Amartha

Jakarta, Indonesia

Established in 2010, Amartha is the leading fintech company spearheading peer-to-peer microlending to the unbanked in the region. Since then, over 250,000 grassroots women entrepreneurs have been empowered, and Amartha has started tackling an even greater challenge: to alleviate poverty and reduce income inequality by connecting more funds to villages.

SUMMARY

Amartha serves the financially excluded population in Indonesia by offering a leading microlending platform for the unbanked. The company has loaned financing to over 250,000 grassroots women entrepreneurs to date.

CHALLENGE

Many people living in rural areas of Indonesia do not have access to finance. Financial inclusion is crucial to empower entrepreneurs, many of whom constitute vulnerable individuals and groups, women in particular. By contributing to better access to finance, such groups may benefit from better opportunities for societal inclusiveness through higher incomes and social empowerment.

SOLUTION

Amartha offers pioneering peer-to-peer (P2P) lending, connecting unbanked micro-entrepreneurs with lenders interested in making profitable, impactful investments. The company leverages technology to lower operating costs and reach geographically remote villages.

Amartha developed a proprietary technology platform and self-learning algorithm to support the marketplace. The proprietary technology automates key aspects of operations, including the borrower application process, data gathering, credit decisioning and scoring, and servicing.

IMPACT

To date, Amartha has empowered more than 250,000 grassroots women micro-entrepreneurs. The company empowers informal economies to, for instance, open their grocery stalls or expand their traditional fish breeding, by bridging them with loans, ranging from IDR 3 million (USD 212) to IDR 10 million (USD 709). These amounts may seem miniscule, but with the right approach, Amartha believes that it could serve as an economic opportunity that increases welfare.

The company has facilitated over IDR 1.1 trillion (USD 77 million) in loan origination with 0.8% default rate. Beyond lending, they integrate impact and sustainability into the business model. In 2018, 29,245 people benefited from health, sanitation, and environmental awareness activities in the villages; 18,255 people received a free medical examination; and 7,039 pairs of glasses were distributed to Amartha borrowers.

Amartha aims to create opportunities for millions of women entrepreneurs to benefit from access to finance so they can grow sustainably and increase their welfare.

COMPETITIVE ADVANTAGE

Amartha is the only financial technology company that serves the ultra-micro segment in rural areas, bringing financial inclusion to a segment of 68 million people, constituting a large untapped market.

Within this segment, Amartha offers the only P2P lending platform specially designed to serve women entrepreneurs.

Amartha prides itself on being the only fintech company which publishes a Social Accountability Report to validate and report Amartha’s impact on the improvement of livelihood of the community. Additionally, Amartha is the first fintech company in Indonesia who received credit default protection from a state-owned credit insurance company.
SCALABILITY

Amartha’s capital is diversified and the company has a solid funding pipeline from individuals and institutions, leading to more part of the required future funding secured from reputable national and foreign institutions.

The company seeks to boost expansion by offering their services in one new area and recruiting more than 200 field agents every month, whilst expanding the field agent ratio to serve 300 borrowers per field agent.

Through fully digitised loan origination process leveraging artificial-intelligence-based scoring to set TRIP (Tenure, Interest Rate, Instalment, Plafond), Amartha further plans to lower costs by developing an advanced end-to-end credit management system, specifically designed for the unbanked in Indonesia.

EXPANSION PLAN 2019-2023

• Serve 1 million borrowers, and develop new vertical financial products beyond lending by 2020
• Serve 5 million unbanked micro-entrepreneurs through holistic financial products by 2023
• Contribute to an Indonesia without poverty through a tech-based financial inclusion strategy, which includes bridging inequality through technology for rural villages, empowering millions of micro-entrepreneurs, and improving livelihoods of low-income families

INVESTMENTS

Amartha is currently looking to raise USD 25-50 million in order to build a neo-digital finance platform for the unbanked segments in Indonesia.

PARTNERSHIPS

Amartha has partnered up with multiple worldwide top-tier development and research agents to customise and fine-tune their services:

UN Pulse Lab Jakarta and Amartha conducted a joint research project entitled "Banking on Fintech". Amartha partnered with the MMI of Melbourne University to develop entrepreneurship training modules for the micro-merchants in rural areas.

The Oxford Development Consultancy and Amartha have collaborated in developing training modules to educate villagers to be more environmentally conscious in carrying out their business practices.

In 2018, Amartha partnered with local health service provider, Rumah Sehat Wahana to support more affordable health services in Tangerang, Indonesia.

AWARDS

• Winner Frontier Innovator Program from Australian Government’s SFI Initiative (2018)
• 30 Promising Growth Stage Startups from Forbes Magazine (2018)
• Digital Inclusion Award from Ministry of Information Technology Indonesia (2018)
• UNCDF Winner (2018)
• EY Entrepreneur of the Year Finalist (2018)
• Sankalp Southeast Asia Award (2017)

FOUNDER

Andi Taufan, Founder and CEO

Taufan grew the company from inception to over 1,500 employees serving 250,000 borrowers in over 5,000 villages across Indonesia.

Taufan was a former consultant for IBM. He is the recipient of numerous awards, including: Young Changemaker (2010), Ashoka; Satu Indonesia Award (2011), Astra; International Youth Foundation; Ganesha Innovation Champion Awards (2014), ITB Alumni; Finalist EY Entrepreneur of the Year (2018), EY.

Taufan holds an MPA from Harvard Kennedy School where he was an Edward S. Mason Fellow, and a Bachelor degree in business from Institut Teknologi Bandung.

CONTACT

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