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# World SME Update

(A Global Update On SME News, Events, Policies & Programs)





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## **“Improving borrower identification, creating credit reporting products crucial for boosting SME financing”**

Credit and Finance for MSMEs: The digital switch has enabled the SME sector to automate, accelerate or de-risk payments thereby enhancing the overall experience.

Credit and Finance for MSMEs: The past two years have changed the face of the finance and fintech sector globally. The pandemic accelerated the growth and adoption of digitisation all over the world and that, in a way, impacted the business world. All over the world, SMEs today are a force to reckon with. They are the big wheels turning the ropes of the economy and creating job opportunities along the way. The sector still thirsts for a uniform funding system, which can help it thrive to its full potential. The struggle for consistent funding is real.

The reason for this discrepancy in funding is because finances in SMEs are complex processes, but low scale. The size of the operation, industry, customer segment and development all contribute to how this sector fares compared to other verticals. The major factors of the sector struggling are the small ticket size of the loans, higher cost of servicing the segment, and constrained accessibility to deliver immovable collateral. These factors restrict more support from financial institutions.

### **Changing Face of SMEs**

The digital switch has enabled the SME sector to automate, accelerate or de-risk payments thereby enhancing the overall experience. While the digital transformation has been the biggest revolution in this age and time, it is yet to become an omnipresent system to work with. There are a lot of entities and players in the market who are yet to adopt or move over to the digital side of things. Geographies also determine the complexities of SMEs being unable to acquire the desired funding. Least developed regions like Sub-Saharan Africa, South Asia, and East Asia are more likely to suffer from finance and support which are the most crucial variants of growth.

The volume of credit for SMEs has usually come from commercial banks, credit unions and cooperatives. While banks have always been hesitant to work alongside SMEs, in the past couple of years, with the right endorsement from the government, banks have been able to position themselves as strategic lenders or partners in the process.

### **How can SME Financing be Improved**

It has been a difficult journey for the SMEs sector to prove their solvency because of the lack of credit information, which is a key factor. Up until now, traditional institutions like banks have not been very forthcoming in supporting or partnering with this sector, primarily because they do not have fixed assets as collateral. Because SMEs rely heavily on movable assets to access financing, it becomes extremely uncomfortable due to the insolvency frameworks that exist and is insufficient to improve the overall health of the sector.

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The one crucial way to improve the overall perception of the sector and give it the much need boost is by improving borrower identification, tracking down more sources when it comes to information on borrowing, create credit reporting products tailored for SMEs.

## Digital Switch and its Adoption

The pandemic has changed the very way we transact. The digital up-switch and the lockdowns because of the pandemic reduced major usage of cash and cards, and a move over from physical stores to e-commerce. With the increasing use of customised solutions like QR codes, “tap to pay” and link-based payments, transactions and commerce have eased at their seams and are heightening the overall customer-merchant experience.

With blanket coverage of basic internet facilities, although not most optimum, it has still enabled businesses to gradually enhance their transactions and interactions with their customers. The current line-up of incentives by the government such as Start-Up India, Make in India, Vocal for Local etc. are significantly helping to boost the overall health of the sector. According to a report by Forbes, there has been a 50 to 70% increase in internet usage which has, in turn, led to a surge in online businesses.

## Streamlining Process

A key factor that can truly give the required thrust and is going to soon become the norm is automation and cloud technology, by becoming more agile and arranging for credit risk models with no human intervention. Digital lending providers can also help accentuate the transactions related to the sector. This can enable a soundtrack record of clients and their data is protected, easy and seamless digital payments, keep a track of any malicious activities, easy customer identification amongst other benefits of making this switch. Extending financial inclusion, reducing processing costs, long term fintech and bank partnerships and creating bespoke services in the lending businesses are all the steps that are necessary to take in the future or adopt a healthy economic climate.

Source: <https://www.financialexpress.com/industry/sme/msme-fin-improving-borrower-identification-creating-credit-reporting-products-crucial-for-boosting-sme-financing/2480293/>

## Creating World-Class Customer Insight for the SME Economy

With more young people than ever starting up a business in the UK, it was tremendous to see four young Welsh Entrepreneurs announced as winners in this year’s Young Innovator Awards – the Innovate UK programme for 18-to-30 year olds that’s co-funded by Cardiff Capital Region and fully supported by the Venture Skills & Talent hub.

Abbie Lawrence, Beren Kayali, Christian Berger and Matthew Richmond have each won the coveted Young Innovator Award for their ingenious new business projects – with these Welsh winners joining 59 other young people who are looking to change the world through their ground-breaking innovations.

As part of our #InnovationInAction campaign, we’re providing a platform for each of those extraordinary entrepreneurs, highlighting their importance as the next generation of experts and influencers – celebrating the fresh perspectives they bring in the course of creating genuinely world-changing products and services.

We begin their stories by finding out more about the pioneering path taken by Abbie Lawrence ....

Creating a world-changing simulated environment that understands consumer preferences

Seeing that journey recognised as a winner in the Information & Communications Technology category of a prestigious awards was testimony to Abbie's innate perseverance – and a profound belief in the importance of her innovation.

And what an incredible innovation it is. Abbie's Consumer Insights Lab helps small and medium-sized firms increase sales by providing access to a simulation where they can identify customers' buying habits in an immersive physical mock-up of their shopping experience.

It gives the SMEs of Wales (and the world) the hitherto unthinkable ability to understand the 'Why' and the 'How' of customer behaviour – gaining a critical market advantage through a level of insight that's traditionally the preserve of large corporations capable of spending seven-figure sums on using the most sophisticated research channels to understand their customers' purchasing decisions.

### **Developing, testing, commercialising, game-changing ...**

Abbie has developed, tested and validated this game-changing simulated environment during her PhD at Cardiff Metropolitan University – preparing a large, blacked-out room with a wrap-around screen and soundscape for commercial use. It's a highly flexible facility where lighting, airflow and temperatures can be controlled, enabling props to be added and actors to participate for heightened reality. The system allows for multiple streams of data to be gathered, underpinned with real-time eye-tracking to understand buyer preferences. Quite an astonishing achievement – and a potentially major industry disrupter, heralding a new age where companies of all sizes can gain corporation-level insights using a simulated environment.

"My overriding passion has always been for sustainability and protecting the environment" explains Abbie "and with a degree in Graphic Communications, I wanted to effect change by learning how to communicate complex information to many different people. Then a PhD opportunity came up to help small businesses in Wales improve their sales through packaging. I saw it as the chance to help level up the playing field, rebalance the economy and give smaller companies the chance to compete.

"A contact from an established global leader in consumer insights confirmed there was a huge space right across the SME economy – so we have concentrated on creating a very versatile facility that's completely adaptable to any industry, giving actionable insights to improve any brand or packaging; and we've recently completed our second commercial project, which has been a tremendous experience.

"As far as I know there's no one else like us in the UK, so we're exploring how to provide mobile facilities that would enable us to run several projects working with numerous target audiences at the same time."

### **The critical lesson of learning to ask for help**

With so much achieved in such a short space of time, Abbie is keen to thank the Young Innovators Programme and many others who have helped her on the journey to date: "Cardiff Met's Centre of Entrepreneurship, Santander X University Awards, Nat West

Accelerator and the brilliant team at Design Dough in Cardiff Bay have all been instrumental in helping me get the business to where it is today.

“Thanks to the Programme I’ve come to fully appreciate the importance of asking for help. That is something I previously struggled with. Learning to ask for advice, help and support has completely changed the trajectory of both myself and the business – and the financial support of the Programme has also been invaluable, allowing me to concentrate all my efforts on growing the enterprise.

“There’s still much to do and I’d like to build out the team so that this is self-sustaining, bringing in people of different skills who share the vision. There’s also a gap in data for online purchasing – how customers are interacting with the packaging when it’s delivered to their homes – and that’s another focus that I’d like to explore.

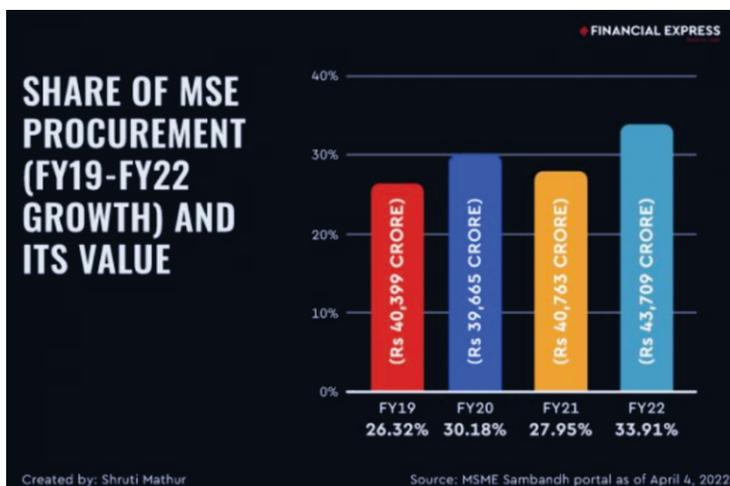
Source: <https://businessnewswales.com/creating-world-class-customer-insight-for-the-sme-economy/>

### **FY22 review: Micro, small enterprises see record govt procurement; these ministries are biggest buyers**

Ease of Doing Business for MSMEs: “We are happy about the growth in procurement. The important thing is over the last few years the number of MSEs benefited under procurement has also grown steadily while the share in overall procurement has also improved year on year,” said Ishita Ganguly Tripathy, Additional Development Commissioner, Office of Development Commissioner, Ministry of MSME.

Ease of Doing Business for MSMEs: The central government purchases from micro and small enterprises (MSEs) have hit a record high in the financial year 2021-22, according to the official data. This comes in the backdrop of the gradual increase in the share of procurement made from MSEs by most of the government ministries and departments out of their overall annual public procurement in the past four years barring the Covid year. In fact, going by the data available on the public procurement policy monitoring portal MSME Sambandh, the aggregate procurement by the central government from MSEs has been exceeding the 25 per cent minimum annual threshold consecutively since Fy19.

The background to this growth is the government had earlier mandated public buyers to procure at least 20 per cent of their annual procurement of goods from MSEs. The limit was enhanced to 25 per cent in 2018. In FY19, the MSE procurement share was 26.32 per cent amounting to Rs 40,399 crore which jumped to 30.18 per cent in FY20 though the value declined marginally to Rs 39,665 crore. It further increased to 33.93 per cent worth Rs 42,586 crore in FY22 after dipping to 27.95 per cent, though still above the 25 per cent threshold, during FY21 amid Covid.

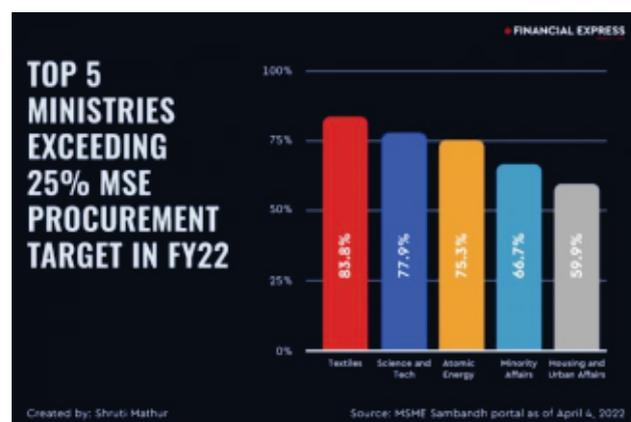


However, during the FY15-FY17 period, the government buyers had failed miserably to hit the minimum procurement levels. The share of government procurement from MSEs stood at only 11.6 per cent in FY15, 4.5 per cent in FY16, and 10.3 per cent in FY17, according to the available data.

The latest 33.93 per cent growth was achieved on the back of 28 ministries and departments procuring goods from MSEs. Of these 28, 19 had surpassed the 25 per cent minimum purchase level while nine others had failed to hit the mark, the data on the Sambandh portal showed.

The 19 ministries with their respective shares of procurement from MSEs beyond 25 per cent included the Ministry of Textiles (83.8 per cent), Science and Technology (77.9 per cent), Atomic Energy (75.3 per cent), Minority Affairs (66.7 per cent), Housing and Urban Affairs (59.9 per cent), Railways (57.1 per cent), Shipping (56.3 per cent), Consumer Affairs, Food and Public Distribution (53.3 per cent), Tribal Affairs (52 per cent), Agriculture & Farmers Welfare (47 per cent), Power (40.3 per cent), Defence (40 per cent), Tourism (38.6 per cent), Mines (38.5 per cent), Steel (38.4 per cent), Petroleum and Natural Gas (35.4 per cent), Social Justice and Empowerment (33.9 per cent), and Heavy Industries (26.4 per cent). Importantly, MSME Ministry had barely managed to join the list with 25.5 per cent procurement.

However, in terms of the sheer size of procurement value, the Ministry of Petroleum and Natural Gas had bought the maximum amount of goods worth Rs 18635.93 crore from MSEs in FY22 followed by the Ministry of Defence at Rs 4,393.18 crore and the Ministry of Power at Rs 3,739.48 crore.



“We are happy about the growth in procurement. The important thing is over the last few years the number of MSEs benefited under procurement has also grown steadily while the share in overall procurement has also improved year on year,” Ishita Ganguli Tripathy, Additional Development Commissioner, Office of Development Commissioner, Ministry of MSME told Financial Express Online. The number of MSE beneficiaries under public procurement had jumped 49 per cent from 1.28 lakh in FY19 to 1.91 lakh in FY22, data showed.

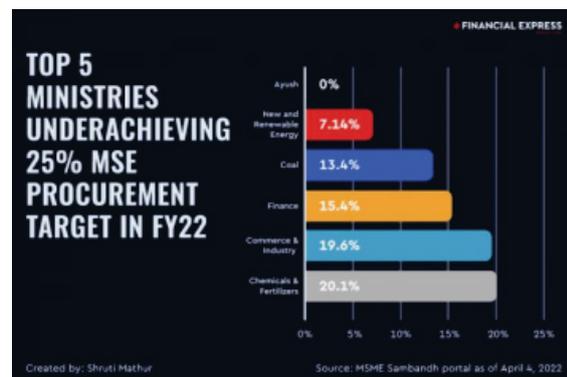
According to experts, MSEs getting more than 25 per cent share in government procurement is not surprising. Gujarat-based Umesh Balani who runs Rotomag Motors & Controls to manufacture electric motors for floor care, automation, hydraulic power packs, etc., said most ministries issue multiple small tenders that generally see participation from MSMEs.

“It is not easy for one large company to, let’s say, participate in 500 small ticket tenders in comparison to 500 small businesses applying for those tenders. Hence, by nature of the tender and size of small businesses, MSMEs have a natural advantage in such tenders. For example, if there is a tender to make an expressway, it would suit one large enterprise to

build it while multiple MSMEs can also offer support but for tenders to make taluka level or district/town level roads, MSMEs remain primary contenders,” Balani, who is also the Chairman of Assocham’s MSME Development Council, told Financial Express Online.

Under the public procurement policy for MSEs, the government also offers benefits of free-of-cost tender sets and exemption from the payment of earnest money to MSEs. Moreover, there are 358 items such as air coolers, bolts & nuts, PVC pipes, shovels, steel trunks, and wooden chairs reserved for exclusive procurement by the government from MSEs. The government also operates the Government eMarketplace (GeM) portal for the online procurement of goods. Since its launch in August 2016, over 98 lakh orders worth Rs 2.26 lakh crore from nearly 60,000 government buyers have been processed through GeM. Over 40 lakh MSMEs are currently registered as sellers on GeM, of which 7.64 lakh are MSEs.

Nonetheless, nine ministries that couldn’t hit and surpass the minimum procurement mark from MSEs were the Ministry of Ayush which didn’t make any purchase from MSEs, Ministry of New and Renewable Energy which made only 7.14 per cent procurement from MSEs, Coal (13.4 per cent), Finance (15.4 per cent), Commerce and Industry (19.6 per cent), Chemicals and Fertilizers (20.1 per cent), Communications (21 per cent), Space (21 per cent), and Health & Family Welfare (22.4 per cent).



Emails to the nine ministries seeking comments on underachieving the MSE procurement target didn’t solicit replies till the time of publishing this story.

However, Tripathy said the government had taken up the issue of lower procurement with respective departments and ministries recently. “Along with the Department of Public Enterprises, we had a structured discussion

last month with central public sector enterprises under various ministries to encourage them to procure as much as possible from MSEs. We also tried to understand any issues they might be facing in procurement, their understanding of the Public Procurement Policy order by the government, etc.,” she added.

From SMEs’ perspective, the challenge is more regulatory. “There are problems such as lack of proper grievance redressal system. You don’t hear easily from the concerned ministry or department on the reasons in case your products are not procured. The ease of access to online services such as bids submission is not that smooth. You have to visit the respective government office before the transaction is closed. We had our products approved with multiple government offices such as the Central Public Works Department, Delhi Metro, etc., but were not procured from us,” Ashok Agarwal, Managing Director of plywood manufacturing firm, Vidya Ply and Board told Financial Express Online.

Meanwhile, the challenge of lower procurement by the government has been more critical with respect to the share of SC/ST and women-owned MSEs, which has remained historically dismal.

Against the government's mandate to procure at least 4 per cent from SC/ST MSEs and 3 per cent from women MSEs within the 25 per cent MSE procurement limit, the procurement shares of both categories have remained less than 1 per cent so far. In FY22, Rs 962 crore of goods were procured from 8,193 SC/ST MSEs with a share of only 0.77 per cent in overall MSE procurement. Likewise, Rs 1,166 crore of goods were purchased from 8,273 women MSEs with only 0.93 per cent share.

Tripathy had earlier told Financial Express Online that in the government's discussions with CPSEs over this issue, three reasons were identified — first, mismatch in their requirements and goods produced by women MSEs; second, quality issues with women MSEs' produced goods; and third, limited product range to cater to CPSEs needs. "We would be further focusing on Vendors Development Programmes (VDA)," she said while emphasising the government's target this year to improve existing procurement levels to the targetted 3 per cent from women MSEs and 4 per cent from SC/ST MSEs.

Source: <https://www.financialexpress.com/industry/sme/msme-eodb-fy22-review-micro-small-enterprises-see-record-govt-procurement-these-ministries-are-biggest-buyers/2488984/>

## Start up

### **Fintech Roundup: How going Fast and furious can ruin your startup**

The big events in the fintech world over the last week felt like a very different vibe from 2021, which was filled with mega-rounds, celebrations and lofty valuations.

First off, 3-year-old one-click checkout startup Fast announced it was shutting down after struggling to raise more capital to keep operations running. The announcement wasn't a complete shock considering there were signs of trouble, as reported by The Information the week prior. Those hints included the revelation that the startup had generated just \$600,000 in revenue for all of 2021 despite raising \$120 million in venture capital earlier in the year (in a round led by Stripe) and rumors that the company was having trouble raising more funds, and, as a result, might be seeking a buyer.

There were conflicting sentiments on social media (Twitter mostly) about the company's demise. I'll spare you the actual tweets but will say this: A company shutting down should not be cause for celebration. No matter how much irresponsibility on the part of leadership or others within the organization may have contributed to its demise, the majority of the company's employees likely worked very hard to help it be successful and don't deserve to be mocked or ridiculed, even if indirectly.

Now, hubris on the part of executives is another story. (Like, maybe don't refer to yourself as a trailblazer when announcing that your company is shutting down). The takeaway here? Humility goes a long way in life, especially in the startup world. Don't go bragging until you

have something to brag about, and even then, let your results speak for themselves. On a positive (and somewhat unusual) note, BNPL giant Affirm said it would be giving job offers to “the vast majority” of Fast engineers, as reported by the brilliant Natasha Mascarenhas.

Speaking of, um, hubris – Better.com made headlines again. The digital mortgage lender on April 6 offered corporate employees and product, design and engineering staff the option to separate from the company voluntarily in exchange for paid severance and health insurance coverage for 60 days. The move came amid reports that the company was losing as much as \$50 million a month, which were neither confirmed nor denied when I reached out. Then the next day, TechCrunch obtained a recording of a Zoom meeting in which CEO Vishal Garg addressed the employees that remained after Better.com had just laid off 900 employees, or 9% of its staff, on December 1.

In a word, the recording was brutal. The executive’s tone and body language conveyed no remorse around the layoffs and he even issued what felt like a veiled threat that going forward, any employees deemed to be non-productive too would be exited. During the recording, Garg also made many shocking – and incriminating – statements, such as admitting the company had “pissed away” \$200 million of the \$250 million it made last year and that he had lacked discipline when it came to Better’s hiring strategy at the onset of the pandemic. One day later, on April 7, it was revealed that CTO Diane Yu was transitioning from her role as chief technology officer – a position she had just assumed in January 2021 – into an advisory position.

As my friend (and Equity co-host) Alex Wilhelm and I discussed on the show this week, Better.com at least had a viable business that was doing well at one point – well enough to attract the likes of SoftBank and for it to be planning to go public via a SPAC. (We saw the deck, mind you). And former employees admit that the underlying technology the business built is actually good. It feels like in this case, getting overly confident and not accounting for a less favorable mortgage market got in the way of what could have been an impressive growth trajectory. Either way, no matter what mistakes its leadership has made over the past couple of years, it’s likely safe to say that as in the case of Fast, many Better.com employees are reeling from what has taken place, and my heart goes out to them. Alex and I also agree that humble CEOs often see better outcomes than their less humble counterparts. Maybe it’s because people find it easier to be motivated by someone they respect and who respects them? We’re no experts, of course, but there does seem to be a correlation in several companies we’ve covered. Humility should not be seen as a weakness, in my humble opinion, but more of a strength.

With the funding market slowing down, we’ll likely see more layoffs and shutdowns, unfortunately. In case you missed it, I wrote a feature last week on how Better.com taught us how not to downsize. Here’s to empathetic leadership as some startups potentially face tough times. A little empathy, compassion and humility can go a long way.

Now on to funding rounds

While the pitches aren’t as fast and furious, they’re still coming. This might also be a good time to note that I am not covering as many funding rounds as I used to. For one, I now have this column (which is about to become a newsletter) that gives me space to talk about rounds I did cover as well as some I did not have the bandwidth to cover. And secondly, I am trying to a) keep myself more available for breaking news when it hits and b) do more deeper

dives, trends and analysis pieces. So, just a heads up!

Back to funding rounds.

Last week, I wrote about Fidel API, a startup that started out doing one thing before becoming another. This is the case for many startups – companies realize that the technology they’ve built to solve an internal problem might have more potential than the technology they originally set out to build.

The London-based company, its CEO and co-founder Dev Subrata told me, started out as a customer engagement platform in 2013.

“We essentially needed our systems to speak to underlying payment systems and there was no easy way to do that,” he said. “We ended up spending way too much time and money that nearly bankrupted the company a few times over.”

Once Fidel realized that the programming interface it had built to solve that problem had promise, the execs had to make the “tough decision” as to whether they should keep it to themselves or put it out there for others to benefit from.

“We realized if we were to keep it to ourselves, it would only be serving one purpose, which would have been our product,” Subrata recalled. “But we couldn’t have a consumer product and also be the enabler for others so we chose to be the enabler and never looked back.”

Today, Fidel API provides identity, data and payments tools that it says gives developers a way to capture consent permissions and “securely” connect payment cards to a service or application. Fidel API is industry-agnostic, with customers ranging in the “hundreds,” from startups to giants such as Google, Royal Bank of Canada and British Airways. Developers use the company’s tools to power a range of features, including digital receipts, omnichannel attribution, loyalty and rewards, expense management and personal finance management.

Bain Capital just led its \$65 million Series B. You can read more about it here.

- Remote, which has built a platform to hire distributed employees and then make sure they are remunerated easily and legally — in other words, tech that helps companies with some of the trickiest aspects of managing a remote workforce — announced it raised \$300 million in funding at a \$3 billion-plus valuation as it emerges as one of the bigger players to watch in the world of HR addressing global and distributed workforces, reported our own Ingrid Lunden. (More on this topic later)

- Chicago-based Clockwork.ai, which describes itself as a “financial planning and analysis platform (FP&A) for growing businesses and their advisors,” closed on \$2 million in seed funding from Underscore VC in Boston.

The startup claims that it “integrates with Quickbooks Online and Xero in less than five minutes” and saves teams 20 or more hours a month on managing, planning, and predicting their finances and cash flow. It says it uses machine learning to ingest up to three years of financial data and then learns from historical trends, seasonality and other traits to build detailed models and forecasts.

The area is one that is clearly attracting investor interest. Last October, I wrote about Vareto, a startup aiming to help companies conduct more forward-looking financial planning and analysis, that came out of stealth with \$24 million in total funding. While Vareto is mainly targeting larger, enterprise businesses, Clockwork.ai is after smaller, growing ones, saying that its goal is to “alleviate the pain founding teams experience wrangling the complexity of finances and forecasts while running fast-growing businesses.”

In the case of Clockwork.ai, its founders are – in the company’s words – “a Black former banker and an Arab fractional CFO” who “lived the pain small businesses have managing their finances and cash flow every day.”

- Spain’s Ritmo closed a \$200 million debt funding round led by i80 Group and Avellinia Capital, in what it claimed was “one of the largest funding rounds of any e-commerce finance business in Europe and Latin America (LATAM).”

Founded in 2021 by Raimundo Burguera, Iñaki Mediavilla and Iván Peña, Ritmo says it provides working capital financing and an automated buy now, pay later (BNPL) payment system for e-commerce businesses “to overcome supply chain challenges, ensuring they can better manage cash flow and scale faster.”

The company says that in the past seven months, it has achieved “a 12x growth rate” with more than 600 loans made in five countries across two continents.

- Per FinSMEs, EnKash, a Mumbai, India-based “Spends Management Platform and Corporate Cards company,” raised \$20 million in a Series B funding round. The company has close to 120 employees and says it processes annualized spending worth about \$2 billion on its platform.

- The credit-oriented fintech platform Liquidity Group, which funds later-stage technology companies, announced a new raise of \$775 million from private equity house Apollo and MUFG Bank, writes TechCrunch’s Mike Butcher.

Founded in 2018, Liquidity employs machine learning and real-time data to automate the full credit investment lifecycle, committing more than \$1 billion in capital. Investments to date include Etoro, Zetwerk and Homer.

- Axios Pro and former TC reporter Ryan Lawler covered renovation financing startup RenoFi’s \$14 million Series A funding round led by Canaan, with Nyca Partners and CMFG Ventures participating. He wrote: “The company aims to make the surging demand for home improvements affordable by providing financing to its customers.” This caught my eye because I covered RenoFi’s \$6.4 million financing in June 2020. Canaan led that round, too. At that time, Justin Goldman, the company’s CEO and co-founder, emphasized that RenoFi was not a lender. Instead, he said, it partners with mortgage lenders such as credit unions, which offer “RenoFi Loans.”

In other news

- On April 4, writes TC’s Tage Kene-Okafor, Clara Wanjiku Odero – a former employee of African payments giant and unicorn Flutterwave – accused the company’s chief executive officer Olugbenga ‘GB’ Agboola of bullying and harassing her for years. She made the

allegations in a Medium post and series of tweets that came after. Get all the details in Tage's comprehensive piece [here](#).

- On April 5, Block confirmed a data breach involving a former employee who downloaded reports from Cash App that contained some U.S. customer information. In a filing with the Securities and Exchange Commission on April 4, Block — formerly known as Square — said that the reports were accessed by the insider on December 10. TC's Carly Page breaks it down for us [here](#).

- Unsurprisingly, fintech startups were well-represented in Y Combinator's W22 batch, with 35 international companies participating and 25 more tagged as crypto-focused. One trend that caught our eye was that at least five startups – from several different regions – referred to themselves as the “Brex for” their particular geography. Alex and I took a fun look at the phenomenon in this [piece](#).

- Forbes contributor and fellow fintech enthusiast Ron Shevlin on April 4 wrote about the fact that “in JPMorgan Chase's recent earnings call, the \$3.76 trillion (in assets) bank announced its plans to increase its annual technology budget to \$12 billion, 26% more than it spent in 2020.”

Twenty-six percent would not be a big jump, IMHO. But I'm a little confused because in January 2021, when I interviewed Rohan Amin, chief information officer of Chase's Consumer & Community Banking unit, I was told that the bank's tech budget was \$12 billion. Looks like I may need to put a call into the bank to see what's what. But either way, as we all know, the pandemic pushed banks and other financial institutions to up their digital game. And \$12 billion is still A LOT of money.

Shevlin, in his snarky manner, drills down on what the bank thinks about all sorts of fun things like embedded finance, DeFi and blockchain, APIs and artificial intelligence. A fun and informative read.

- Cross-border HR service Deel announced last week that it had launched in Korea with the goal of helping companies in the country onboard workers, run payroll and comply with local labor regulations “to encourage global expansion.”

I've written about fast-growing Deel numerous times as the company is one of those startups that has seen rapid growth over the past year. Last October, I wrote about how Deel – nearly exactly six months after raising \$156 million at a \$1.25 billion valuation – announced it had raised \$425 million in a Series D funding round that gave it a valuation of \$5.5 billion.

During that same six-month period, Deel CEO and co-founder Alex Bouaziz told me the startup saw its global customer base jump from 1,800 to over 4,500, including companies such as Coinbase, Dropbox and Shopify, among others.

It's in a similar space as Remote, mentioned in the funding round section above, proving that remote work is no passing trend.

- Card issuance company Highnote and fintech GoDo partnered to create what they call a “GoDo Card,” and describe as a “fully functioning debit card” that offers underbanked workers earned wage access, meaning cardholders can access a portion of their wage as

soon as they finish work, as opposed to waiting on a traditional pay cycle.

Some banks charge account holders who are unable to maintain a minimum balance. The partnership aims to boost inclusion by eliminating minimum balance and overdraft fees and helping cardholders avoid predatory lenders and thus minimize debt.

– MissionOG, a Philly-based growth equity firm, announced last week that it closed on \$167 million for MissionOG Fund III, its fourth investment fund, exceeding its target of \$150 million.

In pitching the news, the firm’s comms team told me that MissionOG is different from many in that it has an “exclusive focus on financial services and related data and software opportunities.”

Its team has “deep” operating experience – hence the “OG” in its name, which stands for “operating group.” Portfolio companies include Alkami (which went public in April 2021), Global Processing Services (“GPS”), Autobooks, Featurespace and Venminder.

With its latest fund, MissionOG is looking to invest \$8 million to \$12 million into “high-growth companies” that have successfully commercialized their solutions within a small portion of a large addressable market.

– Let’s end this edition on a positive note. In a generous gesture, Stripe waived the identity fees for Ukraine Take Shelter. According to the Business Post, the site is an online platform that is linking Ukrainian refugees to host families across Europe. Stripe’s move came reportedly after the website ran up a big bill using the payments company’s identification tool to verify people.

Source: [https://techcrunch.com/2022/04/10/fintech-roundup-fast-and-better-com-show-us-that-humility-is-an-underrated-ceo-trait/?guccounter=1&guce\\_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce\\_referrer\\_sig=AQAAAEo99B4pISWvkMLFGW9nygMqEHDzvT2aLKyEFs2ieRI1C4i4FyjTkLXzGoI5pvvQ4PasMPfGvPKcUPtOzoW9FQLHPax\\_r99G3XcdClBRi6YrZPYWm9Ma41iHw4pmctsoWR93I\\_hS8-APL6e7uRAiZ-hqUFJouq9hiEnzIftOkPIL](https://techcrunch.com/2022/04/10/fintech-roundup-fast-and-better-com-show-us-that-humility-is-an-underrated-ceo-trait/?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAEo99B4pISWvkMLFGW9nygMqEHDzvT2aLKyEFs2ieRI1C4i4FyjTkLXzGoI5pvvQ4PasMPfGvPKcUPtOzoW9FQLHPax_r99G3XcdClBRi6YrZPYWm9Ma41iHw4pmctsoWR93I_hS8-APL6e7uRAiZ-hqUFJouq9hiEnzIftOkPIL)

### **For 3rd quarter in row, Indian startup funding crosses \$10 bn in Q1: Report**

Creation of 14 more unicorns takes the overall tally of startups with over USD 1 billion valuation in the country to 84 now, according to a PwC India report

SaaS start-up Icertis aims at \$50 billion valuation, global domination

According to the agency, the quarter saw maximum funds flowing into software-as-a-service (SaaS) companies, grossing more than USD 3.5 billion.

The startup ecosystem has created as many as 14 unicorns in the first three months of 2022, and for the third consecutive quarter, they have received over USD 10 billion across 334 funding deals, says an industry report. Creation of 14 more unicorns takes the overall tally of startups with over USD 1 billion valuation in the country to 84 now, according to a PwC India report.

This is the third consecutive quarter ending March 2022 when the fund inflows into the domestic start-ups ecosystem have grossed over USD 10 billion in fresh funding. The quarter

also has seen as many as 14 startups becoming unicorns, the report said, adding the total fund inflow in Q1 stands at USD 10.8 billion.

According to the agency, the quarter saw maximum funds flowing into software-as-a-service (SaaS) companies, grossing more than USD 3.5 billion. Unicorn creation continued to flourish with 14 startups attaining the coveted status in Q1 with the SaaS sector accounting for the largest share creating five unicorns. Amit Nawka, the startups leader at the consultancy, told PTI that despite uncertainties in the global economic environment, the domestic startups have continued to attract capital, particularly in the growth capital stage.

For 3rd quarter in row, Indian startup funding crosses \$10 bn in Q1: Report

He further said as more startups mature, talks around corporate governance are now becoming mainstream and it will become increasingly important for the startups to design a corporate governance roadmap that is in sync with organisational growth aspirations.

The quantum of investments into SaaS ecosystem has a threefold increase in the last three years, he said, adding the pandemic has only boosted this ecosystem globally, given the rising importance of remote working, productivity and overall digital transformation. The past year has seen the advent of 15 SaaS businesses in the unicorn category amongst in the country, including Darwinbox, Fractal, Uniphore, Hasura and Amagi Media Labs.

With Freshworks' blockbuster listing on the Nasdaq late 2021, mature SaaS players are increasingly considering public listing, he said. The first quarter saw around 80 M&A transactions in the start-up ecosystem, driven primarily by roll-up e-commerce companies. And Curefoods, Mensa Brands, GlobalBees and MyGlamm, which have M&As as their core business strategy continued to be the top acquirers in Q1 as well and Upscalio and Evenflow are other roll-up e-commerce companies that have joined this bandwagon. As much as 38 per cent of M&As in Q1 were in the e-commerce and direct-to-consumer space and 22 per cent of the deals are in the SaaS space.

Growth- and late-stage start-ups accounted for 89 per cent of the funding in Q1 in value terms, representing 44 per cent of the total deals in volume. Growth-stage funding totalled to USD 6.5-7 billion over the last three quarters, with average ticket size of USD 5570 million, while early-stage funding saw around USD 761 million of inflows with average size of USD 4 million, accounting for 55 per cent of the volume, he said.

Source: [https://www.business-standard.com/article/companies/for-3rd-quarter-in-row-indian-startup-funding-crosses-10-bn-in-q1-report-122041000519\\_1.html](https://www.business-standard.com/article/companies/for-3rd-quarter-in-row-indian-startup-funding-crosses-10-bn-in-q1-report-122041000519_1.html)

### What are the micro impacts of macro issues? We asked 4 founders

Pandemic pivots. Arranging safe passage for employees abroad. Just managing to stay afloat while the world is completely unlike the one we knew just a few years ago.

Becoming a founder and entrepreneur involves many stressors, but leading a team during an international crisis is not an expected one. Still, since those fateful first weeks of 2020, being a founder and CEO has required confronting many new challenges beyond just keeping a company alive. Still, some have managed to nail down some advice.

Last week, we gathered some of our 2022 RealLIST Startups founders for a conversation on

what it means to be a founder when the world is, you know, on fire at all times.

Alex Cohen, founder of Urvin Finance (a project that followed a pandemic pivot from his first startup, TwentyTables) said that the events of the last few years have changed what it means to be a founder. “What the pandemic did was give a global reset for a lot of people’s perspectives of their relationships to not just their work and their workplaces, but to the way that they relate to one another,” Cohen told Technical.ly. “You start prioritizing your time and your interactions in a whole new way.”

For some, the news of the world can actually have an unexpected, positive impact on a local startup. Founder and CEO Joseph Alfred of Ally Power, which is developing hydrogen-powered charging stations, said that the current energy crisis has made the company explore new markets earlier than planned. “It’s interesting how the pandemic is made everybody more remote and that has, you know, kind of broadened their horizons of where potential businesses can spring up,” Alfred said. “And trying to merge those ecosystems together can lead to unexpected and really great outcomes.”

Adrian Abrams, cofounder of no-code software developer AppDrop, noted that even if local, national and world events aren’t directly impacting a startup, it can be difficult to compare the needs of a business to those of the people around you. “How do we solve some of the challenges that we’ve got going on, from a business standpoint, that pale in comparison to what’s going on in a person’s livelihood — for people’s livelihoods, for an entire nation’s livelihood?” Abrams said. “That’s just a constant balancing act.”

Alongside the pandemic, Abrams said movements like the protests following George Floyd’s death in the summer of 2020 illuminated a potential world where more venture capital funding went to BIPOC founders. Despite that clarity, Abrams noted that the numbers still weren’t following the social trends.

“Those macro issues definitely have micro impacts, for better and for worse, and I think we’ve been on both sides of the spectrum, to be honest,” Abrams added. Scott Baron, cofounder of food-tech startup SnapCalorie, acknowledged the difficulty of caring about a company in the context of global issues.

Despite that challenge, he finds it helpful to manage what he’s consuming about the world. “The thing that’s kind of helped has just been trying to be more intentional and mindful about when I engage with [world news], and trying to keep a balance between getting overwhelmed with everything that’s going on in the world and still having the energy and focus to continue building,” Baron said.

Cohen agreed and noted that he finds it important to remember that others have their own balance in mind. As a leader, he said, it’s crucial to encourage employees to push themselves and maximize talent while also understanding where they are at.

“The way I find that employees and I manage it is with authenticity and empathy and grace,” Cohen said. “Because my level of tolerance is not the same as your level of tolerance— and that’s fine — I might be able to handle something a certain way, but that doesn’t mean you can or should be able to. So it’s a matter of recognizing where other people live in terms of their comfort area.”

Source: <https://technical.ly/startups/dc-realist-micro-macro-issues/>

# Women Wing

## India's 'Unicorn Couple' aim for first startup IPO within a year

OfBusiness, a supplier of raw materials from steel to chemicals to small businesses, could go for an initial public offering in six months to a year, Ruchi Kalra, who co-founded the startup with husband Ashish Mohapatra, told Bloomberg Television on Monday.

An Indian couple that became the country's first husband and wife to build separate billion-dollar startups is angling to debut one of those firms on public markets as soon as this year.

OfBusiness, a supplier of raw materials from steel to chemicals to small businesses, could go for an initial public offering in six months to a year, Ruchi Kalra, who co-founded the startup with husband Ashish Mohapatra, told Bloomberg Television on Monday. The couple's other endeavor, digital lending startup Oxyzo, could float shares in about two years, she added.

"The companies are both ready for public markets and at the right, opportune time, over the six months to two-year period, you will see both companies go public," she said.

Kalra, 38, and Mohapatra, 41, met while working for McKinsey & Co. before setting up OfBusiness in 2016 along with several others. A year later, they spun off Oxyzo, which uses technology to crunch data and provide financing to businesses -- filling a gap in a credit-starved country where smaller businesses struggle to get working capital. Both their startups, which run from different offices and different teams, are profitable, the founders have said.

Oxyzo counts Alpha Wave Global, Tiger Global Management and Norwest Venture Partners as its backers while OfBusiness is funded by SoftBank Group Corp among others.

Source: <https://www.hindustantimes.com/business/indias-unicorn-couple-aim-for-first-startup-ipo-within-a-year-101649699806164.html#:~:text=OfBusiness%2C%20a%20supplier%20of%20raw,told%20Bloomberg%20Television%20on%20Monday>.

## CELEBRATING SUCCESS AWARDS

Appreciation and recognition are powerful motivators leading to an increase in performance, productivity, morale, and overall satisfaction. Awards provide an important opportunity to raise the profile of women, celebrate achievement, and showcase success. Awards not only acknowledge success; they recognise many other qualities: ability, struggle, effort and, above all, excellence.

March is generally viewed as Women's Month. Each year in the month of March, a number of important awards are given to exceptional women for their outstanding services in various field by different organisations all over the world as part of their commitment to helping forge women's equality.

One such organisation is Pine Global. The organisation recently launched its first We Lead Awards 2022 on 25th March. The ceremony was held at a local hotel in Karachi. The project was initiated by Pine Community and friends of Pine in celebration of Women's International Month. Primarily, these awards were given to encourage girls and women who were doing exceptionally good in their small startups.

## Hina Yousuf, a young entrepreneur

For those who do not know, the term startup refers to a company in the first stages of



operations. Startups are founded by one or more entrepreneurs who want to develop a product or service for which they believe there is demand. Over the past few years, we've witnessed an incredible increase in women entrepreneurs having their own startups. And Pine Global held these awards in a bid to celebrate success of some of the amazing women entrepreneurs.

Mr Adnan, the CEO of FHM Publications, appreciated and applauded the recognition of startup small businesses and empowered the women entrepreneurs by acknowledging their contribution to socio-economic development. Mr Atif Osmani, the Director of Osmani & Company Pvt. Ltd, expressed his feelings by submitting that such events contribute towards a positive and progressive society.

### **Sanya, a young entrepreneur**

Sanya, a young entrepreneur

Ms Maria Rashdi, the Head of Corporate Communications at Shan Foods Pvt. and Board of Adviser at Pine Global, while receiving the award on the behalf of her mother-in-law Mahtab Akbar Rashdi, said that it was wonderful to be a part of such an event for the first time, where female entrepreneurs' small businesses were recognised.



Sir Rasheed Noorani, the Training Consultant and Change Agent, appreciated the startups by encouraging them to never give up on their dreams.

There was another category 'Women supporting Women' in which awards were given to women journalists and prominent personalities in recognition of their extraordinary work in their respective fields.

Ms Erum Masood the CEO & Founder of Pine Global said that she felt empowered by empowering the other female entrepreneurs and believed that behind every successful woman is the woman herself. She further appreciated the contribution made by her team members and Ms Maria Tahir for leading the We Lead Awards project.

Ms Masood shared that supporting small businesses, celebrating 'Break the Bias' theme and standing alongside women to support each other fulfilled the objective of this event. "Pine Global International is expanding its horizons as two major incubation centers would be set up in London and Dubai later this year," informed Ms Masood.

At the end of the ceremony acknowledgments and appreciations by and for everyone was announced and a promise was made to keep growing and improving every day.

Source: <https://www.thenews.com.pk/magazine/you/948454-celebrating-success>

# WASME CORNER

ETHIOPIAN MINISTERIAL DELEGATION VISITED WASME INTERNATIONAL SECRETARIAT ON 2ND APRIL 2022



The High Level Ethiopian delegation including Mr. Siteshi Lemme Bekule, Manufacturing Industry Development Institute, Govt. of Ethiopia and Mr. Milkessa Jagema Toleta, Director General, Manufacturing Industry Development Institute, Ethiopia visited WASME International Secretariat in Noida, India on 2nd April 2022.

The exchange meeting was focused on discussing the challenges and opportunities faced by the SMEs in Ethiopia and identifying the various opportunities to empower SMEs in the country through collaboration and association with WASME.

The delegation was joined by Dr. Sanjiv Layek, Executive Secretary, WASME, Mr Suresh Kumar Gupta, Vice President, WASME, Er. Ramesh Kumar, Mr. Dheeraj Chadda Senior Advisor, WASME and Ms Archana Sharma, Director Planning and Development, WASME.

Dr. Layek, shared about WASME and its strengths in promoting SMEs throughout the world and highlighted recent activities, collaborations and achievements. He mentioned that WASME as one of the most representative organization for SMEs, with strategy to revive and empower them provide handholding to startups in the field of credit, marketing and technology.

Mr Suresh Kumar Gupta, Vice President, WASME discussed the various challenges faced by SMEs in Ethiopia and mentioned various opportunities in which WASME can support SMEs in overcoming the challenges including skill development, entrepreneurship development, market linkage, etc. He also shared the mechanism to work with Indian government to promote Ethiopian SMEs in India with the support of WASME. The delegates shared their delight on strong connection between the two countries while discussing the historical association between the two countries.

Mr. Siteshi Lemme Bekule, while appreciating WASME for its significant work being done to promote SMEs worldwide shared SME development situation in his country. He shared that the Govt. of Ethiopia, especially the Ministry of Industry and Enterprise Development is now focusing on SME development and are taking many significant steps starting from revisiting the SME policy and have development plan for 2030 that includes improving the export employment, manufacturing etc. He also shared that they will look forward to associate with WASME and leverage on its large network of experts, members and vast global experience.

Mr. Milkessa Jagema Toleta, shared that the SME policy in the country came into existence in last 10 years only and are now in the process of restructuring to cater to their development needs so that SMEs can formally be integrated with the socio economic development of the country.

Dr Ramesh----, Senior Advisor, WASME spoke about the various technology innovation of India and suggested the ways to collaborate with WASME for technology transfer and best practices of SME development.

Ms Archana Sharma highlighted the various benefits of being WASME member and suggested the delegation to join hands with WASME to formally facilitate the road map of SME development in Ethiopia with the help of WASME activities like policy advocacy, conferences, training programmes, enterprise support etc.

It was highly interactive meeting where both WASME and the Ethiopian delegation shares mutual aspirations for working together. The delegation was felicitated by Dr Sanjiv Layek and Mr. Suresh Kumar Gupta. The meeting ended with Vote of Thanks by Er. Ramesh Kumar.

### WASME Welcomes to Mr. Rajendra Prasad Lalchand, Vice President ,European Region



**Visit of MSMECC Delegation to WASME**

MSMECC Delegation led by Mr Devraj Dasari Chairman visit to WASME, Interaction with APEDA officials, A Ministry of Industry and Commerce, Govt of India body, on 7th April 22



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World Association for Small and Medium Enterprises (WASME), a global non-profit organization headquartered at Noida, India, has been spearheading the cause and development of Small and Medium Enterprises (SMEs) worldwide since its inception in 1980. Over three decades, WASME has emerged as one of the most representative, effective and leading international organizations, working towards the promotion of SMEs worldwide through policy advocacy, information dissemination, conferences, seminars, events, trainings, publication, network linkages and many more.

WASME enjoys consultative/observer status with concerned agencies in UN system such as UNCTAD, ITC, WIPO, UNIDO, UNESCO, UNCITRAL, UNESCAP and ILO, and several other inter-governmental and international organizations like WCO, OECD, ICSB, APEC, APCTT, etc.

WASME's fortnightly SME e-Bulletin "WORLD SME UPDATE" aims to keep its readers abreast of latest information on various developments taking place in the SME sector around the globe. If you have any news/information on the issues related to Government policies & programmes and latest developments in the SME sector i.e. technology and innovations, success stories, case studies, research and methods, planning and programs, training and developments, finance and management, and marketing that you would like to share with the world SME community, please do send them to us at

[editor@wasmeinfo.org](mailto:editor@wasmeinfo.org).

We always welcome your valuable feedback/comments on the SME e-Bulletin to further enhance our services on information dissemination. Hence, please send us your valuable guidance as well as meaningful articles as a regular contribution to SME e-Bulletin and our website in the larger interests and benefits of SMEs the world over.

Editor, World SME Update

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# WASME

World Association for Small and Medium Enterprises



## WASME Research & Publication Division

- Provide Comprehensive, Useful & Insightful Information Dissemination for world SME community.
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