

Economic uncertainty takes center stage at Money20/20 startup competition

Article

Panel: America's Got Access: A New Startup Pitch Competition Focused on Doing Good

Judges: Dan Rosen, **Commerce Ventures**; Scarlett Sieber, **Money20/20**; Charles Hudson, **Precursor Ventures**; Sherri Haymond, **Mastercard**.

The news: Nine early stage startup founders took the stage on the opening day of Money20/20 to fight for a **shot at a \$100,000 investment and stage time in front of an audience of venture capital firms and angel investors.**

- Dennis Cail, CEO and co-founder of community-based alternative lender **Zirtue**, won the inaugural competition.
- In a surprise evening announcement, **Remynt**—pitched by CEO and founder Gwyneth Borden—also won a \$100,000 investment following an audience vote.

Economic uncertainty strikes again: Underlying the theme of the competition—financial inclusion—and the stakes for founders trying to get their companies off the ground was the pervasive sense of an economy poised to take a turn for the worse.

Fintech funding volume has imploded. After peaking at \$38.4 billion in Q4 2021, the global haul came in at just \$12.9 billion in Q3 2022, a **38% year-over-year (YoY) drop** and the lowest quarterly value since Q2 2020, per CB Insights.

Hindsight is always 20/20, and for some in the industry, tighter financial conditions are creating an inflection point years in the making.

- “In the last five to 10 years of my career, especially in the last five, there was so much money coming into fintech,” **Money20/20 Chief strategy and growth officer Scarlett Sieber** told Insider Intelligence. “It did feel like there was almost too much money. And I don’t want to say it wasn’t smart money, but ... **people were having valuations that in my opinion were quite inflated. This is a level-setting.**”
- “I think the market is still trying to find its way to what is the normal pace of investment,” **Dan Rosen, founder and general partner of Commerce Ventures** said. “**I don’t know if we’ve found the bottom yet.** ... I think we’ll start to hear more about [acquisitions] over the next three to six months. My guess is we’ll also hear about companies that just didn’t make it. And there will be some high-profile private companies who face a day of reckoning.”

Economic uncertainty has also pummeled consumer sentiment and threatens to push at-risk consumers into dire straits.

- The Federal Reserve’s efforts to throttle the hottest inflation in decades have sent mortgage and credit card rates soaring—a worrying trend considering the record amounts of debt held by the public. **Consumers have racked up a collective \$16.15 trillion in debt**, per the New York Federal Reserve. Household debts are up more than \$2 trillion since before the pandemic.
- The rapid and global shift to qualitative tightening compelled the International Monetary Fund to issue a warning about “a cascade of recessions in rich nations and debt crises in poorer ones,” [per](#) the New York Times.

Money20/20’s startup competition was a unique manifestation of both trends: founders who have staked their careers on helping underserved consumers fighting for a slice of rapidly collapsing funding.

Judges and finalists onstage at America's Got Access



The contenders: Each startup brought to the table a laserlike focus on expanding access to services for communities that have long faced hurdles to participating fully in the financial system.

Some focused on providing services to ethnic and cultural communities:

- **Totem**—the “first bank by and for indigenous people,” per founder and CEO Amber Buker—works with sovereign tribal governments to improve access to benefit programs like mortgage assistance.
- **Pana** targets Latin American communities with fee-free remittances and a “social banking” platform that helps users develop credit profiles.

Others designed products for low-income communities and people struggling with overdue debts:

- Remynt takes on the “putative” ecosystem of lending and debt servicing. It buys charged-off portfolios and offers those debtholders savings and credit accounts that help them rebuild their credit scores while they pay off their overdue debts.
- Danielle Pensack’s **Rightfoot** is a “holistic financial wellness solution.” It offers an embedded debt repayment platform for financial institutions (FIs) that puts all of a consumer’s debts in one location so they can manage payments without logging into each individual app.

Athlytic, MyFloc, Xaggo, and Xiggit also pitched. A tenth startup, **Ticket Avengers**, was expected to compete but couldn’t attend because of a delayed flight.

The winner: Cail said he founded Zirtue because predatory lenders were targeting all of the demographics he identified with—he’s a veteran, a person of color, and someone who grew up in a low-income home.

- There are **28,000 payday lenders in the US, more than the number of Starbucks or McDonalds**, per Cail. Those lenders are concentrated in communities with fewer resources and less access to conventional credit.
- He called his solution “a hand up, not a handout.” It relies on users’ networks of friends and family to finance loans to pay for bills. Users negotiate the terms of repayment, and lenders can also opt to forgive loans.
- Zirtue has **300,000 users** and has processed **80,000 loans worth \$30 million**. The average loan size was \$400. Twenty-two percent of users requested or funded more than one loan, and so far this year 18% of loans have been forgiven.
- The app charges no user fees for facilitating social lending. It earns revenues from a 5% success fee charged to its enterprise partners.

A new kind of competition: Money20/20 has hosted startup competitions in the past, but this is the first year the winner received funding—and the first year the competition centered on financial inclusivity. This focus proved to be timely and popular: America’s Got Access’s hundreds of applications were the most Money20/20 had ever received.

- Sieber said Money20/20 nearly scrapped the shark tank-style event this year because they wanted to “reinvent” the competition.

- “For us and for me, the purpose of America's Got Access is to give back, help amplify the voice of the people who need it—and really help elevate and accelerate growth for the companies who need it,” she said. “From the macroeconomic perspective ... funding is especially important right now.”

Lots of talk, less action: Inclusivity has been a buzzword in the world of finance since the early 2000s. But women- and minority-led fintechs still say they face barriers to getting the same access to capital as their peers—and it’s only gotten harder in the last few months.

“Oftentimes, women are asked the question, ‘What are your data points?’” Pensack told Insider Intelligence. “For early stage companies, it’s always been showing the vision. I think that can put women at a disadvantage.”

“I think people often say they support women and people of color,” Remynt’s Borden said. “In practice, I haven’t seen that so much. **People are just extremely cautious right now.** They’re either not investing, or they’re choosing things that are pretty proven.”

What’s next? Taking the macroeconomic picture into consideration, Borden and Pensack agreed: “All of our investors have said it’s going to get worse before it gets better,” Pensack said. “**If you think it’s tough now, it’s going to get worse.**” But they’re optimistic about their businesses and the state of fintech as market uncertainty abates.

- “When you do go back to the basics and start thinking about the company you want to build and the impact you want to have in the world, there are so many great companies that come out of difficult times,” Pensack added. “There’s massive opportunity ahead.”
- “**Social impact is really coming on.** I’ve talked to a number of organizations announcing new funds in the beginning of next year [that are] really focused on impact,” Borden said. “**As the economy gets worse, it’s really going to highlight the stress on our financial system and how it’s leaving so many people behind.** That’s when people are going to start focusing a lot more on companies like ours.”