commercial bank for the poor, effectively inventing a model of socially responsible, financially viable microfinance that today impacts the lives of hundreds of millions of low-income clients globally.

2000s

Global Expansion

Throughout the 2000s, Accion extended operations into India and sub-Saharan Africa to reach and support financially underserved people beyond Latin America.

2003

World's First Global Equity Fund for Microfinance

Accion opened doors to private bank funding for microfinance institutions through Accion Investments in Microfinance, allowing inclusive financial service providers to reach more people and establish relationships with the formal financial sector.

2008

Founding the Center for Financial Inclusion

Accion established CFI as an independent think tank working to advance a more inclusive and responsible financial system. CFI leverages partnerships to conduct rigorous research, test promising solutions, and advocate for evidence-based change.

2015

World's First Global Inclusive Fintech Fund

Accion launched the first global inclusive fintech fund: the Accion Frontier Inclusion Fund, managed by Quona Capital. This and subsequent Quona funds harness the power of the capital markets to improve the quality and availability of financial services.

2007

World's First IPO in Financial Inclusion

The initial public offering of Compartamos Banco in Mexico, the world's first IPO of an inclusive financial service provider, was a demonstration model for the industry and enabled Accion to expand its mission-driven investments aimed at creating a fair and inclusive economy.

2012

Developing Inclusive Fintech

Accion launched Accion Venture Lab, a seed-stage impact investment initiative focused on inclusive fintech. To date, Venture Lab has invested in and supported more than 60 innovative start-ups that expand the reach, quality, and affordability of financial services at scale.

2020s

Building Resilience to Unprecedented Threats

Accion is working to build an inclusive recovery from the global pandemic. We're also addressing worsening threats caused by climate change, conflict, and instability, focusing our efforts on supporting small businesses, smallholder farmers, and women.

2022 Impact at a Glance

26.6M people actively using products offered by our financial service provider partners ¹	\$515M impact Assets Under Management (AUM) ¹	216 current partners ² across 25 countries
144 full-time staff ¹	44% women in senior management ¹	41 advisory engagements in 2022

THOUGHT LEADERSHIP MOMENTS IN 2022

103 knowledge products published	28 learning events hosted ³	84 speaking roles at industry convenings
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Since our founding, Accion has helped build more than 235 financial service providers serving clients across 75 countries, reaching more than 350 million people⁴.

¹ As of December 31, 2022.

² See definition on page 31.

³ See Financial Inclusion Week example on page 27.

⁴ The impact of financial inclusion extends beyond the direct customers of a financial service provider. When one person uses a new financial tool, entire families can benefit. Accion estimates 'total historic indirect reach' as the sum of current direct reach plus the number of active customers at time of exit for historic portfolio companies, times the standard household multiplier. See page 11 for more details.

A woman with dark hair, wearing a patterned sari and gold jewelry, is shown in profile talking on a mobile phone. The background is slightly blurred, suggesting an indoor setting.





“Our livelihood has improved so much because of Dvara. We can send our kids to school and even save some money for ourselves. We don’t have to depend entirely on my husband’s income.”

— Mahalakshmi, Dvara KGFS Customer

Mahalakshmi wakes up before five every morning to begin milking her cows. Her family used to rely solely on her husband’s income from farming until she used a small business loan to purchase a cow and start a dairy business in her village. With our partner Dvara KGFS, we’re bringing loans, credit, savings, and insurance to women across rural India so they can create brighter futures for themselves and their families.

Our Impact Framework

OUR IMPACT FRAMEWORK DRAWS ON THE IMPACT MANAGEMENT PROJECT'S FIVE DIMENSIONS OF IMPACT

<h2>Reach</h2> <p>Expanding access and usage of innovative and responsible financial services and financial capabilities for underserved people—especially MSMEs, smallholder farmers, women, and the communities they serve—to improve livelihoods and increase resilience.</p>	<h2>Quality</h2> <p>Expanding opportunity for underserved people through improved choices and responsible financial services that are appropriate to their needs, as measured by increased product depth and breadth, convenience, and affordability to the customer, as well as providers' sustainability and customer protection efforts.</p>	<h2>Catalytic Change</h2> <p>Catalyzing capital and demonstration models through partnerships to invest in, advise, and influence systemic change and innovation to create a fair and inclusive economy.</p>
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  WHO </div> <div style="text-align: center;">  WHAT </div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  HOW MUCH </div> <div style="text-align: center;">  RISK </div> </div>	<div style="text-align: center;">  CONTRIBUTION </div>

Priority Outputs & Outcomes

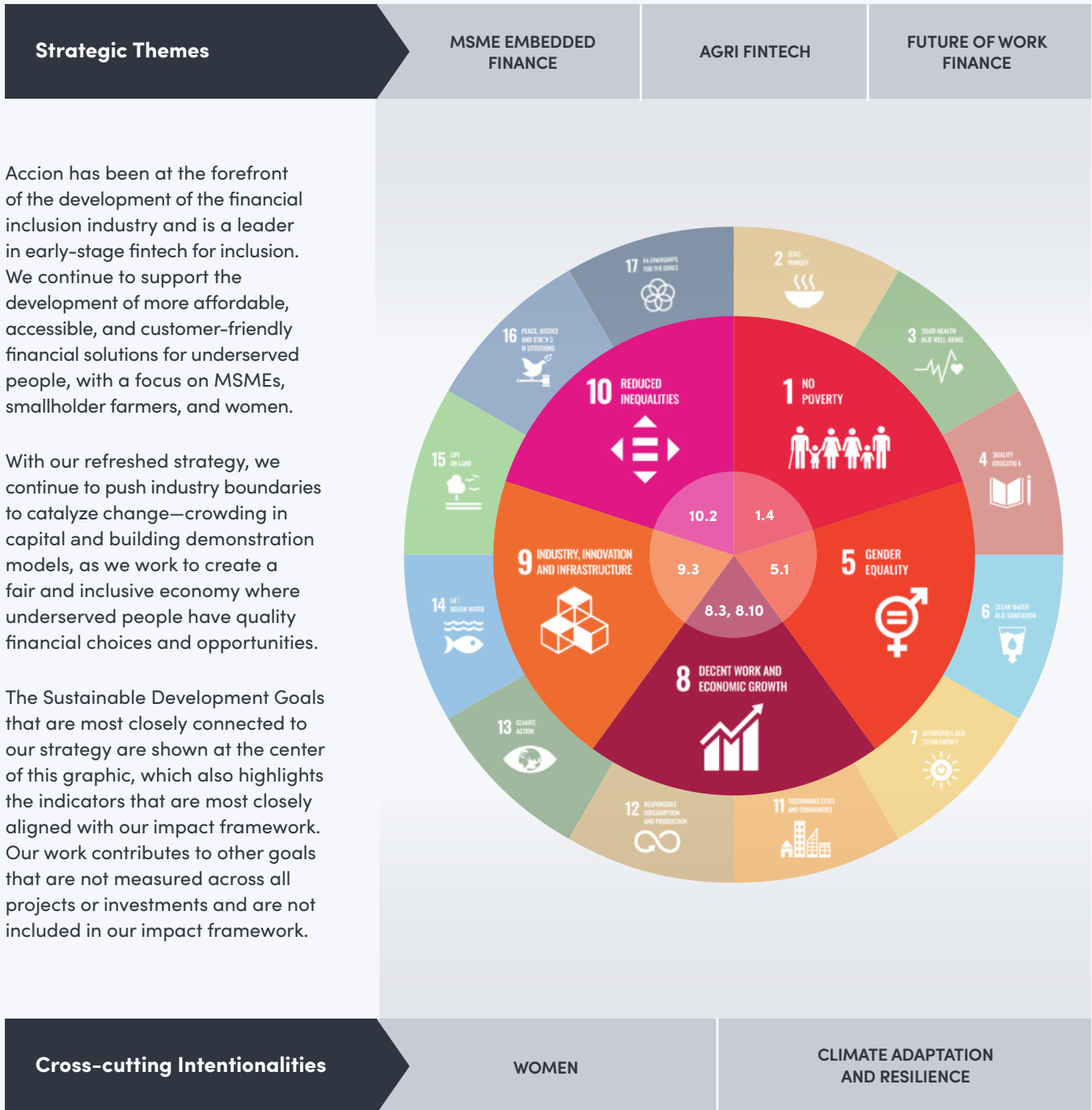
<ul style="list-style-type: none"> • Increased access & usage • Improved livelihoods • Increased resilience • Economic wellbeing 	<ul style="list-style-type: none"> • Product depth & breadth • Revenue generated • Better choices • Responsible financial solutions 	<ul style="list-style-type: none"> • Capital crowded in • Demonstration models • Thought leadership • Partnerships
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Our Portfolio Impact in 2022

	INDICATOR	YE 22 RESULTS		CONTEXT
		Accion	Quona	
Reach	Indirect Reach	106 million		The impact of financial inclusion extends beyond the direct customers of a financial service provider. When one person uses a new financial tool, entire families can benefit. Like many impact funds, Accion uses a household multiplier to capture this indirect reach by multiplying current direct reach by average household size per country where our partners operate. Some companies operate across multiple countries or regions, so to simplify, we apply a standard household multiplier of 4, which is slightly lower than the per country average.
	Direct Reach (active users of responsible financial solutions) IRIS+PI4060 disaggregated by IRIS+PI7985 per product ²	26.6 million¹		Number of unique individuals who were active clients across all products, as of 12/31/22. The higher number was taken for MFIs reporting Q4 active borrowers and savers. Total includes active clients of non-Accion portfolio companies supported with technical assistance from Accion's Global Advisory Solutions team. Accion launched the Accion Frontier Inclusion Fund, managed by Quona Capital, and serves as the GP for the Accion Frontier Inclusion Fund and the Accion Quona Inclusion Fund. We include Quona direct reach numbers for total underserved MSMEs and retail customers for Accion Frontier Inclusion Fund and Accion Quona Inclusion Fund because of the active management role Accion plays in these two funds.
	13.7m	16.1m		
Quality	Active Borrowers ³	6.4 million		The 6.4 million borrowers includes 3.2 million women . Companies reporting sex disaggregated data represent 53% of total borrowers. At a company level, Accion measures quality by indicators such as product depth and breadth, capacity to pay analysis, and customer satisfaction. At the aggregate level, indicators like number of borrowers and savers, volume of loans financed, active users of other products and services, and number of insurance policies issued—considered alongside revenue generated—indicate usability as well as the type of financial access that has been enabled—and at what scale. ¹ Overlap from numbers reported for companies with investment from both Accion and Quona funds removed from total ² IRIS Catalog of Metrics available here ³ IRIS+PI4060 disaggregated by IRIS+PI7985 ⁴ 4.8 million insurance policies issued ⁵ Including digital payments, embedded finance offerings, credit building, financial literacy and business skills, etc.
		6.4m	n/a	
	Active Savers ³	2.1 million		
		2.1m	n/a	
	Customers Insured ³	2.2 million⁴		
		2.2m	n/a	
Users of Other Products and Services ³	3.8 million⁵			
	3.8m	n/a		
Revenue Generated (\$ USD) IRIS+FP6510	\$2.4 billion¹			
	\$1.1b	\$1.4b		
Catalytic Change	Capital Crowded In (\$ USD) IRIS+FP8293	\$552 million		Exploring and de-risking new models and then taking them to commercial scale by leveraging global capital markets is key to our theory of change. We use capital crowded in, measured by equity funding raised and debt financing secured by portfolio companies in 2022, as a quantitative indicator to measure this catalytic market change. Our spotlight on demonstration models provides some qualitative examples of our catalytic impact as well.

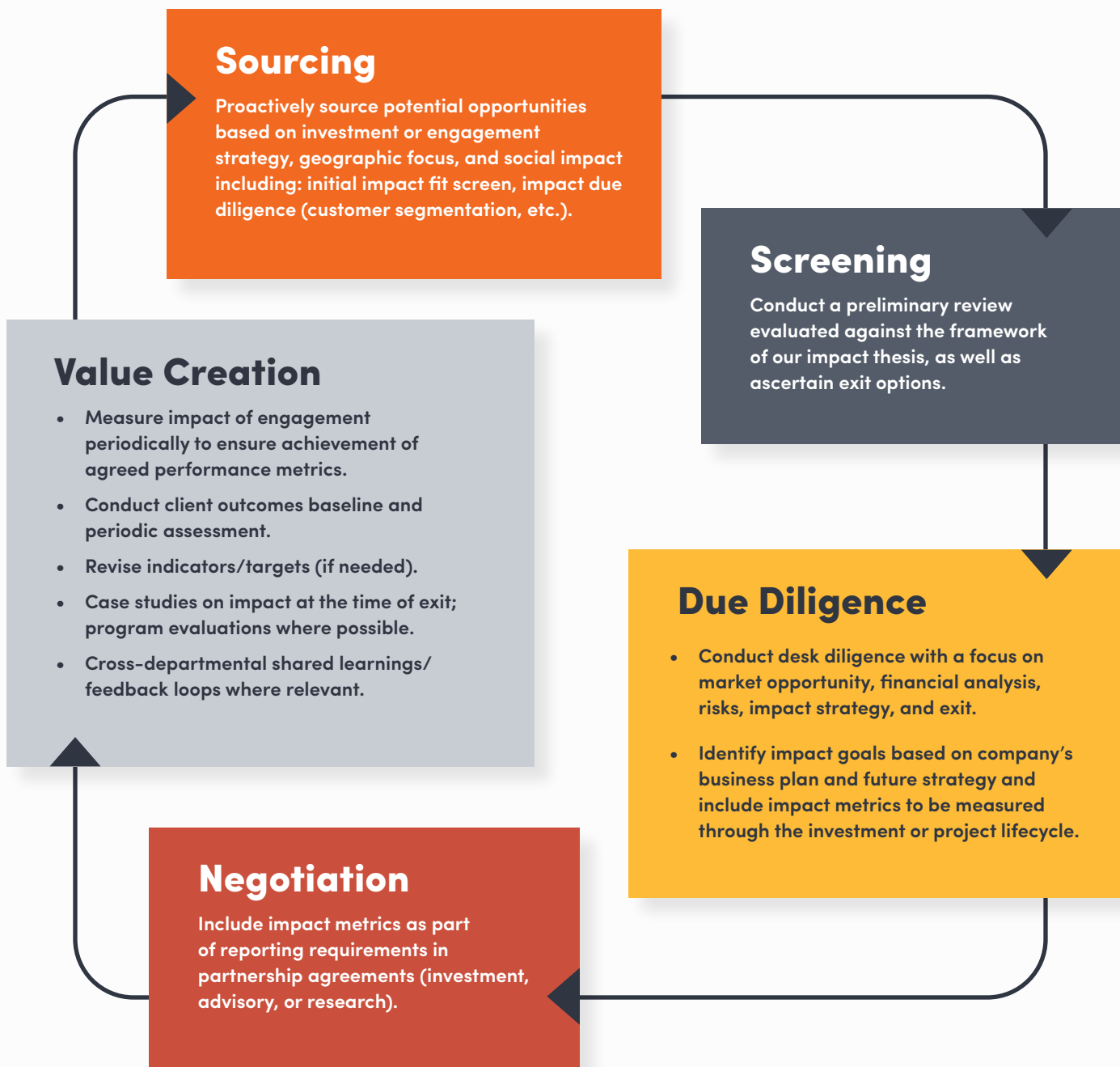
Our Impact Strategy

OUR CORE GOALS AND STRATEGIC THEMES ARE ALIGNED WITH THE U.N. SUSTAINABLE DEVELOPMENT GOALS



Our Approach

OUR APPROACH TO IMPACT MEASUREMENT AND MANAGEMENT IS ITERATIVE BY DESIGN



A man with short dark hair, wearing a brown leather jacket over a grey polo shirt, is smiling and looking down at a mobile phone he is holding. He is in a market stall, with a sign for 'EQUITY DUUKA' visible in the background. The sign features a red house icon above the word 'EQUITY' and 'DUUKA' below it. There are other signs and items in the background, including a blue and red sign with a house icon and a sign with 'DPF' in purple and blue. A plastic bottle with a blue cap is visible in the bottom left corner.

“When war broke out, I had to flee to Uganda. Life became tough for us. UGAFODE is the only bank that offered to lend to the refugee community. Now, we are regaining our footing.”

— Bonaventure Havugimana, UGAFODE customer

More than 1.5 million¹ people have fled to Uganda to escape war, violence, political instability, and economic crises in their home countries. Many arrive in refugee camps and can't get the support they need to start new lives. Accion works with UGAFODE Microfinance Limited in Uganda to provide refugees, like Bonaventure Havugimana from Rwanda, with loans, savings, and insurance to make a living and strengthen their communities.

Our Impact Industry Leadership

WE ARE COMMITTED TO GLOBAL IMPACT STANDARDS AND INDUSTRY BEST PRACTICES

Signatory to Operating Principles for Impact Management



Participated in 60 Decibels' Inaugural Financial Inclusion Index, launched in 2022

60__decibels

Impact framework and investment theses aligned with relevant SDG indicators



Selected for the ImpactAssets 50 2022 (IA 50) Emeritus Impact Managers list (marking the 10th time that Accion has been featured in ImpactAssets' annual database)



Impact framework aligned with relevant IRIS+ metrics



Investment strategies meet the 2X Criteria to support women's economic empowerment



Founding member of the Partnership for Central America (our CEO Michael Schlein sits on the PCA Advisory Committee)



Members of the GIIN Investors' Council



Members of the SME Finance Forum



Earned a Candid Gold Seal of Transparency on GuideStar



KEY INSTITUTIONAL PARTNERS



Looking Ahead

OUR IMPACT MEASUREMENT AND MANAGEMENT PRIORITIES

In 2022, Accion became a founding partner of a new index, created by the firm 60 Decibels, that gave the microfinance industry greater visibility into its impact by **surveying more than 18,000 customers from 72 microfinance institutions globally**, many of them Accion partners.

Based on the success of our initial collaboration with 60 Decibels, Accion is expanding the partnership in 2023.

Beyond participating for a second year in the MFI Index, we will include additional survey modules on savings and customer protection that are aligned with our Impact Framework to **enable deeper insights on the outcomes underserved people experience**, in their words and from their perspective.

In late 2022, the Center for Financial Inclusion also began to more systematically track its influence on the broader inclusive finance industry.

In February 2023, Accion became a signatory to the Impact Principles for Impact Management, formalizing **our long-standing commitment to best practices in impact investing and proactively enhancing our impact management systems.**

The following case studies feature companies that have received investments through Accion's investment strategies, highlighting some of the client-level outcomes measured by 60 Decibels' research that most closely align with Accion's impact framework.

60 _decibels

“A primary objective of Accion’s Impact Measurement and Management strategy is to integrate outcome data at scale to better understand—and ultimately improve—how underserved people access, use, and benefit from quality financial solutions—while mitigating potential risks.”

— Kathleen Yaworsky, Global Lead, Impact Measurement and Management

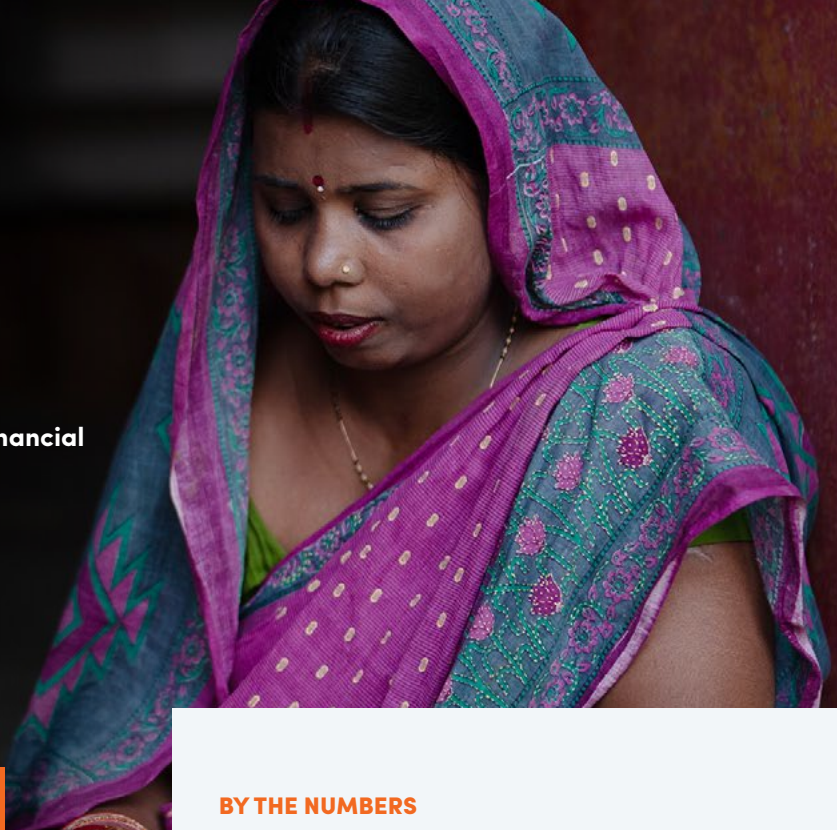
Founded **2009**



India

Annapurna is a leading MFI non-banking financial company serving low-income households.

Rina Rani Behera, potter in Odisha, India, and customer of Annapurna Finance Pvt. Ltd.



ACCION CONTRIBUTION BEYOND INVESTMENT

Accion supported Annapurna to reduce the cost of its field officer operations by digitizing loan repayments, introducing digitally enabled emergency lending products and helping the organization to restructure its risk policies, processes and internal incentives to create an environment where people can thrive.

“I am able to manage my personal and house expenses properly because my dairy business is giving me good profit.”

TYPICAL CLIENT

37-year-old woman

in a rural household of six people in India

SURVEY SAMPLE



Men: 21%

Women: 79%

BY THE NUMBERS

78% accessed a financial product/ service like this for the first time

25% improved ability to face major expenses

81% ‘strongly agree’ they understand product terms and conditions

89% say their quality of life has improved, with 51% reporting significant improvements

Top Self-Reported Outcomes for Clients Who Say Quality of Life Improved



Founded **2008**



Nigeria

Accion Microfinance Bank provides MSMEs and low-income earners with digital financial services.

Toyin Adejoke Olu-Ayeni, provisions store owner in Lagos, Nigeria, and customer of Accion Microfinance Bank



ACCION CONTRIBUTION BEYOND INVESTMENT

Accion worked with Accion Microfinance Bank to design an organizational structure to enable the company to experiment with a digital operating model without putting existing operations at risk. This initiative included the development of a new digitally focused unit within the organization, alongside the processes, partnerships, data, skills, and systems to operate it.

“Earlier, I didn’t have capital for my business. But now, I am making a profit and I can repay my loan. I don’t have to worry about money or borrow it from others.”

TYPICAL CLIENT

44-year-old woman

in an urban household of five people in Nigeria

SURVEY SAMPLE



Men: **48%**



Women: **52%**

BY THE NUMBERS

52% accessed a financial product/ service like this for the first time

40% improved ability to face major expenses

82% ‘strongly agree’ they understand product terms and conditions

90% say their quality of life has improved, with 60% reporting significant improvements

Top Self-Reported Outcomes for Clients Who Say Quality of Life Improved



47% mentioned growth in business



27% reported an increased income



26% talked about ability to afford household



Founded **2018**



Colombia

R5 provides asset-backed loans and vehicle insurance for underserved consumers.

José Luis Osorio, customer of R5



ACCION CONTRIBUTION BEYOND INVESTMENT

Accion Venture Lab provided Grupo R5 with post-investment support through the team's Portfolio Engagement function, conducting customer discovery interviews and assessing appetite for new products. Through ongoing board governance support, Accion Venture Lab continues to provide guidance on product market fit.

“They don’t constantly call to pressure you with the payment. I feel that R5 is a very fair company.”

TYPICAL CLIENT

37-year-old man

in an urban household of three people in Colombia

SURVEY SAMPLE



Men: **64%**

Women: **36%**

BY THE NUMBERS

76% accessed a financial product/ service like this for the first time

40% improved ability to face major expenses

65% ‘strongly agree’ they understand product terms and conditions

75% say their quality of life has improved, with 44% reporting significant improvements

Top Self-Reported Outcomes for Clients Who Say Quality of Life Improved



40% mentioned being able to afford a vehicle



17% reported an increased income



38% talked about increased business investments

Our Partnership with Mastercard

MASTERCARD-ACCION PARTNERSHIP (MAP)

In November 2018, Mastercard Center for Inclusive Growth and Accion launched a first-of-its-kind partnership, with the aim of digitally transforming the lives of 10 million underserved people, of which 4 million micro and small businesses and individuals would regularly use digital tools and services.

Our global, multi-year partnership with the Mastercard Center for Inclusive Growth, the first phase of which was completed in 2022, provides just one example of how we apply a multi-dimensional, ecosystem approach to catalyzing change for millions of underserved people across the globe.

PROGRAM COMPONENTS

- The digital transformation of micro and small business-focused financial service providers (FSPs) in emerging markets.
- Support to fintech companies globally serving micro and small businesses.
- COVID-19 support to small businesses in the U.S.
- Research on the impact of COVID-19 on micro and small businesses.

This has been the largest project undertaken in the more than 60-year history of Accion and was the Center's largest partnership at the time. More information is available [here](#) and in our [annual report](#).



Center for
Inclusive Growth

ACCION

Katherine Arriaza, fashion boutique owner in Izabal, Guatemala, and customer of Fundación Génesis Empresarial

KEY PROGRAM ACTIVITIES

SCALING INNOVATIVE FINTECH

Accion Venture Lab provided post-investment support to 47 inclusive fintech startups, including strategic and operational advice on product design, customer segmentation, process definition, partnership negotiation, board definition, and employee retention strategies.

DRIVING DIGITAL TRANSFORMATION

Accion's work supported the digital transformation of nine FSPs across Asia, Latin America, and Africa — helping them design innovation hubs, digital lending and payments products, Just-In-Time (JIT) loans, and digital tools, as well as building resilient digital infrastructure to better serve the needs of small businesses and individuals in the digital economy.

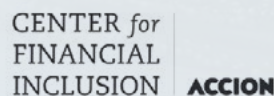
ENSURING INCLUSIVE GROWTH

Accion Opportunity Fund (AOF) and Mastercard have provided working capital and resources to small business owners in the United States to help them recover from the pandemic. Over AOF's history, more than 90 percent of AOF's loans have gone to entrepreneurs who are Black, Latinx, low and moderate income, and women. The program has looked to scale AOF's services nationally, using alternative data to improve credit decisioning, and strengthen digital channels and outreach.

ADAPTING PANDEMIC RESPONSE

Responding to the pandemic, the Center for Financial Inclusion (CFI) housed at Accion undertook a longitudinal, six-wave research study (from June 2020 to October 2021) of the impact of COVID-19 on the lives of micro and small business owners (including partnership and non-partnership customers), along with the policy and investor responses to the pandemic.

Roughly one year later (from Q3 2021 to Q3 2022), Accion Global Advisory Solutions conducted another longitudinal study focused on understanding the extent to which micro and small businesses using digital tools created or supported by the program saw an increase in their financial health and business growth.



Partnership Results

MASTERCARD-ACCION PARTNERSHIP (MAP)

The digital and organizational transformation work developed under the partnership across its nine financial service provider and 47 fintech companies exceeded original targets to successfully help more than 12.8 million people, including 5.6 million small businesses, benefit from digital financial services. **By the end of the program, there were 1.9 million monthly active product users across our FSP partners, representing a nearly 10x increase from the program start.**

FSPs saw financial benefits from this increased digitalization, such as cost savings, operational efficiencies, and enhanced customer experience, thereby building support for the business case for digital transformation.

Building on our work from 2019–2022 to enable digital transformation among small businesses, Accion and the Mastercard Center for Inclusive Growth recently announced a renewal of the partnership.

Over the next four years, supported by a new \$15.8 million grant from the Mastercard Impact Fund, the partnership will work with financial service providers and fintech companies—including e-commerce and gig-economy platforms—to offer new products to small businesses, deepening their participation in the digital economy and advancing their financial health.

“Our partnership approach is built on a shared vision of using philanthropy to explore and de-risk new models and then take them to commercial scale.”

— Michael Schlein, President & CEO, Accion

SIX KEY LEARNINGS EMERGED FROM OUR WORK



Using digital products can build financial health:

After 16 months of usage, **87 percent** of users said that MAP products contributed to improved financial health outcomes, an increase from the **80 percent** of users that reported benefits at the end of the 12-month period.



Digital products can unlock growth:

41 percent of MAP product users in our survey sample said they increased business growth activities in the last 16 months, and **81 percent** of those said this growth came through the usage of MAP products.



Digital products can empower women:

More than **75 percent** of women who used MAP digital products reported an improvement in financial health outcomes in the previous 16 months, with **80 percent** of those crediting the improvements to product usage—this despite women small-business owners being particularly hard-hit by the pandemic.



Frequent users can see more business value:

More active digital product users (as defined by product activity in the last 30 days) were **30 percent** more likely to report that MAP products contributed to improvements in business growth, compared to one-time or infrequent digital product users.



Digital payments are in demand:

Overall, **65 percent** of micro and small businesses reported it would be better for their businesses if they could accept digital payments more widely. MAP product users were nearly twice as likely as non-product users to demand digital payments.



Human touch is still needed:

Nearly **80 percent** of MAP digital product users said they were confident using their phones to make online transactions, however, **45 percent** reported concerns around misuse of identity and data theft. Rather than digitalizing all processes overnight, we design with a combination of physical and digital touchpoints.



Center for
Inclusive Growth

ACCION

Accion & BancoSol: Three Decades of Impact

CREATING SYSTEMIC CHANGE

Throughout its history, BancoSol has continued to redefine the microfinance industry while remaining laser-focused on serving the micro and small businesses that form the backbone of Bolivia's economy. Accion is proud to be the largest shareholder and strategic anchor of the institution.

In 1992, Accion and Bolivian business leaders co-founded BancoSol in Bolivia as the world's first regulated microfinance bank, effectively inventing a new model of socially responsible, financially viable microfinance that today impacts the lives of hundreds of millions of low-income clients globally.

The bank became a global demonstration model for success, attracting other entrants to the market and growing along with its clients.

BancoSol has weathered many storms over the last two decades. First, in 2002, it successfully navigated an economic crisis that included high over-indebtedness. BancoSol built one of the most successful individual micro loan models, moving away from group lending, to enable entrepreneurs to build and grow their own business. Later, in 2013, President Evo Morales enacted Bolivia's new Financial Services Law, a sweeping regulation mandating that 60% of a bank's loan portfolio be in 'productive sectors,' setting strict caps on interest rates, one of the lowest caps in the world, and substantially increasing income taxes on banks. The net effect of this regulation meant that many banks significantly increased their average loan sizes in the productive sector to comply—or left microfinance altogether.

BancoSol managed to meet the requirements of the new law, while remaining committed to its traditional micro-entrepreneurs, doing so profitably and responsibly—at the same time, envisioning and laying the groundwork for the future digital transformation of the bank.

In March 2020, the global pandemic struck, and Bolivia was particularly hard hit—suffering not only enormous human loss, but also months of strict lockdowns and the world's longest government-mandated debt moratorium. **The bank remained committed to its clients, staying in touch with over 270,000 of them and designing a product focused on pandemic recovery**, which contributed to its continued growth during the pandemic, outperforming industry peers.

In the years since, the bank has accelerated its digital transformation and progress toward a new vision of sustainability, while maintaining its core values. BancoSol also became the first institution in Bolivia to receive U.N. Women's HeForShe award for its commitment to gender equality on the Board of Directors and senior management, and programs focused on women clients and members of staff.



Since 1992, BancoSol has financed over 5 million microprojects, contributing to the economic and social development of micro and small business entrepreneurs in Bolivia.

The innovation hub, implemented with Accion's support, helped accelerate usage of BancoSol's mobile banking app. The app's gamification platform encourages increased savings, more on-time loan repayments, and greater use of digital channels. Monthly active digital users increased by 50 percent in 2022, while transaction volume more than doubled.



“One of Accion’s main contributions to financial inclusion was linking the livelihoods and enterprises of underserved people to capital markets—and that started with BancoSol.”

— Diana Taylor, Chair, Accion Board of Directors

Graciela Quispe, a textile entrepreneur and BancoSol customer from El Alto, Bolivia, produces alpaca blankets and exports them to France, Switzerland, and the United States.

Catalyzing Demonstration Models

Accion catalyzes demonstration models in multiple ways—through designing and launching innovative new financial services, investing in and testing new models, tools, and solutions with our partners, and convening to share our learnings. Here are some examples from 2022:

DESIGNING AND LAUNCHING INNOVATIVE NEW PRODUCTS

Sub-K is a non-banking financial correspondent (NBFC) whose typical customers are women aged 21–40 with an annual household income of USD 3,600, engaged in trading or agricultural activities. It offers a broad suite of products to reach those last-mile customers through two major channels—its agent network and field staff. It has built a network of agents that has served over 2 million clients for 23 banks in the country. **When the pandemic hit, Sub-K pivoted its model to leverage digital channels and ensure business continuity.**

With Accion’s help, the company launched Sub-K pay—a mobile application that leverages India’s Unified Payments Interface (UPI) and other payment services integrations to enable customers to repay their loans to the financial institution of their choice. Sub-K leveraged

the app and an organization-wide initiative to digitize repayments among their customer portfolio. **By the end of 2022, nearly 50% of all loan repayments were conducted digitally.**

Sub-K is now digitizing other parts of the lending cycle and testing the impact of virtual group meetings on portfolio quality.

83% of product users reported the time saving aspect of Sub-K pay as the most valuable benefit from using of the app.

INVESTING IN NEW STRATEGIC THEMES

MSME Embedded Finance

Technology is fundamentally shifting where people access financial services and how they use them. Embedded finance companies are technology enabled models where the core business is a non-financial product or service that is enabled or enhanced by an integrated financial service offering. **Many emerging embedded finance models are focusing on solving pain points specific to MSME value chains.** Many of these models also contribute to additional impact themes and Sustainable Development Goals beyond Accion’s core focus on financial inclusion.

Agri Fintech

As the climate changes, rural populations are significantly more vulnerable to poverty, food insecurity, and forced migration. **The smallholder farmer population is one of the largest financially underserved markets, with 66% of demand for agri-SME financing currently unmet by formal financing, and many other opportunities to innovate along the agri value chain.** There are also exciting new models that combine agri fintech with embedded finance. Our strategic focus on agri fintech also aligns with our deepened commitment to support climate resilience and adaptation.

ACCION VENTURE LAB INVESTMENTS IN 2022 INCLUDE:



Platform digitizing and financing the trucking industry in Pakistan.



Digital B2B marketplace serving small agri-input retailers in Indonesia.

OUR CONVENING POWER, THOUGHT LEADERSHIP, AND INFLUENCE

The Center for Financial Inclusion (CFI), an independent think tank housed at Accion, influences the inclusive finance sector by convening stakeholders and disseminating the knowledge and evidence acquired through robust applied research. Accion's investment and advisory teams also share learnings and expertise through active engagement in industry events and publications.

Financial Inclusion Week (FIW) is an annual gathering of the global community working to advance inclusive finance. The four-day virtual event is a forum for exchanging ideas, research, and perspectives from around the world.

Every year, CFI convenes and invites partner organizations to showcase work, share ideas on what's ahead, network with others, and more. **The community-driven agenda covers the most pressing topics in our space, helping to inform and advise global efforts to advance inclusive finance.**

FIW 2022 took place October 17-20 under the theme "Inclusive Growth in a Digital Era."

The depth and breadth of the content and engagement at Financial Inclusion Week is indicative of the catalytic impact of Accion's convening power—all this, counted as just one 'learning event' in our measurement of 'thought leadership moments.'

FINANCIAL INCLUSION WEEK BY THE NUMBERS



Participants and Sessions

396

speakers

50

hours of live content over 4 days

3,336

registered participants

120+

total sessions



Engagement Overview

1,933

active participants

4,600

views of live content

146

countries

2,000+

organizations

What Impact Means to Us

OUR VISION AND MISSION

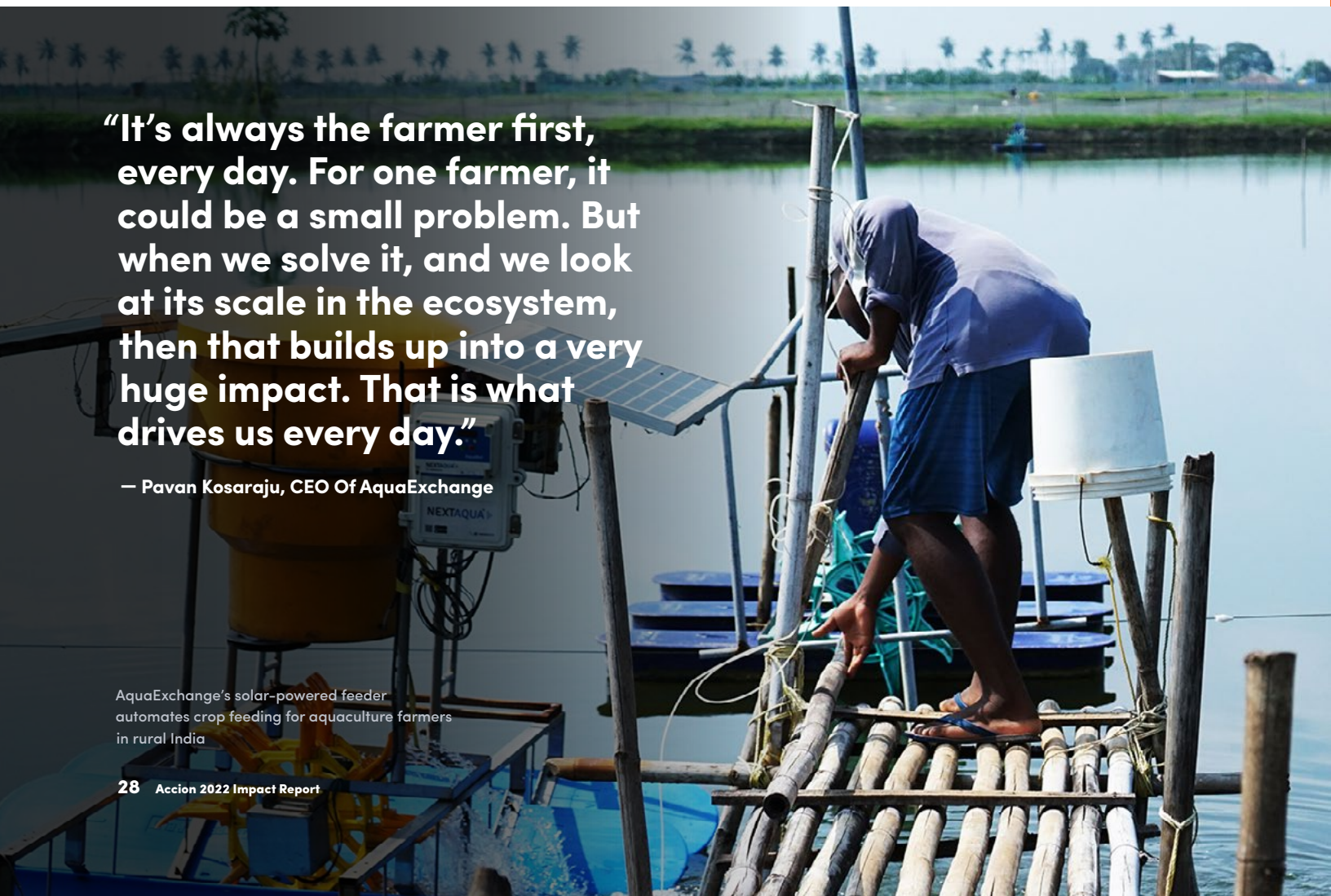
Accion's vision is to create a fair and inclusive economy where underserved people have quality financial choices and opportunities. Our mission is to improve the lives of underserved people by building innovative and responsible financial solutions to catalyze capital and demonstration models that accelerate the reach (access, usage, and benefit) and improve the quality of responsible financial services for underserved people with a focus on MSMEs, smallholder farmers, women, and the communities they serve.

We work toward our objectives by catalyzing market innovation with a theory of change developed using CGAP's market development approach. **This vision is reflected in how we structure and deploy our capital, as well as our engagement model for advisory services, research, thought leadership, and advocacy.** It's also why partnerships and industry engagement are central to our approach. We believe that partnering with ecosystem actors presents the greatest opportunity to reach low-income households and underserved microbusinesses with responsible, high-quality products and services at scale.

"It's always the farmer first, every day. For one farmer, it could be a small problem. But when we solve it, and we look at its scale in the ecosystem, then that builds up into a very huge impact. That is what drives us every day."

— Pavan Kosaraju, CEO Of AquaExchange

AquaExchange's solar-powered feeder automates crop feeding for aquaculture farmers in rural India





Development Outcomes

A fair and inclusive economy expands quality financial choices and opportunities for underserved people.

Underserved people:

- Have improved economic wellbeing.
- Improve their livelihoods.
- Increase resilience and are better protected.

Inclusive Financial System

Appropriate, responsible, and sustainable financial and other solutions that meet clients where they are (geographically, according to their capabilities, or embedded within other services) are available at scale.
A comprehensive set of rules and norms conducive to the expansion of inclusive financial services is in place.

Underserved people:

- Have increased access and usage of financial and other solutions.
- Feel empowered by increased choices.
- Have increased levels of financial capability.

Systemic Change

Regulators and financial services industry associations revise regulations and codes to encourage innovations.
Non-partners take action to copy/adapt innovations demonstrated by investees and other partners.
Investees and other partners:

- Institutionalize and scale innovations.
- Secure long-term finance beyond Accion exit (capital crowded in).

Intermediate Outcomes

Non-partners are aware of and appreciate the relevance to them of innovations launched by investees and other partners.
Investees and other partners:

- Develop a positive attitude, increased awareness, knowledge, and capability with innovative models and practices.
- Take action/adopt innovative tech-driven models, practices, and thinking to deliver new, improved financial and other solutions.
- Improve operational efficiency and portfolio quality.

Underserved clients of investees and other partners:

- Have increased access and usage of financial and other solutions.
- Feel empowered by increased choices.
- Have increased levels of financial capability.

Activities & Outputs

Creation and management of investment funds.
Capital deployed to investees and other partner business.
Advisory and governance support—short and long-term—to investees and other partner businesses.
Research and knowledge products on priority topics with knowledge gaps.

Direct engagement with non-partner actors—including investors—to advocate successful models and to learn.
Catalyze innovative solutions that serve as demonstration models, e.g. creation and hosting of edtech platform for MSEs.

Continuous Learning Drives Deeper Impact

WE REGULARLY TEST OUR ASSUMPTIONS TO GUIDE OUR WORK

Our theory of change is based on several key assumptions, the most critical of which are listed below. Elaborating these assumptions also helps frame our research priorities, to address evidence gaps and adjust our activities based on ongoing learnings.

ADOPTION AND USAGE

- Increased access and financial capability contribute to increased usage of financial services.
- Sustained usage (in a context of end clients feeling empowered by increased choices) is indicative of customer satisfaction and quality.
- Collectively, increased financial capability, access, and usage (especially of digital financial services) contribute to improved livelihoods and increased financial resilience, which in turn contribute to improved economic wellbeing.

PROTECTION BY DESIGN

- Products are intentionally designed to improve financial health and/or promote financially healthy behaviors.
- Needs and access limitations for priority groups (e.g. women and smallholder farmers) are considered and designed for.
- Digital maturity of clients is understood and accounted for in product design. Solutions are built on channels that customers generally have access to and/or are offered across multiple channels to support access.

RESPONSIBLE FINANCIAL SERVICES

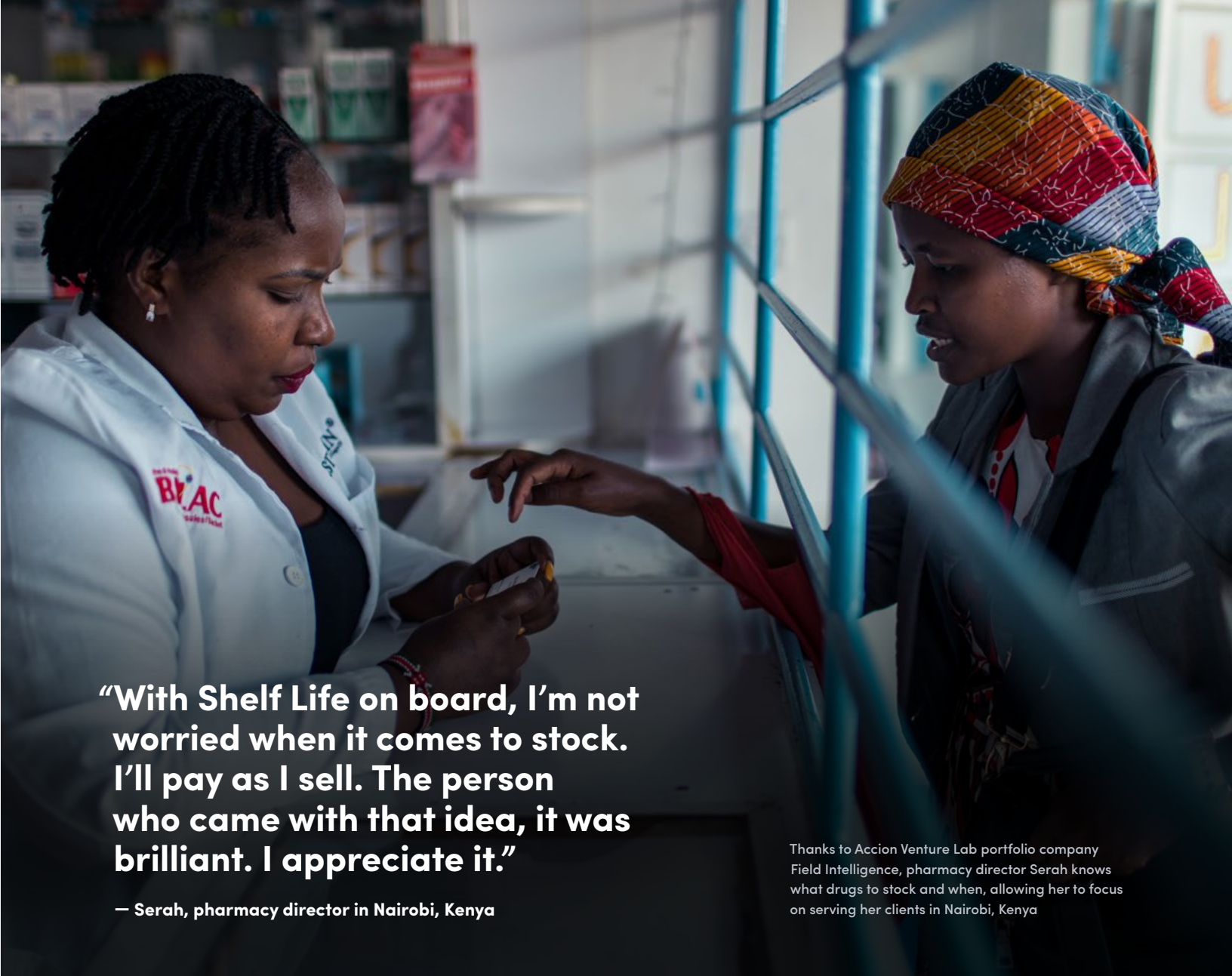
- The innovations supported by the various program activities are successful.
- Partner and non-partner organizations have the incentives, capability, and resources to institutionalize and copy/adapt the innovations.
- FSPs pass cost savings from increased efficiency and portfolio quality along to their underserved clients in the form of reduced rates/financial incentives.

ENABLING ENVIRONMENT

- An enabling social, economic, and political context exists (e.g. no economic crisis, conflict, etc.).
- Underserved people have access to other basic services (affordable energy, housing, education, mobile phone access and internet connectivity, etc.).
- Sufficient time is allowed for market development.

DIGITAL ENABLERS

- Digital financial services offer improved customer experience over traditional products.
- Digital financial services are more affordable and accessible to clients compared to traditional products or service delivery models (e.g. a branch).
- Underserved customers want to be able to access services in a remote manner.



“With Shelf Life on board, I’m not worried when it comes to stock. I’ll pay as I sell. The person who came with that idea, it was brilliant. I appreciate it.”

— Serah, pharmacy director in Nairobi, Kenya

Thanks to Accion Venture Lab portfolio company Field Intelligence, pharmacy director Serah knows what drugs to stock and when, allowing her to focus on serving her clients in Nairobi, Kenya

THEORY OF CHANGE NOTES & DEFINITIONS

“Partner” is defined as a business or other organization or institution with which Accion has a medium to long-term relationship based on investment, advice, and support, or collaboration—including piloting of innovations—for knowledge generation. Partners, as defined here, are usually expected to change their behavior, practices, policies, etc. as a result of partnership with Accion, although some partners are chosen as thought partners or as multiplying agents and not primarily as targets for their behavior change.

“Non-partner” business is defined as entities that Accion intends to influence, through light touch or ad hoc engagement or indirectly through publications or through network or crowding in effects.

Access refers to physical proximity, affordability, and convenience of financial services.

Usage refers to financial capability as well as actual use of financial services as indicated by: frequency, regularity, and length of time financial services are used.

Quality refers to financial services that are appropriate to client needs and provided responsibly and sustainably.



AUGUST 2023

Accion is a global nonprofit on a mission to create a fair and inclusive economy where underserved people have quality financial choices and opportunities to improve their economic wellbeing. We are the leading early-stage investor in fintech for inclusion and experts in digital transformation with decades of experience harnessing the capital markets to deliver cheaper, more accessible, and customer-friendly solutions for the 1.8 billion people left out of, or poorly served by, the financial sector. For more than 60 years, Accion has helped tens of millions of people through our work with more than 235 partners in 75 countries. More at www.accion.org.

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