Executive Summary

This paper shares lessons and best practices from four accelerator programs with over 10 years of experience supporting early-stage startups providing fintech solutions to underserved populations to improve their financial health. It is the collaborative effort of three accelerators supported by JPMorgan Chase & Co. - the Financial Solutions Lab (FSL) at the Financial Health Network (US), BFA Global's Catalyst Fund (CF, emerging markets), and Bharat Inclusion Initiative's (BII) Financial Inclusion Lab (FIL, India), with input from the Resolution Foundation (RF, UK), which is exploring inclusive fintech in the UK. Its purpose is to highlight shared lessons and best practices from over 10 years of collective experience across the three existing JPMorgan Chase-funded inclusive fintech labs, and Resolution Foundation's efforts to develop a new acceleration program.

These four organizations share a common belief: technology can radically improve the affordability, quality and access of financial services for underserved individuals and small businesses from the US, to the UK, India and other emerging markets. Fintech startups have been leading the wave of innovation that has largely transformed financial services as we know them. Over the last ten years, these fintech-focused accelerators have been at the frontlines of supporting approximately 100 inclusive fintech startups around the world as well as the broader fintech ecosystem to improve the financial health of vulnerable communities. They have played an important role in filling gaps for startups in a nascent but fast booming sector, uncovering innovative products and business models that work for the underserved.

However, to this date, there does not seem to be a standard recipe for effective acceleration. This paper is the result of a collaborative initiative across these four programs to uncover best practices in providing direct support to inclusive fintech startups that can be helpful to other programs or funders in the future. The paper discusses best practices and lessons learned across the three core elements of acceleration programs:

1

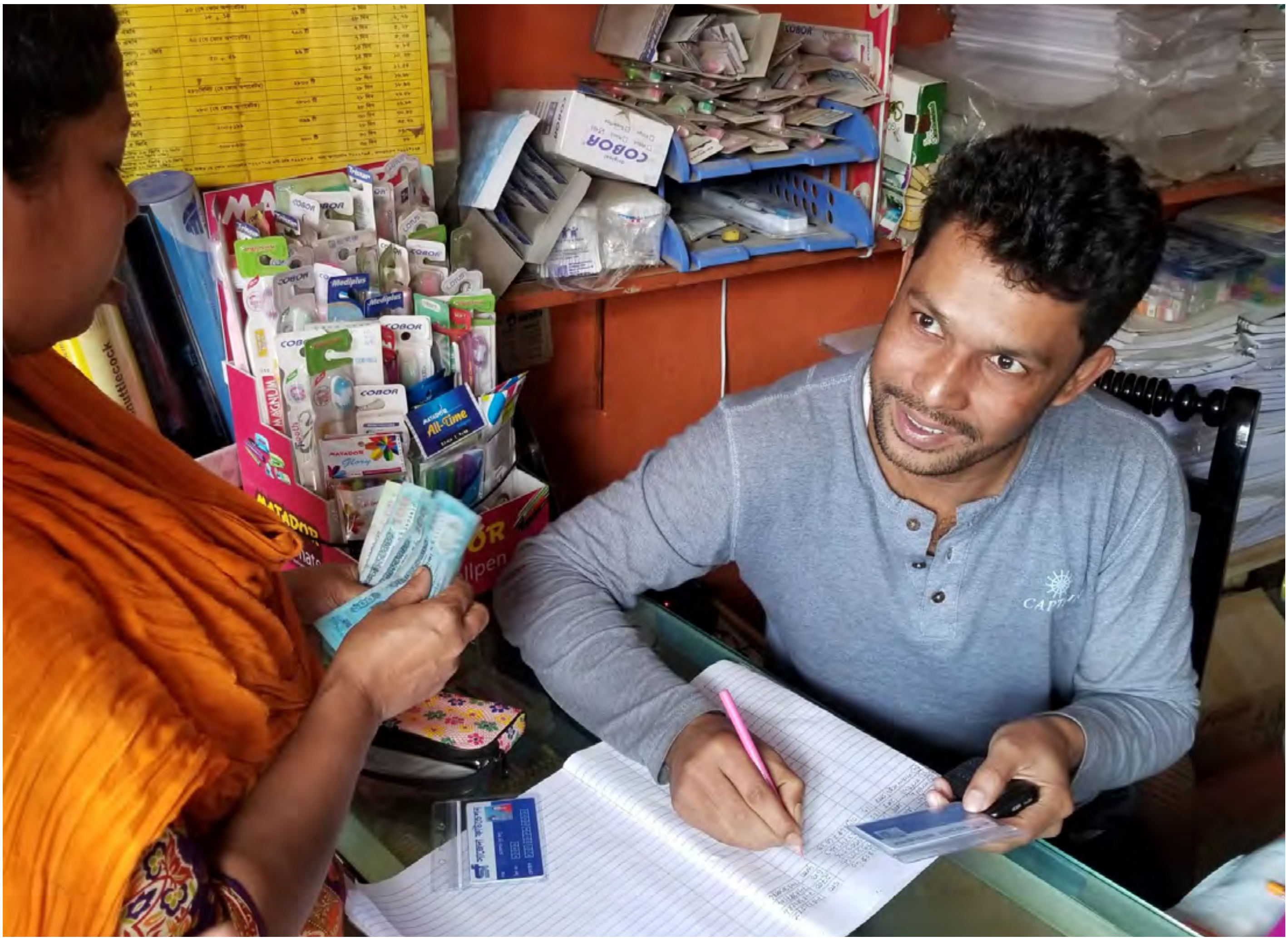
Sourcing & selection of inclusive fintech startups.

2

Support to the startups, which includes funding & investment, diagnosis & planning, technical assistance/venture building, training, mentorship, and events & networking.

3

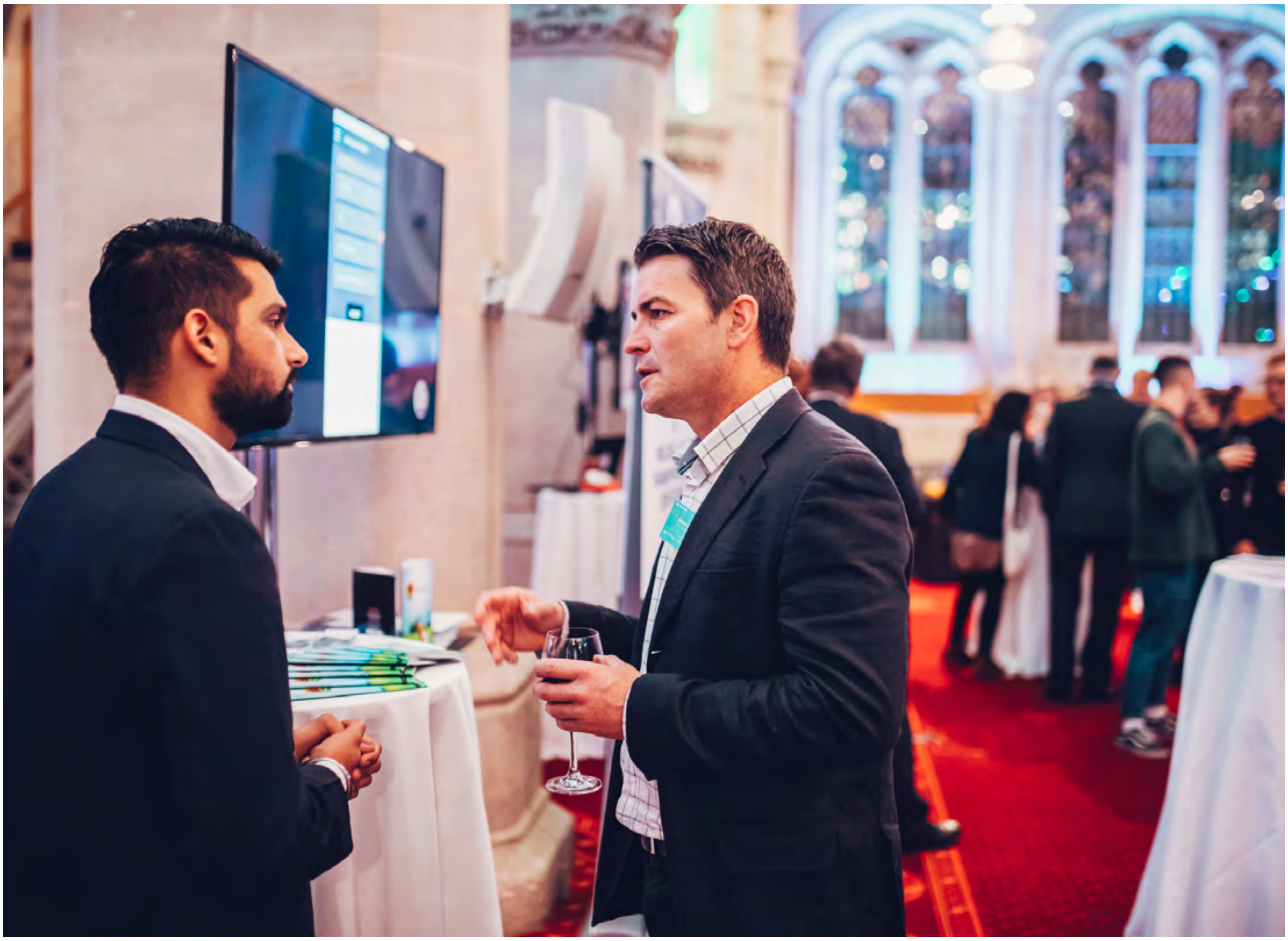
Ecosystem building, which includes gathering and sharing insights, policy engagement, measuring and monitoring impact, and engaging alumni post-program.



1 — Sourcing

Although sourcing models between the three programs vary (FSL and the FIL both utilize a call for applications while Catalyst Fund sources and selects startups via an Investor Advisory Committee), we all share two critical strategies. First, we all leverage our networks and experts to source and select startups. Quantitative metrics are important, but experts bring extra intuition, market insights and wisdom that are invaluable for identifying successful startups, especially during early stages when traction metrics are scarce.

Our programs also pay extra attention to the founding team to look for local leadership or individuals with a strong background serving the community in question. Creating solutions for underserved, remote, low-income, or otherwise marginalized populations requires a profound understanding of this group's needs and preferences, which should be reflected in the founding team.



2 — Support package

Funding & investment

Once selected, our programs all provide or facilitate access to patient, risk-tolerant funding, since early-stage startups need to iterate and test their products. Although they share a need for capital, startups have diverse financial needs depending on their stage, and the investment environment in which they are situated. As such, it is impossible to conclude that one funding mechanism is better than another.

Among funding vehicles, there are clear tradeoffs in terms of risk tolerance, flexibility, and ease and costs of administration. For example, taking equity stakes can help fund long-term sustainability of accelerators once startups become profitable, and help ensure underserved users and inclusivity remain a priority. However, the effort needed to make and manage investments can be burdensome for accelerator teams and is not a guarantee of long-term engagement. Similarly, debt can be a powerful way to engage with startups more deeply, but is costly to administer and monitor. In contrast, grants are easier and less costly to administer, but do not enable longer-term engagement. Grants have the distinct advantage of giving startups more flexibility and risk tolerance for innovation, but they require the accelerator to consistently fundraise to ensure program continuity.

Diagnosis & planning

Our acceleration programs all deliver technical assistance to help startups get closer to product market fit. A best practice surfaced by our three programs is to deliver diagnostic-driven technical assistance to the startups. This means that the accelerator team, in consultation with the startup's leadership, assesses the strengths and weaknesses of the business, and based on that assessment, agrees on a support package that meets those needs. Using diagnosis -- meaning an intensive, investigative process to identify needs -- rather than a predetermined program, allows our programs to tailor resources to meet the felt needs of the startup, ensuring there is receptivity to advice and a willingness to respond and integrate the advice provided.

Technical assistance

Offering diagnostic-driven technical assistance (TA) means being able to offer a broad range of support in product, management, tech, finance, user research, UX/UI design, marketing, and more, filling the startups' specific talent gaps for the duration of the program.

Although the substance of the technical assistance varies between each of the accelerator programs, they share three principles. The first is to be sensitive and skilled with regards to the needs and context of the startup. Technical assistance is delivered by experts in the product or technical area, by team members who know the region and market. Especially among underserved users and in specific regulatory environments, generalized global lessons or management strategies do not translate well. Startup CEOs need advice and expertise that applies to their product and context. Recognizing these specificities, our programs leverage top-tier talent who have the relevant experience to deliver high-impact technical assistance. The second is customer centricity, meaning conducting user research, staying focused on user needs and behaviors, and creating ways for users to provide feedback to the startups. A third principle shared among the programs is to be data driven, meaning to keep data and evidence at the center of decision making, and to embed data analysis into the methodology for delivering TA and for communicating with the startup.

Mentorship

Many programs, like ours, offer mentorship opportunities since being a founder can be a lonely and daunting road, and many benefit from mentors' guidance, solidarity, and camaraderie. Mentors should not always be other founders; instead mentor benches should reflect a wide range of expertise. Moreover, mentorship can take various forms, both one-off conversations and longer-term engagements, and giving CEOs the option to opt in or out is also important.

Events & peer networking

Finally, our programs all provide events and other opportunities for startups to build relationships with investors, other startups, potential partners, and stakeholders. While these opportunities have been relegated to virtual forums in 2020 in light of COVID-19, networking remains a priority. Informal, social occasions for building relationships can be as important as structured demo days and pitch competitions.

2 — Ecosystem building

Gathering & sharing insights

Each of our acceleration programs includes a learning and sharing mandate, meaning that we uncover and share lessons for how to support startups and how to design impactful products. In doing so, our programs all make use of a learning agenda: a structured plan around which the teams deliver insights and share expertise with the sector. Such agendas help provide discipline to programs that are crafted to respond to the needs of the startups we support, and can therefore be quite diverse in their applications.

Recognizing & monitoring impact

Our accelerator programs track impact at three levels: first, on the financial health of the startups' end users; second, on the startup itself in terms of growth and progress; and, third, on the overall ecosystem in terms of the actions and support of investors, regulators, corporate partners, and others.

With regards to the first impact area to assess the financial health of end-users, all programs ask startups to collect impact data directly (e.g., number of jobs created, amount and frequency of savings, type of customer segment served, number of first-time credit borrowers) from their customers to report on a regular basis. Additionally, we have found that third-party evaluators are a powerful source of objective information and can assess programs' strengths and weaknesses. Collecting information on the impact of these startups on the financial health of end-users is a deeply-held priority for all our programs, and we are each ramping up efforts in this area through shared metrics, lean data, and other initiatives.

For the second impact area, our programs track survival rates, follow-on on funding raised, customers reached, jobs created, percentage of active users, team growth, and additional products added. We also seek to understand the contribution of the program via feedback from founders, case studies, and retrospective sessions

The third area of impact - that on the ecosystem - largely remains outside the management systems of all three programs and is tracked via indirect metrics like page views or conference attendees, satisfaction rate at events, and usage of knowledge resources by other organizations.

Alumni engagement

Our programs all recognize that staying in touch with portfolio companies benefits both our accelerator programs as well as the startup, but can be difficult since resources are limited and other needs take priority. That said, staying engaged with alumni companies is the best way to elevate the profile of the program to attract future funding as well as applicants, mentors, and investors. Our accelerators continue to support alumni companies via low-touch support such as introductions, publicity, investor readiness, and invitations to events. In some cases, we also provide high-touch, double down engagements with alumni startups.

We hope this paper serves as a first step towards greater collaboration across the community of accelerators, and as a useful starting point for those just joining our ranks. To that end, we highlight the following best practices:

1
Bring firepower

Having senior technical experts on your team will ensure you can craft meaningful deliverables quickly, and also generate the trust needed with startup CEOs to deliver impact.

2
Tailor your offering

Diagnosing startups' needs to tailor your offering will help you to allocate resources well, as well as address startups' most urgent challenges. It will also ensure that the support is focused on the areas where you can add the most value to improve the startups' solutions.

3
Take care with CEOs' time

CEOs are often wearing multiple hats so adding a "student hat" can be a burden. Any time demands that you are placing on CEOs, especially for trainings and workshops, should be highly relevant and effective.

4
Consider your risk and innovation tolerance

If your accelerator seeks to seed innovation, then be prepared for more "failures" (i.e., failed companies or those that pivot away from underserved segments) among your cohort.

Overall, our core conclusion is that startup acceleration must be tailored to the needs and context of the startups. While there is no one recipe, best practices are emerging and we believe collaboration among acceleration programs can be a valuable first step toward consolidating intelligence about what works and what doesn't for accelerating inclusive fintech startups.