Financial Inclusion TechSprint (May 2024) video Transcript.

Team 1 – BucksTyrbe

Delegate 1

Hello. OK. Thank you.

First question please, how many images can you see here? Anybody. Three, who sure are you?

OK, the correct answer is actually four. We have 4 images here. And the reason why it's difficult for you to see it is because the first one by the left is very faint. And this just depicts the reality of an average immigrant in the UK where we are trying to assess credit. My name is Tope and I work with BucksTrybe and today I'm going to be sharing with us our BucksTrybe approach in enhancing consumer credit visibility and scores, basically making the invisible visible.

I'm talking about approach to enhancing consumer credit visibility and score. So, um, how does this problem affects me. Ah. I am an immigrant and everybody can know and I work with one of the High Street banks and I face with customers on the day-to-day business. And I can tell you for a fact that 2/3 of the customers that I see that coming to the bank for credit are immigrants. And 90 to 95% of time we turned them down because according to Experian they classify us as a credit thin files and we have over 4.9 million people fall into this category in the UK.

Also research by Nova credit with HSBC says in two in three immigrants face delays in receiving credit products because we lack credit history. And I'm from Nigeria and basically I don't have any credit history. So and that's how difficult it is. So what are we going to, what we're going to do about this? And that's why we are here, right? And that talks speaks to our solution.

What we were able to identify is that there are a lot of informal transactions that are calls within the immigrant community. And what we've been able to do is identify two of these transactions, 1 rotational savings and credit schemes and the other is informal peer-to-peer lending. So let me explain rotational savings and credit scheme. So myself and the five judges, let me say, for example, I know Sheldon, we belong to the same religious society. And then Sheldon goes to works with Nicole and Nicole works with Corline, So we said OK, we're going to be making a payment of £200 into a pool of funds

and this that's going to give us some of the £1200, right. Then the £1200 will be given to Sheldon for the first month and it's going to be like a non interest loan. And so when Sheldon is going to repay £200 the following month is going to have formed the basis of another pool of funds 1200 I give to Nicole. So we do this transaction very well like an average immigrant knows this. If you've not done it before, your parents, your grandparents would have done it before. So and these transactions are informal. They're not trapped.

So what we do is to make these transactions formal, right? And then we validate it. The other one is P2P. I need money. I know Nicole, I speak to her, she lends me money and we have an agreement that OK, within the next six months I'm going to pay this amount, right? And just informal agreement. So these are type of transactions that we do. So what we do with BucksTrybe is to be able to capture these transactions. Then we validate it with open banking, right? Then create a score that can be reported to Credit Reference Agency just to be able to make someone like me that's invisible to be more visible to lenders.

Why does this matter? I mentioned already rotational savings and credit schemes is embedded in the deep culture in the in the culture of immigrants and average African and Asian would have done something like that before. So you understand it and it's it's the basis of it is social trust. We know ourselves then we also believe that because currently there are alternatives that financial data to from rents and buy now pay later that have been reported. So reporting payments to ROSCA's is going to add to the existing data sources that we have. And also informal peer-to-peer lending is the biggest in the UK. According to the Financial Lives survey by the FCA in 2020, two 4.6 million individuals in the UK actually learned from family and friends. So imagine having captured this informal transactions formalise it like just having maybe 50% of it.

We are going to transform the lives of 2 million people in the UK. Then informal lending also is recognised for business is a is a credit instrument for businesses. If I get a loan, from my friends and family, I can put it in my books as a business owner that I've gotten this loan. So if that can work for businesses, we can also use it to create them a credit profile. So what I've been able to do this is our mobile app. Our mobile app does three things majorly #1 it formalises this informal transactions, our terms and conditions, consent, the credit amount, repayment, and all of those things.

Then #2 it validates these transactions with open banking. And then we create this score that can be reported to credit rating agencies. So this just shows you can see the payment schedule within the ROSCA's calling morning cycle on the app. You can see the payment history, you can see different users in the circle. We do the same also for P2P. We do part of making it from our is doing anti money laundry cheques, fraud cheques. We create a schedule for it and the payment. Then we also validate it with open banking. That's very, very

important part. This makes us unique the open banking parts to validate the transactions and then the box drives code that we create to actually make the invisible visible.

Uh, currently we have a live version of the app in an emerging market and we've been able to help on just people to be able to help hundreds of people to be able to build a credit profile from the rotational savings and credit scheme. We are looking to build and test on FCA permanent digital sandbox, which we applied for like some couple of weeks ago and also the regulatory sandbox. For the pilot phase, we are looking to partner with credit reference agency. We are in discussion with Mr Yaru, the Director of Innovation for Experian to know how to structure our data alternative lending platforms so we can sign post our users to these alternative platforms, get their loans, then open banking when conversation with them.

Money Hope, right Alex of Money Hope also universities and colleges and because a big part of financial inclusion is financial education, right? So we are partnering with them to also do that. We are looking to get seed funding to be able to go to market as soon as possible fully before the end of the year. And then we are looking also to expand the solution to address a broader spectrum. And one of these spectrum that we've actually recognise is young adults in the UK. They make a payment called board money payment to their parents, right? We are looking to actually build credit profiles from this type of payment because it's regular and the particular amount and they form a very big business of the credit team files in the UK.

So we believe that making the invisible visible and making this informal transaction formal, we'll be able to help millions of people in the UK to build thicker credit lines and make them more visible.

Thank you.