

Grant No. AID-OAA-F-12-00010 between InVenture and USAID DIV Project Implementation Narrative

Executive Summary

We have created two documents to ensure successful implementation of our project with USAID DIV. The first, is a basic timeline in Gantt chart format that outlines the basic tasks that will need to be accomplished across a variety of areas to ensure we successfully complete the tasks for milestones 2-6. The second document is a core processes document. This idea came about after our team worked on the timeline, and we think it will help us not only with the immediate requirements of the timeline but that it will also help us with our long term strategy as well.

The timeline focuses on a few key areas necessary to reach each milestone: pre-rollout activities by InVenture as well as the financial institutions we will partner with, training, qualified lead acquisition, customer service, audits, and internal reporting. Encompassed in these project areas are the business development activities, operation activities, and product development activities needed to move forward and achieve milestones 2-6. Since the milestones build upon one another, each one requiring that we acquire more partnerships with financial institutions while also increasing the number of individuals using InSight, we created what we think will serve as a valuable timeline to make sure we are not only acquiring these partnerships and users in a timely manner, but also paying attention to the details necessary in each roll out to build a sustainable and productive partnership.

The timeline walks through the steps needed to conduct audits, from creating the survey to performing monthly audits. It addresses lead generation, from the creation of a database for potential lead sign-ups to recruiting sales agents, partners, and super users. It addresses trainings, both for staff and client and finally outlines the necessary internal reporting to ensure success. When one person must own a task, it is assigned to them.

Creating a timeline also inspired us to think of what other ways we can solidify our own internal structure and processes moving forward. After creating the timeline, we also worked as a team to build a core processes document that will be helpful to each area of our work. The core processes document outlines the primary responsibilities of each area of our team, which we are confident will be helpful to assure we reach our USAID milestones, but we also think it will help us in our long-term strategy as well. As our team worked on these, it helped each of us better visualize what must be done to scale, while also giving us greater perspective into the various roles and functions of our fellow teammates.

We are hopeful that the newly created timeline and weekly goals task sheet, in addition to the core processes document and our business plan adequately satisfy the first milestone.

Attachments:

- Contracts + MOUs for Muthoot, Mahindra, MyMela
- Audit form
- SPM Survey

Milestone: Finalize partnership agreements with microfinance institutions in India

We have finalized partnership agreements with three institutions in India, including Muthoot, Mahindra, and MyMela. Muthoot is a housing finance company with offices in various Indian states that will be using InVenture's InSight scores to determine which clients will be eligible for housing loans in Tamil Nadu. Mahindra is a housing developer that is setting aside 150 units in their newest affordable housing development in Chennai specifically for InSight users. MyMela is an online marketplace that is creating a sustainable revenue stream for Indian artisans. Through their field partner Asha Handicrafts, we are training artisans in Uttar Pradesh on InSight in order to provide them with greater financial access and measure MyMela's impact on their quality of life.

Milestone: Gain new users on InSight platform and improve product for ease of use

To date, we have gained 750 users on the InSight platform in the Indian states of Uttar Pradesh and Tamil Nadu. Our overall average adoption rate from training is 60% while our average retention rate is 35%. We have also continued to refine and improve our product to create ease of use. We recently added in a voice version of InSight that makes the product completely free by eliminating the cost of sending an SMS. Additionally, it makes the technology more user-friendly for individuals who are illiterate or uncomfortable with SMS.

Milestone: Provide project indicators including IRIS metrics and Grameen Foundation benchmarks of end users that include, at a minimum,

- **end user demographics**
- **end user business operating performance metrics**
- **results of monthly random audits on 5% of users**
- **end user social impact indicators including user savings rate**

Our end user demographics reveal that the majority of our users are women in their 30s with families. Women comprise 61.4% of our users while men make up 38.6% of the user base. The average overall age of a user is 33.7 with an average household size of 4.65.

Analyzing the livelihoods of our beneficiaries, we have determined that the 3 most common industries of InSight users are service, retail, and agriculture. The monthly average income of these businesses is 22,229 INR (\$412 USD) while the average expenses are about 12,418 INR (\$230 USD), showing an average savings of about 9,818 INR (\$182 USD). We have proven that it is very effective for businesses to keep a digital record of their finances, as demonstrated by the increase in revenue and savings as a result of using InSight on a regular basis.

To ensure the quality of our data, we employ field staff that conduct a random audit of 5% of our user base in their home or place of business on a monthly basis (see sample audit form attached). During this audit, we verify personal assets and operations of the business as well as assess the revenue and expense trends of the household.

Our impact indicators include increase in revenue and savings levels, increased financial literacy and access to essential products and services of our InSight users. To date, we have seen an average of a 30% increase in revenue and 25% increase in savings as a result of using InSight for 90 days. When measuring the increase in financial literacy, we take a more qualitative approach by analyzing changes in spending habits and trends in type of spending. We believe that because our clients are spending more on education and health, they are demonstrating an increased quality of life. We employ a thorough approach to the collection, aggregation, analysis, and auditing of data acquired through InSight, our mobile technology platform. By using this data to create a credit score, InVenture empowers users to prove their creditworthiness at a household or business level, thus building a more efficient marketplace with financially literate borrowers. Providing creditworthiness creates a more transparent and innovative financial marketplace, serving to bridge the gap between the formal and informal sectors by providing users with access to products and services that have been traditionally out of reach. Thus far, 75% of our housing loan applicants have been deemed creditworthy by one of our partner financial institutions.

We also believe that we are making an impact by changing the landscape of financing for women. The vast majority of InSight users are women; this is very relevant since the majority of micro-business owners are women but generally most small to medium sized businesses are owned by men, creating a gender bias in the large financing sector. InVenture is impacting not only the women-owned businesses themselves, but also transforming a system that has been long embedded in gender inequality.

Additionally, InVenture performs social performance surveys on the businesses we work with and has incorporated both IRIS metrics and Grameen Foundation benchmarks into our surveys (see attached SPM survey). InVenture recognizes and understands that in order to maximize our impact in every region and community we work in, it is necessary to give our beneficiaries a voice by engaging with and getting direct feedback from the very people we are trying to help. Data collected from social performance surveys combined with direct data from micro-borrowers will be elicited to validate the integrity and enrich the quality of data of measuring InVenture's impact and solutions in the field.

InVenture

InSight: Mobile Accounting and Financial Inclusion in Emerging Markets

AID-OAA-F-12-00010

Attachments:

- Signed contract for Drishtee
- Signed contract for Usha Cooperative

Milestone: Partnership agreements finalized with 2 additional microfinance institutions in India (5 total) with an additional 500 users on the platform (1250 total).

We have finalized partnership agreements with two additional institutions in India, Drishtee is a social enterprise building a rural, last-mile distribution network across Northeastern India, in Uttar Pradesh, Bihar, Assam, and other surrounding states. One of Drishtee's programs works to support and supply FMCG (Fast Moving Consumer Goods) products to small Rural Retail Points (RRPs). These RRP's are running small businesses in the absence of any system of accounting, so InVenture is working with Drishtee to provide these RRP's an easy way to track their day-to-day income and expenses, in order to run their businesses more effectively.

Usha Cooperative, based in Calcutta, provides financial security and education and career building opportunities for sex workers. Usha offers sex workers savings programs as well as access to loans. InVenture will be working with Usha to provide InSight, our mobile money management and accounting system to their beneficiaries. InVenture will then provide to Usha financial risk assessment of their beneficiaries, as well as an integrated scoring and tracking solution for their existing MIS.

Milestone: Gain new users on InSight platform and improve product for ease of use

To date, we have gained 1,522 users on the InSight in India. Our current focus is to improve the user experience of our product. We have focused on conducting usability surveys and concept tests in the field to learn more about the pain points of our customers and what value they see in the current product. By getting rid of the prohibitive cost of SMS, our voice product, which we launched earlier in the year, has enabled us to reach an entirely new audience of low-income, low literacy users in both Chennai area and Saharanpur, Uttar Pradesh. Based on user feedback, we are refining the product to make it more interactive, and to provide useful savings and business tips to the end user, along with comparative reporting, which users indicated was helpful for them to plan and budget for the future. We will be testing this new functionality with our new partners, Drishtee, Usha Cooperative, and others in the coming months, along with migrating our existing users over to this new service. The new functionality which we are currently building based on user feedback will be more intuitive for the end-user, and will require little to no in-person training.

Milestone: Provide project indicators including IRIS metrics and Grameen Foundation benchmarks of end users that include, at a minimum,

- **end user demographics**
- **end user business operating performance metrics**
- **results of monthly random audits on 5% of users**
- **end user social impact indicators including user savings rate**

Currently, Women comprise 52% of our users while men make up 48% of the user base. The average overall age of a user is 38.5 with an average household size of 4.18.

Analyzing the livelihoods of our beneficiaries, we have determined that the 3 most common industries of InSight users are service, retail, and agriculture. For our current user base, monthly average income is **19,118 INR** (\$318 USD) while the average expenses are about **11,759 INR** (\$195 USD), showing an average savings of about **9,628 INR** (\$160 USD). From last report, average monthly income has decreased because our new platform has enabled us to reach lower-income segments, as mentioned earlier in this report.

Our impact indicators include increase in revenue and savings levels, increased financial literacy and access to essential products and services of our InSight users. In the past several months, we have seen an increase in revenue of our users falling in the range of 7-12.5% revenue growth on average. Our users began to show a steadier stream of income after usage indicating a higher awareness of financial literacy. Regular InSight users lowered their spending on non-essential items indicated by a steady decrease in the other category (based on our field research, this tends to include spending on festivals, gold jewelry, snack food, etc.). This indicates an increased awareness of and control over spending habits after sustained use of InSight, which leads to higher levels of fiscal responsibility. In the top 10% of users (those who use the tool most regularly) we saw an increase in inventory spending indicating that they were expanding their businesses.

Milestone: Audit Results

Every user we have in the system is automatically audited every time they send in their inputs through InSight. Their information is compared against industry averages and their average monthly inputs as indicated in their demographic surveys.

We have made significant progress in building technology that will help to ensure the quality of our data and will improve the effectiveness of our auditing procedures. First, we have developed a new smart error report that intelligently looks at the data, flags and classifies potential errors into four categories:

- High Error Possibility - Suspicious input based on their peers and their historical entries
- Very High Error Possibility - Even more of an outlier based on their peers and their historical entries
- Possible Typo - User probably forgot to put a space in between entries

- Possible Fake - Consistently higher inputs than everyone else

This will be offered to our partners as an external facing report to help guide them with targeting in-person audits. It is our plan to also offer our partners a way to track audit results within the InVenture Web Dashboard in the future.

Of our existing users, 191 were flagged in our system for suspicious inputs. From this group of 191, we followed up with 158 of them to ensure they understood how to use the product and randomly audited the other 33 of them in-person to gather a better understanding of these outliers. From this group of 33, 21 passed the audit and 12 failed. The 12 who failed will not be recommended to partners for access to financial services and other products. Overall, this is a <1% of users reporting incorrect information.

InVenture

InSight: Mobile Accounting and Financial Inclusion in Emerging Markets

AID-OAA-F-12-00010

Attachments:

- Signed MOU for AHM
- Signed agreement for Micropension Foundation

Milestone: Partnership agreements finalized with 2 additional partners in India with an additional 500 users on the platform (1750 total).

We have finalized agreements with two additional organizations in India. The first agreement is with The Action of Human Movement (AHM), a voluntary registered non-governmental, non-profit organization that was established in 2004. This organization is working for the deprived sections of rural youths, women, children and the BPL (Below Poverty Line) community in India. InVenture is partnering with their program, which encourages women-owned enterprise formation and development in and around Kancheepuram, Tamil Nadu. After a field assessment, the organization has determined that InVenture's mobile money-management IVR solution will be an instrumental part of their entrepreneurial training curriculum and can be introduced to all of their beneficiaries to encourage financial responsibility and savings.

The second agreement is with Micropension Foundation, the innovation arm of Invest India Micro Pension Services (IIMPS). Micropension Foundation is the only social enterprise in the world focused exclusively on encouraging and enabling low-income informal sector workers to accumulate micro-savings for their old age. IIMPS has developed a proprietary Micro Pension® model as well as a scalable and streamlined, technology-led platform capable of delivering a range of non-credit financial services to the working poor at an affordable transaction cost. The Foundation is working with InVenture to increase savings (and thereby increase pension deposits) among its

members and is also interested in incorporating InSight into their financial literacy training curriculum to facilitate ongoing financial management habits.

Milestone: Gain 500 new users on InSight platform and improve product for ease of use

Since Milestone 3 report where we had 1,522 registered users, we have gained 534 new users for a total of 2,056. We are still focusing on building out our own custom platform in order to address technical issues we were having with our 3rd party provider and to dramatically improve our user experience. To that end we have conducted over 100 in depth user research interviews and have made a number of critical product decisions accordingly. We will continue to refine the product to make it more interactive, and to provide useful savings and business tips to the end user, along with comparative reporting. We are also designing new marketing materials based on customer feedback which will allow us to achieve significant growth with larger partners in Q1 and Q2 of next year once the new product is field tested over the next month or two with our current partners.

Milestone: Provide project indicators including IRIS metrics and Grameen Foundation benchmarks of end users that include, at a minimum,

- **end user demographics**
- **end user business operating performance metrics**
- **results of monthly random audits on 5% of users**
- **end user social impact indicators including user savings rate**

Currently, women comprise 71% of our users, up from 52% 4 months ago. We attribute this increase to shifting our focus towards partnering with more women-oriented NGOs. The average overall age of a user remains at 38 with an average household size of 4.39. The 3 most common industries of InSight users remain service (59%), retail (20%), and agriculture (14%).

Several months ago we implemented a more advanced backend auditing system to help us understand user's inputs as they come in. Details from our Milestone 3 Report are copied below:

Every user we have in the system is automatically audited every time they send in their inputs through InSight. Their information is compared against industry averages and their average monthly inputs as indicated in their demographic surveys.

We have made significant progress in building technology that will help to ensure the quality of our data and will improve the effectiveness of our auditing procedures. First, we have developed a new smart error report that intelligently looks at the data, flags and classifies potential errors into four categories:

- High Error Possibility - Suspicious input based on their peers and their historical entries*
- Very High Error Possibility - Even more of an outlier based on their peers and their historical entries*
- Possible Typo - User probably forgot to put a space in between entries*
- Possible Fake - Consistently higher inputs than everyone else*

This will be offered to our partners as an external facing report to help guide them with targeting in-person audits. It is our plan to also offer our partners a way to track audit results within the InVenture Web Dashboard in the future.

Approximately 8% of inputs received 2 or more flags qualifying it for exclusion. As more data comes in the auditing system becomes more intelligent having a larger dataset to learn from.

After cleaning the data of erroneous inputs we calculated that the average monthly income to be approximately **29,000 INR (\$467 USD)**, monthly expenses of **22,000 INR (\$354 USD)**, and average savings of **1,100 INR (\$18 USD)**. In general, the income and expenses are higher than what we have seen historically. This is likely

caused by a recent focus on users who were most interested in qualifying for a low-income mortgage.

Our social impact indicators show a continued increase in financial literacy. This is gleaned from in person audits and user testimonials. Users in both cases express deeper understanding of where they spend their money and how to change their spending habits in order to achieve savings goals. We have also witnessed an increased retention rate since the first launch of InSight. This is likely because we have switched almost entirely from SMS to IVR (interactive voice response), with only push-SMS reports. The increased usability and decreased cost in the product allows the user to more easily understand and access the core value, translating into longer-term use.

Savings rate has remained steady since the last report. We are working on a system that will allow users to set savings goals and are hopeful this will drive the input of more savings data and users to save even more money overall.

InVenture

InSight: Mobile Accounting and Financial Inclusion in Emerging Markets

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Attachments

- Signed MOU for Hand In Hand
- Aide et Action (Email chain demonstrating intent to sign)
- Mahindra Rural Housing Finance (Email chain demonstrating intent to sign)
- Madura Microfinance (Email chain demonstrating intent to sign)
- Draft MOU for IPA (Email chain demonstrating intent to sign)

Partnership agreements finalized with three additional microfinance institutions in India (10 total) with an additional 500 users on InSight (2225 total).

We have finalized agreements with three additional organizations in India. The first agreement is with Hand in Hand, a Public Charitable Trust registered in the year 2002, but in operations in Kancheepuram District, Tamil Nadu, since 1988. Activities include poverty reduction interventions and sustained income generating programmes among rural, poor families in Tamil Nadu. Hand in Hand has nearly 1 million beneficiaries across India- they work in 30 districts across Tamil Nadu, Karnataka, Madhya Pradesh, Odha, Maharashtra, Rajasthan, Uttar Pradesh, Delhi, and Puducherry. Hand in Hand has a strong focus on SHG formation and support as well as encouraging local entrepreneurship.

The second agreement is with Aide et Action. We are starting by working with their initiative to promote education through livelihood training and enhanced livelihood opportunities through education. The primary aim of the program is to train youth and school dropouts from marginalized sections of society in employable skills. We have already begun conducting trainings on InSight and Financial Literacy for Aide et Action students in Chennai. There has been a delay in sending the final MOU as the signatory has been on leave but the MOU has been reviewed by the management team and approved for signature.

The third agreement is with Madura Microfinance, an MFI founded in 2006. Madura is unique in its data-driven approach- since its founding Madura has disbursed over 9 billion Rupees in microloans to over 500,000 people across 2000 villages in Tamil Nadu. They also have introduced an educational curriculum to benefit their borrowers. Madura sees value in the daily cash flow and demographic data that InVenture is able to collect remotely, and plans to roll out InSight through their education centers.

The last agreement is with Mahindra Rural Housing Finance (MRHF), which provides home loans to customers who are ineligible to take loans from banks due to lack of proper documentation and income proof. We have recently learned through surveys of our users that there is a relatively high demand for self-construction loans, both for home extensions and new constructions, so we approached Mahindra Rural Housing Finance to have them assess our users for potential home loans. The MOU has been approved by email, and we are expecting the digital signature to come through by the end of this week or early next week. Once the MOU is signed, InVenture will send income and expense details of over 300 prospective loan customers to MRHF for final approval.

Milestone: Gain 500 new users on InSight platform and improve product for ease of use

Since Milestone 4 report where we had 2,056 registered users, we have gained 710 new users for a total of 2,766. We have successfully built in-house and tested our own custom platform in order to dramatically improve our user experience and ease-of-use. We are now able to collect demographic information via IVR rather than paper surveys, and we have made the local language voice recordings and SMS much easier to understand based on customer feedback. We have also introduced weekly and monthly SMS reports which auto-calculate, and daily push-call reminders.

As a result of these new developments, we are seeing 50% retention rates and an average of 3-4 uses per week among our active users. We are also seeing high response and accuracy rates to our demographic surveys. We have built the system so that we have flexibility to A/B test different voice recordings, so that we can quickly learn which recordings generate a higher response rate. We have conducted over 30 in-depth user surveys from the users of the new version, to gather their feedback and to understand what features our current users value most, and what features they would like to see in future.

Milestone: Provide project indicators including IRIS metrics and Grameen Foundation benchmarks of end users that include, at a minimum,

- **end user demographics**
- **end user business operating performance metrics**
- **results of monthly random audits on 5% of users**
- **end user social impact indicators including user savings rate**

We have not seen any significant changes in these metrics since we last reported in Milestone 4. Details from our Milestone 3 Report are copied below:

Currently, women comprise 71% of our users, up from 52% 4 months ago. We attribute this increase to shifting our focus towards partnering with more women-oriented NGOs. The average overall age of a user remains at 38 with an average household size of 4.39. The 3 most common industries of InSight users remain service (59%), retail (20%), and agriculture (14%).

After cleaning the data or erroneous inputs we calculated that the average monthly income to be approximately 29,000 INR (\$467 USD), monthly expenses of 22,000 INR (\$354 USD), and average savings of 1,100 INR (\$18 USD). In general, the income and expenses are higher than what we have seen historically. This is likely

caused by a recent focus on users who were most interested in qualifying for a low-income mortgage.

Our social impact indicators show a continued increase in financial literacy. This is gleaned from in person audits and user testimonials. Users in both cases express deeper understanding of where they spend their money and how to change their spending habits in order to achieve savings goals. We have also witnessed an increased retention rate since the first launch of InSight. This is likely because we have switched almost entirely from SMS to IVR (interactive voice response), with only push-SMS reports. The increased usability and decreased cost in the product allows the user to more easily understand and access the core value, translating into longer-term use.

Savings rate has remained steady since the last report. We are working on a system that will allow users to set savings goals and are hopeful this will drive the input of more savings data and users to save even more money overall.

Begin data sharing with local wholesalers and research organizations such as IPA and IFMR.

- Now that we have shared data with Muthoot to qualify our users for affordable apartments, we are also collecting and sharing data relating to self-construction loans, for new homes and home extensions, which are in very high demand among our users. To that end we are just signing an MOU with Mahindra Home Finance as well, so that we can have an ongoing relationship with them to start qualifying our users for self-construction loans.
- Recently met with IFMR and reviewed the significantly improved data-collection capabilities of the new product. Their director of product is now reviewing with their team to determine the best way to move forward.
- IPA will be helping us optimize our overall distribution tactics and messaging by assisting with our A/B testing with messaging to see what are the most effective ways of onboarding users onto InSight. They will also helping with our organic distribution of InSight to Micropension beneficiaries.

InVenture Final Report

Executive Summary

- **What were the key objectives? How did the project aim to achieve these key objectives?**

The key objectives of this project were to increase transparency in the financial services industry, assign credit scores for unbanked individuals, and facilitate financial inclusion of those without access to traditional funding from lending institutions. We wanted to gain more users, establish more partnerships with MFIs, NGOs and community organizations and increase users' overall retention rates. To achieve these results we utilized our already existing network of MFIs, NGOs and community organizations in order to use our contacts to expand throughout India. As we made those connections, we contacted organizations that would greatly benefit from the InSight suite of products and whose customers would in turn, benefit as well. Though many of these organizations were small, their outreach to the unbanked population was vast, so our aim of signing up more users became more realizable. Retention proved more difficult but we have found that with use, users' loan default rates have lowered. Moreover, research has shown that financial literacy can improve business growth and savings by a rate of 6%. Therefore, through a combination of using InSight, financial literacy training, and access to direct financing, the users have greater financial access. This benefit of improved financial decision-making has motivated some users to continue using InSight while financial institutions and product companies have a better way of tracking their clients and can reasonably assess risk and predict default based on the credit scores those clients receive.

- **What are the key results and lessons?**

One of the key results is the fact that we gained more users (2,766, which is more than we predicted) and finalized 10 new relationships with MFIs and other organizations. Secondly, through client usage and feedback, we learned how to further improve our product to make it more user friendly. We expanded upon its customizability, language translation and added the voice activation feature to make it more accessible for populations with lower literacy rates. With each new user added, we observed what was working for our users, learned more about their spending behaviors and we worked to continually improve our algorithm. Through the data collection process, the third key result was that we learned a lot about users' needs and wants, which ultimately led us to connect users to not just microfinance loans, but home loans and product companies as well. Ultimately, the knowledge we've gained has led to a vast improvement of our product offerings. The InSight suite of products currently consists of:

- *InSight - Our mobile accounting tool that works via SMS, Voice (IVR), Web and Android to help individuals and businesses perform daily accounting and cash-management.*

- *InVision Dashboard - Our partners can view client data in real-time using our InVision web dashboard to pre-approve customers and service new leads.*
- *InVenture Score - InVenture's dynamic algorithm synthesizes all demographic data, credit history and financial information to reach user into a credit score that predicts each user's ability to successfully repay a loan and makes a recommendation of how much debt they could successfully repay.*
- **What are the next steps?**

The next steps are for us to continue expanding and gaining more users on the IVR and Android product. We expect to grow at a rate of a 5 percent month over month. We believe this is a reasonable estimate in line with our client-acquisition history. Not only are we seeking new partnerships with organizations in India, we have fostered new relationships with companies in Kenya and South Africa. We will continue to seek new opportunities around the world including within the United States where 60 million people are underbanked. We strive to continually improve our product, increase user retention and ultimately connect our users with other financial products and services. Our overarching company strategy is to generate credit scores for underbanked/underserved of the world, build and grow active channels to our clients via our technology, and earn a profit in order for us to reinvest in our technology to improve upon it. InVenture's strategic priorities are to get a large amount of users on the latest version of our IVR product in order to validate that it has increased engagement and ease of use, to create an active channel that has engaged users and to validate our data and usage and thoroughly monitor and understand clients. This way we can understand and catch issues and aberration up front, understand the accuracy of our data through in-person audits, and test different engagement methods including rewards or through a lottery system. Finally, we will run restricted capital lending pilots using Android & Mobile Money platforms in Kenya and South Africa. This way we'll be able to accurately evaluate credit worthiness with just mobile payment and other frictionlessly captured or scrapped data.

Background

- **Overview of project including timeframe, funding level (DIV and leverage/cost share) and brief contextual information about the location of implementation and testing.**

InVenture is a mobile technology company that aims to bridge the gap between the underbanked consumers in underdeveloped economies and the businesses that want to reach them. As the vast majority of the 4.5 billion individuals lacking credit scores and access to formal financial services currently do not keep track of their finances. Due to this lack of financial literacy, we have developed a solution to facilitate financial inclusion and connect people to the opportunities they deserve. Our solution addresses this lack of financial literacy, accounting tools and credit histories for low-income business owners. Additionally, our solution helps banks, multinational organizations and product companies expand their offerings to a larger base of qualified customers. Our mission is to create a fair and transparent financial marketplace. We want to create a market where simple mobile tools and intelligent data can change perceptions and circumstances, and thereby open new channels where buyers and sellers can connect and create new models in which to transact.

InVenture's services are best viewed as a suite of three different technologies working in concert: the mobile tool, algorithm, and web dashboards. The mobile tool, InSight, works via SMS, Voice, Web and Android to help individuals in the informal economy perform daily money management. The dynamic algorithm then uses this cash flow data to synthesize an individualized credit score for each user. This information is then shared with channel partners to help individuals qualify for affordable products such as business loans, housing, insurance, education, and everyday essential products such as cook stoves. Channel partners view data in real-time on the InVision web dashboard to pre-approve customers and service new leads.

In the long-term, InSight data will be provided to rating agencies and government organizations to create a standardized credit scoring system for business owners seeking new financing at competitive rates, thereby creating industry-wide transparency. InVenture's goal is to assign every individual with a credit score, which will properly assess their credit risk and allow them to qualify for appropriate financing.

At the time InVenture was awarded the Stage 1 DIV grant in September 2012, we had been in operation for about 18 months. We officially incorporated in April 2011. Most of that time was spent piloting our programs and refining our suite of products. We were working in the districts of Shivagangai, Pudukkotai, Tiruvannamalai and Villupuram in Tamil Nadu where our first users were women from a few partner institutions. InVenture had raised \$300,000 in seed capital from a small group of angel investors in mid-2010, and had also received funding from Echoing Green (2011 Echoing Green fellowship). The funding from Echoing Green has been used to hire full-time staff, develop our prototype and finance trainings and workshops. Other funds were used to improve operations, further develop the SMS mobile platform, and hire staff in the countries of operation. The \$100,000 DIV funding was used to expand our work in India, which included hiring staff in India, travel to and within India and improving our products.

Timeframe: Total funding: \$100,000 **Start date:** September 20, 2012

Completion Date	Milestone	Description	Payment
October 2012	1	Developed and delivered a project implementation plan	\$20,000
September 2013	2	Partnership agreements finalized with 3 MFIs and recruit 750 users.	\$20,000
October 2013	3	Partnership agreements finalized with 2 additional MFIs and recruit 500 more users (1225 total).	\$15,000
November 2013	4	Partnership agreements finalized with 2 additional MFIs and recruit 500 more users (1725 total).	\$15,000
January 2014	5	Partnership agreements finalized with 3 additional MFIs and recruit 500 more users (2225 total).	\$15,000
March 2014	6	Submit final report	\$15,000

- **What work had been done before the USAID grant that lead up to this project?**

India currently has 145 Microfinance Institutions with 31.7 Million active borrowers. The Indian microfinance industry is projected to continue to grow by 10% per year. InVenture was the first entrant in the marketplace providing an SMS accounting tool allowing us to gain a large market share. Before getting our USAID grant, we began piloting our work in Tamil Nadu to test our theory. Our three-pronged implementation strategy was as follows: (1) Existing Distribution Networks: Establish high quality partnerships with top-tier MFIs and NGOs, which will lead to the success of both the lender portfolios and acquiring users on the InSight platform. (2) Super-User Strategy: Establish a multi-level marketing and training strategy in which a local sales team is comprised of both salaried and independent salespeople. They are awarded a commission based upon the volume of clients they sign up on InSight through their own sales efforts and their downline sales organization. (3) Virality: The use case of InSight for the purpose of accessing highly desired financing makes it likely that demand for the

product will grow via word of mouth. Ultimately we decided to do away with the super-user (Mairtri) strategy and focus more on channel partnerships.

- **Please explain the causal links between your projects activities and the desired development impacts (the theory of change).**

InVenture's goal is to assign every individual with a credit score, which will properly assess their credit risk and allow them to qualify for appropriate financing. Through the use of InSight, not only will these individuals build a credit score enabling them to access formal financial services, but they will also gain access to tools enabling them to manage their cash flow and personal household incomes. We have already observed a change in spending habits towards health, education and food related expenses. Through the use of InSight, we believe we'll be able to decrease default rates and enable these micro-borrowers to make more informed financial decisions about their businesses and households and thus making them self-sufficient in the long-term. Research has shown that financial literacy can improve business growth and savings by 6%.

InVenture's solution will also have a long-term impact on the communities that we work in, specifically in terms of increased economic growth and financial literacy rates. There will be increased consumption and access to other social services. We estimate that for every one person that is directly impacted by InSight, at least two other people will be directly impacted through access to capital, change in spending habits and increased confidence in buying power. Additionally, InSight allows InVenture to collect data on daily spending habits and social metrics such as health and education access, home improvements, and nutrition spending. With this data we will have the ability to quantify the direct impact on the quality of life of the individuals that we serve.

Program Design & Implementation

- **What were the goals/targets of the project?**

InVenture's ultimate goal is to assign every individual with a credit score, which will properly assess their credit risk and allow them to qualify for appropriate financing. By year 5, we plan on scoring 30 million individuals who currently live in the informal financial sector. In the future, InSight data will be provided to rating agencies and government organizations to create a standardized credit scoring system for business owners who seek new financial opportunities at competitive rates. This leads to creating a more transparent industry. The targets of the project were to finalize 10 partnership agreements with microfinance institutions in India and have a total of 2,225 users on the InSight platform.

- **Describe the implementation of this project.**

In order for clients to use InSight, we partnered with MFIs and social enterprises interested in improved financial tracking and record keeping among the micro-entrepreneurs with whom they work. InSight was then introduced to these men and

women in conjunction with courses about basic financial literacy and management. Our field team would host InSight training sessions at the offices of our channel partners or at local community organizations where individuals would learn basic financial literacy, how InSight could help them manage their money efficiently and would learn how to use the tool for the first time. This brief education and transition into regular accounting encourages better business practices. Throughout the financial literacy course and product training, the trainees are made aware of the benefits associated with using InSight compared to tracking money on sheets of paper.

- **What organizations or stakeholders did you engage to implement the project? Please describe those relationships.**

We work primarily through introductions from current clients or business associates, however, we researched institutions and organizations that could use our services and approach them and pitch our services to them directly as well. InSight is marketed to potential beneficiaries via established local NGO's, self-help groups and community leaders. We did not attempt to enter into a community and market our product without a trusted local partner. It is through these partnerships that we locate individuals likely to benefit from using InSight and organize our product and financial literacy training sessions.

Our partner organizations are as follows: Action of Human Movement, Micropension Foundation, Drishtee, Usha Cooperative, Muthoot, Mahindra, MyMela, Hand in Hand, Aide et Action, and Mahindra Rural Housing Finance. Action of Human Movement (AHM), a voluntary registered Non governmental, non-profit organization that was established in 2004. This organization is working for the deprived sections of rural youths, women, children and the BPL (Below Poverty Line) community in India. InVenture partnered with their program that encourages women-owned enterprise formation and development in and around Kancheepuram, Tamil Nadu. After a field assessment, the organization has determined that InVenture's mobile money-management IVR solution will be an instrumental part of their entrepreneurial training curriculum and can be introduced to all of their beneficiaries to encourage financial responsibility and savings.

Micropension Foundation is the innovation arm of Invest India Micro Pension Services (IIMPS). Micropension Foundation is the only social enterprise in the world focused exclusively on encouraging and enabling low-income informal sector workers to accumulate micro-savings for their old age. IIMPS has developed a proprietary Micro Pension[®] model as well as a scalable and streamlined, technology-led platform capable of delivering a range of non-credit financial services to the working poor at an affordable transaction cost. The Foundation has worked with InVenture to increase savings (and thereby increase pension deposits) among its members and is also interested in incorporating InSight into their financial literacy-training curriculum to facilitate ongoing financial management habits.

Drishtee is a social enterprise building a rural, last-mile distribution network across Northeastern India, in Uttar Pradesh, Bihar, Assam, and other surrounding states. One of Drishtee's programs works to support and supply FMCG (Fast Moving Consumer Goods) products to small Rural Retail Points (RRPs). These RRP's are

running small businesses in the absence of any system of accounting, so InVenture has worked with Drishtee to provide these RRP's an easy way to track their day-to-day income and expenses, in order to run their businesses more effectively.

Usha Cooperative, based in Calcutta, provides financial security and education and career building opportunities for sex workers. Usha offers sex workers savings programs as well as access to loans. InVenture worked with Usha to provide InSight, our mobile money management and accounting system to their beneficiaries. InVenture then provided to Usha financial risk assessment of their beneficiaries, as well as an integrated scoring and tracking solution for their existing MIS.

Muthoot is a housing finance company with offices in various Indian states that uses InVenture's InSight scores to determine which clients will be eligible for housing loans in Tamil Nadu.

Mahindra is a housing developer that is setting aside 150 units in their newest affordable housing development in Chennai specifically for InSight users.

MyMela is an online marketplace that is creating a sustainable revenue stream for Indian artisans. Through their field partner Asha Handicrafts, we trained artisans in Uttar Pradesh on InSight in order to provide them with greater financial access and measure MyMela's impact on their quality of life.

Hand in Hand is a Public Charitable Trust that registered in the year 2002 but has operated in the Kancheepuram District of Tamil Nadu, since 1988. Its activities include poverty reduction interventions and sustained income-generating programs among rural and poor families in Tamil Nadu. Hand in Hand has nearly 1 million beneficiaries across India including working in 30 districts across Tamil Nadu, Karnataka, Madhya Pradesh, Odisha, Maharashtra, Rajasthan, Uttar Pradesh, Delhi, and Puducherry. Hand in Hand has a strong focus on SHG formation and support as well as encouraging local entrepreneurship.

We work with Aide et Action on its initiative to promote education through livelihood training and enhanced livelihood opportunities through education. The primary aim of the program is to train youth and school dropouts from marginalized sections of society with employable skills. We have already begun conducting trainings on InSight and Financial Literacy for Aide et Action students in Chennai.

Madura Microfinance is an MFI founded in 2006. Madura is unique in its data-driven approach- since its founding Madura has disbursed over 9 billion Rupees in microloans to over 500,000 people across 2000 villages in Tamil Nadu. They also have introduced an educational curriculum to benefit their borrowers. Madura sees value in the daily cash flow and demographic data that InVenture is able to collect remotely, and plans to roll out InSight through their education centers.

- **What were the demographics of the beneficiaries (or customers, if this is a private sector project)? How did you determine who participated / benefited?**

While our paying clients are the MFIs, NGOs and social enterprises, our end users are the beneficiaries of our product InSight. The demographics of these end users are as follows: the majority of our users are women at 71%, the average overall age of a user is 38 years old with an average household size of 4.39. The 3 most

common industries of InSight users are in service (59%), retail (20%), and agriculture (14%). We determined who participated by choosing partners who work with the poorest people of the world. These are the people who have been ostracized by the traditional financial sector and would benefit most from our tool.

- **What challenges arose during program implementation, and how were they addressed?**

Some of the challenges arose in getting the right people to spread the word about InSight and its benefits. The initial approach was to hire local women as “Maitris” (trusted friends in Hindi) to teach potential users about InSight and get them to sign up for the product. The Maitris were paid a commission based on how many people they signed up and if those users were retained. However, we quickly realized that this system was not going to work. Not only was it difficult to track users, many of whom were illiterate and couldn’t fill out the client identification forms, but also we had less oversight of the whole process in general. We addressed this issue by hiring trusted field staff members in each region that we work in to travel to the villages to train InSight users and do follow-ups with current users. We also hired an in-country Director who has had experience starting and running a company in India to oversee the field workers and their training of new InSight users.

Another unanticipated difficulty came up when we had to let go of two staff members in India, which led to complicating finishing the project on time. This issue was addressed by letting go of the two individuals who were dishonest and untrustworthy. It was a challenge finding and hiring new employees who were talented and capable of carrying out the work but also be someone we could trust. We are now extremely happy with our new employees who are hardworking, trustworthy and fervently believe in the company and its mission.

As a result of some of these challenges, we requested an extension from USAID and completed the project within 18 months instead of 12 months as originally planned.

Evaluation Design

- **How did you verify whether or not you met project goals and objectives? What indicators and instruments were used to measure them?**

We verified the success of meeting our project goals and objectives by measuring our ability to reach our milestones and targets throughout the duration of the project, as well as our ability to accomplish the intended impact we had on our product users and communities.

The success we achieved toward our milestones was measured through the number of community partnerships and InSight users we were able to obtain through the course of the study.

Our impact was measured by the increased financial literacy and access experienced by our InSight users. Project indicators included IRIS metrics and Grameen Foundation benchmarks of end users that included: end user demographics, end user

business operating performance metrics, results of monthly random audits on 5% of users, and end user social impact indicators including user savings rates.

- **For impact evaluations: What was the evaluation design? Please include if applicable: key study questions, randomization design, sampling strategy, power calculations, qualitative methods used, etc.**

We methodologically evaluated changes in spending habits to gauge increased financial literacy and an improvement in quality of life. Financial literacy classes, conducted by a local InVenture employee, began with a Social Performance Management (SPM) survey. This provided us with an opportunity to understand clients more comprehensively, allowing InVenture to continuously improve the appropriateness and effectiveness of our service and trainings. The curriculum, tailored to attendants, included essential financial vocabulary, methods for differentiating between personal and business expenses, ways to categorize expenses, and how to calculate revenue, loss, and profit. These lessons were reinforced with worksheets and activities that allowed participants to practice new skills as they learn them. After providing this foundation of financial understanding, students were taught how to use the InSight SMS tool to maintain financial records.

We measured the impact of InSight on our users' spending and savings habits by analyzing the change in their revenue, savings and financial literacy levels through the course of the study. Before users began to use InSight, baseline financial data was collected on metrics like average income, expenses, savings, and revenue. By encouraging users to report expenses categorically, InSight facilitated increased awareness of personal spending habits. When measuring financial literacy, a more qualitative approach was taken, analyzing changes in specific spending habits. For example, we believe that spending more on education and health demonstrates an increased quality of life. Additionally, the increase in revenue as a result of improved money management, and access to capital as a result of credit scoring helped business owners hire additional staff for their operations, contributing to employment and the local economy.

Additionally, we also performed social performance surveys on the businesses we worked with and incorporated both IRIS metrics and Grameen Foundation benchmarks into our surveys. We recognize and understand that in order to maximize our impact in every region and community we work in, it is necessary to give our beneficiaries a voice by engaging with and getting direct feedback from the very people we are trying to help. Data collected from social performance surveys combined with direct data from micro-borrowers were elicited to validate the integrity and enrich the quality of data of measuring InVenture's impact and solutions in the field.

We employed a thorough approach to the collection, aggregation, analysis, and auditing of data. Data was collected through social performance surveys and directly through the InSight mobile tool. Once collected, the data was aggregated in our databases and screened for accuracy, by first establishing a baseline profile for each user based on average reported social and financial variables, and then filtering for outliers outside that baseline. To ensure the quality of our data, we employed field staff

to conduct a random audit of 5% of our user base in their home or place of business on a monthly basis. During these audits, we verified personal assets and operations of the business as well as assessed the revenue and expense trends of the household.

The financial data was then used to create a quantitative credit score, which empowered our InSight users to prove their creditworthiness at a household or business level. With credit scores, our users, specifically business owners, were able to gain access to greater capital, thus allowing us to observe and evaluate first-hand the qualitative impact InSight could have on the quality of life of our users by providing them with access to products and services that have been traditionally out of reach.

- **Summarize preliminary (or final) quantitative and/or qualitative results of the intervention.**

Our impact indicators include increase in revenue and savings levels, increased financial literacy and access to essential products and services of our InSight users. This is gleaned from in person audits and user testimonials. Users in both cases express deeper understanding of where they spend their money and how to change their spending habits in order to achieve savings goals. We have also witnessed increased retention rates since the first launch of InSight. This is likely because we have switched almost entirely from SMS to IVR (interactive voice response), with only push-SMS reports. The increased usability and decreased cost in the product allows the user to more easily understand and access the core value, translating into longer-term use.

Analyzing the livelihoods of our beneficiaries, we have determined that the 3 most common industries of InSight users are service, retail, and agriculture. The monthly average income of our users is approximately 29,000 INR (\$467 USD) while the average expenses are about 22,000 INR (\$354 USD), showing an average savings of about 1,100 INR (\$18 USD). We have proven that it is very effective for our users, particularly for businesses, to keep a digital record of their finances, as demonstrated by the increase in revenue and savings as a result of using InSight on a regular basis.

To date, we have seen an average of a 12% increase in revenue and 25% increase in savings as a result of using InSight. Our users began to show a steadier stream of income after usage indicating a higher awareness of financial literacy. Regular InSight users lowered their spending on non-essential items indicated by a steady decrease in the Other category (based on our field research, this tends to include spending on festivals, gold jewelry, snack food, etc.). This indicates an increased awareness of and control over spending habits after sustained use of InSight, which leads to higher levels of fiscal responsibility. In the top 10% of users (those who use the tool most regularly) we saw an increase in inventory spending indicating that they were expanding their businesses.

InVenture has consequently observed an increase in savings among InSight users, as well as a modification in spending behavior with a greater focus on social welfare expenditures like education and healthcare. Our multifaceted platform is designed to first educate the unbanked in financial accounting and responsible spending, and then provide them with the necessary tools to apply their knowledge in their everyday lives.

Furthermore, our credit scoring has empowered InSight users the ability to prove their creditworthiness in the formal economy, which has allowed them access to greater capital. Thus far, 75% of our housing loan applicants have been deemed creditworthy by one of our partner financial institutions. For those individuals, InSight had a direct impact on their quality of life, providing them with access to affordable housing options that were out of reach prior to their use of InSight.

We also believe that we are making an impact by changing the landscape of financing for women. The vast majority of InSight users are women, 71%, demonstrating InVenture's support for women-owned businesses and progress towards transforming a system that has been long embedded in gender inequality.

- **Did anything occur during implementation or data collection that could have threatened data quality?**

We put in place several checks and balances before and throughout the course of the study to ensure the quality of our data. We constantly maintained and updated an audit checklist to audit data daily, by establishing baseline measures of average assumptions and patterns in the data and examining incoming data based on those patterns.

We also ensured against bias among our field officers. In many cases, we had independent auditors and field officers performing the field audits and data verification in addition to our own staff in order to ensure consistent, unbiased data.

However, it is difficult to completely control for data quality due to the nature of our data collection. Since the InSight application is based on self-reporting by our users, the data we collect is reliant on our users' ability to actively know their numbers. While we gave users the resources and training to best use the application, its correct use is ultimately based on the individual and their ability to report their numbers. In the end, however, an individual's self-reported data is only one of the factors we use to calculate their credit score. Thus, despite some unreliable data, we are confident in our ability to generate fairly accurate credit scores, as user data is only a portion of the equation and therefore difficult for users to intentionally game the system.

- **Are there any methodological limitations to the analysis?**

We believe we had limited methodological limitations to the analysis. We used the Grameen Progress out of Poverty Index (PPI), which is a fairly statistically sound, widely used, and widely-accepted impact measurement tool. Our Social Performance Measurement surveys collected objective poverty data from a statistically significant sample of low-income households.

- **If you have significant new or different evaluation plans for your future work, please describe.**

We plan to keep our current evaluation methods as we have seen much success in their use as strong indicators of impact measurement. However, we plan to build upon those methods to continually improve our product, data collection methods, and

credit scoring algorithms.

We are currently performing an increasing number of phone-based surveys and interviews with InSight users to receive direct feedback and improvement suggestions on the product. Moreover, as we continue to improve our data collection techniques to acquire higher quality data, we are continually refining our credit-scoring algorithm to generate more accurate, improved credit scores.

Findings

- **What lessons were learned during implementation? What are these lessons based on? If applicable, please provide details about lessons in the following areas, especially those that could inform future scale up or replication:**
 - **Staffing patterns/skill sets required for implementation**

At the beginning of our implementation, we worked through a process of using community leaders that helped to spread the awareness of our product. We used a very similar model to that of Avon, where each woman used her own network and was incentivized by a small bonus if she properly trained another user. This worked for a while, and we had immediate growth, but we felt as though our message was becoming diluted and the financial literacy component of the training was not being adequately covered. Because of this, we switched to rely on our own staff and come up with a better way to do trainings and spread our message.

We tested organic marketing methods to bring in users into training workshops, which worked well, but we had shortened the length of our training so that potential users were not turned off. As we continuously learned from feedback from our on-site training sessions, we adapted our product to incorporate part of the training into the voice messages of our IVR product itself and created improved handouts of how to use the system and the value proposition of InSight.

- **Key partnerships to obtain and/or maintain**

We have worked hard to ensure better partnerships with organizations that are well placed and very tied to our social mission. Having worked through a number of organizations with competing interests, we have finally secured partners who are not only aligned with our mission, but also bring real synergies and benefits for our users and all parties involved. We are focusing on partnerships with organizations with over 100,000 beneficiaries, where we are still able to test our product on small sample populations but also eventually grow with the company to scale our product to their entire customer base for wider distribution.

These key partnerships that we plan to maintain and grow in the future include Hand-in-Hand, Micropension Foundation, and Eko Mobile Money. Hand-in-Hand is an incredible community organization focusing on education and women empowerment in India, with over 900,000 beneficiaries. Micropension is very closely aligned to our mission and product as well, providing significant value to our users through providing micropension accounts for their old age. Eko is a valuable mobile remittance

partnership, which allows us to understand and track where our users' money is going on a day-to-day basis and also provides us a channel into the mobile money ecosystem.

- **Contextual information such as cultural/social norms**

Adapting our product to not only fit the cultural norms, but also fit into the everyday lives of our users was absolutely imperative for the success of our study. We interviewed hundreds of individuals in the informal economy to learn their pain points, motivations, and challenges. We learned they had similar dreams and desires as many consumers around the world - to be in control of their finances and lives, have the knowledge to make sound decisions, and have the access to products and services that could improve their quality of life. However, they struggled daily from challenges brought upon by lack of financial access and lack of financial literacy - without savings, they could not pay for large purchases such as household goods and weddings, without financial training or formal records, they could not access affordable credit. Moreover, they often viewed accounting and savings as a luxury only meant for the wealthy, and did not believe they had enough money or the privilege to be able to use a tool like InSight.

Thus, we had to break down those social norms and ideas, and build trust with our users before we were able to successfully implement InSight. We worked with mairis, trusted community leaders, to bring trust and comfort around sharing financial information for the greater, valuable purpose of long-term savings. We worked very closely with community organizations and ran one-on-one trainings within the community to build trust and that personal connection so that community members felt comfortable sharing their data with us. We adapted our product to the local dialect, softening the messaging and making it a very personalized, engaging experience for the user.

- **Policy and legal framework opportunities or challenges to implementation**

In the early stages of our project, regulation in India made it difficult for us to initially acquire a voice provider in India for our system. We also found it difficult to ID our users with minimal formal documentation available in rural communities. Thus, we have been trying to find a way to partner with the Unique Identification Authority in India (UIDAI) to allow us a better way of identifying and tracking our users in our system, and validating their self-reported data through government KYC (Know-Your-Customer) data.

In addition, we found mobile communication service to be inconsistent throughout India, particularly in the rural regions. We spent much time and resources testing carriers and their network connections, but often found it difficult to find consistent and reliable service in all the different regions we worked. Despite no errors on our side, unfortunately due to InSight being a mobile technology product, we are dependent on the quality and service of mobile connections in a country and are susceptible to unpredictable reception and network connections.

- **Product or service delivery modifications**

We originally designed InSight to be available on both SMS and voice (interactive voice response, or IVR) platforms to allow illiterate business owners a way to use our InSight personal finance tool. The voice product proved to be a widely engaging, flexible medium that could be used at no cost by our users. The missed-call system avoided fees and functioned through a voice call whereas SMS had micro-fees and required someone to be able to read and write. However, our first IVR product, IVR 1.0, was built on a fairly inflexible third-party platform that limited our control of the product.

Thus, we rebuilt our own voice system, IVR 2.0, from the ground-up, giving us greater control over the flow of product and the experience of our users. IVR 2.0 works on a single InVenture platform that allows us to build custom campaigns for our market segments based on their varying languages, lifestyles, and financial literacy levels (e.g. women entrepreneurs in Northern India or college students in the South). The platform has a simple back-end and a web admin that can be controlled by non-technical team members or project partners. Our live product can be modified, A/B tested, and converted from SMS to voice all via the admin.

We launched our first large-scale deployment of IVR 2.0, focusing solely in India. The new IVR system provides the user with a highly interactive experience and works in multiple dialects yet requires minimal effort for maintenance and campaign changes, resulting in more consistent data collection in India.

For the overall product, the most important lesson we learned through the course of the study was honing in on our specific value proposition for our users. Through InSight, we were not trying to provide credit or access ourselves, but instead, providing our users with the knowledge and resources to build savings habits and better manage their money so that they could realize and achieve those long-term benefits themselves. While behavior change is more difficult to achieve, it is important for truly creating change and impact in the long run.

- **What do the lessons learned from this project imply for future funders and/or policymakers?**

Due to the mobile technology and network connectivity limitations present in India, and high-touch relationships required with our users, we found it was imperative to have capital specifically devoted to concept testing and quick iterations of our product. The exclusive SMS and voice development environment made it especially difficult for us to quickly test errors and receive user feedback, without either physically calling our users or interviewing them in person. Moreover, a high-touch and engaging experience with our users was very important to the success of our product, as it relied on a deep understanding of their day-to-day lives, social cues and habits so that we could successfully integrate our product into their habits and create the optimal behavior change.

For policymakers, we believe that they would benefit from collaborating with startups and other small innovative companies working on a grassroots levels to better understand the challenges and needs of under-resourced communities. Mobile technology, and especially mobile banking and mobile money, is rapidly expanding in developing economies, and can be leveraged to help collect very refined and detailed

micro data from large populations very quickly. Support from policymakers in utilizing mobile technology solutions for change, in addition to support for innovative uses of technology for public good would greatly enhance our working environment and ability to achieve our mission for universal financial inclusion and access.

- **To what degree and in what contexts can these results be generalized?**

Though we focused our project primarily in the Tamil Nadu state of India, we have worked with partner organizations on five different continents, which collectively reach over 10 million individuals worldwide. In our product research and development, we have conducted interviews with hundreds of individuals in the informal economy, not only in India, but also throughout the world. We have seen the same behaviors, motivations, and pain points throughout all communities, as they struggle to achieve a better quality of life with the limited resources and access that has been given to them.

While we feel the details surrounding logistics of execution and the specific partnerships leveraged may be unique to India, the overall learnings of our project, particularly in regards to the impact and benefits experienced by our users can be generalized and applied to other countries. The success of our current work in Kenya and South Africa are testaments to the universal application of our product and learnings to other regions of the world.

Cost-effectiveness & Competitive Landscape

- **What existing common practices or competing solutions seek to address the same development challenge as your solution in the areas you intend to operate and scale? How does your solution compare? What are the advantages to users/customers (including cost considerations?)**

Our unique selling proposition is simplicity and accessibility of product, and versatility and sustainability of its use and impacts. Currently, there is no other organization in the market providing the specific use case of financial literacy, risk management, or due diligence through a mobile platform. The data captured by InVenture's mobile money management product, InSight, is an innovative approach to understanding how bottom-of-the-pyramid (BOP) households, businesses, and communities manage money. This data can be leveraged to provide the necessary education, financial metrics and potential partnerships to revolutionize the microfinance industry as a whole. Because InSight works across all mobile phones with no additional technology required, it has the potential to become a cost-effective and versatile tool for microfinance institutions, development organizations, banks, and consumer products companies.

Our focus on combining real-time accounting, mobile payment, and social data directly from our users provides a clear differentiation from other mobile risk assessment efforts. Our solution does not rely on proxies to source data; thus, our data is more accurate and representative of our target population. Other organizations are dependent on data provided by financial institutions, telephone companies or other large governments to base their credit scoring systems. By contrast, InVenture is using

a simple and innovative methodology of capturing micro-level data directly from our clients. We are putting the power right into the hands of our users rather than working from macro-level data to derive micro-level solutions.

Furthermore, InSight is distinct and innovative not only in its purpose and potential for social impact, but also for our approach and use of mobile technology and data. Functional in eight different languages on SMS, voice, web, and Android platforms, InSight can be used on standard, feature, and smartphones, reaching virtually all mobile users, even those individuals who cannot read or write. InSight is a low-cost mobile personal finance tool that provides individuals and micro-businesses in the informal economy a simple and accessible way to track their finances, learn basic financial accounting, and develop responsible savings habits, all through their cell phones. This self-generated cash flow data is the first of its kind, powering novel insights into the creditworthiness, consumption behavior, and purchasing power of this previously undocumented population.

We believe in providing a solution that not only builds a more efficient marketplace, but also educates and empowers those previously unbanked individuals to become influential consumers in the formal economy. We carry the unique expertise of understanding the mobile financial technology sector while also having a deep and meaningful understanding of the unbanked communities and their motivations, challenges, and drive for financial growth and progress through technology. Leveraging the relationships of partner organizations on five different continents, we have interviewed hundreds of individuals in the informal, unbanked economy and tested their abilities and desires for using mobile technology to better their financial situations. Our product is distinctly different because we know the unbanked consumer better than anyone, and are constantly improving and developing our product based on his or her actual use and feedback. By building another dimension of information and transparency in the financial marketplace, we're deepening the digital identity and footprint of individuals in the low-income community, allowing them greater visibility, access, and opportunity for entrance into the formal market economy.

We believe that we can use mobile technology and data to create a more transparent and innovative financial marketplace. We do not intend to change financial products themselves but rather the system as a whole to take away the perceived sense of risk in lending to this market, which is groundbreaking.

- **Please assess the extent to which your solution yields (or has the potential to yield) greater impact per dollar than alternate ways of achieving the same development impacts. Provide estimates of impact per dollar for your solution and alternatives if possible.**

The average microfinance institution (MFI) spends 16% of its loan portfolio on loan due diligence and servicing costs. MFIs have brought access to capital for millions of individuals, however, an increased rate of lending in the microfinance sector has resulted in increased portfolio risk for MFIs over the past decade. For MFIs, there is a systemic difficulty in acquiring reliable data. Imperfect due diligence and lack of established credit histories for micro-borrowers makes lending to the Bottom-of-the-Pyramid (BoP) population particularly risky. Risk mitigation perceivably necessitates

hiring more field officers, which means higher operating costs and lower margins for MFIs, creating a difficult lending environment. The problem however, lies in the absence of an efficient methodology for MFIs to effectively monitor the business activities of a particular borrower. The need for transparent data on micro-borrowers' activities and business metrics is critical.

Our unique solution leverages technology and the rapidly expanding mobile industry to increase financial and risk information in the economic ecosystem, bridging the gap between borrowers and lenders and facilitating universal financial inclusion and access. For our study, we worked with 2,766 users, who manually recorded 5,770 transactions. With a total project cost of \$147,576, that results to an estimated cost of \$25 per transaction. However, each transaction not only provided multiple data points, but also valuable insights and information about the users' purchasing power, consumption behavior, savings behavior, and creditworthiness that would otherwise be entirely unavailable. Moreover, with each transaction input, our InSight users increased their financial literacy, learning about financial accounting and responsible spending that provided them with the knowledge and tools to improve their lives. Our users saw on average a 12% increase in income and a 25% increase in savings as a result of using InSight, indicating an increased awareness and control over their spending and savings habits. Furthermore, recording transactions into InSight allowed them to create a digital financial identity and footprint, which they previously lacked in the cash-based informal economy, providing them greater visibility, access, and opportunity for entrance into the formal marketplace.

InSight is a simple, accessible, cost-effective, and globally scalable solution provides unbanked individuals with the tools and resources to increase their financial literacy, take control of their finances, and gain access to the essential products and services that will improve their quality of life. Through simple mobile accounting tools, alternative credit scoring, and real-time data analytics, we are working to create a more transparent financial ecosystem and ultimately, a warehouse of financial information to put equal power in both the lenders' and borrowers' hands. By facilitating a more fair and efficient marketplace, we hope to empower individuals and institutions with the resources to safely and securely connect to create lasting, systemic change in emerging market economies.

Financial Results and Scaling Plan (Private sector projects only, please note that public/private hybrids may need to answer questions from both sections)

- **What were the financial goals for the target market and overall operations? (sales, costs, estimates for break-even requirements, etc.)? Were these goals met? What are the future financial prospects for the company (e.g. sales, costs, break-even requirements)?**

We anticipated spending approx. \$500,000 on this project overall. Our original budget consisted of travel costs, product costs, personnel, office supplies and legal fees. Because our project lasted longer than the intended time frame (18+ months instead of 12 months) as well as other changes to the scope of our work, our budget varied significantly from what we originally submitted. We were very conservative with our

funds, so we did not exceed the original \$500k budget. In fact, we spent far less than we expected because we decreased the number of full-time staff members in the US and kept product costs as tight as possible. The breakdown of costs for this project is below:

Item	Amount	Comments
Personnel	\$213,881	<i>Includes salaries for US Staff (CEO, Director of Product), in-country staff (Business Development Manager, Operations Manager, Tamil Nadu Manager, and field staff).</i>
Travel	\$20,000	<i>Includes travel from US -->India, Travel & stays w/in India, reimbursements for field staff)</i>
InSight Costs	\$50,000	<i>Includes contractor fee for engineer, InSight Phones, Mobile Top-Ups, Amazon Web Servers, subscription fees for mobile messaging platform.</i>
Office Maintenance & Supplies	\$1,586	
Marketing	\$8,500	<i>Marketing Consultants for India Marketing Materials</i>
Legal	\$10,945	<i>India Incorporation and related fees.</i>
TOTAL COSTS	\$304,912	

Our spending goals were lower than expected because through our work with both InSight users and our partner institutions we realized that there were a number of improvements that we could make to our tool so we could reach more users in a shorter period of time. We also had some staffing changes that led to a decrease in spending. Another reason for the change in spending is that we launched new programs in Kenya and South Africa in addition to the work we were doing in India around InSight.

We have re-structured our team in India and have hired a full-time India Country director

who is managing all operations in India. Sonali Mehta-Rao has been working with our engineering team on product improvements for the Indian market as well as building new partnerships and increasing our user base. Within the next year, we plan to reach 10,000 users across India, Kenya and South Africa. Below is a draft of our expected expenses in India for the rest of 2104:

Expenses	
Office Expenses	\$3,329
Travel Expenses	\$17,758
Personnel Expenses	\$76,217
Product Expenses	\$42,918
Administrative Expenses	\$1,890
Total Expenses	\$138,783

- **Do you anticipate requiring additional public funds (grants or subsidized loans)?**

As we scale throughout India and grow our current programs in Kenya and South Africa, we anticipate applying for a number of grants and public funds, including USAID stage 2 funding.

- **Which stakeholders necessary for future scale-up/expansion have already been engaged and which are still needed? Have you made progress towards securing debt or equity financing? What further assistance would you need from USAID or another public entity to secure future private investment?**

In order to reach as many users as possible throughout India, Kenya and South Africa it will be necessary to form partnerships with entities that can help us form direct links to prospective users, gain access to data that would help us generate more accurate scores and information that will help us improve our suite of products. Some great partners would be partnerships with stakeholders such as UIDAI (Unique Identification Authority of India), credit bureaus and organizations that track farmer subsidies. As our product functions on mobile, ideal partnerships also include telephone companies such as Vodafone, Airtel, Safaricom and other major mobile and data providers. We will also continue to establish partnerships with banks and financial services providers (e.g. Equity Bank in Kenya), as well as product companies (e.g. Simpa Networks and Off-Grid Electrics) that will use our InVenture Score to assess risk and predict default. Business Development is a large part of our work, and we continue

to build partnerships in order to reach more potential users and connect them with formal services.

InVenture has raised a total of \$2.1MM since inception from investors such as Chris Sacca/Lowercase Capital, Google Ventures, Collaborative Fund, Mesa+ and a number of angel investors. We are currently preparing to raise a Series A round of approximately \$3MM. We have begun conversations with VC firms who may lead our round, and we hope to acquire USAID DIV Stage 2 funding in addition to that round so that we can grow to reach 100,000 users over the next 5 years. Our recent funding announcement can be found on [TechCruch](#).

- **What are the relevant lessons for other social enterprises working in this space? Are there plans to disseminate to other stakeholders, if any?**

We often share our findings and experiences with other social enterprises working in this space through conferences, fellowships, and other opportunities to connect with stakeholders in our space. As a global organization it can be difficult to oversee all aspects of the daily activities within one's company. It is a challenge to monitor all employees' actions abroad, especially when making sure he or she is inline with the company's mission, simply due to the fact of physical distance between the head office and its satellite offices. Hence, we learned first hand that when hiring someone, he or she does not just have to be the most talented or have the best education, but he or she must be someone one trusts and who is motivated and eager for the cause at hand. Our USAID milestones were delayed due to the firing of two key employees in India. This shows that we had to be flexible and proactive in picking up from where we left off in our expansion process within India and to be careful not to lose the momentum we had gained. We took great care in vetting and hiring our next employee and who then oversees all of India's operations. She also has experience working in both India and the United States and travels throughout India to make sure all employees get the support and guidance needed to continue InVenture's mission.

Another lesson learned is that being flexible is a key attribute, especially in a startup company. When we launched our product in India, we should not have expected the product to stay as is and not adjust towards market demands. It is obvious that after any concept testing and user research, our product would need tweaking and require add-ons. Knowing when to change the product according to what the clientele needs and wants was a skill we all developed throughout this process. A great example of this is when we adapted our product from IVR 1.0 to IVR 2.0. Had we not adjusted the product to be more flexible and customizable from the start, we would have had so many issues down the road. Since not making this adjustment would have meant fewer people using our product, we would have marginalized many of our future clients who needed our product. We are lucky to have such a talented group of engineers who are willing to innovate and adjust the product and do so quickly.

This lesson also goes hand in hand with not being afraid to change direction because failing fast lead us to learn from our mistakes and recover quickly. When we realize something is not working, we don't remain static and unmoving, we change and adapt to market demands.

Feedback for USAID (This will be provided to grantees in a separate form for them to fill out)

- **What have your interactions been with DIV, and how have they impacted the program? What was the value-add of DIV's financial support? What would have happened without this financing? Aside from financial support, were there other benefits received from DIV? How does DIV compare to other funders? How can DIV improve?**

The USAID DIV grant has been extremely valuable as we grow and build partnerships in India. Because we are a start-up we are not well-known, but recognition from USAID and DIV has helped us as we've built partnerships. The financial support was also very helpful, especially between fundraising rounds. Without the financing, we probably could not have made the new hires we were able to make in India to get us back on track.

Our interaction with our grants manager was great. He was attentive, responsive and very patient with us. He always answered our questions when we had them, and was especially helpful when we requested an extension. We wish we had established a better relationship with him sooner, but we were not clear on what we could or should be asking of him or the DIV team. However when we did have questions or make requests, the team was accommodating and helped however they could.

This grant definitely required more paperwork and reporting than other funders we have worked with, but the process helped us examine and re-examine our work, which helped us to stay focused. While we are always keeping tabs on the data and the overall impact we are having, it was good for us to see how much we've changed over time.

One thing that would be a great improvement for the DIV program is to create an opportunity to connect with other DIV grantees either in person or through some sort of electronic forum. We have found these opportunities to be very valuable in our other fellowship programs (Echoing Green, Unreasonable Institute, TED), and we would love to be able to share resources and experiences with DIV grantees as well.

- **What were the strengths and weaknesses of your experiences working with DIV? You may wish to comment on some of the following: the applicant process, the reporting requirements, feedback you received on**

deliverables, the payment process, other interactions with USAID, and whether the fixed obligation grant / cooperative agreement allows the appropriate level of iteration.

Once we got the hang of the reporting requirements things were pretty smooth. However, we did not realize how strict the milestone and reporting requirements would be. Our milestones required signed partnership agreements with microfinance institutions in India, but during this stage we took a step back to really focus on developing our product, and working with different types of partners, when the scope of our work changed. We also began working in Kenya and South Africa, but we were not able to include any partnerships we made there in our reporting. We met our targets, but we were not able to talk about successes that diverted from our original plan. This was at times frustrating because even when things were going well, it seemed as though we were missing our mark. Allowing for a mid-point review would be a great improvement to allow grantees the opportunity to discuss challenges and potential new opportunities and get feedback from the USAID DIV team.