

Vui App: Earned Wage Access for Vietnam's Blue Collar Workers

Vui App

NỀN TẢNG PHÚC LỢI & LƯƠNG LINH HOẠT

Doanh nghiệp K
Người lao động



Không chi phí,
không thay đổi



Giảm tỷ lệ nghỉ
việc, thu hút



LPTEX
CÔNG TY CP DỆT MAY LÊN PHƯƠNG



Photo provided by Vui App

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: Amarth (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.

Vui App

HEADQUARTERS

Hanoi, Vietnam

GEOGRAPHY FOCUS

Vietnam

SECTORS

FinTech, Software

FOUNDING YEAR

2020

SIZE OF FUNDS RAISED

USD 9.4 million (Seed)

KEY MILESTONES

- 2020: Founded
- 2021: Raised \$3m in Seed A Funding
- 2022: Raised \$6.4m in Pre-Series A Funding

MISSION

Bridging the gap between paydays, Vui App is an EWA application developed by Nano Technologies serving three stakeholders: employees, companies and society at large.

Introduction

- Vui App is a business-to-business-to-consumer (B2B2C) flexible salary and welfare platform owned by Nano Technologies.
- The platform provides the Earned Wage Access (EWA) solution that lets workers access their salaries on an on-demand basis, so they have better control over their personal finances and cash flow.
- Vui App was founded to address illegal moneylending and lack of financial education in Vietnam.

The challenge and impact thesis

Challenge

- Millions of workers in Vietnam live **pay check-to-pay check** and **struggle with cash flow constraints** at the **end of each month**.
- Many **lack access to viable financing options** and are forced to resort to **predatory lending**, which charge **annualised interest rates** between **300% to 500%**.
- This was exacerbated by the **pandemic** and other **global macro crises** that converged to **increase the cost of living**.
- Underbanked workers faced **unsustainable levels of debt** and **lived at the threshold of poverty**.
- **Labour shortages** occurred as a result, particularly in the manufacturing industry, as workers returned to their provincial hometowns due to the **absence of a reliable financial safety net**.

Impact thesis

- Through specialised, customer-centric embedded financing products, Vui App is able to extend salary advances to workers to bolster financial security and resilience.
- Its primary goal is to enhance their financial security through its EWA product, along with additional services such as attendance tracking and personal financial management education.

- The EWA model is able to address the critical needs of workers who struggle to pay emergency expenses, providing an alternative source of capital.

Who

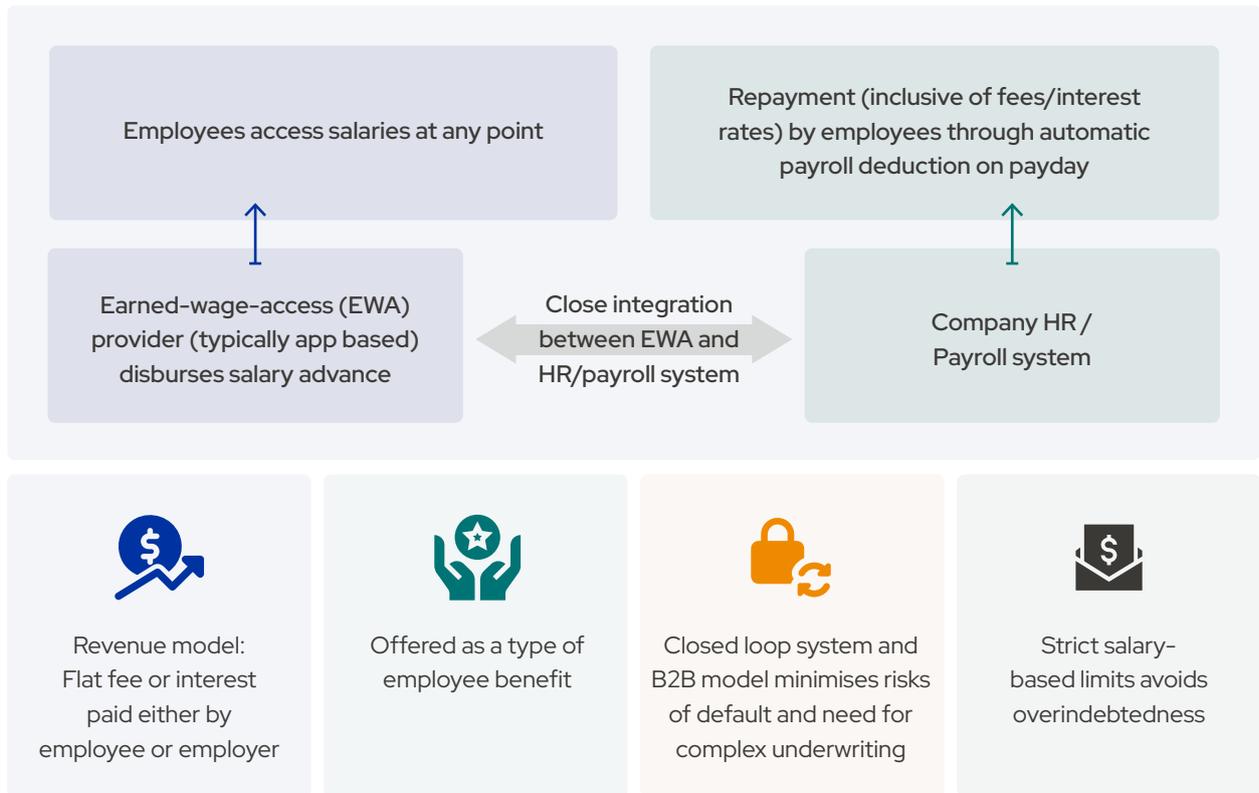
- Vui App focuses on addressing the **low- and middle-income workers** in the **retail, food and beverage, and manufacturing** sectors who are more vulnerable to loan sharks and payday loans.
- Vui App targets **big corporates and factories** that employ **large amount of workers**. **SMEs** are a **second priority** to Vui App.

How

- Vui App can monitor when and how often employees withdraw their salary advances, whilst also tracking increases in employee retention rates for companies since the adoption of their app.
- This allows workers to access their wages instantly when needed.
- Employers also receive a new cost-effective flexible benefits platform, giving them an edge in attracting prospective employees with a more differentiated offer.
- By applying software and workflow automation to the traditional mid-month salary advance, Vui App removes administrative, technical and financial burdens for employers.



Photo provided by Vui App



Business Model

- Through Vui App, employees can withdraw a minimum of VND 100,000 (USD 4) or up to a certain portion of their monthly income (70-100%) at each time. There are no limits on the number of withdrawals in a month.
- Vui App usually fronts wage advances which are subsequently repaid by employers on the employees’ payday through payroll deduction. Employers with higher liquidity can also front wages through their own balance sheets.
- Vui App charges the employer two types of fees – a fixed monthly technology fee that depends on the size of the company and a transaction fee for when employees complete transactions with the money withdrawn from the Vui App (1.5% per transaction).
- Vui App conducts its know your customer (KYC) checks through the personal information gathered through the employer’s HR systems, from which personal information like employees’ salary-crediting account number and identification number can be obtained.
- Given the tight alignment between its business and impact goals, Vui App actively tracks the usage of its app once companies adopt it for their employees.



Photo provided by Vui App

Vui App's Impact

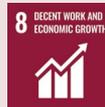
SDGs Addressed



No Poverty

Primary

- 88% of customers never cut food consumption to make repayments.
- 78% of customers strongly agree penalties, fees, and interest rates are clear.
- 98% never experience an unexpected fee.
- 92% say repayments are not a problem.
- 32% say that Vui App has helped them improve their financial resilience.



Decent Work and Economic Growth

- 100% of customers have taken out a salary loan.



Reduced Inequalities

- 95% of customers did not have prior access to a similar financial product.
- 91% of customers lack access to a good alternative.
- 66% of customers reported that their ability to manage their finances had improved.
- 76% of customers said their ability to face emergency expenses had improved.

Business Success

- **Users served:** Vui App have partnered with 75 employers and served more than 200,000 employees in 2023.
- **Fundraising:**
 - Since its founding, Vui App has raised **USD 9.4 million** across **two rounds of funding**.
 - **USD 3 million in seed round** from investors including Golden Gate Ventures, Venturra Discovery, FEBE Ventures, Openspace Ventures, Y Combinator and Goodwater Capital.
 - **USD 6.4 million in pre-series funding round A** from investors including Partech Partners, Tekton Ventures, KVision, IT Farma, Sketchnote Partners, and existing backers.

What's Next

- Vui App wants to **scale its platform** by offering a broader range of **benefits** for **low-income workers**, expanding to include features such as **bill payments** and **phone card purchases**, and other types of services to help users build **a better financial foundation**, and access **more convenient and more effective spending**.
- Vui App also wants to **increase people's understanding of financial issues**. The app will include a feature which provides articles for users to **better understand how to manage finances**.
- Vui App is looking to expand its outreach to **larger enterprises** in the **manufacturing** sector, with a focus on garment, shoes, electronics and wood manufacturing.

References

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- Tech in Asia (2021). Vietnamese flexible payroll app secures \$3m in seed funding
- Tech in Asia (2022). Ex-Uber Vietnam exec's flexible wage firm raises \$6.4m
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- GENK (2022). Vui App: Application that solves the "pain" of workers' salaries
- Openspace (2022). Nano bags pre-Series A funding from Openspace



Photo provided by Vui App

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.

