

Financial Inclusion Case Study – Fairbanc

Fairbanc – Indonesia

Primary programs

Providing small businesses, mostly run by women, with short-term credit to purchase inventory and scale their businesses

Beneficiaries

Unbanked Indonesian micro-merchants, particularly women without assets



Quote from Fairbanc CEO and founder Mir Haque

"Fairbanc is excited to continue extending working capital credit to Indonesian unbanked micro-merchants. Fairbanc has now financed around 85K merchants. We are thankful for the hands-on support from one of our early seed backers, Accion Venture Lab, who brings a lot of domain knowledge from their large number of fintech portfolios across the emerging market."



Picture of Ibu Enang in her shop in Purwakarta, West Java, Indonesia

Story of Indonesian microbusiness owners

When the coronavirus pandemic hit Indonesia, micro-retailers were among those who felt the impact the hardest. Female vendors were particularly vulnerable as women cannot inherit property in Indonesia, leaving them without assets to use as collateral when seeking loans. This made them susceptible to resorting to loan sharks who charge extortionate interest rates and act aggressively.

Distributors soon noticed a 40 percent drop in sales to these micro-retailers. Looking for a solution, consumer goods giant Unilever decided to team up with Fairbanc, an inclusive fintech startup, to create a pilot lending program called Bank Yang Adil in partnership with seven distributors. Fairbanc created a proxy credit rating using past transaction data to start providing weekly credit lines to these small merchants. Through this pilot, they helped nearly 500 microbusinesses in rural Indonesia — 70 percent of which were owned by women — stock their shelves with products without requiring a deposit.

"It's easy to sign up with Fairbanc as they only need my identity card to fill in a form. Fairbanc has helped me grow my business, and my sales have increased significantly ever since," explained Ibu Enang, a shop owner and Fairbanc customer in Purwakarta, West Java. "The pandemic years hit us really hard," said Ibu Saedah, who also owns a shop in Purwakarta. "It was hard to make a profit, and we did not have enough working capital to run and scale our business. We are grateful to Fairbanc for helping us to increase our sales."

Indonesian micro retailers who participated in the pilot program received more than USD 600,000 in loans to build their inventory and stay resilient through the pandemic, allowing them to increase their revenue by 35 percent. Fairbanc was able to scale quickly and currently supports over 85,000 small merchants, with over 300 distributors on their platform.

Fairbanc is one of Accion Venture Lab's portfolio companies. Accion Venture Lab, part of global non-profit Accion, invests in early-stage inclusive fintech companies and provides them with post-investment support. As part of their strategic support for Fairbanc, Accion Venture Lab advised the company on product pricing, partner prioritization and acquisition, and organizational structuring to maximize the potential impact for their micro and small merchant customers. The Credit Suisse APAC Foundation supports Accion Venture Lab in South-East Asia through a multi-year grant.