QuickCheck

Financial Inclusion for African Micro-Entrepreneurs & Consumers

DEBT FUNDRAISING
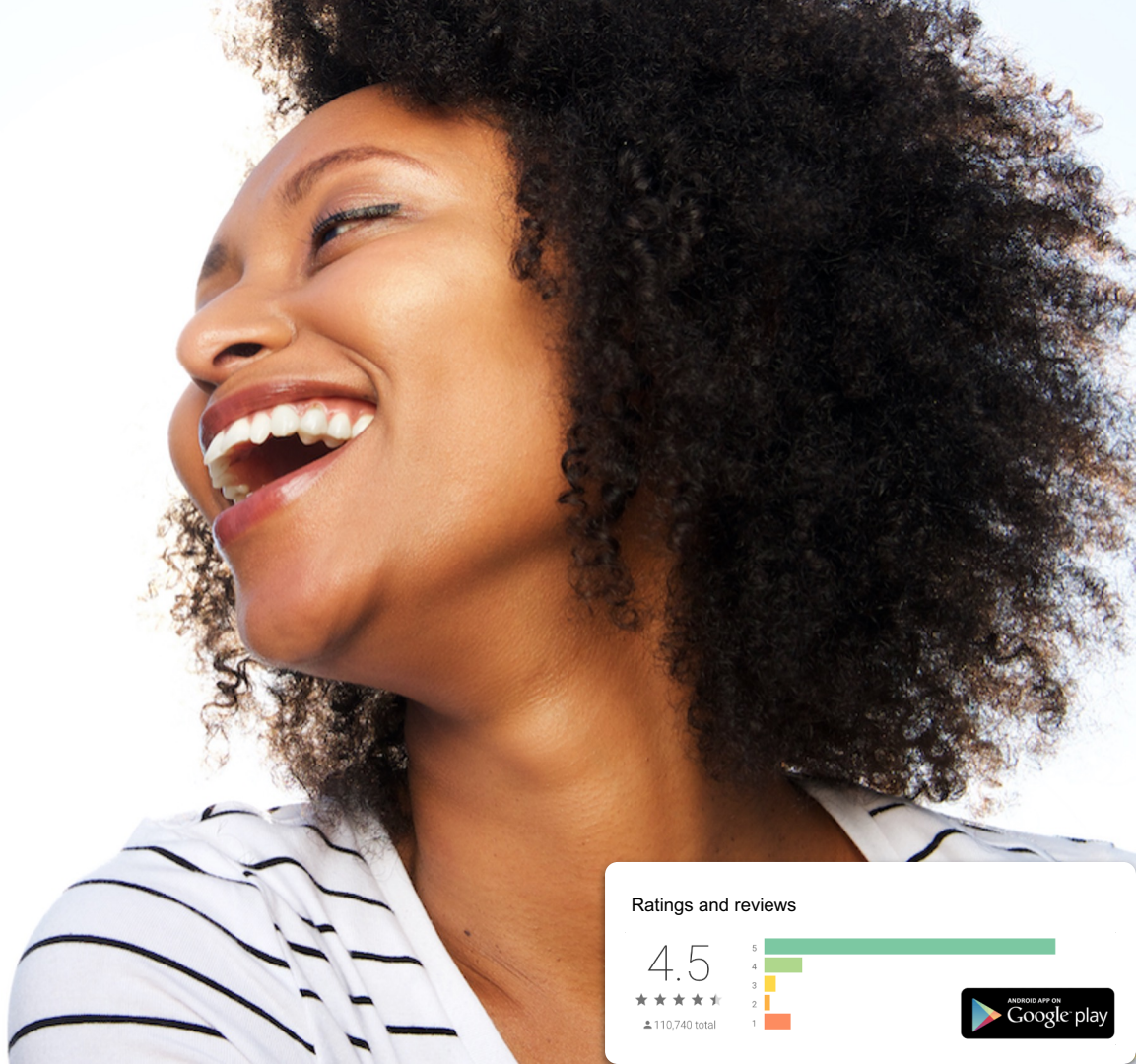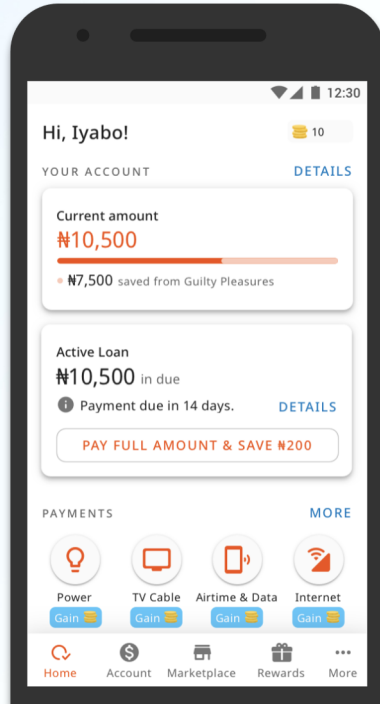
Hi, Iyabo! 🪙 10

YOUR ACCOUNT — DETAILS

Current amount
₦10,500

₦7,500 saved from Guilty Pleasures

Active Loan
₦10,500 in due

ℹ Payment due in 14 days. DETAILS

PAY FULL AMOUNT & SAVE ₦200

PAYMENTS — MORE

Power — TV Cable — Airtime & Data — Internet
Gain — Gain — Gain — Gain

Home — Account — Marketplace — Rewards — More

Ratings and reviews

4.5
★ ★ ★ ★ ½
👤 110,740 total

5
4
3
2
1

ANDROID APP ON
Google play

Table of Content

Executive Summary

- QuickCheck is a Fintech Company specialized in digital lending to SMEs and Consumers. The Company was founded in September 2017 with the goal of driving financial inclusion and providing access to credit in Nigeria. The Company grants short-term loans of NGN30,000 – NGN1,000,000 ($70 - $2400) for 30 – 360 days based on eligibility criteria built around its credit scoring model. QuickCheck provides productive credit with responsible pricing targeted at entrepreneur's through a superior user experience.

- With an underbanked/financially excluded adult population (100m) of greater than 50% and less than 5% having access to credit, QuickCheck seeks to bridge this huge gap using its strong underwriting capabilities and unique credit scoring model. QuickCheck has disbursed 1.7 million loans totalling $50 million since inception.

- In a bid to achieve its vision of becoming the Entrepreneurs' most preferred bank, the Company recently concluded its Series A funding round with a total sum of $4.9 million in equity funding. This round was led by Channel VAS, the largest mobile financial services provider in Africa, and Knuru. The partnership is strategic aimed at leveraging the key strengths of both entities to expand significantly in Nigeria.

- The Company is also led by a strong management team with relevant experience in Management Consulting (McKinsey), Technology and Artificial Intelligence (The European Organization for Nuclear Research - CERN), Corporate and Investment Banking/Treasury (Coronation Merchant Bank) and Credit Risk (UBA). The Company also has the presence of board members/shareholders with proven track record of successful performance in the domestic banking industry.

- QuickCheck has a tested and proven business model and product-market fit having bootstrapped for four (4) years without any inflow of considerable capital. With a strong equity base of c. $5 million, we are well positioned to take on additional debt of as much as $25 million (NGN10 billion) in line with the acceptable industry Debt/Equity ratio benchmark for financial services companies. We therefore believe that we have the requisite capacity to efficiently utilize and repay any credit facility granted to the Company.

Key Investment Highlights

Product/Technology

- QuickCheck has been able to put together a solid Product and Tech team in Portugal, Nigeria and Egypt to ensure a working and efficient digital lending platform
- Via the app, eligible customers can obtain instant credit for the loans between NGN30k and N1 million
- The interest rate on the loans is also highly competitive and risk-based to ensure responsible and fair pricing in line with best practice.

Addressable Market

- Nigeria has a fast-growing population currently at 200 million and projected to double by 2050. However, more than half of the adult population (100 million) are under-banked/financially excluded, while less than 5% have access to credit.
- QuickCheck seeks to bridge this gap by providing an efficient, scalable and profitable digital platform to serve this segment of the population, i.e. the under-banked. The Company also seeks to leverage on existing and growing payment infrastructure to reach a vast number of users across the country

Unique Underwriting Capability

- QuickCheck deploys an effective risk management framework that leverages data science, fraud elimination and business intelligence systems to ensure minimal Non-Performing Loans (NPL) which has been at industry-lows
- Using behavioural data, AI and machine learning, we are able to build data-led risk profiles of prospective users/borrowers and consolidate our unique credit scoring model to ensure loan repayment.

Experienced Team

- QuickCheck is led by a strong and experienced team with relevant experience across various segments covering AI/Machine Learning, Product Development, Management Consulting/Strategy, Corporate/Structured Finance and Treasury.
- We pride in how limitless our talent pool with a strong team of dedicated and committed workforce spread across various countries – Portugal, Nigeria, Egypt, Switzerland and Dubai.

Product Strategy: Higher Frequency of User Engagement Leads to Adoption of High-Margin Features and Retention

| ⚡ ENGAGE | 🔒 STORE VALUE | 💰 MONETIZE |

Rewards, Payments & Debit/Credit Card

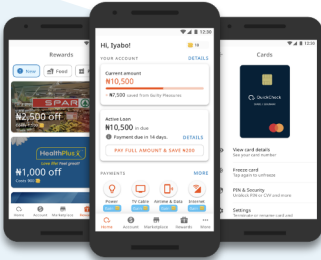**Convenient Savings & Investments**

Marketplace & Credit Offers

High

In-app activity

Low

High

Margin

Low

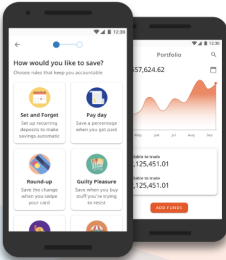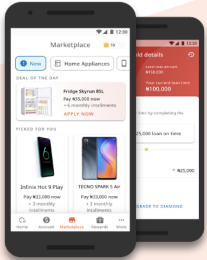**Benefits**
High user activity
Engagement
Top of mind / Retention

Benefits
Reinvestment of capital collected
Stronger and lasting relationship
with customers

Benefits
Main
revenue-generating
features

…that Expands on our Digital Lending Core Expertise

1.7m
nr. loans disbursed

USD 50m
value loans disbursed

330K
unique customers

USD 3.3m Portfolio
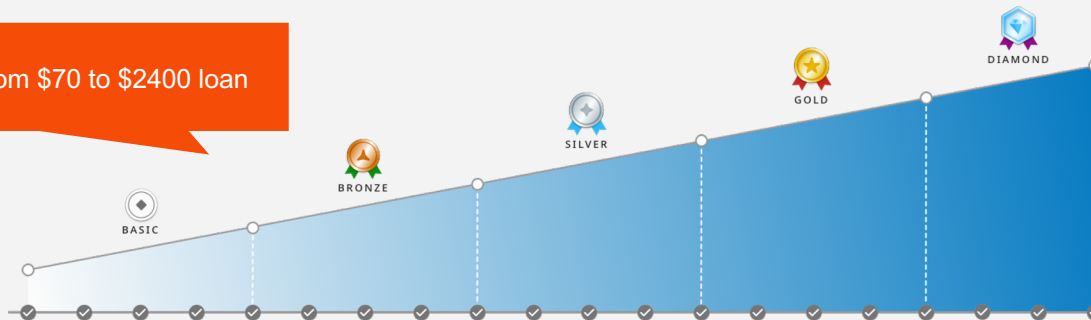
JUMIA
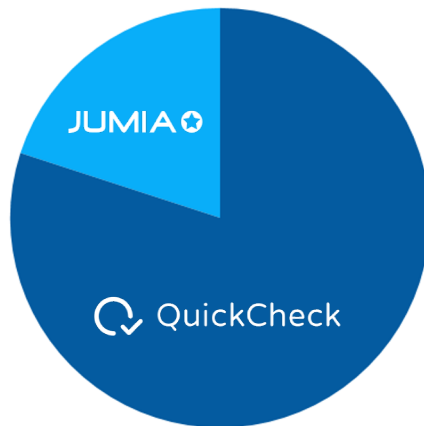
QuickCheck

5.1m
applications

< 5 sec
to loan decision

< 2 min
to loan disbursed

Customers graduate from $70 to $2400 loan

BASIC

BRONZE

SILVER

GOLD

DIAMOND

QuickCheck: 30m+ Nigerians As Immediate Target Market

Over **30m target customers** in our initial market, Nigeria, and this number is increasing quickly

Nigeria will be the **world's 5th most populous country in 2030**, and most likely the 3rd after India and China by 2050

McKinsey estimates that the consumer finance industry in Nigeria is expected to grow rapidly - estimated to be worth **USD 1.4tn by 2030**

Mobile Lending in Nigeria
Market Size (m)

- 100m Adults
- 40m Unique Bank Account Owners
- 30m Target Customers
- 65m Mobile Internet Users
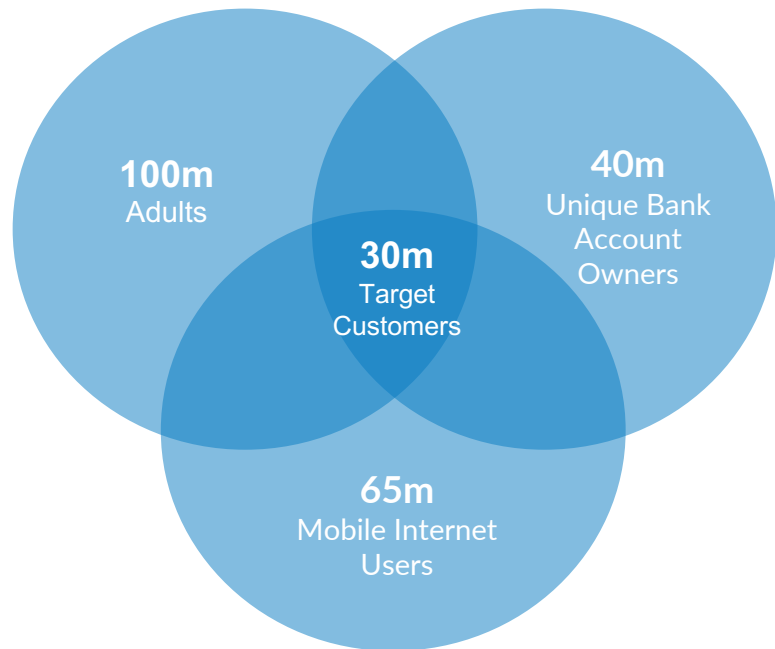
MARKET: Favorable Demographics

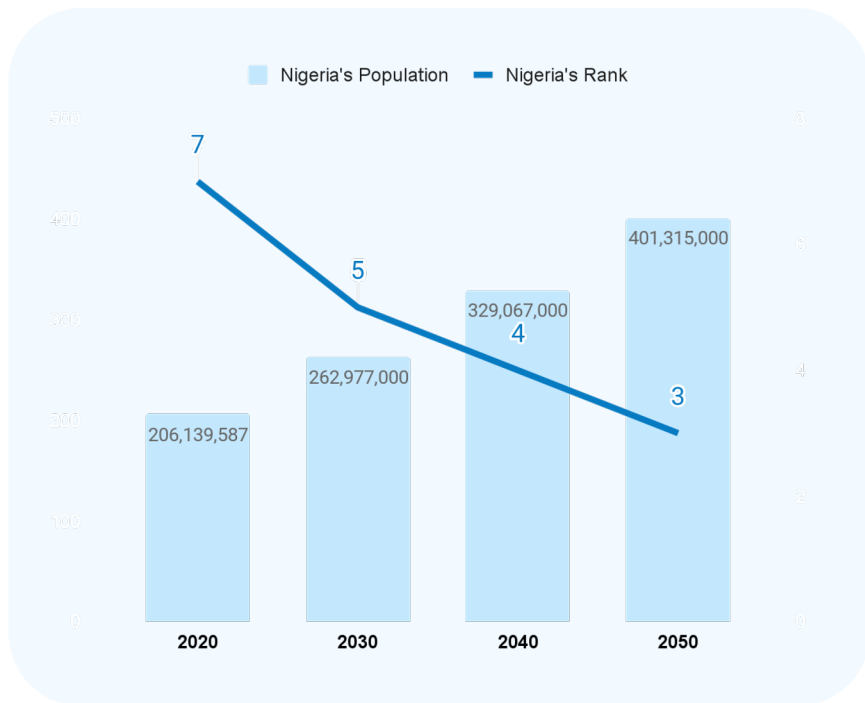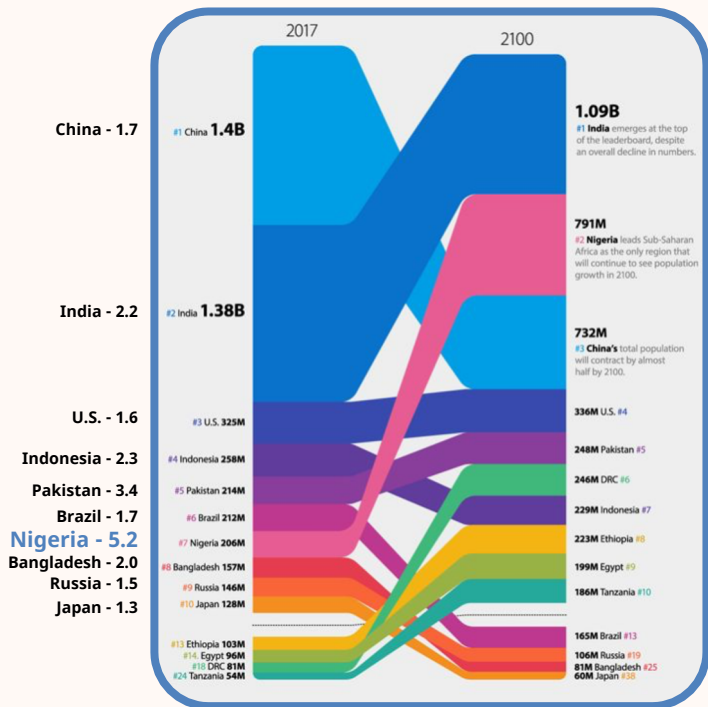Fertility discrepancies will trigger profound demographic changes, making Nigeria even more unavoidable

Nigeria's Population · Nigeria's Rank

Year	Population	Rank
2020	206,139,587	7
2030	262,977,000	5
2040	329,067,000	4
2050	401,315,000	3

Births Per Woman

| Country - Births Per Woman	2017	2100
China - 1.7	#1 China 1.4B	1.09B — #1 India emerges at the top of the leaderboard, despite an overall decline in numbers.
India - 2.2	#2 India 1.38B	791M — #2 Nigeria leads Sub-Saharan Africa as the only region that will continue to see population growth in 2100.
U.S. - 1.6	#3 U.S. 325M	732M — #3 China's total population will contract by almost half by 2100.
Indonesia - 2.3	#4 Indonesia 258M	336M U.S. #4
Pakistan - 3.4	#5 Pakistan 214M	248M Pakistan #5
Brazil - 1.7	#6 Brazil 212M	246M DRC #6
Nigeria - 5.2	#7 Nigeria 206M	229M Indonesia #7
Bangladesh - 2.0	#8 Bangladesh 157M	223M Ethiopia #8
Russia - 1.5	#9 Russia 146M	199M Egypt #9
Japan - 1.3	#10 Japan 128M	186M Tanzania #10
	#13 Ethiopia 103M	165M Brazil #13
	#14. Egypt 96M	106M Russia #19
	#18 DRC 81M	81M Bangladesh #25
	#24 Tanzania 54M	60M Japan #38

Nascent Financial Sector with Untapped Potential

Nigeria's banking sector is barely starting, with a relatively stronger penetration for savings (23%) than credit (12%).

Credit and Savings Penetration (% GDP)

Credit and Savings Penetration (% GDP)
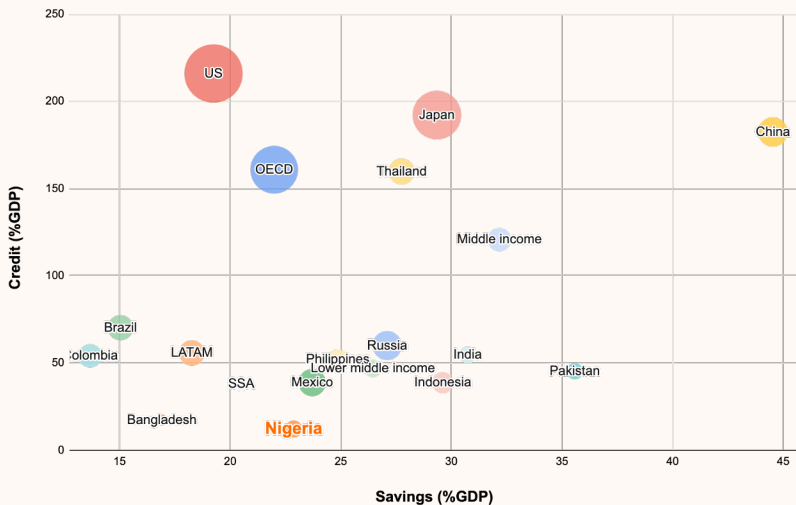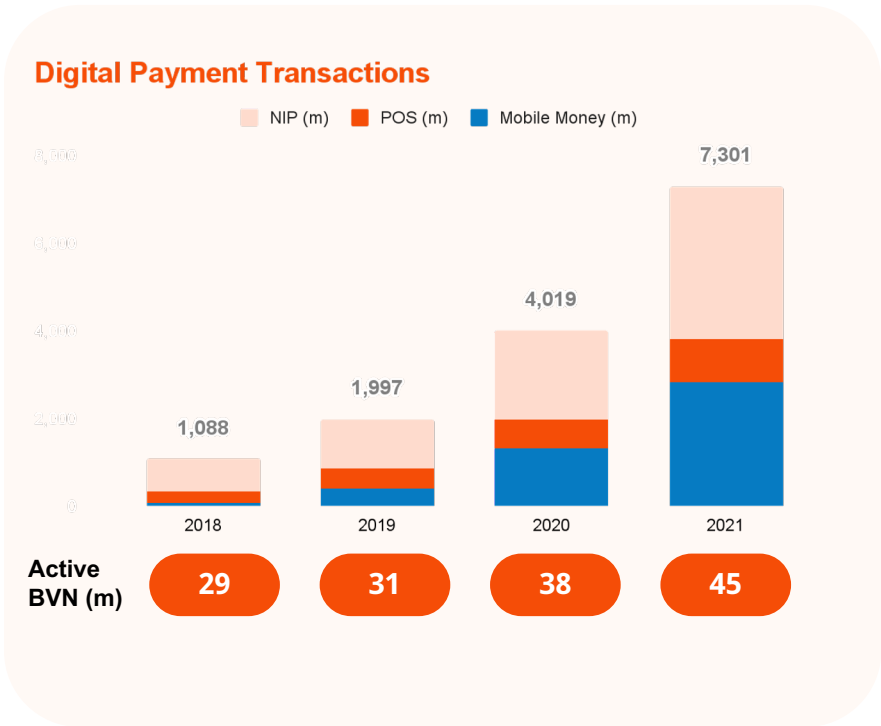
Market Growth Drivers

Higher GDP per capita

Affordable smartphone

Basic financial inclusion
deposit and digital payments

Fast-Growing Digital Transaction Data and Users

6.7x more transaction data in the last 4 years (CAGR: 89% p.a.) ; Value decreases as digital channels grow in prevalence
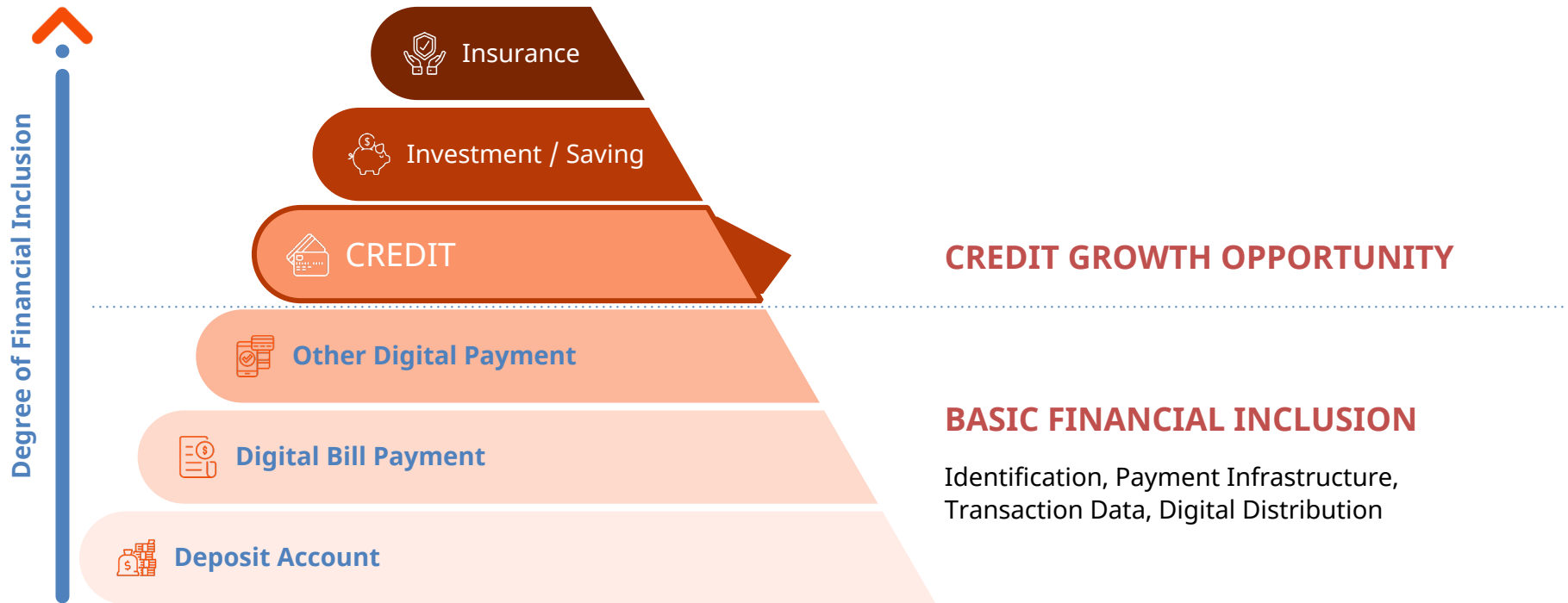
Digital Payment Transactions

Legend: NIP (m) · POS (m) · Mobile Money (m)

Year	Value
2018	1,088
2019	1,997
2020	4,019
2021	7,301

Active BVN (m)

2018	2019	2020	2021
29	31	38	45

2018 – 20 CAGR	Transaction Value		
	2018	**2021**	**Diff**
89%	**81,230**	**60,428**	**-26%**
68%	110,250	78,302	-29%
51%	8,124	6,546	-19%
240%	40,392	28,353	-30%

Opportunity: Basic Financial Inclusion Drives Credit Growth

Nigeria's recent growth in basic financial inclusion creates the foundations for an acceleration of credit penetration.
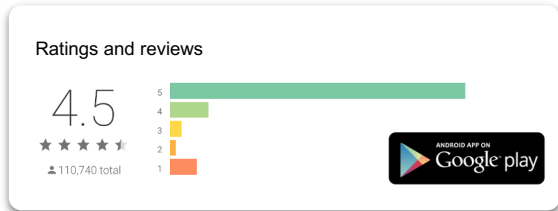
Degree of Financial Inclusion

- Insurance
- Investment / Saving
- CREDIT

CREDIT GROWTH OPPORTUNITY

- Other Digital Payment
- Digital Bill Payment
- Deposit Account

BASIC FINANCIAL INCLUSION

Identification, Payment Infrastructure, Transaction Data, Digital Distribution

STRENGTHS: Three Main Strengths to Build from

Focus on Customer Experience

Ratings and reviews

4.5
★ ★ ★ ★ ½
👤110,740 total

5
4
3
2
1

ANDROID APP ON
Google play

Entrepreneurs' Segment

71% of loans on QuickCheck are granted for short-term business needs. Lendigo cracked a fully-digital model to grant first-time loan above 1m with profitable unit economics.

Data and Risk Capabilities

Tested multi-disciplinary team with hands-on knowledge about underwriting data and integrated capabilities for data science and risk, able to adjust models in real-time.

Strategy

Entrepreneurs

focused on productive credit and ancillary services that enables customer grow as opposed to consumption credit that eats away consumer purchasing power; most sustainable segment in the market but also harder
nut to crack

Experience

all banks ultimately offer the same products and services, customers join for a "hooking" value proposition and stay for your superior user experience and ultimately become promoters of your brand and attract more customers

Branchless

cost-effective and scalable distribution for increased convenience and broader market-reach to serve much smaller customers profitably where traditional banks cannot operate as efficiently

Responsible

accountable for our actions, from the way we price our products, handle our credit collection or work in teams.

VISION:
Entrepreneurs' favorite banking experience. Branchless. Responsible.

HOW WE PLAY: Entrepreneurs' and Productive Credit

An overwhelming majority of customers uses QuickCheck to meet their ultra short-term cash flow needs for their businesses.

Employees With Side 18.0%

Finance Consumption 29.0%

Self-Employed / Owner 53.0%

Finance Business

Customers:
71% of customers who got 3+ loans use QC funds to finance their micro/small businesses

Loan #36

Solomon I. | Joined *Jun. 28, 2017*
"I used the money to bridge gaps in my business and when in need of quick cash for fees or other family related expenses."

Loan #40

Abraham K. | Joined *Aug. 15, 2016*
"I mostly use it to fund my businesses (mobile withdrawal and online car dealing). I just finished building and moving into our new family house. That project required constant cash flow because I had to pay the workers sometimes daily or weekly. I use the money sometimes to pay for adverts on Facebook and Instagram but mostly on Jiji. I am a verified seller there."

Loan #28

Rhoda J. | Joined *Aug. 20, 2016*
"I run a salon business and all the money I take is put into getting the tools and other things needed for the business. That's my number one reason for taking loans from QuickCheck."
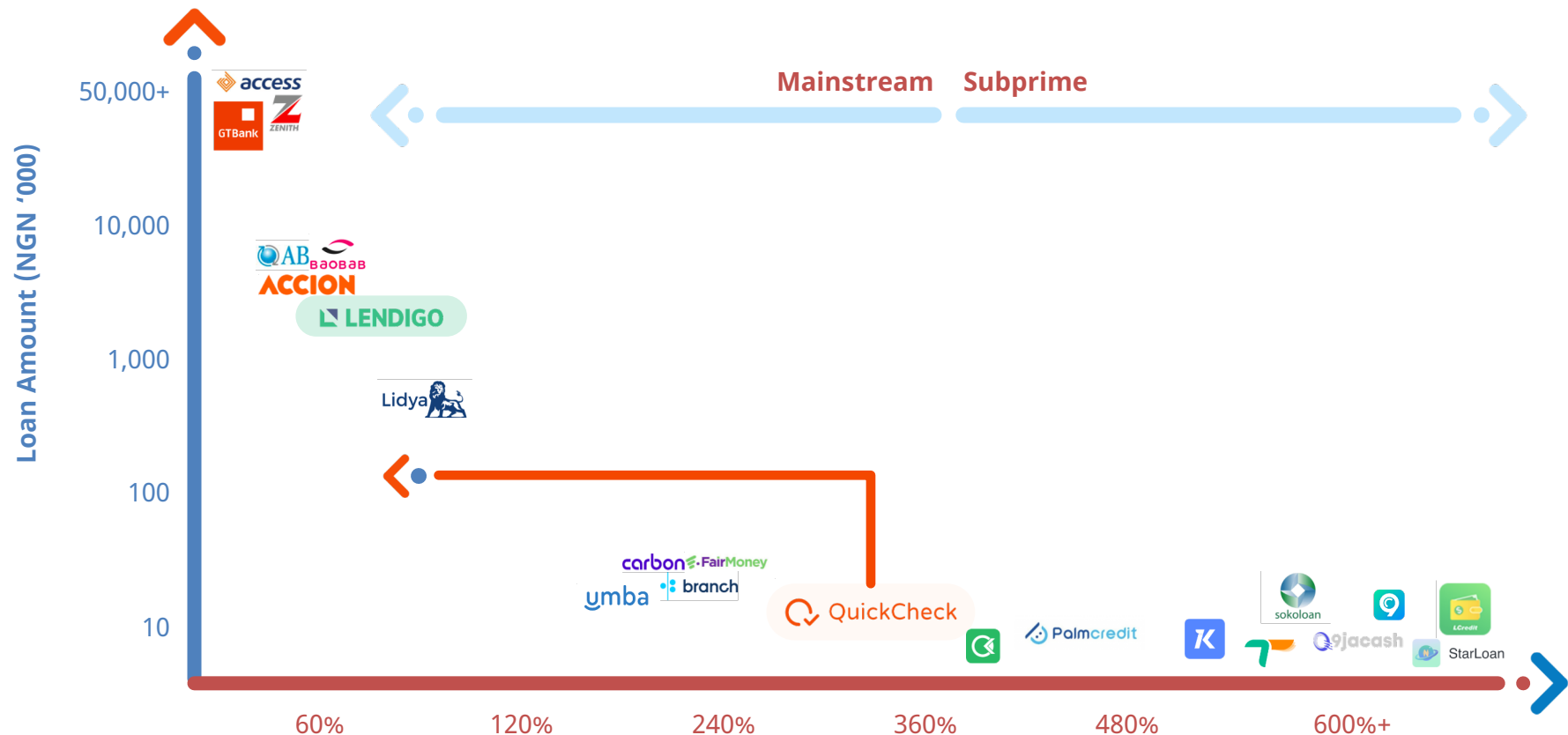
Loan #49

Rhoda J. | Joined *Aug. 6, 2016*
"My job requires that I move around a lot, so I always need money to travel. Sometimes when I exhaust my salary before the end of the month, which is often, the loan from QuickCheck comes in handy. Other times it could be a family emergency."

HOW WE PLAY: Building Mainstream Retail In Nigeria

HOW WE PLAY: Reducing Our Pricing To Increase Customer Quality

Underserved, Yet Profitable Segments

- Focus on risk-adjusted returns instead of absolute loan loss rate
- Underserved by traditional lenders due to lack of collateral and inability to assess risks properly

Highly Liquid Loan Book

- Average loan tenor of 31 days
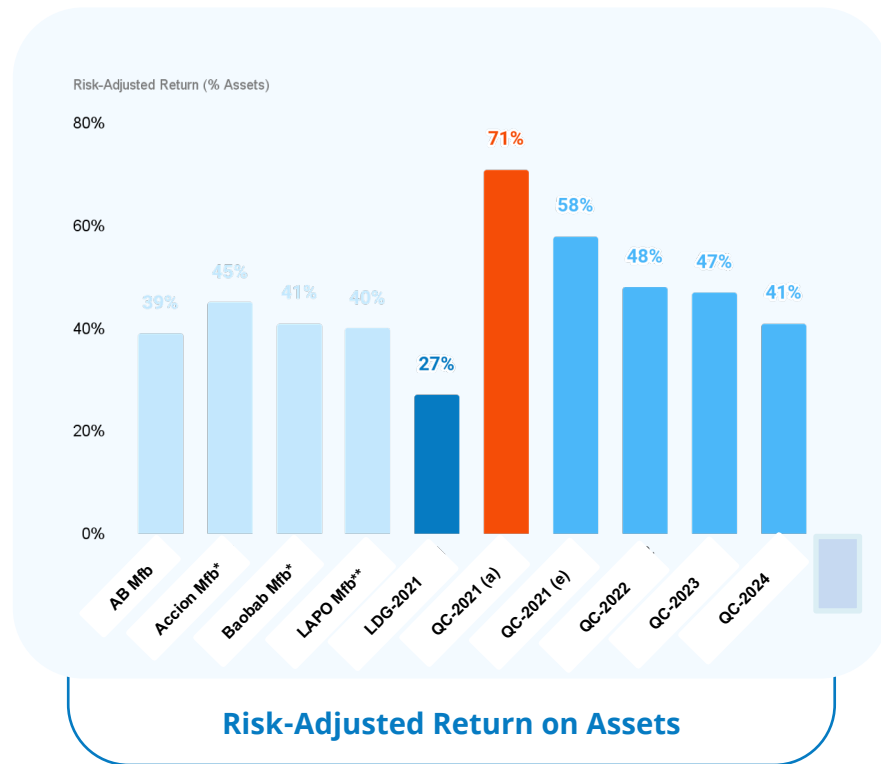- Guarantees high adaptability to market risks

Proprietary Tech-Driven Credit Assessment

- No human bias in decision (big data)
- Continuous optimisation (machine learning)

Artificial-Intelligence Powered Collection

- Artificial intelligence constantly optimises agents' performance
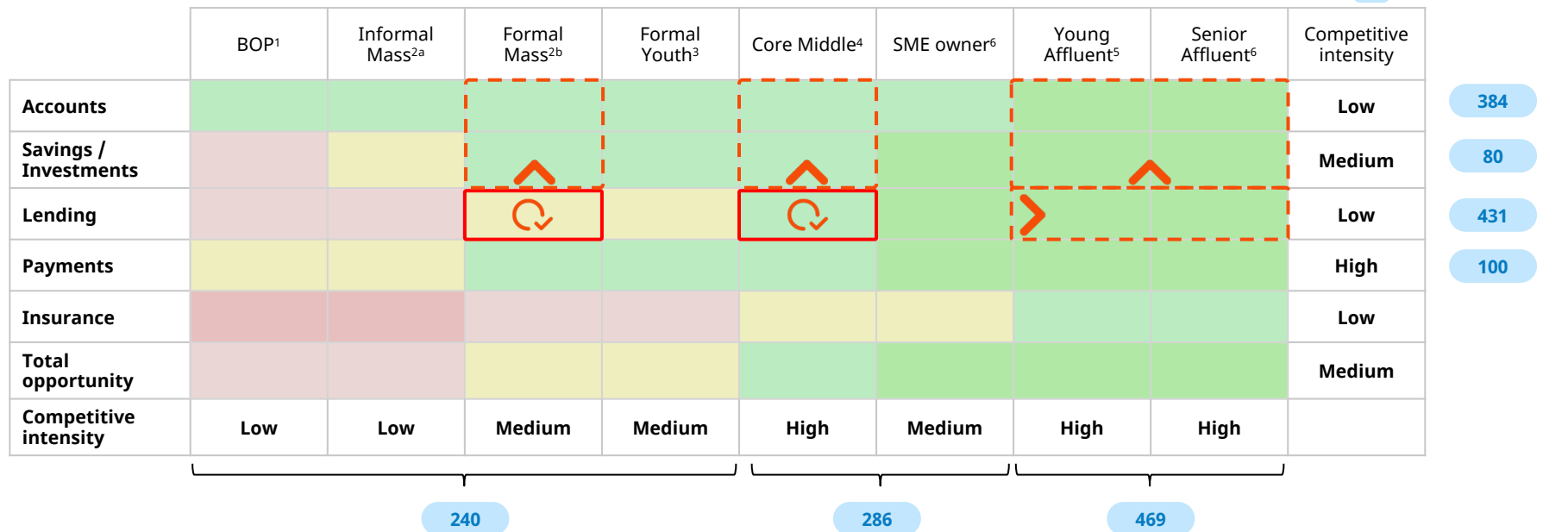- Optimisation of when to reach out, which channel to use, and what payment arrangements to offer

Risk-Adjusted Return (% Assets)

Category	Value
AB Mfb	39%
Accion Mfb*	45%
Baobab Mfb*	41%
LAPO Mfb**	40%
LDG-2021	27%
QC-2021 (a)	71%
QC-2021 (e)	58%
QC-2022	48%
QC-2023	47%
QC-2024	41%

Risk-Adjusted Return on Assets

HOW WE PLAY: NGN 400bn+ Opportunity With Current Offering

Nigerian financial services revenue pool

2022 projections, Naira Bn

High ◄──────► Low

- ▭ **Current Offering**
- ⬚ **Future Expansion**
- ⬤ **Market size (₦ Bn)**

	BOP[1]	Informal Mass[2a]	Formal Mass[2b]	Formal Youth[3]	Core Middle[4]	SME owner[6]	Young Affluent[5]	Senior Affluent[6]	Competitive intensity	
Accounts									Low	384
Savings / Investments			▲		▲			▲	Medium	80
Lending			↻		↻		❯		Low	431
Payments									High	100
Insurance									Low	
Total opportunity									Medium	
Competitive intensity	Low	Low	Medium	Medium	High	Medium	High	High		

240   286   469

1. BOP includes rural dwellers and subsistence farmers
2a. Mass market includes housewives, petty traders, okada riders, artisan / domestic worker
2b. Includes teachers, entry level employees, civil servants
3. Youth includes students, early graduates and hustlers

4. Middle market include young professionals, mid-level civil servants
5. Young affluent includes mid level execs and middle aged professionals
6. SME owners includes large traders, freelancers, family business owners
7. Seniors include senior civil servants, senior executives and retirees

STRENGTHS: Tech-Driven Risk Management

Our core technology is a proprietary algorithm that uses Big Data and Machine Learning to score clients automatically, which generated already **five academic papers.**

Our model scores clients based on smartphone data

Data Gathering

Scoring

Learning Loop

Collect behavioral data points

Directly from smartphones asking for customers to use data from:
- SMS,
- geolocation,
- phone logs,
- social media,
- contacts,
- device storage

Use AI and machine learning to build risk profiles based on data

We calculate the repayment probability based on the input from data.

Our risk management leverages data science, fraud elimination and business intelligence

Data Science
- State-of-art machine learning models
- 1000+ data points available
- Alternative & traditional Credit Bureau data
- Fully automated decision making

Anti-Fraud System
- Early Warning System
- Automated KYC
- Integrations with global fraud detection experts
- ML based fraud detection

Business Intelligence
- Automated reporting
- Data-driven decision making
- A/B testing
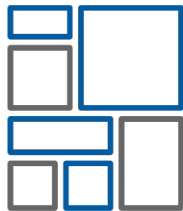- Fast iterations on test results

STRENGTHS: AI-Automated Collection Processes

We provide a data-driven, consistent, adapting customer experience that improves the lives of consumers and communities
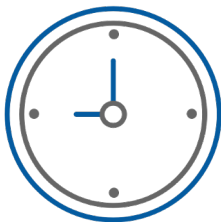
Optimize when to **reach** out

If we call consumers in Lagos between 8 am and 10 am, repayments increase by 69% when compared to the afternoon

Which **channel** to **use**

Some customers just need an SMS or an email to remind them that they are late.

Who is the agent that contacts the user

If the agent that contacts the user comes of the same region the commitment to pay is higher

What **payment** arrangements to **offer**

Sometime customers can't pay on due date because they don't have cash in the bank. Allowing them to commit to another payment plan improves repayments
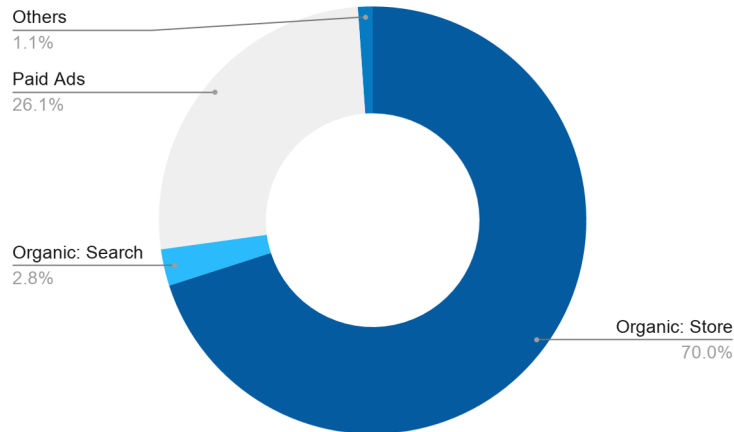
STRENGTHS: Cost-Efficient, Scalable and Profitable Unit Economics

>2.4m Unique Installs

Legend: ■ New Installs ▬ Cumulative Installs
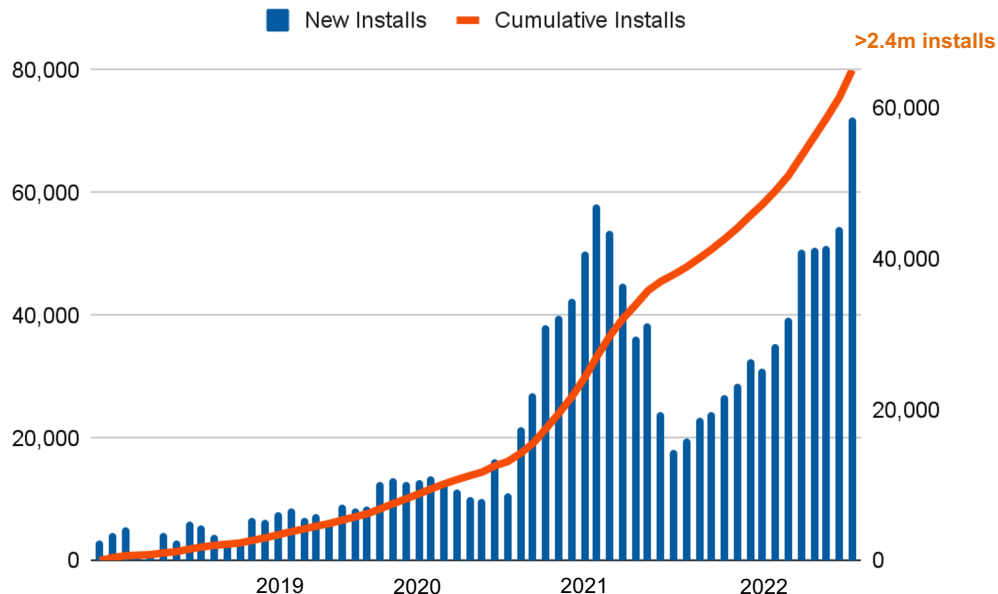
>2.4m installs

2021-2022: Over 70% Installs are Organic

Others 1.1%
Paid Ads 26.1%
Organic: Search 2.8%
Organic: Store 70.0%

CAC (Loan Granted): **USD 1.7**

LTV (Gross Margin[1]): **USD 22.2**

LTV / CAC: **13x**

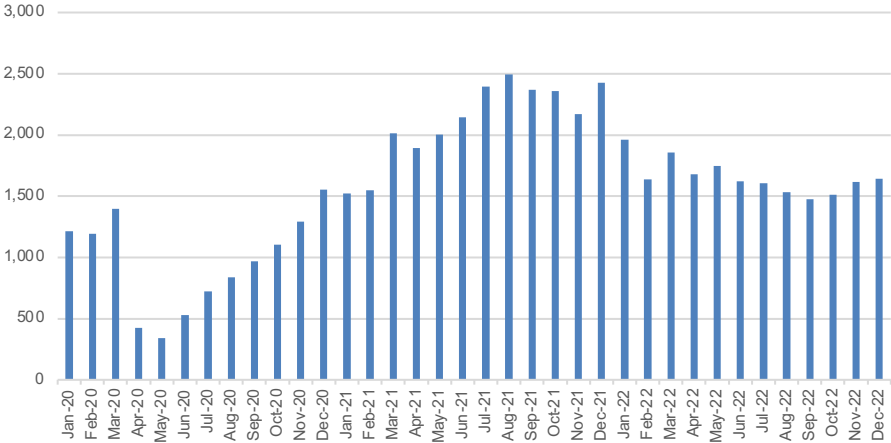1 Gross Margin includes interest income minus default and cost of capital

Key Performance Indicators

Loan Origination

$1.7m loans originated per month

'000 USD N430/USD

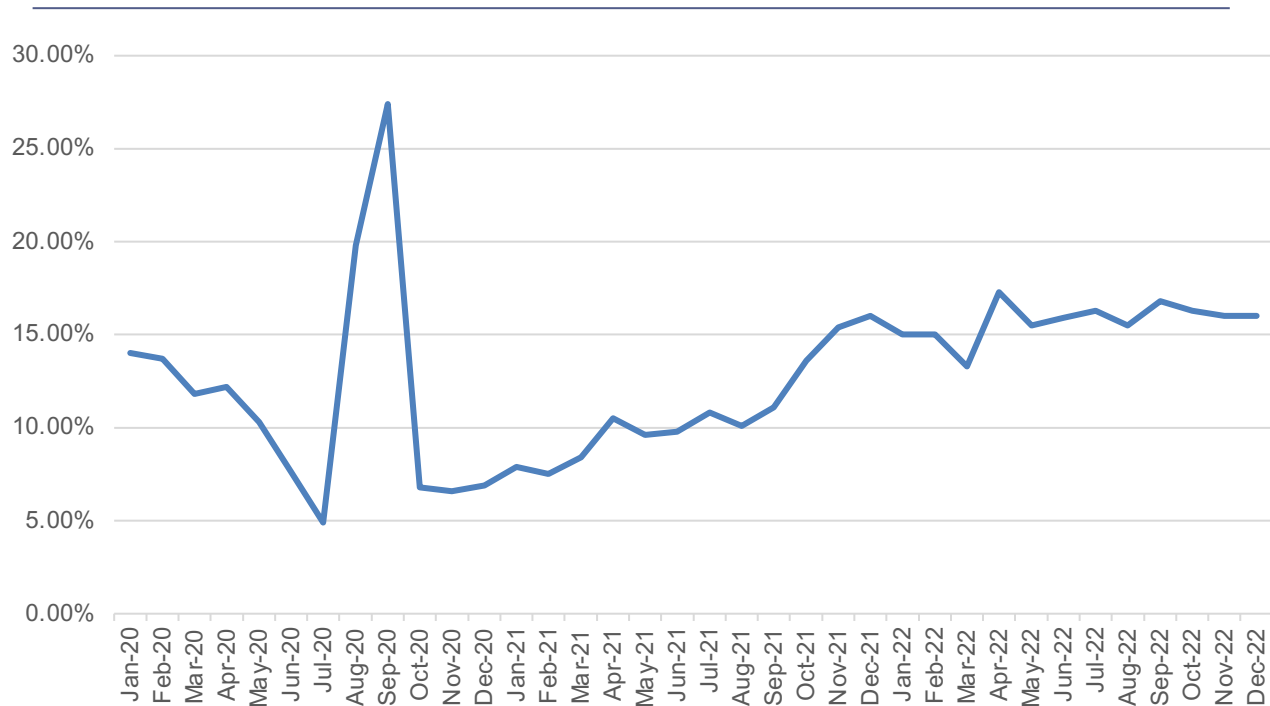## Annualised Revenue

$0.5m average monthly revenue

'000 USD N430/USD
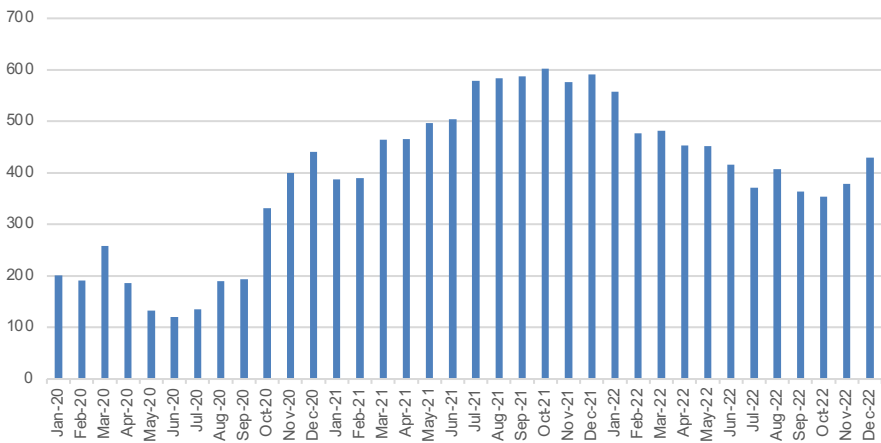
Loans with Positive Outcomes and low Impairments

NPL Evolution

The performance of our loan book has been proven over several years.

NPL have remained at a very low level and our AI-based underwriting model ensures our capital recovery rate remains high.
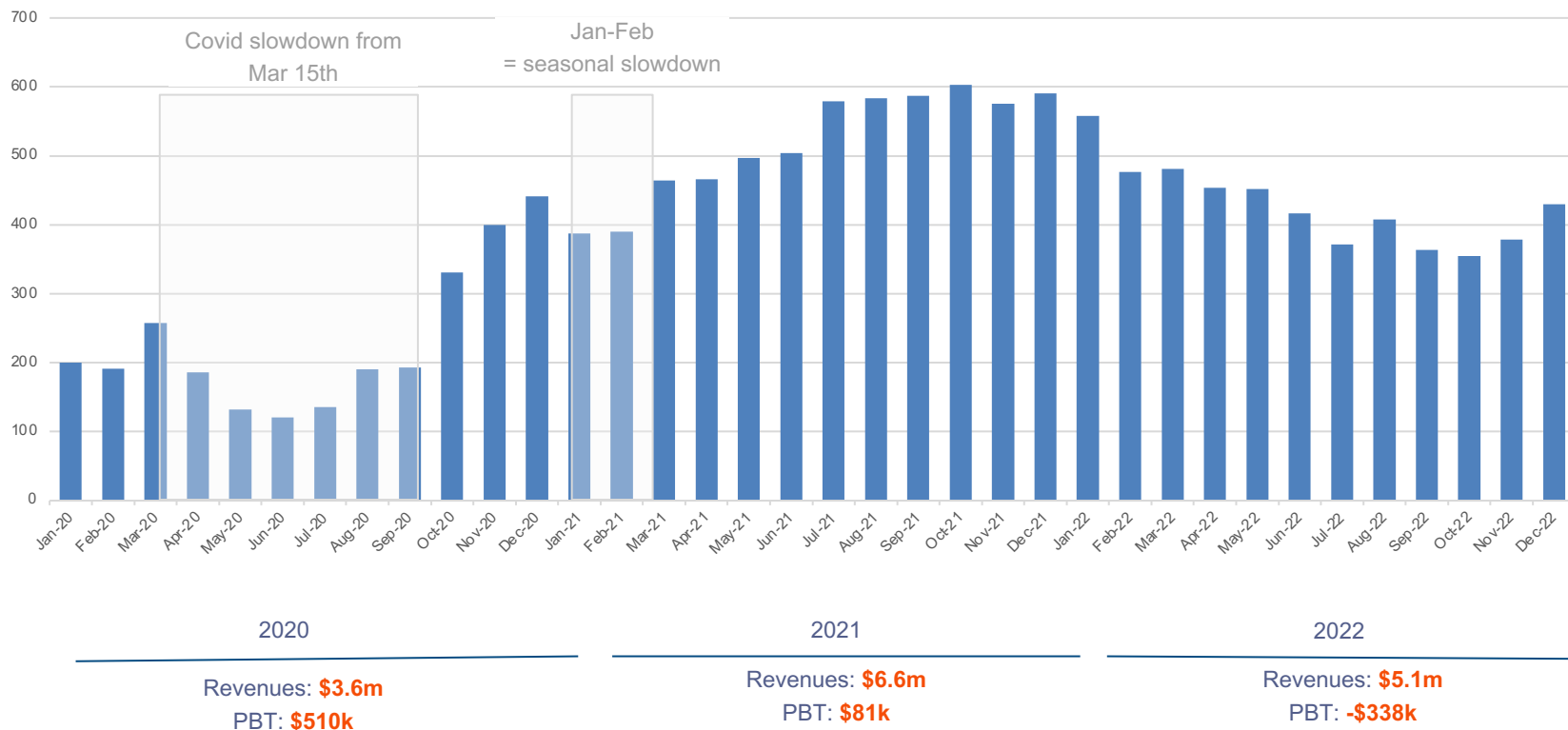
The impact of COVID-19 lockdown (Apr-21) was only felt during 2 months and our post-lockdown performance is better than benchmarks.

Strong Profitable Growth in Revenue

Monthly Revenues & PBT

'000 USD, 430 N/USD

Covid slowdown from Mar 15th

Jan-Feb = seasonal slowdown

2020

Revenues: **$3.6m**

PBT: **$510k**

2021

Revenues: **$6.6m**

PBT: **$81k**

2022

Revenues: **$5.1m**

PBT: **-$338k**

The decline in FY'22 PAT is due to increase in OPEX cost as a result of expansion following the successful conclusion of the Series A equity raise in 2022. This was necessary to ensure adequate structure in place to execute strategic initiatives.

Strong Management Team

Fabiano Di Tomaso, CEO
MSc in Business Administration

Luis Rodrigues, Co-Founder & CTO
MSc in Artificial Intelligence

Benjamin Benaim, Co-Founder & Director
BSc in Management

Oluwaseun Akintan Head of Credit Risk
B.Sc. Pet. & Petrochemical Science

Sogo Omopariola, Senior Accountant
S.Sc. Economics; ACA

Ebenezer Ekiko Head of Treasury
B.Sc. In Economics

Lola Olukogbon Operational Risk Lead
B.Sc. Actuarial Science

Chinyere Ifediora Head of Government Relations
LLB, Law; LLM, Int. Trade & Business Law

Oluwadamilare Oladele Head of Risk
BSc Economics; MBA, Banking & Finance

♀ 46 women   ♂ 36 men

We closed our Series A Fund Raising Round

Investors

kn.ru   channel vas

Past Investors

JUMIA

★ seedstars

Round Size

$4.9m

$792k in Monthly Revenues

400K customers
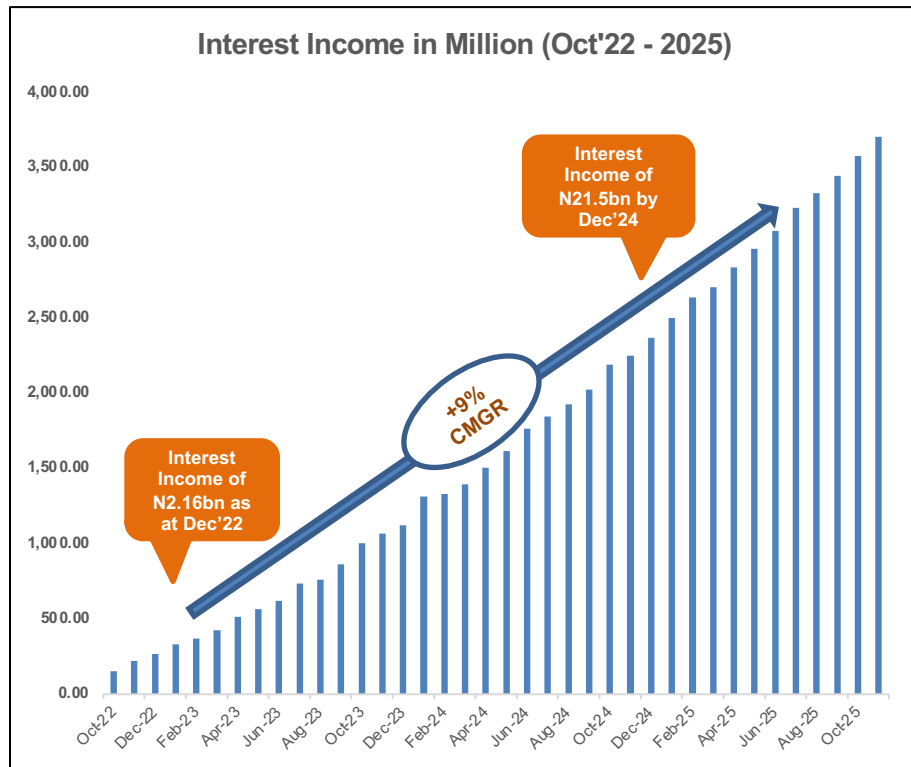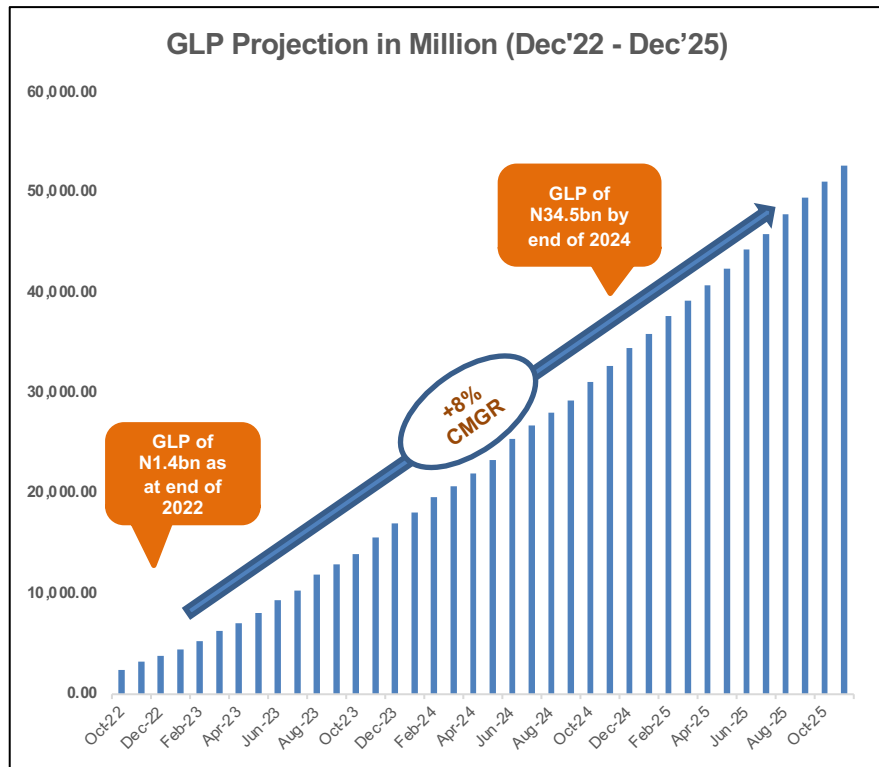
$9 Million in Gross Loan Portfolio

$9 Million in Capital

Balance Sheet Snapshot

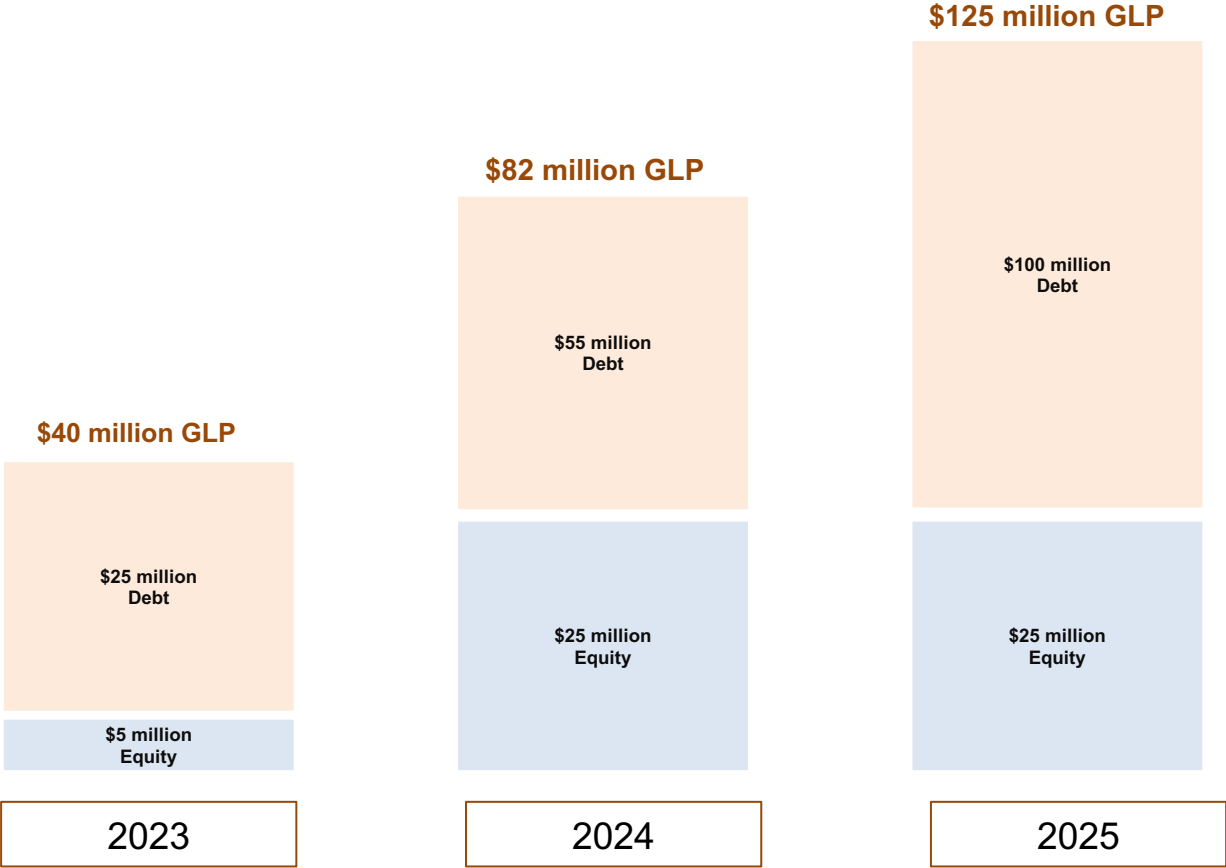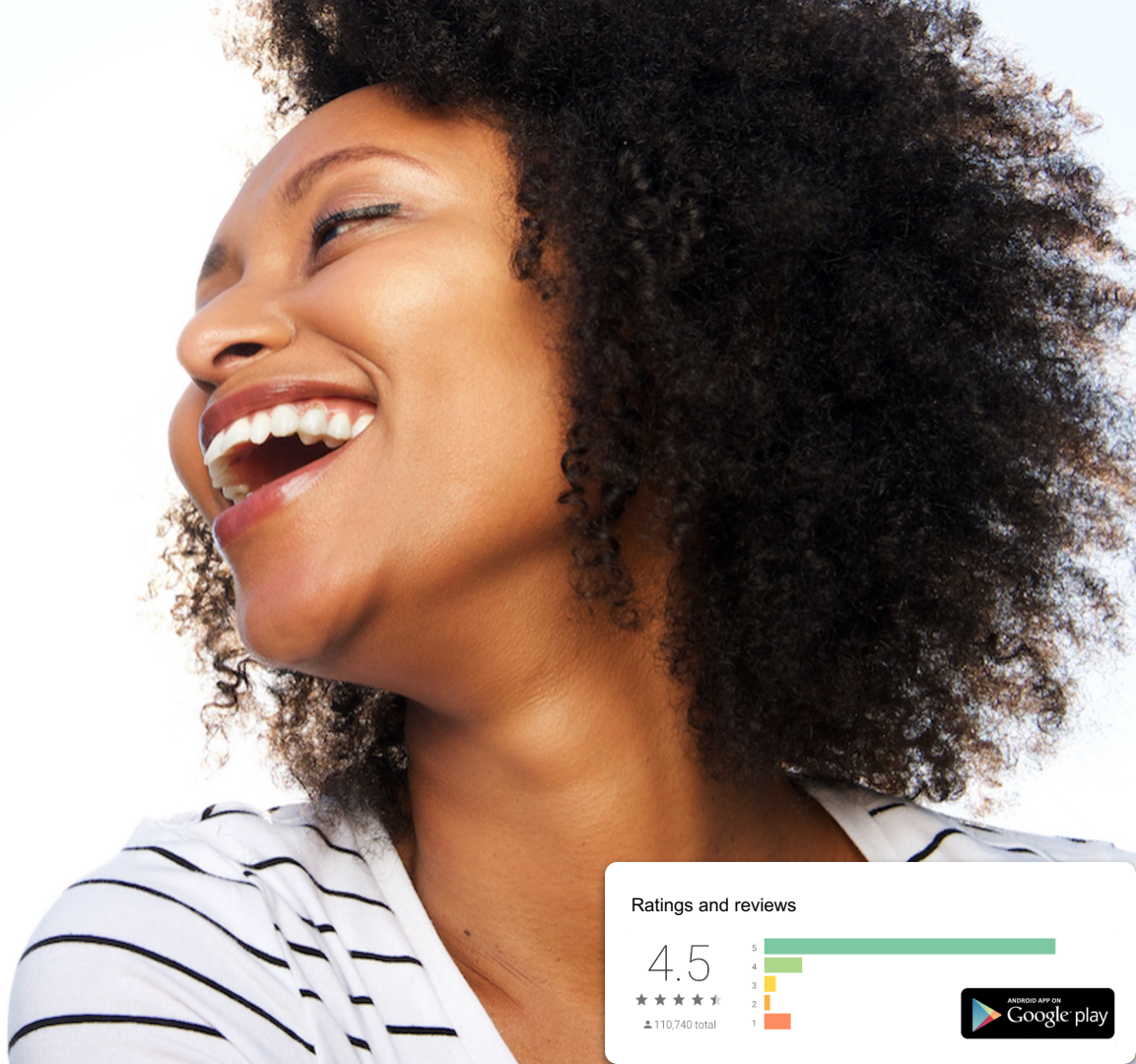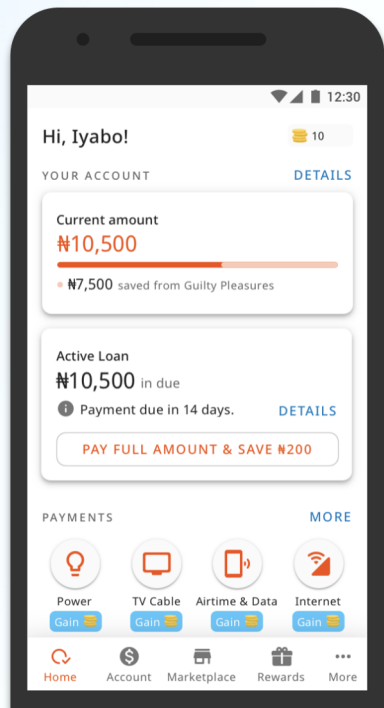|	December 2022 (NGN)	December 2022 (USD)
Cash and Cash Equivalents	284,703,968	618,922
Placement	1,574,398,724	3,422,606
Net Loan and Advance	1,117,095,864	2,428,469
Other Current Asset	778,955,434	1,693,381
TOTAL ASSETS	**3,755,153,990**	**8,163,378**
Payable	368,300,900	800,654
Borrowiing	2,236,084,452	4,861,053
TOTAL LIABILITIES	**2,604,385,362**	**5,661,707**
Shareholders' Funds	1,150,768,628	2,501,671
TOTAL EQUITY	**1,150,768,628**	**2,501,671**
TOTAL LIABILITIES & EQUITY	**3,755,153,990**	**8,163,378**

GLP & Revenue Growth Forecast

GLP Projection in Million (Dec'22 - Dec'25)

GLP of N1.4bn as at end of 2022

+8% CMGR

GLP of N34.5bn by end of 2024

Interest Income in Million (Oct'22 - 2025)

Interest Income of N2.16bn as at Dec'22

+9% CMGR

Interest Income of N21.5bn by Dec'24

Funding Plan

$125 million GLP

$82 million GLP

$100 million
Debt

$40 million GLP

$55 million
Debt

$25 million
Debt

$25 million
Equity

$25 million
Equity

$5 million
Equity

2023

2024

2025

Funding Partners