

## Financial Inclusion Utilising Tech

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BRADLEY HOWARD, ENDAVA HOST (BH): Hello, everyone. I'm Bradley Howes, and I'm happy to welcome you to the latest episode of Tech Reimagined. Today, I have the pleasure of welcoming Viola Llewellyn to our podcast. Having enjoyed a successful career as a business manager and consultant, Viola is now on a mission to help expand and grow the trade and commodities industry and businesses across Africa and beyond. Viola, welcome to our podcast.

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VIOLA LLEWELLYN, PRESIDENT & CO-FOUNDER OF OVAMBA SOLUTIONS, INC. (VL): Thank you, Bradley. I'm very pleased to be here.

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BH: So can you tell us a bit more about your mission and the success of the business and vision for the future?

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VL: Yes, thanks. Again, really great to be here. I'm the co-founder and president of Ovamba Solutions Inc, and we are a trade tech innovator for emerging markets, and we focus especially on Africa, which has some of the greatest opportunities and challenges as it relates to financial inclusion and in our case, using alternative finance to drive trade and other forms of light manufacturing on the African continent so that we can be rich and wealthy.

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BH: Your surname sounds quite Welsh. Is there a story behind that?

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VL: Oh my word yeah. I was born in Lambeth, in London, obviously, and that was not my name at the very beginning. I went on vacation to America in 1992 and I never left. But along the way, my second and final husband is the Jamaican from New York, who has Welsh ancestry. So I had to leave all the way from the United Kingdom to find that name with all the L's in it. So it's pretty groovy.

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BH: Well, thanks very much for that. So in today's episode, we're going to be looking at how we can achieve financial inclusion through technology. So let's start at the beginning. Can you define for us what, what is financial inclusion and who is excluded and why are they excluded?

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VL: Well, when we first started out, it seemed really such a simple, no brainer question. And from the African perspective, financial inclusion always was followed by the word 'access to credit'. So when we started in Cameroon in 2013, our definition of financial inclusion was, help more businesses get loans from banks, and I no longer have that as a definition anymore. So for us today, financial inclusion is allowing the democracy of access to be available to everybody in a form that fits them both culturally and realistically, and it's got very little to do with banking. It's about an ecosystem development for the access to wealth, transferable wealth, financial inclusion, business support and financial literacy.

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BH: That's really interesting, because whenever I've thought about financial inclusion in the past, I've always thought about it at a person level, but you immediately start at a business level. So, research has shown that the World Bank estimates that about 1.7 billion adults worldwide still lack access to a bank account. Is it statistics like these that drive your commitment to the fintech space of financial inclusivity?

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VL: It does now, especially when speaking in public, but the truth of the matter is none of those numbers were driving any form of creativity. We started out thinking, Wow, let's take advantage of the Jobs Act here in the United States, where I currently live in Maryland and peer to peer lending and crowdfunding was very good back in 2012, 2013 and we thought to ourselves, but Africans have been doing this for millennia. We've always gathered together in informal groups to share risk. But we didn't use that language. But in order to just make the available capital gain some velocity in and out of people's pockets based on the trust factor of their social connections. So we thought, we'll just go digitize that, and nothing could have been worse because back then the tools and the market acceptance were just not available. But we've since developed from there to where we're looking at different ways to innovate digital solutions to make this happen quickly. Again, with that trust factor that we talked about. It's changed a lot.

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BH: When you talk about creativity, is that at the technical level or is that a business level?

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VL: It's at both levels. On the business level for us, it started out with how can we get money into the hands of customers by defining who is risk worthy and how can we ensure that there is the willingness to repay and the ability to repay? To do that, the conclusion we came to is we can't do it through banking and banking is defined, especially in central Africa, as charging interest for money, which makes you unregulated. You're not a bank. You cannot extend capital. So our creativity came from, well what are people doing with this money? You mentioned earlier about unemployed, about, I believe, unemployment, and the point I was going to make was the African continent doesn't have social welfare. We don't have credit bureaus. We have to be able to understand who's the right person to give this money to in a way that mitigates the risk. And for us, that means buying the goods that they need so that they can buy it back. So that's the creativity side, on the business side. On the technical side, the creativity comes in where you create alternative risk models based on the information available in the market. For us, there was no data. We had to use information to create data then prove the points. And now we are licensing our technology to banks, to allow them to make better decisions for customers.

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BH: So from what I understand, you provide a platform that essentially takes the goods that are coming in for a business and then provides that money back to the business, on a loan basis, until they've repaid it all.

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VL: Exactly, and they're buying those goods back, so we're charging, we - for example, there's always an invoice. Customers cannot get access to goods until they paid first. So this is very different for banks. And whenever we would talk to people who come from a traditional banking background where credit is the thing that you're dancing around, they just do not understand this, but it's a very simple cash and carry idea, but very difficult to execute. We're analysing the customer's ability to run their business successfully. We're analysing the behaviour of the

inventory in the marketplace. So we're buying the goods. We're including importation. We're including distribution. Almost like an Amazon fulfillment service, but in a way that most of our customers had never seen before. And it took them a while to get used to it because they never have the right cash flow to run the business properly. And that's where it all begins and ends, helping customers fill in the gaps on supply chain and value chain, manage cash flow and sell their goods efficiently. And that's the creative side.

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BH: Right. So your company particularly targets small, medium enterprises or SMEs. Can you share with us some of the projects or individual customers? You don't need to name who they are - that you particularly found interesting and why you found them interesting.

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VL: I will start with good ones all the way to really bad ones. My favourite is a gentleman who sold Okadas and the engine oil for Okadas, Okadas are motorbike taxis. We've often seen them in memes where we've giggled slightly unkindly to see four or five people on the back of a bike. But when you think about it, that's some serious engineering that the bike is sustaining all these people on it - and they run for years. But this particular customer used to sell engine oil, and one day we received a visitor unannounced in our office in Douala. And it was a Moroccan oil distributor who said, "I need to know who you people are. This guy was nobody in our portfolio and has gone to being number four importer of ancient oil. What exactly are you doing?"

We were quite surprised because when they talk about Africa's market being fractured, this is the kind of fractured we're talking about. Things are happening in a way that is not easy to daisy chain it all together. So we said, "Well, we fund him to buy engine oil". They said, "but no one has sold this quickly and this consistently." That really gave us a good idea about why our model was working. It worked because this guy, you'd have to go to the bank, the microfinance institution, microfinance institutions have very strict treasury caps, so he could never be sure he would get the right amount of money to buy the right number of goods to last long enough to satisfy customer demand and have enough money to do it again and again and again. Because, after all, he's not getting terms. This is cash and carry now. So the bank will lend him what they think he can get. He gets on a plane, he goes and buys it because e-commerce is not as easy. You don't have dropped shipment to an address.

We don't even have, in Cameroon in particular, it's very difficult to go on Waze and get directions. So the goods come in, then he's got to figure out, can I afford to clear them through customs? Then he's got to figure out, do I have enough money to store them? Do I have enough storage space to put these in? And will my customers have stayed loyal to me while my shop was empty? Whilst I had no revenue to pay the loan back for the goods I've bought that are still on their way from Morocco, or from wherever. We resolve the problem by using our AI to understand the rotation and the use and the purchase levels of that engine oil by watching what Okadas were doing in town and analysing what he did with his sales before.

So next thing you know, our system is sending him automated messages saying it's time to order more. Which of course he can afford because now he's got proper cash flow. And with that cash flow, and with that evolution of inventory levels, we were able to order more because we figured out you need this much to grow. What you were ordering before was too small. So now he's got loyal customers, bigger market and we're also getting discounts from the supplier. So these guys come in and we took that whole idea and applied it to another woman who used to only order two containers of paint. She now orders 32 every three months versus two containers every six months. So when we talk about growth in emerging markets, it's not just about how much money

is coming in our bank accounts. It is GDP, the needle moving based on the velocity and movement of people buying goods that are now available. Good quality goods. Not cheap stuff, either. So that's one of my favourite stories. Do you want the bad story now Bradley?

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BH: Yeah, go for it.

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VL: Bad story is where fraud and data protection come into play across our platform when a guy applies for a transaction on our mobile app, provides us with all the information about the supplier. But this silly twit didn't realize we also read IP addresses. Next thing you know, you see that all of the beautifully crafted letter headed paper and invoices are actually coming directly from his computer as well. We were able to catch that and prevent round tripping.

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BH: Right, OK, well done. Well done on that one. So is your ultimate aim that your customers are able to stand on their own feet without needing to go through you, once they hit a level of maturity in their own cash flow?

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VL: No. And it would be quite disingenuous for me to say yes, I just want them to be all independent. No, I want them sticky and stuck with me for larger quantities of capital so that I can transition, we can transition customers from micro, small and medium, and we can transition them from survivalist and informal to either formal or informal, but mighty, and also to give global investors a choice of good well-curated investable opportunities on the African continent. And the third part of that stool is so that banks can now sell their commercial products to customers who they generally don't pay any attention to. It relates to your previous question, Bradley. Financial inclusion. These are the customers that the banks ignore because they're costly and difficult to fund, and the risk and the impact to their portfolios are very high because they don't have the cash flow ability and business skills to run their businesses profitably well. Our job is to make them profitable, wealthy, transfer that wealth able to take on bank products and to give them the choice. They don't have to be formal. That is not the goal of all businesses.

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BH: Right. So how can we encourage traditional corporations and banks and other financial companies to help provide for financially excluded parts of society, wherever they might be - Africa, even in the West?

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VL: Well it comes down to curating the individual, versus looking at entire swathes of market sector. Because the more technology there is, the more digital investigation there is, the more we understand individuals. I'll take an example that's got nothing to do with what we're talking about right now. Target - large box store here in the United States. They were one of the first groups, along with people like Facebook, to take an analysis of searches and figure out if a woman is ovulating, therefore is likely to be pregnant. So therefore they start to sell vitamins and other products that she might not have even thought about that she needs next. Well, that's what we are trying to do with our technology and our financial services to be able to anticipate the growth needs of customers before they even know it.

We don't want them leaving us. We want to be able to help banks with our technology, which they can license to understand these customers right down to the SKU, to the SKU on the box that they're buying. If banks don't do this, then in the emerging markets where we work, they can't prove to the regulator and to policy makers that they are delivering financial inclusion through trade, because they've got to be able to account and track and trace the money and show where the growth points have been along the way.

With our solution, we're tracking, especially on an NFT basis, especially on a blockchain basis and with smart contracts, that this particular coin, literally, or this dollar note or Euro went to this place and bought this slither of a good, and even a retail investor, an investor who's investing small amounts on our crowdfunding platform can track and see exactly the impact that they made. So that there is a changed narrative around doing business with Africa. We're not all a bunch of shysters. And neither are we a bunch of needy people wearing colorful sarongs digging a hole in the middle of nowhere, which unfortunately, is the American narrative. I don't think that's the British one. Thank goodness for that. But we've got to be able to use our financial innovations to make changes in so many other areas, not just finance.

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BH: And you mentioned crowdfunding before. Do you think that has helped democratise how to help financially excluded people, by providing these kind of platforms?

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VL: That, and it has democratized the access to investment to individuals who may have always had dreams of having a portfolio, but didn't know how or didn't have enough capital, or didn't have enough disposable income. Again, I take the country I've been living in for the last 29 years. There is a thing called a 401k, and forgive me to anyone who already knows what that is and makes it sound as if I am being facetious. But most portfolios for your retirement here in the United States may have less than 0.02 percent for African type investments, even though they'll have a broad heading for international or global or any kind of universal investment. But to tease out and pull the thread on sub-Saharan Africa, to invest specifically from your 401K, that's something that doesn't happen on an institutional level. Obama has been able to do that. So now we're seeing more investors on the retail side who are able to do \$100, \$150, \$200, \$500, and the impact of that is quite impressive. So that's what we're headed for. That's our next phase.

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BH: Well, good luck with that phase. Viola, thank you so much for joining us today. Had a great time. I thought it was really interesting, learned so much from everything we talked about. To all of our viewers, thanks for spending time with us. It's always a pleasure to have you tune in. If you haven't already, we'd love you to subscribe and join us next week for the latest episode.