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 Bogota, Colombia
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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 people.
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.

**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.

**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.

**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.

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.

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.

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.

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.

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

<table>
<thead>
<tr>
<th>26.6M</th>
<th>$515M</th>
<th>216</th>
</tr>
</thead>
<tbody>
<tr>
<td>people actively using products offered by our financial service provider partners&lt;sup&gt;1&lt;/sup&gt;</td>
<td>impact Assets Under Management (AUM)&lt;sup&gt;1&lt;/sup&gt;</td>
<td>current partners&lt;sup&gt;2&lt;/sup&gt; across 25 countries</td>
</tr>
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<table>
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<tr>
<th>144</th>
<th>44%</th>
<th>41</th>
</tr>
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<tbody>
<tr>
<td>full-time staff&lt;sup&gt;1&lt;/sup&gt;</td>
<td>women in senior management&lt;sup&gt;1&lt;/sup&gt;</td>
<td>advisory engagements in 2022</td>
</tr>
</tbody>
</table>

### Thought Leadership Moments in 2022

<table>
<thead>
<tr>
<th>103</th>
<th>28</th>
<th>84</th>
</tr>
</thead>
<tbody>
<tr>
<td>knowledge products published</td>
<td>learning events hosted&lt;sup&gt;3&lt;/sup&gt;</td>
<td>speaking roles at industry convenings</td>
</tr>
</tbody>
</table>

Since our founding, Accion has helped build more than 235 financial service providers serving clients across 75 countries, reaching more than 350 million people<sup>4</sup>.

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<sup>1</sup> As of December 31, 2022.

<sup>2</sup> See definition on page 31.

<sup>3</sup> See Financial Inclusion Week example on page 27.

<sup>4</sup> 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.
“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

**Reach**
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.

**Quality**
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.

**Catalytic Change**
Catalyzing capital and demonstration models through partnerships to invest in, advise, and influence systemic change and innovation to create a fair and inclusive economy.

**Priority Outputs & Outcomes**

- Increased access & usage
- Improved livelihoods
- Increased resilience
- Economic wellbeing

- Product depth & breadth
- Revenue generated
- Better choices
- Responsible financial solutions

- Capital crowded in
- Demonstration models
- Thought leadership
- Partnerships
# Our Portfolio Impact in 2022

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>YE 22 RESULTS</th>
<th>CONTEXT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indirect Reach</strong></td>
<td>106 million</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Direct Reach</strong> (active users of responsible financial solutions)</td>
<td>26.6 million&lt;sup&gt;1&lt;/sup&gt;</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Active Borrowers</strong>&lt;sup&gt;3&lt;/sup&gt;</td>
<td>6.4 million</td>
<td>6.4m</td>
</tr>
<tr>
<td><strong>Active Savers</strong>&lt;sup&gt;3&lt;/sup&gt;</td>
<td>2.1 million</td>
<td>2.1m</td>
</tr>
<tr>
<td><strong>Customers Insured</strong>&lt;sup&gt;3&lt;/sup&gt;</td>
<td>2.2 million&lt;sup&gt;4&lt;/sup&gt;</td>
<td>2.2m</td>
</tr>
<tr>
<td><strong>Users of Other Products and Services</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>3.8 million&lt;sup&gt;5&lt;/sup&gt;</td>
<td>3.8m</td>
</tr>
<tr>
<td><strong>Revenue Generated</strong> ($ USD)</td>
<td>$2.4 billion&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$1.1b</td>
</tr>
<tr>
<td><strong>Capital Crowded In</strong> ($ USD)</td>
<td>$552 million</td>
<td>IRIS+FP8293</td>
</tr>
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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.
Our Impact Strategy

Our core goals and strategic themes are aligned with the U.N. Sustainable Development Goals

<table>
<thead>
<tr>
<th>Strategic Themes</th>
<th>MSME Embedded Finance</th>
<th>Agri Fintech</th>
<th>Future of Work Finance</th>
</tr>
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</table>

Accion has been at the forefront of the development of the financial inclusion industry and is a leader in early-stage fintech for inclusion. We continue to support the development of more affordable, accessible, and customer-friendly financial solutions for underserved people, with a focus on MSMEs, smallholder farmers, and women.

With our refreshed strategy, we continue to push industry boundaries to catalyze change—crowding in capital and building demonstration models, as we work to create a fair and inclusive economy where underserved people have quality financial choices and opportunities.

The Sustainable Development Goals that are most closely connected to our strategy are shown at the center of this graphic, which also highlights the indicators that are most closely aligned with our impact framework. Our work contributes to other goals that are not measured across all projects or investments and are not included in our impact framework.

Cross-cutting Intentionalities

<table>
<thead>
<tr>
<th>Women</th>
<th>Climate Adaptation and Resilience</th>
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Our Approach

OUR APPROACH TO IMPACT MEASUREMENT AND MANAGEMENT IS ITERATIVE BY DESIGN

**Sourcing**
Proactive source potential opportunities based on investment or engagement strategy, geographic focus, and social impact including: initial impact fit screen, impact due diligence (customer segmentation, etc.).

**Negotiation**
Include impact metrics as part of reporting requirements in partnership agreements (investment, advisory, or research).

**Screening**
Conduct a preliminary review evaluated against the framework of our impact thesis, as well as ascertain exit options.

**Due Diligence**
- Conduct desk diligence with a focus on market opportunity, financial analysis, risks, impact strategy, and exit.
- Identify impact goals based on company’s business plan and future strategy and include impact metrics to be measured through the investment or project lifecycle.

**Value Creation**
- Measure impact of engagement periodically to ensure achievement of agreed performance metrics.
- Conduct client outcomes baseline and periodic assessment.
- Revise indicators/targets (if needed).
- Case studies on impact at the time of exit; program evaluations where possible.
- Cross-departmental shared learnings/feedback loops where relevant.
More than 15 million 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.

“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

1https://data.unhcr.org/en/country/uga
## Our Impact Industry Leadership

We are committed to global impact standards and industry best practices.

### Signatory to Operating Principles for Impact Management

- Impact framework and investment theses aligned with relevant SDG indicators
- Impact framework aligned with relevant IRIS+ metrics
- Investment strategies meet the 2X Criteria to support women’s economic empowerment
- Members of the GIIN Investors’ Council
- Members of the SME Finance Forum

### Participated in 60 Decibels’ Inaugural Financial Inclusion Index, launched in 2022

- 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)

### Key Institutional Partners

- Center for Inclusive Growth
- FMO
- Credit Suisse
- Jalio Philanthropies
- Bill & Melinda Gates Foundation
- USAID
- VISA
- MetLife Foundation
- FedEx
“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
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.”

“Strongly agree” they understand product terms and conditions

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

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 52% reporting significant improvements

Men: 21% | Women: 79%

Survey Sample

Accion 2022 Impact Report 17
Accio 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

52% Men: 48% | Women: 52%

BY THE NUMBERS

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>52%</td>
<td>accessed a financial product/service like this for the first time</td>
</tr>
<tr>
<td>40%</td>
<td>improved ability to face major expenses</td>
</tr>
<tr>
<td>82%</td>
<td>‘strongly agree’ they understand product terms and conditions</td>
</tr>
<tr>
<td>90%</td>
<td>say their quality of life has improved, with 60% reporting significant improvements</td>
</tr>
</tbody>
</table>

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

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

Founded 2008 | Nigeria

Toyin Adejoke Olu-Ayeni, provisions store owner in Lagos, Nigeria, and customer of Accion Microfinance Bank
R5 provides asset-backed loans and vehicle insurance for underserved consumers.

José Luis Osorio, customer of R5

**Founded 2018  Colombia**

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.

**ACCION CONTRIBUTION BEYOND INVESTMENT**

“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

Accion 2022 Impact Report
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](#).
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.

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.

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

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.
Accion & BancoSol: Three Decades of Impact

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.

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.

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

Accion 2022 Impact Report
“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 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.

**ACCIION VENTURE LAB INVESTMENTS IN 2022 INCLUDE:**

- **Trukkr**

  Platform digitizing and financing the trucking industry in Pakistan.

- **Semaa**

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.

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.’

<table>
<thead>
<tr>
<th><strong>Participants and Sessions</strong></th>
<th><strong>Engagement Overview</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>396 speakers</td>
<td>1,933 active participants</td>
</tr>
<tr>
<td>3,336 registered participants</td>
<td>4,600 views of live content</td>
</tr>
<tr>
<td></td>
<td>120+ total sessions</td>
</tr>
<tr>
<td></td>
<td>146 countries</td>
</tr>
<tr>
<td></td>
<td>2,000+ organizations</td>
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</tbody>
</table>

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

Intermediate Outcomes

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).

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.

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.

Activities & Outputs

Creation and management of investment funds.
Capital deployed to investees and other partner businesses.
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.
“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.

"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
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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