



Sustainability | Leadership | Innovation



In partnership with
Deloitte.

Zigway: Achieving social impact through nanofinance

Finalist: Building sustainable financial products award

What

ZigWay is a fintech social enterprise, piloting a platform that provides microfinance to low-income families in Myanmar. The company uses a mobile app to offer cheap, flexible loans from US\$10, providing a safe alternative to local loan sharks. The 'nano loan' app was built to give underserved populations access to finance that helps them to avoid debt traps. ZigWay uses innovative approaches and technology, including psychometric testing, to assess creditworthiness so that it can lend to low-income customers who don't have credit records.

ZigWay's customers use nano loans for working capital to support their businesses, and for medical bills and school expenses. The app is designed to suit the needs of very low-income customers, allowing daily repayments to match the daily earning patterns of the poor. To reach end users without internet access, the company has built a network of 'Super-Users': people in the community who support end users to access ZigWay's nano loans.

At this point in the pilot, ZigWay has made nearly 3,000 loans, and the company estimates that it has saved families \$15,000 in interest payments. ZigWay now intends to roll out the app nationally and regionally.

'Lots of our customers are small traders ... Most of them are using our loans to buy more products or more expensive products in the morning and then selling them throughout the day or week. By having a cheaper way of access to capital, they're able to increase their profits.'

Tim Davies,
CFO, ZigWay

Why

ZigWay has a double bottom line approach, with social returns as important to the company as financial returns. The company's loan app was created to be a commercial product that meets a real need in Myanmar and delivers a social benefit.

In Myanmar, most people don't have access to a bank account, and many people are very low-income earners. The lowest value for loans offered by other microfinance institutions is \$150, and the process of getting such loans can be prohibitive for the poor. Loan sharks are rife. Poor families can easily get trapped in a vicious cycle of high interest rates, forcing children out of school and into work so that families can pay off their debt.

ZigWay saw both a social need and a commercial opportunity in providing nano loans to this market. Its innovative approach meets a need for microfinance that isn't offered by formal lenders and that would otherwise be met by loan sharks.



'The judges were inspired by the social impact of ZigWay. As an innovative start-up it makes affordable finance more accessible to a large proportion of the population of Myanmar, particularly women on low incomes.'

Finance for the Future Awards judges

How

ZigWay was created as a social enterprise and uses technology to supply financial services to an underserved segment of the microfinance market:

- > The company was initially **financed by its founders**, who provided the capital for the nano loan pilot.
- > Having proven the concept, ZigWay **built support**: it has partnered with two Myanmar banks with the credit underwritten by the UN. Banks can access hard-to-reach users by lending through ZigWay's mobile platform and network. ZigWay does not have its own lending licence, so increases its reach through these partnerships.
- > Myanmar is a mainly cash-based society, so ZigWay **integrated mobile wallet providers** into its digital-only platform. Users can take out and add cash to their mobile wallet accounts through local shops and repay nano loans using their linked mobile wallet account.
- > To reach end users without internet access, the company **developed a network of Super-Users**. NGOs recommend to ZigWay potential Super-Users that have ties to community NGO programmes. Super-Users use their own mobile phones and internet access to give end users access to nano loans through ZigWay's app.
- > ZigWay's flexible model **permits daily repayments** to match the income structure of low-income workers in Myanmar. The company uses data from daily repayments and its onboarding process to build up a picture of users and develop a credit scoring model.
- > As part of its onboarding process, ZigWay **educates users on digital financial literacy**. Low-income families learn to understand and use mobile money. This can be a first step to seeking out traditional banking services.
- > ZigWay is **developing an impact study** by partnering with Innovations for Poverty Action. This study will provide quantitative data on ZigWay's impact. It will supplement ZigWay's anecdotal evidence that nano loans are helping low-income families to send their children to school rather than work.
- > ZigWay is **planning to scale up**. In the next 12 months, the company is aiming to offer its digital financial platform to the large pool of potential users across Myanmar. In the long term, the company aims to provide fintech solutions in other countries in South-East Asia.

www.zigway.co



DISCLAIMER

This case study presents **Zigway** entry for the Finance for the Future Awards 2019. The case study only includes information that was part of the organisation's 2019 entry. Some of this information may now be out of date. For a current view of the organisation's work, please visit their website at the link given above.



The Finance for the Future Awards recognise the role of finance in driving sustainable economies.

[Click here](#) to see more inspiring case studies or go to www.financeforthefuture.org/previous-winners

To register interest for the next awards go to www.financeforthefuture.org/entering