



Innovate  
Implement  
Impact

# Innovation Journeys for Sustainable Finance

How the UNCDF Centre for Financial Health is  
advancing the financial health of low-income people



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Discover, ideate, test, iterate and learn.

These five words sum up the journey the Centre for Financial Health, in partnership with the i3 Program undertakes with its partner institutions to field-test and pilot financial solutions that ultimately help improve the financial health of customers, particularly that of low-income people.

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In early 2020, UNCDF launched the [Gig Economy Challenge](#) inviting innovators across the [APEC market](#) to offer solutions that could mitigate the constraints faced by gig workers in Malaysia. 124 applications were received, of which 10 innovators were identified to participate in the first leg of an innovation journey. Three of these innovators – Versa, PAY:WATCH and GetHyred – were chosen at the end of the innovation programme to test, pilot and scale their solutions in a few markets where UNCDF operates, primarily Malaysia.

Innovators – start-ups and established organisations alike – are identified by UNCDF through a rigorous application process, wherein solutions are evaluated for suitability, potential for scale and cost-effectiveness. This exercise then culminates in design sprints or intensive training and ideation sessions lasting for a period of 8-12 weeks. Here, innovators learn from each other, often challenge each other, and in the process develop and consummate their ideas into financial services and solutions that are more relevant for their customers and more feasible for their businesses.

Underpinning these innovation journeys is a strong focus on customer impact, tracked through various data collection methods. Customer impact is rooted in the notion of human-centric design (HCD) and behavioural science that takes centre stage at UNCDF. It is an integral part of the full process of design sprints, testing, piloting and scaling of solutions. During the innovation journey, HCD sessions take the form of hands-on ideation workshops. Led by prominent HCD experts, these workshops help innovators understand their service offerings from an end customer's vantage point.

# We turn ideas into meaningful and sustainable financial solutions

Richard from PAY:WATCH, a payroll service based in South Korea, said:

“ *We learned so much. The mentors on the innovation programme and the ideation sessions completely changed the way we thought about our platform.*

*UNCDF pushed us to get out of our comfort zone, to go out there and find users in Kuala Lumpur to do live interviews. It was moving to speak to gig workers on the ground. Moreover, based on the user comments, we now have all new layouts and features for our app, which we are reflecting in our version 2.0 app.*

The innovation journeys also boost networks, helping innovators access much-needed regulatory and enabler support that is ordinarily hard to reach. Regulators and market enablers such as platforms like Grab and foodpanda are roped in to offer guidance and support to innovators.

For Wei-Xiang from Versa, this is a big win. He remarked:

“ *Our main intention was to request support to evolve from a problem statement into a regulated, respectable organization that can serve Malaysians from all walks of life. We benefited by having a closer relationship with BNM (Central Bank of Malaysia) and also MDEC (Malaysia Digital Economy Corporation)<sup>1</sup>, and we look forward to piloting phase 2 of Versa's offering under the BNM Sandbox<sup>2</sup>.*

The Centre facilitates an experimental approach by de-risking winning solutions through capital, advisory and mentorship support. Once the innovation journey concludes, three selected innovators will work closely with the Centre to further validate their business models, operationalize their go-to-market plans and eventually scale their solutions. For GetHyred, an organization with a skills platform called Zasss Gig Marketplace, the near future entails partnerships with employers and universities. GetHyred then plans to connect graduates to interested employers, based on their skills, some of which are picked up on the Zasss Gig Marketplace. Versa will launch the first phase of its digital cash management tool in 2021 while PAY:WATCH, with the Centre's support, is working to develop partnerships with financial institutions before testing its platform in Malaysia.

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1. The Malaysia Digital Economy Corporation is a government-affiliated agency focused on accelerating the digital economy growth in Malaysia.

2. The Regulatory Sandbox is a BNM initiative that enables innovation of fintech to be deployed and tested in a live environment, which specified parameters and timeframes.



## Main components of the Centre's Living Lab/in-country platform



### Empower Champions

Each market has individuals and organisations with capacities and the will to create and innovate. These champions must be empowered to develop their ideas, collaborate with others, and elevate successes.

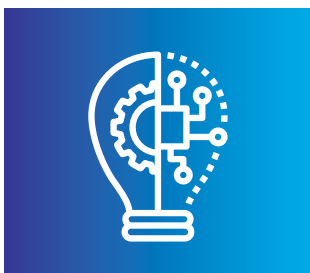
This creates a 'buzz' within the community that inspires others to build on these successes and model the approach taken by champions.



### Create Metrics that Incentivise 'Test & Learn'

New ventures and concepts cannot be measured against traditional metrics. Performance goals and compensation do not by themselves create the incentives to innovate.

Participants in the community should be rewarded for appropriate levels of risk-taking and the capacity to learn from failures



### Provide Access to the Right Tools

Individuals and organisations require access to tools and instruments that can demonstrate the potential of their ideas. These tools include communication skills, behavioural science methods, networking, seed funding, among others.

With the right tools and resources, concepts can move beyond the idea phase and into design, testing and implementation.



### Create a Safe Space for Experimentation

Innovators with ideas must be given the opportunity to learn from failures and re-emerge once lessons have been applied. Enabling an environment where this can be done safely is critical to facilitating innovation.

A safe place is where everything that is crucial for innovation comes together: Where tools are available, champions empowered and successes align with the common vision, inspiring further change.

As the pandemic persists and lockdowns continue, low-income people and gig workers in particular are the most vulnerable. The Centre aims to improve their financial health as it continues to support its partner organizations in testing and piloting their innovations.

Abdul from GetHyred put it quite simply: "With COVID-19, young gig workers face terrible challenges as their future crumbles before their eyes. With the Centre's support, GetHyred looks forward to equipping them with the skills they need to build a safe, post-COVID-19 future for themselves and their families".

It is time to get to work.

## Innovators for the Gig Economy Challenge

### PAY:WATCH PAY:WATCH

PAY:WATCH is a fintech platform that combines HR and financial solutions. We collaborate with employers to provide gig workers additional spending power in the form of wage advances. Using our work hour tracker and e-contracting tools, we allow workers to instantly access wages they've earned, before pay-check day. Through our features, we collect data on the "work-earn-spend-save" habits of users and work with other banks to provide access to affordable financing.

PAY:WATCH hopes to empower gig workers to build a strong credit history, learn to manage their debt load and effectively avoid the debt trap.



### Versa

Versa is a digital cash management platform that helps Malaysians get the best out of their idle cash with no lock in periods. In addition, we aim to be the pioneer in enabling money market funds to be linked to the Visa card payment network. Learning from the successes of Li Cai Tong and Yu E Bao in China, we aspire to improve the financial well-being of Malaysians and elevate investment literacy via our company's commitment to commoditizing low risk, highly liquid money market products to ensure income protection for every Malaysian.



### GetHyred

Hyred is a social network application specifically for personal value development. Simplifying job advertising by just a voice command, enabling organizers to announce their events through our Event Listing section which is also equipped with a digital ticketing system.

With Hyred, we empower local universities to digitalize their Students Affairs Division and to organise annual programmes, including recording the students' merits and providing continuous learning & skills development.

Thus, these three core pillars of service by HyredPRO create activities for users to not only gain additional income and added knowledge, but also enable them to record skill badges and xp points. Join us to bring more value to your time.

TIME = SKILLS + XP + NETWORK > MONEY



The UN Capital Development Fund offers “last mile” finance models that unlock the public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

UNCDF's financing models work through three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial ecosystems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local development finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization.

This programme is under the Global Engagement of the Centre For Financial Health. The Centre acts as a convener, providing a platform to bring together global, regional and local actors committed to using financial and digital solutions to improve the financial lives of low-income families—helping them climb – and stay – out of poverty. The Centre creates space for thought leadership where best financial health practices and models are exchanged and lead to concrete action with governments and the private sector.

## LIVING LABS AND THE GLOBAL ECONOMY

Without a place to let them grow and mature, incubating ideas can lead to a dead end. Living Labs are test-bed markets that would allow for the deployment of models and services and an evaluation of what works, what does not, and what needs to be changed to address the financial health needs of specific segments of the population.

Living Labs provides ecosystems with captive customer bases and partnerships, creating a pathway for growth and scale. A majority of the innovations are done keeping the more affluent segments in mind, and low-income communities are often viewed as downstream segments for the products usually designed for the affluent. Living Labs aim to reverse that trend. By keeping low-income communities at the centre of activities, we create an enabling environment for innovators to design solutions that address their needs and goals

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For more information, please visit: [www.uncdf.org/gfh](http://www.uncdf.org/gfh)

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