404 Brains Not Found

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Problem statement

Enabling Decentralized and Trustless Micro-lending for the Unbanked Develop a blockchain-based solution that enables decentralized and trustless micro-lending for unbanked to provide them with access to affordable credit for specific purposes, such as education, healthcare, or business opportunities. The solution should leverage the transparency, security, and efficiency of blockchain technology to create a decentralized lending platform that is transparent, trustworthy, and accessible to unbanked youth. It should prioritize user privacy, security, and consent, and comply with relevant regulations.

Target Audience & Pain Points

Share of Unbanked Population, 2021
(Share of population)

Vietnam	69
Philippines	
Indonesia	
India	
China	
Thailand	
Malaysia	
Korea	

Sources: Statista

Target audience:

Youth who are unbanked in Vietnam

Why Vietnam?

- Lowest unbanked population (69%)
- 37% of the population are youth (15-24 of age)
- High used of mobile phone with cheap Internet connectivity
- One of the highest crypto usage in the world (21%)

Only 5.23 Million are Knowledgeable
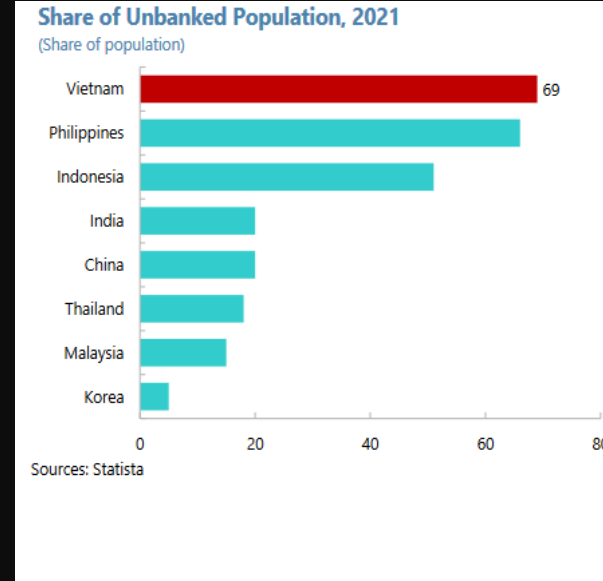
Market Size

97.48 Million People in Vietnam

67.26 Million People in Unbanked
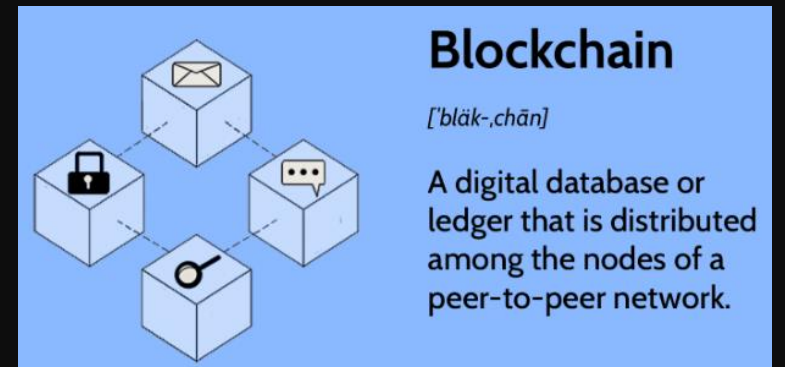
24.89 Million Youth

Introduction to solution & features

App called Akrit (Microlending platform)

- Block Chain with unique Lender/Borrower system

- Uses Smart Contract & DPoS

- Created for use Vietnam youths who are unbanked (Plans for expansion to SEA)

What it features

- Borrowers need to finish Financial Literacy course to ensure they can manage their own money

- Credit Score System

- Anyone can be lender given the app's maximum loan amount ($100-$1000)

- Each lender only has to loan maximum amount of $100 each

Blockchain

['blӓk-,chān]

A digital database or ledger that is distributed among the nodes of a peer-to-peer network.

How it addresses the pain point

Pain Points:

Limited access to traditional bank loans due to lack of credit history and collateral
- Do not take in past credit history
- Provide additional ways to increase credit score within the user's discretion (Ex. Adding Home address, Phone number & etc)
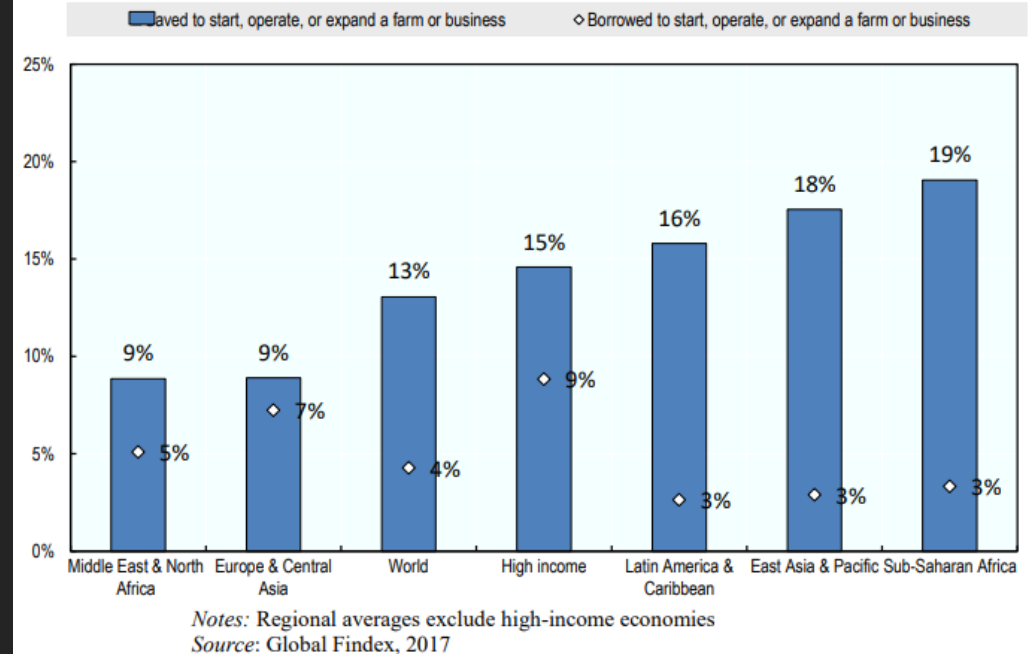
Difficulty managing expenses and budgeting effectively on limited resources
- Require user to do a financial literacy course when signing up

Frustration with the lengthy application process and complex paperwork for loans
- Smart contact is used to automate the process quickly
- Consensus algorithm (DPoS)

Figure 3.6. Young people (% age 15-24) who borrowed or saved for productive purposes

■ Saved to start, operate, or expand a farm or business   ◇ Borrowed to start, operate, or expand a farm or business

Notes: Regional averages exclude high-income economies
Source: Global Findex, 2017

Many circumstances will influence the financing strategy and the financing possibilities of each individual MSME. According to UNCTAD, formal financial institutions hesitate to lend to youth entrepreneurs, either because of perceived higher risks, due to lack of youth business experience and social capital, or because of lack or a bad credit history and assets to serve as collateral or proof of regular income (UNCTAD, 2015[66]).

Competitor Analysis

Competitor 1 : Post and Telecommunication Finance Company Limited (PTF)	Competitor 2: HD SAISON Finance Co.Ltd (joint venture)	Our solution: Akrit
Advantages: - A well-known brand with a strong brand presence - Has extensive network of branches & customer	**Advantages:** - Adopts innovative technology and digital solutions, providing a modern and convenient lending experience - Emphasises quick loan approval and disbursement, catering to borrower's urgent financial needs	**Advantages:** - Commitment to financial literacy education enhances borrower's financial knowledge and promotes responsible borrowing - Targets the unbanked population of Vietnam, providing financial services to them - Allows anyone to be lender given the app's maximum loan amount
Disadvantages: - Relies on traditional lending practices, which may result in slower loan processing & flexibility for borrowers - Have strict eligibility requirements, making it challenging for those	**Disadvantages:** - Innovative approach and convenience may come with higher interest rates as compared to traditional lenders - Does not prioritize financial literacy education/support, which may limit a borrower's ability to make informed financial decisions	**Disadvantages:** - May face challenges in building brand recognition and trust among borrowers compared to more established competitors - Although integration with e-wallets provides convenience, it may exclude borrowers who do not have access to or prefer not to use e-wallets

Persona

Name: Sarah

Age: 19

Occupation: College Student

Origin: Vietnam, Ho Chi Minh City

Financial Situation:

Comes from a low-income family and must rely on part-time jobs to support her education and personal expenses

Goals & Needs:

Wants access to affordable and flexible financial support to cover her educational expenses, transportation and daily living costs; seeks educational resources to improve her financial literacy and develop good financial habits; desires a platform which offers a convenient and secure way to borrow money without requiring application process or collateral

Pain Points:

Limited access to traditional bank loans due to a lack of credit history and collateral, difficulty managing expenses and budgeting effectively on a limited income, concerns about high-interest rates and hidden fees associated with alternative borrowing options

Borrower Map Journey

| Consider	Explore	Compare	Test	Negotiate
Scenario on consideration: - User finds out about the Akrit microlending platform	**Scenario on consideration:** - User explores the Akrit mobile app and desktop platform	**Scenario on consideration:** - User compares the Akrit platform to other available microlending options	**Scenario on consideration:** - User decides to sign up as a borrower on the Akrit platform	**Scenario on consideration:** - User submits a loan request to borrow money
Needs: - User may require financial assistance, flexible borrowing options	**Needs:** - User wishes to understand the features, eligibility criteria, and benefits of the platform	**Needs:** - User seeks information on interest rates, loan amounts, repayment terms, and borrower requirements	**Needs:** - User provides necessary identification details, link their e-wallet account, and completes the financial literacy course	**Needs:** - User needs to determine the amount that they wish to loan, wait for lenders to approve their loan request
Pain points: - Limited access to traditional banking services, lack of financial knowledge, and restricted financial support	**Pain points:** - Concerns about security, usability, and trust in the platform	**Pain points:** - Difficulty in finding suitable lending options, uncertain about the legitimacy of other platforms	**Pain points:** - Concerns about privacy, providing personal information, and doubts about the effectiveness of the financial literacy course	**Pain points:** - Lenders may not be willing to approve the loans

What is needed from the borrower to sign up

Requirement:

- Age (+50 if in the youth range)
- Email address
- Certification from any finical literacy course (+X credit score, -$X of signup collateral) based of the reputability of the course
- Sign up collateral of 70% will be required base of the app's maximum loan of $1000
    - Collateral payment can be reduced from certain optional information

Optional Information (Improve credit scoring)

If any proof of verification are used (IC, Birth certification) score and collateral payment will be reduced (+100 score, -$100)

- Name (+10 score)
- Home address (+30 score)
- Date of Birth (+10 score)

Credit Scoring system
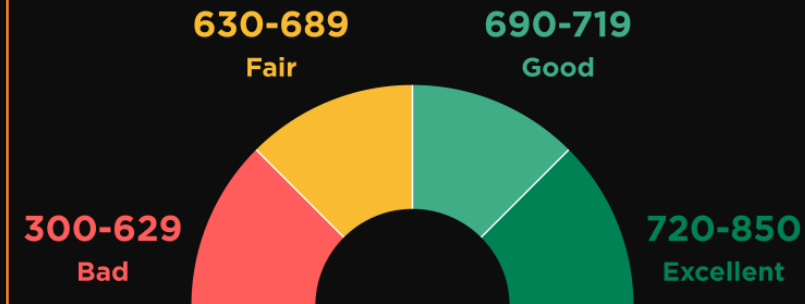
Financial literacy courses

When loaning

Borrower:
Want to loan $1000
Reason of loan
Their time of repayment

Group of loaner (5 – 10 People):

Individually look at the borrower's request based of

- Amount to loan
- Loaner's choice of repayment time
- Credit score

Once a group is formed:

Lenders need to assign one to be a delegate to validate the transaction

- Vote on the borrower time of repayment
- Vote on the interest rate (5 – 10%)
- Handling of late payment

Public ledger is created with the use of smart contract

Scan for prototype

Prototype

https://www.figma.com/proto/peDqph9PniXnBourAWs3sY/FINTECH-MOBILE-APP%2FLOAN-APP-(Community)?type=design&node-id=170-1763&t=PQzRuqgbqqLmbOhH-1&scaling=min-zoom&page-id=0%3A1&starting-point-node-id=170%3A1763

Q&A

Thank You!