

## PROJECT SUMMARY

### **NOVOPAYMENT: UNLOCKING DIGITAL FINANCIAL INCLUSION IN LATIN AMERICA AND THE CARIBBEAN (RG-Q0070, RG-Q0100)**

Providers of inclusive financial services, such as microfinance institutions (MFIs), saving and loan cooperatives (S&LC), and medium-to-small size banks, are important channels of financial inclusion to the 204 million unbanked and underbanked population in Latin America and the Caribbean (LAC). However, many of these institutions rely on outdated core banking and digital information systems and are struggling to offer competitive services in the post-Covid19 backdrop of increased demand for digital services. Because PIFS are often the access point to financial services for many unbanked or underbanked, their lack of digital competitiveness directly leads to lower quality and cost of the services they receive, ultimately leading to lower levels of financial inclusion.

The objective of the project is to help the providers of inclusive financial services in LAC – conventional and non-conventional – to develop, offer and deliver inclusive digital financial services to their end clients, by supporting NovoPayment (NP), a FinTech company founded by a Venezuelan female entrepreneur, expand its Banking-as-a-Service (BaaS) platform. NP's platform enables digital channels and banking core products to inclusive financial service providers, digitizing them and improving the access and quality of their services to the clients, many of whom are unbanked or underbanked. NP also provides solutions to non-conventional financial service providers, such as neobanks, FinTech's, merchants, enterprises, and gig economy platforms.

NovoPayment is raising a US\$21 M Series A round to support its consolidation and growth. The equity raised will be allocated primarily to advance its sales strategy, as well as for improvements in its products and technology. Its main goal is to continue expanding in the LAC market, where it already serves 31 companies. IDB Lab will support these efforts with a US\$2,500,000 equity investment in NovoPayment's equity, originating in its own resources (\$1.5 M) and the difference in the "Women Entrepreneurs Finance Initiative" (WeFi) under the project "Supporting Women Entrepreneurs in Stem Areas in Emerging Ecosystems" (RG-O1692), executed by IDB Lab as part of the "Women Entrepreneurs Aspire, Activate and Accelerate (We3A)" Program.

This project is aligned with the IDB Group Institutional Strategy for 2021–2025 (AB-3190-2) and with the Administration's Vision 2025: Reinvest in the Americas (GN-3025-5) which proposes a sustainable and inclusive economic development and prioritizes:(i) the digitalization of MSMEs as a way to reactivate the productive sector and (ii) empowering vulnerable populations who bear most of the economic crisis for a much faster recovery from the COVID-19. The project focuses particularly on identifying a pathway to accelerate the recovery by supporting digital transformation of credit unions and small and medium size financial institutions to better serve the unbanked or underbanked MSMEs and vulnerable population in LAC.