



### Guest Blog from Fuse Lending

A Mambu Initiative for Financial Inclusion Week

When Jane, a soon-to-be mother working as a house helper in Manila received a text message from Fuse Lending that she was eligible for a \$50 loan, she couldn't believe her luck. "The product was offered to me just when I needed it. I was beginning to worry about where to get the funds for when I gave birth," said Jane when asked about her experience with the loan product she accessed with Fuse.

Jane is just one of the millions in the Philippines who struggle with getting credit when they most need it. Three out of four Filipinos don't have access to banks and nine out of 10 don't have access to formal credit. Most Filipinos are therefore forced to deal with informal lenders who charge usurious rates, driving them deeper into debt. This is the problem that Fuse Lending wants to solve.

Through GCash, a mobile money platform that enables users to send and receive money using their mobile phones, Fuse has been providing credit to individuals who have been previously overlooked by traditional financial institutions.

**Fuse's mission is to cater to the underserved and unbanked population in the Philippines, aiming to create opportunities for growth and stability through responsible and fintech-enabled lending.**

To navigate the largely uncharted territory of lending to the unbanked segment, Fuse turned to technology to enable this mission of financial inclusion. Part of the solution is to give access to relevant loan products. The needs of the unbanked segment are different from those who are already part of formal financial institutions. This segment tends to need smaller amounts, with a shorter pay back duration.

This is enabled by flexible loan management systems that allow for customisation to give the right loan amount, with the right terms, and given at the right time. For example, Fuse's consumer loans lineup started with a \$50 loan payable over 26 weeks and a \$100-1,000 loan payable over 12 months.

Based on customer research, however, there was also a need for even smaller loan amounts and within a month, a different loan construct was launched which offered a \$6 loan payable in two weeks.

On the other hand, a lending business does not allow for hyper growth without an evolved risk management framework and this is enabled by technologies that automate the credit evaluation process. Fuse has been working with partners as well as working internally to use alternative data such as telco usage, psychometrics, social media usage, and mobile money transactions to determine credit worthiness of individuals who do not have formal financial records for which to base the credit decision on.

There are millions of Filipinos who still struggle with getting funds when they need it the most. Like Jane, they do not know who to turn to when they are in need. With the help of platforms that enable flexibility in creating loan products and automation of credit scoring, Fuse Lending is breaking barriers to give credit where it is really needed.

### Advice for other institutions

Other organisations can get into this digitised financing space as daunting as it may seem. Start with knowing your clients' needs and figure out how technology can enable you through a service provider with the right solution or building the technology from scratch. Make mistakes and learn from them. As the market and its needs evolve, be nimble and flexible by adapting quickly to technological changes and advances. In the long run, embracing technology would be beneficial for the organisation and its customers alike. With technology, organisations are enabled to touch and change more lives for the better.

### About Fuse Lending:

*Fuse is a tech-based lending company in the Philippines that provides fintech-enabled loans including micro, personal, and business loans, without the usual restrictions applied by banks and other lending institutions to its customers. It is operated by Mynt, a fully-owned subsidiary of Globe Telecom. [www.fuselending.com](http://www.fuselending.com)*