ADB Ventures has given fintech company Kiu a $200,000 grant to expand access to credit finance for rural, women-owned small and medium enterprises (SMEs) in Myanmar and Vietnam. SMEs make up 98% of Vietnam’s private sector, constituting approximately 40% of the country’s GDP, which is among the fastest-growing in the Asia Pacific.

While SMEs are vital to Vietnam and other countries in Southeast Asia, many find it difficult to access credit and loans. This is a particularly keen problem for businesses owned by women.

For example, a small business cannot normally secure a bank loan without putting up real property as collateral. As is true in many emerging markets, credit scores do not exist for small business owners, and banks are risk averse. Women business owners struggle with this requirement. The deeds to their homes are often not in their own names, and to proceed they need the cooperation of their husbands, fathers, brothers, or uncles.

Consequently, 78% of Vietnam’s SMEs and MSMEs are rejected when they apply for loans, and women face a higher rejection rate than men.

To help local small business owners, Kiu created a feature-rich business management platform (BMP) for SMEs. The BMP includes accounting tools through which the SMEs can input all their financial data. Kiu then analyzes this data against several hundred risk factors to generate advisory credit scores for banks. Bank partners can use these scores to make credit decisions with less reliance on collateral.

In late 2019, ADB Ventures deployed a US$ 200,000 Seed grant to adapt Kiu’s BMP for women-owned MSMEs in Myanmar and Vietnam’s agriculture value chains and horticulture sectors. These sectors, which employ high percentages of women, are highly susceptible to the impacts of climate change. ADB Ventures funding will allow the company to perform rapid product development and market validation. It is reimbursable and gives ADB Ventures the option to make a future equity investment in Kiu.

“IT THINK IT’S AN INJUSICE TO HAVE AN ENTREPRENEUR OR A SMALL BUSINESS OWNER GIVE UP THE DEED TO HER HOUSE TO GET A $2,000 LOAN,”

- Steve Landman, CEO, Kiu

Photo: KIU
“We started Kiu as a Mekong Business Initiative project to identify the challenges of SMEs in the Mekong region,” explains Steve Landman, Kiu’s CEO. “We interviewed about 600 SMEs and MSMEs [micro, small and medium-sized enterprises] mainly in Vietnam, specifically the Mekong Delta, and we identified about 20 problems. There were three that absolutely everyone had: marketing, digitalization, and access to loans and credit.”

Through Kiu, women business owners can now more easily access credit, with the average loan size ranging from US$5,000-6,000.

Prior to Kiu’s arrival, ADB had provided a US$100 million credit line to Vietnam’s commercial banks to be used for on-lending to SMEs. This backing gave banks the confidence to lend to small businesses on Kiu’s platform once it launched.

“I think it’s an injustice to have an entrepreneur or a small business owner give up the deed to her house to get a $2,000 loan,” Landman says. “A lot of these business owners also have no credit history, and they don’t have records that they can present to banks that are standardized or in the right format.”

Kiu has also added an educational component to its services through its Q Academy. “I believe it’s unethical to just lend to these SMEs, because in reality a loan can make their business more difficult. We have this educational aspect of teaching financial management, accounting, human resources management, and marketing, but more importantly we let them understand what it means to take a loan. It’s not just about signing a piece of paper and you get money.”

The Kiu platform has since expanded beyond Vietnam to Myanmar, Cambodia, Thailand, the Philippines, Hong Kong and, most recently, Bangladesh.

“We have about 30,000 SMEs on the platform, with about half in Vietnam since we focused there first, and about half of all of those companies have gotten loans through the platform,” Landman says. “We make a big push on women-owned SMEs, and we also try to work on the LGBTQ and people with disabilities angle. We’re a for-profit, but we have a big social push.”

“THE APPLICATION IS VERY CONVENIENT TO USE. NO MORE MISSING ITEMS, AND WE WERE EVEN ABLE TO GET A LOAN AS A RESULT OF USING KIU.”

- Win Zaw Htike, local entrepreneur, Yangon

In addition to focusing on female entrepreneurs, more than 70% of the company’s employees, including its co-founder, are women. Moreover, Kiu works closely with local associations and partners, such as the Myanmar Women’s Entrepreneur Association.

The benefits of Kiu’s support are tangible, according to Cuong Pham of Green Farms in Vietnam: “Because of the Kiu team and Kiu BMP, we qualified for a loan, and our business is increasing rapidly.”

Khin May, a Yangon-based entrepreneur who launched a potato chip business last year, does all her bookkeeping on Kiu’s platform. “In one click, I can see profit and loss statements and cash flow statements. All the important information is right there on the app,” she says. “It’s cost-saving and time-saving.”

Win Zaw Htike runs a hand carwash business in Yangon, and with Kiu’s help he has been able to expand his business from one location to five. “We can now monitor everything using the system,” he says. “The application is very convenient to use. No more missing items, and we were even able to get a loan as a result of using Kiu.”

Roberta Ayala of Eat Em Up Bakery adds: “Kiu was easy to install and it has made our business much more efficient and productive. No more time doing unnecessary paperwork and filing.”