



FINTECH ONE-ON-ONE PODCAST – SHIVANI SIROYA

Welcome to the Fintech One-on-One Podcast. This is Peter Renton, Chairman & Co-Founder of Fintech Nexus.

I've been doing these shows since 2013 which makes this the longest-running one-on-one interview show in all of fintech, thank you for joining me on this journey. If you like this podcast, you should check out our sister shows, PitchIt, the Fintech Startups Podcast with Todd Anderson and Fintech Coffee Break with Isabelle Castro or you can listen to everything we produce by subscribing to the Fintech Nexus podcast channel.

Before we get started, I want to talk about our flagship event, Fintech Nexus USA, happening in New York City on May 10th and 11th. The world of finance continues to change at a rapid pace, but we will be separating the wheat from the chaff covering only the most important topics for you over two action-packed days. More than 10,000 one-on-one meetings will take place and the biggest names in fintech will be on our keynote stage. You know, you need to be there so go ahead and register at fintechnexus.com and use the discount code "podcast" for 15% off.

Today on the show I am delighted to chat again with Shivani Siroya, the CEO and founder of Tala. Now if you don't know Tala, they are doing amazing work around the world, really helping onboard the underserved, the unbanked into the digital financial world. And they've done this in four different countries so far, we obviously talk a lot about what they've done, how they've done it, we talk about the typical borrower, what they use the money for when they borrow money from Tala, we talked about how they measure their impact, we talked about underwriting, and engagement and how they maintain engagement with their customers, we talk about overcoming the barrier of mistrust, we talk about financial education and their scale, and much more. It was a fascinating discussion, hope you enjoy the show.

Peter Renton: Welcome back to the podcast, Shivani!

Shivani Siroya: Thank you so much for having me back.

Peter: Alright, yes, it's been almost six years since we had you on, it's hard to believe, time flies, but we'll start off with maybe talking about how you describe Tala today and what might have been different over the last, you know, almost six years.

Shivani: The way I would describe Tala has changed a little bit, but what hasn't changed is our use of technology and the fact that we are global. So, I would describe us as being a global technology company that is focused on serving the world's underbanked or unbanked and that we're uniquely designed for their needs and their financial lives. What we've developed is an Android application that allows us to deliver a holistic suite of financial products to the global underserved.

Peter: Right. I want to talk about your mission because, you keep good company these days, I was watching you with the Queen of the Netherlands and CEO of Visa, at the World Economic Forum in Davos early this year where you talked about your mission of enabling financial agency and I wonder if you could just define that for us.



Shivani: So we describe financial agency as the ability for an individual to be a true agent of their financial lives, to be able to choose the right products for them at the right time, to be able to have control and awareness of those products as well as understand, again, when to use those products within their financial life and then really it ultimately comes into the ability to access. And so, we think of it as almost like a kind of stack, so we think of access, choice and control.

Peter: Okay. And then maybe you can tell us what countries you're operating. I know you've added some countries since we last chatted and then how do you decide, I mean, there's lots of countries in the world obviously that have a need for what you provide. Tell us a little bit about how you decide where to go next.

Shivani: Sure. So today, we currently work in four countries around the world. We're currently working in Kenya which is where we started, we've expanded to the Philippines, to Mexico and to India and when we think about our next markets, at this point, we are truly global and so it is about really thinking about a regional expansion. And so, we think of it as effort to opportunity, every market will require our team's attention even if we start small and then start to grow because for us it is really about, yes, global platform, but it is also about how we customize and localize the product and so it requires effort. And so, when we think about what goes into our score card it is thinking of where's the need the largest? You know, which country has the largest percentage of underserved customers in their market.

The second thing we think about is serviceability and so rather than thinking about how most I think companies would say, total addressable market, we really think of it as defining a serviceable addressable market and saying with what we've developed today in terms of our global infrastructure. Where can we actually enter with ease? And where would we then, if we can't enter with ease, how much effort would be required to again get to the majority of the underserved? So how much do we have to kind of do a new build on?

And then we start to get into the basics of do you need a banking license, a credit license, how hard is it to set up an entity, how do you think about flows of money and repatriation, you know, those kinds of things, currency fluctuation, political risk, but we really start from a place of: with with we have today, how many people can we serve in a given new market and how much effort would be required to do any new work to get into that market?

Peter: So, how different are the markets because, I imagine, you talk about four different countries there that all have very different infrastructure when it comes to finance, very different types of people, it seems. So, how do you sort of adapt to each market like within your core product?

Shivani: So, for us, the one dependency I would call out is we're an Android application, but the beauty of that is that there are 1.8 billion Android devices in emerging markets alone. (laughs)

Peter: Right.

Shivani: And the majority of those individuals that hold those devices are the individuals that we are designed for because of the price points. So, the price point of an Android device is sub \$50 across



most markets and really in our market you can find a good device under \$25, so in that sense our reach is very strong. In terms of the similarities outside of Android technology, it's also that these markets are primarily cash-based. And so, 85% of those individuals are transacting in cash and that's also what we've done is build one of the most inter-operable payment layers within our supply chain or infrastructure. And so, we've now integrated with the likes of remittance providers, bills payment providers, traditional banks, mobile wallets as well as kind of I would say retail chains like 7-Elevens or Oxxo.

And so, we're designed really for this customer, wherever they are, whether it's cash, whether it's digital or whether it's a traditional kind of wire transfer. In that sense what we've done is actually kind of taken what we see as the fragmentation and consolidated it into our supply chain so that it does match the way the rest of the world is set up.

Peter: Right, okay. Are people operating in cash in most of these markets? Is there any resistance to, I mean, obviously, you're a digital app and I imagine you obviously interface with the cash economy, but for someone to sort of use your app they've obviously got to feel like it's worth their while. I'm just curious about the resistance that some of these populations have to digital where they're used to using cash.

Shivani: So, maybe I want to clarify one thing which is the application itself, in terms of applying to be a part of the Tala ecosystem is digital, it's a mobile app. But from there, in terms of once we've approved a customer, we've credit scored them, we've approved them and now it's a matter of thinking of what channel do they want to let's say either use their money in so they can again use their money to pay a bill, they can send it somewhere, they can keep it in their wallet or they can say, no, I want to take this out and pay physically for a product at a store, pay a bill physically or just cash out, right?

At that point, they are able to go and get physical cash because we're integrated into 360,000 different cash-in and cash-out systems.

Peter: Right, that makes sense.

Shivani: That's the big difference is that we recognized really early on that to gain their trust, we needed to do two things. One is we needed to have higher approval rates than others in the market because this customer has never been trusted, so we have to show them that we're willing to take the risk on them and give them value first.

And then the second piece is the ability for them to touch and feel their money and know that it's real. Now that we've moved beyond credit and we've given that experience of trust and the ability to touch and feel your money, now saying hey, if you leave your money with us we can give you even better, you know, kind of benefits within this ecosystem, it's a much easier sell.

Peter: Right, right. So, are you finding that a good portion of your customers are, you know, starting to kind of ease their way into a digital type format when it comes to finance?

Shivani: The Philippines is the first market that we've launched the full Tala account in and in that market we are seeing a really strong uptick.



Peter: Okay. So then, maybe you could just describe, I imagine, it differs quite markedly between countries, but, I mean, are these people using Tala to buy groceries, to pay bills, to use it for their business? I mean, what are the major use cases?

Shivani: So, what we see, it does vary by market and again, this is a lot of where that cultural nuance comes in. So, what we see in Kenya is that over 70% of people use it for a business purpose. That's also because digital credit has already been established in that market even before Tala got there, right? So M-Pesa and M-Shwari existed before us. What we came in and provided was, again, a faster product, an unsecured product and then now adding these other value propositions within that so, I would say, in that sense, you see it much for entrepreneurial reasons.

In the Philippines, what you see is that 80% of people will use us more for the likes of a credit card. They'll use us much more in day-to-day needs, paying bills like you mentioned, improving quality of life as opposed to immediately using us to start a business. And then what you find is actually that, you know, once a customer comes in and uses it for one specific need, then the next time they'll come back and use it for a different need. And that's what I think is something that we don't talk about enough within the fintech landscape is this idea of fluidity within one's financial life. We don't always need to create discreet products, but instead, we really need to be thinking about the flows of money within an ecosystem.

Peter: Right, right, got it. One of the things that I think is really important for a company like yours and for anyone sort of operating in this inclusion space, that is to sort of measure the impact, I mean, it's one thing to serve the least people, but it's another thing to actually know the measurable impact you're having. I'm really curious about this survey, it just came out, I think it was just earlier this month and you conducted an impact survey, and I wonder if you can just touch on one of the highlights that you found as far as the impact that you're having.

Shivani: So, we did a third-party study with 60 Decibels as well as two other academic institutions, with Harvard and UC Berkeley and we studied Tala's impact, we surveyed over a thousand customers that have been using us for a while, so these aren't first time customers. And what we found was that two thirds of customers told us that they did not have this kind of access prior to Tala so there was no other good alternative in the market that they could point to other than Tala that would give them this kind of liquidity access.

The second thing that we found was that 80% of respondents reported a higher improvement in their quality of life and within their financial confidence. So, again, talking about markers that don't just have to do with yes, I have more income and that's leading to greater confidence and security, but it's this idea of my mindset and psychology has entirely changed. And now I'm accessing other products that I otherwise did not have access to before.

And then the last thing, I think, that we get really excited about is that we then dove in deeper into the data and found out that eight out of ten women within that study also reported the greater ability to make financial decisions within their households. And so they were also saying that they themselves felt more empowered as decision makers, and so now you're actually seeing it at different levels. Yes, at the individual level, you're seeing that there's this impact on, again, more financial security being



reported, greater access, greater financial confidence, but then you're also seeing the multiplier effect coming within a household.

Peter: Right. I want to dig into the approval process and the underwriting process you have. In your World Economic Forum panel you talked about a new kind of credit score that you've created, can you maybe give us a little bit of background how you create that? Where are the data points you're using because you say you've got higher approval rate, there aren't well developed credit infrastructure in these countries, so you're sort of flying blind in some ways so tell us a little bit about that process.

Shivani: I'm chuckling a little bit when you say flying blind a little bit because I think the entire premise of Tala and the ethos of Tala is this idea of, you know, it's really being built from the person up. When we think about it, I personally really think we've been thinking about credit scoring, top down as opposed to what is the individual doing every day, right? For us, that's really how we started, we really started. We really started from a place of how do we actually seamlessly access the data of one's life, one's sort of consistency in paying bills, what they do throughout the day, the patterns, the context of their daily life.

And so, we just continue to build on that kind of ethos, I would say, because of the fact that we now engage with our customers in other financial products outside of just credit. So now, when we started it was hey, can we create a proprietary credit score using this mix of Android data as well as our own application data, demographic data and behavioral data? Where we've gone is to say now that we have, you know, more engagement with these customers in terms of whether it's taking a financial literacy quiz or course within our app and what questions do they answer, what modules have they read, you know, whether it's connecting with our customer advocates or if it's making payments through our, again, bill payment providers or depositing money with us.

Each of these different discreet actions comes into our scoring ability and our ability to then not just, you know, have a different way to help this customer understand their journey within Tala, but ultimately to really provide what we would call the right product at the right time for them.

Peter: Right. So then, you mentioned that you're taking the data from the phone, you're taking behavioral data, demographic data, that sort of thing so when someone comes to you for the first time, obviously, you've got a lot of history now, you serve millions and millions of people so I'm sure you've got a pretty robust way of measuring these people. So, if someone comes to you for the first time, you don't have the financial data, but I presume what you've done is you found all these other data that is very predictive of financial behavior and I know you probably don't want to give away your secret sauce, but I'd love to get a little bit more color on the types of data that really is most predictive.

Shivani: Sure. And what I would also say is that, you know, we also have to think about the cases in which somebody has a new phone, right, and there is no data. So then, you're looking at it as I have the identity data coming in from the application, KYC and then the behavioral application data. And so, we've had to think of it as you can't rely on everything being available all the time so how do you almost have different models, what we call fallback models, that can allow us to still score and keep that kind of high approval rate.

What we've added in is also this idea of re-thinking the experience in how you onboard a customer which may have different risk levels. And so, because we have the ability to have customer's deposit, if we don't know enough about a customer and we think that they are too risky how can we get a new behavioral signal. And we've seen this in other developed markets as well which is credit builder products, or essentially can we get the customer to take a behavioral action before giving them something in return.

And so, I think that's what we've really studied over the last year is what is the right amount of friction versus our ability to show them that we can trust them and provide value, right? The difference here is we need to be greater on the trust side than on the friction point, and so we need to be more seamless than others in the market because this customer has been you know, given failed promises so many times. And so, that's what I would say is that it's not just this kind of alternative data, it's also matching the experience with the customer base that you're trying to bring in and being slightly, I think, greater on the risk taking side.

Peter: Right, right. So, let's talk about engagement because this is something that I think, you know, when you've got a lending product oftentimes you lend the money out and they pay back, and it's not as a sort of an active engagement. I know you talked about your expanding into account type products, but how are you doing this engaging with your customers beyond the lending product?

Shivani: So, beyond lending, we do now have a full financial account allowing our customers to save money with Tala and also be able to pay all of their essential bills through Tala as well.

Peter: Okay. And then, is that available throughout your geographies or are you still rolling that out?

Shivani: We're still rolling it out. We started with the Philippines and then we'll follow it up in our other markets later this year.

Peter: Okay, okay. Then you talked about trust quite a bit and I'm curious about the establishment of trust. Do people kind of, when they first engage with you, is there sort of this stance of mistrust? You've talked about these people who have been burned before. so how do you overcome that barrier of mistrust?

Shivani: One of our founding principles at Tala is take the first risk and so one of the best ways is to be the one that brings them into the ecosystem before anyone else does. So, I would say that, you know, we do really need to show that our approval rates are going to be greater than the traditional financial system or others in our market and that's the way that we win trust greater than anyone else in the market, I believe. I would say that's what you do at the first interaction point, but then, you know, it doesn't stay that, you need to think about as what are the additional benefits that you're giving them over the long term.

I think that is what makes us very different is our business model is not around a transactional product, we're not trying to earn as much as possible in the short term. But we acquire a customer looking at the lifetime value of what, you know, we expect to earn over more than just a 12-month period of time. And so, I think that is the really big difference in us, but it also allows us to really have that focus on retention and sustainability.



Peter: Right, right. And so then, what about financial education, is this a big part of what you're doing once you have them engaged, is financial literacy an achievable goal? A lot people, they want to have money, they just don't want to learn about money and I'd love get, with your kind of customer base, what is the attitude towards all that?

Shivani: We think that it is necessary to do both, to provide both financial products and to do the financial literacy and it goes back to what our mission is as a company. Our mission is to ensure that these customers become financial agents and so if they don't have the know-how of not only the products within our ecosystem, but really understanding what's happening within their financial lives, then we're not fulfilling our mission.

And so, within our app we're really excited that at this point we've now provided over 2.8 million customers access to financial literacy courses all within the app experience. What we've done is not to stop there, we've actually said, in places where it's possible, how do we also create physical communities and also looking at other channels outside of just the app. So, we have Facebook communities, we have WhatsApp courses and then we also have physical courses that we've done and partnered with local governments.

Peter: Right, right, that makes sense. Last time we chatted, I remember something, I still remember this distinctly because it really blew me away, you said you were one of the top five most downloaded apps in Kenya, there's WhatsApp and Facebook and Instagram and one other, and then Tala. Are you still seeing that kind of traction, what can you tell us about how you're kind of rolling out across the four different countries and the traction that you're getting?

Shivani: So, across all of our markets in the Google Play Store, our app is rated 4.8 or greater so in that sense, I think customers really like us and, you know, again, we've provided a high quality experience and kept that rating over time. I think the other thing that's happened while Tala has been growing has been the fintech sector and so now I think we are at the top of digital or financial services companies across our markets, but we can't say that we are just, you know, a top five app in the market just because, again, the ecosystem has gotten much larger.

Peter: Right. So then, how many customers have you served now, and what's the number that are maintaining engagement?

Shivani: So, we will have served close to 8 million customers across our four countries, and we've delivered over 3 billion in access to credit across these markets.

Peter: Okay, okay. So, you know, you have four different markets in four different regions of the world although you can say India and the Philippines are close to one range, but there's still a bit of distance between them, what's that like? I mean, are you hopping on planes and hanging out in Kenya one week, Mexico the next, the Philippines and India, I mean, what's it like managing a company that is in such diverse regions?

Shivani: I think it comes down to ensuring that you have really strong leadership not just at the executive level, but again, within each market. And so, across every country we have full country



leadership teams, we have really, really strong general managers that are, again, previous entrepreneurs themselves. And so, they're thinking about their markets not just as oh, I am here to run this market, but it's really thinking about, how do I exponentially make this market better, how do I think about this as it's my business that I am constantly improving and thinking about?

And so, because they come in with that kind of founder mindset and entrepreneurial bent they're not just, again, managing, they're always thinking about product market fit and so they themselves are in the market of talking to customers, working alongside their product and engineering teams. I think the other thing that we've done is really thought of, again, how do we build both that global infrastructure as well as the ability to be modular and localized.

And so, what we've done is put our product and engineering teams really close to our customers. We've three engineering hubs around the world, one in the US, one in Kenya, in Nairobi and then one in Bangalore, in India and this allows us again to create that customization and that nuance that I was talking about.

Peter: Are you still based in I think it was Santa Monica, or Southern California, somewhere?

Shivani: We are, but we are 100% remote but we still have our offices across our markets, you know, try to regularly meet up. But, again, I think the pandemic, for us, allowed us an equalizing experience and so anyone that is in one of our countries is just as close to me as somebody sitting in our US office. I think in that sense it created a lot more accessibility and communication.

Peter: And so, how many people do you have now?

Shivani: Across the team, we're now a little over 500 people.

Peter: Okay, that's a good size. Okay so then, last question, what is your vision now for Tala? I mean, as I said at the beginning, there's a lot of countries where this kind of product is needed, are you planning world domination?

Shivani: I would call it more, you know, world financial inclusion (both laugh), but, yeah, I would say that what we've done is really focus on building that foundation, right. So, we focus first on going wide and the ability to, again, have credit models that can work across countries and really ensure that the first value we're providing to the customer was working, right. Do we have a sustainable portfolio, and can we expand that across three continents? Yes. From there, we said okay, we need to continue to refine that and have larger loan sizes, lower interest rates, the ability to create revolving lines, you know, again, really continue to evolve that first experience.

Alongside that, we said we need to also deepen the value we can provide to the customer and so that's why we started building vertically. And so, we built the, again infrastructure to enable these other financial products and keeping credit at the core of that ecosystem. Now that we have that full stack experience and we understand the engagement rules, now we would go back to thinking about expansion and saying, how do we bring this entire experience now into new countries.



Peter: Okay well, we'll have to leave it there, Shivani, great to chat with you again. Thanks so much for coming on the show.

Shivani: Thank you so much for having me.

Peter: If you like the show, please go ahead and give it a review on the podcast platform of your choice and be sure to tell your friends and colleagues about it.

Anyway, on that note, I will sign off. I very much appreciate you listening and I'll catch you next time. Bye.

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