FINANCIAL INCLUSION LABORATORY 2024

DIGITAL SOLUTIONS FOR FINANCIAL INCLUSION BASED ON ARTIFICIAL INTELLIGENCE

TERMS AND CONDITIONS OF THE CALL

1. Introduction

CAF - development bank of Latin America and the Caribbean, organizes the sixth edition of the Financial Inclusion Laboratory – LIF 2024: digital solutions for financial inclusion based on Artificial Intelligence, with the aim of promoting the creation and development of technological solutions that harness the potential of artificial intelligence to improve access, use and quality of financial services for populations traditionally excluded or underserved by the traditional financial system such as low-income people, women, young people, older adults, rural, afro-descendant, indigenous or disabled population, migrants, entrepreneurs and micro, small and medium-sized businesses (MSMEs) in the region, with the aim of increasing their levels of financial well-being.

The Laboratory, which in this edition addresses the ventures of all CAF member countries, has a series of regional and national allies, among which are:

- Program executors: Seedstars, Endeavor Colombia and Agile Impacts.
- Regional allies: Felaban, FintechU, Latimpacto, Ibero-American Network of Women in Fintech (WeFintech), FinDev Portal, Mastercard, Google.

The LIF is a platform that brings together the public and private sectors, entrepreneurs and investors with the aim of promoting business opportunities, fostering the interaction of members of the financial and entrepreneurial ecosystems, and providing concrete solutions to development needs raised by the partners of this initiative.

CAF and its partners aim to promote the financial inclusion of the low-income population, women, youth, entrepreneurs and MSMEs in the region, as well as support MSMEs with innovative financial products and services that incorporate artificial intelligence.

For CAF, financial **inclusion is** a multidimensional concept that includes elements from both the supply side of financial products and the demand side, its basic dimensions being **access**, **use**, **quality** and impact on **financial health** or **financial well-being** of families and companies. Financial inclusion is then a phenomenon that goes beyond just access to financial products and services, and involves the regular and frequent use of financial products or services, for which their relevance and degree of satisfaction of the needs of people must be guaranteed. Finally, the impact of access, use and quality of financial products on financial health or financial well-being is understood as the state in which individuals are able to satisfy their needs and financial obligations, can achieve financial objectives and cope with negative financial shocks, considering their current and future financial situation, and from an objective and subjective point of view (OECD, 2023).

Taking the above into account, the 2024 Financial Inclusion Laboratory supports projects and initiatives with a high degree of innovation and that incorporate elements of artificial intelligence to respond to the need to improve financial inclusion in the following areas:

- **AI services for financial institutions** – Fintech as a Service (FaaS) and Software as a Service (SaaS).
- **Design of financial products and services assisted by AI**, focused on the needs of different segments of the population and MSMEs.
- **Education, training, advice, and digital and financial consulting with AI**.
- **AI-based solutions with a govtech, regtech and/or suptech focus**.

2. Who is the call addressed to?

The call is aimed at legal entities, legally constituted and that have operations in a CAF member country: Argentina, Antigua and Barbuda, Barbados, Bahamas, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominica, Ecuador, El Salvador, Spain , Grenada, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Portugal, Dominican Republic, Trinidad and Tobago, Uruguay and Venezuela.

Applicants must be developing technology-based projects focused on inclusion and financial education, specifically in one of the categories and subcategories presented in section 5 of this document.

Applicants' projects must be generating income and actively operating in the market.

Applicants must register through the platform found in the following link: CAF Financial Inclusion Laboratory

3. Competition dynamics

Based on CAF's institutional strategy, and understanding the different supply and demand barriers that constrain the advancement of financial inclusion in the region, CAF has identified a series of categories or challenges, on which applicants must present their basic technological solutions.

The Selection Committee of the Financial Inclusion Laboratory, made up of the partners of this initiative, will evaluate the projects and select the best 20 proposals. These proposals will be presented at a final event called Pitch Day, before the Selection Committee, who will be able to ask questions and give them feedback.

The 8 best applications will be selected to participate in a tailor-made acceleration program offered by **Seedstars**. After the acceleration program, and taking into account the performance of each of those selected, a maximum of 8 of the applicants will be selected to enter an investment readiness and matchmaking program with **Endeavor Colombia.** Likewise, the 20 finalist applications will receive support in impact measurement from **Agile Impacts.**

Some partners of the initiative offer additional prizes for the winners, this is detailed in section 7 of this document.

Additionally, the finalist projects will become part of the Financial Inclusion Laboratory community, where, in accordance with CAF's capabilities and possibilities, they will be able to have access to training programs, technical support in financial inclusion, knowledge transfer spaces, business rounds, and other activities led between CAF and its allies to increase its visibility.

4. Contest objectives

- Promote innovative technological solutions that contribute to improving the financial inclusion of vulnerable groups and MSMEs in Latin America and the Caribbean.
- Scale and replicate solutions with a focus on financial inclusion of vulnerable groups and MSMEs to other countries in the region.
- Promote the generation of investment agreements with the private sector to promote the chosen ventures.
- Strengthen the Fintech entrepreneurial ecosystem with a focus on inclusion, financial education and development of the financial system in the region.

5. Categories and subcategories

The sixth edition of the Financial Inclusion Laboratory seeks to promote the implementation, growth and expansion of technology-based solutions that help solve the needs of the public and private sector in the following categories:

- **AI services for financial institutions** – Fintech as a Service (FaaS) and Software as a Service (SaaS).
- **Design of financial products and services assisted by AI**, focused on the needs of different segments of the population and MSMEs.
- **Education, training, advice and digital and financial consulting with AI**.
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5.1. AI services for financial institutions:

- Development of artificial intelligence models to facilitate the credit evaluation process using alternative information to offer a credit score to various populations that have seen their access to formal credit products limited.
- Indicator systems designed and implemented with artificial intelligence technology to monitor and promote the financial inclusion of diverse unserved or underserved populations in financial institutions.
- Portfolio and market analysis focused on serving various population segments (gender perspective, rural population, migrants, young people, older adults, LGBTQ+ population, MSMEs, among others) using artificial intelligence for financial institutions.
- Payment platforms and gateways that use artificial intelligence to offer more efficient and secure services.
- Artificial intelligence-based security, identity and fraud prevention tools to protect financial institutions and their customers.
- Technological services focused on the interaction and verification of users and clients. For example, identity validation, security, biometrics and facial recognition

that improve security and trust in financial services, through the use of artificial intelligence to identify and verify the identity of users, prevent identity theft, fraud and money laundering, and comply with regulations.

● Development of machine learning models to improve the user experience when interacting with financial institutions, throughout the entire digital customer journey or omnichannel.

● Use of artificial intelligence to improve the design, delivery, monitoring and evaluation of financial products and services for the target population.

● Development of financial education tools based on customer transactional behavior to improve people's financial health.

● Design and formation of digital group banking products aimed at the target population through formal financial and/or microfinance entities.

● Business technologies for financial institutions, microfinance institutions, cooperatives, among others, such as customer relationship management (CRM) systems and data analysis enhanced by artificial intelligence.

5.2. Design of financial products and services assisted by AI:

● Digital lending solutions that use artificial intelligence to evaluate solvency and risk more accurately and quickly.

● Digital platforms that use AI algorithms to evaluate the risk profile and users' payment capacity.

● Personal and business financial management services that use artificial intelligence algorithms to optimize finances and decision making.

● Financial management solutions for MSMEs that allow them to automate accounting, billing, collection, payments and reporting processes, using artificial intelligence to optimize cash flow, reduce costs and improve decision making.

● Data analysis and market intelligence tools that help MSMEs better understand their customers, competitors and suppliers, using artificial intelligence to process information, generate insights, detect opportunities and anticipate trends.

● New alternative financing schemes for MSMEs that are enhanced by the use of artificial intelligence (*leasing*, *factoring*, etc.).

● Digital solutions that allow users to carry out financial transactions using artificial intelligence to offer personalized benefits, rewards and recommendations, based on user history and behavior.

5.3. Digital and financial education, training, advice and consulting:

● Interactive digital financial education platforms that use differentiating elements such as behavioral economics, gamification, augmented reality, artificial intelligence, among others to motivate and stimulate the learning of concepts, generate skills and responsible use of financial and digital tools, and promote positive changes in financial behaviors.

● Personalized financial product comparison platforms that use data analysis and machine learning to identify the preferences, risk profile and objectives of each client, and offer them the options most appropriate to their financial situation and return expectations.

● Financial and digital advisory and consulting services that use artificial intelligence to analyze the behavior of income, expenses, consumption habits and financial goals,

along with the needs and objectives of each client, and provide a personalized financial plan, as well as a continuous monitoring and evaluation of your progress and results.

- Financial management platforms for MSMEs that allow them to access various services with the support of an intelligent virtual assistant that provides them with advice and suggestions to optimize their resources and improve their profitability.

5.4.   AI-based solutions with a govtech, regtech and/or suptech focus:

- Solutions with focus on *govtech* that use artificial intelligence to facilitate interaction between the government and citizens, through the use of chatbots, sentiment analysis, among others, which allow, on the one hand, to strengthen consumer protection and, on the other hand, offer more efficient, transparent and accessible financial services.
- Solutions with focus on *regtech* that use artificial intelligence to help financial entities comply with current regulations, through the use of natural language processing, data analysis and machine learning, which allow them to automate processes, reduce errors, detect fraud and optimize resources.
- Solutions with focus on *suptech* that use artificial intelligence to assist financial supervisors and regulators, through the use of big data, machine learning and blockchain, which allow monitoring, analyzing and evaluating the functioning and risks of the financial system, and generating alerts and recommendations to prevent malfunctions in the financial systems of the region.

6. Important dates

The call will be divided into two stages.

STAGE 1 Application	In the first stage, applicants must fill out a basic form with general information about the startup. The deadline for submitting projects, in this first stage, will be **from September 2 to October 27, 2024 at 11:59 p.m. Colombia time**.
STAGE 2 Application	The evaluation team will make a first filter and will contact the selected startups to fill out a second application form with detailed information about the company, its business model and its impact on the target population. The application period, in this second phase, will be from **November 1st to 15th**.
Assessment	The final review and evaluation of the projects will be carried out between **November 18 and November 29, 2024**.
Announcement	The organization of the Financial Inclusion Laboratory will inform the contestants about the preselected proposals on **December 4th.**
Pitch Day	**December 11, 2024.**
Awards	The acceleration, investment readiness, matchmaking and impact measurement activities by Seedstars, Endeavor Colombia and Agile Impacts will take place between **January and November 2025.**

7. Prizes and rewards

Selection of outstanding startups

CAF, in collaboration with the evaluation committee and key partners from the public and private sectors, will identify the 20 most promising proposals from CAF member countries.

Exclusive invitation to Pitch Day

The selected startups will have the exceptional opportunity to present their innovative initiatives at our virtual Pitch Day on **December 11, 2024**. This event offers unmatched visibility and the opportunity to present and network with key decision makers from allied organizations.

Personalized support and growth opportunities for winners

The 8 winning proposals will access prestigious acceleration and preparation programs for investment and matchmaking, as well as support in impact measurement.

These programs **will begin in January 2025 and end in November 2025** and will provide personalized mentoring from industry experts, strategic guidance in monitoring and impact evaluation, and extensive networking opportunities. Participants will also benefit from greater exposure within the entrepreneurship ecosystem, paving the way for future investment and partnership opportunities.

In the first phase, the 8 winning proposals will participate in the **Seedstars acceleration program,** tailored to the needs of each of the ventures. **This program will begin in January 2025 and will end in May 2025.**

Subsequently, the 8 winning proposals will begin an **investment readiness and matchmaking program with Endeavor Colombia, which will begin at the end of May 2025 and will end in November 2025.**

Impact measurement

The 20 finalist proposals will receive support in identifying the theory of change and key impact indicators of their ventures. Likewise, they will be able to participate in a virtual workshop on the importance of measuring, as well as define the first steps to begin carrying out an impact measurement, with the aim of it serving as a driving force for raising funds.

This support in impact measurement will be carried out **Agile Impacts** and will develop between **January and May 2025.**

In addition, Google will provide the 8 winning startups of the LIF with USD 25,000 in Google Cloud credits, as well as technical support for the implementation of their solution. This is part of the Google for Startups program.

8. Jury

The Selection Committee of the Financial Inclusion Laboratory will be made up of representatives of allied organizations. This body will be in charge of selecting the best initiatives and those that best respond to the needs raised by the allies. The decision of the Jury will be final and unappealable.

9. Selection criteria

The Selection Committee of the Financial Inclusion Laboratory will be in charge of selecting the finalist projects to participate in the Pitch Day, a virtual event that will take place on **December 11, 2024.**

Taking into account that in this edition there will be a call in two stages, the Committee will carry out a first filter based on the applications received in the basic form. In this first stage, criteria will be considered such as whether the venture is legally constituted, if it is already operating in the market, and if the venture is operating in any of the CAF member countries.

Once the first selection filter has been carried out, the ventures that meet all the criteria will be invited to fill out a second form, in which the following criteria will be taken into account:

- Differentiating innovative aspects
- Value generation
- Growth potential and replicability in other areas
- Incorporation of technologies
- Commitment to the development of the project

No.	Criterion	Description	Weighing
1	Innovation and incorporation of technologies	The project solves some of the challenges posed in the Laboratory categories and makes use of technological tools to solve the problem.	30%
2	Commitment to the development and generation of value for vulnerable populations and MSMEs in the region	The project provides solutions that contribute to development and greater financial inclusion through the use of artificial intelligence.	40%
3	Growth potential and replicability	The project has high potential to be scalable and has a committed and competitive work team.	30%

10. Terms and conditions

The Financial Inclusion Laboratory reserves the right unilaterally and without prior notice, to exclude any participant, especially when it is suspected or detected that they are committing falsehood or affecting the proper functioning and normal course of the competition. Candidates that do not contain all the requested requirements will be automatically

disqualified, while the decisions of the Selection Committee will be final and there will be no appeal against them.

11.   Intellectual property

All participants must have sufficient titles to the industrial property rights in the brands, business ideas, logos, and commercial names that are part of or included in the proposals.

By accepting the bases to participate in this call, the contestants declare not to infringe any intellectual property rights; in such a way that they exempt the Financial Inclusion Laboratory and its partners from any responsibility for the use of these contents.

Participants are responsible to third parties for the images and content they make public during the competition and are responsible to the Financial Inclusion Laboratory in relation to the following considerations:

- They are owners, holders of the rights or have obtained consent from third parties that allow publication within the framework of the call.
- Participants fully comply with the laws related to the right to privacy, good name, intellectual property rights, industrial property or similar.
- All participants are responsible for the veracity of the data provided to participate in the call.
- The participants assume under their exclusive responsibility the consequences of damages or actions that arise from the use of the content and/or programs included in their proposals, as well as their reproduction or dissemination.
- The intellectual and/or industrial property of the projects presented in the Financial Inclusion Laboratory will belong – if applicable – exclusively to the participants who have presented them.

12.   Confidentiality

Confidentiality is guaranteed in relation to the information on the projects presented by the participants. The information will be shared confidentially only with the Selection Committee of the Financial Inclusion Laboratory, in order to select the finalists and winners of the initiative.

CAF, as leader of the Financial Inclusion Laboratory, may disseminate, at any time and through any means, the general characteristics of the projects or initiatives, as well as the names of said projects and the participants, mainly the finalists and winners.

13.   Advertising

The participants, and especially the finalists and winners, expressly authorize the Financial Inclusion Laboratory to establish, reproduce, disseminate and use all written, spoken and signed media, in any form, by any means and on any medium, your name, image and voice, and the general characteristics and name of the ideas or projects presented without any

benefit and without prejudice to the provisions of the Intellectual Property and Confidentiality sections of this document.

14. Frequently asked questions (FAQ)

Here are the answers to the most frequently asked questions about the 2024 edition of the Financial Inclusion Laboratory.

15. Contact

For more information, write to the email inclusionfinanciera@caf.com or contact the CAF Financial Inclusion Laboratory team, made up of:

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