



KoinWorks: Going Beyond Financial Services to Providing a “One-Stop Shop” for Business Development and Support

Photo provided by KoinWorks

Preamble

This case study was developed in conjunction with the 2023 Financial Inclusion study “*Financial Inclusion in Post-COVID Southeast Asia: Accelerating Impact Beyond Access*”¹. It is part of a collection of stories of how financial services providers (FSPs) in Southeast Asia have gone beyond the provision of financial services to make conscious efforts to address underserved markets. These case studies reveal how these FSPs have done so by assessing their contributions to the financial health of their customers and monitoring the impact of their services.

These case studies were prepared by the Centre for Impact Investing and Practices (CIIP) in partnership with the eight FSPs featured: Amarthi (Indonesia), BPI Direct Banko (The

Philippines), Funding Societies (Southeast Asia), Growsari (The Philippines), KoinWorks (Indonesia), Noburo (Thailand), TYM (Vietnam), and Vui App (Vietnam).

It is intended as an accompaniment to the 2023 Financial Inclusion study, which had contributions from 60 organisations, including industry associations and investors, 31 FSPs and over 8,500² customers across six markets in Southeast Asia (Cambodia, Indonesia, Myanmar, the Philippines, Thailand and Vietnam).

The 2023 study went beyond examining how FSPs enable access to financial services to offer insights into the impact of access to credit on FSP customers’ business and livelihoods, quality of life and household well-being, and other financial health

outcomes such as resilience and agency. These insights were drawn not just from the accumulation of qualitative interviews but also quantitative survey results and loan book data, which allowed us to come to a holistic view of the state of financial inclusion in Southeast Asia amid the changes brought by large-scale digitalisation in the region.

You can find our 2023 Financial Inclusion study titled “*Financial Inclusion in Post-COVID Southeast Asia: Accelerating Impact Beyond Access*” on CIIP’s website and by scanning the QR code below.



1 This study was conducted by the Centre for Impact Investing and Practices (CIIP), in collaboration with the United Nations Capital Development Fund (UNCDF) and Helicap, supported by 60 Decibels (60dB).
2 Additional data points were available after the publication of the 2023 Financial Inclusion study. This is available in the Southeast Asia Financial Service Providers 2023 Impact Report, an addendum prepared by 60 Decibels.

KoinWorks

HEADQUARTERS

Indonesia

GEOGRAPHY FOCUS

Indonesia

SECTORS

Financial Services

FOUNDING YEAR

2015

SIZE OF FUNDS RAISED

USD 180 million

KEY MILESTONES

- 2016: Launched as a peer-to-peer lending company before evolving into a specialised online platform to connect MSMEs and potential investors with services KoinP2P and KoinBisnis.
- 2017: Officially registered with Indonesia’s Financial Services Authority (Otoritas Jasa Keuangan or OJK); launched education loan product KoinPintar.
- 2018: Launched KoinRobo to allow lenders to provide funding to several borrowers at a time; received USD3m in Series A funding from Mandiri Capital Indonesia.
- 2019: Hit 350,000 users; received USD 13 million in Series B funding; officially licensed by OJK.
- 2020: Hit 1.37m users, launched digital gold marketplace KoinGold and earned wage access (EWA) product KoinGaji to provide support to businesses during the pandemic.
- 2022: Raised USD 108 million in Series C funding led by MDI Ventures and hit 2.2 million users; launched integrated financial management service platform KoinWorks NEO, educational platform KoinLearn, and informal sector lending product KoinP2P Grade S.

MISSION

To enable access to affordable financial solutions and enterprise health to underserved Indonesian MSMEs, while contributing to a stronger wealth position of the individual investor.

Introduction

- Indonesia-based credit-led MSME neobank KoinWorks provides a one-stop offering spanning financial services and business development support for underserved MSMEs.
- KoinWorks provides financial support through access to digital lending, investments, neobanking, billing, and learning products in its app.
- MSMEs on KoinWork’s platform can access point-of-sale systems, EWA products, and human resources management systems tailored to small businesses.

The challenge and impact thesis

Challenge

- As of 2020, USD 90 billion is needed to close the gap for the unmet credit needs of Indonesian MSMEs.
- Many MSMEs lack access to formal financial institutions because they cannot provide collateral and relevant credit history.
- Women entrepreneurs face barriers to participating in the formal economy, including challenges with securing external financing, meeting bank qualifications, and unavailable human resources.
- At present, the Government of Indonesia aims to have 62.9 million MSMEs in the country adopt digital payments by 2025.

Impact thesis

- KoinWorks connects borrowers to willing lenders so that small businesses can get access to the credit they need to finance growth, especially underserved businesses without access to banks.

Who

- KoinWorks serves Indonesia’s MSMEs, with 60% of their customers being active in the service, food and beverage, and fashion industries, and 15% in agriculture, healthcare, housing, and education.

How

- KoinWorks’ loan application process is simple and straightforward, using a mix of borrowers’ data and third-party data and physical visits to the borrowers’ premises.
- KoinWorks offers a route for trustworthy access to financial solutions for underserved MSMEs, bolstered by rapid digitisation, supportive policies and regulations, and broadened access to the digital ecosystem.

Business Model

Broad Suite of Products and Services

- KoinWorks offers an inclusive suite of products and services along four main groupings:
 - Wealth Solutions
 - KoinP2P: P2P marketplace for funding in highly assessed and low-risk return opportunities
 - KoinRobo: Automatic P2P lending to multiple borrowers with social impact and predicted returns
 - KoinGold: Digital gold marketplace for asset diversification
 - KoinBond: Digital government bond marketplace

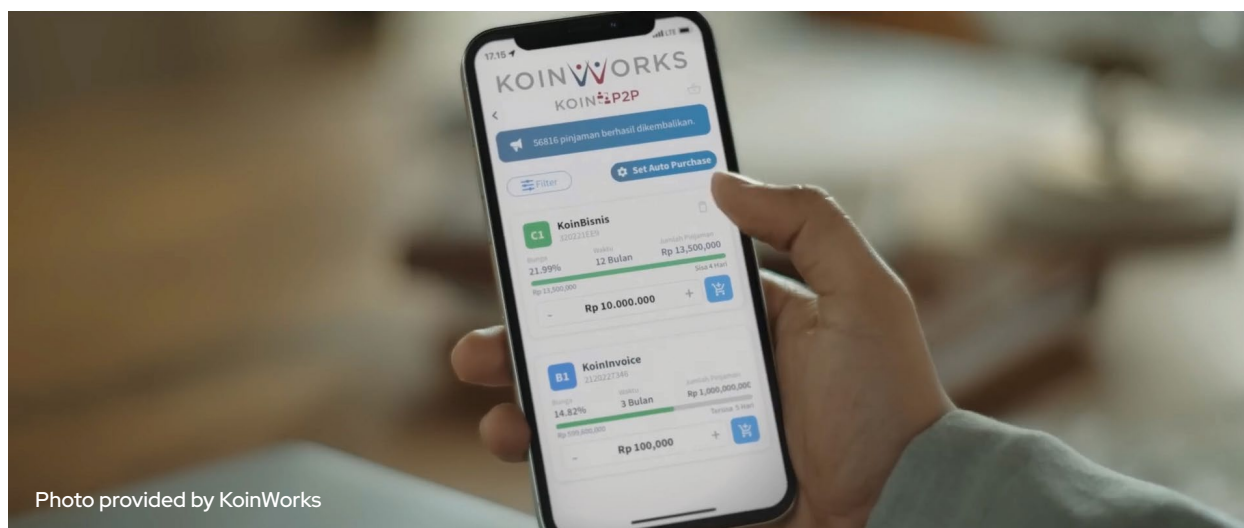




Photo provided by KoinWorks.
eFishery is a customer of KoinWorks.

- o Loan Solutions
 - KoinBisnis: Business loan products of up to IDR 2 billion
 - KoinGaji: Personalised salary advances
 - KoinInvoice: MSME financing through invoice and supply chain financing
- o Business Tools
 - KoinBill: Principle Place of Business (PPOB) service to make utilities payments such as electricity, water, telephone services, and internet access
 - KoinLearn: Bite-sized video learning platform for MSMEs accessible by the KoinWorks application
- o KoinWorks NEO
 - NEO Card: Virtual credit cards for businesses to accommodate various business needs
 - Payment Link: Payment links to accept payments from credit cards, debit cards, bank transfers, retail outlets, and e-wallets
 - QRIS: Payment method to allow users to get instant settlement from payments received

Alternative Credit Scoring

- KoinWorks uses MSME data, including transaction data and warehouse inventory, as well as data points from government agencies and credit bureaus, for their scoring model which covers character, capability, conditions, capital, and collateral.

- By partnering with e-commerce platforms, KoinWorks can examine historical sales data points to assess creditworthiness.

Financial Education

- KoinWorks’ financial and business services are complemented by their embedded training for entrepreneurs.
- KoinWorks provides online educational material through bite-sized videos on its app, complemented by in-person events.
- As explained by Willy Arifin, the Co-Founder and Chairman of KoinWorks, “Many MSMEs download our apps just for the purpose of educating themselves on how to become entrepreneurs, such as how to put together balance sheets or calculate profit and loss.”
- KoinWorks tracks the financial literacy of its users, using the OECD G20 Survey on financial literacy for MSMEs as its benchmark. Its users have a higher level of financial knowledge than the average Indonesian MSME.

ESG and Impact Goals

- KoinWorks’ business is aligned with its community impact goals
 - o Digital financial literacy
 - o Access to and usage of KoinWorks financial and business solutions
 - o Quality and experience of financial and business solutions
 - o Personal wealth for all users
 - o Enterprise growth for all business holders
 - o Digitisation to support businesses going cashless and going online
- Koinworks uses ESG frameworks and their impact report as a real-time indicator that flags their risks and spots business opportunities to drive growth, innovation, and profit.
- KoinWorks has made public their internal dataset for their impact report, including survey surveys, focus group discussions, and online analytics, to serve the industry at large.
- Their mission statements and impact-related disclosures are fully aligned. KoinWorks reports regularly to the Global Reporting Initiative, Sustainability Accounting Standards Board, and International Finance Corporation’s Performance standards.

KoinWorks' Impact

SDGs Addressed



No Poverty

- 103,000 people educated on financial matters through online & offline initiatives.
- 58,000 loans disbursed to MSMEs with 60% experiencing a much better increase in welfare.
- 80% of KoinWorks' MSMEs are micro enterprises.
- 82% of KoinWorks' clients faced no repayment burden, while 92% did not have to cut food consumption to make payments.



Decent Work and Economic Growth

- 116,000 new jobs created in 34 provinces across Indonesia.
- KoinWorks' MSMEs could grow their revenue with 34%, enabled by KoinWorks' individual retail investors experiencing an asset growth of 76% to reach their financial goals.
- 17% of MSMEs served able to increase number of paid employees.



Gender Equality

- 37% of KoinWorks' MSMEs are women-led enterprises.



Industry, Innovation and Infrastructure

- 106,000 new MSMEs digitised their payment system using KoinWorks' NEO in 2022.
- KoinWorks' MSMEs saw their digital business transactions grow by 82%.



Photo provided by KoinWorks



Business Success

- **Number of customers:** Over 2 million users
- **Number of borrowers served:** 6,936 (CY21), 8,665 (H122), 25% underbanked (H122)
- **Fundraising:** KoinWorks' has raised USD 180 million in total, with its Series C round led by MDI Ventures. Existing investors that returned for its latest round include Quona Capital, Triodos Investment Management, Saison Capital, ACV and East Ventures.

What's Next

- Aims by 2025
 - o To become carbon neutral
 - o To provide 2 million MSMEs with access to finance, including 500,000 new women-led businesses

- o To achieve 40% gender diversity
- o To achieve the golden certification from Cerise+SPTF³ for client protection
- o To expand beyond Java and Sumatra to better address underserved customer segments

References

- Google Cloud: [KoinWorks: Overcoming cultural boundaries to improve financial access and education for MSMEs](#)
- KoinWorks (2023): [KoinWorks Impact Report 1st Edition 2022: Leveling Up Beyond Finance](#)
- Triodos Investment Management (2021): [How KoinWorks meets the needs of the underserved SME sector in Indonesia](#)

3 Cerise+SPTF is a joint venture of two leading global organisations dedicated to social and environmental performance management. As the developers and champions of interdependent and complementary tools and products, Cerise and the Social Performance Task Force (SPTF) have worked closely together since the mid-2000s. They formalised their cooperation via a Memorandum of Understanding in 2021, and now operate under a common strategic plan.

About the Centre for Impact Investing and Practices (CIIP)

The Centre for Impact Investing and Practices (“CIIP”) fosters the growth of impact investing and practices in Asia and beyond by building and sharing knowledge, bringing together stakeholders in the community, and bringing about positive action that accelerates the adoption of impact investing. Based in Singapore, CIIP was established in 2022 as a non-profit centre by Temasek Trust, a steward of philanthropic endowments and gifts. Temasek and ABC Impact are our strategic partners.

To achieve a sustainable future for all mankind, the world needs companies that can drive positive changes at scale through products and services. Impact investing can spur the growth of such companies and help advance solutions to address the challenges

that the world faces today. We believe that sustainable companies are those who pursue social and environmental impact as avidly as they pursue profits and shareholder value. By striving to generate positive and measurable social and environmental returns alongside a financial return, both impact investors and companies can achieve returns with purpose.

We are SDG Impact’s anchor partner for Asia. SDG Impact is the United Nations Development Programme initiative tasked to develop resources that accelerate investments towards achieving the United Nations Sustainable Development Goals by 2030.

For more information, please visit www.ciip.com.sg or contact info@ciip.com.sg.

