

Coda Payments

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: Coda Payments
- Based in: Jakarta, Indonesia
- Year founded: 2011
- Funds raised: \$ 3.2 million
- Geographical focus: Southeast Asia
- Number of employees: below 30

Harvard MBA Neil Davidson is co-founder and CEO of Coda Payments. His goal is to enhance and develop e-commerce in Malaysia, Singapore, the Philippines and Indonesia.

The Opportunity

The majority of adults in Southeast Asia do not have credit or debit cards to pay for goods and services, meaning they are excluded from buying products online at more favourable prices.

Business Model and Strategy

Coda provides an alternative payment solution which enables people in Southeast Asia to buy goods and services on the web without using a credit or debit card. Customers buy online by crediting the mobile accounts of Coda's merchant network, thanks to partnerships with telecom companies such as Indosat in Indonesia, SingTel in Singapore, and Globe Telecom in the Philippines.

Innovation

Coda offers a new way to make payments for online goods and services where customers are directly billed through their mobile phone airtime balance.

Challenges

Coda's acquisition process has several steps: merchants first promote their payment channel; customers are then informed and guided to visit the merchants' online platforms and buy their goods using the Coda methodology. One of the biggest hurdles the company faces is the acquisition of merchants. Additionally, mobile network operators need to agree to allow access to their customers' airtime balance.

Social Impact and Financial Inclusion

Enabling unbanked customers to access digital financial services and payments offers merchants the opportunity to sell to people at the base of the pyramid. This opens up a new market of sales opportunities for merchants, and enables bottom-of-the-pyramid customers to purchase and consume products they need.

Venture Lab

Venture Lab provided seed capital support as the first institutional investor in Coda, and helped the start-up access capital from other investors.

For more information, visit Coda Payments' website at:

www.codapay.com

