

## MISSION 6.1

## PORTFOLIO

Email: [ajaegbu35@gmail.com](mailto:ajaegbu35@gmail.com)

Formatted: Font: 11 pt

**Venture Capital Analyst**

**Entrylevel 2022**

Ebuka Emmanuel Ajaegbu

## Market Analysis

**Choose a country:** Nigeria

**Sector:** Consumer lending (CreditTech)

**Market Outlook:** The consumer lending market in Nigeria has continued to grow in past years and it is projected to continued to grow in the foreseeable future. A report from Euromonitor international, a London based market research firm, has continued to project a consistent growth in consumer lending in Nigeria since 2016. It projected that consumer lending in Nigeria will grow by 21.4 percent in 2021, but according to a report release by CBN; apex bank in Nigeria; the consumer lending/ credit in Nigeria rose by 40% year on year in 2021 when compared to 2020. It is believed that CBN continuous increase in the loan to deposit ratio policy, continuous competition between banks and fintech, improved credit appraisal, diverse products among others have led to this growth.

**Market Size:** The current market size of consumer lending in Nigeria is N2 trillion in January 2022 according to a report released by the CBN. Consumer lending has an estimated total addressable market (TAM) of N21.6 trillion. Nigeria has a population of over two hundred million people of which Sixty million are employed and working with minimum wage, the average annual revenue of salary worker using minimum wage figure is 360,000 per annum (Assuming the maximum loan amount they can obtain is their annual income). This is translated to an estimated TAM of N21.6 trillion. The current market size is lower than the estimated TAM indicating a lot of opportunities for new entrance in the market.

**Customer Segment:** Consumer lending is a credit facility that is centered on individuals and households. This lending is provided for personal, family or household purposes. The age range of customer in the industry is between 18 years to 65 years (Higher institution worker like university and polytechnic). these categories of customer are people that work either at the private sector or the public sector in

Nigeria. The public sector workers have the income level as low as minimum wage (18,900) per month to N454,000 per months for managers or director level. The private sector worker salary varies as determined by the employer.

**Customer Perception:** According to multiple studies, customers in the industry are not happy with the service delivery time of the financial institution and fintech in the industry, this customer want their loan to be approved in less than 24 hours the loan was applied. There are also concern regarding loan sharks in the market, this sharks charges ridiculous high interest rates, defraud and blackmail Nigerians through illegal loan facilities.

## Trend Analysis

### List 3-5 key trends in the last few years

1. There has been proliferation of unscrupulous loan sharks in the market providing illegal credit facilities to unsuspecting victim in the industry. They provide unsecured ridiculously high interest rate loan to their victim and threaten them if they are not able to pay back the interest and principal repayment.
2. There has been recent crackdown on loan shark by the Federal Competition and Consumer Agency in Nigeria. Recently, money lending apps like Maxi credit, Chacha , Here4U and Softpay have been ordered by FCCA to be removed from the Google Playstore for escalating unethical, obnoxious and unscrupulously exploitative practices in the industry. FCCA has also ordered payment system operators (PSOs), telecommunication companies in Nigeria to stop providing support that enable illegal digital money lenders to perpetuate their fraudulent activities.
3. The Federal competitions and consumer protection commission has developed an interim regulatory/registration framework and guidelines for digital lending.
4. **Loan to Deposit Ratio Policy:** There has been continuous increase in the LDR rate by the apex bank in Nigeria throughout 2022: In a bid to combat inflation in the country, the MPC has continuously approved to increase the monetary policy rate (MPC) from 11.5% to 13.5% in May to 14% in July. The implication of this is that it will cost individual more to get a personal loan from banks and financial institution in the country. The implication is the apex bank is adopting a contractionary policy to slow down lending, and in the short to medium term, reduce inflation.
5. There is a growing adoption of ITC technology in improving consumer lending in Nigeria, Most Financial institutions in the consumer lending industry are now having basic technology like an official website where their different products or services are listed.

## Deal Analysis and Key Players

Share 5-10 Highlights on deal activities in the last few years in the sector of your chosen.

1. **Lendsqr**: A cloud-based lending platform designed for small and medium size lenders; announced that it raised a seed funding of \$1 million in March 2022
  2. **PayHippo**: Is an AI driven lending platform making it easier to finance small and medium sized business; has raised the total of \$4.1 million, with latest seed round of \$3 million led by an angel investor Ham Serunjogi and Maijid Moujaled
  3. **Fairmoney**: The fastest growing mobile bank for emerging markets; has raised the total of \$64.7 million with Series B funding of \$42 million from Tiger global management.
  4. **Carbon**: A digital banking platform for all lifestyles; has raised the total of \$15.8 Million with the latest debt financing of \$5 million.
- **Branch**: An Africa startup and mobile lending app raised \$170 million comprising of \$100 million series C and \$70 million debt financing led by B capita.

### Key Players

#### 1. Access Bank Plc

**Product and Services**: Access bank Plc is a deposit money bank (DMB) that offers a wide range of sophisticated products and services to the consumer. It includes brokerage services, credit cards, lending and mortgage to individuals and SME's

**Revenue (2015-2020)**

Years	Revenue
2015	N 337 billion
2016	N381 billion
2017	N398 billion
2018	N435 billion
2019	N 667 billion
2020	N765 billion
2021	N972 billion

**Employees**: 28,121

**Recent Development**:

July 2022: US International Development Finance Corporation (DFC) signed a commitment letter of \$280 million financing to the bank

Jun 2022: Access bank plan to acquire Sidian Bank for N15 billion in Kenya

March 2022: Access Bank named Roosevelt Ogbonna as access bank new MD

Oct 2021: Access bank acquires the majority stake in BancABC Botswana

## 2. GTCO

**Product and Services:** GTCO has its claim “is the bank of the youth” offer wide range of financial products, it offers bank overdraft, loans, savings deposits, other credit facilities to its customers

**Revenue (2015-2020)**

Years	Revenue
2015	N 308 billion
2016	N414 billion
2017	N419 billion
2018	N434 billion
2019	N 435 billion
2020	N455 billion
2021	N447 billion

**Employees:** The bank has over 10,000 employees as of May 2021

**Recent Development:**

(Jun 2022): CBN grant GTCO final approval for its payment subsidiary HabariPay

(Jun 2022): GTCO names Squad as its new fintech unit

(July 2021): GTCO announced it will launch its own in-house fintech

(Jan 2021): GT Bank add new services to Myghpay payments platform, new services which include push notification, in-app reporting and Telecom communication Bundles

## 3. FairMoney

**Product and Services:** Fairmoney is a digital bank that gives instant loans without collateral.

**Revenue (2015-2020):** The estimated revenue for Fairmoney according to growjo.com is \$119.7 million per year

**Employees:** 456 staff

**Recent Development:**

(May 2022): Fairmoney launches Fairsave to disrupt saving culture in the saving space

(Dec 2021): Fairmoney lays out plan for agency banking to enhance financial inclusion in Nigeria

(Nov 2021): Fairmoney launched its first ever Investor Conference

(Jul 2021): Fairmoney secured \$42 million Series B funding led by Tiger-Global

Ebuka Emmanuel Ajaegbu

Evaluation and selection of startup

The Nigeria credit/ consumer loan industry which has been growing 21% on average in the past years has a lot of gaps to reach its addressable market value. The industry has a current market value of N2 trillion naira as a Jan 2022 and a total addressable market value of N21. 6 trillion (estimate), this gap gives rooms for innovative and disruptive startups like Lendsqr, Creditpal and Indicina to grow exponentially and become unicorns in the market. The crack down by the CBN on loan sharks, regulation and registration framework put in place by the apex bank on digital lending has improved customer trustworthiness in the market. It is projected that the market will continue to grow in the foreseeable future.

#### How would you rank the startups you have selected?

Although Lendsqr, Creditpal and Indicina are operators in the credit/ consumer industry. They are unique solutions and are solving unique problems in the market, they also operate at different aspects of the industry. Lendsqr will be ranked one, followed by Creditpal, then Indicina.

- 1) **Lendsqr** is composed of experienced team members with knowledge in the Nigeria banking industry (The founder, Adedeji Olowe, has been the founder and trustee of open banking in Nigeria gaining vast knowledge of the banking industry). Lendsqr is solving two unique problems in the market, the problem of quick access to pool (choice between rate, tenure etc.) of different consumer loan. It does this by creating an end-to-end platform that connect lenders (individuals or small businesses that does not have the capital base requirement by the CBN to establish a credit institution in Nigeria) to consumer who needs quick and affordable loan in the country. The problem of quick access to affordable loan has been major concern to consumers in the market, as consumer complains that it takes more than 24 hours before their loan is processed and disbursed and at most times the loan is no longer needed when it is disbursed and the major purpose of collecting the loan defeated.

It is also solving the problem of defaulting on loan as study has shown that this is the major concern of traditional loan provider (lender) in the country. With its end-to-end platform the issue of origination, collection, credit scoring, disbursements, blacklisting and whitelisting have been solved by the platform for individual and small business lender thereby reducing risk



2) **Creditpal:** Creditpal is a “buy now a pay later in six” platform that is solving the problem of consumer access to credit facilities in Nigeria. It allows users to pay for any stuff to partner merchant for anything like bills payment, shopping needs etc. and spread the repayment in six months. This is a unique business model as study shows that buyer are willing to spread out payment on expense than to pay a lump sum payment at the point the products was made. The buy now and pay later is a relatively new in the Nigeria ecosystem, the concept has been proven to work well in Europe and the western world and it believed that the Nigeria economy is ripe for this model. Creditpal is one of the early businesses adopting this model which gives it's the early adopter advantage and could see it gain significant share of the market. Creditpal is made up of experienced team members and leaders who can provide a good leadership and direction to the business. The founder Fehintolu has a proven track record of experience in running Tech business, he is the founder of Exolve technology and ICT company with core competency in Web and mobile app development.

2) **Indicina:** Indicina is a digital lending platform that provides analytics driven credit decision for lenders. Credit bureau coverage has been a problem in Nigeria as statistics shows that almost 86.1% of Nigerians have no credit coverage, this leaves the large population of over 172 million with the issue of securing credit facilities. Indicina stepped in by developing a digital crediting scoring system to credit lenders, financial institution and banks with a propitiatory credit scoring and management system. Indicina has a very experienced team which includes Yvonne Johnson as the MD, Johnson has previously gained vast experience by working at first bank as the head of strategy and corporate development. Carlos Del Carpio is the co-founder and chief data scientist at Indicina, formerly, he worked as director of analytic at LenddoEFL.

**Would you present this to your team, or pass? Why/ why not?**

Yes, I will present this to my team. All the startups are solving unique problems in the consumer credit market. They are made up of experience team member who have had some experience in the credit or banking sector in Nigeria. Finally, each of these companies has the potential to scale and become the next unicorn in the country.

**What would you like to see for more conviction?**



## Pitch Deck # TransferWise

### 1) Problem: What is the problem they are solving?

Exchange of currency has been a global problem as banks charge extremely high exchange margin (the difference between the bid-ask spread is around 3% to 6%) and an additional payment fee of £10-£25 for foreign payment.

#### i. How many people experience this problem?

TransferWise has a primary market in London, United Kingdom. This is a population of 67.22 million people as of 2020 (this is the potential number of people facing the issue).

#### ii. What are their customers saying?

The customer is complaining that the cost of currency exchange is extremely unbearable and is rising. They are concerned that almost 10% of the value of the currency exchange goes to the bank as their baseless charges and fees for the transaction. These customers are looking for ways to reduce the cost of exchange as much as possible and are willing to patronize platforms that can provide this solution.

### 2) Market: What market is this company in?

#### i. How large is the TAM (Total Addressable Market)?

A report published by Statista states that, the global forex exchange market has daily turnover of \$6.6 trillion as at 2019, of which the British pound on the UK foreign exchange is around \$3.6 trillion.

Using a bank bid-spread of 6%, this is potential revenue of \$216 billion. The daily total addressable market is \$216 billion while a \$79 trillion yearly total addressable market.

#### ii. What is the opportunity in this market?

TransferWise can capture a large portion of the addressable market, it has room to scale and expand into new markets such as US (the largest forex exchange market), Europe market, Japanese market, Chinese market, Russia and Africa markets etc. It can develop more products and services that are specific in the forex industry. The opportunity in the industry is wide and large.

### 3) Team: Who is in the team?

The team comprises of Kristo as the co-founder and CEO of the company, and Taavet as the cofounder of the company, Back-office customer support and Developers.

#### i. Are they formidable? YES

Kristo (Co-founder and CEO) formerly worked as a manager at Deloitte for 4.5 years, he led the firm's technology approach to help clients with management information and system architecture challenges. He worked as a consultant at PWC for 2.4 years where he analyzed and designed the management system for retail banking clients. He is also an associate at Tartu University.

Taavet as the Cofounder was Skype director of strategy until 2008, he was an early employee at Skype and worked in different roles covering product, technology, and business development. He is an active angel investor in Europe with over 100+ investments.

**- Are they the right team to tackle this problem?**

Yes, they are. Considering the team's vast corporate experience in the tech start-up and company, they are well positioned to run TransferWise effectively.

**4) Metrics: What are their metrics?**

The metrics used by TransferWise includes Revenue generated, User adoption, Marketing expense and Volume of repeated customer.

**-Any notable metrics that standout?**

The most notable metric used by the company is the revenue generated and user adoption of their products. Customer has paid them EUR 1M+ and paying users grow by 20% month on month basis.

**- How do these metrics compare to the size and stage of the company?**

The metric is commensurate to the funding level it is seeking (Seed). At seed level, the company already has a workable product and is generating a good amount of revenue. Hence, the metric is appropriate for the size and stage of the company.

**5) Further Questions: What further questions would you ask?**

Since the company is already generating a considerable number of revenue and growing its user base. I would love to ask the following questions

- What is the profit margin given the revenue that is being generated. If profitable.
- Why does the company need new funds?
- Is VC the only option for funds the company can leverage on?
- What will the fund be used for?

**Pitch Deck: Zestful**

**1) Problem: What is the problem they are solving?**

The study conducted by Zestful reveals that employees don't just want a good pay cheque. They want balanced working environments that promotes learning, development, work-life balance and overall good experience. 80% of the respondents prefer lower salary with perks. The problem is that these company cannot organize, manage and implement this perk program as it requires time and great deal of resources. This creates an opportunity gap for a company to step in.

i. **How many people experience this problem?**

An estimated 263.60 million America citizens would experience this as a problem. The USA has a population of over 329.5 million people, 80% of this population will be interested in the perk program as estimated by the sample survey made by zestful.

ii. **What are their customers saying?**

According to the survey by the company, 80% of the customers preferred to work for companies that offer salary and a perk program than to work with the company that only provide salary.

2) **Market: What market is this company in?**

i. **How large is the TAM (Total Addressable Market)?**

There is over 32.5 million registered business in the United States of America of which 76.2% are non-employer business. This implies that 9.4 million for this business has at least one employee or more. In 2018, a study by the US bureau of labour statistics shows that the average annual cost of employee benefit (Perk) is \$21,726, this gives a Total addressable Market of \$204 billion.

ii. **What is the opportunity in this market?**

A large percentage of the America labour force is currently not enrolled into any employee perk program, this create an opportunity in the market for Zestful.

3) **Team: Who is in the team?**

The team at Zestful Mat is made up of Vogels as the CEO, Malte Muenke as the CTO and Max Richman as the Head of Engineering.

i. **Are they formidable? Maybe**

Mat Vogels is an experienced founder and mentor for Techstar and YC companies. Prior to launching Zestful, he has worked as a Business analyst at Equus Software, Graphic designer, and social/ Content manager at Paysimple and Designer+ Evangelist at Webflow inc. He has experience in marketing and social media management. Malte Muenke the CTO of Zestful, prior to joining the company has worked at Citrix on a VP platform, and as Chief Architect and Engineering roles, as well as Customer operation. He worked as the CTO of Kindara for 8 months before joining Zestful. Max Richman, the Head of Engineering prior to joining Zestful haven't had much experience in engineering, He was Teacher Aide at Pittsfield Elementary School, worked as a teaching assistant at RefactorU before co-founding Kidcodelt in 2015.

ii. **Are they the right team to tackle this problem?**

The team are somewhat experienced to tackle the problem, Although Malte has considerable knowledge working as the chief technology officer at different start-ups, Mat Vogels has little knowledge in running a start-up previously, whereas Max has never driven the engineering of a business start-up before. The team will need an experienced board to help put in place structure and policies that will help drive growth in the start-up

#### 4) Metrics: What are their metrics?

The metric used by Zestful is; number of new card users and monthly recurring revenue (MRR).

##### i. Any notable metrics that stand out?

Both metrics, number of new card users and MRR are notable metric mostly used to measure growth in start-up subscription-based company, MRR is the widely adopted metric.

##### ii. How do these metrics compare to the size and stage of the company?

The company already had 1000 employees on its beta list but doesn't have any paying employee at the point of seeking funding. Although it had a great plan and vision for the next few quarters with respect to number of new card users and monthly recurrent revenue, these are just projections which are optimistic but may not be realizable if proper management of the fund is not done by the management in customer service and customer success.

The metrics is not that great for the stage and the funding the company is seeking.

#### 5) Further Questions: What further questions would you ask?

- i. How do you intend to use the fund to invest in sales team and customer success?

## Pitch Deck: Fyre Festival

### 1. Problem: What is the problem they are solving?

Although Fyre Media is solving some unique problem in the industry by creating an end-to-end platform where talent can be booked for live events, the platform integrates the process of connecting, submitting offering, negotiating, and processing payment between the buyers and the talent is broken.

Fyre Festival is a promise of an out of the world experience for festivals that have never been done before in history, a festival of luxury. It is creating a solution to a problem that does not exist, Fyre Festival is a kind of innovative invention (like Uber) which will either be accepted or rejected by the market.

**i. How many people experience this problem?**

A report by Billboard in 2015 shows that 32 million people go to the music festival in United States at least one time in 2015, this is 10% of the USA population in 2015. Of this population, 14.7 million (5% of the USA population) millennials have attended the festival one time in 2015.

**ii. What are their customers saying?**

The customer although does not see the festival as necessary, however, it is viewed as a promise of a VIP experience in the best island around the world, Island of Great Exuma in Bahamas. The festival promises luxury, eco-friendly domes and villas to stay, an absolute VIP experience. The customer was looking forward to the experience.

**2. Market: What market is this company in?**

**i. How large is the TAM (Total Addressable Market)?**

The average cost of attending a music festival in the USA according to SeatGeek is in the range of \$200 - \$600 on average. A survey from Fluent indicated that 49% of responders are willing to get back to Music Festival. Projecting this result to the USA population in 2015, we have a population of 157 million people willing to attend the music festival. This gives an estimated Total Addressable Market of \$32 billion - \$94 billion.

**ii. What is the opportunity in this market?**

The music festival has an estimated current market value of \$6.4 billion - \$19.2 billion given the population of people that attended in 2015 and a total addressable market of \$32 - \$94 billion, this gives room for innovative ideas and business in the industry to strive and scale.

**3. Team: Who is in the team?**

The Fyre team comprises of Billy McFarland as the founder and CEO, Ja Rule as the cofounder and a team of other Fyre Squad including MDavid Low as CCO, Jason Ve as CRO among others.

**i. Are they formidable? Yes, the team seems to be a right fit**

The team comprises of a set of people, believed to be able to run a music festival. They have decades of experience in the music industry and have sold over 60 million records worldwide. The founder and CEO Billy McFarland founded Spling, an online advertising platform and a payment platform Magniese before starting Fyre. Ja Rule, the cofounder of Fyre is an American rapper and actor who in 2004 launched a clothing line called ErvinGeoffrey, and in 2006, launched a liquor company called Mojito before cofounding Fyre in 2016. MDavid Low prior to joining Fyre as the chief creative director, had worked as a principal creative technologist at Eleven Inc, in 2011 for 1 year 7 months. He joined Odopod, a Nigerian company in 2012 as ACT director and team lead; joined R/GA as Executive creative director in 2014 and joined Nike as XD Director for 2 years 4 months in 2015. Jason Ve, prior to joining Fyre as the Chief revenue

officer had some corporate experience, he was the Senior strategy and Business Development Analyst at The Walt Disney company for 1 years, In 2012 he joined Viacom/Nickelodeon as the Ad sales Strategy and Business Development Manager, he joined google in 2013 for 3 years as the Head of strategic partnership -Music/ Ad Tech.

**iii. Are they the right team to tackle this problem?**

Yes. Considering the team's vast corporate experience, they are well positioned to run Fyre Festival effectively.

**4. Metrics: What are their metrics?**

The pitchbook does not state the metrics used by Fyre Media

**i. Any notable metrics that stand out? No**

**ii. How do these metrics compare to the size and stage of the company?**

This cannot be accessed as there is no metric the company measures stated in the pitchbook.

**iii. Further Questions: What further questions would you ask?**

1. What are the number of people that have signed up for the fyre festival?
2. What is the number of people who have shown interest in the Fyre Festival?



Deal flow is one of the key ingredients of a successful venture capital funds, having access to lots of quality investment opportunities (startups) on a continuous basis will give you the chance of selecting winners who are likely to become industry unicorn.

There are two ways for generating deal flow; Inbound (mostly by established brands) and outbound deal sourcing.

There are numerous outbound ways for deal sourcing and the deal flow. The one that I will use to generate lead investments for my VC firm is by connecting directly with startup entrepreneurs, founders, and co-founders.

### 1. What are the steps I need to take?

**Step1:** Join different accelerators program as a startup founder or entrepreneur. Join startup communities, fintech space or any informative discus in my area of interest on clubhouse, twitter, Facebook etc. This place will give me access to pools (In thousands) of startup founders and entrepreneurs.

**Step2:** Connects with this startup founders personally and invite them to connect or follow me on LinkedIn (I regularly publish interesting content online that are very relevant to startup founders such valuation, pitchbook, rounds, marketing etc.)

**Step3:** I build a relationship with these founders and let them know I can fund them if they are seeking to raise investments.

### 2. Who should I speak to for advice or support?

For advice and support on deal sourcing for my VC funds, I will connect and seek advice from industrial expert (VC partners, analyst, accelerators mentors etc.) on tips on deal flows and getting quality investments opportunity.

### 3. What is the quick versions of the idea I can create this week?

I am currently in a YC startup school where I have access to over 200 startup founders in Lagos. I can follow the action plan started above to test my theory and hypothesis.

## Investment Memo

### Introduction/Executive Summary

I recommend Entrylevel VC to invest in Lendsqr, a cloud-based lending platform designed for small and medium sized lenders providing smart features at zero cost. It is a loan as a service(L-a-a-S) platform that captures the end-to-end processes involved in loan disbursement and management from loan origination, to collection, credit scoring, disbursements, blacklisting and whitelisting in a single platform.

Lendsqr is solving two unique problems in the market, the problem of quick access to consumer loans by borrowers and the problem of loan default by borrowers of this loan facility. The technology allows borrowers to have access to quick loan from different small lenders at affordable rate. It manages the whole process in the loan Lifecycle thereby reducing risk of loan defaults.

Lendsqr has over 100 individual and corporate creditors currently on the platform giving out consumer loans. It is managed by a CEO who has decades of experience in the Nigerian Banking Sector.

## Market



The current market size of consumer lending in Nigeria is N2 trillion as of January 2022 according to a report released by the CBN. Consumer lending has an estimated total addressable market of N21.6 trillion. Nigeria has a population of over two hundred million people of which Sixty million are employed and working with minimum wage, the average annual revenue of salary worker using minimum wage figure is 360,000 per annum (Assuming the maximum loan amount they can obtain is their annual income). This is translated to an estimated TAM is N21.6 trillion. Geopoll states that 32% of Nigerians use smartphones, this

gives us a serviceable addressable market of N6.9 trillion. The current market size is lower than the estimated SAM and TAM indicating a lot of opportunities for new entrance in the market.

The consumer lending market in Nigeria has continued to grow in the past years and it is projected to continue to grow in the foreseeable future.

### Competition

The Lendsqr is operating in very competitive landscape with lots of fintech/ loan shark coming up every day and established brands doing stuff already in the space. Direct and existing solutions in the industry includes.

**Deposit money banks/ Commercial Bank:** Access banks, GTCO, Zenith Bank and FCMB etc. these are established large financial institutions that offer deposit and credit facilities to individual, SMEs, and large corporations, they have thousands of branches across the nation. They are starting to leverage ICT to deliver quick service to the consumer.

**Startups:** Fairmoney, Branch, Carbon, Credit etc. These are high tech fintech that leverage technology by providing innovative solutions to consumers in the market. Creditpal for instance allows a consumer get products and spread payments in six months.

### Products

Lendsqr is solving two unique problems in the market, one of the problems is to the borrowers and the other problem is faced by the lenders.

1. Small and medium scale lenders (Individuals and small business) are always restricted from the lending business in Nigeria as the requirement by CBN and SEC to establish a Micro finance bank, Commercial Banks and Financial company requires a large sum of paid in capital, the least been N50 million naira for Microfinance bank. The regulatory requirement and the paperwork, filling involved is also cumbersome. This has prevented individuals and SMEs from the lending business. Lendsqr is providing a platform that solves the problem. This problem has been integrated into the whole process of lending into one solution (end -to end). Individuals and SMEs can register on the platform and start lending immediately to borrowers. The process of loan

origination, collection, credit scoring, disbursements, blacklisting and whitelisting has been made into a single platform.

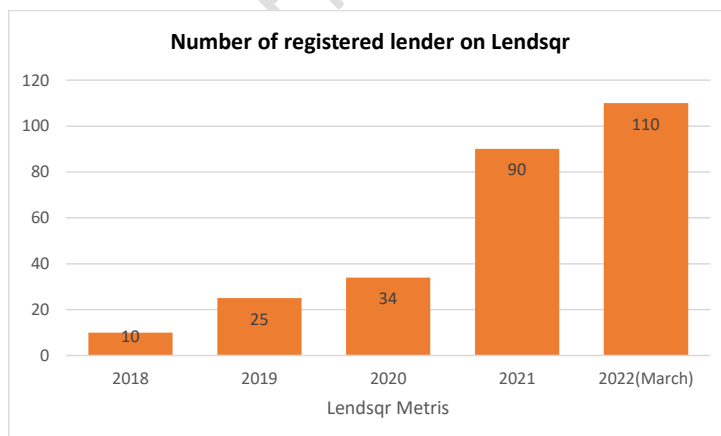
2. Another problem faced in the consumer lending industry in Nigeria is the time it takes for loans to be disbursed after application has been made, In Nigeria loans typical takes 1 weeks and more days before loan is disbursed after application. Lendsqr offers a 24-hour period of disbursement after application has been made for a credit facility.

### Sales and Distribution

- Lendsqr has leveraged social media platform for its marketing activities, it uses twitter to build a community of people who need access to loans and give out loan.
- It leverages on digital marketing platforms like Facebook and google to drive its marketing campaigns. It used both the paid and unpaid marketing campaigns
- It also utilizes influential marketing to supports its marketing campaigns.

### Metrics

The popular metrics tracked by Lendsqr is the number of lenders registered on its platforms. The company was founded in November 2018, as at March 2022, it currently have more than 100 lenders on the platform.



## **Team**

Lendsqr team consist of Adedeji Olowe as the CEO and Grace Effiom as the operation manger and the dev team

Adedeji Olowe prior to founding Lendsqr has worked at various capacities in the Banking industry in Nigeria, he has worked at major banks such as Standard Trust bank, Access Bank, FCMB, verve, Fidelity, and UBA bank, he has decades of banking experience. He worked as a relationship manger for 1 year at Standard Trust bank, then worked as head of electronic banking and web management in Access bank for 3 years and 5 months, He is the head of business automation at fidelity bank for 1 years and 11 months.

Grace Effiom prior to joining Lendsqr has worked as an advertising and marketing intern at IMS Immersion for 9 months, became the Operations manager at TMBP for 4 years and 4 months.

The CEO has over 10 years of banking experience at various level of the banking system from customer relation to card management, to business operation. This cumulative experience has placed them in a better position solving the problem.

## **Deals:**

Lendsqr has previously raised an \$1 million seed round from an undisclosed investor

## **Due Diligence on Lendsqr**

## Team + Management

- **Who are the founders and What is their background?**

Lendsqr team consist of Adedeji Olowe as the CEO and Grace Effiom as the operation manger and the dev team

**Adedeji Olowe** prior to founding Lendsqr has worked at various capacity in the Banking industry in Nigeria, he has worked at major bank such as Standard Trust bank, Access Bank, FCMB, verve, Fidelity, and UBA bank, he has over decade of banking experience.

**Grace Effiom** prior to joining Lendsqr has worked as an advertising and marketing intern at IMS Immersion for 9 months, became the Operations manager at TMBP for 4 years and 4 months.

- **What is each member roles and responsibilities?**

Adedeji Olowe is the CEO of Lendsqr, he is responsible for setting and executing the organization strategy, setting the vison, values, and the corporate culture of the business.

**Grace Effiom** is in charge of the daily operations of the Lendsqr business, she ensures the day-to-day execution of the vision, mission and goals of the business.

## Market

- **What is the market size:**

The total addressable market is 21.6 trillion naira, the serviceable addressable market size is 6.912 trillion naira, while the current market size is 2 trillion naira

- Are there any competitors in the market? If there are – are they strong?
- When do you expect profit?
- Evaluate market assumptions
- What are the market trends in the industry from the last 3-5 years?
- Who is your initial target segment?
- What are customer perceptions?

## Product

- Evaluating the technology and the product the business runs on
- Reviewing Product Prototypes (MVPs)
- Reviewing customer/client feedback on the product
- Reviewing IP for the product - is it patented?
- Is the product unique?
- Is the product scalable?
- Does the product fit the story of their problem statement?
- How does the company create value for its customers and itself?
- What urgent customer needs and problems are being solved?

## Traction

### Customer Acquisition

- How many new customers is the company acquiring and at what cost?
- How engaged are those users? What percent are coming back daily, weekly, monthly, never
- Do the customers refer other customers?
- Is there any customer feedback and what is the sentiment? (i.e., Reviews, surveys)
- What is the customer's value proposition

### Unit Economics

- What is the cost of each type of customer relationship?
- How much revenue is recurring?
- How much revenue are they generating monthly?
- What percentage of customers are generating revenue
- What is CAC – customer acquisition cost?
- How many customers are you losing – churn rate?
- What is LTV – lifetime customer value?

## Legal

- Check the laws and regulations that apply to the company and its industry

The money lender state law and CBN regulation regarding finance company, Micro finance bank, Commercial banks etc.

- Does the company need any permits or licenses to operate?

No, Lendsqr does not offer lending service. It only provides a platform, that facilitate lending between the borrower and the lender.

- What are the company's insurance policies?
- What is the company's past, current, and future litigation history?
- Intellectual Property Rights - Do they have full control over IP, code, logos, and relevant domains?

## Financials

- Assess financial data
- Financial/Business Plan
- Assets, profit and loss, budgets, and projections
- Loan and securities contracts
- Shareholder equity agreements
- Capitalization table

## Contracts

- Active contracts
- Partnerships, customers, and suppliers



Ebuka Emmanuel Ajaegbu

