

Increasing access to capital in developing economies with Credix & USDC

THE CHALLENGE

Businesses in developing economies have limited access to traditional banking services

Businesses rely on dependable access to capital with ongoing liquidity to scale and drive economic growth. But in much of the world, many borrowers face insurmountable, triple digit interest rates and limited options for capital providers when sourcing credit. Even borrowers with healthy cash flows and growing businesses could find themselves at the mercy of concentrated local or regional banking systems with limited capacity or willingness to lend. The World Bank estimates only 15% of SMEs in Latin America have access to formal credit.¹

Meanwhile, institutional and accredited investors around the world search for new and less tightly correlated portfolio diversification opportunities.

Access to yield-generating credit investments in developing economies are often difficult or impossible to access through local institutions and bureaucratic funds; the few that are available offer limited opportunities as they rely on a handful of global banks and a considerable chain of counterparties. This creates an inefficient market, as viable companies seek loans and global investors ready to lend struggle to connect, due to the antiquated existing financial infrastructure not designed as a global, equitable platform.

THE OPPORTUNITY

Connecting investors with investments in developing economies can strengthen local growth & generate unique returns

Despite the challenges, fintech lending is growing rapidly in Latin America, with the sector expected to reach \$63 billion by 2025 generating 3.2 million new jobs, according to a report by the Inter-American Development Bank.²

Digital currencies like USDC change the way money moves around the world, making it easier to aggregate capital and make business transactions that can settle in seconds and typically cost just a few cents. Decentralized applications, like Credix, provide a global portal for connecting investors to opportunities all over the world.

CRE DIX

The Credix portal allows investors globally to seamlessly invest in structured credit opportunities in emerging economies.

HOW CIRCLE HELPED

 USDC

 CIRCLE ACCOUNT

 LIQUIDITY

Meanwhile, fintech lenders in emerging markets have managed to find their footing, developing specialized knowledge about their local markets and building relationships that can streamline underwriting and help businesses grow. Using alternative data sources and machine learning algorithms to assess creditworthiness more accurately, fintech companies have begun to provide loans at more affordable rates than many traditional lenders while eliminating much of the credit risk associated with emerging market investments.³

Together, these innovations facilitate a more fairly distributed, borderless flow of capital that unlocks new sources of yield for investors.

“As we were looking for our preferred stablecoin to move value globally, connecting investors in the US and Europe with opportunities in Latin America in near to real-time, our first choice of stablecoin was USDC,” said Credix Chief Growth Officer Chaim Finizola. “We were familiar already with USDC and understood from previous experience working with banks it was their stablecoin of choice. Given our focus in regulatory compliance, we decided to move forward with USDC.”

THE SOLUTION

USDC & Circle help simplify financing arrangements & payouts while streamlining cross-border transactions

Credix relies on USDC and the Circle Account to send funds and receive scheduled payments using USDC. This efficiency allows Credix’s fintech lending partners in emerging markets and end borrowers to focus on origination and putting capital to work. Directly involved parties and local economies benefit from the simplicity and transparency of public blockchain infrastructure and the [power of programmable dollars](#).

With the Circle Account, Credix and their platform investors effortlessly [manage their USDC across a growing list of supported blockchain networks](#) and simplify redemptions to local fiat currency. As Credix scales and more investors and non-bank lenders join its ecosystem, the true potential of digital currencies for cost-effective, seamless cross-border transactions is only just being realized.

“Most of the investors and non-bank lenders, the first time, don't even believe the speed and cost efficiency that comes with it. It's really rewarding to see the smiles on people's faces when they're doing that first transaction on the platform; people get really excited about it!” said Credix Chief Growth Officer Chaim Finizola.

Talk with our partnership team today to see how USDC and Circle solutions can work for your business.

“Debt capital markets are complex, opaque, and manual. Bonds have multiple tranches, lots of different investors, late repayment, early repayment, different amortization schedules, cross-border payment delays...The fact that you can now easily fill in parameters and rules when issuing tokenized bonds, creates tons of (operational) efficiency and transparency. Thanks to the programmability of USDC, all money flows on Credix are now fully automated. Some funds are literally bringing existing, off chain deals onto our platform just because of the efficiency and transparency it creates.”

Chaim Finizola

Chief Growth Officer, Credix



1. World Bank's website in their report titled "Enterprise Surveys: Unlocking Enterprise Performance Through Improved Data and Analytics," published in 2018
2. "Innovations you may not know were from Latin America and the Caribbean" <https://publications.iadb.org/publications/english/viewer/FINTECH--Innovations-You-May-Not-Know-were-from-Latin-America-and-the-Caribbean.pdf>
3. International Finance Corporation (IFC), a member of the World Bank Group, in a report titled "Fintech in Emerging Markets: Unlocking the Potential of a \$4.2 Trillion Market", published in March 2018