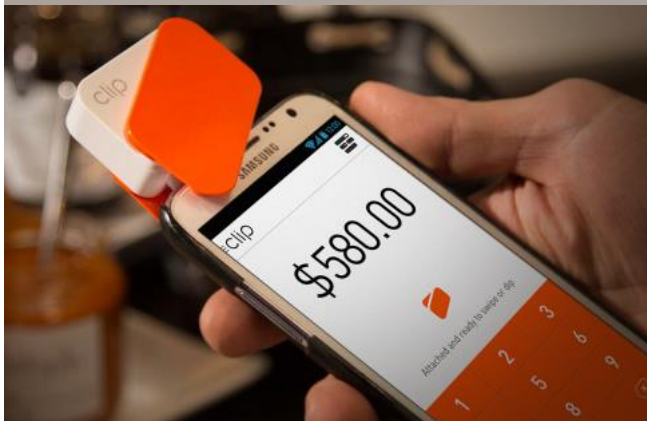


## PayClip Inc.

### Accion Venture Lab – Achieving Financial Inclusion



July 2015



## Enabling people access to quality financial services globally – that is what financial inclusion is striving for.

Venture Lab is an investment initiative that provides patient seed capital and support to innovative financial inclusion start-ups, fostering experimentation and promoting business models that improve financial access for people living in poverty worldwide.

Since these start-ups traditionally lack access to capital and assistance, Venture Lab provides flexible financial and non-financial support to suit the needs of each investee enterprise, as follows:

- **Investment:** Venture Lab typically invests U.S. \$100,000 to \$500,000 in equity or quasi-equity instruments. Venture Lab welcomes opportunities to co-invest with like-minded investors and bring others to the table.
- **Support:** Venture Lab prefers to be an active investor and bring to bear the people and resources of the global Accion network to maximize the chance of success. In addition to day-to-day support from the Venture Lab team, investee companies may be connected to Accion's in-house technical experts (technology, risk management, etc.), microfinance teams and customers from partner institutions around the world, and the global banking and investing community.

#### Company Profile

- Name: PayClip
- Based in: Silicon Valley and Mexico City
- Year founded: 2012
- Funds raised: \$ 7.75 million
- Geographical focus: Mexico
- Number of employees: 30

Two former PayPal employees, MIT MBA Adolfo Babatz and Vilash Poovala, founded Clip. Poovala served as head of Proximity Payments and Mobile Emerging Markets at PayPal; Babatz is Clip's CEO.

#### The Opportunity

In Mexico, only 10% of the country's 4.7 million merchants are able to accept credit and debit cards as means of payments. The reason for this is the high cost of obtaining a traditional card-reading terminal. This limits merchants' sales potential and ability to grow. Offering card acceptance tools enables the expansion of SMEs and leads to a healthier economy.

#### Business Model and Strategy

Each merchant registers online at the PayClip website, and pays an up-front cost of \$35 for the device and a 3.6% transaction fee build Clip's revenue stream. Merchants using the Clip reader can offer their customers instalment payments with 17 banks, free of charge.

#### Innovation

A smartphone plug-in serves as credit and debit card-reading terminal, replacing traditional, costly card-reading terminals. A risk management platform also collects payment data and serves as a sales performance report to merchants. The device can be used anywhere in connection with a WiFi or mobile signal. Furthermore, no card information is saved, which limits the risk of data or financial theft.

#### Challenges

Creating awareness of Clip's product among SMEs in Mexico and building a growing merchant base is the company's biggest challenge. Besides that, security concerns need to be mitigated through informing and educating potential customers about the benefits of using Clip.

#### Social Impact and Financial Inclusion

Cash handling costs for merchants are lowered thanks to the ability to access cards, and business activities are made more secure. Spreading cashless transactions enables more efficient business activity, especially for small and medium sized merchants. Ultimately, growing SME businesses create employment, are able to develop further offerings, and foster local economies.

For more information, visit Clip's website at:

[www.clip.mx/us](http://www.clip.mx/us)

