

Female Founders in Fintech Case Series

Rise to Xare

Rise to Xare



Padmini Gupta
CEO and Co-Founder
MBA, Saïd Business School



Milind Singh
CPO and Co-Founder
MBA, Saïd Business School

Padmini paused to take in the moment. As the college master concluded the last lines of grace, the hubbub of the dining hall began to rise again. Impatient diners shuffled in their chairs and restated their conversations. It had been 15 years since Padmini and Milind had last been in a college hall, having met during their MBA. Returning to the formal rituals and traditions highlighted just how much had changed for them in the intervening years.

Tonight, Padmini and Milind were there as guests of Saïd Business School's MBA students. Their presentation earlier that day on the challenges of providing financial access to migrant workers had been well received but left little space for discussing their personal journey as co-founders of Rise.

Sitting with MBA students Jennifer, Maite, and Martin in their college dining hall that night, Padmini thought back to her 12-year career in banking, a journey that had exposed her to the scale of the global unbanked and underbanked. Turning to Jennifer who had asked her about her personal motivations, she explained:

'When I returned to Dubai in 2010, I was struck by the distinction between expats and migrant workers. While both travel abroad in search of opportunities,

those coming from less advantaged backgrounds for less skilled jobs are completely cut out of the banking system.'

Milind nodded 'Many of these individuals are paid in cash and send large portions of their pay to family members at home. Because they do not have the financial means of skilled expat workers, this group is often ignored by traditional banks'. This distinction between traditional banks and contemporary Fintechs came naturally to Milind, who had worked in digital ventures throughout his professional life. This path began with internet banking services and trading platforms in India, before moving to the distributed mobile internet in Europe with OpenWave.

'Of course, knowing about the problem is one thing' continued Padmini 'While we were aware of the gap in access to financial services, it was some time before we were able to circle in on a product that would help.' Indeed, following their time at Oxford, Padmini and Milind continued parallel careers that would lead them to different parts of the solution to serving the underbanked. Shortly after finishing the MBA, Padmini joined the World Economic Forum as a Global Leadership Fellow where she worked on public-private partnerships to address social challenges. This

included work on topics highly pertinent to migrant workers, such as climate change and sustainable urban development. Milind, on the other hand, returned to a career developing digital products across emerging markets. His work involved launching digital products in the Middle East, East Africa, and South Asia; first with Booz Allen Hamilton, then later with Facebook.

Along with Mandeep Singh, a serial entrepreneur with 20 years of experience building digital ventures, the two former MBA colleagues had begun to explore the kinds of products that could be built in this space. Mandeep brought deep experience in the fintech space to the team. He had started, built, and sold multiple businesses in this space, including: the first payment gateway in Australia, one of the largest payment processors in the United States, and a tool for automation testing for bulge bracket banks.



Mandeep Singh
CTO and Co-Founder

Products and Services	Explanation	Financial Wellness Improvements
Bank Account	Rise gives migrants access to the first 'no minimum balance, no minimum salary' bank account in the UAE.	It improves financial inclusion of unbanked and underbanked consumers.
Insurance Products	Rise created a range of insurance products that help migrants protect the future of their dependents.	It decreases the mental stress related to finances.
Investment Tools	As most of the migrants do not have anyone to talk about their finances, Rise offers a financial health check and then helps migrants start their journey for financial resilience and growth.	It helps develop spending and saving habits.
Buy Now Pay Later	Partnering with some of the largest retailers, Rise offers affordable and quick BNPL products to help migrants build their future.	It helps decrease the use of expensive financial products such as payday loans.

Exhibit 1: An overview of how Rise improves financial wellness of migrants

Reaching early customers

Maite nodded as she thought about how to phrase her question ‘But given how little access these groups had to financial products, how do you go about introducing these services?’ ‘That is a good question’, said Milind as he thought back to how the founders had understood the problem at the time. ‘There were two early challenges in introducing these issues. The first was a largely technological concern. A large percentage of migrants had phones with very limited storage. Their phones were full of applications such as WhatsApp and Facebook to engage with their community.’ ‘We realised that developing a stand-alone app would not be an effective way to engage customers. Instead, we needed to have a mechanism by which you could deliver value before asking to download an application’, he added.

‘The second issue was a challenge around financial literacy’ continued Milind. ‘There was the risk that providing a broad range of products in a banking application would be hard to navigate and understand for customers using a banking application for the first time.’ ‘However, while financial literacy was limited, digital literacy broadly was high, with migrant groups continuously using messaging services and social networks to remain in touch with family and their immediate community. This combination of high digital literacy with limited technological capacity and limited financial literacy led to us moving away from the idea of launching an app, but fitted perfectly with our early chatbot’, said Padmini.

Instead of launching a standalone app, Rise moved the onboarding process onto a chatbot in an application that migrants use regularly. Putting a chatbot on Facebook Messenger, they provided customers with a way to get an initial financial health check just by talking to the chatbot. Rise designed their chatbot to have a self-explanatory onboarding process and easy-to-understand buttons. These design details quickly improved the to-the-point questions customers were asking.

Padmini recalled ‘the chatbot was a key driver, enabling us to grow very, very quickly without relying on people to download an application. In the UAE, we had half a million conversations then. If we contextualise this number, we have literally had conversations with 5% of the population of the country using the chatbot.’

Building trust with the Best Nanny Awards

‘What about concerns about trust in financial services?’ asked Jennifer. ‘I know that is a challenge for many Fintechs, but is it harder to build that trust with communities that are often marginalised and overlooked?’

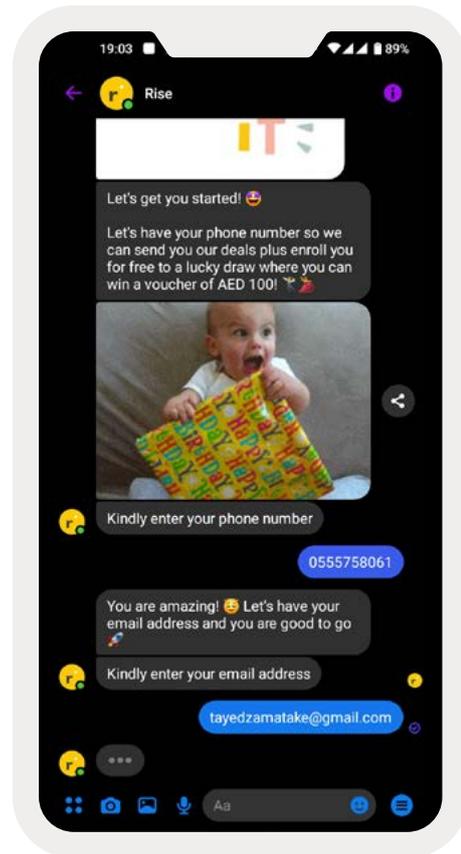


Exhibit 2: The Rise chatbot

‘Yes, we needed to show that we were willing to work for them, rather than look down upon them.’ Milind recalled. ‘There was a sense that to show that we weren’t another marginalising financial institution, we needed to engage with the problems they faced and celebrate their role in the UAE’.

Celebrating migrants’ roles was seen as an important step in demonstrating that Rise saw value in these groups for society. Rise organised a number of initiatives, including the ‘Best Nanny Awards’ where they would recognise the dignity of the profession. In 2016, Rise brought families together to honour their nannies and highlight their experiences in a special event. In a competitive selection process, thousands of nannies campaigned to garner the most votes on Facebook after being nominated by their families. A judging panel then decided on UAE’s best nannies to whom Rise awarded a retirement fund in their home currency. Organising this event over and over again, Rise both brought out amazing stories and created a part of their customer base.

‘This social orientation was warmly received, as these stories had rarely been celebrated by companies in the UAE’ Padmini recalled. ‘Customers loved the fact that



Exhibit 3: Best Nanny Award winners

we cared about them as nobody else was caring about them and involved in the community that we were building with them.'

This sentiment supported material growth. In the early years following its launch, Rise had 50% month-on-month customer growth within the UAE, drawing thousands of individuals into greater financial independence. However, expanding beyond this early growth period required greater collaboration with investors and partners, which provided its own challenges.

Attracting investors in a sceptical ecosystem

'If this was a relatively underserved group, were investors familiar with backing ventures that served them?' asked Maite.

'That was another challenge in itself', said Padmini. 'There was a limited ecosystem in the United Arab Emirates. In this nascent environment, investors were relatively conservative with their support. While our social purpose resonated well with early customers, the concept of mission-oriented impact investment in the UAE was very new to investors.'

'Being seen as a social impact player was, in fact, seen as a negative sign. Investors would look at our business model and say it is a model that requires an act of charity rather than investment', said Milind.

'Investors questioned the focus on migrants as customers,' Padmini noted. 'It was common for us to get questions like 'How many migrants are there anyway?' 'How can Rise monetise its services for migrants who do not have previous experience in using financial products?' The challenge was to convince investors that our business model not only had a social side but also offered above average returns.'

Local versus international investors

Through their discussions with investors, differing responses emerged between local and international investors about the value of Rise's social purpose. Whereas investors in the region regarded their motivation to target a certain section of society as limiting, there was strong traction amongst international investors for the venture's mission. However, in spite of this strong engagement with the social purpose of the product, international investors wanted local investors to take the lead in the investment rounds before they commit their capital.

‘This was a chicken and egg problem...’ Milind added, ‘... on one hand, we had local investors who were not willing to buy in as our model prioritised social impact. On the other hand, we had international investors with big names who valued the social impact but were not convinced to take a bet in a new market without an investor from the region.’

Doing good while making good returns

‘Observing investors’ reflections on our social impact aim, we fine-tuned our language and focused on the potential returns from our products that address the needs of the underbanked’ Milind recalled. ‘We approached the issue delicately to straddle both worlds: doing good while making good returns. We supported this by emphasising the revenues we were making from buy now pay later and insurance products. It highlighted the commercial benefit of bringing these individuals into the financial system and growing the pool of customers for more advanced financial products.’

Through this approach, Rise raised \$1.4 million in funding in March 2020. The round was led by Middle East Venture Partners (MEVP) in partnership with the Dubai International Financial Centre (DIFC) Fintech Fund, 500 Startups, Khwarizmi Ventures, and Phoenician Funds.

‘Our investors were excited...’ Padmini noted, ‘... MEVP was hungry for business models that are earthmovers. They recognised our efforts to build the first financial institution for migrants that enables asset creation. They valued our use of technology and innovative partnership model to fundamentally re-organise how migrants’ income can be managed.’ ‘With their unique skill sets, excellent knowledge, and experience in the regional entrepreneurial ecosystem, they have helped us to scale our business, and will continue to do so’, Milind added.

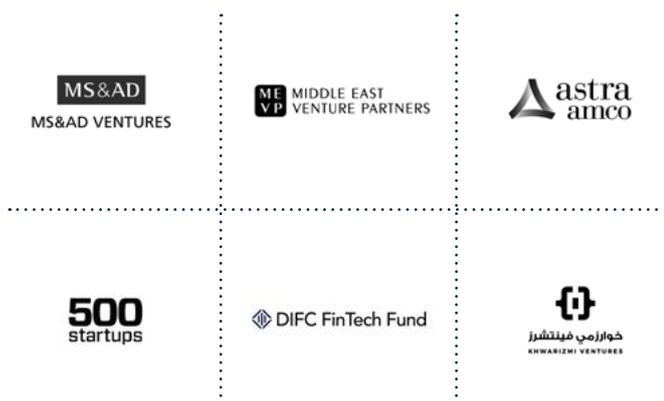


Exhibit 4: Rise’s investors

Building partnerships in a fragmented ecosystem

‘Did you have similar challenges working with partners? I assume that if you wanted to offer the full suite of financial products you would have to work with other organisations very closely too’, said Martin. ‘Of course,’ replied Padmini, ‘and it was not enough for us to convince one bank. We had to engage with insurance companies, credit providers, and retailers to build our products. It was a massive partnership exercise’.

‘Finding established organisations that were receptive to such partnerships proved challenging. In part, the problem mirrored the challenges we faced in finding investors. Relatively few financial institutions were aware of what FinTechs could add’, Padmini added. ‘In this context, we needed to help partners understand what we could offer. It is a mind-boggling number that one-seventh of humanity depends on on-demand financial services for their future. However, at a global level, very few companies realise how big this opportunity is for the retail side.’

‘In a fragmented ecosystem without money services licences for FinTechs, proactive regulation, or open access to customer data, we had a hard time developing partnerships.’ Milind recalled. ‘There were no open APIs. When we wanted to integrate with a partner bank, we literally had to write the code all over again’.

For Rise, the process of developing partnerships proved to be an exercise in gradually building and leveraging legitimacy. Acquiring a licence as a payment services provider from the Dubai Economic Department proved to be a central first step, helping them secure their first partnership with United Arab Bank to provide bank accounts. This arrangement with a large regional bank supported their efforts to develop partnerships elsewhere, providing both the legitimacy and security necessary to develop further partnerships. In 2019, Rise partnered with Axa to offer insurance products for migrants and with Altibbi to provide medical consultancy assistance. Later that year, they created the first ‘buy now, pay later’ product in the Gulf Cooperation Council (GCC) in partnership with Carrefour. To offer a similar service to Pakistanis living in the Gulf, they partnered with HomesShopping.pk, a leading e-commerce player in Pakistan. Previously, buy now pay later propositions were available for local purchases only, and migrants were left out of the system. This partnership enabled overseas Pakistanis to purchase goods in Pakistan by making payments in instalments in the country they work. Lastly, Rise partnered with Astra Amco, a hedge fund, to offer migrants access to credit services.



Exhibit 5: Rise team

Introducing Xare to end the need for remittances

Xare: Building a wi-fi router for your money

Padmini paused to make sure her audience were still following before outlining the problem that remained: 'while we managed to grow something for workers in the UAE, this only addressed one half of the financial arrangements migrants had. The other half was the way in which money was sent to and used by family members in their home countries. Once money was sent home, migrants sacrificed control and oversight of how it was used.' 'Family members' financial patterns were largely consumption-led, with very little saved. This was exasperated by family members' lack of access to banking services. Even in circumstances where migrant workers had access to banking services, their family members would collect and use remittances in cash. This in turn nurtured consumption behaviours, with little incentive or mechanism to save money that was transferred over', Milind added.

Rather than introduce a remittance product to their customers, this provided an opportunity for Rise to

reconsider how money was held and accessed by family members. This insight was the starting point for Xare, a product intended to overcome the challenges of control and access in remittances.

Padmini took a moment to reiterate her point: 'Why do I send money, when I could effectively share access to my account with my family back home? Then, they can access the money without having a need for their own bank account.' Milind leant in, trying to return the discussion to the problems Xare solved: 'I can simply digitise money and share access with my family, wherever they are. This allows those earning the money to have some degree of control and transparency over how the money is spent. They can, for example, assign and remove limits. It is quite disruptive to existing remittances and shapes financial behaviour'.

Xare's acceleration has been rapid. In the three months following its launch in January 2021, \$2.5 million was shared on their platform. This growth continued throughout 2021, as Xare reached a million users across 173 countries, and doubled the size of their team in the process. By the end of the year, \$200 million had been shared through Xare.

Looking to the future: expanding Xare to other customer targets

As coffee was served, Milind returned to his favourite topic – the prospects for the future. The success of Xare provided an opportunity to rapidly scale without the need for institutional partnerships. With this in place, the focus of the founders had shifted to building a decentralised platform for anyone who needed to share access to funds across borders, expanding their customer target beyond migrants. Milind explained ‘At the macro level, there are about seven and a half billion people and only three billion have a job. The other four and a half billion depend on this three billion for their day-to-day consumption. By turning our attention to how money and capital is shared between these groups, we are beginning to identify new avenues and potential revenue streams.’

‘One possibility is to go beyond the sharing of capital and look at credit’, he added. ‘The typical US consumer has a \$31k credit limit across four cards. Let’s say they use \$5k of that at any one time. That leaves them with about \$26k unused credit. At the same time, half of US consumers have been denied access to credit of any kind. Now imagine you take that \$26k, which is basically \$5 trillion, a month and make it liquid to allow people to start sharing their credit card with each other without actually having the cash to do so.’

As the couple stood to leave the hall, Padmini paused to consider the scale of the story they had just told. What had started as a simple step to address a well-defined market need, had developed into a far more encompassing look at how personal finance was accessed for billions.

They knew that challenges remained, and questions about what the future held immediately came to mind: How would products built on the sharing of capital and credit be introduced in markets that do not normally send remittances between family members? What regulatory hurdles might they have to address, and how would they engage with regulators? How could the products they have already developed take advantage of advances in novel technologies such as AI and blockchain? In spite of these concerns, Padmini hoped that their guiding principle – of building greater inclusion into the financial system through shared access – would guide the team into their next phase.

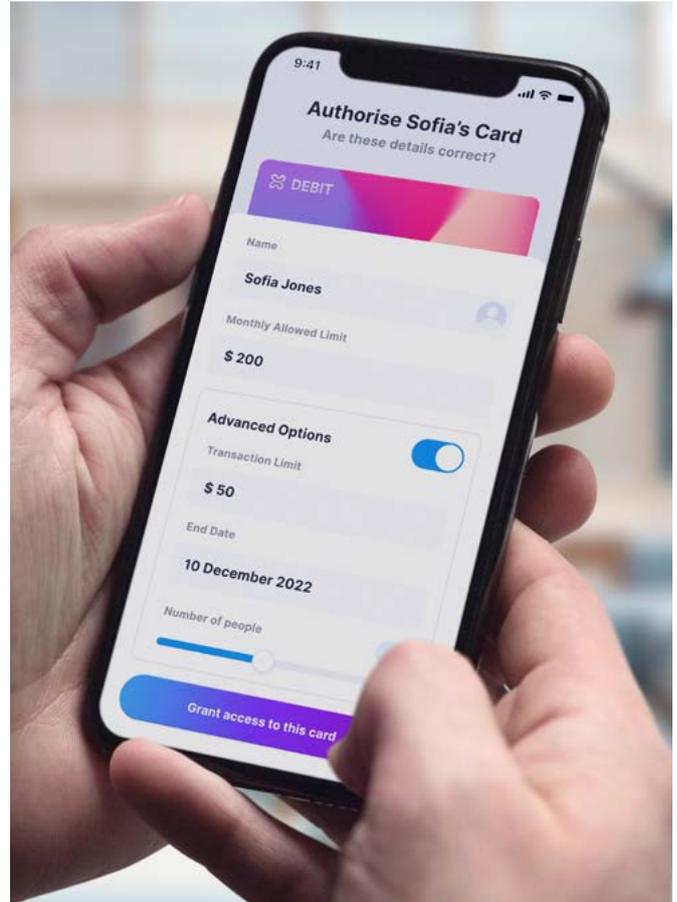


Exhibit 6: Xare allows anyone to share access to their account



This case study was written solely for pedagogical purposes. The authors or Saïd Business School do not have a commercial relationship with Rise or its employees.

Authors:



Yunus Isik is a Doctoral Candidate in Strategy and Entrepreneurship at Saïd Business School, University of Oxford. His research interests include strategic entrepreneurship and social ventures. In his current work, Yunus is investigating social ventures' early-stage strategies to overcome resource mobilisation challenges.



Jack Fraser is a Research Fellow at Saïd Business School, University of Oxford. His research explores how organisations develop, capitalise on, and respond to substantive technological change. He is currently conducting research into the dynamics of machine learning entrepreneurship, and the evolution of fintechs in emerging markets.



Pinar Ozcan is Professor of Entrepreneurship and Innovation at Saïd Business School, University of Oxford. She is also the academic director of the Oxford Future of Finance and Technology (Fintech) Initiative at Oxford. Pinar specialises in strategy, entrepreneurship, and technology markets. Her current research includes financial wellness, AI and business models in fintech, open banking and the rise of big tech platforms.

Contact details:

Pinar Ozcan

Professor of Entrepreneurship and Innovation

pinar.ozcan@sbs.ox.ac.uk

[About Pinar Ozcan](#)



Saïd Business School
University of Oxford
Park End Street
Oxford, OX1 1HP
United Kingdom

www.sbs.oxford.edu

All information is correct at the time of going to press. Please check our website for the most up-to-date information.

© 2022 SAID BUSINESS SCHOOL