

SMB-focused fintech Koinworks scores mega- round to plug financing gap

Article

The news: Indonesia-based small and medium-sized business (SMBs) financial platform **Koinworks** raised a **\$108 million Series C round** comprising **\$43 million in equity** and **\$65**

million in debt capital to supply loans.

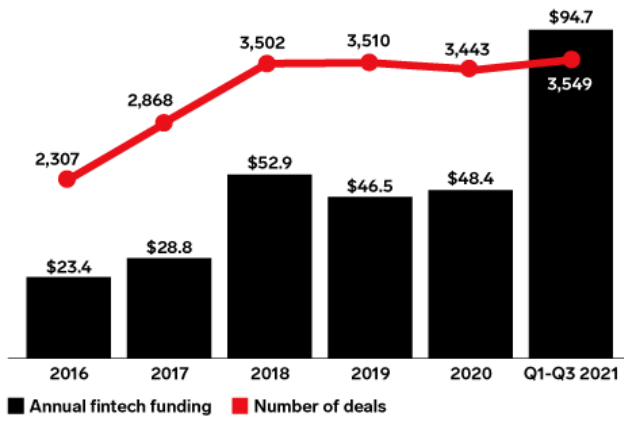
What does it do? Koinworks' platform targets SMBs that struggle to access credit from financial institutions (FIs).

- Koinworks taps its machine-learning-powered solution to assess the eligibility of unbanked SMBs using data outside of the normal risk parameters.
- The fintech also provides things like bank accounts, credit cards, and early wage access to customers.
- The rapid digitization induced by the pandemic accelerated the platform's growth as SMBs were forced to shift their businesses online.
- **Its user base has tripled to 1.5 million SMBs** since 2020, and its monthly loan disbursement has tripled to nearly \$50 million since 2019.
- Koinworks said **its revenues have quadrupled in the last two years**.

What's next? Koinworks should sustain its strong growth trajectory given the large number of unbanked and underbanked SMBs in Indonesia—and we expect that its platform's evolution might mirror those of peers in more mature markets.

- Koinworks has ample room for growth: There are **more than 60 million SMBs** in Indonesia—yet **only 19% of the banking industry's loans** go toward these businesses, contributing to an **\$80 billion funding gap**, per research from the World Economic Forum.
- SMB-focused banking platforms have attracted massive funding rounds globally on the back of stellar growth: US-based **Brex** raised **\$300 million** in October, and French-based **Qonoto** just closed a **\$552 million Series D round**.
- As Koinworks grows and attracts more capital, we expect that it will pursue the **one-stop-shop model** that larger players like Brex have developed.
- This includes taking care of a broader range of clients' financial needs, like managing expenses with tracking solutions.
- Koinworks faces competition from fellow SMB-focused fintechs—**BukuWarung** and **BukuKas** recently moved from offering accounting tools to add lending. Having a full-service SMB financial platform would help it stand out.

Annual Fintech Funding Worldwide, 2016-Q3 2021
billions and number of deals



Source: CB Insights, "State of Fintech Q3'21 Report," Oct 26, 2021

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